

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

Role of Government Agencies for Marketing Support to Emerging Entrepreneurs

Dr. Monica Bansal

*Assistant Professor in Commerce,
Panjab University Rural Centre, Kauni,
Shri Muktsar Sahib (Punjab)*

Diksha Gupta (Corresponding Author)

*Research Scholars
In Commerce Department
At Punjabi University, Patiala*

Abstract

Marketing is an important key for Small and Medium Enterprises to make them successful in the current competitive business environment. The big business entities have very organized retail sector and the small sector is characterized by the absence of strong market base and also largely unorganized marketing network. Because of the resource limitation, the access to international market is not commensurate to their potentials. The Government is implementing various schemes, with the objective to give a better competitive environment to the products of Micro, Small and Medium Enterprises (MSME) sector in the market. The main objective of this paper is to get an overview of the role of Government and other Agencies for Marketing Support to Emerging the Entrepreneurs in India and it is concluded that in order to encourage young entrepreneurs government has introduced many schemes that are benefiting the numerous entrepreneurs.

Keywords: *Entrepreneurship, Marketing Agencies, Small and Medium Enterprises, India*

I. Introduction

Agencies play a very important role for providing various kinds of marketing as well as financial assistance to the entrepreneurs for marketing their products and services in the national as well as in the international market. It gives different services and launches various schemes to the entrepreneurs to make their business successful. Without the support of these agencies the small enterprises cannot survive in this competitive environment. Marketing is an important key for Small and Medium Enterprises to make them successful in the current competitive business environment. The big business entities have very organized retail sector and the small sector is characterized by the absence of strong market base and also largely unorganized marketing network. Because of the resource limitation, the access to international market is not commensurate to their potentials. The Government is implementing various schemes, with the objective to give a better competitive environment to the products of Micro, Small and Medium Enterprises (MSME) sector in the market. The marketing assistance involves the help provided by the government to Small Scale Enterprises (SSEs) to market their products manufactured by them. Some of the schemes implemented by the government are as follows:

- **Government Purchase and Price Preference Policy:** Assists the small-scale sector to get the fair price of its products. The small-scale sector generally faces the problem of marketing its products at remunerative prices. Therefore, the government has introduced the purchase and price preference policy scheme to ensure that the small-scale sector gets fair share of the total purchases made by the government and its departments. In 1989, under the stores purchase program of the government, 409 items were

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

reserved for exclusive purchase from the small-scale sector. In February, 2004, the government revised the list and approved 358 items. The revised list included eight handicraft items for purchase from the handicraft sector. The government purchase and price preference policy is one of the major mechanisms introduced by the government to provide marketing support to the small-scale sector.

This policy includes the following facilities:

- Providing price preference of up to 15 per cent in case of selected items.
- Comprising no registration fee.
- Channelizing and identifying markets through a consortium for the products of the small-scale sector both in India and abroad.

The benefits of the government purchase and price preference policy can be availed by the small-scale units that are registered under the Single Point Registration Scheme of NSIC. Following are the facilities provided by NSIC to the units registered with it:

- Providing tender sets free of cost.
- Exempting from the payment of earnest money.
- Waiving off the security up to the monetary limit for which at the unit is registered.
- Providing price preference of up to 15 per cent over quotation of large-scale units (on merits).
- Providing a registration certificate.

The government purchase and price preference policy aims to compensate the small-scale sector on account of non-availability of economies of scale, weak resource base, and poor access to raw-material as compared to the large scale sector.

- **Market Development Assistance (MDA) Scheme:** Refers to the scheme that provides assistance in market development to small-scale units involved in manufacturing and exports. The scheme provides funding for the following purposes:
- Participating in international trade fairs and exhibitions under MSME India stall.
 - Providing reimbursement of 75 per cent of the registration fee which is one time and it should be charged w.e.f. January 1, 2002 and 75 per cent of the annual fees, recurring and it should be charged w.e.f. June 1, 2007 and it should be paid to GS1 India (Formerly EAN India) by small-scale enterprises for bar code for the first three years.
 - Providing various subsidies which may be specified sector wise.
 - Anti-dumping practices may be started.

Various objectives of the MDA scheme are as follows:

- Increasing export activities of small-scale manufacturing enterprises.
- Encouraging small-scale exporters to increase their potentialities at developing and tapping the overseas markets.
- Popularizing the adoption of bar coding on a large scale.
- Increasing the participation of representatives of small-scale manufacturing enterprises under MSME India stall at international trade fairs/exhibitions in the domestic as well as international market.

- **Vendor Development Programs (VDPs):** Refers to the programs organized by MSME Development Institutes (MSME-DIs) for the small-scale sector. Under these programs, MSME-DIs facilitates interaction among selling enterprises for business and identifying the demands and preferences of buyers. Apart from this, VDPs help in promoting the talents of small-scale entrepreneurs and their industrial ventures. In

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

addition, these programs help buyers in locating appropriate sellers. MSME-DIs organizes VDPs both at the national and state levels.

II. Objectives of the Paper:

The objective of the paper is:

- 1) To study the requirements of micro, small, and medium enterprises on the basis of investment ceilings in India.
- 2) To highlight the role of government agencies for marketing support to the emerging entrepreneurs.

III. Methodology used for the Study:

The data for the purpose of the study has been collected through secondary sources, which mainly include websites.

IV. Agencies for Marketing Support

There are various agencies which are giving marketing assistance to the entrepreneurs which are discussed in detail as follows:

(A) Assistance by National Small Industries Corporation (NSIC)

NSIC is associated with the exports and marketing of the products produced by Small Scale Industries to other countries. There are different categories of products marketed by NSIC and these are as follows:

- Sports Goods
- Builders Hardware
- Sanitary Fittings
- Handicrafts
- Electrical Products & Accessories
- Auto Components
- Garden Tools & Accessories
- Hand Tools
- Architectural Iron Mongers
- Textile and Textile Products
- Light Engineering Goods
- Leather Products
- Castings & forgings

NSIC helps small scale enterprises to sell and market its goods and services in the international market and also has adopted a single window help approach for export and promotion of small industries products abroad through different schemes. The services provided by NSIC to its export associates constitute the following items:

- **Raw Material Assistance Program:** Various orders in case of exports received by the corporation are passed over to the concerned associate units for shipment. For the completion of such order NSIC also gives help regarding the raw material at concessional rates of interest which are notified by RBI within specified norms & conditions of the corporation.

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

- **Exhibitions / Trade Fairs & Buyer Seller Meets:** goods of the small scale sector industries are displayed in specified Trade Fairs / Exhibitions at concessional rates. Enquiries, specifications & samples received through its specified indenting agents or directly are passed on to the concerned small scale units for final offer and its development. NSIC helps the undertakings to do costing and pricing for foreign markets and also helps them by providing technical information and marketing assistance.
- **Assistance under Leasing for Technology Upgradation:** Some of the small scale enterprises which require technology upgradation for executing export orders are considered on priority basis by NSIC for giving required machines etc. under our leasing scheme and financing the equipments.
- **Absorption of Marketing Overheads & Export Promotion:** Help is also provided by NSIC to the small scale sector in negotiations with the overseas buyers by sending samples and for subsequent correspondence for procuring export orders at our cost with various discount schemes.
- **Assistance for Shipping:** Helps the small scale undertakings in making shipments and helps them to prepare the documents which are related to shipping the goods and services.
- **Assistance for Project Export:** NSIC also exports Small Industrial Projects with emphasis on relevant technology to developing countries with the motive of promoting small industries. Project formulation is carried out in-house by NSIC and plant & machinery is supplied from quality manufacturers after due inspection to these enterprises.
- **Service Charges:** Only three per cent service charges are imposed on Free on Board (FOB) value.
- **Export Incentives:** All the benefits related to exports are claimed and passed onto the export units without any deduction or else NSIC gives the option to units to claim the benefits themselves.
- **Export Documentation:** All the export documents with respect to shipping, claiming incentives, negotiations of documents and post shipment activities are done entirely by NSIC and the units need not register itself with other export related agencies for assistance.

(B) Institutional Setup for Marketing Assistance and Export Promotion

There are various institutes set by the government of India for promoting exports and helping organizations in export process and documentation. In addition, the government provides assistance to the Indian entrepreneurs through export subsidies and export credit. Ministry of Commerce helps in the formulation of trade policies and programs. It has set up various institutes for export promotion. Some of them are discussed as follows:

- **Trade Fair Authority of India:** Fulfils the following objectives:
 - Sets up showrooms in India as well as abroad to sell exported products
 - Organizes trade fairs and exhibitions to promote exported products
 - Helps in the development of new products for expanding exports
 - Trade Fair Authority of India provides information to exporters through its journals named as Journal of Industry and Trade, Udyog Vyapar Patrika, Economic and Commercial News, Indian Export Service Bulletin etc.
- **Indian Institute of Foreign Trade (IIFT):** Refers to an organization set by the government of India to help increase exports. It performs the following activities:
 - Conducts the surveys, such as area survey, commodity survey, and market survey
 - Organizes and undertakes research related to international trade
 - Arranges the training programs for giving training on modern techniques of international trade
 - Undertakes research on exploring raw materials for the packaging industry
 - Keeps the Indian organizations abreast with ongoing changes in international field

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

- **Export Promotion Councils:** Refer to non-profit organizations that examine different aspects of promotion of exports, viz. transportation, packaging price, marketing, and labeling. These councils help in the following:

- Developing trade contracts
- Participating in trade fairs and exhibitions
- Publishing information related to foreign trade
- Sponsoring the foreign tours
- Conducting market surveys

In India, under the administrative control of Department of Commerce there are around ten export promotion councils and nine export promotion councils related to the textile sector under the administrative control of Ministry of Textiles, Government of India.

Export promotion council for Small and Medium Enterprises (SME) of India helps in assisting SMEs to export their products, establish contact in foreign markets, and provide financial assistance for their growth. This council provides the following assistance, guidance, and support to Indian SMEs:

- Helps in providing marketing assistance
- Identifies overseas buyers / importers / suppliers
- Identifies investors and partners for joint ventures
- Appoints marketing representatives / agents
- Helps in market research and market survey
- Provides due diligence reports about overseas buyers /suppliers
- Sources raw materials and quality products at competitive cost
- Involves permanent display centers in various countries
- Helps in buyer-seller meets
- Provides exclusive platform to Indian SMEs in Indian and overseas exhibitions and trade fairs
- Organizes trade fairs / exhibitions, conclaves, conferences, and seminars
- Assists in taking appointment of foreign representatives

Export Credit Guarantee Corporation (ECGC): Plays an important role in promoting exports. ECGC was established in 1964 and owned by government of India. Located in Mumbai, Maharashtra, it covers the risk of exporters who export on credit. Its main functions are as follows:

- Helps in providing information on credit worthiness of importers
- Guides exporters when they face any difficulty
- Provides insurance protection to exporters against credit risks
- Helps in obtaining the finance from financial institutions

- **Export Houses:** Refer to trading houses that specialize in export of products. Any exporter can become a member of the export house by fulfilling certain criteria. The eligibility criteria to become a member of an export house is that turnover of an exporter of three preceding years should be at least fifteen crores Indian rupees. Export houses can act as:

- International traders who export and import for their own account
- Export agents who are paid commission for acting on behalf of another party

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

Export management organizations that handle exports and indulge in countertrade, which involves exchanging goods with goods rather than cash

5. Export Promotion Measures by Government of India for SSEs

Micro & Small Manufacturing Enterprises (MSMEs) products share about 34% in national exports. MSMEs play a crucial role in the total export of the country. Therefore, the Indian government has taken several measures, to promote exports activities of MSMEs. Some of the measures are as follows:

Marketing Assistance and Export Promotion Scheme

Marketing Development Assistance Scheme for MSME exporters (MSME-MDA)

Participation in the International Exhibitions/Fairs.

National Award for Quality Products

Training Programmes on Packaging for Exports

Technical & Managerial Consultancy Services

Packaging for Exports

1. Market Development Assistance Scheme (MSME-MDA)

According to the comprehensive policy package for MSMEs, in August 2000 the scheme has been introduced and came into operation w.e.f. 30th August, 2001. In order to enhance the participation of representatives of participating units, the provision of MSME-MDA Scheme has been recently amended. Basic changes in the earlier scheme are as under:

1. The Govt. of India will reimburse the 75 per cent of air fare by economy class and 50 per cent subsidy on space rent to general category of Micro manufacturing enterprises (ii) The total subsidy on shipping cost of exhibits, air fare and space rent will be restricted to Rs.1.25 lakhs per unit for manufacturing enterprises or actual cost, whichever is lower. (iii) 100 per cent to sc/st women entrepreneur and entrepreneur of NE region (iv) Only one person of the participating unit would be eligible for subsidy on air fare and (v) The booking of minimum 6 Sq. Mtrs. (vi) Any unit can avail of this facility only once a year is allowed.

2. 50 per cent of space hiring charges shall be sent by a Demand Draft in favour of PAO (MSME), New Delhi through MSME-Dis (Formerly SISIs) along with the particulars mentioned in the passport plus first and last two pages of valid passport of their visiting representatives.

3. One SIDO officer will be deputed to each fair for coordination of MSME-India stall.

4. Various circulars are issued to Director, all MSME-DIs for selection of Small/ Micro manufacturing industries whose products conforming to the International Standards & Quality.

In addition, the scheme also provide for financial assistance upto Rs. 2.00 lakhs for commissioning the particular market studies and help for initiating/ contesting anti-dumping cases is available to MSME Association limited to 50 per cent of the total cost of Rs. 1.00 lakh whichever is less. Provision for reimbursement of 75 per cent of one-time registration fee paid to GS1 India by MSME unit for adoption of Bar Coding (w.e.f. 1st January, 2002). 75 per cent of annual recurring fee of bar code is also available (w.e.f. 1st June 2007) for the first three years period. To avail financial assistance under the scheme, application may be sent alongwith requisite documents etc.

2. Participation in the International Exhibitions/ Fairs

Government Office of the Development Commissioner (MSME) participates in some of the selected International Exhibitions/ Fairs since 1985 which was a purely promotional scheme to give exposure to the goods and services of micro, small enterprises which otherwise are not in a position to participate in the exhibitions/ fairs at their own cost without this scheme. As per the scheme, exhibits of some of the selected export-worthy enterprises and items are displayed in the exhibition that provides an opportunity to MSEs while demonstrating their capabilities before the international community at a large. On an average, this Office has been participating in 8-10 numbers of International Exhibitions/ Fairs abroad every year and

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

more than two hundred MSEs have been benefited from this scheme. For the sake of confirm participation, enterprise has to send 50 per cent of space hiring charges of their booked space (min. 6 sq.mtr.) through MSME-Development Institutions by a DD favouring PAO (MSME), New Delhi at least 45 days advance of the starting of the event or till space is available for this purpose. 100 per cent subsidy on space rent is available to sc/st women entrepreneur and entrepreneur of NE regions. The participating units will also carry/ manage their exhibits both ways including custom clearance. If anybody wants more space, they can book in multiple of 1x3 square meters on pro-rata basis and would be required to pay on this base. 75 per cent subsidy on air fare of economy class to general category of entrepreneur and it is 100 per cent to sc/st women entrepreneur.

3. National Award for Quality Products

The objectives of the scheme are as under:

- a. To propagate a culture of quality consciousness amongst a vast section of Small Scale manufacturing units.
- b. To encourage small scale industries to produce quality products conforming to national and international standards.
- c. To instill a sense of confidence of small industry products in the minds of the domestic consumers and to enhance the image of Indian products in export market.

These awards are given on the basis of recommendation by the State/ UT Level Selection Committee and the final selection by the Indian National level Selection Committee for every calendar year.

4. Training Programmes on Packaging for Exports

India faces formidable hurdle in meeting and matching the packaging needs of the exportable products in the markets in the foreign countries. The main objective of scheme is to generate much needed awareness in the small industry about the problems related to packaging of MSME exporters and to educate the entrepreneurs about the new and latest packaging methods, techniques and designs of the packaging. These programmes on Packaging for Exports are conducted since 1979 by all the field institutes in collaboration with Indian Institute of Packaging and GS1 India (formerly EAN India). In this programme 20 to 35 existing and potential entrepreneurs have been participating and these are of one, two & three days duration. As per instruction of IF Wing, only 50-60 percent of the total cost of the programme is recovered from the participants as participation fee. 20-25 programmes are being conducted every year in the various parts of India.

5. Technical & Managerial Consultancy Services

Manufacturers/exporters is provided through a network of field offices of this office so as to ensure higher level of production and generation of higher exports under the Technical & Managerial Consultancy Services.

6. Packaging for Exports

The importance of packaging for exports has increased a lot with the increasing trends in the world markets. The requirement for better and scientific packaging for exports from small sector was recognized since a long time back. With a view to acquaint MSME Exporters of the latest Packaging standards and techniques various training programmes on packaging for exports are organized in different parts of the country. These programmes are organized in association with Indian Institute of Packaging which has requisite expertise on the subject. Basic purpose of these programmes is to generate and create the much needed consciousness and awareness in the industry and to educate the entrepreneurs about the scientific and modern techniques of Packaging it with the assistance of EAN India to sensitize Indian exporters about bar coding system. Seven training sessions were conducted in 2000-2001 at different locations across India.

7. National Awards for Quality Products: In order to encourage the small scale enterprises for producing good quality products, "National Awards for Quality Products" are given to the outstanding small scale

2 Days International Conference on CSIT-2019, ICSD-2019

Mahratta Chamber of Commerce, Industries and Agriculture Tilak Road, Pune (India)



2nd -3rd November 2019

www.conferenceworld.in

ISBN : 978-81-943584-1-1

undertakings who have made significant contribution for improving quality of their products and services. This scheme is being operated since a long back from 1986. The winners of National Awards get a Trophy, a Certificate and a Cash Prize of Rs. Twenty five thousand. National Awards encourage Small Scale Industries units to produce quality goods which further enable them to enter into export market.

6. Conclusion

The big business entities have very organized retail sector and the small sector is characterized by the absence of strong market base and also largely unorganized marketing network. The marketing assistance involves the help provided by the government to Small Scale Enterprises (SSEs) to market their products manufactured by them. Micro & Small Manufacturing Enterprises (MSMEs) products share about 34 per cent in national exports. Exhibits of the selected export-worthy units are displayed in the exhibition that provides an opportunity to MSEs in demonstrating their capabilities before the international community. With a view to encourage the small scale units for producing Quality goods, National Awards for Quality Products are given to the outstanding small scale units, who have made significant contribution for improving quality of their products.

References

- [1] Trehan, Aplana (2012). Entrepreneurship. New Delhi-110002: Dreamtech Press.
- [2] Vaish Kalpana (1993). Entrepreneurial Role of Development Banks in Backward Areas. New Delhi-110059. Concept Publishing Company.
- [3] Ahmad Khan Mukhtar (1992). Entrepreneurial Development Programmes in India. New Delhi. Kanishka Publishing House.
- [4] Janakiram B, Raveendra P.V., & Srirama V. K. (2010). Role and Challenges of Entrepreneurship Development. New Delhi-110028: Excel Books.
- [5] Prasain G. P. (2003). Entrepreneurship Development. New Delhi-110002: Jain Book Agency.
- [6] Robert D Hisrich (2007). Entrepreneurship. New Delhi. Tata McGraw-Hill Publishing Company Limited.
- [7] <http://www.oecd.org/cfe/smes/>
- [8] <http://india.gov.in/financial-assistance-entrepreneurship-development-institutes-ministry-micro-small-and-medium>
- [9] <http://smallbusiness.chron.com/various-sources-finance-available-entrepreneur-2294.html>
- [10] <https://books.google.co.in/books?id=gbU9dfydYuoC&pg=PA138&lpg=PA138&dq=financin+of+entrepreneur+development+source>