2. THEORETICAL FRAMEWORK OF THE STUDY

2.1. Evolution of Business in India

Evolution of business means its origin, growth, and continuous development with expansion in different sectors that contribute and run an economy. The economic development of any country is measured by the development of commerce and industry. The development of business activities in India has been going on with the changes in civilisation. There was a time when there was no business at all and now its development has brought the whole world together. Many progressive stages or so called developmental steps are found in the business evolution. In each stage of progress, it advanced itself and got more mature than its previous state. It is obvious that, at every step of evolution; it expanded its scale of operations and also widened its modes of communication. It is endlessly evolving since then.

1. Barter Economy Stage

A barter system is an old method of exchanging goods for goods. This arrangement has been used for centuries and long before money was invented. The former system of producing or procuring only for one's needs gave way to barter system. With the augment in demand for more and more goods and surplus in one’s own production, there was a hunt for those who wanted to exchange goods for goods. The families started producing more than their requirements.

The surpluses were exchanged with those goods and services which they required. At a later stage some places were fixed where people used to come for exchanging their excess products with others. The payment for using the goods and services of other people was also in kind. Though commerce had come into begin but it was at a basic level. It is the barter system of trade that laid the very base of a business. But there was a trouble in bringing together individuals who needed each other's goods. There was no common yardstick for measuring the value of goods and services to be exchanged.
2. Village Economy

People started setting at particular places and started to sow seeds and rearing cattle on the land which they shared with other people. The village is a self-sufficient communal unit, where people usually live in synchronization with each other and their environment by forming different cooperative social groups. These tribes started producing the things which were essential and it was a system of self-sufficiency. With the advent of private ownership of land and cattle, the tribe system split into families. Some families started focussing on occupations other than agriculture.

In the village economy, people satisfy each others requirement by trading among themselves, their basic goods and services. This led to swapping of goods for satisfying family needs. There was a system of village economy and all the requirements of the village were met by the people themselves. In order to facilitate exchange, a class of people called traders also come forward. Different families started specialising in producing different goods and services or taking up specific jobs. All these developments led to a self-reliant village economy. When villagers started doing their businesses at a village level, it helped in the formation of the world’s first markets. In these small markets, the people of village exchanged or sold their surplus goods which in turn help to transcend the economy from a barter stage to become a village economy.

3. Introduction of Money

The problems faced in barter system forced people to find out some common medium for exchange. In the beginning some commodities were employed as a denominator for exchange of different goods. The commodities like stones, shells, cattle, feathers etc. were used to value the goods and services to be exchanged. Gradually, metals like iron, copper, bronze, silver and gold were occupied to be more convenient, as a medium of exchange. Precious metals have been used for 6000 years because they fulfil all the requirements of individuals. They were collectively desirable; they were of a limited supply that was relatively inelastic i.e.
difficult to increase. The metals were weighed and stamped to fix their worth. The metal money facilitated trade not only within the country but also with foreign countries. The coins were also used to make payments for a range of services availed. It was ultimately the use of paper currency which led to all round development of business activities all over the world.

4. **Town Economy**

   With the use of money for exchange motives, the volume of trade started growing. The arrangement of self-sufficiency gave way to division of labour. Instead of producing only for family needs people in the village started meeting the needs of the whole village. Many of them started specialising in different products. Certain places were being fixed where people could go to buy and sell different goods. There used to be weekly mandis or fairs where individuals from nearby villages would go to sell their surplus products and buy goods for their needs. The mandis or fairs became a customary feature. The increased volume of business encouraged more and more division of labour. A separate class of traders and artisans also came into existence. These villagers started settling at central places and set up their business premises there. These places were known as towns and became trade centres for folks living in villages. The villagers brought raw materials, cattle, milk and other goods to the towns for sale. The artisans would manufacture goods as per the wants of the people. The traders became a mediator between farmers and artisans. The traders also started to carry luxury goods from outside places for sale in towns. As the journey was unsafe, the traders used to move in groups and with the protection of armed men. This process gradually results in the creation of the town's economy and gave additional flip to commerce.

5. **Industrial Revolution**

   The word ‘Industrial Revolution’ is used to describe a series of changes in the industrial field in England and other parts of Europe during the period between 1760 and 1850 and changed the volume of production tremendously. The changes of far reaching effects took place throughout this period. Generally, the word
‘Revolution’ is used for an abrupt change but in this case it is used to portray ‘fundamental change’.

A number of inventions took place in England which changed the entire system of production. Goods became cheaper and more sophisticated. The machinery was used for production, division of labour was introduced and the modes of transport were enhanced. The use of steam-engine in place of labour facilitated to increase production manifold. The use of machines required more capital investments and it led to the transform in ownership from a sole proprietorship to a joint stock company.

6. Revolution in Transport and Communication

Industrial production increased manifold after the mechanisation of production process. There was a requirement for more and more markets to sell the goods. The innovation of new sea routes, introduction of railways, steamships, aeroplanes and automobiles revolutionised transport system. Transport and communications changed due to new invention and the movement of goods among different countries became easy and fast. The trade crossed national boundaries. The trade extended from local to national and from national to international boundaries. The revolution in good and improvised communication methods has further facilitated the growth of business activities.

The use of telephone, mobiles, telegraph, radio, T.V. etc. has helped in creating world market for goods and services. The introduction of internet, intranet, e-commerce and advanced IT methods has drastically changed the structure of trade and commerce both at national and international levels.

7. Advancements in Modern Business

A number of developments have occurred in commerce and industry in the last fifty years. These changes have revolutionised production and distribution.
The use of latest technology has developed production methods. The growth of multinational companies has augmented the scale of production. The goods and services are not produced for local or national markets only but international demand is taken into account. Big industrial enterprises also encourage specialisation in small units. The specialisation also helps in raising productivity and competitive strength of the units.

As a result international trade is expanding at a greater pace. The organisations like WTO are also providing assistance to bring together the whole world by removing various impediments imposed by countries in the flow of goods and services. The whole world is becoming one big market now.

8. Growth of Public and Private Enterprises

Industrialisation in India chiefly started after 1947. After independence the nature and scope of business changed in numerous ways. British rulers wanted India only to be the supplier of raw materials and consumer of their finished products. But after independence the government formulated specific roles to public and private sectors. Basic and strategic industries were developed under the hands of public sector and consumer goods industries were left to be developed by private sector.

There were a lot of changes in industrial policy from time to time. It was noticed that the public sector enterprises could not provide the required quantum for industrial development. It was in 1991 when Government of India decided to limit the role of public sector only to a few industries and rests of the industries were left to be developed by the private sector. Foreign business houses were freely allowed to set up units in India.

Many a multinational companies, especially in automobile sector and durable consumer goods, have set up their manufacturing facilities in India. Foreign investors are authorized to own majority of equity in a number of Indian industries.

There are vital structural changes in Indian industrial sector in the last 15 years. These days businessmen are exploring newer and better foreign markets for
Indian goods and services. The government is also providing proper attention to export promotion. Though public sector is also progressing but the drive has shifted to private sector. Private sector has shown high-quality results in a fairly competitive environment.

2.2. General Background of Assam

Assam is one of the most enriched states of India. It bears the imprints of the past civilizations and stands tall on the location contours of the country. The dense forests of Assam make for a flourishing industry of wood. The tea estates of Assam are the biggest revenue generator and engage a major portion of the Assamese population. The population of Assam represents a unique combination of various ethnic sects that inhabit the rich land from a very long time. The statistical figures state that the total Assam Area covers 78,523 sq km. Adorned by beautiful valleys, rivers and plains, the state of Assam is set on the north-eastern front of India. The forest lands occupy a major part of Assam's area. Brahmaputra River makes the agricultural area of the state more fertile. The total number of people living in Assam is about 31,169,272 according to the 2011 census. The population growth in Assam is recorded at 16.93%.

The cities of Assam represent the varied and vibrant culture of the state. Equipped with all the necessary infrastructural facilities and natural scenic beauty, the cities of Assam attract several visitors who are enthralled and enchanted with the state's bewitching beauty. Most of the cities of Assam bear resemblance to the rich cultural and traditional legacy of the bygone golden era. Endowed with the bounty of nature, the cities of Assam have turned out to favourite destinations for tourists. The major and largest cities of Assam are Guwahati, Silchar, Dibrugarh and Nagaon. Situated in the northeast part of India, Assam is one of the country's best holiday destinations. Assam is one of the seven sister along with Tripura, Nagaland, Meghalaya, Mizoram, Manipur and Arunachal Pradesh. Apart from these, Assam also shares its domestic border with the state of West Bengal and international border with Bhutan and Bangladesh. The capital of the state is Dispur. Dispur is the capital of Assam and is a part of the Kamrupan District. Being a tiny place, it is an
economically sufficient place of Assam and also the seat of Government of Assam.
The state is divided into 27 Districts.

The Assam economy and development depend on the production of the state.
The economy is prevalently agrarian in nature. The government makes continuous
efforts to develop the already existing agrarian economy and to improve the other
sectors of the economy in the state of Assam.

Almost 63 percent of the society of Assam earns its living from the
agricultural sector. The state is reputed all over the world for its production of tea.
The state produces 15 percent of the tea produced in the world. A large section of
the labor force of the state is employed in the tea estates of Assam that cover large
areas of the state. The other agricultural produce involves rice, sugarcane, pulses,
potatoes and jute. Fruits like mangoes, bananas, pineapple and guavas are also
produced in the state.

The secondary sector of the economy comprises of the industries in Assam
with large and medium scale productions. Agro based industries prevail in the state
coupled with the tea industry that has a major contribution to the economy of the
state of Assam. Other industries include the petroleum industry with one of the
oldest oil ventures of the world situated in Digboi. The state also earns revenue from
the mining industry that produces the four important industrial minerals of coal,
limestone, sillimanite and oil.1

2.3. Guwahati- At a Glance

Traditionally, Guwahati has been an important administrative and trading
centre and a river port. The name Guwahati is derived from two Assamese words:
‘guwa’ (areca nut) and ‘haat’ (market place). The name used to be spelled as
Gowhatty (pre-colonial and colonial), standardized to Gauhati (colonial-British),
which was then changed to the present form in the late 1980s to conform to the local
pronunciati .There is almost a magic that hovers over the city. Cradled by the
southern bank of the river Brahmaputra, it is one of the most rapidly growing cities

1 http://www.incredible-northeastindia.com/assam/information.html
in the whole of India. It also serves as the major commercial, cultural and educational centre in the eastern zone of the country. Though the history of Guwahati dates back to several thousand years, the specific time of origin of the city is not known.2

In different periods, under the reigns of different kings, Guwahati was allotted different names, like Pragjyotishpura and Durjoya. A famous event in the history of the region is the Battle of Saraighat, where the Mughal Empire was defeated by the leadership and hard work of Lachit Borphukan and his troops. The form of the city is somewhat like a starfish. In the centre of the city, major commercial centres like Fancy Bazaar, Paltan Bazaar, Ulubari, Zoo road and Pan Bazaar are situated.

The rapid growth of Guwahati has lead to its extension in all directions, especially towards the east, west and south areas. Among these extensions, commercially the most important area is the Guwahati- Shillong Road, popularly called the GS Road, which located towards the south. The railway station and the airport can found in the western extension of the region, whereas the eastern extension connects to Narengi and Noonmati. The Bazaars in the city offers all the facilities and advantages expected from any bazaar in a major city. Right from international brands and fast food joints to traditionally made handlooms, one can purchase a variety of goods from these stores.

Guwahati has much to offer in terms of natural beauty and picturesque environment. Located amidst vast stretches of water bodies (beels), hills and islands, the city is the base spot for travellers and tourists from all over the globe. In fact, it is the major gateway to the eastern side of the country. Guwahati city is governed by Municipal Corporation which comes under Guwahati Metropolitan Region. As per provisional reports of Census India3, population of Guwahati in 2011 is 957,352; of which male and female are 495,362 and 461,990 respectively.

2 http://www.guwahationline.in/city-guide/history-of-guwahati
3 http://www.census2011.co.in/census/city/191-guwahati.html
Guwahati is a cosmopolitan in its true sense and presents all the amenities of a modern city. A drive round the city shows you the glittering shops, the inviting restaurants, the buzzing traffic, wide thoroughfares, tree lined roads and streets, busy offices and commercial establishments.

2.4. **Registering Authorities- DICC and GMC**

Small business enterprises and traders involved in the business on manufacturing or service are required to register themselves under DICC or GMC. If an enterprise is registered with DICC, they are eligible to avail the benefits of different schemes offered by Central and State Government.

2.4.1. **District Industries and Commerce Centre (DICC)**

The District Industries and Commerce Centres (DICC’s) programme was started in 1978 with a view to providing integrated administrative framework at the district level for promotion of small scale industries in rural areas. The DICC’s are envisaged as a single window interacting agency at the district level providing service and support to small entrepreneurs under a single roof. DICC’s are the implementing arm of the central and state governments of the various schemes and programmes. In each district one agency to deal with all requirements of small and village Industries. This is called “District Industries Commerce Centre” The District Industries Commerce Centres have undertaken various programmes for investment promotion at the grass root level such as organizing seminars, workshops, extending support for trade fairs and exhibitions organized by various Industries associations. All the services and support required for MSME units under was the single roof of the District Industries and Commerce Centre.

The DICC’s are funded by the state government concerned and the centre jointly. The Government has provided substantial assistance to the DICC’s which can be spent by them on construction of an office building, expenditure on furniture and fixtures, equipment, vehicles and other recurring expenses. With this basic facility, DICC’s in the district level undertakes various promotional measures with a view to bringing out all development of SME in the district. In starts from
exploration of potential entrepreneurs to marketing the products produced by the SMEs. The DICCs provide and arrange a package of assistance and facilities for credit guidance, raw materials, training, marketing etc. including the necessary help to unemployed educated young entrepreneurs in general. Thus it may be said that DICC extends promotional, technical, physical, financial, marketing and all other type of services, required for growth and development of SSI. Small and medium enterprises registration is one of the main functions for recognition to obtain incentives and concessions from Government and Government Agencies.

2.4.2. Guwahati Municipal Corporation (GMC)

The Guwahati Municipal Corporation is the creation of the Guwahati Municipal Corporation Act 1971. Guwahati Municipal Corporation (GMC) is the local government in Guwahati. GMC was formed in the year 1971 and the Corporation was duly constituted in 1974 in the first meeting of the elected councillors as per provision of Section 45 of this Act. A Municipal Corporation is the highest form of urban local body (ULB) in India. Presently, GMC covers an area of 216 km under its jurisdiction and it is divided into 31 municipal wards. Guwahati Municipal Corporation (GMC) is the urban local body responsible for governing, developing and managing Guwahati. It administers an area of 216.79 km of Guwahati city. The entire GMC area is divided into 31 municipal wards and each municipal ward is further divided into 2, 3 or 4 Area Sabhas. Presently, there are 90 Area Sabhas. GMC works under Guwahati Development Department, Assam. MSME are required to register their business with DICC or GMC by paying nominal fees. Trade licence is provided to the businessman by the authorities and it must be renewed from time to time.

2.5. MSME-DI, Guwahati

The Micro, Small and Medium Enterprises Development Institute, Guwahati earlier called Small Industries Service Institute was established in 1958. This institute is a field office of Micro, Small and Medium Enterprises-Development Organisation (MSME-DO) under Ministry of Micro, Small and Medium. Over the
years, it has seen its role evolve into an agency for advocacy, hand holding and facilitation for the small industries sector of Assam, Meghalaya and Arunachal Pradesh. With the enactment of the MSMED Act 2006, the institute has worked with the wider mandate of promotion and development of MSME sector. It has six branch institutes in the state of Assam, Meghalaya & Arunachal Pradesh.\textsuperscript{4}

MSME-DI, Guwahati provides a wide spectrum of services to the small industries sector, now enlarged to include all enterprises, excluding the larger ones which include training for entrepreneurship development, preparation of project and product profiles, technical and managerial consultancy, assistance for exports, provides economic information services, facilities for testing and tool making. It also works as effective links between the Central and the State Governments in the area of MSME development.

The Office of Development Commissioner (MSME) formerly known as Small Industries Development Organisation (MSME) functions as the Nodal Development Agency for small industries. MSME functions under the Ministry of Micro, Small & Medium Enterprises. Consequent to the increased globalization of the Indian economy and changed industrial environment, MSME is currently focusing on providing support in the fields of credit, marketing, technology and infrastructure to MSMEs. Global trends and national developments have accentuated MSME’s role as a catalyst of growth of small enterprises in the country. The main activities of this institution are assistance/consultancy to prospective and existing entrepreneurs, conducting motivational campaign, organising EDP (Entrepreneurship Development Programmes), energy conservation, undertaking market surveys, export promotion, linkages with State Government functionaries, etc.

The Micro, Small & Medium Enterprises Board is the apex advisory body constituted to render advice to the Government on all issues pertaining to the small scale sector. The Board is reconstituted every two years and is headed by the Minister In charge of Small Scale Industries in the Government of India. The Board

\textsuperscript{4} dcmsme.gov.in/
comprises among others State Industry Ministers, some Members of Parliament, Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field. The Additional Secretary and Development Commissioner (MSME) is the Member Secretary of the Board.

2.6. Role and Function of MSMEDI

The Micro, Small and Medium Enterprises Development Organization (MSMEDO), being an apex body for formulation of policies and monitoring of schemes for development of micro, small and medium enterprises in the country, plays a crucial role for strengthening the sector. It functions through a network of MSME-DIs, Branch MSME-DIs, Regional Testing Centers, Footwear Training Institutes, Production Centers, Field Testing Stations and other specialized institutes.

The Ministry of MSME and O/o Development Commissioner(MSME) New Delhi for the purposes of facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises, particularly of the micro and small enterprises, by way of development of skill in the employees, management and entrepreneurs, provisioning for technological up gradation, providing marketing assistance or infrastructure facilities and cluster development of such enterprises with a view to strengthening backward and forward linkages, are implementing various Schemes/programmes in letter and spirit of MSME Development Act,2006.

The main services rendered by DC MSME office are:

1. Advising the Government in policy formulation for the promotion and development of small scale industries.

2. Providing techno-economic and managerial consultancy, common facilities and extension services to small scale units.

http://www.msmedihubli.gov.in/sido_objectives.html
3. Providing facilities for technology upgradation, modernisation, quality improvement and infrastructure.

4. Developing Human Resources through training and skill upgradation.

5. Providing economic information services.


7. Evolving and coordinating Policies and Programmes for development of Small Scale Industries as ancillaries to large and medium scale industries.

8. Monitoring of PMRY Scheme.

2.7. **AASSIA (All Assam Small Scale Industries Association)- A helping hand**

The association was formed with a very few members with the objectives of providing training to the youth in the field of small business manufacturing and to uplift their economic condition, provide training for marketing the products using modern technology, improving the quality of the small units engaged in manufacturing of different products and at the same time organizing seminars, workshops and other such type of programmes from time to time with the help of different promotional agencies to improve productivity, product design, produce quality products, etc. It also helps in developing communication channel with various agencies, government departments, etc. for mitigating the grievances of small business enterprises and traders and carry forward different development works to improve the quality of life of the small businessmen.

2.8. **Schemes and Incentives – MSME- DI**

The Small Scale Sector, redefined since 2006 as the Micro Small and Medium Enterprises sector has played an influential role in the growth of the Industrial and Services Sectors in India. MSMEs have contributed significantly to
employment generation, balanced regional development, export promotion, development of a vast ancillary base for large scale industries and above all creation of opportunities for weaker sections of society and women leading to their empowerment, which is essential for achieving an inclusive growth. The Ministry of MSMEs addresses the issues and concerns relating to the MSME sector at the national level through the formulation of policies and schemes which are implemented by the organizations coming under its purview. The Ministry is assisted in the implementation of its policies and programs by apex organizations like Small Industries Development Organisation (SIDO), National Small Industries Corporation (NSIC), Small Industries Development Bank of India (SIDBI), National Commission for Enterprises in the Unorganised Sector (NCEUS) and National Entrepreneurship Development Institutes (EDIs). The Office of the Development Commissioner for MSMEs which comes directly under the Ministry of MSMEs operates a number of promotional and developmental schemes on behalf of the Ministry of MSME. At a glance these are.

2.8.1. **Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Small Scale Industries**

The Ministry of Micro, Small and Medium Enterprises is operating a scheme namely Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation of Micro and Small Enterprises. The scheme was launched in October-2000 and revised from 29.9.2005. The revised scheme aims at facilitating technology upgradation of Micro and Small Enterprises (MSEs) by providing 15% capital subsidy (limited to maximum Rs.15 lakhs) to SSI units for credit availed by them for the modernisation of their plant and machinery. All sole proprietorship, partnership firms, cooperative, private and public limited companies are eligible for this scheme.6

Due to insufficient investment and lack of awareness of both the quality standards and access to modern technologies, a large percentage of micro and small enterprises (MSE) continue with outdated technology and plant & machinery. With

6 http://www.dcmsme.gov.in/schemes/credit_link_scheme.htm
increasing competition due to globalisation of the economy, the survival and growth of the MSE units are critically dependent on their modernisation and technological upgradation. Upgradation of both the process of manufacture and corresponding plant and machinery is necessary for the small enterprises to improve quality of product, to reduce the cost of production and to remain price competitive at a time when cheaper products are easily available in the global market.

**Objective**

The revised scheme aims at facilitating technology upgradation by providing 15 per cent upfront capital subsidy with effect from the 29th September, 2005 (12 per cent prior to 29.09.2005) to SSI units, including tiny, khadi, village and coir industrial units (hereinafter referred to as SSI units), on institutional finance availed of by them for induction of well established and improved technologies in the specified subsectors products approved under the scheme. The Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) will act as the Nodal Agencies for the implementation of this scheme.

As decided in the 5th meeting of the Governing and Technology Approval Board (GTAB) of the Credit Linked Capital Subsidy Scheme (CLCSS) held on February 17, 2006 the following nine Public Sector Banks/ Government Agencies have also been inducted as nodal banks/agencies for implementation and release of capital subsidy under the CLCSS: State Bank of India, Canara Bank, Bank of Baroda, Punjab National Bank, Bank of India, Andhra Bank, State Bank of Bikaner & Jaipur, Tamil Nadu Industrial Investment Corporation and The National Small Industries Corporation Ltd.

The inclusion of above mentioned nodal banks/agencies will be in addition to the existing nodal agencies, namely, the Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) under the CLCSS. These nodal banks/ agencies would consider proposals only in respect of credit approved by their respective branches, whereas,
for other Primary Lending Institutions (PLI), the SIDBI and the NABARD would continue to be the nodal agencies for release of subsidy under this scheme. The eligible beneficiaries include sole proprietorships, partnerships, cooperative societies, private and public limited companies but priority shall be given to Women entrepreneurs.

**Eligibility Criteria**

Capital subsidy at the revised rate of 15 per cent of the eligible investment in plant and machinery under the Scheme shall be available only for such projects, where terms loans have been sanctioned by the eligible PLI on or after September 29, 2005. Machinery purchased under Hire Purchase Scheme of the NSIC is also eligible for subsidy under this Scheme.

i. Industry graduating from small scale to medium scale on account of sanction of additional loan under CLCSS shall be eligible for assistance.

ii. Eligibility for capital subsidy under the Scheme is not linked to any refinance Scheme of the Nodal Agency (ies). Hence, it is not necessary that the PLI will have to seek refinance in respect of the term loans sanctioned by them from any of the refinancing Nodal Agencies.

iii. Labour intensive and/or export oriented new sectors/activities will be considered for inclusion under the scheme.

**2.8.2. ISO 9000/14001/HACCP Certification Reimbursement Scheme**

Small scale sector has emerged as dynamic and vibrant sector and making significant contribution to industrial production, export and employment generation. The process of economic liberalisation and market reforms has opened up Indian small scale sector to global competition. In order to enhance the competitive strength of small scale sector, Government introduced an incentive scheme for their technological up-gradation/quality improvement and environment management.

The scheme provides incentive to those small scale/ancillary undertaking who have acquired ISO 9000/ISO 14001/HACCP (Hazard Analysis Critical Control Point) certifications. The scheme enlarged so as to include reimbursement of expenses for acquiring ISO 14001 certification. All businesses involved in the food supply chain
from producers to retailers can use HACCP. Enterprises include fruits & vegetables, meat & meat products, dairy products, spices & condiments, fish & fishery products, cereals, nuts & nut products, restaurants, bakery & confectionary, fast food operations etc.\(^7\)

The Scheme envisages reimbursement of charges of acquiring ISO-9000/ISO-14001/HACCP certifications to the extent of 75% of the expenditure subject to a maximum of Rs. 75,000/- in each case.

**Eligibility Criteria**

The Micro & Small Scale enterprises (Manufacturing/ Service) having EM Part-II No. Acknowledgements are eligible to avail the Incentive Scheme – which can be obtained from DIC as per the MSMED Act, 2006. Applications received without EM Number will be rejected and Returned to the applicants. The Scheme is applicable to those Micro & Small (Manufacturing/ Service) Enterprises who have already acquired ISO-9000/ISO-14001/ HACCP certification from NABCB (National Accreditation Board for Certification Bodies) registered Certifying Body. The applicants are required to submit applications only with the Director of MSME-DI in the area where the units are located. Applicants are required to enclose the Receipts and Invoice for payments made by them to the certifying bodies, consultants and other expenses also with other annexure.

The Scheme provides one time reimbursement only to each unit; irrespective of the fact whether the concerned Micro & Small Enterprises has one or more than one Enterprises(s) within the same premises/ location or outside.

**2.8.3. The Credit Guarantee Fund Scheme for Micro and Small Enterprises**

Of all the problems faced by the MSEs, non-availability of timely and adequate credit at reasonable interest rate is one of the most important. One of the major causes for low availability of bank finance to this sector is the high risk

\(^7\) http://www.dcmsme.gov.in/publications/forms/ISO9form_old.htm
perception of the banks in lending to micro and small enterprises and consequent insistence on collaterals which are not easily available with these enterprises.

The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGS) was launched by the Government of India to make available collateral-free credit to the micro and small enterprise sector. Collateral free loans up to a limit of Rs.50 lakh - for individual MSEs. Both the existing and the new enterprises are eligible to be covered under the scheme. The Ministry of Micro, Small and Medium Enterprises, Government of India and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises. The scheme was formally launched on August 30, 2000. The corpus of CGTMSE is being contributed by the Government of India and SIDBI in the ratio of 4:1 respectively and has contributed Rs. 2477.78 crore to the corpus of the Trust up to May 31, 2016.8

Candidates meeting the eligibility criteria may approach banks/financial institutions, which are eligible under the scheme, or scheduled commercial banks and select Regional Rural Banks. The Banks / Financial Institutions, which are eligible under the scheme, are scheduled commercial banks (Public Sector Banks/Private Sector Banks/Foreign Banks) and selected Regional Rural Banks (which have been classified under 'Sustainable Viable' category by NABARD). As on May 31, 2016, there were 133 eligible Lending Institutions registered as MLIs of the Trust, comprising of 26 Public Sector Banks, 21 Private Sector Banks, 73 Regional Rural Banks (RRBs), 4 Foreign Banks and 9 other institutions i.e. Delhi Financial Corporation, Kerala Financial Corporation, Jammu & Kashmir Development Finance Corporation Ltd, Andhra Pradesh State Financial Corporation, Export Import Bank of India, The Tamil Nadu Industrial Investment Corporation Ltd., National Small Industries Corporation (NSIC), North Eastern Development Finance Corporation (NEDFI) and Small Industries Development Bank of India (SIDBI).

8 https://www.cgtmse.in/schemes.aspx
Eligibility Criteria

The credit facilities which are eligible to be covered under the scheme are both term loans and/or working capital facility up to Rs.100 lakh per borrowing unit, extended without any collateral security and / or third party guarantee, to a new or existing micro and small enterprise. For those units covered under the guarantee scheme, which may become sick owing to factors beyond the control of management, rehabilitation assistance extended by the lender could also be covered under the guarantee scheme. Any credit facility in respect of which risks are additionally covered under a scheme, operated by Government or other agencies, will not be eligible for coverage under the scheme.

The guarantee cover available under the scheme is to the extent of maximum 85% of the sanctioned amount of the credit facility. The guarantee cover provided is up to 75% of the credit facility up to Rs.50 lakh (85% for loans up to Rs. 5 lakh provided to micro enterprises, 80% for MSEs owned/ operated by women and all loans to NER including Sikkim) with a uniform guarantee at 50% for the entire amount if the credit exposure is above Rs.50 lakh and up to Rs.100 lakh. In case of default, Trust settles the claim up to 75% (or 85% / 80% / 50% wherever applicable) of the amount in default of the credit facility extended by the lending institution. For this purpose the amount in default is reckoned as the principal amount outstanding in the account of the borrower, in respect of term loan, and amount of outstanding working capital facilities, including interest, as on the date of the account turning Non-Performing Asset (NPA).

2.8.4. Market Development Assistance Scheme

Marketing is key to the success of any enterprise and it is more relevant in regard to Micro, Small and Medium Enterprises (MSMEs). This sector is characterized by absence of strong brand presence in the market and also largely unorganized marketing network unlike large enterprises. Due to resource limitations, the access to foreign market is not commensurate to their potentials. A Market Development Assistance Scheme is currently operated by the Ministry of Commerce
with a view to encourage exporters (including MSME exporters) to access and develop overseas markets. The scheme offers funding for participation in international fairs, study tours abroad, trade delegations, publicity, etc. Direct assistance under MDA for small-scale units is given for individual sales-cum-study tours, participation in fairs/exhibitions and publicity. SIDBI operates a scheme of direct assistance for financing activities relating to marketing of MSME products. The Office of DC (MSME) has this scheme for participation in international fairs, whereby MSME entrepreneurs are encouraged to display their products at international exhibitions abroad.  

Objective

i. To encourage Small & Micro exporters in their efforts at tapping and developing overseas markets.

ii. To increase participation of representatives of small/ micro manufacturing enterprises under MSME India stall at International Trade Fairs/ Exhibitions.

iii. To enhance export from the small/ micro manufacturing enterprises

iv. To popularise the adoption of Bar Coding on a large scale.

Eligibility criteria

Units having valid permanent registration with Directorate of Industries/District Industries Centre can apply for the benefits under this scheme. The selection of small/ micro manufacturing units would be done by MSME-DIs as per display product profile, theme of the fair and space availability. Space allocation will be made by DC (MSME) at its discretion and the decision will be final and binding. The offer is available on first come first served basis till space is available. Micro & Small manufacturing enterprise can avail this facility only once a year. Only one person of the participating unit (permanent employee/ Director/ partner/ proprietor) would be eligible for subsidy on air fare. The total subsidy on air fare & space rental charges will be restricted to Rs.1.25 lakhs per unit. The participating units under MSME India stall at International Trade Fairs/ Exhibitions has to pay 50% of space

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9 http://www.dcmsme.gov.in/sido/Marketingod32_7_2007.htm
rental charges of booked space (min. 6 sq.mtr.) by enterprises of General categories through MSME-DIs by a DD favouring PAO (MSME), New Delhi at least one month advance of the commencement of the event. However, Women, SC&ST entrepreneurs & entrepreneurs from North Eastern Region need not to pay space rental charges. The representatives of the participating units are required to carry and manage the samples (to and fro including custom clearance etc.) for display under MSME India stall at the International Trade Fairs/Exhibitions.

2.8.5. Micro & Small Enterprises Cluster Development Programme

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. Clustering of units also enables providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.\(^\text{10}\)

Objectives

i. Support sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.

ii. Build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc.

iii. To create/upgrade infrastructural facilities in the new/existing industrial areas/clusters of MSEs.

iv. To set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc).

\(^{10}\)https://india.gov.in/micro-small-enterprises-cluster-development-programme
2.8.6. Financial Assistance for Bar Code Certification

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India recognizes the contribution of Micro & Small Enterprises (MSEs) in growth of Indian economy, export promotion and employment generation. In order to enhance the marketing competitiveness of MSEs in domestic as well as international market, Office of Development Commissioner (MSME), Ministry of MSME, provides the financial assistance for reimbursement of 75% of one-time registration fee (Under SSI-MDA Scheme) w.e.f. 1st January, 2002 and 75% of annual recurring fee for first three years (Under NMCP Scheme) w.e.f. 1st June, 2007 paid by MSEs for using of Bar Coding. The work of reimbursement has been decentralised and transferred to field offices i.e. MSME-DIs w.e.f. 1st April, 2009 with a view to ensure speedy & timely and extensive implementation of the scheme.11

Bar codes are the series of black lines and white spaces printed on product packages or attached as tags which you would have noticed on consumer products. Information on a product or a consignment like its item code or serial number, expiry date, consignor/ consignee etc., can be represented through such bar codes. When these bar codes are scanned using a scanner, it enables instantaneous data capture with 100% accuracy and at great speeds.

Bar Coding have a significant impact on the success of any enterprise/company and organisation. Timely and accurate capture of product information and its communication electronically across the Supply Chain ahead of physical product flow is critical to lowering inventory costs, in accurate sales forecasting & dynamic production scheduling and in product track and trace.

Objective

The basic objective of financial assistance is to enhance the marketing competitiveness of Micro & Small Enterprises (MSEs) by way of:

11 http://www.dcmsme.gov.in/schemes/assist_bar_code.htm
i. Providing 75% of one-time registration fee and annual recurring fee (for first three years) paid by MSEs to GS1 India.

ii. Popularizing the adoption of bar codes on large scale amongst MSEs, and

iii. Motivating and encouraging MSEs for use of bar codes through conducting seminars on Bar Code, etc.

**Eligibility criteria**

Micro & Small Enterprises (MSEs) throughout the country are eligible to take the benefit of this scheme. Those MSEs who have Entrepreneurial Memorandum Part-II acknowledgement number from Directorate of Industries/District Industries Centres and also have registration with GS1 India for use of Bar Codes are eligible for 75% reimbursement of one-time registration fee and annual recurring fee (for first three years) paid by them to GS1 India.

**2.8.7. Marketing Assistance and Technology Upgradation Scheme**

The Micro, Small and Medium Enterprises (MSMEs) in India produce a diverse range of products with the very simple products produced by household enterprises at one end of the spectrum and highly advanced ones at the other end. With globalization and changes in communication technologies, new challenges and opportunities have arisen for MSMEs. The concept and techniques of marketing have also been continuously undergoing a change with the rapid changes in technology and consumer preferences.¹²

Marketing, a strategic tool for business development, is critical for the growth and survival of MSMEs. Due to lack of information, scarcity of resources and unorganized ways of selling / marketing, MSME sector often faces problems in exploring new markets and retaining existing ones. Such asymmetries in information, not aware of the new market where they may sell their products and buyer also having lack of knowledge about the products manufactured by MSMEs result in severe impediments to the growth and survival of MSMEs in a highly competitive environment. MSMEs do not have sufficient resources at their

command and, therefore need institutional support for providing these inputs in the area of marketing.

Marketing Assistance and Technology Upgradation Programme is a strategic initiative for adoption of Modern Marketing techniques by MSMEs consistent with the requirement of global market. It involves eight sub-components for which Government of India (GoI) funding assistance will be available. These are given below along with the objectives

i. Technology Upgradation in Packaging.
ii. Skill Upgradation/Development for modern marketing techniques.
iii. Competition Studies.
iv. Special component for North-Eastern Region.
v. New markets through State/District level local Exhibitions/Trade fairs.
vi. Corporate Governance Practices.
vii. Marketing Hubs.

2.8.8. National Awards (for individual MSEs)

The Micro, Small &Medium Enterprises (MSMEs) in India have seen a vast development in the last five decades. The MSMEs have registered tremendous growth as also progress in terms of quality production, exports, innovation, product development and import substitution, very much beyond the expected objectives of setting up MSMEs by the planners of industrial production base in the country. Entrepreneurial efforts have made it possible to produce number of items, which hitherto were imported. In quite a few cases new variants so produced are having additional attributes than their original versions and are capable of solving a multitude of user problems. This all has become possible owing to the ambitions and visionary spirit of entrepreneurs of MSMEs\textsuperscript{13}

\textsuperscript{13}http://www.dcmsme.gov.in/schemes/award_scheme.htm
Objective

The ministry of Micro, Small and Medium Enterprises with a view to recognizing the efforts and contribution of MSMEs gives National Award annually to selected entrepreneurs and enterprises under the scheme of National Award.

Eligibility

The Awards are be given for every calendar year to deserving entrepreneurs of Micro, Small and Medium Enterprises having permanent registration/have filed Entrepreneurs Memorandum with the authorities notified by respective State Governments/UT Administration in accordance with the provisions contained in the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, which came into force on 2 October 2006. The MSMEs should have been in continuous production/service for last four years.

2.8.9. Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women

Women have been among the most disadvantaged and oppressed section of our country with regard to access to and control over resources. Problems faced by them continue to be grave particularly for illiterate & semi literate women of rural and urban areas. In order to alleviate their problems, Govt. of India launched a scheme entitled "Trade Related Entrepreneurship Assistance and Development" (TREAD) during the 9th plan period which has slightly been modified and is now put in operation. The scheme envisages economic empowerment of such women through trade related training, information and counseling extension activities related to trades, products, services etc.14

Objectives

Experience has revealed that apart from counselling and training, delivery of credit poses the most serious problem for the poor women. There is also dearth of information with regard to existing status of women and their common needs for

14 http://www.dcmsme.gov.in/schemes/treadwomen.htm
providing necessary support. Since such women are not able to have an easy access to credit, 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. These NGOs will not only handle the disbursement of such loans needed by women but would also provide them adequate counseling, training and Assistance in developing markets.

2.8.10. National Manufacturing Competitiveness Programme (NMCP)

The Government has announced formulation of National Competitiveness Programme in 2005 with an objective to support the Small and Medium Enterprises (SMEs) in their endeavour to become competitive and adjust the competitive pressure caused by liberalization and moderation of tariff rates. Para 59 of the Budget Speech 2005 are as follow:-

"Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small and medium enterprises, and to enable them to adjust to the competitive pressures caused by liberalization and moderation of tariff rates, I propose to launch a new scheme that will help them strengthen their operations and sharpen their competitiveness. The scheme will be called the "Manufacturing Competitiveness Programme". The design of the scheme will be worked out by the National Manufacturing Competitiveness Council (NMCC) in consultation with the industry".  

Accordingly, the NMCC along with relevant stakeholders like the Ministry of MSME has conceptualized and finalized the components of the programme incorporating suitable inputs from the stakeholders in a meeting taken by Chairman, NMCC on 7.12.2005. The NMCP, as conceptualized by the NMCC was accepted by the Government and announced for implementation in the Budget 2006-07, para 68 of which state as under:-

The National Manufacturing Competitiveness Council (NMCC) has finalized a five-year National Manufacturing Programme. Ten schemes have been drawn up

15 http://www.dcmsme.gov.in/schemes/nmcp_scm.htm
including schemes for promotion of ICT, mini tool room, design clinics and marketing support for SMEs. Implementation will be in the PPP model, and financing will be tied up during the course of the next year.

The Small and Medium Industries form the backbone of manufacturing sector not only in this country but even in the developed countries. In India, the small scale sector contributes to 40% of manufacturing. The small industries sector also contributes substantially to the exports. In the past, the Small Scale Sector existed in a relatively sheltered environment. The levels of protection were high, several goods were reserved for production in the Small Scale Sector, special fiscal incentives were extended to the units in the sector and a number of support programmes were also drawn up to ensure the Small Industries survived.

In the post-reform era, starting from 1991, the situation for the Manufacturing Sector as a whole as well as for the Small Industries has undergone a dramatic change. The tariffs on imports have been reduced very substantially. India is gradually integrating with the world economy; new trade blocs are forming and many countries, including India, are entering into Preferential Trade Agreements, Free Trade Agreements or Comprehensive Economic Agreements to improve trade in areas of their comparative advantage. In this process the Indian economy is becoming more open and there is an urgent need for the Industry to adjust to the new situation. The Indian Industry will have to become competitive by cutting down overall costs to that extent to survive and grow. The situation confronting the Small Industries in particular provides both opportunities as well as challenges. An opportunity to grow in a global market place is available to access entry into the global value chain by virtue of their being internationally competitive. The others would need to reposition themselves and become competitive to meet the challenges if they have to survive.
2.9. Programmes conducted by MSMEDI

Table 2.1 showing the list of programmes conducted by MSMEDI

<table>
<thead>
<tr>
<th>Name of the programme/ scheme</th>
<th>No. of programmes conducted/ No. of participant in ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy services</td>
<td>42</td>
</tr>
<tr>
<td>Skill Development Programme</td>
<td>02/ (18 +15)</td>
</tr>
<tr>
<td>Industrial Motivation Campaign</td>
<td>93/ (4040)</td>
</tr>
<tr>
<td>Entrepreneurship Skill Development Programme</td>
<td>121/ (2348)</td>
</tr>
<tr>
<td>Entrepreneurship Development Programme</td>
<td>14/ (318)</td>
</tr>
<tr>
<td>Management Development Programme</td>
<td>13/ (285)</td>
</tr>
<tr>
<td>Business Skill Development Programme</td>
<td>NIL</td>
</tr>
<tr>
<td>Awareness Programme on Product Certification</td>
<td>01</td>
</tr>
<tr>
<td>ISO Reimbursement (MDA Scheme) (International Organization for Standardization)</td>
<td>01 unit</td>
</tr>
<tr>
<td>Bar Code reimbursement</td>
<td>01 unit</td>
</tr>
<tr>
<td>State Vendor Development Programme</td>
<td>192</td>
</tr>
<tr>
<td>National Vendor Development Programme</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: Annual Report of MSME
MSME-Development Institute, Guwahati and its branches are providing a number of consultancy services to the existing MSMEs and prospective entrepreneurs. The consultancy services include technical consultancy services, financial consultancy services, managerial consultancy services, export promotion services etc. Table 2.1 shows that in 2012-13, only 42 units have benefitted from the consultancy services provided by MSMEDI whereas in 2013-14, only 39 units and in the year 2014-15, 44 business units have availed the consultancy services on different aspects.

ESDP is a comprehensive training programme organized to upgrade skills of prospective entrepreneurs, existing workforce and also develop skills of new workers and technicians of MSEs by organising various technical cum skill development training programmes with the basic objectives to provide training for their skill upgradation and to equip them with better and improved technological skills of production. The specific tailor made programmes for the skill development of socially disadvantaged groups (OBC, ST, ST, Minorities and women) are organized in various regions of the states, including the less developed areas. The number of beneficiaries and programme conducted by MSMEDI are listed in the table 2.1

In order to encourage self-employment amongst the educated unemployed youths, Motivation Campaigns and Entrepreneurship Development Programmes (EDPs) are conducted in different areas under the jurisdiction of MSME-DI, Guwahati. Industrial Motivation Campaigns (IMC) is organized to identify and motivate traditional / non-traditional entrepreneurs having potential for setting up MSEs so as and to lead them towards self-employment. During the year 2012-13 the institute conducted 93 campaigns and the number of participants were 4040, in 2013-14 a total of 155 campaigns were conducted and participants were 5611 and in the year 2014-15 only 70 Industrial Motivation Campaigns (IMC) were organised and the number of participants were 2990. IMC were organised at various places in the state of Assam, Meghalaya and Arunachal Pradesh. IMCs are of one day duration where the small business owners and unemployed youths are motivated to
avail the path of entrepreneurship or expand their business and they also provide the necessary information on various schemes offered by government for the small and micro enterprises.

Entrepreneurship Development Programmes are being organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up medium and small enterprises. The programme with duration of 6 weeks would not only impart the necessary skill for the enterprises but also provides training on general management aspects. During the year 2102, 2013, 2014 MSMEDI have conducted 14, 11 and 05 programmes in different areas and the number of participants were 318, 274 and 116.

The objective of Management Development Programme is to impart specific knowledge on management aspects to the existing entrepreneurs and to provide training on management practice system to improve their decision-making capabilities resulting in higher productivity and profitability of existing & potential entrepreneurs and developing new enterprises. Inputs on a variety of topics of managerial functions are provided to the participants in a short duration training sessions, by experts, which aim at dissemination of knowledge of scientific/modern management techniques/practices. The duration of the programme is one week. The institute organized 13 Management Development Programmes during the year 2012-13 and the number of participants was 285. In the year 2013-14 26 programmes were conducted and total 547 participated. In 2014-15, 08 programmes were conducted and number of participants was 156.

Vendor Development Programmes (VDPs) are being organized by MSME Development Institutes located in every corner of the country to provide common platform for business as well as selling organizations to interact with each other with a view to identifying emerging demands of the buyer organizations. Two types of VDPs are being organized by MSME DIs - National Level VDPs - cum- Exhibitions and State Level VDPs. In National Level VDPs of 3 days duration, large scale organizations interact with MSEs in establishing potential vendors. In these National Level VDPs, an exhibition is also put up for displaying the products of MSMEs and
large scale organizations. In State Level VDPs, only one or two buying large scale organisation functioning in the state participates in the programme and interacts with MSMEs (sellers) in the buyer-seller meets. Total number of programmes at state level conducted for the year 2012, 2013, 2014-15 were 517 (192+93+232). The programmes conducted at national level in the year 2012, 2013, 2014-15 were 215 (70+81+64).

This institute conducted Awareness Programme on Product Certification in order to motivate product certification licences from national and international bodies. In the year 2012-13 only one awareness programme was organised by MSMEDI. In the year 2013-14 and 2014-15 there were no such programmes conducted by the institute.

2.10. Summary

This chapter presents the theoretical foundation of the current research study. The chapter is divided into three sections. The first section focuses on the background of the study and provides a clear picture of the area on which the study is conducted. It details the evolution of the business in India. The second section shows the different registration authorities where small business enterprises and traders need register themselves. The third section of the chapter discusses MSMEDI, the apex institution in the field of small business enterprise which serves as a helping hand to medium small and micro institution. Further this section also shows different schemes and initiatives taken by MSMEDI for small scale units. It shows the different programmes, seminars, workshops, etc which are conducted by MSMEDI for the growth and development of small enterprises in North East.