ASSIGNMENT

INSTITUTIONAL SUPPORT TOMSME's

Course Code: BERE141

Maximum Marks: 100

Answer any five questions. Each question carries 20 marks

Q1.Outline the provisions of the MSME Development Act, 2006

Q2.Examine the role SFCs and SIDCs play in the development of MSMEs.

Q3. Explain in brief the history behind the establishment of Tool rooms and Technological centers.

Q4. a. Define Commercial banks and its functions.
b. Explain how Credit Guarantee Schemes help in the growth of the economy.

Q5. Explain the various schemes and components under the NSSH aimed at supporting SC/ST enterprises.

Q6.Write short notes on:

a. National Institute for Entrepreneurship and Small Business Development (NIESBUD)
b. Indian Institute of Entrepreneurship(IIE)

Q7. Differentiate between:

a. Equity shareholders and Preference shareholders?
b. Large-size and Mid-Cap Equity Funds.

Q1.Outline the provisions of the MSME Development Act, 2006

Answer

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 provides a legal framework for recognising, promoting and protecting micro, small and medium enterprises in India. Before this law, many government measures focused mainly on small-scale industries, while service enterprises and medium-sized units did not receive the same integrated attention. The Act recognises the economic contribution of smaller businesses, provides a basis for development policies and gives particular protection to micro and small suppliers facing delayed payments. It should be understood as an enabling and protective law, rather than as a law that automatically grants a subsidy to every registered enterprise.

Classification and recognition of enterprises. Section 7 provides the statutory basis for notifying criteria used to classify enterprises. The original Act distinguished manufacturing and service businesses through investment-related limits. These limits have been revised through later notifications. From 1 April 2025 the notified composite thresholds apply to both manufacturing and services: a micro enterprise has investment in plant, machinery or equipment not exceeding Rs 2.5 crore and annual turnover not exceeding Rs 10 crore; the small-enterprise limits are Rs 25 crore and Rs 100 crore; and the medium-enterprise limits are Rs 125 crore and Rs 500 crore respectively. Both conditions have to be considered. These updated figures are classification rules under the Act, not the figures originally printed in 2006.

Entrepreneurship and registration. Section 8 provides for filing a memorandum by enterprises, while the registration system has evolved into the present Udyam Registration mechanism. Registration creates an official identity for an eligible business, makes it easier to establish its category and is important when seeking several government benefits and statutory remedies. However, registration alone does not guarantee a bank loan, procurement order or subsidy; other scheme and lender conditions still apply. The framework also makes it easier to collect reliable information about the sector and target assistance to enterprises that need it.

National Board for MSMEs. Sections 3 to 6 provide for the National Board for Micro, Small and Medium Enterprises and related arrangements. The Board examines problems affecting the sector, reviews policies and programmes, and advises the Central Government on measures for development and competitiveness. Its consultative structure allows issues such as finance, technology, skills, infrastructure, marketing and the difficulties of micro enterprises to be discussed at policy level. The Board is advisory: it does not