



249en14

WHOM TO APPROACH FOR WHAT

“He who loves practice without theory is like the sailor who boards ship without a rudder and compass and never knows where he may cast.”

— Leonardo da Vinci.

The above words are relevant for an entrepreneur who is like a sailor in the boat wanting to reach a destination. Various central and state government organisations guide entrepreneurs to their destination. They support entrepreneurs through various schemes and programmes. These schemes and programmes are implemented through various government agencies. Once you have identified the business you want to start, it would be interesting to know which government departments could be helpful. So, knowing about these organisations and approaching the relevant government departments can help you start or grow your existing business.

You must have seen many government departments working for development of business near you. These could be District Industries Centres (DICs), Khadi and Village Industries Commission (KVIC), National Small Industries Corporation (NSIC), National Bank for Agriculture and Rural Development (NABARD) and various banks.

In this chapter we will be learning which government department provide assistance and what services they can be contacted for.



LEARNING OUTCOMES

After studying this lesson, the learner will be able to:

- describe the importance of developing rapport with the key stakeholders; and
- describe the services of various stakeholders.



Notes

14.1 ROLE OF GOVERNMENT ORGANISATIONS IN ENTREPRENEURSHIP DEVELOPMENT

Entrepreneurship plays an important role in the economic growth and development of the country. So, the government has an important role in supporting entrepreneurs through various means. The government provides training, infrastructure, technology, finance, machineries, raw material support etc. The government also ensures business-friendly policies like Make in India and introducing tax system reforms like the Goods and Services Tax (GST). India is classified as an easy place to do business in the Global Ease of Doing Business Index due to business-friendly policies and support of the government. To do this, central and state governments have set up various organisations and departments.

Entrepreneurs initially have few ideas for starting an enterprise. Entrepreneurs require guidance in selection of businesses that they should start. They also require training about the procedure of starting a business, regulations, government schemes and other support mechanisms. That is why Entrepreneurship Development Programmes (EDP) are conducted by various organisations to support new entrepreneurs. To understand how important this is, imagine what will happen if a person starts driving without learning to drive. That is why we have driving schools. Similarly, new entrepreneurs who undergo Entrepreneurial Development Programme (EDP) understand how to start and run a business and become successful entrepreneurs. Entrepreneurs also need to register every business with appropriate government bodies. This helps get easy bank loans and easy access to government schemes. Some entrepreneurs may also require help for technology, machinery, raw material and marketing.

We will now look at major organisations and whom should the entrepreneur contact for what.

14.2. IMPORTANT GOVERNMENT ORGANISATIONS

In this section we will understand some of the important government organisations. We will learn more about:

1. District Industries Centres (DICs)
2. MSME Development Institutes (MSME-DIs)
3. Khadi and Village Industries Commission (KVIC)
4. National Small Industries Corporation (NSIC)
5. National Bank for Agriculture and Rural Development (NABARD)

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6. Small Industries Development Bank of India (SIDBI)
7. State Financial Corporations (SFCs)
8. Skill Development Centres
9. Entrepreneurship Development Institutes
10. Export Promotion Councils and Commodity Boards



INTEXT QUESTIONS 14.1

Write down the full form of the following acronyms:

(i) DIC	
(ii) NSIC	
(iii) NABARD	
(iv) KVIC	
(v) EDP	

14.2.1. District Industries Centres (DICs)

As per the Industrial Policy 1977, with the support of the central government, state governments started District Industries Centres (DICs) in every district of a state. This centre is located in district headquarters and promotes industrial development in the whole district.

DICs provide assistance and support to entrepreneurs. They are also responsible for effective promotion of micro, small and medium enterprises at district level. They also

generate employment opportunities for the public. A DIC is headed by a General Manager and is supported by Industry Promotion Officers (IPOs). They work under the Directorate of Industries of the respective state government. Therefore, most state government schemes and subsidies are routed through DICs.

Entrepreneurs should visit, participate and register themselves with local DICs to take maximum advantage of support facilities and expertise. The district industrial profile prepared by the DIC gives a fair idea of resources and opportunities in the district.





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14.2.2. MSME-Development Institutes (MSME-DIs)

MSME-Development Institutes are field institutes of the Development Commissioner, Ministry of MSME, Government of India. There are MSME-DIs and Branch MSME-DIs set up in state capitals and other industrial cities all over the country.



MSME-DIs provide consultancy and support to the MSMEs. They guide entrepreneurs for selection of product, location, raw materials, machinery, layout, production process, managerial consultancy, etc. With changing times, they also focus on modernisation, technology upgradation, acquiring international quality systems, energy conservation, pollution control and similar details for MSMEs.

MSME-DIs also spread awareness about central government schemes and identify suitable beneficiaries for these schemes. They also conduct Entrepreneurship cum Skill Development Programmes (ESDP), Entrepreneurship Development Programmes (EDP), Management Development Programmes (MDP) and Skill Development Programmes (SDP) focussing on developing and sharpening the entrepreneurial, managerial and technical skills of the existing or prospective entrepreneur. They also coordinate with DICs and link with state government functionaries.



14.2.3. Khadi and Village Industries Commission

The term Khadi goes back to the Swadeshi Movement launched by Mahatma Gandhi in 1920. He propagated the use of hand-woven and home-spun fabrics. Khadi is a hand-made cloth using the *charkha* or indigenous spinning wheel.

The Khadi and Village Industries Commission (KVIC) is a body under the Ministry of MSME, Government of India. It works for the development of Khadi and other village industries in the rural areas. It provides raw materials and implements to the artisans, creates common facilities centre for processing of raw materials as semi-finished goods and also supports in its marketing. Besides Khadi, KVIC promotes enterprises like soap, detergents, pottery, honey, handmade paper, food processing, leather, coir etc.



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KVIC implements various schemes for Khadi, cluster development etc. but the most prominent is the Prime Minister's Employment Generation Programme (PMEGP) which is basically a credit-linked subsidy scheme aimed at creating employment opportunities across the country. This can be applied for online.



14.2.4. National Small Industries Corporation (NSIC)

National Small Industries Corporation (NSIC) is a Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). It operates through a countrywide network of offices and Technical Centres in the country.

NSIC helps MSMEs by providing marketing support like tender marketing. It forms group of micro and small units manufacturing the same product, thereby pooling in their capacity. NSIC applies for tenders on behalf of MSMEs to secure orders for them. These orders are then distributed amongst enterprises according to their production capacity.

NSIC also does Single Point Registration for Government Purchase. It provides marketing intelligence to MSMEs, organises exhibitions and technology fairs and buyer-seller meets. It also provides credit support, technology support and incubation of unemployed youth for setting up of new micro and small enterprises. It also helps other developing countries enhance their MSME capabilities.

14.2.5. National Bank for Agriculture and Rural Development (NABARD)

National Bank for Agriculture and Rural Development (NABARD) is an agricultural and rural development bank owned by Government of India. It looks after the development of the rural- and agriculture-based small industries in the country. NABARD has schemes for both farm and off-farm sectors. In the farm sector, support is for starting dairy units, bio-fertiliser and bio-pesticide units, agri-clinics, animal husbandry, agricultural marketing etc. In the off-farm sector, NABARD provides support for livelihood development programmes, Self- Help Groups (SHGs), weaver's cooperatives etc.



NABARD branch offices are located in all district headquarters. The head office is at Mumbai. It mostly finances through banks. So, applications for

various subsidies and schemes are made through banks. It regulates and supervises all cooperative banks and Regional Rural Banks (RRB) in the country.



INTEXT QUESTIONS 14.2

Fill in the blanks :

1. A DIC is headed by a _____ and is supported by _____.
2. KVIC is a body under the ministry of _____.
3. _____ helps MSMEs by providing marketing support like tender marketing.
4. NABARD looks after the development of the _____ and _____ based small industries in the country.

14.2.6. Small Industries Development Bank of India (SIDBI)

Small Industrial Development Bank of India (SIDBI) is a development financial institution for MSMEs, headquartered at Lucknow. It has offices all over the country.



SIDBI provides loans for micro, and MSME sector through micro finance institutions (MFIs), non-banking financial companies (NBFCs), and banks. SIDBI also lends directly to MSMEs. Its main focus is for the development of rural enterprises and entrepreneurship development.

SIDBI provides funding for new startups through SIDBI Venture Capital Limited (SVCL). Micro enterprises are helped by SIDBI through Micro Units Development & Refinance Agency (MUDRA) loans in this collateral free loans are available to entrepreneurs through banks. India SME Technology Services Ltd (ISTSL) under SIDBI provides technology advisory and consultancy services.

SIDBI also helps in credit rating of MSMEs, which helps them to get easier loans. It also facilitates faster realisation of receivables for MSMEs and speedier resolution of Non-Performing Assets (NPA) in the MSME sector. SIDBI is nodal agency for some of the schemes related to development of MSMEs, such as Make in India and Startup India.



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14.2.7. State Financial Corporations (SFCs)

State Financial Corporations (SFCs) are the state-level financial institutions responsible for the growth of MSMEs in the concerned states. SFCs provides many entrepreneur-friendly schemes like term loans, working capital loans, seed capital assistance to suit the needs of various categories of entrepreneurs. The loans are granted mostly against mortgaged assets. Technical and financial aspects of the project are given foremost consideration while granting loans. Loan assistance is provided for purchase of land, construction of factory building, purchase of plant and machinery, to meet electrification and installation expenses and for renovation and modernisation of existing units. SFCs empower the MSME sector to contribute to the process of economic growth, employment generation and balanced regional development.

14.2.8. Skill Development Centres

Skill is defined as the ability to do a task. Just think of an electrician. He has the skill to do electric wiring in the factory and repair electrical machines. Similarly, a paddy farmer has the skill for cultivating paddy and an apiculturist has the ability to rear bees and produce honey. After developing certain skills from a training centre or institute, a person can do a salaried job or can become an entrepreneur and earn for his or her family members.



The Government of India is providing free skill development training programmes under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY). Candidates can search the website to locate training centre and courses of interest. Industrial Training Institutes (ITI) also provide various skill development programmes. These trainings are followed by job placements.

14.2.9. Entrepreneurship Development Institutes

After developing skills, if one is not interested in doing a job but wants to become an entrepreneur, the person can join Entrepreneurship Development Programmes (EDPs). Most colleges and universities also conduct EDPs. Beside this KVIC, DICs, NSIC, MSME-DI etc. also conduct these programmes regularly through the year. The certificate of



participating in an EDP also adds to the credibility of entrepreneur to get bank loan.

India has various reputed institutions specialising in training, consultancy and research on various aspects of entrepreneurship development. If one is interested to pursue advance courses in entrepreneurship, the person can choose from the following institutions specialising in entrepreneurship development.

- National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad
- Entrepreneurship Development Institute of India (EDII), Ahmedabad
- National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida
- Indian Institute of Entrepreneurship (IIE), Guwahati
- Rural Entrepreneurship Development Institute (REDI)
- Training and Development Organisation (TDC)
- Small Industries Development Organisation (SIDO)
- Centre for Entrepreneurship Development (CEI)

14.2.10. Export Promotion Council and Commodity Boards

Export promotional Councils (EPCs) are Government of India organisations which promote and support firms in entering international markets. They guide and assist new and existing exporters. EPCs



promote India's brand abroad as a reliable supplier of high quality goods and services. They monitor exporters to see they follow international standards. They provide the trends and opportunities in international markets for goods and services and assist their members in taking advantage of such opportunities to expand and diversify exports. EPCs organise visits of delegations of members abroad to explore overseas market opportunities. They also organise trade fairs, exhibitions and buyer-seller meets in India and abroad.

Commodity Boards are statutory bodies under the central government for promoting the export of particular commodities e.g. Spices Board, Coir Board, Silk Board and Coconut Development Board.



**Notes****INTEXT QUESTIONS 14.2**

1. Fill in the blanks.
 - a) _____ is the nodal agency for startup India.
 - b) Government of India is providing free stall development training programmes under _____ yojana.
 - c) _____ promote India's brand abroad as a reliable supplier of high quality goods and services.
2. Name any three reputed institutions providing specialised training consultancy and research on various aspects of Entrepreneurship development.

**WHAT YOU HAVE LEARNT**

- There are various central and state government organisations working for the development of new and existing entrepreneurs.
- Central government organisations include MSME-Development Institutes (MSME-DIs), Khadi and Village Industries Commission (KVIC), National Small Industries Corporation (NSIC), National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), Export Promotion Councils and Commodity Boards.
- State government organisations like District Industries Centres (DICs), and State Financial Corporations (SFCs) work to develop entrepreneurship in the state.

**TERMINAL QUESTIONS**

1. What is District Industries Center and what are major functions of DICs?
2. Name few initiatives which are taken under Ministry of Micro, Small and Medium Enterprise.
3. What are various functions of National Bank for Agriculture & Rural Development (NABARD) and how is it useful for development of entrepreneurship.



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4. DICTs the various central government organizations responsible for entrepreneurship development in the country? Explain about any two organizations in details.
5. Explain about District Industries Centers (DICTs). How does it help the entrepreneurs?
6. Discuss the role of government organizations in Entrepreneurship development of the country.
7. List any five Entrepreneurship Development Institutes in India.
8. Describe the role of Export Promotion Councils.



ANSWER TO INTEXT QUESTIONS

14.1

1. District Industries Centers
2. National Small Industries Corporation
3. National Bank for Agriculture and Rural Development
4. KVIC Khadi and Village Industries Commission
5. Entrepreneurship Development Programmes

14.2

1. General Manager; Industry promotion Officers (IPO)
2. MSME
3. NSIC
4. Rural ; agricultural

14.3

1. (a) SIDBI
(b) Deen Dayal Upadhyay Gramin Kaushalya
(c) Export Promotion Councils
2. (i) National Institute for Micro, Small and Medium Enterprises (ni-msme). Hyderabad

MODULE - 5

MSME and Entrepreneurial Ecosystem



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- (ii) Entrepreneurship Development Institute of India (EDII), Ahmedabad
- (iii) National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida

DO AND LEARN

Dear Learners, theory and practical both are important for real learning. After learning about the various government organizations you have to visit your nearest District Industries Center (DIC) located in your district headquarter. Meet the Industries Promotion Officer (IPO) and enquire about Entrepreneurship Development Programme (EDP).

You are also required to make notes by visiting atleast 5 website of the central or state government organizations to learn more about their entrepreneurship development activities.

CONCEPT MAP

