G.Venkataswamy Naidu College (Autonomous)

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Study Material

for

Open Elective Course (Self Study Course)

Subject : Indian Business Environment

Subject Code : U20PA6OE

1. Explain the objectives of Business

(1) Economic Objectives:

(i) Earning of Profits

(ii) Satisfaction of Customers

(iii) Innovation

(iv) Effective Utilisation of Resources

(2) Social Objectives:

(i) Supply of Quality Goods at Fair Prices

(ii) Adoption of Fair Trade Practices

(iii) Generation of Employment Opportunities

(iv) Employees' Welfare

(v) Community Service

(vi) Protection of Environment

(3) Human Objectives:

1. The employees are treated as partners in the business and not as inferior lot; they should get fair wages and healthy working conditions;
2. They are able to acquire and develop new skills in the process of employment; and
3. They derive job satisfaction.

(4) National Objectives:

1. Achievement of self-sufficiency in production of goods and services,
2. Import substitution and export promotion,
3. Development of small scale and ancillary industries,
4. Development of backward regions,
5. Economic development of the nation.

2. Describe the classification of Industry

(i) Primary and Genetic Industry:

Genetic industry is related to the re-producing and multiplying of certain species of animals and plants with the object of earning profits from their sale

(ii) Extractive Industry:

The extractive industry is engaged in raising some form of wealth from the soil, climate, air, water or from beneath the surface of the earth.

(iii) Construction Industry:

This industry is engaged in the creation of infra-structure for smooth development of the economy. These industries are engaged in the construction of buildings, roads, dams, bridges, and canals.

(iv) Manufacturing Industry:

This Industry is engaged in the conversion of raw materials into semi-finished or finished goods. This industry creates form utility in goods by making them suitable for human use.

(v) Large Scale Industry:

There may not be any hard and fast rule for such classification but government has fixed certain limits on investments which differentiate between large scale and small scale industries. At present the industries investing more than Rs. 3 crore in plant and machinery in manufacturing units and in ancillary units are covered in large scale sector. Large scale units are in a position to use latest methods of production and economies on various inputs.

(vi) Small Scale Industry:

The units having an investment upto Rs. 1 crore in plant and machinery are small units. A small scale unit has the disadvantage of lower production and comparatively higher cost of production.

(vii) Heavy Industry:

The industry engaged in the production of machinery, steel, power generation is called heavy industry. These units need heavy investments and employ complex technology in production.

(viii) Light Industry:

Industries engaged in producing consumer goods etc. arc called light industries. The production technology is simple and machinery used is inexpensive.

3. Explain the Types of Business Environment

1. Internal Environment

1. Values system
2. Vision and objectives
3. Management structure
4. Internal power relations
5. Human resources
6. Company image
7. Other factors

2. External Environment

a) Micro Environment

1. Financiers
2. Suppliers
3. Marketing Channel members

4. Public
5. Customers
6. Competitors

b. Macro Environment

1. Economic environment
2. Socio-Cultural environment
3. Political and Legal environment
4. Geo-physical environment
5. Technological environment
6. Global environment

4. Write down the Importance of Environmental Analysis

1. Identification of strength:

Strength of the business firm means capacity of the firm to gain advantage over its competitors. Analysis of internal business environment helps to identify strength of the firm.

2. Identification of weakness:

Weakness of the firm means limitations of the firm. Monitoring internal environment helps to identify not only the strength but also the weakness of the firm.

3. Identification of opportunities:

Environmental analyses helps to identify the opportunities in the market. The firm should make every possible effort to grab the opportunities as and when they come.

4. Identification of threat:

Business is subject to threat from competitors and various factors. Environmental analyses help them to identify threat from the external environment.

5. Optimum use of resources:

Proper environmental assessment helps to make optimum utilisation of scare human, natural and capital resources.

6. Survival and growth:

Systematic analyses of business environment help the firm to maximise their strength, minimise the weakness, grab the opportunities and diffuse threats.

7. To plan long-term business strategy:

A business organisation has short term and long-term objectives. Proper analyses of environmental factors help the business firm to frame plans and policies that could help in easy accomplishment of those organisational objectives.

8. Environmental scanning aids decision-making:

Decision-making is a process of selecting the best alternative from among various available alternatives. An environmental analysis is an extremely important tool in understanding and decision making in all situation of the business.

5. Explain the Importance of Agricultural Marketing

- **Optimization of Resource use and Output Management:** An efficient agricultural marketing system leads to the optimization of resource use and output management.
- **Increase in Farm Income:** An efficient marketing system ensures higher levels of income for the farmers by reducing the number of middlemen or by restricting the commission on marketing services and the malpractices adopted by them in the marketing of farm products.
- **Widening of Markets:** The widening of the market helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer.
- **Growth of Agro-based Industries:** An improved and efficient system of agricultural marketing helps in the growth of agro based industries and stimulates the overall development process of the economy. Many industries depend on agriculture for the supply of raw materials.
- **Price Signals:** An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy. This work is carried out through price signals.
- **Adoption and Spread of New Technology:** The marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance.
- **Employment:** The marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation, storage and processing. Persons like commission agents, brokers, traders, retailers, weigh-men, packagers and regulating staff are directly employed in the marketing system.
- **Addition to National Income:** Marketing activities add value to the product thereby increasing the nation's gross national product and net national product.
- **Better Living:** The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole.
- **Creation of Utility:** Marketing is productive, and is as necessary as the farm production. It is, in fact, a part of production itself, for production is complete only

when the product reaches a place in the form and at the time required by the consumers. Marketing adds cost to the product; but, at the same time, it adds utilities to the product

- **Form Utility:** The processing function adds form utility to the product by changing the raw material into a finished form. With this change, the product becomes more useful than it is in the form in which it is produced by the farmer.
- **Place Utility:** The transportation function adds place utility to products by shifting them to a place of need from the place of plenty. Products command higher prices at the place of need than at the place of production because of the increased utility of the product.
- **Time Utility:** The storage function adds time utility to the products by making them available at the time when they are needed.
- **Possession Utility:** The marketing function of buying and selling helps in the transfer of ownership from one person to another. Products are transferred through marketing to persons having a higher utility from persons having a low utility.

6. Outline the Determination of Minimum Support Prices

i) Cost of production

ii) Changes in input prices

iii) Input-output price parity

iv) Trends in market prices

v) Demand and supply

vi) Inter-crop price parity

vii) Effect on industrial cost structure

viii) Effect on cost of living

ix) Effect on general price level

x) International price situation

xi) Parity between prices paid and prices received by the farmers.

xii) Effect on issue prices and implications for subsidy

7. Write a Short not on Liberalization, Privatization and Globalization

Liberalization

Liberalization refers to removal of relaxation of governmental restrictions in all stages in industry. Delicensing, decontrol, deregulation, subsidies (incentives) and greater role for financial institutions are the various facets of liberalization. The basic aim of liberalization was to put an end to those restrictions which became hindrances in the development and growth of the nation.

Privatization

Privatization means transfer of ownership and management of enterprises from public sector to private sector. Denationalization, disinvestment and opening exclusive public sector enterprises to private sector are the gateways to privatization. This is the second of the three policies of LPG. It is the increment of the dominating role of private sector companies and the reduced role of public sector companies.

Globalization

Globalization refers to the integration of the domestic (Indian) economy with the rest of the world. Import liberalization through reduction of tariff and non-tariff barriers, opening the doors to Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are some of the measures towards globalization. It means to integrate the economy of one country with the global economy. During Globalization the main focus is on foreign trade & private and institutional foreign investment. It is the last policy of LPG to be implemented.

8. Distinguish between fundamental rights and directive principles

S.No	Fundamental Rights	Directive Principles
1.	They refer to the basic rights guaranteed to the citizens of India under the Indian constitution.	They are the guidelines to the state to be followed while framing laws and policies.
2.	They are written in part 3 of the Constitution of India.	They are written in part 4, Article 36-51 of the Constitution of India.
3.	It is negative in nature as it prevents the government from doing certain things.	They are positive in nature as it requires the government to do certain things.
4.	They are justiciable as they can be enforced and their violation is a punishable crime.	They are not justiciable as they cannot be enforced and their violation is not a punishable crime.
5.	They establish political democracy.	They establish social and economic democracy.
6.	They are legal sanctions.	They are moral and political sanctions.
7.	They promote individual welfare.	They promote the welfare of the entire community.

9. Describe the Role of Ecology in Economic Development

1. **Population**

   The population index of the country determines the per capita income and expenditure for the country. The revenue of the country is again dependent on its citizens.

2. **Manpower**

   The manpower needs to be well channelized in order to add to the net fruitful productivity of any country. Such a productive manpower is definitely a boon for the economic development.

3. **Wealth Distribution**

   A proper distribution of the wealth, atleast making the masses reach above the poverty line is a great contribution to the economic development.

4. **Minerals, ores and other resources**

   The resources have a great hand in uplifting the economy of the country. These are the tradable forms which promotes rich transactions with the other countries and hence adding to the revenue of the nation. Also these resources create a big breakthrough in the financial market, which has a direct impact on the economic growth of the country.

5. **Soil and Land**

   This is again a rich resource which requires a good intellect to be converted into gold. The more the land is judiciously used, the more is the income for the country.

6. **Water utilization**

   Again the project like hydro-electric power is a good source of economic growth. Despite relying on the nuclear energy for power, utilising such conventional forms of energy could save some amount of national expenditure in monitoring and safe handling of the nuclear reactors and disposal of the radio-active wastes.

10. Explain the Rights of Consumers In India

1. **The Right to Safety**

   When a purchase is made, the consumer has the right to expect that it is safe to use. The product should be able to perform as promised and should not have false or misleading guarantees.

2. **The Right to be informed**

   The right to be informed has far-reaching consequences – it encompasses false or misleading advertising, insufficient information about ingredients in products, insufficient information on product use and operating instructions, and information which is deceptive about pricing or credit terms.

3. **The Right to Choose**

   The consumer has the right to choose and, of course, marketing does try to influence that choice. But, in most western markets competition is encouraged and products should not confuse consumers.

4. **The Right to be Heard**

   The right of free speech is present in all western countries. This right allows consumers to express their views after a purchase, especially if it is not satisfactory. When anything goes wrong with a purchase the customer should expect that any complaint should be fairly and speedily dealt with.

11. What are the Factors influencing Socia1Responsibility?

1. **Justification for existence and growth:** Business exists for providing goods and services to satisfy human needs. Though, profit motive is an important justification for undertaking business activity, it should be looked upon as an outcome of service to the people.
2. **Long-term interest of the firm:** A firm and its image stands to gain maximum profits in the long run when it has its highest goal as 'service to society'. When increasing number of members of society including workers, consumers, shareholders, government officials, feel that business enterprise is not serving its best interest; they will tend to withdraw their cooperation to the enterprise concerned.
3. **Avoidance of government regulation:** From the point of view of a business, government regulations are undesirable because they limit freedom. Therefore, it is believed that businessmen can avoid the problem of government regulations by voluntarily assuming social responsibilities, which helps to reduce the need for new laws.
4. **Maintenance of society:** The argument here is that laws cannot be passed for all possible circumstances. People who feel that they are not getting their due from the business may resort to anti-social activities, not necessarily governed by law.
5. **Availability of resources with business:** This argument holds that business institutions have valuable financial and human resources which can be effectively used for solving problems. For example, business has a pool of managerial talent and capital resources, supported by years of experience in organising business activities.
6. **Converting prob1ems into opportunities:** Related with the preceding argument is the argument that business with its glorious history of converting risky situations into profitable deals, can not only solve social problems but it can also make them effectively useful by accepting the challenge.
7. **Better environment for doing business:** If business is to operate in a society which is full of diverse and complicated problems, it may have little chance of success. Therefore, it is argued that the business system should do something to meet needs before it is confronted with a situation when its own survival is endangered due to enormous social illnesses.
8. **Holding business responsible for social problems:** It is argued that some of the social problems have either been created or perpetuated by

business enterprises themselves. Environmental pollution, unsafe workplaces, corruption in public institutions, and discriminatory practices in employment are some of these problems.

12. **Explain the Features of Social Audit**

1. **Multi-Perspective/Polygonal:** Aims to reflect the views (voices) of all those people (stakeholders) involved with or affected by the organisation / department / programme.
2. **Comprehensive:** Aims to (eventually) report on all aspects of the organization's work and performance.
3. **Participatory:** Encourages participation of stakeholders and sharing of their values.
4. **Multi-Directional:** Stakeholders share and give feedback on multiple aspects.
5. **Regular:** Aims to produce social accounts on a regular basis so that the concept and practice become embedded in the culture of the organisation covering all the activities.
6. **Comparative:** Provides a means, whereby, the organisation can compare its own performance each year and against appropriate external norms or benchmarks and provide for comparisons with organisations doing similar work and reporting in similar fashion.
7. **Verification:** Ensures that the social accounts are audited by a suitably experienced person or agency with no vested interest in the organisation.
8. **Disclosure:** Ensures that the audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

13. **Give a short note on Industrial Licensing: New Policy**

The New Industrial Policy of 1991 comes at the center of economic reforms that launched during the early 1990s. All the later reform measures were derived out of the new industrial policy. The Policy has brought comprehensive changes in economic regulation in the country. As the name suggests, these reform measures were made in different areas related to the industrial sector. Private sector has given welcome in major industries that were previously reserved for the public sector. Similarly, foreign investment has given welcome under the policy. But the most important reform measure of the new industrial policy was that it ended the practice of industrial licensing in India. Industrial licensing represented red tapism.

The new policy contained policy directions for reforms and thus for LPG (Liberalisation, Privatisation and Globalisation). It enlarged the scope of private sector participation to almost all industrial sectors except three (modified). Simultaneously, the policy has given welcome to foreign investment and foreign technology. Since 1991, the country's policy on foreign investment is gradually evolving through the introduction of liberalization measures in a phase wise manner. The policy has brought changes in the following aspects of industrial regulation:

1. Industrial delicensing policy or the end of red tapism
2. Dereservation of the industrial sector
3. Reforms related to the Public sector enterprises
4. Foreign investment policy
5. Abolition of MRTP Act

14. Explain the Institutions for small Industry

1. **District Industry Centres (DICs):** The District Industries Centers programme was launched in 1978 for effective promotion of cottage and small-scale industries widely dispersed in rural areas and small towns. These centers are the focal points providing under one roof all the services and support required by small scale and village entrepreneurs. These serve as an integrated administrative framework at the district level for industrial development.
2. **Small Industries Service Institutes (SISIs):** The Small Industries Services Institutes (SISIs) are set up to provide consultancy and training to small entrepreneurs both existing and prospective. The activities of SISIs are coordinated by the Industrial management Training Division of the DCSSI's office. There are 28 SISIs and 30 Branch SISIs set up in State capital and other places all over the country.
3. **Small Industries Development Bank of India (SIDBI):** With a view of ensuring larger flow of financial and non-financial assistance to the small-scale sector, the Government of India set up the Small Industries Development Bank of India (SIDBI) under a special act of the Parliament in October 1989 as a wholly owned subsidiary of IDBI. The bank commenced its operations from April 2, 1990 with its head office in Lucknow. The SIDBI has taken the outstanding portfolio of the IDBI relating to the small-scale sector worth over Rs. 4000 crores. The authorised capital of SIDBI is Rs. 250 crores with a provision to increase it to Rs. 1000 crores.
4. **National Bank for Agriculture and Rural Development (NABARD):** The National Bank for Agriculture and Rural Development (NABARD) was established in 1982 for providing credit for the promotion of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promote integrated rural development and secure prosperity of rural areas.
5. **National Small Industries Corporation (NSIC):** NISC was set up in 1955 as a public undertaking. It is engaged in promoting and developing small- scale industries in the country. For this purpose, it has special schemes to meet the needs of technocrats, physically handicapped, scheduled castes and scheduled tribe entrepreneurs.

6. **Small Industries Development Organisation (SIDO):** Small Industries Development Organisation (SIDO) is the apex level organisation set up for policymaking, coordinating and monitoring agency for the development of small-scale industries. It maintains a close liaison with government, financial institutions and other agencies which are involved in the promotion and development of small-scale industrial units.
7. **Small Scale Industries Board (SSIB):** Government of India constituted the Small Scale Industries Board in 1954 to advice on the programmes and policies for the development of small-scale sector. This board is also known as the Central Small Industries Board. The SSIB consists of 50 members including the representatives of the Central and State Governments, the Reserve Bank of India, the State Bank of India, State Financial Corporations and non-officials.
8. **Khadi and Village Industries Commission (KVIC):** Khadi and Village Industries Commission was established in 1953 with the primary objective of developing khadi and village industries and improving rural employment opportunities. Its wide range of activities include training of artisans, extension of assistance for procurement of raw materials, marketing of finished products and arrangement for manufacturing and distribution of improved tools, equipments and machinery to producers on concessional terms.

15. Describe the Industrial Investment Bank of India Ltd.

The Industrial Investment Bank of India Ltd. IIBI was formed by transforming the Industrial Reconstruction Bank of India IRBI. It was set up by IDBI at the instance of the Government of India in April 1971 for rehabilitation of sick industrial companies. IRBI was incorporated under the Companies Act 1956 and renamed as the Industrial Investment Bank of India Ltd. in March 1997. Functions: IIBI offers a wide range of products and services such as:1. Term-loan assistance for project finance2. Short duration non-project asset – backed financing working capital/ other short term loans to companies3. Equity Subscription Asset Credit4. Equipment finance5. Investments in Capital Market and Money market instruments.

An investment institution is a corporation or trust company that manages, sells and markets investment products to the public. They can be privately or publicly owned (listed on the stock market). The main function of an investment company is investing, administering or managing funds or money on behalf of their clients. However, they can offer a variety of other investment services, such as;

- portfolio management, selecting and overseeing a group of investments,
- record keeping,
- legal,
- accounting, and

- tax management services.

16. Explain about the Industrial Finance Corporation of India (IFCI)

After the Second World War, there was a great need for the expansion of industries in India. Again with the introduction of planned industrial development, the industrial finance became inadequate to meet the requirements of industrial development of the country. Thus in July 1, 1948 the Industrial Finance Corporation of India (IFCI) was established by the Government under a special Act. The prime object of IFCI is to provide medium term and long-term finance to public limited companies and co-operative organisations. The authorized share capital of the IFCI is now raised to Rs. 20 crore. The IDBI, scheduled banks, insurance companies, investment trusts and co-operative banks are the shareholders of the IFCI. Later, by an amendment to the IFCI Act, private limited companies have become eligible to get financial assistance from IFCI. After the establishment of Industrial Development Bank of India (IDBI) in 1964, the IFCI became a subsidiary to the IDBI. Again on 24th March, 1993 the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Bill 1993 was passed in the Parliament in order to privatize the IFCI Now IFCI would be free to raise resources from the open market and face competition. The IFCI is authorized to advance long and medium term finance only to those companies which are engaged in manufacturing, mining, shipping and generation and distribution of electricity. Now the Corporation's capacity to advance loan or to assist a single concern is limited to Rs. 1 crore and the period of loans should not exceed 25 years. The corporation is charging rate of interest on loan at the rate of 11.25 per cent on rupee loan and 11.50 per cent on foreign loan. The corporation is giving more preference in advancing finance to (i) new entrepreneurs, (ii) projects aimed at exploring new areas of technology, (iii) prospect of the projects in earning foreign exchange, (iv) projects involved for producing inputs for raising agricultural production, (v) projects involved in the production of essential consumer goods, and (vi) projects located in notified list.

17. What are the Products come under Make in India Scheme? Explain it

1. **Tetra Pak (packaging)**

   This multinational and food packaging and processing company has been making in India for the last 30 years. They have excelled in the food-safe packaging and processing with their innovative technology even in the remote parts of the country. Tetra Pak is the number one manufacturing company in holistic food packaging and food processing. Tetra Pak is in a long-lasting Partnership with clients such as Amul, Parle Agro, and Coca-cola. As of 2015, It has more than 276 packaging machines, 4400 food processing units, and 312 distribution units all over the country. India is one of the largest and fastest-growing Tetra Pak markets in the world.

2. **IKEA (Furniture)**

IKEA has been working in India for the last 30 years, sourcing for its stores around the world. IKEA has provided direct employment to estimated 45,000 personnel and indirect employment in the supply chain to 400,000 people in India. IKEA opened its first store in India in August 2018. Now IKEA is operating three retail stores in India. IKEA has four land sites in India and looking for more in major Indian cities. Four land sites are in Telangana, Maharashtra, Karnataka, and Delhi/NCR.

3. **HALDEX (Slack Adjusters)**

HALDEX is one of the leading manufacturers of automatic and manual slack adjusters, automatic breaks adjusters, and air treatment products for commercial vehicles and trailers in India. It is also India's first automotive parts manufacturer that provides an emergency brake system with rollover control for trailers.

4. **ERICSSON (Mobile Phones)**

The partnership between India and Ericsson started in 1903 when Ericsson started supplying manual switchboards to the government of India. Since then, Ericsson has become an essential aspect of telecommunications in India, across mobile broadband, managed services, also exploring new sectors such as Indian Media and IT industries. In the wake of the Make in India initiative, Ericsson now has set up a manufacturing unit in Pune, Maharashtra. This manufacturing unit facilitates the local needs as well as South-East Asia, Middle East, and Sub-Saharan Africa markets.

5. **ASTRAZENECA (Pharmaceuticals)**

AstraZeneca India was established in 1979. It's headquartered is based in Bangalore, Karnataka. AstraZeneca deals in the research, development, and commercialization of innovative medicines in the healthcare and wellness sector. They are known for their work in cardiovascular/ metabolic disease, cancer, and respiratory, Inflammatory, and autoimmune diseases. AstraZeneca has employed over 1500 personnel across the country.

18. Explain the Eligibility Criteria & Registration Process for Make in India

1. **General Category:** In the General category, the Applicant entity should be an Indian company, the applicant's allied entity should not be banned, and applicants will include companies' trust as well as individuals.
2. **Technical Category:** In the Technical category, Vendors should be a manufacturing entity and not a trading company except in the case of OEM Participants. Must have a minimum of 2 years of manufacturing experience and previous experience of integration is required if the product involves an integration system.

3. **Financial Category:** In Financial Category, the Minimum average annual turnover for the last three years should not be less than 10% of the estimated cost. The net worth of entities should not be less than 5% of the estimated growth and the entity should have a minimum credit rating equal to the **CRISIL** rating.

Registration for Make in India

Once the applicant meets all the eligibility criteria for Make in India, they can register themselves and fill-up the form on the Make in India registration website. After thoroughly going through the applicant's proposal for make in India products and having a discussion about the future of the company can get approval. After getting approval applicants will get a Make in India registration certificate for the validity of the company and getting the right to use the official logo of Make in India. The government of India is offering various schemes to promote the future of Make in India initiative, IAS officers plays important role in the smooth functioning of government this is why to Make In India took the initiative to launch Make in India UPSC to prepare the future generation for government jobs and taking it a one step ahead. Make in India UPSC is giving employment opportunities to the general public to achieve the same goal even when they don't own a manufacturing unit.

19. Describe the MSME Loan Scheme 2020

1. **Pradhan Mantri Mudra Yojana (PMMY)**

   The Honble Prime Minister launched the Pradhan Mantri Mudra Yojana (PMMY) scheme on 8th April 2015. This scheme provides loans up to 10 lakh to non-corporate and non-farm small or micro-enterprises. These loans are classified as MUDRA (Micro Units Development and Refinance Agency Limited) loans under PMMY.

2. **MUDRA**

   MUDRA is a non-banking financial company (NBFC) which supports the development of MSMEs. MUDRA provides support by refinancing to banks, microfinance institutions (MFIs) and NBFC for lending loans to micro units having a loan requirement of up to 10 lakhs. Under this scheme, the loans are provided by Commercial Banks, Small Finance Banks, MFIs and NBFCs.

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

   The Prime Minister's Employment Generation Programme (PMEGP) is a merger of two schemes of Prime Minister's Rojgar Yojna (PMRY) and Rural Employment Generation Programme (REGP). This scheme focuses on generating self-employment opportunities to the unemployed youth and traditional artisans through micro-enterprise establishments in the non-farm sector

4. **Credit Guarantee Trust Fund for Micro & Small Enterprises (CGT MSE)**

Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI) together established the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). CGTMSE is established in order to implement a credit guarantee scheme for MSMEs.

5. **Credit Linked Capital Subsidy Scheme (CLCSS)**

The Credit Linked Capital Subsidy Scheme (CLCSS) renders a subsidy for technology upgradation to the MSMEs. This scheme provides 15% subsidy for additional investment up to Rs.1 crore for technology upgradation by MSMEs. Technology upgradation means induction of state-of-the-art or near state-of-the-art technology.

6. **Equity Infusion for MSMEs through Fund of Funds**

MSMEs face a severe shortage of equity. Venture Capital (VC) or Private Equity (PE) firms offer early-stage funding, but very few of them provide growth-stage funding. To encourage MSMEs to grow and get listed on stock exchanges, the Fund of Funds provides equity funding for MSMEs who have growth potential and viability.

7. **Credit Guarantee Scheme for Subordinate Debt (CGSSD)**

Credit Guarantee Scheme for Subordinate Debt (CGSSD) seeks to extend support to the promoters of the operational MSMEs which are stressed and have become NPA as on 30th April 2020. The promoters, in turn, will infuse this amount in the MSME unit as equity and thereby increase the liquidity and maintain the debt-equity ratio.

8. **SIDBI Make In India Loan for Enterprises (SMILE)**

The SIDBI Make in India Loan for Enterprises (SMILE) is intended to take forward the Government of India's 'Make in India' campaign and help MSMEs take part in this campaign. This scheme provides a soft loan in the nature of quasi-equity.

9. **MSME Business Loan for Startups in 59 Minutes**

The Government of India recently announced to offer MSME Business Loan for Startups in 59 Minutes. A new web portal was launched to provide loans to MSMEs in 59 Minutes. The processing of the loans for MSMEs on this online portal is fully automated.

10. **MSME Loan Scheme by Banks**

Banks and other lending institutions offer term loans and working capital loans to MSMEs. The working capital loans are offered to MSMEs by banks to fulfil their daily cash requirements. The term loans are offered to MSMEs for capital expansion, capital expenditure or buying fixed assets. Apart from term loans and working capital loans, the banks or financial institutions have different loan schemes which they offer to MSMEs.

20. **Explain about Mudra Loan Benefits.**

1. Banking and financial services can be availed in both rural and urban areas.
2. Financial backing can be obtained by micro-small businesses and start-ups.
3. Business loans can be taken for small amounts at affordable interest rates.
4. The borrower’s credit guarantee is taken by the government, so if a borrower is unable to repay the amount borrowed, the responsibility for the loss will be borne by the government.
5. Food vendors, shopkeepers and other small business owners can make the most of this scheme.
6. Financial aid is available through this scheme in areas where people have no access to basic banking facilities.
7. The repayment period of the scheme can extend up to seven years.
8. Women borrowers can avail the loan at discounted interest rates.
9. Refinance schemes can also be availed with designated lenders.
10. Individuals who wish to generate income through micro enterprise activities can avail the Micro Credit Scheme.
11. The Mudra loan scheme is in collaboration with the “Make In India” campaign which the government has initiated to foster innovation, facilitate investment, improve skill development, and build the best manufacturing infrastructure in the country.
12. There is no need for collateral or security to avail this scheme.
13. The funds borrowed through this scheme can only be used for business purposes.