



A STUDY ON THE ROLE OF SC/ST HUB IN THE PROMOTION OF ENTREPRENEURSHIP

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Abstract

Micro, Small, and Medium-Sized Enterprises (MSMEs) in India provide a solid framework for the growth and development of the economy. MSMEs must be developed to meet the national imperatives of financial inclusion and the creation of significant employment levels across the nation's urban and rural areas. Additionally, the sector can encourage and aid the development of young business owners who have the potential to launch prosperous enterprises on a global scale. The National SC/ST Hub supports Scheduled Caste and Scheduled Tribe entrepreneurs in fulfilling their obligations under the Public Procurement Policy 2012, adopting ethical business practices, and benefiting from the Stand-Up India initiative. The present paper focuses on the role of SC/ST Hub in promoting entrepreneurship among SC/STs.

Keywords: SC/ST Hub, MSMEs, Entrepreneurship, Underprivileged, Employment Creation.

Introduction

In India, Micro, Small, and Medium Enterprises (MSMEs) give a strong foundation for the expansion and development of the economy (Naik & Patel, 2023). MSMEs must be developed to meet the national imperatives of financial inclusion and the creation of significant employment levels throughout the country's urban and rural areas. Additionally, the industry can foster and support the growth of young entrepreneurs who have the potential to establish successful businesses on a global scale. It is difficult to find a job outside, and recruitment in the corporate sector reveals the preferences and caste networks in the recruitment process (Heering, 2016).

Except in the northeast, scheduled caste and scheduled tribe businesses are underrepresented (Deshpande & Sharma, 2013). Entrepreneurship is crucial to achieving swift and significant economic growth. The government is attempting to make procurement activities of the public sector more inclusive and participatory to ensure that benefits of growth spread across all segments of society, especially the marginalised groups, including SC/ST entrepreneurs. While OBCs have progressed in entrepreneurship, SCs and STs have remained notably underrepresented (Iyer et al., 2013).

The Ministry of MSME defines SC/ST Enterprises as, in the case of proprietary MSE, must be owned by SC/ST owners. In the case of a partnership MSE, the SC/ST partners must possess at least 51% of the unit. In the case of a private limited company, the SC/ST promoters must own at least 51% of the shares. The number of SC/ST-owned businesses has increased somewhat recently, but this number must rise significantly to allow for the socioeconomic empowerment of the SC/ST communities. Entrepreneurship development programmes can improve the economic and social status of SC/STs (Shankar M, 2019). Therefore, the Ministry of MSME has introduced many schemes to mainstream SC/ST groups into the entrepreneurial ecosystem. To help Scheduled Caste and Scheduled Tribe entrepreneurs fulfil their responsibilities under the Public Procurement Policy 2012, adopt appropriate business practices, and take advantage of the Stand-Up India initiative, the National SC/ST Hub has been established. The National Small Industries Corporation (NSIC) is implementing The Hub on behalf of the Ministry of MSME, Government of India. Since the scheme's inception in 2016, the procurement from SC-ST MSEs increased more than 14 times (in terms of value), from Rs. 99.37 Cr (0.07%) in FY 2015–16 to Rs. 1468 Cr (0.84%) in FY 2022–23. The NSSH program has benefited 1.11 lakh SC-ST business owners currently operating and planning to do so.



Key Aspects of SC/ST Hub Scheme

The objectives of this scheme are categorised into five key aspects. Firstly, Encourage SC/ST-owned businesses to achieve at least 4% sub-target of Public Procurement Policy 2012. Secondly, develop a plan of action through industry associations to encourage, enable, and sensitise SC/ST owned units to participate in the public procurement process. Thirdly, collecting, assembling, and disseminating data about SC/ST businesses and entrepreneurs. The fourth one is to enable SC/ST entrepreneurs to participate in vendor development programs and receive mentoring from specific CPSEs compatible with their products and services. The fifth one is to promote SC/ST entrepreneurs' involvement in public procurement through the DGS&D e-platform and keep track of the results.

SC/ST Hub sub-schemes

Special Credit Linked Capital Subsidy Scheme (SCLCSS)

Since 1 April 2017, the Special Credit Linked Capital Subsidy Scheme (SCLCSS) has been operating to help MSEs upgrade their technology. It enables purchasing plants and machinery by giving existing and new MSEs an upfront capital subsidy. The scheme includes a special provision that gives SC/ST MSEs under the National SC/ST Hub (NSSH) a 25% subsidy on institutional finance up to Rs. 1 crore for purchasing plant and machinery without any sector-specific restrictions on technology upgradation. Under this scheme, a subsidy amount of Rs. 69.66 Crores has been released during FY 2022–23.

Special Marketing Assistance Scheme (SMAS)

According to the scheme, SC/ST businesses are given marketing assistance through the National SC-ST Hub to increase their products' marketability and competitiveness. This assistance includes organising vendor development programs, attending trade fairs and exhibitions domestically and abroad, and participating in international exhibitions and seminars. Under the scheme, 2342 SC-ST MSEs were assisted in FY 2022–23 to participate in 85 domestic exhibitions and 94 Special Vendor Development Programs (SVDPs) were organised in FY 2022–23 in collaboration with the CPSEs. 3856 SC-ST MSEs participated in these SVDPs(SC ST Hub, n.d.).

Single Point Registration Scheme (SPRS)

By paying a fee of Rs. 100, the component allows for the reimbursement of 100% of the subsidy used to register NSIC under the Single Point Registration Scheme (SPRS) for government purchases.

Bank Loan Processing Reimbursement Scheme

The scheme allows for reimbursing processing costs incurred by financial institutions when SC/ST MSEs apply for business loans. The assistance under this scheme is capped at 80% of the processing fees paid to or charged by the bank, or Rs. 1,00,000, whichever is less. The scheme will consider SC/ST MSEs that obtain loans from Scheduled Commercial Banks, Non-Banking Finance Companies (NBFCs), and State Finance Corporations.

Bank Guarantee Charges Reimbursement Scheme

The scheme allows SC/ST MSEs to be reimbursed for bank fees paid to the bank for the issuance of Performance Bank Guarantees (PBGs) in favour of the buyers (Central Ministries, Central Public Sector Enterprises (CPSE), State departments, and State Public Sector Enterprises), from which these MSEs have received work-related contracts. The maximum assistance under this program will be 80% of the PBG charges paid in a fiscal year, or Rs. 1,00,000, whichever is less.

Testing Fee Reimbursement Scheme

Testing fees for SC-ST MSEs at various NABL or BIS-accredited laboratories nationwide will be reimbursed. SC/ST MSEs may use the program more than once in a fiscal year, but the amount of financial assistance is limited to 80% of that amount or Rs. 1,000,000 (excluding GST and other applicable taxes), whichever is less, per SC/ST MSE in a fiscal year. Only after submitting the final attested testing report and other documents as listed in the guidelines will testing services related to raw materials, semi-finished products, and finished products from a NABL/BIS accredited lab or lab of any Central/State Department/Public Sector Undertaking be eligible for reimbursement.



Export Promotion Council Membership Reimbursement Scheme

An SC/ST MSE will only be eligible for assistance under this program up to 80% of the annual membership subscription fee, one-time subscription charges, or entry fee charged by various Export Promotion Councils (EPC), or Rs. 20,000 (excluding GST and all other applicable taxes), whichever is less, per fiscal year. A certified copy of a current Registration Cum Membership Certificate (RCMC) issued by the relevant Export Promotion Council (EPC) is required to be submitted.

Membership fee of Government promoted e-commerce portals

The component allows SC/ST MSEs to receive a refund for their annual membership or subscription fees paid to government-sponsored e-commerce portals like GeM, e-khadi, TRIFED, Tribes India, MSME Mart, etc. For new and renewed SC/ST MSE, financial assistance may be given up to 80% or a maximum of Rs. 25,000 (excluding applicable taxes), whichever is less.

Top 50 NIRF Rated Management Institution's Short-Term Training Program Fee Reimbursement Scheme.

The assistance under this scheme is 90% of course fees or Rs.1,00,000, whichever is lower, excluding GST and other applicable taxes, and the beneficiary would contribute 10% of the fee. The fee to be reimbursed will cover Course/ Participation Fees and Boarding and Lodging for residential courses. The SC/ST entrepreneur and their ward will be eligible for a maximum of 2 courses in a financial year. In the case of an enterprise owned by more than one entrepreneur, the same limit of two training programmes with reimbursement of Rs. 1,00,000/- or 90% of the course fee (whichever is less) in one financial year will be applicable.

Capacity Building Training and Vendor Development Programs

Fully sponsored skill and entrepreneurship development training programs are organised under the NSSH scheme for the existing and aspiring SC-ST entrepreneurs through various government/autonomous institutions across the country to assist them in increasing their capabilities and skills and enhancing their participation in public procurement. The primary goals of these programmes are to close the existing skill gap, improve business owners' technical and managerial skills, and foster entrepreneurship among the target beneficiaries to increase their participation in the public procurement process. The training provided under the NSSH scheme is free of charge and provides both residential and non-residential NSQF compliance training.

Vendor development programmes are organised under the procurement policy mandate to speed up and encourage SC/ST enterprises to participate in public procurement. These programs aim to sign up potential SC/ST suppliers to participate in respective supply chains. Facilitating regular vendor development meetings is organised to improve communication between CPSEs/Central Ministries and SC/ST suppliers. The government's efforts to improve the socioeconomic standing of SC entrepreneurs are commendable and helpful, but how these schemes and programs are carried out needs to be revised (Mahajan & Kamble, 2015).

Conclusion

Globalisation undoubtedly benefitted Dalits, but only a minor section (Teltumbde, n.d.). India is witnessing economic growth. All sections of society must share this prosperity to be truly inclusive. SC/STs face problems from upper caste entrepreneurs' networks to do business peacefully (Prakash, 2015). The marginalised sections of society need to envision, create, and scale up ventures in addition to wage employment and education to play a significant role in this growth story. While there has been a slight increase in the number of SC/ST-owned businesses in the past, this number must rise significantly to allow for the socioeconomic empowerment of the SC/ST communities. In this context, the National SC/ST Hub is an initiative that creates an ecosystem that supports SC/STs aspiring to be entrepreneurs.



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