

QB365 Question Bank Software Study Materials

Micro, Small and Medium Enterprises (MSMEs) and Self Help Groups (SHGs) Important 2,3 & 5 Marks Questions With Answers (Book Back and Creative)

11th Standard

Commerce

Total Marks : 75

2 Marks

10 x 2 = 20

1) Give some examples for Micro Enterprises.

Answer : Micro Enterprises are engaged in low scale activities such as clay pot making, fruits and vegetable vendors, transports (three wheeler tempos and autos), repair shops, cottage Industries, small Industries, handloom, handicraft works, etc.

2) What is the aim of NEEDS?

Answer : Government of Tamil Nadu launched "New Entrepreneur-cum-Enterprise Development Scheme (NEEDS)" with a view to encourage the educated youth to become the first generation entrepreneurs.

3) What is a Self Help Group?

Answer : (i) Self Help Group is a small Informal Voluntary Association.
(ii) It is created for the purpose of enabling members to Reap Economic benefit out of Mutual Help, solidarity, and Joint Responsibility.

4) What are all the activities engaged by Micro enterprises?

Answer : Micro enterprises are engaged in low scale activities such as clay pot making, fruits and vegetable vendors, transport (three wheeler tempos and autos), repair shops, cottage industries, small industries, handlooms, handicraft works etc.

5) Expand MUDRA bank.

Answer : Micro Units Development Refinance Agency Bank.

6) State the investment limit for micro enterprise in manufacturing and service sector.

Answer :

Enterprise	Manufacturing Sector	Service Sector
Micro Enterprise	Does not exceed Rs.25 Lakhs.	Does not exceed Rs.10 Lakhs.

7) What are the classification of Service Enterprises?

Answer : (i) Micro Enterprises
(ii) Small Enterprises
(iii) Medium Enterprises

8) What is meant by MUDRA Bank?

Answer : The Government of India has launched MUDRA Bank with a capital amount of Rs.20,000 crore, and credit guarantee corpus of Rs.3,000 crore, to help Micro Small and Medium Enterprises (MSMEs) and startups to resolve problems relating to financing.

9) What are the contribution of MSME to India's economy?

Answer : 1. The MSME Sector contributes about 8% to Gross Domestic Product (GDP) besides 45% to the total manufacturing output and 40% to the exports from the country on the production of more than 6000 products.
2. This Sector consists of 36 million units and provides employment to over 8 crore people.

10) Write short notes on Self Help Group in Tamilnadu.

Answer : In Tamil Nadu, Tamil Nadu Corporation for Development of Women Limited (TNCDW) was established in the year

11) List out the products produced by MSME in Tamil Nadu?

Answer : In Tamil Nadu MSMEs sector produces a wide variety of products in almost all fields. The prominent among them are textiles, Electronic Products, Engineering products, Auto ancillaries, Leather products, Chemicals, Plastics, Garments, Jewellery, etc.

12) What is the role and significance of MSMEs in Indian Economy?

Answer : The MSME sector contributes about 8% to Gross Domestic Product (GDP) besides 45% to the total manufacturing output and 40% to the exports from the country on the production of more than 6000 products. This sector consists of 36 million units and provides employment to over 8 crore people.

13) Explain any three features of self help group

Answer : (i) The motto of every group members should be "save first" - Credit Latter"
(ii) Self help group is homogeneous in terms of Economic Status.
(iii) The ideal size of a self help group ranges between 10 to 20 members.

14) State the investment limit for Medium Enterprise engaged in manufacturing and service sector.

Answer :

Enterprise	Manufacturing Sector	Service Sector
A medium enterprise	More than 5 Crores but not exceeding Rs.10 crores	More than Rs.2 crores but not exceeding Rs.5 crores

15) What are the different ways in which banks fund self help groups?

Answer : (i) There are three distinct modes of credit to SHGs.
(ii) Under the first mode, banks lend directly to the SHGs.
(iii) In the second mode, banks provide loans to NGOs for lending to the SHGs and ultimately to Micro Entrepreneurs.
(iv) Under the third mode, banks extend Credit to SHGs with the NGOs serving as facilitators.
(v) Out of these three modes, the last method of direct lending by bank with NGOs facilitations is widely practised.

16) Define Self Help Group.

Answer : National Bank for Agricultural and Rural Development (NABARD) has defined Self Help Group as "a homogenous group of rural poor voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute to a common fund of the group to be lent to the members for meeting their productive and emergent credit needs".

17) Write a short note on MUDRA bank.

Answer : The Government of India has launched MUDRA Bank with a capital amount of 20,000 crore, and credit guarantee corpus of 3,000 crore, to help Micro Small and Medium Enterprises (MSMEs) and startups to resolve problems relating to financing. MUDRA Bank refinances micro-Finance Institutions through a Pradhan Mantri Mudra Yojana (PMMY).

18) What are the Institutional sources of finance for MSMEs?

Answer : Institutional sources of finance for MSMEs:

There are many Banks and Financial institutions which provide financial assistance to Micro Small and Medium Enterprises and start-ups.

(a) Commercial Banks:

- (i) Public sector banks (eg.) State Bank of India, Indian Bank, Indian Overseas Bank, Canara Bank.
- (ii) Private sector banks (eg.) ICICI, Axis Bank, City Union Bank, HDFC, Karur Vysya Bank, Tamilnadu Mercantile Bank.

(b) Regional Rural bank:

(eg.) Pandian Rural bank, Pallavan Rural Bank, Vallalar Rural Bank.

(c) Co-operative Banks:

(eg.) TNSC Bank, District Central Co-operative Banks.

(d) Micro Finance Institutions:

(eg.) MUDRABank.

(e) Non-Banking Finance Institutions:

- (i) (eg.) National Small Industries Corporation Ltd (NSIC).
- (ii) Small Industries Development Bank of India (SIDBI).

- 19) Explain Self Help Groups (SHGs) in Tamil Nadu.

Answer : SHGs in Tamil Nadu:

In Tamil Nadu, Tamil Nadu Corporation for Development of Women Limited (TNCDW) was established in the year 1983 with the prime objective of socio-economic development and empowerment of rural women. The Government of TamilNadu spearheaded the Self Help Group concept in the country by forming SHGs in Dharmapuri district with the assistance of International Fund for Agricultural Development (IFAD) in September 1989. The success of the IFAD project paved way for the now popularly called "Mahalir Thittam" project, which was launched during 1997-98 with the State Government funding and was progressively extended to all the 30 districts. The SHG movement has now emerged as a powerful and vibrant movement illuminating the lives of many poor women in the state.

- 20) What are the problems of Micro and Small Industries?

- Answer :** (i) Problem of Raw materials.
(ii) Problem of Finance.
(iii) Problem in Marketing.
(iv) Problems of under-utilisation of capacity.
(v) Other Problems-in adequate availability of credit facility, deficient managerial and technical skills.

5 Marks

5 x 5 = 25

- 21) What are the objectives of SHGs?

Answer : Objectives of Self Help Groups:

1. Focusing on empowerment of women.
2. Saving people from the clutches of money lenders
3. Building capacity of women and to enable them to participate in generating activities.
4. Creating the habit of saving in the minds of the people who are economically backward.
5. Promoting entrepreneurship skills among women.
6. Creating awareness about the importance of credit circle or revolving credit and the payment of the circle.
7. Elevating the economic standard of the member's families.
8. Developing skills and facilitating credit linkages for eventual economic empowerment.
9. Promoting awareness among the members about finding solutions for their economic problems.
10. Identifying the common interest of the group members and carrying out their operations in the most efficient and economic way.
11. Enabling the members to overcome all social and economic barriers.
12. Promising and ensuring human rights to women at all stages of their life cycle.

- 22) Explain MUDRA Bank.

Answer : 1. Micro Units Development and Refinance Agency (MUDRA) Loan scheme under PMMY or Pradhan Mantri Mudra Yojana is an initiative by the government of India offers loans to individuals and MSMEs with the help of banks and NBFCs. MUDRA Yojana is offered under 3 loan schemes, named Shishu, Kishor, and Tarun. Loans offered by banks under the Mudra scheme are collateral-free.

2. Pradhan Mantri Mudra Yojana is a Government of India scheme, which enables a small borrower to borrow from banks, MFIs, NBFCs for loans upto Rs. 10 lakh for non farm income generating activities. Generally, loans upto Rs.10 lakh issued by banks under Micro Small Enterprises is given without collaterals.

Benefits of Mudra Loan

1. Loan amount up to Rs. 10 lakh
2. Collateral-free loans
3. Low interest rates with even lower processing fees
4. Loan covered under Credit Guarantee Schemes from Govt. of India
5. Can be used as term loans, working capital loans, and overdraft facilities
6. All Non-farm enterprises, i.e. small or micro firms engaged in the income-generating activities can avail Mudra loans
7. Mudra loans can also be availed by people belonging to SC/ST category at concessional interest rates
8. Loans for Women Entrepreneurs at lower interest rates

Documents required

1. Duly filled application with passport-sized photographs
2. KYC documents of Applicant and Co-applicants: Passport, Voter's ID card, Aadhar Card, Driving License, PAN card, Utility Bills (Water/Electricity Bills)
3. Proof of belonging to a special category, such as SC, ST, OBC, Minority, etc. (if applicable)
4. Last 6 months' bank statement
5. Business address and tenure proof, if applicable
6. Any other documents required by the bank or NBFC

23) Explain the Advantages of MSMEs?

Answer : a) Employment Potential:

1. MSMEs generate more employment opportunities than large business concerns.
2. They are mostly labour intensive, thus providing more employment opportunities to a large number of people in our country.

b) Low production cost:

- (1) MSME's do not require skilled laborers or professionals to run the organization or professionals to run the organization.
- (2) These units are more cost efficient than large scale units, thus facilitates production of goods at low cost.

c) Low investment:

- (1) MSMEs do not require a huge capital to start the unit. It can employ locally available resources within the reach of the owner.
- (2) These industries facilitate the growth of local entrepreneurs and self-employed professionals in small towns and villages.

d) Quick Decision making:

- (1) MSME's need not hire professional managers to run the management on a day-to-day basis.
- (2) In most cases, owner himself manages the Enterprises.
- (3) Hence, decision-making becomes easy and effective.

e) Supplementary Role:

- (1) MSME's play a complementary role to serve as a feeder to large-scale industries.
- (2) They supply accessories, spare parts and components to large-scale industries.

f) Establishment of Socialistic pattern of Society :

- (1) MSME sector contributes towards the establishment of a socialistic pattern of society by reducing the concentration of Income and Wealth.
- (2) It helps to achieve equitable distribution of wealth.

g) Balanced Regional Development:

- (1) By encouraging MSMEs in industrially backward areas of India, balanced development can be achieved in all regions.

h) These industries facilitate the growth of local entrepreneurs. Promotion of self employment and self Reliance sprit:

1. MSMEs help to a great deal in developing a class of entrepreneurs.
2. It promotes self employment and a sprit of self reliance in the society
3. Its contributes an increase in per capita income or economic development.

i) Higher - contribution to manufacturing and Export:

- (1) MSMEs contributes 45% to the total manufacturing output and 40% to the exports from the country.
- (2) It helps in earning precious foreign exchange in various countries across the world.

24) Briefly explain the limit of investment by MSME in Manufacturing sector and Service sector:

Answer :

SL.NO	ENTERPRISES	MANUFACTURING SECTOR (IN PLANT & MACHINERY)	SERVICE SECTOR (IN EQUIPMENTS)
1	Micro	Does not exceed 25 lakhs	Does not exceed Rs.10 Lakhs
2	Small	More than 25 lakhs but Not exceeding 5 crores	More than 10 lakhs but not exceeding 2 crores
3	Medium	More than 5 Crores but not exceeding 10 crores	More than 2 crores but not exceeding 5 crores

25) Write a note on NEEDS.

Answer : Government of Tamil Nadu launched "New Entrepreneur - cum-Enterprise Development Scheme (NEEDS)" with a view to encouraging the educated youth to become the first generation entrepreneurs. The Scheme envisages providing entrepreneurship development training to educated young entrepreneurs, preparing business plans and helping them to tie up with financial institutions to set up new business ventures, besides linking them with major industrial clients.