

# Higher Education Institutions Role in Nurturing and Strengthening MSME's and Start- Up India Enterprises for Greater contribution to Indian Economy

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**Abstract:** National educational policy -2022 focusing on 5+3+3+4 education system then the gross enrollment ratio to higher education will gradually decline over period of time. The higher education institutions are required focus for their survival and existence, for more than three decades' higher education institutions (HEI) have enjoyed privilege and served to certain extent in providing higher education. However, particularly management school affiliated to universities and autonomous business school are going to face big challenges and problems enrollment to management education, significantly management education institutions will fade away. This article suggests the solutions to the problems that faced by MSME's and Start Up India enterprises through various initiative are recommended in the article. The solution to above problem recommends that, higher education institutions need to focus on for their survival through very selective services first one, offering research services, consultancy services, training services and teaching to practitioners working in various MSME's. Secondly, offering fellow program in management- full time and part-time, Executive Fellow program in management, third, innovative courses to serve the industry(MSME's). Further, these initiatives by higher education institutions create a win-win situation for higher education institutions and MSME's.

**Keywords:** Higher Education Institutions (HEI), Micro, Small and Medium Enterprises(MSME's), Indian Economy(IE), Selective Service(SS), Fellow program in management(FPM), Management education institutions(MEI) and Autonomous institutions(AI).

## I. INTRODUCTION

India celebrating Its'75<sup>th</sup> Independence day in the name of Azadi Ki Amratmahaostav. This event has brought very inspiring achievement by India, International Monetary Fund(IMF) announced on 2<sup>nd</sup> September 2022 that India overtaken the UK to become the world's fifth-largest economy and is now behind only the US, China, Japan and Germany. Further to reach India economy as \$5Trillion economy India has taken very proactive measures to attract Foreign Directive Investment(FDIs) and Foreign Investment Institutions(FIIs) and interestingly on July 2022, the Reserve Bank of India (RBI) approved international trade settlements in Indian rupees (INR) in order to promote the growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community. India secured 22<sup>nd</sup> position in World's most forward thinking nation survey conducted by CEO Worldmagazine. Ahead to India in this ranking are 1. United Kingdom2. Japan3. Germany4. Singapore5. South Korea 6. United States of America and so on so forth. This few achievements during azadi ki amrtmahaostva will inspire the nation to look forward to emerge as \$5Trillion economy (greater economy) in near future by contribution various sector in the economy. The article specifically highlight how MSME's can contribute to this cause and How higher education institutions can make their presence more meaningful supporting to MSME's.

### 1.1 Role of MSME's in Indian Economy

Since the formation, MSME has been the most dynamic sector of Indian Economy. They have helped promote the growth and development khadi and coir industries. They have also worked with various ministries of state governments and stake holders towards the upbringing of rural areas. MSME's have played an essential role in providing

employment opportunities in rural areas. They helped in the industrialization of these areas with a low capital cost compared to the large industries. Acting as a complementary unit to the large sector, the MSME sector has contributed towards the socio-economic development. MSMEs play an important role in employment in rural areas. Flexibility in operations, mobility through the locations, low rate of imports and a high contribution to domestic production are some of the important factors of MSME's.

### 1.2 MSME's Importance and Significant in Indian Economy

According to the MSME ministry data, there are about 6.3 crore MSMEs in India which contribute about 29% to the country's GDP from their national and international trade. The pandemic affected the entire country's economy, with the MSME sector being the worst hit. The share of the sector in manufacturing output is 33%. Around 50% of the total MSMEs operate in rural areas and provide 45% of the total employment. About 97% of the total employment in the MSME sector comes from the micro segment. The share of MSMEs in exports is 45%. The companies involved in exports are more profitable than the companies involved in serving the domestic market in India. As per the government data, 13% of registered MSME's are providing 42% of the total employment. These figures indicate that MSMEs play important roles to economic and social development, contributing to value-added activities, innovation and inclusive growth through the creation of job opportunities and their widespread presence in both urban and rural areas. India has more than 7.9 million micro, small and medium enterprises (MSMEs), as of 27 March, 2022. The MSME sector contributes in a significant way to the growth of the Indian economy — with a vast network of about 6.3 crore units producing more than 8,000 products and a share of around 30% in nominal GDP," said NITI Ayog, CEO, Amitabh Kant.

### 5 ways in Which MSME's play crucial role in strengthening the economy:

1. MSME's contribution to India GDP's is expected to increase
2. MSME's share of export is 45% and expected further to increase
3. Inclusive growth by employing 11 crore people, including unskilled workers.
4. Share of MSME's in manufacturing sector around 37%
5. 33% of Indian MSME's are into services as compared to 67% in manufacturing.

### 1.3 MSME's Major Challenges

1. Financial Support 2. Regulatory Issues 3. Infrastructure. 4 Low Productivity 5. lack of Innovation 6. Technical challenges 7. Competition and 8. Skill. The first three challenges are under purview of government. The other challenges of MSME's five challenges out of eight, can be addressed by higher education institutions, like low productivity, lack innovation, technical challenges, competition and skill. Addressing these challenges higher education institutions can do a research, then convert it into consultancy, then train the concerned employees in the organization and finally bringing these learnings to classroom teaching.

### 1.4 Stand Up-India Enterprises

Under the stand-up enterprise scheme, announced on 16 January 2016, the focus is on promoting entrepreneurship among Woman, and Scheduled Caste (SC) / Scheduled Tribe (ST) Entrepreneurs for promoting micro and small enterprises. It is targeted that each commercial bank branch in the country, particularly in rural, semi-urban, and urban areas, provides loan for at least two such projects in a year, one for each category of entrepreneurs. Bank loan will be in the range of `10 lakh to `1 crore per project. At least 51 per cent of the shareholding and controlling stake of the enterprise must be held by woman, SC/ST entrepreneur in each project. The scheme envisages upfront capital subsidy of 25 per cent of the project cost, to facilitate purchase of plant and machinery by existing as well as new enterprises. SC/ST enterprises are urged to participate in the public procurement policy of Central Public Sector Undertakings to the extent of 4 per cent of the CPSUs' annual purchases. This is part of the 25 per cent target applicable for micro and small enterprises. Looking at this initiative by the government, it is a big opportunity for HEIs providing and assisting the organisation to help to emerge as great companies in the near future.

**1.5 Addressing the Challenges of MSME's and Start Up India Enterprises by Higher Education Institutions**

Higher education institutions can address each challenge of MSME's as opportunity to design and offer the learning opportunities. Low productivity challenge can be address through research, consultancy and training by higher education institutions<sup>1</sup>. Encouraging learning oppurtutnies,<sup>2</sup> Provide employees training in technology<sup>3</sup>. Emphasize on company culture<sup>4</sup>. Strengthen communication protocols<sup>5</sup>. Identify and Align with Company goals with performance. Second, challenge lack of innovation, leader of MSME's can be informed and discussed with regarding build a culture of innovation in through fallowing steps 1. Embrace a Multi- Faceted Approach to innovation starting at the bottom of the organization.<sup>2</sup>. Empowering employees to create a value in the process and product innovation. <sup>3</sup>.Choose an approach to innovative metrics wisely. The third challenge is Technical challenges; these challenges can be addressed 1. Work with the HR team to create experiences with your employees through the technology. <sup>2</sup>.Elimate tools are being that are bogging your employees and hampering their productivity. They should feel comfortable working in a new environment.<sup>3</sup>. Inspire the employees through organizational change and development.The fourth challenge is competition; it is most concern issue for all MSME's. they need to train in competitive analysis and how best then can serve international market and domestic market. MSME's have thrived in the auto sector. India is largest auto industry in the world and makes 25.3 million vehicles, against 17.5 million in the US and 12.6 million in Europe. This one example is potential for MSME's to focus on Quality Circles and Total Quality Management issues, six sigma practices, stock control and Inventory Management. Supply chain management. Final challenge is Skill orientation. The skill of human resources in the organisation categorised functional, self-management and special knowledge. Functional skills are abilities or talents that are inherited at birth and developed through experience and learning. Examples are: making decisions, repairing machines or calculating taxes. Addition to this organisational and people skills, operation skill and systems skills for the human resources in the organisation can trained and development over period of time.

Higher education institutions(HEI) now time has come to focus on above mentioned area to assist and resolve the challenges that are faced by MSME's. HEIs can provide research service, consultancy services and training and development services. HEI's can explore the situation/conditions for offering fellow programme in management for exclusive promoter of the enterprise, senior executives and board members. It includes full-time and part-time fellow programme. The objective of fellow programme to enhance the institute's aim of supporting high-quality research and instruction. Encourage application-oriented research in order to benefit industry, commerce, and business. To promote research that is multidisciplinary, cross-cultural and cross functional. Fellow programme research targeted exploratory, uncovering, exploring the business challenges, explanatory means testing and understanding causal relations and finally predicting research where assess the business predicting scenarios what might happen in various scenarios. Addition to these higher education institutions should start Executive Management programme and Family business courses need to start by Business schools.

HEI's can offer certificate and diploma courses HEI depend on duration<sup>3/6/9</sup>months courses. The purpose of certificate course is to demonstrate that specified requirements are met. The requirements are usually based on international standards for domestic market and international market. Faculty members in management institutions act as consultants to MSME's and Start Up India enterprises in advising, providing information, provides insight and recommendations to help clients reach goals and solve problems.

**II. CONCLUSION**

The higher education institutions assist MSMEs can gain profits through product innovation, diversification, and strategic diversion from slow growth traditional products to high value added growth products, and adoption of aggressive marketing strategies. Directions for the future can include: formation of consortia, cluster associations, and strategic alliances with higher education institutions for intellectual support make the business to happen in domestic and international market. Special attention needs to be paid to promote research and development, quality assurance, innovation and incubation centres in educational institutions is a must and application of information technology tools. MSMEs and Start up India need to be supported with conducive policy environment between higher education institutions and MSME's for enabling them to make greater contribution to strengthen the economy.

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