

Unit 5: Government support

Learning objectives:

At the end of this unit, you will be able to:

- ✓ Identify the reasons of government support to entrepreneurs
- ✓ Explain the role of different organisations which provide support and assistance to entrepreneurs in Mauritius and Rodrigues
- ✓ Recognise the importance of government rules and regulations to enterprises

Government support to entrepreneurs

- Government support means **any assistance or help** that are given to businesses
- Small and Medium Enterprises (SMESs) are independent businesses which operate on a small scale
- Government support can be in terms of different ways and for different reasons

Government support to businesses		
Grants <ul style="list-style-type: none">• Funds for trading• Funds for research and development	Access to finance <ul style="list-style-type: none">• Start up loans by government owned banks• Facilitate bank loans from other commercial banks	Administrative and technical help <ul style="list-style-type: none">• Computerised administrative data• Access to new technologies

Grants

- Grant is a sum of money provided **by the government** that needs **not to be repaid**
- There is **no interest** to be paid on grants
- Grants are usually used by enterprises for research and development

Access to finance

- Government provide SMEs with the **facility to obtain loan** for business start up
- Loans can be from government owned banks or commercial banks
- Usually business get a **preferential rate of interest** (low interest)

Administrative and technical help

- Government help SMEs in their **administrative tasks** such as **controlling, organising and planning** of activities
- Enterprises can also be aware of the **new technologies** that are available to better organize their activities

Role of different organisations providing support and assistance

- Enterprises can get access to finance from both **public and private institutions**

Organisations supporting SMEs in Mauritius

Government (public) institutions

- State owned banks
- SME Mauritius
- National Women Entrepreneur Council (NWEC)

Private institutions

- Commercial banks
- Mauritius Chamber of Commerce and Industry (MCCI)

Government institutions helping SMEs

State owned banks

- The **Development Bank of Mauritius (DBM)** is a state owned bank which provide **finance to entrepreneurs** to help them set up or to grow.
- They offer facilities like:
 - Micro-credit scheme
 - SME financing scheme
 - Sheltered and organic farming
 - Loan for fishermen

SME Mauritius

- SME Mauritius is an institution which offers facilities to SMEs in Mauritius and Rodrigues
- Services provided by SME Mauritius:
 - Promotes and develops and entrepreneurship culture
 - Provide industrial space, finance and resources
 - Helps entrepreneurs to enhance their technological and managerial capabilities

- Help to exploit business opportunities and obtain market for their products
- Organises and encourages SMEs to participate in fairs for greater market exposure

National Women Entrepreneur Council (NWECC)

- NWECC **provides support and assistance** to both potential and existing women entrepreneurs in Mauritius and Rodrigues
- NWECC promotes **economic empowerment of women** and encourages the **development of women entrepreneurship**
- Provide training to improve the managerial skills of women entrepreneurs
- Strengthen development of women in specific areas
- Facilitate links with other bodies which help women entrepreneurship

- The main objectives of NWECC are:
 - Promote entrepreneurial activities of women
 - Know the needs of women entrepreneurs and help them
 - Provides training which will enhance the skills and managerial aptitudes of women entrepreneurs
 - Strengthen the development of women entrepreneurship in specific areas
 - Provide a link with other bodies which help entrepreneurs such as foreign contact to market products
- Services offered:
 - Information dissemination and sensitisation programmes
 - Counselling
 - Trade fairs and workshops
 - Training
 - Marketing
 - Local fairs

Private institutions helping SMEs

Commercial banks

- A number of commercial banks in Mauritius and Rodrigues provide a variety of banking services to SMEs.

Examples of some banks in Mauritius:

- Mauritius Commercial Bank (MCB)
- State Bank of Mauritius (SBM)

Banking services provided by commercial banks

Bank loans

- It is a sum of money **lent by bank** for a period of time against **interest**.

Bank overdraft

- It is a **credit facility** allowing entrepreneurs to borrow up to an agreed amount of money.

Trade finance

- It is **flexible, short-term** borrowing facility linked to a specific import or export transactions.

Mauritius Chamber of Commerce and Industry (MCCI)

- MCCI is a private institution which offers many services to businesses.
- It participates in the development of SMEs by providing **free advice on trade, industry and agriculture**
- Special schemes provided by MCCI to SMEs
 - Promotes entrepreneurship among young Mauritians who need financial assistance
 - Provides training so that entrepreneurs can manage businesses on their own
 - Provides legal services when there are any conflicts

Government Rules and Regulations

- All businesses in Mauritius and Rodrigues must obey the country's rules and regulations set by the government.

Rule

- A rule is a **general norm** that **guides conduct or behaviour**

Regulations

- Regulations are **rules of order** having the **force in law**
- These regulations concern the creation of business and monitoring business activities whereas others protect the interest of customers and employees
- Importance of Rules and Regulations in Businesses
 - Builds image of the business as consumers trust enterprises which respect the laws
 - Consumers build confidence in the products of the business
 - Employees show good faith when they are paid according to the wage set by the government
 - The government will not fine them when rules and regulations are obeyed

Regulations governing enterprises

- The Business Facilitation Act – it makes it easier for entrepreneurs to apply for permit or registration
- The Food Act – it protects consumers by ensuring businesses sell food that is fit for consumption
- National Minimum Wage Regulations 2018 – it is the lowest amount an employee can legally pay employees