CHAPTER IV

ROLE OF FINANCIAL INSTITUTIONS AND THE DEVELOPMENT OF SMALL SCALE INDUSTRIES IN TAMIL NADU
ROLE OF FINANCIAL INSTITUTIONS AND THE DEVELOPMENT OF SMALL SCALE INDUSTRIES IN TAMIL NADU

Finance is one of the essential requirements of any enterprise. The phrase, "whosoever has the gold makes the rule," brings out the significance of the need of adequate finances for a small industry. Finance, being the basic requirement of any enterprise is needed at every stage. Rather, an entrepreneur must know very clearly about his financial need before actually setting up his unit. Small entrepreneurs lack own funds or resources. Hence, the Government of India as a part of policy of promotion of small scale sector in the country has set up a host of institutions to meet the financial requirements of small entrepreneurs.

Entrepreneurship is a multifaceted phenomenon, which has gained popularity around the world. Becoming an entrepreneur is a challenging task, which requires various resources and facilities. Small-scale enterprises, given their small resources, find it difficult to have their own. Finance has been an important resource to start and run an enterprise. In addition to finance, a minimum level of prior built-up of infrastructural facilities such as transport and communication are needed to start any enterprise. Creation of infrastructural facilities involves huge funds, which the small entrepreneurs do lack. In view of this, various Central and State Government institutions have come forward to help small entrepreneurs in this regard by providing them various kinds of support and facilities. This chapter provides an insight into the support and facilities that are available to SSI entrepreneurs to establish industries.
After Independence, rapid and equitable economic development among regions and citizens became an objective of development planning. In this perspective, both SSIs and financial intermediaries such as the banking sector played a very important role in India’s socio-economic development in the pre-liberalisation era.

With regard to the SSI sector, in order to generate employment and to promote regional dispersion and equal income distribution, the government has supported the sector through various preferential policies. On the other hand, the banking sector has been formulated to mobilize saving in rural areas and deliver credit to the vulnerable including SSIs.

Although economic and financial liberalisation started in 1991, it did not mean the end of their roles. The Eleventh Five Year Plan (2008-12), whose theme is inclusive growth, describes SSIs as instruments of inclusion. And the Rangarajan Committee on Financial Inclusion set up by the government recommends that commercial banks play a vital role in financial inclusion through effecting improvements in products and services to meet the needs of the poor with the existing branch network and funding support for promotion of micro finance (GOI, 2008).

The following factors often are cited to show the importance of SSIs in the Indian economy. The first factor is their contribution to the economy, because SSIs currently account for 8 percent of GDP, 45 percent of the total manufacturing output, and 40 percent of the total export. The second factor is their potential for employment generation because they tend towards a higher labour-to-capital ratio compared to large industries. The
third factor is that SSIs tend towards higher regional dispersion and are more owned by the socially backward classes. These factors taken together made the sector imperative for achieving balanced and equitable economic development. Thus, the government has supported SSIs through various preferential policies such as credit policies, reservation of products for exclusive manufacture by SSIs, and purchase preference by government agencies since the 1950s.

SSIs have faced severe competition from foreign firms since the 1990s, because the reservation policy has been deregulated dramatically along with the abolition of quantitative import restriction under the WTO. However, they have been increasingly expected to act as a dynamic engine of a growing economy using their flexible and innovative nature to make cost-effective products and services as well.

**The Banking Sector**

Banking in the colonial period was perceived to be biased in favour of working capital to trade and large enterprises in urban areas and against agriculture and small enterprises in rural areas (Joshi and Little, 1996). After independence, towards attaining the objective of rapid and equitable economic development, the government tried to deliver financial services to the vulnerable in rural areas through cooperative banks and commercial banks.

The All India Rural Credit Survey (AIRCS), which was carried out in 1954, found that formal financial institutions provided less than 9 percent of rural credit needs. Informal sources such as moneylenders, traders, and
rich landlords accounted for a major part of rural credit. Cooperative banks with a wide reach had already been in existence for fifty years but their share in rural credit was still less than 5 percent and they were found to be saddled with the problem of frozen assets because of overdue. Even so, the then AIRCS Committee visualised cooperatives as the sole agency for delivering institutional credit to rural areas and recommended state partnership in terms of governance and management as well as equity. Besides, the Committee recommended the creation of one strong commercial bank by amalgamating the Imperial Bank of India and the major state-associated banks in order to take over cash work from informal sources and provide vast remittance facilities for cooperative banks by expanding branches in rural and semi-urban areas. Thus, the Imperial Bank of India was nationalised and redesigned as the State Bank of India (SBI) in 1955, and SBI then took over eight former state-associated banks as its subsidiaries in 1959 (RBI, 1954; GOI, 2004; Shah et al., 2007).

However, the desired objectives were not being met, because cooperative banks lacked resources and did not perform well. The involvement of commercial banks emerged as an alternative social control measure. Fourteen major commercial banks were nationalised in 1969, so that twenty-two nationalised banks including the SBI group which accounted for 86 percent of total deposits were brought under the control of the authorities. After six more commercial banks were nationalised in 1980, the share of public-sector banks in total deposits increased to 92 percent (Krishnaswamy et al., 1987; Sen and Ghosh, 2005). Since then, public-
sector banks have been shaped as major instruments for attaining the socio-economic objective. Over the years, private-sector banks have also been asked to get involved in achieving the goal.

Further, Regional Rural Banks (RRBs) were established in 1975 with the objective of ensuring sufficient rural credit for small and marginal farmers, agricultural labourers, and rural artisans. RRBs are jointly owned by the government, the concerned state government and sponsored public-sector banks. The areas of operation of RRBs are limited to areas designated by the authorities covering one or more districts (GOI, 2008). Because of their proximity and wide reach with 14,000 branches, RRBs have been one of the main sources of credit for the vulnerable in rural areas (SIDBI, 2010).

**Institutional Finance for Small Scale Industries**

The following agencies through their various schemes provide finance to small scale industries sector under the overall policies and guidelines evolved by Reserve Bank of India.

**At the National Level**

1. Small Industries Development Bank of India (Mainly through re-finance)
2. National Bank for Agriculture & Rural Development
3. National Small Industries Corporation
4. Khadi & Village Industries Commission
5. Nationalised Banks
6. Development Commissioner Small Scale Industries (DCSSI)
At the State Level

1. State Financial Corporations (SFCs)
2. State Industrial Development Corporation (SIDCs) - Infrastructure/Finance
3. State Co-operatives Banks
4. Khadi & Village Industries Board

At Regional & District Level

1. Regional Rural Banks (RRBs)
2. District Central Co-operative Banks
3. Primary Co-operative Banks
4. Branches of State level institutions & nationalised banks about 65,000 in number
5. Khadi & Village Industries Commission
6. District Industries Center (DIC)

Industrial Development Bank of India (IDBI)

The IDBI provides assistance to the SSIs through its scheme of refinance and to a limited extent, through its bills rediscounting scheme. As it is not feasible for the IDBI to reach a large number of SSIs scattered all over the country, it provides indirect assistance in the form of refinancing of loans granted by the banks and the State Financial Corporations (SFCs).

It has shown its particular interest in the development of SSIs. It also set up Small Industries Development Fund (SIDF) in May 1986 to facilitate the development and extension of SSIs. In 1988, the IDBI also
launched the National Equity Fund Scheme (NEFS) for providing in the form of equity to tiny and small-scale industries engaged in manufacturing, cost not exceeding Rs.5 lakhs. During 2003-04, the IDBI sanctioned assistance worth Rs.1511 crores to the SSIs out of the total sanction of Rs.4580.60 crores. It means that about one-third of total industrial assistance was given to SSI sector alone (Khanka, 2005).

**Small Industries Development Bank of India**

In view of the increasing need for financial assistance to small scale industries, a specialized financial institution exclusively for the small scale sector became necessary. Accordingly, the SIDBI was set up as a subsidiary of the IDBI; it commenced operations on April 2, 1990. SIDBI took over the Small industries development fund and the National Equity Fund set up earlier in IDBI, SIDBI has been assigned the role of apex financial institution for the promotion, financing and development of small scale sector and for co-ordinating the activities of other institutions engaged in providing assistance to small scale units. Table 4.1 explains financial Assistance of SIDBI.

**Table 4.1. Financial Assistance of SIDBI**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sanctions</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 - 01</td>
<td>4408</td>
<td>3838.5</td>
</tr>
<tr>
<td>2001 - 02</td>
<td>4845</td>
<td>4027.4</td>
</tr>
<tr>
<td>2002 - 03</td>
<td>4908</td>
<td>4145.8</td>
</tr>
<tr>
<td>2003 - 04</td>
<td>6354</td>
<td>3671.3</td>
</tr>
<tr>
<td>2004 - 05</td>
<td>8699</td>
<td>4385.3</td>
</tr>
<tr>
<td>2005 - 06</td>
<td>9823</td>
<td>5226.09</td>
</tr>
<tr>
<td>2006 - 07</td>
<td>10226</td>
<td>5986.81</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>10996</td>
<td>6729.2</td>
</tr>
</tbody>
</table>

_Source: Annual Report on District Industries at Chennai._
Table 4.1 reveals that the financial assistance of small industries development bank of India during 2000 to 2005. The assistance provided by the bank 2000-2001, 4408.8 crors and disbursement 3838.5 crores. In the year 2004-2005 8,699.3 crores was sanctioned and 4,385.3 crores was disbursement. But the year 2007 - 2008, 10, 996.8 crore was sanctioned and 6729.2 crores was disbursed. There has been a continuous increase in the assistance provided by SIDBI to the small-scale sector. It can be seen from the table that over a period of five years sanctions have grown by 95 percentage and disbursements by 85 percent.

**Industrial Finance Corporation of India (IFCI)**

The IFCI extends financial assistance to the industrial sector through rupee and foreign currency loans, underwriting / direct subscriptions to shares / debentures and guarantees and also offers
financial services through its facilities of equipment procurement, equipment finance, buyers’ and suppliers’ credit, equipment leasing and finance to leasing and hire-purchase companies. It also provides merchant banking with its Head Office in Delhi and a bureau in Bombay.

In recent years, the IFCI has started new promotional schemes, such as interest subsidy scheme for women entrepreneur’s consultancy fee subsidy schemes for providing marketing assistance to SSIs, encouraging the modernisation of tiny, small-scale ancillary units and control of pollution in the small and medium-scale industries IFCI has shown growing concern in the development of backward districts.

**Small Industries Development Bank of India (SIDBI)**

To ensure financial and non-financial assistance to the SSI sector, the Government of India set up the Small Industries Development Bank of India (SIDBI) in 1989, as a wholly owned subsidiary of IDBI. The SIDBI has taken over the outstanding portfolio of the IDBI relating to the SSI sector worth over Rs.4000 crores. The SIDBI has been regularly fulfilling its commitments like assistance to upgradation and modernisation, marketing the products of SSIs and creating employment opportunities in the rural belt thereby preventing exodus of workers from country to town.

The SIDBI’s financial assistance to SSIs is channelised through the Development Corporations, Commercial Banks and Regional Banks. The SIDBI also provides financial support to National Small Industries Corporations for providing leasing, hire purchase and marketing support to the industrial units in the SSI sector.
Table 4.2 shows the financial assistance rendered by SIDBI to SSI during 2000-01 and 2003-04.

**Table 4.2. Financial Assistance by SIDBI**

<table>
<thead>
<tr>
<th>Financial Assistance</th>
<th>2000-01 (Rs)</th>
<th>2003-04 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Sanctioned</td>
<td>24</td>
<td>1</td>
</tr>
<tr>
<td>Loans Disbursed</td>
<td>1840</td>
<td>6960</td>
</tr>
</tbody>
</table>


Table 4.2 shows that overall financial assistance sanctioned by SIDBI increased by about 4 times in 2000-01 as compared to 2000-01 and disbursements has increased by about 3 times in 2003-04 as compared to 2000-01. In the year 2003-04, Rs.10260 was the loan sanctioned but Rs.6960 amount of loan amount was disbursed and in the year 2000-01, it was Rs.2410 amount of loan was sanctioned and Rs.1840 amount of loan was disbursed.

**State Financial Corporations (SFCs)**

SFCs provide long-term finance to small ad medium sized industrial units organised as proprietary, partnership, co-operative, public or private company concerns. It also undertakes the issue of stock, shares, bonds or debentures of industrial concerns and to grant loans and advance to industrial concerns repayable within a period not exceeding 20 years. They also subscribe to debentures floated by the industrial concerns. SFCs also grant financial assistance to small road transport operators, hotels, tourism-related activities, hospitals and nursing homes.
Table 4.3 represents the assistance disbursed to small scale sector by SFCs.

**Table 4.3. Assistance disbursed to small scale sector by SFCs**

(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total disbursements (1)</th>
<th>Disbursements to SSI (2)</th>
<th>(2) as % of (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>2782.70</td>
<td>1750.90</td>
<td>62.9</td>
</tr>
<tr>
<td>2006-07</td>
<td>2110.20</td>
<td>1363.50</td>
<td>64.6</td>
</tr>
<tr>
<td>2007-08</td>
<td>1624.65</td>
<td>1122.79</td>
<td>69.1</td>
</tr>
<tr>
<td>2009-09</td>
<td>1825.09</td>
<td>1279.16</td>
<td>70.1</td>
</tr>
<tr>
<td>2009-10</td>
<td>2005.06</td>
<td>1427.94</td>
<td>71.2</td>
</tr>
</tbody>
</table>


Table 4.3 is inferred that the total financial assistance disbursed by State Financial Corporations to small scale sector during the year was Rs.1750.90 but the total disbursements by SFC was Rs.2782.70. In the year 2009-10, the total disbursements was Rs.2005.06 and the disbursements to SSI by SFCs was 1427.94, that is nearly three quarter (71.2 percent) of the financial assistance was disbursed by SFC to the small scale industrial sectors.

**Commercial Banks**

The first bank that came forward to extend financial assistance to the SSIs is the State Bank of India. The commercial banks started taking initiation in financing SSIs only after the bank nationalisation. Normally commercial banks provide assistance for working capital requirements of SSIs. Over the years, they have also started providing
'term' finance. The data compiled by the RBI indicates that of all the advances given SSIs by the commercial banks, the share of the term loan accounted for nearly 30 percent. A notable feature in the financing of SSIs has been the introduction of the 'Lead Bank Scheme' by the RBI. Under this scheme, each district has been allotted to one scheduled commercial bank for intensive development of banking facilities.

The introduction of 'Credit Guarantee Scheme' in 1960 was a big fillip in the field of commercial bank financing to SSIs. Based on the recommendations of Shri P.R. Nayak committee, the RBI introduced a special package of measures for financing SSIs and arresting the problem of sickness in small-sector. Availability of credit to the SSI sector improved further with the stipulation on foreign banks to extend at least 10 per cent of their net bank credit to the SSI sector and to deposit the shortfall, if any, with the Small Industries Development Bank of India (SIDBI).

In order to ensure that credit is available to all segments of the SSI sector, banks should ensure, 40 percent of the total credit to SSI goes to the cottage industries, khadi and village industries, artisans and tiny industries with investment in plant and machinery up to Rs.5 lakhs; 20 percent of the total credit to SSI goes to SSI units with investment in plant & machinery between Rs.5 lakhs and Rs.25 lakhs; and the remaining 40 percent goes to other SSI units with investment exceeding Rs.25 lakhs.
Table 4.4 gives the status of assistance provided by commercial banks (public Sector Banks) to SSIs since 1996:

**Table 4.4. Assistance Provided by Commercial Banks to SSI**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Bank Credit (Rs. Crores)</th>
<th>To SSI (Rs. Crores)</th>
<th>Share of SSI (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-1996</td>
<td>1,84,381</td>
<td>29,485</td>
<td>15.99</td>
</tr>
<tr>
<td>1996-1997</td>
<td>1,89,684</td>
<td>31,542</td>
<td>16.60</td>
</tr>
<tr>
<td>1997-1998</td>
<td>2,18,219</td>
<td>38,109</td>
<td>17.50</td>
</tr>
<tr>
<td>1998-1999</td>
<td>2,46,203</td>
<td>42,674</td>
<td>17.33</td>
</tr>
<tr>
<td>1999-2000</td>
<td>3,16,427</td>
<td>46,045</td>
<td>14.60</td>
</tr>
<tr>
<td>2001-2002</td>
<td>3,96,954</td>
<td>49,743</td>
<td>12.53</td>
</tr>
<tr>
<td>2002-2003</td>
<td>4,77,899</td>
<td>52,988</td>
<td>11.09</td>
</tr>
<tr>
<td>2003-2004</td>
<td>5,58,849</td>
<td>58,278</td>
<td>10.43</td>
</tr>
<tr>
<td>2004-2005</td>
<td>7,18,722</td>
<td>67,634</td>
<td>9.41</td>
</tr>
</tbody>
</table>

**Source:** Annual Report 2005-06, Government of India, Ministry of SSIs

It is inferred from the above table that the assistance provided by commercial banks to SSI sector has increased from Rs.29,485 crores in the year 1995-96 to Rs.67,634 crores in the year 2004-05. The increase is more than double time. The percentage share to SSI has increased in the beginning years. But it has decreased in the later years. This may be due to the fact that assistance to other sectors may be more than the SSI sector.

**Non-Financial Institutional Support to SSIs**

There are three national associations representing all type of industries. These are 'Federation of Indian Chambers of Commerce and Industries' (FICCI), Confederation of Indian Industries (CII) and 'Association
of Chambers of Commerce and Industries' (ASSOCHAM). These associations represent mainly the interests of large scale industries. However, these associations have membership of small sector as well and represent mainly the policy related interests of SSI sector.

The exclusively small industry related associations are diversified geographically and sectorally and are supposed to have been linked with 'Federation of All India Small Scale Industries' (FASSI), 'Federation of Small and Medium Industries' (FOSMI) and also Indian Council of Small Industries (ICSI). However these institutions are weak in character due to their working for cross purposes and lack of dynamic perspective for small scale sector growth. They have virtually no linkages with the small industry in general and their local associations in specific. Another institution that is concerned with the small and medium enterprises is 'World Assembly of Small and Medium Enterprises' (WASME). There are only a few of the local associations that are involved in providing specific individual level services to the small industry. However, all the associations are involved in lobbying with the government to provide one or the other facilities or benefits to the sector.

In order to facilitate the growth of the SSI sector, the Central and State Governments have created an elaborate institutional framework in the country. The policy measures include the setting up of a network of institutions 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. They provide infrastructure and support services to small enterprises through Small Industries Development Organisation (SIDO), National Small Industries Corporation (NSIC), National Institute of Small Industry Extension Training (NISIET), Hyderabad, National Institute for Entrepreneurship (NIE), Guwahati and National Institute for Entrepreneurship and Small Business Development (NIESBD), New Delhi. The institutional network has been studied here.

**State Industrial Development Corporations (SIDCs)**

The State Industrial Development Corporations (SIDCs) were incorporated under the Companies Act, 1956, as wholly owned State Government Undertakings for promoting industrial development.

The main functions of SIDCs are to provide assistance in the form of term-loans, underwriting direct subscription to shares / debentures and guarantees. They also undertake a variety of promotional activities like preparation of feasibility reports, conducting industrial potential surveys, entrepreneurship development programmes and developing industrial estates. Some SIDCs also offer a package of developmental services such as technical guidance, assistance in plant locations and co-ordinations with other agencies. In line with the changing environment, many SIDCs are making efforts to diversify and mutual funds. There are 28 SIDCs in the country.

Aggregate of assistance sanctioned by all SIDCs during 2002-03 amounted to Rs.1511 crore and disbursements accounted for Rs.984
crore. Cumulatively, upto the end of March 2004, the total assistance sanctioned by SIDCs stood at Rs.9774 crore, while disbursements amounted to 7126 crore. Total sanctions to backward areas upto the end of March 2004, accounted for Rs.5000 crore (constituting 51.2 percent in total sanctions) and disbursements amounted to Rs.3942 crore (55.3 percent in total).

The SIDO provides common facilities, technology support services, marketing assistance and entrepreneurial development support through its network of thirty Small Industries Service Institutes (SISIs), twenty eight Branch SISIs, four Regional Testing Centres (RTCs), seven Field Regional Testing Centres (RTCs), two Small Entrepreneur Promotion and Training Institutes (SEPTs) and one Hand Tool Design Development and Training Centre. The SIDO also has a network of Tool Rooms and Process-cum Product Development Centres (PPDCs) to provide technology and training support SIDO performs functions such as, conducting training courses through SISIs and Extension Centres; organising EDPs and motivational campaigns for rural artisans, educated unemployed, women entrepreneurs and physically handicapped persons; securing reservations of certain products for SSIs; assisting and encouraging entrepreneurs to set up industrial units in rural areas and estimating the requirements of raw materials of SSIs. All SSIs except those falling within the specialised boards- and agencies like KVIC, Coir Boards and Central Silk Board fall under the purview of the SIDO.
SIDO Schemes and Measures for Promotion of SSIs

SIDO offers various schemes and measures for the development and promotion of SSIs in the country. The Advertising and Publications Division of SIDO disseminates information about Government policies and programmes; incentives and facilities and institutional support services available to the SSI. Laghu Udyog Samachar, a quarterly journal in English and Hindi and Information and Facilitation Counter (IFC) in the office of the DC (SSI) are disseminating updated information for the benefit of the prospective and existing entrepreneurs. It provides speedy and easy access to information to the public on the services and activities of SIDO and related institutions in the area of SSI promotion and development.

Small Enterprise Information and Resource Centre Network (SENET) was launched in April 1997 to facilitate networking among the information seekers, concerning SSI, including Central/State Governments, Government agencies engaged directly or indirectly in the promotion and development of the SSI, National and State level industry associations and NGOs. SIDO maintains libraries at its headquarters and in all its field offices. These libraries make available technical information required for the development of the SSI.

In the field of training and manpower development SIDO conducts, Industrial Motivation Campaigns (IMC) with duration of 1-2 days to identify and motivate traditional and non-traditional entrepreneurs having potential for setting up SSI units so as to lead them to self-employment.
Up to November 2004, 220 IMCs were conducted and 18000 prospective entrepreneurs motivated to start their units. Around 480 IMCs are expected to be conducted during the remaining months of the financial year for benefiting about 32000 entrepreneurs (GoI, 2005).

Entrepreneurship Development Programmes (EDPs) of 4-week duration are organised as regular activity to familiarise the youth with the necessary aspects for setting up SSIs. During 2004-05, 346 EDPs were conducted and 8700 entrepreneurs trained up to December 2004. About 260 EDPs are proposed to be conducted during the remaining months for providing training to about 6300 entrepreneurs.

Management Development Programmes (MDPs) cover Industrial Management, Human Resource Management, Marketing Management, Export Management and Documentation, Materials Management, Financial Management, Information Technology & Exports, ISO 9000 and WTO/IPR issues. During 2004-05, about 127 MDPs have been conducted up to November 2004. Around 254 MDPs are proposed to be conducted during the remaining months of the financial year.

SIDO conducts Intellectual Property Rights (IPR) Awareness Programmes, which help in preventing competitors from copying or closely imitating a company's products or services, in creating a corporate identity through a trademark and branding strategy and in increasing the market value of the company. During 2004-05, six of such programmes have been conducted.
A Biotechnology cell has been set up for the development and promotion of biotechnology in the SSI sector. During 2004-05, two one-day sensitisation programmes on biotechnology were conducted. A three-day advanced training programmes on biotechnology for a group of 30 officers from the SISIs was held in January, 2005. Four Regional Testing Centres at New Delhi, Mumbai, Chennai and Kolkata provide testing facilities to SSI units for raw materials, semi-finished products and finished products manufactured by them. In order to provide testing facilities in the areas of industry clusters, the Government of India has set up Field Testing Stations at Jaipur, Bhopal, Kolhapur, Hyderabad, Pondichery, Chenganacherry and Bangalore.

WTO cell was set up in the SIDO headquarters in 1999 to coordinate the latest developments with regard to World Trade Organisation. The objective of this cell is to disseminate information to SSI associations and other stakeholders on various aspects of WTO agreements and their likely implications for the SSI, assisting policy formulation for SSIs in conformity with the provisions of WTO agreements and organising workshops/seminars for the SSI to create awareness.

**Small Scale Industries Board (SSIB)**

SSI Board is the apex non-statutory advisory body constituted by the Government of India to render advice on all issues pertaining to the SSI sector. The Minister in charge of the SSI Ministry is the Chairman of the Board. Members of the Board, include inter alia State Industries
Ministers, selected Members of Parliament, Secretaries of various Departments of the Central Government, Heads of Financial Institutions, Representatives of Industry Associations and Eminent Experts.

The SSI Board provides to its members a forum for interaction to facilitate co-operation and inter-institutional linkages and to render advice to the Government on various policy matters, for the development of the sector. The Board was first constituted in 1954, with a term of 2 years. The Board has 101 members and held its 48th meeting on 17th January 2004 (Annual Report, Ministry of Small Scale Industries, Government of India).

**National Small Industries Corporation Ltd. (NSIC)**

The National Small Industries Corporation Ltd. (NSIC), an enterprise under the Union Ministry of Industries, was set up in 1955. NSIC an ISO 9001:2000 company since May 2003 has been striving to fulfil its mission of promoting aiding and fostering the growth of SSIs.

A team of professionals at different levels of functioning manages the Corporation. NSIC delivers its assistance through six zonal offices, twenty six branch offices and fifteen sub-offices for cluster development dispersed in different states, five technical service centres, three technical service extension centres, two offices outside India and two software technology parks.
Schemes of Assistance to SSIs

The Corporation explores markets and secures bulk orders from SSI entrepreneurs. The Corporation as a "Nodal Agency" for the Preferential Purchase Policy of the Government promotes the marketing of SSI products to Government. The Corporation through its distribution system is supplementing the availability of raw materials to a large number of SSIs, all over the country.

NSIC identifies international market opportunities for the products manufactured in SSI units. It arranges for showcasing the SSI products effectively at different international foray and exhibitions. It provides counselling on marketing intelligence and providing technology upgradation support.

In the field of Technology Upgradation, NSIC offers small units support services through its Technical Services Centres and Extension Centres. It provides services like, material testing facilities through accredited laboraties, product designing, and common facility support in machining, energy and environment services at selected centres and classroom and practical training for skill upgradation.

NSIC Technical Service Centres are located at Chennai, Howrah, Hyderabad, New Delhi, Rajkot, Rajpura and Aligarh. Software Technology Parks at New Delhi and Chennai provide infrastructure facilities and create conducive business environment for the software exporters. Technology Transfer Centre at Delhi disseminates technological
information relevant to the needs of SSIs, facilitates enterprise to enterprise.

NSIC facilitates credit support for technology upgradation programmes for SSIs through equipment financing schemes. It also provides financing support for raw material procurement, exports, internal marketing and bill discounting. Keeping in mind the information needs of small industries, NSIC has conceptualised Infomediary Services a one-stop, one-window shop that provides information on business, technology and finance. Mentors and advisors provide necessary professional and moral support in the early lifecycle of an enterprise or to existing units in critical operational problems.

**Major Events during 2004-05**

NSIC organised 'Techmart India' 2004, the 12th International Technology Fair during 14-27, November 2004 at New Delhi. More than 236 units participated in the event. Buyer-seller meets: Bulk and Government departmental buyers are invited to enrich SSI unit's knowledge regarding terms and conditions, quality standards etc, required by these buyers. These programmes are aimed at vendor development from among SSI units for the bulk manufacturers.

Third Commonwealth India Small Competitiveness Development Programme was conducted from November 2004. The main theme of this programme was "Networking the Commonwealth SSIs through sharing best practices for enhanced competitiveness". These programmes focus at building and developing institutional capacity
on competitive small business policies and strategies for Commonwealth Developing States.

**Indian Institute of Entrepreneurship (IIE), Guwahati**

The Institute organises training programmes and undertakes research and consultancy activities in the field of promotion of small industry and entrepreneurship. Since its establishment and upto January 2005, the Institute has organised 903 training programmes / workshops / seminars / meets, where 27976 participants participated throughout India. Table 4.5 shows the types and number of training programmes organised and number of participants trained during 2004-05.

**Table 4.5. Training Programmes Conducted by IIE Guwahati, during 2012-13 and 2013-14**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Type of Programme</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of programmes</td>
<td>No. of participants</td>
<td>No. of programmes</td>
</tr>
<tr>
<td>1.</td>
<td>Entrepreneurship development programmes (EDPs)</td>
<td>17</td>
<td>463</td>
</tr>
<tr>
<td>2.</td>
<td>Entrepreneurship cum skill Development programmes (ESDPs) and Skill Development Programmes (SDPS)</td>
<td>1348</td>
<td>39575</td>
</tr>
<tr>
<td>3.</td>
<td>Management Development Programmes (MDPs)</td>
<td>19</td>
<td>624</td>
</tr>
<tr>
<td>4.</td>
<td>Other Programmes including Seminar / Workshop</td>
<td>77</td>
<td>3625</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1461</td>
<td>44287</td>
</tr>
</tbody>
</table>

**Source:** Annual Report 2013-14, Ministry of SSI, Government of India.
During the year 2013-14, the institute organised 501 training programmes where 23359 participants participated. Out of the total 501 training programmes, 312 (62.3 percent) are Entrepreneurship cum skill development programmes (ESDPs) under the scheme of Assistance to Training Institutions (ATI), Ministry of MSME and Skill Development Programmes (SDPs) sponsored by other organisation, 27 (5.4 percent) on Management Development, and 135 (26.9 percent) various other programmes.

Management development programmes, entrepreneurship and industrial extension for officials of Directorate of Industries, trainers’ training programmes for NGOs and workshop on Project identification, formulation and appraisal for DIC officials are given under creation of environment for entrepreneurship.

Entrepreneurship education is creating awareness among and orientation of college and university teachers and students on entrepreneurship. Other than entrepreneurship-orientation activity, the Institute organises short and long duration courses on Information Technology.

**National Institute of Small Industry Extension Training (NISIET)**

The Government of India with the charter of assisting in the promotion development, and modernisation of SSIs in the country set up NISIET as national – level Institute in 1960. With its expertise in the areas of entrepreneurship, policy, technology, management and information services, the Institute is consistently assisting the SSIs in
facing with confidence the challenges brought about by globalisation and the impact of IT on their businesses. NISIET’s role has benefited not only the Indian SSI but those in other developing countries and helped in promoting self-employment and enterprise development. The Institute is constantly evolving with time, modifying its focus with the emerging needs of SSIs, providing them solutions in the form of Consultancy, training, research and education to retain their competitive edge in ever-changing markets.

During 2004-05, the Institute took up research and consultancy projects like study on Demand and Supply Assessment of Ozone Deflecting Substances in India, curriculum Models for Entrepreneurship Development, Competency Mapping of Indian SSIs for Global Promotion, Self-sustainability of Information Support Facilities, Entrepreneurship Development Education in Professional Colleges, Promotion of Self-employment Activities among the Tribal Youth, Industrial Potential for Packaging Industries and Preparation of Business Plan for Handicraft Clusters.

NISIET initiatives on Cluster Development field are centred on handholding and monitoring services, training, consultancy and research. NISIET has trained Government officials from various States and of financial institutions.
National Institute for Entrepreneurship and Small Business Development (NIESBUD)

The NIESBUD is a registered society under the Ministry of SSI. The major activities of the Institute include development of model syllabi for training of various target groups; providing effective training strategies, methodology, manuals and tools; facilitating and supporting Central/State Governments and other agencies in executing programmes of entrepreneurship and small business development; maximising benefits and accelerating the process of entrepreneurship development; conducting programmes for motivators, trainers and entrepreneurs which are commonly not undertaken by other agencies and organising activities which help in developing an entrepreneurial culture in the society.

During April-November, 2004 the Institute organised 16 training programmes with 334 participants, as against a target of 32 training programmes for 2004-05. 11 training programmes were organised for trainers/promoters. The Institute organised two International Training Programmes during the period. During the year, the Institute carried out research projects/studies such as research study on "Project Identification Practices Amongst Entrepreneurs and evaluation study of Science & Technology Entrepreneurs Park- Punjab Women Dairy Projects.

Regional Testing Centres (RTCs)

Four Regional Testing Centres (RTCs), set up at New Delhi, Kolkata, Mumbai and Chennai, provide testing facilities to SSIs for
raw materials used and semi-finished/finished products manufactured by them. RTCs render technical support to the SSI units in upgrading the quality of the products manufactured by them. They provide consultancy services to SSIs in testing and quality management and process quality systems. In order to increase the availability of qualified manpower to the industry, these centres impart training in testing of products. They conduct training courses for the workers sponsored by SSI units on product specific testing facilities. RTCs organise awareness programmes on total quality for household electrical appliances and allied appliances and ISO-9000 Quality Management Systems for the benefit of small scale entrepreneurs.

**Field Testing Stations (FTSs)**

The Government set up Field Testing Stations at Jaipur, Bhopal, Kolhapur, Hyderabad, Bangalore, Pondicherry and Chenganacherry as extensions of the RTCs to provide testing facilities in the areas with clusters of Industries and some strategic areas not served by RTCs. These FTSs provide facilities for testing products like chemicals, dyestuffs, lamps, rubber products, castings and forgings, paints and varnishes, domestic electrical appliances and engineering goods. Their performance during the last three years and up to November 2005 is summarised in table 4.6.
Table 4.6. Performance of FTCs from 2001-02 to 2004-05

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Jobs completed</th>
<th>No. of tests performed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>8004</td>
<td>34508</td>
</tr>
<tr>
<td>2003-04</td>
<td>11035</td>
<td>43306</td>
</tr>
<tr>
<td>2004-05</td>
<td>15150</td>
<td>57269</td>
</tr>
<tr>
<td>2005-06</td>
<td>10590</td>
<td>37424</td>
</tr>
</tbody>
</table>


Table 4.6 shows that in the year 2002-03 the number of jobs completed was 8004. It has increased to 15150 jobs in the 2004-05 and 10590 jobs up to November 2005. The number of tests performed has increased from 34508 in 2002-03 to 57269 in 2004-05 and 37424 up to November, 2005.

National Research Development Corporation (NRDC)

NRDC provides a package of services to small entrepreneurs involving identification of suitable technologies and supply sources, arranging transfer of technology, setting up of production facilities, marketing, finances and other support services. Based in New Delhi, NRDC has tie ups with a large number of Research and Development (R and D) laboratories under various departments as well as large commercial companies. NRDC also provides technical and financial support for market oriented development projects undertaken by small industries. It has set up a strong database and information services for disseminating information of technologies and various related aspects relevant to industrial units. NRDC is also actively engaged in the promotion of exports of technologies, projects and services. It also
provides patent services to the inventors and the industries desiring to trade in technologies. In recent years it has become a dynamic and result-oriented organisation.

**Entrepreneurship Development Institute of India (EDII)**

The EDII was established in 1983 at Ahmedabad as resource organisation at the national level. It is acting as an apex agency for the promotion and development of entrepreneurship in the country. The institute is engaged in the task of entrepreneurship promotion and development in the country. It is highly equipped with sound academic resource for research, training and institution building.

The EDII’s focus continues to be on activities like pooling the resources and accelerate the field of entrepreneurship promotion by enlarging the supply of entrepreneurs; formulating sound policies and strategies for the promotion and development of entrepreneurship in the country; providing productive self-employment and conducting EDPs, Achievement Motivation Training (AMTs) and Management Inputs for promotion of entrepreneurship and conducting inter-regional workshops to promote entrepreneurship.

**Central Footwear Training Institute, Chennai**

The Central Footwear Training Institute, Chennai, Government of India Society is a pioneer Institution, rendering various types of training programmes on footwear technology and allied subjects. The basic objective of the Institute is to develop human resources for footwear and allied industries. The institute conducts long term short term and part
time training courses on various subjects of footwear technology. Besides, the Institute provides technical support services to the user industry by making its facilities available to them. The Institute also provides services for development of new products and patterns as per given sample or concept. Table 4.7 shows the Physical Target and Achievements of CFTI, Chennai.

Table 4.7. Target and Achievements of CFTI, Chennai

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No. of training courses (long term)</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2.</td>
<td>No. of training courses (short term)</td>
<td>196</td>
<td>371</td>
<td>368</td>
<td>367</td>
<td>52</td>
</tr>
<tr>
<td>3.</td>
<td>No. of trainees</td>
<td>7297</td>
<td>8345</td>
<td>8912</td>
<td>10525</td>
<td>1545</td>
</tr>
<tr>
<td>4.</td>
<td>No. of units benefited</td>
<td>874</td>
<td>1095</td>
<td>1562</td>
<td>1354</td>
<td>336</td>
</tr>
<tr>
<td>5.</td>
<td>Revenue Generated (Rs. in lakhs)</td>
<td>270.43</td>
<td>268.66</td>
<td>308.39</td>
<td>298.75</td>
<td>170.09</td>
</tr>
<tr>
<td>6.</td>
<td>Recurring Expenditure (Rs. in lakhs)</td>
<td>292.93</td>
<td>266.67</td>
<td>282.12</td>
<td>286.13</td>
<td>298.80</td>
</tr>
</tbody>
</table>


The Institute organises training courses of duration ranging from one month to two years. During 2003-04 the institute trained 386 candidates. During 2004-05 up to December, 2004 it has conducted 11 such programmes and 470 candidates participated. For the remaining period of three months ending March 2005 it has estimated to conduct 7 more programmes and 250 candidates are expected to participate. The Institute also organised short term courses for women entrepreneurs and minority communities under sponsorship from various Departments of the Government of Tamil Nadu.
The Institute provided common facility services to industries in the field and undertook job works on nominal charges. Up to December 2004, the Institute undertook 302 jobs and thereby provided benefit to 72 units and earned revenue of Rs. 48.38 lakh with an expenditure of Rs.45.57 lakhs. It has anticipated undertaking 100 jobs to benefit 20 units with an expenditure of Rs.40.60 lakhs.

The institute developed new styles of constructions of foot wear. A sub-centre of CFTI was started at Ambur for the benefit of local units and action was initiated to procure modem machines for foot wear manufacturing.

**State Small Industries Development Corporations (SSIDCs)**

The State Small Industries Development Corporations (SSIDCs) were set up in various States under the Companies Act, 1956, as State Government Undertakings to cater to the needs of the small, tiny and village industries in the State / Union Territories under their jurisdiction.

The important functions performed by the SSIDC includes, pricing and distributing scarce raw materials, supplying machinery on hire purchase system, providing assistance for marketing of the products of SSIs, constructing industrial estates/sheds, providing allied infrastructure facilities and their maintenance and extending seed capital assistance on behalf of the State Government concerned. Provide management assistance to production units.
Small Industries Service Institutes (SISIs)

The Small Industries Service Institutes (SISIs) are set up to provide consultancy and training to small entrepreneurs – both existing and prospective. There are 28 SISIs and 30 Branch SISIs set up in State capital and other places all over the country. The main functions of SISIs include serving as interface between Central and State Governments, rendering technical support services, conducting Entrepreneurship Development Programmes and initiating promotional programmes. The SISIs are organising various EDPs for different target groups including unemployed youth and ex-service personnel for a period of four weeks. In these programmes, class room lectures and discussions are held on facilities and assistance available from State and Central Government agencies, banks, financial institutions and NSIC. Information regarding market survey, product identification and selection, technologies involved, financial management, marketing, packaging and exports are also given to the entrepreneurs.

The SISI, Chennai is providing various services to the SSI entrepreneurs. The SISI, Chennai is first among SISIs to take up Cluster Development Programme and to get technical support from UNIDO. DC (SSI) has selected SISI, Chennai as implementing agency for auto components cluster in Chennai.

This programme is to upgrade vendors of Tier 1 / large industries, link directly to the domestic and export market, facilitate technology and quality upgradation, build the capacity of associations and create and
strengthen the networks. SISI, Chennai organises specialised training
programmes for retrenched and rationalised employees of Central Public
Sector Undertakings (CPSUs) under Counselling, Retraining and
Redeployment (CRR) Scheme. After this training they are redeployed or
guided to start their own industries. 322 employees have been reinstated
by SISI, Chennai in self-employment, business reemployment. SISI,
Chennai has conducted 51 Entrepreneurship Development Programmes
(EDPs) of one-month duration during the year 2004-05 for promotion of
entrepreneurship at various places in Tamil Nadu and Pondicherry. The
total number of people trained in these programmes was 1475. SISI
Chennai conducted 15 Management Development Programmes (MDPs) of
one-week (full time) or two-week (part time) duration during the year
2005-06 for the development of managerial skills of entrepreneurs at
various places of Tamil Nadu and Pondicherry. 423 trainees have
benefited in these programmes totally.

ISO 9000 is an international quality management system
standard, which is accepted around the world as a proof for quality and
consistency in business. 13 officers of SISI, Chennai are qualified Lead
Assessors for providing consultancy to units for ISO 9000. As on
December 2001, SISI, Chennai provided ISO 9000 consultancy services
to 80 SSI units. Among these, 12 units have been awarded ISO 9000
certificates. SISI also organises Awareness and Educational Programme
in ISO 9000, apart from providing consultancy for certification.
SISI, Chennai conducts EARA (UK) approved Foundation Training Course (ISO 14000) in collaboration with SEQM, Ltd., UK. The course aims to equip Trainee Environmental Auditors with the basic knowledge, skills and techniques necessary to participate effectively in environmental audits and other related activities. 20 officers have come out successfully in a EARA (UK) approved foundation course on environmental auditing (ISO 14000).

SISI, Chennai has a library well stocked with 2500 volumes containing information on techno-managerial themes for reference to small industries and entrepreneurs free of cost. About 80 numbers of periodicals are also available for reference free of cost. Publications of DC (SSI), New Delhi, Techno-Economic Surveys by SISI, Project Profiles are available for sale.

Technology Research Centre (TRC) is a one-stop shop for SSIs in the direction of technological upgradation become functional in SISI, Chennai from October 2001. The functions of TRC are to disseminate information on the activities of technology generator, coordinate interaction among various promotional agencies involved in the development of SSI sector and provide information about the product groups covering details of technologies.

Technical Consultancy Organisations (TCOs)

TCOs have been set up to provide consultancy services at lower cost to the small- scale and medium-scale entrepreneurs, through various phases of project cycle, viz., project identification, formulation,
implementation, and operations. The services of TCOs include preparation of project report, technical and management services related to their expansion and diversification.

TCOs are successfully performing the task of promotional and entrepreneurial activities. They are providing career to local entrepreneurs based on local resources and demands. They are also generating entrepreneurship in tiny, small and ancillary and medium scale sectors both in rural as well as urban areas. There are 19 TCOs in our country sponsored by various term lending financial institutions. In Tamil Nadu Industrial & Technical Consultancy Organisation of Tamil Nadu Ltd. (ITCOT) is established in 1979 sponsored by ICICI.

**Industrial and Technical Consultancy Organisation of Tamil Nadu (ITCOT)**

ITCOT was incorporated in 1979 as a joint venture of ICICI, IDBI, IFCI, SIPCOT, THC, and SIDO. It offers a wide range of consultancy services such as project identification, project profiles, project reports, market surveys, techno-economic feasibility appraisals, asset valuation, stock audit, sick unit rehabilitation, restructuring, skill upgradation programmes, industry specific studies, energy audits, environment impact assessment, computer training programmes and so on.

The organisation undertakes turnkey projects on wind mills, sugar and paper mills, diesel captive power plants and solar energy projects. They organise seminars, training programmes and 'industry meets' on current topics. The services are offered to corporate sector, small and
medium enterprises, individual entrepreneurs, public sector undertakings, banks, financial institutions, co-operatives and governments.

They undertake assignments in industries such as agro-based, food processing, bio-technology, chemicals and fertilisers, plastics and packing, drugs and pharmaceuticals, infrastructure, conventional and renewable energy, environment, hotel and tourism, electronics, software and information technology and textiles. It has talented and experienced pool of professionals in agriculture, textiles, chemicals, engineering, software, energy management and other disciplines.

ITCOT undertakes surveys at the instance of state / central government. It helps entrepreneurs in setting up ancillary units for the automobile and chemical industries. It conducts feasibility studies and prepares project reports. It also conducts EDPs. ITCOT adopted Palani in Madurai district and Rasipuram in Salem district under IDBI's block adoption scheme. It wants to broaden the operations by extending marketing assistance for products of SSIs.

**District Industries Centre (DICs)**

The District Industries Centres (DICs) emerged on May 8, 1978 with a view to provide integrated administrative framework at the district level for promotion of SSIs in rural areas. The DICs are envisaged as a single window interacting agency with the entrepreneur at the district level. Services and support to small entrepreneurs are provided under a single roof through the DICs. They are the implementing arm of the Central and State Governments of the various schemes and programmes.
Registration of small industries is done at the DICs. The SEEUY/PMRY for employment generation is also implemented by the DICs.

The DIC's role is mainly promotional and developmental. To attain this, it conducts industrial potential surveys keeping in view the availability of resources in terms of material and human skill, infrastructure and demand for product, prepares techno-economic surveys and identify product lines and then to provide investment advice to entrepreneurs. It helps in the preparation of an action plan to effectively implement the schemes identified, guides entrepreneurs in matters relating to selecting the most appropriate machinery and equipment, sources of its supply and procedure for procuring imported machinery and assessing the requirements for raw materials. It appraises the worthiness of the various proposals received from entrepreneurs, assists the entrepreneurs in marketing their products and assesses the possibilities of ancillarisation and export promotion of their products. It also undertakes product development work appropriate to small industries.

Up to 2001, about 422 District Industries Centres were serving the country covering 431 districts. These DICs have assisted more than 1.5 lakh units generating employment for 10.3 lakh persons. The four metropolitan cities Mumbai, Chennai, Delhi, Kolkata have been kept outside the purview of DICs.
Industrial Estates

An industrial estate is a place where, the Government provides the required facilities and factory accommodation to the entrepreneurs to establish their industries there. In India industrial estates are the effective tool for the promotion and growth of SSIs and to decentralise industrial activity to rural and backward areas.

Industrial Estates provide infrastructure and accommodation facilities to the entrepreneurs; encourages the development of SSIs in the country; decentralise industries to the rural and backward areas; encourages ancilliarisation in surrounding major industrial units; and develops entrepreneurship by creating a congenial climate to run the industries in these estates /areas / townships.

In India SSIs have been facing lacks of infrastructure facilities. Hence Small-Scale Industries Board (SSIB) has set up Industrial Estates at various places. Industrial estates provide the readymade buildings / factory sheds at subsidised rates, infrastructure facilities and the proximity of other industrial units. The first industrial estate was set up at Rajkot in Gujarat in September 1955 (Khandka, 2005)

Specialised Institutions

(I) Central Institute of Tool Design, Hyderabad

The central government set up this institute in 1968 to help SSIs by imparting specialised training to the personnel working in the design and manufacture of tools, jigs, fixtures, dies and moulds. It also helps by offering consultancy and advisory services and assistance in the design
and development of tools and by suggesting proper measures to improve
the standard of tools, tooling elements. It also provides tool room facility.

(II) Central Tool Room Training Centres

In order to provide tool room services and facilities in design,
manufacture and training, the Government has set up four tool room
training centres located at Bangalore, Calcutta, Ludhiana and New Delhi.

(III) Central Institute of Hand Tool, Jalandhar

This is the only institute of its kind in the country, set up with a
view to provide improved technology, raw materials, design and testing for
handloom industry.

(IV) Institute for Design of Electrical Measuring Instruments (IDEMI),
Mumbai

This institute was set up in 1969 to provide technical consultancy
services relating to design and development of electrical and electronic
instruments, tool designing and fabrication and training.

Other Institutes

Following are some of the important institutes set up by the
Government for development of SSIs:

a. Electronic Training and Service Institute, Nainital.
d. Central Institute of Plastics engineering and Tools, Madras.
e. National Institute of Foundary and Forging Technology, Ranchi.
Central and State Governments have reviewed the support system to small enterprises from time to time and provided infrastructure to this sector. The commercial banks have extended good help in developing SSI sector in the country. The Banking Commission in its report considered existences of institutions who offered services like promotion of industrial and service projects, investment management and financial advisory services within the country and for exports. The commission pointed out that there is necessity of institutions that offer services to small entrepreneurs in project formulation, preparation of project reports, techno-economic studies and giving advice on technology, management, quality and finance issues.

In last two decades the commercial banks on their own or with the help of other agencies have taken up the job of advising small, prospective entrepreneurs about project report preparation, evaluation, planning and executing of projects. Most of public sector and private sector banks have opened merchant banking divisions for this purpose. Few of the banks term the department as entrepreneurial clinic cum guidance centers. Central and State Government institutions help in development and initial hand holding functions for the SSI entrepreneurs. Up-gradation and use of these specialised institutions to changing needs is equally important.
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