

Awareness and Utilization of Technical and Financial Support by SMEs for Growth

Naveen S¹ and C.G. Krishnadas Nair²
Naveen S¹, Doctoral Scholar,
Jain (Deemed to be University),
Bengaluru, India

C.G. Krishnadas Nair²,
Former Chancellor, Jain (Deemed to be University)
and Former Chairman, Hindustan Aeronautics Limited,
Bengaluru, India

Abstract:- The paper deals with recent research study on awareness and utilisation of support schemes offered by Ministries, Banks and Associations and its impact on overall performance of SMEs. The research study revealed that direct link to awareness and utilisation level for growth and performance referring to sales and profit. The study also showed that present status of awareness and utilisation of support schemes which is not adequate and needs considerably increased for better utilisation. Suggestions are also made to the agencies that offers assistance for technical and financial support to SMEs.

Keywords:- Performance of SMEs, Awareness and Utilisation of support schemes offered by Ministries, Banks and Associations, Skill development programmes, Technology Innovation Management Information services, Financial assistance, Technical and Administration support, Engineering Sectors.

I. INTRODUCTION

A study has been conducted to understand the awareness and utilisation of policies and promotional measures offered by government, agencies and associations. The research study was on the application of technologies and management of R&D for Innovations in Small & Medium Enterprises (SMEs) from Engineering sector. One of the objectives of the research study is to understand the level of awareness and utilization of these supportive schemes from Government of India. As SMEs contributes 42% of industrial production in India, it is important to do research and find out whether SMEs are fully aware of various support schemes and utilise them for their growth.

The Government of India has established Ministry of Micro, Small and Medium Enterprises (MSME), Department of Scientific and Industrial Research (DSIR), Department of Science & Technology (DST) and national level corporations to encourage SMEs with several supportive schemes for technology innovations through R&D with an initiative such as Make in India and thereby improving the firm's manufacturing performance. There are also governmental and non-governmental organisations across India which supports SMEs through financial assistance and facilitation through technical consultancy like banks and associations. Hence, the development of SMEs is an important role in India's national plans. The need for the study presents the important perspectives that can contribute to the areas of academics, research, organisations and knowledge creation. Therefore, the various supportive schemes from Ministries, Banks and Associations are

required to be known with features and how to utilise them for growth of organisation. Feedback were obtained from the SMEs for their awareness on the features of various support schemes and level of utilisation. The ratings on the level of awareness and utilisation are made to analyse the impact on performance of SMEs.

II. PRIMARY OBJECTIVE OF THE STUDY

Primary objective of the study is to know the usage of various schemes to encourage R&D, innovation, training & skill development from Government and other agencies. Based on the objectives, literature on SMEs was reviewed and perused on their experience in knowing and utilisation of support schemes published in various journals, books, official websites, conferences, webinars and policy documents from government and non-governmental agencies. Thereafter, certain gaps were identified to strengthen the research work and to give a different perspective in understanding the thrust areas in utilising schemes for technical and financial support and growth for continuous improvement. The study also recommends improvements for scheme providing agencies and SMEs. In the next section a list of supportive schemes is shown that are considered to assess the awareness and utilisation by the SMEs.

III. SUPPORTIVE SCHEMES FOR SMEs

Some of the supportive schemes for SMEs were referred from Ministries, Banks and Associations, details are given below:

A. Supportive schemes from Ministries :

- *Development Commissioner - Ministry of Micro, Small and Medium Enterprises (DC-MSME) :*
 - DC-MSME - Credit Guarantee Scheme - Credit Linked Capital Subsidy Scheme (CLCSS) – which facilitates technology upgradation
 - DC-MSME - Skill Development Programmes – through Entrepreneurial / Management Development Programmes / Technical trainings etc.
 - DC-MSME - ISO 9000 /14000 Reimbursement.
 - DC-MSME - Cluster Development Programme – Common Facility Centres /Enhancing supply chain.
 - DC-MSME - National Manufacturing Competitiveness Programme (NMCP)

NMCP have the initiated following schemes :

- Lean Manufacturing Scheme
 - Design Clinics Scheme - Design projects for individual / group of SMEs.
 - Technology and Quality Upgradation Support (TEQUP)
 - Promotion of Information and Communication Technology (ICT) in MSME sector
 - Marketing Assistance and Technology Upgradation Scheme for MSMEs
 - Intellectual Property Rights (I P R) Campaign
 - Incubators – to promote emerging technological & knowledge-based innovative ventures.
 - Quality Mgt. Systems/Tools (QMS/QTT) - Conforming to International Standards, 5S, S-sigma, TQM, TPM
- *Department of Scientific and Industrial Research (DSIR) - Technopreneur Promotion Programme” (TePP)*
- *Department of Scientific and Industrial Research (DSIR) - Promoting Innovations in Individuals, Startups and MSMEs (PRISM)*
- *DSIR - Building Industrial R&D Promotion Programme (BIRD)*
- *DSIR – Patent Acquisition & Collaboration Research & Technology Development (PACE)*
- *Department of Science & Technology - Technology Innovation Management and Entrepreneurship Information Service (TIME IS)*
- *DST – NSTEDB - Innovation and Entrepreneurship Development Centre (IEDC)*
- *DST – NSTEDB - Innovation - Science and Technology based Entrepreneurship Development (i-STED)*
- *DST – NSTEDB - Science & Technology Entrepreneurs Park (STEP)*
- *DST – NSTEDB - Technology Business Incubators (TBI)*
- *National small industries corporation (NSIC) - Scheme & Services*
- Marketing Assistance - Trade Fairs / Technology Exhibitions
 - Bank Credit Facilitation –for upgrading their competence in terms of business and technologies
 - Performance & Credit Ratings
 - Raw Material Assistance
 - NSIC Consortia and Tender Marketing Scheme
 - Marketing Intelligence Cell –for seeking business collaboration and co-production opportunities, joint ventures, exporters and importers, and those looking for Technology Acquisition
- *National Research Development Corporation (NRDC)*
- Programmes for promoting R&D, Commercialising Technology and facilitating Patent search.
- *The National Institute for Entrepreneurship and Small Business Development (NIESBUD) – Ministry of Skill Development and Entrepreneurship*
- Training, Consultancy, Research and Publication, in order to promote entrepreneurship, (Management Development Programmes (MDP), Entrepreneurship-cum-Skill Development Programmes (ESDP / EDP))
- *Small Industries Development Organisation (SIDO)*
- SIDO - Intellectual Property Rights (IPRs)
- *National Skill Development Corporation (NSDC)*
- Schemes and training initiatives
- B. Supportive schemes from Banks :**
- *State Bank of India – SBI for SME*
- Working capital needs, purchasing of fixed assets etc
- *Dhanlaxmi Bank – SME Banking*
- Cash credit/ overdraft, working capital loan
- *Canara Bank – SME Business Unit*
- Term loans etc.
- *Punjab National Bank – MSME Banking*
- Financing MSMEs
- *Union Bank of India – Union SME Plus*
- Credit products to meet the temporary short term working capital requirements of MSME Borrowers
- *Axis Bank – SME Fast Track*
- Fast track loans for SMEs / overdraft against property
- *The Industrial Development Bank of India (IDBI) - IDBI Bank MSME Finance*
- Financial assistance for new business opportunities.
- *Export – Import Bank of India (EXIM Bank)*
- Facilitates exporters of Consultancy and Technological Services, For Project Exporters
- *Small Industries Development Bank of India (SIDBI)*
- SIDBI - Technology Information Forecasting and Assessment Council (TIFAC) - for Technology Innovation and technology-based projects.
 - SIDBI - India SME Technology Services Ltd. (ISTSL) Technology Bank for MSME
- C. Supportive schemes from Associations :**
- *Confederation of Indian Industry (CII)*
- CII – Indo-German Manager Training Programme (IGMTP)
Enhancing International Business and economic potential of Indian SMEs through cluster approach
 - CII – Human Resources Development Association, Japan (HIDA) Training programme on production

management for Indian manufacturing firms to achieve 'Make In India' initiative

- *State Small Industries Development Corporation (SSIDC / SIDCO)*
 - Promotes to sustain, modernise and further develop industries
- *DI & District Industries Centre (DIC)*
 - Facilitates small enterprise with administrative and financial support
- *State Financial Corporations (SFCs)*
 - Provides timely and adequate working capital assistance & financing energy saving SMEs
- *Technical Consultancy Organizations (TCOs)*
 - Facilitating technical consultancy for industrial projects
- *Federation of Indian Chambers of Commerce & Industry (FICCI)*
 - Business promotion, networking, policy reforms
- *Society of Indian Aerospace Technologies and Industries (SIATI)*
 - Skill Development and Support for Technical Education
 - Support SMEs to develop aerospace components indigenously

IV. SAMPLING PROCESS AND DATA COLLECTION

A detailed questionnaire was prepared for the research study indicating the list of support schemes mentioned above for awareness of its features and utilisation by the SMEs from Engineering areas. SMEs were sampled out from areas of Electronic / Electrical equipments, Mechanical equipments, Electronic / Electrical components, Machined

Components, Sheet metal component, Rubber / plastic components, Foundry & Forging, which are actively involved in automobile / aerospace / defence sectors / consumer electronics, to learn their awareness and utilisation of support schemes, across the country. The structured questionnaire was developed and made to reach to a large number of SMEs to collect data in fillable format under engineering sectors which are manufacturing and trading companies.

V. DATA ANALYSIS

A total of about 300 SMEs responded all over the country, participated in the study and replied with valuable responses which were provided by the CEOs and MDs of the SMEs. The primary data is considered for grading the performance of SMEs based on the level of awareness and utilisation of support schemes. Performance analysis of SMEs was done which is based on the performance indicators which are the outputs of the firms depending on the influencing parameters which are the inputs of the firm.

The following are the parameters identified for the study. The responses for these parameters from the organisations were graded on the 10-point scale based on rating parameters given below :

A. Rating Awareness of Supportive Schemes (Input Parameters) :

➤ *Parameter 1 – Awareness of Supportive Schemes from Ministries*

Awareness of Schemes will be graded based on the SMEs emphasis and knowing benefits among many supportive schemes / programmes from government / agencies / associations.

Awareness of Schemes from Ministries like DSIR / DST etc.	Higher Awareness	Moderate Awareness	Lesser Awareness	Not Aware
Rating scale 1 to 10	8 - 10	5 - 7	2 - 4	1

Table 1: Awareness of Supportive Schemes from Ministries

➤ *Parameter 2 – Awareness of Supportive Schemes from Banks*

Awareness of Banking Support New ventures	Higher Awareness	Moderate Awareness	Lesser Awareness	Not Aware
Rating scale 1 to 10	8 - 10	5 - 7	2 - 4	1

Table 2: Awareness of Supportive Schemes from Banks

➤ *Parameter 3 – Awareness of Supportive Schemes from Associations*

Awareness of Support from Associations	Higher Awareness	Moderate Awareness	Lesser Awareness	Not Aware
Rating scale 1 to 10	8 - 10	5 - 7	2 - 4	1

Table 3: Awareness of Supportive Schemes from Associations

B. Rating Utilisation of Supportive Schemes (Output Parameters) :

➤ *Parameter 4 – Utilisation of Supportive Schemes from Ministries*

Utilization of Schemes will be graded based on the SMEs emphasis and getting benefits among many supportive schemes / programmes from government / agencies / associations.

Utilisation of Schemes from Ministries like DSIR / DST etc.	Higher Utilisation	Moderate Utilisation	Lesser Utilisation	Not Utilised
Rating scale 1 to 10	8 - 10	5 - 7	3 - 4	1 - 2

Table 4: Utilisation of Supportive Schemes from Ministries

➤ *Parameter 5 –Utilisation of Supportive Schemes from Banks*

Utilisation of Banking Support New ventures	Higher Utilisation	Moderate Utilisation	Lesser Utilisation	Not Utilised
Rating scale 1 to 10	8 – 10	5 - 7	3 - 4	1 - 2

Table 5: Utilisation of Supportive Schemes from Banks

➤ *Parameter 6 –Utilisation of Supportive Schemes from Associations*

Utilisation of Support from Associations	Higher Utilisation	Moderate Utilisation	Lesser Utilisation	Not Utilised
Rating scale 1 to 10	8 - 10	5 - 7	3 – 4	1 - 2

Table 6: Utilisation of Supportive Schemes from Associations

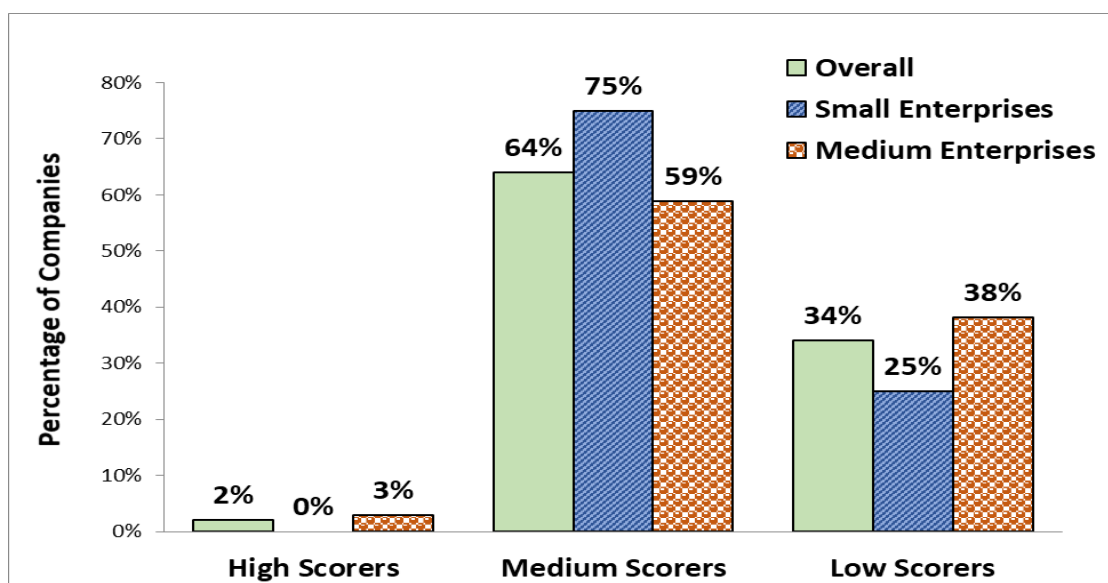
VI. SCORE ANALYSIS

In the score analysis the ratings of the companies are analyzed based on the high scorers, medium scorers and low scorers in the parameters of awareness & utilization of supportive schemes. The high scoring companies are considered who have scored 7, 8, 9 and 10. The medium scoring companies are considered who have scored 4, 5 and 6. The low scored companies are considered who have scored 0, 1, 2 and 3. The percentage of high scorers, medium scorers and low scorers are depicted in the histogram for companies, small enterprises and medium enterprises.

The score analysis is done for companies to get the overall score and separately for companies according to their industry size, (i) Small enterprises and (ii) Medium enterprises and according to their product category namely, (a) Electronic, electrical components & equipments, (b) Machined and sheet metal components and (c) Materials, casting, forgings and others.

A. Score analysis on Awareness and Utilization of various supportive schemes for SMEs

The following graph 1 shows percentages of high scoring, medium scoring and low scoring companies for average ratings for awareness and utilization of various supportive schemes considering industry size:



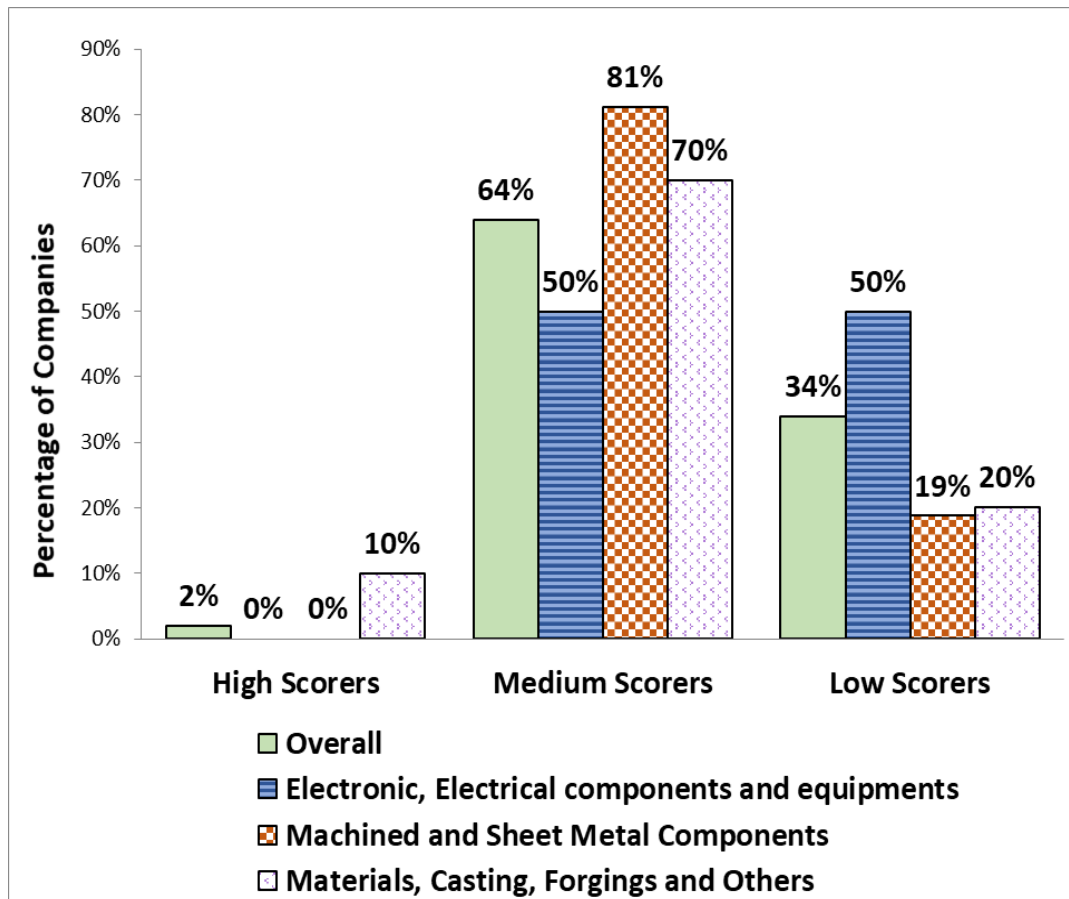
Graph 1: Score analysis on Awareness and Utilization of various supportive schemes for SMEs

- **Analysis :**Overall performance of SMEs with respect to awareness and utilisation of supportive schemes is as follows. 2% are high scorers and 64% are medium scorers, totalling to 66% and remaining 34% are low scorers. Hence, the performance of the companies is average. The percentages of high scoring companies are alarmingly very poor.
- **Interpretation :**Industry size has no influence on awareness and utilisation of support schemes as overall performance is average and need to be persuaded of

utilising support schemes. Small enterprises are slightly better than medium enterprises as they have inculcated to learn and take maximum benefit of support schemes from agencies.

B. Score analysis on Awareness and Utilization of various supportive schemes considering product category

The following graph 2 shows percentages of high scoring, medium scoring and low scoring companies for average ratings for awareness and utilisation of various supportive schemes considering product category:



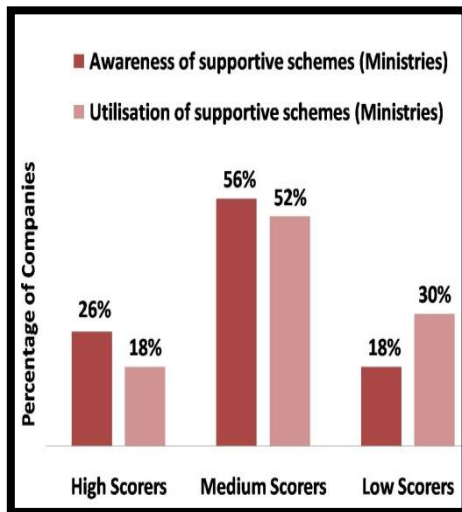
Graph 2: Score analysis on Awareness and Utilization of various supportive schemes considering product category

- **Analysis:** Product category has an influence on awareness and utilisation of various schemes, considering high and medium scorers, companies belonging to machined and sheet metal components have performed better than companies belonging to product category of materials and casting and companies belonging to product category of electronic, electrical components & equipments.

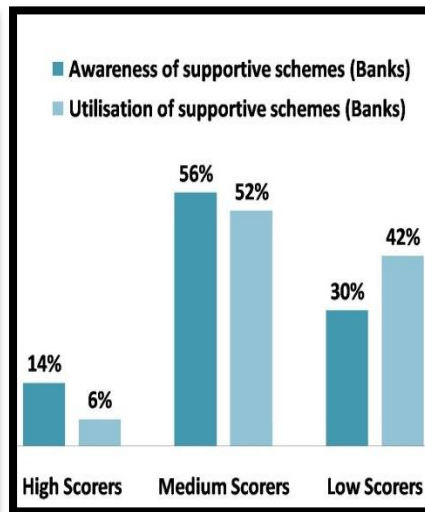
- **Interpretation:** The various supportive schemes can be improved further for certain product category of companies. The supporting agencies can be enhanced for further action.

C. Score analysis on Awareness and Utilization of various supportive schemes from Ministries, Banks and Associations

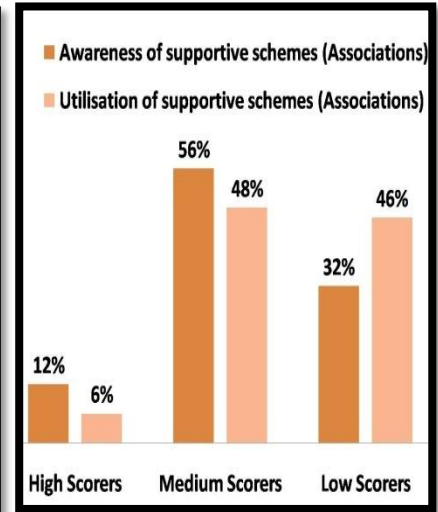
The following graphs 3a, 3b, 3c shows percentages of high scoring, medium scoring and low scoring companies for average ratings for awareness and utilisation of various supportive schemes from Ministries, Banks and Associations, respectively :



Graph 3(a)



Graph 3(b)



Graph 3(c)

Graph 3: Score analysis on Awareness and Utilization of various supportive schemes from Ministries, Banks and Associations

- **Analysis:** Considering high scorers and medium scorers the companies utilising supportive schemes from Ministers (70%) have performed well, followed by the companies utilising supportive schemes from Banks (58%) and from Associations (54%).
- **Interpretation:** The schemes from Ministries are informed well and used better.

VII. CONCLUSION AND RECOMMENDATIONS

The overall conclusion and recommendations from study is as follows. SMEs are not fully aware of various support schemes and utilise them for their growth. The overall performance of SMEs is average and various supportive schemes from Ministries, Banks and Associations are required to be learnt more and utilised for growth of organisation. SMEs need to have higher awareness of support schemes from Ministries to utilize them for better facilitation of technology and quality support for the organisations that will in turn lead to more research and innovation. SMEs need to have higher the awareness of support schemes from Banks to utilize them for better facilitation for new ventures of the organisations that will in turn lead to more growth. SMEs need to have higher the awareness of support schemes from Associations to utilize them for better technology and administrative assistance for the organisations that will in turn lead to more quality and growth.

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