Review of Current Literature.
Basic Concept or Meaning of S.S.I.
Mode of Financing of S.S.I.
CHAPTER 2

REVIEW OF CURRENT LITERATURE. MEANING AND MODE OF 
FINANCING OF SMALL SCALE INDUSTRY

Review of Current Literature

According to the reports of Research Studies only a few systematic studies have been made on small scale industries so far. These are "Financing of Small Scale Industries in a Developing Economy" by Pareek, "Financing of Small Scale Industry" by Singh and Gupta, "Finances for Small Scale Industry in India" by Ramakrishna "Small Scale Industries — A Study in Investment and Output Aspects " by Kopardekar, "Financing Small Scale Industries in India 1950-52 by Balkrishna, "Place and Problems of small Industries " by Basu, "Size and capital-intensity in Indian Industry" by Sandesare, "Small Scale Industries in Delhi" by Dhar and "Small Scale and household industry in a Developing Economy" by Shetty. All but Singh and Gupta, Balkrishna, Kopardekar, Ramakrishna and Pareek have dealt with all the aspects pertaining to "Small Scale Industries"
In general, Inderjit and N.S. Gupta undertook the study of small artisans and small enterprises operating in Srinagar, the city enriched with natural beauties and capital of Jammu & Kashmir. They discussed aspects such as organisational structure, capital plan, personnel, production and marketing besides the role of banking finance in the industrial development of that state i.e. J & K. Though many aspects were attempted yet none of them was analysed in adequate detail.

Balkrishna analysed the financial experience of public limited joint stock companies in India during 1950-52 in certain manufacturing industries in which small scale units predominated, and a comparison was made between small scale industries and large scale industries in each line of manufacturing. He paid little attention to the external sources of finance and internal flow of finance.

D. Kopardekar lays emphasis on the composition of investment in the selected units and mode of disposal of output. He dealt more with the internal structure and efficiency of the units by paying a little attention to the external sources of finance. Ramakrishna concentrated on the financial aspects.
analysed the problem from a broad outlook. So, his study, is mostly of macro nature. Pareek, in his study, discussed various aspects such as importance of small scale industries in the economy of Rajasthan, the capital structure of the selected sample units, the role played by different financial institutions in the provision of credit in the state of Rajasthan and in India. But he studied the aspects from the viewpoint of financial institution, but not the selected sample units. He paid no attention to the internal flow of finance in the selected units. Shetty dealt with the problems encountered with the growth of household and small scale industries without any specific emphasis on any of them. Sendesara concentrated on the study of economic feasibility of small scale industry in terms of output and employment in comparison to large scale industry. Basu and Dhar were of the same opinion with marginal difference in the approach and methodology.
Since no study has been conducted so far in Haryana in respect of both internal and external sources of finance and operational flow of finance in small scale industries an attempt has been made in this study to highlight these aspects. Before proceeding to the real study it is essential to define some of the basic concepts used in the present endeavour.

Basic Concepts

Industrial Commission (1918) described small scale industries as organised industries carried on in a workshop or factory having simple operation with provincial character. Fiscal Commission (1949-50) defined small scale industry as one operated with hired labour of usually 10 to 50 hands. According to the committee on finance for the Private sector, Small-Scale Industries are those which are not integrated with rural economy and in which investments of capital and labour are relatively small, that is, units with assets worth Rs 10,000 and Rs 5,00,000 engaged largely in production of articles that are ancillary to or competitive with products of so called large scale industries.
large scale industries.

The first working definition of a small scale unit adopted in India in 1955 was a "unit employing less than 50 persons, if using power and less than 100 persons without the use of power with capital assets not exceeding Rs 5 lakhs." This definition was modified in March, 1959 so as to cover undertakings which employed less than 50 persons when using power and less than 100 persons when not using power. This change was made to ensure maximum utilisation of equipment and capital outlay. In January, 1960 the definition was revised so as to dispense with any limitation of the number of persons employed. It was felt that in a labour surplus economy like ours, it is not proper to accept a definition that might put a limit on employment. The definition of small-scale units was again revised in 1966 according to which small scale industries were to include all units with a capital investment of not more than Rs 7.5 lakhs irrespective of the number of workers. According to this definition, capital investment means investment in plant and machinery. The investment in land and buildings were excluded.
because the value of land and buildings differs from one area to another. At the same time, land is usually costly in urban areas whereas it is cheaper in rural areas. Besides, there was a rise in the investment by small-scale units and these units made substantial investment in plant and machinery.

To promote small scale industries engaged in the production of ancillary items, which require higher technology, a definition regarding ancillary units was also made. Units which are engaged in producing parts, components, sub-assemblies and tooling for supply against known or anticipated demand of one or more large units and with capital investment not exceeding Rs 10 lakhs were treated as ancillary units. In 1975 small scale and ancillary industries were again redefined. According to this definition, a small scale unit was defined as one in which the investment in plant and machinery did not exceed Rs 10 lakhs irrespective of the fact whether the machines were new or second hand. The value of land, buildings, working capital, cost of tools, jigs, dyes and spare parts was not taken into consideration for the purpose of this definition. Ancillary units were defined as those in which
the investment in plant and machinery was not exceeding Rs 15 lakhs which supplied parts, components or sub-assembly to a large unit.

Since the small scale industries have assumed greater importance not only in India but also in developing and under-developed countries of the world, therefore, we must have a look how the small scale units are defined in other countries of the world. The definition of small scale industries in some important countries of the world are given below:

**CEYLON**

"Small Scale Industries are defined as industries which are mainly motivated by power and have capital investment (land, building, and machinery) of not exceeding Rs 2 lakhs."

**ECAFE**

"The working group of Economic Commission for Asia and Far East suggested in 1952 that small industries may be defined, for statistical purpose, as establishments employing not more than 20 employees when using power or 50 workers when not using
EGYPT, ISRAEL AND TURKEY:

"The United Nations Report (1958) on development of manufacturing industry in Egypt, Israel and Turkey refers to all manufacturing establishment employing less than 10 persons as small scale industries."

ITALY:

"Units having capital investment of not more than 1,500 million lire and employing not more than 500 workers are considered to be small."

INDIA:

Small Scale Industrial Undertakings

"Undertakings having investment in fixed assets in plant and machinery whether held on ownership terms or by lease or by hire purchase not exceeding Rs 35 lakhs."

Ancillary Industrial Undertakings
Undertakings having investment in fixed assets in plant and machinery whether held on ownership terms or by lease or by hire purchase not exceeding Rs 45 Lakhs and engaged in :-

a) the manufacture of parts, components, sub-assemblies, toolings or intermediates; or

b) the rendering of services and supplying or rendering or proposing to supply or render 50 percent of their production or the total services as the case may be, to other units for production of other articles;

Provided that no such undertaking shall be a subsidiary of or owned or controlled by, any other undertaking.

Certain clarifications and explanations on the definition of Small Scale Industrial Undertakings have been issued from time to time by the Government and these stand valid for the revised definition too. These are mentioned as under:

(i) Unit producing intermediates will be recognised as ancillaries.

(ii) Unit providing servicing facilities e.g. stand-blasting machinery, pressure cleaning,
grinding etc. will be recognised as ancillaries.

(iii) the concept of 'parent' unit will include small scale industries also. Thus, one small scale industry can function as ancillary to another.

(iv) A unit to be recognised as ancillary should supply or propose to supply at least 50 percent of its production to one or more parent units.

(v) In calculating the value of the plant and machinery the original price paid by the owner, irrespective of whether the plant and machinery are new or second hand will be taken into account.

(vi) Cost of equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumable stores will be excluded in computing the value of plant and machinery. Similarly, the cost of installation of plant and machinery will also be excluded.

(vii) In the case of imported machinery, import duty will be included, but not the miscellaneous expenses like transportation from the port to the site of the factory, demurrage if any paid at the
import, and premium if any paid for import entitlement or import of machinery. However, shipping charges, customs clearance charges and sales tax should be included in computing the cost of the plant and machinery.

(viii) The cost of generating sets if any installed will be excluded. Similarly, the cost of extra transformers etc. which have to be installed by a unit as per the regulation of State Electricity Board would also be excluded.

(ix) The bank charges and service charges paid to the National Small Industries Corporation or to the State Small Industries Corporation will be excluded in computing the cost of paint and machinery.

JAPAN

"By small industries is meant those relatively small in scale of management and capital investment, although basis for classification varies according to type of industry and can not be generalised. In Government practice, the term is applied to those industries employing less than 300 workers/persons in manufacturing sector and with
capital of less than 10 million yen. In Japan, however, where small scale industry is very highly developed, the term is used in a much wider context. No distinction is made between handicrafts and other small scale industries. According to Small Enterprise Credit Insurance Law, December, 1950 the term "small enterprise" refers to the companies with not more than 200 personnel regularly employed or cooperatives engaged in industries as designated by Cabinet order.¹⁸

U.S.A

"In the U.S.A manufacturing firm is officially a small business for Government procurement purposes, if it is not dominant in its field of operations and if it has less than 500 employees or if it is certified as small by Small Business Administration".¹⁹

There are no official definition, but according to the Census (Department of Commerce) classification, small business in manufacturing unit is any plant employing less than 200 persons. On the other hand, Bureau of Labour Statistics put the limit of any plant at less than 43 persons. Finally, Reconversion Act of 1944, in providing preferential treatment for small
business in sale of the Government surplus property, defines small plant as one employing less than 250 persons.

UNITED KINGDOM (U.K.) :

"A small firm might be defined broadly as one with not more than 200 employees but this should not be regarded as a rigid definition."

THAILAND :

"There is no official definition. The loan office of SI department of the Thailand Government considers that 20,00,000 Baht (Rs. 7,50,000) of fixed assets should be considered as the ceiling."

Thus, from the above definitions, it can be seen that the definition of Small Scale Industries in India is viewed in terms of size of investment in the unit, devoid of the nature of the owner. The emphasis has been on the size of investment rather than taking into account the character of the entrepreneur. The definition of small scale units has undergone several changes but every time the change related to the
ceiling of investment. By raising the ceiling of investment, it is quite clear that many more units are brought within the small scale industry and on the other hand no useful purpose is served to the already existing small scale units.

The Table 2.1 clearly indicates that over 91 percent of the units have an investment of less than Rs. 1 lakh in plant and machinery. Any small industry programme should, therefore, be addressed to this group of enterprises. So upward revision of ceiling limits of small scale industries and ancillary units will only result in emergence of a situation where a handful of larger units, within the sector may be claiming a disproportionate share of the limited resources. As the definition of small scale units is concerned with the size of investment and not the character of the entrepreneur, it is quite possible to come across instances where an individual has invested in a number of small scale units and the total investment in all these units may exceed the ceiling as given by the definition. As such, a single family or individual whether he comes from the large or medium sector is a person of very modest means is entitled to all such facilities as are available both
### TABLE 2.1
SHOWING NUMBER OF SMALL SCALE UNITS BY RANGE OF INVESTMENT

<table>
<thead>
<tr>
<th>INVESTMENT IN PLANT AND MACHINERY (Rs. '000)</th>
<th>NUMBER OF UNITS IN HARYANA</th>
<th>PERCENTAGE TO TOTAL SMALL SCALE UNITS IN INDIA</th>
<th>NUMBER OF UNITS IN HARYANA</th>
<th>PERCENTAGE TO TOTAL SMALL SCALE UNITS IN INDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPTO 25</td>
<td>3270</td>
<td>71.2</td>
<td>102085</td>
<td>73.1</td>
</tr>
<tr>
<td>25 - 50</td>
<td>475</td>
<td>10.3</td>
<td>14995</td>
<td>10.7</td>
</tr>
<tr>
<td>51 - 100</td>
<td>376</td>
<td>8.2</td>
<td>10319</td>
<td>7.4</td>
</tr>
<tr>
<td>101 - 300</td>
<td>302</td>
<td>6.7</td>
<td>8729</td>
<td>6.3</td>
</tr>
<tr>
<td>301 - 600</td>
<td>107</td>
<td>2.3</td>
<td>2475</td>
<td>1.8</td>
</tr>
<tr>
<td>ABOVE 600</td>
<td>55</td>
<td>1.3</td>
<td>963</td>
<td>0.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4591</td>
<td>100.0</td>
<td>139577</td>
<td>100.0</td>
</tr>
</tbody>
</table>

from the government and semi-government agencies for the purpose of developing small scale industries. In such a large country like India, the quantum of facilities and assistance for small scale industries has to remain scarce for some time to come. In these circumstances, a paradoxical situation has arisen implying that on one side a single family, having established a number of small scale industrial units with a total investment in all the units being more than the amount as stated in the definition, has been able to avail of a larger share and on the other, some of the genuine small entrepreneurs continue to suffer from scarcity. By allowing such a situation to continue, one of the basic objectives of the programme of small industries development, to ensure diffused ownership in a wide spread country, has remained unfulfilled. Hence there is a need to redefine the "small scale industry". To ensure balanced economic growth, it becomes necessary to accelerate development of small scale industries by promotional measures, which pre-suppose a definition of small scale industry. If a definition is too liberal and covers almost all industrial units in the small scale
sectors, benefits arising from any such programme of assistance will be spread so thinly so as not to make any impact on its growth. If the definition prescribes a size which is very small, support to such industry would hardly accomplish the desired objectives of economic growth. Therefore, the definition regarding the size of small scale units should have some relevance to the needs and resources likely to be available for development of this sector.
Mode of Financing of Small Scale Industries

Both, the large as well as small scale industrial units have common basic principles underlying any financial decision. But the small scale industrial units have to follow a different kind of financing pattern and as a result small scale industries face some peculiar problems. It will be better to discuss the principles of financing in general and the pattern of financing of small scale industries in particular before analysing and interpreting the data collected from the units surveyed.

The financing decision involves two main aspects, namely, the amount that is required for various purposes and the composition of the funds or the sources from which they are raised. An industrial unit requires funds for long terms purposes i.e. for acquiring fixed assets and also for short term purposes i.e. as working capital.

Financing, for the purpose of the present study has been divided into two parts;
I. Financing of fixed capital and

II. Financing of working capital

The term 'Fixed Capital' refers to the funds invested in fixed assets. Fixed asset may be defined as the asset acquired with the intention of being retained and used in business rather than for conversion into cash in the ordinary course of trade or business. Thus the intention of the owner of the asset is the deciding factor. Examples of fixed assets are plant and machinery, land and building, furniture and fixtures, goodwill, trade mark and design, patents, vehicles, lease holds, live stocks and office equipments.

'Working capital' here means the funds invested in current assets i.e. the assets usually converted into cash or its equivalent within a period of one year. Some examples of current assets are cash in hand, cash at bank, temporary or short term investment, stock in trade or inventory, work in progress, bills receivable, Sundry debtors, loose tools, stores and spare and prepaid expenses etc.

The asset structure of an industrial unit or a manufacturing unit is affected by two factors—
the industry in which it operates and the size of the unit. The percentage of fixed assets to total assets in small scale industrial unit is usually smaller than that in the large scale unit as revealed by Pareek and Walker in their research studies. In other words, the small scale units maintain relatively larger proportion of their total assets in the form of current assets than those in the large scale units. Smaller the size of an industry or enterprise, heavier is its investment in current assets. This is so, because the fixed assets can be hired or acquired on lease but in respect of current assets the small units has no choice.

The composition of funds can be divided into two parts or categories—the short term funds and the long term funds depending upon the period for which the funds are available to a unit. The conditions under which these funds are obtained, the sources from which they are obtained and the purpose for which they are secured are so different that they require individual treatment, though, these two types of funds are simultaneously used by every manufacturing or business unit.

Long term financing involves funds which are
either not repayable at all during the operating life of the enterprise or even if they are repayable, they may advantageously be employed for a period exceeding one year. It consists of owner 'capital and long time loans'. The former can be regarded as internal equities and the later can be regarded as external equities. Debentures, long-term loans from financial institutions and banks, fixed deposits from employees, Directors and public is also a method of raising long-term funds for the enterprises.

Short term financing includes funds raised for a period of less than one year. It differs from long-term financing in the sense that the former always involves an extension of credit whereas the bulk of the latter consists of the owner's funds'. Unless the purpose for which the business is organised is of a temporary nature, the owners do not expect the repayment of the investment made by them. Short term borrowing from commercial banks, trade creditor and accruals are the important sources of short-term finance. The outstanding wages, outstanding salaries and taxes are the examples of accruals.
The short-term financing enjoys certain advantages compared to long-term financing. Some of these advantages are attributable to the time factor whereas others arise from the fact that the long-term funds are provided by owners and, therefore, possess, to a great extent, the advantages and disadvantages of the ownership funds.

The short-term funds can be obtained with greater ease than the long-term funds. A major portion of the former, in fact, flows into the business spontaneously in the sense that the debtor unit is not required to enter into formal arrangements for them. They arise from normal operations of the business, automatically. This occurs in three ways, namely, in the form of credit purchase, outstanding taxes and accrued wages. Firstly by supplying goods to the manufacturing units without insisting on its payments immediately, the supplier temporarily finances the receiver of goods. Thus, the purchaser unit receives credit without going through the cumbersome procedure of bank borrowings or from other institutions. Secondly, the taxes and other expenses which have accumulated during the ordinary course of business and have
remained unpaid also represent short-term credit available to a firm, automatically. Thirdly, most of the employees of a business unit render their services first and are paid later on. Thus, they provide short term finance to the manufacturing unit. The services rendered by the employees add to the total value of the assets, though they are not paid until a particular date in future. The accrued wages, therefore, represent short term finance available to the unit.

Short term funds are less costlier than the long term funds because of three reasons, namely,

i) Short-term funds involve less risk,

ii) Short-term funds enjoy cost benefits over long-term funds and

iii) These possess the flexibility advantages also.

Short-term funds are cheaper than long-term funds because short-term funds involve less risk. Risk varies with maturity schedule or time. The shorter the maturity date, the lesser the risk. This is so, because the longer period of maturity increases the probability of unforeseen events which may occur in future and reduce the paying capacity of the firm. Since the owners invest funds without any intention of
getting them back during the operating life of the business, ownership funds have no maturity schedule. Such investments are, therefore, riskiest of all from investor's viewpoint. They are riskier than other investment because of two other factors also. First, the payment of interest, though limited to a specific amount, is mandatory whereas the return on owner's capital is neither limited nor certain. Since the owners assume the heaviest risk, they expect higher returns on their investments than the creditors. Second, the creditors have a prior claim on assets of the enterprise in case of liquidation.

The second important advantage which the short term financing possesses over long term financing is the flexibility. Here flexibility means the facility of easy arrangement of the finance at the time of requirement and the repayment when the need ends, when one does not need it. A particular form of financing would be termed as less flexible in comparison to others if its acquisition or repayment or both are not easily possible. Constantly varying amount of assets in most of the business units result in varying need for funds. The fluctuating part of the
total requirements can most advantageously be provided by that source which is flexible.

Apart from the flexibility factor, the short-term funds enjoy cost benefits over long-term financing due to another reason also. Several sources of short-term credit do not involve cost at all, e.g., outstanding wages, salaries, taxes and other expenses. Hence it is easier to secure short-term funds than long-term funds and ownership funds because of various reasons discussed in the foregoing paragraphs. Short-term financing is therefore, more flexible than long-term financing.

Short-term funds and long-terms funds enjoy certain more benefits than the owner's funds. These benefits are sharing control of business-tax saving and convenience. The loans can be raised without parting with control over the affairs of the units as compared to ownership funds. The creditors have no right to share control with owners. Induction of more and more funds from new owners in the business does involve sharing of control with them and if the proportion of new capital raised in this way is higher than the old capital, it may result in, more or less,
total loss of control. Thus, the long term financing involves sharing of control to the extent to which it is represented by the ownership funds whereas the short term financing—whether negotiated or spontaneous—does not necessitate parting with control.

Other benefits which the short term and long-term loans possess over the ownership funds is the Tax saving. If the total financing requirements are met by the owners themselves, the tax would be levied on the whole income. But if the funds are obtained partly from owners and partly from creditors, the income tax is levied on that portion of net income only which goes to the pocket of owners. Under the Income Tax act 1961 the interest payable to creditors is treated as a business expenditure hence no tax is levied on such part. Thus, the higher the proportion of creditor funds to ownership funds, the larger would be the tax saving.

There is another reason why creditor funds in general and short-term funds in particular should be employed in preference to ownership funds in addition to sharing of control and tax saving, i.e., convenience. It does not matter in some cases though it is the
least important among other reasons stated above e.g. it is more convenient to pay the labourers, monthly or fortnightly or weekly than pay them every day. Withholding of payment for a week or a month gives rise to accrued wages which is a form of short term financing.

In the preceding paragraphs the advantages of short term financing in comparison to long-term financing have been discussed. Of course short-term financing has certain benefits over long-term financing but at the same time it carries certain disadvantages also. These are - "Trading on Equity or Leverage", "Technical Insolvency" and "Non-Renewal of Loans".

The main disadvantages of short-term financing is Trading on equity or leverage. Leverage is known as two-edged weapon. It cuts both ways. The increasing proportion of debts in the financial structure magnifies the earnings per share if the return on total funds employed is higher than the cost of debt. It results in higher earnings per share because of tax saving also. But during bad days, the use of debts magnifies the loss also. The spontaneous
sources of short term financing, namely accruals and trade credit, and ownership funds do not involve this risk.

The another disadvantage of short term financing is the risk of technical insolvency. By technical insolvency, here, we mean the inability to pay the debts when they become due. The firm is exposed to the risk of technical insolvency more by the short term financing than by anything else during the days of weak liquidity. The greater the proportion of short-term debts in the financial structure of an enterprise, the higher the risk it assumes. Because of longer maturity the long term funds do not pose as much risk as the short term and so far as the ownership funds are concerned, they have no maturity. Hence, from the point of view of firrn the long term funds are less risky than the short term funds.

The third and the last disadvantages of short term financing is the risk of renewal of loans. The credit for a short period is obtained relatively on less onerous terms, it is subject to risk such as non renewal by the lending institutions and uncertainty about rate of interest beyond a certain date.
From the preceding paragraphs it is very clear that both forms of financing i.e. long term financing and short-term financing carry certain benefits and shortcomings. Short term financing is comparatively less costlier and more flexible than long-term financing but the long-term financing is less risky in the sense that it involves long maturity schedule. A conservative management would, therefore, like to employ long-term funds only to meet the long-term and short-term financing needs. On the other hand, a cost conscious management will prefer to employ short-term financing only. The size of industry, age, market, legal form, location, raw material used in the industry, and stages of its operation affect the decision regarding the finance mix. It is very difficult to pick up a particular mix which can be declared as the ideal for all the industries to which the entrepreneurs belong because of the differences in the circumstances in which the various units operate. It is a general opinion that Small Scale Industry should employ long-term financing not only for fixed assets but also for "permanent segments" in order to avoid bankruptcy. In other words the short-
term funds should be employed to finance fluctuating part of current assets only.

According to the "Tondon Committee Report", the ideal method is to use long term funds only to finance fixed assets and core current assets but one-fourth of the fluctuating current assets also. But most of the small industrial units deviate from this ideal method and use more current financing than they have current assets.

The small scale industries heavily depend on short term funds because of the limited availability of long-term funds to this sector. Hence, it is not the cost conscious policy which prompts them to use more amount of short term funds than required. In most of the cases small scale industries do it under compulsion. Small scale units use their own funds to finance the long term needs. But funds from this source are limited to the personal savings of the proprietor in case of sole trade, partners in case of partnership firm and the members in case of private limited company. The small scale units have little access to the capital market which is popular source of long term funds for larger units. Their legal
form of organisation is also responsible to a large extent for this state of affairs. Most of the small units are either sole proprietor or partnership firm. Some of them are functioning as private limited company. Public companies are rarely found in this sector. Therefore, the small scale units are unable to attract contributions from public at large towards their trade capital in comparison to large scale units.

Both from the point of view of flexibility and interference in management, it is desirable that the firm should retain for its own use a large part of profits. The retained part of the profits are part of equity permitting further borrowings without upsetting the Debt-Equity Ratio and without forcing outsider on management. Thus, profits retained in the business have an important bearing on the availability of funds of all units large as well as small. But it is particularly significant for small firms. The most important source of funds for the typical small firms is its own savings derived from past profits. The small firms plough back relatively larger proportions of their earnings than the large scale units. But they can not depend much on this source because they do not
earn enough to retain. Inability to earn high profits is the greatest limitation of this source. The instability of profits of small firm is another limitation of this source. Whatever they earn, is not stable and, therefore, the retained earnings, at times, do not coincide with the requirements for development expenditures. Hence, the small scale units suffered a great set back due to instability of profits.

The second important source of long-term finance of small scale units are the term-loans from the lending institutions, friends and relatives. The central government has set up a number of specialized institutions to assist the small scale units in various ways. The important financial institutions which provide finance to the small scale units for longer periods are: National Small Industrial Corporation, State Financial Corporation and Directorate of Industries. The aims, objectives and functions of these financial institutions are given in detail in separate chapter IV.
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17. Notification issued by the Government of India No. 90 202 - (E) dated 18-3-1985


