CHAPTER IV
SMALL-SCALE INDUSTRIES DEVELOPMENT

BANK OF INDIA: A PROFILE

The role played by Commercial Banks, State Financial Corporations and other Financial Institutions in extending assistance to the units in the sector has been noteworthy. So the creation of a specialised bank to cater to the needs of small enterprises exclusively been demanded by SSI Associations for long. SIDBI was set up under an Act of parliament as the all-India principal financial institution. The bank commenced its operation from April 2 1990. Apart from extending financial assistance to the sector, SIDBI coordinates the functions of institutions engaged in similar activities. As an apex institution for SSIs, the banks lending operations are supplemented with promotional and developmental activities.

In order to broaden the coverage and to ensure availability of credit in different parts of the country, SIDBI has been routing its assistance mainly through primary lending institutions. The number of such eligible institutions went up to 908 at the end March 2000 as against 894 at the end of March 1998.

The Banker (May 1999 issue) London has ranked SIDBI, 23rd in terms of assets and 24th in terms of capital among the top 50 development banks of the world. SIDBI operates through its head office at Lucknow and a network of 5 regional offices and 33 branch offices across the country.

SIDBI has promoted a National Venture for Software and IT industry (NFSIT) in association with the Ministry of Information Technology, Government of
India. The fund is likely to help the sector in achieving rapid growth and maintaining its competitive edge in the domestic and international markets. In order to promote the regional and state level venture capital funds, SIDBI has contributed in corpus of twelve regional/state level venture capital funds dedicated to software and IT sector.

In order to manage and promote the venture capital funds, SIDBI has set up two subsidiaries; they are SIDBI venture capital Ltd and SIDBI trustee company Ltd, as a trustee company for venture capital funds.

SIDBI set a landmark in the field of micro credit in the country by launching SIDBI Foundation for Micro Credit (SFMC) on November 27, 1998. It is envisioned that SFMC would eventually be the apex wholesaler for micro finance in India whole range of financial and non financial products and services to the sector such as loan and grant funds equity support, and institution building support to the retailing micro finance institutions.

In order to ensure the enhanced flow of credit to various sub sectors of the small-scale sector, SIDBI liberalised its refinance scheme as also the scheme of direct assistance viz Technology Development Modernisation Fund (TDMF) scheme, preshipment and post shipment credit scheme etc. It has launched a new scheme viz. financial support (short term loan) to banks during 1998-99.

As an apex financial institution, the Bank is empowered under the Act to formulate suitable strategies for the extension of financial and support services to small-scale industries all over the country through strengthening/expansion of its own branches and existing network of institutions engaged in the small- scale sector.

The hierarchy of management of SIDBI is shown in Chart 4.1
Notes.

1. The bank has provision for ten CGMs, five heading the Regional offices and the rest five at The Head Office.

2. The branches are generally headed by General Managers or Deputy General Managers, depending upon the size and business from the branch. The satellite branches may be headed by officers, below DGM rank (with some exceptions, where a normal branch is also being headed by officers, below DGM rank).
Schemes of Assistance

From a predominantly refinancing institution, SIDBI has emerged as a major purveyor of a wide variety of financial services to the small-scale sector. The SIDBI (Amendment) Act 2000 came into effect from March 27, 2000. It has changed the provisions relating to capital structure, share holding, management, business, borrowing acceptance of deposits and investments. The Amendment Act further provides that 51 percent of the equity share capital of Rs. 450 million, subscribed and held by Industrial Development Bank of India (IDBI), will be transferred to public sector banks, GIC, LIC and other institutions owned or controlled by central Government. Also, the equity share capital held by IDBI, public sector banks, GIC, LIC and other institutions owned or controlled by central government shall not be less than 51 percent at any point of time. In tandem with overall policy measures of the Government of India and keeping in view the expectations of the sector, SIDBI has been refining its strategies and putting in place new policies and programmes for the development of the sector. Besides co-promoting new intermediaries and strengthening the existing network of institutions engaged in development of SSI sector, channelising assistance in respect of Government sponsored schemes and covering them under its development activities, SIDBI also developed tailor made schemes catering to specific requirements of SSIs.

Schemes of Assistance Introduced by SIDBI Since 1990

1990-91

- Marketing infrastructure scheme.
- Direct discounting of bills (equipment) scheme.
- Direct discounting of bills (components) scheme.
- Infrastructure development.
1991-92
- Scheme for ancillarisation.
- Resource support to factoring companies.

1992-93
- Equipment finance scheme
- Project finance scheme
- Venture capital scheme

1993-94
- Integrated infrastructure development scheme.
- Foreign currency term loans.
- Direct equity.

1994-95
- Preshipment credit in foreign currency (PCFC) scheme.
- Equity assistance scheme.
- ISO-9000 certification scheme.
- Micro credit scheme.

1995-96
- Marketing scheme.
- TDMF scheme.

1996-97
- Vendor development scheme.
- Credit rating for SSIs
1997-98

- Direct factoring service.
- Line of credit for marketing.
- Export bill financing.
- Pre and post shipment credit in rupee.
- Bills rediscounting against inland supply bills of SSIs

1998-99

- Financial support (short term loans) to banks

1999-00

- Technology upgradation fund scheme for textile industries.
- Scheme for short-term loans to State Electricity Board and power sector corporations/companies.

Channels of Assistance

SIDBI's assistance to the small-scale sector is provided through 3 routes, it is shown in Chart 4.2
A. Indirect Finance

SIDBI extends refinance support to primary lending Institutions such as Commercial Banks, State Financial Corporations, and Co–Operative Banks etc. for the loans extended by them. Following are the schemes of indirect assistance.

1. Refinance
2. Bill rediscounting scheme
3. Resource support to institutions/agencies engaged in financing SSIs

B. Direct Finance

1. Setting up new units
2. Modernisation and quality upgradation:
   1. Technology development and modernisation fund scheme
   2. ISO-9000 Scheme
   3. Technology upgradation fund scheme for textile industries
3. Marketing finance
4. Development of industrial infrastructure for the SSI sector
5. International finance

C. Development and Support Services

The promotional and developmental activities of the bank aim at improving the inherent strength of small-scale sector on the one hand employment generation and economic rehabilitation of the rural poor on the other. For promotion and development of small-scale industries, SIDBI operates a number of schemes and programmes for enterprise promotion especially by women entrepreneurs, micro credit, human resource development, technology upgradation, management development, marketing,
information dissemination etc. Under these schemes, SIDBI entered development and support services in the form of loans and grants to different agencies working for the promotion and development of SSIs and tiny industries. Over the years, the initiatives of SIDBI under promotional and developmental activities have crystallised into the following thrust areas, viz.

- Enterprise promotion with emphasis on rural industrialisation
- Human resource development in SSI sector.
- Technology upgradation.
- Programmes on environment and quality management.
- Marketing assistance.
- Information dissemination.

A. **Enterprise Promotion with Emphasis on Rural Industrialisation.**

To assist enterprise building in rural areas and to extend credit for such activities, the bank operates a number of special schemes, they are:

**Rural Industries Programme (RIP)**

The objective of this programme is to promote viable rural enterprises leading to employment generation in rural areas by identifying and motivating rural entrepreneurs and by providing a cohesive and integrated package of basic inputs as indicated below:

- motivation, information, training credit, appropriate technology, market linkages

**Mahila Vikas Nidhi (MVN)**

It envisages assistance by way of judicious mix of loan and grant to accredited NGOs for taking up activities, which would ensure that the women,
particularly from the rural areas, are provided with training and employment opportunities by facilitating creation of suitable infrastructure facilities with NGOs.

**Entrepreneurship Development Programmes.**

The bank extends support to NGO, and specialised agencies for organising EDP, aimed at training rural youth and to provide adequate information, motivation and guidance in setting up their own enterprises. Special EDP, are also launched with the objective of developing entrepreneurs from various target groups such as women, scheduled caste / scheduled tribe population, ex-servicemen etc.

**B. Human Resource Development in SSI Sector.**

A low level of technology, non-existence of skilled manpower and management deficiency are some of the more common weaknesses of the Indian small-scale industries. SIDBI has consistently endeavoured to address these problems through specially designed programmes. They are:-

**Small Industries Management Assistants Programme (SIMAP)**

SIMAP seeks to augment the supply of managerial skilled manpower to the SSI sector through 4 – 6 months duration training programme that would draw in unemployed youth, train them and arrange jobs for them in the SSI sector.

**Skill – cum Technology Upgradation Programme (STUP)**

STUP is aimed at enhancing the skills and knowledge of existing SSI entrepreneurs through short duration (3–6days) training programmes on specific subjects. It also aims at creating awareness among the SSI units on process improvements, technological developments and to motivate the entrepreneurs to upgrade their technological levels.
C. Technology Upgradation.

In a liberalised economic era, the role of technology upgradation and modernisation can hardly be over emphasised. In order to facilitate the process of technology upgradation, the bank has taken a number of productive steps such as initiating development support for technology upgradation of units in industry clusters. A suitable implementing agency is entrusted with the task of preparing the SSI units with consultancy support and escort services. The bank also extends support for training programmes through reputed research institutions. The initiatives taken by the bank aim at identifying the needs of the industry in terms of process technology, environment management, quality management, common facilities centre etc. aid to adopt suitable resources to address them. The bank has a special fund for the unit specific assistance known as Technology Development & Modernisation Fund (TDMF).

D. Programmes on Environment and Quality Management

The basic objective of the bank’s environment management programme is to make the SSI units, especially those located in homogeneous industry clusters, aware of their importance and then provide them with necessary technical support to implement projects, which will have a beneficial effort vis-à-vis pollution control in the clusters. The conduct of awareness programmes is entrusted to professional agencies like the National Environmental Engineering Research Institute (NEERI) Nagapur, Indian Institute of Technology (IIT) Mumbai, etc, major awareness campaign has been undertaken by the bank to enable the SSI units to acquire ISO certification. Besides supporting the SSI units by contributing to the escort service charges, the bank also makes available finance at highly concessional rate under a special direct assistance
scheme for acquiring the certification. The bank has also tied up with Small Industries Development Organisation for channelising the Government of India subsidy to SSI units for acquiring ISO certification.

E. Marketing Assistance

One of the major problems faced by the SSI sector in India is lack of effective marketing of its products. Having realized the need to address the marketing problem of the sector, the Bank set up a full-fledged Marketing Finance and Development (MFDD) in 1996 to provide focused attention to the marketing needs of SSI sector. Since its establishment, the MFDD has taken up a number of development and support initiatives besides providing financial assistance. These activities include the sponsoring/organizing of exhibitions in India and abroad with the intention of subsidising participation cost for SSIs, tying up with world-renowned organisations to provide market information at concessional rates, as well as rating services to export-oriented SSI units and sponsoring market studies.

F. Information Dissemination

Keeping in view the importance of building information and its dissemination in the global economic scenario, SIDBI has taken a number of initiatives aimed at promotion of new industries, identification of mutually exclusive business opportunities, motivation and publicity of viable project ideas through the print and electronic media by way of involvement of professional agencies. Various initiatives taken include publication of project profiles, Udyog Sadhana Radio programme and Udyoga Sadhana Television series and the launching the series of SIDBI report on small-scale industries sector.²
Promotional and Developmental Activities of SIDBI from 1991 to 2002

SIDBI not only caters to the financial needs of the small-scale industries in the state, but also puts vital endeavour in the other equally significant areas for development and promotion of industries. The promotional and developmental activities of SIDBI in Kerala from 1991 to 2002 are shown in Table 4.1

Table 4.1
Promotion and Development Activities of SIDBI in Kerala from 1991 to 2002

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<td>2. SIMAP</td>
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<td>3. Marketing development training</td>
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<td>3</td>
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<td>6. Skill upgradation programme</td>
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<td>-</td>
<td>-</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>


Only two types of promotion and development programmes were conducted at the beginning of the period. It is seen that in the year 2002 more number of programmes in each category was conducted except the Mahila Vikas Nidhi.

Expanding Activities of SIDBI

Venture Capital Department (1992-93)

- Setting up Venture Capital Fund.
- Direct Venture capital assistance and contribution to corpus of other funds dedicated to SSIs.
- Launching of SSI dedicated funds for software/information technology sector.

- Technology transfer.
- Match making service.
- Finance syndication.
- Facilitating joint ventures.

Marketing Finance and Development Department (1995-96)

- Setting up marketing development assistance fund.
- Direct assistance to SSIs for undertaking marketing related activities.
- Resource support to intermediaries.
- Developmental activities relating to marketing of SSI products.

International Finance Department (1996-97).

- Pre shipment and post shipment credit.
- Foreign currency term loans.
- Foreign letters of credit.

International Co-operation Division (1997-98).

- Consultancy service
- Institutional upgradation and training.
- Establishing lines of credit particularly for developing countries.

SIDBI Foundation for Micro Credit (1998-99)

- Rs: 1 billion found for assisting to NGO/voluntary organisations for lending at micro level.
- Capacity building of micro finance institutions.
- Rating of MFIs/NGOs.
- Micro finance product innovations.


- Financial assistance for National Venture Fund for Software and IT industry.
- Management of inputs.
- Acting as Trustee Company for venture capital funds floated by SIDBI.

(Source SIDBI report on small-scale industries 2000, P.150)
Institutional Frame Work to Support Small-scale Industries in India

The success of small-scale industry depends solely on the well-established institutional set up. In order to meet the requirements of the rapidly expanding small-scale industries sector in the country, the government gave adequate institutional support; and it may well claim to have achieved some success in this sphere. The role of various institutions set up specially to promote the growth of small-scale industries is quite unique. The institutional finance assumes considerable importance in the developing countries because of low capital formation; ill organized capital market, gaps between the need and supply of finances to small industrial units. In a developing country like India, institutional arrangements for the mobilisation and channalising of financial resources must be continuously expanded and adopted to the varied needs of the economy. In India the development of small industries is primarily the responsibility of the state governments. In the light of the above stated facts it can be asserted that both the growth of SSI and the role of various institutions have assumed great importance. That is why the facilities, services and policies for the small-scale sector are formulated and introduced at the state level. The Central government too has taken, considerable initiative for the encouragement of small industry and responsibility for planning and co-ordination so as to provide appropriate focus at the national level for policies and programmes, which have all India character. The assistance is provided to small-scale industries at two levels: National level and state level.

National Level

For giving focused attention to the development of small-scale and village industries, the department of Small-scale Industries and Agro & Rural Industries (SSI
and ARI) was created with in the ministry of industry at the central level in 1990 primarily to plan the development of the small and village industries. This department has been placed in a newly created ministry under the independent charge of a minister of state for SSI and ARI in 1999. It monitors the growth and development of the small-scale khadi village and coir industries in the country by formulating appropriate policies for their growth. Its main objective is to support the SSI through an advocacy role, through provision of services for their growth and by organizing programmes through the government and NGOs to benefit them. The general practices adopted for achieving their goals are:

1. Acknowledging citizen’s correspondence in specified time frame.
2. Looking for feedback on the quality of services provided and suggestions for improvement.
3. Sharing the performance profile with citizens through the media as also to hold surveys on citizen’s perceptions.
4. Providing information through the facilitation counter for industries.
5. Taking up of complaints of citizens and referring issues with the grievance office in the department.

The department initiates appropriate policy measures, programmes and schemes for the promotion of SSIs which includes the setting up of network of institutions at the field level to render assistance and to provide a comprehensive range of services and common facilities for SSIs. The range of services cover consultancy in techno economic and managerial aspects, training, testing facilities and marketing assistance through the agencies created for the specified functions. These activities are
carried out through attached offices/organizations viz. Development Commissioner for small-scale industries, Khadi and Village Industries Commission, National Small Industries Corporation and Coir Board. Besides, these are supported by a host of other Central/State government departments, promotional agencies, autonomous institutions, and non-governmental organizations etc., which provide support to SSI in different ways.

**Small Industries Board**

The small industries board was first constituted in 1954 to facilitate the coordination and inter institutional linkage and to render advice to the government on various policy matters and other related issues concerning the promotion and development of small-scale sector. It is an apex advisory body constituted to render advice to the government on all issues pertaining to the small-scale sector. The Industry Minister of the Government of India is the chairman and the board comprises among others state industry ministers, some members of parliament, Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field. The term of the board is for 2 years.

**Small Industry Development Organisation**

The office of the development commissioner (Small-scale Industries) also known as Small Industries Development Organization (SIDO) is an attached office of the department of SSI and ARI. It is headed by the additional secretary and development commissioner (SSI), being an apex body for formulating policies for the development of small-scale industry in the country is playing a very constructive role for strengthening the vital sector. It functions through a network of SISIs, branch SISIs, Regional Testing
centres, Foot wear training centres, Production centre, Field testing stations and specialised institutes.

**Small Industry Service Institutes**

There are 28 SISIs and 30 Branch SISIs set up in state capitals and other industrial cities all over the country and their respective performance are overseen by the office of the DC (SSI). The main functions performed by SISIs are as follows:

- Interface between central and state governments, dissemination of economic information, technical support services and consultancy services, entrepreneurship development programmes, developmental efforts, promotional programmes etc.

**Product-cum Process Development Centres (PPDC)**

Six PPDCs have been established and are providing services to SSIs are:
- Ferozabad (for glass Industry)
- Karnauj (for essential oil)
- Meerut (for sports goods)
- Ramnagar (for electric industry)
- Mumbai (for electrical measurement instruments)
- Agra (for foundry and forging)

In addition, there is Sitare pump Institute at Coimbatore. The main functions of the PPDC are: to serve as research and development institutions in areas of dense industry clusters, to look into the specific problems of industry, product design and innovation, to develop new process and upgrade the existing level of technology, to act as centres of excellence in the concerned field, to render technical support services, manpower development and training.

**Regional Testing Centres**

The regional testing centres at New Delhi, Mumbai, Culcutta and Chennai offer testing facilities to the small-scale units engaged in the production of different products including the export worthy products. These centres are equipped with modern
sophisticated indigenous and imported machinery and equipment for testing in various disciplines of mechanical, chemical, metallurgical and electrical industries. These centres provide performance, testing type testing, acceptance testing, calibration services and development of processes for various products. These centres are accredited to BIS, NTPC, RITES, Pollution Control Board and NABL.

Training Institutes

NISIET (Hyderabad) NIESBUD (New Delhi) and integrated Training Centre (industries) (Nilokheri) are the main training institutes, which function under the administrative control of SIDO. They organise various training courses for entrepreneurial development.

National Small Industries Corporation (NSIC)

The National Small Industries Corporation Limited (NSIC) is a public sector undertaking set up by the government of India in February 1995 to promote aid and foster the growth of the small-scale industry in the country. The corporation provides support to the SSIs in the following areas:

Supplying indigenous and imported machines on an easy hire purchase and lease term basis enlisting competent units and facilitating their participation in government stores purchase programme. Providing diversified marketing support through marketing assistance scheme.

Khadi and Village Industries Commission

The Khadi and Village Industries Commission (KVIC) is a statutory organization established in 1957 under an Act of the Parliament. KVIC assists in the
promotion and development of khadi and village industries. The main objectives of the KVIC are:

- Rural industrialisation, promotion of self-reliance among the people and the building up of a strong rural community base
- Skill development, creation of employment opportunities in rural areas and transfer of technology.

**Coir Board**

The Coir Board is an autonomous body established by the Government of India under the Coir Industry Act, 1953 (45 of 1953) for the overall development of the coir industry. The Board consists of a Chairman and 30 members representing various interest group like growers of coconut, producers of husk and coir yarn, coir products, dealers in coir, three Members of Parliament representatives of Governments of principal coconut growing States, etc.

**National Productivity Council**

National Productivity Council (NPC), an autonomous institution set up under the Societies Registration Act, is functioning under the overall supervision of the Ministry of Industry, Government of India. The primary objective of the NPC is to act as a catalyst in enhancing the productivity of different sectors of the economy, including the industry sector. NPC is active in the field of consultancy and training with a pool of about 200 professionals with specialisations in various fields.

**State Government Agencies**

All the State Governments have their own state specific policies for the promotion and development of the small, cottage, medium and large-scale industries. In
each state, the Commissioner /Director of Industries implements the state government policies and directives for promoting industrial development. The Central policies for the SSI sector serve as guidelines for framing state level policies as well as the package of incentives.

District Industries Centres

The District Industries Centres (DIC) programme was initiated in May 1978, as a centrally sponsored scheme, with the objective of developing the small, tiny and cottage sector industries in the country and to generate greater employment opportunities especially among rural and backward areas. The establishment of the offices of DICs at the district level aimed at providing support facilities/concessions/services in dispersed rural areas and other small towns. There were 430 centrally approved DICs, which covered almost all parts of the country except the metropolitan cities at the time of the withdrawal of the central sponsorship in 1993-94. At present, respective states is operating the DICs.

State Financial Corporation

State Financial Corporations (SFCs) came into being under the provision of the SFCs Act, 1951. At present, there are 18 SFCs, of which 17 were set up under the SFCs Act and one viz., Tamil Nadu Industrial and Investment Corporation Ltd. under the Companies Act. The main objectives of the SFCs are to finance and promote industrial enterprises in their respective states for achieving a balanced regional growth, to catalyse investment, generate employment and widen the ownership base of industry. Financial assistance to small and medium enterprises is provided by way of term loans, direct
subscription to equity/debentures, guarantees, discounting of bills of exchange and seed capital assistance.

**State Industrial Development Corporations**

State Industrial Development Corporations/ State Industrial Investment Corporations (SIDCs/SIICs) were set up under the Companies Act, 1956 as wholly owned undertakings of the state governments to act catalysts for industrial development in their respective states. At present, there are 28 SIDCs in the country, of which eleven also function as SFCs and are therefore, termed as Twin-function IDCs. SIDCs develop land and provide industrial development infrastructure facilities in the form of factory sheds and/or developed plots together with facilities like roads, power, water supply, drainage and other amenities.

**State Small Industries Development Corporation**

State Small Industries Development Corporations (SSIDCs) were established under the Companies Act, 1956 as State Government undertakings to cater to the needs of the small, tiny and village industries in the respective States / Union Territories. Being operationally flexible, SSIDCs undertake a variety of activities for the benefit of the SSI sector such as: (i) procurement and distribution of scarce raw materials, (ii) supply of machinery to SSI units on a hire-purchase basis, (iii) providing assistance for the marketing of products, (iv) construction of industrial estates, provision of allied infrastructure facilities and their maintenance, (v) extending seed capital assistance on behalf of the State Government, (vi) providing management assistance to production units. Other state-level agencies that extend facilities for the promotion of SSIs are State Insurance Development Corporation, State Co-operative Banks, Regional Rural Banks,
State Export Corporation, Agro Industries Corporations and Handloom & Handicrafts Corporation.

Other Agencies

Housing and Urban Development Corporation Ltd.

Housing and Urban Development Corporation Limited (HUDCO), as a wholly owned company of the Government of India, was incorporated in April 1970 as a Private Limited Company and subsequently converted into a Public Limited Company in 1986. HUDCO's primary objective is to provide assistance for urban, social sector infrastructure and the creation of housing facilities. Later the Corporation undertakes activities to create infrastructure for the SSI sector.

Technical Consultancy Organisation

With the object of providing a package of consultancy service to small and medium scale enterprises, individual entrepreneurs, government departments, other state-level institutions, and commercial banks for activities relating to industrial development and financing, Technical Consultancy Organisations (TCOs) were set up in different states. The initial thrust of TCOs activities was in the area of pre-investment studies.

Statewise Assistance Disbursed by SIDBI

Table 4.2 shows the statewise assistance disbursed by SIDBI. Of the total loan disbursed by SIDBI more than 40 percent are provided to four states, that is Maharashtra, Gujarat, Karnataka, and Tamilnadu. Out of the four states highest share goes to Maharashtra. The share of Kerala is only 5.6 percent. This is very low compared to the neighbouring states of Karnataka and Tamilnadu.
Table 4.2

Percentage of Statewise Assistance Disbursed by SIDBI from 1990-91 to 2001-02

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<th>SL.No.</th>
<th>State</th>
<th>90-91</th>
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<td>0.1</td>
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<td>0.1</td>
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<td>ORISSA</td>
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<td>6.9</td>
<td>1.6</td>
<td>2.3</td>
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<td>3.9</td>
<td>4.3</td>
<td>3.2</td>
<td>3.9</td>
</tr>
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<td>4.8</td>
<td>0.0</td>
<td>2.9</td>
<td>3.5</td>
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<td>SIKKIM</td>
<td>11.8</td>
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<td>8.2</td>
<td>0.0</td>
<td>1.7</td>
</tr>
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<td>TAMIL NADU</td>
<td>0.1</td>
<td>12.5</td>
<td>0.2</td>
<td>12.3</td>
<td>9.4</td>
</tr>
<tr>
<td>24</td>
<td>TRIPURA</td>
<td>8.9</td>
<td>0.1</td>
<td>6.3</td>
<td>0.0</td>
<td>1.3</td>
</tr>
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<td>UTTAR PRADESH</td>
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<td>8.1</td>
<td>3.3</td>
<td>4.9</td>
<td>6.1</td>
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<td>WEST BENGAL</td>
<td>2.4</td>
<td>3.1</td>
<td>4.1</td>
<td>3.3</td>
<td>3.8</td>
</tr>
<tr>
<td>27</td>
<td>UNION TERRITORIES</td>
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<td>0.4</td>
<td>0.4</td>
<td>1.7</td>
<td>0.6</td>
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<tr>
<td>TOTAL</td>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: SIDBI's operations under refinance with lines of credit to SSI, bill finance and direct finance alone are included in the state wise assistance.

Source: IDBI Report on Development Banking of various years.
Industrywise Assistance Disbursed by SIDBI

Industrywise disbursement of SIDBI is depicted in Table 4.3, more than 30 percent of the total disbursements are to service industries and electricity generation industries. The share to the service industry is high (20.88 percent). The share to the fertilisers industry is the lowest (0.22 percent).

Table 4.3
Industrywise Assistance Disbursed by SIDBI from 1990-91 to 2001-02

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>1990-91</th>
<th>1995-96</th>
<th>2000-01</th>
<th>2001-02</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD PRODUCTS</td>
<td>5.20</td>
<td>6.70</td>
<td>9.99</td>
<td>12.53</td>
<td>7.31</td>
</tr>
<tr>
<td>TEXTILES</td>
<td>5.48</td>
<td>8.21</td>
<td>6.52</td>
<td>7.45</td>
<td>7.55</td>
</tr>
<tr>
<td>PAPER &amp; PAPER PRODUCTS</td>
<td>2.20</td>
<td>1.71</td>
<td>1.40</td>
<td>1.74</td>
<td>1.81</td>
</tr>
<tr>
<td>RUBBER &amp; R. PRODUCTS</td>
<td>1.59</td>
<td>1.86</td>
<td>1.16</td>
<td>1.77</td>
<td>1.55</td>
</tr>
<tr>
<td>CHEMICAL &amp; C. PRODUCTS</td>
<td>5.55</td>
<td>7.53</td>
<td>2.56</td>
<td>3.16</td>
<td>6.37</td>
</tr>
<tr>
<td>FERTILICERS</td>
<td>0.07</td>
<td>0.09</td>
<td>0.04</td>
<td>0.27</td>
<td>0.22</td>
</tr>
<tr>
<td>CEMENT</td>
<td>1.42</td>
<td>0.76</td>
<td>0.36</td>
<td>0.01</td>
<td>0.94</td>
</tr>
<tr>
<td>BASIC METALS</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>(A) IRON &amp; STEEL</td>
<td>1.20</td>
<td>1.08</td>
<td>0.94</td>
<td>2.32</td>
<td>1.21</td>
</tr>
<tr>
<td>(B) NON- FERROUS</td>
<td>1.17</td>
<td>0.16</td>
<td>0.34</td>
<td>1.69</td>
<td>0.51</td>
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<tr>
<td>METAL PRODUCTS</td>
<td>2.97</td>
<td>2.91</td>
<td>6.25</td>
<td>3.53</td>
<td>3.65</td>
</tr>
<tr>
<td>MACHINERY</td>
<td>2.76</td>
<td>8.54</td>
<td>3.20</td>
<td>5.76</td>
<td>7.64</td>
</tr>
<tr>
<td>ELECTRONIC &amp; EQUIPMENTS</td>
<td>2.55</td>
<td>9.48</td>
<td>4.90</td>
<td>5.11</td>
<td>6.78</td>
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<tr>
<td>TRANSPORT EQUIPMENTS</td>
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<td>6.74</td>
<td>2.80</td>
<td>0.99</td>
<td>5.09</td>
</tr>
<tr>
<td>ELECTRICITY GENERATION</td>
<td>3.80</td>
<td>10.86</td>
<td>10.87</td>
<td>8.71</td>
<td>9.46</td>
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<tr>
<td>SERVICES</td>
<td>27.66</td>
<td>18.07</td>
<td>16.61</td>
<td>17.73</td>
<td>20.88</td>
</tr>
<tr>
<td>OTHER INDUSTRIES</td>
<td>9.96</td>
<td>15.31</td>
<td>32.07</td>
<td>27.20</td>
<td>17.02</td>
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<tr>
<td>TOTAL</td>
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<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: IDBI Report on Development Banking of various years.
Purposewise Assistance Disbursed by SIDBI

The purpose wise assistance disbursed by SIDBI shows that of the total disbursements more than 61.06 percent are disbursed for starting new units and 7.84 percent are for modernisation and 6.88 percent are for expansion and diversification. Only 0.30 percent is provided for the rehabilitation of sick units. The purpose wise assistance disbursed by SIDBI is shown in Table 4.4.
Table 4.4

Purposewise Assistance disbursed by SIDBI from 1990-91 to 2001-02

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Purpose</th>
<th>1990-91</th>
<th>95-96</th>
<th>2000-01</th>
<th>2001-02</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New</td>
<td>85.74</td>
<td>80.46</td>
<td>37.97</td>
<td>30.96</td>
<td>61.06</td>
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<td>2</td>
<td>Expansion or Div.</td>
<td>6.35</td>
<td>8.67</td>
<td>4.64</td>
<td>3.82</td>
<td>6.88</td>
</tr>
<tr>
<td>3</td>
<td>Modernisation</td>
<td>6.65</td>
<td>7.72</td>
<td>9.36</td>
<td>9.24</td>
<td>7.84</td>
</tr>
<tr>
<td>4</td>
<td>Rehabilitation</td>
<td>0.65</td>
<td>0.07</td>
<td>0.70</td>
<td>0.73</td>
<td>0.30</td>
</tr>
<tr>
<td>5</td>
<td>Others</td>
<td>0.65</td>
<td>3.09</td>
<td>47.34</td>
<td>55.26</td>
<td>23.92</td>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

Source: IDBI Report on Development Banking of various years.

Institutionwise Refinance Disbursed by SIDBI

Institutionwise refinance disbursed by SIDBI is shown in Table 4.5. It was observed from the table that more than 51.08 percent of the refinance is provided through state finance corporations and 41.45 percent of the refinance is through the Commercial banks and only 7.47 percent are through the SIDCs. So the main agencies for channelising the refinance of SIDBI are the State Finance Corporations.

Table 4.5

Share of institutionwise Refinance Disbursed by SIDBI from 1990-91 to 2001-02

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Institution</th>
<th>1990-91</th>
<th>95-96</th>
<th>00-01</th>
<th>2001-02</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SFCs</td>
<td>42.03</td>
<td>44.67</td>
<td>61.00</td>
<td>79.56</td>
<td>51.08</td>
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<tr>
<td>2</td>
<td>SIDCs</td>
<td>3.10</td>
<td>3.43</td>
<td>11.62</td>
<td>6.22</td>
<td>7.47</td>
</tr>
<tr>
<td>3</td>
<td>Comm.bank&amp;Co-op.B.</td>
<td>54.87</td>
<td>51.90</td>
<td>27.38</td>
<td>14.22</td>
<td>41.45</td>
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<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: IDBI Report on Development Banking of various years.

The measurement of overall efficiency cannot be completed without analysing the operational and financial performance of SIDBI. So the operational and financial performance are analysed in the following chapter.
Notes

2. Ibid, P.150.