

A STUDY ON STARTUP AND ITS IMPACT ON MSME IN INDIA WITH SPECIAL REFERENCE TO MAHARASHTRA STATE

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ABSTRACT

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Recognizing the significant contribution of this sector in economic growth and also in employment generation in our country, Government of India has taken good number of initiatives to develop the sector such as erstwhile definition of 'Small Scale Industries' was enlarged by increasing investment ceiling in plants & machineries from Rupees One crore and trading activities have taken in the ambit of MSMEs by enactment of Micro, Small & Medium Enterprises Development (MSMED) Act from 2nd October 2006. MSME sector is the second largest employment provider in our country and it is good vehicle to achieve inclusive and distributed growth.

Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises.

Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design.

The Prime Minister of India, Shri Narendra Modi had this year in his Independence Day speech announced the "Start-up India" initiative. This initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups. The objective is that India must become a nation of job creators instead of being a nation of job seekers. The Prime Minister of India will formally launch the initiative **on January 16, 2016** from Vigyan Bhawan, New Delhi. The event will be attended by a vast number of young Indian entrepreneurs (over 2000) who have embarked on the journey of entrepreneurship through Start-ups.

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Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, market opening, and reducing the costs of doing business.

Govt. of India, Ministry of MSME has announced the scheme for Micro and Small enterprises for enhancing their productivity and competitiveness as well as capacity building. The name of scheme is Micro and Small Enterprises- Cluster Development Programme - MSE-CDP.

This study has undertaken to ascertain various issues relating to SME finance from banks taking the published statistics and primary data into account, to examine the reasons why banks shy away from lending to the sector and what are possible remedies to enhance accessibility of SMEs to bank finance.

Keywords: SME's, Start-up India, SME clusters in Maharashtra, SME Finance

INTRODUCTION

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of “enterprise” which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium.

The Act also provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmers for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises, are some of the other features of the Act.

Micro, small and medium enterprises as per MSMED Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipment for enterprises providing or rendering services.

Recognizing the contribution and potential of the sector, the definitions and coverage of the Small Scale Industry (SSI) sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which recognized the concept of “**enterprise**” to include both **manufacturing** and **services** sector besides, defining the medium enterprises.

The present ceilings on investment for enterprises to be classified as micro, small and medium enterprises are as follows:

MANUFACTURING SECTOR

Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees

SERVICE SECTOR

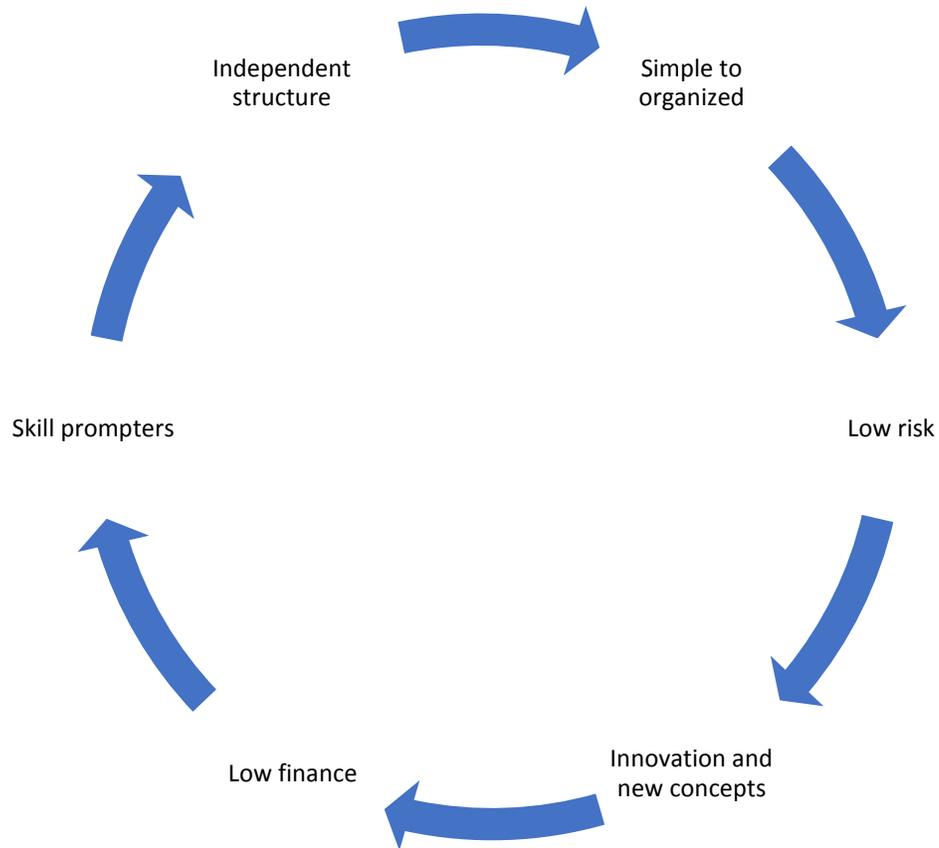
Enterprises	Investment in equipment's
Micro Enterprises	Does not exceed ten lakh rupees:
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

Salient Features of SME Sectors

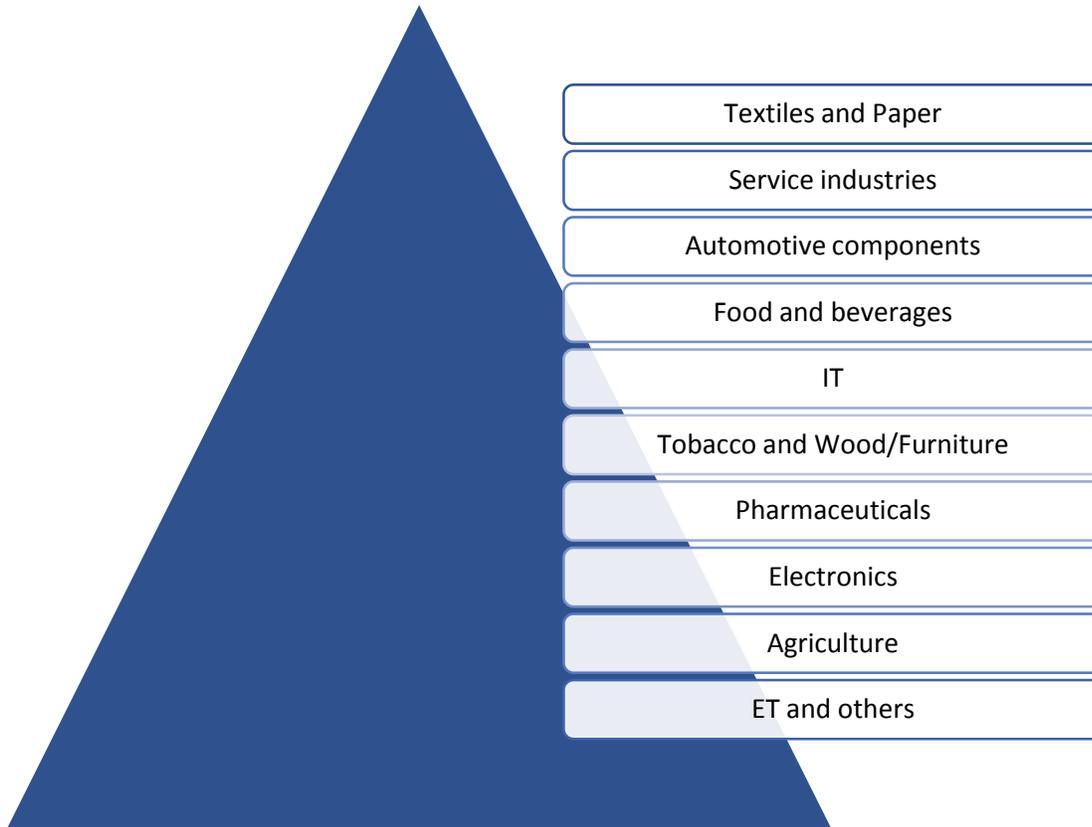
1. Instant decision making
 - No notes, no papers, no consultation
 - Gut feeling
- 2 Personal Knowledge
- 3 Personal firsthand information
- 4 No time clock for work (0 HRS to 24 HRS)
- 5 Often times –more often than not – everyone in the family is a contributor to business
- 6 Negligible labour problems: interpersonal relationship between the owners and the employees is intimate

WHY SME's ARE MORE ADOPTABLE?

Indian economy is dominated by a vibrant set of enterprises, which are prestigiously known as Micro, Small and Medium Enterprises (MSMEs) for their scale of operations. The role of MSMEs in economic and social development of country is widely acknowledged. The role of MSMEs in economic and social development of country is widely acknowledged.



MAJOR SECTORS OF SME's



START-UP

Startup means an entity, incorporated or registered in India not prior to Five years, with annual turnover not exceeding Rupees 25 Crores in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

Key Points of Start-up

- Single Window Clearance even with the help of a mobile application
- 10,000 crore fund of funds
- 80% reduction in patent registration fee
- Modified and more friendly Bankruptcy Code to ensure 90-day exit window
- Freedom from mystifying inspections for 3 years
- Freedom from Capital Gain Tax for 3 years
- Freedom from tax in profits for 3 years
- Eliminating red tape
- Self-certification compliance
- Innovation hub under Atal Innovation Mission

- Starting with 5 lakh schools to target 10 lakh children for innovation Programme
- new schemes to provide IPR protection to start-ups and new firms
- Encourage entrepreneurship.
- Stand India across the world as a start-up hub.

Benefits of Start-up Scheme

1. No tax on income from Startups
2. Capital Gains and ARCs
3. 1-day incorporation
4. Skilling India
5. MUDRA scheme
6. Presumptive taxation scheme
7. Corporate tax for Small Companies
Service Tax exemption
8. Rs. 500 cr to support SC/ST, women entrepreneurs

RESEARCH METHODOLOGY

Need of the Study

To know the Avenues of financial succor for SMEs & Startups in India with reference to SME clusters in Maharashtra.

Objective of Study

1. To find how SMEs and start-ups of contribute to the development of our country.
2. To study financial crunch and clusters in financing SMEs & startups and the prominent source of financing and problems faced by them and the enterprises which the entrepreneur are willing to start and activity which they want to peruse.
3. To study the nature of operations and type of organizations and industry.
4. To know the Schemes framed by the Government under the MSME Sector.

Data Collection

Both primary and secondary data will be used for this study.

Methods of data collection:

1. Primary data is collected through survey technique Questionnaire.
2. Secondary data is collected from Journals, Internet, Magazines Company's.

Record Data analysis: Once the data are collected, the information will be coded and appropriate data analytic techniques will be used to obtain meaningful information from the collected data. It involves editing, coding and tabulating the collected data.

Sample size –50 Experts

Sampling technique -In this study, probability/random sampling technique is adopted.

Sampling Method -Simple random sampling is used.

Simple random sampling: In this method, every element in the population has a known and equal chance of being selected as a sample. This sampling is best suited when the generalizability of the findings to the whole population is the main objective of the study.

REVIEW OF LITERATURE

Kristin Hallberg, (2000)

Governments in both industrialized and developing countries provide a wide variety of programs to assist small- and medium-scale enterprises (SMEs). Despite the success of SME strategies in a few countries, the majority of developing countries have found that the impact of their SME development programs on enterprise performance has been less than satisfactory.

Krishna Kumar (2003)

He views that In India foreign collaborations have generally been to have the technological transfer which involves high cost. It is important to understand the MSME's single handed cannot afford this cost, however if a group of MSME's of similar nature of work come together the burden of the foreign collaborations can be shared effectively.

Sickness and Rehabilitation of MSMEs in India (2005)

The author feels that the SMEs will fail in a sector for a variety of reasons. Global competitiveness has strained India's already weak infrastructure, which severely hinders the production of small scale industries. There are a multitude of reasons for failure, however, not all of them related to competition. Lack of knowledge, available capital, qualified workers or even motivation on the part of the owner are all viable reasons for business failure. Whatever the reason for failure, the business must have some sort of recourse to 'declare' its sickness. In India, what constitutes this mechanism is relatively unclear, and despite current progress, has left much inefficiency.

Y.Srinivas (2005)

MSMEs play a very significant role in the economy in terms of balanced and sustainable growth, employment generation, development of entrepreneurial skills and contribution to export earnings. However, despite their importance to the economy, most SMEs are not able to stand up to the challenges of globalisation, mainly because of difficulties in the area of financing. With the opening up of the Indian economy, it has become necessary to consider measures for smoothening the flow of credit to this sector. Small and Medium Enterprises (SMEs) play a very significant role in the economy in terms of balanced and sustainable growth, employment generation, development of entrepreneurial skills and contribution to export earnings. However, despite their importance to

the economy, most SMEs are not able to stand up to the challenges of globalisation, mainly because of difficulties in the area of financing.

Govt easing hurdles for SMEs: Anand Sharma(2012)

It's not very often that small and medium companies get their due in the broader economic spectrum. Acknowledging their contribution to the Indian economy, industry and commerce minister Anand Sharma says the government is working on to ensure that SMEs are given their pride of place and the government has taken measures like cutting down on red tape and invoking a provision for the first time to remove multiple-level approvals required.

Mehul Kapadia (2013)

Every bit of capital investment is crucial for an SME. Seasonal peaks are one of the greatest reasons for companies under-provisioning or over-provisioning. This can later result in a heavy loss and idle resources. All businesses undergo a transition at various points. Whether you run a full-fledged enterprise, a medium-sized business venture or even a smaller, relatively newer business, updating business IT processes is a critical step in your enterprise life cycle. In fact, some businesses even have to undergo multiple transformation phases. Large enterprises have the capability and the resources to execute such transformations smoothly, but SMEs face a significant challenge in doing so, given their limited resources and capital.

Courting SMEs (2014)

For a change, the investment banker is having a drink with the small businessman. Usually driven by hints of big ticket deals, several i-bankers today are sensing opportunity in small and medium enterprises, better known as SMEs. High-street banks as well as boutique finance firms are exploring opportunity in this space. For instance the private bank, Indusland has recently launched a separate wing to look into investment banking possibilities in the SME segment. Besides, there are boutique players like Keynote with a focus on small cap firms. Others like Edelweiss Capital, Yes Bank and Ernst & Young are getting active in the segment.

Lending to SMEs proving to be attractive entrepreneurial opportunity for startups (2015)

For millions of small businesses in India, hunting for credit has always been a challenge. They represent the 'missing middle' - un-catered to by financial lenders that would rather reach for the top of the pyramid or the bottom. But the middle is large. India has about 57.7 million small business units, many of them small proprietorships. A host of startups are now stepping in, providing debt financing and working capital loans to these enterprises. Venture and private equity, too, are pouring capital into this ecosystem in the making.

Gujarat Chamber of Commerce & Industry (2016)

To support 'Make In India' campaign, the Gujarat Chamber of Commerce & Industry (GCCCI) will take help of PSUs to revive the closed small and medium enterprises (SMEs) in the state."Under 'Make in India', government insists to develop ancillaries of defence and other sectors at home rather than importing them. If units, which were shut down for some reasons can be revived, they can contribute to the programme.

SME - A SECTOR OF HIGHER GROWTH

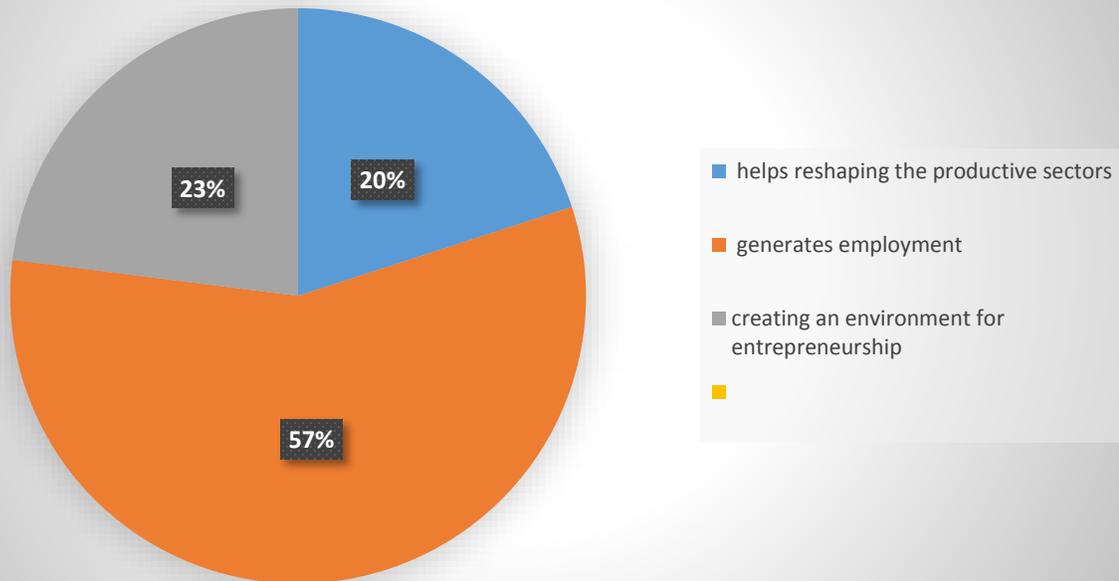
SME is known for its contribution in all round growth of an economy such as employment generation is continuously increasing, exports and production also showing increasing path for this sector. While at micro level, feedback was obtained from entrepreneurs on their average growth rate in turnover and profit during last three years.

Profitability of SME Firms

1. Profit being sole motive of any business organization, select parameters has taken into sample which has direct bearings on the profitability. These factors are also important for bankers while considering loan applications of the beneficiaries. Responses collected from entrepreneurs are of qualitative in nature to get impressions of the respondents on selected parameters of profitability under four categories such as increase, decrease, unchanged and not applicable.
2. Almost all factors of cost such as raw material, labour & staff cost, interest expenses and other operating expenses have increased during last 3 years in majority of SME firms and sales has also improved in 81% firms except in cases of 16% & 3% wherein it was constant and decreased respectively
3. It witnessed that SMEs have flexibility and creativity to quickly adopt the other viable business proposition. Whilst from banker's view-point, the diversification in business to be closely monitored through handholding operations, else there are possibilities of increase in the number of occasions of funds diversion.
4. Analysis also reveals that SMEs are less impacted from global melt down during the last 3 years 2013-16 because the sales had increased in 81% firms despite world faced the recession. Indian economy overcame from the recessionary phase at the earliest without many problems because SMEs dominated economy normally registers sustainable growth.
5. As regards interest expenses hike observed by 82 respondents' in sample, it is impact of increased rate of interest scenario globally which is suggested to be subsidized for SMEs by introducing interest subvention provisions for all SMEs covered under MSMED Act 2006 so that capacity of this sector could be built to have leverage on global competitive advantages.

Importance of SMEs in development of Country

Importance of SMEs in development of Country



START-UP INDIA SCHEME

- The economy of any country depends on its countrymen. Larger the number of employed or working people, better be the economy. The Indian government realized that Indian people have the potential to work hardly, all they need is, a promising start up. Many people dream of starting up their own business, but due to financial or other similar issues are unable to do so. So, Indian govt. in the leadership of Narendra Modi has decided to offer a gift as a nation wise program- “Start Up India”
- Narendra Modi in his speech acknowledged that Indians have ideas and capability, all the need is a little push. “Start up India” is a revolutionary scheme that has been started to help the people who wish to start their own business. These people have ideas and capability, so the government will give them support to make sure they can implement their ideas and grow. Success of this scheme will eventually make India, a better economy and a strong nation. Start Up India Scheme – From Job Seekers to Job Creators.
- During his speech at the event, Mr. Modi said that we are trying to make the young job creators rather than job seekers. He also said that one’s mind-set should not be towards earning money in the initial phase, it should be rather on grabbing and using the opportunities.
- Technology is evolving with the pace faster than ever. This has given birth to various new businesses like E-commerce, internet marketing etc. So, there is a great scope of development in such areas. Those who plan to start new business are eligible to apply.

Start-Up India Scheme – Action Plan in Detail

- E- Registration will be done. The application forms for startup India will be made available in April 2016
- A self-certification system will be launched
- A dedicated web portal and mobile app will be developed
- Arrangement of self-certificate based compliance
- No inspection during the first 3 years
- 80 percent reduction in the application fee of startup patent
- Easy exit policy
- Inclusion of Credit Guarantee Fund
- Relaxation in Income Tax for first three year
- Special Arrangement for Female applicants
- Introduction of Atal Innovation Mission. Innovation courses will be started for the students

As per the sources, the online application forms will be launched early in April 2016. Interested applicants need to provide the required details in the application form. Submitted applications will be reviewed and if accepted, the government will provide the suitable Assistance.

DATA ANALYSIS

1. Willingness of entrepreneurs to Start a Business

As per our research major respondents were of the view to start the medium category business and rest of the others were willing to start small and large category business.

2. Sector

Major of our respondent have chosen for manufacturing sector and some of them have chosen services sector.

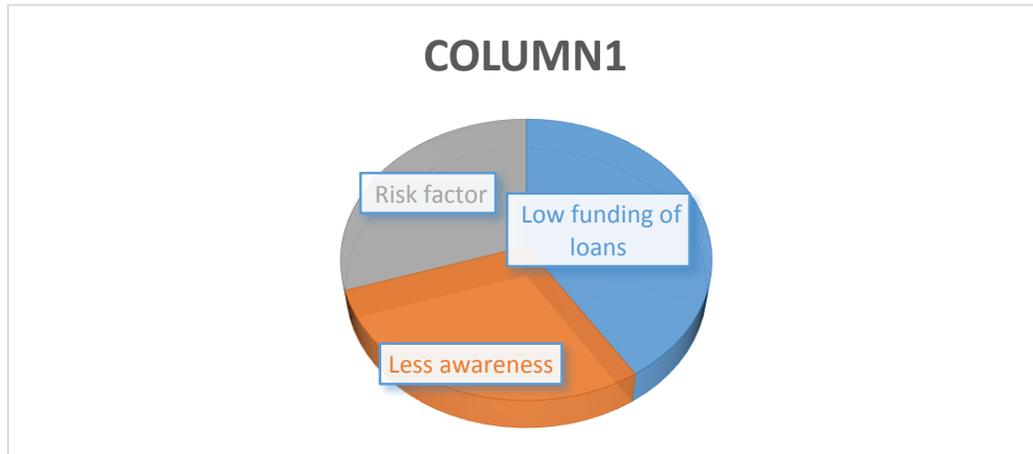
3. Nature of operation

We found in our research study that most of the respondents wanted to do perennial and seasonal activity and some few wanted to do casual business.

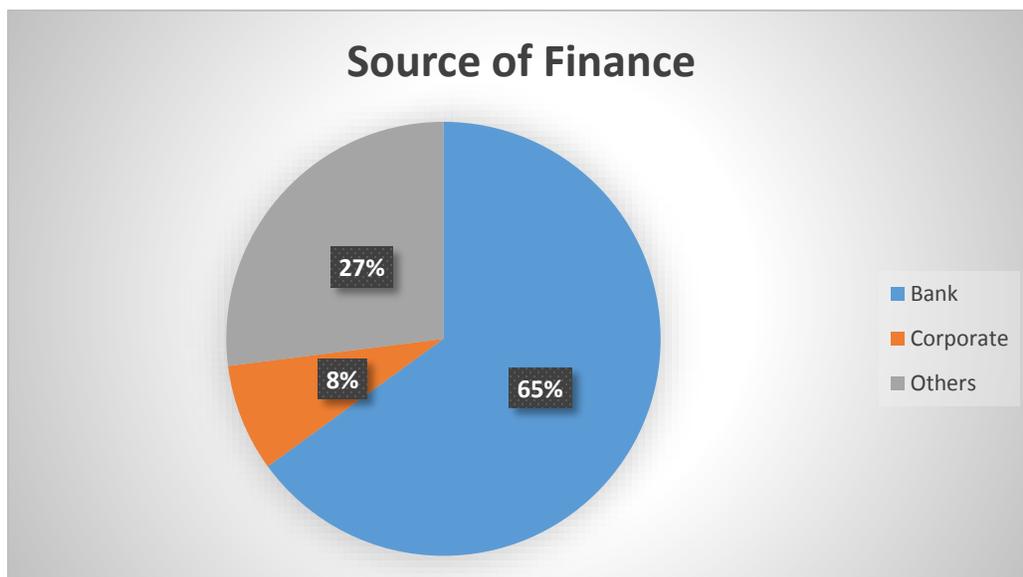
4. Type of Organization

Our research depicts that major respondents wants to do business through partnership firm, private limited and proprietary organizations.

5. Financial Crunch and Clusters in Financing sme's and Startups



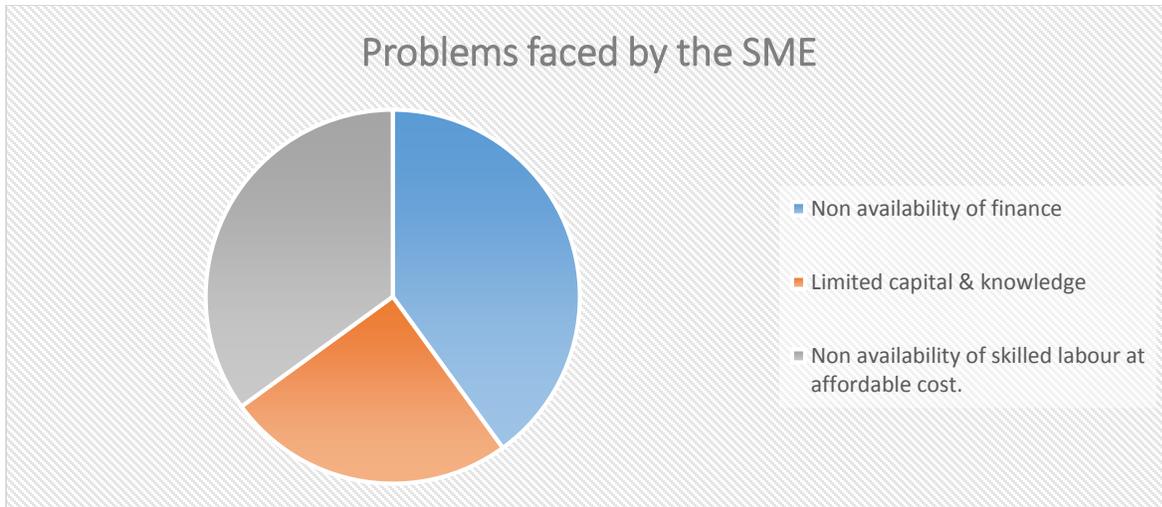
6. Source of Finance:



As per our research, we found that the SMEs mainly depend for finance on banks and other sources still are not been utilized.

7. Problems faced by SME

Problems faced by the SMEs mainly are non-availability of finance and non-availability of skilled labour.



SME CLUSTERS OF MAHARASHTRA

SME Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, market opening and reducing the costs of doing business.

Some Indian SME clusters are so big that they account for 90 per cent of India's total production output in selected products. As for example, the knitwear cluster of Ludhiana. Almost the entire Gems and Jewellery exports are from the clusters of Surat and Mumbai. Similarly, the clusters of Chennai, Agra and Kolkata are well known for leather and leather products.

However, the majority of Indian clusters, especially in the handicrafts sector, are very small with no more than hundred workers, so specialised that no other place in the world matches their skills and the quality of their output. This is the case, for example, of the Paithani sarees cluster in Maharashtra. However, only a tiny minority of such artisan clusters are globally competitive.

The formidable challenges created for the SME sector by the liberalisation of the Indian economy, as well as its closer integration within the global economy, have generated a great deal of interest within India on novel approaches to SME development. As a result, both private and public sector institutions at the Central as well as the State levels are increasingly undertaking cluster development initiatives.

LIST OF SME CLUSTERS PRESENT IN MAHARASHTRA STATE

List of SME Clusters in Maharashtra				
S. No.	State	District	Location	Product
1	Maharashtra	Ahmednagar	Ahmednagar	Auto Components
2	Maharashtra	Akola	Akola	Oil Mills (Cotton seed)
3	Maharashtra	Akola	Akola	Dal Mills
4	Maharashtra	Aurangabad	Aurangabad	Auto Components
5	Maharashtra	Aurangabad	Aurangabad	Pharmaceuticals- Bulk Drugs
6	Maharashtra	Bhandara	Bhandara	Rice Mills
7	Maharashtra	Chandrapur	Chandrapur	Roofing Tiles
8	Maharashtra	Chandrapur	Chandrapur	Rice Mills
9	Maharashtra	Dhule	Dhule	Chilly Powder
10	Maharashtra	Gadchiroli	Gadchiroli	Castings & Forging
11	Maharashtra	Gadchiroli	Gadchiroli	Rice Mills
12	Maharashtra	Gondia	Gondiya	Rice Mills
13	Maharashtra	Jalgaon	Jalgaon	Dal Mills

14	Maharashtra	Jalgaon	Jalgaon	Agriculture Implements
15	Maharashtra	Jalna	Jalna	Engineering Equipment
16	Maharashtra	Kolhapur	Kolhapur	Diesel Engines
17	Maharashtra	Kolhapur	Kolhapur	Foundry

SCHEMES COVERED UNDER RESEARCH AND FRAMED BY THE GOVERNMENT OF INDIA FOR SME SECTOR:

1. NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME (NMCP)

The Programme aims to develop global competitiveness among Indian MSMEs by improving their processes, designs, and technology and market access. The Programme envisages substantial investments towards enhancing the entire value chain of the MSME sector. All the ten components of NMCP have already been operationalized and are likely to spur innovation and growth in the MSME sector. These include Quality Management Systems and Quality Technology Tools, Design Clinic Scheme, Building Awareness on IPRs, Support for Entrepreneurial and Managerial Development, Marketing Support/Assistance to MSMEs, Setting up of New Mini Tool Room and Lean Manufacturing Competitiveness Scheme. These components seek to introduce the best elements of industrial competitiveness in the MSME sector, which has often been unable to afford such practices and techniques.

2. CREDIT LINKED CAPITAL SUBSIDY SCHEME (CLCSS)

CLCSS scheme aims at facilitating technology up gradation of small scale industries, including tiny, agro and rural industrial units, by providing 15 percent upfront capital subsidy institutional finance availed of by them for induction of well-established and improved technology in specified sub -sectors / products approved under the Scheme. The admissible capital subsidy under the modified scheme is calculated with reference to the purchase price of plant and machinery. The maximum limit of eligible loan for calculation of capital subsidy under this scheme has also been raised from Rs. 40 lakh to Rs. 100 lakh. The modification in the CLCSS guidelines will further facilitate modernization of small scale industries.

3. PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment

opportunities through establishment of micro enterprises in rural as well as urban areas. PMEGP will be a central sector scheme to be administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme will be routed by KVIC through the identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts. The Implementing Agencies, namely KVIC, KVIBs and DICs will associate reputed Non Government Organization (NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC) / Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj institutions and other relevant bodies in the implementation of the Scheme, especially in the area of identification of beneficiaries, of area specific viable projects, and providing training in entrepreneurship development.

4. SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI):

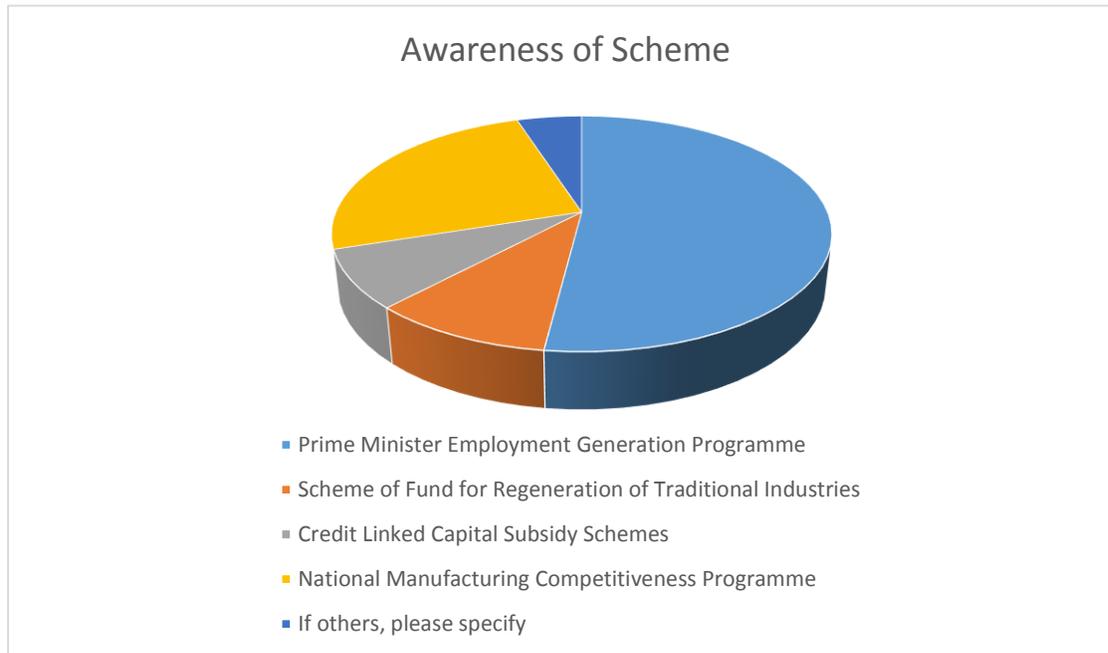
Scheme of Fund for Regeneration of Traditional Industries (SFURTI) was launched in 2005-06 for making Traditional Industries more productive and competitive by organizing the Traditional Industries and artisans into clusters. The Government of India has approved the revamped SFURTI with modified norms for continuation during the XII Plan. Initially, in the first phase, 71 clusters will be developed across the country involving an outlay of Rs.149.44 crores. Under the 12th Five Year Plan it is proposed to take up 800 clusters with funding from the Government of India and Asian Development Bank.

The time frame for the implementation of the project for each cluster will be three years and the funding pattern under the scheme has provision for soft interventions including skill training, capacity building, design development, etc. hard interventions including Common Facility Centres, Raw Material Banks(RMB), training centres, etc. and cross cutting thematic interventions which include brand building & promotion, news media marketing, e-commerce, innovation, R&D initiatives and developing linkages between clusters.

In addition to Khadi and Village Industries Commission and Coir Board as Nodal Agencies for Khadi and VI clusters and coir based clusters respectively, the revamped SFURTI also provides for engagement of reputed national/ regional level institutions with sectoral expertise in the major sub-sectors of the traditional industries, as Nodal Agency.

The scheme also provides for engaging the services of reputed national/ regional level institutions with proven expertise in artisanal and small enterprise cluster developments as Technical Agencies to provide handholding and implementation support to the SFURTI clusters.

Awareness of Scheme



We found in our study that many of the respondents are aware of the only one scheme provided by the Government and awareness of the other available schemes is less.

FINDINGS

We have covered some of the SMEs and Start-ups in our study/research. The purpose of Findings is to provide a concise, clear summary regarding the topic given to us. Below mentioned are the findings observed during the course of our research.

- Emergence of various SMEs and Start-ups in the Indian market have created environment both at the National & state level for entrepreneurs to start the various enterprises. They depict the importance of the various manufacturing & service sector at different levels.
- Regarding the Maharashtra region, the existence of the various SME cluster has been observed with reference to financial crunches faced by the various SMEs.
- Our finding is that the young entrepreneurs want to do business through service sector due to available growth in the service sector with the help of Government of India's Start-up – make in India initiative.
- With the proper selection of the available resources young entrepreneurs will do business by operating cyber café, Xerox, fax & STD centers and also restaurants & coffee shops with the help of Prime Minister Employment Generation Programme by using labour intensive technology.

- As per the data analysis of the secondary data, there exist various SME clusters which are found to be facing similar financial crunch due to less awareness and low funding of loans.
- Our finding is that the SMEs are very vital for development of any economy because it helps in generation of employment and reshaping productive sectors but they suffer problems due to non-availability of finance & non availability of skilled labour at affordable cost.

SUGGESTION

After the detailed study of the research, we can form some of the suggestions to provide the proper and required financial help to SME clusters and Start-up enterprises:

Government of India along with the State Governments should take initiative and conduct various programs to make people aware about the various Schemes provided by the Governments to SMEs and SME cluster.

As the SMEs are a major player in the development of the economy of the country, Banks and other sources should provide the finance at cost effective manner according to the need of the various sectors of SME cluster.

As Startup scheme is a fully online facility, so government of India should provide internet facilities to all the remote areas of the Nation so that entrepreneurs get their innovation implemented through their own places.

CONCLUSION

The survey had fourteen questions. The report has been closed questions. Number of respondents were 38 out of 50. Overwhelmingly the responses have shown a positive attitude to the questions asked. Although SMEs is a higher growth sector alongwith providing employment opportunities but it lacks in obtaining finance from the Government Departments, Banking Sectors, Financial institutions etc. and also financial planning, limited knowledge, lack of skill labour, Ineffective marketing Credit policy, not adoptability of new technology, continuous modernization.

Startup scheme is a great initiative by our honorable prime minister for all the young entrepreneurs who have innovative ideas but lacks platform which provide them to start their business. Now under this scheme they will get Tax exemptions for three years and concessions on capital gains tax. A single point of contact for interactions with the government. Many New Innovation Center, Research Center and Institutes will be established and also in case of Exit – 90 days for a startup to close down its business and many other benefits

SMEs clusters plays a vital role in total production output in selected products of India for example, the Auto Components cluster of Aurangabad. However, the majority of Indian clusters, especially in the handicrafts sector, are very small with no more than hundred workers, so specialised that no other place in the world matches their skills and the quality of their output. But only few clusters are globally competitive.

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QUESTIONNAIRE

Q1. Which of the following enterprises you are willing to start?

- (a) Micro
- (b) Small
- (c) Medium
- (d) Large

Q2. As you are investing in the MSME sector, which of the following activity you would like to go for?

- (a) Manufacturing Enterprise
- (b) Service Enterprise

Q3. What will be your nature of operation?

- (a) Perennial
- (b) Seasonal
- (c) Casual

Q4. What will be the type of organization?

- (a) Proprietary
- (b) HUF
- (c) Partnership Firm
- (d) Public Limited Company
- (e) Private Limited Company
- (f) Self – help groups
- (g) Others (specify)

Q5. If you are investing in manufacturing, which industry specifically under the head?

- (a) Chalk crayons
- (b) Radio and TV coils
- (c) Chappals and sandals
- (d) Others, please specify

Q6. And if you are planning to invest into service sector, which industry would you like to go for from the following?

- (a) Cyber Café
- (b) Xerox, fax and STD booth
- (c) Any other, specify

Q7. There are various schemes that are framed by the Government under the MSME sector. Which of the following you are aware of?

- (a) Prime Minister Employment Generation Programme
- (b) Scheme of Fund for Regeneration of Traditional Industries
- (c) Credit Linked Capital Subsidy Schemes
- (d) National Manufacturing Competitiveness Programme
- (e) If others, please specify

Q8. After Selection of particular project, how are you supposed to go with the technology? And which type of technology, you are planning to use for your business?

- (a) Labour intensive
- (b) Capital Intensive
- (c) If any other kind, please specify

Q9. As the facility of Udyog Aadhaar is being introduced by the Government to make the registration online and user friendly. Is it benefitting you?

- (a) Yes
- (b) No

Q 10. Small and Medium Enterprises (SMEs) are vital for development of a country because it:

- (a) helps reshaping the productive sectors
- (b) generates employment
- (c) creating an environment for entrepreneurship

Q11. The financial crunch and clusters in financing SMEs and startups due to:

- (a) Low funding of loans
- (b) Less awareness
- (c) Risk factor

Q12. What is the prominent source of financing for SMEs:

- (a) Banks
- (b) Corporate
- (c) Other private sources

Q13. What problems are being faced by SMEs:

- (a) Non availability of finance
- (b) Limited capital & knowledge
- (c) Non availability of skilled labour at affordable cost.

Q14. Which is the best government measures available to SMEs:

- (a) Tax benefit
- (b) Easy registration
- (c) Any other