

A STUDY ON MSME'S AWARENESS TOWARDS GOVERNMENT SUBSIDIES

Dr. Harikrishan Chaurasiya, Prince Sarvaiya, Priyanshi Saraniya

Asst. Professor
Faculty of Management
GLS University-Ahmedabad
harikrashan@gmail.com

Export Executive
Raniba Industries Pvt. Ltd.
Sarvaiyaprince2000@gmail.com

Student-GLS University
Priyanshisaraniya318@gmail.com

Abstract

MSMEs, or Micro, Small and Medium-Sized Enterprises, make a major contribution to India economy. MSMEs requires a strong financial stimulus with concessional working capital loans to ensure adequate liquidity is maintained in business operations from the government and financial institutes. Indian government is already providing many types of subsidies to MSME sector. This paper is an attempt to know the MSME's awareness towards the various subsidies. Data was collected from the various industrial areas of Ahmedabad and analysed with the help of SPSS. Findings reveals that MSMEs are not much aware about the various government schemes. The present study helps to identify the awareness level of MSME and suggest the ways to improve it.

Keywords: MSME's, Subsidy, Government Support

1. INTRODUCTION:

Across the globe, MSMEs are accepted as a means of economic growth and for promoting equitable development. They are known to generate the highest rate of growth in the economy. Since its formation, the MSME segment has proven to be a highly dynamic Indian economy sector. MSMEs produce and manufacture a variety of products for both domestic as well as international markets. They have helped promote the growth and development of khadi, village, and coir industries. They have collaborated and worked with the concerned ministries, state governments, and stakeholders towards the upbringing of rural areas. The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under.

Classification of the MSME	New Classification (annual turnover)
Micro	Not exceeding Rs 5 crores
Small	Between Rs 5 crores to Rs 50 crores
Medium	Rs 50 to Rs 250 crores

MSMEs have driven India to new heights through requirements of low investment, flexible operations, and the capacity to develop appropriate native technology. The Indian MSME sector provides silent support to the national economy and acts as a defence against global economic shock and adversities. MSME's business requires a strong financial stimulus with concessional working capital loans to ensure adequate liquidity is maintained in business operations from the government and financial institutes.

A few of the ongoing activities by Government of India have a given a lift to MSMEs. In an immediate move to build the GDP offer of MSMEs, the Government has designated 20,000 Cr to this part through the Micro Units Development Refinance Agency Bank (MUDRA). Similarly, in a move to advance 'Zero-Defect' fabricating that has 'Zero-Effect' on the earth, the Government has set up the execution and FICO score framework for MSMEs called the ZED rating. The thought is to help MSMEs develop greater, gain economies of scale, and improve the nature of their items.

Current research work is focusing on the majorly 3 subsidies provided by government to MSMEs, and these subsidies are:

- Scheme of assistance in Rent to Micro and Small Enterprise

- Assistance for Power Connection charges
- Assistance of Capital Investment Subsidy

2. LITERATURE REVIEW

Researchers gone through the following research work conducted by various authors in past.

(Ragupathi & Veeraselvam, 2021) tells about the promotion schemes in backward industrial area at Trichirappalli district with the objective to find out the awareness of MSME schemes in backward industrial area. From the research author find that MSME'S Schemes are considered as the motivating factors for new startups and the backbone of any business. It is considered as the best way to attract the people who are having the urge to start the business.

(Cyasmoro, 2021) as per the research, study found that the output of MSMEs was influenced by partial government subsidies, which are positive and significant. In the context of the COVID-19 pandemic, it is useful for government assistance to MSME players. Research also found the positive and statistically significant effect of entrepreneurship on the production of MSMEs. The analysis discovered that government support had a positive and important impact on the output of MSMEs.

(Adriyanto, Maryanti, & Pambudi, 2021) tells that East Java is one of the centres of MSMEs in Indonesia. More than 13 million MSMEs are recorded in East Java and are one of the backbones of the East Java economy. The author highly recommends the East Java Provincial Government to schedule a special budget to help SMEs. The assistance in question is productive capital assistance as carried out by the central government by focusing on MSMEs that are not touched by the central government. If this step is taken, the authors believe that with the assistance provided by the East Java provincial government, MSMEs in East Java will be able to survive and have a greater effect by securing the existing contributions. Therefore, it is highly recommended that the Provincial Government immediately issue MSME assistance in East Java immediately, or at the maximum at the end of the year.

(Shetty, Choudhury, & Panda, 2020) The authors have undertaken a theory elaboration method of case research study and have modified the generalized theory to suit the Indian context and subsequently validated the matrix. The empirical results largely reaffirmed the contingencies of the framework, supported DI's role as a link to MSME initiatives, but formed a mixed view of e-governance as a facilitator. The findings revealed strength in generation side of initiatives, an underlying promotion of the convergence of national and industrial policy initiatives, a holistic approach and the role of the participatory citizenry and participatory governance to enable effective diffusion. The analysis sheds light on well-designed policies in IT for SME clusters and shows DI program as a positive platform for bridging the generation side and the diffusion side of initiatives.

(Widodo, Hajar, & Maghfiroh, 2021) the author says that the best way to maintain micro, small, and medium enterprises in the era of the COVID-19 pandemic is through continuous innovation in the marketing process, especially marketing through online media (internet) and product flexibility.

(Hariharan, Thomas, & Viswanathan, 2021) The author told that the COVID-19 pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work. Author found from the study that the major five sectors include, hotels, textile, furniture, food, and export sectors were heavily impacted by the pandemic. In the case of Hotel and Restaurant's workers have emerged as a new category of frontline services during this pandemic. While essential to guaranteeing food security, they are themselves at high risk of exposure to infection and play a key role in food safety and faced the situation of salary cut down at the same time. To ensure adequate numbers of food workers, they need access to and training on personal protective equipment and hygiene protocols, as well as working conditions that provide adequate wages and access to social protection, including paid sick leave. In the case of the textiles, clothing, and export industries is unravelling, as workers are told to stay at home, factories close, and global supply chains closed. The cancellation of orders has hit thousands of firms and millions of workers particularly hard. While the pandemic has affected business operations in almost every industry globally.

(Kusumastuti, Putritamara, & Azizah, 2021) The author found that hybrid model of MSMEs for mozzarella cheese and honey (livestock products which are hype during a pandemic) has two strategies that must be optimized to bring more adaptive marketing strategy into reality, such as optimizing popularity strategy for mozzarella product of brand X and optimization strategy from advocacy aspect for MSMEs honey product of brand X. Both MSMEs have opportunities to get market and compete with commercial competitors of brand Y in each product because it has superiority that will meet the consumer needs. All stakeholders' recommendations to give massive support to MSMEs accelerate tactics towards adaptive strategies to get potential consumers and focus on them.

(Marlinda, Satriadi, Risnawati, & Agusven, 2022) The author concludes that from the research that has been carried out in Tanjungpinang City are as follows:

- Effectiveness based on the accuracy of the selection, the results obtained in the form of a data collection process until the distribution of MSME assistance through the Productive Micro Business Assistance program in Tanjungpinang City was in accordance with the regulations and accuracy by the government.

- The economic impact caused by the provision of MSME assistance through the Micro Business Productive Assistance program is to help the community's economy in meeting basic daily needs.
- The social impact of MSME assistance through the Micro Business Productive Assistance program in Tanjungpinang City is the vertical conflict that considers the Tanjungpinang City government to be unfair, as well as horizontal conflict, namely the emergence of a sense of social jealousy between residents who receive assistance and residents who do not receive assistance.

(Kulkarni & More, 2021) As per the research, Study indicates that 73.9% organization strongly affected due to Covid-19 lockdown, with measure reason as a lockdown of Organization, 59.8% organization required 1-2 years to get business normal, 39.6% organization selected financial programmes from government to recover from current situation and 56.5% organization remarks GOOD for government preventive and supportive measures.

(PRAKARSA, 2020) mentioned that, Technology is proven to help MSMEs to survive during the time of crisis. However, only a small number of women led MSMEs have fully embraced technology. The government and civil society organisations should recognize the importance of building knowledge and capacity for women led MSMEs on digital technology. If women led MSMEs are not familiar enough with digital technology, their enterprise will not be able to awaken economic agents and national economy more broadly.

(Candraningrat, Adundanti, Mujiati, Erlangga, & Jhuniantara, 2020) conducted research with the purpose to look at the effect of fintech services and accessibility on MSME capital development. Based on the results of research in the field of the role of financial technology on MSME capital development shows that it has a positive effect on MSME capital development in the weaving industry in Denpasar City. Services and assistance in the selection of products offered by companies engaged in financial technology have had a positive impact so that the services provided play an essential role for the development of MSMEs capital in Denpasar. Assistance is carried out so that the development of MSME capital is improved and can be managed well. Assistance can be in the form of guidance related to loans and capital as well as assistance during the process of financing and credit and provide clear information to customers.

(Singh, Chakraborty, & Roy, 2018) compared the original TPB and extended TPB model and substantiate that ETPB model has a better explanatory power in predicting circular economy readiness among manufacturing MSMEs in India. The result confirms the significance of green economic incentives and environmental commitment in ETPB model. The findings also signify the role of strong attitude, increased social pressure, green economic incentives, and environmental commitment in promoting circular economy readiness among small firms whereas perceived behavioural control was identified as impediment in the adoption of circular economy approach. ETPB model also established the interrelationship between standard and additional components.

(Iskandar, et al., 2021) concluded from 10 MSME traders in Sawah Besar District, Central Jakarta What becomes the research material is that MSMEs must get more special attention, especially in the mass pandemic of the Covid-19 virus outbreak, both from the government and the business actors themselves. In the current pandemic state, many MSME traders are trying to maintain their business in the mass of the Covid-19 pandemic and have begun to adapt to re-open their businesses to meet their daily needs and revive the Indonesian economy. Therefore, the government is advised to continue the Assistance for Micro Businesses (BPUM) program for MSME traders so that they can further advance the MSME traders to be more prosperous and advance the Indonesian economy.

(Dr. Gowri & Sugitham, 2020) In this pandemic era the mere survival of the MSME sector is at stake, ANBA announcement intends to address the needs of the MSME sector and sets a path for profitability and long-term sustainability of MSMEs. MSME sector is the growth engine of the nation. Strengthening it would have fruitful results such as boosting economy and employment. It will also serve as a platform to mitigate issues of migrating skilled, unskilled workers and professionals to metro cities. The internal demand potential that India has, along with a demographic advantage of Gen Y and Gen Z population provides mass-scale employment opportunities. MSMEs will be on wheels to achieve economies of scale in the nearest future. MSMEs would be benefited tremendously and would be progressive in contributing to the GDP and economy in upward trend.

(Ramaswamy, Vaidya, Rao , & Prasad, 2020) mentioned that MSME sector facing multiple challenges, including various regulations of RBI, Government, etc., with stress on high quality, competition with high enthusiasm, positive approach and the hunger for higher growth and success.

- Against all odds like recession, high inflation, higher cost, MSME sector is growing and needed some more support like grants/loans, advances of soft loans, subsidies to strengthen and beneficial outcomes of MSME.
- MSME have a humanistic approach not always thrive for profits and the recent example of 18 football trainees and coach caved in Thailand where MSME firms supplied free oxygen.
- MSME firms need continuous nourishment, monitoring to the benefits at the fullest level our of MSME – more production, higher GDP, more employment in turn more prosperity to the country.
- The magic mantra of Unity is Diversity is not prevailing anywhere in the world. Let us make industrial revolution growth and success and lead the rest of other nations on this front too.

3. RESEARCH FRAMEWORK

Researchers aim is to identify the awareness regarding rent subsidy, capital subsidy and power connection charges subsidy.

The research is conducted in MSME sector with 153 respondents from industrial area of Ahmedabad. The research design for the study is descriptive research. The research is conducted through questionnaires method. In the research, data analysis tools like SPSS, EXCEL are used to analysis the data and take out the meaningful insight. Limitations of this research work lies in its geographical location as this research work is conducted in Ahmedabad only and researchers are considering only three subsidies. Further studies can be done at other part of country and other types of subsidies can be considers.

4. DATA ANALYSIS

4.1. Demographic Data

Below table shows the demographic data of respondents which include Type of companies, Nature of Ownership, sector, awareness about the government subsidies and industrial policy 2020, and their preference for the subsidies.

Table: 4.1

Type of Company	Frequency
Trading	6
Manufacturing	135
Service	4
Other	8
Total	153
Nature of Ownership	Frequency
Proprietorship	100
Partnership	50
Pvt. Ltd.	3
Total	153
Sectors	Frequency
Micro	37
Small	49
Medium	49
Large	18
Total	153
Awareness about government subsidies	Frequency
Yes	116
No	37
Total	153
Awareness regarding industrial policy 2020	Frequency
Yes	90
No	63
Total	153
Preference of Subsidies	Frequency
Rent subsidy	16
Capital subsidy	32
Interest subsidy	2
Power connection charges subsidy	3
All the above	100
Total	153

4.2. Awareness towards the various Government incentives

Table 4.2 explain the data about the awareness of respondents towards the various government subsidies. It can be explained from the table that most of the respondents have availed the Assistance of Capital investment subsidy, and Assistance for Interest subsidy, but there is less awareness among the respondents towards the other subsidies like Assistance for Quality Certification, Assistance for Technology Acquisition, Assistance for Patent Registration, Assistance for Saving in consumption of Energy and Water, and Assistance for raising capital through SME exchange. Whereas respondents are aware about the Assistance for Reimbursement of

CGTMSE fee, Assistance for Power connection charges, and Assistance for Rent to MSEs but they did not avail these subsidies.

Table: 4.2

Awareness towards the various Government incentives	Aware and availed	Aware but not availed	Not aware
Assistance of Capital investment subsidy	110	36	7
Assistance for Interest subsidy	108	40	5
Assistance for Reimbursement of CGTMSE fee	65	69	19
Assistance for Quality Certification	7	37	109
Assistance for Technology Acquisition	4	18	131
Assistance for Patent Registration	2	20	131
Assistance for Saving in consumption of Energy and Water	3	12	138
Assistance for raising capital through SME exchange	21	39	93
Assistance for Power connection charges	24	103	26
Assistance for Rent to MSEs	30	87	36

4.3. Relationship between company's types and government incentive

H₀: There is no statistical relationship between types of companies and awareness towards various govt. incentives.

H₁: There is a statistical relationship between types of companies and awareness towards various govt. incentives.

Table:4.3

CHI - SQUARE TEST		
Government incentive	Sig.	H ₀ is rejected / accepted
Assistance of Capital investment subsidy	0.56	H ₀ is Accepted
Assistance for Interest subsidy	0.257	H ₀ is Accepted
Assistance for Reimbursement of CGTMSE fee	0.146	H ₀ is Accepted
Assistance for Quality Certification	0.914	H ₀ is Accepted
Assistance for Technology Acquisition	0.873	H ₀ is Accepted
Assistance for Patent Registration	0.433	H ₀ is Accepted
Assistance for Saving in consumption of Energy and Water	0.899	H ₀ is Accepted
Assistance for raising capital through SME exchange	0.494	H ₀ is Accepted
Assistance for Power connection charges	0.791	H ₀ is Accepted
Assistance for Rent to MSEs	0.723	H ₀ is Accepted

Table 4.3 explain about the Chi – Square test applied to check the relation between types of companies and awareness towards various govt. incentives. From the test, researchers found that null hypothesis is accepted, and alternate hypothesis is rejected that means there is no relation between types of companies and awareness towards various govt. incentives.

4.4. Relationship between ownership's types and government incentive

H₀: There is no statistical relationship between types of ownership and awareness towards various govt. incentives.

H₁: There is a statistical relationship between types of ownership and awareness towards various govt. incentives.

Table: 4.5.

CHI - SQUARE TEST		
Government incentive	Sig.	H ₀ is rejected / accepted
Assistance of Capital investment subsidy	0.04	H₀ is Rejected
Assistance for Interest subsidy	0.291	H ₀ is Accepted
Assistance for Reimbursement of CGTMSE fee	0.368	H ₀ is Accepted
Assistance for Quality Certification	0.919	H ₀ is Accepted
Assistance for Technology Acquisition	0.422	H ₀ is Accepted
Assistance for Patent Registration	0.088	H ₀ is Accepted
Assistance for Saving in consumption of Energy and Water	0.353	H ₀ is Accepted
Assistance for raising capital through SME exchange	0.295	H ₀ is Accepted
Assistance for Power connection charges	0.076	H ₀ is Accepted
Assistance for Rent to MSEs	0.046	H₀ is Rejected

Table 4.4 explain about Chi – Square test to check the relation between types of ownership and awareness towards various government incentives. From the following test, we conclude that null hypothesis is accepted, and alternate hypothesis is rejected that means there is no relation between types of ownership and awareness towards various govt. incentives except one incentive that is assistance for rent to MSEs.

5. FINDINGS

- As per research, out of 153 respondents 116 are aware about various subsidies which government is providing to support MSMEs.
- From the following research, researchers found that only 90 respondents are aware about industrial policy 2020 out of 153 which means government need to promote MSME scheme frequently.
- As researchers check the level of awareness regarding capital and power connection charges subsidy, researchers found that respondents are aware about the subsidy but some what they are confused about that and some of the respondent out of 153 are not completely unaware.
- From the data it was found that respondents are aware about Rent subsidy, Capital subsidy and Power connection charges subsidy but respondent are not aware about other subsidies which are given by MSMEs to support.
- Researchers applied hypothesis testing to know the statistical relationship between types of companies and awareness towards Rent subsidy, Capital subsidy and Power connection charges subsidy, and it was found there is no statistical relationship between types of companies and awareness towards Rent subsidy, Capital subsidy and Power connection charges subsidy which means that types of companies do not affect the awareness about various subsidies.
- Researchers applied hypothesis testing to know the statistical relationship between types of ownership and awareness towards Rent subsidy, Capital subsidy and Power connection charges subsidy, and found that only two subsidies have statistical relationship between types of ownership and awareness towards Rent subsidy and Capital subsidy and other don't have any relationship between the types of ownership and awareness towards Power connection charges subsidy.

6. RECOMMENDATION

From the above data basis, researchers would like to recommend that:

- Government needs to create more awareness towards the various subsidies to MSMEs.
- Government can run a campaign to make aware about the need and benefits of the rent subsidies. Also, respondents can visit the various govt. website to know more about the subsidies.
- From the research, 63 respondents out of 163 about industrial policy for that government need to more focus on promotion about industrial policy 2020, so consumer get aware, and they can avail for government schemes.

7. CONCLUSION

This research was conducted with the objectives to know the awareness of MSMEs towards the various government subsidies. From the research and analysis, researchers would like to conclude that government is providing many subsidies for MSMEs to support their business. But many of the respondents are not aware about the various subsidies, that result that they can't avail these subsidies. As government is providing these subsidies to MSME's, its responsibility of MSMEs also to check about existing government schemes through various sources of information's.

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