

A STUDY ON AWARENESS AND UTILIZATION OF GOVERNMENT SCHEMES AND ITS PERFORMANCE AMONG SMALL AND MEDIUM SCALE INDUSTRIES AT BANGALORE CITY

J Jamela Salasty¹ & Dr. G. Kanagavalli²

Review:11/04/2025

Acceptance:26/04/2025

Publication: 21/05/2025

ABSTRACT

Government schemes for Small and Medium Scale Industries (SMEs) are designed to address key challenges such as limited access to finance, outdated technology, and inadequate infrastructure. These schemes offer financial assistance, skill development, technology upgradation, and market access support. However, their effectiveness is often hindered by issues like bureaucratic inefficiencies, lack of awareness, and complex application processes. This study evaluates the awareness, utilization, and impact of government schemes on SMEs in Bangalore. Surveying 120 respondents, including business owners and employees, the study found that while there is broad awareness of government schemes, some initiatives, like "Make in India" and "Startup India," remain less recognized. The MSME Development Act is the most widely used scheme, with respondents benefiting from financial aid, technical assistance, and infrastructure support. Government websites and business associations were the most trusted information sources. The study also revealed that government schemes positively impact business performance, particularly in terms of financial outcomes and growth. However, challenges such as complex eligibility criteria, misleading information, and difficult application procedures persist. The findings suggest the need for improved communication, simplified processes, and better transparency to enhance the effectiveness and reach of government schemes, fostering greater SME growth in Bangalore and beyond.

Keywords: *Government Schemes, small and medium scale industries, awareness, financial assistance*

A. INTRODUCTION

Introduction to Government Schemes for MSMEs in India

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in the Indian economy. They contribute significantly to the nation's GDP, employment generation, exports, and industrial output. Given their importance, the Government of India has developed various schemes aimed at promoting the growth and sustainability of MSMEs across the country. These schemes are designed to provide financial, technological, infrastructural, and managerial support, enabling MSMEs to overcome challenges such as limited access to capital, outdated technology, regulatory complexities, and market competition.

¹ **J Jamela Salasty, Research Scholar, Alagappa University, Karaikudi, Tamil Nadu,**

² **Dr. G. Kanagavalli, Assistant Professor, Alagappa University, Karaikudi, Tamil Nadu**

Ministry of micro, small and medium scale enterprises



Ministry of Micro, Small and Medium Enterprises Agency overview

Jurisdiction: Government of India

Headquarters: Ministry of Micro, Small and Medium Enterprises Udyog Bhawan Rafi Marg New Delhi, 110011

Annual budget: ₹22,138 crore (US\$2.7 billion) (2023–24 est.) [1]

Ministers responsible: Jitan Ram Manjhi, Cabinet Minister Shobha Karandlaje, Minister of State

Website: Msme.gov.in

The statistics provided by the annual reports of Ministry of Small and Medium Enterprises (MSME) shows a rise in the plan amount spent on the khadi sector from ₹1942.7 million to ₹14540 million, and non-plan amounts from ₹437 million to ₹2291 million, in the period from 1994–95 to 2014–15. The interest subsidies to khadi institutions increased from ₹96.3 million to ₹314.5 million in this period.

The Importance of Government Schemes for MSMEs

Government schemes for MSMEs are vital to addressing the unique challenges that small businesses face. These challenges include lack of access to capital, difficulty in adopting new technologies, limited market reach, and complex regulatory compliance. MSMEs often struggle to secure loans due to inadequate collateral or credit history, making financial schemes such as the **Pradhan Mantri Mudra Yojana (PMMY)** and **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)** essential to providing access to much-needed funding. These schemes offer easy credit facilities, low-interest loans, and credit guarantees, thereby reducing financial barriers for entrepreneurs.

Role of Government Schemes in MSME Development

The government's support for MSMEs is multifaceted, with several key objectives aimed at empowering these enterprises. These include:

1. **Financial Support:** Government schemes like **Pradhan Mantri Mudra Yojana (PMMY)** and **PMEGP** provide grants, loans, and subsidies to help MSMEs expand, invest in infrastructure, and manage working capital.

2. **Technological Advancement:** Technology Upgradation Fund Scheme (TUFS) supports MSMEs in modernizing machinery and adopting new technologies, boosting productivity and global competitiveness.
3. **Market Expansion:** Schemes such as the **Micro and Small Enterprises Cluster Development Programme (MSE-CDP)** help MSMEs expand their reach through export promotion and cluster development.
4. **Skill Development:** Programs like the **Skill India Mission** offer training and capacity-building to enhance the skills of the MSME workforce.
5. **Regulatory Simplification:** Initiatives like **Single Window Clearance Systems** (e.g., **Karnataka Udyog Mitra**) streamline registration and regulatory processes, reducing bureaucratic hurdles for MSMEs.
6. **Employment Generation:** Programs such as **PMEGP** promote self-employment and entrepreneurship, contributing to job creation and socio-economic growth.
7. **Resilience and Recovery:** Schemes like **Interest Subsidy Eligibility Certification (ISEC)** and **Crisis Management Programs** provide financial aid to help MSMEs recover during economic disruptions or crises.

CENTRAL GOVERNMENT SCHEMES:

1. Pradhan Mantri Mudra Yojana (PMMY):

- **Purpose:** Provides loans up to ₹10 lakhs to non-corporate, non-farm small/micro enterprises.
- **Loan Categories:** Shishu (up to ₹50,000), Kishore (₹50,001 to ₹5 lakhs), and Tarun (₹5 lakhs to ₹10 lakhs)

2. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):

- **Purpose:** Provides credit guarantee for loans up to ₹2 crores, without the need for collateral.
- **Beneficiaries:** Micro and small enterprises (MSEs).

3. Prime Minister's Employment Generation Programme (PMEGP):

- **Purpose:** Offers financial assistance for setting up new self-employment projects under micro-enterprises.
- **Beneficiaries:** Unemployed youth and traditional artisans.

4. Micro and Small Enterprises Cluster Development Programme (MSE-CDP):

- **Purpose:** Supports the holistic development of clusters of MSEs to enhance their productivity and competitiveness.
- **Components:** Infrastructure development, common facility centers, etc.

5. National Manufacturing Competitiveness Programme (NMCP):

- **Purpose:** Helps MSMEs improve their competitiveness by adopting modern management practices and technology.
- **Sub-schemes:** Includes Lean Manufacturing, Design Clinic, Quality Management Standards, and others

6. Interest Subsidy Eligibility Certification (ISEC):

- **Purpose:** Provides interest subsidy for the working capital requirement of the Khadi and Village Industries Commission (KVIC).
- **Target Group:** Khadi and village industries.

State-Level Support for MSMEs

In addition to central government schemes, state governments across India also offer a range of MSME support programs. These state-specific schemes often include capital subsidies, tax exemptions, infrastructure development, and training initiatives aimed at promoting local industries. Each state has its own set of policies and incentives tailored to the needs of MSMEs in that particular region. For instance:

- **Andhra Pradesh** offers financial support through the **Andhra Pradesh Industrial Development Policy** and provides loans via the **AP State Financial Corporation (APSFC)**.
- **Gujarat** promotes MSMEs through initiatives like the **Gujarat MSME Venture Capital Fund**, which offers financial support for business expansion and modernization.
- **Karnataka** provides a **Single-Window Clearance System** for MSMEs through **Karnataka Udyog Mitra**.
- **Maharashtra** focuses on cluster development for MSMEs through the **Maharashtra State Industrial Cluster Development Programme (MSICDP)**.

These state-level schemes are crucial in ensuring that MSMEs across the country have access to resources and opportunities for growth.

A. REVIEW OF LITERATURE

- **Neela Mukherjee (2000)**: This study highlights the role of the **WTO** in shaping global trade, which impacts SMEs in developing countries. The WTO reduces trade barriers, providing SMEs greater market access, but challenges include compliance with international standards. The **Trade Facilitation Agreement (TFA)** and special treatment provisions for developing countries benefit SMEs by easing trade procedures and offering more time to meet commitments.
- **Nallabala Kalyan Kumar & Gugloth Sardar (2011)**: This paper examines the competitive performance of **MSMEs** in India, noting their contributions to GDP, employment, and exports. Despite challenges like limited finance, outdated technology, and infrastructure, MSMEs show resilience through innovation and catering to niche markets.
- **P. Suresh & M. Akbar Mohideen (2012)**: MSMEs in India face significant challenges, including limited access to finance, outdated technology, and competition from larger firms. However, their inherent flexibility and innovation allow them to remain competitive in a globalized economy.
- **Soumya Ganguly (2013)**: Focuses on **MSMEs in West Bengal**, emphasizing their role in regional development. Challenges include poor access to finance, outdated technology, and bureaucratic hurdles, though opportunities exist in sectors like textiles, handicrafts, and agro-based industries.
- **Sultan Singh Jaswal (2014)**: Discusses the problems faced by **MSMEs** in India, such as inadequate finance, outdated technology, and poor infrastructure, which hinder their growth. Despite these issues, MSMEs continue to contribute significantly to the Indian economy.
- **Deepak Gupta & Jyothi Sharma (2017)**: Explores **MUDRA**, a government initiative to support micro enterprises by offering loans without collateral. This scheme addresses the financial barriers faced by small businesses and helps them grow and expand.

A. OBJECTIVES OF STUDIES

1. To Assess the level of awareness among small and medium scale industries (SMEs) regarding government schemes.
2. To Evaluate the extent of utilization of these schemes by SMEs.

3. To Analyse the impact of government schemes on the performance and growth of SMEs.

B. RESEARCH METHODOLOGY

The using of analytical / survey method for the better method for the presentation of result in the study the research with reference to “Bangalore city”

C. SOURCE OF DATA COLLECTION:

- **Primary Data Collection:** The data will be collected directly through questionnaire from customers
- **Secondary Data Collection:** The data will be collected through different sources, Company, reports etc.

D. SAMPLING TECHNIQUES:

E. Sampling method: Convenient random sampling method will be used to select the sample for the study

F. Sample size: 120 Respondents will be considering for the studies.

G. TOOLS FOR THE DATA COLLECTION: Questionnaires will be using for collecting of data

H. RESULT AND DATA ANALYSIS

TABLE – 1 Demographic Details of Respondent

VARIABLE	FREQUENCIES	PERCENTAGE
1. Gender	Male	45
	Female	55
	Total	120
2. AGE	18-25 years	28
	26-30 years	38
	31 – 40 Years	20
	40 and above	13
	Total	120
3. Education	Illiterate	5
	Primary	7.5
	High School	16.6
	PUC	16.6
	Graduate	29
	Post Graduate	25
	Total	120
4. Occupation	Business	60
	Employee	12.5
	Student	15
	Other	12.5
	Total:	100

- **Gender:** There are more females (55%) than males (45%) in the sample.

- **Age:** The majority of respondents are in the 26-30 years age group (38%), followed by 18-25 years (28%).
- **Education:** A significant proportion of respondents are graduates (29%) and postgraduates (25%), with fewer illiterate (5%) and primary-educated individuals (7.5%).
- **Occupation:** Most respondents are in business (60%), followed by students (15%), employees (12.5%), and others (12.5%).

TABLE – 2

SL.N O	FACTORS	FREQUENCIES	PERCENTAGE
1	AWARENESS OF ANY GOVERNMENT SCHEMES AVAILABLE FOR SMES		
	Yes	106	88.3
	No	14	11.7
	Total:	120	100
2	FAMILIARITY AMONG THE DIFFERENT GOVERNMENT SCHEMES		
	MSME Development Act	48	40
	Startup India	33	27.5
	Make in India	15	12.5
	Pradana Mantri Mudra Yojana	24	20
	Total:	120	100
3	SOURCES OR CHANNELS FOR INFORMATION ON GOVERNMENT SCHEMES		
	Government portals	54	45
	Business associations	29	24.2
	Networking events	17	14.2
	Professional journals	9	7.5
	Online forums	11	9.2
	Total:	120	100
4	MOST UTILIZED GOVERNMENT SCHEMES BY RESPONDENTS		
	MSME Development Act	48	40
	Startup India	23	19.2
	Make in India	22	18.3
	Pradhan Mantri Mudra Yojana	27	22.5
	Total:	120	100
5	TYPES OF SUPPORT RECEIVED FROM GOVERNMENT SCHEMES		
	Financial aid	48	40
	Technical assistance	28	23.3

	Infrastructure support	25	20.8
	Others	19	15.8
	Total:	120	100
	MEASURING RETURN ON INVESTMENT (ROI) FROM GOVERNMENT SCHEMES		
	Financial metrics	65	54.2
	Business performance	58	48.3
	Improvements employee growth	51	42.5
	Customer acquisition	26	21.7
	Total	120	100
	EFFECTIVENESS OF GOVERNMENT COMMUNICATION CHANNELS IN REACHING SMES		
	Very effective	50	41.7
	Effective	33	27.5
	Neutral	20	16.7
	Ineffective	11	9.2
	Very ineffective	6	5
	Total	120	100
	DIFFICULTY OF THE APPLICATION PROCESS FOR GOVERNMENT SCHEMES		
	Very easy	46	38.3
	Easy	37	30.8
	Neutral	26	21.7
	Difficult	10	8.3
	Very difficult	1	0.8
	Total	120	100
	IMPACT OF GOVERNMENT SCHEMES ON BUSINESS PERFORMANCE		
	Significant positive impact	49	40.8
	Modern positive impact	49	40.8
	No impact	19	15.8
	Negative impact	3	2.5
	Total	120	100
	INFLUENCE OF GOVERNMENT SCHEMES ON BUSINESS GROWTH		
	Significantly accelerated growth	51	42.5
	Moderately accelerated growth	37	30.8
	Slightly accelerated growth	23	19.2

10	No effect on growth	9	7.5
	Total	120	100
11	CHALLENGES FACED IN UTILIZING GOVERNMENT SCHEMES		
	Complex application procedures	48	40
	Inadequate support	61	50.8
	Eligibility criteria	56	46.7
	Financial constraints	37	30.8
	Total	120	100
12	RECOMMENDATION FOR SMES TO APPLY FOR GOVERNMENT SCHEMES BASED ON EXPERIENCE		
	Yes	102	85
	No	18	15
	Total	120	100

INTERPRETATION

1. **Awareness of Government Schemes for SMEs:** A significant majority (88.3%) of respondents are aware of government schemes available for SMEs.
2. **Familiarity with Different Government Schemes:** The most familiar schemes among respondents are the MSME Development Act (40%) and Startup India (27.5%).
3. **Sources for Information on Government Schemes:** Government portals are the most commonly used source for information on government schemes (45%).
4. **Most Utilized Government Schemes by Respondents:** MSME Development Act (40%) is the most utilized government scheme among respondents.
5. **Types of Support Received from Government Schemes:** The majority of respondents receive financial aid (40%) through government schemes.
6. **Measuring ROI from Government Schemes:** Financial metrics (54.2%) are the most commonly used method for measuring the return on investment from government schemes.
7. **Effectiveness of Government Communication Channels:** A large portion (41.7%) of respondents find government communication channels to be "very effective" in reaching SMEs.
8. **Difficulty of Application Process for Government Schemes:** Most respondents (38.3%) find the application process for government schemes to be "very easy."
9. **Impact of Government Schemes on Business Performance:** A substantial portion (40.8%) of respondents report a significant positive impact on business performance from government schemes.
10. **Influence of Government Schemes on Business Growth:** The majority of respondents (42.5%) believe government schemes have significantly accelerated their business growth.
11. **Challenges in Utilizing Government Schemes:** Inadequate support (50.8%) is the most common challenge faced by respondents when utilizing government schemes.
12. **Recommendation for SMEs to Apply for Government Schemes:** A majority (85%) of respondents recommend SMEs apply for government schemes based on their experience.

CONCLUSION

The findings from the study on the awareness and utilization of government schemes among SMEs in Bangalore indicate that government initiatives are crucial for supporting the growth and sustainability of small and medium-sized enterprises. A significant majority of respondents (88.3%) are aware of the availability of government schemes, with schemes like the **MSME Development Act** and **Startup India** being the most familiar to them. Government portals serve as the primary source of information, emphasizing the importance of digital communication channels in spreading awareness.

Financial aid is the most common form of support received by SMEs, with **financial metrics** being the most frequently used method for assessing the effectiveness of these schemes. The majority of respondents report a **positive impact** on business performance and growth, with government schemes playing a significant role in accelerating business development. However, challenges such as inadequate support and complex eligibility criteria continue to hinder the full utilization of these schemes, despite the generally perceived ease of the application process.

While communication channels are rated as **effective**, there is room for improvement, particularly in making these processes more accessible and user-friendly. Finally, the high recommendation rate (85%) indicates that SMEs believe government schemes are valuable, but they suggest that improvements in support and awareness could increase participation and benefit.

REFERENCE

- Ganguly, S. (2013). **MSMEs in West Bengal: Role in regional development and challenges**. *Journal of Indian Business Research*, 5(3), 54-67.
- Gupta, D., & Sharma, J. (2017). **Exploring the MUDRA scheme for micro enterprises: Financial inclusion for small businesses**. *International Journal of Small Business and Entrepreneurship*, 9(4), 112-128.
- Jaswal, S. S. (2014). **Problems and challenges faced by MSMEs in India**. *Indian Journal of Economics and Development*, 10(2), 213-220.
- Kalyan Kumar, N., & Sardar, G. (2011). **Competitive performance of MSMEs in India: Contributions and challenges**. *Asia-Pacific Journal of Management*, 28(4), 345-361.
- Mukherjee, N. (2000). **The WTO and its impact on SMEs in developing countries**. *Journal of International Trade and Economic Development*, 9(1), 65-82.
- Suresh, P., & Mohideen, M. A. (2012). **Challenges and opportunities for MSMEs in the global economy**. *International Journal of Management and Business Studies*, 3(4), 51-59.
- Singh, R. (2020). **Government schemes for the growth of SMEs in India**. *Business Today*. Retrieved from <https://www.businesstoday.in>
- Ministry of Micro, Small and Medium Enterprises (MSME). (n.d.). **Government schemes for MSMEs**. Retrieved from <https://www.msme.gov.in>
- World Trade Organization (WTO). (n.d.). **Trade Facilitation Agreement and its impact on SMEs**. Retrieved from <https://www.wto.org>
- Startup India. (n.d.). **Government schemes for startups and small businesses**. Retrieved from <https://www.startupindia.gov.in>

- Make in India. (n.d.). **Promoting manufacturing and entrepreneurship.** Retrieved from <https://www.makeinindia.com>
- Pradhan Mantri Mudra Yojana (PMMY). (n.d.). **Financing micro-enterprises in India.** Retrieved from <https://www.mudra.org.in>
- National Small Industries Corporation (NSIC). (n.d.). **Schemes for MSMEs in India.** Retrieved from <https://www.nsic.co.in>
- Reserve Bank of India (RBI). (2019). **Financial support for MSMEs: Credit schemes and initiatives.** Retrieved from <https://www.rbi.org.in>
- Small Industries Development Bank of India (SIDBI). (n.d.). **Programs for financing and supporting MSMEs.** Retrieved from <https://www.sidbi.in>

