

STUDY ON SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

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Abstract:

There is a positive trend at present in the industry towards technological up-gradation and quality improvement. These factors indicate that MSMEs are on their way to face new challenges brought by liberalization process and make most of an opportunity which the present competitive environment offers them.

A number of organizations have been set up by the Government to provide assistance and incentives to MSMEs. In certain cases, MSMEs are protected against competition from large industries. Packages of assistance are provided to MSME entrepreneurs by large number of organizations operating at national and state levels. The development of MSME is a state subject but the Government of India has assumed the responsibility for planning and coordinating the developmental programmes in view of the national importance of this sector. Therefore, the development programmes for MSME are carried out both at national and state level.

Key words: *challenges, liberalization, competitive environment, MSME entrepreneurs*

INTRODUCTION

The present Study deals with examining the status and role of entrepreneurial support system in India. There are a number of organisations and financial institutions established by Centre and State Governments to assist the growth of entrepreneurship and small scale sector in the country. The micro, small and medium enterprises (MSMEs) are contributing significantly to economic growth in the present scenario. They are offering production and quality at par with large scale industries. In the new economy of liberalisation, privatisation and globalisation the mood of MSMEs is up- beat as they look towards future for higher growth and better performances. As per the Chairman, National Small Industries Corporation, New Delhi, “the present scenario of MSMEs is encouraging for their achievements in terms of production and exports”.

To support the tiny, cottage and small scale sector in India, SIDBI was setup by an Act of Parliament, as an apex institution for promotion, financing and development of industries in small scale sector and for coordination of the functions of other institutions engaged in similar activities. SIDBI is wholly-owned subsidiary of Industrial Development Bank of India (IDBI). It commenced its operations on April 2, 1990, by taking over the outstanding portfolio and activities of IDBI pertaining to the small scale sector. SIDBI is operating through its head office at Lucknow and a network of 5 regional offices and branches in all the states.

Review of Literature

SIDBI under its charter has inter-alia been assigned the task of being the main provider of term finance to small scale sector in the country. Small scale industrial units in the tiny sector and small road transport operators are extended financial assistance mainly by way of refinance through primary lending institutions (PLIs) viz State Financial Corporations (SFCs), State Industries Development Corporations/State Industries Investment Corporations (SIDCs/SIICs) and banks which have a wide network of branches. Term loans extended by eligible PLIs to small scale industrial projects, irrespective of the location and form of organization of the units are eligible for refinance assistance.

The National Small Industries Corporation provides industrial finance by way of supply of machines on hire purchase to small industrial units all over the country. The supply of machines on hire purchase is in a way an offer of funds, an offer of foreign exchange facilities, guidance on adopting modernized technology for improved methods of production and a combination of all. NSIC obtained clearance from Director General to arrange for foreign exchange import license. It opens the letter of credit and looks after the customs requirement and clearance of machines. The person starting small industry will make efficient use of the machines and from their utilization pay to NSIC hire - purchase installments in time. When dues, if any, have been paid, the propriety of the machines is transferred to the entrepreneur who then becomes the owner.

- NSIC conducts motivational intensive campaigns in collaboration with Directorates of Industries.
- The decision on application for supply of machines on hire - purchase are taken, as far as possible, on the spot in consultation with concerned departments.
- The terms of supply of machinery and purchase are such that with average efficiency a small entrepreneur is able to pay back the dues of the Corporation and also make reasonable living from his unit.

- For tiny units and those started in backward areas or by technocrats, scheduled castes, and tribes, physically handicapped persons, ex-defense personnel in backward areas and the women entrepreneurs, the terms of lending have been kept offer as compared to other categories of units.
- Another attractive feature of the scheme is that the Corporation does not demand any security or collateral for its assistance up to Rs. 6 Lac.

The units registered with NSIC under the single-point registration scheme are given the following facilities:

- Issue of tender sets free of cost.
- Advance intimation of tenders issued by GGS and D.
- Exemption from earnest money.
- Waiver of security deposit up to the time which the unit is registered.
- Issue of competency certificates in case the value of an order exceeds the monetary time after due verifications.

NSIC is acting as a link between various purchasing agencies and small scale units, takes up the matter with the former as and when instances of latter have been ignored for legitimate benefits are brought to its notice.

The National Research Development Corporation of India is a government of India's enterprise established in 1953 as a non-profit organization under Section 25 of Companies Act. It has been especially created to develop and exploit indigenous know how, inventions, patents, and process emanating from all types of research and development institution in the country.

Material and method

It is especially created as an important link in the innovation chain and as a prime vehicle for transfer of technology. During the past four decades of its operations, the corporation has acquired a large number of technologies/processes and has become a repository of indigenous technology. Being represented in various technical committees of Government, National Research Development Corporation has an appreciation of the views of the government as well as of the entrepreneurs.

National Research Development Corporation has so far licensed over 1000 processes out of which about 500 processes have been successfully commercialized in the year 1982-83. The industrial units based on NRDC had produced goods worth Rs. 1200 million approximately. Most of the processes

available with NRDC are suitable for the small scale sector and they are more employment - oriented and less capital - intensive.

Conclusion

The Entrepreneurship Development Institute of India is an apex entrepreneurship institute by Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India and State Bank of India. The institute enjoys active support of Government of Gujrat. The institute has been operating for the past more than 11 years now and has set the entrepreneurship development momentum throughout the country and other developing countries. The institute has broken the myth that entrepreneurs are born only and has demonstrated by results that they can be identified and developed too. Institute's experience-rich faculty makes it national resource bank for all entrepreneurship development activities. The institute is located in highly industrialized State of Gujarat which makes it a live laboratory for emerging new entrepreneurs. The institute combines in itself a sound academic resource for research, training, and institution building with the initiative of an active participation in entrepreneurial activities in backward regions for special target groups and innovativeness in the human resources development field.

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