

# Entrepreneurship and Governmental Support – A Review on Msmes and Other Government Initiatives

Harshitha V<sup>1</sup>, Sri vidya M R<sup>2\*</sup>, Dasarathy, A. K.<sup>3</sup>, Gautham Krishna

<sup>1</sup>UG Student , Department of Civil Engineering, Jain deemed university faculty of engineering technology kananakapura post Ramnagara District, India ,

harshithav20s18@gmail.com

<sup>2\*</sup>Retd Senior Manager Bank of Baroda ,Banashankari Branch, Bengaluru India , Corresponding authorsrivdyamrbob@gmail.com

<sup>2</sup> and <sup>4</sup>Department of Civil Engineering, Jain deemed university faculty of engineering technology kananakapura post Ramnagara District, India, pulikutty2000@gmail.com and krishgautham@gmail.com

---

## ARTICLE INFO

## ABSTRACT

Received: 18 Dec 2024

Revised: 10 Feb 2025

Accepted: 28 Feb 2025

It is broadly understood that an Entrepreneurial venture is carried on to make higher financial benefit by starting or running businesses while taking the financial risks simultaneously. However it is equally true that entrepreneurs contribute significantly to employment generation, innovation, exports, and inclusive growth of the economy. The challenges faced for establishing a successful entrepreneurial venture is multifold . While there may be factors intrinsic to the entrepreneur and the venture itself, this article deals with a prime external factor, i.e., Governmental support, extended in our country for encouraging and enabling the entrepreneurship and the flagship programmes by the Government in this venture, Support to MSMEs, Make in India Programme, Startup India Programme.

This article mainly focusses on (a) Few governmental support for MSME segment in the recent years (b) Make in India Programme (c) StartUp India Programme spear heading and encouraging business ventures.

**Keywords:** Entrepreneurial, multifold, establishing.

---

## Introduction:

India is now the largest populated country having 142 crore population, 50% of the same below 25 years and 65% below 35 years. It becomes essential to provide education and employability to ensure prosperity, social order and hence both areas require Governmental thrust and support. Today, every young Indian wishes to be an Entrepreneur.

If we look hindsight, there have always been Government supported self employment programmes for Rural, Urban unemployed youth. But in recent years, there has been a lot of change in the way business happens. To name a few, access to education through digital mode, digital adoption, digitization of Trade and Banking transaction, change in tax regime from complex multi tier taxation system to single GST, many approvals moving to online portals, linkage of PAN, aadhar, GST etc., so much so that digital foot print once created taking business to the next level becomes easy due to easy access to finance. With these fast changes coupled with the young India truly innovative, aspire for abundance and global reach.

Under these circumstances the challenge for the government is to

- (a) To provide skill based education and set up and support micro and small entrepreneurs and region based programmes
- (b) To ensure women entrepreneurship also develops in all areas

(c) To provide an enabling atmosphere for investment opportunities, groom and guide the talent for global opportunities, facilitate and handhold the entrepreneurs into development of innovation and scalable ventures.

### **MSME Segment :**

The contribution of MSMEs to GDP was 29.2% in the year 2021-22. The share of MSMEs in exports is 43.6 %.

As per available information, The total number of persons employed in MSMEs which were registered from 01.07.2020 to 01.08.2023 in India was 12,36,15,681.

3,07,87,886 units are registered as MSME in Udyam portal of which more than 3 crore units are Micro enterprises.

The above facts give a glimpse of the contribution of this segment and the hence the thrust / preferred treatment for this segment.

Some critical factors affecting growth of Entrepreneurship, especially in the MSME segment which are the employment providing growth engines are

- (a) Policy and institutional interventions
- (b) Accelerating growth and enabling formalisation
- (c) Addressing infrastructural bottlenecks
- (d) Facilitating capacity building
- (e) Facilitating access to credit and risk capital
- (f) Technological interventions for improving underwriting standards and delivery
- (g) Enabling market linkage and tie-up with public procurement platforms.

In 2019 there was a study in this area through a Expert committee headed by Mr U K Sinha . Subsequently, many changes have happened in this sector, to name a few,

Earlier the classification of MSME was based on Original Investment in Plant and Machinery or Equipments for manufacturing and services respectively.

Changes in MSMED Act were brought in 2020, (a)increasing the Limits of investment, (b)Introducing classification based on composite criteria of investment and turnover as prevalent in many countries (c) scrapping the differentiation between manufacturing and services in segmentation, thereby making the benefits available to many entrepreneurs.

Introduction of Udyam Registration. This helped in bringing data of all MSME units in a centralized portal .

Linkage of various benefits to mandatory Udyam Registration (a) banking credit facility (b) Credit/ linked subsidy (c) market facility like GEM portal (d) factoring with Trends etc., made available for MSME having Udyam Registration. UDYAM, PAN and GST have been linked.

Development of Digital infrastructure for enabling easy access to finance. Credit information company, ITR,GST, Digital foot print of transactions all linked and hence easy access of finance from NBFCs, banks etc.,

Co-lending Models(with NBFCs), giving comfort to Banks for financing arrangements to MSME also were encouraged to infuse more funds to the sector.

Increase of collateral free finance to Rs 500 lacs from Scheduled Commercial Banks, by providing guarantee to Banks through CGTMSE.

Including Retail Trade for CGTMSE coverage.

Mandatory finance from Banks through Priority sector lending targets to Micro segment.

Finance to unorganized sector PMS vanidhi programme for small fruit vendors, vegetable vendors etc., Programmes like PMMY, Standup India etc., for trading and greenfield manufacturing ventures. Special programme for Food Processing units, PMFME etc., PMEGP programme for self employment etc.,

DIC / EPC /RSETIs engage in Entrepreneurship development and Financial literacy programmes.69 Atal incubators are there as at 2022.

Apart from the above discussed efforts for development entrepreneurship in micro and small level, 2 other important programmes ensuring focus on development of entrepreneurial ventures in Industries, Technology and Innovation are discussed below.

### **Make in India Programme:**

This programme was launched in 2014, to promote manufacturing in India to give boost to entrepreneurship, with four pillars in mind. The programme also meant more investment opportunities in India. The four main pillars were:

- (i) **New Processes** with focus on 'ease of doing business' factor to promote entrepreneurship.
- (ii) **New Infrastructure** by developing new industrial corridors and smart cities, create world class infrastructure with state-of-the-art technology and high-speed communication. Innovation and research activities are supported through a fast paced registration system and improved infrastructure for IPR registration.
- (iii) **New Sectors** opened for FDI in Defence Production, Insurance, Medical Devices, Construction and Railway infrastructure in a big way. Similarly FDI has been allowed in Insurance and Medical Devices.
- (iv) **New Mind set** to partner with industry in economic development of the country Government shall act as a facilitator and not a regulator.

27 sectors have been included in the 'Make in India' programme that included sectors like Defence Manufacturing, Railways, Space, Auto components, Pharma, IT and BPM etc.,

As per Government Report, a liberal and transparent policy wherein most sectors have been opened to FDI has resulted in the FDI inflows in India stood which stood at US \$ 45.15 billion in 2014-2015 to \$83.6 billion in 2021-2022.

Further, Production **Linked Incentive** (PLI) scheme across 14 key manufacturing sectors was launched in 2020-21 as a big boost to Make in India initiative. The PLI Scheme incentivises domestic production in strategic growth sectors where India for strengthening domestic manufacturing, forming resilient supply chains, making Indian industries more competitive and boosting the export potential. PLI Scheme is expected to generate significant gains for production and employment, with benefits extending to the MSME eco-system.

Also, National Single Window System (NSWS) has been soft-launched in September 2021 to improve the ease-of-doing-business by providing a single digital platform to investors for approvals and clearances.

### **Other initiatives include:**

The One-District-One-Product (ODOP) initiative is another manifestation of the 'Make in India' vision for facilitating promotion and production of the indigenous products from each district of the country and providing a global platform to the artisans and manufacturers of handloom, handicrafts, textiles, agricultural and processed products, thereby further contributing to the socio-economic growth of various regions of the country.

India is a global investment hub. The programme is a long term ongoing programme and results are yet to be captured. There are also parallel programmes run by the government fostering innovation, technology and investment.

### **Startup India Mission**

The Start-up India mission, launched on 16 January 2016. This mission was to build an eco system for nurturing start ups and encourage entrepreneurship through an action plan encompassing areas like "Simplification and handholding", "Funding support and incentives" and "Industry-academia partnership and incubation" etc.,

Under the Startup India initiative, eligible companies get recognised as Startups by DPIIT, in order to access a host of tax benefits, easier compliance, IPR fast-tracking & more.

The Definition of Start-up company as per Start up India Scheme is a Private Limited company / Registered partnership or Limited Liability Partnerships working towards development or improvement of a product, process or service and/or have scalable business model with high potential for creation of wealth & employment, within 10 year from date of incorporation and turnover not exceeding Rs.100 crores.

The listed schemes cover sectors like technology, manufacturing, agriculture, healthcare, and more. Some of the Government initiatives under the Startup India Action Plan launched include:

**Fund of Funds for Startups (FFS) Scheme:** The Government has established FFS with corpus of Rs. 10,000 crore, to meet the funding needs of startups. DPIIT is the monitoring agency and Small Industries Development Bank of India (SIDBI) is the operating agency for FFS. It has not only made capital available for startups at early stage, seed stage and growth stage but also played a catalytic role in terms of facilitating raising of domestic capital, reducing dependence on foreign capital and encouraging home grown and new venture capital funds.

**Credit Guarantee Scheme for Startups (CGSS):** The Government has established the Credit Guarantee Scheme for Startups for providing credit guarantees to loans extended to DPIIT recognized startups by Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Venture Debt Funds (VDFs) under SEBI registered Alternative Investment Funds. CGSS is aimed at providing credit guarantee up to a specified limit against loans extended by Member Institutions (MIs) to finance eligible borrowers viz. DPIIT recognised startups.

**Regulatory Reforms:** Over 50 regulatory reforms have been undertaken by the Government since 2016 to enhance ease of doing business, ease of raising capital and reduce compliance burden for the startup ecosystem.

**Ease of Procurement:** To enable ease of procurement, Central Ministries/ Departments are directed to relax conditions of prior turnover and prior experience in public procurement for all DPIIT recognised startups subject to meeting quality and technical specifications. Further, Government e-Marketplace (GeM) Startup Runway has been developed which is a dedicated corner for startups to sell products and services directly to the Government.

**Support for Intellectual Property Protection:** Startups are eligible for fast-tracked patent application examination and disposal. The Government launched Start-ups Intellectual Property Protection (SIPP) which facilitates the startups to file applications for patents, designs and trademarks through registered facilitators in appropriate IP offices by paying only the statutory fees. Facilitators under this Scheme are responsible for providing general advisory on different IPRs, and information on protecting and promoting IPRs in other countries. The Government bears the entire fees of the facilitators for any number of patents, trademark or designs, and startups only bear the cost of the statutory fees payable. Startups are provided with an 80% rebate in filing of patents and 50% rebate in filling of trademark vis-a-vis other companies.

**Self-Certification under Labour and Environmental laws:** Startups are allowed to self-certify their compliance under 9 Labour and 3 Environment laws for a period of 3 to 5 years from the date of incorporation.

**Income Tax Exemption for 3 years:** Startups incorporated on or after 1st April 2016 can apply for income tax exemption. The recognized startups that are granted an Inter-Ministerial Board Certificate are exempted from income-tax for a period of 3 consecutive years out of 10 years since incorporation.

**International Market Access to Indian Startups:** One of the key objectives under the Startup India initiative is to help connect Indian startup ecosystem to global startup ecosystems through various engagement models. This has been done through international Government to Government partnerships, participation in international forums and hosting of global events. Startup India has launched bridges with over 15 countries (Brazil, Sweden, Russia, Portugal, UK, Finland, Netherlands, Singapore, Israel, Japan, South Korea, Canada, Croatia, Qatar and UAE) that provides a soft-landing platform for startups from the partner nations and aid in promoting cross collaboration.

**Faster Exit for Startups:** The Government has notified Startups as 'fast track firms' enabling them to wind up operations within 90 days vis-a-vis 180 days for other companies.

**Startup India Hub:** The Government launched a Startup India Online Hub on 19<sup>th</sup> June 2017 which is one of its kind online platform for all stakeholders of the entrepreneurial ecosystem in India to discover, connect and engage with each other. The Online Hub hosts Startups, Investors, Funds, Mentors, Academic Institutions, Incubators, Accelerators, Corporates, Government Bodies and more.

**Startup India Showcase:** Startup India Showcase is an online discovery platform for the most promising startups of the country chosen through various programs for startups exhibited in a form of virtual profiles. The startups showcased on the platform have distinctly emerged as the best in their fields. These innovations span across various cutting-edge sectors such as Fintech, EnterpriseTech, Social Impact, HealthTech, EdTech, among

others. These startups are solving critical problems and have shown exceptional innovation in their respective sectors. Ecosystem stakeholders have nurtured and supported these startups, thereby validating their presence on this platform.

**National Startup Advisory Council:** The Government in January 2020 notified constitution of the National Startup Advisory Council to advise the Government on measures needed to build a strong ecosystem for nurturing innovation and startups in the country to drive sustainable economic growth and generate large scale employment opportunities. Besides the ex-officio members, the council has a number of non-official members, representing various stakeholders from the startup ecosystem.

Promoting the cause the Government has furthered some initiatives like,

**Startup India: The Way Ahead** in January 2021 which includes actionable plans for promotion of ease of doing business for startups, greater role of technology in executing various reforms, building capacities of stakeholders and enabling a digital Aatmanirbhar Bharat;

**Startup India Seed Fund Scheme (SISFS)** to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. Rs. 945 crore has been sanctioned under the SISFS Scheme for period of 4 years starting from 2021-22.

**National Startup Awards (NSA)** to recognize and reward outstanding startups and ecosystem enablers that are building innovative products or solutions and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact.

**States' Startup Ranking Framework (SRF with** The major objectives of the ranking exercise are facilitating states to identify, learn and replace good practices, highlighting the policy intervention by states for promoting startup ecosystem and fostering competitiveness among states.

**Startup India Innovation Week:** The Government organises Startup India Innovation week around the National Startup Day i.e. 16<sup>th</sup> January, with the primary goal was to bring together the country's key startups, entrepreneurs, investors, incubators, funding entities, banks, policymakers, and other national/international stakeholders to celebrate entrepreneurship and promote innovation.

The mission success is showing some results. Some indicators in the GEM Report 2022 are

- (a) India is the third largest start-up ecosystem in the world with almost 73,000 start-ups spread across 56 diverse sectors in 2021 (presently 84012 startups in 2022)
- (b) There are about 100 unicorns in India.
- (c) Indian start-ups raised funding of over \$42 billion in 2021 with over \$11 billion funding in the first quarter of 2022.
- (d) The digital revolution has propelled start-ups .During Covid 19 The main sectors that emerged for start-ups are digital education, fintech, health and wellbeing, shared office space, and remote working tools.

Given below are some facts and figures indicating levels of Entrepreneurship in India as per GEM Report for India 2022 :

- (a) TEA rate in India has increased from 9.3% in 2017–18 to 14.4% in 2021–22.
- (b) **Nascent entrepreneurship** and **new business ownership** both have increased from 4.9% in 2017–18 to 7.2% in 2021–22 and from 4.4% to 7.1% respectively for the same period of time.
- (c) The **established entrepreneurship** has also increased from 6.2% to 8.5% from 2017–18 to 2021–22.

The above indicates the growth of entrepreneurship in India.

### Conclusion

While the Governmental support on ease of doing business, incubating centres, attracting investment or arranging finance is discussed above, there is a significant role of the Education institutions in developing skills much beyond conducting business to create a successful entrepreneur like, sowing seeds of (a) Values (b) People Management skills (c) Risk assessment and pro active response (d) Commitment and passion to their dream and Country (d) Corporate governance € which are true skills that will raise him/her beyond any failure / Success and take them to true leadership

---

**Reference:**

- [1] Napompech, K., 2022. Effects of working capital management on the profitability of Thai Listed Firms. *International journal of Trade, economics and finance*, 3(3), pp. 227-232.
- [2] Kulkarni, V. U. P. & P. P., 2021. Working Capital Management: Impact of Profitability. *SCMS Journal of Indian Management*, pp. 53-59.
- [3] Panigrahi, D. A. K., 2020. Impact of working capital management on profitability: A case study of ACC Ltd.. *Asian J. Management*, 3(4), pp. 210-218.
- [4] Agha, H., 2018. Impact of working capital management on profitability. *European Scientific Journal*, 10(1), pp. 374-381.
- [5] Pandey, J. & S., 2018. Impact of working capital management in the profitability of Hindalco Industries Limited. *The Icfai University Journal of Finanacial Economics*, 6(4), pp. 63-72.
- [6] Patel, K. A., 2015. Impact of working capital management on profitability in Indian petroleum industry with special reference to Indian Oil Corporation. *Research Hub International Multidisciplinary Research Journal*, 2(5), pp. 1-4
- [7] Central Government Ministries and Departments (2010) Available at: [india.gov.in/cent\\_ministry.php](http://india.gov.in/cent_ministry.php).
- [8] MSME Report 2019\_RBI website
- [9] Press release by GOI on various programmes
- [10] GEM Report 2022
- [11] Web sites of Startup India, Make in India, MSME etc,