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# Problems and Challenges of Small and Medium Enterprises in India

**Neha Kapoor & Pankaj Kumar**
**Assistant Professor, Desh Bhagat University, Mandi Gobindgarh**

**Abstract**

Small and medium enterprises or SME'S accounts for considerable share of industrial enterprises, employment and production in India. Small business has low capital investment and therefore the risk of the entrepreneur is limited and he can afford to be venturesome. Moreover small businesses have a small gestation period so returns are also quick. The flexibility inherent in this sector allows the entrepreneur to work aggressively if a project seems promising or change course in case things do not work out. In his manner the small business functions as a nursery for developing entrepreneurial talent.

**Keywords: Small and Medium Enterprises, Challenges, India**

## Introduction

Entrepreneurship has acquired a special significance in the context of economic growth and industrial development in the rapidly changing socioeconomic and socio-cultural climates both in developed and developing countries. Most of the students of MBA aspire to become entrepreneur rather than an employee in any organisation. One of the way of achieving this is to analyse the environment critically and the study the problems faced by the entrepreneurs. With this purpose in mind, a study on the problems and challenges faced by the small scale entrepreneurs is analysed. Problems of these entrepreneurs of these are analysed from various angles-production, marketing, finance, labour and infrastructural. While the challenges are effectively tackled by the entrepreneurs, the result in terms of profits, need to be more rewarding.

Small and medium enterprises or SME'S accounts for considerable share of industrial enterprises, employment and production in India. It is essential to sustain this sector because it generate employment in a depressed manner across country-in cities, towns as well as villages; it prevents concentration of economic power and it contributes to economic development through a wide variety of production activities by utilizing the dispersed resources,which might otherwise remain unutilized.Therefore,SMEs occupy a place of strategic importance in the INDIAN economy.

However the economic environment in SMEs operate-domestic as well as international-has undergone a radical transformation since 1991.As a result, SMEs have been exposed to intensive competition like never before. Therefore, it is imperative for SMEs to strengthen their competiveness for survival and growth. Among others, technology is one factor that contributes decisively to building competitiveness in industries as well as nations.

Technology progress has been the key driving force in industrialized countries,accounting for a lion's share of productivity growth. Technological advancement has enabled newly industrializing econmies such as Japanese, Korean,Chinese,American and European.The economic environment in which Indian SMEs are functioning today,global changes do affect them as much as local developments. Attaching due signifance to technology development is absolutely to their competitiveness.

To understand the need and significance of technology development in INDIAN SMEs in a proper prespective,it is essential to analyse their performance and problems in the light of policy changes that have taken place in the country and elsewhere.

**An Overview of Economic Growth and Industrialization**

To begin with, it is necessary to examine the major policy changes-local and global-that have implications for SMEs and would have an impact on SMEs performance in the 1990s.After doing so, strategies need to be suggested to address their crucial problems to build competitiveness for the better performance. The economic environment in India has undergone a major transformation since 1990-91 when a balance of payments crisis was used by the Government of India as an opportunity to launch wide ranging economic reforms in the industrial and trade policy regime. Indian industry has been increasingly subjected to competition from imports as well as domestic deregulation, and the private sector has been given larger scope for contributing to the growth process.

What is important is to know how significant were SMEs in the Indian industrial scenario prior to 1991 in terms of number of enterprises, fixed capital investment,employment, production and gross value added. Equally important to find out whether their relative status has undergone any change or not. A state like Punjab has been in the forefront of the Green Revolution that helped liberate the nation from the perpetual threat of hunger and famine. The extensively developed farm sector provides a wealth of opportunity for industries that

use agricultural produce. Broadly, there is need to harness science and technology, and design policy to conserve both water and land and improve on their productive potential for agriculture as well as industry. Conserving water is one of the most fundamental challenges facing the economy of Punjab. The answer lies not only in science and technology but also in the industrial strategy adopted by the state. To build successful agricultural diversification, it is necessary to define an industrial strategy which can exploit agricultural linkages and also encourage the process of agricultural diversification.

**Role of the State Government**

The state governments have acquired a very important role in the new environment in attracting private investment through creating competitive conditions for investment in their states. This includes facilitating infrastructure development and skill development as well as enhancing the case of doing business by ensuring good governance, administrative efficiency and maintaining law and order. In particular, since the state governments have the primary responsibility for education and health, and these services are at the base of human resource development, the state governments can attract private investment by being proactive in developing skills and creating the knowledge base which can sustain high economic growth and generate productive employment for skilled labor. Punjab has not done well in the new economic environment. This report makes recommendations for an industrial strategy for Punjab which enables the state to make up for lost time and realise its economic potential.

**State of finances**

Before presenting an overview of economic growth in Punjab, this section presents an overview of the state of government finances. Punjab has had large and persistent fiscal deficits and revenue deficits right from the early 1980s. In fact, Punjab's fiscal and revenue deficits have been consistently much higher than the average of all states **.** Even during the recent period between 2001-02 and 2005-06 when there has been some improvement, the deficits remained high and were consistently above the average for all states.

There was a major deterioration in the fiscal balance of Punjab in 2006-07 when fiscal deficit reached 3.6 per cent of GSDP and the revenue deficit 1.4 per cent. The revised estimates for

2007-08 show some improvement. However, with revenue deficit at 0.9 per cent of GSDP and fiscal deficit at 3.2 per cent of GSDP in 2007-08, and projected at 0.7 per cent and 2.9 per cent, respectively in 2008-09, Punjab will still not meet the targets of the Fiscal Responsibility and Budget Management Act which stipulates that by 2008-09, each state should phase out the revenue deficit and compress its fiscal deficit to 3 per cent of GSDP. Punjab's own effort at tax mobilisation has been among the weakest of the major states. In 1994, Punjab's own tax revenue to GSDP ratio was 7.6 per cent, while that of Haryana was 7.2 per cent. In 2006-07, Haryana reached 9 per cent, while Punjab was still at 7.6 per cent. There have been some regressive decisions in Punjab in recent years, e.g., substantial lowering / removal of property taxes. Punjab was also one of the last states to remove Octroi, although octroi is still levied on electricity. Since Octroi was replaced by LADT (Local Area Development Tax), the information centres at the boarder continue to act as "extortion points", significantly impending the movement of goods.

**Office of the Development Commissioner M/O Micro & Small Enterprises Cluster Development Programme (Statistics & Data Bank Division)**

**Table 1: Performance Of Micro & Small Enterprises**

| Year | Number of Enterprises (Lakh Nos.) | | | Empl. (Lakh Person) | Production (Rs. Crs.) | Growth | Share In |
|---|---|---|---|---|---|---|---|
| | Registered | Unregistered | Total | | at Current prices | Rate (%) | GDP (%) |
| 2002-2003 | 15.91 | 93.58 | 109.49 | 263.49 | 314850 | 8.68 | 5.92 |
| 2003-2004 | 16.97 | 96.98 | 113.95 | 275.30 | 364547 | 9.64 | 5.79 |
| 2004-2005 | 17.53 | 101.06 | 118.59 | 287.55 | 429796 | 10.88 | 5.84 |
| 2005-2006 | 18.71 | 104.71 | 123.42 | 299.85 | 497842 | 12.32 | 5.83 |
| 2006-2007 | 20.98 | 107.46 | 128.44 | 312.52 | 587196 | 12.65 | 5.94 |
| 2007-2008 (Projected) | 24.68 | 108.99 | 133.67 | 322.28 | 695126 | 13.00 | NA |

**Table 2: Exports From Small Scale Sector**

| Item | Year | | | | | |
|---|---|---|---|---|---|---|
| | **2000-2001** | **2001-2002** | **2002-2003** | **2003-2004** | **2004-2005** | **2005-2006** |
| Total Exports (Rs. Crore) | 202510 | 207769 | 252137 | 291582 | 375339.52 | 456417.88 |
| Exports from SSI Sector (Rs. Crore) | 69797 | 71244 | 86013 | 97644 | 124416.56 | 150242.03 |
| Share of SSI sector in total exports (%) | 34.47 | 34.29 | 34.03 | 33.49 | 33.15 | 32.92 |
| Growth rate in Exports (%) | 28.78 | 2.07 | 20.73 | 13.52 | 27.42 | 20.76 |

**Table 3: Details of Existing Micro & Small Enterprises and Artisan Units in the District**

| Code | Types of Industry | Units (No.) | Employment (No.) | Investment (Rs. Lakh) | Production (Rs. Lakh) |
|---|---|---|---|---|---|
| 15 | Mfg. of Food Products Beverages | 199 | 1296 | 1766.79 | 29175.00 |
| 17 | Mfg. of Textiles | 24 | 63 | 55.20 | 446.00 |
| 18 | Mfg. of Wearing Apparels | 9 | 31 | 5.09 | 16.65 |
| 19 | Leather & Leather Products | 85 | 165 | 18.25 | 68.00 |
| 20 | Mfg. of Wood Products | 34 | 185 | 243.30 | 1768.00 |
| 21 | Mfg. of Paper & Paper Products | 5 | 39 | 22.00 | 195.00 |
| 22 | Printing / Publishing | 12 | 19 | 33.55 | 29.00 |
| 24 | Chemicals & Chemical Products | 27 | 309 | 1037.62 | 4065.00 |
| 25 | Rubber & Plastic Products | 12 | 57 | 94.75 | 566.00 |
| 26 | Other Non-Metallic Products | 27 | 778 | 860.57 | 2941.00 |
| 27 | Basic Metals | 429 | 10430 | 19815.51 | 197492.00 |
| 28 | Fabricated Metal Products | 97 | 659 | 940.19 | 4815.00 |
| 29 | Machinery & Equipments | 315 | 1618 | 1008.48 | 9531.00 |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 31 | Electrical Machinery & Apparatus | 8 | 54 | 63.40 | 217.00 |
| 32 | Radio TV Communication Equip. | 2 | 11 | 1.95 | 31.00 |
| 34 | Motor Vehicles Trailers etc. & Parts | 38 | 183 | 124.00 | 1409.00 |
| 35 | Mfg. of other Transport Equipment | 13 | 216 | 314.00 | 260.00 |
| 36 | Mfg. of Furniture Mfg. N.E.C | 72 | 102 | 54.31 | 503.00 |
| 37 | Recycling | 213 | 454 | 737.00 | 14411.00 |
| 50 | Repair of Motor Vehicle | 117 | 253 | 86.63 | 86.00 |
| 52 | Repair of Household Goods | 293 | 877 | 563.00 | 1809.00 |
| 63 | Cold Storage | 5 | 41 | 436.93 | 431.00 |
| 93 | Other Service Activities | 1 | 10 | 89.00 | 50.00 |
| **Sub Total** | 2037 | 17850 | 28371.52 | 270314.65 | |
| Artisan Units (Non-SIDO) | 1088 | 2374 | 552.30 | 3434.25 | |
| **Grand Total** | **3125** | **20224** | **28923.82** | **273748.9** | |

Source: DIC, Mandi Gobindgarh

**Table 4: Potential for New MSMEs**

| | | |
|---|---|---|
| 1. Confectionery Items | 2. Oil Expellers | 3. Biscuits & Bakery Products |
| 4. Ice Cream & Ice Candy | 5. Leather Shoes | 6. Milk Products |
| 7. Wooden Furniture | 8. Wooden Electrical Accessories | 9. Book Binding |
| 10. Packaging Materials | 11. Paper Bags | 12. Tissue Paper Napkins |
| 13. Glazed Tiles | 14. RCC Pipes & Collars | 15. Cement Bricks & Blocks |
| 16. Agriculture Implements | 17. Tyre Retreading | 18. Building Hardware Items |
| 19. Steel Furniture | 20. Auto Parts &Components | 21. Rolling Shutters |
| 22. Parts of Industrial Machinery | 23. Paint & Varnish | 24. Generator Sets |
| 25. Wires And Cables | 26. Rice & Dal Mill Machinery | 27. Cosmetics |

***Details of Existing Micro & Small Enterprises and Artisan Units in the District LUDHIANA:***

| Code | Types of Industry | Units (No.) | Employment (No.) | Investment (Rs. Lakh) | Production (Rs. Lakh) |
|---|---|---|---|---|---|
| 15 | Mfg. of Food Products Beverages | 918 | 8226 | 8214 | 59653 |
| 17 | Mfg. of Textiles | 6750 | 93065 | 44668 | 483257 |
| 18 | Mfg. of Wearing Apparels | 1133 | 13126 | 7779 | 286543 |
| 19 | Leather & Leather Products | 2460 | 11036 | 1753 | 8318 |
| 20 | Mfg. of Wood Products | 467 | 3470 | 1566 | 5849 |
| 21 | Mfg. of Paper & Paper Products | 412 | 3587 | 2754 | 16475 |
| 22 | Printing / Publishing | 324 | 1700 | 805 | 2302 |
| 23 | Coke & Refined Petroleum Prod. | 12 | 97 | 186 | 789 |
| 24 | Chemicals & Chemical Products | 606 | 4124 | 3465 | 19484 |
| 25 | Rubber & Plastic Products | 744 | 5361 | 4126 | 18436 |
| 26 | Other Non-Metallic Products | 226 | 2490 | 941 | 8839 |
| 27 | Basic Metals | 1156 | 16210 | 13978 | 304658 |
| 28 | Fabricated Metal Products | 3547 | 25106 | 11392 | 93689 |
| 29 | Machinery & Equipments | 3200 | 28852 | 14775.10 | 181521 |
| 30 | Analog Data Processing Machinery | 6 | 85 | 33 | 1271 |
| 31 | Electrical Machinery & Apparatus | 179 | 1744 | 1261 | 6961 |
| 32 | Radio TV Communication Equip. | 314 | 2222 | 725 | 14515 |
| 33 | Medical | 28 | 403 | 117 | 791 |

| | | | | | |
|---|---|---|---|---|---|
| | Precision & Optical etc. | | | | |
| 34 | Motor Vehicles Trailers etc. & Parts | 1245 | 11320 | 9002 | 62765 |
| 35 | Mfg. of other Transport Equipment | 3105 | 55540 | 28500 | 637878 |
| 36 | Mfg. of Furniture Mfg. N.E.C | 933 | 3834 | 1368 | 11294 |
| 50 | Maintenance & Repair of Motor Veh. | 895 | 2200 | 660 | 1612 |
| 52 | Maintenance & Repair Household | 3271 | 7059 | 1602 | 6155 |
| 55 | Paper & Paper Board | 1 | 54 | 55 | 25 |
| 63 | Cold Storage | 20 | 112 | 1145 | 3152 |
| 72 | Computer & Relating Activities | 43 | 165 | 156 | 122 |
| 74 | Other Business Activities | 27 | 44 | 16 | 57 |
| 80 | Computer Education | 1 | 1 | 15 | 28 |
| 93 | Other Service Activities | 10 | 30 | 6 | 49 |
| **Sub Total** | 32033 | 301263 | 161063.10 | 2236488 | |
| Artisan Units (Non-SIDO) | 7058 | 34478 | 15033.35 | 206353 | |
| **Grand Total** | **39091** | **335741** | **176096.45** | **2442841** | |

**Growth Trends:**

The new investment in large scale sector was observed in the field of textiles and food products, cycle parts and Fastener during the 2009-10 year. In 2009-10, there was a growth of 790 persons in employment, Rs. 1183.78 Lakhs in production and Rs. 705.04 lakhs increase in investment.

**Business Environment**

Punjab fares very poorly in business environment. Administrative delays, apathetic approach of the government officials and blatant corruption emerge as important messages from the dialogue. The single window clearance system for multiple approvals from the state government has not worked. The Udyog Sahayak is the 17th stop on the train of government

approvals rather than the one and only one as it is supposed to be. Our understanding is that the rules under the Industrial Facilitation Act of 2005 have been notified but the question is whether these are being enforced. Officers causing delays beyond specified time frames for approvals should be penalised. What is needed is a system of deemed approvals after a certain specified lapse of time. As regards clearances for pollution control and environment protection from the Government of India, again, an agreement should be sought for proceeding with deemed approval if the parameters are clearly in line with the responsibility and a certain amount of time has elapsed**.**

**The Proposed Industrial Strategy**

The industrial strategy proposed in this report attempts to promote synergy between agriculture and industry as well as between the large and the small scale industrial sub-sectors. It combines the rejuvenation of traditional industries such as cotton textiles (including hosiery and knitwear), food processing, dairy, leather, hand tools, etc., with the promotion of non-traditional industries, e.g., Bio-technology, IT and IT-related industries, logistics and cold chains, and healthcare. A promising area for Punjab is the tertiary healthcare industry which can be linked with spiritual tourism in and around Amritsar. This can be built on the strength of the pharmaceutical industry in the state and the good health infrastructure that has been developed over the years.

The strategy recommends five new engines of growth, i.e.,

(i) special focus on logistics, cold chains and supply and distribution chains to encourage high value added agriculture and food processing for urban centers, specially as the retail sector is being modernized

(ii) Special Economic Zones for IT, biotechnology, pharmaceuticals, textiles, and agro-processing

(iii) A knowledge city in close proximity to Mohali,

(iv) The promotion of a PCPIR in Bathinda ,

An Industrial Zone along the dedicated rail freight corridor and also ensuring that Punjab is linked to the corridor in the first phase of the extension of the Western corridor. Good infrastructure, peaceful industrial relations, flexible labor market conditions and an efficient administrative machinery can be used to attract large investments in a competitive environment vis-à-vis other states. The World Bank's earlier assessment of 2003 was confirmed by the industry representatives, i.e., that the investment climate in Punjab clearly

lags behind other states. It is necessary that the industries which are already in Punjab must "feel good" about the business environment in the state. Only then can the efforts on the part of the government to attract new investments would look credible. To address the enormous challenges of modernising the small scale units in a number of industries in Punjab, the strategy strongly endorses using a cluster approach with public-private partnership (PPP), which is being used effectively and successfully in many states with active support from the Government of India.

**Making Land Available for Industrial Development**

Punjab needs a clear and transparent policy of facilitating land acquisition for industrial development. In the absence of such a policy, Punjab will miss out on the opportunities which are being exploited by many states in providing a major push to their industrial drive.

Punjab is a state of fertile land. There is apparently a lot of demand for land for urban usage – housing, commercial and supporting infrastructure – where the ability to pay is often in excess of what would be viable for industrial use. This is particularly true along the industrial belt, i.e., the rapidly urbanising axis running from Chandigarh through Ludhiana to Jalandhar and Amritsar. Land prices have shot up so much as to seriously dent the prospective competitiveness of any industrial project in Punjab.

There are always options of investing in other states where land prices are much lower. It is obviously not possible to provide land to industry at a cost that is lower than the price at which the farmer is willing to sell. However, in levying additional development and other charges, care should be taken that the cost does not become so high that the viability of the industry is compromised. From the previous land allotments, a large number of plots have not been developed into industrial units, and the reason may well lie in the fact that the original applicant was interested only in the speculative gain that could be made due to the increase in land prices.

**Recommendation**

To modernise and rejuvenate the small scale units in light engineering, leather, hand tools, sports goods, hosiery, etc., the strategy recommends the development of modern clusters and/or attracting a large scale plant in automotives which can facilitate the technological upgradation of the component suppliers through vendor development. The following recommendations address these challenges:

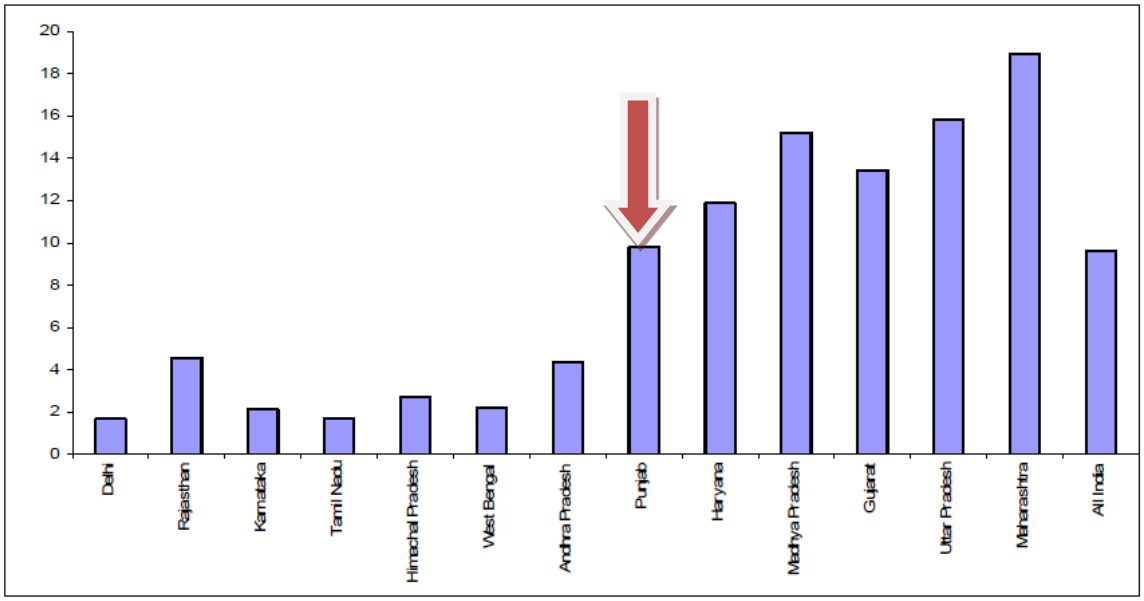
(i) To develop Industrial Clusters under Public Private Partnership (PPP), the government of Punjab must set up industry-specific Task Forces in collaboration with

(ii) industry associations such as PHDCC, CII and FICCI to study the best practices by other states of India or other countries, and come up with concrete proposals on cluster development without losing much time.

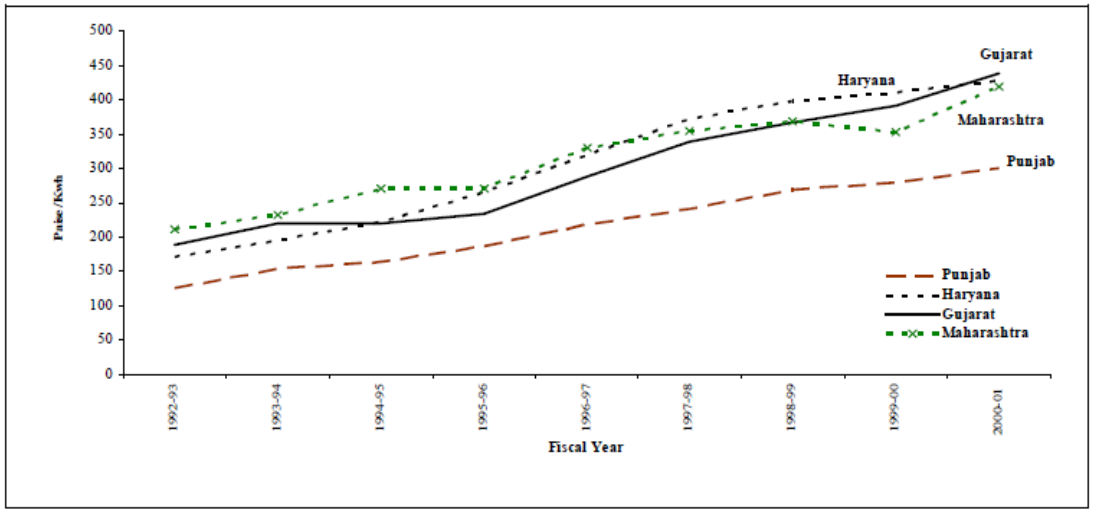
(iii)To review why Punjab has failed to benefit from Central Schemes such as Food Parks, Textile Technology Parks, Cluster Development, Special Economic Zones, etc., the government of Punjab must set up a High-Powered Administrative Review Committee with Chief Secretary as Chairman and principal Secretaries of the major economic departments as members.

(iv) A Secretary level officer should be put in place in the Chief Minister's office to track the opportunities offered by these schemes and get the administrative machinery in the state to respond to exploit these opportunities. The government of Punjab should proactively attract a large plant for automotive manufacture because of its potential for positive downstream effects on the numerous small scale auto-component manufacturers.

**A. Shortfall in Power Supplied: Major States**



## Average Power Tariff to Industry




*Source : Annual Report on the working of State* Electricity *Boards & Electricity Departments, 2001, Planning Commission.*

## Aggregate Technical and Commercial Losses of Power

**(Per cent)**

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **Punjab** | **27.7** | **26.5** | **25.5** | **24.0** | **25.8** | **25.2** | **22.2^** |
| Delhi | 60.1 | 51.8 – 62.5 | 45.7 – 55.5 | 35.9 – 51.7 | 33.8 – 43.9 | 23.8 – 43.3 | 21.7* |
| Haryana | 40.7 – 45.9 | 41.4 – 42.5 | 40.0 – 40.5 | 43.4 – 44.0 | 40.8 – 41.9 | 29.0 – 34.5 | |
| Himachal | 28.3 | 29.5 | 9.3 | 21.7 | 15.2 | 13.2 | |
| Rajasthan | 49.0 – 59.3 | 40.0 – 42.0 | 41.7 – 46.2 | 43.2 – 49.8 | 42.3 – 47.5 | 37.2 – 42.6 | |
| Andhra | 14.5 – 28.9 | 17.6 – 30.2 | 9.8 – 19.0 | 14.3 – 24.0 | 12.7 – 19.2 | 12.5 – 26.6 | |
| Gujarat | 23.3 | 31.2 | 35.5 | 35.2 | 26.9 | 22.2 | |
| Karnataka | 40.5 | 35.7 – 47.7 | 25.8 – 43.9 | 21.5 – 37.1 | 15.3 – 36.0 | 15.0 – 27.1 | |
| Madhya Pradesh | 48.6 | 49.4 | 41.5 | 54.3 | 50.4 | 52.2 – 56.6 | |
| Maharashtra | 46.3 | 44.3 | 39.0 | 26.6 | 36.7 | 39.4 | |
| Tamil Nadu | 19.3 | 20.0 | 20.6 | 19.4 | 20.5 | 20.1 | |
| West Bengal | 35.3 | 26.6 | 32.9 | 23.9 | 26.6 | | |

*Source: ICRA Ltd.*

**Growth of GDP: Major sectors**

**(15 Major States)**

| | GDP | | | Agriculture | | | Industry | | | Construction | | | Services | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1980-81 to 1990-91 | 1990-91 to 2000-01 | 2000-01 to 2005 -06 | 1980-81 to 1990-91 | 1990-91 to 2000-01 | 2000-01 to 2005 -06 | 1980-81 to 1990-91 | 1990-91 to 2000-01 | 2000-01 to 2005 -06 | 1980-81 to 1990-91 | 1990-91 to 2000-01 | 2000-01 to 2005 -06 | 1980-81 to 1990-91 | 1990-91 to 2000-01 | 2000-01 to 2005 -06 |
| Punjab | 5.3 | 4.7 | 4.2 | 4.9 | 3.1 | 1.8 | 9.1 | 6.2 | 3.9 | 1.0 | 7.9 | 13.0 | 4.5 | 5.7 | 5.2 |
| AP | 5.0 | 5.4 | 6.5 | 3.7 | 4.2 | 3.6 | 6.3 | 4.9 | 7.2 | 5.1 | 6.2 | 7.9 | 6.0 | 6.5 | 7.8 |
| Assam | 4.2 | 2.5 | 5.4 | 2.5 | 0.5 | 2.1 | 7.0 | 1.5 | 10.1 | 4.9 | 3.1 | 6.9 | 5.4 | 4.7 | 6.0 |
| Bihar | 4.9 | 3.9 | 2.8 | 3.6 | 3.3 | -1.5 | 6.9 | 4.8 | 4.0 | 6.6 | 8.7 | 12.3 | 5.9 | 5.4 | 5.3 |
| Gujarat | 5.9 | 6.3 | 10.2 | 8.9 | 2.8 | 16.4 | 8.8 | 8.0 | 9.5 | 2.3 | 10.9 | 15.5 | 6.9 | 7.8 | 8.5 |
| Haryana | 6.6 | 5.2 | 8.3 | 5.3 | 2.2 | 1.6 | 10.0 | 6.1 | 7.7 | 2.0 | 3.1 | 18.1 | 8.0 | 8.3 | 11.0 |
| Karnataka | 5.2 | 7.4 | 5.9 | 2.6 | 6.0 | -0.6 | 7.4 | 6.1 | 8.3 | 2.8 | 10.8 | 6.9 | 7.3 | 8.8 | 8.4 |
| Kerala | 3.7 | 5.6 | 6.8 | 2.2 | 2.6 | 2.8 | 4.0 | 7.0 | 3.0 | 1.9 | 6.3 | 12.5 | 5.3 | 7.0 | 7.9 |
| MP | 5.2 | 4.2 | 4.5 | 3.6 | 0.2 | 8.3 | 8.6 | 5.9 | 2.7 | -0.8 | 13.6 | 5.6 | 6.5 | 5.4 | 3.9 |
| Maharashtra | 6.1 | 6.1 | 7.1 | 4.4 | 3.8 | 3.1 | 6.7 | 5.0 | 5.2 | 3.7 | 1.5 | 12.9 | 7.5 | 8.4 | 8.4 |
| Orissa | 3.3 | 4.3 | 8.0 | 0.9 | 1.4 | 5.7 | 6.5 | 5.9 | 14.1 | 9.1 | 1.9 | -0.4 | 5.1 | 6.7 | 8.3 |
| Rajasthan | 8.1 | 4.9 | 5.8 | 9.4 | 1.3 | 11.6 | 8.0 | 9.0 | 2.7 | 9.8 | 6.9 | 9.4 | 8.6 | 6.5 | 5.3 |
| TN | 5.7 | 6.3 | 5.0 | 5.2 | 3.8 | 0.8 | 5.5 | 5.1 | 3.6 | 9.4 | 7.9 | 6.2 | 6.4 | 8.2 | 6.8 |
| UP | 5.1 | 3.6 | 4.2 | 3.0 | 2.7 | 1.0 | 9.9 | 4.0 | 5.2 | 1.8 | 6.0 | 12.2 | 6.3 | 4.2 | 5.0 |
| WB | 4.4 | 6.5 | 6.3 | 4.3 | 4.7 | 3.0 | 3.1 | 6.0 | 7.5 | 6.0 | 6.1 | 14.6 | 5.1 | 8.0 | 6.9 |
| India | 5.4 | 5.6 | 7.0 | 3.5 | 2.8 | 3.0 | 6.7 | 5.7 | 6.3 | 4.7 | 5.1 | 11.3 | 6.6 | 7.3 | 8.5 |

*Source: NAS. CSO*

## Entrepreneurship Skill Development Programmes

The MSME-DI, Ludhiana, during the year 2012-13, conducted 54 Entrepreneurship Skill Development Programmes. In these programmes total 1275 persons, including 602 males (Gen-123, SC-472, OBC-3 and PH-2) and 673 females (Gen-159, SC-512 and BC/OBC-2) were provided training, at various places in the State. These 54 programmes were conducted in different categories viz. SC-Stipendiary (5), Women & PH-Stipendiary (2), SC-Non Stipendiary (45) and UEY-General (2). In these programmes, the educated unemployed youth were provided basic inputs covering both managerial and technical aspects to set up their own venture. Lectures covering philosophy of entrepreneurship, procedures to set-up small scale units, State & Central Government policies, achievement motivation, project identification, selection of appropriate technology, production management, financial management, marketing,quality systems, ethic & moral values, working capital assessment, the concept of export & international marketing, preparation of project reports etc. were delivered by the experts from respective fields. Practical demonstrations alongwith theoretical linkage, were arranged to provide comprehensive knowledge for concerned particular trades. The candidates were also provided opportunities to have interaction with successful entrepreneurs to know the practical problems they faced and how did they overcome to pave their way to success.

**Consultancy Services**

This is one of the important activities being carried-out by the Institute.

Consultancy services include not only providing guidance to set-up new units but also to the existing MSME units pertaining to techno-managerial-cum-marketing assistance. Prospective entrepreneurs are guided in identifying the viable products/projects, selection of appropriate technology, manufacturing processes and techniques, selection of machinery & equipment, raw materials, standardization and specifications and quality control techniques. Information is also provided about various facilities being provided by other Organisations like DIC, PFC, NSIC etc. While providing consultancy services to existing units, developments taking place in various fields like technology, manufacturing processes, market trends, environmental protection, energy conservation etc. were taken care of. These factors lead to improve the quality of their products vis-a-vis to improve their overall productivity.

**Conclusion**

The small-scale sector has emerged as an engine of growth in most of the developing and newly industrialized countries of the world. In India the SSI has played a catalytic role in socio-economic transformation of the country. This sector has exhibited tremendous capacity for employment generation, greater resource use efficiency, and technical innovation, promoting inter-sectoral linkages, raising exports and reducing regional imbalances.

Small business has low capital investment and therefore the risk of the entrepreneur is limited and he can afford to be venturesome. Moreover small businesses have a small gestation period so returns are also quick. The flexibility inherent in this sector allows the entrepreneur to work aggressively if a project seems promising or change course in case things do not work out. In his manner the small business functions as a nursery for developing entrepreneurial talent.

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