

## **Small and Medium Entrepreneurship Development in India: Trends, Opportunities & Challenges**

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### Abstract

The concept of entrepreneurial development involves equipping a person with the required information and knowledge used for enterprise building and polishing his entrepreneurial skills. In these days, entrepreneurial development programmes are treated as an important tool of industrialization and a solution of unemployment problem of rural India. The Small and Medium Enterprises (SMEs) play a catalytic role in the development process of most economies as they constitute a major part of the industrial activity in these economies. This is reflected in the form of their increasing number and rising proportion in the overall product manufacturing, employment, technical innovations and promotion of entrepreneurial skills. The contribution of SMEs in the development of Indian economy has been significant, both in terms of contribution to GDP and creation of employment opportunities. They contribute around 20% of GDP and are the largest generator of employment (approximately 25 million). In India, SME sector is the second largest employer, after agriculture. With the Indian economy growing at more than 9 per cent and size of the economy crossing the \$1 trillion mark, the need of SMEs to raise capital are becoming increasingly critical.

Despite of the importance of the MSMEs in Indian economic growth, the sector is facing challenges like absence of adequate and timely banking finance, Limited capital and knowledge, Non-availability of suitable technology, Low production capacity, Ineffective marketing strategy, Constraints on modernization & expansions, Non availability of skilled labour at affordable cost, Follow up with various government agencies to resolve problems due to lack of man power and knowledge etc. So keeping in view the challenges faced by MSMEs in India efforts should be made to focus on various opportunities like employment generating sector, use of Globalization as a new opportunity for the MSMEs and organizing trade fares and exhibitions may play a vital role in the growth MSMEs in India.

**Keywords:** *Entrepreneurial development, small and medium enterprises, marketing ecosystem, make in India.*

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**Introduction:**

Entrepreneurial development is a systematic and an organized development of a person to an entrepreneur. The development of an entrepreneur refers to inculcate the entrepreneurial skills into a common person, providing the needed knowledge, developing the technical, financial, marketing and managerial skills, and building the entrepreneurial attitude. Entrepreneurial development programmes may be defined as a programme designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. There is great importance of entrepreneurship development programmes to promoting micro, small and medium enterprise for the growth of nation building. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

The Sector consisting of 36 million units, as of today, provides employment to over 80 million persons. The Sector through more than 6,000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country. The MSME sector has the potential to spread industrial growth across the country and can be a major partner in the process of inclusive growth.

Prof. David C. McClelland was the person who for the first time carried out Kakinada experiment on entrepreneurship development training during the mid 1960s. He postulated that (i) the need for high achievement was an essential ingredient for the emergence of entrepreneurs and (ii) that it could be developed. He tested hypothesis in a few training programs in Kakinada, Hyderabad and Bombay in India and Barcelona in Spain. The results indicated that it was possible to develop even the poor, illiterate, disadvantaged and other non business communities into entrepreneurs and help them to set up and operate their own enterprises with appropriate training and counseling interventions.

A 3-month training approach known as entrepreneurship development programme (EDP) which laid emphasis on (i) setting up a small venture (ii) managing it; and (iii) making profits out of it, was evolved in Gujarat, during 1969-70. The programme was meant for new and

selected entrepreneurs who had latent entrepreneurial potential. This programme which began as an experiment by Gujarat State Industrial Corporation started gaining momentum at the national level in the early seventies. There was a need to spread the programme to all the districts of Gujarat which ultimately led to the creation of the Centers for Entrepreneurship Development (CED) in Ahmedabad in 1979. It was the first specialized institute of its kind in the country, exclusively devoted to the task of entrepreneurship development. Encouraged and impressed by the success of CED, All India Financial Institution, viz., Industrial Development Bank of India (IDBI), Industrial Financial Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI) and State Bank of India (SBI) with active support of the Government of Gujarat, sponsored a national resource organization, viz., Entrepreneurship Development Institute of India (EDI-I) in 1983.

It was entrusted with the task of spreading and institutionalizing ED activities in the country. The Government of India has set-up three national-level Entrepreneurship Development Institute in India. These are the National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad; the National Institute of Entrepreneurship and Small Business Development (NIESBUD) in NOIDA and the Indian Institute of Entrepreneurship (IIE) Guwahati. Similarly with the help of National Academy of RUDSETI, Ministry of Rural Development takes a initiative to promoting micro, small and medium enterprise all over the nation through set of Rural Development Self Employment Training Institute (RUDSETI) and Rural Self Employment Training Institute (RSETI). Subsequently, some of the state governments, with the support of all Indian financial institutions also took initiative in establishing state-level Institutes of Entrepreneurship Development (IEDs), like IED Lucknow, IED Bhubaneswar (Orissa), IED Patna (Bihar) or state centres such as Maharashtra Centre for Entrepreneurship Development, Bhopal, Centre for Entrepreneurship Development of Karnataka, Dharwad (Karnataka) in order to take the ED activities down to grass-roots level.

Further, in order to improve the success rate of the EDP trainees in the establishment of new enterprises, the Ministry has recently launched a new scheme, namely, Rajiv Gandhi Udyami Mitra Yojana. The main objective of this scheme is to provide handholding support to first generation entrepreneurs, through designated lead agencies i.e, 'Udyami Mitras'. Under this scheme,' the 'Udyami Mitras' would provide guidance and assistance to the potential entrepreneurs registered with them, in preparation of project report, arranging finance, selection of technology, obtaining various approvals, clearances and NOCs etc. The role of

Entrepreneurial Development Programme (EDP) in the process of economic development and growth of a nation is immense. It is the EDP through which the entrepreneurs learn the required knowledge and skill for running the Micro, Small and Medium enterprise successfully which ultimately contribute towards economic progress.

### **Recent Trends on Small and Medium Entrepreneurship:**

Since 2014, small and medium-sized business owners have experienced year-over-year improvement of business results, and they are optimistic about the current economic environment. According to a recent survey, 56 percent of local business owners plan to increase their marketing budgets in 2016, with a big focus on digital marketing. Marketing channels that will see the biggest investment include email, social media, display, mobile and search (SEO/PPC) (<http://www.lsainsider.com>). Business owners continue to focus on three core areas that will shape the marketing ecosystem as a result:

#### **1. Social media:**

The majority of SMBs now have some kind of social media presence, whether on Facebook, Twitter or other emerging platforms -- and they're becoming more mature in their use of these platforms. We often see SMB owners who think it's a form of marketing to simply post updates about their businesses, regardless of who's paying attention or interacting with the message being delivered. But this isn't marketing, and is essentially like talking to an empty room. While the number of "likes" or followers of businesses are important, SMBs need to be engaged in constant conversation with their customers, responding to inquiries, soliciting feedback and creating the perception that the business is accessible and interested.

SMBs also need to be thinking about what they can do to connect beyond their core "friends and family" network. Facebook, Twitter and other platforms also offer paid media opportunities to serve targeted ads to potential customers in addition to simply engaging their existing followers. By determining the characteristics of their core customers, businesses can create look-alike models to execute pay-to-play campaigns that can actually drive new business leads, going beyond just "likes" and shares.

Lastly, with regards to social media, it's said you can't buy what you can't measure. SMBs must educate themselves on the rudiments of social media measurement to get a basic grasp of whether awareness, likes and site visits correlate with business goals, especially sales.

## **2. Customer relationship management (CRM):**

Digital channels such as email, social media, SMS (texts) and POS are all conduits for ad retargeting and nurturing your customer relationships. Each time a potential or return customer encounters your brand, incremental data is collected, which SMBs can analyze to make future exposure more meaningful. Little by little, as customers engage with your brand, a long-term relationship develops.

SMBs are moving towards adopting more robust CRM systems that allow them to go beyond simple email distribution lists and connect all their digital channels. For example, a local boutique proprietor of clothing with several stores around the region can use a combination of digital and physical communications to manage local customer relationships.

They may provide an in-store “guest book” for customers to sign and provide basic information such as email, snail-mail address and birthday. Using that information, the SMB can start a friendly but unobtrusive correspondence via email with special offers to loyal V.I.P. customers and complement those communications with text reminders about weekend in-store sales or a hand-written birthday card mailed to homes. The store can also remind customers of those sales via social ads, and drive conversation to their Facebook page for additional interaction or promotion of specific pieces of clothing to generate more excitement. Customer relationship management will come front and center over the next 12 months, moving from the enterprise down towards the small businesses that form the base of our economy.

## **3. High touch is in, self-service is out:**

In 2015, SMBs were overwhelmed with marketing options, all designed to allow business owners to quickly get online and reach new customers. Spurred on by the introduction of Google AdWords, “DIY” became the approach most marketing vendors pushed SMBs towards – thinking it was the easiest strategy for both the business owner and the vendor.

Now seeing a robust segment of small and medium business proprietors who adopt a “DIFM” – Do It For Me – or “DIWM”—Do it With Me – attitude. Service expectations are rising with businesses are fatigued by trying to figure it all out on their own. They want to understand what is working and what is not, and they want help in doing so. Over the last five decades, the SME sector has grown vibrant and dynamic with more than 48 million SMEs existing currently.

SMEs contribute to 40% of the country's exports and create 1.3 million jobs annually. From banks to government, everyone is taking note of the SME sector and its potential of economic growth. This sector has played a great role in job creation, enabling the entrepreneurial spirit and fostering innovation. In financial year 2014-15, the government allotted a Rs. 10,000 crore fund for the MSME sector, out of which Rs. 200 crore were earmarked for setting up a technology centre network. With various forward looking policies, we can expect things to fall into place.

From government policies to rising e-commerce and digital technology at their disposal, SMEs can look forward to various trends in the future. Here are the 4 future trends for the Indian SMEs and how they can open growth avenues for this sector.

### **Uprising trends that can help SMEs achieve their full potential.**

1. **The Growth of E-Commerce and How It Benefitted SMEs:** E-commerce has been gaining traction in India and large a number of SMEs are going digital and making their presence felt in the online world with 43% of them participating in online sales. According to a report by KPMG, the Indian e-commerce sector is expected to cross USD 80 billion by 2020, and by the next decade it will change the way small and medium businesses operate. We can see the change even now, but still have a long way to go! In a time when the SME sector was struggling with competitive pressures, ecommerce came as a boon to help their business platform get an edge. Ecommerce portals such as Snapdeal and Flipkart let manufacturers reach consumers directly and engage with them on a broader scale. The world of ecommerce isn't just a short cut to reach a wider audience by improving geographic accessibility; it also ensures a better consumer experience and higher profit margins.
2. **SMAC – From Hot Trend to Business Reality:** The trend of Social, Mobile, Analytics and Cloud (SMAC) has been buzzing around the world and it would be great if Indian SME sector turned it into a business reality. SMEs can play a pivotal role in adoption of SMAC as it would open up great opportunities of revenue growth and operational efficiency. With such technologies at their disposal, small businesses will find it easier to define business strategies and get a level playing field to compete with larger players. Three factors have been preparing this sector to adopt the trend of SMAC. These include:
  1. Emergence of young middle class in India

2. Rise of social networking sites in the country.
3. The base of social networks in India is expected to increase to 550 million by 2020.
4. Penetration of technology into urban and rural areas.

SMAC technologies can help SMEs in supporting their multiple needs including financial independence, marketing, sales, access to knowledge and decision making. The advanced, pervasive and affordable SMAC technologies can open up huge opportunities for the SME sector and lead a new wave of growth.

- 8. Boost from Government Schemes:** There are a number of government policies providing financial and technical support to small and medium enterprises. Government initiatives such as ‘Make in India’, ‘Startup India’ and ‘Skill India’ are aimed at enabling the growth of SMEs in India and promote an entrepreneurial culture. Initiatives such as ‘Make in India’ aim to increase the growth of manufacturing sector by 12-14% per annum and increase its share of GDP to 25% by 2025. Such initiatives are aimed at imparting the right skill sets and technological depth.

#### **Make In India: Major Opportunities for Indian MSMEs:**

The major changes brought by the government have promised a brand new world of opportunities to the MSME sector. Here’s counting the most lucrative and intensive prospects from the lot.

##### **i. Defence and Aerospace Equipment Manufacturing**

To reduce the dependence on imports, Government of India has taken a lot of initiatives under the **Make in India** campaign to indigenize defense and aerospace equipment. These initiatives include providing licenses to Indian companies for making defense equipment like artillery guns, military aircraft, armoured fighting vehicles, UAVs, radars and warships in India, and easing exports norms. The current focus is on developing an environment to promote supplies of defense equipment to acquire at least 25% of total procurement from MSMEs. For making the process of defense acquisition much simpler and transparent, Union Defence Ministry has also launched a new website [www.makeinindiadefence.com](http://www.makeinindiadefence.com).

MSME Tool Rooms provided nearly 10 strategic components for India’s Mangalyaan, the ISRO’s pioneer mission and India’s maiden space mission to Mars. The MSME sector also made vital contribution for other space satellites including Chandrayaan-1. Now, Chandrayaan-

2, country's second moon mission is set to be launched till 2017. India is also planning to launch other ambitious projects, such as an earth observation satellite and global sea traffic monitoring system. These projects hold a lot of promise for the MSME sector in India. As a result of low-cost ingenious and niche manufacturing capabilities, comparative benefits of advanced engineering, ability to quickly adapt to new technologies and inexpensive local skills, many international companies are aggressively looking for partnerships with Indian MSMEs for mutual benefits.

## **ii. Opportunities Galore for Automobile and Auto Components Manufacturers**

The government of India has recently announced to introduce the lithium ion powered battery bus to ferry MPs under "Make in India" project which will check on rising pollution levels. This innovative joint work by India, US and France, will be headquartered in New Delhi and is expected to have a huge positive impact on controlling the limit of gas emissions. Such buses will encourage new generation of entrepreneurs to divert their focus on doing research and making batteries. Besides, Chairman of Maruti Suzuki India Ltd, Mr. R C Bhargava recently said that there are diverse opportunities for MSMEs dealing with manufacturing of auto components. Several initiatives by Indian government and other automobile giants are expected to transform India into a leading manufacturer in the global market of Two Wheeler and Four Wheeler market by 2020.

## **iii. Great News for the Tech-Based Businesses**

Government has announced a provision of venture capital fund worth INR 10,000 crore and technology centers fund of INR 200 crore in the Union Budget of 2014-15. Digital India initiative has also been taken by government to promote service and manufacturing capabilities of MSMEs in ICT (Information and Communication Technology) sector. Such initiatives clearly signify that the government of India is keen to support development of technology based MSMEs. With such a remarkable investment, there is huge scope for business owners venturing in tech-based models or are already struggling in that field. Being the second largest IT start-ups producer in the world, India will definitely be benefited with this move. MSMEs have started strategizing how to gain access to international markets for availing tremendous business opportunities and expanding their business.

## **iv. Plethora of Opportunities for Gadget Manufacturers**



Government is putting so much effort to take India digitally ahead by electronically connecting to rural areas. There is a lot of scope for MSMEs indulged in manufacturing affordable handsets, mobile phones, and other digital and electronic equipment. Government has also proposed to establish a nodal agency 'National Electronics Mission' in 2016, for electronics industry based MSME. Almost all major appliance makers have come forward to increase their production in India, including Haier, Videocon and Samsung.

The initiative has already started benefiting Indian electronic devices manufacturers like Vivo Mobile India which has started manufacturing smartphones in Uttar Pradesh. There has been a huge dependency on imported mobile handsets. According to a recent report, India imported 460 million handsets last year of worth \$12 billion. This unavoidable outgo in foreign exchange is a sufficient reason to boost up manufacturing of mobile handsets within Indian Territory. These are the much talked about initiatives that are planned to be taken under 'Make in India' project. Many foreign companies have come forward to invest in manufacturing in India. With this pace of growth, 'Make in India' will soon be considered as a highly successful initiative taken by government for the growth of India's manufacturing industry.

Many states have actively set up training centers to impart knowledge and enhance skills to entrepreneurs and business owners. Some state governments such as the Maharashtra government also offer power tariff and tax refunds. The government has started various schemes to increase competitiveness, productivity and capacity of SMEs. 'Cluster Development Programme for Enhancing Productivity' is one such scheme. The government has also started MUDRA scheme to provide better financial access to micro and small enterprises.

#### **4. How FinTechs Are Paving the Road to Growth**

Small businesses that were typically kept at bay with the financial system have found some relief with the financial technology or FinTech enterprises. FinTechs have created a huge impact on SMEs by making financial help accessible and affordable. Advancement in data collection technology is making it possible for such institutes to open new avenues to access finances. With their enhanced speed, transparency and quick loans, fintechs are making it possible for SMEs to focus on their business rather than worrying about gaps in their cash-flows. Biz2Credit is one such platform that brings borrowers and lenders together and provides easy access to finances to small businesses. With such hot new trends and growing support, there wouldn't be a better time to make your small business grow and seek new avenues.

**Major Challenges:**

1. ***Culture shift:*** India has experienced nearly two centuries of colonial influence followed by a half century of socialistic policy leanings, and neither of these contexts favour free private enterprise. The shift to an entrepreneurial culture is a recent phenomenon, which is yet to transform the traditional middle-class mindset of business being "the refuge of the incompetent and the unscrupulous" and of salaried jobs being a secure option in an uncertain world. This culture is gradually changing with social acceptance of new alternatives and growing appetites for risk. The shift to nuclear families and high mobility has also reduced social pressures to conform. In most areas, the gaps are many and competition is limited, hence a large opportunity exists for entrepreneurial initiatives.
2. ***Disparity:*** The entrepreneurial ecosystem is evolving every day with the birth of new support agencies (both government and private initiatives) to meet the growing needs of entrepreneurs; yet, it has a long way to go to address the needs of a country as large as India. The rapid growth of a support system is concentrated in certain pockets of urban development centres, mainly in the technology hubs limited to metropolitan areas and some state capitals. The distribution of facilities though uneven is fast spreading, and the benefits of the developing economy are gradually percolating to the remote geographies and to the demography at "the bottom of the pyramid" thanks to increased social entrepreneurship. The equitable distribution of the benefits of economic growth and development has caught the attention of many socially inclined entrepreneurs. Hopefully, the glaring disparity in wealth distribution can be made less stark by providing an even playing field.
3. ***Foreign influence:*** The growth of the Indian economy is service oriented with a heavy dependence on export. The domestic demand is low due to stagnant primary and secondary sectors of the economy. A huge spate of economic reforms is the need of the hour to boost domestic agriculture and the industrial sector to create indigenous demand for services and to develop the domestic markets. A heavy dependence on foreign economies makes growth unstable and vulnerable to external uncertainties. That the need for this balance is being recognized at different levels and that policy reforms for promoting the neglected sectors of the economy are being initiated are good signs. A heavy investment in infrastructure development and business-friendly regulations being

planned to improve the country's ratings in terms of the ease of doing business and to attract foreign direct investment and foreign institutional investment, if successfully implemented, can open doors to new possibilities for entrepreneurs.

4. ***Lack of success stories:*** The success of predecessors opens doors for those who follow. India needs more entrepreneurial success stories to feed on and motivate the next generation to embrace the difficult but rewarding entrepreneurial journey. Rags to riches success stories of early Indian entrepreneurs associated with Infosys, Flipkart, Naukri, Makemytrip, Biocon, Dr. Reddy's, Red Bus, and the like are giving rise to new hopes and aspirations in the masses. The blooming SME sector reflects the strength of a country's economic ecosystem. India needs to recognize and reward its risk takers and promote entrepreneurs of all hues as the growth engines of the economy. Having tunnel vision about what success consists of and what is considered an achievement for an entrepreneur may restrict the diversity of initiatives. The ecosystem needs to support all segments of entrepreneurial effort without discrimination or bias for set categories.
5. ***Social entrepreneurship:*** India suffers from inequitable distribution of wealth, with 42% of its large population living below the international poverty line of \$1.25 USD per day (UNICEF, 2008). Many are still deprived of the benefits of economic growth and the technology revolution. To achieve inclusive growth for all economic sections of the society, another trend is social entrepreneurship, which aims to create enterprises that will impact the lives at the bottom of demographic pyramid. For example, the penetration of mobile technology to the remotest geographies and the lowest economic strata is proving to be the most helpful tool in reaching out to this segment, and social entrepreneurship funds and incubators are now available with exclusive focus on this sector. Incubators such as Villgro, the Rural Technology and Business Incubator (RTBI), Periyar Technology Business Incubator are exclusively focused in this area while others such as the Centre for Innovation Incubation and Entrepreneurship (CIIE) and the Deshpande Foundation are increasing efforts to identify scalable models in social enterprises. Funds such as Ennovent, Dasra, and UnLtd India are trying to systematically invest in scalable social enterprises. Because there are large gaps in this sector, the potential and scope for innovation is also high.
6. ***Funding:*** Although the traditional banking and financial industry has rules and regulations that favour the industrial sector, which is more oriented towards secured

debt, new equity-investing arms are coming up in most public and private financial institutions to support the service sector. Private seed and angel funding besides private equity and venture capital funding are fast growing, primarily in funding technology ideas that have a shorter life cycle and rapid scalability potential.

7. **Technologically Handicapped:** Technology plays a crucial role in the development of SMEs. Technology not only helps in evolving a multipronged strategy but also in maximizing business opportunities for these enterprises. Technologies for SMEs should aim at fuelling innovation and business agility. They should be easy to integrate with existing systems and processes, and help in leveraging communication and information management. Today, most SMEs in rural areas undertake manufacturing using old methods and outdated technology. But today, the competition is fierce, unlike in the past, when buyers were simply looked forward to purchasing the best products at the lowest prices. There are additional challenges to be met. The influx of low-cost products from China has made it even more difficult for Indian manufacturers to compete solely on the price front. China is considered the world's manufacturing backyard, due to its low manufacturing and labour costs when compared to those in India.
8. **Upcoming Market Trends And Information:**  
One of the factors limiting the growth of SMEs is the lack of adequate information. Once SMEs start the business, they may be interested in knowing about the suppliers of specific machinery that suit their needs, technical information and market trends for their products. This information is rarely available at the grassroots level.
9. **New Product Development:**  
The SME market requires a strong new product development base. In India, most SMEs work on the designs given to them by domestic or foreign buyers. There is very little innovation in product design development, and even the technology used by the SMEs in India is Outdated. This has direct implication on the profit margins, and a dip in productivity levels. The use of traditional tools, old techniques, poor labour productivity, they have not been used to a large extent, resulting in no substantial effect on the output.

## **Opportunities for Small and medium enterprise in India:**

There is certainly no formula to become a successful entrepreneur. Some may succeed and make good profits, others sink along the way. Which are the most lucrative sectors for entrepreneurs? Here's a list of 20 good opportunities entrepreneurs can look at...

**1. Tourism:** Tourism is a booming industry in India. With the number of domestic and international tourists rising every year, this is one hot sector entrepreneurs must focus on. India with its diverse culture and rich heritage has a lot to offer to foreign tourists. Beaches, hill stations, heritage sites, wildlife and rural life, India has everything tourists are looking for. But this sector is not well organised. India lacks trained professionals in the tourism and hospitality sectors. Any business in this sector will thrive in the long run as the demand continues to grow every year. Foreign tourist arrivals during January-March were 15.63 lakh with a growth rate of 12.8 percent, compared to 13.86 lakh during the first three months last year.

**2. Automobile:** India is now a hot spot for automobiles and auto-components. A cost-effective hub for auto components sourcing for global auto makers, the automotive sector is potential sector for entrepreneurs. The automobile industry recorded a 26 per cent growth in domestic sales in 2009-10. The strong sales have made India the second fastest growing market after China. India being one of the world's largest manufacturers of small cars with a strong engineering base and expertise, there are many segments that entrepreneurs can focus on in India's automobile and auto components sector.

**3. Textiles:** India is famous for its textiles. Each state has its unique style in terms of apparels. India can grow as a preferred location for manufacturing textiles taking into account the huge demand for garments. Places like Tirupur and Ludhiana are now export hubs for textiles. A better understanding of the markets and customers' needs can boost growth in this sector.

**4. Social ventures:** Many entrepreneurs are taking up social entrepreneurship. Helping the less privileged get into employment and make a viable business is quite a challenge. There are many who have succeeded in setting up social ventures. With a growing young population in rural areas who have the drive and enthusiasm to work, entrepreneurs can focus on this segment.

**5. Software:** India's software and services exports are likely to rise with export revenue growth projected at 13 to 15 percent to hit about \$57 billion by March 2011. With one of the largest pool of software engineers, Indian entrepreneurs can set higher targets in hardware and software development. The information technology enabled services have contributed substantially to the

economy. With more companies outsourcing contracts to India, business to business solutions and services would be required. Entrepreneurs can cash in on the rise in demand for these services with innovative and cost effective solutions.

**6. Engineering goods:** India continues to be one of the fastest growing exporters of engineering goods, growing at a rate of 30.1 per cent. The government has set a target of \$110 billion by 2014 for total engineering exports. Entrepreneurs must capitalise on the booming demand for products from the engineering industry.

**8. Education and Training:** There is a good demand for education and online tutorial services. With good facilities at competitive rates, India can attract more students from abroad. Unique teaching methods, educational portals and tools can be used effectively to make the sector useful and interesting.

**9. Food Processing:** India's mainstay is agriculture. Entrepreneurs can explore many options in the food grain cultivation and marketing segments. Inefficient management, lack of infrastructure, proper storage facilities leads to huge losses of food grains and fresh produce in India. Entrepreneurs can add value with proper management and marketing initiatives. The processed food market opens a great potential for entrepreneurs be it fast food, packaged food or organic food. Fresh fruits and vegetables too have a good demand abroad. A good network of food processing units can help potential exporters build a good business.

**10. Corporate demands:** There will be a good demand for formal attire with more companies opening their offices in India. People who can meet this demand in a cost effective way can make a good business. With corporate gifting getting very popular, this is also a unique business to explore.

**11. Ayurveda and traditional medicine:** India is well known for its herbal and ayurvedic products. With increasing awareness about the ill-effects allopathic medicines, there will be a huge demand for cosmetics, natural medicines and remedies.

**12. Organic farming:** Organic farming has been in India since a long time. The importance of organic farming will grow at a fast pace, especially with many foreigners preferring only organic products. Entrepreneurs can focus on business opportunities in this sector. There are many small-time farmers who have adopted organic farming but the demand is still unmet, offering many opportunities for those who can promote organic farming on a large scale.

**13. Media:** The media industry has huge opportunities to offer young entrepreneurs. With the huge growth of this segment, any business in this field will help entrepreneurs reap huge benefits. Television, advertising, print and digital media have seen a boom in business.

Digitisation, regionalisation, competition, innovation, process, marketing and distribution will drive the growth of India's media and entertainment sector, according to Ficci.

**14. Packaging:** With China invading the markets with cheap plastic goods and packaging materials, there is a good opportunity to develop good packaging materials to meet domestic and foreign demand. There is a huge demand various sectors like agriculture, automotive, consumer goods, healthcare infrastructure and packaging sectors for plastics.

**15. Floriculture:** India's floriculture segment is small and unorganized. There is a lot to be done in this lucrative sector. The global trade in floriculture products is worth \$9.4 billion. With a 8 per cent growth, it is expected to grow to \$16 billion by 2010. India's share in world trade is just 0.18 per cent. This is a huge market to be tapped considering the rising demand for fresh flowers. More awareness and better farming and infrastructure can boost exports.

**16. Toys:** Another evergreen industry is toy manufacturing. India has potential to manufacture cost effective and safe toys for the world. With Chinese toys being pulled up for toxins, the market for safe and good quality toys beckons Indian entrepreneurs.

**17. Healthcare sector:** India's healthcare sector is dismal. The private sector can play a vital role in developing this sector. With medical tourism also gaining momentum, the sector can attract foreigners who are looking for cost effective treatment in countries like India.

**18. Biotechnology:** After the software sector, biotechnology opens a huge potential. Entrepreneurs can look at a plethora of options with the application of biotechnology in agriculture, horticulture, sericulture, poultry, dairy and production of fruits and vegetables.

**19. Energy solutions:** In a power starved nation, the need to develop cost effective and power saving devices is gaining more significance. There is a huge demand for low-cost sustainable energy saving devices as well. The government has already unveiled the National Solar Mission which has set a target of 20,000 MW of solar generating capacity by the end of the 13th Five Year Plan. Prime Minister Manmohan Singh had urged the industry to see the huge business opportunity and set up 'Solar Valleys' on the lines of the Silicon Valleys. These solar valleys can become hubs for solar science, solar engineering and solar research, fabrication and manufacturing. So there is a big opportunity for entrepreneurs in this sector as well.

**20. Recycling business:** E-waste will rise to alarming proportions in the developing world within a decade, with computer waste in India alone to grow by 500 per cent from 2007 levels by 2020, according to a UN study. This sector opens a viable business opportunity for entrepreneurs in terms of e-waste management and disposal.

**Recommendations:**

1. Introduction of easy financing and credit tools in order to compete with large scale enterprises and other global counterparts, it is important that they are provided easy and affordable funding opportunities to obtain credit. With limited working capital, key for MSMEs is low cost finance that is available from Public Sector Banks (PSBs). In order to retain growth for MSMEs, the government must work towards establishing an environment that simplifies access to finance and creates transparency in how banks and credit agencies decide sanction credit funding terms. The measures taken by the government should be such that it is easy for MSMEs to obtain a term loan from banks without high emphasis on collaterals and complex paper work and at reduced interest rates. The measures should include standard project appraisal system in banks, reduce transaction costs in imports/exports, encourage for cluster financing by creating MSME hubs and insurance coverage to Banks advances towards MSME.
1. It is highly recommended that along with the EDP training institute there should be a credit cell to help the beneficiaries for getting credit linkage.
2. Effective government support mechanisms in all cases, government interventions should be carefully designed and better evaluated with a view to accurately measure their achievements in terms of outreach and leverage. Partial credit guarantee schemes should remain an important form of intervention. Key guiding principles on such schemes should contain guidelines on eligibility criteria, coverage ratios, scalable credit approval mechanism, fees, payment rules, use of collateral/down-payment, and equity ratios, among other parameters.
3. There must be conduction of training and development programs by the MSME ministry. The currently running programs are not so effective and sufficient. One of the important reasons for slow intake in the utilization of schemes is the lack of knowledge about schemes and their likely benefits. The current knowledge dissemination system is limited in its outreach. There is a need to develop a better communication strategy and use of new age media tools.



4. There should proper research and development in respect of innovative method of production and service rendering. The innovative products will provide the cheaper products and the MSME'S will be able to cope up with the situation
1. Educational institutions could offer a deferred placement processes, could encourage students work on their venture idea, instead of an internship or project, alumni entrepreneurs could be utilised as mentors and create an angel investment pool for students at their respective universities.
1. Creation of campus companies would improve learning. Often the youth do not want to engage in this, as it is stressful, ambiguous, has no structure and in the initial years' one has no free time. Through the exposure, they can make up their minds accordingly – understanding that all ideas are not opportunities, needs recognition.
2. Ventures of varied sizes, family managed businesses, corporate entrepreneurship, and franchisees amongst others need to be encouraged. Calculated risk taking need to be encouraged. Many are of the opinion that one should start young by learning how to create and sell small products & services, which are the laboratories of experience.

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