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IIM INDORE



Department of Industries & Commerce  
Government of Kerala

# CONTEXTUALLY RELEVANT INDUSTRY POLICY CREATION AND IMPLEMENTATION: AN IMPACT- EVALUATION STUDY OF THE SUCCESS OF THE "YEAR OF ENTERPRISES" INITIATIVES

# REPORT 2024

**Himanshu Rai | Prashant Salwan**

Indian Institute of Management Indore







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**Contextually Relevant Industry Policy Creation and Implementation: An Impact-  
Evaluation Study of the Success of the 'Year of Enterprises' Initiative**



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— The Authors

(Prof Himanshu Rai

And Prof Prashant Salwan)



# Executive Summary



## Executive Summary

The state of Kerala is bordered by the vulnerable Western Ghats as well as the waters of the Arabian Sea along its left border. Therefore, the state's coastal eco-sensitive zones, as mandated by the Regulation Zone Act, lie at the intersection of this region. This suggests that the eco-sensitive zones can only move vertically along the left border of the state. Faced with this constraint, the Government of Kerala needed to develop an industrial policy that could promote employment and wealth creation through entrepreneurship within a space-constrained environment.

The government thus leveraged the state's factors of production advantage, evoking the unique skill sets of its citizens to rise to this challenge. Kerala's economy generates 65% of its revenue through services, namely hospitality, tourism, medical tourism, pilgrimage, IT, transportation, financial services, and education. The history of Kerala is closely linked with trade and commerce, which revolved around its famous spice trade. Known for its natural beauty, most of the state is surrounded by rich greenery. Kerala has been a significant exporter of natural products such as spices, cashews, coir, coconuts, coffee, pickles, and marine products. Food processing industries contribute more than 65% of the state's total export income. Enterprises in Kerala have performed well with natural products. However, new product development and diversification in industries are also important factors in a market-driven economy. A diverse economy is more resilient to economic uncertainty. If one industry experiences a downturn, other industries can help absorb the impact, reducing the overall economic vulnerability.

Before the year 2022, the Government of Kerala was dealing with several difficulties. The state's economy was declining, and the unemployment rate was high. Additionally, the COVID-19 pandemic imprinted many adverse impacts on the state's economy. It led to business closures, layoffs, job losses, financial instability, and various unemployment-related conditions. The government was also beset with several financial limitations. To tackle these challenges, the government of Kerala introduced the 'Year of Enterprises' (YoE) initiative for the Financial Year 2022–23, to encourage and promote new micro, small, and medium-level entrepreneurs in the state through various schemes under the umbrella of the 'Year of Enterprises' initiative.

The state government entrusted its Directorate of Industries with a target initiative of "Setting up One Lakh Enterprises During 2022–23." Whether faced with a pandemic, a natural disaster, or constrained resources, the Government of Kerala needed to innovate with its policy development. The aim of the industrial policy was to establish one lakh new



businesses by encouraging micro, small, and medium-level entrepreneurs in the state and providing three to five lakh job possibilities.

**As of November 2024, the Government of Kerala's YoE initiative has reached more than three lakh MSMEs, and has started and generated more than seven lakh jobs.**

The main findings of the impact and evaluation of the 'Year of Enterprises' initiative are as follows –

Prior to the YoE launch, a substantial 79% of firms reported that they did not agree with any of the preferential banking policies that were meant for MSMEs, indicating a broad perception that they did not receive the expected relief or support from banks. However, when the same sample was asked this question in light of the YoE initiative, a majority of respondents (94%) generally agreed with the statement, with most respondents indicating a "Strongly Agree" response. This reflects a widespread support for, or a consensus on banks having preferential policies for MSMEs post the launch of YoE.

With regard to financial support from the government during COVID-19 and the pre-2022 years, a significant 70% of firms said they did not receive any of the listed forms of government financial support, indicating a widespread perception of insufficient or ineffective aid during the pandemic. During the YoE initiative, a significant 87% of respondents are satisfied, with a notable 57% being extremely satisfied. This reflects a strong positive reception of the financial services.

67% of the MSMEs during COVID-19 and the Financial Year 2021-22 believed that the government policy assistance was not effective in helping MSMEs recover, suggesting that the support might not have met expectations or not have been impactful for many businesses. During the YoE, a significant 91% of respondents were satisfied, highlighting strong approval for the financial policy aid options.

**Most MSMEs participants (92%) expressed satisfaction with the 'Year of Enterprise' initiative of the Government of Kerala.**

**Customer support** is the most valued feature of YoEs, suggesting that entrepreneurs highly appreciate the accessibility and responsiveness of the support provided. **The application process**, also being the second most valued feature, reflects the ease of access and lower procedural hurdles in applying for schemes under the 'Year of Enterprises' initiative.

87% of the respondents believe that the financial services and other schemes and policies under YoE services are crucial, reflecting their significant role in business operations. An overwhelming 93% of respondents were satisfied with the mentorship and networking initiatives, indicating a strong approval.

The financial schemes in the 'Year of Enterprises' initiatives impacted the growth of MSMEs in numerous ways. Some are described below:

**Significant Impact of Subsidies:** A notable majority of respondents highlighted the importance of subsidy assistance, with many indicating that subsidies have greatly reduced their financial burdens and enabled them to invest in machinery and other resources. This support has been crucial for starting and expanding their enterprises.

**Access to Loans:** Increased access to loans has been emphasized as a key factor for growth. Many respondents reported that simplified loan processes and the availability of favorable terms, such as low-interest rates and government-backed loans, facilitated their ability to secure necessary funding for business development.

**Awareness and Knowledge of Government Schemes:** Entrepreneurs are increasingly recognizing various government schemes available. Many respondents expressed that initiatives like orientation campaigns have helped them understand and navigate these schemes effectively, leading to better utilization of available resources.

**Support for Growth and Job Creation:** Financial schemes have not only supported the establishment of new units but have also contributed to job creation and overall economic growth. Many respondents noted that the support received has positively impacted their ability to hire more staff and increase production capacity.

**Training and Marketing Assistance:** Several respondents highlighted the additional benefits of training programs and marketing assistance provided under the initiatives. This support has improved their financial literacy and marketing strategies, further enhancing their business operations and competitiveness in the market.

YoE also helped the health of individuals. Only 50% of the respondents rated their health as "Good" prior to 2022. **A significant majority of respondents (86.9%) rated their overall health as "Good" or "Excellent" after availing the 'Year of Enterprises' initiative's benefits, indicating a generally positive impact on their well-being.**

## Social and Environmental Assessment: Community Engagement

Before 2021 and prior to the YoE initiative, a significant portion (68%) of respondents either did not participate, or rarely participated in community events. This suggests that for more than one-third of the surveyed group, community engagement was minimal or non-existent. After the YoE, 72% participants said that they would participate.

- **High Occasional Participation:** the largest group consists of those who participated occasionally (49%), suggesting that while they were not frequent participants, community events attracted significant interest.
- **Strong Frequent Participation:** A notable 28% of respondents were frequent participants, showing a high level of engagement in community events among a considerable portion of the population.
- **Strong Positive Response:** A majority (59%) feel empowered by the community decision-making processes, which suggests that the Year of Enterprises initiative has had a positive impact on participation and engagement.
- **Strong Sense of Belonging:** A majority of 64.4% of the respondents reported feeling a sense of belonging in their community after receiving support from the Year of Enterprises initiative. This indicates a positive impact on community integration and personal connection.
- **Significant Positive Impact:** A substantial 79% of the respondents reported that their self-respect and acceptability in society have increased following the Year of Enterprise facilitation. This suggests that the YoE initiative has effectively contributed to enhancing the individuals' confidence and societal standing.

**Strong Commitment to Environmental Health and Safety EHS Systems:** A significant majority (63%) of respondents reported that their companies have a basic Environmental Health and Safety (EHS) system in place. This reflects a proactive approach to compliance with local, state, and national laws regarding community health and safety.



In **Information, Education, and Communication Strategies**, the following have been observed:

- **High Effectiveness of Personal Engagement:** The Industries Department's office visits and the Panchayat's workshops are among the top-rated communication mediums. They show a strong performance in the "Very Effective" and "Extremely Effective" categories, indicating that face-to-face and direct community engagement approaches are the key to success.
- **Moderate Impact of Digital Campaigns:** Publicity on internet websites, mobile appliances, and electronic media campaigns is rated mostly in the "Effective" category, demonstrating moderate success but falling behind personal engagement mediums.
- **Low Performance of Traditional and Email Channels:** Traditional mediums, such as street plays and storytelling, along with direct emails, received higher counts for being "Not Effective" and "Somewhat Effective," suggesting that these methods are less successful in reaching or influencing the target audience.

### **Sustainable Financial Performance**

The ability of a business to maintain a profitable financial condition and avoid financial difficulties as measured by a subjective assessment of Return on Assets (ROA) is described below:

- **Positive Growth in Profitability and RoA:** Many businesses reported an increase in profitability and performance post-pandemic, with improvements in RoA being implied. The majority of responses mentioned profit increases, indicating a trend towards sustainable financial recovery and growth.
- **Steady or Improved Financial Performance:** The next higher set of responses reflected that businesses are performing well, with some noting stable growth. These responses suggest that companies have adapted to the post-pandemic conditions, and are achieving sustainable financial health through better management of assets and resources.

- **Better Sales Conditions Supporting Financial Stability:** In many instances, respondents noted improved sales conditions as compared to the pandemic period. This suggests that increased sales are contributing to a more stable financial performance, which would reflect positively on the RoA, as businesses optimize the utilization of assets.
- **Challenges in Recovery or Financial Sustainability:** A fewer number of instances indicated that businesses are still recovering from financial difficulties, with some citing lower profitability or challenges with maintaining a steady RoA. These responses highlight ongoing efforts to achieve long-term financial sustainability, but indicate that some enterprises are still navigating the post-pandemic environment.

### **Sustainable Financial Performance**

The ability of a business to maintain a profitable financial condition and avoid financial difficulties as measured by a subjective assessment of Return on Sales (RoS)

- **Significant Growth in Performance:** A large number of businesses reported an increase in profitability or Return on Sales (RoS) as compared to the pandemic period, with 150 mentions of improvement. This suggests that businesses have managed to recover well and are performing better post-pandemic.
- **Stable and Positive Financial Conditions:** A high frequency of responses (120 mentions) described the financial performance as "Good," indicating that many businesses are maintaining a solid financial position, even if not drastically improved. Additionally, many consider their performance "Better" or "Profitable."
- **Post-COVID Business Surge:** Numerous businesses were established after the pandemic (65 mentions), and many of these reported either good or improving financial outcomes, reflecting resilience and a generally positive market environment for new ventures.
- **Challenges for Some Sectors:** While the majority of businesses saw improvements, a smaller segment experienced challenges, with 8 mentions of decreased profits and 5 reporting losses, indicating that some sectors or businesses still face financial difficulties.

•

## Areas for Improvement

- **Technology Usage by MSMEs:** A significant 76% of firms did not adopt any of the specified technological adaptations, indicating that a substantial portion of businesses either did not change their technology use, or did not perceive the listed methods as relevant. Only 2% of firms used e-commerce platforms more frequently, suggesting that e-commerce adoption was relatively limited compared to other digital strategies.
- **Moderate Adoption of Management Systems:** Only 34% of respondents confirmed that their companies have a management system (such as ISO 14001) in place to enhance community health and safety. 66% did not participate.
- **Lack of Policies:** A significant majority of companies do not have key documents or plans in place, with 77% lacking an Environmental and Social Policy Document, and 84% lacking a Stakeholder Engagement Plan. This indicates a widespread absence of formalized guidelines for environmental and social responsibilities.
- **Occupational Health and Safety Plans:** While 58% of respondents do not have an Occupational Health and Safety Plan, 42% reported having one. This suggests that a substantial portion of companies is beginning to recognize the importance of health and safety measures, though many still fall short.
- **Engagement and Grievance Mechanisms:** A high percentage of companies (76%) do not have a formal Grievance Mechanism for communities, indicating a gap in addressing community concerns. Meanwhile, 63% lack an Emergency Preparedness and Response Plan, pointing to potential vulnerabilities in crisis management.
- **Organizational Responsibility:** Only 28% of respondents confirmed the existence of an organizational structure detailing responsibilities for their Environmental and Social Policy. This low figure suggests that many companies may struggle with accountability and an effective implementation of their policies.



### **Strategies for Financing Operations:**

- **High Capital Contribution:** A significant portion (17.0%) of entrepreneurs fully fund their projects with their own capital, indicating a strong personal commitment.
- **Low to Moderate Capital Contribution:** Only a small percentage (5.3% and 11.4%) invest between 75% to 99% or 50% to 75% of their own capital, suggesting that many entrepreneurs do not rely solely on their own funds.
- **Predominance of External Funding:** The largest group (47.3%) invests less than 25% of their own capital, indicating a reliance on external sources of funding.
- **Use of One's Own Capital:** 47.3% use less than 25% of their own capital, followed by 17% with 100% of those using their own capital, with no external capital.
- **Borrowed Funds (Debt):** This dominates in the NIL slab, indicating that most MSMEs do not rely on debt.
- **Raised Capital through Equity:** Highest in the NIL slab, showing that the MSMEs do not choose this route for financing.
- **Bank Loans:** Highest in the 75 to 99% slab, reflecting a substantial use of bank-led financing. MSMEs use this route a lot as per figures.

Future recommendations on part of the MSMEs include:

**A High Demand for Financial Education:** The most requested addition is the conduct of Financial Education Workshops, underscoring the importance MSMEs place on improving their financial management skills.

**A Strong Interest in Mentorship:** There is a significant interest in Mentorship Programs, indicating that MSMEs value guidance and advice from experienced professionals.

**A Growing Interest in Digital Solutions:** Digital Banking Solutions are also in high demand, reflecting an increasing shift towards digitalization in financial services.

An important factor in the success of the YoE initiative has been the citizens' perception of the government as a paternal figure, and their trust in it therein. The citizens look at the Government as a parent and place immense trust in what the government does for them. Reciprocating this faith, the Government should train its citizens and develop policies to scale up entrepreneurship, increasing and realizing the potential of the brand, Make in Kerala.



*Message from the Director, IIM Indore*

Policy design plays a critical role in driving economic growth and shaping societal progress. Effective policies not only address immediate challenges but also lay the foundation for long-term development and innovation. We at IIM Indore are delighted to contribute to the 'Year of Enterprises' initiative by the Government of Kerala, which reflects a focused effort to nurture micro, small, and medium enterprises (MSMEs), recognizing their vital contribution to the state's economy. I am delighted to present this report, a comprehensive evaluation of the 'Year of Enterprises' initiative, replicating our vision at IIM Indore of combining academic excellence with real-world impact.

We at IIM Indore take great pride in conducting rigorous, insightful research that informs decisions and drives meaningful change. This report highlights our ongoing dedication to nation-building by empowering enterprises and promoting sustainable growth through knowledge, expertise, and actionable recommendations.

The report mentions the key achievements, identifies areas for improvement, and offers strategic suggestions to enhance the entrepreneurial ecosystem in Kerala. By emphasizing the importance of financial support, technology adoption, and effective communication, this document aims to provide practical solutions for boosting enterprise development.

I believe this report will help provide valuable insights into the strengths and challenges of the 'Year of Enterprise' initiative, offering guidance on how to better support the growth of MSMEs in Kerala, a state with a rich entrepreneurial spirit and immense growth potential.

I thank my faculty colleague Prof. Prashant Salwan, the Government of Kerala, and all contributors who made this study possible.

At IIM Indore, we remain committed to advancing research and innovation that helps build a more robust, more inclusive economy. It is our privilege to be part of this initiative, and we look forward to continued collaborations that drive progress and prosperity.

*Prof. Himanshu Rai*  
*Director, IIM Indore*





# DEVELOPING ENTREPRENEURSHIP ECOSYSTEM : YEAR OF ENTERPRISES

1



Year of Enterprises

Office Login



## Year of Enterprises

The year 2022-23 is being declared as Year of Enterprises by Govt. of Kerala. The goal is to facilitate formation of at least one lakh new MSMEs during the financial year.

Register →

### Achievements



121,576

No. of Units started



7411.8

Investment (Rs in Crore)



262,369

Employment Generated

## Chapter-1: Developing Entrepreneurship Ecosystem: Year of Enterprises

### Introduction:

Micro, small, and medium enterprises (MSMEs) have an important role in the economy of India and have made remarkable contributions to the socio-economic growth of the country. They create job opportunities and contribute to the development of the country's rural and backward regions. According to the study by Jain (2019), the establishment of MSMEs has increased employment, particularly in rural and underdeveloped areas of many developing countries. MSME contributes 45 percent in the manufacturing sector, more than 40 percent in exports, and approximately 30 percent in the nation's GDP and employs 111 million workers thus, contributing significantly to the Indian economy (Srivastava, 2020). Additionally, it discovers a strong positive link between MSMEs and employment, as well as between MSMEs and gross domestic product (GDP). In addition to reducing poverty and unemployment particularly in rural areas, MSME is advancing India's socio-economic eminence thereby, reducing the regional inequalities.

Along with their current contribution, the MSME sector exhibits promising potential for the future but currently faces several challenges. Firstly, the MSME sector is vulnerable and prone to market shocks thus, exhibiting instability especially at times of pandemic (Ghost, 2020; Lake, 2020). Secondly, shortage of funds and credit constraints coupled with poor financing or under utilisation of resources (Jha & Kumar, 2020). For this reason, policymakers need to take special care of this sector through a dedicated MSME development policy. Understanding this necessity, the Government of Kerala has launched an initiative to strengthen the MSME sector in the state. The government celebrated the financial year 2022–23 as the 'Year of Enterprises' to support the creation of new MSMEs and expand the potential of existing MSME in the state.

As Kerala experiences a high-rate of out-migration of workforce and is highly dependent on remittances from abroad therefore, at the time of pandemic, households depending on remittances were adversely affected (Rajan et al., 2022). As a result, to boost the state economy and encourage MSME, the government declared the year 2022-23 as the Year of Enterprises and launched several schemes under the umbrella of this policy initiative. The 'Year of Enterprises' initiative saw the creation of more than one lakh businesses in just eight months, setting a new benchmark in promoting MSMEs. The project has been chosen as a best practices model in the Chief Secretaries National Conference's session on MSMEs, which was hosted in the nation's capital. The initiative achieved its target in less than a year. To further extend this, the government has launched the second edition of its successful policy for the next financial year. Entrepreneurship Year 2.0 aims to launch one lakh new enterprises in the next financial year (2023–24) following the same model.

## **Economic impact**

### **Project & its objectives:**

The Government of Kerala entrusted IIM Indore with the responsibility to conduct a study on the contextually relevant industry policy from conceptualization to implementation of the Year of Enterprises (YOE) and to evaluate and examine the socio-economic impact it has created.

**IIM-I study focused on three major research objectives.**

**Theme 1:** Assessment of the process of crafting and implementing Year of Enterprises 2022-23 Industries Department, Govt. of Kerala initiative to create 1 lakh MSMEs in the State during 2022-2023 using the Public Policy triangle framework and Public Administration implementation models.

**Theme 2:** Stakeholders management and Information, Education & Communication (IEC) Strategies for Public Policy implementation.

**Theme 3:** Income, Economic and Social Impact analysis of Year of Enterprises.

### **Project Objectives:**

The main objective of the study was to review and assess the process of crafting and implementing the Year of Enterprises 2022–23 Industries Department, Govt. of Kerala initiative to create one lakh MSMEs, using the Public Policy Triangle framework and Public Administration implementation models. Stakeholders' management and Information, Education, and Communication (IEC) Strategies for Public Policy Implementation and Income, Economic, and Social Impact Analysis of YoEs The following are the specific objectives in brief:

- To understand the industrial environment for implementation of policy.
- To evaluate the availability of necessary resources for the implementation of industry policy.
- To identify entrepreneurs and create awareness amongst them regarding the processes involved in starting a business and the support mechanisms available.
- To establish a platform for MSMEs market creation.
- To fix targets in all sectors for supporting the 1 Lakh MSME scheme.
- To create awareness and disseminate information regarding the benefits available under various schemes/programs of the Government.



- To prepare Information Education and Communication strategy for successful policy implementation.
- Engaging stakeholders for policy for planning and analyzing policy development.
- For enhancement of industry contribution to the GDP, manufacturing output, employment, and exports.
- Use of information technology which enables services at an affordable cost would lead to the growth in the MSME sector.
- To identify the relative role of MSMEs in Kerala's economy.
- To compare the growth pattern of small-scale industries in Kerala with neighboring states.
- To analyze structure and deployment of MSMEs in Kerala with selected parameters.
- Income, Economic and Social Impact analysis.

The report primarily discusses about the MSMEs followed by the phases of public policy implementation and evaluation. In section 2, we discuss about the context and background of Kerala. In the next three sections, we highlight project purpose and scope, project plan with methodology and results.

### **Micro, Small, and Medium Enterprises (MSMEs)**

#### **What is MSME?**

Micro, Small, and Medium Enterprises (MSMEs), is a classification system used to group enterprises according to their size and amount of investment. The requirements and definition for MSMEs can differ from one economy to another however, the overall idea is to provide benefits and support to smaller enterprises that play a significant economic role by encouraging entrepreneurship and creating jobs. Given to its role in promoting innovation, industrial development, and economic growth, the MSME sector holds immense importance for any economy. MSMEs are considered as the engines of employment generation and provide livelihood opportunities to a large section of the population. Provided their small-scale activities, MSMEs are majorly labour-intensive thereby, aids in reducing unemployment. Furthermore, they contribute to balance regional development by preventing over- centralization of economic activities as their establishments are generally dispersed in both urban and rural areas. MSMEs act as nurseries for innovation and entrepreneurship. (Sukthankar & Naik 2020).

In India, MSME includes both manufacturing and service sectors. They are defined by their

investment and turnover levels as below;

- Micro-enterprises are those in which the investment in Plant & Machinery or Equipment does not exceed 1 crore rupees and turnover does not exceed 5 crore rupees.
- Small enterprises are those in which the investment in Plant & Machinery or Equipment does not exceed 10 crore rupees and turnover does not exceed 50 crore rupees.
- Medium enterprises are those in which the investment in Plant & Machinery or Equipment does not exceed 50 crore rupees and turnover does not exceed 250 crore rupees.

Micro enterprises	Small enterprises	Medium enterprises
<ul style="list-style-type: none"><li>• Investment upto ₹ 1 Cr</li><li>• Turnover upto ₹ 5 Cr</li></ul>	<ul style="list-style-type: none"><li>• Investment upto ₹ 10 Cr</li><li>• Turnover upto ₹ 50 Cr</li></ul>	<ul style="list-style-type: none"><li>• Investment upto ₹ 50 Cr</li><li>• Turnover upto ₹ 250 Cr</li></ul>

*Figure 1: MSME Criteria in India*

### **Contribution of the MSME sector in Indian Economy**

Micro, Small, and Medium Enterprises (MSMEs) stimulate entrepreneurship and create jobs, which significantly contribute to the economic and social development of the nation. The fact that MSMEs made up 33.08 percent of total GVA (current prices) for 2019–20 provides insight into their relative importance (Economic Survey, 2021-22)

Annual MSME Report 2022-23 provides data regarding the numbers of MSMEs presently working based on the classification of activity performed.

**Table 1: Estimated Number of MSMEs (Activity Wise)**

Category (Activity Wise)	Estimated Numbers of Enterprises (in lakhs)			Share %
	Rural	Urban	Total	
<b>Manufacturing</b>	114.14	82.50	196.65	31
<b>Electricity*</b>	0.03	0.01	0.03	0(Negligible)
<b>Trade</b>	108.71	121.64	230.35	36
<b>Other services</b>	102	104.85	206.85	33
<b>All</b>	324.88	309.00	633.88	100

*\*Non-captive electricity generation and transmission Source: Annual MSME Report 2022-23*

**Employment Generation:** According to the 73rd round of the National Sample Survey (NSS), which was done between 2015 and 2016, the MSME sector created 11.10 crore employment in the country, with 360.41 lakhs jobs in manufacturing, 0.07 lakhs job in non-captive electricity generation and transmission, 387.18 lakhs in trade, and 362.82 in other services (Table 2).

**Table 2: Estimated Employment in the MSME Sector (Activity Wise)**

Category (Activity wise)	Employment (in lakhs)			Share %
	Rural	Urban	Total	
<b>Manufacturing</b>	186.56	173.86	360.41	32
<b>Electricity*</b>	0.06	0.02	0.07	0(Negligible)
<b>Trade</b>	160.64	226.54	387.18	35
<b>Other services</b>	150.53	211.69	362.22	33
<b>All</b>	497.78	612.10	1109.89	100

*\*Non-captive electricity generation and transmission Source: Annual MSME Report 2022*



**Social Inclusion:** According to the Annual Report of The Ministry of MSMEs (2022-23), the socially backward groups owned almost 66.27% of MSMEs. In rural areas, almost 73.67% of MSMEs were owned by socially backward groups. The majority of that (49.7%) was owned by OBCs. Owners from SC and ST made up 12.45% and 4.10%, respectively, of the MSME sector (Table 3). Nearly 73.67% of MSMEs in rural areas were held by disadvantaged groups, of which 51.59% were from the OBCs. In cities, nearly 58.68% belonged to the socially disadvantaged categories, 47.80% of which were OBCs.

**Table 3: Percentage Distribution of enterprises by social group of owners in rural and urban Areas**

Region	SC	ST	OBC	Others	Not Known	Total
Rural	15.37	6.70	51.59	25.62	0.72	100.00
Urban	9.45	1.43	47.80	40.46	0.86	100.00
Total	12.45	4.10	49.72	32.95	0.79	100.00

*Source: Annual MSME Report 2022-23*

The expansion and improvement of the nation's economy are significantly influenced by MSME. A third of GVA is its contribution to GDP. Additionally, it makes up 50% of the nation's exports. A significant number of work prospects are seen in this industry in addition to that, and they come from the rural area. MSMEs significantly contribute to minimizing regional imbalance by presenting job opportunities. Additionally, some MSME offer raw materials to other sectors. The MSME sector has historically served as a bulwark for the Indian economy, giving it the strength to withstand shocks to the global economy and overcome obstacles. According to the most recent data from the Ministry of Statistics & Program Implementation and the Directorate General of Commercial Intelligence and Statistics (DGCIS), the MSME sector in India has continued to show resiliency and growth.

Bhanu Pratap Singh Verma, (the Union Minister of state for MSMEs stated that the information provided by the Ministry of Statistics & Program Implementation showed:

1. In India's Gross Domestic Product (GDP), the percentage of MSME Gross Value Added (GVA) has fluctuated over the past three years. As a result, while the share was at 30.5% in the fiscal year 2019–20, it significantly decreased to 27.2% in 2020–21 before increasing to 29.2% in 2021–22.

2. With respective shares of 36.6%, 36.9%, and 36.2% during the fiscal years 2019–20, 2020–21, and 2021–22, the manufacturing output of MSME in India's overall manufacturing output remained comparatively steady.
3. Over the past three years, the percentage of MSME items in India's overall exports has decreased. They made up 49.4% of India's exports in the fiscal year 2020–21; but, by 2021–22 and 2022–23, their share had dropped to 45.0% and 43.6%, respectively.
4. An important source of employment in India has been the MSME sector. The Udyam Registration Portal (stated as of August 2, 2023), that an astonishing 12,36,15,681 people had been employed in MSMEs who had registered between July 1, 2020, and August 1, 2023.

According to the Minister, the proportion of MSME manufacturing output in India's total manufacturing output has generally stayed steady. The Ministry of Micro, Small, and Medium Enterprises has been implementing several plans and programs covering a wide variety of fields to promote the growth and development of the MSME sector, including:

- Support for Credit
- Development of New enterprises
- Technological Support
- Training and Skill Development
- Market Assistance for MSMEs

The Ministry has launched and implemented a number of schemes, some of them are listed below;

- Prime Minister's Employment Generation Programme (PMEGP).
- Micro and Small Enterprises-Cluster Development Programme (MSE-CDP).
- Entrepreneurship Skill Development Programme (ESDP).
- Credit Guarantee Scheme for Micro and Small enterprises (CGTMSE).
- Procurement and Marketing Support Scheme (PMS) and National SC/ST Hub (NSSH).

The government has recently taken several steps to provide support to the MSME sector to bolster its growth, such as;

- Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme;
- Rs. 50,000 crore equity infusion through the MSME Self-Reliant India Fund,

- An online portal Champions, a platform for resolution, redressal and remedies, a facility provided by the Ministry of Micro, Small and Medium Enterprises for ensuring a speedy, convenient, and effective redressed of MSMEs grievances,
- The inclusion of Retail and Wholesale trades as MSMEs.
- Non-tax benefits for upward changes in MSME status,
- The RAMP, (Raising and Accelerating MSME Performance Program)
- The launch of the Udyam Assist Platform (UAP) on January 11, 2023, has been another significant measure taken by the government, which aims to bring Informal Micro Enterprises (IMEs) under the formal ambit, enabling them to avail benefits under Priority Sector Lending (PSL).

#### **Importance of MSMEs in Kerala**

At current prices, Kerala's total GSDP stood at Rs. 999,643 crore (US\$ 131.34 billion) in 2022– 23, an increase of 10.8% over the last financial year. Kerala is the leader in rubber production; the high demand for rubber has opened up immense opportunities in the rubber industry for Kerala. In 2019-20, the tertiary sector contributed 64.76% to the state's gross service value added (GSVA) at current prices, followed by the secondary sector contributing 24.79% and the primary sector contributing 10.45%. The tertiary sector increased at a CAGR of 10.91% between 2015-16 and 2019-20. This was driven by storage, transport, financial, and real estate segments. The secondary sector grew at an average rate of 9.28% between 2015-16 and 2019- 20 which was led by the manufacturing, construction, electricity, gas, and water supply segments. The primary sector expanded at an average rate of 3.88% between 2015-16 and 2019-20, mainly supported by growth across agriculture, mining, and quarrying segments.

The service sector has the biggest sectoral distribution of MSMEs, followed by agro and food processing, textiles and apparel, rubber, information technology, and general engineering. A favorable environment for the establishment of new-generation creative businesses in the state is created by the availability of skilled people and public sector enterprises. The state government in Kerala is combining several entrepreneurship development programs into place in order to take advantage of these exceptional circumstances. The One District, One Product (ODOP) initiative, which focuses on the manufacturing and marketing of prospective food processing goods throughout all districts in the state, also offers subsidies from the Central and State Ministries.

Kerala is located along the coastline to the extreme south-west of the Indian peninsula, flanked by the Arabian Sea on the west and the mountains of the Western Ghats on the east with having a 580-km-long coastline. Kerala's land banks are fragmented due to around 44



rivers flowing through Kerala, the major ones being Periyar (244 km), Bharathapuzha (209 km), and Pamba (176 km). Out of these 44 rivers, 41 are west-flowing and 3 are east-flowing, which makes it difficult for large-scale companies to be established. The Kerala government developed a contextually relevant industry policy to overcome this difficulty by using this land to support MSME growth in the state.

The sectors that develop a country are its micro, small, and medium enterprises. The MSME sector contributes 29% of the country's GDP in 2021. Additionally, Kerala's MSME industry employs about 1.8 lakh people and enterprises are doubled in number during the past five years. Kerala has a concentration of industrial and commercial buildings along its coastline. Ernakulam and Trivandrum, among the coastal districts, have the most industry along the shore, followed by Alappuzha, Kollam, Kozhikode, Kannur, Kasargod, and Malappuram. The primary industrial sector in the coastal region of Kochi's Ernakulam District is called Eloor- Edayar- Ambalamugal. It is situated alongside the Cochin backwaters.

Some prime industries in Kerala are as follows;

- Cominco Binani and Cochin Shipyard are in Kochi availing the advantage of the port facilities.
- Fertilizer and Chemicals Travancore Ltd. (FACT)
- Hindustan Organic Chemicals (HOC)
- Kochi Refineries Ltd. (KRL)
- The world-famous Chavara placer deposits of the Kollam district support three major mineral industries in Kerala viz.
- The Indian Rare Earths Ltd. (IRE)
- Kerala Minerals and Metals Ltd. (KMML) at Chavara (Kollam)
- The Travancore Titanium Products (TTP) at Veli (Trivandrum).

The location of these units is nearer the sea. The Alappuzha district's coastal silica sands are used in the glass-making process at the Excel Glass factory, which is close to Cherthala. Kerala's coastal region, specifically Alappuzha district, is home to the majority of the state's seafood and coir industry. With a total freezing capacity of about 1868 t/day and 101 seafood facilities in the coastal area, 47 of them have received EU approval. Additional facilities include 217 ice plants and 210 peeling sheds. Traditional businesses in the state, such as cashew processing, are mostly found along the Kollam district's coastline. According to the KSPCB (2000), there are around 300 major and medium-sized businesses and 166,000 small businesses in the coastline region. Of these, 5000 small-scale businesses

and 250 large and medium-sized businesses seriously harm the environment.

### **Industrial Sector in Kerala**

Medium and large industries, micro, small and medium enterprises (MSME), and traditional industries make up Kerala's industrial sector. The Kerala State Industrial Development Corporation Ltd. (KSIDC), Kerala Industrial Infrastructure Development Corporation (KINFRA), Public Sector Restructuring and Internal Audit Board (RIAB), Bureau of Public Enterprises (BPE), and Centre for Management Development (CMD) are the departments/agencies that deal with medium-sized and large industries. The Department of Industries and Commerce, the Directorate of Handloom and Textiles, the Directorate of Coir Development, the Khadi and Village Industries Board, and Capex are the organizations that deal with MSME and traditional industries. This sector includes the Department of Mining and Geology as well.

With relatively little investment, Kerala's MSMEs sector is rapidly becoming a significant source of income and employment. One of the nation's major MSMEs hubs is Kerala. According to the MSME survey and Quick Results of the 4th Census, Kerala accounts for 5.62% of all MSME enterprises in India. By boosting exports through high-quality production methods and goods, the MSME sector may have the potential to drive the state's economy. The government offers a variety of programs in the MSME sector that are aimed at different social groups, including SC, ST, women, youth, and physically handicapped people. The government and banks in Kerala are offering numerous advantages to the MSME sector.

Micro Enterprises are becoming increasingly prevalent within the MSME Sector, both in terms of active businesses and employment. In this industry, about 6000 different MSME products are produced, ranging from low-tech to high-tech goods. MSMEs are essential to innovation because they can test out new technology on a small scale. However, they frequently struggle with money, a lack of entrepreneurial spirit, an inability to take risks with technological advancements, and difficulties recruiting skilled labor. These sectors include the handicrafts, handloom, khadi, food processing, clothing, and textiles, as well as industries that deal with materials made of coir, wood, bamboo, plastic, rubber, leather, and clay, among other things.

Kerala is making attempts for quick industrial development in the state despite its limitations. Handloom, cashew, coir, and handicrafts are traditional industries where people are engaged that come from lower sectors of the community. The following industries are also significant: general engineering, plywood splints and veneers, beedi and cigar, soaps & oils, fertilizers, khadi and village industry products, rubber, tea, ceramics, electric and electronic equipment, telephone cables, transformers, bricks and tiles,

medicines, and chemicals. There are numerous factories that produce non-ferrous metals, glass, paints, pulp paper, machine tools, petroleum products, and precision instruments. Cashew nuts, tea, coffee, spices, lemongrass oil, shellfish, rose wood, and coir are the main export items. Kerala is blessed with several deposits of high- quality China clay and beach sands that are rich in numerous priceless minerals. Over 90% of the state's total mineral production value is made up of heavy mineral sands and China clay. Mineral sand deposits of the highest caliber are found in Kerala in the coastal areas between Neendakara and Kayamkulam. Both primary and placer gold deposits can be found in Kerala, and the regions of Wayanad and Nilambur have most of these occurrences.

Around 90% of enterprises and more than 50% of all jobs are held by Micro, Small, and Medium-Sized Enterprises (MSMEs), which are also important drivers of economic growth and job creation in emerging nations. MSMEs make up a thriving segment of the Indian economy, especially in terms of creating jobs. MSMEs, which have relatively low levels of capital per employee, offer the second-highest number of employment prospects in the nation behind agriculture. The industry employs around 11.1 crore people and produces about 45% of India's manufacturing output, more than 40% of exports, and more than 28% of the GDP.

The contribution of the MSME sector in the economy is constrained because of several challenges affecting the growth of the sector-

- Institutional interventions and Policy related issues – The major problems in the policy creation includes formulation of targeted policies in the area of modernization, infrastructure development, technology adoption, and reduction of credit gap & ensuring timely payments to MSMEs.
- Lack of support for growth and enabling formulation - For creating a favorable ecosystem for MSMEs, there is a need to support innovative business ideas & shape them into enterprises, promoting formalization & digitization and encouraging them to register in Udyog Aadhaar Memorandum (UAM) has been a challenge.
- Addressing infrastructural bottlenecks - Lack of basic resources like land, work sheds, tool rooms, and product testing laboratories, electricity, rural broadband, and innovation hubs is a deterrent to the growth of the sector.
- Need for market linkage & tie-ups with public procurement platforms - There are two major challenges which MSMEs face, limited access to quality raw material and market for finished product. Tie ups with public sector units can help their growth and expansion.
- Limited access to risk capital and credit facilities – Because of having informal



nature, MSMEs facing problems in access to formal sources of credit. Banks face challenges credit risk assessment of MSMEs owing to lack of financial information.

#### **Best Features from MSME Policy of Other States:**

We present some major MSMEs policies of Tamil Nadu, Gujarat, Odisha, Kerala, and Uttar Pradesh.

##### **Tamil Nadu**

The 'Think MSME First' policy has been implemented in the state that will be applied to all policies of any department related to MSMEs or that can affect MSMEs, must consult MSME and organisations representing them. Also, MSMEs cost-output analysis is being done to ensure their sustainability.

To achieve the goal of making Tamil Nadu, most favoured investment destination for MSMEs, MSME Trade and Investment Bureau (M-TIPB) is established in the state, that is providing escort services to potential foreign investors in the MSME sector of state. It also works as a facilitating agency for single-window clearance for new MSME investments from outside Tamil Nadu to facilitate speedy and timely clearances.

The State Government is working with the Central Government, Nationalised Banks, Bankers' Committee at State Level, and State Financial Institutions for effective implementation of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to overcome the Problem of Collateral for Loans. Also, to overcome the difficulty of Seed Money, Equity participation approach would be used through the Tamil Nadu Start-up Fund.

##### **Gujarat:**

Concept of Land Banks- The state government has designated specific land portions throughout the state for industrial use, and information about these parcels is available online. Details about Private Industrial Parks, land parcels, SEZs, Private Industrial Parks are provided by the portal. To help investors with the availability of land parcels, the government will regularly update the platform.

##### **Odisha:**

The MSME policy of Odisha identified sectors which are given the "Focus Sector" status. Focus is made on these sectors to develop MSMEs in the state. Eight sectors are identified as Focus Sectors namely, Apparel and Textiles, Pharmaceuticals, Automobile & Auto Components, Medical Equipment, Plastics & Polymers, Defence Equipment, Steel &

Stainless Steel and Aluminium. Geographical Indications (GI) tags of potential geographical specific MSME sectors are sought. MSME Parks in every district have been developed to provide ready infrastructure for establishment of MSMEs and following the cluster approach. Also, the state converged the schemes and resources for leveraging greater benefits. Moreover, special incentive packages are given to industrially backward districts to develop MSMEs.

### **Kerala:**

A comprehensive policy initiative 'Year of Enterprises' launched. The Government of Kerala celebrated the financial year 2022-23 as the 'Year of Enterprises' to encourage with the motto "My enterprise, Nations' pride" and promote more Micro, Small and Medium level entrepreneurs in the State through various schemes under the umbrella of 'Year of Enterprises'. The government entrusted the Directorate of Industries with the target initiative "Setting up of One Lakh Enterprises during 2022-23". Kerala's Industry Policy actions centred on the seven key policy pillars that are Fostering Entrepreneurship; Enabling Infrastructure; Transition to Hi-Tech; Skill Development; Supportive Business Environment; Enhancing 'Kerala' Brand Equity; Priority Sector based industrialization. These focus areas help stakeholders and implementers to concentrate their efforts in better and effective implementation to achieve policy goals.

### **Uttar Pradesh:**

The government of Uttar Pradesh (U.P.) promotes MSMEs to attain quality standards such as Hallmark, Agmark, ZED, GMP, etc., patents, and GI Tags for which monetary assistance is being provided to MSMEs. The government is paying special attention to industrial backward regions, to promote the MSMEs growth in these identified regions and will be eligible for complete stamp duty exemption. Further to empower women entrepreneurs, they will be eligible for full stamp duty exemption in all parts of the State. The Institute of Entrepreneurship Development has been set up as a Centre of Excellence to develop a case study based practical training module on the various schemes initiated by the department.

### **Best Features from MSME Policy Worldwide:**

We present some major MSMEs policies of Indonesia, Thailand, Singapore, Malaysia, and European Union.

### **Indonesia:**

- ❖ Kredit Usaha Rakyat (KUR) Program has launched to provide loans to MSMEs at low interest rates.

- ❖ Indonesia Agency for Creative Economy (BEKRAF) supports creation of creative enterprises and startups by providing funding, capacity building support, and market access for creative MSMEs.
- ❖ The Mandatory lending Scheme was launched in 2012 to give compulsory loans to MSMEs. It requires banks to allocate at least 20% of their loan portfolios to MSMEs.

#### **Thailand:**

- ❖ Thailand has established specialised banks for MSMEs. The Small and Medium Enterprise Development Bank (SMEDB) is one of them. It developed a mobile application 'the SME D Bank Application' for financial services delivery, which provides mobile credit and financial services (D-Digital), online finance knowledge sharing (D-Development), and mobility counter services that send bank staff to local areas to serve customers (D-Delivery).
- ❖ A master plan of 5-years on MSMEs developed, which was focused on innovation, technology and value-added MSMEs, transforming MSMEs from traditional to smart MSMEs.
- ❖ The next SMEs Promotion Plan for 2022–2026 is being developed, focusing more on technology and innovation, and value-added MSMEs. It identified priority sectors such as textiles, electronics, and tourism to focus. Health care and wellness, logistics, Aviation, and tourism are new sectors covered in this Plan. It also pays attention to emerging technologies such as artificial intelligence and robotics.

#### **Singapore:**

- ❖ Start Digital initiative was launched in January 2019 to help new MSMEs and those who want to adopt digital with basic & advanced digital solutions. MSMEs can choose any two solutions from five categories to include in their Start Digital Pack: (i) accounting, (ii) human resource management system and payroll, (iii) digital marketing, (iv) digital transactions, and (v) cybersecurity. The solutions are offered by telecommunication partners and banks at competitive prices.
- ❖ Grow Digital initiative to support MSMEs in grabbing business opportunities in international markets. Through Grow Digital, MSMEs can go onto pre-approved business-to-consumer and business-to-business e-commerce platforms with regional or international reach. These platforms give SMEs a head start in going



global without having an overseas physical presence.

- ❖ Strategic Plan of Enterprise Singapore to support developing local enterprises adopts four strategies: (i) develop human resource (ii) enhance enterprise proficiencies, (iii) establish partnerships and strong networks, and (iv) promote the enterprise friendly ecosystem. The strategic plan focuses on three main goals - increasing productivity, nurturing innovation, and promoting globalisation.

#### **Malaysia:**

- ❖ Malaysia established the Ministry of Entrepreneur Development and Cooperatives (MEDAC) in 2018 as a nodal ministry for entrepreneurship development policies. MEDAC formulated National Entrepreneurship Policy 2030 (Dasar Keusahawanan Nasional, DKN 2030) with long-term vision.
- ❖ Technology Park Malaysia (TPM), established in 1996, aimed at creating a top-notch Technopolis that provides a comprehensive and advanced science, technology, and innovation ecosystem in Malaysia. It provides support for engineering and biotechnology manufacturing with fully equipped laboratories, machinery, and tools for accreditation.

#### **European Union (EU):**

- ❖ In order to tackle challenges of the future from the emerging technologies, Digital crash courses are being provided on subjects such as cybersecurity, AI, and blockchain. This helps MSMEs to share best practices for fast-tracking high-tech MSME growth.
- ❖ Improving the administrative environment for MSMEs and to tackle the barriers hampering their development, the European Commission adopted “Only Once” principle across the EU, under which administrative bodies or Authorities not supposed to seek the same information, documents, certificates, or data, which have been already submitted to them in the context of other procedures. Thus, eliminating unnecessary administrative burdens on MSMEs.

#### **Public Policy**

‘Public policy’ can be explained as a set of guidelines, actions, laws, and decisions taken by a government or its bodies to manage public affairs and to prioritize, recognize, and resolve

public issues. Public policy involves defined stages. It can be formed at different levels of government, but its implementation requires the coordination of all stakeholders. It involves various actors, both formal (such as the ministry, department, administration, local bodies, government organizations, financial institutions, etc.) and informal (such as political parties, non-governmental organizations, pressure and interest groups, the media, and people), for the policy's overall success. The term 'public' in public policy denotes the public dimension, which implies public purpose or public ownership. The aim of its formulation is to serve the people and address their issues through short-targeted objectives and plans. Public interests, opinion, and the public sector are its main areas of operation, but it can also regulate the private sector to maintain order and secure the interests of the public. It guides administrative bodies in decision-making and acts as a tool to promote public welfare in the modern welfare state. There are various types of public policies, each addressing different facets of governance, social welfare, and development. Broadly, public policy can be divided into five types which are as follows;

#### **I. Substantive Public policy:**

Substantive public policy deals with significant and substantial issues and challenges within society. These policies are mainly focused on bringing substantial changes or improvements in areas of public interest, particularly socio-economic and political matters. These policies have vast areas of operation, affecting the general welfare and development. These policies do not relate to providing special benefits to any segments of society but to the betterment of the whole sector for which they are formulated. Policies concerning education, health, poverty and other related problems under this category. In the case of India, policies such as Right to education, Ayushman Bharat could be considered as substantive policy.

#### **II. Regulatory Public policy:**

Regulatory policies are specific types of public policy that deal with the creation and enforcement of rules, regulations, standards, and guidelines to supervise various sectors of society. The main work area of a regulatory policy is to ensure public welfare and safety, promote fairness, and maintain order within activities that have possible social, economic, or environmental effects. There are three sets of rationales for regulatory interventions: prevention of market failures, restriction or removal of anti-competitive practices, and promotion of the public interest.

Government supervision, law enforcement, public safety, adaptation, and balancing Interests between consumers and industry are some of the key characteristics of regulatory policy. Regulatory policies involve the formulation of specific rules and requirements that individuals, organizations, and industries must follow. It is typically enforced by

government agencies or regulatory bodies that monitor compliance, investigate violations, and impose penalties for non-compliance. The primary aim of such policies is to ensure safety, fairness, and accountability and to prevent monopolistic tendencies. For effective enforcement, it needs to evolve over time to address changing circumstances, new challenges, and emerging technologies.

Some of the examples of regulatory public policy from India are The Factories Act 1948, Banking Regulations Act 1949, Securities and Exchange Board of India Act 1992, Telecom Regulatory Authority of India Act 1997 and other such regulations.

### **III. Distributive Public policy:**

Distributive policy is a type of public policy that involves the distribution of aid or resources to specific sectors with the aim of boosting the growth of those sectors through various kinds of aid and assistance, viz., financial, educational, technical, and many more. The primary goal of distributive policies is to distribute goods, services, and opportunities more fairly to reduce disparities and promote inclusive development. Resource allocation, distribution of essential goods, promotion of sick sectors by providing certain assistance, and creation of job opportunities through public investment are some of the key characteristics of distributive public policy. The focus of distributive policies is on achieving a reasonable and just distribution of resources or opportunities among different groups. It often requires government involvement and decision-making to allocate resources and benefits.

Distributive policies deal with allocating resources to broadly accessible sectors to boost improvement in them and less so to specific individuals or groups. Redistributive policies more often allocate resources to specific individuals or groups and deal with reallocation. So those gains or losses are more visible. (Kuhlmann J. 2021)

Distributive policies play a significant role in promoting inclusive welfare within a society. However, they can also raise questions about sustainability and the possible unplanned consequences, such as overdependence on the government. Balancing the need for equitable distribution with broader economic goals is a complex challenge in policymaking. Policies concerning education scholarships, research grants, agricultural-loan subsidies, and small business loans are some of the examples.

### **IV. Redistributive Policy:**

Redistributive public policy deals with the reallocation of resources from those who have more to those who have less in order to address social and economic inequalities. It is a



type of government action that aims to reduce economic disparities, increase wealth concentration, and promote a more equitable distribution of opportunities within a society.

In the words of Lowi, both the advantages and the expenses are concentrated, but different groups bear the costs and reap the rewards. Redistributive policies often involve the government collecting funds through taxation or other means and then using those funds to provide benefits, services, or financial support to those with lower incomes or resources. These policies are mainly aimed at improving the conditions of disadvantaged or marginalized populations and fostering a more balanced and just society.

**Examples of redistributive public policies include:**

- **Progressive taxation**, which involves collecting a larger proportion of revenue from relatively wealthier people by taxing higher incomes at a higher rate. The additional revenue generated can then be allocated to fund social programs and services for lower-income people.
- **Land Redistribution Policies**: It involves redistributing land ownership to address historical inequities and provide land to marginalized or landless communities in society.
- **Wealth and Property Taxes**: These taxes are levied on accumulated wealth or inherited property to reduce wealth concentration and promote a more equal distribution of assets.

Redistributive public policies have significant socio-economic impacts, and their formulation and implementation require careful consideration. These policies aim to create a more inclusive society by reducing the disparities that can arise from the unequal distribution of resources and opportunities.

**V. Capitalization Public policy:**

Capitalization policies are a different type of public policy. Under these policies, subsidies are given by the central government to the authorities at regional, district, and local levels. In India, schemes of the central government are classified as central sector schemes and centrally sponsored schemes. The former is completely funded by the central government, whereas the latter later provides funds in a defined proportion to the state government. A centrally sponsored scheme is a type of capitalization public policy. The subsidies might not be direct but through various programmes for instance, centrally-sponsored programmes are subsidized for state governments which includes Crop Insurance scheme, National Rural Employment Guarantee Scheme (NREGA). Examples of capitalization in public policy are public-private partnership programs, subsidies to state and local governments,

businesses of public sector undertakings (PSUs), etc.

"Capitalization" in the context of public policy also connotes the process of converting certain public services into financial assets. This can involve the privatization of public assets, the transformation of social services into profit-making entities, or the monetization of public resources for financial gain. But it should be acknowledged that capitalization in public policy

can have both positive and negative effects. On one hand, it can drive economic growth and innovation. On the other hand, it may lead to unequal access to essential services, reduced accountability, and the potential exploitation of public assets for private gain by a few corporate entities. So, efforts should be made by policymakers to address the potential impacts of such policies.

### **‘Year of Enterprise’ under which type of Public Policy?**

Creating new MSMEs and job creation typically fall under the purview of economic and industrial developmental policies. Such policies focus on the promotion of entrepreneurship by providing financial assistance and easy access to credit facilities, enhancing human resources through skill development, and easing the process of business establishment by nurturing a favourable business environment, which in turn generates employment opportunities. Among the types of policy listed above, ‘Year of Enterprise’ fall under the distributive policy as it involves distribution of aids and resources in specific sector thus, boosting growth of the economy.





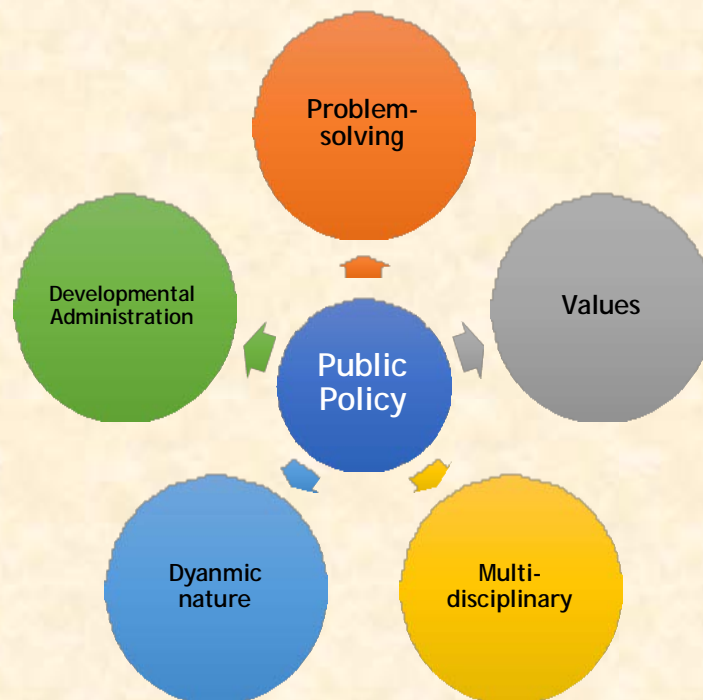
‘Year of Enterprises’ can be generally considered an economic and industrial development policy; by promoting entrepreneurship, it aims to lead to increased jobs and economic prosperity. It should also be noted that ‘Year of Enterprises’ is a comprehensive initiative that includes several schemes and campaigns and has many economic as well as social objectives, so definitely it comprises elements of various types of public policy. A public policy formulated to create new jobs through the creation of new micro, small, and medium enterprises (MSMEs) with the aim of promoting entrepreneurship can also be classified as a distributive public policy. The allocation of resources and assistance to build new small businesses, which in turn creates job opportunities, is the key feature of a distributive policy. In the case of creating new MSME enterprises, the policy aims to provide marginalized or disadvantaged people with the means to access markets and economic opportunities and contribute to overall economic growth. It also shows some of the elements of redistributive policy. These policies intend to provide underprivileged communities with the tools and resources they need to participate more fully in economic activities, thereby contributing to a more balanced distribution of economic benefits.

An industrial policy to promote MSMEs includes various measures such as credit facilities, skill development, infrastructure development, technology adoption, market access, and regulatory reforms. Public policies for promoting small-scale industries are valued both

Internationally and in India for their crucial role in achieving several socio-economic goals, including increased employment growth, increased output, the promotion of exports, and the encouragement of entrepreneurship.



### Characteristics of public policy science:



*Figure 2: Features of Public Policy Science*

**Problem-solving oriented:** The public policy studies are problem-solving-oriented. In the modern welfare state, public policies are explicitly crafted to identify a specific issue and ultimately resolve it by making coordinated efforts. They are not to be based on ideological preferences but on the socio-economic conditions and practical needs of the public.

**Value oriented:** The field of public policy is generally considered political, social, and economic, but it also has ethical components. This value perspective acknowledges that every social issue has a value element; they can be democratic values, human dignity, moral obligations, etc. As a result, one must accept the value components of a situation in order to comprehend it. No policy analyst is without their own values, which must also be taken into consideration. (Amy 1984)

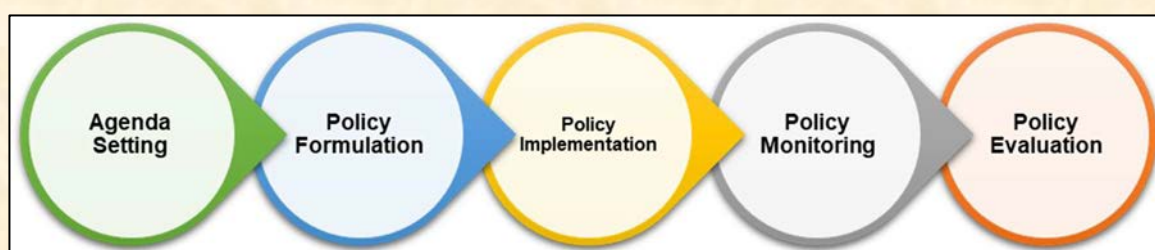
**Multi-disciplinary:** The public policy science is considered multi-disciplinary. Almost every social, economic, or political issue involves elements related to various academic fields without explicitly falling under the purview of any one field. So, in the making of comprehensive public policies, experts from various disciplines are needed.

**Dynamic in nature:** Public policies are subject to change and adaptation over time in response to evolving needs and political and socio-economic conditions. They must remain flexible and open to adapting to changes. The advancement of technological knowledge, the emerging of new challenges, and shifts in socio-political circumstances make the field of

public policy dynamic and evolving.

**Tool for developmental administration:** Developmental administration is a branch of public administration that aims at promoting economic, social, and political development within a country. It deals with implementing policies and programs to achieve sustainable development. Public policy provides the framework within which developmental administration functions. There is an interdependent relationship between the two, as successful developmental administration depends on the formation, implementation, and evaluation of sound public policies.

### Stages in Public Policy:



*Figure 3: Stages of Public Policy*

#### 1. Agenda setting:

This is the first stage in public policy, which involves the identification of an issue that needs the attention of policymakers and is subsequently put on their formal agenda. The problem and its possible solutions are identified, which is followed by a timeline that determines the life of the policy. Kingdon (1995) provides categorization of problems based on visibility namely, crisis, hardy perennials, and normal problems. Problems coming under the category of crisis cannot be ignored thus, requiring immediate action and attention of the top delegates in the government. Hardy perennials refer to long-standing problems such as poverty alleviation or economic reforms which are unfinished and often policies are inherited from the past government with some amendments and expansions. Lastly, normal problems are somewhat invisible unless highlighted by sudden events or policy-interest groups. Depending on the nature and visibility of the problem, the objectives and possible mechanisms are identified accordingly. In the case of Kerala, the policy problem is hardy perennial in nature which means, it is a long-standing problem that cannot be solved overnight with sudden flux of funds or resources. Thus, it requires several small interventions targeting employment and growth to boost the economy and decrease dependence on remittances. Meanwhile, MacCrimmon and Taylor (1976) view a problem as a gap between existing circumstances and desired goals. Landry (1995) defines four

conditions for the existence of a policy problem: The occurrence of certain events in the past and present has a strong probability of having adverse effects in the future, which may be recognized by the policy actors; an initial judgment of the efforts needed to solve the problem is made; a commitment to resolve the issue with the gathering of resources needed; ambiguity of efforts measures; and an implementation strategy. The agenda- setting stage includes policy acknowledgement, creation, and actions. In this stage, clear goals for the desired policy with short-targeted objectives are identified.

#### **Steps in Agenda Setting:**

- i. **Identification of the problem:** Whenever we start to formulate policies, the first step will be to identify the problems that led to their formulation. Without this step, no policy can be formulated. This step becomes the primary or foundational step for policy formulation. In the case of 'Year of Enterprise, the Kerala government found the issue of employment generation in the secondary sector of the state. Primary and service sectors were very performing and had already given their best output in the GDP. So, they identified the problem of employment generation in the secondary sector of the state and came up with a plan to strengthen MSMEs. A lot of people were already involved working in MSMEs, and it was easier to tap into those and make new policies related to them to bring out the best for the state.
- ii. **Setting of Objectives:** Any public policy that is being formulated needs to have certain objectives so that the goal of the policy formulation can be easily fulfilled. This helps the government identify if they are moving on the right track or not. It also helps strengthen the decision-making power of the government. And the support for evaluation so that the policy formulated can be a success. In the year of enterprise, the main objective of the government was to create jobs in the secondary sector of the economy and to get the best benefit from the policy, other policies related to infrastructure development, financial support from financial institutions, and the skills needed to get the best output from the program. The other objective was to make the goods manufactured by MSMEs export-oriented.
- iii. **Estimating the requirements:** This estimation can be of the funds needed to run the policy, the expected manpower for the smooth execution of the policy, and the infrastructure development such as digital network of firms, banking facilities for entrepreneurs and other such support needed. There can also be issues with the local government facilities, which can be viewed when the objectives are set and the required solutions are obtained from this process in the policy formulation process.
- iv. **Reviewing from the past plans:** Any policy is made based on the way the



government has worked in the past. If any changes are needed, they can do that and work on the policy once again so that the best results can be found. These can also be plans made previously that were not implemented at the right time.

- v. **Public Agenda:** This can be seen in their manifestoes, which the government announces before the elections of the state. These manifestos have the objectives and policies the government is going to run after the elections. These are set so that the state ministers can frame policies in such a way that the agenda behind winning the election is clearly reflected. For the Kerala Government, employment generation was an issue, and focusing more on industrial and manufacturing through MSME will help in employment generation and capital development in the state.
- vi. **Media Agenda:** Media is a fourth pillar of democracy; it plays a very important role in policy development and implementation. The problems that people are facing can easily be highlighted through the media. Apart from this, even at the time of implementation of the policy, the media plays an important role. With respect to the year of enterprise, the lack of employment opportunities in the manufacturing and industrial sectors was shown by the media. This influenced the government to come up with a policy that can help in the generation of employment in the economy and can also help in capital growth for the state. Even before the commencement of the policy, the issues that the people from the MSME face were brought out by the local media.
- vii. **Role of Bureaucracy and administration:** The bureaucracy not only implements the policy but is also involved when the policy is being formulated. They have knowledge and expertise in various domains of society, like health and education, so the possibilities of generating more ideas also increase. Administration and bureaucracy can make the policy legally sound and economically feasible (Worksman 2015).

In the agenda setting framework by Kingdon (1995), he discusses the three distinct streams namely, problem, policies, and politics. The “window of opportunity” emerges when three streams intersect thus, providing a chance for a policy change to take place. In the case of the “year of enterprises”, it can be deduced that, problem stream got severe with the pandemic crisis thus, highlighting the need for changes in policies. Secondly, the policy stream was available as several interventions were already inline. The policy initiative launched was a “cross-fertilization of ideas” in a sense that it combined already existing policies related to MSMEs’ financing, subsidies, and others under one umbrella with several new ones and packaged it into a broader vision of entrepreneurship. Lastly, the politics

stream, since the election held in 2021, launching new initiatives just post the election provides time for the policies to mature and reap their benefits until the next election comes near. Moreover, a stable state government also enables vision for launching policies related to “wicked problems” such as unemployment.

## 2. Policy Formulation:

The policy formulation stage primarily discusses the alternatives available for policy problems and narrows it down to feasible policy suggestions considering its political and technical constraints (Jordan et al., 2014). ~~Policy formulation is a basic step in the policy process. The process of developing and designing a policy determines whether it is successful or unsuccessful.~~ The process of formulating a policy entail identifying the issue at hand and developing a range of potential solutions. Governments or their representatives establish public policy as a set of laws, rules, instructions, and financial allocations with the intention of advancing the common good. A policy is ultimately defined by a variety of interests and possibilities after many people participate in an iterative process. This implies that governmental regulations are similarly subject to constant change. The framework for creating, implementing, and evaluating the efficacy of policies is the policy-making process.

Policy formulation involves a series of meetings with stakeholders and domain experts. Recommendations and suggestions are sought from them to form the policy document. This stage is a brainstorming process that guides the direction of the whole policy. Both formal and informal actors are involved in the policy formulation process. A wide range of individuals can affect how policies are formed since they are developed incrementally. Civil servants play a huge role in this stage. They must be inclined toward the policies made by the authorities. The civil servants know about the day-to-day situation, and accordingly, they can give suggestions even in the policy formulation and shaping stages. The top bureaucrats have constitutional responsibility. With their years of knowledge and experience, the top bureaucrats are the think tanks who can help in policy formulation. The quality of the advisory function of the bureaucrats depends upon how they connect with the views of the policies and ideology of the opposition government and the needs and requirements of the public.

B. Guy Petres (2001) talks about “Agency Ideology”. The soft version of agency ideology holds that an established program is a good fit for ideas that the bureaucracy prefers because of familiarity.

### Steps in Policy Formulation:

- i. **Determination of the objectives:** The formulation of objectives is the initial step in policy formulation, helping achieve the final goals. These objectives are set

by policy implementers and other decision-makers. In 'Year of Enterprise', the Kerala government set objectives which include employment generation in the manufacturing sector, strengthening the manufacturing sector, enhancing MSMEs, and enhancing state infrastructure to incorporate the best for the state.

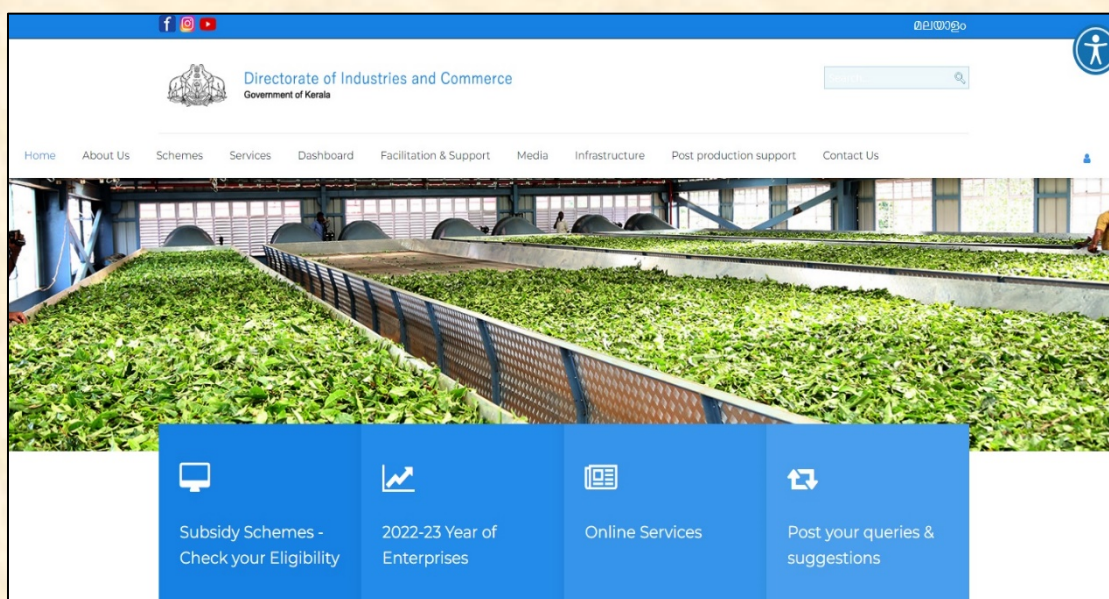
- ii. **Calculation of cost:** - Cost calculation is crucial in policy formulation, as it determines the allocation of funds for policy implementation at different stages. The Kerala government has calculated the cost of a policy and declared a budget for it, including parameters for capacity building of infrastructure. However, critics argue that not everything can be quantified, and the government must consider all aspects to maximize net benefits.
- iii. **Identification of stakeholders:** Policy formulation involves numerous stakeholders, both directly and indirectly. These stakeholders empower, consult, collaborate, and inform decision-makers, raising awareness and creating support for issues and solutions. The more involved they are, the better the results. In the 'Year of Enterprise', key stakeholders included Directorates of Industries and Commerce, local governments, state financial institutions, PSUs, state project management units, and aspiring entrepreneurs. Their involvement ensures better outcomes and supports the development of effective policies.
- iv. **Selection of policy instruments:** -Policy instruments are essential for achieving policy goals and objectives. They can be used as personal economic tools to manage economic variables. Policy tools include, but are not limited to, interest rates, tax rates, subsidies, minimum prices, wages, and laws. In the 'Year of Enterprises', the Kerala Government has chosen policy instruments such as land availability, cheaper loans at low interest rates of 4%, subsidies, and conducting information campaigns by distributing booklets for aspiring entrepreneurs. These instruments aim to help establish industries, provide information on potential business sectors, licenses, loan schemes, commercialization technologies, and district-wise land availability. The government also has an online portal and mobile application for this policy initiative.
- v. **Analysis of Potential Impacts:** This is the stage where the ripple or spillover effects of the policy formulation can be assessed. The formulation of this policy can have some impact on other departments and sectors of the economy as well. In this stage, we can determine the scope of the policy formulation and how the policy will help in determining the economic benefit for the selected sector and other sectors



that are also indirectly involved. For example, the policy was formulated for the benefit of employment generation in the manufacturing sector. But its ripple effects were also observed when this policy also helped in the agro-based industries and service sectors of the state. With that, the infrastructure development and improvement in the financial sectors of the state would also benefit the overall state.

- vi. **Drafting of the policy, with consulting other stakeholders:** A final draft of the policy is accepted and published in the media. This involves the objective of the policy to be published and the focus on the purpose of the policy formulation and the origin of the policy, as well as the parties that are covered by the policy formulation agents or actors. This also covers the guidelines and procedures with which the policy should be complied with and implemented.
- vii. **Adoption and legitimization:** The policy adopted at this stage is a conceptualization of the policy. The findings of the policy are the final stage of policy formulation to choose the alternative solutions for the policy formulation. The formulated policies are being adopted by the relevant department of the government so that they can be put into effect.

In the case of 'Year of Enterprise', before the commencement of the policy initiatives in 2022, several brainstorming sessions were held with the stakeholders and ministers to discuss the policy alternatives in November 2021. Thus, involving several phases of policy formulation involving appraisal, dialogue, and formulation phase. Moreover, a "convergence meeting" was held in January, 2022 which included several local bodies, industrial associates, trade associates, public sector units (PSUs), and other delegates.



## Models in Policy Formulation

**Group Theoretic Model:** The group theory model is a widely accepted approach in policy formulation, involving bargaining, negotiation, contestation, and compromises among groups with diverse interests and preferences. This model is applied in real-life situations, where public policy is achieved when a balance and equilibrium are achieved. It is also known as pluralist theory, as multiple contending groups have equal chances of dominance in collective decision-making. Some of the key characteristics of group theory include organizing interest groups, mobilizing resources, access to policymakers, and coalition making. However, policies may reflect the interests of the dominant group at a specific time. For instance, the Farmer and Fertilizer Industry Group came up with the policy of giving subsidized fertilizers to farmers.

**Elite Theoretic Model:** This theory is different from the group theory model, as it only reflects on the values and preferences of the elites. These elite groups are highly influential—political leaders, business leaders, top experts, and bearcats—who have the same preferences and whose preferences prevail in collective decisions. In this situation, the government becomes the agency to carry out the arrangements and preferences of the elites. Innovation in public policy comes from the preferences and values of the elite. Public policy is influenced by the elites and their values rather than the values of the masses; thus, the policy becomes incremental rather than revolutionary.

**Incremental Model:** The term "incrementalism" is a strategy for changing numerous laws or policies gradually and incrementally in order to bring about more significant changes gradually. Because this approach entails changing policies or regulations gradually rather than all at once, incrementalism is often referred to as gradualism. Incrementalism places more emphasis on solving immediate issues than on pursuing lofty objectives like social justice. No one actor holds the knowledge necessary to determine a sensible course of action, and issues are frequently handled without ever being fully defined. According to some analysts, policymakers may be prompted to adopt non-incremental policies by an aroused mass public opinion that demands action on a specific issue. However, this is not at all typical. Conflict over objectives and the lack of a sufficient information base effectively prevent non-incremental policymaking when decision-makers with a long-term interest in and experience in a subject disagree. In such cases, decision-makers may divert the attention of the general public while discussing a partial resolution to important problems behind closed doors. There must be at least two factors in place for incrementalism to function correctly. The policy must include all or almost all of the impacted interests, and there shouldn't be any significant power disparities between the various players.

**Institutional Model:** According to the institutional approach, governmental



organizations, including legislatures, executive branches, courts, and political parties, are where public policy is born. This point of view contends that a proposal only becomes public policy when it is decisively chosen by the institutions of government. Legislative, executive, and judicial forces are the main forces in crafting the policy. Each has a different role to play

than the other. Legislative institutions are concerned with policy formulation and lawmaking in the political system. It also carries out additional tasks like examining, critiquing, discussing, and making public government policies and their effects on the floor of the house. Executive institutions mainly perform the tasks of formulation and implantation of the policy. Cabinet accepts the policies in the parliamentary form of the government.

**Rational Model:** The rational model is based on "to choose the best" or "the best way". This model posits that the government has an unlimited capacity for data collection, computation, and processing. The government may therefore plan ahead and find the best answer. The wisdom of the state serves as the foundation for this concept, which is unaffected by other independent organizations. The policymaker first determines the root of the issue. He created a list of goals and prioritized them, which was vital because certain goals can be more crucial than others. The decision-maker identifies the many options and policy solutions that support the objectives. He creates a comprehensive list of potential policies and resource allocations, together with the weights of each option.

**Game Theoretic Model:** Game theory is the study of rational choices in situations where two or more people must each make a decision, and the outcome depends on their choice. The best results in this paradigm depend on what other people choose to do; hence, there is no independently best choice that one can make. In this approach, choices made by decision-makers are interdependent. It's possible that the game's terrible design implies that significant conflict situations are not the best places for game theory to be applied. Any entity with clearly stated aims and the capacity to take rational action, whether an individual, a group, or the government of a country, may be considered a player. A deductive and abstract model of policymaking is game theory. Instead of describing how people really make decisions, it describes how they would proceed if they were fully rational and faced with competitive conditions. Thus, game theory is a type of rationalism that is used in competitive settings where the actions of two or more individuals can determine the outcome. This theory's central idea is strategy. According to game theories, a minimax strategy is a logical approach that, regardless of what the opponent does, either minimizes the maximum loss or maximizes the lowest gain for a player. The goal of the minimum strategy is to shield the player from his rivals' best moves. In that it aims to limit losses and



secure minimal gains rather than pursue maximum gains at the risk of significant losses, it could be considered a cautious strategy. The majority of game theorists believe that the best rational approach is the minimum. It embraces concepts that are equally simple and complicated. The real payoff values of various policy alternatives are known to policymakers, whether they are for themselves or their opponents. The prisoner's dilemma, in which two convicts planned to commit a crime but were apprehended, is the best illustration of game theory. They'll each be placed in a different cell and informed that a light sentence awaits them if they confess. The problem for both parties is the worry that if one confesses and the other does not, this may lead to a harsh penalty. Game theory offers an intriguing approach to delineating policy options in conflicting settings. They'll each be placed in a different cell and informed that a light sentence awaits them if they confess. The difficulty for both is the worry that if one confesses and the other does not, this may lead to a harsh punishment. Game theory offers an intriguing approach to delineating policy options in conflicting settings.

**Systems Theoretic Model:** This method takes the political system's impact on public policy into account. According to David Easton, a society's interconnected institutions and activities that produce authoritative decisions that are legally binding on society make up the political system. Demands and support from the environment are inputs into the political system. Everything that happens outside of the political system's confines is included in the environment. Demands are requests made by people and organizations for the political system to act in their favor. Outputs are the system's official value allocations, and these value allocations make up public policy. This theory helps structure our investigation of policy information. It demonstrates how environmental factors can influence public opinion. It is considered that this paradigm is overly straightforward. Policies frequently don't seem to follow such a logical progression. This model's flaw is that it ignores a crucial aspect of the policy-making process, namely that institutions and policymakers alike have significant power to shape the environment in which they function.

### 3. Policy Implementation:

Policy implementation is considered the most important stage in the public policy process. It is a significant area of study in public administration. It is a stage at which decision-makers provide shape to policy intentions and allocate resources to achieve the desired policy outcome. Earlier, relatively less importance was paid to implementation studies than policy formulation however, with past events of policy failure by ineffectual implementation and policy success by effective implementation strategy, it is becoming a fact that "policies fail on their own features, but their success is dependent upon the process

of implementation" (Hudson et al. 2019). If a policy fails to have the particular influence that is expected, it must be because of the drawbacks of various factors, such as lack of resources, capacity of implementing agencies, influence ability of political leaders to get the work done, and other such factors. Effective implementation can be partially predetermined by effective leadership, which can be the important political hidden hand that guides in decision-making and organized and desperate interest to converge in support of implementing policy (Selepe M. 2023). Hence, implementation strategy and its execution on the ground have a crucial role in public policy success, and their study is becoming essential in public policy.

Policy implementation is the process of realizing the goals of policy through actions and operations. It makes a public policy alive; without implementation, a policy is nothing but a dream. This process comprises actions, decision-making, coordination, communication, participation, etc. It deals with means and methods to adopt in order to put into effect the provisions of policy. The implementation process is the bridge that connects the initial circumstances with the desired future goals. (California State University, 2002)

Knoepfel P. et al. (2011) defines implementation as the set of decisions and activities performed by the public, para-state, and private actors and framed either by a set of legislative or executive rules that are flexible and favourable to the interests of the different actors on the field and carried out with the intention of forming, influencing, or directing the constitution of a 'policy network system' (as defined by Clivaz, 1998), which provides relationships between the formally established administration, other stakeholder administrative services, interest groups, end beneficiaries, and pressure groups.

#### **Steps in the process of Policy implementation:**

- i. ***Planning and Preparation:*** "Failing to plan is planning to fail." This famous proverb is also applied to the implementation process. This should be the foremost stage in implementation. Detailed planning provides a broad framework to plan future activities, which helps administrators achieve effective implementation. This involves the setting of clear goals, a timeline, the allocation of necessary resources, the consolidation of related information, defining the roles and responsibilities of various stakeholders, the system to be established, and so on.
- ii. ***Guidelines and Procedures:*** Policy should be translated into specific action plans, programs, and guidelines to adhere to in the implementation process. This also includes some necessary changes according to the needs of the locality, but mainly it should be uniform throughout the targeted area of policy.

- iii. **Organizational structure for implementation:** Organizational structure provides the framework for effective administration and coordination among the various levels involved in policy execution. It defines roles and responsibilities and establishes a chain of command that ensures accountability and smooth communication. A well-structured organization prevents duplication of efforts and reduces delays and confusion thereby, allowing for the efficient allocation of resources, which are essential for policy implementation. Also, these structures identify potential challenges and make appropriate adjustments and adaptive plans to resolve emerging problems.
- iv. **Coordination among implementation agencies:** For the success of any public policy, coordination among various actors at ground level is essential. Without which, there will be overlapping efforts and a state of confusion, which will seriously hamper the policy goals.
- v. **Resource allocation:** To effectively execute the planned activities and achieve the policy's objectives, the allocation of resources is very important. Financial resources are allocated for expenses such as salaries, procurement, and public awareness campaigns. Human resources include the personnel and staff that implement the plan on the ground. Prioritization is necessary in this because it ensures that resources are directed towards impactful activities.
- vi. **Capacity building:** Implementation requires specific skills and knowledge. For this reason, regular training of ground-level implementers is an essential task. Training and capacity-building initiatives ensure that administrators possess the necessary capabilities to carry out their tasks effectively.
- vii. **Stakeholders' participation:** In the policy implementation process, the involvement of people, government organizations, and non-governmental organizations who are directly or indirectly affected by a policy in decision-making, planning, and execution plays an important role in policy success.
- viii. **Policy Maintenance:** Policy maintenance is a continuous process to ensure the success of the whole policy. It involves sustainability measures for effective policy operation at present and in the long term. It involves feedback and adaptation functions as well.

*Table 4: Actors involved in Policy Implementation process:*



<b>Formal:</b>	<b>Informal:</b>
Ministry	Political Party
Secretariat	NGOs
Department	Interest groups
District Administration	Pressure groups
Local bodies Administration	Media
Financial Institutions	Public

### **Different Models of Policy Implementation:**

With the emergence of the concept of the welfare state and the discipline of public administration, various scholars have deeply studied public policy and every process involved in it and given different models and approaches to implementing public policy. Some of the most prominent models in the implementation process are as follows:

#### **Top-to-Down model:**

American scholars Jeffrey Pressman and Aaron Wildavsky are considered pioneers in the fields of implementation studies and public policy analysis. They are in favor of a top-down system of public policy implementation. According to them, control, communication, direction, and resource allocation should flow from top to bottom. In the top-down model, policy decisions are taken by the top-level administration and executed by the bottom-level administrators or street-level bureaucrats. Many legal, political, and tractability variables affect the top-down implementation process. Various factors or variables (including legal, political, social, institutional, etc.) affect the policy implementation process in the top-down model.

Using this approach, Donald Van Meter and Carl Van Horn proposed a model that helps in the analysis of the implementation process. They assess policy implementation based on the parameters of their defined six variables:

1. Clear goal with specific objectives of the policy.
2. Need for the policy and resources available to implement.
3. Coordination among concerned organizations.
4. Characteristics of implementing agencies, their relations with policy makers.

5. Support from the government and stakeholders' involvement.
6. Future of policy implementation in case of socio-economic and political changes.

Additionally, some other variables were proposed by Hogwood and Lewis, which includes complete detail and sequence of the tasks; single implementing agency; minimum dependency.

The approach starts with a consideration of the need to analyze the policy implementation considering these variables. They influence the implementation process either directly or indirectly.

### **Bottom-to-Up model:**

Advocates of the bottom-up model argue that the top-down model lacks effective implementation in practice. They placed importance on the interaction of implementers with their clients. Thus, they suggest that the implementation process involves 'policymaking' by the immediate implementers or street-level bureaucrats. This model says that ineffectiveness lies in a top-down model because it is more like a 'one size fits all' generalization. But in practice, local conditions hold immense importance for the successful implementation of any policy.

Michael Lipsky is considered the founder of the bottom-up approach in implementation studies. He gave more importance to the front-line staff in policy delivery institutions, whom he calls "street-level bureaucrats." In his opinion, they are the ones who are involved in direct contact with the public and provide them with services. They better understand the conditions of the locality and can implement policy in a more effective way. So, their involvement should be encouraged in the policy-making process. Negotiation, public support and participation, and consensus building are some of the main elements in the implementation process in the bottom- down model. This approach argues for some discretionary power of "street-level bureaucrats" in policy implementation.

The elements of the bottom-up theory in implementation of public policy can be analyzed with the conditionalities as provided by Bache et al. (2015);

1. Whether there were sufficient objectives, plans, projects, and connections among low-level bureaucrats to encourage implementation?
2. Whether there is participation of stakeholders in formulation and implementation of policy?
3. Whether there is involvement of multiple agencies on ground level?

### **Blend of Top-Down and Bottom-Up models:**

A synthesis of these approaches is put forward by Sabatier and Mazmanian. According to them, there are no such differences in Policy making and implementation. In fact, a policy is prepared to be implemented. They also proposed six conditions from the blend for better policy implementation process:

- Clear and reliable objectives, and evaluation mechanism. (Top-down)
- Cause-effect relationship and change oriented. (Top-down)
- Legal framework of implementation structure. (Top-down)
- Capabilities of implementers and discretionary power. (Bottom-up)
- Participation of stakeholders and support from the government. (Bottom-up)
- Sustainability of policy, it should not undermine participation and support due to internal and external events. (Top-down as well as Bottom-up)

### **Inter-Organizational Involvement Approach:**

Hjern and Porter laid stress on the inter-organizational involvement approach. They also recognized the importance of the bottom-up model over the top-down model. In their opinion, a policy or program is not implemented by a single organization; it involves the interaction of many organizations. Ignoring such interaction can lead to hindrances in implementation and ultimately to the failure of policy goals. Application of the policy plan at ground level is the most important task in the whole process, so a robust system should be made for better interaction and coordination among the multiple organizations involved.

If we see in practice, all these approaches reflect in public policy implementation in today's welfare state. Scholars of public policy are generally in favor of adapting all these approaches

according to the needs of the situation. There are relative advantages to each approach, and they also offer an understanding of different perspectives on the policy implementation process.

### **Conceptual Framework of Implementation Strategies:**

Heidbreder, E. (2017) in her study, proposed a detailed conceptual framework for policy implementation strategies. According to her, public policy implementation is mainly concerned with the interaction between the various levels. Due to these interactions, typologies have developed on different implementation strategies that depend on the different mechanisms rather than only the delegation logic. The implementation process



involves independent decision-making and some level of autonomy and discretion. It is not only the execution of delegated tasks. Distinctions between these elements help to understand the top-down and bottom-up approaches to public policy implementation.

By intersecting various dimensions of top-down/bottom-up approaches and vertical/horizontal multilevel governance, four types of implementation strategies are developed; centralization, convergence, agencification, and networking.

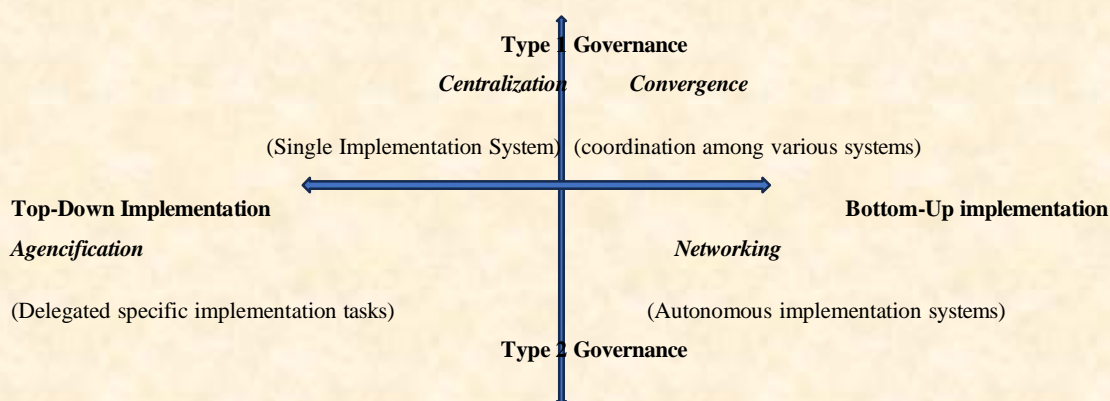


Figure 4: Four types of implementation strategies. (Source: Heidbreder. E, 2017)

The type of governance shown in the figure functions by unifying structures within a single general-purpose authority with non-intersection. It is a single system of administration that no other system can interfere with. While the type two governance model implies new intersecting

units with horizontal cooperation instead of a single integrated administrative entity, On the implementation dimension, in top-down approaches, policies are formulated at a higher level, and the direction of every execution task flows from the top to the bottom, leaving no space for discretion. On the other hand, in the bottom-up approach, policies are formed after due consideration with the bottom-level actors and allow discretion as per the local circumstances.

Centralization combines the type-one system and the top-down implementation dimension. In a centralized model, a single implementation system works with no interaction or delegation functions. Agencification deals with some delegation functions, but for specific tasks. But it is more bending towards the top-down approach; the institutional actors created are visibly confined in their authority.

On the other side, convergence bends towards the bottom-up model, directed by a single administrative entity. It helps in coordinating various implementing bodies to pursue a common agenda. While the networking system can be explained as increasing the horizontal linkages and connectedness of autonomous bodies that are cooperating in joint

cross-jurisdictional procedures and working on similar tasks,

Answering the obvious question of which conditions and types should be strategically selected to produce effective implementation, she suggested that policymakers must act in contexts concerned with available policy options and unplanned consequences. In addition to factual uncertainties about instrument selection, policymakers must act in a political context of competing interests and demands. Also, it may be more effective to choose a less constraining implementation strategy that matches the actual level of complexity because this provides more effective implementation than a more constraining strategy.

### Public Policy Triangle:

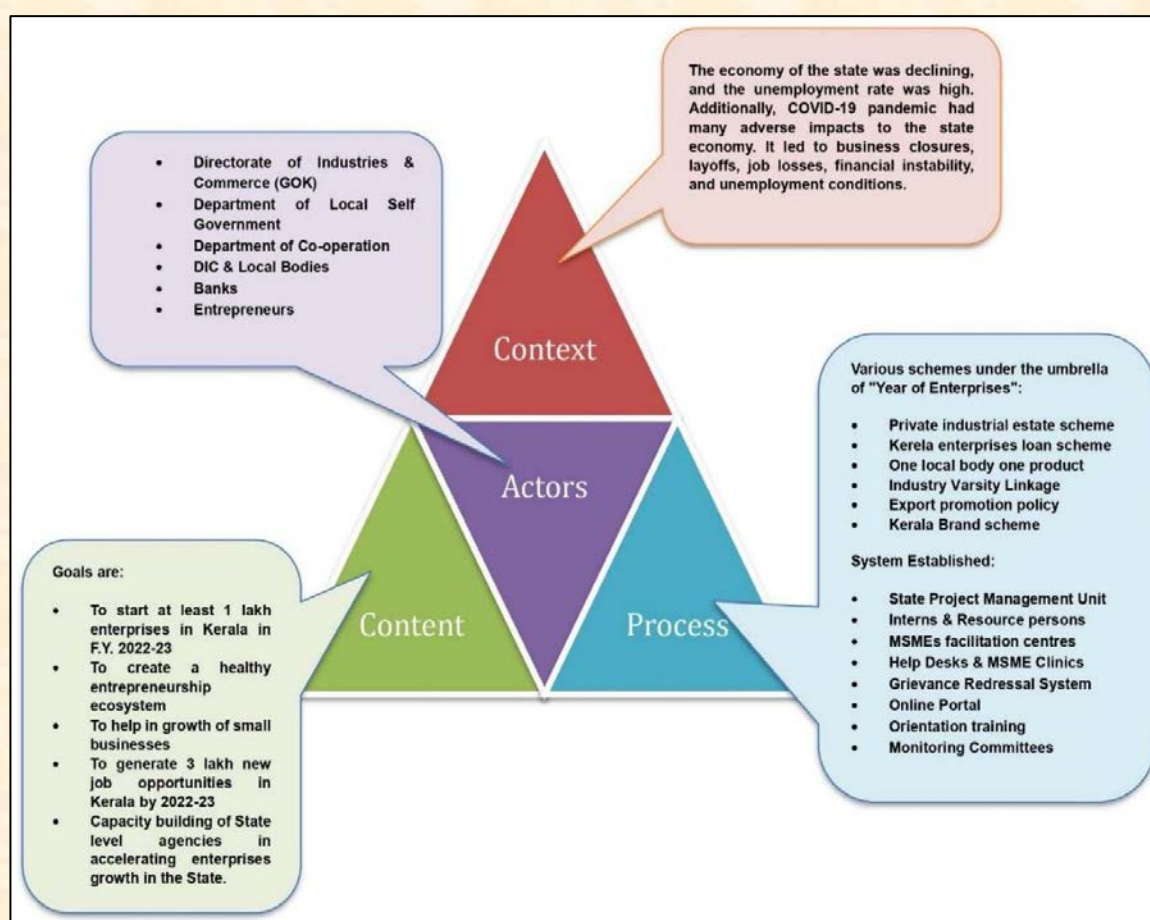


Figure 5: Public Policy Triangle: Year of Enterprise Govt of Kerala

The Policy Triangle is a framework used in public policy analysis to understand the various elements involved in the policy process. It consists of four key components: content, context, actors, and process. This is proposed by Walt & Gilson in 1994 to analyze public policies & their implementation.

**Context:** Context is the conditions or environment that led to the need for policymaking on a certain agenda. There are always some political, social, and economic factors that influence and shape policy. Context helps to understand the external forces that may impact

policy creation and its implementation. The 'context' in the background of Kerala is a series of issues hampering the growth of the economy. The condition of unemployment and poverty has worsened due to the devastating COVID-19 pandemic. Moreover, the engines of regional economic development, 'MSMEs', were adversely affected by it. These circumstances created the context for the need for an initiative to revive the MSME sector and further strengthen its capabilities.

**Content:** The content in the policy triangle denotes the nature and scope of the policy created. Clear objectives and goals, both short-term and long-term, are part of the content element. The 'content' in the background of the 'Year of Enterprise' (hereafter, YOE) initiative of the Government of Kerala (hereafter, GOK) is their objectives of various schemes making coordinated efforts to strengthen the entrepreneurial ecosystem in the state. Employment generation through the creation of new MSMEs is the main element of content.

**Actors:** Actors are mainly the implementers of public policy. They are the ones who are responsible for delivering the services and benefits to the public as directed by the policies. There are also some informal actors in the domain of public policy; though they do not take part in the direct implementation, they can certainly influence its way. The 'actors' in the context of the YOE initiative include the Directorate of Industries and Commerce, which is the nodal organization for the project; local self-government bodies for their crucial involvement in the implementation; financial institutions; cooperatives; and aspiring entrepreneurs.

**Process:** The process in the policy triangle represents the action plan for policy implementation. It explains the course of action taken by the implementation institutions by creating the required systems and through various schemes and programs. The 'process' of the policy triangle of YOE is based on the coordination of various institutions through various schemes involved under the initiative and the systems created to implement them at the ground level.

#### **Implementation strategy of the YOE initiative:**

The initiative has been a remarkable success. Effective implementation of this project can be considered as the main reason for its success. The implementation strategy for 'Year of Enterprises' carried in phased manner as follows:

- ❖ **Capacity building & Promoting entrepreneurship ecosystem.**
- ❖ **MSME Facilitation**
- ❖ **Promotions & Focus on Sustainability**



In the first phase, the focus was on institutional development and entrepreneurship ecosystem strengthening. Identification of potential entrepreneurs was done at the grass-roots level across the state. Information regarding procedures and support systems available was given to them. Sessions on required licenses, related technologies, subsidy schemes, discussion with mentors,

and profitable market areas were conducted in a one-day general orientation training (GOT) program. Related informational documents were distributed among the attendees, who also learned about the government organizations and bodies that provide services to business owners. After the General Orientation Campaign, license, loan, and subsidy camps were held in all local bodies for interested entrepreneurs. These camps offered help with KSWIFT applications, loans from banks with lower interest rates, departmental subsidies, and other services.

More than 1,000 professionally qualified interns were hired and employed at all local organizations around the state as part of the second phase to facilitate the needs of identified entrepreneurs and further identify potential entrepreneurs. The interns received training in all areas of industrial facilitation so that they could guide business owners about the many services offered and work with multiple agencies and departments to facilitate the process of license, subsidy, loan, and other application requests. In order to reach the milestone of one lakh enterprises by the end of the financial year 2022–23, they were given monthly targets for identifying and supporting aspiring entrepreneurs to launch their enterprises in the state.

In the third phase, the facilitation of services and their sustainability were focused. A series of measures were taken at various levels to ease the business operation process. These included initiatives like the Meet the Minister Programs held at the district level to address entrepreneurs' challenges, the introduction of the Private Industrial Park scheme, the One Local Body, One Product Scheme (OLOP), the MSME award scheme, and a new land policy for better allocation and related procedures. MSME Clinics were established to provide technical, financial, and legal advice to aspiring entrepreneurs. The creation of industrial facilitation centers at the taluk level and a loan scheme with a 4% interest rate were introduced. Other steps included the establishment of MSME call centers, the formation of district and state-level grievance redressal committees to address entrepreneurs' complaints, and the launch of a commerce mission to identify markets, both national and international, for products from micro, small, and medium enterprises in Kerala.



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### **Coordination among implementing bodies:**

For effective implementation of a policy, convergence and collaboration among concerned departments, agencies, public organizations, industrial associations, and financial institutions are necessary. Therefore, it is essential to present a detailed plan to all the stakeholders. In this regard, the Directorate of Itradendustries held meetings with various concerned bodies and organizations, explaining the details of the schemes. A core committee was set up to prepare a detailed course of action and to give suggestions throughout the implementation process. Summing up all the key recommendations taken from various bodies such as Trade Unions, Non-Resident Keralites Affairs (NORKA), the Department of Local Self-Government and the Department of Co-operation, the Presidents



and Secretaries of all local bodies and the Presidents of all cooperative banks, PSUs, industrial associations, and management associations, the State Level Bankers Committee (SLBC), the Ministers for Fisheries, Agriculture, Animal Husbandry, and Tourism departments, the Government Secretaries of line departments, and the Planning Board, a detailed action plan was prepared by the Directorate of Industries and circulated to all the concerned organizations.

Meanwhile, Kerala State Backward Classes Development, Women & Child Development Department, Kerala State SC Development Department, Department of Cooperation, Kudumbasree Mission, Department of Information Technology, Department of Fisheries, Department of Finance, Kerala State Animal Husbandry Department, Public Sector Units, and Banks coordinated and supported the project.

### **System Established:**

**Recruitment of Interns:** Enterprise facilitation centers were constituted in every district and taluk. More than a thousand young, professionally qualified interns were recruited and deployed at all local bodies. The interns were given knowledge training in all aspects of industrial facilitation. They have been entrusted with the responsibility of providing information to the aspiring entrepreneurs about various services available to them and to help them in their registration on the Udhyam portal and in their applications for loans, licenses, etc. The interns deployed at local bodies were assigned monthly targets to identify potential entrepreneurs and help them in the procedure to establish their businesses. Industrial Extension officers of district and Taluk-level industrial centers are entrusted with the responsibility of coordinating with the interns.

**Deployment of Taluk Resource Persons:** The Taluk Resource Persons were recruited by the Centre for Management Development (CMD) and posted at the Taluk Industries Offices. The selected persons were given training for their capacity buildup to facilitate the process of enterprise establishment. The work of these TRPs is to assist entrepreneurs in filing online applications for various services. They are entrusted with the responsibility to visit any two

industries of different sectors in their Taluk to collect basic information about the unit and know about the problems faced by them.

**Help Desks and MSME Clinics:** Help desks are constituted in every taluk. People can avail services and help from interns through these help desks. In all 14 District Industries Centers (DIC), MSME Clinics have been constituted to offer consultancy services by experts in various fields to young entrepreneurs. They can discuss their issues at these clinics. Moreover, district call centers were established in all districts to help applicants with phone



calls.

**State Level Project Management Unit:** The State Project Management Unit (SPMU) was appointed to assist the Directorate of Industries and Commerce (DIC) in the implementation of the setting up of one lakh MSMEs. It is entrusted with the role of assisting the department in project administration and the management of implementing the body's structure. It will coordinate among the different stakeholders involved in the project. It provides its support in the formulation of implementing strategies and in the preparation of policy documents for various sub-programs and initiatives.

**Online portal for service delivery:** To strengthen the e-government model and ease of doing business, online application portals have been activated for all the services of the Directorate of Industries and Commerce. The online portal hosts all the application links and status updates for the users, avoiding the requirement to visit government offices. The online system reduces delays and provides transparency for the project.

**Policy Education:** Public participation is an indispensable factor for the success of a public policy; in this regard, various initiatives were taken to spread awareness and knowledge of the project objectives. General orientation trainings, trade camps, loans, subsidies, and licenses were organized to provide basic knowledge of entrepreneurship to the targeted audiences.



**Assessment of the Value of Top-Down Approach in the Implementation of**

## **Year of Enterprises Project:**

Donald Van Meter and Carl Van Horn proposed a model which helps in the analysis of the implementation process. They assess policy implementation on the parameters of their defined six variables:

1. **Clear goal with specific objectives of the policy:**

The objectives of the YoE were clearly stated with official documents and budgets, and no negative changes or shortening of goals were made throughout the implementation.

Also, information regarding the project is easily available on the official website of the project. Hence, this condition is fulfilled by the project in our analysis.

2. **Need for the policy and resources available to implement:**

The policy plan for this initiative was made after the adverse impacts of COVID-19 in increasing unemployment, which are particularly felt in the MSME sector. As it is evident that the development of the MSME sector provides jobs to the youth of rural and small towns, this project was launched. Also, various measures were taken to provide resources to the implementing agencies with more than eight thousand crore (in INR) invested in the project.

3. **Coordination among concerned organizations:**

Convergence meetings were conducted for better coordination and communication among concerned organizations. Recommendations and action points were sought from them. Their involvement and coordination were one of the main reasons for the successful implementation of the project.

4. **Characteristics of implementing agencies, their relations with policy makers:**

The Directorate of Industries and Commerce is the prime implementing agency for the project. It is under the purview of the Ministry of Industries and Commerce. The district-level machinery of the directorate is situated at District Industries Centers (DIC), headed by the General Manager, DIC. There are Taluk Industries Offices headed by Assistant District Industries Officers. Industries Extension Officers are deployed in all block panchayats, municipalities, and corporations. The directorate has reached ground level, which has helped in the better execution of the project.

5. **Support from the government and stakeholders' involvement:**

The project gained all the support from the State Government. The goal of setting one lakh new enterprises was recognized as the Year of Enterprises and received sufficient budgetary assistance. The project includes various schemes and stakeholders support were essential for its effective implementation.

6. **Future of policy implementation in case of socio-economic and political changes:**

The most important feature of this initiative is the focus on the sustainability and survival of newly opened enterprises. The Industries Department aims to continue the initiative and sustain the entrepreneurial ecosystem for the development of industries within state. To do so, various supporting measures have been taken, such as the proposed insurance scheme for MSMEs, the credit guarantee scheme for MSME, the incubation facility to educate the MSMEs on the latest technologies, the entrepreneurship curriculum in higher education, among others. All these measures attempt to facilitate the entrepreneurial journey.

**Assessment of the Value of Bottom-Up Approach in the Implementation of Year of Enterprises Project:**

The elements of the bottom-up theory in implementation of public policy can be analyzed with the following conditionality's (Bache et al., 2015)

1. **Whether there were sufficient objectives, plans, projects, and connections among low- level bureaucrats to encourage implementation?**

The project aimed to create 1 lakh new MSMEs in Kerala in the financial year 2022-23 by creating a healthy entrepreneurship ecosystem and to generate 3 lakh new job opportunities in the state. The project has a detailed plan of action and guidelines for the low-level actors. The initiative has gained sufficient popularity among the aspiring youths. It helped in building the capabilities of low-level implementers through various training programs.

2. **Whether there is participation of stakeholders in formulation and implementation of policy?**

The success of the project depended on its effective implementation on grassroots level. In fact, the low-level administrators played a significant role in the success of this initiative. Many of the programs like GOT, Loan, subsidies camps etc. under this initiative were at local government level. Moreover, the policy itself was framed after having consideration with all the stakeholders. Recommendations from various local level government bodies were considered while formulation of this initiative.

3. **Whether there is involvement of multiple agencies on ground level?**

Yes, the initiative has a comprehensive range of schemes, and there is involvement of multiple agencies which includes local bodies, District administration, District Industries centers, Kerala State Backward Classes Development, Women & Child Development Department, Kerala State SC Development Department, Department of Cooperation, Kudumbasree mission, Department of Information Technology, Department of Fisheries, Department of Finance, Kerala State Animal Husbandry Department, public sector units,



Banks etc. are contributing at the ground level for successful implementation of the program. As we can see the 'Year of Enterprises' initiative shows elements of both the approaches of Top-down and Bottom-up. But, certainly the bottom-up approach has more influence on this project. As there was significant influence of low-level actors in the policy formulation as well as the implementation process.

### **Challenges:**

The major challenge facing the government is the sustainability of newly created enterprises. It may face challenges that can significantly impact its progress. Financial limitations are one such challenge that can hamper the operational capabilities of new enterprises. They lack collateral and may run into no profit initially. Capital is necessary at all times for the production and purchase of goods; without adequate capital, the survival of a new enterprise may be difficult. In a competitive market, they will have to compete with large industries and foreign products with larger resources and brand recognition, making it a struggle for their survival in the market. Favorable demand-supply conditions are also an essential factor for their growth. Moreover, as environmental concerns grow, MSMEs are expected to adopt sustainable practices. Implementing eco-friendly processes and products may require initial investments that some new enterprises struggle to afford.

### **Way Forward:**

Perhaps the best feature of this project is that the government not only focused on creating new enterprises but also gave equal importance to their long-term survival. The government has taken various measures to continue the initiative and sustain the entrepreneurship ecosystem for the development of industries in the state. An insurance scheme and a credit

guarantee scheme for MSME are proposed to ensure the survival of new enterprises in the long run. Subsidies are given on taxation, and MSMEs are encouraged to connect on online e-commerce platforms. Marketing trade fairs, permanent infrastructure at all local bodies, and incubator centers were established to facilitate their operation. Incentives will be given to enterprises in operation for more than 3 years in certain cases. Entrepreneurship curricula in higher education were introduced to promote the business ecosystem.

These measures for the sustainability of new enterprises will be a deciding factor in the future for the ultimate success of this project. In this regard, the most practical solution is 'innovation' and promotion of a 'creative economy.' According to UNCTAD, there is no single definition of the creative economy. It is an ever-evolving concept that is based on human creativity, ideas, intellectual property, information, and technology interactions. The 'creative economy' is founded on knowledge-based economic activity. The commerce, labor,

and production sectors can all be part of the creative industries. The creative industries are currently one of the most dynamic economic sectors in the world, offering developing nations new chances to advance into rapidly developing economic sectors.

Innovation is a major factor in the survival of newly created micro, small, and medium enterprises (MSMEs). Innovation enables MSMEs to differentiate themselves in competitive markets. Through it, they can create their own unique brand identity and attract customers. Further It can enhance efficiency and the ability to use better sustainability practices that can reduce waste. This efficiency improvement can directly impact them, allowing MSMEs to operate with better profit margins. It also helps in adopting eco-friendly practices. Innovation also helps MSMEs adapt to volatile market changes and gain a better understanding of consumer preferences. Innovation can diversify their business, reducing dependency on a single product.

The development of MSMEs in the creative economy requires the support of local governments to understand the creative economy concept (Rosyadi, 2022). In this regard, the government should promote capacity development programs and vocational education and training that have innovation as part of their curriculum. Governments at all levels should provide access to information on Indian and external markets for innovative products and show the success story of innovative enterprises. Steps should be taken to reduce the information asymmetry between different government departments and enable collaboration at all levels, from the ministry and department level down to the institutional, cluster, and firm

levels. Collaboration should be encouraged among research institutions, government departments, and firms. (Pachouri A. and Sharma S. 2016)

Incubators have been playing a major role in Kerala in promoting innovative start-ups by assisting them in product design, necessary infrastructure, and various other services. It is important to improve the facilities at the existing incubators in par with the changing needs of the start-up sector and establish new incubation centers to facilitate more start-ups and create a creative economy ecosystem. The incubators are generally dependent on government funds for running the institutions; hence, efforts should be made by the government to increase their necessary assistance and technical education funding to promote innovation. (Thomas and Georgee, 2020)

And finally, a mechanism for monitoring and evaluation should be made for effective implementation of policy throughout its end goals. Sufficient resources should be allocated to monitoring and evaluation, and measures should be taken to promote capacity building among the implementers. Monitoring and evaluation are essential to achieving results but

require detailed analysis, time, and supervision. Reporting systems should be designed to minimize the time involved and facilitate the reporting of issues. (OECD 2020)

#### 4. Policy Monitoring:

Monitoring is a process to observe policy implementation. Mechanisms to monitor progress and evaluate outcomes are crucial elements in policy implementation. It helps in identifying deviations from the desired goals, measuring effectiveness, and detecting challenges in implementation. It is a mechanism to learn about the challenges in the service delivery system. It helps in correcting the system through the reviews and feedback received. In policy tracking, communication processes should be in both directions. One is to send the progress reports from implementation agencies to the policy-making body. The other is to receive responses back from the centre to implementing agencies. This interaction helps in the better implementation of the project and helps it run on the predetermined path. (B. Hudson et al., 2019) The monitoring mechanism's implementation may depend on its legal base and also on its specific institutional setting (Schoenefeld et al., 2019). Agencies must be highly capable in terms of time, resources, and skills to pay attention to issues and respond to them in effective ways. Additionally, it calls for the government to be able to oversee operations and hold agencies accountable for poor results. Variations in the internal agency capability as well as the capacity

of the supervision structure that surrounds it can be used to explain the variety in responses to poor performance. (Drolc & Keiser)

#### Components in Effective Policy Monitoring:

- i. **Constitute Monitoring System:** The focus in monitoring is on completion of the policy programme or policy activities within timeline and within the allocated budget. For this monitoring system is created at every level of policy implementation viz, national, departmental, state, and local. At these levels monitoring committees are formed to observe the proper implementation of the policy.
- ii. **Communication of Performance:** Communication of feedback and guidelines is an important element in the process of monitoring. Policy development, deviations from planned way, taking corrective measures are some of the key components of policy communications. The objective of the communication process is making people aware regarding the direction of progress.
- iii. **Progress Monitoring:** This is to ensure that resources are used in implementation efficiently with positive outcomes. Also, it is necessary to update the



policy as per the inputs received in the monitoring. It must always be ready to adapt changes against any contingencies so that policy progress would not hamper.

- iv. **Capacity of Monitoring Mechanism:** Monitoring mechanism should possess all the requisite tools and techniques to supervise the policy progression. It requires skills in auditing, accounting, and planning as well as general management. Dedicated monitoring system should be constituted to monitor and control the implementation.
- v. **Feedback Mechanism:** In this step, feedbacks of service delivery quality are sought from the stakeholders. It helps in tracking the way of the ongoing implementation at the ground level and helps in knowing about the public opinion on the policy.
- vi. **Remedial Actions:** Corrective actions must be taken if there are any deviations from the planned outcomes. There are generally three types of actions, which can be taken; (i) corrective action which involves certain steps to get policy on the desired track; (ii) replanning if policy is required to change policy tools and direction such as implementing staff, budget, resources etc.; (iii) cancellation which is the last resort of action if policy does not go as planned and no advantage is there to continue the policy programmes then it is better to cancel the policy.

**Monitoring mechanism:** For the better monitoring of the project 'Year of Enterprises', the Government of Kerala has established a robust monitoring system at various levels of government:

- ❖ State Level Monitoring Committee chaired by the honorable Chief Minister
- ❖ State Level Core Committee chaired by the Principal Secretary, Industries Department
- ❖ District Level Monitoring Committee chaired by the District Collector
- ❖ Local Body Level Monitoring Committee chaired by concerned Chairperson.

**Grievance Redressal System:** Grievance Redressal Committees are also formulated at the state and district levels in the state to resolve the complaints of the entrepreneurs. A timeline of 30 days is set for the disposal of cases. Complaints involving capital investments below INR 10 crore are to be disposed of at the district level, and those above INR 10 crores will be considered at the state level. The committees have the power to recommend disciplinary actions against officers in cases of avoidance of their duties and misconduct.

## 5. Policy Evaluation:

Policy evaluation is a post-facto action to assess the outcomes of the policy. According to Hudson et al. (2019), post-implementation review is the last stage in a policy support cycle, providing the task of examining the extent to which policy objectives have been met. Implementation review is the most applicable to the role of implementation support. Standards for evaluating the contribution of a policy support program might cover the extent to which such intervention has assisted to secure policy acceptability, stakeholder participation, clarity of objectives, explained a conception of complexity, extended sustained political support, and contributed to the effective execution of policy objectives on the ground. There are some techniques proposed by Fooohock to assess policy outcomes such as equity, Pareto's optimality, efficiency, and public interest. Policy evaluation can be done on different grounds, like its achievement, time invested, or cost incurred throughout its life.

Chernichko et al. (2018) provide comprehensive literature on the evaluation of regional industrial policy. In their opinion, most policy evaluators use the model of "contribution-product" developed by the European Union for policy evaluation.

This model has three key components:

- **Performance** – which is the indicator of profits obtained through by analysing costs and benefits.
- **Efficiency** – which is a comparison of costs/inputs/time and results/effects. Basically, it means cost effectiveness.
- **Efficacy** – It means achievement of desired objectives, can be described as the impact of these goals.

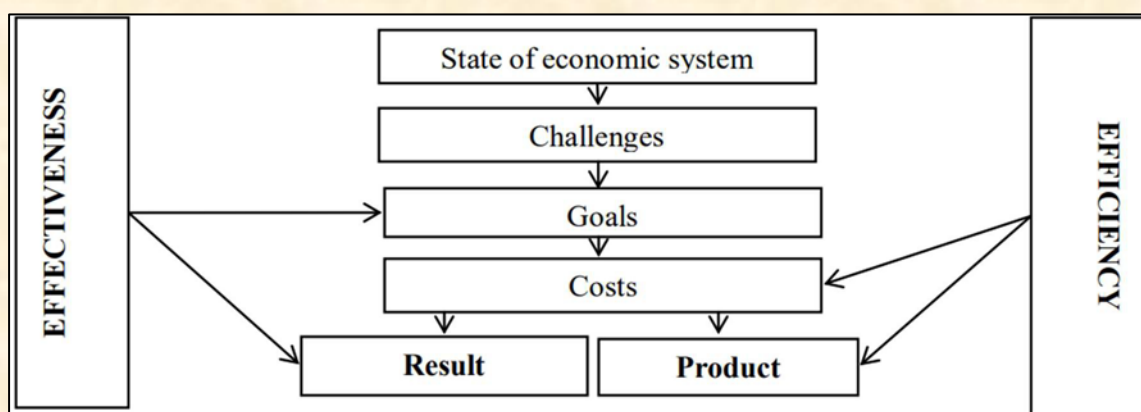


Figure 6: Components of Policy Evaluation (Source: Chernichko et al., 2018)

Based on the abovementioned, methods of evaluating the effectiveness of regional

industrial policy includes;

1. **Evaluation of the current situation** should be based on a broad effectiveness assessment of the integrated system of the industrial sector of the region, the study of the effectiveness of each component, and a determination of the impact of each factor on estimations. The findings should serve as the foundation for forecasting performance trends, preventing adverse processes in the region's industrial sector, optimizing management practices, and supporting potential development reserves.
2. **Validation of clear strategic objectives, goals, guidelines, and parameters of industrial complex development of the region.** The assessment of the industrial sector's potential in the region is the foundation of this stage. It is based on the trends and proportions of the development of the regional industry as a whole and of its individual sectors, on the established regional priorities for social and economic development, and on a model of the state regulatory impact. Opportunities for the development of the industrial complex can be generalized in accordance with these capability components:
  - a) The region's potential for raw materials reflects estimate and forecasting of trends for the base of existing and potential resources.
  - b) The region's industrial sector's employment potential reflects the dynamic shifts in the quantitative and qualitative traits of its human resources.
  - c) The study of potential changes in the organization and volume of production capacity of the industrial sector in the region, as well as those in the infrastructure sector, should be part of any analysis of the investment potential of the industrial sector in the region.
  - d) Scientific and technical potential of the region which is determined by the degree of preference of the industrial sector to employ modern procedures.
3. **Rationalization of the volume of resources and the method for carrying out the regional industrial policy measures.** Priority is given to identifying the sources of resource supply while formulating industrial policy actions. From the perspective of effective management, the availability of resources is determined not only by the sum of the financial resources used, but also by the presence and qualities of the administrative staff.



**4. Assessment of the efficiency of industrial policy initiatives** in terms of enhancing output and the dynamics of the key indicators of the growth of the region's industrial sector. The primary goal of industrial strategy should be to boost the volume and positive dynamics of the key development indicators.

**5. Assessing the effectiveness of the applied measures** by weighing the result with the cost of the economic resources used. Efficiency (which characterizes the cost/resource side of efficiency), effectiveness (which characterizes compliance with costs and achieved results or goals), productivity (which characterizes the ratio of quantitative characteristics of the index and the value of spending to achieve its changes) are important evaluation criteria to consider when determining the efficacy of regional industrial policy measures. These evaluation criteria, which reflect the various aspects of the efficacy of regional industrial policy actions, are closely related.

**6. Assessment of socio-economic impacts** of the regional industrial policy on the social and economic sectors of the region. Two aspects should be considered for the assessment of societal and economic consequences:

- i. Preliminary control (ex-ante assessment) which basically is monitoring provided through mandatory preliminary examination of regional industrial policy implementation, as well as estimating the impact of these activities on key areas of the region.
- ii. Final assessment (ex-post assessment) is on the top levels and provides an assessment of efficiency and effectiveness of policy outcomes.

Actors involved in Policy evaluation:

- Academic Institutions
- Government Think Tanks
- Non-Government Organisations
- Legislature committees
- Comptroller & Auditor General
- International Institutions
- Social Organisations

## **Industrial Policy**

Industrial policy refers to a set of government interventions aimed at promoting economic development through industrialization. Industrial policies typically involve a range of measures, including subsidies, tax incentives, trade protection, infrastructure investments, and regulatory reforms, aimed at promoting the growth of strategic industries and improving competitiveness.

For a while now, one of the top concerns of policymakers and economists has been the development of workable theoretical and practical techniques to support growth in developing countries. Structuralism was the dominant theory of economic development at the time. In essence, it was argued that developing nations could most quickly overcome their underdevelopment or "backwardness" by creating advanced industries that were comparable to those in high-income industrialized nations. The justification for this tactic was frequently laudable, as leaders of developing nations aimed to have their economies participate in the global technology frontier as soon as feasible. Structuralism did not work for developing economies as the developing nation was unable to create the products at a competitive price, making it impossible for it to compete in these industries. Developing economies need to develop contextually relevant industrial policies for inclusive and sustainable growth.

The worldwide debate on industrial policy (IP) has recently picked pace as developed-country governments work to resurrect the global economy and promote economic development through financial assistance for the industrial sector and domestic demand stimulation measures. IP remain crucial in promoting industrial transformation, diversification, and upgrading towards more competitive, resilient, ecologically friendly, and socially inclusive sectors. Industrial policy's primary goal is to foresee structural change, promoting it by eliminating barriers and addressing market failures (Syrquin, 2007b). Major changes in an economy have seldom been brought about by either market or government forces alone, so anticipating where to diversify and what to enhance needs joint private-public engagement through government policies working in tandem with the private initiatives.

Rodrik (2010) dubbed the recent focus on industrial policy "the resurrection of industrial policy," and Noman and Stiglitz have authored a number of significant works during this time (2015, 2016). The necessity of employment creation in developing countries is increasingly being recognized, especially in the wake of the Arab Spring, when unemployed educated youngsters started a riot with an economic motive that sparked a political movement (World Bank 2012). Furthermore, recent evidence of successful

industrialization in Rwanda and Ethiopia demonstrated how industrial policy might support the structural shift in Africa from the agricultural to the non-agricultural sector (Oqubay 2015; Noman and Stiglitz 2015; Dinh et al., 2012).

The importance of industrial policy for country growth is widely recognized in both developed and developing countries. Here are some of the key arguments in favour of industrial policy;

**Promoting economic diversification:** Industrial policy can help countries diversify their economies and reduce dependence on a narrow range of export commodities. By promoting the growth of new industries, industrial policy can create new sources of employment and income, and reduce vulnerability to external shocks.

**Promoting technological upgrading:** Industrial policy can support the development and diffusion of new technologies, which can improve productivity, enhance competitiveness, and create new industries. By investing in research and development, providing technical assistance, and promoting innovation, industrial policy can help countries move up the value chain and compete in higher value-added activities.

**Addressing market failures:** Industrial policy can address market failures that prevent the private sector from investing in strategic industries. For example, market failures such as information asymmetries, coordination failures, and externalities can result in underinvestment in certain industries, even if they have high social returns. Industrial policy can help overcome these market failures by providing targeted subsidies, infrastructure investments, and other forms of support.

**Fostering regional development:** Industrial policy can be used to promote regional development by targeting investment in lagging regions or sectors. By providing infrastructure, training, and other forms of support to less developed regions, industrial policy can help reduce regional disparities and promote inclusive growth.

**Enhancing trade performance:** Industrial policy can help countries improve their trade performance by promoting the development of export-oriented industries. By providing targeted support to industries with high export potential, industrial policy can help countries access new markets and diversify their export base.

In conclusion, industrial policy could play an important role in promoting economic development and growth. While there is no one-size-fits-all approach to industrial policy, successful policies typically involve a mix of measures tailored to each country's specific needs and circumstances. The Indian economy has unmistakably benefited from the reform



process. The service sector has steadily grown in terms of output and exports since 1991. In terms of socio-economic impacts, poverty has greatly decreased along with economic expansion along increase in social indicators such as health, education, nutrition, and others such positive impacts. Nonetheless, there are still several challenges facing India's economy, for instance,

low savings rate and restrictive capital formulation, limited access to finance, especially for small businesses, and high tariff levels that limit competition in domestic markets thereby, hindering the growth of India's economy.

Central and state governments develop policies for inclusive growth. To encourage economic growth and promote social & economic development in the State despite the challenges imposed by pandemic, natural calamities, and resource constraints, Kerala Government conceptualized and implemented Year of Enterprise policy which is a path breaking innovation in Industrial policy (*Figure 7*).



*Figure 7: Achievements of Year of Enterprise<sup>1</sup>.*

### **Importance of Industrial Policy in Welfare Economics**

Welfare economics is considered normative economics, which focuses on the reasonable distribution of means of production and on using resources efficiently to maximize wellness for individuals and the whole society (Just R.E. et al., 2004). Welfare economics can be an analytical tool for the assessment of the impact of industrial policies on public welfare. It helps policymakers evaluate whether these policies lead to Pareto improvements or the Potential Pareto Improvement Criterion of Kaldor and Hicks. Policymakers can use cost-benefit analysis and distributional analysis from the welfare economics to evaluate the desirability of specific industrial policies.

On the other hand, industry policies have a significant role in welfare economics. Industry policies are instrumental in addressing the allocation of means of production and supply. Markets cannot allocate resources on their own because it can lead to monopolistic practices,

<sup>1</sup> Source: Year of Enterprise website: [https://yearofenterprises.kerala.gov.in/public/index.php/new\\_public](https://yearofenterprises.kerala.gov.in/public/index.php/new_public)

underproduction of important goods and services, and environmental challenges. Due to these, government interventions become necessary through industry policies to address these challenges by influencing the allocation of resources within a welfare economy. Also, well-crafted industrial policies have the potential to achieve the Sustainable Development Goals (SDGs) adopted by UN member states.

Industrial policies directly impact employment opportunities and income distribution, reducing unemployment and poverty. They contribute to social welfare by reducing inequalities and stimulating economic growth. Governments can encourage industries to invest in new technologies through subsidies, grants, or research and development support. This leads to enhanced productivity, improved living standards, poverty reduction (SDG 1), and sustainable economic growth (SDG 8). Industrial policies also contribute to technological advancements, increased productivity, and improved transportation and communication networks, all crucial for achieving SDG 9, which focuses on industry, innovation, and infrastructure.

Also, the industry policies that aim at the creation of food processing units near rural regions can help in avoiding the wastage of produced foods due to the unavailability of markets nearby and the absence of cold facilities. Food processing industries near rural areas not only provide them with a ready-made market to sell their produce, but it also ensures food security and helps in achieving SDG 2. Aligning industrial policy with the SDGs involves addressing gender inequalities and promoting social inclusion. The government, through providing special incentives to women and entrepreneurs from marginalized sections of society or from rural regions, supports gender equality (SDG 5) and reduces inequalities (SDG 10). Furthermore, industry policies can align with broader common goals, such as environmental sustainability and social inclusion. Governments can use policy instruments to promote environmentally friendly practices, ensuring that economic growth is achieved without compromising the long-term well-being of future generations (SDG 12).

To conclude, industrial policy, when aligned with the SDGs, is an essential tool for progressing economic development, reducing inequalities, promoting sustainability, and improving overall welfare. By carefully designing and implementing industrial policies that consider the social and environmental extents of development, governments can make significant progress toward reaching the SDGs while enhancing the welfare of their people.

#### • **Context:**

#### **Background Kerala**

Kerala, as a state, is bordered on one side by the vulnerable Western Ghats and on the other by a coast with the Regulation Zone Act, and therefore, eco-sensitive zones are located in between. This suggests that they can only move vertically. The government of Kerala needed to develop an industry policy that promotes industrial developments that require less space. 65% of the revenue of the Kerala economy is generated through services, namely hospitality, tourism, medical tourism, pilgrimage, IT, transportation, financial services, and education. The history of Kerala is closely linked with trade and commerce, which revolved around its famous spice trade. Kerala is known for its natural beauty. Most of the state is surrounded by rich greenery. It has been a significant exporter of natural products such as spices, cashew, coir, coconut, coffee, pickles, and marine products. Food processing industries contribute more than 65% of the state's total export income. Enterprises in Kerala are doing well with natural products. But new product development and diversity in industries are also important factors in the market-driven economy. A diverse economy is more resilient to economic uncertainty. If one industry experiences a downturn, other industries can help absorb the impact, reducing the overall economic vulnerability. Kerala should focus on its geographical products. These goods have huge potential for export. With this, it should also make efforts to develop IT industries, electronic industries, and other new sectors. Kerala has the highest literacy rate in the country and is also a champion in the health and education sectors. It has the potential to develop a robust entrepreneurship ecosystem in the state.

Before the year 2022, the Kerala government was dealing with several difficulties. The economy of the state was declining, and the unemployment rate was high. Additionally, the COVID-19 pandemic had many adverse impacts on the state economy. It led to business closures, layoffs, job losses, financial instability, and unemployment conditions. The government was also dealing with a lot of financial limitations. In order to tackle these challenges, the Kerala government introduced the 'Year of Enterprises' initiative for the financial year 2022–23. The project's objective was to improve the conditions for new and expanding firms through various schemes. The Government of Kerala celebrated the financial year 2022–23 as the 'Year of Enterprises' to encourage and promote new micro, small, and medium-level entrepreneurs in the state through various schemes under the umbrella of 'Year of Enterprises'. The government entrusted the Directorate of Industries with the target initiative

"Setting up of One Lakh Enterprises during 2022–23". In a pandemic situation, a natural disaster, and constrained resources, the Government of Kerala needed to innovate with its policy development. The aim of the industry policy was to establish one lakh new businesses by encouraging micro, small, and medium-level entrepreneurs in the state and providing



three to five lakh job possibilities.

### **Need for Intervention**

MSMEs sector is in transition phase, shifting from traditional to modern segments. The diversity of these industries in various forms reflect this transforming process. Heavy industries usually use sophisticated and cutting-edge technology. MSMEs, on the other hand, concentrate on using basic techniques and systems (Maheshkar and Soni 2021) with more labour-intensive operations. MSMEs operate in a varied range of businesses and are more vulnerable to market uncertainty. MSMEs often face barriers such as limited access to capital, regulatory difficulties, complicated taxation system, lack of managerial skills, technological related programs etc. Therefore, government intervention becomes necessary to bridge these gaps. By formulating targeted policies and providing necessary support, governments can support MSMEs.

MSME development has its basis in several infrastructure activities. Certain preconditions are required for their long-term survival and contribution in economic development. And since most of the policies for their support are of persistent nature, it requires proper implementation and can be effective only through the involvement of the government (Petraf, 1980)

Following are the key areas in which public policy can supports MSME sector:

#### **Financial Assistance:**

Easy access to capital for MSMEs can be regarded as the most essential component that influences their survival and growth in both developing and developed economies. Availability of financial resources helps businesses to expand their reach, technological advancement, and capabilities. Government with the help of banking associations and financial institutions, developed various measures and programs aimed at providing credit facilities on low interest rates to the potential MSMEs. Policy can support the financing of MSMEs through direct assistance including loan facilities, tax benefits, grants & subsidies, as well as through indirect assistance including product-Linked Incentives (PLI), Credit insurances etc.

#### **Infrastructure Development:**

With the growth of MSMEs, Infrastructure development plays an essential role in their long- term success. Their productivity and capacity can be boosted by enhancing a variety of factors such as the quality of communication networks, telecommunications networks transportation, and the supply of utilities, water, electricity etc. Infrastructure development expands their reach with easier access to local markets and a robust supply chain. All these

factors have positive correlation with the development of the MSME sector. Government should make investments to provide adequate infrastructure like better road connectivity, water & electricity supply, cold storage facilities and network connection. (Siddiqui & Nassr 2022)

### **Formalisation of MSMEs:**

In order to achieve the set policy objectives, compliance with rules and regulations is the most essential task. For an effective enforcement mechanism, formalization of business is required. MSMEs are relatively less unregistered than large enterprises, due to which proper implementation of MSMEs policy becomes difficult. Therefore, the government is required ease the registration of informal enterprise which will help in data collection and analysis about the health of the MSME system in the economy.

Apart from the registration of MSMEs, an effective and favourable compliance system is needed in the process of formalization. Complex and costly procedures and an unfavourable business environment may affect MSMEs, making them reluctant to register. Policymakers should use several instruments to encourage MSMEs to register, such as digitalization of the registration process, lower registration fees, and common service facilities.

Smaller businesses tend to spend more time on compliance management than could have been spent more productively in operations if the system was robust and favourable. There is a need for simplification and rationalization of the rules by removing the necessity of separate tax registration in every single state that a business operates in. The government could attempt to digitize the inspection process, replacing the so-called inspector regime with a business- friendly ecosystem. Also, efforts could be made to reduce the number of pre-establishment licenses. The government should give incentives to the registered enterprises by offering easy access to credit facilities and priority in public procurement and business development schemes and programs. They may also offer tax benefits to such newly registered enterprises.

Technological upgradation and innovation capacity building should be continuous processes in firms to increase their productivity and competitiveness. But, without being registered, MSMEs

are not able to take advantage of the benefits of business development services and support services offered by the government. Formalization enables implementing agencies to spread awareness and knowledge among the businesses of the support services available to them. To increase competition and expand into new markets, policymakers may encourage more businesses to go digital. Digitalization can also help with business formalization. For



example, New Zealand employs digital technologies to significantly enhance the business experience as part of the Better for Business initiative. Technology makes information and regulations easier to obtain, increases the transparency of governmental operations, and aids businesses in bureaucratic and regulatory processes.

### Cyber security:

MSMEs face concerns in cybersecurity and are more vulnerable to cyberattacks as they lack knowledge and resources to secure their data and system. MSMEs play a significant role in the economy, and their success is essential for inclusive growth. The Government must recognize the importance of cybersecurity for the MSME sector and should take steps to support them in this regard. The government is required to develop programmes to encourage MSMEs to adopt best practices like the Cyber Action Plan and to raise their understanding of cybersecurity issues (Rawindaran et al., 2023)

### Business development services as policy instrument to enhance MSME competitiveness:

Business development services (BDS) improve enterprises' performance by enabling them to operate successfully, increasing their profitability and competitiveness. BDS enables businesses to concentrate on their core capabilities while outsourcing other duties to specialised consultants and lowering the cost of information search. BDS can also give firms the information and tools to increase their competitiveness by enhancing their export potential. BDS contains both physical infrastructure and support services. A matrix with three separate service types—general information, consulting, and training with six topic areas presented (Figure 7):

Type of services	Topic areas					
	Sales and marketing	Production, operations, ICT	HR management	Financial management	Strategic management	Legal issues and regulations
General information	<ul style="list-style-type: none"> <li>Market overview</li> <li>Foreign markets</li> <li>Procurement</li> <li>Exhibitions</li> <li>Trade fairs</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Warehousing</li> <li>ICT</li> <li>Technology suppliers</li> </ul>	<ul style="list-style-type: none"> <li>HR management good practice</li> <li>Labour regulation</li> <li>Training options</li> </ul>	<ul style="list-style-type: none"> <li>Grants</li> <li>Export financial support</li> <li>Financing opportunities</li> </ul>	<ul style="list-style-type: none"> <li>First assessment of business feasibility</li> </ul>	<ul style="list-style-type: none"> <li>Standards (Certification, quality, export regulations)</li> <li>Legislation (Patents, copyright, IP rights)</li> </ul>
Training	<ul style="list-style-type: none"> <li>Sales and marketing positioning</li> <li>Presentation and networking skills</li> <li>Export intelligence</li> </ul>	<ul style="list-style-type: none"> <li>Process re-engineering</li> <li>ICT training</li> <li>Energy/resource efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Leadership training</li> <li>Career progress</li> <li>Team building</li> </ul>	<ul style="list-style-type: none"> <li>Financial planning</li> <li>Credit orientations</li> <li>Trading</li> </ul>	<ul style="list-style-type: none"> <li>Business plans</li> <li>Business development</li> <li>Policy advocacy</li> </ul>	<ul style="list-style-type: none"> <li>Bookkeeping and accounting standards</li> <li>Quality / safety standards</li> <li>Export regulations</li> </ul>
Mentoring & consulting	<ul style="list-style-type: none"> <li>Advertising &amp; PR</li> <li>Design</li> <li>Pricing</li> <li>Packaging</li> <li>Distribution</li> <li>Access to clusters</li> </ul>	<ul style="list-style-type: none"> <li>Quality management</li> <li>R&amp;D</li> <li>Engineering solutions</li> <li>ICT</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting techniques</li> <li>Workforce skills development</li> <li>Reward plans</li> </ul>	<ul style="list-style-type: none"> <li>Short, medium, long term finance</li> <li>Auditing</li> <li>Loan applications</li> <li>Investment</li> <li>Tax advice</li> </ul>	<ul style="list-style-type: none"> <li>Long term business strategy</li> <li>Market entry</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of policy constraints and opportunities</li> </ul>
Physical infrastructure	Technology parks and business incubators providing a mix of services					
	Basic services typically provided by public business support network			Advanced services typically provided by private sector / third parties		

Figure 8: Business Development Service matrix (Source: OECD,2017)



**Encourage Innovation:**

Policymakers need to formulate policy to promote and encourage innovative activities among MSMEs to enhance their efficiency. MSME Innovative is a relatively new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach to create awareness amongst MSMEs about innovation and motivate them to become MSME Champions.

Innovation in incubation, design and IPR in the MSMEs will enhance their capability and sustainability in the market-driven open economy. Government needs to provide adequate support and facilities to develop the concept of commercialization of intellectual designs of the MSME sector. This can promote the culture of innovation among the various stakeholders of this sector. It will also create connectivity among industries, academia, and innovators.

**Cluster development:**

The strategy of Cluster development is advocated by the United Nations Industrial Development Organization (UNIDO), which defines it as sector wise and geography wise grouping of enterprises that are involved in production and sale of related and complementary goods. They can be effective in facing their common challenges and can better use the opportunities in the market. There is evidence that suggests that cluster development policy

can bring positive results in MSMEs policy by expanding their competitiveness. It can promote the growth of sector-specific skills. This approach can help in addressing the needs of the industries, through well-defined clusters and geographical areas. MSMEs can decrease their cost of production by obtaining bulk purchases of raw materials and collective efforts in production. Collaboration among MSMEs helps them in concentrating on their core operations, enhancing their efficiency in production.

**Entrepreneurship education:**

Governments and their institutions through various campaigns and programmes can promote the importance of entrepreneurship and necessary skills required for it. This can be done through the education networks, social media, electronic media and workshops or seminars. These campaigns would nurture an entrepreneurial culture in an economy. Incubators and business accelerators.

Incubators and accelerators: Governments can establish specific structures to facilitate the growth of entrepreneurship. For this, incubators & business accelerators can help in providing support services for entrepreneurs. They are typically designed to assist

entrepreneurs in the development of their business concept, preparation for expansion, and securing investment. Entrepreneurial business incubators and associated enterprise support systems are becoming increasingly popular tools to support economic growth in both developing and developed nations. They can connect MSMEs to investors and important influencers of the business field.

#### **Export Promotion:**

Government should make policy for export promotion of MSMEs by providing support to them through export facilitation agencies. Marketing should be promoted through design improvement and delivery initiatives. Sector and product specific export promotion strategies of both short term and long term can be made. Efforts should be made to enhance logistics infrastructure. Government can rebate certain duties to the MSMEs for the export promotion.

#### **MSME sector and the Sustainable Development Goals (SDGs):**

MSMEs play an important role in achieving the SDGs set by the United Nations. As these enterprises work in various sectors such as agriculture, services, manufacturing, tourism, food processing, etc., they can better align themselves with the objectives of the SDGs. The MSME

sector can help in achieving targets for almost all the SDGs, ranging from 1 to 17. Through awareness and training programs, the government can provide the tools and resources necessary to support entrepreneurship among rural and underprivileged populations and help in attaining goal 1 of alleviating poverty. MSMEs can also build partnerships to implement the SDGs. They can better address public needs through market solutions as social enterprises. MSMEs can play a role in public-private partnerships (PPPs) to provide services to resolve various developmental difficulties. They can collaborate with governments to find solutions to development problems as they work in both rural and urban areas and give support to achieve goal 17. They also contribute to society through corporate social responsibility (CSR) practices. In pursuing these goals with the parallel objective of MSMEs development, the guidance of top-level government is required. Also, the work and responsibility of implementing the SDGs lie with the federal level or local government to emphasize their important role in achieving these goals. It is also required to create an effective coordination system between many local bodies that implement SDG policies and top-level guiding institutions that monitor and evaluate planning.

#### **Comprehensive MSMEs policy:**

For the development of the MSME sector, a single and comprehensive MSME policy is a better approach for state governments. This helps in easy availability of services and

incentives provided by the government to the enterprises under a single framework. Moreover, it can create an umbrella of various schemes and programmes for the betterment of MSME, which helps in effective implementation and monitoring of the project. But the state governments also need to carefully consider that policies for creation of new MSMEs would not hamper or neglect the growth of old MSMEs.

According to UN ESCAP, MSMEs in the Asia-Pacific region face the following challenges:

- a) The absence of an entrepreneur-friendly environment.
- b) Inadequate modern facilities & infrastructure.
- c) Lack of entrepreneurship education.
- d) Lack of participation of women in the business field.
- e) Difficulties in access to financing.
- f) Outdated technology.
- g) Low investment in R&D and innovation.
- h) Information asymmetry and inadequate market support.
- i) Ineffective Business Development Services (BDS) delivery system and,
- j) Institutional weakness to connect MSMEs with the international markets.

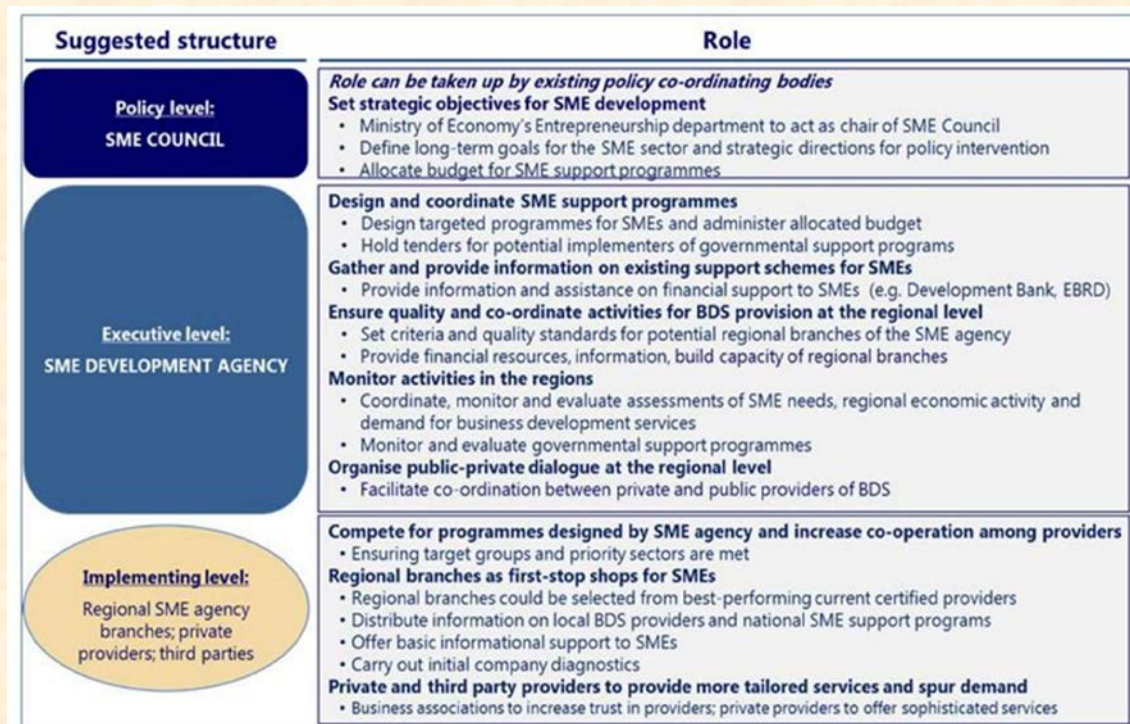
To tackle these challenges, they have suggested following measures;

- a. Industrial, Monetary, and fiscal policies must be made with considering MSMEs in mind.
- b. A dedicated MSME development policy must be made with identification of problems, their effective solutions, and measures to support the MSME sector.
- c. Main components which are must for a comprehensive policy include:
  - Enhancing capabilities & competitiveness
  - Entrepreneurship Skill development
  - Focus on rural based enterprises.
  - Encouraging women entrepreneurship
  - Improving infrastructure and business enabling facilities
  - Technological upgradation
  - Easy availability of credit to MSMEs



- R&D and innovations measures
  - Enhancing BDS
  - Export promotion
- d. Efforts should be made to formalise the MSMEs. which allow for the creation of more effective government projects targeting MSME challenges, better results for social inclusion, robust taxation, as well as effective data collection that can contribute into better policies.

OECD has suggested structure & role of various levels for a comprehensive MSME development policy. The figure (*Figure 9*) recommends functions at three levels viz. - Policy level, Executive level, Implementing level.



*Figure 9: Suggested Structure & Role. (Source OECD 2017)*

## Review: Role of public policy in development of business ecosystem

### Relation between Governance and entrepreneurship ecosystem:

A higher level of entrepreneurship ecosystem is strongly correlated with economic growth, participation in the formal economy, and improved governance and vice versa. For example, economies with fewer entry barriers and lower levels of corruption generally see higher percentages of firm registrations and entry. Moreover, finds significantly higher entry rates in countries with better governance. Case studies show the impact of political stability, institutional support, and taxation system on new business creation. (Klapper, Amit, and Guillén, 2010). These results can help in decision making and effective policy

formulation.

### **Relationship between financial assistance and new MSMEs:**

Government financial policies providing financial resources capital and credit to MSMEs including grants and subsidies are an essential factor to boost creation of new enterprises. Generally, it is presumed that the government should be able to provide the resources needed to support the business activities as it led to overall financial vitality. These resources among other things include the provision of a conducive and suitable environment for entrepreneurship will promote entrepreneurship to a great extent (Omar et al., 2020).

### **Government measures & Skills and training:**

It is probable that the costs of training are disproportionately higher for SMEs than for larger enterprises. Furthermore, most entrepreneurs are not sufficiently conscious of the dynamism in their environment and of the necessity to keep their company adapted and up-to-date. Furthermore, employees in SMEs have insufficient interest in vocational training. (Pukkinen et al., 2001). There comes the role of governments having a will to strengthen the entrepreneurship ecosystem must encourage and provide assistance to small enterprises in enhancing their skillset and entrepreneurship knowledge.

### **Government regulations and business ecosystem:**

These policies usually have consistent impacts on the business. Therefore, to enhance business activities, it becomes necessary to ease off the strict business registration procedures and licensing system. The state also has an essential regulatory function to perform which is to ensure that enterprises operate within the limit of government regulations. There is need to balance between two objectives; boost and promote enterprise with a necessity to shield broader social interests of the public.

### **Education policy and entrepreneurship:**

China has been a leading country in business ecosystem since early 2000s. One of the major reasons for such success is the education policy adopted by China in 2001. China's Education ministry introduced an entrepreneurship curriculum in universities at the undergraduate level. Education model of entrepreneurship teaching with the aim of raising and developing students' awareness of entrepreneurship and improving their adaptive, creative, and innovative personal qualities through the training and coaching of entrepreneurship business skills and business venture management knowledge has an impressive impact on the robust business ecosystem in the country. (K Siddiqui, Nassr M. 2022)

### **Year of Enterprises**

**Objectives of "Year of Enterprises"**



1. Implementation of at least 1 lakh enterprises in Kerala in 2022-23
2. Creating a robust ecosystem for Enterprises Development with the convergence and support of all line departments, agencies, PSUs and Banks.
3. Developing an Enterprises-friendly ecosystem to boost job creation in the State,
4. Creating at least 3 lakh jobs in Kerala in 2022–23.
5. Enhancing capacity of State level agencies in accelerating enterprises growth in the State.

**Key Interventions:** *"Year of Enterprises"* –

MSMEs are complementary to large industries as ancillary units, and this sector contributes significantly to the socio-economic development of the country. More particularly, the emphasis has been on the following activities;

- The capacity building programme intends to promote entrepreneurial/industrial promotional activities and skill development training for MSME.
- To promote entrepreneurial/industrial promotional activities and skill development training for MSME.
- Financial Assistance from Kerala Financial Corporation.
- Industrial clusters help to promote small and medium-sized enterprises mainly due to their inclusiveness, technology absorption, efficiency improvement and availability of common resources.
- Kerala Small Industries Development Corporation (SIDCO) provides infrastructure facilities such as land, work shed, water, distribution of scarce raw material to the units in the small-scale sector.

**Achievements of the 'Year of Enterprises':**

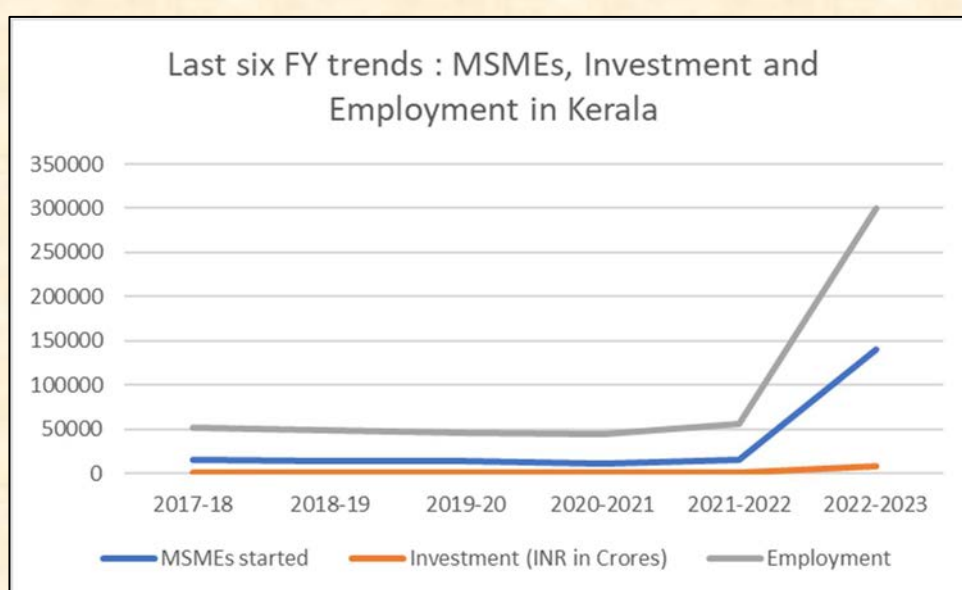
The initiative made unprecedented growth in the MSME sector of Kerala. More than 3 lakhs employment was generated with the creation of 1.3 lakhs new MSMEs through the investment of almost 8.5 thousand crores. If we analyze the trends of the last six financial years (F.Y.) in the context of Kerala, we find that in the first 3 F.Y. creation of new MSMEs, Investment and employment generation was running at stagnate pace. After that because of the Covid-19 pandemic these figures go into negative growth. But in F.Y. 2022-23 the figures increased at an unprecedented rate. This is certainly due to the 'Year of Enterprises' initiative launched by the Government of Kerala. Table 5 represents the remarkable achievement of the 'Year of Enterprises' initiative.



**Table 5: Achievements of ‘Year of Enterprises’ Policy Initiative**

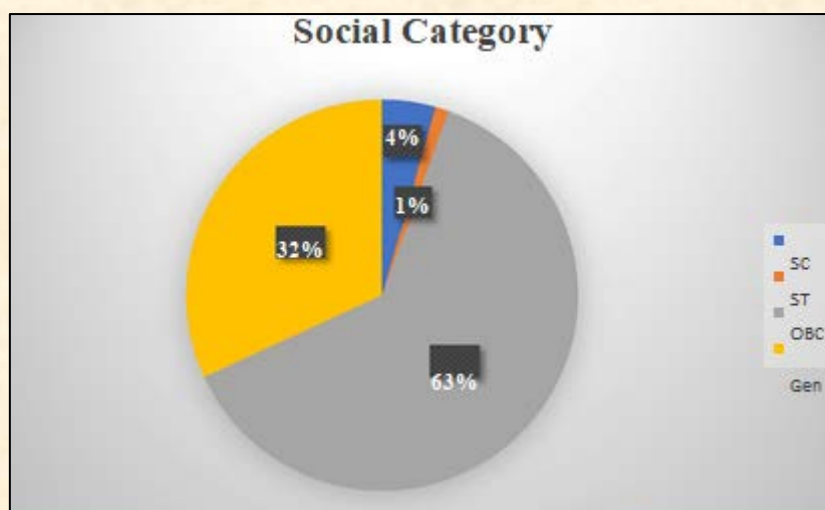
Year	Number of MSME units	Investment (in crore)	Employment number)
<b>2017-18</b>	15,468	1,249.61	51,244
<b>2018-19</b>	13,826	1,321.94	49,068
<b>2019-20</b>	13,695	1,338.65	46,081
<b>2020-21</b>	11,540	1,221.86	44,975
<b>2021-22</b>	15,285	1,535.09	56,233
<b>2022-23</b>	139,840	8421.64	300,051

Source: Data from Economic Review 2022, Kerala

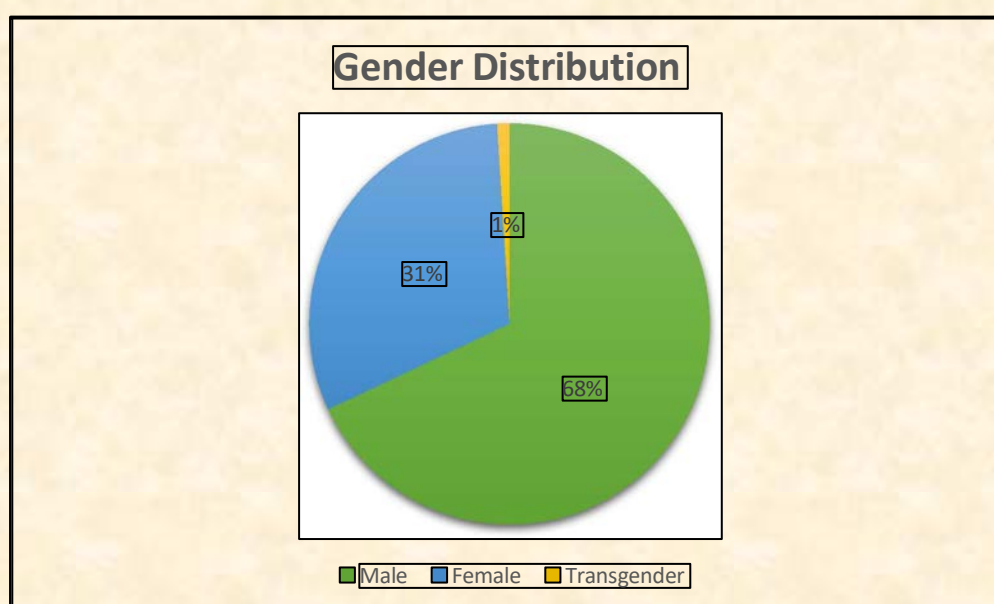


**Figure 10: Trends in MSMEs**

People from all communities and castes of Kerala benefited in this initiative. People from all communities and castes of Kerala benefited in this initiative. Also, this initiative has encouraged large number of women to become entrepreneur. Below Pie charts shows the actual participation caste-wise and gender-wise.



**Figure 11: Proportion on of Social Groups in MSME**



**Figure 12: Gender Distribution in MSME**

### **Project Purpose & Scope:**

As per OECD “Impact analysis is a component of the policy or programming cycle in public management, where it can play two roles:

- **Ex ante impact analysis.** This is part of the needs analysis and planning activity of the policy cycle. It involves doing a prospective analysis of what the impact of an intervention might be, so as to inform policymaking – the policymaker’s equivalent of business planning;
- **Ex post impact assessment.** This is part of the evaluation and management

activity of the policy cycle. Broadly, evaluation aims to understand to what extent and how a policy intervention corrects the problem it was intended to address. Impact assessment focuses on the effects of the intervention, whereas evaluation is likely to cover a wider range of issues such as the appropriateness of the intervention design, the cost and efficiency of the intervention, its unintended effects and how to use the experience from this intervention to improve the design of future interventions.”

IIM Indore was conducting Ex post Impact assessment, where in we attempt to study the effects (Income, Economic, Social) as well as cost and efficiency of the interventions and improving the design for possible future interventions.

**IIM-I study was focused on three major research objectives;**

Theme 1: Assessment of the process of crafting and implementing Year of Enterprises 2022-23. Industrial Department, Govt. of Kerala initiative to create 1 lakh MSMEs in the State during 2022-2023 using the Public Policy triangle framework and Public Administration implementation models.

Theme 2: Stakeholders management and Information, Education & Communication (IEC) Strategies for Public Policy implementation.

Theme 3: Income, Economic and Social Impact analysis of Year of Enterprises Policy Initiative.

#### **Purpose of evaluation**

The project implementation centered on comprehending the industry policy “Year of Enterprise” pertaining to the creation and implementation of Micro, Small, and Medium Enterprises (MSMEs) in the state of Kerala. Additionally, it involved stakeholders’ management of stakeholders and the development of an Information, Education, and Communication (IEC) framework. This study also aims to examine the formulation of an industry policy that facilitates industrial growth and fosters the establishment of an innovative industry framework.

The current evaluation enabled the project to reflect on the progress and;

1. To develop the learning process for improvement of upcoming activities related to implementation of industrial policy.
2. Identify potential strategies for ensuring the sustainability of project outcomes, especially the sustainability of the industrial support services, essential to ensure the continuity of the ecosystem for entrepreneurship in the MSME sectors.



The evaluation results could be used for;

- Assessing the contribution towards the progress achieved by the study of crafting and implementing the industry policy.
- Learning the best practices for enhancing the strategies for developing MSMEs in Kerala.
- Providing recommendations on key areas such as policy implementation, resource allocation, administrative capability, technological support to MSMEs and political and judicial support, and other related matters.
- Help the stakeholders take further steps for improving the future strategies.

Primary users of the evaluation are-

Industry department, Kerala government and other state governments that aim to boost MSME contribution in their economy. The lessons from this study was also be highly beneficial for the World Bank as well as developing and other emerging economies.

#### **Project Plan:**

We have divided the project into 3 parts for better understanding. It helped in effectively utilizing time in concentrating on specific section one at a time.

##### **Project 1:**

Assessment of the process of crafting and implementing the Year of Enterprises 2022-23 Industries Department, Government of Kerala initiative to create 1 lakh MSMEs in the State during 2022-2023 using the Public Policy triangle framework and Public Administration implementation models.

The term public policy has been defined in various ways by several scholars. A simple definition states that "it is the important missions of the government". Policy analysis encompasses more than just the examination and improvements of policy formulation processes but it also involves the evaluation of policy choices and outcomes.

Industrial policy is a strategic approach implemented by a policymaker to promote and support the growth of its industrial sector, particularly during periods of structural transformation. In order to enhance agricultural productivity, expand employment opportunities, improve living standards, and promote self-sustaining economic growth, it is imperative for a predominantly agrarian economy with a labor surplus to prioritize the development of its industrial sector. Nevertheless, these economies might be characterized as undeveloped and mostly agricultural due to the lack of a well-established class of private industrial entrepreneurs with adequate resources (including capital and technology),

expertise, and ambition. Hence, it is imperative for the Government to intervene in order to facilitate the industrial advancement of the nation.

IIM I used the “Walt and Gilson Policy Triangle” framework to understand the implementation process.

There are four approaches of Policy Analysis namely; (i) historical Approach, (ii) Functional Approach, (iii) Investigative-Substitutive Approach, and (iv) Innovative Approach. There are seven Models of Policy Making namely (discussed in introduction sub-section); Group Theoretic Model, Elite Theoretic Model, Incremental Model, Institutional Model, Rational Model, Game Theoretic Model, Systems Theoretic Model. IIM I identified which of the four

models of Policy analysis and which of the seven models of policy making were used by the Government of Kerala in implementing ‘Year of Enterprise’.

Next, Policy Formulation stages was studied in the context of policy initiative ‘Year of Enterprise’;

1. Identifying, Defining, and Refining the Issue
2. Defining Desired Anticipated Outcomes
3. Defining the Information and Consultation Inputs
4. Conducting Research
5. Developing and Analyzing Options
6. Making Recommendations / Decision-seeking
7. Communicating Policy
8. Assessing the Quality of Analysis.

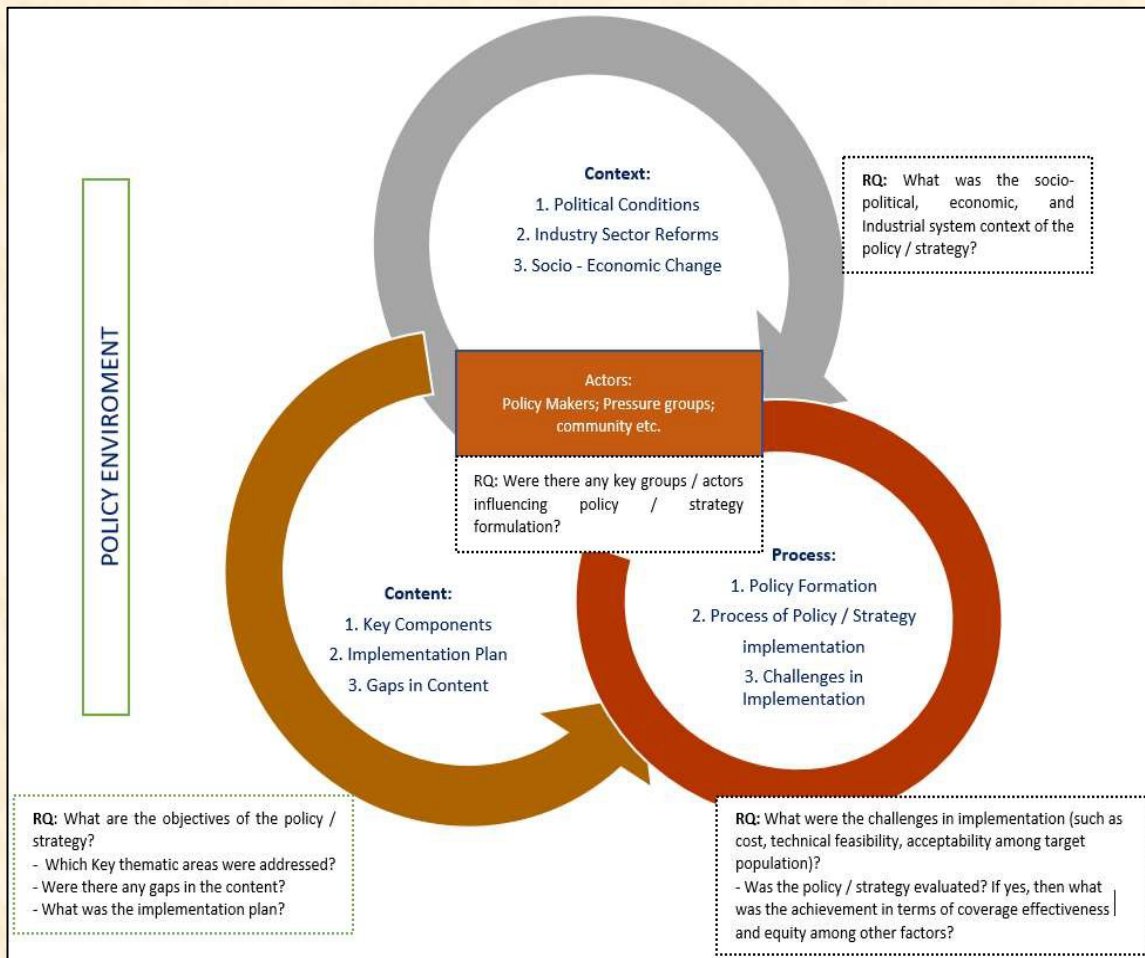


Figure 13: Walt and Gilson Policy Triangle Framework

**Research design:** The study employed a mix of quantitative and qualitative techniques. Descriptive research design was implemented to assess crafting and implementing the policy framework. A specialized research instrument was prepared.

Descriptive research design is an appropriate choice when the research aim is to identify characteristics, frequencies, trends, and categories. It describes the characteristics of a population based on sample. It collects data that are used to answer a wide range of what, when, and how questions pertaining to a particular population or group. It primarily consists of data based on observation, survey-design, and case study.

IIM I interviewed the respective stakeholders, analyze the implementation process, and develop the context, content, and process model for Industrial department and lessons learned. IIM I used using Public Policy theory and public policy framework for the data collection (both quantitative and qualitative).

The outcomes for this research helped in unveiling the hard and soft issues in policy creation and implementation in complex federal and multiple layered structures. The lessons learned helped the central and state governments craft and implement public policy



instruments in India for future industrial policies.

Following elements are critical for a successful Policy Implementation;

- Personnel and financial resources to implement the policy;
- Administrative capability to achieve the desired policy goals; and
- Political and judicial support (from the legislative, executive, and judicial wings of the Government).

Thus, factors such as inputs, outputs, and outcomes affect how well policies are implemented. The resources (people and money) deployed as inputs in order to produce outputs (decisions/objectives made by implementers) in order to accomplish outcomes (what happens to the target groups meant to be affected by the policy).

The most critical phase of policy management is policy implementation. Policies are often formulated with intentions that diverge from their actual implementation. In order to effectively accomplish the intended objectives of a policy, it is imperative that individuals tasked with its

implementation process have a clear understanding of phases involved in the implementation process.

## **Project 2:**

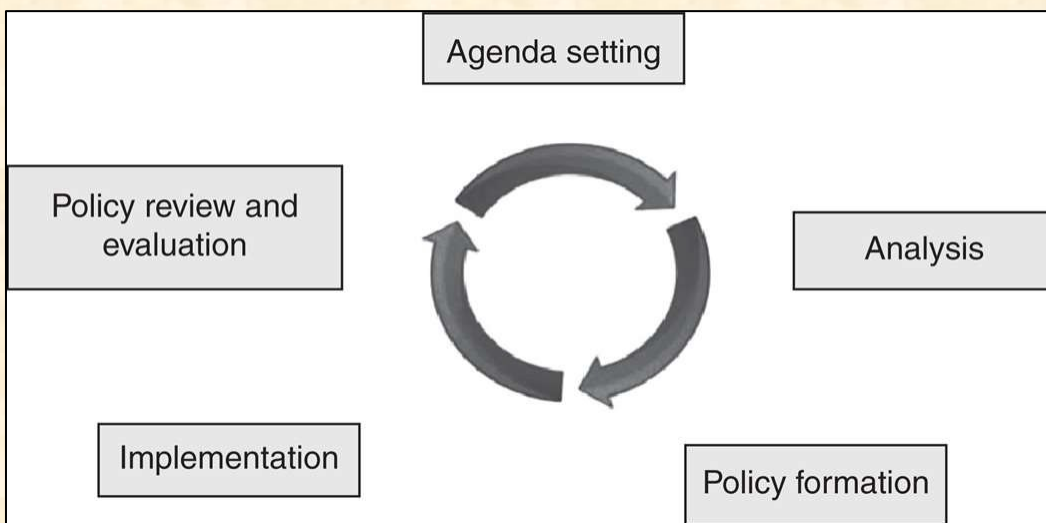
### **Stakeholders' management and Information, Education & Communication (IEC) Strategies for Public Policy implementation.**

Effective advocacy relies on strong relationships and open communication with stakeholders. After all, influencing individuals who have a stake in the outcome might lead to changes in the public policy. Determining which people and organisations are most likely to be influential and impactful thus, establishing linkages among relevant stakeholders. Aforementioned factors can be used develop and formulate teams and required strategies. The involvement of stakeholders also facilitates a deeper understanding of the intricacies surrounding policy concerns. This phenomenon may be attributed to the presence of stakeholders who often possess a considerable degree of knowledge, either as a result of their own impact and experiences or owing to their prior engagement in a substantial body of work pertaining to the current issue.

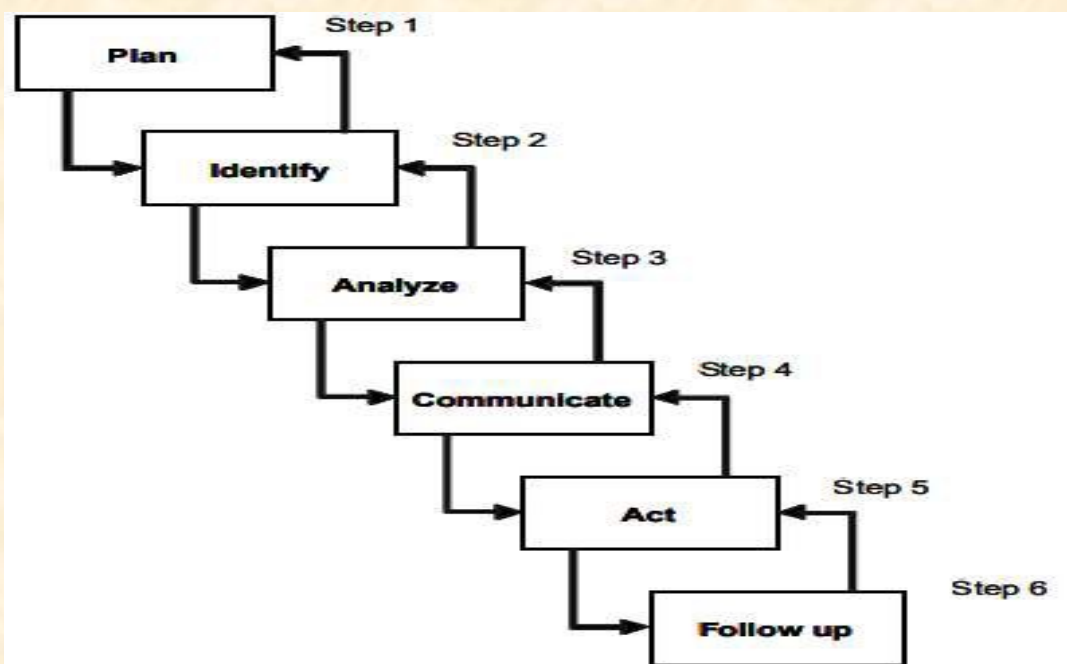
Although there is no perfect, one-size-fits-all model for developing policies or guidelines, defining stakeholder roles in each step of industry policy making in order to enhance the evaluation and understanding of policy-making process. Several frameworks have been developed in various disciplines to assist policy makers in planning for policy development and analysis. Some include a distinct component that focuses on engaging key stakeholder

through consultation. The general stages of policy development often includes several components such as, agenda setting, analysis, policy formation, implementation, and policy review and evaluation.

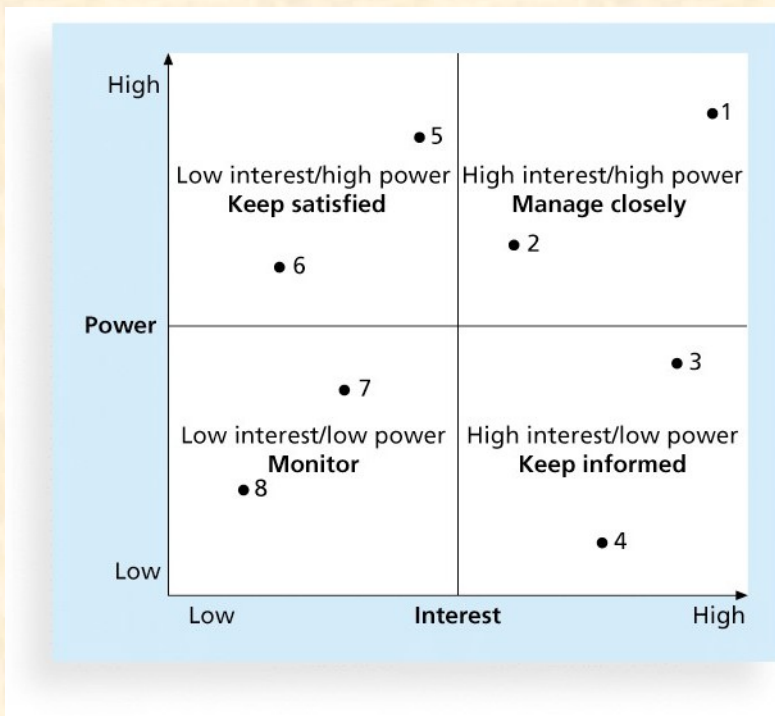
Figure 13 illustrates when stakeholders might be engaged at various phases of the policy cycle. While these stages seem to be chronological, beginning with agenda setting and ending with implementation and evaluation, policy decision making in practice rarely follows a linear format. Thus, these stages might occur frequently throughout the lifetime of a single policy, and steps may be skipped—or reversed—along the decision-making process according to the requirement of policy makers and involved decision makers.



*Figure 13: Phases of Policy Cycle*



*Figure 14: Policy stakeholder management process*



*Figure 15: Power Interest grid.*

### **Preparing Information Education and Communication (IEC) Strategy for successful policy implementation**

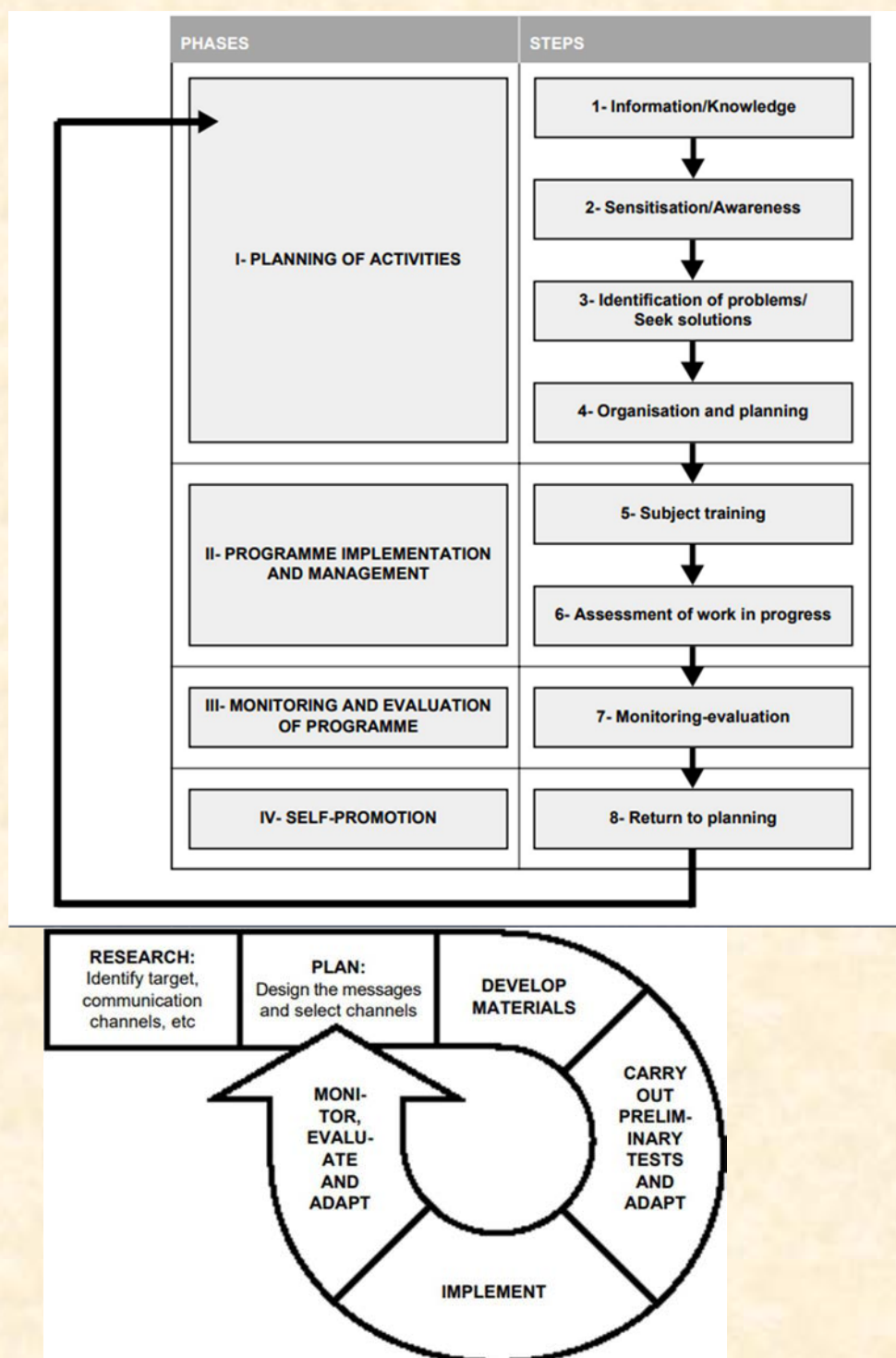
Communication is a constant aspect of our daily lives, playing a crucial role in human progress. It is essential for organized social life and progress. Communication enables community members to understand their problems and take collective action to resolve them. The process of informing, educating, and communicating empowers them to make decisions and actions that lead to their progress and development. Without communication, no organized social life would exist for humans.

The Information, Education & Communication (IEC) strategy **aims to create awareness and disseminate information regarding the benefits available under various schemes/programmes of the Government** and to guide the citizens on how to access them. Key criteria for the IEC strategy are as follows;

- The specific development objectives that are to be achieved.
- The target audience to be covered under the developmental programme.
  - The specific communication objectives and the behavioural changes that are to be brought about for development.
  - The various communication resources you can mobilize, their access and relevance to the target audience for communicating the development messages.



IIM I studied the IEC strategies implemented by the Government of Kerala (*Figure 16*).



*Figure 16: The participatory community approach of FAO (1995):*

**Research design:** The study was employ a mix of quantitative and qualitative techniques. Descriptive research design was being implemented to assess stakeholders' management and IEC frameworks. A specialized research instrument was being prepared.

Descriptive research design is an appropriate choice when the research aim is to identify

characteristics, frequencies, trends, and categories. It describes the characteristics of a population based on sample. It collects data that are used to answer a wide range of what, when, and how questions pertaining to a particular population or group. It primarily consists of data based on observation, survey-design, and case study.

IIM I interviewed the respective stakeholders, see the implementation process, and develop the context, content, and process model for Industries department and lessons learned. IIM I used stakeholders' theory and IEC frameworks for the data collection. The research methodology was mixed method involving both quantitative and qualitative techniques.

### **Income, Economic and Social Impact Analysis of Year of Enterprises.**

The Industrial policy leads to several positive effects such as increase in wealth, production of goods, and rise in standard of living. Moreover, people access to healthier diets, better housing, and variety of goods available increased with improvements in human capital attainment (education, and vocational skills).

In the study conducted by IIM Indore on the Income, Economic, and Social effect of the Jal Jeevan Mission, it was observed that the provision of tap water in every household had a favourable influence on eight key parameters (listed below).

- **Better health** – The better quality of water and in volume aids to reducing diseases. Healthier people tend to have better productivity levels thus, having better nutrition levels.
- **Time savings** – The time and efforts required to collect water reduced thus, channelizing the spared time to more productive activities.
- **Poverty** – The easy access to water supply led to reduction in expenditure which was earlier paid to water providers and additional savings from expenditure on treating the water borne diseases. Thus, contributing in lowering poverty in some areas.
- **Women Empowerment** – Water policies and projects empowers women by sparing their time of collecting water thus, increasing their contribution in other economic activities.
- **Community capacity** – This is also the pre-condition and many a times outcome. It is important to build the capacity in local communities to sustain the water services. If implemented properly, this can also build up the capacity of local communities to make decision though it be financially also.

- Food security/ nutrition – The improvement in access to water supply can help in irrigation and feeding the livestock thus, contributing to better yield and food crops.
- Productivity and income – Access to tap water enables increase in productivity levels thus, aids in helping income levels.
- Education – Some students were able to attend school or college, or even made it to the learning centres for the first time.

IIM I conducted qualitative and quantitative study to analyse the impact of the Year of Enterprise (hereafter, YoE) on Income, Economic, and Social related outcomes.

The impact assessment was provide 4A's –

1. **Advocacy** – To demonstrate the value of YoE and why it was required.
2. **Allocation** – To assess the resources and investment allocated on the program and its efficient use.
3. **Analysis** – To understand the implementation and address on loop holes if any, to eliminate them in both current and future policy initiatives.
4. **Accountability** – To help in better management practice and legal requirements.

An impact evaluation was involve in answering at least three different types of questions namely; descriptive, causal, and evaluative.

1. Descriptive questions – Assist in understanding about the current scenario and changes from the past thereby, was provide aid in analysing the before and after scenario of YoE.
2. Causal questions – Analysis helped in better understanding the contribution of YoE along with unveiling the factors causing the impact.
3. Evaluative questions – Evaluation about the comprehensive value of YoE, taking into consideration intended and unintended impact of the policy initiative.

#### • **Methodology of Evaluation**

The study design of the evaluation was be based on mixed research methodology. It includes both quantitative and qualitative research techniques. The overall research methodology of the evaluation was involve the following potential steps;

- The study uses the descriptive research designs for the evaluation, and draft the result framework accordingly.



- The data collection, that are used to answer a wide range of what, when, and how questions pertaining to a particular population or group.
- Classifying the indicators which was be covered through quantitative, qualitative and mixed methodology.
- The descriptive design describes the characteristics of a population based on sample.
- Public policy theory and public policy framework was be used for the data collection.
- Specify a list of indicators which was be measured as a part of the evaluation process.

The study was take suggestions of the respective stakeholders, analyse the implementation process, and develop the context, content, and process model for the Department of Industries and lessons learned through the policy process.

The result for the study was help in evaluating the major problems in policy creation and implementation in complex federal and multiple layered structure in the context of India. It was help the central and state governments to craft and implement public policy instruments in future in India.

#### Research Design Flow:

Stages	Key Activity/ Deliverables	Details
Stage I	Inception Report/ work plan approved	i) Detailed work plan using a Gantt chart for all key activities, clearly indicating responsibility and timeline, details of the core team and field team
	by the Department of Industries	being deployed, training and logistic arrangements made, etc., details of the indicators.
Stage II	Approved Sampling Plan & Methodology and work plan for the Process study	Detailed document on the methodology adopted for both the process study and quantitative study, sampling, methodology used to construct weights and other details

Stage III	Survey Instruments and Survey plan	<p>All questionnaires and data collection instruments including coding guides, interviews and supervisor manuals, translation and back translation, skip patterns, coding open-ended questions, etc.,</p> <p>Guidance notes on survey implementation, implementation plan</p> <p>Training modules for enumerators and supervisors</p> <p>Detailed survey implementation plan, including movement and field procedure plan for the survey teams</p> <p>Schedules for KIIs and FGDs with other stakeholders, focus-group discussions (FGDs) and key informant interviews (KIIs)</p>
Stage IV	Customization of CAPI / survey tools for Individual enterprises interviews, KIIs and FGDs and data entry plan	<p>Design/ customization of app for household survey / KIIs/ FGDs with individuals, provide user manual and details of application</p> <p>Details of storage/ data security facilities</p>
	Training of field team on CAPI and KIIs and process study	Training of field team on CAPI/ FII, KII guide Computer Assisted Personal Interviewing (CAPI)
Stage V	Field Pilot Testing	i) Pilot testing of all Instruments and tools and the revisions made to them
	Undertaking field study	i) Fieldwork – both quantitative and qualitative components

	Field Work Completion report	i) Report on completion of field work as per the sample plan approved
Stage VI	Report on database and Report on the process study	Initial data analysis with frequency tables and initial results from quantitative and qualitative interviews
Stage VII	Draft report	Draft report covering findings from both qualitative and quantitative studies along with complete set of data in an electronic format Presentation on key findings
	Revised Report	Revised report on evaluation after incorporating feedback from the mission along with final data set in electronic and physical form Final presentation on key findings

### Research Methodology

**Qualitative Data:** - This type of data is collected from smaller groups and plays a very important role in monitoring and evaluation, as it gives deeper solution of a particular problem and gives human perspective and evaluation on it. This method also provides in-depth information on intangible factors. This method is informal and semi-structured or unstructured format and is more flexible in collecting data. It is investigated through 'why' and 'how' question. This method is more interactive and involves discussion and deeper conversations

with the stakeholders involved. The outcome drawn from the qualitative research are not population-centric, rather the study provides a particular piece of solution, that can help in identifying patterns among **different cases at the same time.**

### Data Collection Methods and Tools;

- a. **Open Ended Survey Project 1:** In this method the respondents are free to answer the questions in their own way. Here, information can be collected in by probing the questions to the respondent. Through this, the knowledge, attitude, and values and behavior of the respondent can be marked and used for analysis. In Project 1, open ended survey should be carried on the Industries Department of



the Government of Kerala. These industries can be from different background of the industries, agrarian industries, and their private competitors to assess the difference in employment opportunities, life standards, etc.

- b. **Open Ended Survey Project 2:** In this project, the open-ended survey has to be carried among the different stakeholders who are involved in the policy-making so as to study the impact and the strategies used by them. Moreover, the open-ended survey for the IEC should be carried so as to understand the agents that have benefited after the implementation of the policies.
- c. **Open Ended Interviews:** This is useful in having in-depth understanding of the experiences, opinion, and individual descriptions of a process and can be conducted individually or in the group. The questions here are not well prepared and instead the interviewer asks the question spontaneously based on past answers of the respondent. In Project 1, open ended interviews are carried of the industrial local bodies, experts from MSMEs, interns, and employees of district call centers. While for the Project 2, open ended interview is conducted with the stakeholders to check the behavioral changes happening because of the education and skills provided to the people.
- d. **Literature Review and Document Review:** A review of secondary data in the form of reports, records projects, administrative database, training, materials, policy documentation is formulated. This can provide cost-effective and timely baseline information with historical perspective of the project or intervention based on past evidences. This method was be employed in all the three projects by referring to the past policies and projects.

#### **Quantitative Data:**

This is used when the sample size is much larger. The answer derived from this type of analyze is “how much” or “how many”. This is useful for cluster evaluation, where there are large groups of respondents involved or when the sample size is large. For this, the data should be collected in a particular order or in a particular system which can fit into the experience of the respondents. This method is used to grasp a general understanding of a particular content with precise results. This is relatively easier to collect and analyze, as there is less chances of biasedness in the results based on individual interviewer or respondent. The results are relatively easier to interpret and can be presented using the histograms, bar grams, pie charts, regression analysis and other such tools.

#### **Tools Used in the Project Quantitative Data:**

**Structured Close Data Interview:** Systematically and carefully the questions are

organized, and limited number of questions are asked, in the 'yes' or 'no' or the questions that are ranging on the scale. To be effective the question should be made in a particular sequence and should be asked in the same order from all the respondents.

**Close ended survey Questions:** This is an ideal choice to evaluate simple and quick feedback which can easily translate into statistics for analysis. Surveys are structured questionnaire with limited number of closed-ended questions and rating scales are used. As these questions are limited and brief these questions usually generate high survey respondents rapidly and collect large quantity of data.

This method is again used in both the projects. Project 1 there is a properly close ended questions survey with the people involved in the policy formulation and in project 2 involves in the survey with the stake holders involved in the implantation of the policy.



**Co-relation research:** -This studies the relationship between two or more variables that are similar and independent and assess their statistical relationships. This can be used in project 3 to analyze if the variables are positively or negatively correlated. To analyze the effect of rise in income on poverty, nutrition, health etc.

**Regression Analysis:** Regression analysis is also a tool for quantity analysis of the data. Regression analysis can help in predicting the effect of independent variable on the dependent variable. Regression analysis is used in the 3<sup>rd</sup> model of the project where the impact of income can be analyzed for the other variables like poverty, health, and nutrition.





# Basic Information and Demographics

2



## Chapter 2: Basic Information and Demographics

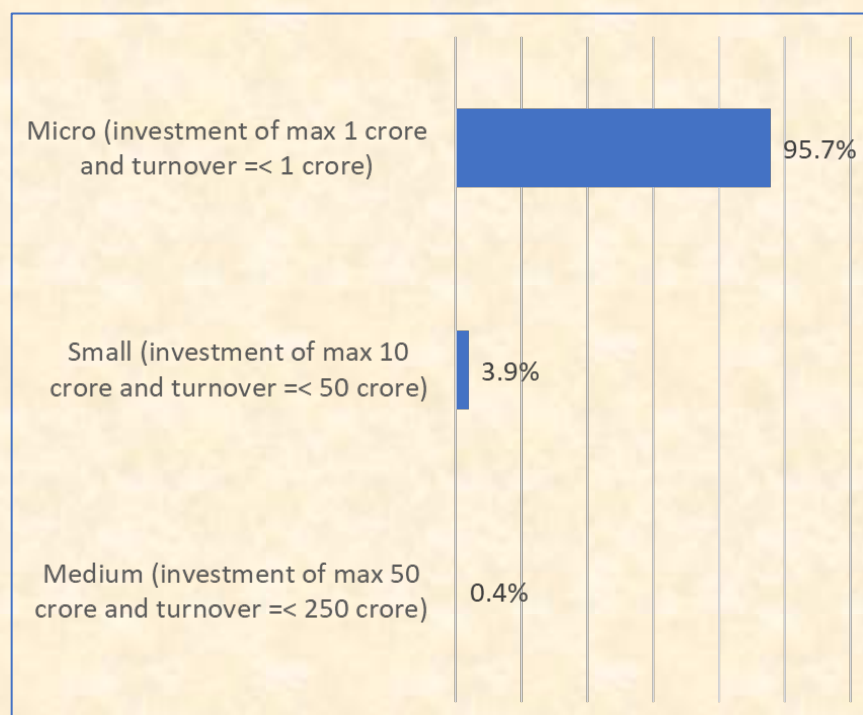
### Research results

Two thousand and seven MSMES were interviewed and six questionnaires were filled in .

1. Basic information
2. Social and Environmental Assessment
3. Economic assessment and future plan
4. e Government service quality
5. Information Education Communication
6. Stake holders management

### Primary research sample analysis

#### Firm Qualification into Micro, Small, and Medium

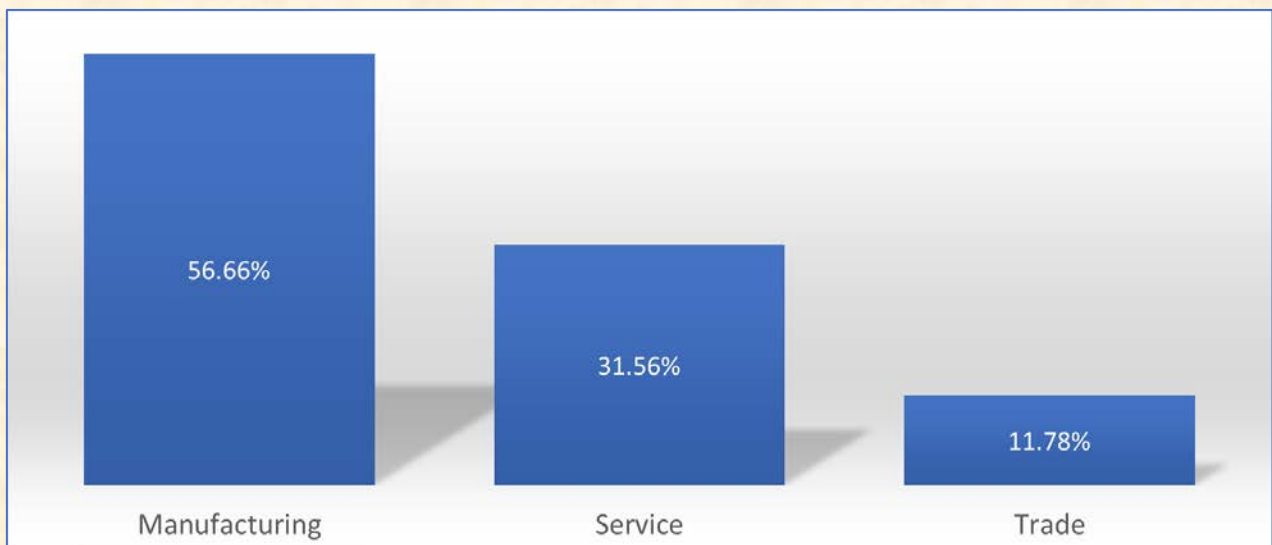


- **Dominance of Micro Enterprises:** The vast majority (95.7%) of responses are from micro enterprises, indicating that this category is overwhelmingly prevalent.
- This suggests a strong base of very small businesses that operate with limited investment and

turnover, which may reflect the economic landscape characterized by entrepreneurship at a grassroots level.

- **Implications for Economic Development:** The minimal representation of small (3.9%) and medium enterprises (0.4%) indicates a potential gap in business growth and scalability.
- This could point to challenges in accessing resources, markets, or support for expanding beyond the micro level.
- Policymakers and stakeholders might need to focus on creating pathways for micro enterprises to grow into small and medium enterprises to foster broader economic development and job creation.

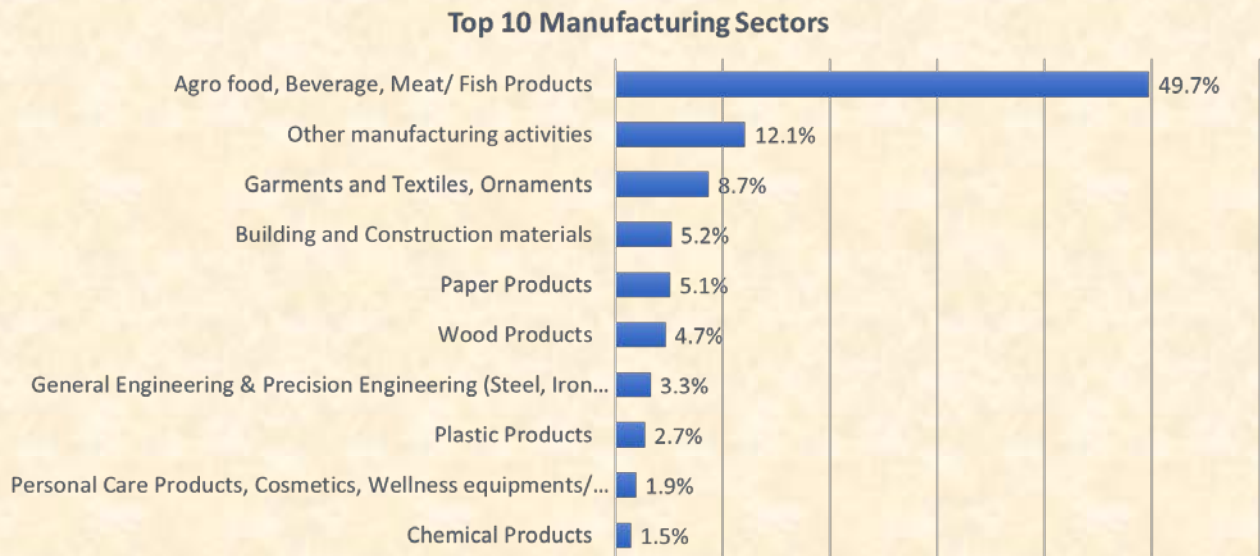
### Category of MSME (Sample Size: 2007)



### Manufacturing:

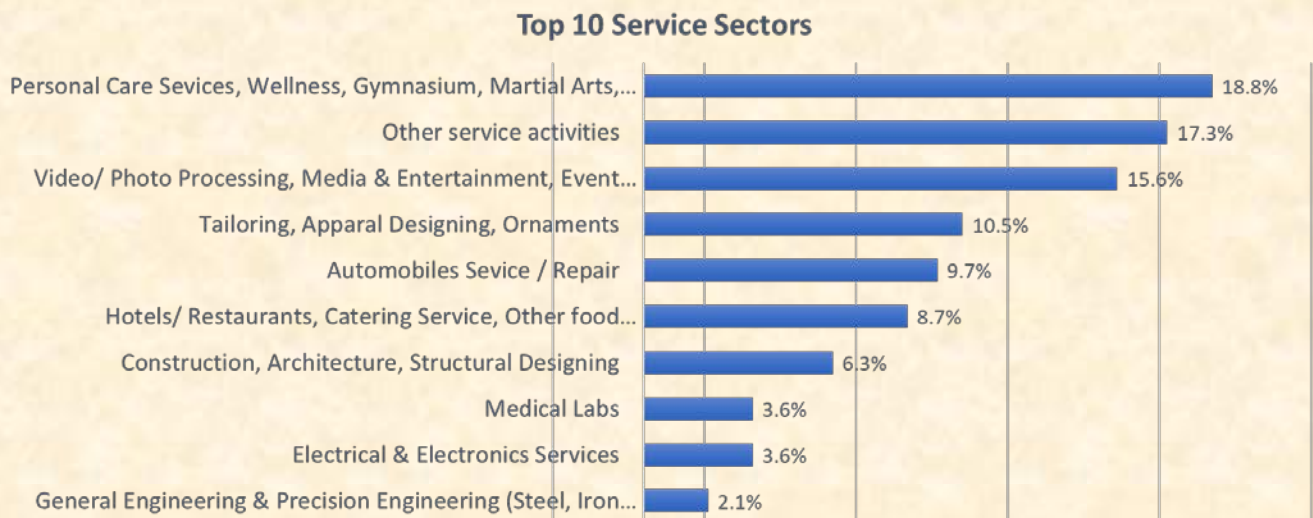
Leading with 56.67% of MSMEs, with agro-food, beverage, and meat/fish processing making up 49.7% of manufacturing activities.





### Services:

Accounts for 31.56% of MSMEs, led by personal care services (18.8%) and media-related services (15.6%).



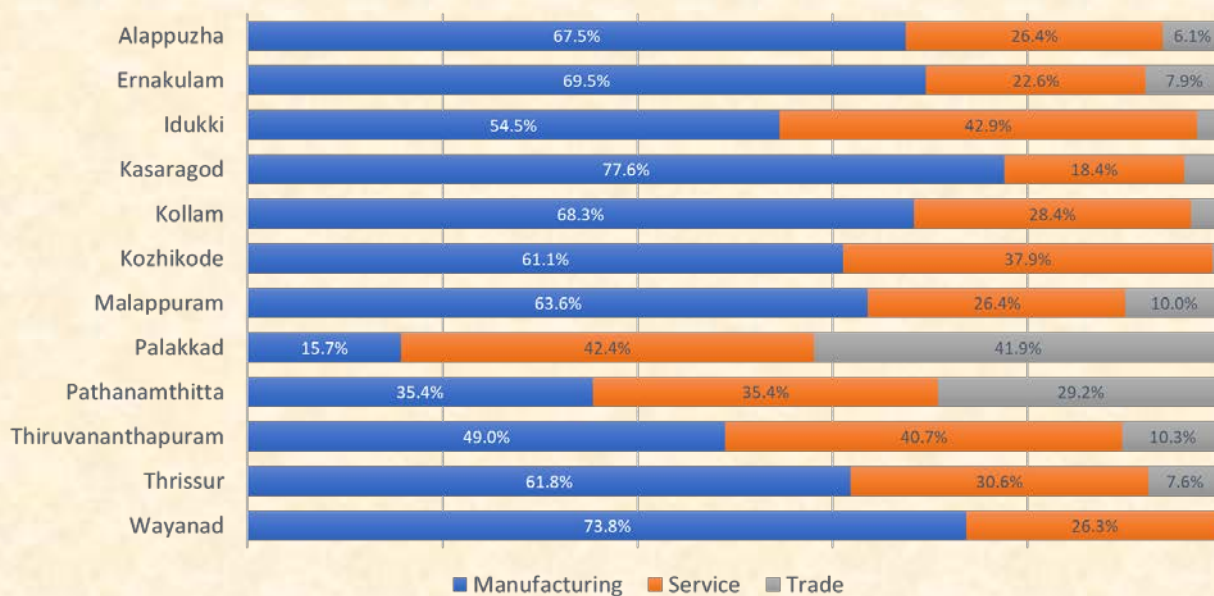
### Trade:

Represents 11.78% of MSMEs, with stores and supermarkets

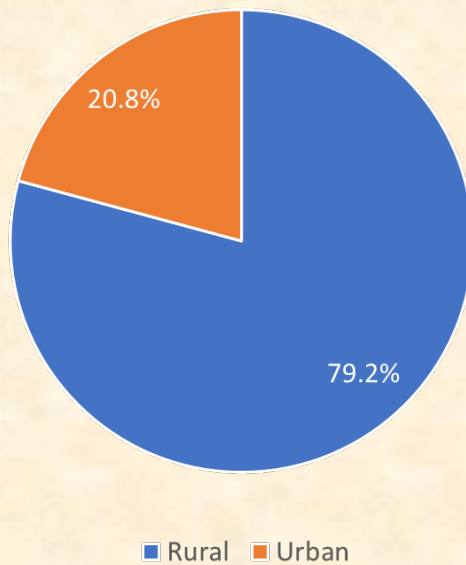
dominating at 26.3%.



### District wise Category Distribution

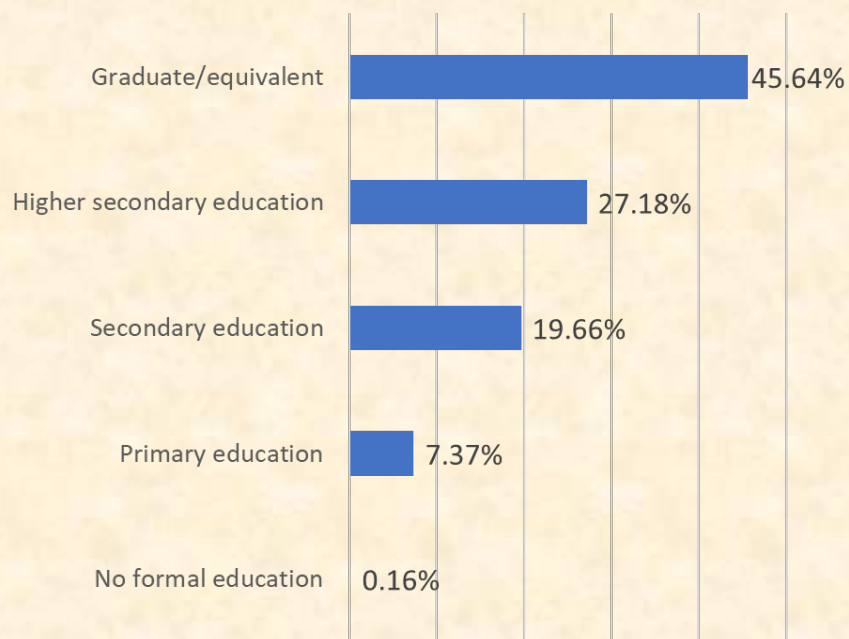


### Local Body



- **Dominance of Rural Responses:** 79.2% of responses come from rural areas, indicating a significant focus on rural perspectives and issues compared to the 20.8% from urban areas.
- There may be a higher engagement or participation in surveys or initiatives in rural areas compared to urban areas.

### Education level of the entrepreneur



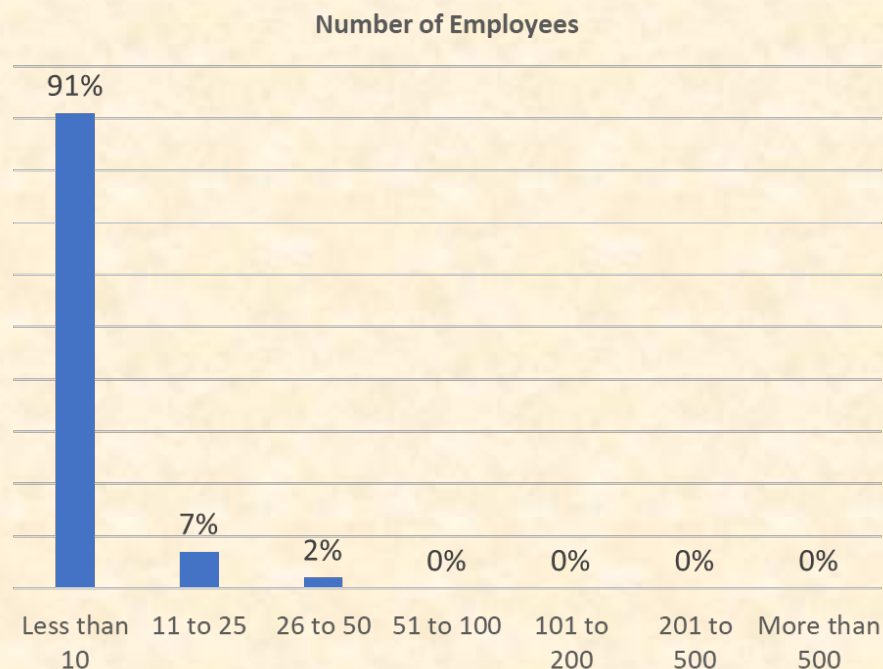
- **Predominance of Higher Education:** A significant portion of entrepreneurs,



approximately 45.64%, hold a graduate degree or its equivalent, indicating a trend towards higher education among this group.

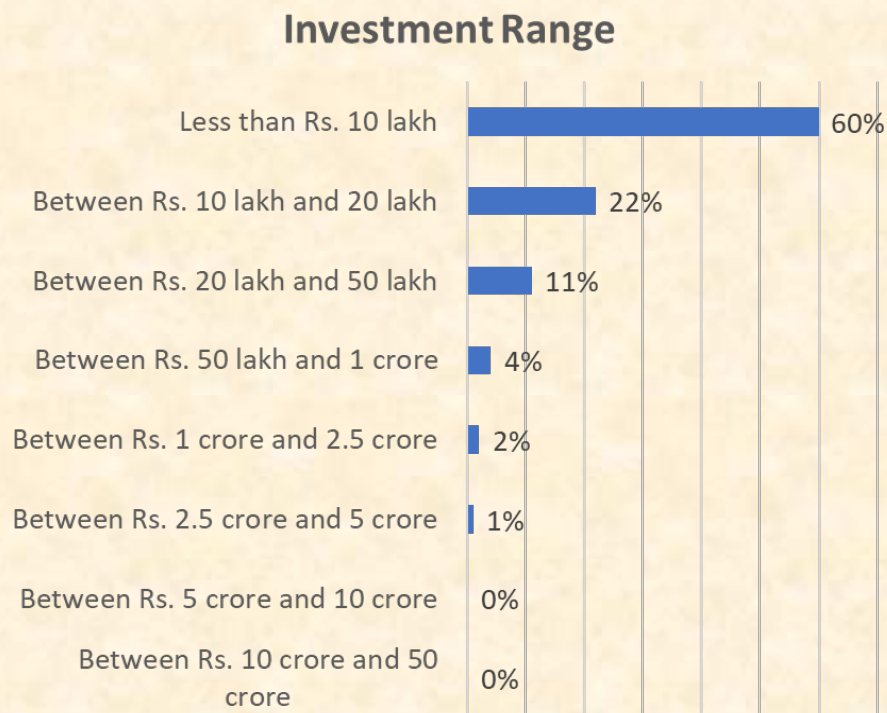
- **Strong Representation of Higher Secondary Education:** Around 27.18% of entrepreneurs have completed higher secondary education, suggesting that many have pursued education beyond basic levels but may not have attained a degree.
- **Limited Lower Education Levels:** Only a small percentage of entrepreneurs possess no formal education (0.16%) or have completed only primary education (7.37%), while 19.66% have secondary education, highlighting that most entrepreneurs have at least a secondary education or higher.

### Number of Employees in the Organizations



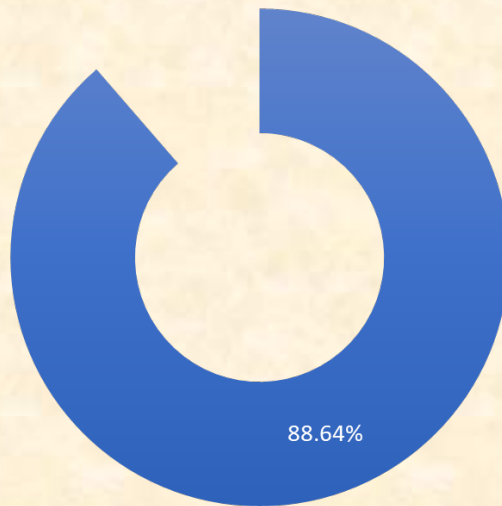
- **Small Enterprises Dominate:** Most employees are in very small companies, highlighting a prevalent trend towards smaller-scale operations.
- **Negligible Presence in Larger Firms:** There is minimal representation in medium to large organizations, suggesting a significant gap in employee distribution among larger firms.
- This absence presents an opportunity to explore why these sizes are underrepresented and how to attract or support growth in this sector

## Investment (as per MSME definition)



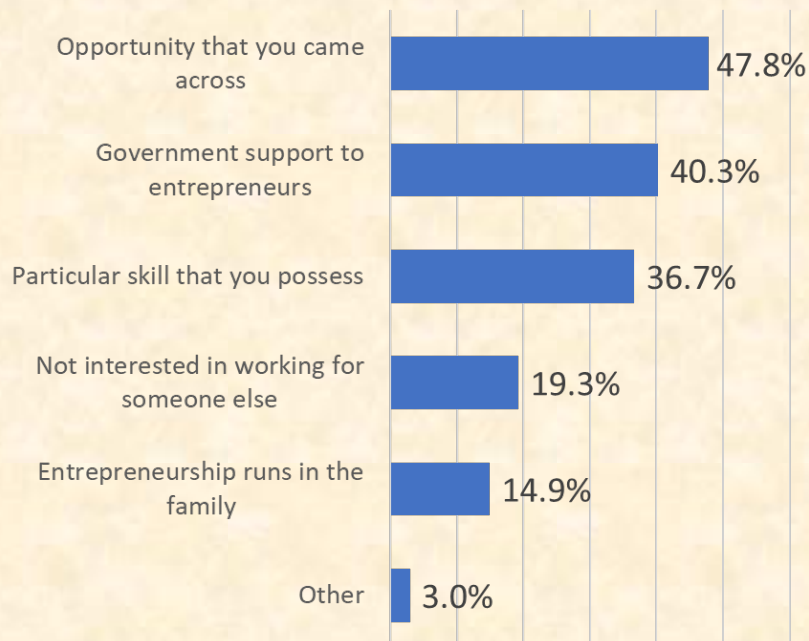
- **Prevalence of Smaller Investments:** The majority of investments are clustered in the lower ranges, with 60% of investments being less than Rs. 10 lakh. This indicates a strong concentration of smaller MSMEs or startups operating with minimal capital.
- **Decreasing Frequency with Increasing Investment:** There is a clear downward trend in the number of investments as the investment amount increases. Only 22% of investments fall in the Rs. 10 lakh to 20 lakh range, and this percentage drops significantly as the investment amount increases.
- **Scarcity of Large Investments:** Investments above Rs. 50 lakh are relatively rare, with only a small percentage (7%) falling into these higher ranges. Notably, there are no recorded investments in the Rs. 10 crore to 50 crore range.
- **Focus on Small Enterprises:** The data indicates a significant focus on smaller enterprises, reflecting perhaps limited access to larger-scale funding or a preference for smaller-scale projects.

## First-time Entrepreneurship



- **Predominance of First-Time Entrepreneurs:** The vast majority (88.64%) of respondents are engaging in entrepreneurship for the first time.
- **Experienced Entrepreneurs:** A small portion (11.64%) of the group has previous experience in entrepreneurship.

### What motivated you to become an entrepreneur?



- **Opportunity as a Primary Driver:** The most significant factor motivating

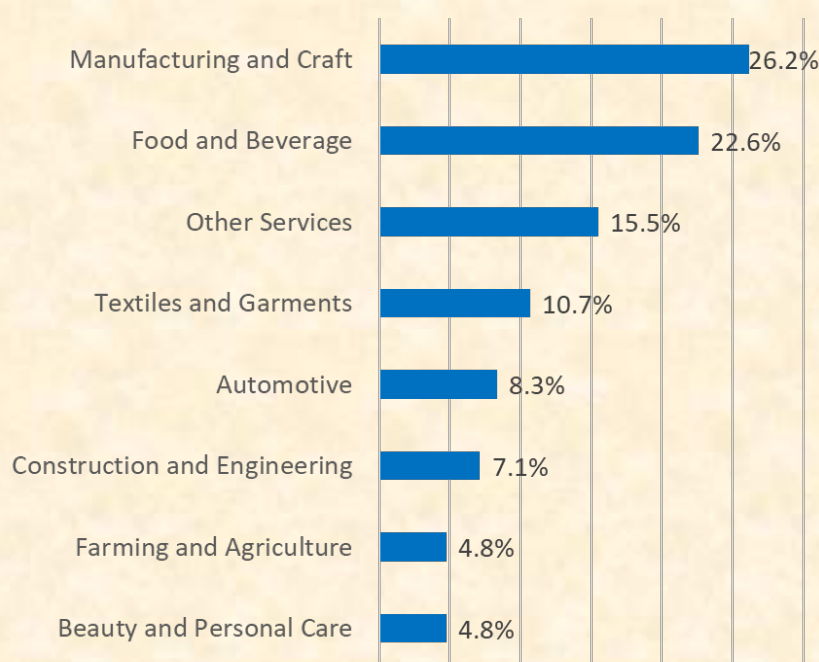


entrepreneurship is the opportunity that individuals come across.

- **Government Support:** Nearly half of the respondents cite government support as a major factor, indicating its importance in encouraging entrepreneurial activity.
- **Skill-Based Entrepreneurship:** A significant portion of respondents are motivated by a specific skill they possess, suggesting a trend towards leveraging personal expertise.
- **Desire for Independence:** A notable number of entrepreneurs are driven by a desire to avoid working for others, highlighting a preference for autonomy.

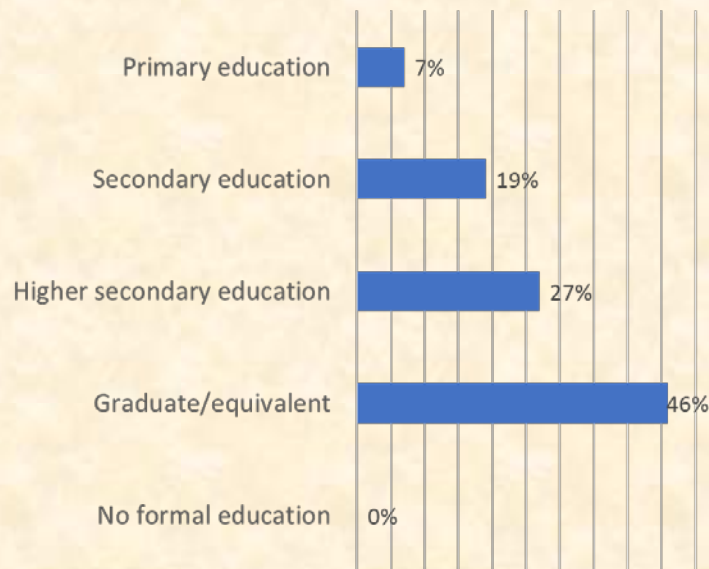
**What was your first entrepreneurial venture?**

**(Response of experienced entrepreneurs - same industry)**



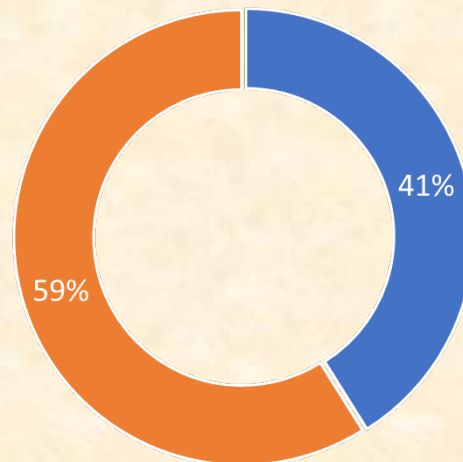
- **Dominance of Manufacturing:** The analysis highlights a strong focus on manufacturing and craft, including furniture, textiles, and various production processes, indicating significant first entrepreneurial activity in this sector.
- **Significant Food Sector:** The food and beverage industry is a major area of interest, with numerous entrepreneurs engaged in bakeries, tea shops, organic foods, and other food-related ventures.
- **Diverse Services:** The entrepreneurial landscape features a variety of sectors, including automotive services, construction and engineering, textiles and garments, beauty and personal care, and farming and agriculture, showcasing a wide array of business opportunities and activities.

## Education Level



- **High Level of Graduate Education:** 46% of entrepreneurs have graduate or equivalent education, reflecting a strong presence of higher educational attainment.
- **Significant Higher Secondary Education:** 27% of entrepreneurs have completed higher secondary education, showing a solid educational foundation.
- **Training and Development:** There is potential for developing training programs that target individuals with secondary or higher secondary education to enhance their entrepreneurial skills.
- **Broadening Access:** While the majority of entrepreneurs are well-educated, efforts to increase educational access for those with lower levels could contribute to a more inclusive entrepreneurial environment.

## Gender Distribution of Entrepreneurs



■ Female ■ Male

- **Majority Male Entrepreneurs:** 59% of entrepreneurs are male, indicating a predominance of men in the entrepreneurial space.
- **Significant Female Representation:** 39% of entrepreneurs are female, showing a notable presence of women in entrepreneurship.
- **Gender Disparity:** The data reveals a gender imbalance with a higher number of male entrepreneurs compared to females.



## Gender-based Entrepreneurship Category



### **Manufacturing:**

- 58.7% of female entrepreneurs and 55.2% of male entrepreneurs are engaged in manufacturing.
- The manufacturing sector is the dominant entrepreneurial category for both genders.

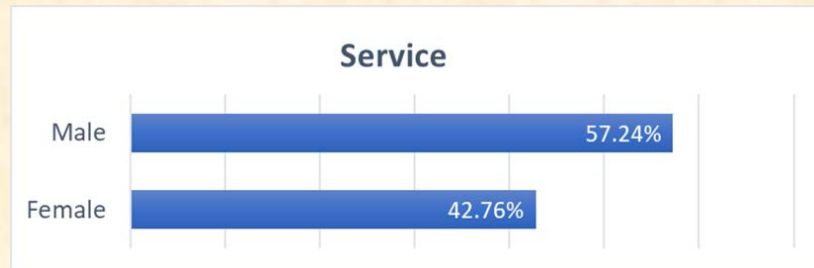
### **Service:**

- The service sector is the second most popular category, with 32.8% of female entrepreneurs and 30.6% of male entrepreneurs involved in this sector.
- The service sector shows a relatively balanced gender distribution.

### **Trade:**

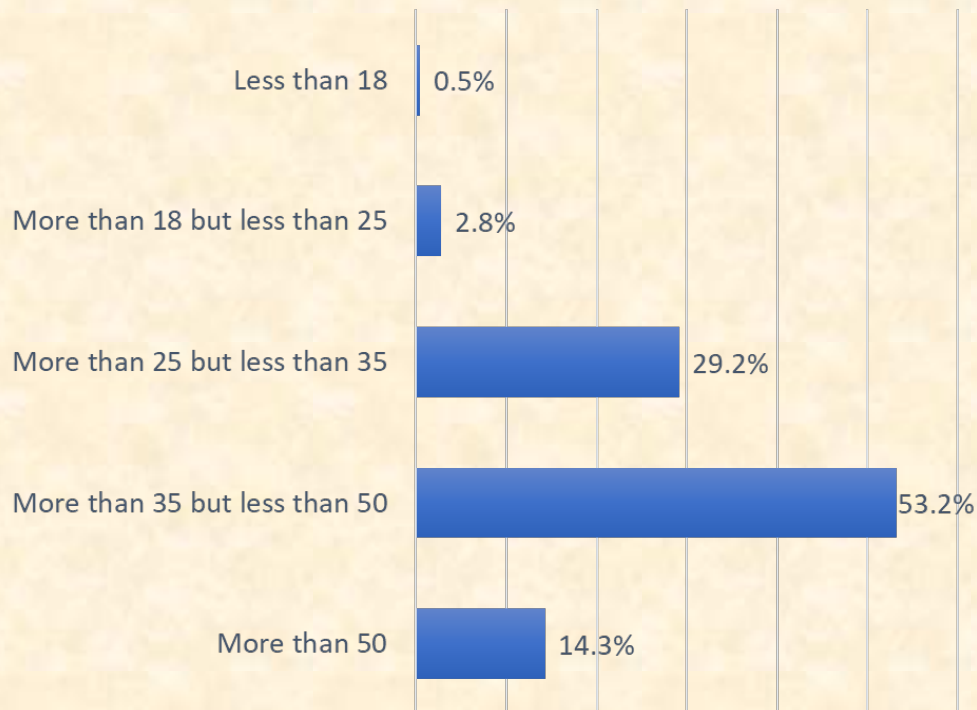
- 14.2% of male entrepreneurs are involved in trade, compared to 8.5% of female entrepreneurs.
- This suggests that trade is more favoured by male entrepreneurs.

## Gender-based Entrepreneurship Category



- **Manufacturing and Service Sectors:** Both manufacturing and service sectors show a relatively balanced gender distribution, with female participation around 42%, though males still hold a slight majority.
- **Trade Sector:** The trade sector shows a significant male dominance, with 70.6% male representation compared to 29.4% for females. This suggests that females are underrepresented in trade compared to the other sectors.

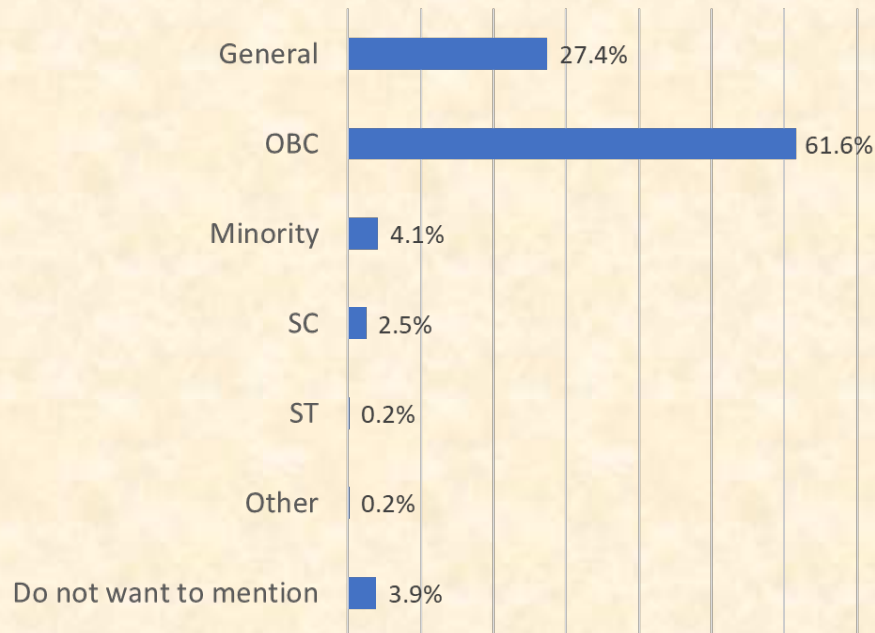
## Age of the entrepreneur



- **Majority in Middle Age:** The largest group of entrepreneurs, approximately 53.2%, falls within the age range of 35 to 50, indicating that middle-aged individuals are significantly represented in entrepreneurship.
- **Young Entrepreneurs:** A small percentage of entrepreneurs are younger, with only 3.3% (combined) under the age of 25, suggesting that entrepreneurship is less common among the very young demographic.
- **Older Entrepreneurs:** About 14.3% of entrepreneurs are over the age of 50, reflecting a notable presence of older individuals in the entrepreneurial landscape, alongside a healthy representation of those between 25 and 35 years old (29.2%).

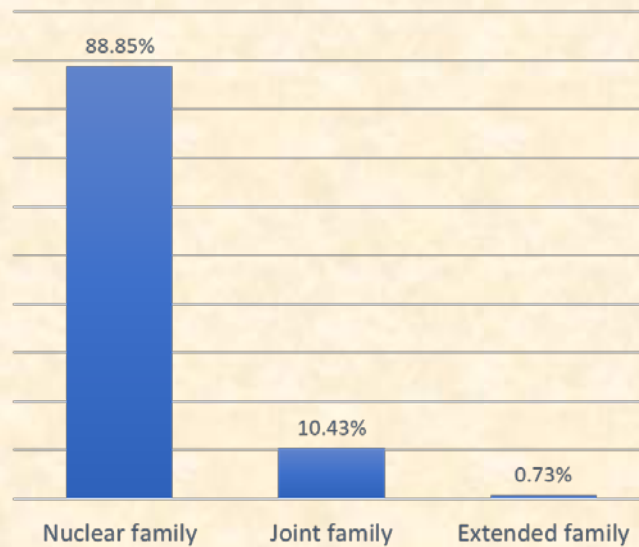


## Social category



- **Prevalence of OBC Entrepreneurs:** A significant majority of entrepreneurs identify as belonging to the Other Backward Classes (OBC), comprising 61.6% of the total, indicating strong representation from this social category.
- **Diverse Representation:** Entrepreneurs from the General category make up 27.4%, while those from Minority, Scheduled Caste (SC), and Scheduled Tribe (ST) categories account for a smaller percentage, reflecting a varied social landscape among entrepreneurs.
- **Limited Disclosure:** A small percentage of respondents either choose not to disclose their social category (3.9%) or belong to other unspecified categories, highlighting some hesitancy or diversity in social identification.

## Family Type



- **Prevalence of Nuclear Families:** The data shows a strong predominance of nuclear families, which make up nearly 89% of the responses. This suggests a societal trend towards smaller, independent family units, potentially reflecting changing values and lifestyles.
- **Implications for Social Dynamics:** The low representation of joint (10.4%) and extended families (0.7%) indicates that traditional family structures may be less common in this context.

# Social & Environmental Assessment

3



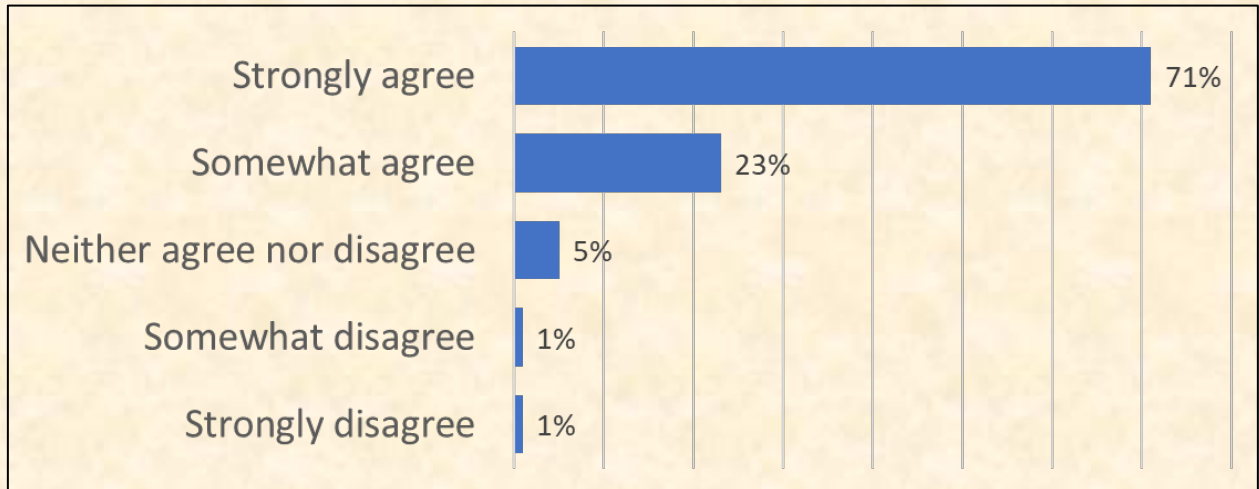
: Social & Environmental Assessment



## Social & Environmental Assessment

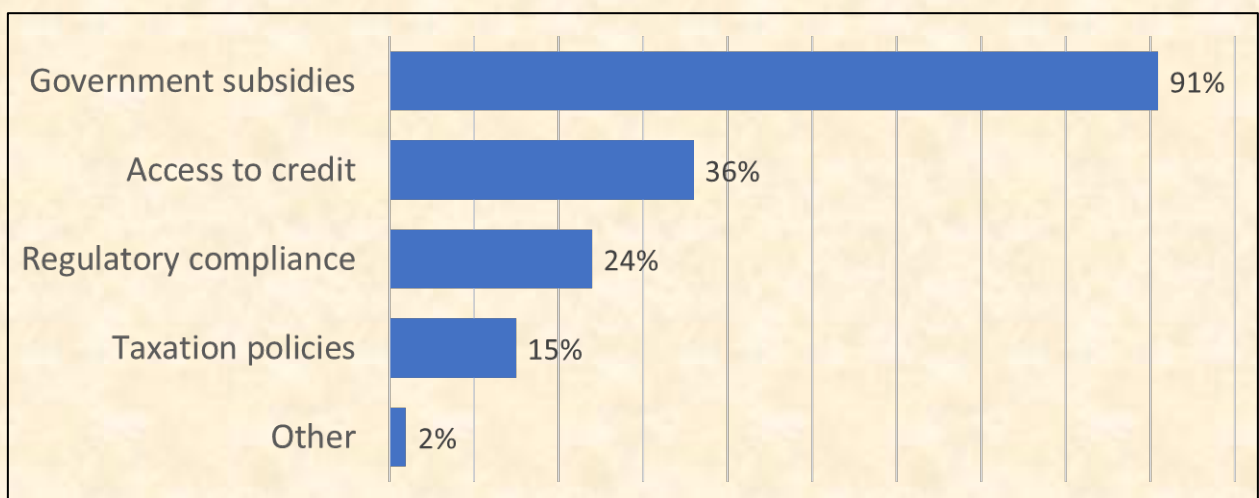
### Impact of Financial Policies

**Do you think financial policy initiatives like the Year of Enterprise affect MSMEs?**



- **Strong Agreement:** The majority of respondents (94%) generally agree with the statement, with the majority indicating "strongly agree." This indicates widespread support or consensus.
- **Low Disagreement:** Only 2% of respondents showed any form of disagreement, signaling that opposition to the statement is negligible.
- **Neutral Responses:** A small group (5%) neither agrees nor disagrees, potentially indicating ambivalence or a lack of strong opinion.

**Which financial policies do you think have the most impact on MSMEs? ½**



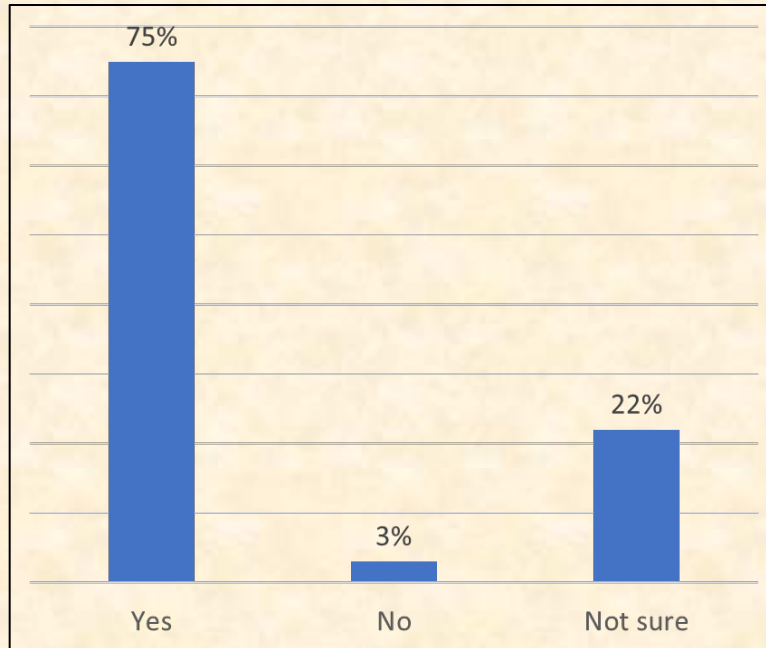
- **Government Subsidies (90.8%) - Dominant Influence:** A significant majority (90.8%) of MSMEs reported that government subsidies have the most

substantial impact on their operations. This indicates that financial support from the government is crucial for the survival and growth of MSMEs. These subsidies likely help MSMEs reduce operational costs, invest in new technologies, and enhance competitiveness.

- **Access to Credit (35.8%) - Critical but Secondary:** Access to credit is another major factor, impacting 35.8% of MSMEs. This highlights the importance of having easy access to financing options for working capital, expansion, and investment in new opportunities. However, the impact is considerably lower than that of government subsidies, suggesting that while credit is important, it may be less influential if subsidies are available.
- **Regulatory Compliance (23.0%) - Moderate Impact:** Regulatory compliance impacts 23.0% of MSMEs. While it is important, the lower percentage indicates that MSMEs may find regulatory challenges manageable or less impactful compared to subsidies and credit access. However, overly complex or stringent regulations could still pose challenges to some businesses.
- **Taxation Policies (14.6%) - Relatively Low Impact:** Taxation policies affect 14.6% of MSMEs, which is relatively low compared to other factors. This could imply that either the current tax regime is favourable or that MSMEs are less concerned with taxation compared to direct financial support like subsidies or access to credit.
- **Other (2.3%) - Minimal Influence:** The "Other" category, with only 2.3%, indicates that there are very few other financial policies that significantly impact MSMEs. This suggests that the majority of MSMEs are primarily affected by the more direct financial policies like subsidies, credit access, and taxation.

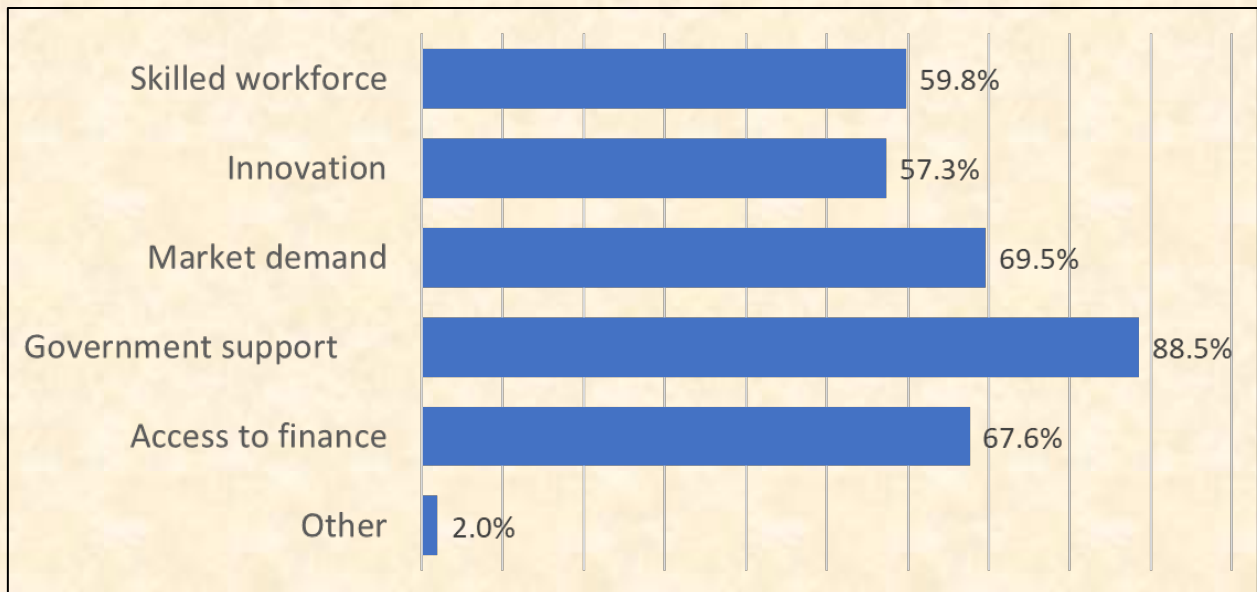
**Do you believe financial policies should be tailored specifically for MSMEs?**





- **Strong Support for Tailored Financial Policies:** A large majority (75%) agrees that MSMEs should have policies specifically designed for them, indicating widespread recognition of the unique challenges faced by small businesses.
- **Low Opposition:** Only 3% of respondents believe that financial policies should not be tailored specifically for MSMEs, suggesting little resistance to the idea.
- **Significant Uncertainty:** A notable portion of respondents (22%) are unsure, indicating that there might be a lack of clarity or information about the benefits of tailored financial policies for MSMEs.

**In your opinion, what are the key factors that contribute to the success of MSMEs? 1/2**

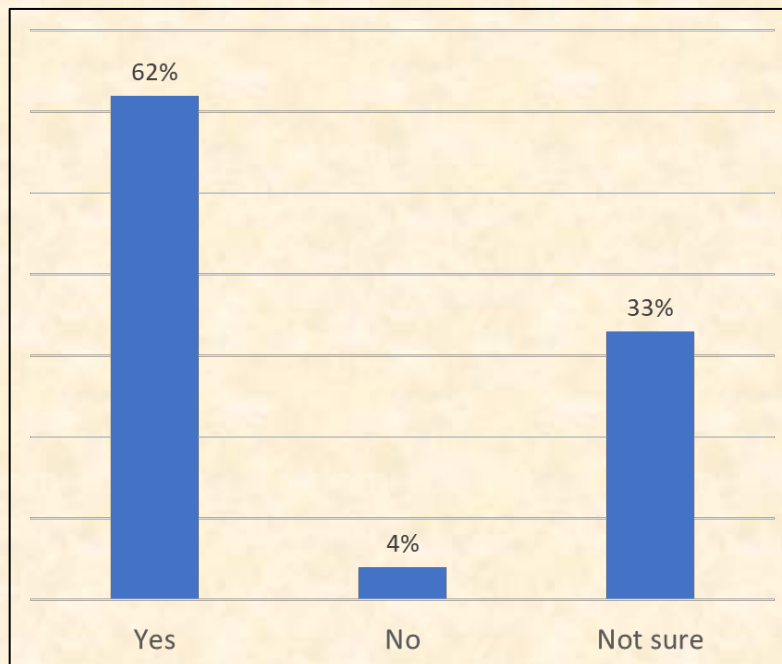


- **Government Support (88.5%) -Highest Impact:** Government support emerges as the most crucial factor, with 88.5% of MSMEs highlighting it as key to their success. This underscores the importance of favorable government policies, subsidies, and regulatory frameworks in fostering a conducive environment for MSMEs.
- **Market Demand (69.5%) and Access to Finance (67.6%) - Critical Success Drivers:** Both market demand and access to finance are nearly equally emphasized, with 69.5% and 67.6% respectively. MSMEs recognize that having a ready market for their products and services, as well as the financial resources to sustain and grow their operations, are essential for success.
- **Skilled Workforce (59.8%) - Human Capital:** The availability of a skilled workforce is seen as a vital factor by 59.8% of MSMEs. This reflects the need for competent employees who can contribute to innovation, efficiency, and productivity within these enterprises.
- **Innovation (57.3%) - Competitive Edge:** Innovation is recognized by 57.3% of MSMEs as important for success. This suggests that many MSMEs see the need to continuously improve their products, services, and processes to stay

competitive in the market.

- **Other Factors (2.0%) - Minor Influence:** A small percentage (2.0%) of MSMEs identified other, unspecified factors as critical to their success. This could include elements not captured by the main categories, indicating that while less common, unique factors can still play a role in certain contexts.

**Do you think financial policies should prioritize social impact over economic growth?**



- **Majority Support for Social Impact:** The majority of respondents (62%) support the idea of prioritizing social impact in financial policies, showing a strong inclination towards policies that address social welfare, inequality, or sustainability.
- **Significant Uncertainty:** A relatively high percentage (33%) of respondents are uncertain about whether financial policies should prioritize social impact over economic growth. This suggests that many are either unfamiliar with the trade-offs or find it challenging to decide between the two objectives.
- **Low Opposition:** Only 4% of respondents believe that financial policies should



prioritize economic growth over social impact, indicating minimal resistance to the concept of socially driven financial policies.

**How do you think financial policies can better support the social impact of MSMEs?**

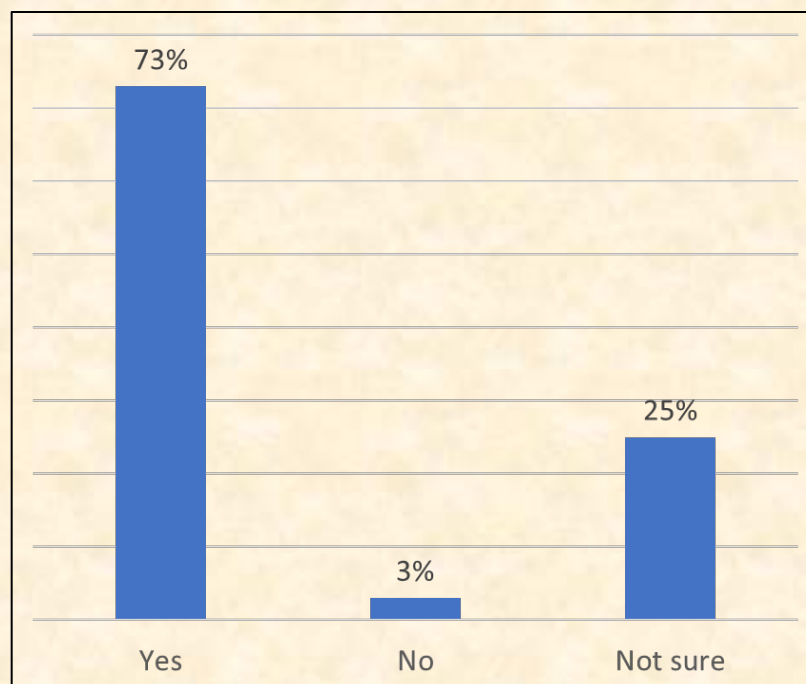


- **Awareness and Communication:** Strong emphasis on awareness programs and social awareness highlights the importance of educating the community, while effective communication and interaction foster open dialogue.
- **Skill Development and Participation:** Workshops and training are prioritized to enhance skills, and increased participation and engagement encourage community involvement in initiatives.
- **Collaboration and Events:** Organizing events and programs is vital for bringing the community together, while collaboration and teamwork strengthen relationships and collective efforts.

- **Trust and Inclusivity:** Focusing on transparency, trust-building, and inclusivity ensures that diverse voices are heard, while feedback mechanisms enhance community support and responsiveness to needs.



**Have you seen any positive social impact of financial policies on MSMEs in your community?**

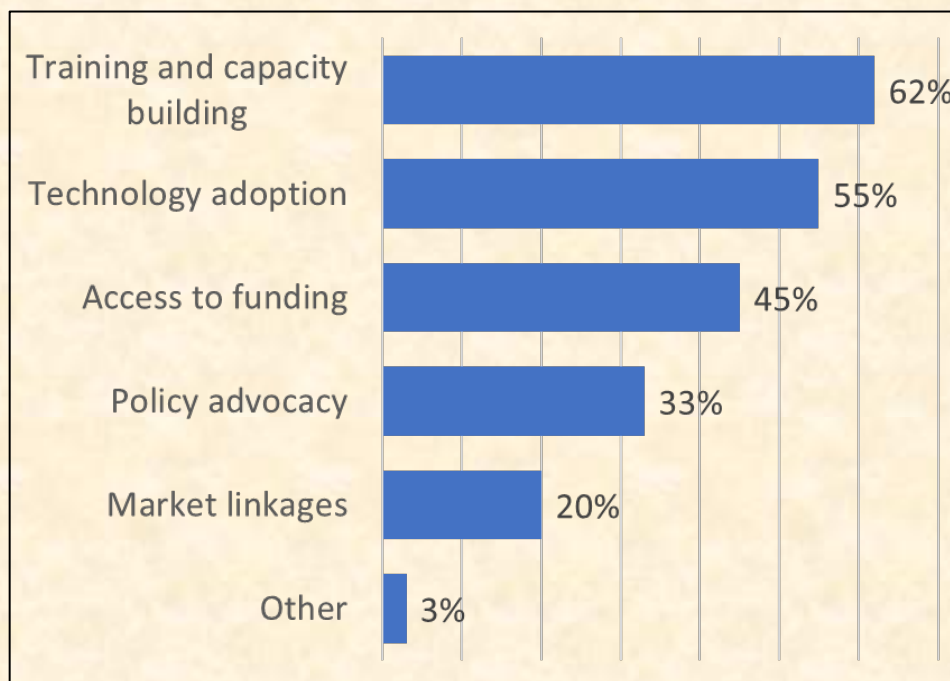


- **Majority Perceive Positive Impact:** A strong majority (73%) of respondents have seen positive social impacts from financial policies on MSMEs, suggesting that these policies are making a noticeable difference in their communities.
- **Low Level of Negative Feedback:** Only 3% of respondents have not observed

any positive impact, indicating minimal dissatisfaction or criticism of financial policies' effectiveness in promoting social impact.

- **Considerable Uncertainty:** A quarter (25%) of respondents are uncertain, which could imply a lack of visibility or understanding of the specific social impacts that financial policies are intended to have on MSMEs.

**What are the main challenges faced by MSMEs in your region?**

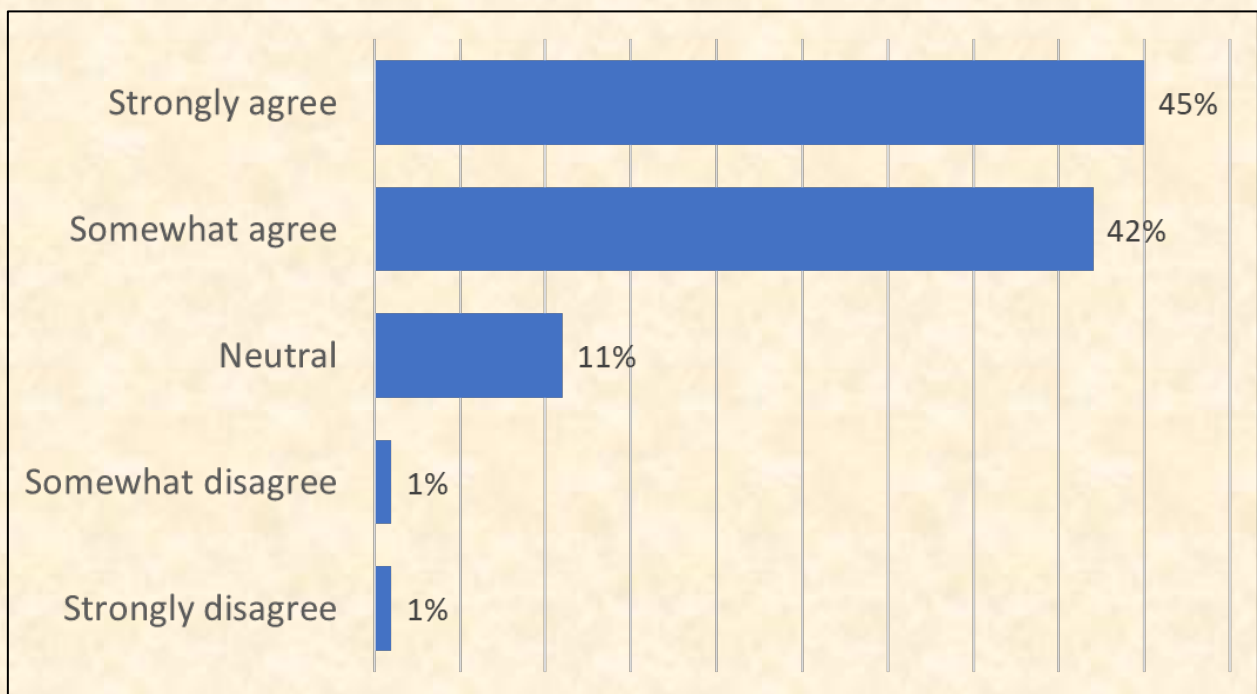


- **Emphasis on Training and Capacity Building:** A significant percentage highlights the importance of training and capacity building, indicating a focus on enhancing skills and knowledge within the workforce or community.
- **Technology Adoption:** Technology adoption is seen as a crucial area, suggesting a strong recognition of the need for modern tools and practices to enhance efficiency and competitiveness.
- **Access to Funding and Policy Advocacy:** Both access to funding and policy advocacy are also prioritized, indicating that financial support and favorable policies are seen as essential for fostering growth and development.

**Do you think financial literacy programs can help MSMEs navigate**



### financial policies better?



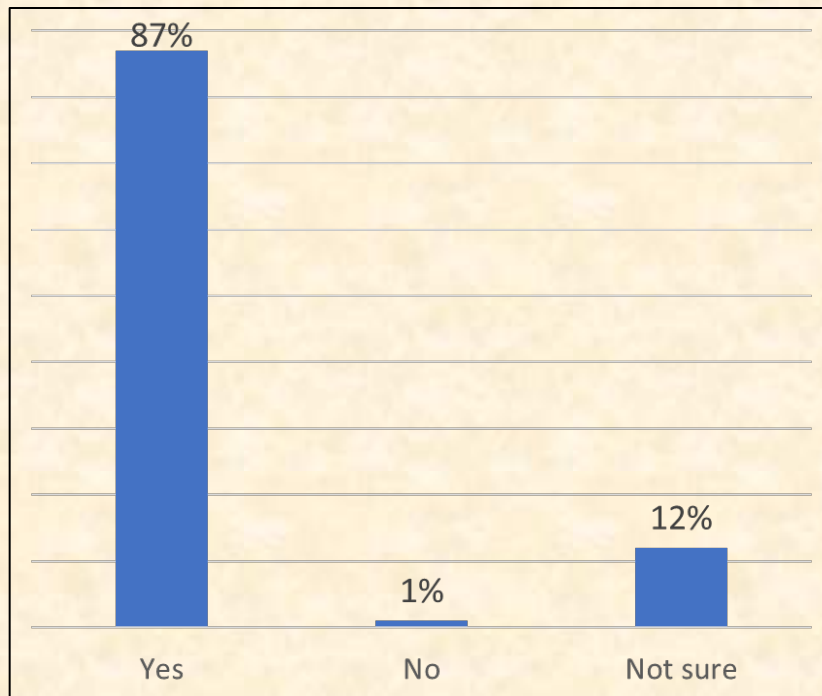
- **Strong Support for Financial Literacy:** The vast majority (87%) of respondents believe that financial literacy programs are valuable for MSMEs, indicating strong support for educational initiatives in this area.
- **Minimal Opposition:** Only 2% of respondents disagree with the idea, suggesting that there is little resistance to the concept of improving financial literacy for MSMEs.
- **Neutral Responses:** The 11% of neutral responses might reflect a lack of familiarity with the impact of financial literacy programs or uncertainty about their effectiveness.

### Specific financial literacy topics that would benefit MSME



- **Taxation/Tax** and **Marketing/Marketing Strategy** were the most frequently mentioned topics, indicating a significant demand for financial literacy in these areas among MSME owners.
- Topics related to **Subsidy, Digital Banking, Loans, and Financial Management** were also highlighted as important areas where MSME owners would benefit from further education.
- The frequency of mentions underscores the diverse needs of MSME owners, with a strong emphasis on **practical financial skills, understanding government policies, and leveraging digital tools.**

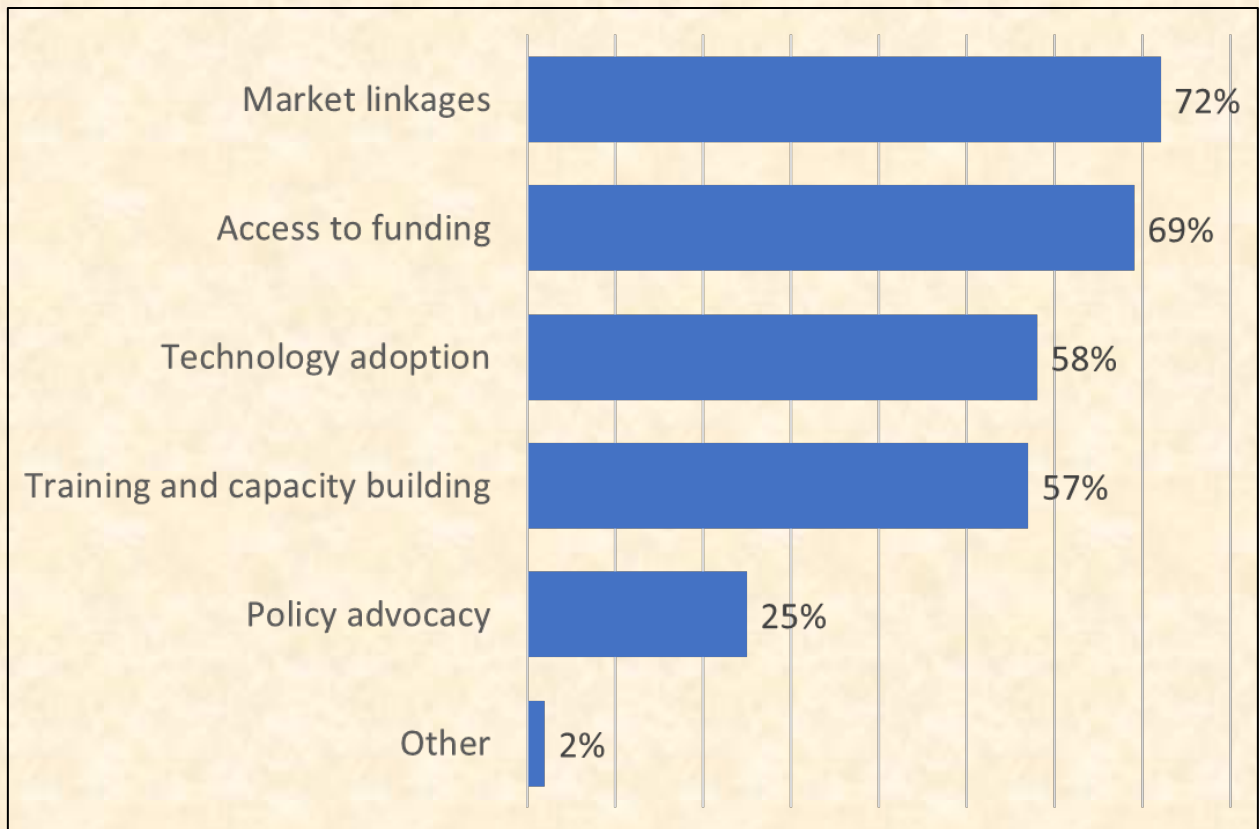
**Do you believe that MSMEs play a crucial role in driving social development?**



- **Majority Acknowledgement:** A vast majority (87%) believe that MSMEs significantly contribute to social development, indicating a strong consensus on their importance.
- **Low Disagreement:** Only 1% of respondents do not see MSMEs as critical, reflecting minimal opposition to their perceived role.
- **Notable Uncertainty:** 12% of respondents are unsure, showing there is still some ambiguity or lack of knowledge regarding MSMEs' impact.

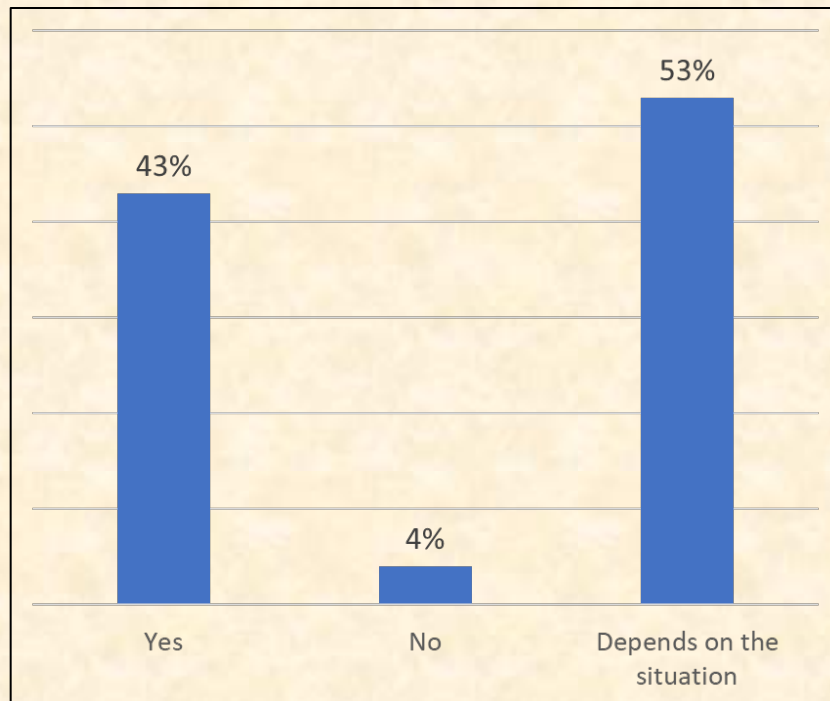
**What support do you think MSMEs need the most to thrive?**





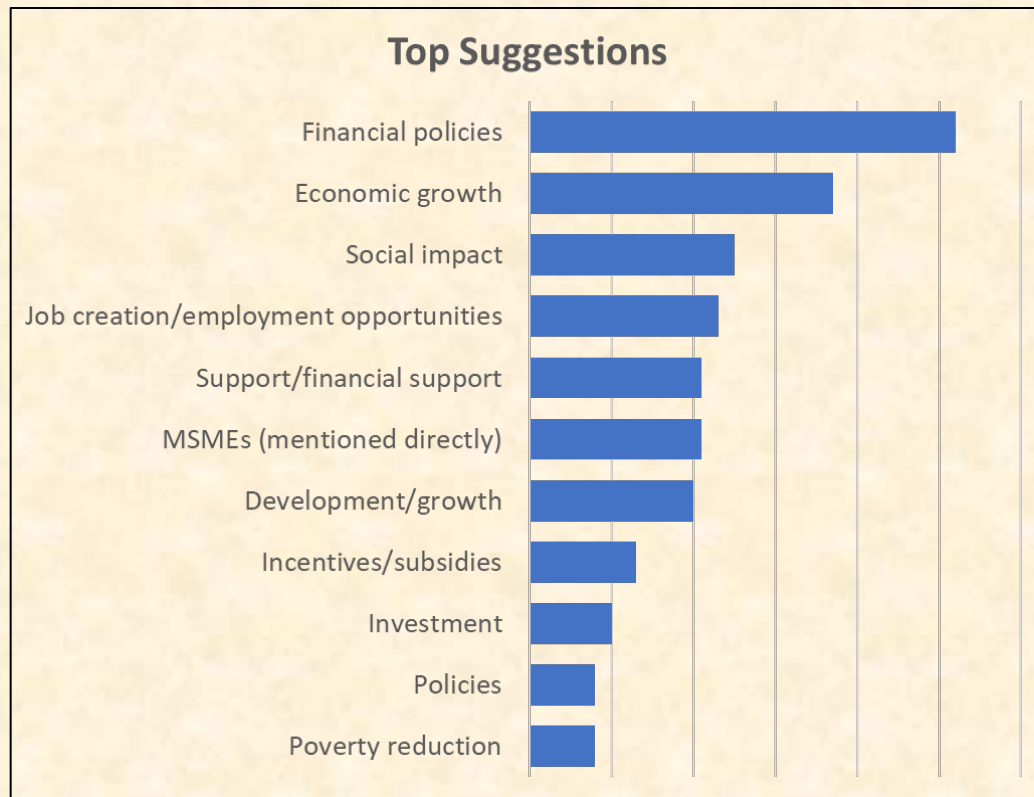
- **High Priority for Market Linkages:** Market access is viewed as the most critical support area (72%), reflecting the need for MSMEs to connect with customers and broader markets.
- **Funding and Capacity Building:** Access to funding (69%) and training (57%) are also prioritized, highlighting the financial and skill-related challenges MSMEs face.
- **Moderate Need for Policy Advocacy:** Policy support is considered less crucial (25%), suggesting respondents may view direct operational needs like funding and market access as more pressing.

**Do you think financial policies should prioritize job creation over profit maximization?**



- **Context Matters:** The majority (53%) prefer a situational approach, suggesting that the issue being questioned requires nuanced decision-making based on specific circumstances.
- **Significant Agreement:** 43% of respondents believe in the statement without considering situational factors, showing substantial support for a clear stance.
- **Minimal Disagreement:** Only 4% disagree, indicating limited opposition to the general premise of the question.

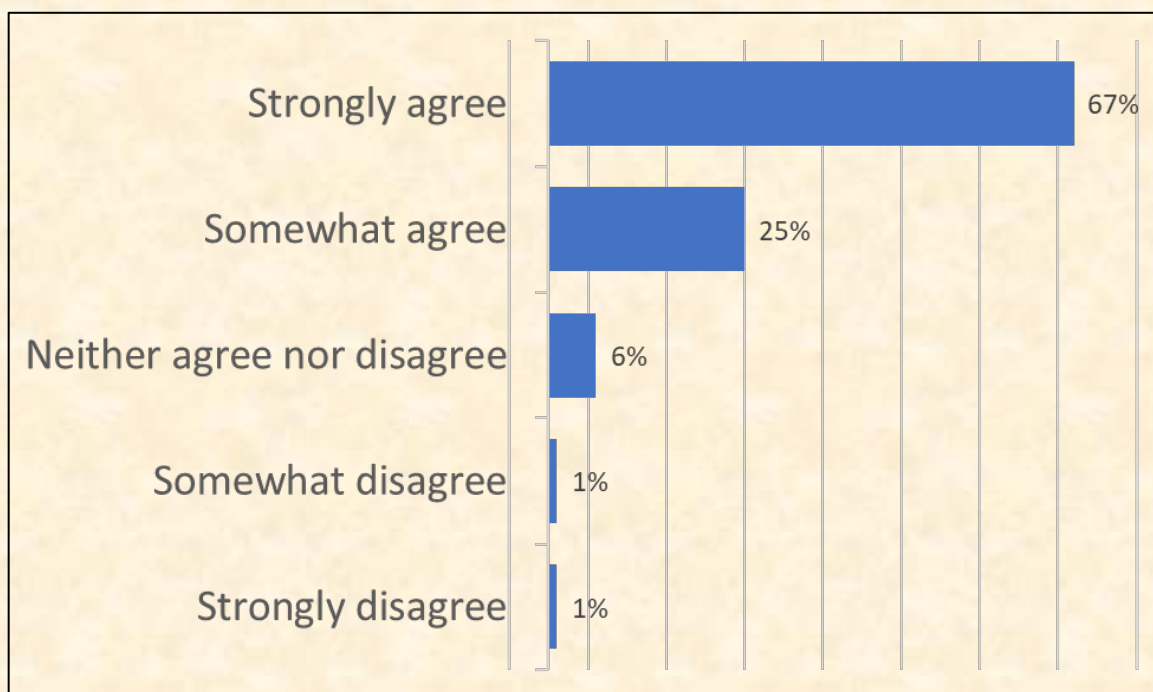
**How do you think financial policies can strike a balance between social impact and economic growth for MSMEs?**



- **Financial policies** were the most frequently mentioned aspect, highlighting the importance of sound financial policies in balancing social impact and economic growth.
- **Economic growth and social impact** were also commonly cited, reflecting MSMEs' awareness of the need for policies that foster both dimensions.
- **Job creation and employment opportunities** were repeatedly mentioned, indicating that MSMEs see financial policies as key drivers for generating employment.
- The focus on **incentives and subsidies** suggests that MSMEs believe these measures are vital for their success.
- **Investment, Poverty Reduction, Policies, and Training and innovation** also appeared multiple times, showing that MSMEs recognize the need for continuous development to thrive in a competitive environment.

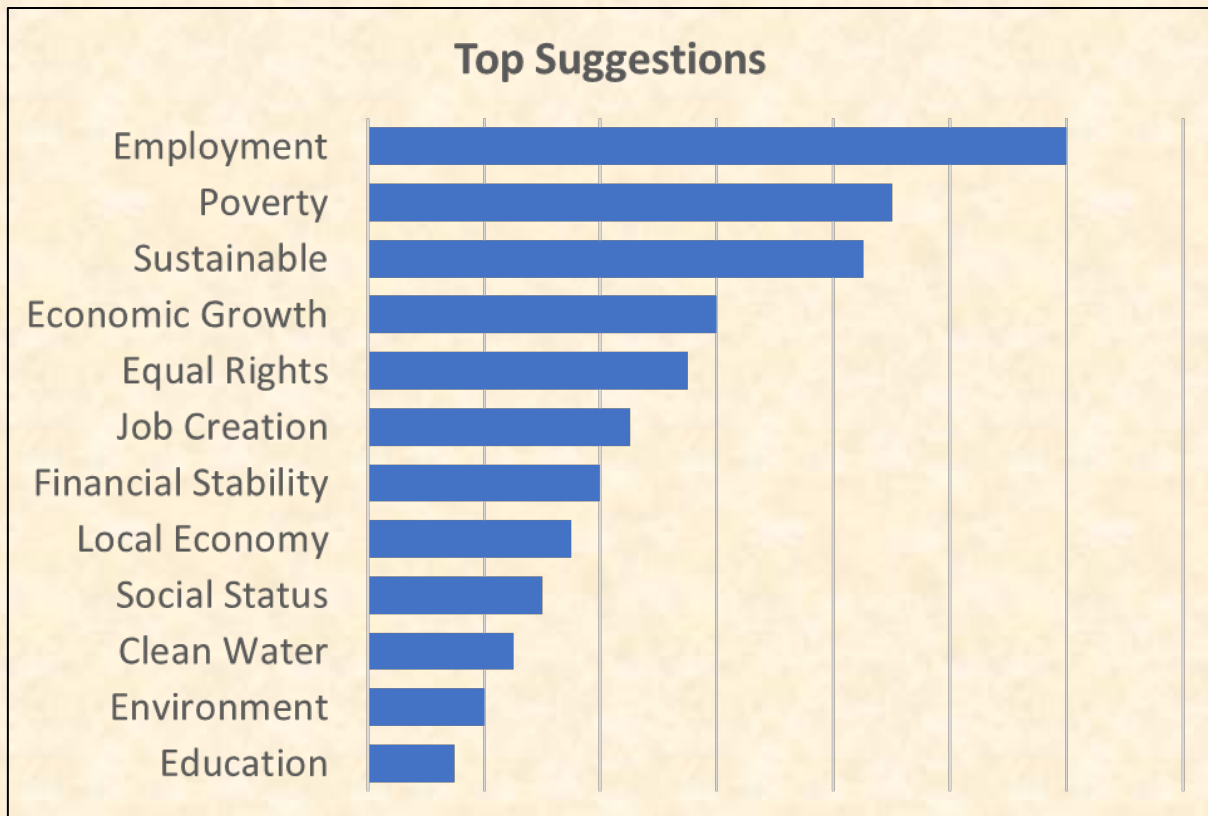


**Do you believe that government support is essential for the success of MSMEs?**



- **Overwhelming Agreement:** 92% of respondents either somewhat or strongly agree, indicating broad support for the that government support is essential for the success of MSMEs
- **Minimal Disagreement:** Only 2% of respondents disagree, showing minimal opposition.
- **Neutrality:** A small percentage (6%) remain neutral, suggesting that some respondents may not feel strongly either way.

**In your opinion, what role should MSMEs play in achieving sustainable development goals?**



- **Employment Generation:** The most frequently mentioned role for MSMEs is employment generation, with a significant number of respondents emphasizing how MSMEs can create jobs and thereby contribute to poverty reduction.
- **Poverty Reduction:** Poverty reduction is another major theme, with many respondents highlighting the role of MSMEs in providing livelihoods and improving living standards.
- **Sustainable Development:** MSMEs are seen as crucial players in achieving sustainable development goals, particularly through economic growth and innovation.
- **Economic Growth:** Respondents associate the growth of MSMEs with overall economic development, emphasizing the importance of financial stability and local economic development.
- **Equal Rights and Social Impact:** There is also a focus on how MSMEs can contribute to equal rights and improve the social status of individuals,

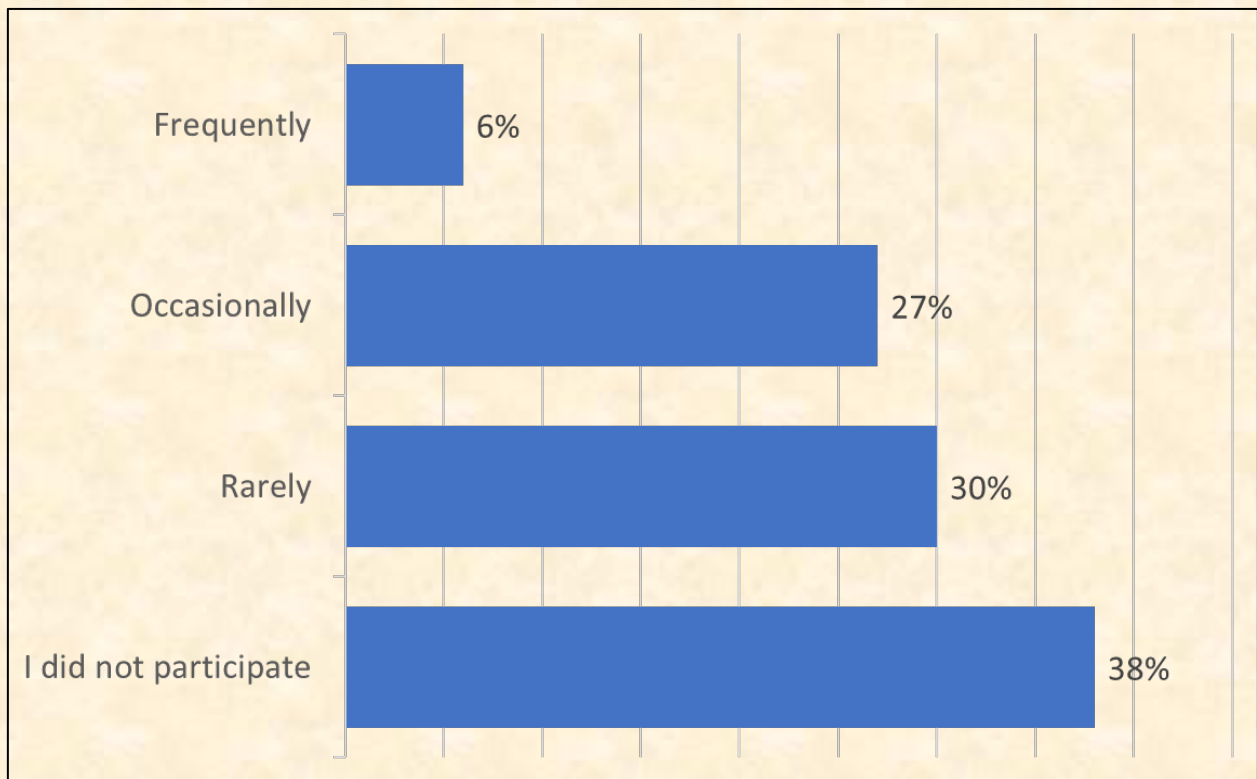
particularly marginalized groups.

- **Environmental Concerns:** Although less frequently mentioned, some respondents noted the role of MSMEs in promoting environmental sustainability, including clean water and eco-friendly practices.

### **Social & Environmental Assessment:**

#### **Community Engagement**

**How often you use to participate in community events prior to 2021?**



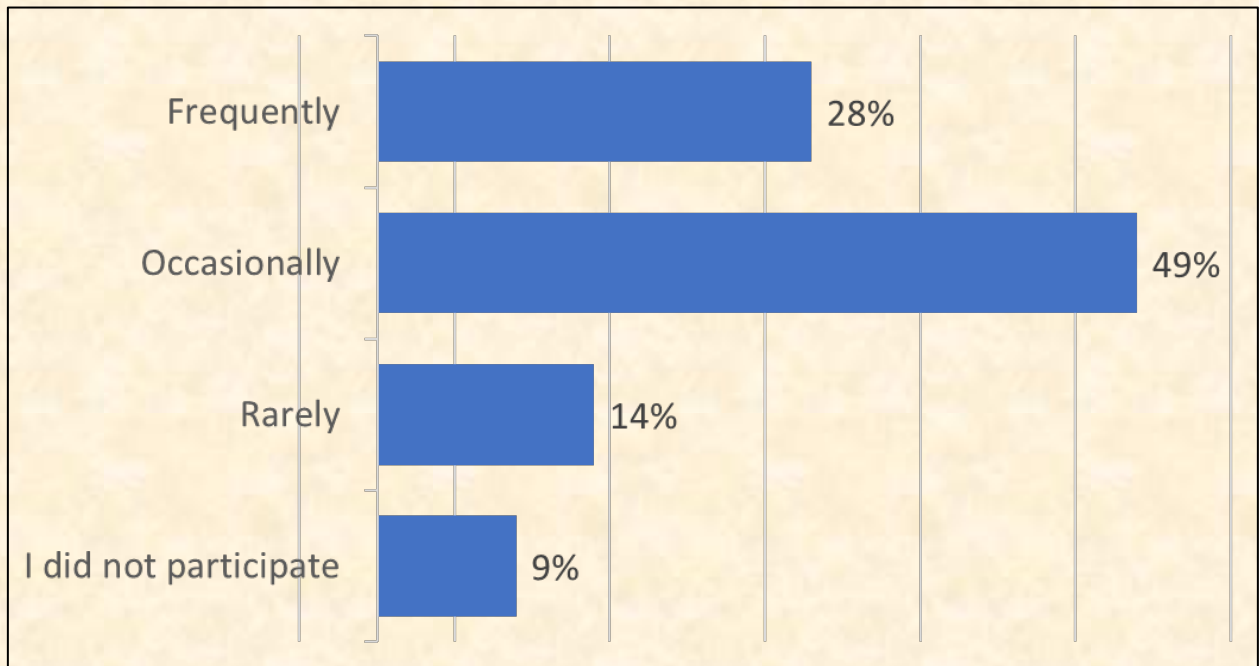
- **Non-participation is the largest group:** A significant portion (38%) of respondents did not participate in community events at all before 2021. This suggests that for more than one-third of the surveyed group, community engagement was minimal or non-existent.
- **Rare and occasional participation are almost evenly split:** About 30% participated rarely, and 27% participated occasionally, indicating that a large number of people had some degree of engagement, but it was not regular.



Together, these two groups make up over half of the total respondents (57%).

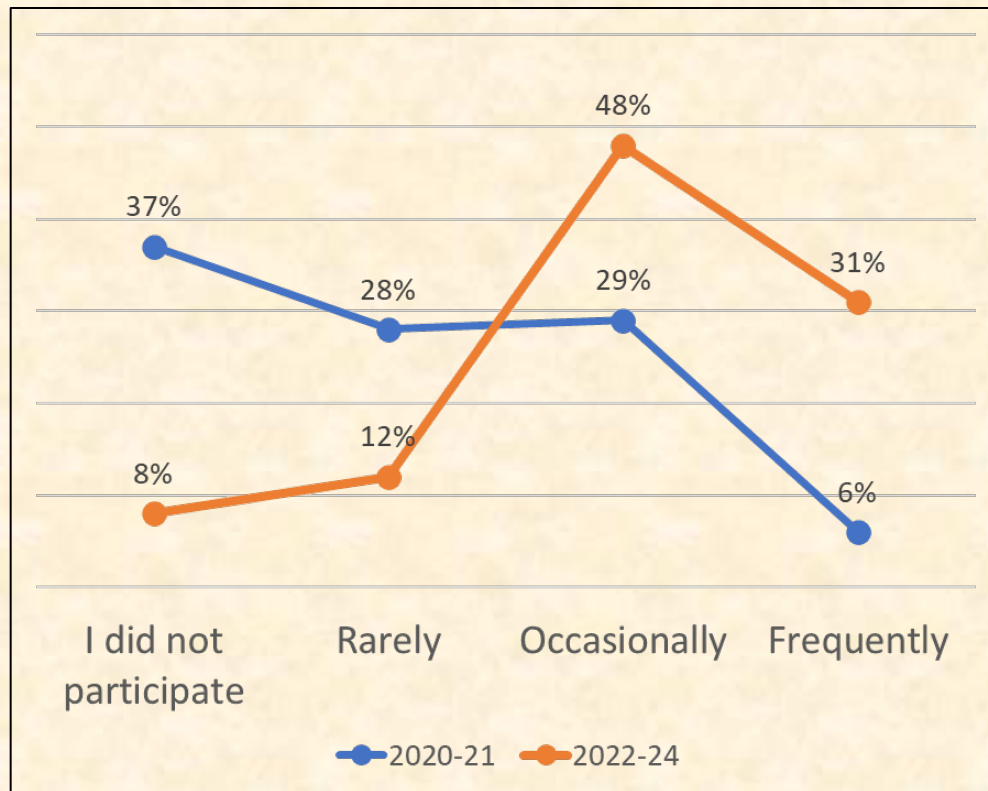
- **Frequent participation is low:** Only 6% of the respondents participated frequently in community events, showing that very few people were highly engaged.

**How often do you participate in community events after getting support from the Year of Enterprise in 2022-23 and 2023-24?**



- **High occasional participation:** The largest group consists of those who participated occasionally (49%), suggesting that while they weren't frequent participants, community events attracted significant interest.
- **Strong frequent participation:** A notable 28% of respondents were frequent participants, showing a high level of engagement in community events among a considerable portion of the population.
- **Low non-participation:** Only 9% of respondents did not participate, indicating that community events had relatively wide appeal and were able to engage the majority of people in some capacity.

**Participation in Community Events in 2022-24 vs 2020-21**



- **Significant Decrease in Non-Participation:** The percentage of individuals who did not participate dropped dramatically from 37% in 2020-21 to just 8% in 2022-24, indicating a substantial increase in overall engagement.
- **Increase in Frequent Participation:** The frequency of individuals participating frequently rose significantly from 6% to 31%, reflecting a positive shift toward more active involvement.
- **Rise in Occasional Participation:** While the occasional participation category increased from 29% to 48%, it indicates that more individuals are engaging regularly, though not necessarily at a high frequency, suggesting a shift toward more consistent involvement.
- **Decrease in Rare Participation:** The percentage of individuals who rarely participated fell from 28% to 12%, reinforcing the trend of greater engagement and reduced apathy among participants.

**Which types of community activities interest you?**



- **Workshops dominate participation:** Workshops were by far the most popular activity, with 71% of respondents participating. This suggests a strong interest in learning, skill-building, or educational events within the community.
- **Volunteering is relatively strong:** More than one-third of respondents (35%) took part in volunteering, indicating that a significant portion of the community was willing to contribute their time and effort to support others or local initiatives.
- **Lower engagement in community clean-ups and sports activities:** Both community clean-ups (17%) and sports activities (15%) had relatively lower participation rates, suggesting that these types of events may have limited appeal or required a more targeted audience.
- **Fundraising events moderately popular:** With 22% of respondents participating, fundraising events had moderate engagement, reflecting some interest in supporting causes financially or helping to organize such events.
- **Limited participation in 'Other' activities:** Only 6% participated in activities



not listed, indicating that the majority of community involvement is concentrated around the listed categories.

### What motivates you to engage with your community?

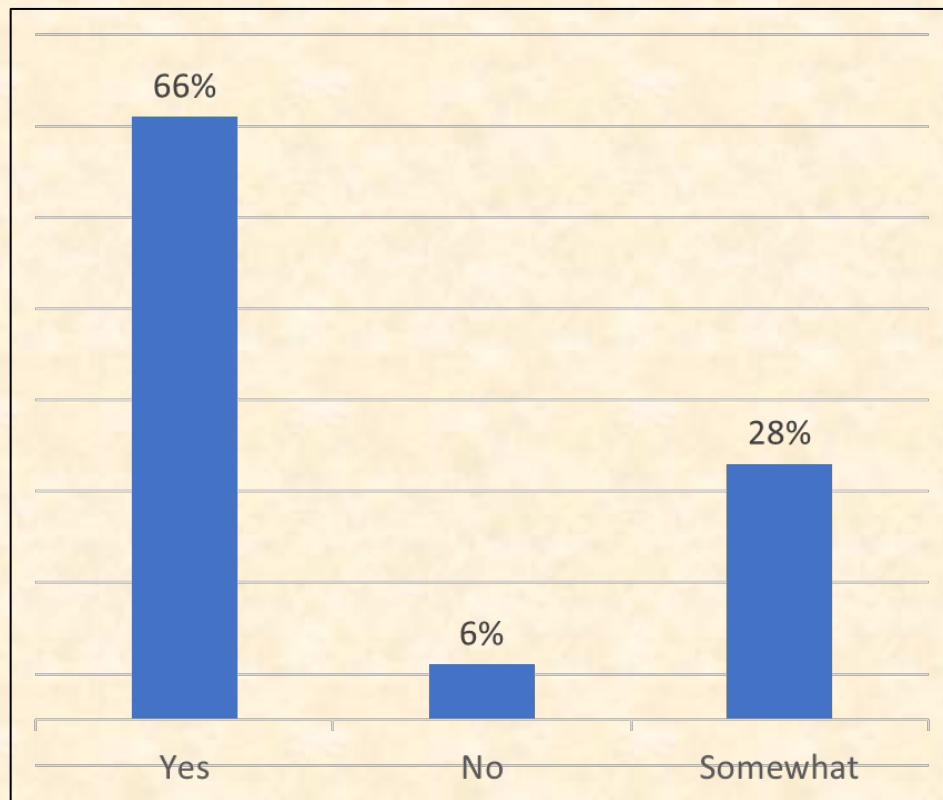


- **Social Responsibility and Commitment:** A strong emphasis on social responsibility reflects a deep commitment to community welfare and ethical practices, highlighting the importance of contributing positively to society.
- **Learning and Development:** The focus on learning and skill development indicates a priority for continuous improvement and personal growth, fostering an environment that encourages both individual and professional advancement.
- **Business Growth and Networking:** There is significant attention on business growth and opportunities, supported by the importance of communication and networking to create connections and leverage new possibilities.
- **Innovation and Positive Impact:** The emphasis on new ideas and innovation underscores a commitment to forward-thinking solutions, while the desire for

knowledge sharing and helping others indicates a collective effort to create a positive impact within the community.

- **Community Development and Support:** Acknowledgment of community development reflects a holistic approach, recognizing the role of motivation, energy, and government support in enhancing collective efforts and meeting customer needs.

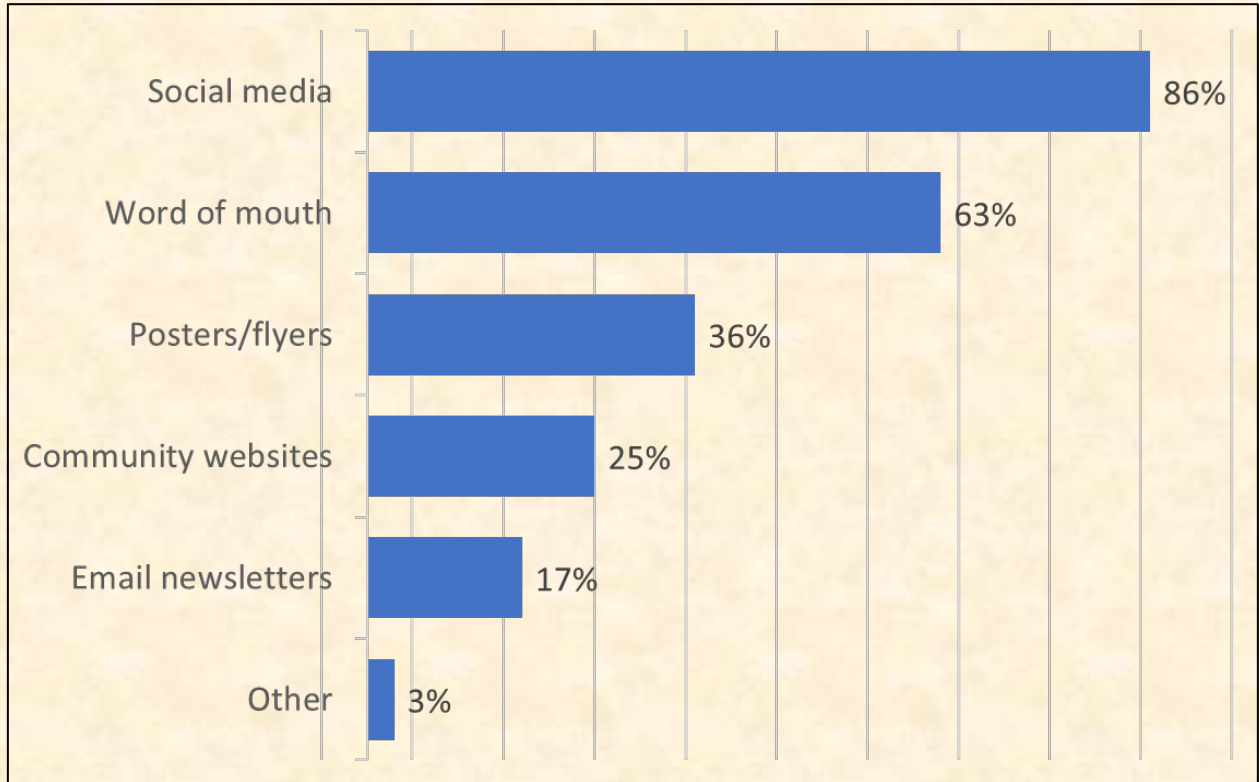
**Do you feel connected to your local community in 2022-23 vs 2020-21?**



- **Majority feel connected:** The most striking finding is that 67% of respondents feel connected to their local community, indicating a robust sense of belonging or engagement.
- **Small percentage feel disconnected:** Only 6% of respondents reported not feeling connected at all, highlighting that a relatively small portion of the population feels isolated or disengaged from the community.
- **Moderate connection for some:** A substantial 27% of respondents indicated

feeling "somewhat" connected, suggesting that while they may have some ties to the community, their engagement could be stronger.

### How do you prefer to receive information about community events?



- **Social Media Dominance:** With 86% preferring social media, this platform is essential for reaching a broad audience. Community organizers should prioritize regular updates on social platforms to maximize engagement.
- **Word of Mouth and Traditional Methods:** The strong preference for word of mouth (63%) suggests that personal networks still play a vital role in communication, complementing digital outreach strategies. Posters/flyers (36%) are also notable, indicating a continued reliance on offline promotion.
- **Underutilized Channels:** Email newsletters (17%) and community websites (25%) are less favored, suggesting that they may not be the most effective standalone tools for communicating community events. However, they can still serve as supplementary channels for those who prefer them.



- **Targeting and Strategy:** Event organizers should focus on a mixed-media strategy, leveraging social media and word-of-mouth efforts, while balancing traditional methods like posters, to reach a diverse audience.

### What barriers prevent you from participating in community activities?



- **Time Constraints:** The most significant barrier to community participation for MSMEs is the lack of time. Many respondents cited busy schedules, work commitments, and time constraints as the primary reason for not engaging in community activities.
- **Lack of Interest:** Some respondents explicitly stated that they were not interested in community activities. This could indicate a need for better communication about the benefits of community engagement or a mismatch between available activities and MSME interests.
- **Knowledge and Awareness Gap:** A notable number of respondents mentioned being unaware of community activities or lacking knowledge about them. This suggests a potential information gap that could be addressed through better outreach and communication strategies.

- **Work-related Commitments:** Several responses indicated that job or work-related engagements prevent participation in community activities. This is closely related to the time constraint issue but specifically highlights the demands of running a business.
- **Limited Opportunities:** A few respondents mentioned a lack of opportunities, particularly in local areas. This could indicate a need for more targeted community initiatives that cater to MSMEs or better promotion of existing opportunities.



**What skills or expertise could you contribute to your community?**



- **Technology and Wellness Focus:** The highest emphasis on online services information underscores a commitment to community well-being and access to digital resources, alongside significant attention to dental health care and overall health improvement.
- **Economic Development:** Strong focus on job creation and entrepreneurial skills indicates a drive to stimulate local economies and empower individuals through employment opportunities.
- **Skill Development:** Importance placed on effective communication and social skills, along with collaboration, reflects the need for strong interpersonal skills to foster community engagement and teamwork.
- **Leadership and Resilience:** With a focus on leadership and management as well as crisis management, the data underscores the importance of preparedness and effective guidance in navigating challenges.

**What improvements would you like to see in your community?**

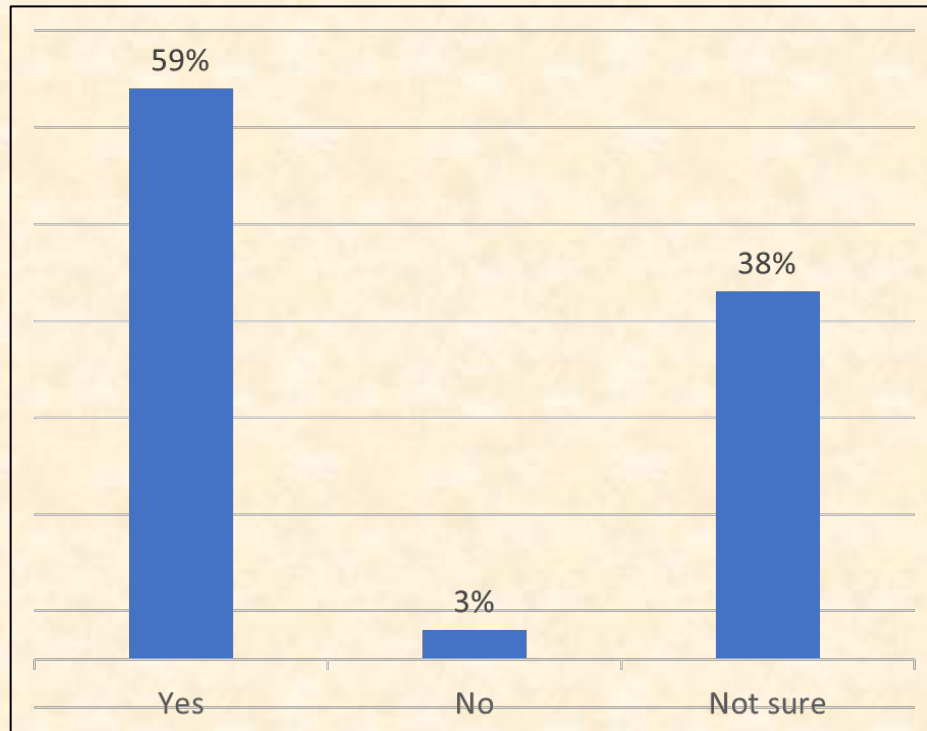




- **Economic Focus:** There is a strong commitment to enhancing local economies, as indicated by the highest emphasis on economic growth and development, along with significant attention to entrepreneurship promotion and the creation of employment opportunities.
- **Skill and Education Development:** A priority on skill development and education highlights the importance of equipping individuals with the necessary skills to thrive in the job market.
- **Community and Financial Support:** Emphasis on community engagement and cooperation underscores the importance of strengthening community ties, alongside a focus on financial stability and support.
- **Innovation and Sustainability:** The data reflects a commitment to innovation and new ideas, as well as sustainability and environmental improvements, indicating a forward-thinking approach to responsible resource management.

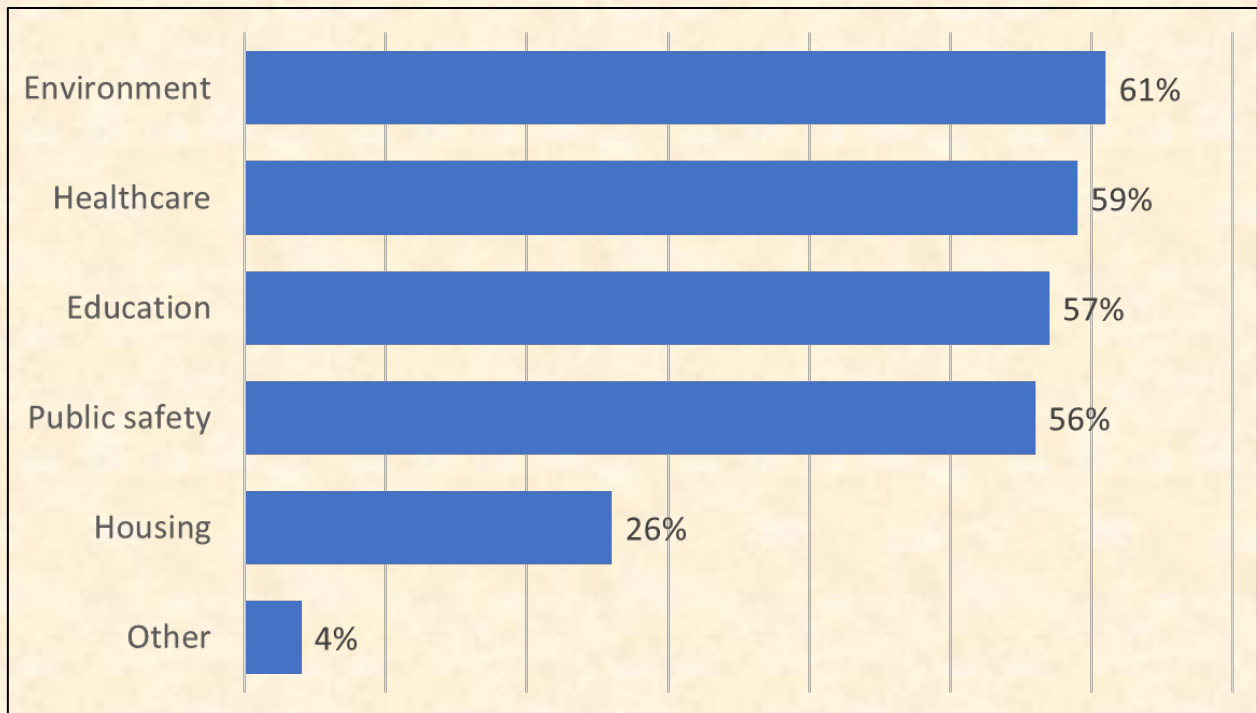
**Do you feel that your voice is heard in community decision-making**

**processes after the Year of Enterprise helped in your venture?**



- **Strong Positive Response:** A majority (59%) feel empowered by the community decision-making processes, which suggests the Year of Enterprise has had a positive impact on participation and engagement.
- **Significant Uncertainty:** The 38% who are unsure about their voice being heard indicates a lack of clarity or awareness of how their input is used in decision-making. This uncertainty could potentially hinder future engagement.
- **Low Levels of Exclusion:** Only 3% believe their voice is not heard, reflecting a generally positive community atmosphere, though efforts to address this minority could improve inclusivity.

**Which community issues are most important to you?**



- **Holistic Community Concerns:** The top four issues (Education, Environment, Healthcare, and Public safety) are very close in frequency, suggesting that MSMEs have a holistic view of community well-being, recognizing the interconnected nature of these issues.
- **Environmental Awareness:** The high ranking of environmental issues reflects growing awareness and concern about sustainability and environmental protection among small and medium enterprises.
- **Education as a Priority:** The slight lead of education over other issues may indicate that MSMEs see it as a foundational element for community development and economic growth.
- **Housing as a Secondary Concern:** While still important, housing is mentioned less frequently than the top four issues. This could suggest that in many communities, housing is less of an immediate concern compared to education, health, safety, and environmental issues.
- **Comprehensive Community Engagement:** Many responses included multiple



issues, indicating that MSMEs are interested in addressing various aspects of community development rather than focusing on a single area.

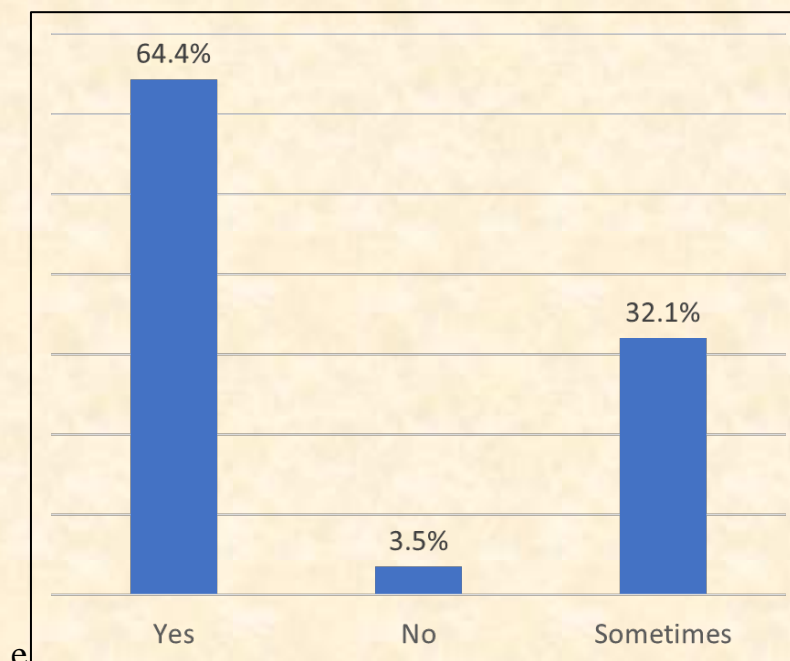


**How do you think community engagement can be improved?**



- **Awareness and Communication:** A strong emphasis on awareness programs and social awareness highlights the importance of informing the community, complemented by a focus on communication and interaction to foster dialogue.
- **Skill Development:** The prioritization of workshops and training indicates a commitment to building skills and knowledge within the community, while participation and engagement further encourage active involvement.
- **Events and Government Support:** Organizing events and programs is seen as a vital strategy, alongside the need for government intervention to support community initiatives and improvements.
- **Collaboration and Trust:** The importance of collaboration, transparency, and trust-building reflects a desire for inclusive and cooperative efforts, while feedback mechanisms ensure that community voices are heard and valued.

**Do you feel a sense of belonging in your community after experiencing the help from Year of Enterprise initiative?**

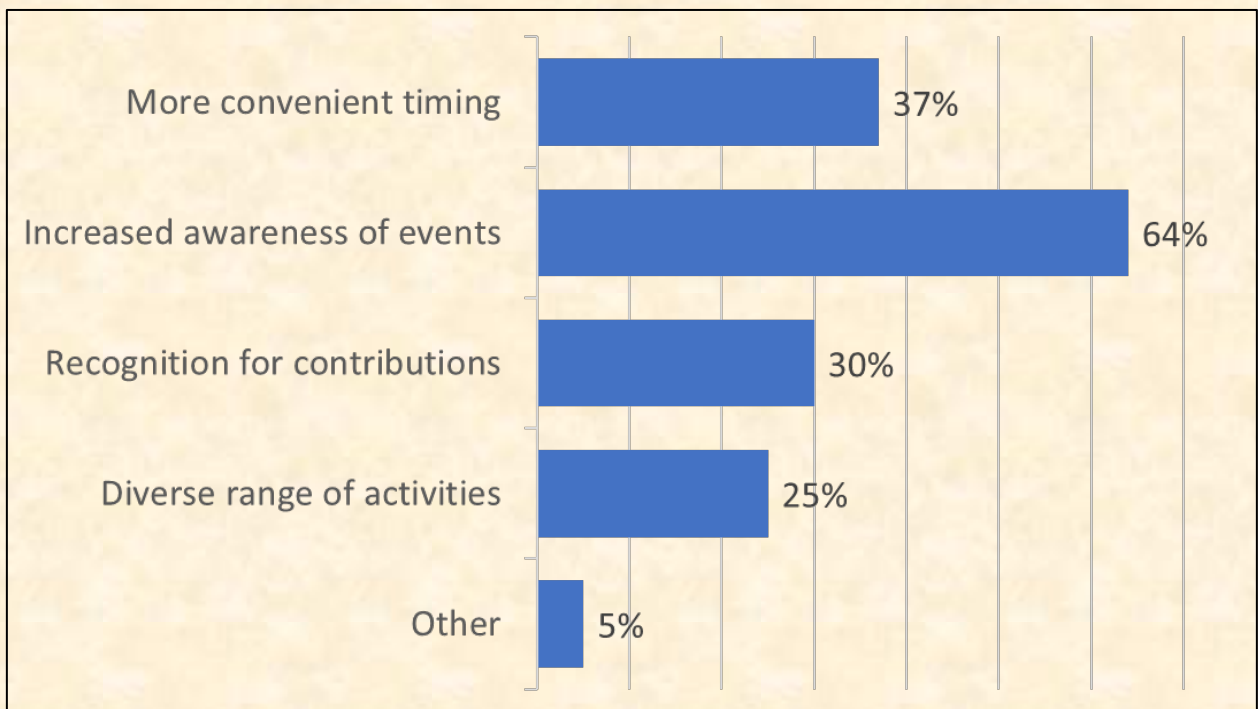


- **Strong Sense of Belonging:** A majority of 64.4% of respondents reported feeling a sense of belonging in their community after receiving support from the

Year of Enterprise initiative.

- This indicates a positive impact on community integration and personal connection.
- **Moderate Feelings of Connection:** Approximately 32.1% of respondents expressed that they sometimes feel a sense of belonging.
- This suggests that while many feel included, there remains a notable portion that experiences fluctuations in their sense of community connection.
- **Minimal Disconnection:** Only 3.5% of respondents stated that they do not feel a sense of belonging in their community.
- This minimal figure highlights that the Year of Enterprise initiative has largely fostered a sense of community among participants, reinforcing the program's effectiveness.

**What would encourage you to participate more in community activities?**



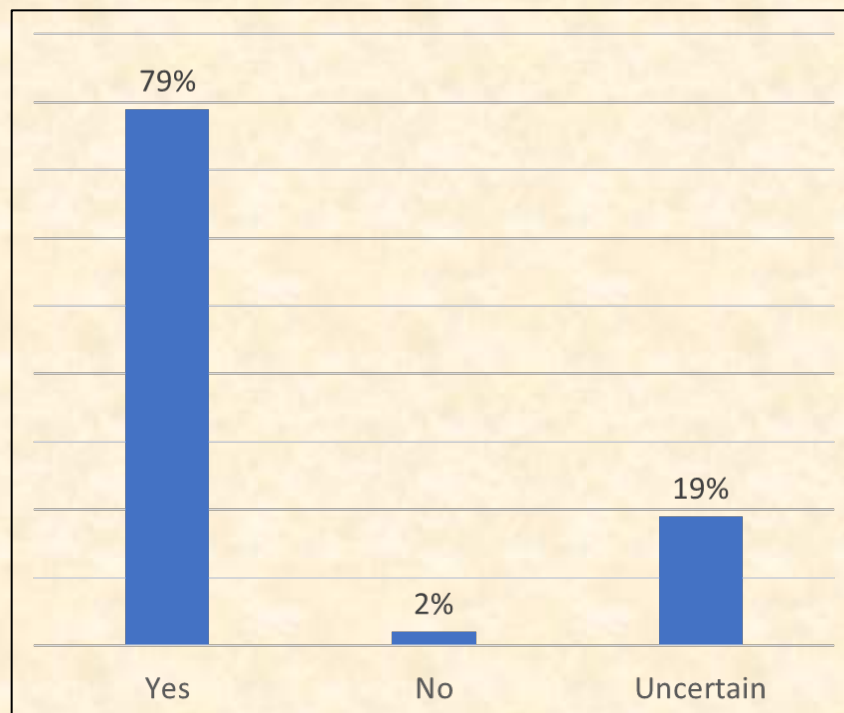
- **Need for Increased Awareness:** A significant 64% of respondents highlighted that increased awareness of events would encourage them to participate more in



community activities.

- This suggests that better communication and promotion of activities can lead to higher engagement levels.
- **Convenience Matters:** Approximately 37% of respondents expressed that more convenient timing for events would motivate them to get involved.
- This indicates the importance of scheduling in maximizing community participation.
- **Recognition and Variety:** While 30% of participants indicated that recognition for their contributions would encourage greater involvement, only 25% expressed interest in a diverse range of activities.
- This points to a need for both acknowledgment and a variety of engaging options to appeal to a broader audience.

**Has your self-respect and acceptability in society increased after receiving the Year of Enterprise facilitation?**



- **Significant Positive Impact:** A substantial 79% of respondents reported that

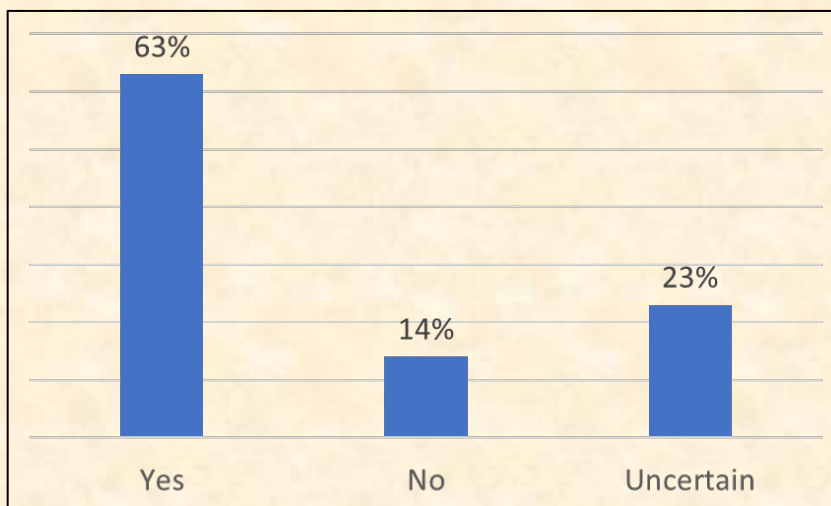
their self-respect and acceptability in society have increased following the Year of Enterprise facilitation.

- This suggests that the program has effectively contributed to enhancing individuals' confidence and societal standing.
- **Minimal Negative Response:** Only 2% of respondents indicated that their self-respect and acceptability have not improved.
- This indicates a strong overall positive sentiment among participants regarding the program's impact.
- **Notable Uncertainty:** A significant 19% of respondents expressed uncertainty about the impact on their self-respect and acceptability.
- This highlights an opportunity for further engagement and communication to clarify the benefits of the facilitation and support participants in recognizing its effects on their lives.

### **Social & Environmental Assessment:**

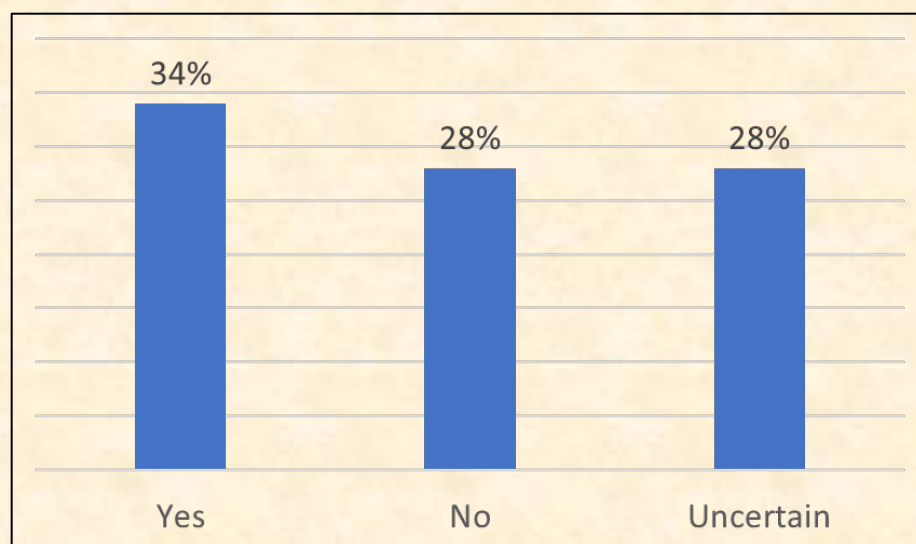
#### **Health and Safety**

**Does your company have a basic Environmental Health and Safety (EHS) system or follow a system or mechanism to enforce the local/state/national laws on local community health and safety?**



- **Strong Commitment to EHS Systems:** A significant majority (63%) of respondents reported that their companies have a basic Environmental Health and Safety (EHS) system in place.
- This reflects a proactive approach to compliance with local, state, and national laws regarding community health and safety.
- **Minority Without EHS Systems:** Only 14% of respondents indicated that their companies do not have any EHS system.
- This suggests that while most companies are aware of and engaged in health and safety practices, a small portion still lacks formal mechanisms for enforcement.
- **Notable Uncertainty:** A substantial 23% of respondents are uncertain about the existence of an EHS system in their companies.
- This uncertainty indicates potential gaps in communication or awareness within organizations, highlighting an area for improvement in understanding and implementing health and safety protocols.

**Has your company a management system in place (e.g., ISO 14001) or any other form of verification to ensure effective and proactive action to improve community health and safety?**



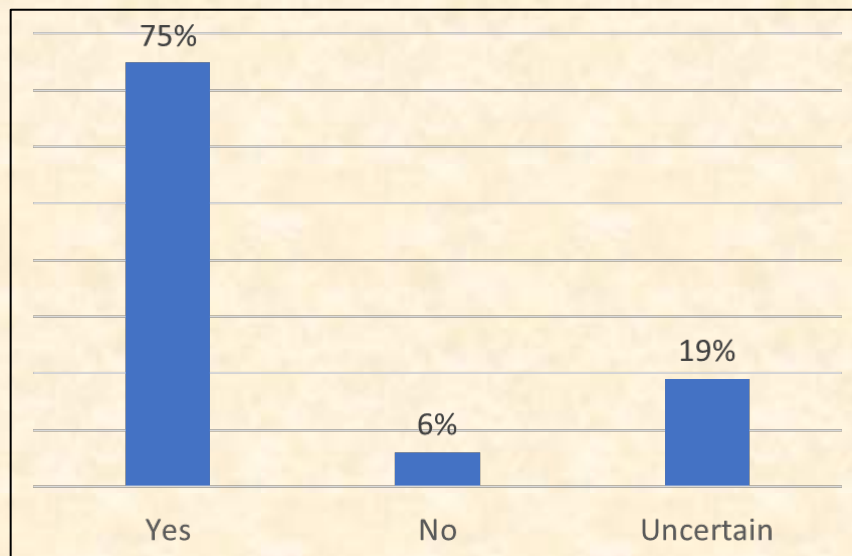
- **Moderate Adoption of Management Systems:** Only 34% of respondents



confirmed that their companies have a management system (such as ISO 14001) in place to enhance community health and safety.

- This suggests a notable number of businesses are proactively engaging in systematic approaches to manage health and safety.
- **Significant Uncertainty and Lack of Systems:** A combined total of 56% of respondents either indicated that they do not have such a system (28%) or are uncertain about its existence (28%).
- This uncertainty may highlight gaps in awareness or implementation of health and safety management practices within organizations.
- **Potential for Improvement:** The mixed responses reveal opportunities for companies to strengthen their health and safety protocols.
- Organizations lacking formal systems could benefit from exploring certifications and frameworks that enhance their community impact and compliance with health standards.

**Do you think that health and safety are a key priority for your company?**

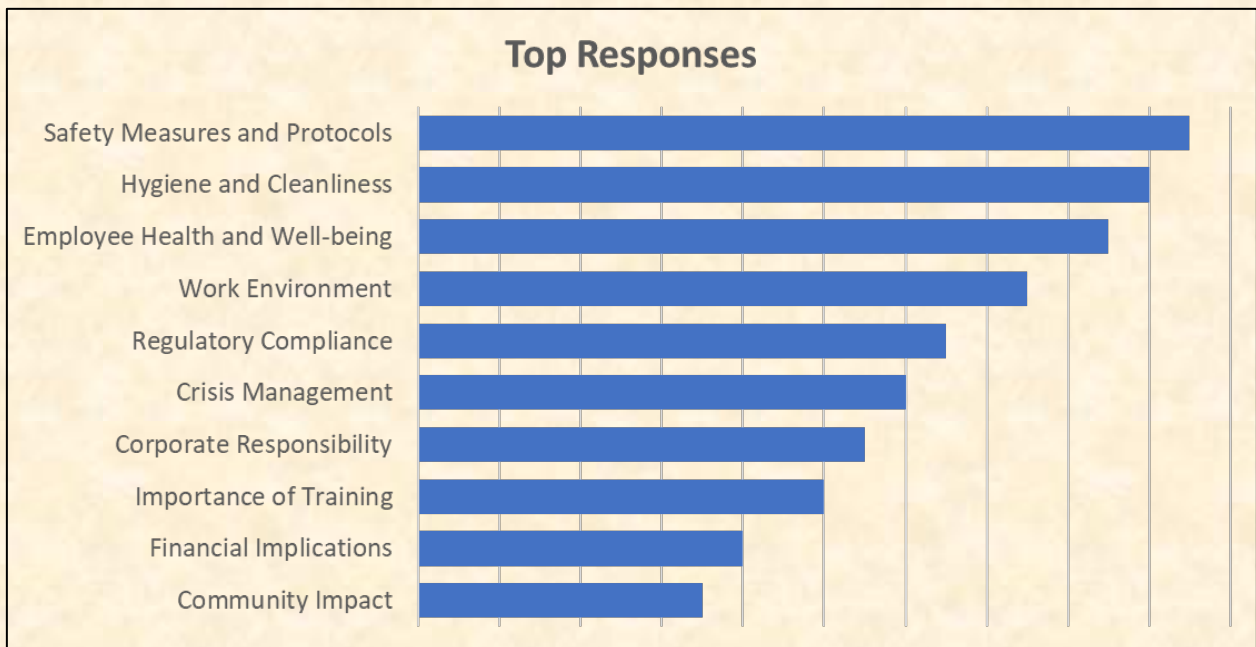


- **Strong Emphasis on Health and Safety:** A significant majority (75%) of respondents indicated that health and safety are a key priority for their company, highlighting the general commitment towards maintaining a safe working

environment.

- **Minimal Opposition:** Only 6% of respondents stated that health and safety are not a priority, suggesting that very few companies disregard these concerns, showing an overall awareness of its importance.
- **Uncertainty Exists:** 19% of respondents were uncertain about whether health and safety were a priority, reflecting that there may be a lack of clear communication or policies around these issues in some companies.
- This indicates room for improvement in making health and safety priorities more transparent.

**Do you think that health and safety are a key priority for your company? If yes, please provide some information to verify this.**



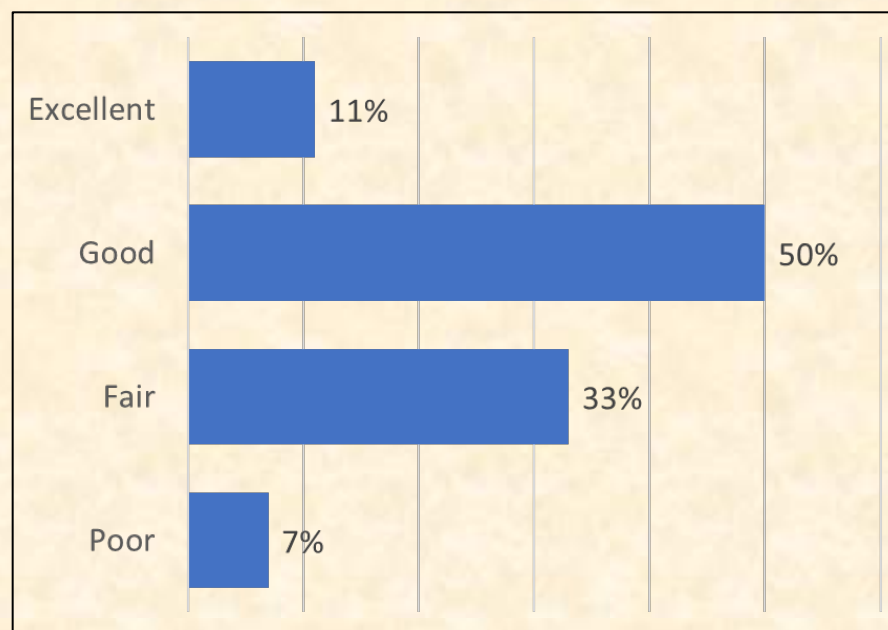
- **Emphasis on Safety and Health:** The most frequently mentioned themes included **Safety Measures, Health and Well-being, and Cleanliness and Hygiene**. This highlights a strong commitment to ensuring a safe work environment and promoting the health of employees.
- **Regulatory Compliance and Quality:** Key themes such as **Regulatory**

## **Compliance and Responsibility, Quality of Products, and Emergency**

**Preparedness** indicate that businesses are focused on adhering to legal standards while ensuring product safety and readiness for unexpected situations.

- **Support for Employees and Community:** Themes like **Employee Training and Awareness, Mental Health and Employee Morale, and Social Responsibility and Community Engagement** reflect a dedication to employee support and fostering a positive impact on the community.

### **How would you rate your overall health during COVID-19 (2020–21)?**



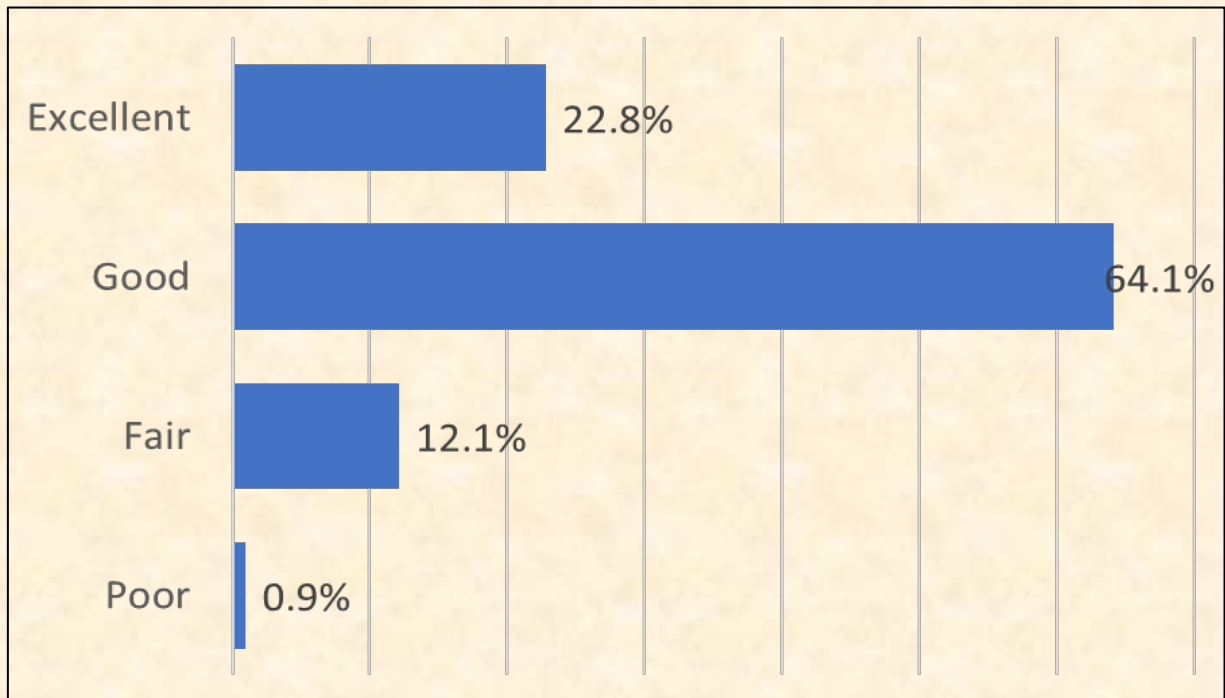
- **Predominantly Positive Health Perception:** A majority of respondents rated their health as Good (50%), indicating that, despite the challenges posed by the pandemic, many individuals felt relatively stable and healthy during this period.
- **Concerns About Health Status:** A notable 33% of respondents rated their health as Fair, suggesting that a significant portion experienced some health issues or concerns during the pandemic.
- This reflects the broader impact of COVID-19 on health and well-being, even among those who generally considered themselves to be in decent health.
- **Low Incidence of Poor Health:** Only 7% of respondents rated their health as



Poor, indicating that severe health issues were less common in this sample.

- This relatively low percentage may suggest that while many faced challenges, the majority managed to maintain their health reasonably well during the pandemic.

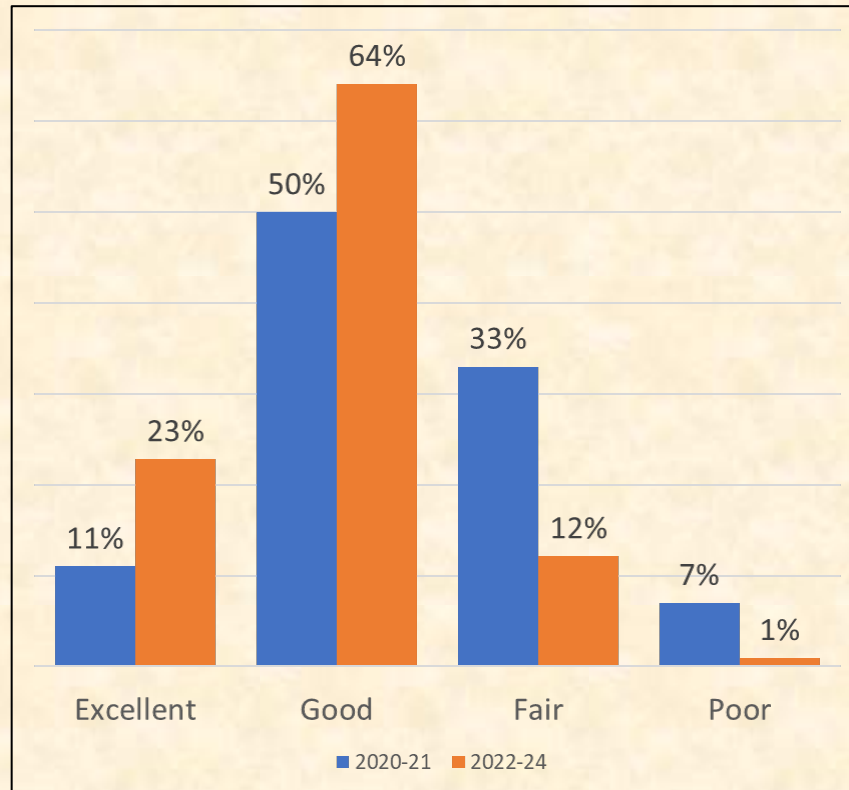
**How would you rate your overall health after availing of the Year of Enterprise benefits (2022-23 and 2023-24)?**



- **Positive Health Perception:** A significant majority of respondents (86.9%) rated their overall health as "Good" or "Excellent" after availing of the Year of Enterprise benefits, indicating a generally positive impact on their well-being.
- **Minimal Negative Feedback:** Only a small fraction (0.9%) rated their health as "Poor," suggesting that the benefits provided have effectively supported the health of most participants.
- **Opportunity for Improvement:** While the majority report good health, 12.1% rated their health as "Fair," indicating there may still be areas for improvement or additional support needed for some individuals to enhance their overall well-

being.

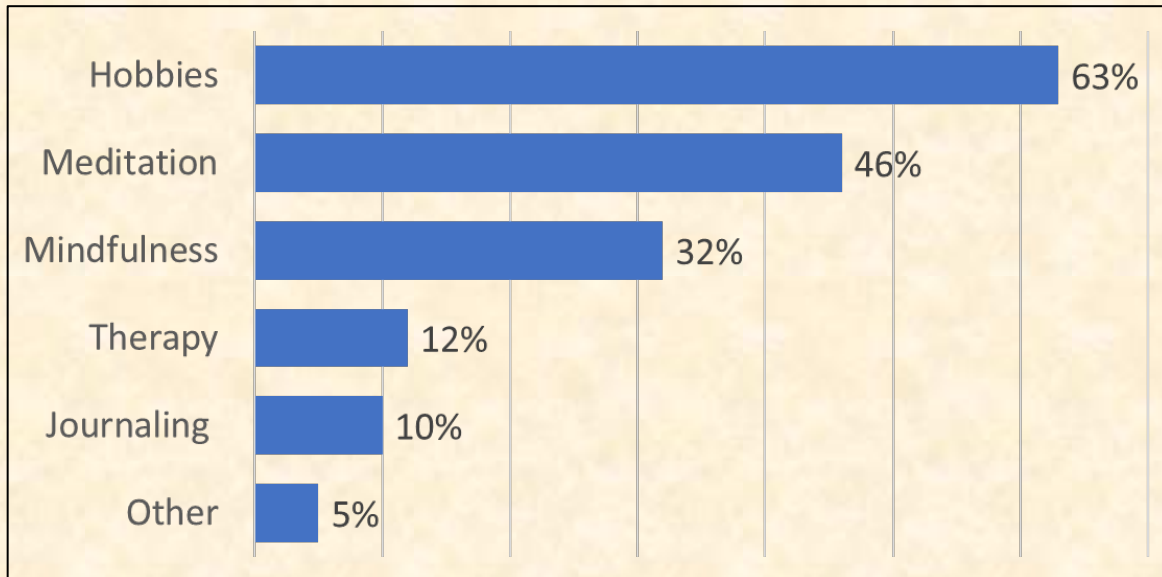
### Comparison of responses on overall Health between 2020-21 and 2022-24 (KYoe)



- **Improvement in Overall Health Ratings:** There is a noticeable increase in the percentage of respondents rating their health as "Excellent" (from 11% to 23%) and "Good" (from 50% to 64%) after availing the Year of Enterprise benefits, indicating a positive shift in health perceptions.
- **Decrease in Negative Health Ratings:** The percentage of respondents rating their health as "Fair" significantly decreased from 33% to 12%, and those rating it as "Poor" dropped dramatically from 7% to just 1%. This suggests that the benefits have effectively improved health outcomes.
- **Overall Positive Impact of Benefits:** The transition from the challenges faced during the COVID-19 period to improved health ratings post-benefits indicates that the Year of Enterprise initiatives have had a meaningful impact on

participants' well-being.

**Which of the following activities do you engage in regularly for your well-being?**

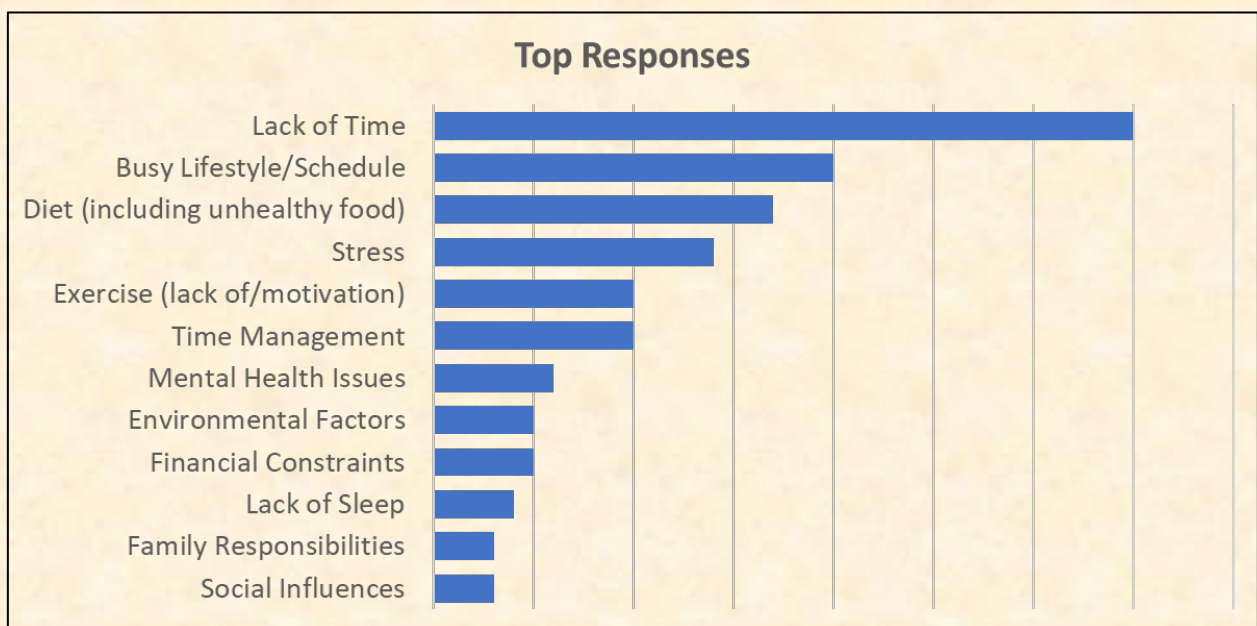


- **Emphasis on Hobbies:** A significant majority of respondents (63%) engage in hobbies regularly, highlighting the importance of personal interests and creative outlets in promoting overall well-being.
- **Meditation and Mindfulness Practices:** Nearly half of the respondents (46%) practice meditation, while 32% engage in mindfulness activities. This indicates a growing awareness of the mental health benefits associated with these practices.
- **Limited Engagement in Therapy and Journaling:** Only 12% of respondents utilize therapy, and 10% practice journaling. This suggests that while some individuals recognize the value of professional support and self-reflection, these activities may not be as widely adopted compared to hobbies and mindfulness practices.
- **Emphasis on Exercise:** The majority of respondents engage in exercise-related activities, particularly gym workouts and sports, highlighting the importance of physical fitness for well-being.



- **Healthy Eating Habits:** A notable number of participants prioritize healthy food habits, indicating an awareness of the role nutrition plays in overall wellness.
- **Limited Variety of Activities:** While exercise and healthy eating are common, there is a lack of diversity in other well-being activities, with many respondents indicating "nil" or "NA" in their responses, suggesting limited engagement in additional wellness practices.

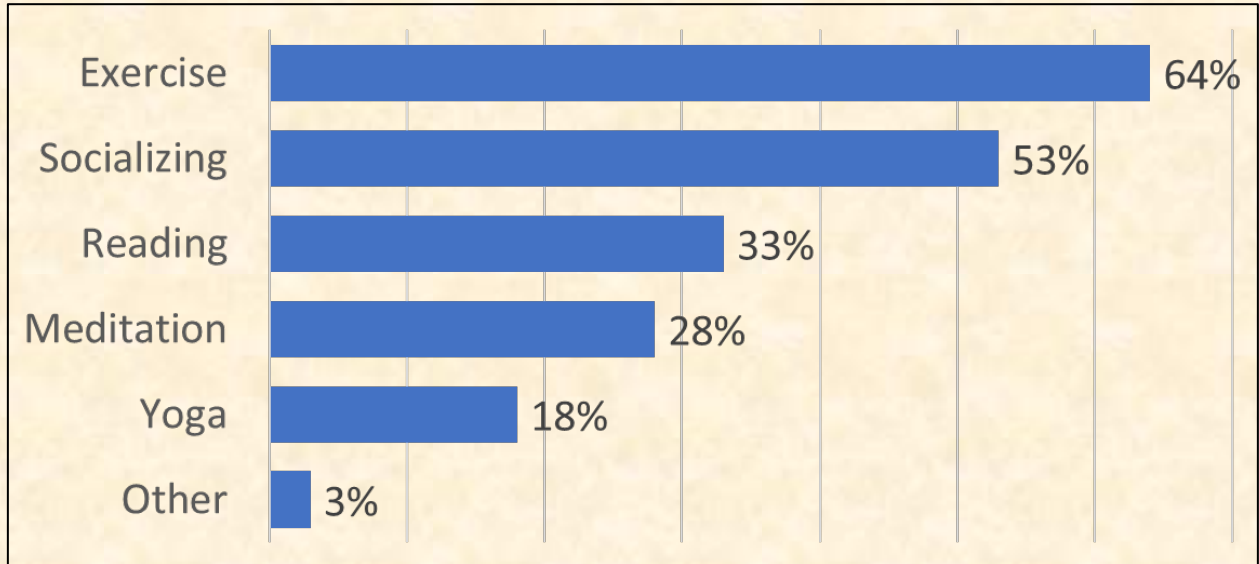
**What are some of the challenges you face in maintaining a healthy lifestyle?**



- **Time Constraints:** A significant number of respondents identified lack of time as a primary challenge, which often results from busy lifestyles and schedules, hindering their ability to exercise and maintain a balanced diet.
- **Lifestyle and Nutritional Barriers:** Many individuals reported difficulties in adhering to healthy eating habits, often citing a tendency to consume unhealthy food, particularly due to convenience, busy schedules, or travel, as well as a lack of access to nutritious options.
- **Stress and Mental Health:** Stress emerged as a common factor affecting respondents' health, often linked to busy lifestyles and work demands. This

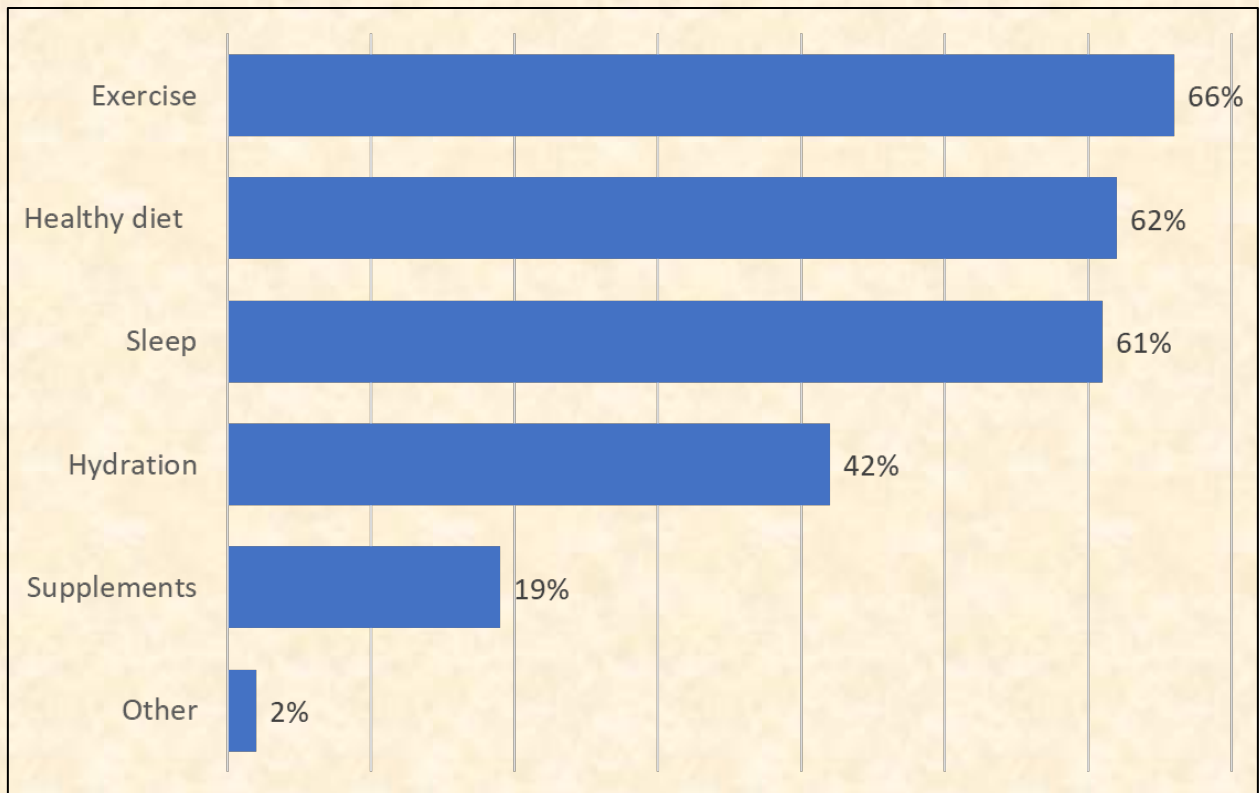
stress not only impacts physical health but can also lead to poor dietary choices and a lack of motivation to engage in physical activity.

**Which of the following do you prioritize for your mental well-being?**



- **Prominence of Exercise:** A majority of respondents (64%) prioritize exercise as a key activity for their well-being, indicating its significant role in maintaining physical health and overall fitness.
- **Social Interaction as a Vital Component:** Socializing is also a popular activity, with 53% of respondents engaging in it regularly.
- This highlights the importance of social connections and relationships in enhancing mental and emotional well-being.
- **Diverse Interests Beyond Physical Activity:** Activities such as reading (33%), meditation (28%), and yoga (18%) reflect a diverse approach to well-being.
- While physical exercise is dominant, a considerable number of respondents also value mindfulness and intellectual engagement as essential elements of their wellness routines.

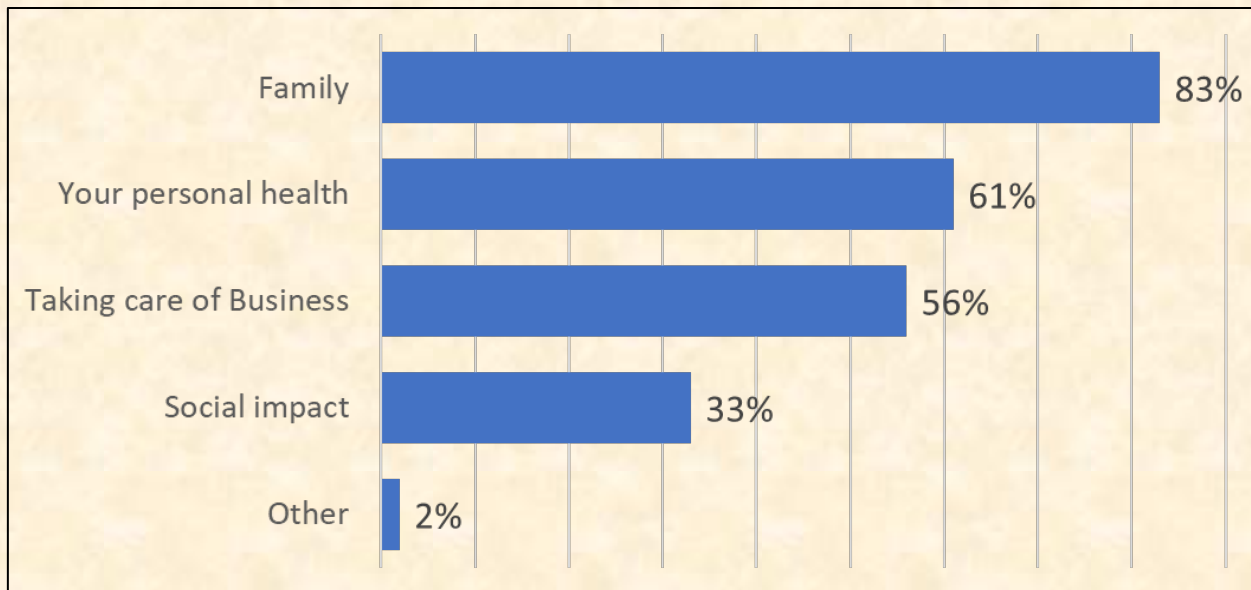
**Which of the following do you do to boost your immune system?**



- **Strong Focus on Exercise and Healthy Diet:** A substantial majority of respondents prioritize exercise (66%) and maintaining a healthy diet (62%), indicating a proactive approach to enhancing their immune health through lifestyle choices.
- **Importance of Sleep:** Sleep is recognized as a crucial factor, with 61% of respondents emphasizing its role in supporting immune function, showcasing an understanding of the connection between rest and overall health.
- **Less Emphasis on Supplements and Hydration:** While a notable 19% take supplements, hydration is also considered by 42% of respondents.
- This suggests that although there is awareness of additional strategies for immune support, the primary focus remains on fundamental lifestyle habits like exercise, diet, and sleep.

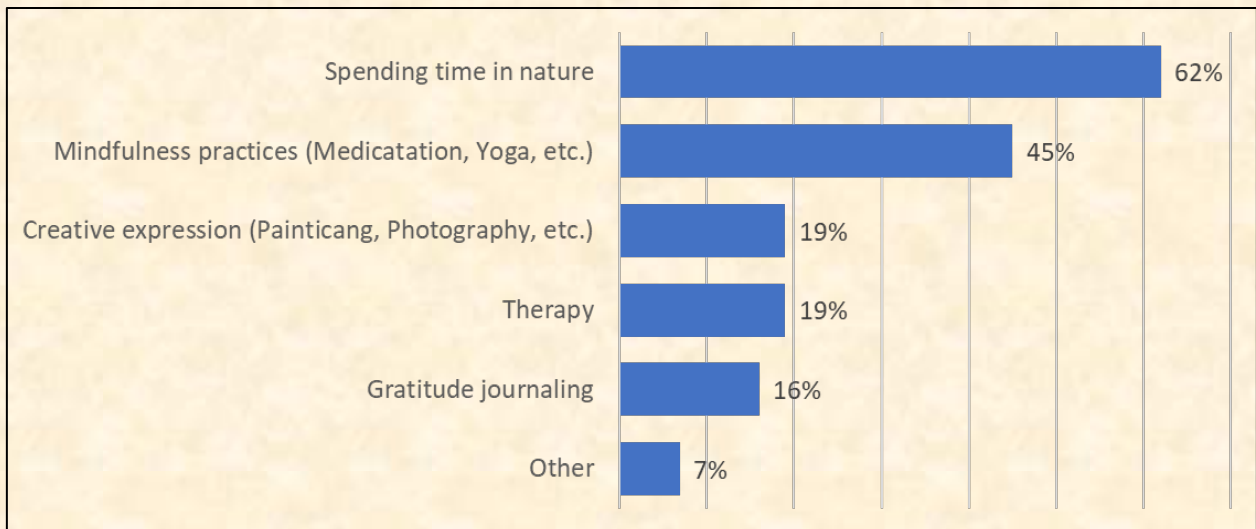
**What is your main motivation for prioritizing your health and well-being?**





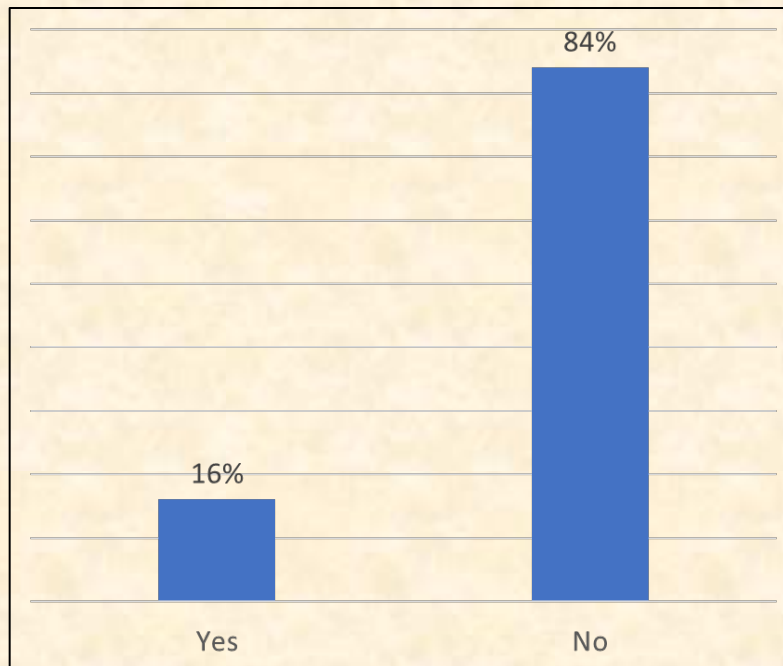
- **Family as a Central Motivation:** A significant 83% of respondents prioritize their health and well-being primarily for the sake of their family, indicating that familial responsibilities and relationships are key drivers of their health decisions.
- **Personal Health Matters:** A majority (61%) also emphasize the importance of their personal health, suggesting a strong self-motivation to maintain well-being, which aligns with the desire to support their families effectively.
- **Balancing Business Responsibilities:** Taking care of business is a motivation for 56% of respondents, reflecting the understanding that personal well-being directly impacts professional performance and success, thus highlighting the interconnectedness of health, family, and work.

**Which of the following do you do to improve your emotional well-being?**



- **Nature as a Key Source of Well-Being:** A significant 62% of respondents engage in spending time in nature, highlighting its importance as a restorative practice for enhancing emotional well-being.
- **Mindfulness Practices are Popular:** Mindfulness practices, including meditation and yoga, are utilized by 45% of respondents, indicating a strong preference for techniques that promote mental clarity and emotional balance.
- **Diverse Approaches to Emotional Health:** Other methods such as therapy (19%), gratitude journaling (16%), and creative expression (19%) show that respondents employ a variety of strategies to support their emotional well-being, reflecting a multifaceted approach to mental health care.

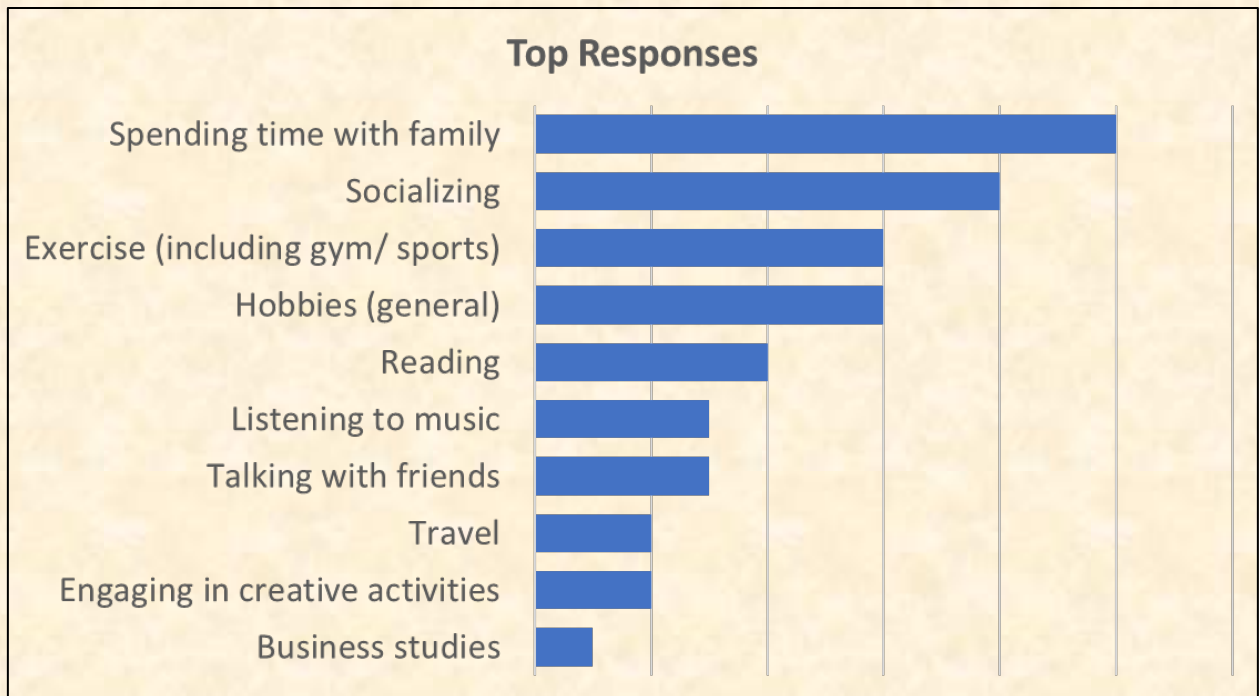
**Have you ever had any incidents, adverse impacts, or risks to the community's access to resources (e.g., water, soil, electricity, internet, transport, cultural heritage) related to the company's activities?**



- **Low Incidence of Adverse Impacts:** A majority of respondents (84%) reported that their companies have not experienced any incidents or adverse impacts affecting the community's access to essential resources, suggesting a general commitment to responsible practices.
- **Minority Facing Challenges:** Only 16% of respondents indicated that they have had incidents impacting community resources. This minority may represent sectors or companies facing specific operational challenges or regulatory pressures.
- **Potential Need for Monitoring:** The small percentage of companies experiencing adverse impacts indicates a potential area for monitoring and improvement, emphasizing the importance of proactive measures to ensure that company activities do not harm community resources.

**Which of the following do you practice to improve your emotional well-being? – Other.**



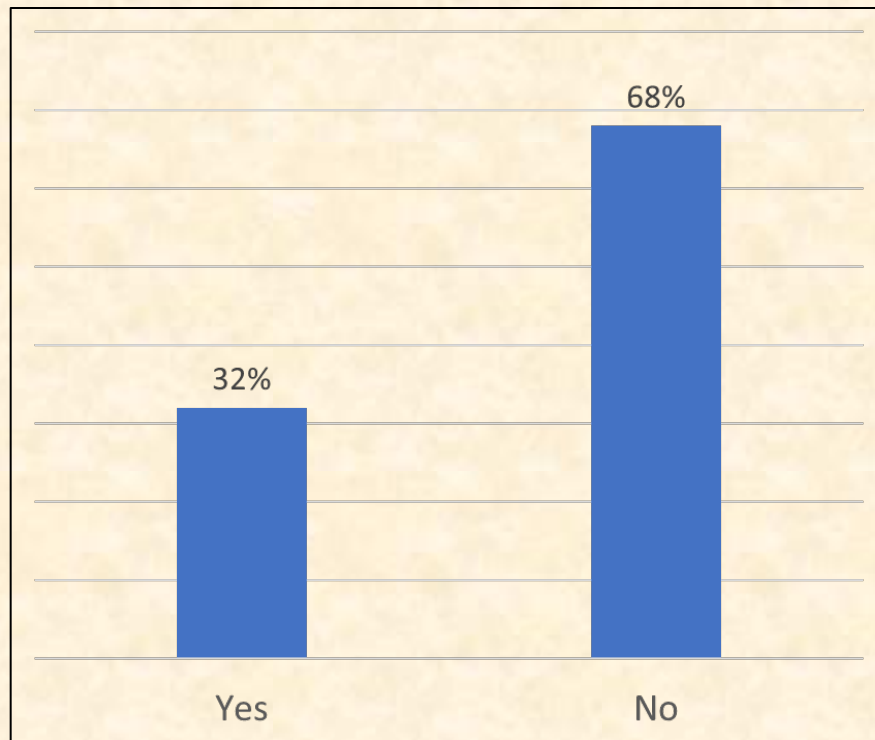


- **Family as a Key Focus:** A significant number of respondents emphasized spending time with family as a primary practice for enhancing their emotional well-being, indicating the importance of family bonds and support in overall happiness.
- **Social Connections:** Socializing and maintaining friendships were also prominent themes, suggesting that interpersonal relationships play a critical role in emotional health and fulfillment.
- **Active Pursuits:** Engaging in exercise, hobbies, and creative activities was frequently mentioned, highlighting that physical activity and personal interests are valued methods for improving emotional well-being and reducing stress.

### **Social & Environmental Assessment:**

#### **Access to material and immaterial sources**

**Does the company monitor risk or adverse impacts on access to material and immaterial resources?**



- **Lack of Monitoring Practices:** A significant majority (68%) of respondents indicated that their companies do not monitor risks or adverse impacts on access to resources. This suggests a gap in proactive risk management and oversight practices within these organizations.
- **Limited Engagement in Risk Assessment:** Only 32% of companies reported actively monitoring potential risks, highlighting a lack of comprehensive risk assessment frameworks. This may leave many organizations vulnerable to unaddressed challenges affecting both their operations and community resources.
- **Need for Increased Awareness and Action:** The substantial percentage of companies not engaging in monitoring emphasizes the need for greater awareness and implementation of risk management strategies, particularly in sectors where resource access is critical for community well-being and sustainability.

**Does the company monitor risk or adverse impacts on access to material**

**and immaterial resources?**

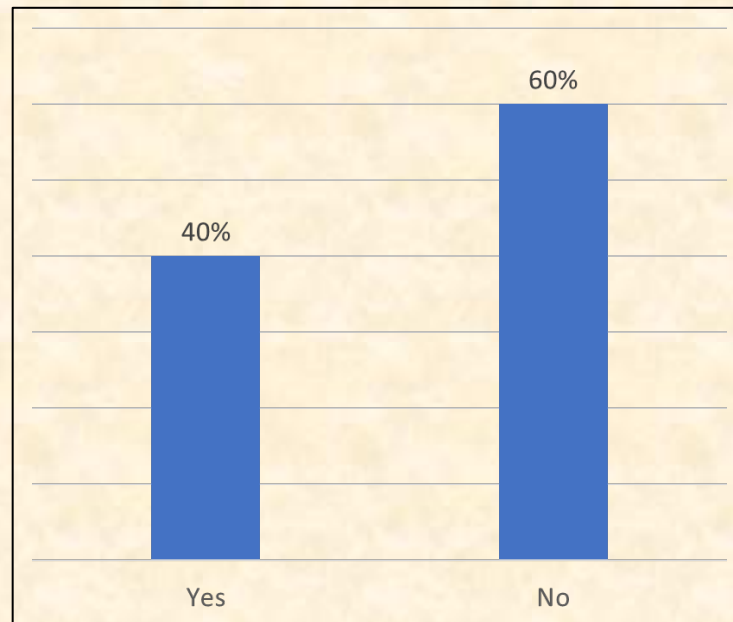


- **Risk Monitoring and Compliance:** A significant number of companies emphasize the importance of monitoring risks related to material and immaterial resources, with many citing adherence to pollution control norms as a crucial part of their operational strategy.
- **Waste Management and Sustainability:** There is a strong commitment to effective waste management practices, with a focus on sustainable sourcing and minimizing environmental impact, highlighting a growing awareness of corporate social responsibility.
- **Employee and Customer Focus:** Companies prioritize employee safety and satisfaction, alongside maintaining high customer satisfaction through quality assurance and responsive service, indicating a holistic approach to business management.

**Do you think that your company raises awareness in the local community**



**about their access to resources and how to avoid risks? (If yes, how?) And do you improve local capacity building?**



- **Limited Awareness Initiatives:** A significant majority (60%) of respondents indicated that their companies do not raise awareness in the local community about resource access and risk avoidance. This points to a potential gap in community engagement and information dissemination efforts.
- **Moderate Engagement in Capacity Building:** Only 40% of companies reported actively raising awareness, suggesting that while some organizations may implement initiatives to inform the community, many are falling short in fostering local capacity building and education on important issues.
- **Need for Enhanced Community Communication:** The responses indicate a pressing need for companies to improve their communication strategies and engagement efforts with local communities, particularly in educating them about resource access and risk management, which are vital for sustainable development.

**Please explain how your company raises awareness in the local community about their access to resources and how to avoid risks.**



- **Diverse Outreach Strategies:** Companies utilize a mix of workshops, social media campaigns, and community partnerships to raise awareness about resource access and risk avoidance. Workshops and training sessions are particularly emphasized, suggesting a strong focus on education.
  - **Community Engagement:** There is a significant emphasis on direct communication methods, including word-of-mouth and community engagement initiatives, which foster trust and collaboration between businesses and the local population.
  - **Health and Environmental Focus:** Many businesses prioritize health and safety measures alongside sustainable practices, demonstrating their commitment to community well-being and environmental stewardship.
- Please explain how your company improves local capacity building.**



- **Emphasis on Training and Employment:** A significant focus is placed on training programs aimed at enhancing skills within the local workforce, which directly contributes to job creation and improved employment opportunities in the community.
- **Community Engagement and Technology Use:** Companies are actively engaging with local communities through outreach and awareness initiatives. Additionally, there is a strong emphasis on adopting new technologies to enhance operational efficiency and support local economic growth.
- **Collaboration and Infrastructure Support:** Many businesses highlight their collaboration with local organizations and their efforts in developing infrastructure, which not only improves operational capabilities but also fosters local entrepreneurship and community development.

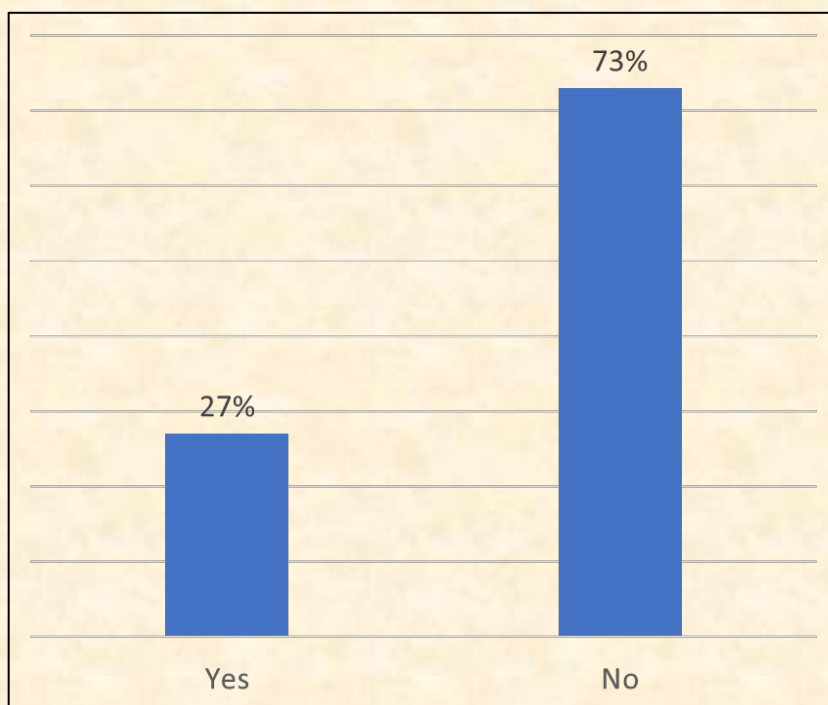
### **Social & Environmental Assessment:**

#### **Skill Development**

**Do you invest in a public-private partnership or other activities that**



**significantly increase the training capacity and quality in the region for most members of the local community?**

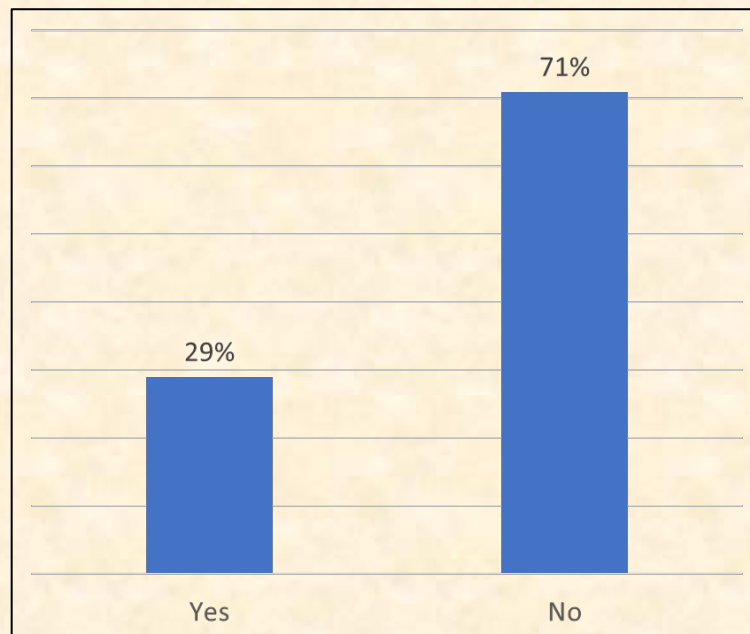


- **Low Investment in Training Initiatives:** A substantial majority (73%) of respondents indicated that their companies do not invest in public-private partnerships or related activities aimed at improving training capacity in the region. This suggests a lack of commitment to fostering local workforce development.
- **Limited Commitment to Community Development:** Only 27% of companies reported investing in such initiatives, indicating that community training and development efforts are not a priority for most organizations, potentially hindering the overall growth and skill enhancement in the local workforce.
- **Need for Increased Focus on Local Capacity Building:** The responses highlight a significant opportunity for companies to engage more proactively in public-private partnerships and community training programs, which could improve the quality of skills in the local area and support sustainable economic

development.

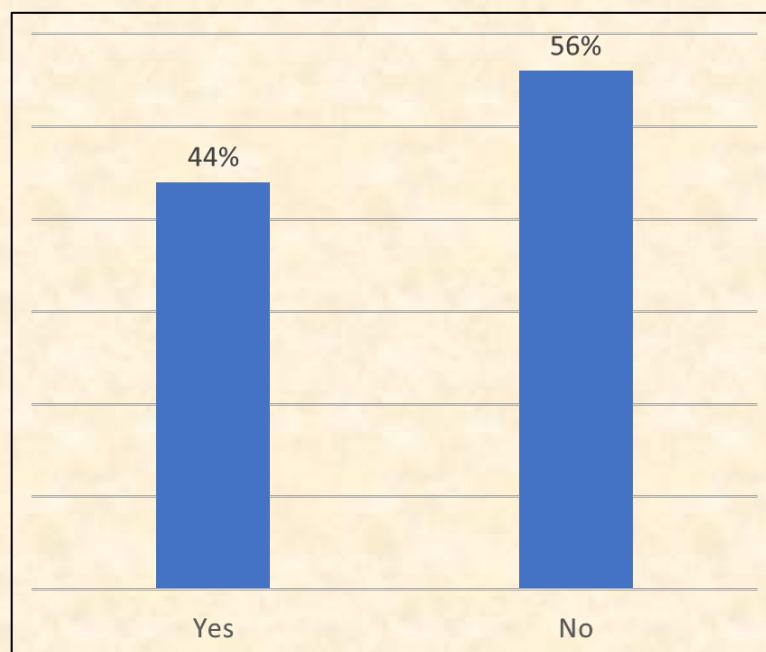


**Does your company establish programmes to support apprenticeships, internships, and education initiatives to equip (young) people with workplace skills?**



- **Low Engagement in Skills Development Programs:** A significant majority (71%) of companies reported not having programs in place to support apprenticeships, internships, or educational initiatives aimed at equipping young people with workplace skills. This indicates a substantial gap in commitment to developing future talent.
- **Limited Opportunities for Youth:** With only 29% of respondents confirming the establishment of such programs, many young individuals may miss out on valuable opportunities to gain practical experience and skills that are essential for their career advancement.
- **Need for Greater Focus on Talent Development:** The data suggests that there is a critical need for companies to prioritize and invest in apprenticeship and internship programs. Doing so could enhance the employability of youth and contribute positively to the workforce's skill level, benefiting both businesses and the community at large.

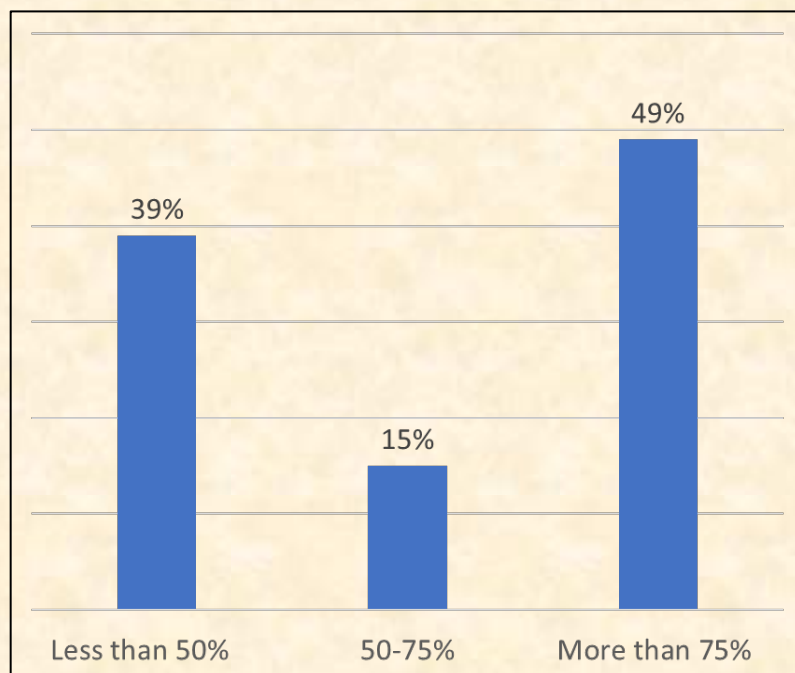
**Do you think that there is a skill-gap between the future needs of the company and the skill levels of local community members?**





- **Perception of No Skill Gap:** A slight majority of respondents, 56%, believe that there is no skill gap between the future needs of their company and the skill levels of local community members, suggesting confidence in the local workforce's ability to meet upcoming demands.
- **Recognition of Skill Gap:** Conversely, 44% of respondents indicate that they do perceive a skill gap, highlighting concerns that local community members may lack the necessary skills to fulfill future company requirements.
- **Implications for Training and Development:** The responses suggest a potential need for targeted training and development programs to bridge the perceived skill gap identified by the 44% of respondents, ensuring that local workers can align with the evolving demands of the company. This reflects an opportunity for companies to invest in workforce development initiatives that support skill enhancement in the community.

**What is the total number of workers in your company recruited from local areas?**



- **High Local Recruitment:** A significant portion of respondents, 49%, reported

that more than 75% of their workforce is recruited from local areas, indicating a strong reliance on the local labor market for staffing.

- **Moderate Local Recruitment:** 39% of respondents indicated that less than 50% of their workers are sourced from local areas, suggesting that while there is a reliance on local recruitment, a substantial minority of companies may also employ workers from outside the local community.
- **Moderate to High Local Recruitment:** Only 15% of respondents reported that 50-75% of their workforce is recruited from local areas, reflecting a moderate approach to local hiring that falls between the other two extremes. This shows that while some companies actively seek local talent, many still balance their workforce with external hires.

### **Social & Environmental Assessment:**

#### **Contribution to Economic Development**

##### **What factors influence the hiring of workers from surrounding areas?**



- **Proximity to Workplace:** The most significant factor influencing hiring decisions, noted by 55% of respondents, is the proximity to the workplace, indicating that local candidates are preferred for logistical reasons and to reduce commute times.

- **Lower Labour Costs:** 42% of respondents mentioned lower labor costs as a key factor, suggesting that hiring locally can often be more cost-effective than sourcing workers from farther away.
- **Community Support Initiatives:** 39% of respondents indicated that community support initiatives play a role in their hiring decisions, highlighting the importance of corporate social responsibility and local engagement in attracting workers from surrounding areas.

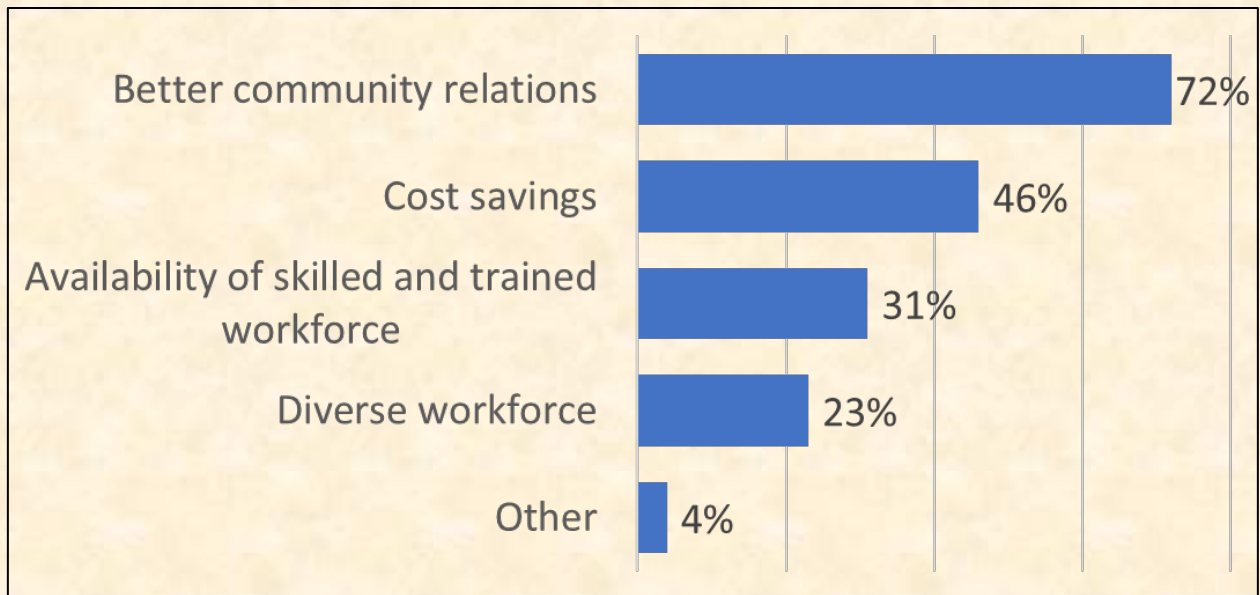
**What factors influence the hiring of workers from surrounding areas?**

**Other.**

- **Limited Need for Labor:** Many respondents indicated that their operations do not require additional workers at this time, either due to self-sufficiency or being in the early stages of business development.
- **Self-Employment and Internal Management:** A significant number of businesses are run by individuals or family members, with tasks managed internally rather than relying on external workers.
- **Preference for Local Workers:** While some noted a need for workforce support, there was also an indication that hiring external labor is not a priority, suggesting a preference for maintaining close control over operations and workforce.

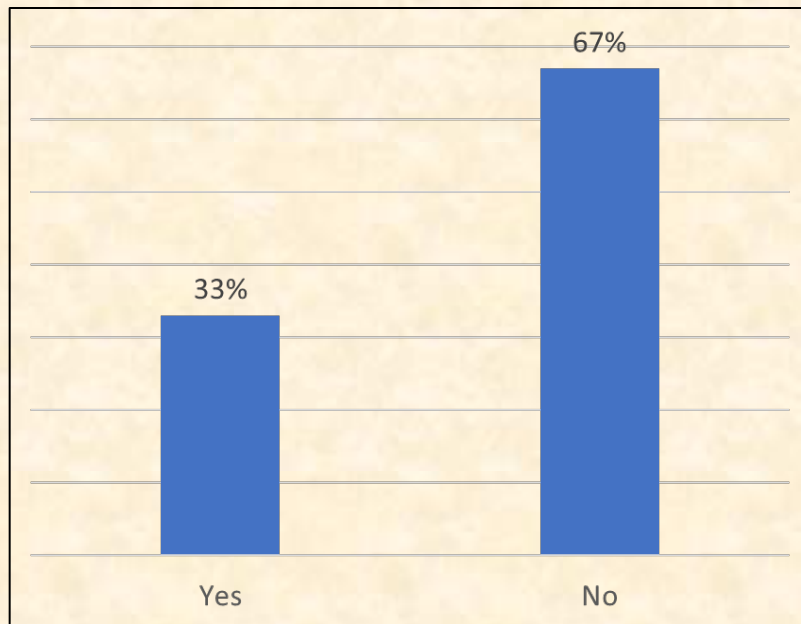
**What benefits do you see in hiring workers from surrounding areas?**





- **Improved Community Relations:** The most recognized benefit, noted by 72% of respondents, is the improvement in community relations, as hiring local workers helps strengthen ties between the company and the surrounding community.
- **Cost Savings:** 46% of respondents identified cost savings as a key benefit, likely due to reduced expenses associated with transportation, relocation, or external recruitment.
- **Access to a Skilled Workforce:** 31% of respondents highlighted the availability of a skilled and trained workforce from surrounding areas as a benefit, suggesting that local hiring can address skill gaps while also fostering local talent.

**Are there any specific skills or qualifications that workers from surrounding areas bring to your company?**



- **Limited Recognition of Specific Skills:** A majority of respondents (67%) indicated "No", suggesting that most companies do not recognize specific or distinctive skills or qualifications brought by workers from surrounding areas.
- **Acknowledgement of Local Skills by a Minority:** Around 33% of respondents acknowledged that workers from surrounding areas do bring specific skills or qualifications, possibly related to local industries, trades, or cultural knowledge.
- **General Absence of Specialized Hiring Focus:** The lack of specific skills recognition by most companies suggests that the hiring of local workers is likely driven more by geographical proximity or addressing labor shortages rather than a focus on specialized or advanced qualifications.

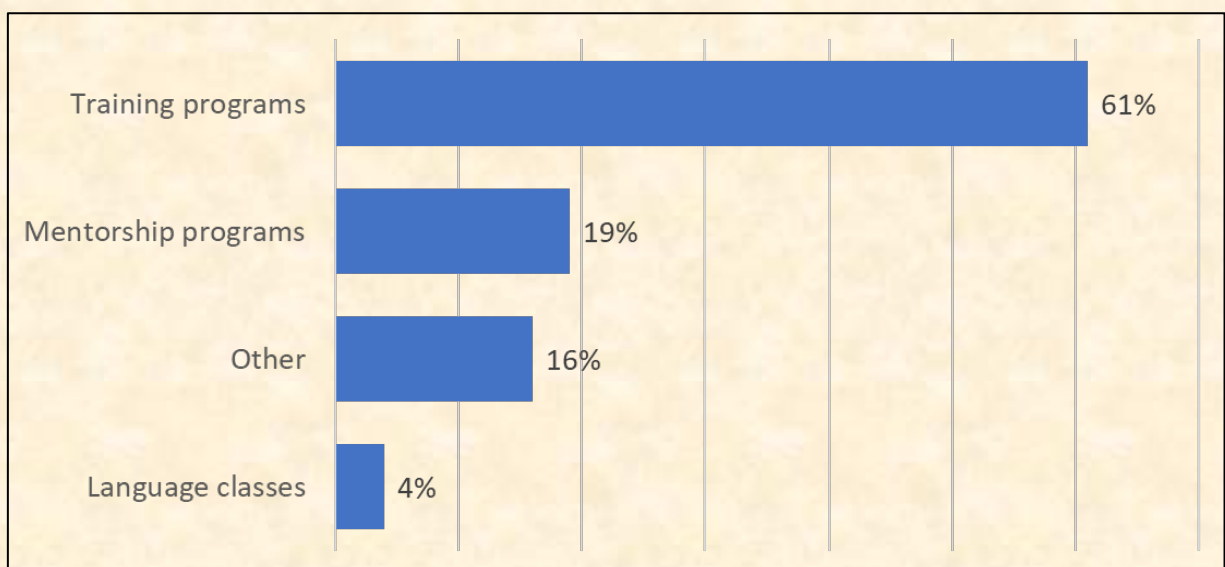
**Are there any specific skills or qualifications that workers from surrounding areas bring to your company?**



- **Diverse Skill Sets:** Workers from surrounding areas bring various skills, notably in tailoring, technical fields, culinary arts, and marketing, which are essential for meeting local business needs.
- **Strong Local Ties:** The familiarity of local workers with community dynamics and their established relationships enhance communication and collaboration, improving business operations.
- **Need for Specialized Training:** Despite the presence of valuable skills, there is a recognized need for ongoing training, especially in technical and digital literacy, to ensure that the workforce meets industry demands effectively.



**What initiatives do you have in place to support workers from surrounding areas?**

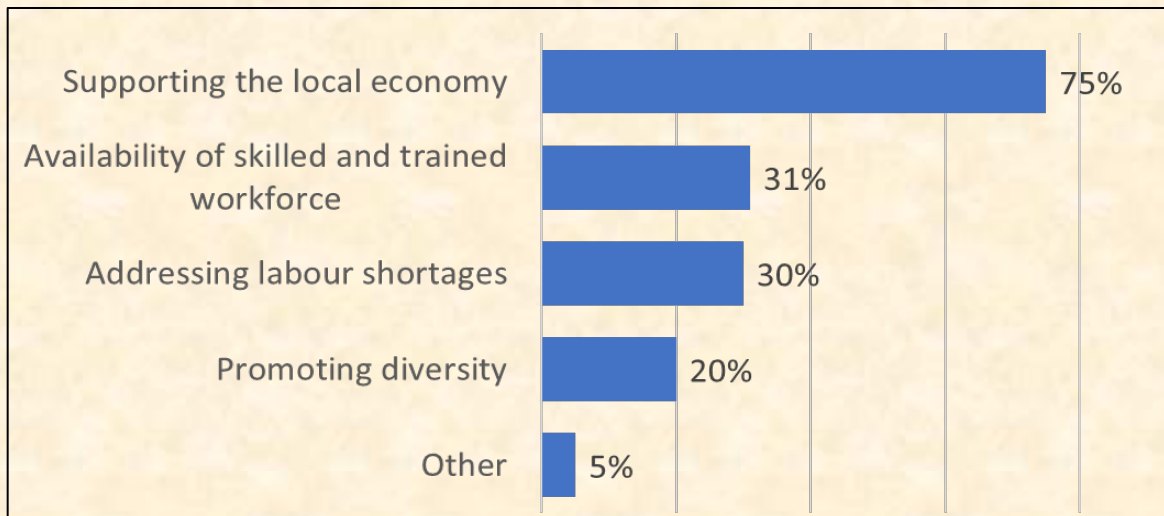


- **Focus on Skill Development:** The most prominent initiative, with 61% of

respondents, involves training programs aimed at equipping local workers with the necessary skills and knowledge to enhance their performance and integration within the company.

- **Limited Mentorship and Language Support:** While mentorship programs are in place for 19% of respondents, indicating a moderate focus on personal development and guidance, language classes are offered by only 4%, suggesting that language barriers are not a primary focus for many companies.
- **Other Support Initiatives:** Around 16% of respondents implement other unspecified initiatives, indicating that there may be diverse and context-specific support mechanisms beyond formal training and mentorship for local workers.
- **Absence of Support Initiatives:** A significant majority of respondents indicated that there are no support initiatives in place for workers from surrounding areas, reflecting a lack of structured programs to assist them.
- **Limited Basic Support:** While some respondents mentioned basic forms of support or training, these instances were minimal and do not represent a comprehensive approach to workforce development.
- **Need for Employment Opportunities:** A few responses highlighted the need for employment opportunities and training, suggesting that there is potential for more targeted initiatives to engage and support local workers effectively.

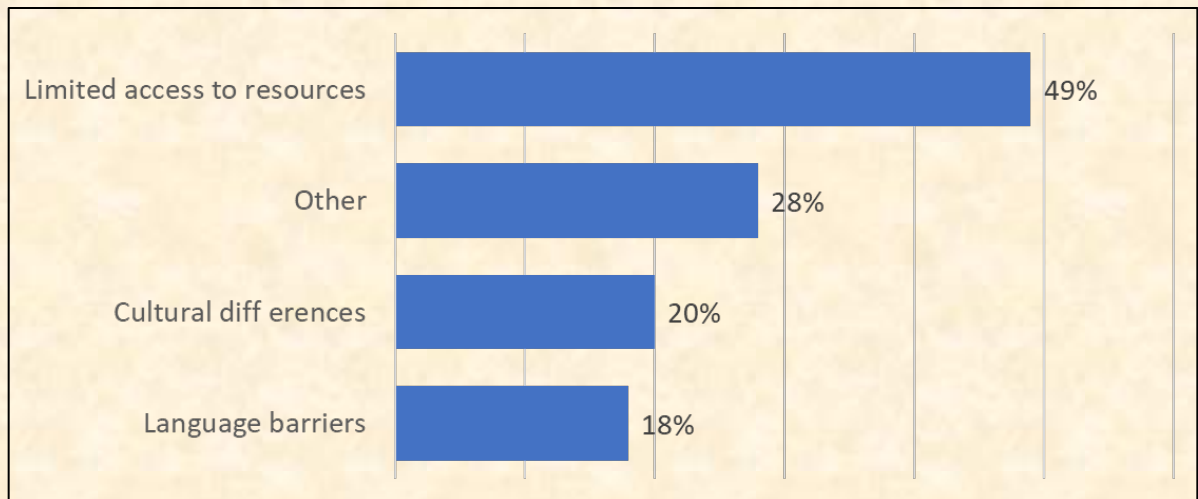
**What are the main reasons for hiring workers from surrounding areas?**



- **Strong Local Economic Support:** The overwhelming majority (75%) of respondents hire workers from surrounding areas to support the local economy.
- This reflects a commitment to community development and fostering local economic growth by providing employment opportunities to nearby residents.
- **Labour and Skills Needs:** Addressing labor shortages (30%) and the availability of a skilled and trained workforce (31%) are other key factors.
- Businesses turn to local workers to fill gaps in their labor force, ensuring they can meet operational demands while leveraging locally available skills.
- **Promoting Diversity:** For 20% of respondents, hiring local workers also helps in promoting diversity within the company, indicating that inclusivity and diverse backgrounds are valued alongside other practical considerations.

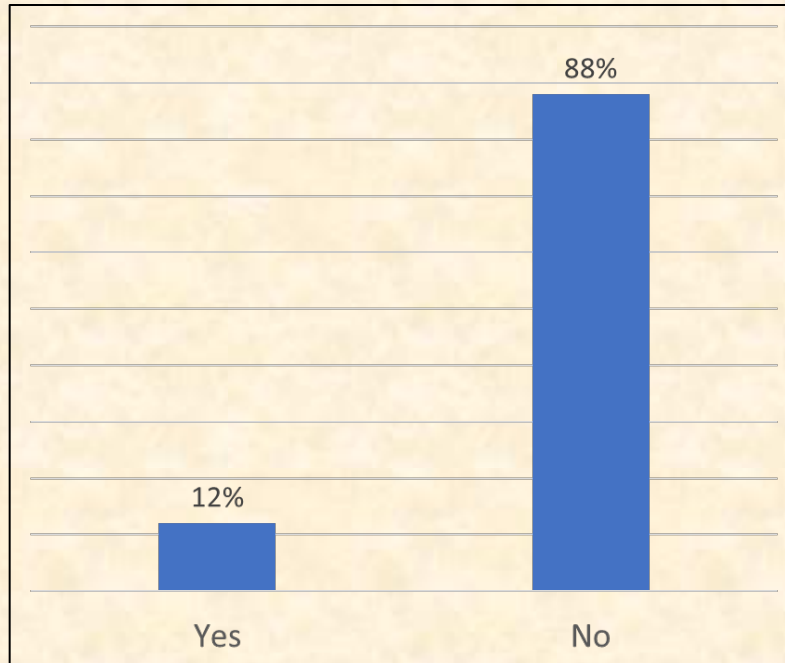
**What are the main challenges faced by workers from surrounding areas in your company?**





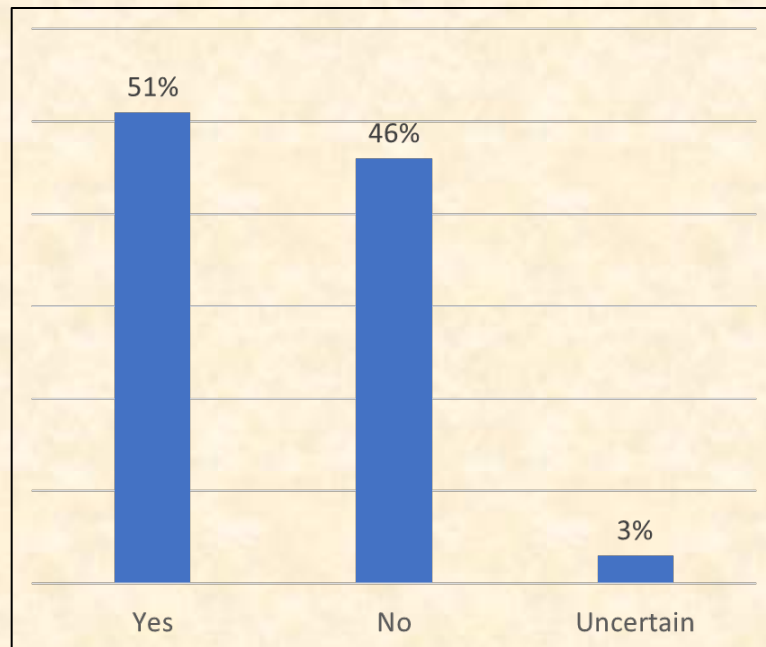
- **Access to Resources is a Key Issue:** Nearly half (49%) of the respondents identified limited access to resources as the main challenge for workers from surrounding areas.
- This likely refers to inadequate access to tools, training, or transportation, which affects the workers' efficiency and job performance.
- **Cultural and Language Barriers:** Cultural differences (20%) and language barriers (18%) are also significant challenges.
- These factors may hinder effective communication, team integration, and worker productivity, making it harder for businesses to fully utilize the potential of local labor.
- **Diverse Challenges:** Beyond the primary concerns, 28% of respondents indicated other challenges, suggesting that businesses are facing a variety of obstacles unique to their specific contexts.
- This could include factors such as inadequate skill levels, work attitudes, or legal and administrative issues.

**Do you have any partnerships with local organizations to recruit workers from surrounding areas?**



- **Limited Partnerships:** Only 12% of companies have established partnerships with local organizations for worker recruitment, indicating that formal collaboration with local institutions is not a common practice among most businesses.
- **Lack of Local Recruitment Initiatives:** A significant 88% of respondents do not have any such partnerships, suggesting that the majority of businesses either rely on other recruitment methods or may not prioritize local sourcing of labor.
- **Opportunity for Community Engagement:** The low percentage of partnerships highlights a potential area for growth.
- Encouraging collaborations with local organizations could help businesses tap into local talent pools, foster community engagement, and support local employment efforts.

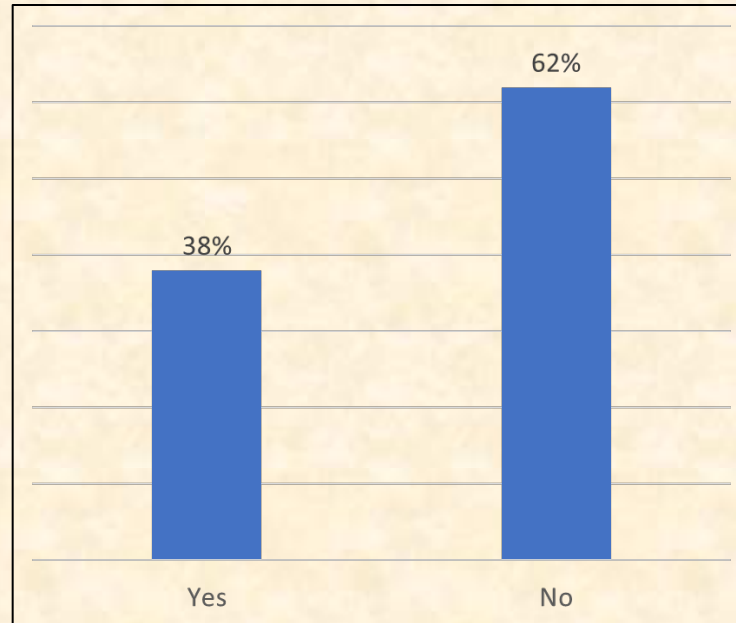
**Do you prefer local suppliers for your requirements?**



- **Preference for Local Suppliers:** A slight majority (51%) of companies prefer to use local suppliers, suggesting that many businesses recognize the value of local sourcing, potentially due to factors like convenience, faster delivery times, or community support.
- **Significant Portion Still Favors External Suppliers:** 46% of respondents prefer external suppliers, indicating that nearly half of the companies may find external suppliers more beneficial, likely due to factors like cost, quality, or availability of specific goods and services.
- **Low Level of Uncertainty:** Only 3% of companies are uncertain about their supplier preference, suggesting that most businesses have a clear understanding of their procurement strategy, whether local or external.
- This provides a focused opportunity to encourage more local sourcing for those currently opting for external suppliers.

**Do you have a policy that prioritizes buying goods and services from local suppliers?**



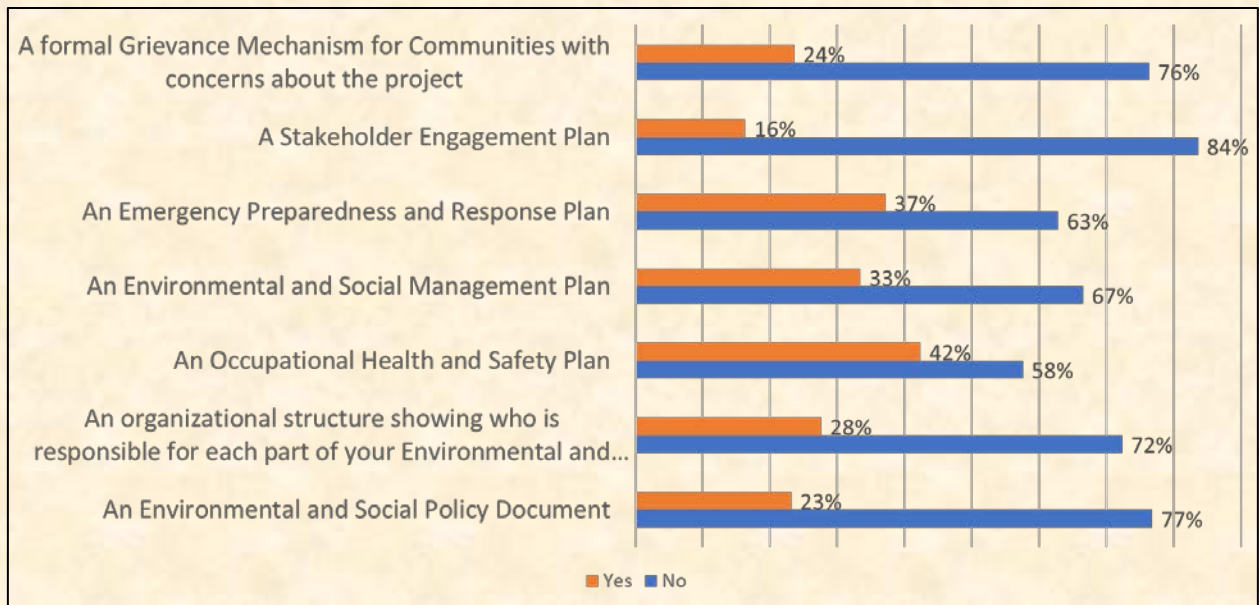


- **Majority Do Not Prioritize Local Suppliers:** 62% of companies indicated they do not have a policy for prioritizing local suppliers, suggesting that most businesses do not explicitly focus on supporting local economies through their procurement practices.
- **Growing Interest in Local Sourcing:** 38% of companies have a policy that prioritizes buying from local suppliers, indicating a significant minority are already committed to local sourcing, potentially reflecting a trend toward sustainability and community support.
- **Opportunity for Promoting Local Supplier Policies:** The responses highlight an opportunity to promote the benefits of local sourcing policies, such as supporting regional economies, reducing carbon footprints, and fostering community relationships, especially to the majority who currently do not prioritize this.

### **Social & Environmental Assessment:**

#### **Environmental Management**

**Does your company currently have:**

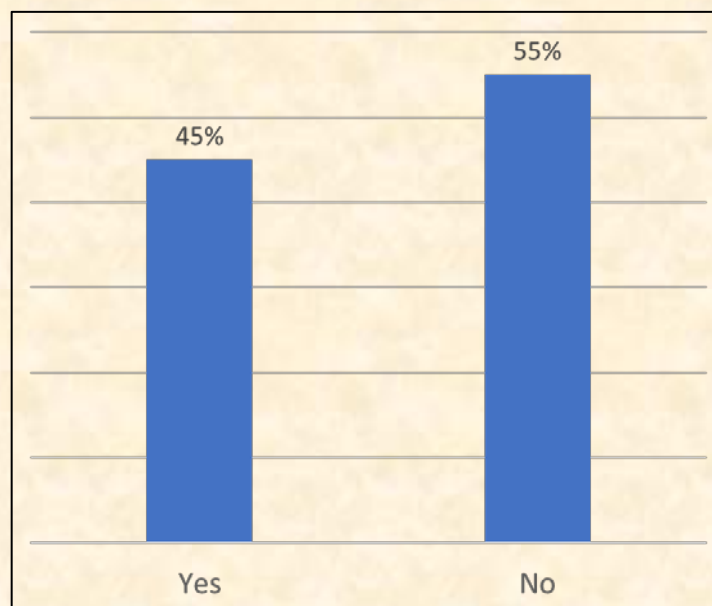


- Lack of Policies:** A significant majority of companies do not have key documents or plans in place, with 77% lacking an Environmental and Social Policy Document and 84% lacking a Stakeholder Engagement Plan. This indicates a widespread absence of formalized guidelines for environmental and social responsibilities.
- Occupational Health and Safety Plans:** While 58% of respondents do not have an Occupational Health and Safety Plan, 42% reported having one. This suggests that a substantial portion of companies is beginning to recognize the importance of health and safety measures, though many still fall short.
- Engagement and Grievance Mechanisms:** A high percentage of companies (76%) do not have a formal Grievance Mechanism for communities, indicating a gap in addressing community concerns. Meanwhile, 63% lack an Emergency Preparedness and Response Plan, pointing to potential vulnerabilities in crisis management.
- Organizational Responsibility:** Only 28% of respondents confirmed the existence of an organizational structure detailing responsibilities for their Environmental and Social Policy. This low figure suggests that many companies

may struggle with accountability and effective implementation of their policies.



**Will the company take any actions to help restore or preserve the environment?**



- **Majority Not Planning Environmental Action:** 55% of companies indicated that they do not plan to take any actions to help restore or preserve the environment, suggesting that a significant number of businesses may not prioritize environmental sustainability at this time.



- **Substantial Interest in Environmental Action:** 45% of companies expressed willingness to take action, showing that nearly half of the respondents are open to engaging in environmental preservation efforts, which could reflect growing awareness or responsibility in this area.
- **Need for Encouragement:** The nearly even split in responses highlights an opportunity for policies, incentives, or educational programs to encourage more companies to take proactive steps toward environmental restoration and preservation.

### What action will be taken to help restore or preserve the environment?



- **Emphasis on Waste Management:** A significant number of responses highlight the importance of proper waste management, including waste segregation, recycling, and collaboration with local waste management initiatives.
- **Reduction of Plastic Use:** Many participants advocate for minimizing plastic consumption by promoting the use of biodegradable materials and discouraging single-use plastics.
- **Commitment to Sustainability:** There is a strong focus on sustainable

practices, including tree planting, pollution control, and community engagement in environmental conservation efforts.

**How will this action help restore or preserve the environment?**



- **Emphasis on Pollution Reduction:** A significant majority of responses highlighted the importance of reducing pollution, specifically through actions that minimize waste and promote clean practices.
- **Focus on Sustainability:** Many respondents emphasized the adoption of sustainable practices, such as proper waste management and recycling, which are viewed as critical for preserving the environment and natural resources.
- **Community Engagement and Awareness:** There is a strong call for increasing community awareness regarding environmental issues, suggesting that education and participation are essential for fostering eco-friendly behaviors and practices.

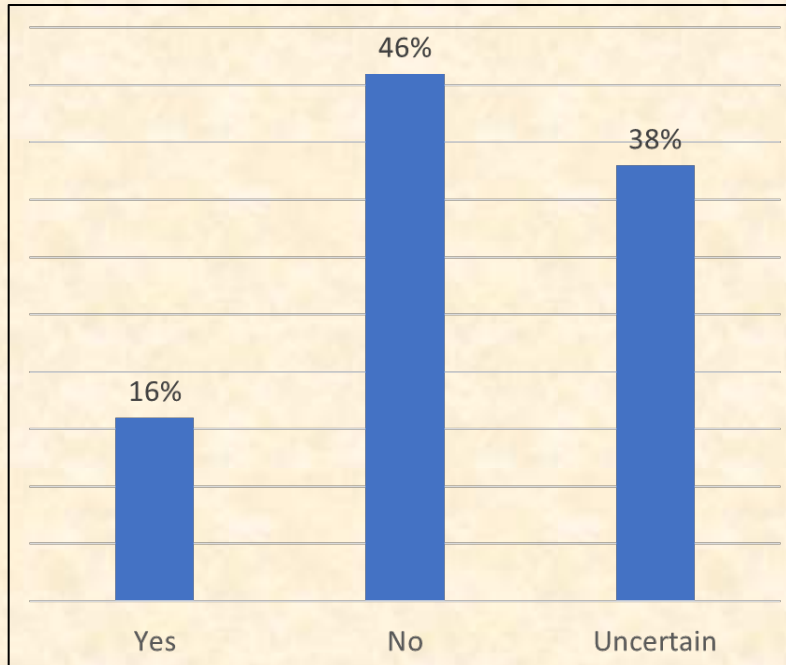
**How will the project measure the impact this action will have on the environment?**



- **Strong Emphasis on Pollution Reduction:** Many responses highlight that the project is expected to significantly reduce pollution, indicating a primary focus on improving air and water quality as a key goal.
- **Commitment to Waste Management:** Effective waste management practices are frequently mentioned, with an emphasis on reducing waste generation and promoting recycling, which aligns with broader sustainability efforts.
- **Positive Environmental Impact and Community Engagement:** Respondents express a belief that the project will have a positive impact on the environment, supported by community awareness initiatives and education, demonstrating a commitment to fostering a culture of environmental stewardship.

**Does the company currently meet any environmental standards or certifications?**





- **Low Adherence to Environmental Standards:** Only 16% of the companies currently meet environmental standards or hold certifications, indicating that compliance is relatively low among the surveyed MSMEs.
- **Majority Lack Certifications:** A significant portion (46%) of the companies do not meet any environmental standards, highlighting a gap in environmental responsibility or awareness within the sector.
- **Uncertainty About Compliance:** 38% of respondents are uncertain about whether their company meets environmental standards, suggesting a need for better education and clarity regarding environmental compliance and certifications.

**Please specify the standard or certification.**



- **Emphasis on Pollution Control:** A significant number of entrepreneurs highlight adherence to Pollution Control Board (PCB) regulations and certifications, indicating a strong commitment to environmental compliance and sustainability practices.
- **Recognition of Food Safety and Quality Standards:** Certifications from FSSAI and ISO are frequently mentioned, reflecting the importance of food safety and quality assurance in the operations of these enterprises.
- **Growing Focus on ZED Certification:** The increasing reference to ZED (Zero Defect, Zero Effect) certification shows a trend toward improving production processes and minimizing environmental impacts, aligning with broader sustainability goals in the industry.

**Please describe how it is applied to your company.**



- **Emphasis on Compliance and Certifications:** Many entrepreneurs prioritize adherence to environmental standards and regulations, highlighting the importance of obtaining necessary certifications and licenses to operate legally and sustainably.
- **Focus on Waste Management and Sustainable Practices:** A strong commitment to effective waste management and reduction strategies is evident, with businesses implementing practices that minimize waste and promote eco-friendly products.
- **Support from Government and Community:** Entrepreneurs recognize the role of government support and procedures in establishing compliance, as well as the value of community engagement in promoting environmental education and sustainable practices.

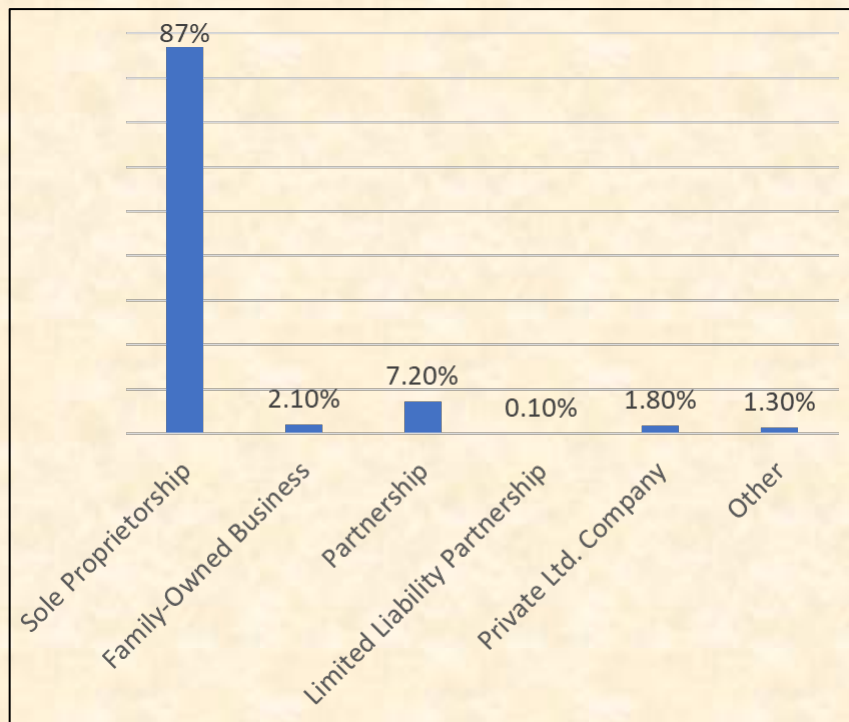


# Economic Assessment and Future Plan

4

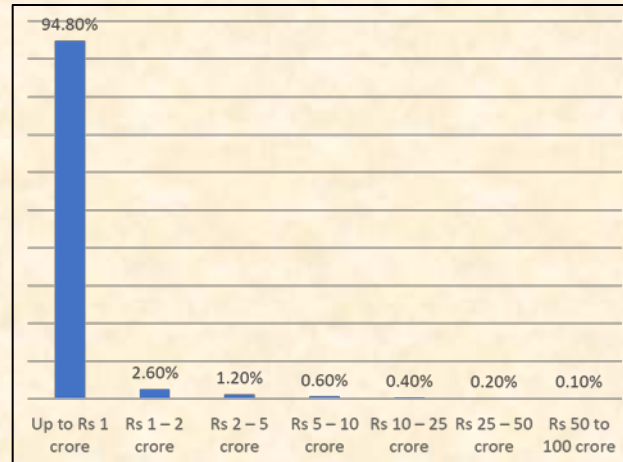


### What is type of your MSME?



- **Dominance of Sole Proprietorships:** The vast majority of MSMEs, 87%, are sole proprietorships, reflecting a common choice for individual entrepreneurship with simplified management and fewer regulatory requirements.
- **Limited Representation of Family-Owned Businesses:** Only 2.1% of MSMEs are family-owned, indicating a relatively low prevalence of traditional family business structures in the sample.
- **Small Share of Partnerships and LLPs:** Partnerships and LLPs each constitute 7.1% and 0.5%, respectively, showing that while there is some interest in shared ownership models, they are less common.
- **No Public Limited Companies:** There are no public limited companies, highlighting a lack of large-scale, publicly traded MSMEs in this sample.

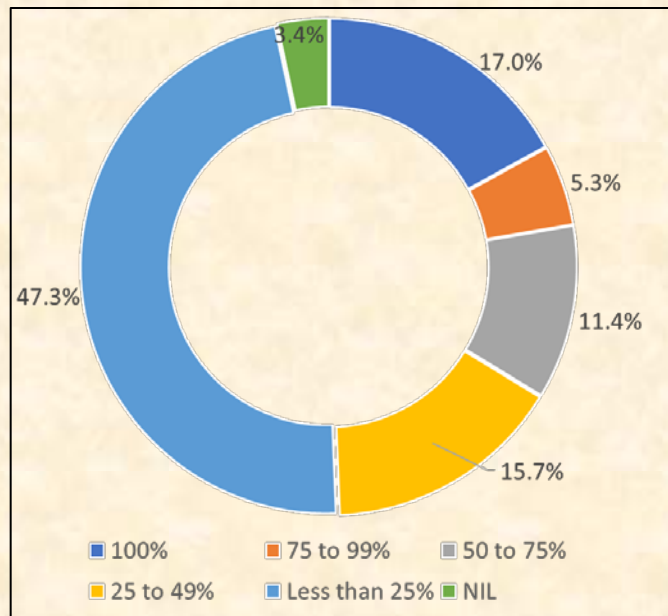
**What is your Annual turnover of your company for last financial year (2022-23)?**



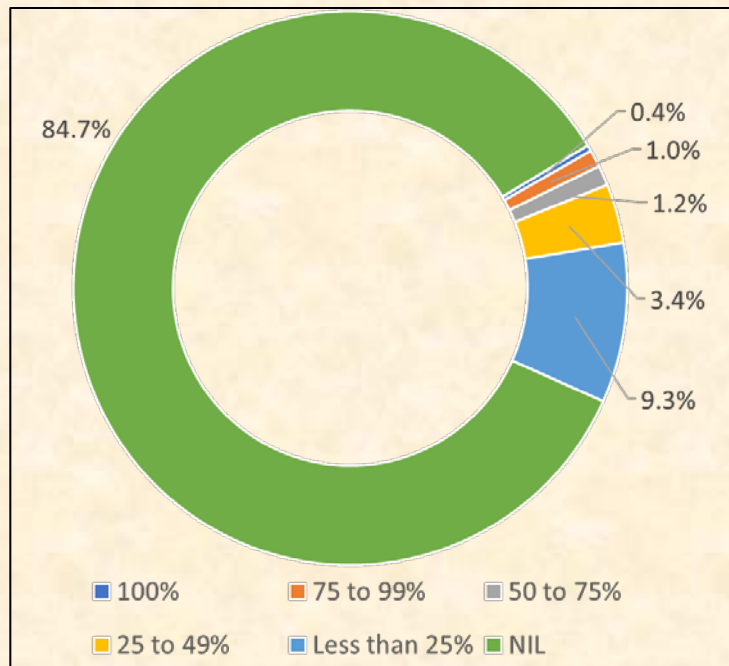
- **Predominance of Low Turnover:** The vast majority, 94.8%, of companies have an annual turnover of up to Rs 1 crore, indicating a prevalence of smaller-scale businesses.
- **Minimal Presence in Higher Ranges:** There is very little representation in turnover categories above Rs 1 crore, with negligible numbers in ranges exceeding this amount.
- **Absence of Large Turnovers:** No companies reported turnovers exceeding Rs 50 crore, highlighting a lack of larger-scale enterprises in the sample.
- **Small Incremental Growth:** The percentage of companies increases marginally with higher turnover ranges, suggesting limited upward mobility among the surveyed companies.

### Own capital in the company's capital?



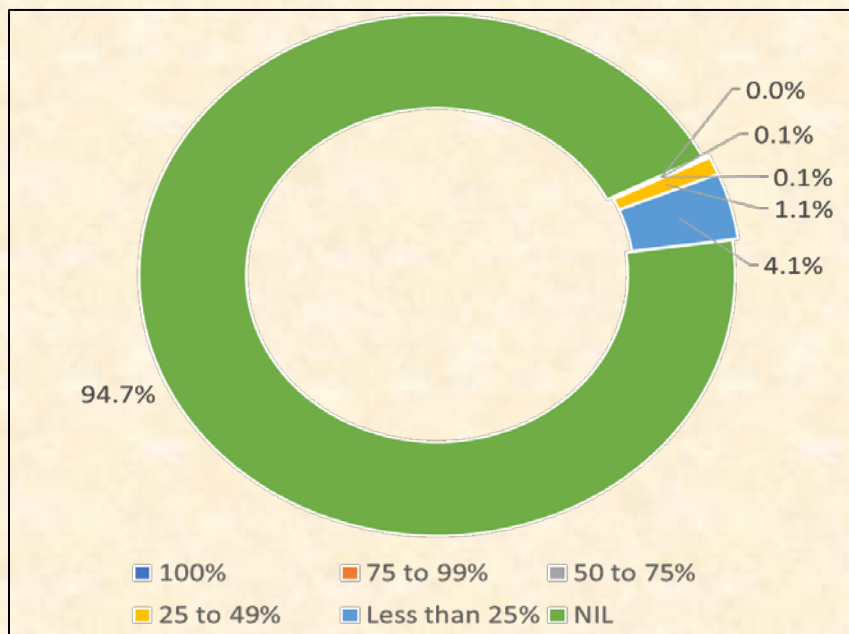


- **High Capital Contribution:** A significant portion (17.0%) of entrepreneurs fully fund their projects with their own capital, indicating strong personal commitment.
- **Low to Moderate Capital Contribution:** Only a small percentage (5.3% and 11.4%) invest between 75% to 99% or 50% to 75% of their own capital, suggesting that many entrepreneurs do not rely solely on their own funds.
- **Predominance of External Funding:** The largest group (47.3%) invests less than 25% of their own capital, indicating a reliance on external sources of funding.
- **Borrowed funds (debts) slabs**



- **NIL Borrowed Funds:** A significant 84.7% of entrepreneurs do not use borrowed funds at all.
- This indicates a high level of self-reliance or alternative sources of funding aside from debt.
- **Less than 25% Borrowed Funds:** 9.3% of entrepreneurs use less than 25% of borrowed funds.
- This suggests a moderate reliance on debt but not the primary source of funding.

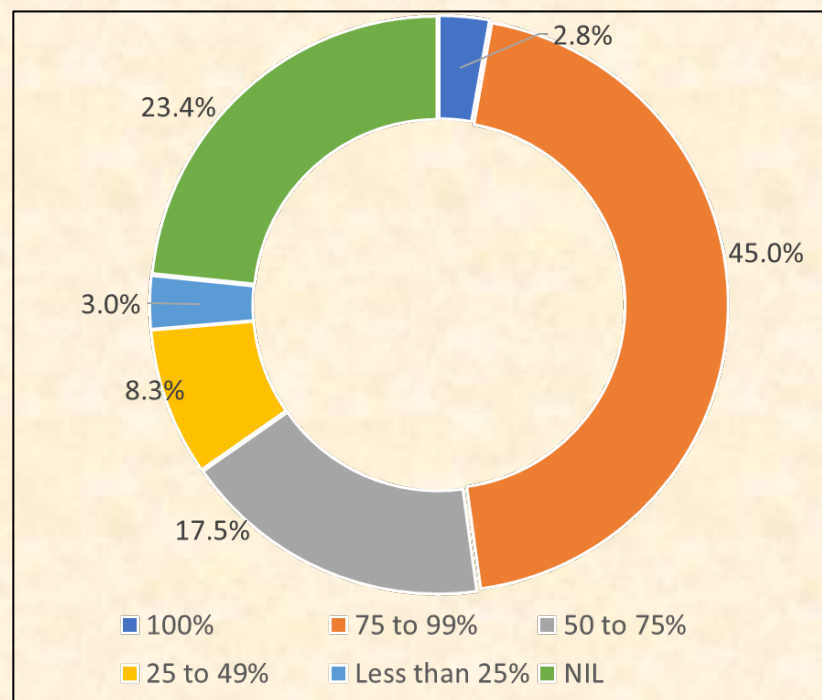
### Raised Capital through Equity



## Slabs

- **NIL Raised Capital:** A significant 94.7% of entrepreneurs do not use raised capital through equity at all. This indicates that the vast majority of entrepreneurs prefer other funding sources or do not engage in equity financing.
- **Less than 25% Raised Capital:** 4.1% of entrepreneurs use less than 25% of their capital from equity. This shows a small but notable reliance on equity financing for a minority of entrepreneurs.
- **25 to 49% Raised Capital:** 1.1% of entrepreneurs use 25 to 49% of their capital from equity. This indicates that a very small proportion uses a moderate level of equity financing.
- **Others:** Only 0.1% of entrepreneurs use 50 to 75% of their capital from equity, no entrepreneurs use 75 to 99% of their capital from equity, and a very small 0.1% of entrepreneurs rely 100% on equity for their funding.

## Bank Loans Slabs

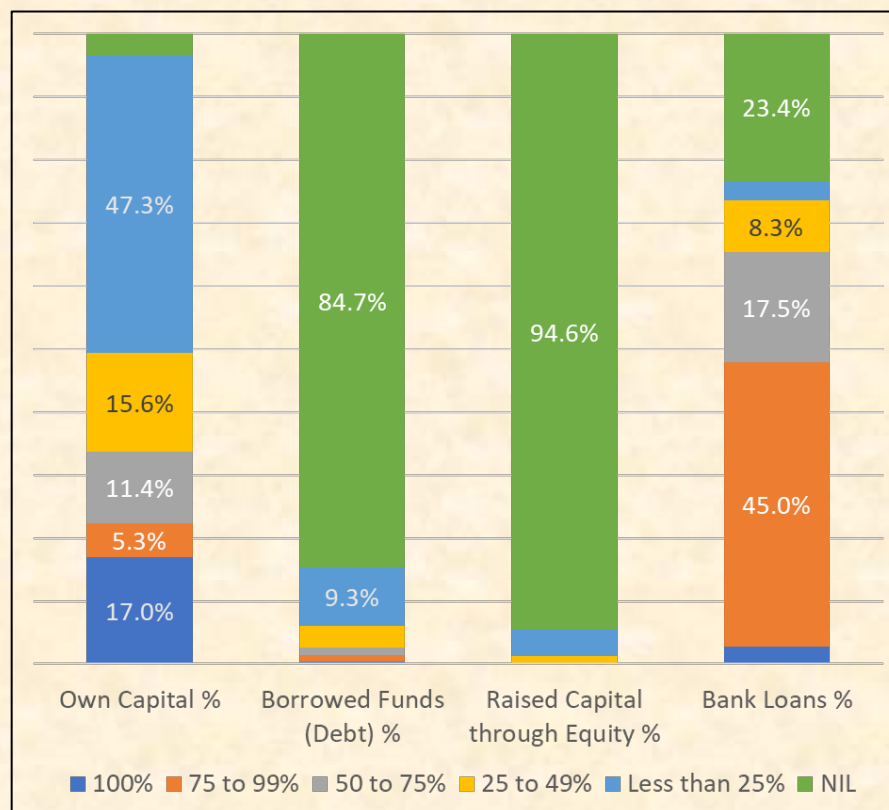


- **100% Bank Loans:** 2.8% of entrepreneurs rely entirely on bank loans for their projects, which is relatively low but indicates that some entrepreneurs do use bank loans as their sole source of funding.
- **75 to 99% Bank Loans:** A significant 45.0% of entrepreneurs use 75 to 99% of their capital from bank loans. This indicates a heavy reliance on bank loans, making it the most common

level of bank loan utilization among the entrepreneurs surveyed.

- **50 to 75% Bank Loans:** 17.5% of entrepreneurs use 50 to 75% of their capital from bank loans, showing a moderate but substantial reliance on bank loans.
- **25 to 49% Bank Loans:** 8.3% of entrepreneurs use 25 to 49% of their capital from bank loans. This indicates a moderate use of bank loans, but less pronounced than the higher slabs.
- **Less than 25% Bank Loans:** 3.0% of entrepreneurs use less than 25% of their capital from bank loans, reflecting a minimal reliance on this source.
- **NIL Bank Loans:** 23.4% of entrepreneurs do not use bank loans at all. This suggests that a significant portion of entrepreneurs rely on other sources of funding and avoid bank loans.

### Analysis of MSME Capital Composition

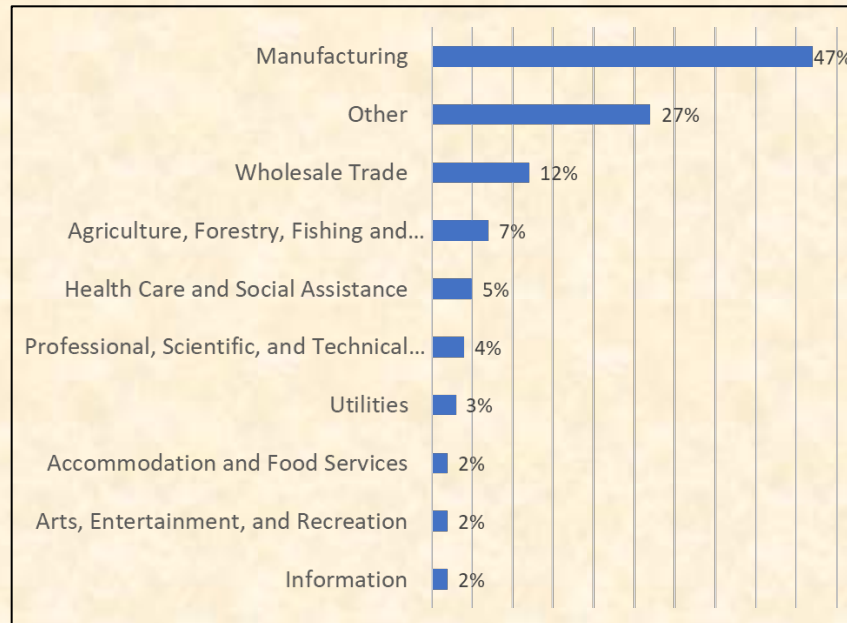


- **Own Capital:** 47.3% use less than 25% of own capital, followed by 17% with 100% own capital, with no external capital.
- **Borrowed Funds (Debt):** Dominates in the NIL slab, indicating most MSMEs do not rely on debt.
- **Raised Capital through Equity:** Highest in the NIL slab, showing that the MSMEs do not choose this route for financing.



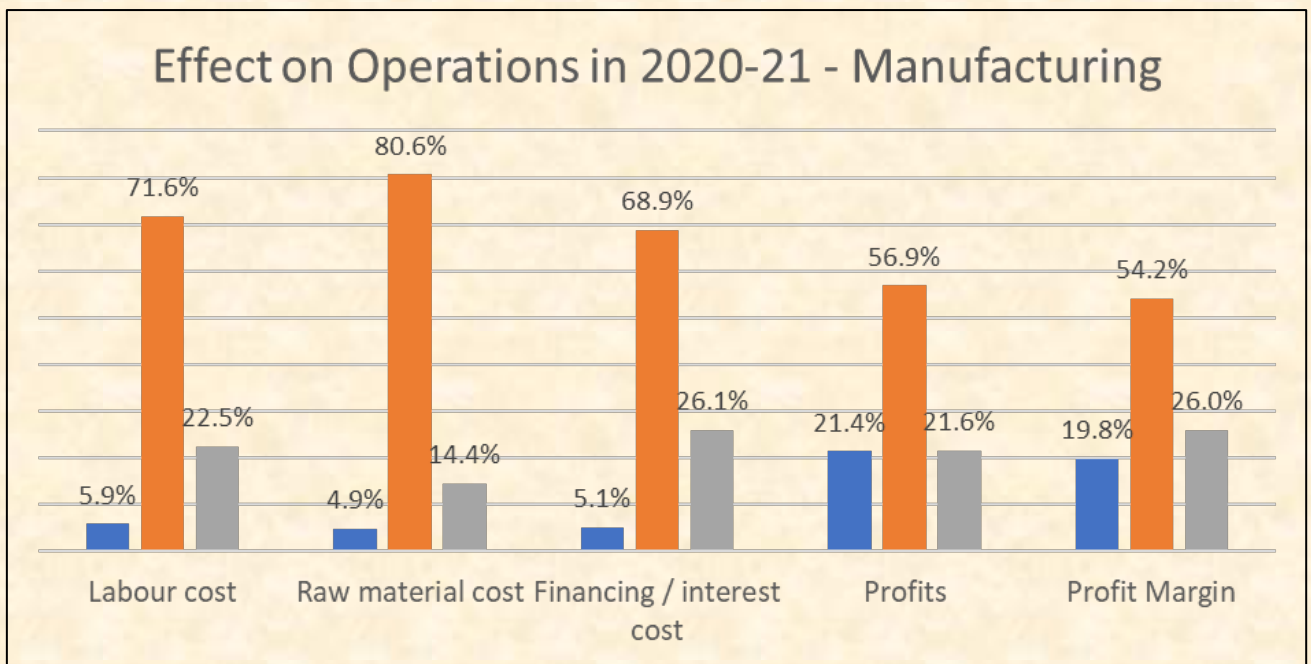
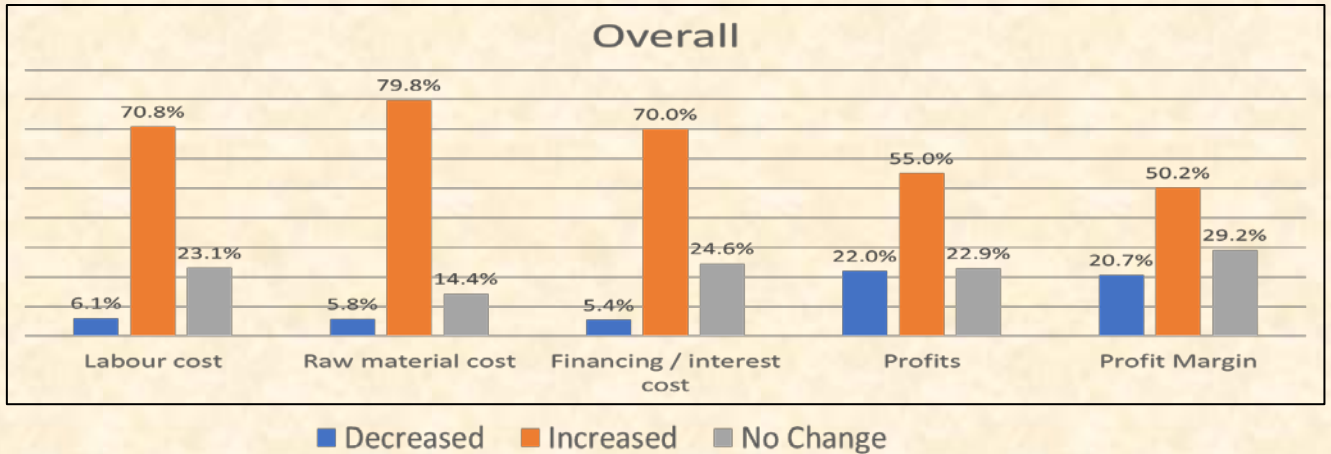
- **Bank Loans:** Highest in the 75 to 99% slab, reflecting substantial use of bank financing. MSMEs use this route a lot as per figures.

#### Top 10 Sectors Companies operate/invest in

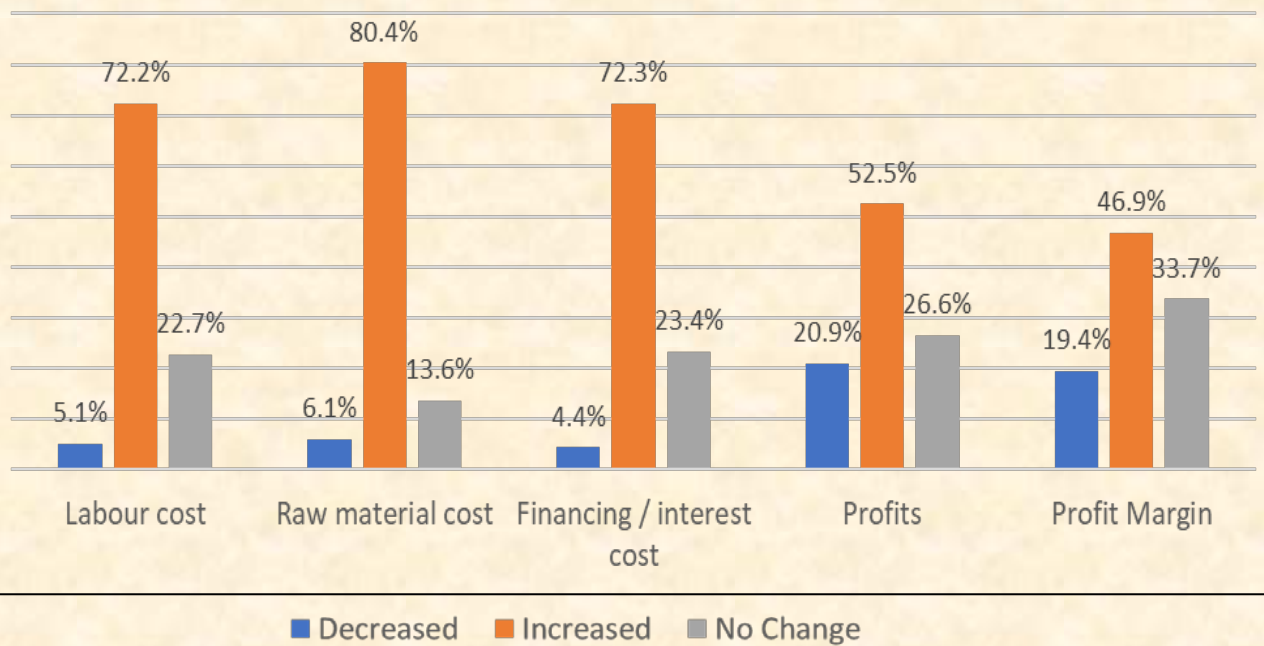


- **Dominance of Manufacturing:** Manufacturing is the most prominent sector, highlighting its central role in the entrepreneurial landscape.
- **Limited Presence in Certain Sectors:** Sectors such as Mining, Utilities, Finance and Insurance, and Real Estate show very low representation.
- **Diverse "Other" Category:** The significant 27% in the "Other" category suggests a variety of sectors not captured by the predefined options, indicating diverse business interests.
- **Sector-Specific Participation:** Certain sectors like Health Care and Social Assistance, and Arts, Entertainment, and Recreation have modest participation, reflecting niche market interests.

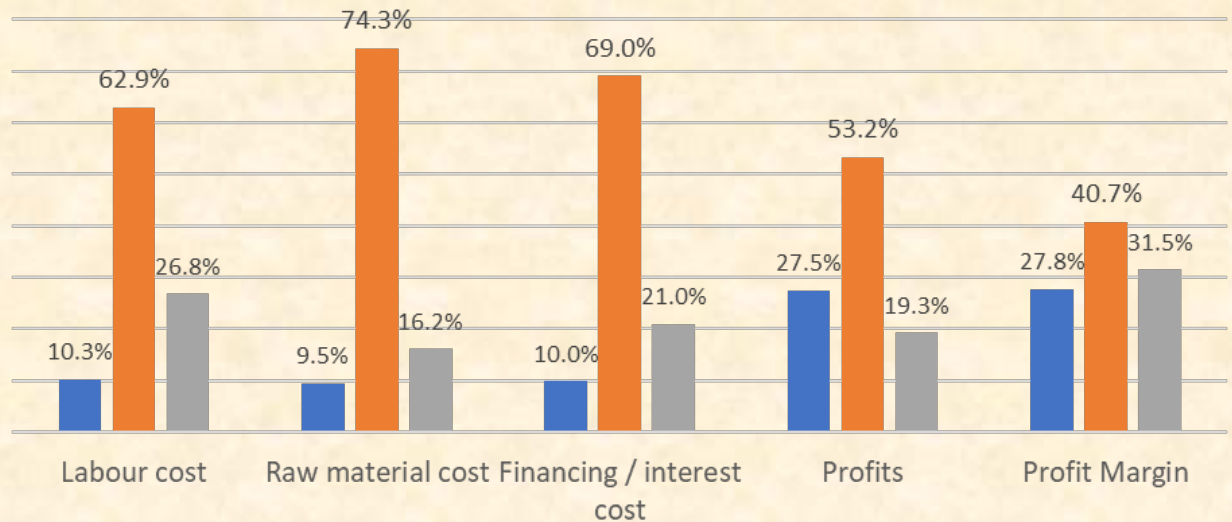
#### Effect on Operation Cost in 2020-21



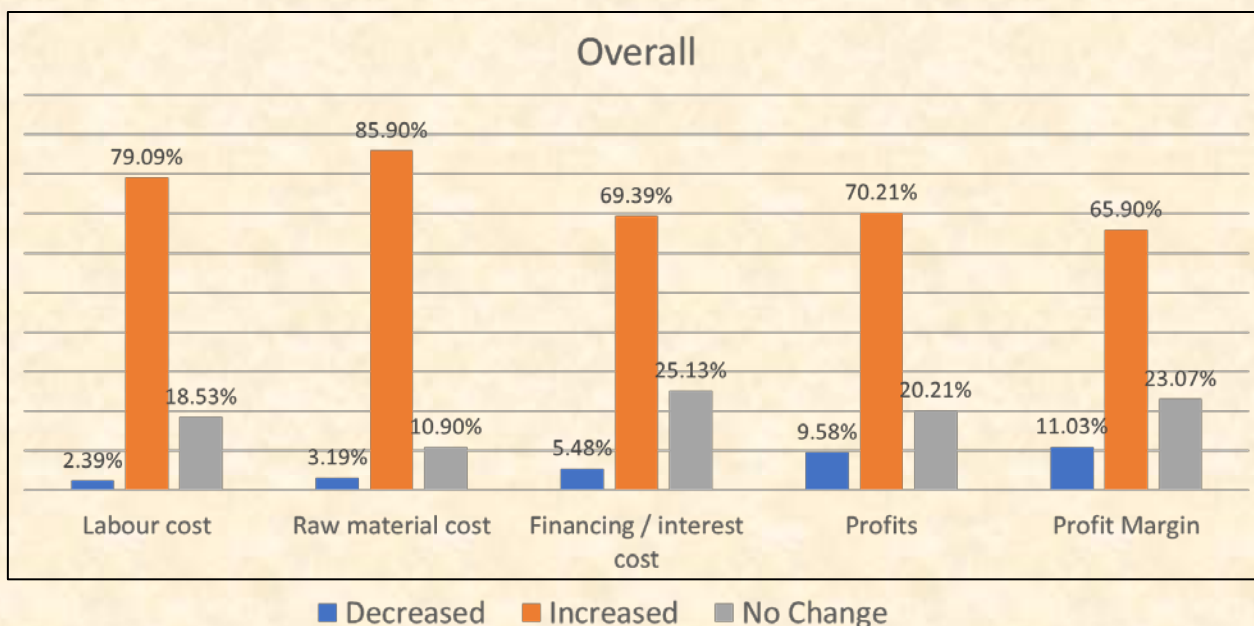
### Effect on Operations in 2020-21 - Service



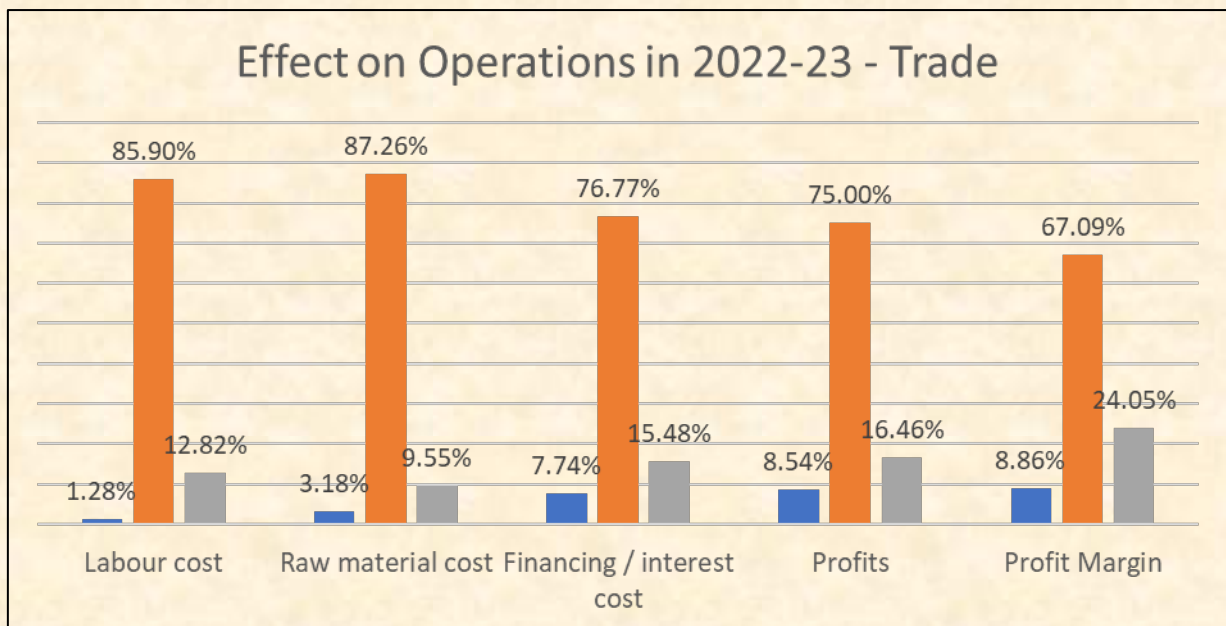
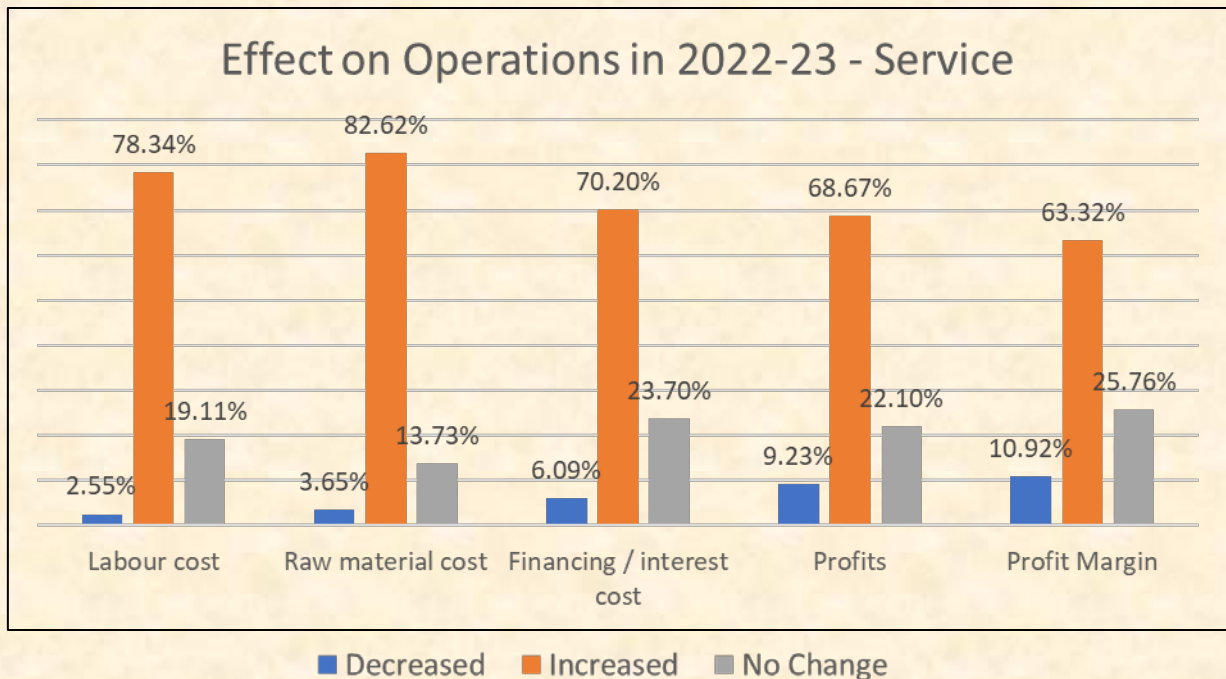
### Effect on Operations in 2020-21 - Trade



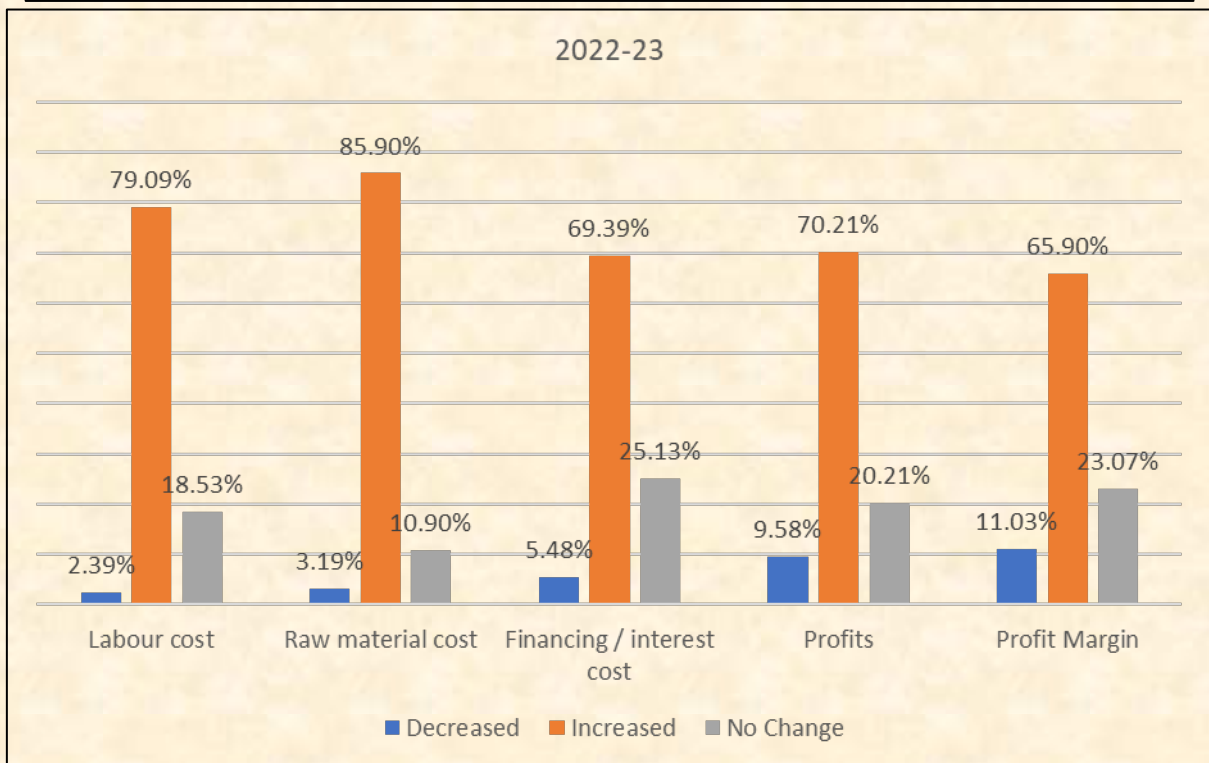
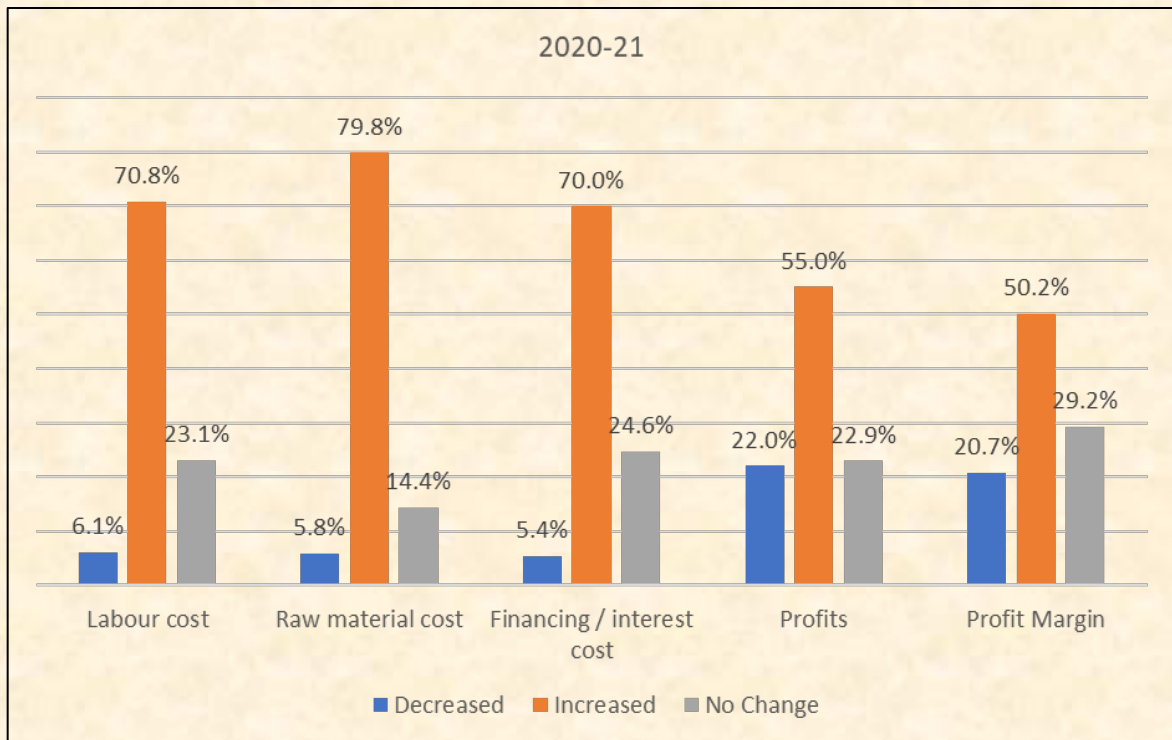
### Effect on Operation Cost in 2022-23



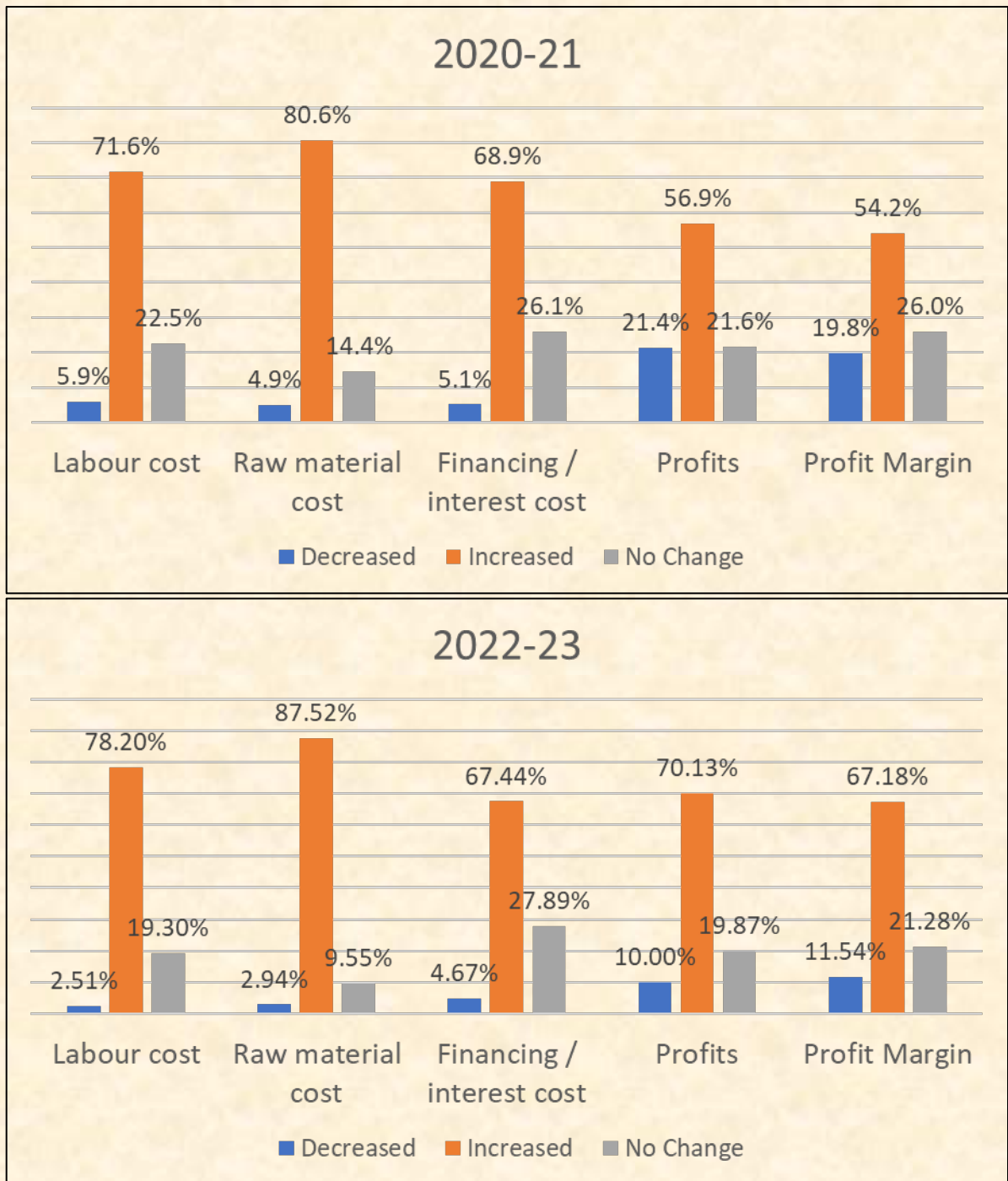




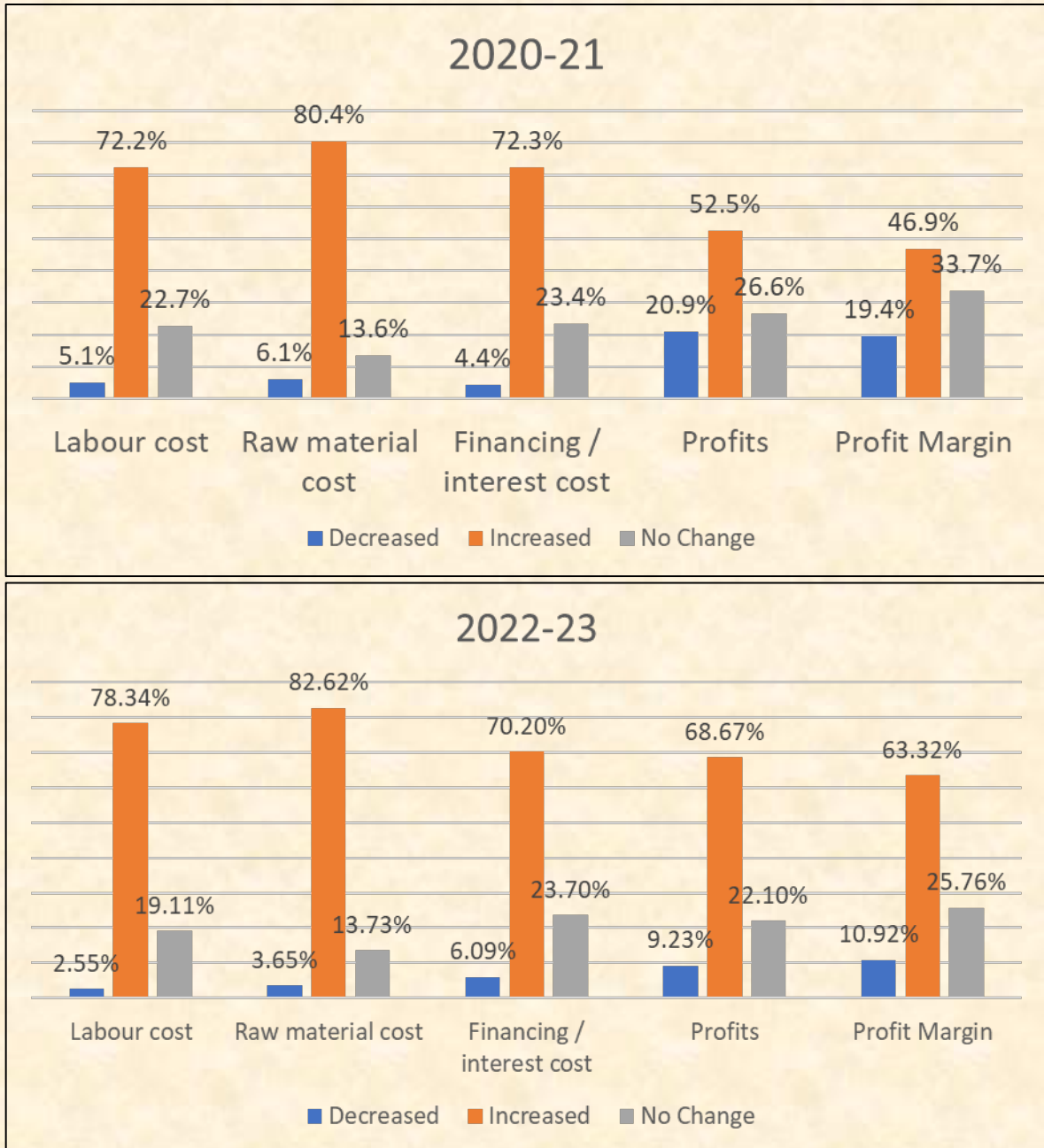
### Comparison of Effect on Operation Cost in 2020-21 and 2022-23 – Overall



**Comparison of Effect on Operation Cost in 2020-21 and 2022-23 - Manufacturing**

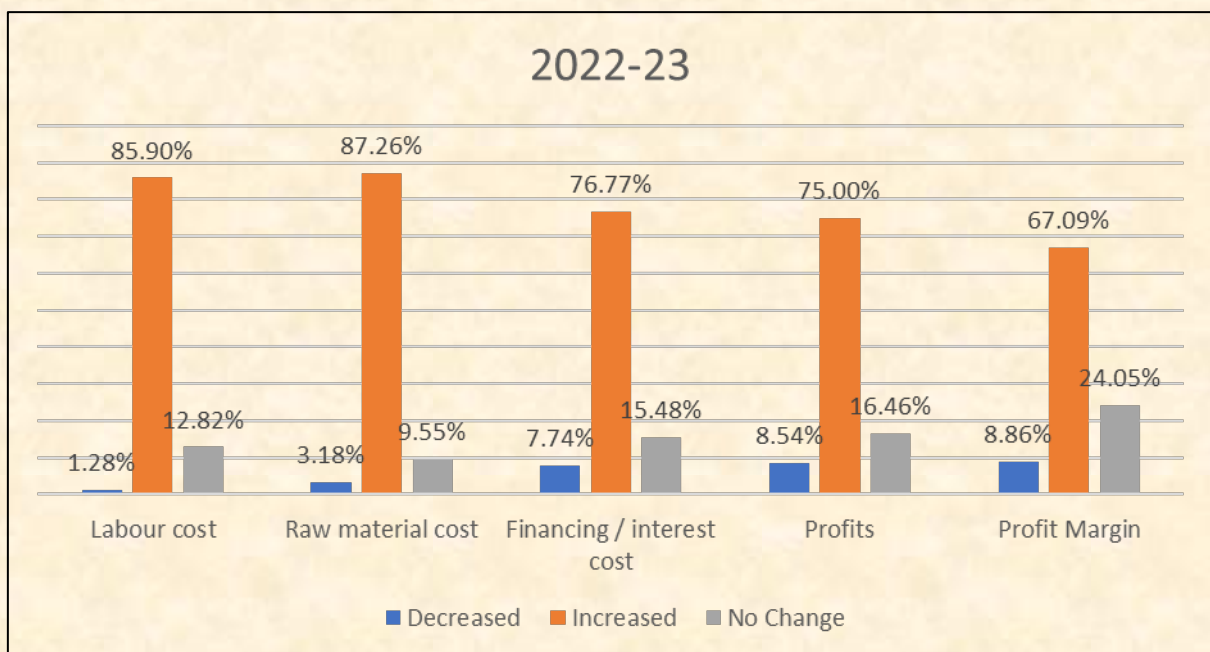
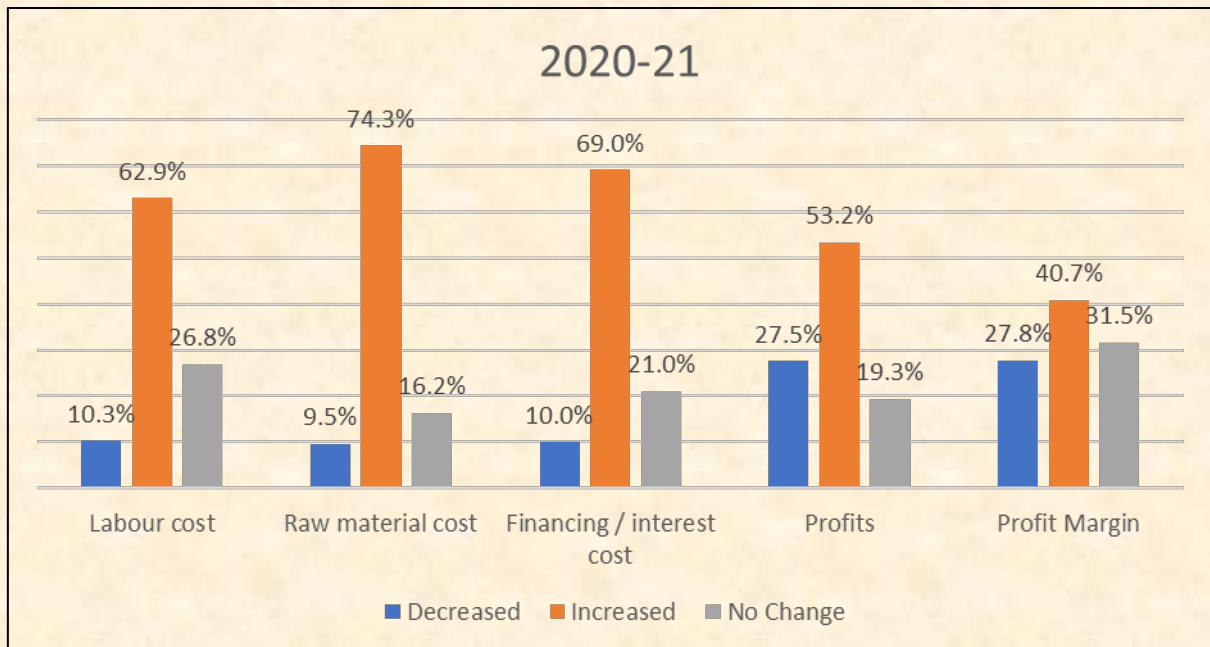


Comparison of Effect on Operation Cost in 2020-21 and 2022-23 - Service

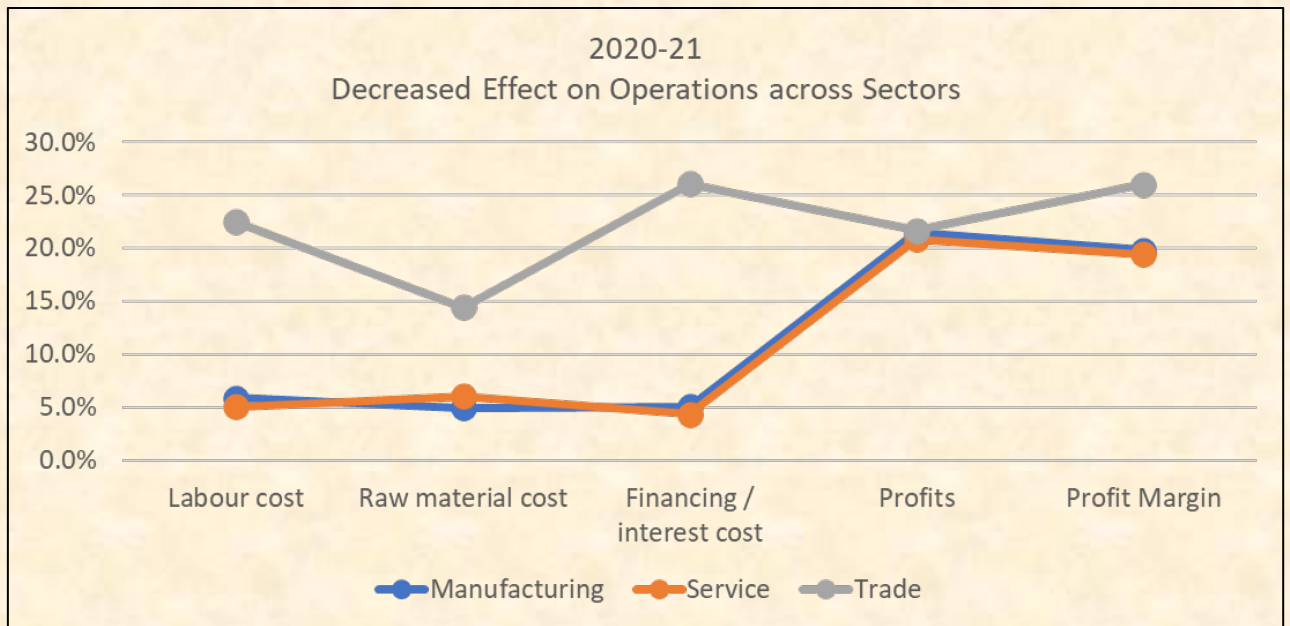


**Comparison of Effect on Operation Cost in 2020-21 and 2022-23 – Trade**



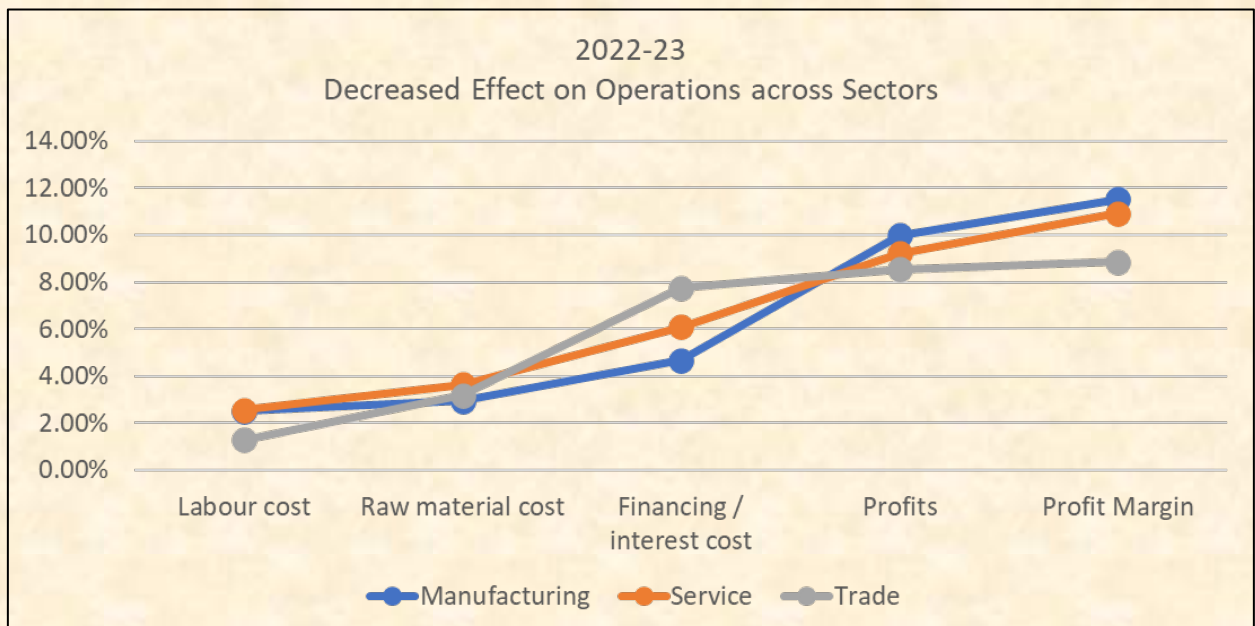


**Comparison in effect on Operations: Decreased**

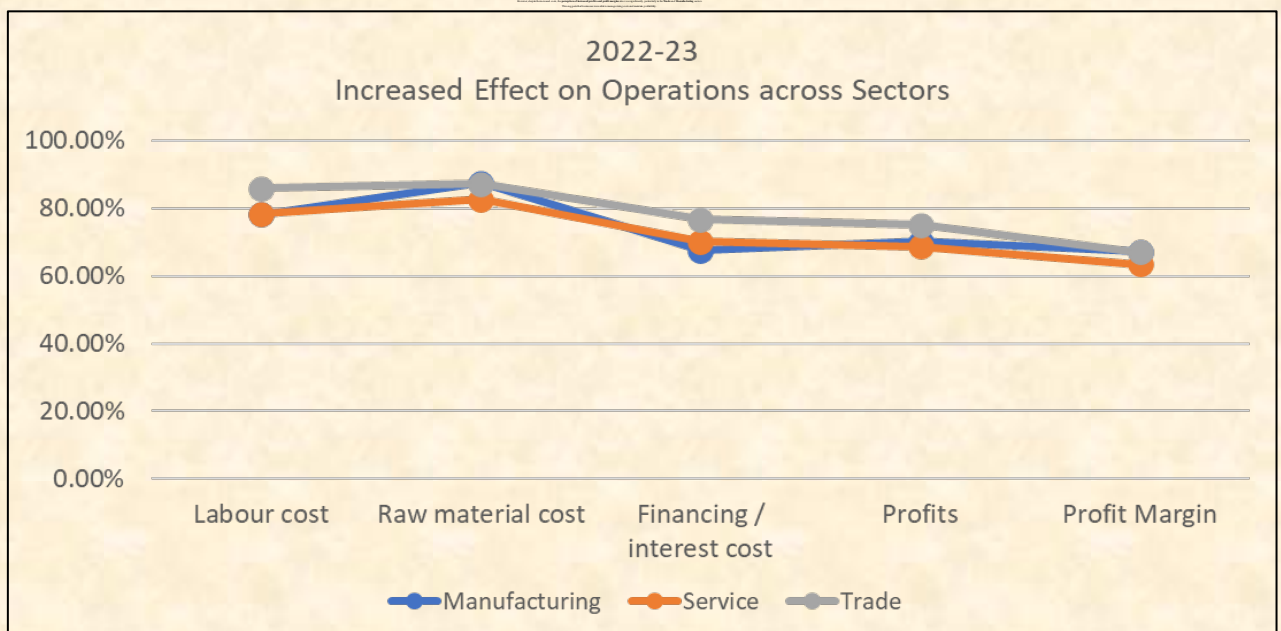
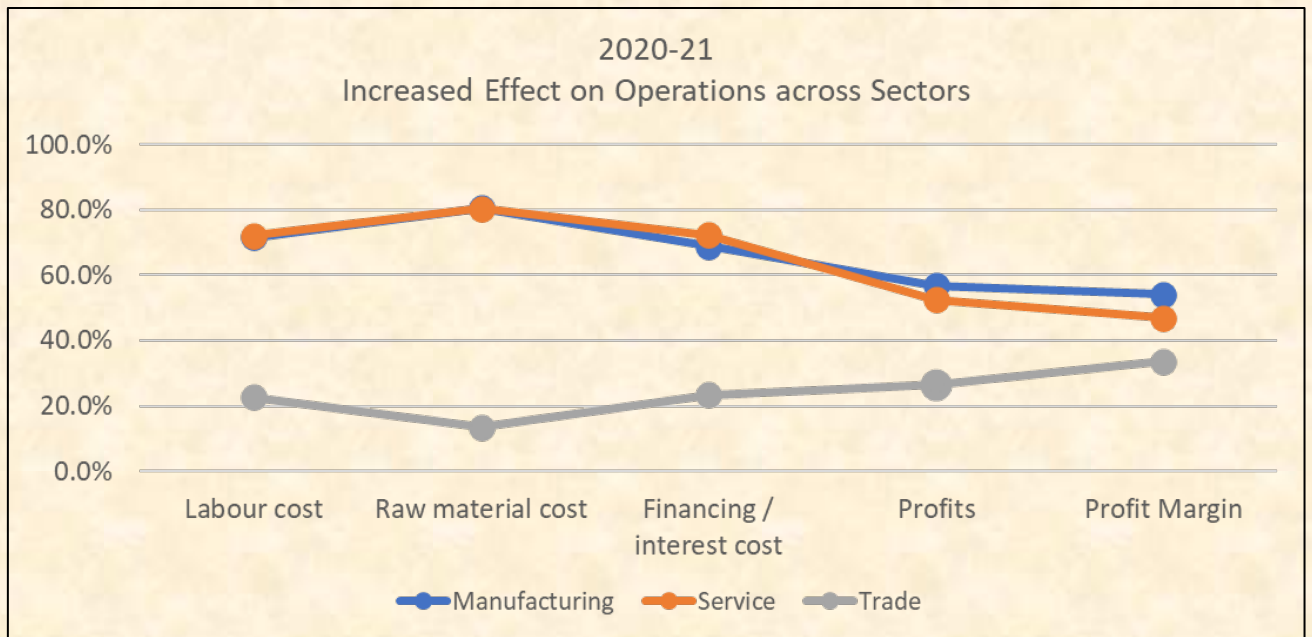


Across all sectors, the **perception of decreases** (in **Labour costs**, **Raw material costs**, **Financing costs**, **Profits**, and **Profit Margins**) **declined sharply** in 2022-23 compared to 2020-21.

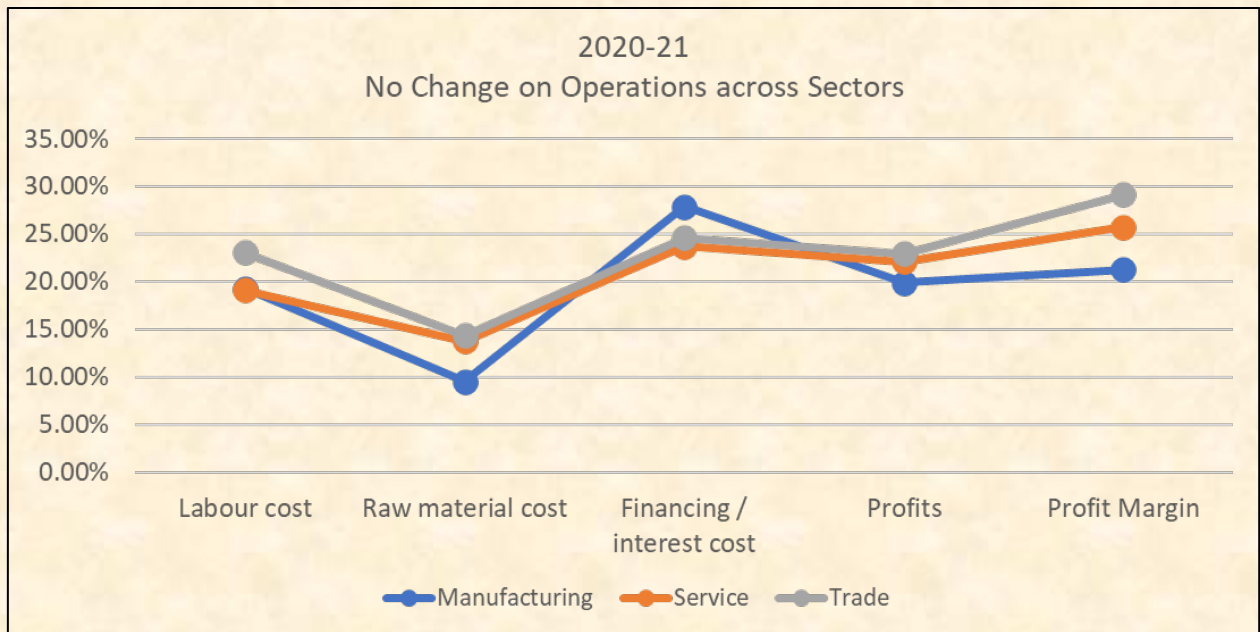
MSMEs in 2022-23 felt that fewer of these factors were decreasing, indicating a more stable or growing environment



**Comparison in effect on Operations: Increased**

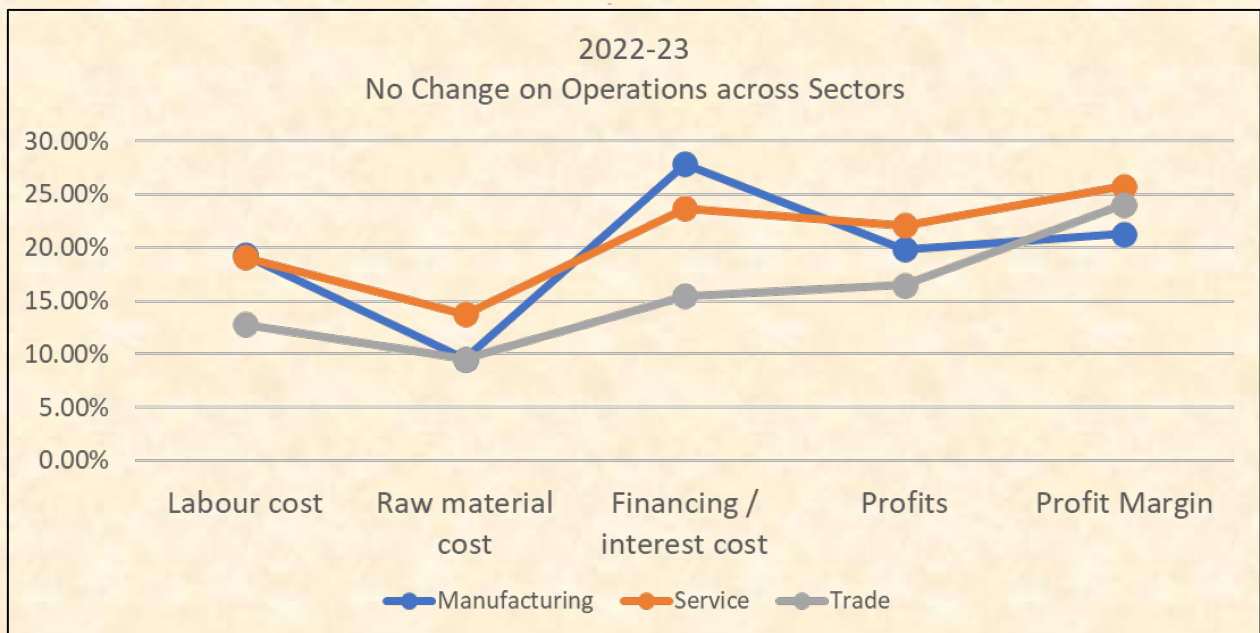


**Comparison in effect on Operations: No Change**



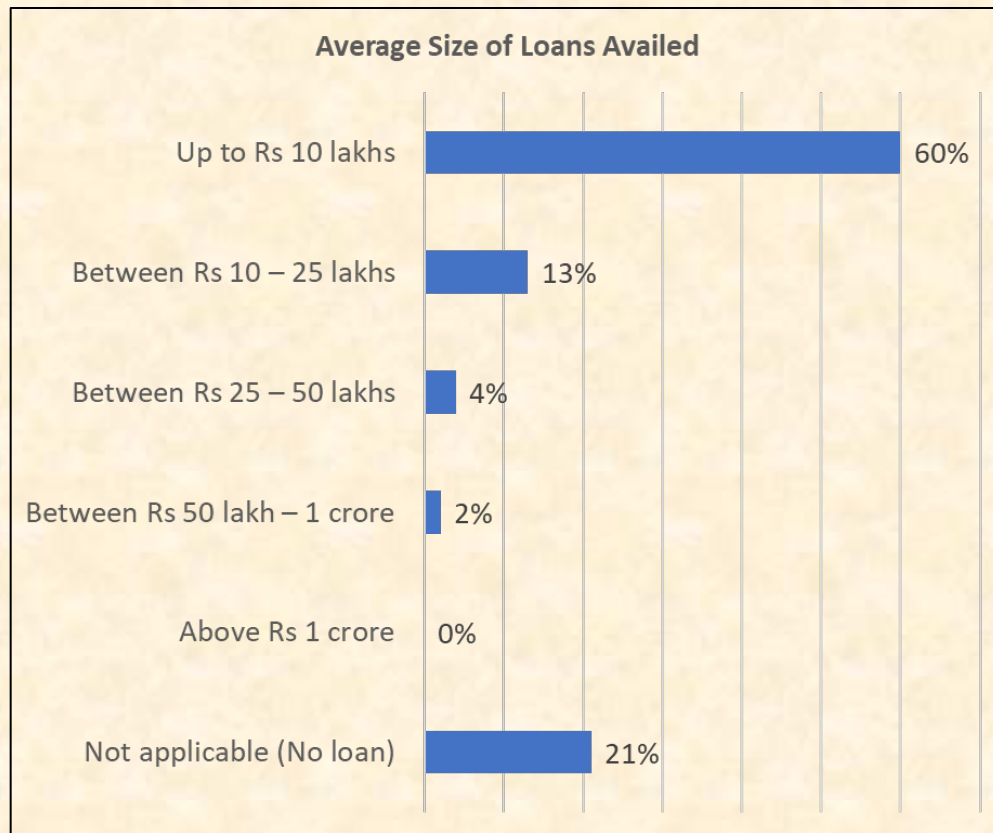
Across all sectors, there was a **decline in the perception of no change** in most parameters, indicating greater variability in costs and profits during 2022-23 compared to 2020-21.

This suggests that MSMEs experienced more shifts (increases or decreases) in costs and profitability, with fewer businesses feeling that their operations remained stable.



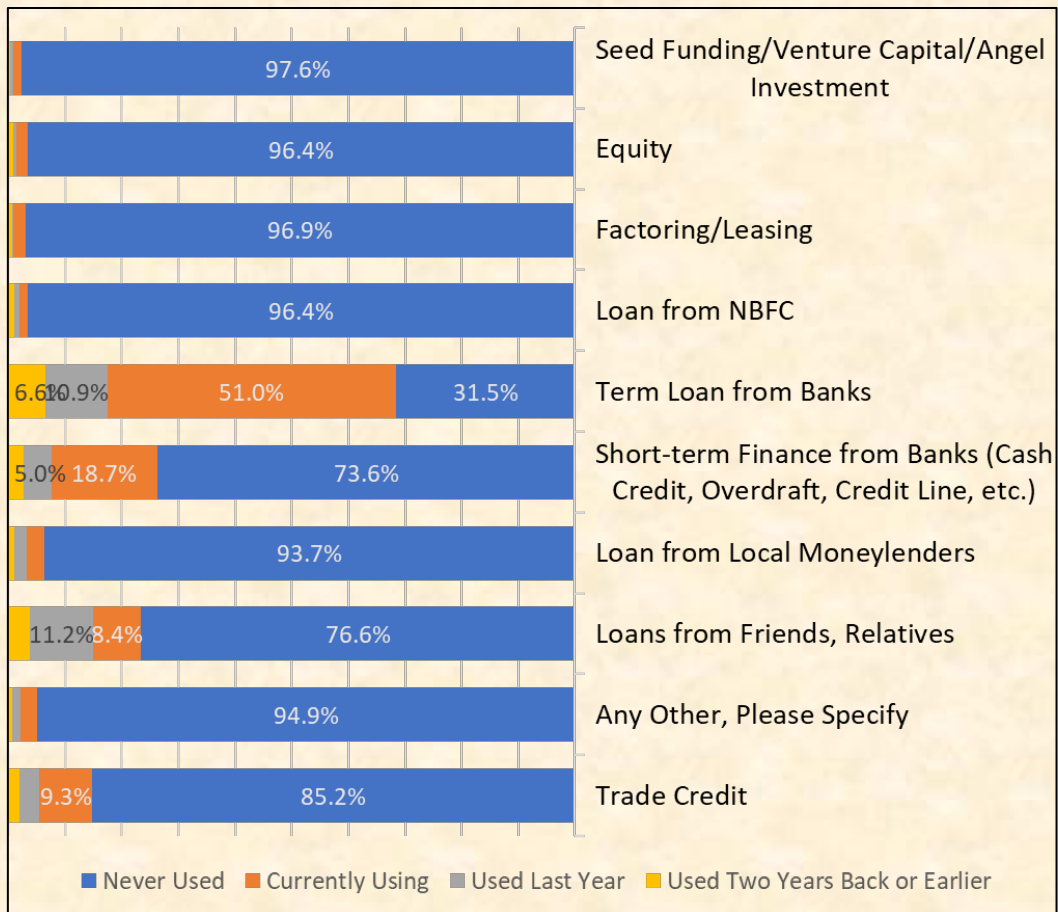
**Please indicate the average size of loans availed by your firm in the past from banks or financial institutions?**





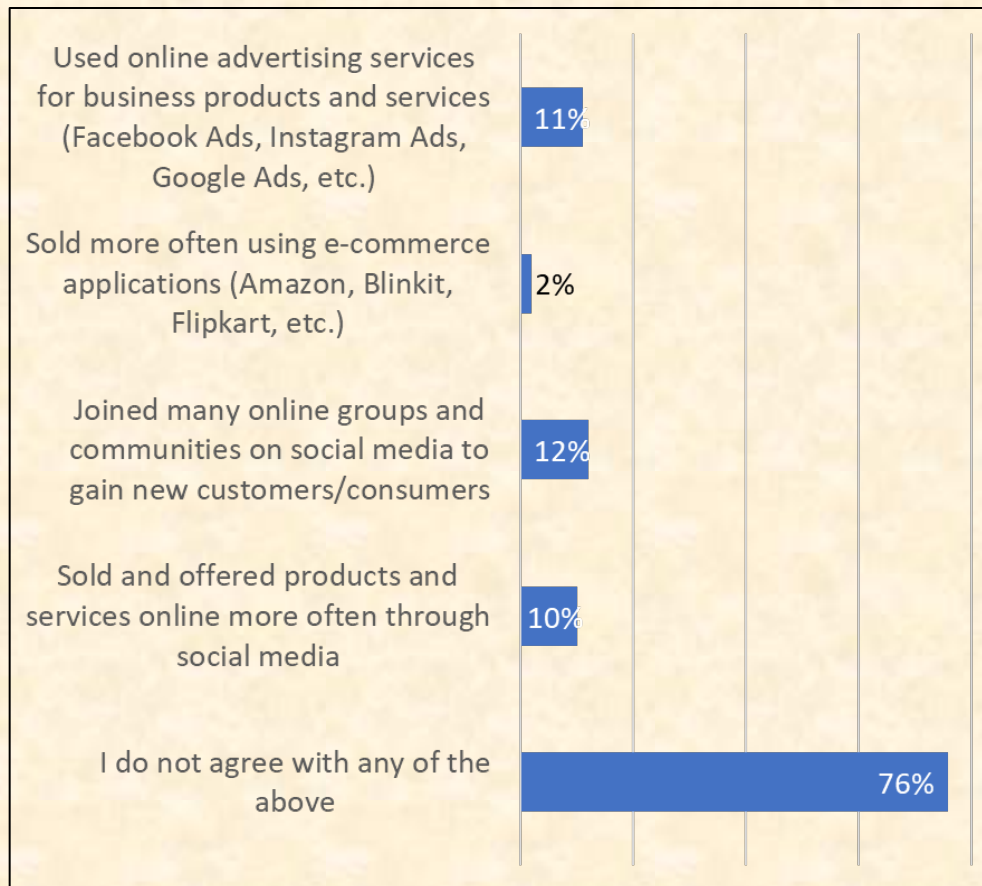
- **Prevalence of Small Loans:** The vast majority of firms have availed loans of up to Rs 10 lakhs, indicating a preference or need for smaller loan amounts.
- **Low Representation in Larger Loans:** Very few firms have obtained loans larger than Rs 50 lakhs, with no loans reported above Rs 1 crore, suggesting limited access or demand for larger loan sizes.
- **Significant Non-Applicability:** A notable 21% of firms have not availed any loans, which could reflect either self-financing capabilities or other financial strategies.
- **Gradual Decrease in Loan Size:** As the loan size increases, the percentage of firms obtaining these loans decreases significantly, indicating that larger loans are less common

#### **Types of External Sources of Finance**



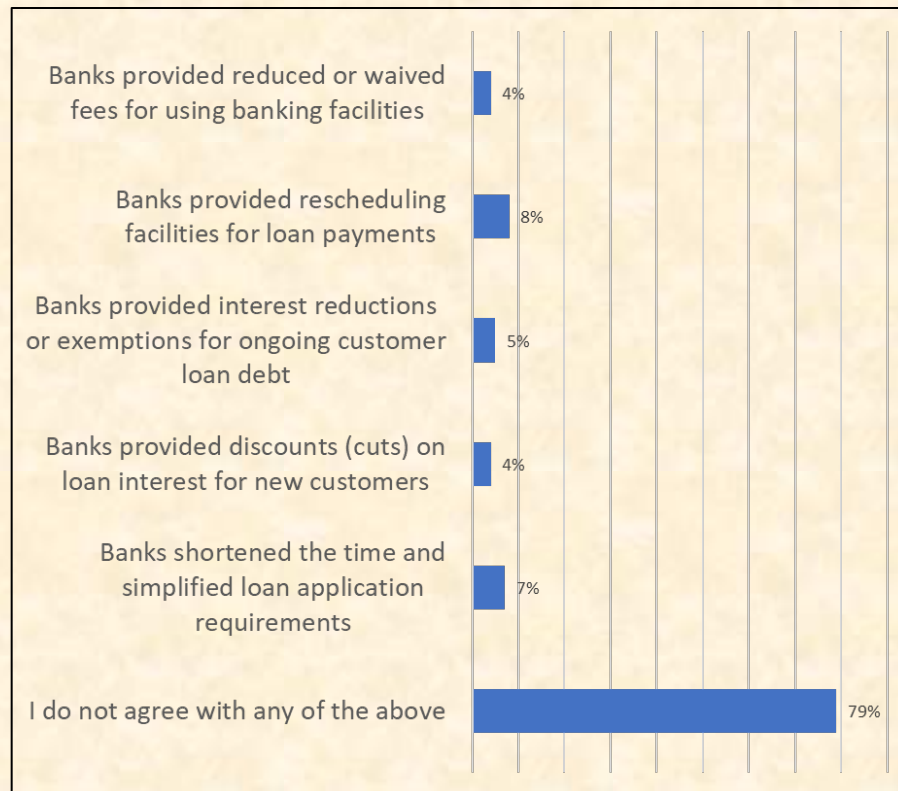
- **High Non-Usage Rates:** Trade Credit, Factoring/Leasing, and Seed Funding/Venture Capital/Angel Investment have high percentages of firms that have never used these sources, indicating limited adoption or relevance.
- **Active Use of Term Loans and Short-term Finance:** Term Loans from Banks and Short-term Finance from Banks show significant current use, highlighting their importance for business financing.
- **Low Current Use of Alternative Financing:** Loans from Friends/Relatives, Local Moneylenders, and Equity show low current usage, suggesting either limited availability or preference for more formal financing channels.
- **Historical Usage Patterns:** Loans from Friends/Relatives and Local Moneylenders have seen substantial usage in the past, indicating historical reliance on informal sources.

#### Template for Technology Adaption and Sustainability during Crisis?



- **Dominance of Non-Adoption:** A significant 76% of firms did not adopt any of the specified technological adaptations, indicating a substantial portion of businesses either did not change their technology use or did not perceive the listed methods as relevant.
- **Social Media Usage:** 10% of firms reported increased use of social media for selling and offering products and services, reflecting a moderate shift towards leveraging social platforms for business.
- **Online Communities and Advertising:** 12% of firms joined online groups for customer acquisition, and 11% used online advertising services, showing some engagement with digital marketing and community strategies.
- **E-commerce Adoption:** Only 2% of firms used e-commerce platforms more frequently, suggesting that e-commerce adoption was relatively limited compared to other digital strategies.

#### **Preferential Policies of Banks:**

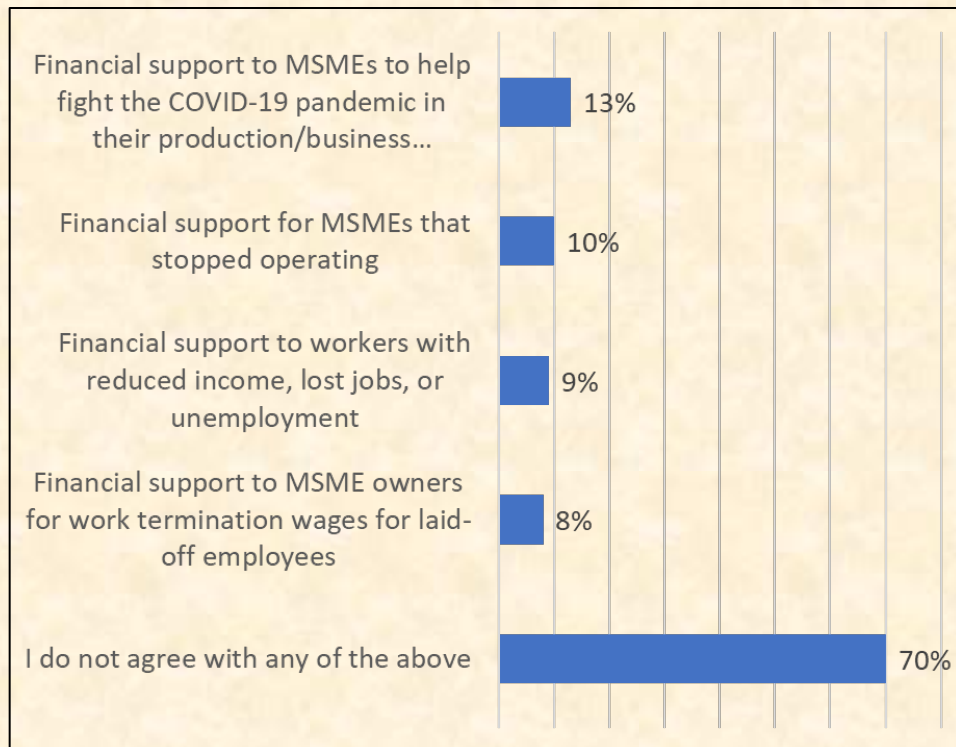


- **High Non-Agreement Rate:** A substantial 79% of firms reported that they did not agree with any of the preferential banking policies listed, indicating a broad perception that they did not receive the expected relief or support from banks.
- **Simplified Loan Applications:** 7% of firms experienced shortened times and simplified loan application requirements, suggesting that some firms did benefit from streamlined processes.
- **Interest Discounts and Reductions:** 5% of firms received discounts on loan interest for new customers, and 4% received interest reductions or exemptions for ongoing customer loan debt, indicating limited uptake or availability of these benefits.
- **Rescheduling and Fee Reductions:** 8% of firms accessed rescheduling facilities for loan payments, and 4% benefited from reduced or waived banking fees, reflecting some level of support but still relatively low compared to non-adoption.

### Financial Support from the Government

(to increase MSME business finances through a fiscal scheme during the COVID-19 crisis)



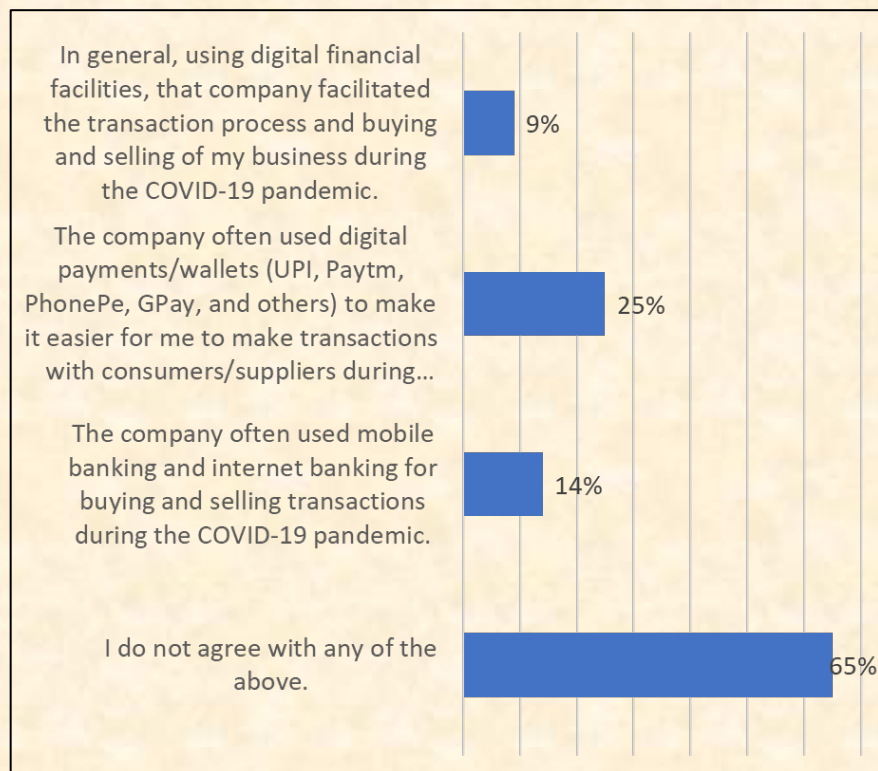


- **High Non-Agreement Rate:** A significant 70% of firms did not receive any of the listed forms of government financial support, indicating a widespread perception of insufficient or ineffective aid during the pandemic.
- **Support for Work Termination Wages:** 8% of firms reported receiving financial support to cover work termination wages for laid-off employees, reflecting a relatively low level of targeted assistance for this issue.
- **Support for Workers with Reduced Income:** 9% of firms benefited from financial support for workers who experienced reduced income or unemployment, indicating limited outreach or effectiveness of such measures.
- **Support for Stopped Operations:** 10% of firms received support for business actors or MSMEs that ceased operations, showing some level of targeted assistance but still limited in scope.
- **Support for Fighting COVID-19:** 13% of firms received support to help fight the COVID-19 pandemic in their production environments, which is higher but still shows limited coverage compared to the overall need.

### **Innovative Financial Practice**

(MSMEs' ability to use the latest digital financial products and services for operational and

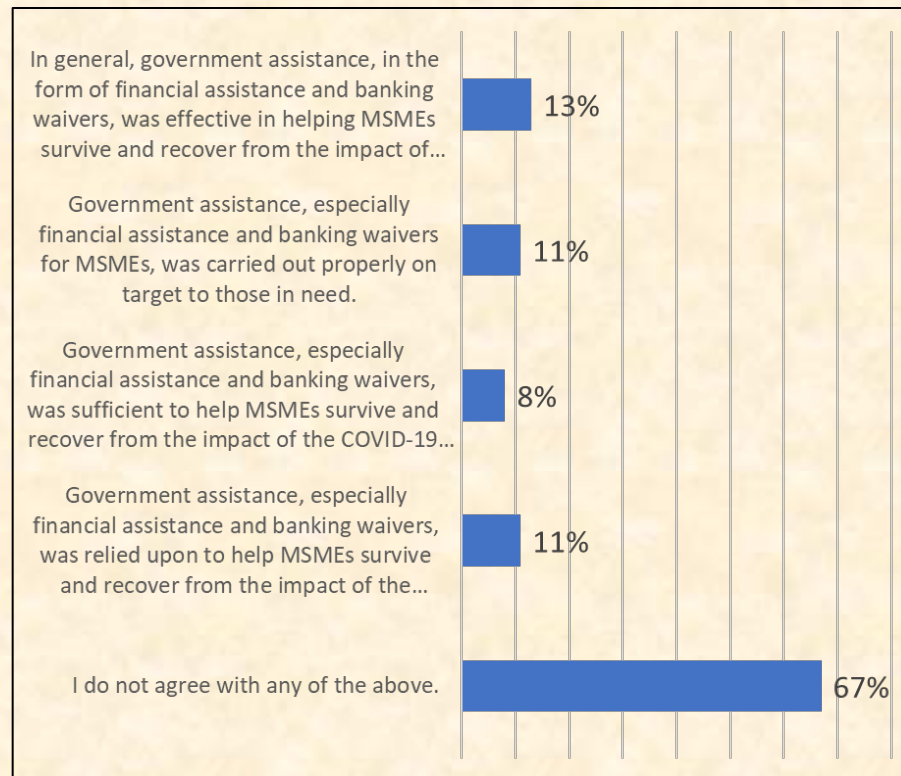
investment efficiency)



- **High Non-Engagement Rate:** A significant 65% of firms did not use any of the listed digital financial practices, indicating that a large majority of MSMEs either did not adopt these technologies or did not find them relevant during the pandemic.
- **Digital Payments/Wallets Usage:** 25% of firms frequently used digital payments/wallets for transactions, reflecting a notable but not overwhelming level of adoption for this method.
- **Mobile and Internet Banking:** 14% of firms often used mobile and internet banking for transactions, suggesting some engagement with digital banking services.
- **General Facilitation by Digital Facilities:** Only 9% of firms reported that digital financial facilities significantly facilitated their business processes, indicating limited impact or utilization of these tools.

### Perceived Policy Effectiveness

(The effectiveness of the implementation of government assistance policies felt by MSME actors as measured by their subjective assessment)



- **Low Perceived Effectiveness:** Only 13% believed that the assistance was effective in helping MSMEs recover, suggesting that the support might not have met expectations or been impactful for many businesses.
- **Targeting Concerns:** Only 11% of respondents felt that the assistance was properly targeted, hinting at potential gaps in reaching the right MSMEs in need.
- **Relatively Few Felt Assistance Was Sufficient:** The lowest response (8%) was for the sufficiency of government assistance, which implies that financial or banking support measures were perceived as inadequate for business recovery.

### Sustainable Financial Performance

The ability of a business to maintain a profitable financial condition and avoid financial difficulties as measured by a subjective assessment of **Return on Assets (ROA)**

- **Positive Growth in Profitability and ROA:** Many businesses reported an increase in profitability and performance post-pandemic, with improvements in ROA being implied. Majority of responses mentioned profit increases, indicating a trend towards sustainable financial recovery and growth.
- **Steady or Improved Financial Performance:** The next higher set of responses reflected that businesses are performing well, with some noting stable growth. These responses suggest that



companies have adapted post-pandemic and are achieving sustainable financial health through better management of assets and resources.

- **Better Sales Conditions Supporting Financial Stability:** In many instances, respondents noted improved sales conditions compared to the pandemic period. This suggests that increased sales are contributing to more stable financial performance, which would reflect positively on ROA as businesses optimize the utilization of assets.
- **Challenges in Recovery or Financial Sustainability:** Lesser number of the instances mentioned businesses still recovering from financial difficulties, with some citing lower profitability or challenges with maintaining a steady ROA. These responses highlight ongoing efforts to achieve long-term financial sustainability but indicate that some enterprises are still navigating the post-pandemic environment.



## Sustainable Financial Performance

The ability of a business to maintain a profitable financial condition and avoid financial difficulties as measured by a subjective assessment of Return on Equity (ROE)

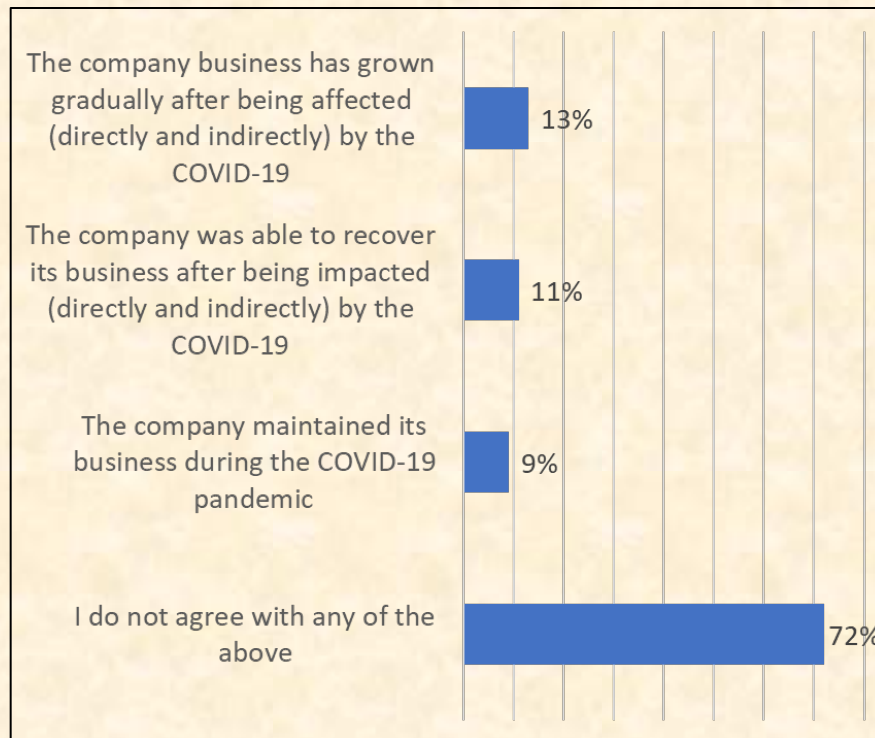
- **Increased Profitability:** A large number of businesses reported improved financial performance, with increased profits and better Return on Equity (ROE) compared to the pandemic period. Businesses are seeing stronger growth and profitability as markets stabilize post-pandemic.
- **Good or Improved Performance:** Many respondents indicated that their businesses are performing well, with steady or improving financial health. The general sentiment reflects optimism about the ability to sustain profitable operations.











- **Small proportion of sustained or recovered businesses:** Only a combined 24% of businesses either maintained operations, recovered, or grew after the pandemic, indicating a relatively low rate of resilience among MSMEs.
- **Significant struggle in recovery:** The 75% who disagreed with the positive statements underscores the difficulty many MSMEs faced in both survival and recovery, potentially pointing to deeper structural or financial challenges exacerbated by the pandemic.
- **Gradual recovery for some:** The 13% of businesses that reported gradual growth after the pandemic may reflect sectors that adapted well to changing market conditions, or businesses that successfully pivoted during the crisis.



**Responses for MSMEs that started during and after the start of the Year of**

## Enterprises initiative

**How much did the Year of Enterprises financial scheme and other schemes and policies help you?**

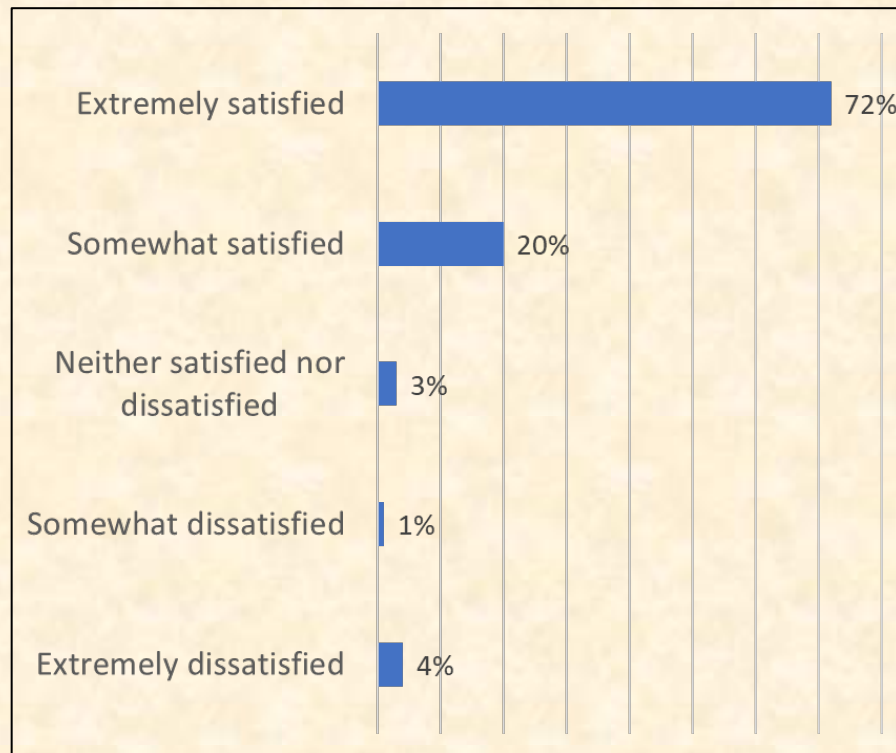
- **Financial Assistance as a Primary Need:** A significant portion (25.68%) of respondents highlighted that they received help in obtaining loans or financial support. This indicates a strong reliance on financial aid for business sustainability and growth.
- **Satisfaction with Support Services:** Positive overall experiences were reported by 18.64% of participants, showing that many find value in the services provided, contributing to their business success.
- **Scheme Utilization:** 18.92% of respondents benefited from specific government schemes, such as PMEGP and OFOE. This suggests that awareness and access to these schemes play a crucial role in entrepreneurship development.
- **Need for Documentation and Compliance Support:** The need for assistance with licensing and registration (8.65%) and help from EDEs or industry departments (11.08%) indicates that bureaucratic processes remain a challenge for many entrepreneurs.
- **Limited Awareness of Additional Support:** Themes like marketing assistance (1.89%) and training programs (5.68%) received lower frequencies, suggesting that while they are essential for growth, many entrepreneurs may not be aware of these resources or find them less impactful compared to financial assistance.



## Top Responses

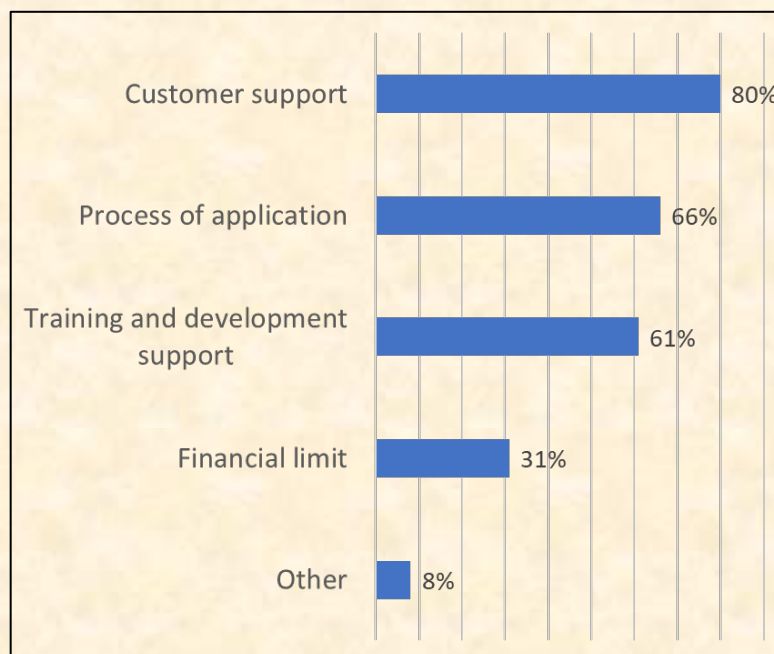


### How satisfied are you with the Government of Kerala Year of Enterprise?



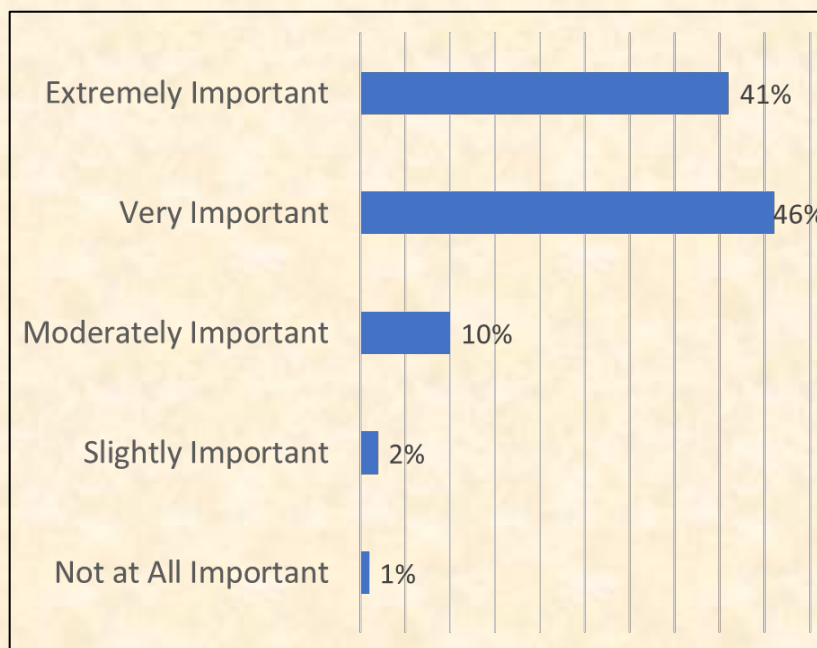
- The vast majority of participants (92%) expressed satisfaction, either extreme or moderate.
- A minimal percentage of dissatisfaction (5%) suggests that only a small portion of the respondents found the program lacking.

### Which features do you find most useful in the Year of Enterprise initiative?



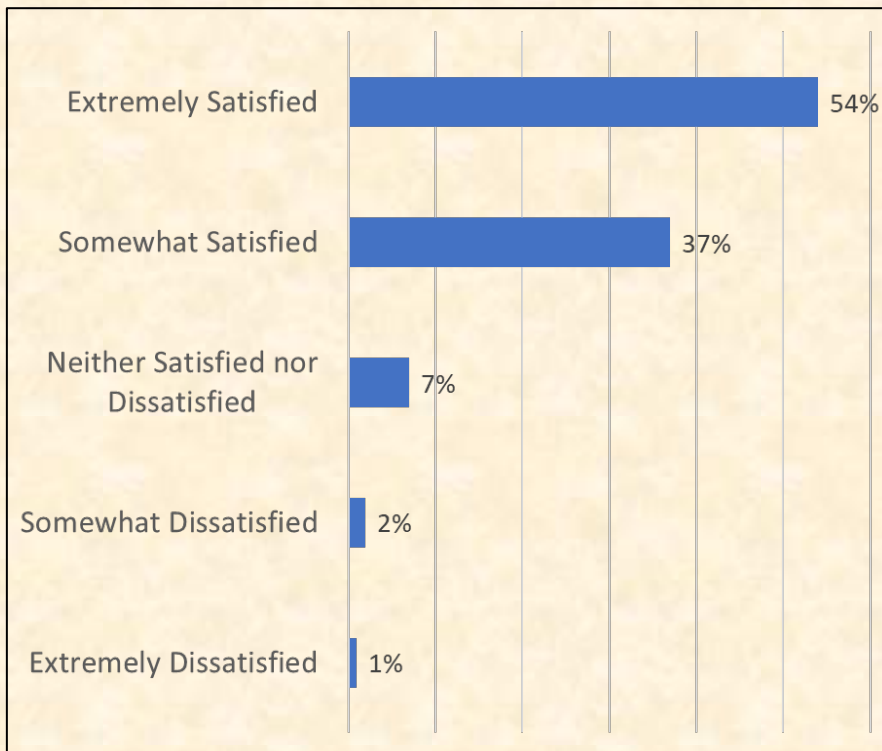
- **Customer support** is the most valued feature, suggesting that entrepreneurs highly appreciate the accessibility and responsiveness of the support provided.
- **The application process** being the second most valued feature reflects ease of access and lower procedural hurdles in applying for schemes under the Year of Enterprise initiative.
- **Training and development** was considered important by a significant portion of respondents, pointing towards the necessity of continuous skill development and capacity-building.
- The relatively lower interest in the financial limit (31%) might imply that while financial support is critical, other operational aspects are of greater concern to entrepreneurs.

**How important is financial services and others schemes and policies given by the Year of enterprise for your business?**



- **High Importance:** 87% view the services as crucial, reflecting their significant role in business operations.
- **Minimal Low Importance:** Only 3% find the services less important, indicating broad appreciation.
- **Moderate Importance:** 10% see the services as moderately important, suggesting they are useful but not essential.

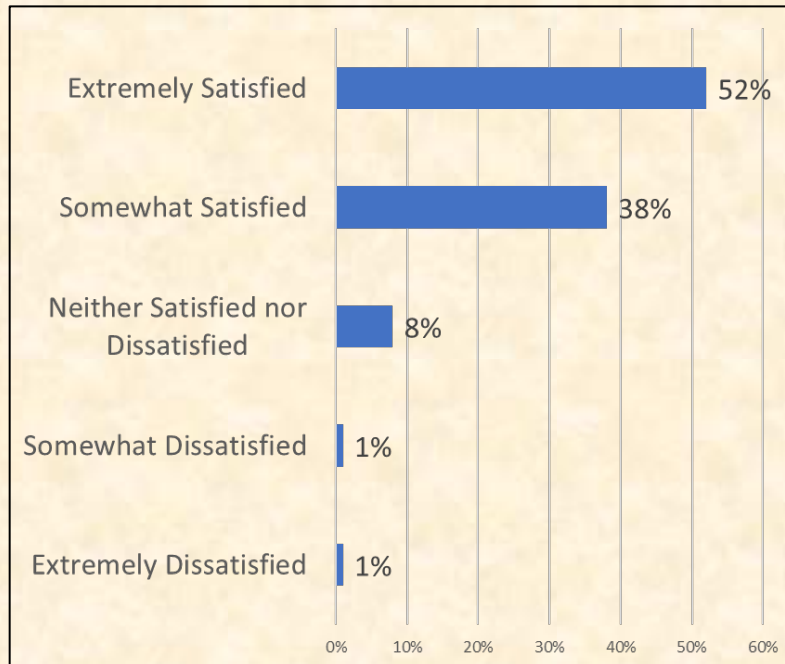
**How satisfied are you with the current financial aid options available to you?**



- **High Satisfaction:** 91% of respondents are satisfied, highlighting strong approval of the financial aid options.
- **Low Dissatisfaction:** Dissatisfaction is minimal, suggesting that the aid is generally effective.
- **Neutral Responses:** 7% of respondents are neutral, indicating a potential need for further engagement.

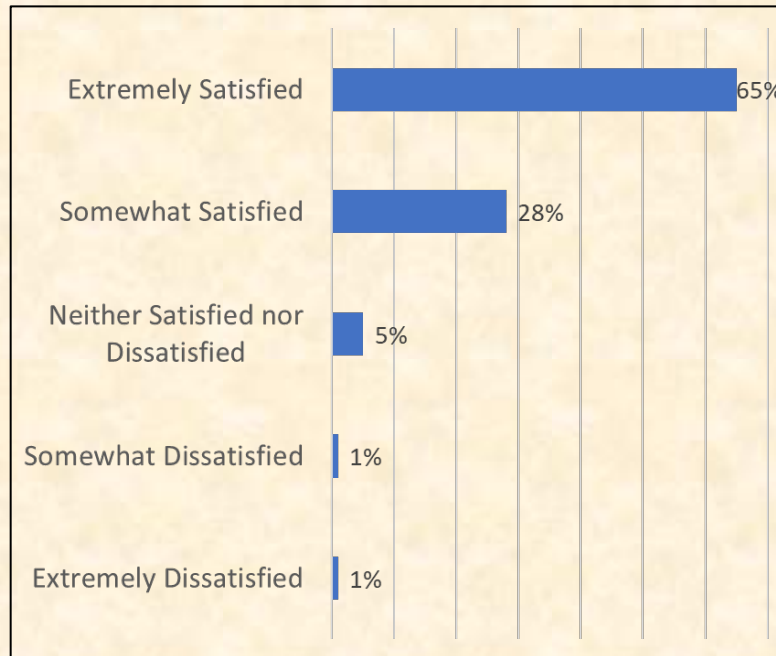


**How satisfied are you with the capacity-building initiative of the Year of Enterprise?**



- **High Satisfaction:** A significant 90% of respondents are satisfied with the capacity-building initiative, reflecting strong approval and perceived value.
- **Low Dissatisfaction:** Dissatisfaction is minimal, suggesting the initiative is generally effective and meets the needs of most participants.
- **Neutral Responses:** 8% of respondents are neutral, which may indicate areas for improvement or a lack of engagement with the initiative.

**How satisfied are you on the Mentorship and Networking initiative of the Year of Enterprise?**



- **High Satisfaction:** An overwhelming 93% of respondents are satisfied with the mentorship and networking initiatives, indicating strong approval.
- **Minimal Dissatisfaction:** Dissatisfaction is very low, suggesting that the initiative meets the needs of almost all participants.
- **Neutral Responses:** 5% are neutral, which may indicate that some participants have not engaged deeply or are still assessing the benefits.

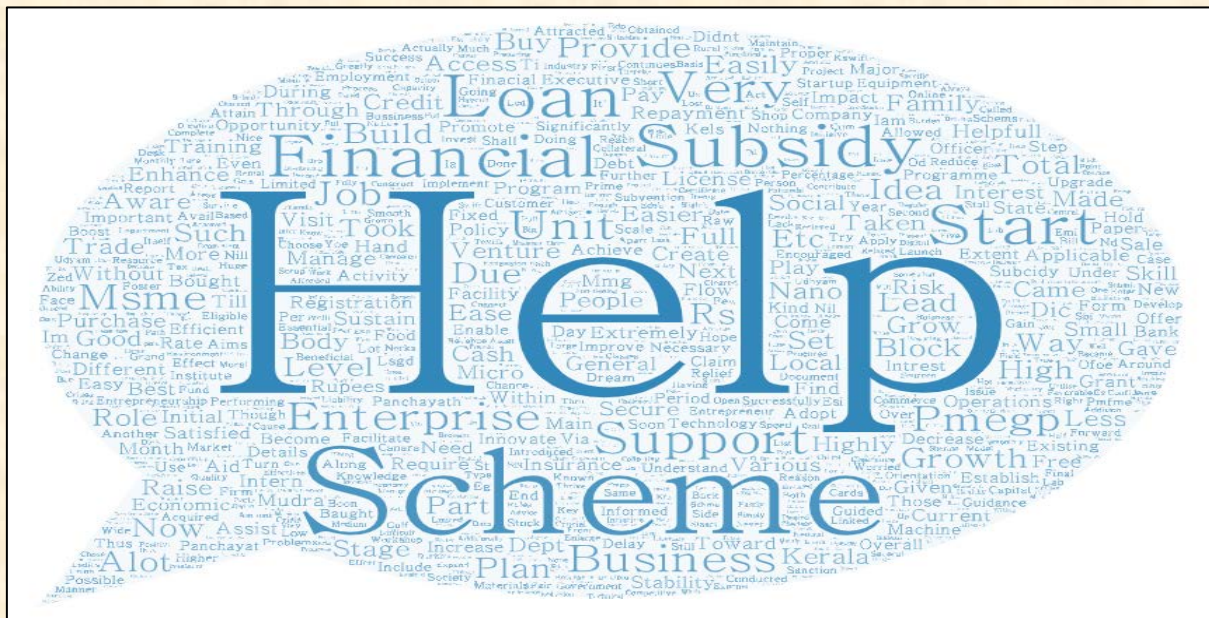
**How have the financial schemes in the Year of Enterprises initiatives impacted the growth of your MSME?**



- **Significant Impact of Subsidies:** A notable majority of respondents highlighted the importance of subsidy assistance, with many indicating that subsidies have greatly reduced their financial burdens and enabled them to invest in machinery and other resources. This support has been crucial for starting and expanding their enterprises.
- **Access to Loans:** Increased access to loans has been emphasized as a key factor for growth. Many respondents reported that simplified loan processes and the availability of favorable terms, such as low-interest rates and government-backed loans, facilitated their ability to secure necessary funding for business development.
- **Awareness and Knowledge of Government Schemes:** There is a growing recognition among

entrepreneurs about the various government schemes available. Many respondents expressed that initiatives like orientation campaigns have helped them understand and navigate these schemes effectively, leading to better utilization of available resources.

- **Support for Growth and Job Creation:** Financial schemes have not only supported the establishment of new units but also contributed to job creation and overall economic growth. Many respondents noted that the support received has positively impacted their ability to hire more staff and increase production capacity.
- **Training and Marketing Assistance:** Several respondents highlighted the additional benefits of training programs and marketing assistance provided under the initiatives. This support has improved their financial literacy and marketing strategies, further enhancing their business operations and competitiveness in the market.

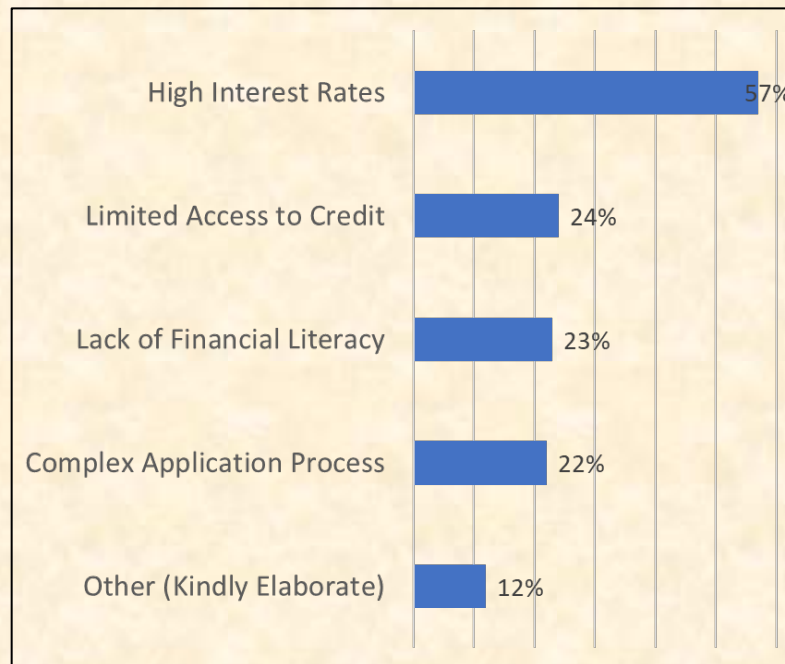




**On a scale of 1 to 5, how satisfied are you with the financial services help (loan, subsidiary) you receive through the Year of Enterprise initiative?**

- **High Satisfaction:** A significant 87% of respondents are satisfied, with a notable 57% being extremely satisfied. This reflects a strong positive reception of the financial services.
- **Minimal Dissatisfaction:** Only 2% of respondents are dissatisfied, indicating that major issues are rare.
- **Neutral Responses:** 10% of respondents are neutral, suggesting that some users may not have fully engaged with or benefited from the services.

**What challenges have you faced in accessing financial services and others schemes and policies for your MSME?**



- **High Interest Rates:** The most prevalent issue is high interest rates, indicating a critical barrier that affects a majority of MSMEs.
- **Credit Access and Literacy:** Limited access to credit and lack of financial literacy are also notable challenges, impacting over a quarter and a fifth of respondents, respectively.
- **Application Complexity:** While a significant number face challenges with complex application processes, it is less pronounced compared to other issues.
- **Diverse Issues:** The "Other" category, though smaller, suggests additional specific challenges not covered by the predefined options.

**What challenges have you faced in accessing financial services and others schemes and policies for your MSME?**

- **Delays in Processing and Approval:** A significant challenge highlighted by respondents was the lengthy approval and processing times for loans and subsidies, which can hinder access to essential funds and disrupt business operations.
- **Banking Challenges:** Many entrepreneurs reported issues with banks, including refusals to provide loans, high-interest rates, and demands for collateral. This indicates a need for improved banking practices and support for MSMEs.
- **Subsidy and Documentation Issues:** Delays in subsidy claims and issues with documentation

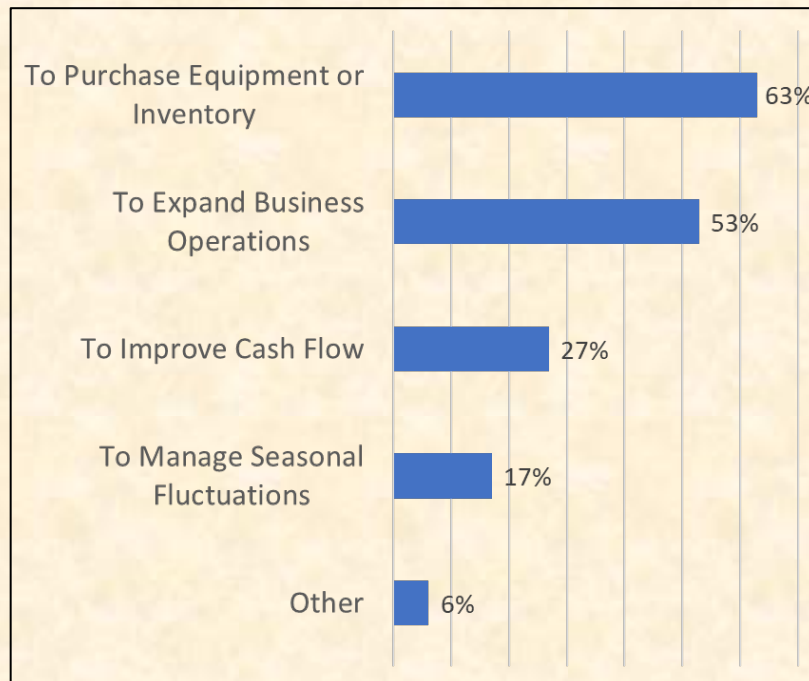
were frequently mentioned. These challenges can complicate the funding process and delay financial assistance that businesses rely on for growth.

- **Knowledge Gaps and Financial Literacy:** A lack of awareness and understanding of financial schemes was noted as a barrier. While some respondents reported improvements after engaging with Enterprise Development Executives (EDEs), the overall need for greater financial literacy remains evident among MSMEs.

**In what ways do you think the government can improve financial support and others schemes and policies for MSMEs?**

- **Need for Simplification:** A significant number of respondents emphasized the importance of simplifying application and approval processes. Reducing bureaucratic red tape would make it easier for MSMEs to access financial support.
- **Increased Financial Support:** Many suggestions focused on enhancing financial support through increased subsidies and loans, particularly for trading sectors and existing businesses. There's a strong call for more accessible funding to help MSMEs thrive.
- **Reduction of Interest Rates and Timely Support:** Respondents noted the necessity of lowering interest rates on loans and ensuring timely disbursement of funds. Quick processing of financial requests is crucial for maintaining business operations and growth.
- **Awareness and Capacity Building:** There's a clear demand for better marketing of available schemes and the introduction of training and mentorship programs. Increasing awareness about existing support systems and improving financial literacy among entrepreneurs can significantly enhance the impact of government initiatives.

### What are your primary reasons for seeking financial support for your MSME?



- **Equipment and Inventory:** The majority of MSMEs seek financial support to purchase equipment or inventory, highlighting the importance of capital for operational needs.
- **Expansion:** A significant proportion of businesses are looking for funds to expand their operations, indicating growth ambitions and scaling efforts.
- **Cash Flow:** Improving cash flow is also a notable reason, suggesting that managing day-to-day financial stability is a concern for many MSMEs.
- **Seasonal Fluctuations:** Managing seasonal fluctuations is less frequently cited, which may reflect the nature of businesses in stable or less seasonal industries.

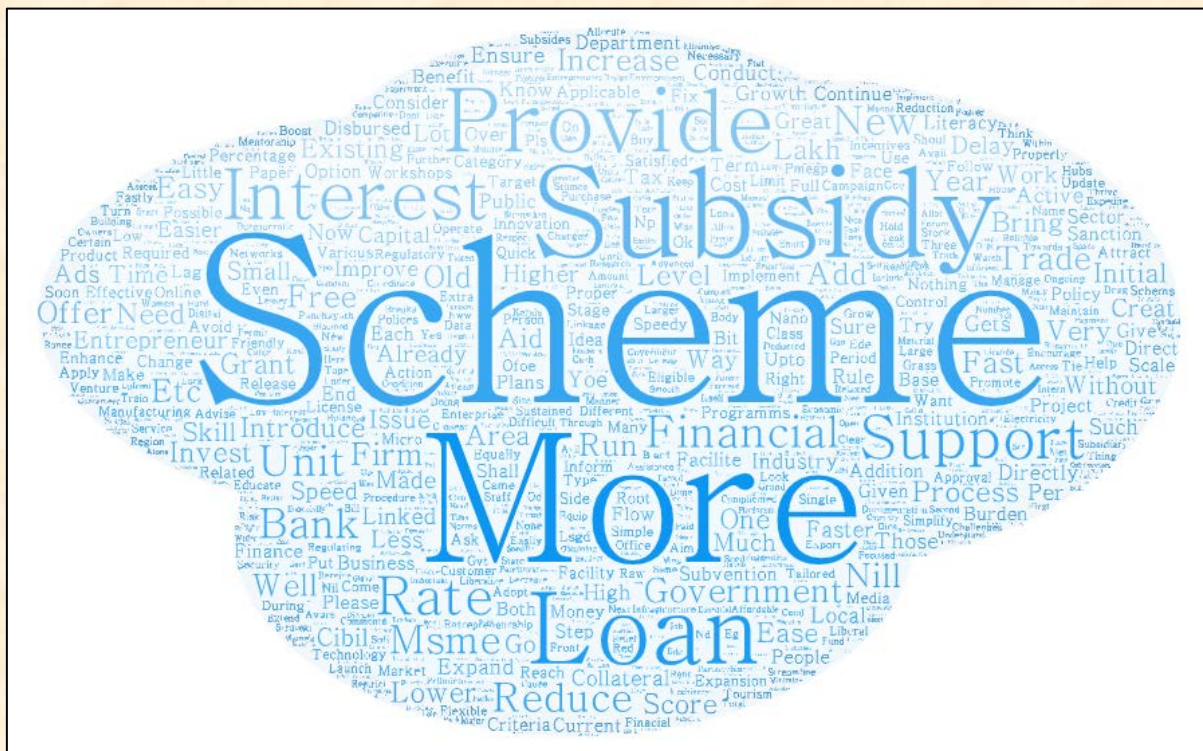


**What are the key benefits you have experienced from utilizing mentorship and capacity building services for your MSME?**

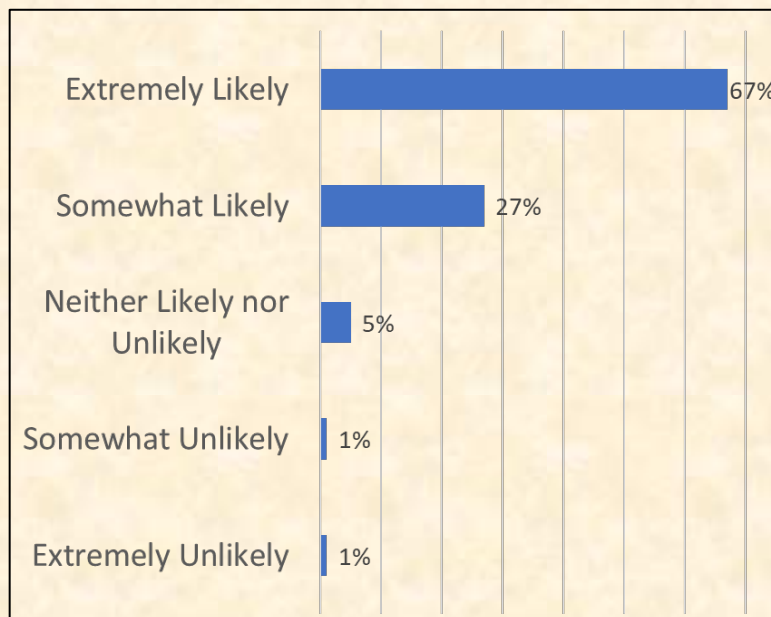


- **Increased Demand for Subsidy and Financial Support:** Respondents overwhelmingly emphasized the need for higher subsidy amounts and enhanced financial support mechanisms, indicating that current levels are insufficient for the growth and sustainability of MSMEs.
- **Simplification of Loan Processes:** There is a strong consensus on the necessity to simplify loan application procedures and reduce interest rates, suggesting that current processes are seen as overly complex and burdensome.
- **Expansion of Schemes for Existing Firms:** Many respondents called for additional schemes targeted at existing MSMEs, particularly those in the trading and service sectors, highlighting a need for support beyond start-up funding.
- **Focus on Timeliness and Accessibility:** The need for timely disbursement of funds and

subsidies, along with better awareness and training programs, underscores a demand for both immediate and comprehensive support to help MSMEs navigate financial challenges effectively.

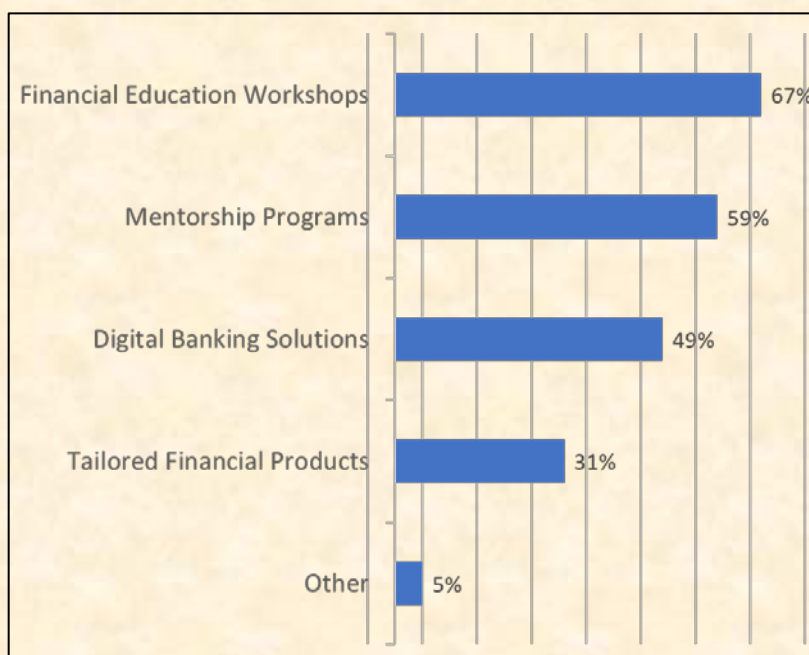


**How likely are you to recommend financial services and other schemes and policies provided under the Year of Enterprise to other MSME owners?**



- **High Satisfaction:** The high percentage of "Extremely Likely" recommendations suggests a high level of satisfaction with the financial services and schemes. This reflects positively on the effectiveness and appeal of the initiatives.
- **Minimal Negative Feedback:** The combined 2% of respondents who are unlikely to recommend indicates that dissatisfaction is minimal.
- **Strong Advocacy:** The significant proportion of "Somewhat Likely" and "Extremely Likely" respondents highlights a strong sense of advocacy among users, which could lead to positive word-of-mouth and potential growth in program uptake.

**What addition financial services and others schemes and policies like networking, mentorship would you like to see offered to MSMEs in the future?**



- **High Demand for Financial Education:** The most requested addition is Financial Education Workshops, underscoring the importance MSMEs place on improving their financial management skills.
- **Strong Interest in Mentorship:** There is a significant interest in Mentorship Programs, indicating that MSMEs value guidance and advice from experienced professionals.
- **Growing Interest in Digital Solutions:** Digital Banking Solutions are also in high demand, reflecting the increasing shift towards digitalization in financial services.







# E-Government Service Quality

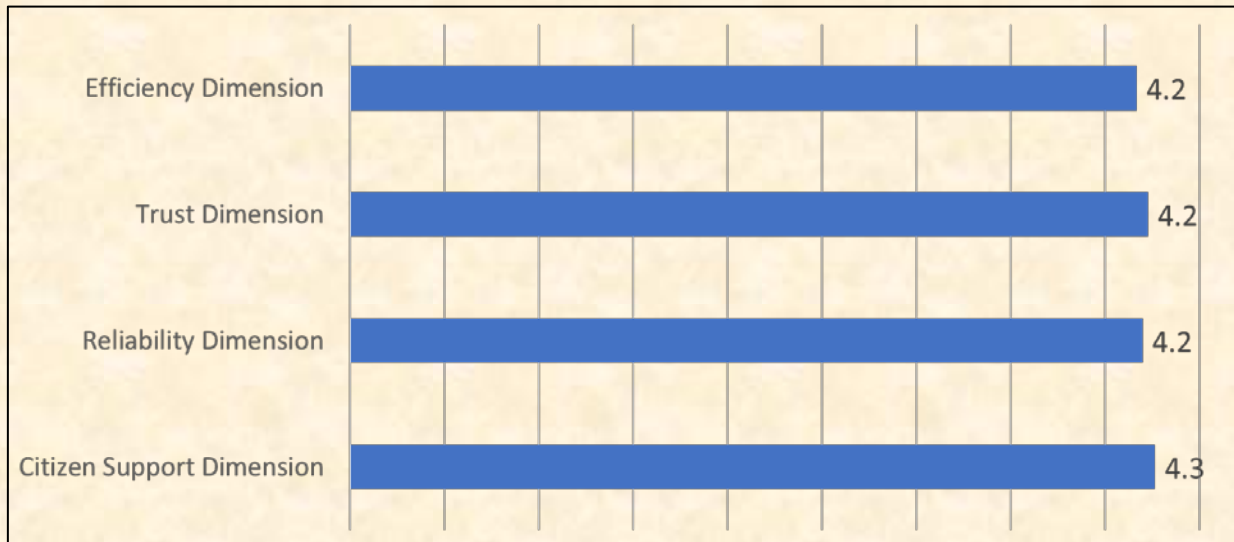
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## Chapter 5 : eGovernment Service

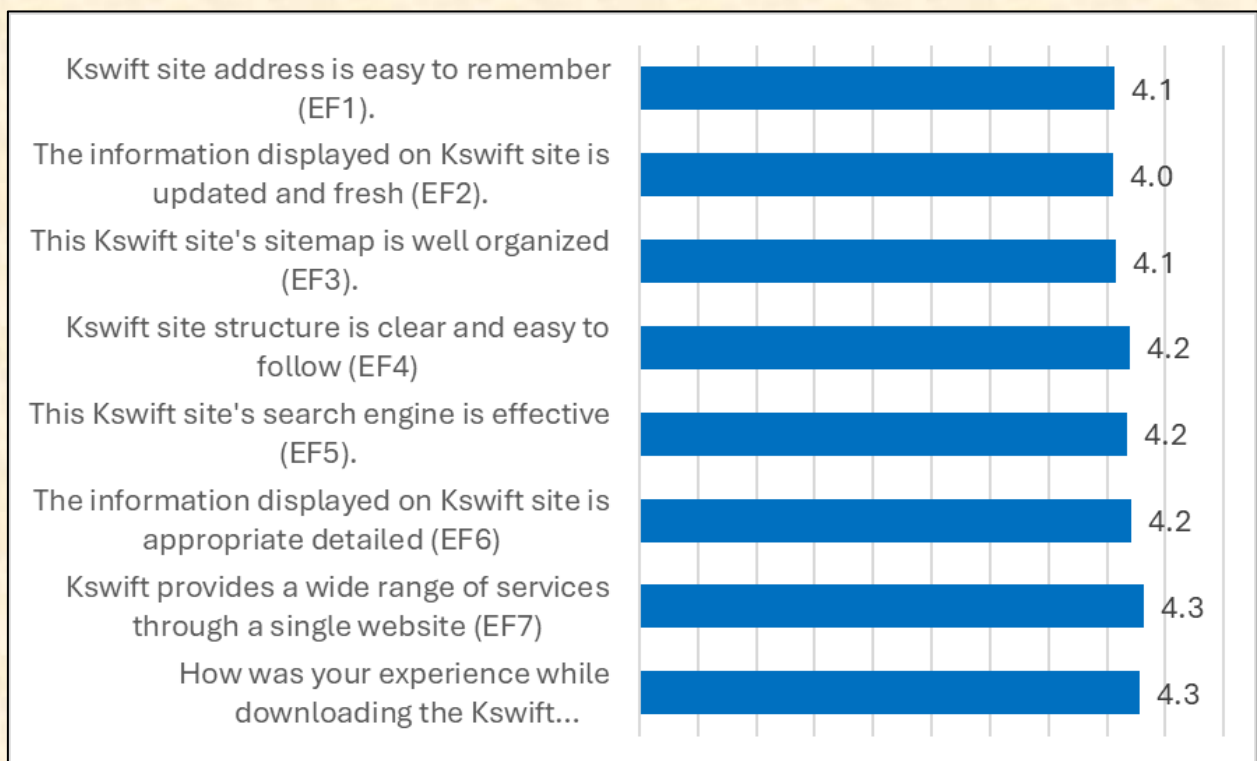
### Research Results

#### Kswift Service Dimensions



Scale				
Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5
Extremely dissatisfied	Somewhat dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Extremely satisfied

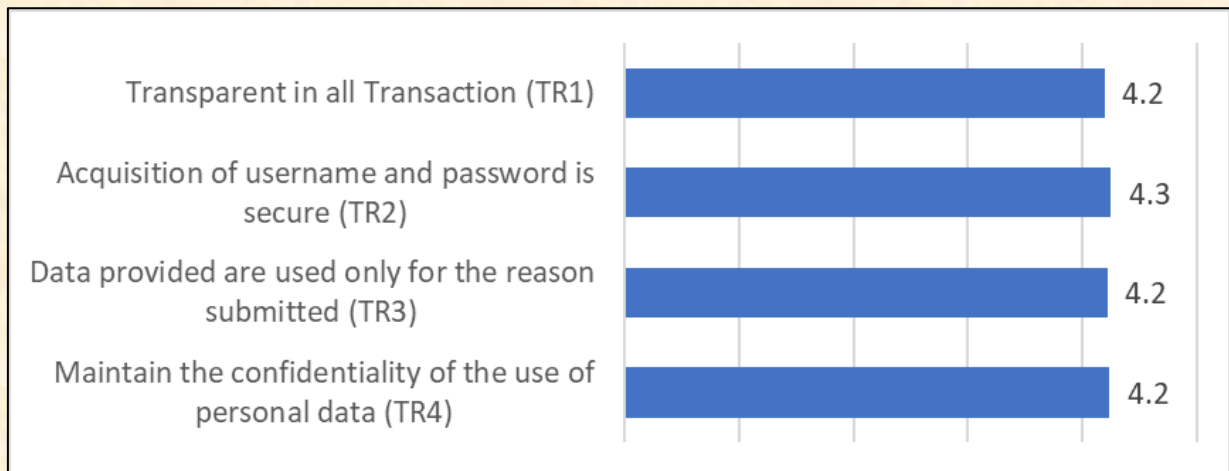
#### Efficiency Dimension (EF)



Scale				
Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5
Extremely dissatisfied	Somewhat dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Extremely satisfied

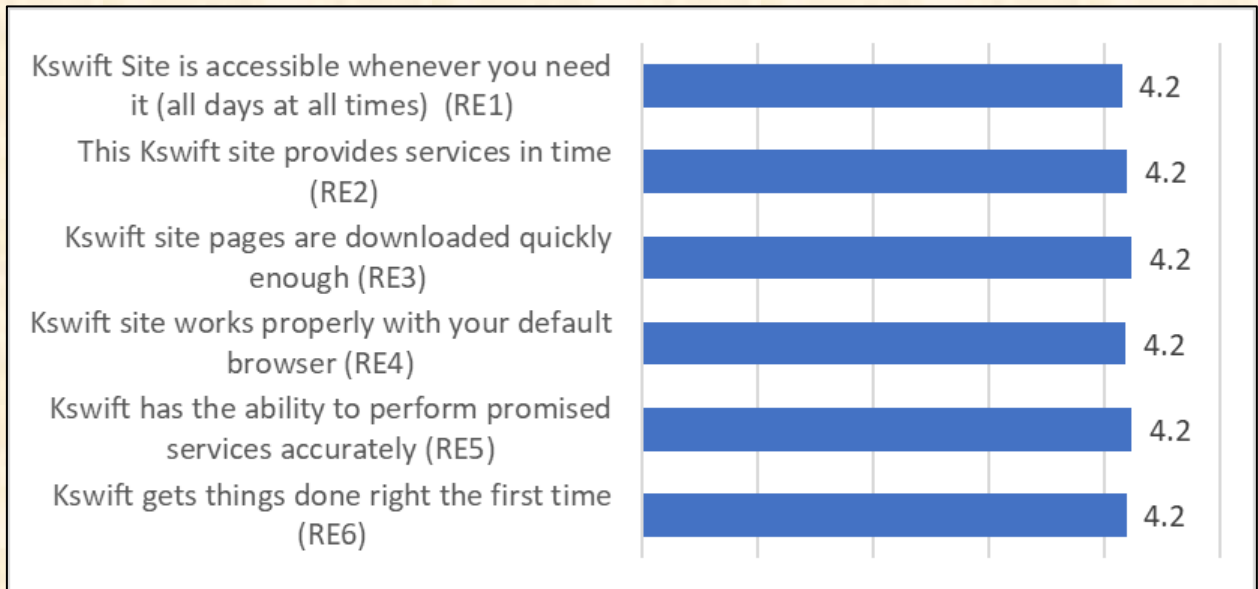
- Users find the site easy to remember (EF1) and well-organized (EF3), indicating effective design and usability.
- The effectiveness of the search engine (EF5) and the overall experience while downloading the acknowledgment certificate (EF8) are particularly notable, scoring **4.2** and **4.3**, respectively, suggesting a smooth user experience.

### Trust Dimension (TR)



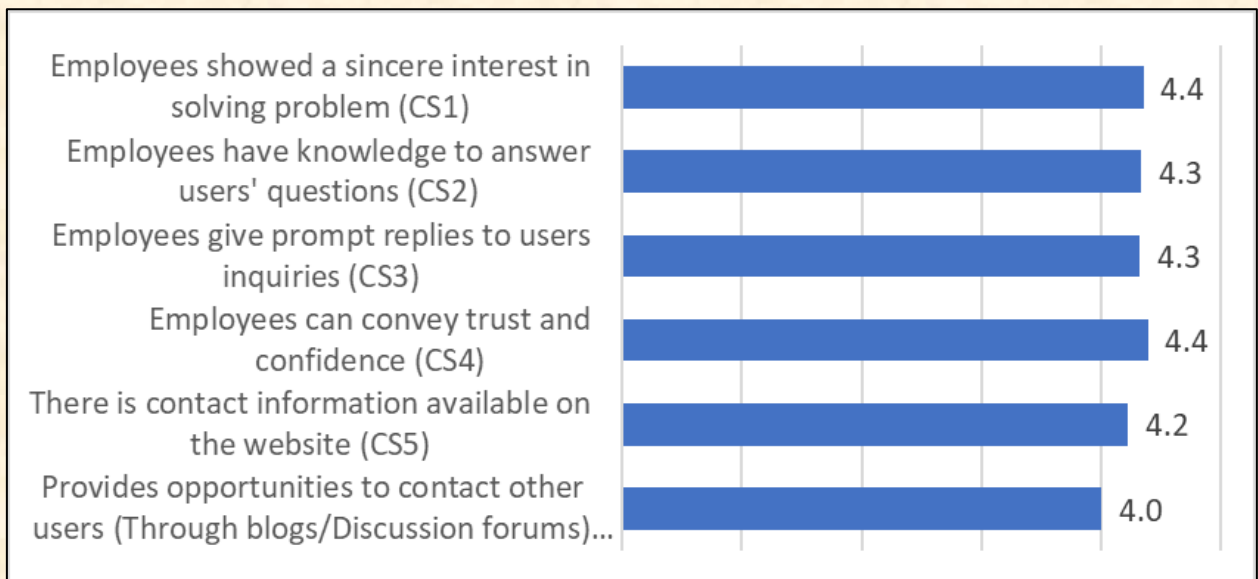
- High scores for transparency in transactions (TR1) and the security of username/password acquisition (TR2) indicate users feel secure while interacting with the portal.
- Users also appreciate that their data is used appropriately (TR3) and that confidentiality is maintained (TR4), reinforcing the trustworthiness of the portal.

### Reliability Dimension (RE)



- Users find the site accessible at all times (RE1) and appreciate timely service delivery (RE2).
- The ability to perform promised services accurately (RE5) and getting things done right the first time (RE6) show strong reliability perceptions.

### Citizen Support Dimension (CS)



- Users feel employees are knowledgeable and responsive (CS2, CS3), with high



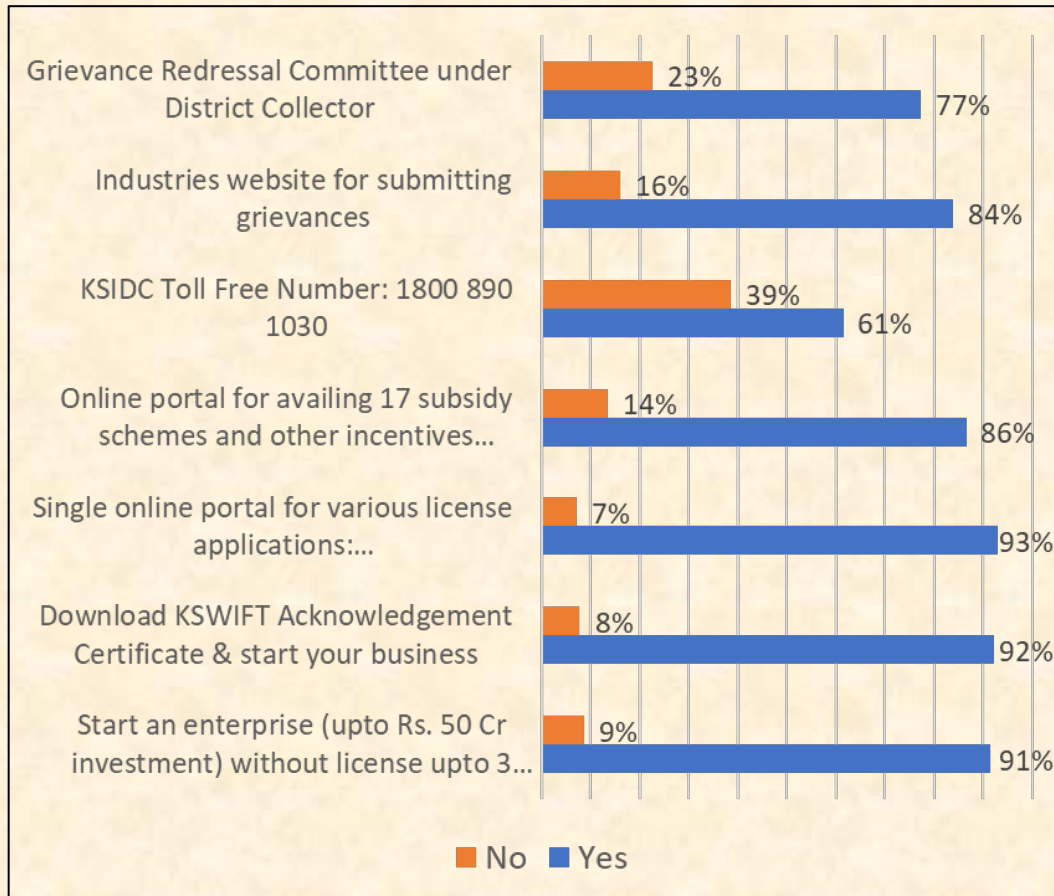
trust in their ability to convey confidence (CS4).

- While the score for opportunities to contact other users (CS6) is slightly lower at **4.0**, it still reflects a positive user experience.

### **Summary**

1. **High Satisfaction Across Dimensions:** The Kswift portal scores are predominantly high, reflecting overall user satisfaction in efficiency, trust, reliability, and citizen support. Users appreciate the site's usability, security, and the support provided by employees.
2. **Areas for Improvement:** While satisfaction is high, the slightly lower score (4.0) in providing opportunities for user interaction (CS6) indicates a potential area for enhancement, suggesting that more community features could be beneficial to users.

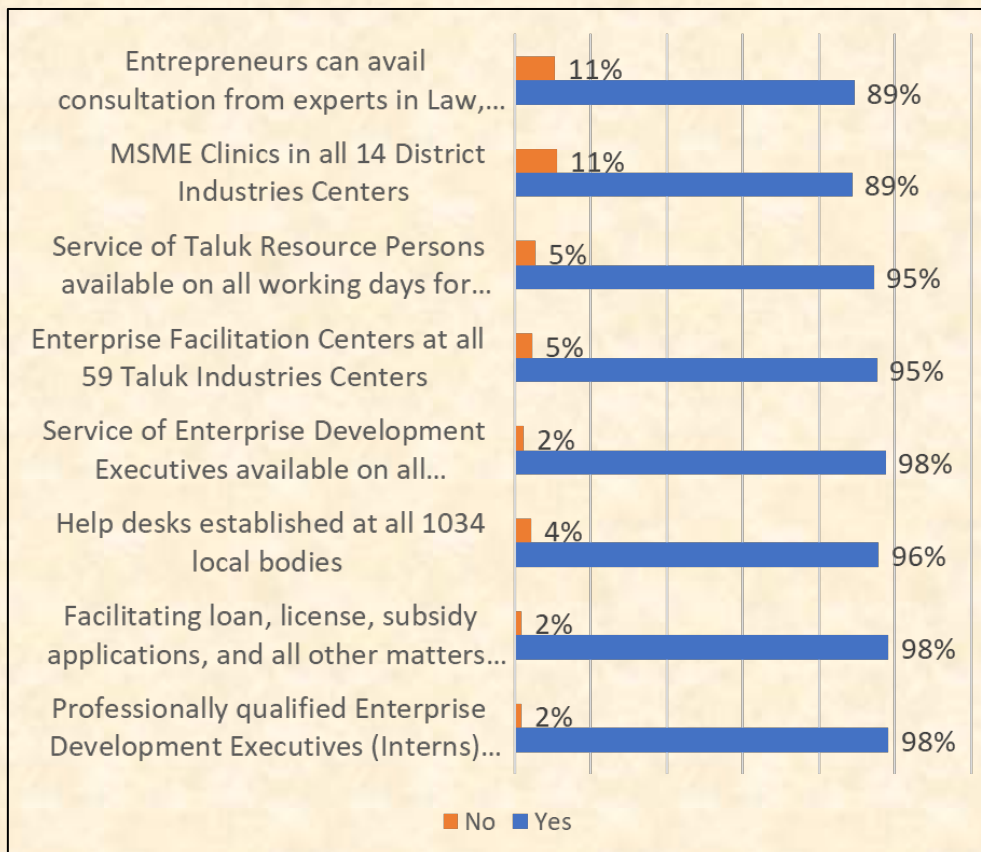
**Are you aware of the below Facilitation services offered by the MSME Ecosystem in Kerela by the Department of Industries & Commerce, Government of Kerela?**



- A significant majority of respondents are aware of the facilitation services offered by the MSME Ecosystem in Kerala, with awareness levels reaching as high as 93% for specific services like the single online portal for license applications and the KSWIFT Acknowledgment Certificate.
- The lowest awareness is noted for the KSIDC Toll-Free Number, with only 61% of respondents acknowledging its existence, indicating a potential area for improvement in communication and outreach.
- Overall, the data suggests that while most entrepreneurs are informed about key services, there is still a notable portion (up to 39%) unaware of certain aspects,

particularly regarding grievance submission and assistance, highlighting opportunities for enhanced awareness campaigns.

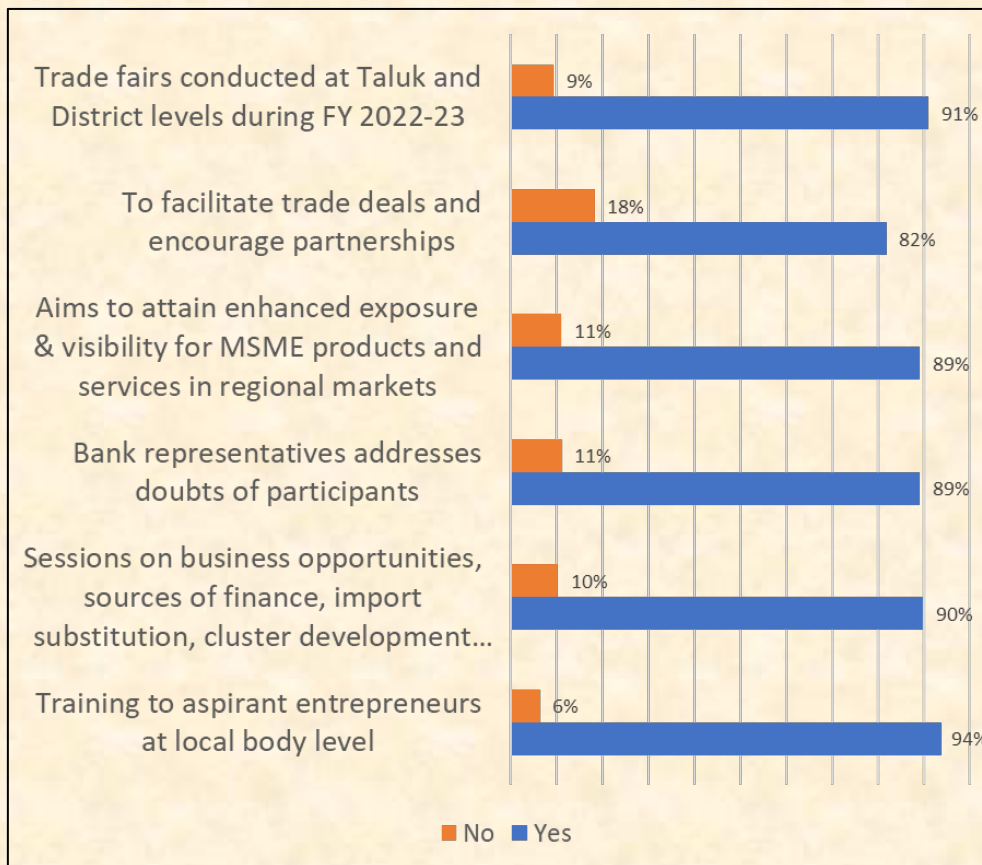
**Are you aware of the below Systems created by the MSME Ecosystem in Kerela by the Department of Industries & Commerce, Government of Kerela?**



- The vast majority of respondents are aware of the systems established by the MSME Ecosystem in Kerala, with awareness levels as high as 98% for several services, including the assistance provided by Enterprise Development Executives and the facilitation of loan and license applications.
- Awareness of the MSME Clinics and the consultation services from experts is slightly lower but still strong, with 89% of respondents recognizing these resources, suggesting that while most entrepreneurs are informed, there is room for increased visibility regarding expert consultations.

- The low percentages of unawareness (ranging from 2% to 11%) indicate that the outreach efforts by the Department of Industries & Commerce have been effective, yet continued engagement and communication could further enhance awareness, particularly for the less recognized services like MSME Clinics.

**Are you aware of the below Campaigns by the MSME Ecosystem in Kerela by the Department of Industries & Commerce, Government of Kerela?**



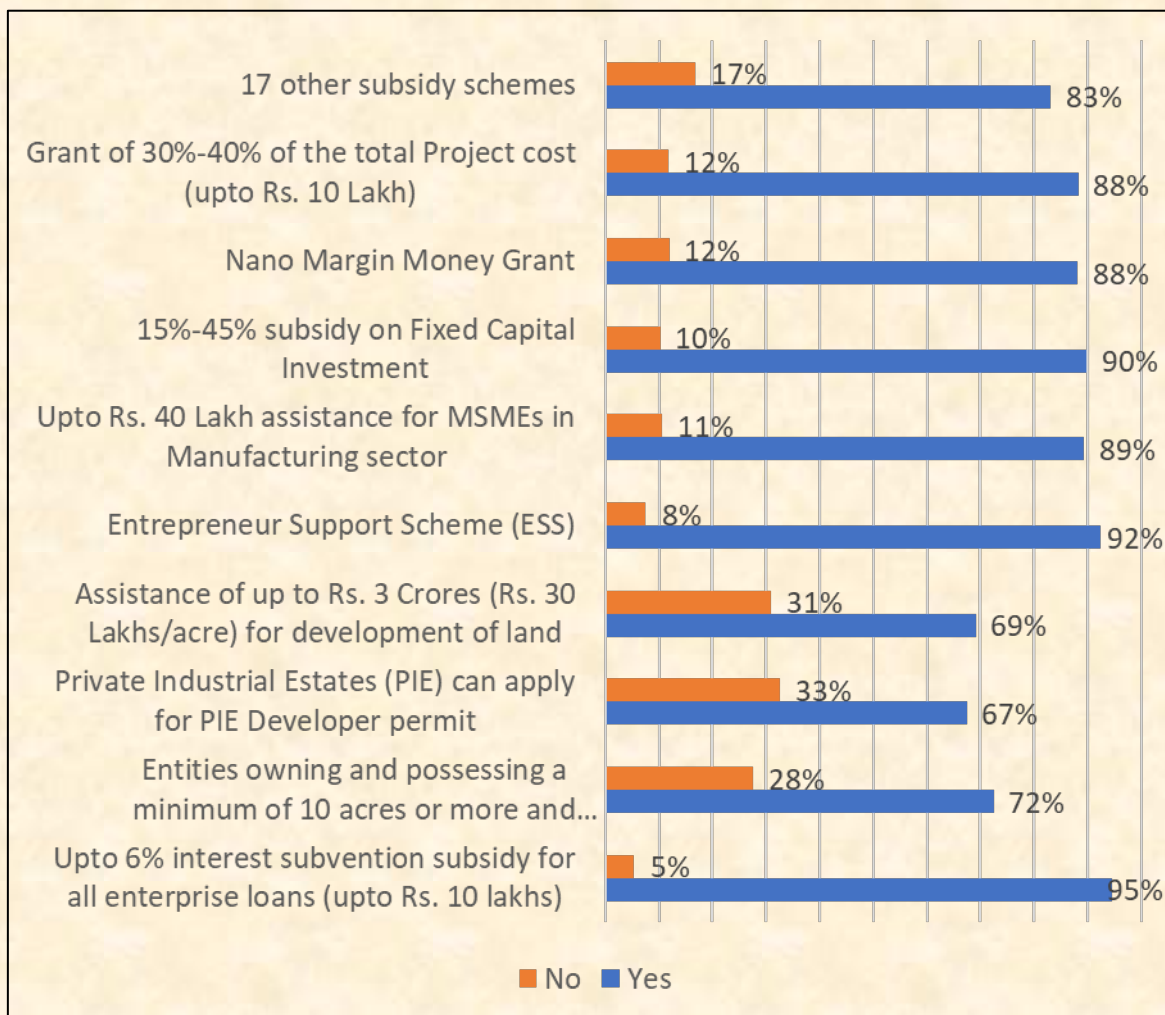
- A significant majority of respondents (94%) are aware of the training programs for aspiring entrepreneurs at the local body level, indicating strong outreach and engagement by the MSME Ecosystem in Kerala in this area.
- Awareness of specific initiatives such as sessions on business opportunities and the presence of bank representatives to address participants' doubts is also high, with 89% to 90% recognition, reflecting effective communication of these



valuable resources.

- While awareness is generally strong, there is slightly less recognition regarding trade fairs and partnerships aimed at enhancing visibility for MSME products (82% awareness). This suggests a potential area for improvement in promoting these initiatives to ensure entrepreneurs are fully informed about all available opportunities.

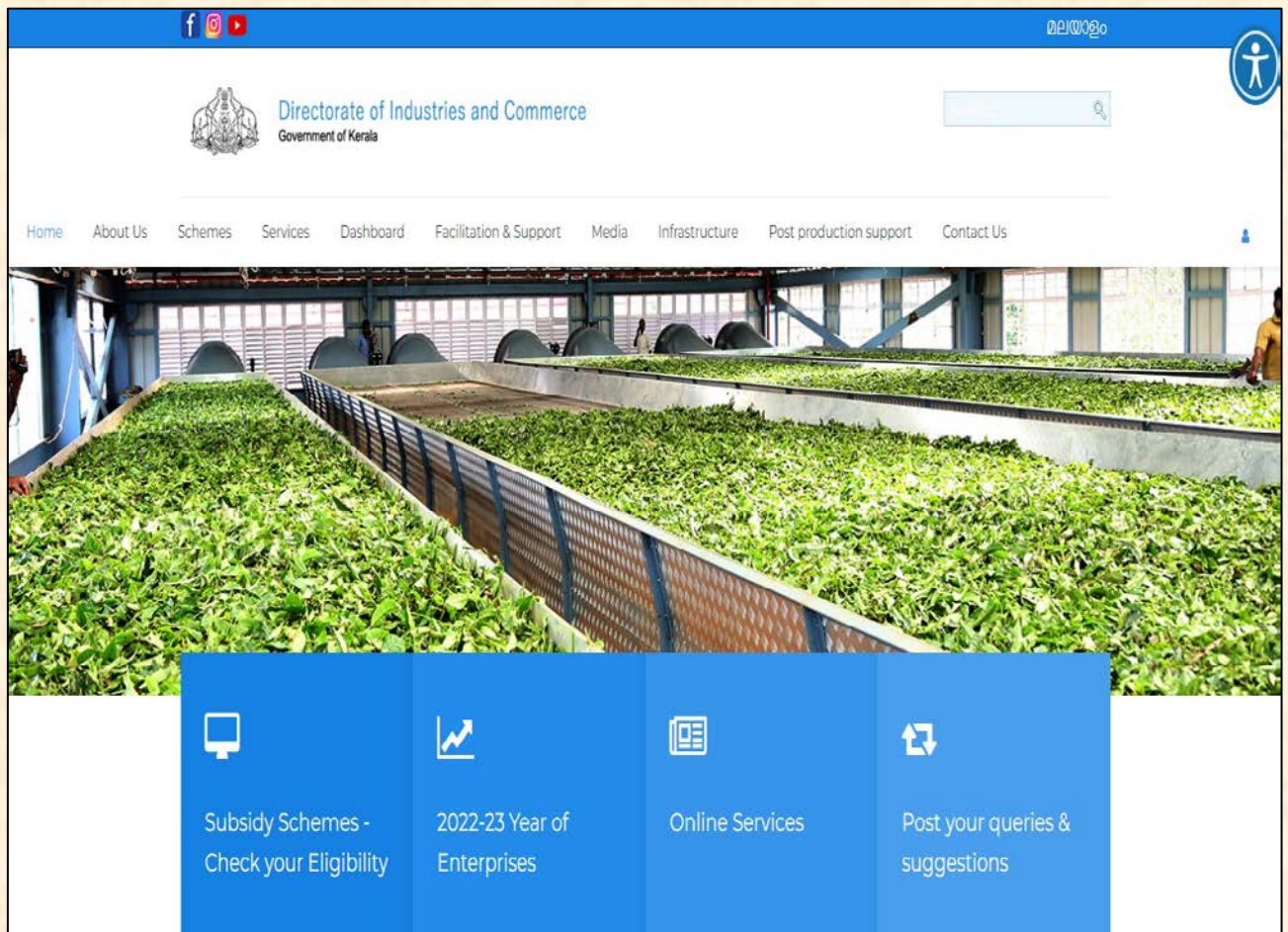
**Are you aware of the below Schemes & Policies by the MSME Ecosystem in Kerela by the Department of Industries & Commerce, Government of Kerela?**



- Overall, there is a high level of awareness regarding the MSME Ecosystem schemes in Kerala, with 95% of respondents aware of the interest subvention

subsidy for enterprise loans, indicating strong communication and promotion of this specific initiative.

- Awareness drops for certain schemes, such as the Private Industrial Estates Developer permit (72%) and the Entrepreneur Support Scheme (69%), suggesting these programs may require more targeted outreach to ensure that potential beneficiaries are informed about their availability and benefits.
- Notably, assistance programs for manufacturing MSMEs and various subsidies show considerable awareness (89% to 92%), indicating that respondents recognize the financial support available. However, there remains room for improvement in communicating details about all 17 subsidy schemes, with an 83% awareness rate, suggesting potential gaps in information dissemination.



# Information, Education, and Communication.



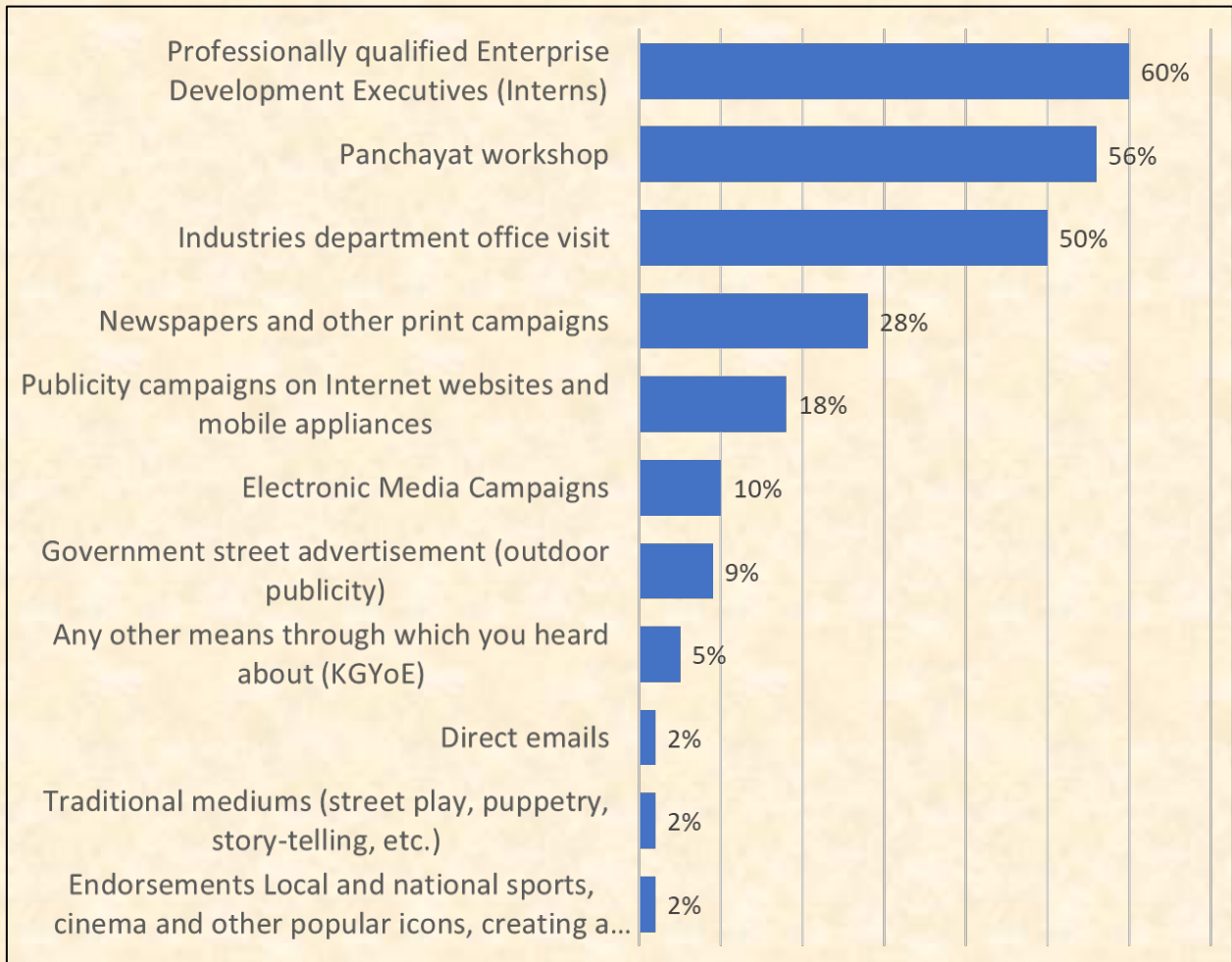
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## Chapter 6: Information, Education, and Communication. IEC

### Research Results

#### From where you heard about the KGYoE

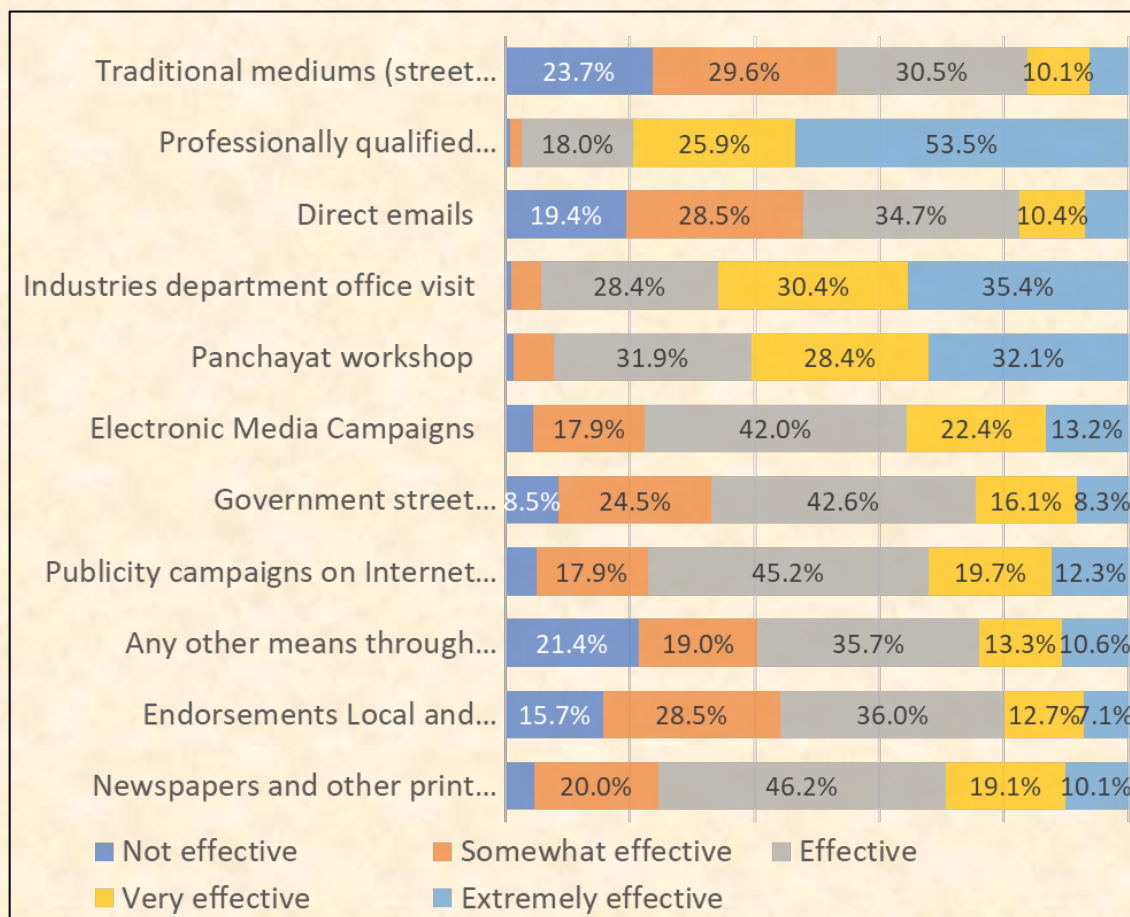


- **Enterprise Development Executives and Panchayat Workshops Leading Sources:** The majority of respondents (60% and 56%) heard about the KGYoE through direct engagement with Enterprise Development Executives and Panchayat workshops, reflecting the effectiveness of personalized and community-based outreach efforts.
- **Traditional and Print Campaigns Still Relevant:** Newspapers and print campaigns remain a significant channel (82%), indicating that traditional media still holds value in disseminating information to a broad audience.



- **Limited Impact of Modern Digital and Celebrity Channels:** Internet publicity campaigns (18%) and endorsements from local and national icons (2%) show less reach, suggesting that these modern channels may not be as impactful for this particular initiative.

**Which was the best effective Information education and communication medium.**



- **High Effectiveness of Personal Engagement:** Industries department office visits and Panchayat workshops are among the top-rated communication mediums. They show strong performance in "Very effective" and "Extremely effective" categories, indicating that face-to-face and direct community engagement approaches are key to success.
- **Moderate Impact of Digital Campaigns:** Publicity on internet websites,

mobile appliances, and electronic media campaigns is rated mostly in the "Effective" category, demonstrating moderate success but falling behind personal engagement mediums.

- **Low Performance of Traditional and Email Channels:** Traditional mediums, such as street plays and storytelling, along with direct emails, received higher counts in "Not effective" and "Somewhat effective," suggesting that these methods are less successful in reaching or influencing the target audience.

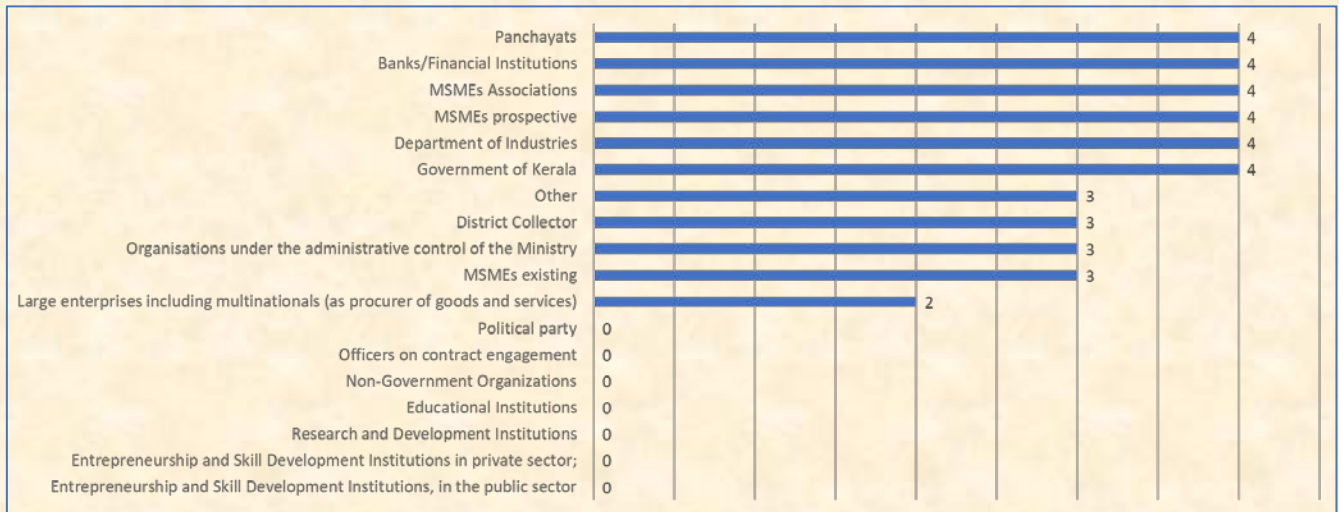
# Stakeholders Management

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## Chapter 7: Stakeholder Management

In the policy formulation stage, what was the scale of importance of the stakeholders?



(0 = Not Important At All; 1 = Of Little Importance; 2 = Of Average Importance; 3 = Very Important; 4 = Absolutely Essential) (Select 0 if not interacted at all)

### Key Observations:

#### 1. Highly Essential Stakeholders (Rated 4):

- **Government of Kerala:** As the primary policymaker, its involvement is crucial in shaping and implementing the "Year of Enterprise" policy.
- **Department of Industries:** Integral for aligning the policy with industrial goals and ensuring support to enterprises.
- **MSMEs Prospective & MSMEs Associations:** Represent both potential and existing small enterprises that are directly impacted by the policy.
- **Banks/Financial Institutions:** Key for financing and enabling the policy's operationalization.
- **Panchayats:** Essential for localized implementation and outreach.
- **Administration Staff Directly Under Government Roles:** Responsible for policy execution at the grassroots level.

#### 2. Very Important Stakeholders (Rated 3):

- **MSMEs Existing:** Represent the backbone of the enterprise landscape and provide insights into challenges and opportunities.
- **Organizations Under Administrative Control of the Ministry:** Facilitate structured execution and alignment with broader government objectives.
- **District Collector:** Plays a pivotal role in district-level implementation and monitoring.
- **Other:** Highlights additional stakeholders of varying importance.



### 3. **Moderately Important Stakeholders (Rated 2):**

- **Large Enterprises/Multinationals:** Relevant as potential buyers of goods/services and contributors to economic growth.

### 4. **Non-Engaged or Least Relevant Stakeholders (Rated 0):**

- **Entrepreneurship and Skill Development Institutions (Public & Private):** Surprisingly, these institutions were not engaged despite their potential role in fostering entrepreneurship.
- **Research and Development Institutions:** Indicates a gap in leveraging R&D for innovative policy approaches.
- **Educational Institutions:** Suggests limited integration of academic insights.
- **Non-Governmental Organizations:** Minimal involvement, despite their capacity to support community engagement and advocacy.
- **Officers on Contract Engagement:** Indicates a preference for permanent administrative roles.
- **Political Party:** Reflects a non-partisan approach in policy formulation.

#### **Recommendations:**

#### 1. **Enhance Collaboration with Non-Engaged Stakeholders:**

- Involve **R&D institutions** and **educational institutions** to integrate innovation and evidence-based practices into policy design.
- Engage **NGOs** to strengthen community participation and grassroots outreach.

#### 2. **Expand the Role of Moderately Engaged Stakeholders:**

- Position **large enterprises/multinationals** as mentors for MSMEs, fostering knowledge transfer and market access.
- Encourage **skill development institutions** to address skill gaps and enhance entrepreneurial competencies.

#### 3. **Sustain Focus on Critical Stakeholders:**

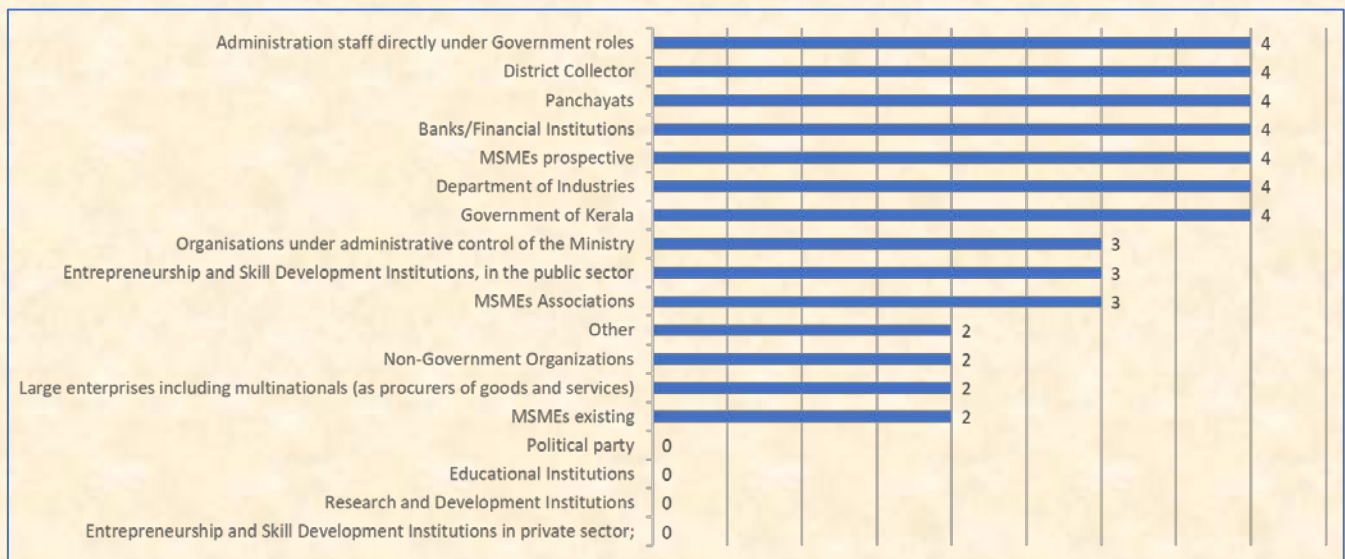
- Maintain strong ties with government bodies, MSMEs, and financial institutions, ensuring streamlined support and feedback mechanisms.

#### 4. **Promote Transparency and Iterative Engagement:**

- Utilize multi-round consultations to address resistance, incorporate diverse perspectives, and foster shared ownership of policy outcomes.

This structured approach ensures balanced stakeholder engagement and aligns the policy with broader socio-economic goals.

## In the policy implementation stage, what was the scale of importance of the stakeholders?



(0 = Not Important At All; 1 = Of Little Importance; 2 = Of Average Importance; 3 = Very Important; 4 = Absolutely Essential) (Select 0 if not interacted at all)

### Key Observations:

#### 1. Absolutely Essential Stakeholders (Rated 4):

- **Government of Kerala & Department of Industries:** As the driving forces behind the policy, these entities are indispensable for ensuring strategic alignment, resources, and leadership.
- **MSMEs Prospective:** Represent the future beneficiaries of the initiative, critical for realizing policy goals of entrepreneurship growth.
- **Banks/Financial Institutions:** Essential for financing entrepreneurs and enabling smooth execution.
- **Panchayats:** Vital for local governance, outreach, and community engagement in rural areas.
- **District Collector:** Provides administrative coordination and ensures policy compliance at the district level.
- **Administration Staff Directly Under Government Roles:** The operational backbone for policy implementation.
- **Officers on Contract Engagement:** Support specialized tasks and bridge gaps in resources.

#### 2. Very Important Stakeholders (Rated 3):

- **MSMEs Associations:** Act as intermediaries advocating for existing MSMEs and ensuring their active participation.
- **Entrepreneurship and Skill Development Institutions (Public):** Train and equip individuals to capitalize on the policy's opportunities.

- **Organizations Under Administrative Control of the Ministry:** Offer structural and functional support for implementation.

### **3. Moderately Important Stakeholders (Rated 2):**

- **MSMEs Existing:** Play a supporting role in demonstrating the success of the initiative and in mentoring newer enterprises.
- **Large Enterprises Including Multinationals:** These organizations serve as potential market partners or consumers of goods and services from MSMEs.
- **Non-Governmental Organizations (NGOs):** While involved minimally, NGOs can support awareness, advocacy, and social inclusiveness.
- **Other Stakeholders:** Highlights additional contributors whose roles, while relevant, are not central to the policy goals.

### **4. Non-Engaged or Least Relevant Stakeholders (Rated 0):**

- **Entrepreneurship and Skill Development Institutions (Private Sector):** Their lack of involvement indicates an over-reliance on public-sector institutions.
- **Research and Development Institutions:** Suggests a missed opportunity to incorporate innovative and evidence-based solutions.
- **Educational Institutions:** Indicates minimal engagement of academia, which could contribute to skill-building and entrepreneurship education.
- **Political Party:** Reflects an apolitical approach to policy execution.

### **Insights and Recommendations:**

- 1. Strengthen Partnerships with Private-Sector Institutions:**
  - Actively engage **private entrepreneurship and skill development institutions** to diversify training resources and approaches.
- 2. Enhance the Role of Academia and R&D Institutions:**
  - Include **educational institutions** and **R&D organizations** to introduce cutting-edge innovations and knowledge-sharing platforms for entrepreneurs.
- 3. Increase NGO Involvement:**
  - Leverage NGOs' grassroots networks to expand the initiative's reach, especially in marginalized communities.
- 4. Maintain Focus on Core Stakeholders:**
  - The emphasis on **government bodies, financial institutions, and local governance structures** is appropriate. Ensure their continued collaboration and feedback loops for iterative improvements.
- 5. Monitor Moderately Engaged Stakeholders:**



- Gradually expand the role of **large enterprises, MSMEs associations, and existing MSMEs** to ensure scalability and sustainability of the initiative.

By aligning stakeholder engagement strategies with their roles and importance, the Kerala Government can maximize the impact and inclusiveness of the "Year of Enterprise" initiative, fostering a conducive environment for entrepreneurship and economic growth.

### Please rank the stakeholders according to their power.

(The power of the stakeholder means that they can affect the formulation and implementation of public policy)



10 - If the stakeholders can affect the policy formulation or implementation very much; 1 - if the power of stakeholders is very low or negligible or don't know)

### Key Observations and Insights

#### 1. Most Powerful Stakeholders (Ranked 10):

- **Government of Kerala:** As the primary driver of policy, the state government has the ultimate authority in both formulation and execution.
- **Department of Industries:** Directly responsible for policy development, execution, and oversight, making it a central actor.
- **Organizations under the Administrative Control of the Ministry:** Essential for operational support and policy coherence across departments.
- **Panchayats:** Represent local governance structures, crucial for implementing policies at the grassroots level.
- **Administration Staff Directly Under Government Roles & Officers on Contract Engagement:** Responsible for executing policies at various administrative levels, ensuring



operational efficiency.

*Insight:* The top-tier stakeholders are appropriately ranked given their institutional authority, resource control, and strategic roles in policy implementation.

## **2. High-Power Stakeholders (Ranked 7–8):**

- **Banks/Financial Institutions (Rank 8):** Critical enablers of entrepreneurship, providing the financial backbone for policy execution.
- **Political Party (Rank 8):** Reflects the party in power's ability to set the agenda and mobilize political will for policy success.
- **District Collector (Rank 7):** Key administrative figure responsible for coordinating district-level policy implementation.
- **MSMEs Prospective (Rank 7):** Represent future beneficiaries, whose participation can shape outcomes and align implementation with entrepreneurial needs.

*Insight:* These stakeholders act as intermediaries between the policy's goals and its execution, emphasizing their influential but indirect role.

## **3. Moderate-Power Stakeholders (Ranked 5–6):**

- **MSMEs Associations (Rank 5):** Represent the collective voice of MSMEs, lobbying for favorable conditions and ensuring representation.
- **Research and Development Institutions (Rank 6):** Potential influencers through evidence-based recommendations, but underutilized in policy engagement.

*Insight:* These stakeholders can exert significant influence if adequately engaged. The ranking highlights the need to better integrate their expertise into policymaking.

## **4. Lower-Power Stakeholders (Ranked 1–4):**

- **Entrepreneurship and Skill Development Institutions (Private Sector) (Rank 1):** Their negligible power reflects the lack of reliance on private-sector initiatives for skill-building and entrepreneurship development.
- **Non-Government Organizations (Rank 1):** Limited power indicates minimal involvement in advocacy or implementation, a missed opportunity for broader community engagement.
- **Educational Institutions (Rank 2):** Marginal influence suggests insufficient integration of academia into the entrepreneurship ecosystem.
- **MSMEs Existing & Large Enterprises Including Multinationals (Rank 3):** Current and larger players are ranked low, signalling limited power in shaping policy despite their operational presence.
- **Entrepreneurship and Skill Development Institutions (Public Sector) (Rank 3):**

Reflects the operational but not strategic role these institutions play.

- **Other (Rank 4):** Highlights unspecified stakeholders with minor influence.

*Insight:* The low rankings reveal underutilized opportunities to harness the expertise and resources of private institutions, NGOs, and academia.

**Recommendations for Stakeholder Engagement:**

**1. Strengthen Private Sector Involvement:**

- Enhance the role of **private-sector skill development institutions** to complement public initiatives, fostering innovation and diversity in implementation strategies.

**2. Leverage NGO Networks:**

- Engage **NGOs** to reach marginalized groups and build grassroots support, increasing inclusivity and policy acceptance.

**3. Integrate Academia and R&D Institutions:**

- Foster collaboration with **educational and research institutions** to introduce innovative solutions and evidence-based policymaking.

**4. Empower MSMEs and Large Enterprises:**

- Facilitate greater participation of **existing MSMEs** and **large enterprises**, leveraging their operational expertise and market linkages.

**5. Maintain Focus on High-Power Stakeholders:**

- Continue prioritizing core stakeholders, including government bodies, financial institutions, and administrative roles, to ensure streamlined implementation.

By aligning engagement efforts with stakeholder power, the "Year of Enterprise" initiative can foster a more inclusive and effective policy implementation process, maximizing its impact on entrepreneurship and economic growth.

**Please rank the stakeholders according to their interests.**

(The interest of the stakeholder means that the stakeholder is most impacted and interested in the successful implementation of public policy.)



10 - If the stakeholder interest is very high and they will be impacted positively or negatively by successful implementation of public policy;

1 - if the interest of stakeholders is very low or negligible or don't know,)

## Key Observations and Insights

### 1. Stakeholders with the Highest Interest (Ranked 10):

- **Government of Kerala:** As the primary architect and driver of the KYoE policy, its success directly affects the government's credibility, governance outcomes, and development objectives.
- **Department of Industries:** The department oversees the execution of initiatives, ensuring alignment with policy goals.
- **MSMEs Prospective:** These represent the main beneficiaries of the policy, as it is designed to promote entrepreneurial opportunities and business growth.
- **Officers on Contract Engagement:** Their roles are tied to specific policy objectives, and the success of the initiative directly impacts their responsibilities and contract outcomes.

*Insight:* These rankings are justified as these stakeholders are central to both policy formulation and its tangible impact on entrepreneurship.

### 2. High-Interest Stakeholders (Ranked 8–9):

- **MSMEs Associations:** Represent the collective interest of existing and prospective MSMEs, making them key advocates for policy success.
- **Entrepreneurship and Skill Development Institutions (Public Sector):** These institutions aim to align their training and capacity-building programs with the policy's



entrepreneurial objectives.

- **Panchayats:** Local governance bodies responsible for on-ground implementation and mobilization of community support, directly impacted by success or failure.

*Insight:* These stakeholders have a vested interest in ensuring effective implementation, given their direct involvement or dependence on the policy outcomes.

### **3. Medium-Interest Stakeholders (Ranked 6–7):**

- **Research and Development Institutions (Rank 7):** Their interest is tied to innovation and technology-driven contributions to the policy, though they are not directly impacted by its success.
- **Educational Institutions (Rank 7):** They can play a role in entrepreneurship education but are not primary beneficiaries.
- **Large Enterprises Including Multinationals & Banks/Financial Institutions (Rank 6):** These entities have an operational interest in the success of MSMEs, which could strengthen supply chains and improve credit recovery rates.
- **Organisations under Administrative Control of the Ministry (Rank 6):** Their roles are supportive rather than central to implementation.

*Insight:* These stakeholders are moderately impacted but remain peripheral to the core objectives of the policy.

### **4. Low-Interest Stakeholders (Ranked 1–5):**

- **Entrepreneurship and Skill Development Institutions (Private Sector) & Non-Government Organizations (Rank 1):** Limited or negligible engagement in the policy reduces their interest in its outcomes.
- **MSMEs Existing (Rank 4):** Existing MSMEs have a moderate interest, primarily driven by the policy's potential to support their business environment.
- **Political Party (Rank 5):** While it has a vested interest in the policy's success for political gains, its role in actual implementation is indirect.
- **District Collector (Rank 5):** Their interest is primarily administrative, with less direct impact compared to other stakeholders.

*Insight:* These stakeholders reflect either minimal involvement in the policy or indirect impacts from its success.

### **Recommendations for Stakeholder Engagement**

#### **1. Amplify Private-Sector Involvement:**

- Increase collaboration with **private skill development institutions** to enhance policy reach and implementation efficiency.



## 2. **Leverage NGO Support:**

- Mobilize **NGOs** to enhance inclusivity and facilitate grassroots-level engagement, which is currently underrepresented.

## 3. **Strengthen MSME Networks:**

- Encourage participation of **existing MSMEs** in policy consultations to align their needs with prospective initiatives.

## 4. **Foster Academic and R&D Contributions:**

- Position **educational and research institutions** as innovation hubs that can provide long-term support for entrepreneurial development.

## 5. **Ensure Active Engagement with High-Interest Stakeholders:**

- Maintain strong communication with **core stakeholders** (e.g., Government of Kerala, Department of Industries, MSMEs prospective) to drive alignment, accountability, and sustained interest in implementation.

### **Conclusion**

The rankings align with stakeholders' roles and expected outcomes of the KYoE policy. Effective engagement with high-interest groups and targeted outreach to underutilized stakeholders (e.g., NGOs, private institutions) can maximize the policy's impact and inclusivity.

### **Please give examples of how you managed various stakeholders and other insights if any.**

The responses detail various engagement methods employed for the diverse stakeholder groups in the Kerala Government's "Year of Enterprise" (KYoE) initiative. Below is an analysis based on the stakeholder categories and their relevance to the policy cycle.

#### **1. Government Entities**

- **Government of Kerala & Department of Industries:**

- **Engagement:** Meetings with policymakers and administrators to ensure alignment with state-level priorities.
- **Impact:** These stakeholders are central to the policy framework, and regular meetings foster accountability and coordination.
- **Insight:** While meetings are necessary, including collaborative workshops could enhance cross-departmental policy alignment.

- **Organisations under the Administrative Control of the Ministry:**

- **Engagement:** Ministry-level and inter-departmental meetings.
- **Impact:** Crucial for addressing cross-functional dependencies.
- **District Collector:**
  - **Engagement:** District-level monitoring teams.
  - **Impact:** Ensures localized oversight and implementation tracking.
  - **Insight:** Adding structured feedback loops with district officials could improve grassroots-level adaptability.

## **2. MSMEs (Existing, Prospective, and Associations)**

- **MSMEs Existing & Prospective:**
  - **Engagement:** Orientation training (OT), dissemination of knowledge materials (KM).
  - **Impact:** Builds capacity for operational and entrepreneurial efficiency.
  - **Insight:** Including follow-up support for MSMEs (e.g., mentorship, market access programs) would solidify long-term benefits.
- **MSMEs Associations:**
  - **Engagement:** Meetings, target-setting, and collecting inputs.
  - **Impact:** Valuable for capturing aggregated concerns and ensuring representation of MSME interests.
  - **Insight:** A more structured mechanism for capturing inputs could make this process more systematic and actionable.

## **3. Financial Institutions**

- **Banks/Financial Institutions:**
  - **Engagement:** State, district, and local-level meetings with bankers' committees and introduction of special lending schemes.
  - **Impact:** Encourages better financial inclusion for MSMEs through targeted schemes.
  - **Insight:** Developing performance metrics for incentivized schemes could help assess their effectiveness.

## **4. Educational and Research Institutions**

- **Educational Institutions:**
  - **Engagement:** Formation of ED (Entrepreneurship Development) clubs.
  - **Impact:** Integrates entrepreneurial education within academia, fostering early-stage awareness.
  - **Insight:** Partnering with these clubs to host workshops or mentorship programs could extend their impact.
- **Research and Development Institutions:**

- **Engagement:** Information dissemination to field officers about available technologies.
- **Impact:** Aids in bridging the knowledge gap between research outputs and field applications.
- **Insight:** Facilitating joint projects between researchers and MSMEs could enhance technology adoption.

## 5. Skill Development Institutions

- **Public Sector Institutions:**

- **Engagement:** Training programs.
- **Impact:** Enhances skill-building for entrepreneurs and workforce development.
- **Insight:** Leveraging public-private partnerships could diversify training offerings.

- **Private Sector Institutions:**

- **Engagement:** Not applicable ("-").
- **Insight:** Greater collaboration with private sector entities could supplement gaps in capacity and innovation.

## 6. Local Governance and Community

- **Panchayats:**

- **Engagement:** Meetings with presidents and secretaries.
- **Impact:** Builds local-level ownership and aligns implementation with community priorities.
- **Insight:** Including capacity-building sessions for panchayat members could enhance their engagement.

- **Non-Government Organizations (NGOs):**

- **Engagement:** Not applicable ("-").
- **Insight:** NGOs could play a significant role in community mobilization, advocacy, and inclusivity. Their absence is a missed opportunity.

## 7. Large Enterprises

- **Large Enterprises Including Multinationals:**

- **Engagement:** Facilitated ancillary industries and backward supply chain development.
- **Impact:** Strengthens MSMEs' integration into larger supply chains, creating market linkages.
- **Insight:** Additional focus on co-developing sustainability initiatives or joint ventures could yield long-term benefits.

## 8. Other Stakeholders

- **Trade Unions, Planning Boards, Management Associations, and Help Desks:**

- **Engagement:** Trade union meetings, planning board discussions, and help desks for grievance redressal.
- **Impact:** Ensures inclusivity and addresses potential resistance from labor groups or other stakeholder communities.
- **Insight:** Providing a structured channel for continuous feedback could make these engagements more actionable.

- **Political Parties:**

- **Engagement:** Communication.
- **Impact:** Helps secure political buy-in and avoid unnecessary resistance to implementation.
- **Insight:** Strengthening dialogue to align political goals with policy outcomes could enhance trust.

- **Officers on Contract Engagement:**

- **Engagement:** Entrepreneurship development training.
- **Impact:** Enables contract staff to effectively contribute to policy implementation.

## **Recommendations for Improvement**

### **1. Expand NGO and Private-Sector Participation:**

- These groups remain underutilized despite their potential to provide innovative solutions and reach underserved communities.

### **2. Enhance Stakeholder Collaboration:**

- Structured and recurring feedback mechanisms with MSMEs, local governance bodies, and associations can improve inclusivity.

### **3. Focus on Capacity Building:**

- Invest in capacity-building programs for stakeholders such as panchayats, NGOs, and educational institutions to maximize policy impact.

### **4. Monitor and Evaluate Engagements:**

- Establish performance indicators to assess the effectiveness of stakeholder engagements (e.g., training outcomes, financial inclusivity metrics).

## **Conclusion**

The KYoE stakeholder engagement strategies are well-aligned with the policy's objectives but have notable gaps, particularly in NGO and private-sector involvement. Addressing these gaps and enhancing collaborative frameworks could significantly amplify the program's impact.



## **‘Other’ stakeholders**

The category "Other" stakeholders includes a diverse range of groups that play unique and significant roles in both the formulation and implementation of public policies under the Kerala Government's "Year of Enterprise" (KYoE). Below is an analysis of their importance and potential contributions based on the stakeholder management survey responses. ‘Other’ stakeholders not mentioned in the survey but played an important role are as below:

- Trade unions
- Cooperative institutions
- Planning board
- Export organization
- World Bank
- Management Associations
- Central and state PSU

These have been captured as ‘Other’ in all the questionnaires and their ranking also taken into consideration in the responses.

## **Key Roles and Contributions**

### **1. Trade Unions**

- **Role:** Represent the workforce, advocate for fair labour practices, and ensure that policy frameworks do not disproportionately affect employees.
- **Importance:**
  - Serve as a bridge between policymakers and workers, facilitating the resolution of labour disputes or concerns during policy implementation.
  - Help build trust among workers and reduce resistance to change.
- **Potential Contribution:** Inclusion of trade unions in policy discussions can improve workforce morale, ensuring smoother implementation of industry-centric policies.

### **2. Cooperative Institutions**

- **Role:** Represent grassroots-level stakeholders and promote collective entrepreneurship, particularly in rural areas.
- **Importance:**
  - Cooperatives can ensure inclusivity by representing marginalized or underserved communities, such as small-scale farmers or artisans.
  - Act as intermediaries for the dissemination of policy benefits to their members.
- **Potential Contribution:** Their participation can improve access to credit, technology, and training for micro-entrepreneurs, fostering local economic growth.

### 3. Planning Board

- **Role:** Provide strategic oversight and alignment of public policies with long-term developmental goals.
- **Importance:**
  - Ensures that policies are sustainable and aligned with broader state or national economic development plans.
  - Facilitates inter-departmental coordination to eliminate redundancy in resource allocation.
- **Potential Contribution:** Inclusion in the formulation stage can enhance the strategic design of the program and its evaluation metrics.

### 4. Export Organizations

- **Role:** Represent industries and enterprises involved in international trade, ensuring alignment with global market demands.
- **Importance:**
  - Help MSMEs and large enterprises integrate into global supply chains.
  - Provide insights into international quality standards, certifications, and compliance requirements.
- **Potential Contribution:** Their involvement can foster export growth by connecting local entrepreneurs with global markets and providing necessary guidance.

### 5. World Bank

- **Role:** International financial institution providing funding, technical expertise, and policy guidance.
- **Importance:**
  - Facilitates access to financial resources and ensures global best practices in policy implementation.
  - Offers expertise in areas such as monitoring and evaluation, sustainability, and scaling successful initiatives.
- **Potential Contribution:** Collaboration with the World Bank can enhance the credibility, reach, and scalability of the initiative.

### 6. Management Associations

- **Role:** Represent professional organizations with expertise in management practices, industry trends, and training programs.
- **Importance:**
  - Contribute to capacity building by providing training programs for entrepreneurs, MSMEs, and government officials.

- Offer insights into industry challenges and opportunities, bridging gaps between academia, government, and industry.
- **Potential Contribution:** Their participation can enhance policy outcomes through better strategic planning, operational efficiency, and leadership development.

## **7. Central and State PSUs (Public Sector Undertakings)**

- **Role:** Large government-owned enterprises with significant influence on the state's economy and industrial ecosystem.
- **Importance:**
  - Can act as anchor institutions for MSMEs by providing procurement opportunities, technical support, and mentorship.
  - Their involvement ensures alignment of state policies with central government initiatives.
- **Potential Contribution:** PSUs can foster backward and forward linkages in supply chains, thus supporting entrepreneurship and MSME growth.

### **Strategic Importance in Policy Formulation**

#### **1. Diverse Perspectives:**

- Including these stakeholders ensures representation of diverse interests, from labour and grassroots entrepreneurs to large industries and global organizations.
- Their input strengthens the robustness of policy frameworks, minimizing blind spots.

#### **2. Credibility and Trust-Building:**

- Collaborative efforts with trade unions, cooperatives, and international organizations like the World Bank can improve public trust in policy intentions.
- Stakeholder engagement promotes transparency and accountability in policy formulation.

#### **3. Innovation and Expertise:**

- Organizations like management associations and export organizations bring specialized knowledge and innovation to address complex challenges.
- PSUs and the World Bank provide technical expertise and financial resources to support implementation.

### **Strategic Importance in Policy Implementation**

#### **1. Resource Mobilization:**

- The World Bank and PSUs can provide necessary funding, infrastructure, and technical assistance, easing implementation challenges.

#### **2. Community-Level Outreach:**

- Cooperatives and trade unions enable effective outreach to grassroots and labour communities, increasing inclusivity and policy penetration.

### **3. Capacity Building:**

- Management associations and educational institutions can facilitate training and skill development for stakeholders, ensuring smooth execution.

### **4. Monitoring and Feedback:**

- Planning boards and trade unions can act as feedback channels, highlighting on-ground challenges and recommending mid-course corrections.

## **Recommendations for Engagement**

### **1. Structured Collaboration:**

- Formalize engagement mechanisms (e.g., advisory councils or steering committees) to ensure continuous input from all stakeholder groups.

### **2. Capacity Development:**

- Conduct regular workshops or training sessions for stakeholders like trade unions, cooperatives, and planning boards to align them with policy objectives.

### **3. Integrated Monitoring Framework:**

- Utilize the expertise of the World Bank and planning boards to develop metrics for evaluating policy success and fostering accountability.

### **4. Leverage PSUs as Anchors:**

- PSUs can serve as strategic partners in supply chain development and provide mentorship for MSMEs and entrepreneurs.

## **Conclusion**

"Other" stakeholders, though diverse, collectively contribute to the success of the KYoE initiative by offering unique expertise, resources, and community outreach capabilities. Their engagement is critical for inclusive policy formulation, resource mobilization, capacity building, and effective implementation. By adopting structured engagement and leveraging their strengths, policymakers can enhance the credibility, scalability, and sustainability of public policies.


## **Stakeholders Involved:**

- Directorate of Industries & Commerce
- Non-Resident Keralites Affairs (NORKA)
- Department of Local Self Government
- Department of Co-operation
- All local bodies



- Cooperative Banks
- PSUs
- Industrial Associations & Management Associations,
- State Level Bankers Committee (SLBC)
- Department for Fisheries
- Department of Agriculture
- Department of Animal Husbandry and
- Department of Tourism
- State Planning Board
- District Administration
- Monitoring Committees
- Trade Unions
- Entrepreneurs





CONTEXTUALLY RELEVANT  
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**REPORT 2024**