

EFFECTIVENESS OF MARKETING ASSISTANCE SCHEMES OF MSME'S

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Abstract

Micro and Small (MSEs) play an important economic role in many countries. The purpose of this is to know the effectiveness of Marketing Assistance Scheme towards the MSME's in Ernakulum and Thrissur districts. Marketing Assistance Scheme is enriched with various programs to uplift the MSME's such as enabling buyer-seller meet, conducting different kinds of exhibitions for the promotion and marketing of their products and services. Sample sizes of 50 respondents were selected for the study. So from the study it is observed that MSME's marketing issue is not solved with the emergence of Marketing Assistance Scheme because of the lack of awareness and coverage about this scheme. So from the study it is observed that MSME's marketing issue is not solved with the emergence of Marketing Assistance Scheme because of the lack of awareness and coverage about this scheme. Making proper awareness about this scheme can uplift the functioning of various MSME's situated in Ernakulum and thrissur districts.

Key words: MSMEs, Marketing Schemes, Problems, Effectiveness

Introduction

MSE's have been regarded as the engine of economic growth and development all over the world. Today, MSE's constituting nearly about 90% of the total enterprises in most of the economies (mainly developing economies) which creates marvelous employment opportunities and are accounting major share of exports & industrial production. In India, MSE is generally referred to as MSME i.e Micro Small Medium Enterprises. This sector plays an important role in the growth in the growth of GDP in the economy as it creates employment opportunities at lower cost. In India, MSMEs are the second largest source of employment after agriculture. They account for almost 40 per cent of industrial production, 95 per cent of the industrial units, 34 percent of the exports and manufacture over 6000 products. This sector produces a mélange of industrial products such as food products, beverage, tobacco and goods produced from it, cotton textiles and wool, silk, synthetic products, jute and jute products, wood and wood products, furniture and fixtures, paper and goods produced from it. Other services also include machinery, apparatus, appliances and electrical machinery. This sector also has a large number of growing service industries.

Research Gap and Statement of the problem

Though there are plenty of literatures and studies explored in the fields of MSME and marketing problems faced by them, there is no combined study has been conducted between MSME and the marketing issues confronted by them. And in order to uplift the functioning of MSME's in India a Marketing Assistance Scheme has been introduced. Ministry of Micro, Small Medium Enterprises, inter-alia, through National Small Industries Corporation (NSIC), a Public Sector Enterprise of the Ministry, has been providing marketing support to Micro & Small Enterprises (MSEs) under Marketing Assistance Scheme. There was a need to provide space for the small enterprises to grow into medium scale enterprises, for that is how they will be able to adopt better and higher levels of technology and remain competitive in a fast globalizing world. Thus, as in most developed and developing countries, it was necessary that in India too, the concerns of the entire range of enterprises – micro, small and medium, were addressed and the sector was provided with a single legal framework. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 addresses these issues and also other issues relating to credit, marketing, technology up gradation etc concerning the micro, small and medium enterprises. But even after this scheme has been introduced we don't know how much were the effectiveness of this scheme. Marketing Assistance Scheme is enriched with various programs to uplift the MSME's such as enabling buyer-seller meet, conducting different kinds of exhibitions for the promotion and marketing of their products & services. This paper focuses analyzing the application of Marketing Assistance Scheme and its effectiveness in 'Ernakulum and Thrissur' districts in Kerala.

This study, thus aims to fill the void in the literature and hence the study is quite relevant and timely from the view of both academics and business industry. In this context, the present study attempts to find answers to the following research questions:

- 1) What is the effectiveness of Marketing Assistance Scheme in supporting and uplifting the MSME's?

Objectives

- ✓ To study the effectiveness of Marketing Assistance Scheme towards the MSME's in Ernakulum and Thrissur districts

Methodology

The study is based on both primary and secondary data. Secondary data was collected from various sources like magazines, journals, Government reports, periodicals and internet etc. Primary data was collected from sample respondents using a structured interview schedule from 50 employees from various units located both in Ernakulum and thrissur .the respondents were identified through convenient sampling. Responses on the various measures used in the study were obtained on a five point scale as strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1).The collected data was analyzed using appropriate mathematical and statistical tools like simple percentages, mean using SPSS (Statistical Package for Social Sciences) software.

Results and Discussions

Most of the respondents come under the age group of 35-45. While considering the respondents in various industries, about 70% of the respondents were males and the remaining were females. It is found that most of the MSME are not well aware and informed about the marketing assistance scheme. Majority of people are just seeking the help from banks and other financial institutions. Apart from that they have no idea about the scheme and the output provided. So they lack in marketing their products and all. This is one the main problems faced by MSME's i.e marketing issues.(How to make aware and how to reach into the public). Majority of the respondents are engaged in manufacturing types of business than service type of business. Most of them are

engaged in small scale business and their investments are below one lakh rupees. In the course of these discussions, we could get the impression that none of the small-scale units ever go in deep to identify the problems relating to marketing. Everywhere they find other problems except marketing. For example, every small-scale unit has opined that there is tough competition in the market; the other units producing the same products are their rivals and the foreign goods are the main competing products etc. None of the units have expressed the views that the product quality, the designs, the price, the channel members, the promotional techniques of other units are the major competitive factors for them Marketing Assistance Scheme is enriched with various programs to uplift the MSME's such as enabling buyer-seller meet, conducting different kinds of exhibitions for the promotion and marketing of their products & services

Different schemes

- **Organizing International Technology Exhibitions in Foreign Countries by NSIC and participation in International Exhibitions/Trade Fairs:**

International Technology Expositions / exhibitions may be organized by NSIC with a view to providing broader exposure to Indian micro, small & medium enterprises to facilitate them in exploring new business opportunities in emerging and developing markets. These exhibitions may be organized in consultation with the concerned stakeholders and industry associations etc. The calendar for these events may be finalized well in advance and publicized widely amongst all participants/stakeholders. The calendar of events would also be displayed on the Web-site of NSIC. Such expositions showcase the diverse technologies, products and services produced/rendered by Indian MSMEs and provide them with excellent business opportunities, besides promoting trade, establishing joint ventures, technology transfers, marketing arrangements and image building of Indian MSMEs in foreign countries. In addition to the organization of the international exhibitions, NSIC would also facilitate participation of Indian MSMEs in the select international exhibitions and trade fairs. Participation in such events exposes MSMEs to international practices and enhances their business prowess. These events provide a platform to MSMEs where they meet, discuss, and conclude agreements on technical and business collaborations.

- **Organizing Domestic Exhibitions and Participation in Exhibitions/ Trade Fairs in India:**

In order to provide marketing opportunities to MSMEs within the country, certain theme based exhibitions / technology fairs etc. may be organized by NSIC, focused on products and services offered by MSMEs, including technologies suitable for employment generation, products from specific regions or clusters (like North Eastern Region, Food processing, Machine-tools, Electronics, Leather etc). Micro, Small & Medium Enterprises would be provided space at concessional rates to exhibit their products and services in such exhibitions/fairs. Apart from above NSIC may also facilitate participation of MSMEs in the exhibitions / trade fairs / events being organized by various State Government departments, industry associations and other institutions, all over the country to exhibit their products and services.

- **"Tec mart" exhibition by NSIC**

NSIC has been organizing "Tec mart" exhibition every year during India International Trade Fair (IITF) in the month of November. This is an international exhibition showcasing the best MSME products, technologies and services of India. No subsidy would be available to General Category entrepreneurs participating in this exhibition. Up to 30% of the total area may be allocated for the entrepreneurs belonging to the Special Category i.e. Entrepreneurs belonging to NE Region/ Women / SC/ST category, keeping in mind the instructions and guidelines issued in this regard from time to time. The rates of subsidy available on space charges for the Special category would be as under:-

Micro Enterprises: 95%

Small Enterprises: 85%

Medium Enterprises: 50%

The total budgetary support for organizing "Tec mart" would normally be restricted to Rs. 75 lakhs only. The proposal exceeding this limit would require approval of the Administrative Ministry.

- **Buyer-Seller Meets:**

Buyers-Sellers Meets are organized to bring bulk buyers / Government departments and micro, small & medium enterprises together at one platform. Bulk and departmental buyers such as the Railways, Defense, Communication departments and large companies are invited to participate in buyer-seller meets to bring them closer to the MSMEs for enhancing their marketing competitiveness. These programmes are aimed at vendor developments from micro, small & medium enterprises for the bulk manufactures. Participation in these programmes enables MSMEs to know the requirements of bulk buyers on the one hand and help the bulk buyers to know the capabilities of MSMEs for their purchases. These Buyer-Seller Meets may be organized in consultation with the concerned stakeholders, including industry associations and other agencies involved in industrial development, and the calendar for these events may be finalized well in advance and publicized widely.

- **Intensive Campaigns and Marketing Promotion Events:**

Intensive Campaigns and Marketing Promotion Events are conducted all over the country to disseminate information about the various schemes for the benefit of the micro, small & medium enterprises. They are also facilitated to enrich their knowledge regarding latest developments; quality standards etc. and improve the marketing potential of their products and services.

Problems in marketing

The lack of awareness about different situations prevailing in the market makes the marketing strategy planning of the small-scale industries weak and less effective. The shortcomings in this regard have been taken as the major problems relating to environmental conditions of the small-scale units which are put as under, In order to draw meaning from collected data, the mean scores and standard deviations were calculated. Rating scale adopted here is 5 for "Strongly Agree", 4 for "Agree", 3 for "Neutral", 2 for "Disagree" and 1 for "Strongly Disagree".

Table no: 1
Problems in Marketing

Sl.no	Items	mean	Standard deviation
1	Lack of information	4.25	.707
2	Lack of technology	3.2	.542
3	Lack of skill	4.4	.775
4	Socio-cultural influences	2.5	.520
5	Competitors planning & strategy	3.75	.620

Source: Primary Data. N=50

From the above table it is clear that lack of information and skills held by entrepreneurs holds the highest (4.25 & 4.4). Lack of information means, lack of seriousness to ascertain the changing pattern of customers' buying behavior, insufficient information about actual and potential competitors, Lack of information regarding key competitors' planning and strategies. Lack of skill from the part of entrepreneurs leads to other problems .they are the backbone of the MSME's so lack of knowledge and skill from their side leads to other problems in marketing. Knowing and analyzing competitor's plans and strategies are one of the effective measure for

marketing .but according to the above study MSME's lacks this information (3.75).Socio-cultural influence holds the least point(2.5)

Effectiveness of Marketing Assistance Scheme

To study the role of Effectiveness of Marketing Assistance Scheme in MSMEs, Effectiveness was measured in Six variables which are listed in table 1. In order to draw meaning from collected data, the mean scores and standard deviations were calculated. Rating scale adopted here is 5 for "Strongly Agree", 4 for "Agree", 3 for "Neutral", 2 for "Disagree" and 1 for "Strongly Disagree".

Table no: 2
Effectiveness of Marketing Assistance Scheme

Sl.no	items	Mean	Standard deviation
1	cost effectiveness	3.1	0.745
2	coverage	2.3	0.578
3	reciprocation	4.5	0.776
4	informative	3.2	0.542
5	Brand awareness	3.9	0.648
6	Increase in loyalty	3.5	0.689
	Overall effectiveness	3.4	0.663

Source: Primary Data. N=50

From the above table we can see that Reciprocation from various entrepreneurs holds the highest. Its mean score is 4.5 and standard deviation is .776. Reciprocity is positioned as an important interpersonal norm of stable marketing relationships and it is given recent findings that relationships develop most strongly. It acts as a motivational factor. The effectiveness of Marketing Assistance Scheme on brand awareness and informative is more or less the same. The effectiveness of Marketing Assistance Scheme is very low in the case of coverage. They should take some effective measures to increase their coverage, so without getting proper coverage for their products or services; they may not be able to survive in the market. The overall mean constitute 3.4, which means the effectiveness of various scheme is only satisfactory. There is more scope for improvement. The scheme should be implemented widely and should be reachable to all needy MSME's even though this scheme offers many financial options for the MSME'S, most of them are not well aware about that. That's why cost effectiveness and informative is at a satisfactory level.

The major findings of the study are summarised here under.

1. The major problem faced in marketing is lack of information regarding various demographic features, economic factors, actual and potential competitors and their strategies.
2. The effectiveness of marketing scheme is more in Reciprocation and least in coverage. MSMEs should take necessary measure increase its effectiveness on coverage.

Concluding Remark

Micro Small Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It also helps in industrialization of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. So from the study it is observed that MSME's marketing issue is not solved with the emergence of Marketing Assistance Scheme because of the lack of awareness and coverage about this scheme. Making proper awareness about this scheme can uplift the functioning of various MSME's situated in Ernakulum and thrissur districts.

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