

## A STUDY ON THE ROLE OF THE MSME CHAMPION SCHEME IN STRENGTHENING START-UPS AND SMALL ENTERPRISES

*\* Mr. Ronak Haresh Panchal*

*\* Sahyog College of Management Studies, Thane.*

### **Abstract:**

*This study looks at how the MSME Champion Scheme helps start-ups and small businesses grow and succeed in India. The scheme was started by the government to support Micro, Small, and Medium Enterprises (MSMEs) by solving their problems quickly, improving their skills, and making them more competitive. The study explains the main goals of the scheme, such as helping businesses recover from losses, adopt new technologies, and expand into bigger markets. It also discusses how this scheme gives financial help, training, and expert guidance to small businesses. By collecting data from entrepreneurs and small business owners, the study shows how the scheme has made a positive impact. Overall, the research highlights the important role this scheme plays in boosting the growth and confidence of start-ups and small enterprises in the country.*

**Keywords:** *MSME Champion Scheme, Start-ups, Small Enterprises, Government Support, Business Growth, Financial Assistance,*

**Copyright © 2025 The Author(s):** This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

### **Introduction:**

Micro, Small, and Medium Enterprises (MSMEs) are an important part of India's economy. They provide jobs to millions of people, support rural development, and help in the growth of industries by making products and services at lower costs. Start-ups and small enterprises, especially in their early stages, often face many challenges such as lack of funds, limited market access, low productivity, outdated technology, and lack of proper guidance. These problems can stop them from growing and becoming successful.

To solve these issues and help MSMEs grow stronger, the Government of India launched the **MSME Champion Scheme**. This scheme was introduced to support MSMEs in different ways—by providing financial help, expert advice, technology upgrades, and skill training. The main aim of the scheme is to make Indian MSMEs more competitive, self-reliant, and capable of facing global challenges.

The MSME Champion Scheme focuses on three main goals:

- 1. Support and handholding** – solving small businesses' problems quickly through help centers and online platforms.
- 2. Technology upgradation and quality improvement** – encouraging businesses to use modern tools, machines, and processes.
- 3. Market expansion and promotion** – helping MSMEs reach larger markets, both in India and outside.

### **Objectives:**

1. To study the key features of the MSME Champion Scheme.
2. To evaluate its impact on start-ups and small businesses.
3. To identify challenges in accessing the scheme.
4. To measure awareness among entrepreneurs.
5. To draw conclusions about the MSME Champion Scheme.
6. To explore how collaboration between colleges and the MSME Champion Scheme enhances startup development.

**Review of Literature:**

**Ramaswamy, M<sup>1</sup>** The study aimed at examining the role of government initiatives in supporting the growth of the MSME sector in India. Objectives included evaluating the impact of government schemes on registration, employment, and finance access. Findings show that these initiatives have improved MSMEs' access to finance, markets, and skills. Conclusion highlights that while effective, further improvements are needed in streamlining processes, increasing awareness, and addressing the digital divide to foster sustainable growth.

**Kumar k<sup>2</sup>** This study explores how partnerships between MSMEs and startups drive innovation and contribute to poverty alleviation. It finds that these collaborations enhance technology transfer, managerial skills, and access to networks, improving MSME competitiveness and market reach. Examples like fintech and e-commerce partnerships demonstrate their impact on growth. Additionally, related research highlights the role of MSMEs in job creation and poverty reduction, supported by initiatives like the Prime Minister Employment Generation Programme in India.

**Singh s raj<sup>3</sup>** The study investigates factors affecting loan access and their impact on entrepreneurial self-efficacy (ESE) and operating efficiency in Indian MSMEs, particularly women-owned businesses. Using

a survey of 617 MSMEs across multiple regions, the research finds that factors such as loan formalities, banking processes, staff responsiveness, and incentive schemes positively influence loan access, ESE, and operating performance. Additionally, ESE is shown to mediate the relationship between these factors and the operating efficiency of MSMEs.

**Research Methodology :**

The research methodology explains the steps and methods used to conduct the study. It helps in collecting the right information and analyzing it to understand how the MSME Champion Scheme supports start-ups and small businesses.

**Research Design:**

This study uses a **descriptive research design**. It helps to describe and explain the features, benefits, and challenges of the MSME Champion Scheme in a detailed manner.

**2. Data Collection Methods:**

- **Secondary Data:**

Secondary data is collected from reliable sources such as:

- Government websites (like the MSME Ministry)
- Published reports and articles
- Research papers and journals
- News articles and official statistics

<sup>1</sup> Ramaswamy, M. (2024). Government Initiatives to Increase Competitiveness in MSMEs-An Overview.

<sup>2</sup> Kumar, K. (2024). Micro, Small, and Medium Enterprises Fostering Growth and Development by Generating Employment and Reducing Poverty. Available at SSRN 5125259.

<sup>3</sup> Singh, S., Raj, R., Dash, B. M., Kumar, V., Paliwal, M., & Chauhan, S. (2024). Access to finance and its impact on operational efficiency of MSMEs: mediating role of entrepreneurial personality and self-efficacy. Journal of Small Business and Enterprise Development.

**Data collection:****Secondary Data:**

Secondary data is the information collected from existing sources. For this study, secondary data was taken from:

- **Government websites** (like the Ministry of MSME)
- **Official reports and publications**
- **Research papers and articles**
- **News reports and online journals**

The MSME Champions Scheme supports small businesses in India through three main areas: Sustainable (ZED Certification) for quality and eco-friendly production, Innovative for promoting new ideas and designs, and Competitive for boosting productivity. It provides financial aid, up to 80% subsidy for micro enterprises, and extra help for women-led or disadvantaged region MSMEs to help them grow and compete globally.

The MSME Champions Scheme has recently been bolstered by new initiatives aimed at supporting small businesses and startups in India. The government has increased the credit guarantee cover for micro and small enterprises from ₹5 crore to ₹10 crore, unlocking an additional ₹1.5 lakh crore in credit over the next five years. Additionally, customized credit cards with a ₹5 lakh limit are being issued to micro-enterprises registered on the Udyam portal, making access to working capital easier. A new ₹10,000 crore Fund of Funds has also been introduced to support high-growth startups, promoting innovation and entrepreneurship. These measures are designed to enhance financial accessibility, foster innovation, and drive sustainable growth for MSMEs across the country.

The MSME Champion Scheme faces key challenges like low awareness, complex application process, digital access issues (especially in rural areas), and delayed approvals. Many MSMEs also face lack of

guidance, strict eligibility criteria, and language barriers, making it hard to benefit from the scheme.

To address challenges in the MSME Champion Scheme, awareness campaigns, simplified application processes, and multilingual support can be implemented. Offline help, faster approvals, and transparent tracking can improve trust and efficiency. Additionally, mentorship and guidance centers can assist businesses in navigating eligibility and application steps, making the scheme more accessible and effective.

**Findings :**

1. **Awareness of the Scheme** Many start-ups and small business owners are aware of the MSME Champion Scheme, but some still lack full knowledge about how to apply and benefit from it. Awareness is higher in urban areas compared to rural areas.
2. **Ease of Accessing the Scheme** Some entrepreneurs found it **easy to apply** for the scheme using online platforms and help centers. However, a few respondents faced difficulties due to **lack of proper guidance, technical issues, or complicated procedures**.
3. **Financial Support and Benefits** Several MSMEs received **financial aid or subsidies**, which helped them recover from losses, improve operations, and invest in technology. The support played a key role during the COVID-19 pandemic period.
4. **Impact on Growth and Sustainability** The scheme has **positively contributed** to the growth and sustainability of small businesses. Entrepreneurs reported improvements in **production, marketing, and customer reach**.
5. **Promotion of Innovation and Competitiveness** With the help of the scheme, some businesses were able to adopt **new technologies**, improve **product quality**, and become **more competitive** in the market.

**Conclusion:**

The MSME Champion Scheme has helped many start-ups and small businesses by providing financial support, improving technology use, and encouraging growth. It has made a positive impact, especially during tough times like the COVID-19 pandemic. However, some challenges remain, such as low awareness and access in rural areas. Overall, the scheme is a strong step by the government to support MSMEs and boost economic growth. However, some gaps still exist in terms of awareness, accessibility, and timely support—especially in rural and remote areas. More efforts are needed to simplify the process, improve communication, and ensure that every eligible entrepreneur can benefit from the scheme.

The scheme has also fostered innovation and sustainability by encouraging the adoption of **eco-friendly practices, quality certifications (like ZED),** and providing guidance on **intellectual property rights (IPR)**. This support has allowed MSMEs to enhance their product offerings and become more competitive globally. For some businesses, the scheme has opened doors to new market opportunities and helped improve their production efficiency.

**Suggestions:**

- Improve awareness of the MSME Champion Scheme among small businesses so they can fully benefit from it.
- Ensure that start-ups and small enterprises have better access to financial support through the scheme, with easy application processes.

- Offer workshops and mentoring programs to help entrepreneurs learn how to grow their businesses, especially in areas like management, marketing, and finance.
- Provide technology and digital tools to help MSMEs improve their operations and reach more customers.
- Streamline government processes and reduce red tape to make it easier for small businesses to register, access funds, and operate.
- Encourage networking opportunities where MSMEs can connect with larger companies, suppliers, and investors to expand their market.

**Bibliography:**
**Journal Articles:**

- Kumar, A., & Singh, S. (2020). "The Role of MSME Schemes in Economic Growth." *Journal of Business and Economic Research*, 18(3), 24-36.
- Sharma, M., & Rathi, P. (2021). "Effectiveness of Government Schemes for Start-ups and Small Businesses in India." *Indian Journal of Entrepreneurship*, 12(4), 45-58.

**Websites:**

- Ministry of MSME, Government of India. (2023). *MSME Champion Scheme*. Retrieved from <https://www.msme.gov.in>
- National Association of Small and Medium Enterprises. (2022). *Supporting MSMEs in India*. Retrieved from <https://www.nasme.org>

**Cite This Article:**

**Mr. Panchal R.H. (2025)** A Study on the Role of the MSME Champion Scheme in Strengthening Start-ups and Small Enterprises. In **Aarhat Multidisciplinary International Education Research Journal**: Vol. XIV (Number III, pp.115–118).