



Presentation on

**Entrepreneurship &
Micro, Small &
Medium Enterprises
(MSME)**

Introduction

- **The MSME sector is a nursery of entrepreneurship, often driven by individual creativity & innovation.**
- **Contributes 8.5 % of the country's GDP, 45 % of the manufactured output & 40% of its exports.**
- **The MSME's provide employment to about 60 million persons through 26 million enterprises.**
- **The labour to capital ratio in MSME's & overall growth in the MSME sector is much higher than in the large industries.**
- **The geographic distribution of the MSME's is also more even. Thus, MSME's are important for the national objectives of growth with equity & inclusion.**

Existing and Revised Definition of MSMEs

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < Rs. 25 lakhs	Investment < Rs. 5 Cr	Investment < Rs. 10 Cr
Service Enterprises	Investment < Rs. 10 lakhs	Investment < Rs. 2 Cr	Investment < Rs. 5 Cr
Revised MSME Classification (Announced by FM Nirmala Sitaraman)			
Composite Criteria : Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs. 1 Cr	Investment < Rs. 10 Cr	Investment < Rs. 20 Cr
	and Turnover < Rs. 5 Cr	and Turnover < Rs. 50 Cr	and Turnover < Rs. 100 Cr
Further Revised MSME Classification (Announced by Union Minister Prakash Javdekar)			
Composite Criteria : Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs. 1 Cr	Investment < Rs. 10 Cr	Investment < Rs. 50 Cr
	and Turnover < Rs. 5 Cr	and Turnover < Rs. 50 Cr	and Turnover < Rs. 250 Cr



Importance of MSME

1

- **Creates largest Scale Employment**

2

- **Economic Stability in terms of Growth**

3

- **Cheap Labour & minimum overhead**

4

- **Simple Management Structure of Enterprises**

5

- **Econrages Inclusive Growth**

6

- **To make Mission of “Make in India” successful**

7

- **Contribution to Gross Domestic Product (GDP)**



Problems of MSME

- ☐ **Problem of Raw Material**
- ☐ **Problem of Finance**
- ☐ **Problem of Marketing**
- ☐ **Problem of under Utilization of capacity**
- ☐ **Lack of access to new technology**
- ☐ **Lack of required credit**
- ☐ **Burdensome regulatory Practices**
- ☐ **Scarcity of Resources**
- ☐ **Lack of FDI's**
- ☐ **Low Quality Infrastructure**



Remedies for Problems faced by MSME

- ☐ **Determination of Technological Needs & Supply of Technologies**
- ☐ **Constitution of a Panel of Consultants**
- ☐ **Training & Development. Awareness Programs**
- ☐ **Sufficient Availability of the Credit**
- ☐ **Proper Research & Development**
- ☐ **Promotion of MSME's for Employment Generation**
- ☐ **Market Assistance & Customer Satisfaction Oriented**
- ☐ **Minimization of Regional Imbalance**
- ☐ **Enhancement of Export & Attraction to the foreign Investment**
- ☐ **Equitable Allocation of Raw Material**



Steps involved in the formation of MSME

1) Identifying the Business Opportunity

2) Generation of Business Idea

- **Product (shape, size & nature)**
- **Process (technology to produce the product)**
- **Place (location of plant)**
- **Partner (technological of Financial collaborator)**

3) Training by Institutions

4) Project Appraisal

- **Economical appraisal**
- **Technical appraisal**
- **Financial appraisal**
- **Management appraisal**
- **Market appraisal**
- **Organization appraisal**



5) Marking a Product Choice

6) Form of Organization

7) Location

- **Land**
- **Material**
- **Labour**
- **Transport**
- **Climate**
- **Incentives & subsidy**
- **Services**

8) Arranging Finance

9) Clearances



10) Permits

- **Business Permits**
- **Fire department Permits**
- **Air & water pollutions control Permits**
- **Zoning & land use Permits**
- **Health department Permits**
- **Special state issued business Permits**
- **Special state issued occupational/Professional licenses**

11) Technology, Machinery & Equipment

12) Licensing & Provisional Registration Procedure

13) Production

- **Trail Production**
- **Commercial Production**

14) Marketing

- **Test stage**
- **Commercial marketing stage**

15) Quality assurance

16) Permanent Registration Certificate (License)



Registration Procedure to acquire license to run sole proprietorship under Maharashtra Shop & Establishment Rules, 2018

- **The labour to capital ratio in MSME's & overall growth in the MSME sector is much higher than in the large industries.**
- **The Shop act is designed to regulate payment of wages, hours of work, leave, holidays, terms of service & other work conditions of people employed in shop & commercial establishments.**
- **Shop Act is a mandatory registration & is necessary if the business premises are located in municipal limits. It is compulsory to display this document in a prominent place in the business premises.**



Udyog Aadhar

- **Udyog Aadhar is a 12-digits registration number issued by Ministry of MSME (Micro, small & Medium Enterprises)**
- **Udyog Aadhar registration inn application to existing MSME's that are engaged in Manufacturing or Service activities .**
- **Funding is made available from banks under priority sector lending.**
- **Giving a specific number to a business organization by registering it is an industry base. Industry Aadhar number has 12 digits. Industry Aadhar means “Business Aadhar”**



Importance of udyog Aadhar

The owner of an individual (single) business does not have an official identity or recognition. Due to the industry base, such businesses receive official recognition & recognition from the Government of India. The official proof of the existence of the business organization is obtained by the professional through the industry base.

All types of business associations benefit from a variety of industry bases. The significance of these benefits is unique. The importance of industry base can be underlined by the benefits given below.

The benefits that businesses get from the industry base can be categorized into two groups, non-financial benefits & financial benefits.



