CHAPTER 1
INTRODUCTION

This chapter comprise introductory path towards the small scale industries. It content Background of Study, Small Business in India, Industrial Policy a license to growth, Overall Scenario of SSI and MIDC in Maharashtra, Industrial Scenario of Amravati, Aurangabad, Konkan, Nagpur, Nashik and Pune Division. Also particularly industrial scenario of Thane District, MIDC in Dombivli, Different types of Industries such as Chemical, Pharmaceutical, Engineering, Electrical, Textile, Electronics, Auto spares & ancillaries, Food products, Information Technologies (IT), and Rubber & Plastic Industries. Growth Pattern of Industries in Dombivili MIDC during 2006-16. Challenges and Opportunities and Schemes for SSI, its financial evaluation, Government Policy, District Industrial Centre (DIC), Small Industries Development Bank of India (SIDBI), State Financial Corporations (SFCs), The Credit Guarantee Fund Scheme, Eligible Lending Institutions, Eligible Credit Facility, Guarantee Cover Tenure, Fee, Website of Guarantee, Scheme Awareness Programmes, Credit Linked Capital Subsidy Scheme for Technology Upgradation, Market Development Assistance Scheme, Technology and Quality Upgradation Support, Mini Tools Room and Training Centre Scheme, Financial Assistance to SSIs, Short Term Loans, Non-financial schemes, Financial Institution for SSI, and finally roll of UNIDO towards SSI.

1.1 Background of Study

The simple reason for starting any business is to earn the profit. So, which are the best profitable options in small business industries in the particular region? What makes business ideas profitable? These are some common queries cropping up every enterprising person. The small-scale industrial sector in India is functioning as the engine of growth and expansion. This sector has been a key contributor to the economic growth of India.

The small scale industry (SSI) brings impartial distribution of income and wealth. They are particularly suitable for the attaining the objective of social justice. This is so because the ownership of SSI is more widespread and they offer a much more employment possible as compared to their large-scale counterparts which leads to concentration of large incomes and wealth in the hands of few.
The role of SSI is to encourage job creation by reducing the cost of generating employment. It also plays a complementary role and supports the large scale industries. SSI facilitates women empowerment and growth. SSI brings balanced regional development. SSI helps in mobilization of local and latent resources. SSI enables optimization of capital and promotes exports. SSI ensures social growth and develops entrepreneurship.

Small scale sector is crucial for development of primary as well as secondary sector also, therefore the importance of SSIs is prevalent everywhere. The role of SSIs in economic development of the country is briefly understood by its contribution in provide employment’ with labour intensive techniques. It also provides employment opportunities to people engaged in traditional arts in India through employment of people in rural sector and unorganized sector. It provides employment to skilled and unskilled people in India.

Mohandas Karamchand Gandhi dreamed Ram Rajya with self-sufficient villages as the basic concept and provided valuable contribution to make India independent and economically sound. He and his ideologies were quite successful among the common masses which employed of non-cooperation, nonviolence and peaceful resistance as his weapons in the freedom struggle against British rule. He found the clue to hold Indian people together against the western concepts of ‘Nation’ being one race, one religion and one language. He always believed in the idea of “unity in diversity”. He fought to give equal rights to each and every citizen of the society irrespective of the cast and religion.

It is well-known, that the efforts made by Mahatma Gandhi gave India independence and made economically sound because outsourcing of raw material from India to England had stopped. He encouraged cottage and village industries to improve the economic condition of the country. By the encouragement of Mahatma Gandhi small scale trading of pure Indian products started and gradually small scale businesses changed into industries. After the passage of time the small scale industries grew in the form of large scale industries and worked rapidly. By industrialization Indian economy became sound. After independence and during different five years planning there have been great changes in Indian economy and composition of Indian foreign trade. India became self-sufficient as result of Gandhi’s efforts and started exporting goods to many countries. India became global and started trading with
various countries. The Present Prime Minister of our country Mr. Narendra Modi is exactly implementing the same concept which will enable to India grow and develop.

Present Prime Minister Shri Narendra Modi, is confident about small entrepreneurs who can help the Indian economy grow and prosper. He launched MUDRA (Micro Units Development and Refinance Agency) Yojana in New Delhi on 8 April 2015. The perception is that large industries create more employment, but in reality only 1 crores 25 lakh people find employment in large industries, whereas small enterprises employ 12 crores people in the country. there are number of facilities provided for the large industries in India, there is a need to focus on these 5 crores 75 lakh self-employed people who use funds of Rs.11 lakh crores, with an average per unit debt of merely Rs. 17,000 to employ 12 crores Indians. He said that these facts, when brought to light, led to the vision for MUDRA Bank.

The small entrepreneurs of India are the victims of money lenders. Who in turn charge very high rates of interest and force the small unit as economically unviable. But the schemes in the form of MUDRA will instill a new confidence among small entrepreneurs. The government policy is aimed at supporting the small entrepreneurs in the efforts of small entrepreneurs in contributing to the task of nation building.

The Government of India adopted a policy to accelerate the growth of the country’s manufacturing sectors, to meet the goals and obtain the outcomes mentioned; the concept of ‘industrial policy’ was evolved. However, industrial policy did not yield the desired results under the system of bureaucratic controls which was in the form of licenses and quotas for industrial production. There was no doubt that these controls were highly not conducive and needed to be discontinued but the simply removal of these controls and dependence on markets alone was not sufficient. The collapse of the Soviet Union and the dominance of Western free-market approaches to economic growth was fashionable for a time in the 1990s unleashed the era of LPG viz liberalization, privatization and globalization and dismantled the concept of ‘industrial policy’ altogether. However, this is not the only recipe which delivered rapid industrial growth for many of the post-war success stories, whether we think of Japan or Korea or, more recently, China. In planning a strategy for rapid growth of industry in India we need to learn from these success stories and apply them suitably to our circumstances.
1.2 Small Business in India

The Small Scale Industrial (SSI) sector is the lifeblood of Indian economy in terms of its input to national industrial production with exports, employment and the creation of an entrepreneurial base. However, its growth rate is being slowed down because of heavy competition from the large-scale sector. The fast development of the small-scale industries has a great encouragement and contribution in our national economic policies. The expansion of the small sector also enhances the production of non-durable consumer goods of mass consumption. Small-scale industries have significance in the overall economic growth of our country, because a small unit can be established with relatively less capital and offer more employment opportunities to those who are skilled, semi-skilled and unskilled

1.2.1 Industrial Policy a license to growth

Introduction of Industrial Policy in the countries which are succeeded in growing the competitiveness and scale of their manufacturing sectors have adopted different policy approaches. However, a common element in their approaches has been a close coordination between entrepreneurs and government policymakers, with Governments playing an active role in providing incentives for domestic industrial growth and in relieving bottlenecks on industrial competitiveness. The process by which this coordination has been achieved has differed according to the political structure of each country’s economy. In Japan the coordination between Government and industry (and within Government) was very successfully achieved by Ministry of International Trade and Industry (MITI) in partnership with Japanese industrial associations. In South Korea, the Chaebol and the Government collaborated to create world-class and world-scale winners. In Singapore, the Government identified industries to be developed and created ecosystems (skilled human resources, tax regime, Government incentives and so on) to support growth of competitive enterprises in the country. In China, the large State Owned Enterprise (SOE) sector has enabled the Chinese Government to adopt a very strong ‘industrial policy’. Along with preferential treatment to domestic companies, large investments in technology development/acquisition, massive investments in infrastructure and controls on its exchange rate, China’s industrial policy has been remarkably successful. Germany’s manufacturing sector remains very successful in spite of high labour costs and a strong currency because collaboration between stakeholders in the German industrial
system is deeply embedded in policymaking processes and also within industrial enterprises.

The performance of the manufacturing sector in India is not up to the mark especially when it is seen in comparison with the rapid transformation registered in this sector by the other Asian countries in similar stages of development such as Thailand’s manufacturing sector value added to GDP is around 34%, China 32%, South Korea 31%, Indonesia 24% and Germany 22% in comparison to India’s 16%. India is rated at 134th out of 189 economies on Doing Business Index 2014 by World Bank and IFC. According to ‘2013 Global Manufacturing Competitiveness Index (GMCI)’, India’s ranking comedown to 4th from 2nd rank in the 2009-10 Global manufacturing competitiveness Index after China. However, according to the projections for 2017-18, India is expected to register an index of 8.49 and reach 2nd rank after China.

According to MSMED Act-2006, the Micro, Small and Medium Enterprises, the Micro Enterprise is one in which the investment in plant and machinery is not more than twenty five lakhs rupees, the small enterprises are one in which investment in plant and machinery is more than twenty five lakhs rupees but does not exceed five crores and the medium enterprises are one in which the investments is more than five crores but less than ten crores.

The government at both central and state level established various financial institutions to provide non-financial and financial assistances to small-scale industries. As the small-scale industries have traditionally weak financial structure, the sector require non-financial assistances also, so that, it could compete with large scale industries. The government established various institutions to provide non-financial assistances exclusively to the small-scale industries. In the same way there are institutions in addition to commercial banks which satisfy the financial requirements of small scale industries. In this chapter an attempt has been made to present the various institutions involved in providing financial and non-financial assistances to small-scale industries. The process of selecting right source of finance involves in-depth analysis of each and every source of finance. Based on reviews of financing needs and the various costs and benefits of different sources available, the SSI owner can determine from which source to seek finance.
1.2.2 **Overall Scenario of SSI**

Starting a small business is a challenging task it requires study of local markets and the markets which the aspiring entrepreneur wants to capture before entering into the business. It is clearly found from the universal thoughts by the inspiring people who are involved in the small businesses such as ‘when things get difficult or worse, it is always good to remember why business is started in the first place itself.

The first and foremost part on the aspiring SSI owner might want to do is to get in touch with entrepreneurs who are already doing what he aspired to do. Interact with them and try to get knowledge about setting up the venture. The aspiring entrepreneurs may also learn from courses offered by government regarding small scale industry. He should further study rules & regulations involved in setting up small scale industry. SSI establisher should have a clear idea about licenses involved and time period required to obtain the same. Gain knowledge about how to form a proprietorship/partnership or private limited company or as the case may be to decide the form of business organization.

The overall scenario of SSI in India is not much satisfactory this is because there are obstacles in the form infrastructural bottlenecks, missing positive and optimistic approach in implementation procedures of financial assistance to grass root unit holders. Hence the desired measures such as concentration by the government on promotion of export oriented small scale industry with the help of encouragement and concessional packages and also the government should evolve innovative and conducive industrial policy for small scale industries.

Small industrial sector however has achieved exceptionally well during planning period and powered our country to achieve industrial growth and development. By its less capital requirements and high labor absorption rate, SSI sector has made important contributions to employment generation and also to rural industrialization. Under the changing economic scenario, the SSI has both the challenges and opportunities before them. The business can compete on cost, quality and products at domestic and international levels only if ideal investment in technology, production processes, R&D and marketing are made. Infrastructure bottlenecks are not completely removed. The promotional activities for SSI in India
needed to concentrate on improved credit flows, human resource development, technological developments and funds for modernization. It said that the future is optimistic, and promising, if given some protection. These expectations are based on an essential feature of the Indian industry and the demand structures. The variety in the demand structures will ensure long-term existence of demand for consumer products / technologies / processes. There would be prosperous and large markets for the product/process, distinguished by quality and value added features. This characteristic of the Indian economy will allow balanced existence of various diverse types of units.

Implementation of MSMED Act, 2006 provided positive signals for obtaining the basic objectives. The Micro Small & Medium Enterprises Development Institutes (MSMEDIS) assessed the trends in growth of MSMEs during 2007-08 to 2014-15 in the country with respect to emerging entrepreneur initiatives and creation of employment and wealth in the sector. The growth of small entrepreneurs during 2007-08 to 2014-15 was not up to the mark as per the policy makers’ expectations. The launch of Make in India programme would go a long way to establish India as a major manufacturing hub and will generate millions of employment opportunities and push India on a high and sustainable growth path in the coming years.

The Union Minister of Finance, Union Minister of State for Finance, and the former Governor of Reserve Bank of India, Shri Raghu Ram Rajan, were hopeful that, the established financial systems would soon move to the MUDRA-model of functioning, i.e. supportive to entrepreneurs which will provide employment to a large number of people using least amount of funds from private lenders.

1.3 Overall Scenario of MIDC in Maharashtra

Maharashtra is the most industrialized state in India and is the highest contributor (15%) to India’s GDP. In addition to being the most industrialized state in the country, Maharashtra also have an excellent labour resources and has seen the lowest number of industrial disputes amongst all the states, due to the developed infrastructure and supportive Government policies have enabled the state to maintain its ‘number one’ position over the last few decades in India. It is possible because of Maharashtra Industrial Development Corporation (MIDC) is a premier agency of the Government of Maharashtra (GOM), responsible for creating adequate infrastructure
required for industrial development in each and every district of Maharashtra and also to assist the entrepreneurs in setting up their industrial units in the industrial areas.

MIDC acquires land, it provides quality infrastructure in form of roads, drainage, street lights, and water supply inside its industrial areas and also acts as a facilitator of power supply and other industry-related services. So far MIDC has acquired more than 84,000 hectares of land in the state and has set up 281 full-fledged industrial estates with 20 CETPs, 4 STPs, 6 CHWTSDFs, 13 SEZs and 30 fire stations\textsuperscript{vii}. State has developed industrial zones in six divisions. Each division comprises with minimum five districts. The map of Maharashtra outlined six division of the state administration such as:

i) **Amravati Division**: Akola, Amravati, Buldhana, Yavatmal, and Washim district.

ii) **Aurangabad Division**: Aurangabad, Beed, Hingoli, Jalna, Latur, Nanded, Osmanabad and Parbhani district.

iii) **Konkan Division**: Mumbai, Mumbai Suburban District, Thane, Raigad, Ratnagiri, and Sindhudurg district.

iv) **Nagpur Division**: Bhandara, Chandrapur, Gadchiroli, Gondia, Nagpur, and Wardha district.

v) **Nashik Division**: Ahmednagar, Dhule, Jalgaon, Nandurbar, and Nashik district.

vi) **Pune Division**: Kolhapur, Pune, Sangli, Satara and Solapur district.

MIDC was established on 1st August, 1962 and spread to state as the premier industrial infrastructure development agency of Government of Maharashtra conceiving basic objectives of MIDC units that i) To set up Industrial Areas for planned and systematic industrial development, ii) To function as a special planning authority in development of industrial areas and iii) “Prosperity to all through Industrialization” is the corporate Philosophy of MIDC. The Maharashtra State has been proactive in expediting reforms and clearances for setting up and running of industries. The ‘Make in India’ event created a renewed enthusiasm and overwhelming response from the investors for making investments in the State. State has total 243721 industrial units, 173417 micro unit, 69322 small scale units and 982 medium scale units all over spread in six industrial divisions. Nearly 30 lakhs employees are accumulated their livelihood. Map showing Regions/district of Maharashtra State and MIDCs location represent by dots in every district industrial
development in the state (Figure 1.1). Further six division wise industrial scenario is presented.

The following figure 1.1 shows the map of Maharashtra with outlines of different industrial divisions.

Figure 1.1: Division and District Location Map of Maharashtra State

![Division and District Location Map of Maharashtra State](https://www.google.co.in/search?q=division+wise+map+of+maharashtra)

Dots represent MIDC Location in Maharashtra State

Source: https://www.google.co.in/search?q=division+wise+map+of+maharashtra

MIDC is a project of the government of Maharashtra state in India. It provides businesses with infrastructure such as land in form of open plot or built-up spaces, roads, water supply, drainage facilities and street lights. MIDC developed specialized parks for different industrial sectors, including IT parks, BT parks, Special Economic Zones, Grape processing and wine parks, Gems and Jewelry park known as silver zone, Textiles, Leather industrial zones, Chemical zones, Electronics zones, and food processing zones. It helped in providing the basic requirements for the development of businesses and industries, hence as compared to other states; Maharashtra state is able to make rapid development in industrial sector.

As a result of various steps taken in favour of industry, Maharashtra at present is the state in which there is concentration of the qualified employed as well as less qualified people who are able to get employment opportunities in various industries. It helped to improve their standard of living, in this way MIDC units helped in
providing employment opportunities to large number of people in the study region. MIDC helped in economic development of study region by providing employment opportunities and at the same time helped in increase in the market size in terms of production and income, it contributed to increase the national income by imposing taxes on production of various kinds of goods and services to the Government of Maharashtra. In this way every MIDC units helped to make economic development of the state and the nation.

MIDC changed the life style of people in Thane district, which was very simple prior to establishment of MIDC. After formation of MIDC and industrial units, it helped to increase standard of living of the people by providing various job facilities and supply of various quality of goods to the consumer, it also helped to create awareness among the people to co-relate their health and other socio, business and environmental issues. It is continuous process of MIDC units in study region that allowed people to improve their day to day life. It also provided of employment opportunities and improved life style and human values. It encouraged obtaining high skills and qualification in order to meet the demand of new advanced machineries, adapt new techniques in production etc. Hence number of educational and training centers came into existence to fulfill the requirements of various industries existing in the area.

The MIDC helped the people to lead self-sufficient life and also helped to upgrade the standard of living of people by providing good infrastructure, and quality goods etc. In this way there is overall social development taken place due to MIDC units in Maharashtra.

Being the biggest contributor to India’s GDP, Maharashtra has always remained in the forefront of country’s economic and industrial development. It is said that If India has to grow at 8 per cent; Maharashtra has to grow 10 per cent. Maharashtra is favorite investment destination of various national and international investors.

The Maharashtra is India’s most progressive and industrialized State with highest contribution to the national GDP. The State has always remained in the pioneer of economic development with growth in industrial and services sectors. Its constant growth over decades, best of natural and human resources, ever-increasing
connectivity and favorable business environment have helped it earn a substantial share of country's foreign direct investment. The State has in place the infrastructure and industrial ecosystem required by various businesses. Also, initiatives taken towards ease of doing businesses in Maharashtra by simplifying the procedures and formalities to set up a business unit. The number of permissions are now granted through electronic platform at a single window system, under MAITRI has helped businesses work smoothly.

Small scale industries progressed in the state of Maharashtra, because it is leading State in business activities in retail trade. The retail trade comprises the business units engaged in retailing goods and services. The business units fall into various segments, such as include food and grocery, apparels, footwear, consumer durables, home appliances and equipment’s, restaurants, cinema halls, multiplexes, home furnishing and furniture, jewelry, books, music, watches, pharmaceuticals, beauty and healthcare. These enterprises sell various categories of items and use multiple channels including brick and mortar, direct selling, e-commerce and other channels of distribution.

The retail distribution center provides a crucial, dynamic, and creates a link between producers and consumers across Maharashtra, the retail enterprise typically makes a substantial contribution to employment, being the second largest enterprise in a national economy while simultaneously providing a significant contribution to both business activity and GDP shift in consumer preferences and lifestyles, as a result of which, they have emerged as attractive markets for retailers to expand their presence.

1.3.1 Industrial Scenario of Amravati Division

"Amravati Division" which is one of the six divisions of the state of Maharashtra. Amravati division is formed by Govt. of Maharashtra on 1st of May 1981 This revenue Division consist of 5 district namely Yawatmal, Akola, Buldhana, Amravati and Washim. MIDC has developed Amravati industrial division consisting with five districts with 1998 industries which accommodated 26978 employees. An average employee is only 13.5 per industry.

State Industrial Corporation has developed 12 industrial complexes in Yawatmal district at the location of Yavatmal, Additional Yavatmal, Wani, Pusad,
Darva, Digras, Ghatanji, Mahagaon, Umardhad, Maregaon, Kalam, Pandharkawda (Kelapur). District represents highest average employees i.e. 24.53 per industry in the division. Second highest development of MIDC in Akola district with 609 industries which accommodated 8906 employees in this division at the location of Akola, Balapur, Patur, Barshitakli, Murtizapur, Akot, Telhara area.

Third highest development of MIDC in Buldhana with 459 industries accommodated 5822 employees which represent 12.68 per industry in this division at the 8 location namely Buldhana, Malkapur, Mehkar, Sangrampur, Lonar, Deulgaon Raja, Khamgaon, and Chikhli area.

In Amravati district 14 industrial complexes developed with 407 industries with accommodated 2438 employees at the average rate 5.99 employees per industries at the location of Amravati, Additional Amravati, Additional Amravati (Textile Park), Morshi, Daryapur, Tiwasa, Dharni (Melghat), Dhamangaon, Warud, Chandur Railway, Bhatukali, Anjangaon, Nandgaon Khandeshwar, and Achalpur area.

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Industries</th>
<th>Employees</th>
<th>Average per Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yavatmal</td>
<td>368</td>
<td>9028</td>
<td>24.53</td>
</tr>
<tr>
<td>Akola</td>
<td>609</td>
<td>8906</td>
<td>14.62</td>
</tr>
<tr>
<td>Buldhana</td>
<td>459</td>
<td>5822</td>
<td>12.68</td>
</tr>
<tr>
<td>Amravati</td>
<td>407</td>
<td>2438</td>
<td>5.99</td>
</tr>
<tr>
<td>Washim</td>
<td>155</td>
<td>784</td>
<td>5.06</td>
</tr>
<tr>
<td>Total</td>
<td>1998</td>
<td>26978</td>
<td>13.50</td>
</tr>
</tbody>
</table>

Source: Industrial State Profile of Maharashtra – 2016-17, MSME-DI, Mumbai

Lastly Washim district 5 industrial complexes developed with 155 industries with accommodated 784 employees at the average rate 5.06 employees per industry at the location of Washim, Risod, Malegaon, Manora, and Mangrulpir area.

### 1.3.2 Industrial Scenario of Aurangabad Division

Aurangabad division is one of the administrative divisions of Maharashtra state in India. It is also known Marathwada region. Marathwada is the heart of Maharashtra state which is exactly middle on the map of Maharashtra state. Aurangabad is the head of Marathwada division, has included 8 districts namely Aurangabad, Jalna, Latur/Lattalur, Nanded, Osmanabad, Parbhani, Hingoli and Beed.
Aurangabad district shows its unique identity of industrilisation in this division, which is well developed in 8 industrial complexes with 1103 industries, accommodated 58190 employees at the average rate 52.76 employees per industry. These are located at the Aurangabad (Estate), Chikalthana, Waluj, Shendra, Shendra (Special Economic Zone), Vaijapur, Khuldabad, and Paithan, MIDC areas.

Nanded district shows its industrilisation in this division, which is developing in 7 industrial complexes with 313 industries, accommodated 1786 employees at the average rate 5.71 employees per industry. These are located at the Nanded, Kinwat, Bhokar, Krishnur (GC), Deglur (GC), Basmat (Mini), and Kandhar (Mini) MIDC areas.

Jalna district shows its industrilisation in this division, which is developing in 6 industrial complexes with 300 industries, accommodated 7088 employees at the average rate 23.63 employees per industry. These are located at the Jalna (Estate), Addl. Jalna - (Phase I,II ), Ambad & Addl Ambad, Bhokardan, Partur (GC), and Jafrabad (Mini) MIDC areas.

Latur district shows its industrilisation in this division, which is developing in 6 industrial complexes with 189 industries, accommodated 2865 employees at the average rate 15.16 employees per industry. These are located at the Latur, Addl. Latur, Ausa (GC), Ahmadpur (Mini), and Nilanga (Mini) MIDC area.

Beed district shows its industrilisation in this division, which is developing in 6 industrial complexes with 300 industries, accommodated 7088 employees at the average rate 23.63 employees per industry. These are located at the Beed, Ashti (Mini), Patoda (Mini), Dharur (Mini) and Majalgaon, Additional Majalgaon MIDC areas.

Parbhani district shows its less industrilisation in this division, which is developing in 3 industrial complexes with 142 industries, accommodated 1107 employees at the average rate 7.80 employees per industry. These are located at the Parbhani, Jintur (GC), and Gangakhed (Mini) MIDC areas.

Hingoli district shows its less industrilisation in this division, which is developing in 2 industrial complexes with 98 industries, accommodated 1908 employees at the average rate 19.47 employees per industry. These are located at the Hingoli, and Kalamnuri (Mini) MIDC areas.
Table 1.2: Industrial Scenario of Aurangabad Division, Maharashtra State

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Industries</th>
<th>Employees</th>
<th>Total number</th>
<th>Average per Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aurangabad</td>
<td>1103</td>
<td>58190</td>
<td>52.76</td>
<td></td>
</tr>
<tr>
<td>Nanded</td>
<td>313</td>
<td>1786</td>
<td>5.71</td>
<td></td>
</tr>
<tr>
<td>Jalna</td>
<td>300</td>
<td>7088</td>
<td>23.63</td>
<td></td>
</tr>
<tr>
<td>Latur</td>
<td>189</td>
<td>2865</td>
<td>15.16</td>
<td></td>
</tr>
<tr>
<td>Beed</td>
<td>166</td>
<td>4755</td>
<td>28.64</td>
<td></td>
</tr>
<tr>
<td>Parbhani</td>
<td>142</td>
<td>1107</td>
<td>7.80</td>
<td></td>
</tr>
<tr>
<td>Hingoli</td>
<td>98</td>
<td>1908</td>
<td>19.47</td>
<td></td>
</tr>
<tr>
<td>Osmanabad</td>
<td>45</td>
<td>2670</td>
<td>59.33</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2356</td>
<td>80369</td>
<td>34.11</td>
<td></td>
</tr>
</tbody>
</table>

Source: Industrial State Profile of Maharashtra – 2016-17, MSME-DI, Mumbai

Osmanabad district shows its less industrialisation in this division, which is developing in 6 industrial complexes with 45 industries, accommodated 2670 employees at the average rate 59.33 employees per industry. These are located at the Osmanabad, Addl. Osmanabad, Kaudgaon, Omerga (GC), Kalamb (Mini), Bhum (Mini) MIDC areas.

1.3.3 Industrial Scenario of Konkan Division

Karavali or the Konkan Coast is also simply called as Konkan and is marked by the coastline in the west, with plenty of rugged regions, extending from district of Thane to that of Mangalore. Mention of this division of Konkan has been done in the Skanda Purana, which is believed to be the Parashurama Srishti. The division of Konkan is one of the subdivisions of administration in the state, which are bound by the coastline of India. This region comprises a major part of the western coast of the state, with two districts belonging to Mumbai, also included namely Mumbai, Mumbai Suburban (Mumbai Upanagar), Thane, Raigad, Ratnagiri, and Sindhudurg.

Mumbai district shows its smart industrialisation in this division, which is well developing in all the ward of Metros under MMRDA industrial complexes with 40345 industries these, accommodated 1917365 employees at the average rate 47.52 employees per industry.

Thane district is the second position in industrialization in the Konkan region. MIDC developed 23 industrial complexes with 8274 industries which accommodated 166837 employees an average rate 20.16 per industry at the location of Thane, Meera-Bhayander, TTC (Trans Thane Creek), TTC (Electronics Zone & IT Park), Airoli.
Knowledge Park, Khanda (Isolated), Nerul (Isolated), Kharghar (Isolated), Kamothe (Isolated), Dombivili, Ambernath, Additional Ambernath, Additional Ambernath (Pale), Badlapur, Kalyan Bhiwandi, Additional Kalyan Bhiwandi, Taloja (Zone - II), Tarapur, Murbd, Additional Murbd, Patalganga, Additional Patalganga, and Additional Patalganga (Bhokarpada).

Researcher considered the information according to industrial profile of Thane district Industrial Areas, Land, number of plots and units in production are in Dombivli MIDC share around 25 percent to district industrial units in production.

Table 1.3: Industrial Scenario of Konkan Division, Maharashtra State

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Industries</th>
<th>Employees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total number</td>
<td>Average per Industry</td>
</tr>
<tr>
<td>Mumbai</td>
<td>40345</td>
<td>1917365</td>
<td>47.52</td>
</tr>
<tr>
<td>Thane</td>
<td>8274</td>
<td>166837</td>
<td>20.16</td>
</tr>
<tr>
<td>Raigad</td>
<td>1516</td>
<td>101563</td>
<td>66.99</td>
</tr>
<tr>
<td>Ratnagiri</td>
<td>357</td>
<td>18435</td>
<td>51.64</td>
</tr>
<tr>
<td>Sindhudurg</td>
<td>138</td>
<td>3270</td>
<td>23.70</td>
</tr>
<tr>
<td>Total</td>
<td>50630</td>
<td>2207470</td>
<td>43.60</td>
</tr>
</tbody>
</table>

Source: Industrial State Profile of Maharashtra – 2016-17, MSME-DI, Mumbai

Raigad district is also having industrilisation in the Konkan region. MIDC developed 7 industrial complexes with 1516 industries which accommodated 101563 employees an average rate 66.99 per industry at the location of Patalganga, Addl. Patalganga, Roha, Mahad, Addl. Mahad, Nagothane, Vile-Bhagad (GC) MIDC area.

Ratnagiri district industrialization in the Konkan region is developing stage. MIDC developed 8 industrial complexes with 357 industries which accommodated 18435 employees an average rate 51.64 per industry at the location of Chiplun (Kherdi), Chiplun, Gane-Khadpoli, Lote-Parshuram, Sangmeshwar, Ratnagiri, Dabhol, Dapoli (Mini) MIDC area. The map of Konkan division is as on furthere.

Sindhudurg district industrilisation in the region is very slow in compare to other district. MIDC developed 1 industrial complex with 138 industries which accommodated 3270 employees an average rate 23.70 per industry at the location of Kuda MIDC area.
1.3.4 Industrial Scenario of Nagpur Division

Presently Nagpur Division includes the districts namely Bhandara, Chandrapur, Gadchiroli, Gondia Nagpur and Wardha district. The Divisional Commissioner is the head of Nagpur Division comprising of six districts located in the eastern part of the vidarbha region of the Maharashtra state.
MIDC has developed Nagpur industrial division consisting with six districts with 2817 industries which accommodated 109882 employees. Small Industries Service Institute (SISI), Nagpur caters to the development and promotional needs of small scale industrial units of Vidarbha region of Maharashtra State. The Operational jurisdiction of SISI, Nagpur covers the entire Vidarbha Comprising of 9 districts, namely Akola, Amravati, Bhandara, Buldhana Chandrapur, Gadchiroli, Nagpur, Wardha and Yavatmal.

Table 1.4: Industrial Scenario of Nagpur Division, Maharashtra State

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Industries</th>
<th>Employees Total number</th>
<th>Average per Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chandrapur</td>
<td>242</td>
<td>18969</td>
<td>78.38</td>
</tr>
<tr>
<td>Wardha</td>
<td>198</td>
<td>13129</td>
<td>66.31</td>
</tr>
<tr>
<td>Nagpur</td>
<td>2048</td>
<td>70589</td>
<td>34.47</td>
</tr>
<tr>
<td>Bhandara</td>
<td>140</td>
<td>4074</td>
<td>29.1</td>
</tr>
<tr>
<td>Gadchiroli</td>
<td>55</td>
<td>1547</td>
<td>28.13</td>
</tr>
<tr>
<td>Gondia</td>
<td>134</td>
<td>1574</td>
<td>11.75</td>
</tr>
<tr>
<td>Total</td>
<td>2817</td>
<td>109882</td>
<td>39.01</td>
</tr>
</tbody>
</table>

Source: Industrial State Profile of Maharashtra – 2016-17, MSME-DI, Mumbai

State Industrial Corporation has developed 12 industrial complexes in Chandrapur district. The SSI are related to Mining, Cement, Paper Mill, Chemical at the location of Chandrapur, Additional Chandrapur, Chandrapur (Tadali), Ghugus, Nabhid, Bhadravati, Shindewahi, Chimur, Rajura, Godpimpari, Warora, and Mul. District represents highest average employees i.e. 78.38 per industry in the division.

Industrial Corporation has developed 5 industrial complexes in Wardha district. The SSIs are related to Steel and Cotton, yarn, manmade staple fibers, Fertilizer, Sugar at the location of Wardha, Deoli, Hinganghat, Samudrapur, and Karanja. District represents average employees of the district are 66.31 per industry.

Industrial Corporation has developed 12 industrial complexes in Nagpur district. The most of the SSIs are related to Defence, Textile, Steel, Automobile, Metal Casting at the location of Nagpur (Hingna), Butibori/ Additional Butibori, IT Park Parsodi, Kalameshwar, Kamptee Kanhan, Katol, Umred, Saoner, Narkhed, Parshivani, Kuhi, and Bhiwapur. Average employees of the district are 34.47 per industry.

Bhandara District is an administrative district in the state of Maharashtra. The district headquarters are located at Bhandara. The district occupies an area of 4087
square kilometers and has a population of 1,200,334 of which 19.48% are urban. Industrial Corporation has developed 5 industrial complexes in Bhandara district. The SSIs are related to Metal, Iron and Steel, Mining, Sugar, Paper industries at the location of Morgaon Arjuni, Mohadi, Goregaon, Tuimsar, and Pawani. Average employees of the district are 29.1 per industry.

It has developed four industrial complexes in Gadchiroli District. The SSIs are related to Paper and Rice Mill which is located at Gadchiroli, Aheri, Dhanora, and Kurkheda areas overall represents employees of the district are 28.13 per industry. Also developed four industrial complexes in Gondia District which are located at Gondia, Tiroda, Deori, and Lakhnadur areas, overall represents average employees of the district are 11.75 per industry.

### 1.3.5 Industrial Scenario of Nashik Division

This Revenue Division consist of 5 districts namely Nashik, Ahmednagar, Jalgaon, Dhule and Nandurbar. MIDC has developed industrial complexes which accommodated 157813 employees in 4619 industries at the 34.17 average employees per industry.

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Industries</th>
<th>Total number</th>
<th>Average per Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashik</td>
<td>2105</td>
<td>76957</td>
<td>36.56</td>
</tr>
<tr>
<td>Ahmednagar</td>
<td>988</td>
<td>36080</td>
<td>36.52</td>
</tr>
<tr>
<td>Jalgaon</td>
<td>1062</td>
<td>32005</td>
<td>30.14</td>
</tr>
<tr>
<td>Dhule</td>
<td>344</td>
<td>9878</td>
<td>28.72</td>
</tr>
<tr>
<td>Nandurbar</td>
<td>120</td>
<td>2893</td>
<td>24.11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4619</strong></td>
<td><strong>157813</strong></td>
<td><strong>34.17</strong></td>
</tr>
</tbody>
</table>

Source: Industrial State Profile of Maharashtra – 2016-17, MSME-DI, Mumbai

Nashik district shows its unique identity of industrialisation in this division, which is well developed in 8 industrial complexes with 2105 industries, accommodated 76957 employees at the average rate 36.56 employees per industry. These are located at the Nashik (Satpur), Nashik (Ambad), Sinnar, Additional Sinnar, Vinchur, Additional Vinchur, Dindori, Additional Dindori, and Peth MIDC areas.

Ahmednagar district shows its similar identity of industrialisation in this division, which is developed in 7 industrial complexes with 988 industries, accommodated 36080 employees at the average rate 36.52 employees per industry.
These are located at the Ahmednagar, Supa-Parner, Additional Supa-Parner, Nevasa, Shrirampur, Rahuri, Nevasa MIDC areas.

Jalgaon district shows its medium industrilisation in this division, which is developed in 4 industrial complexes with 1062 industries, accommodated 32005 employees at the average rate 30.14 employees per industry. These are located at the Jalgaon (Estate), Additional Jalgaon, Bhusawal and Chalisgaon MIDC areas.

Dhule district shows its lower industrilisation in this division, which is developed in 4 industrial complexes with which is developed in 4 industrial complexes with 344 industries, accommodated 9878 employees at the average rate 28.72 employees per industry. These are located at the Additional Dhule, Dhule Nardana, Shahade, and Bamanvel (Sakri) MIDC areas.

Nandurbar district shows list industrilisation in this division, which is developed with 2 industrial complexes with 120 industries, accommodated 2893 employees at the average rate 24.11 employees per industry. These are located at the Nandurbar and Navapur MIDC areas.

1.3.6 Industrial Scenario of Pune Division

The second highest Pune divisional industrial development observed in the Satara district 11 industrial complexes developed with 581 industries with accommodation of 34597 employees at the average rate 59.55 employees per industry at the location MIDCs of Wai, Satara, Karad, Koregaon, Mhaswad (Maan), Lonad, Patan, Kesurdi-Khandala, Kesurdi-Khandala (Special Economic Zone), Phaltan and Phaltan (Special Economic Zone).

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Industries</th>
<th>Employees</th>
<th>Total number</th>
<th>Average per Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pune</td>
<td>5376</td>
<td>426273</td>
<td>79.29</td>
<td></td>
</tr>
<tr>
<td>Satara</td>
<td>581</td>
<td>34597</td>
<td>59.55</td>
<td></td>
</tr>
<tr>
<td>Kolhapur</td>
<td>1952</td>
<td>58896</td>
<td>30.17</td>
<td></td>
</tr>
<tr>
<td>Sangli</td>
<td>898</td>
<td>21005</td>
<td>23.39</td>
<td></td>
</tr>
<tr>
<td>Solapur</td>
<td>4993</td>
<td>38348</td>
<td>7.68</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>13800</td>
<td>579119</td>
<td>41.97</td>
<td></td>
</tr>
</tbody>
</table>

Source: Industrial State Profile of Maharashtra – 2016-17, MSME-DI, Mumbai

In the Kolhapur district also 6 industrial complexes developed with 1952 industries with accommodation of 58896 employees at the average rate 30.17
employees per industry at the location MIDCs of Kolhapur (Shiroli), Kolhapur (Gokul Shirmaon), Halkarni, Ajara, Kagal Hatkanagale (5 Star), Gadhinglaj.

In the Sangli district also 11 industrial complexes developed with 898 industries with accommodation of 21005 employees at the average rate 23.39 employees per industry at the location MIDCs of Sangli-Miraj, Islmupur, Palus, Additional Palus (Wine Park & Food Processing), Kadegaon, Additional Kadegaon, Jat, Kavathe-Mahankal, Shirala, Vita (Khanapur), Shalgaon (Bobalewadi).

In the Solapur district list divisional industrial development in 6 complexes with 4993 industries with accommodation of 38348 employees at the average rate 7.68 employees per industry at the location MIDCs of Solapur, Chincholi, Kurduvadi, Tembhurni, Magalveda, Karmala, Barshi.

1.4 Industrial scenario of Thane District

Thane is the second most industrialised district after Mumbai in the state. The table 1.4 speaks about the profile of Thane district. The most industrialised region in Thane district is T.T.C. MIDC. Thane district is having 5673.24 hectares of land and total 104578 plots with 12208 units in the entire district.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Absolute</th>
<th>% to total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name of Industrial Area</td>
<td>Land</td>
<td>Total plots</td>
</tr>
<tr>
<td>1</td>
<td>Tarapur</td>
<td>1028.54</td>
<td>71588</td>
</tr>
<tr>
<td>2</td>
<td>Dombivli</td>
<td>357.27</td>
<td>21468</td>
</tr>
</tbody>
</table>
| 3       | T.T.C.(Trans Thane Creek) 
Navi Mumbai | 2333.27 | 3693 | 2841 | 41.13 | 3.53  | 23.27 |
| 4       | Addl. Ambernath Anandnagar | 504.47 | 846 | 740 | 8.89  | 0.81  | 6.06 |
| 5       | Thane       | 252.36  | 827   | 723  | 4.45  | 0.79  | 5.92 |
| 6       | Mira Bhayander | 7.82  | 4647  | 364  | 0.14  | 4.44  | 2.98 |
| 7       | Badlapur    | 99.8    | 374   | 331  | 1.76  | 0.36  | 2.71 |
| 8       | Ambernath (Badlapur Rd) | 228.49 | 291 | 290 | 4.03  | 0.28  | 2.38 |
| 9       | Addl. Murbad (Khudavali) | 134.86 | 303 | 289 | 2.38  | 0.29  | 2.37 |
| 10      | Murbad      | 130.71  | 217   | 172  | 2.30  | 0.21  | 1.41 |
| 11      | Addl. Ambernath Village Pale 
& Bolonoli) | 503.22 | 246 | 87 | 8.87  | 0.24  | 0.71 |
| 12      | Kalyan Bhivandi (Bhivandi) | 48.16  | 33 | 33 | 0.85  | 0.03  | 0.27 |
| 13      | Addl. Kalyan Bhivandi | 44.27  | 45 | 32 | 0.78  | 0.04  | 0.26 |
| **Total** | **5673.24** | **104578** | **12208** | | | **100** | **100** |

Source: Report, Brief Industrial Profile of Thane District MSME-DI, Mumbai. 2014-15 Land developed in hectares, Numbers of units in production
Tarapur Industrial area is the most industrial area with 68.45% of total plots and 26.53% units it is followed by Dombivli MIDC area with 20.53% plots and 25.12% units. Trans Thane Creek (TTC) Navi Mumbai is the third largest industrial area with 3.53% of the total plots and 23.27% units. Ambernath Anandnagar is the fourth largest industrial area with 0.81% of the plots and 6.06% of the units. Thane is having 5.92% of the total units. Mira Bhayander is the sixth largest MIDC area with 2.98% of the units. Badlapur is the seventh largest industrial area with 2.71% of the units. Ambernath Badlapur road is the eighth largest industrial area with 2.38% of the units. Additional Murbad (Khadavli) industrial area is the ninth largest industrial area with 2.37% units. Murbad is the tenth largest industrial area with 1.41% of the units. Additional Ambernath (village pole Bohnoli) is the eleventh largest industrial area with 0.71% of the units. Kalyan Bhivandi is the twelfth largest industrial area with 0.27% of the total plots. Additional Kalyan Bhivandi is the thirteenth largest industrial area with 0.26% of the units.

1.4.1 MIDC in Dombivli

Dombivli MIDC area is the second largest industrial area units and plots wise in the district. Dombivli MIDC is developed because traditionally it was downtown of Mumbai and Thane. The proximity of Dombivli is close to Mumbai and Thane city. As the industrial development taken place all over Maharashtra with a great contribution of MIDC. Today, MIDC is state main industrial investment promotion agency and remains India’s leading industrial infrastructure provider. In Maharashtra state, Thane district is well established and advanced district in terms of industrial and economic growth. Kalyan-Dombivli city in Thane district has a historical background and is rich in availability of land, water and manpower resources. However in the beginning, in Kalyan- Dombivili areas there was lack of industrial growth, therefore for the adequate industrial development in Thane district particularly in Kalyan-Dombivli areas MIDC taken initiatives and Kalyan-Dombivli industrial area were established by MIDC in 1964. For formation of Kalyan-Dombivli MIDC area, the land was acquired from nearby four villages under Land Acquisition Act 1894.

SSI developed in Dombivli MIDC due to its potentials for service industries in Thane district is immense. It is surrounded by Thane, Dombivili, Kalyan, Ambernath, Navi Mumbai, Mira Road, Navghar, Vasai, Tarapur, Palghar, Turbhe, Mahape, Bhivandi, Vikramgad, Mira Bhayander, Belapur, Shahapur, Virar, Wada,
Nerul, Ulhasnagar, Ambernath, Vajreshwari, Rabale, Asangaon, Bhayandar, Ghansoli.

The complete regions of Kalyan-Dombivli MIDC units are extensive it is separated into two parts i.e. Phase I and Phase II. The total industries existing in both Phases are around 3067 out of those 1024 industries are small scale units according to district Industrial Corporation (DIC) the study area comprises of revenue obtaining villages like Sagoan, Sonarpada, Asade-Golivali, Gajbandhan-Patharli and Chole in Kalyan tehsil in Thane district. Figure 1.3 shows the Phase I area of MIDC Dombivli.

![Figure 1.3 Kalyan-Dombivli MIDC Industrial Units working in Phase I](source)

The Kalyan-Dombivli MIDC area industrial plots and sheds are systematically demarcated and have been developed as Phase I and Phase II. The industrial area in Kalyan-Dombivli units has been presented in the table 1.4 which indicates that there
are total 203 industries existing in Phase I producing variety of products? In Phase II the number of Industries existing is comparatively more it is all around 607 industries existing manufacturing several kinds of goods in a large extent. However Kalyan-Dombivli MIDC (Including Phase I and Phase II) provide large number of employment opportunities to the people residing in the nearby areas and also helps to increase the per capital income of the country by taking up large scale production.

Figure 1.4: Map of Kalyan-Dombivli MIDC Phase II, Industrial Units

Source: Report of MIDC, Profile of Kalyan-Dombivli MIDC Area, Ch-5, PP 155

One of the appreciable features in MIDC policy is that the land of those landlords has been taken over for the purpose of establishment of the MIDC those were benefited with one family member absorb in service and landholder given a plot of land for theirs development. Figure 1.9 shows the Phase I area of MIDC Dombivli.
In this way MIDC units have contributed to economic and social development of those landowners who were badly affected due to formation of Kalyan-Dombivli MIDC Industrial sector in Thane district. The industries in Kalyan-Dombivli MIDC areas are engaged in the production of various goods and services. Hence, MIDC units have developed specialized parks based on sectors such as Information Technology, Biotechnology, Chemical, Textile etc. as well as Electronic Zone, Pharmaceutical developed. Due to development of SSI units in Kalyan-Dombivli MIDC area the standard of living of people of this area is improving rapidly, this area is now well facilitated and well settled in terms of infrastructure, commercial, residential, transportation, telecommunication, water supply, electricity supply etc. In Kalyan-Dombivli MIDC area, a large number of women workers are employed in textile, garment industries, paper making industries, pharmaceutical industries, food making industries and also in spare parts of machinery producing industries.

As a Hence, MIDC sector help to make overall development in Thane district and continuously show upward moving curve in terms of production and growth. MIDC provided a large number of employment opportunities to men as well as women employees residing in nearby areas of Thane district. There is approx. 12,000 to 18,000 people get employment in this industrial sector.

1.5 Different types of Industries in Dombivli MIDC

The MIDC of Dombivli is an industrial base for various types of industries including small scale industries. The varieties of industries particularly the small scale provides potential for growth of large scale industries in the state and nation.

India's current Prime Minister Narendra Modi has started a project called 'Digital India' to help secure IT a position both inside and outside of India. It is very helpful to SSIs in this field in study region also.

A lot of studies have been made on small Scale Industries, in general. Both the Central and State Governments have taken a number of researches on small scale industries through people from the academic and non-academic side since they provide employment potentialities to millions of workers besides bringing enhanced national income in terms of domestic income and foreign exchange.

There are numerous works dealing with various problems of SSI units. This field of study is so voluminous and flexible views of various kinds are in existence
regarding financial, production, marketing and personnel management of SSI Units. Every aspect of small scale units and its problems is studied and some concrete results are arrived at. Still the scope to study the financial management and the problems of small scale industrial units is open and wide, as ever. In view of the importance of SSIs and its exposure to different sectors, the researcher applied due diligence and selected the following different of SSI as time bound academic research.

The present study deals with following different 10 types of SSI in Dombivili MIDC such as Chemicals, Pharmaceuticals, Engineering, Electricals, Textile, Electronics, Auto spare & ancillaries Foods, Information Technologies, and Rubber & Plastic.

1.5.1 Chemical Industries

The chemical industry comprises the companies that produce industrial chemicals. It converts raw materials (oil, natural gas, air, water, metals, and minerals) into more than 123 different products. The chemicals produced by the units are used for producing paints and colours, dyes, various chemical components, acids and alkalis used by various other units. Anti-Corrosive Paints Based on CNSL Resin, Ball Pen Ink, Cement Paints, Chlorinated Heavy Normal Paraffin, Detergent Powder and Cake, Hard Chrome Plating, Printing Ink, Teflon Products. Etc are the products of the chemical units. It was learnt that the popular ball point pen manufacturing company Rotomac sourced its ink requirement from this MIDC area.

In Dombivli MIDC the small-scale industrial sector has been an important contributor to the supplementary product which is required to large scale chemical industries. With comparable contribution in total industrial output of Thane district development. National manufacturing vision is increasing manufacturing sector growth to 12-14% per annum over the medium term, share of manufacturing in the country’s Gross Domestic Product from 16% to 25% by 2022. It also, creates 100 million additional jobs by 2022 in manufacturing sector and appropriate skill sets among rural migrants and the urban poor for inclusive growth. It is to increase the domestic value addition and technological depth in manufacturing. With ensure sustainability of growth, particularly with regard to environment. Researcher observed that nearly 6000 to 7000 labour force will get employment in study region on yearly basis. In totality approximately 30000 labour forces will be absorbed.
1.5.2 Pharmaceutical Industries

The Dombivli MIDC industrial base has approximately 15 percent composition of pharmaceutical sector and accordingly present study incorporated these types of SSI units. The pharmaceutical units producing various drugs such as
anti-inflammatory, anti-allergy, antipyretic (for fever) and anti-emetic (for vomiting and nausea) drugs, cough syrups and other OTC (OVER THE COUNTER) medicines etc. However the pharmaceutical sector has its limitationix.

The government started encouraging the growth of drug manufacturing by Indian companies in the early 1960s, and with the Patents Act in 1970ix. However, economic liberalization in 90s by the former Prime Minister P.V. Narasimha Rao and the then Finance Minister, Dr. Manmohan Singh enabled the industry to become what it is today.

This patent act removed composition patents from food and drugs, and though it kept process patents, these were shortened to a period of five to seven years.

The Lack of patent protection made the Indian market undesirable to the multinational companies that had dominated the world market. Whilst the multinationals streamed out, Indian companies carved a niche in both the Indian and world markets with their expertise in reverse-engineering new processes for manufacturing drugs at low costs. Although some of the larger companies have taken small steps towards drug innovations, the industry as a whole has been following this business model until the presentxi.

1.5.3 Engineering Industries

The Indian Engineering sector has witnessed a remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. Study incorporated these types of SSIs. The engineering units produced various products such as hand Tools, Castings & Forgings Light Engineering Goods, Sanitary Fittings, Sports Goods, Garden Tools & Accessories etc.

1.5.4 Electrical Industries

The Electrical Industries are established pioneers in the local manufacturing industry. Study incorporated these types of SSIs. The electrical industry includes electric power industry manufacturing inverters, motors, electrical wires transformers, distribution and sale of electric power instruments, electrical switches and switchgears, LED bulbs, and other electrical appliances.
Since the 1990s, many regions have opened up the generation and distribution of electric power to provide a more competitive electricity market. While such markets can be abusively manipulated with consequent adverse price and reliability impact to consumers, generally competitive production of electrical energy leads to worthwhile improvements in efficiency. However, transmission and distribution are harder problems since returns on investment are not as easy to find. SSIs are busting source in this way in the study region\textsuperscript{xii}.

1.5.5 Textile Industries

Textile manufacturing is a major industry. It is based on the conversion of fiber into yarn, yarn into fabric. These are then dyed or printed, fabricated into clothes. Different types of fiber are used to produce yarn. Cotton remains the most important natural fiber, so is treated in depth. There are some variable processes available at the spinning and fabric-forming stages coupled with the complexities of the finishing and coloration processes to the production of wide ranges of products. There remains a large industry that uses hand techniques to achieve the same results\textsuperscript{xiii}.

1.5.6 Electronics Industries

The Indian electronics industry is poised for significant growth due to enormous demand in the domestic market. This growth is being encouraged both by government policies, incentives and by international investment. Its key and most resource-intensive segment, the semiconductor industry has substantial potential for growth since demand is growing. Semiconductors, Integrated circuits (ICs) And Printed Circuit Boards (PCBs) are required by a large number of industries, including telecommunication, information technology (IT), IT enabled Services (ITS), Office Automation (OA), industrial machinery control units, voltage stabilizers, fan regulators, medical electronics, automobile, engineering, power and solar photovoltaic, defense and aerospace, consumer electronics, and appliances.

1.5.7 Auto spares & ancillaries

The automotive industry in India is one of the largest in the world with an annual production of 23.96 million vehicles in FY (fiscal year) 2015–16, following a growth of 2.57 per cent over the last year. The automobile industry accounts for 7.1 per cent of the country's gross domestic product (GDP). SSIs in this field grown but
now a day’s large scale industries are dominated theirs market. India levies an import tax of 125% on electric cars, while the import tax on components such as gearboxes, airbags, drive axles, seat covers, is 10%. Therefore, the taxes encourage cars to be assembled in India rather than be imported as completely built units.\textsuperscript{xiv}

1.5.8 Food Industries

The Food Industry includes the floor units, pulses, grains and spices units, other food processing units such as fruit jams, banana and potato wafers making, biscuits, bread making, cashew processing, coconut, groundnut oil manufacturing, dal milling, ginger, Ice cream cone making, Jelly making, garlic paste making, purees, Pickles making and other food products of day today use.

1.5.9 Information Technologies

IT is the application of computers to store, study, retrieve, transmit, and manipulate data, or information, often in the context of a business or other enterprise. Logistics services. IT is considered a subset of information and communications technology (ICT). In 2012, Zuppo proposed an ICT hierarchy where each hierarchy level "contain[s] some degree of commonality in that they are related to technologies that facilitate the transfer of information and various types of electronically mediated communications." in India it is an industry consisting of two major components: IT services and business process outsourcing (BPO).\textsuperscript{[1]} The sector has increased its contribution to India's GDP from 1.2% in 1998 to 7.5% in 2012.\textsuperscript{xv}

The KPOs and Call Centers form the major part of IT industry. Several industries are associated with information technology, including computer hardware, software, electronics, semiconductors, internet, telecom equipment, and e-commerce, etc.

1.5.10 Rubber& Plastic Industries

Natural rubber, also called India rubber as initially produced, consists of polymers of the organic compound isoprene, artificial rubber with minor impurities. Footwear, rubber belts required by automotive industries, rubber tubes and hoses, SSIs in this sector also required for development of the medium & large scale industries. Study region having scope in this sector.
1.6 Growth Pattern of Industries in Dombivili MIDC during 2006-16

The researcher collected necessary data from DIC Thane about the growth pattern of various Micro, small and Medium and large industries during the period 2006-2016 and accordingly tabulated the data in the table 1.8 and calculated growth of micro, small medium and large industrial units in table 1.9 presented.

In Dombivili MIDC 1849 micro units, 539 Small units, 29 medium units and 2 were large scale units during 2006. Which increased to 2389 micro units, Small units to 609 units 77 Medium scale units and 12 large scale units during 2016. It means only 70 units increased of Small scale industries during the period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1849</td>
<td>539</td>
<td>29</td>
<td>2</td>
<td>2419</td>
</tr>
<tr>
<td>2007</td>
<td>1924</td>
<td>541</td>
<td>31</td>
<td>2</td>
<td>2498</td>
</tr>
<tr>
<td>2008</td>
<td>1958</td>
<td>569</td>
<td>33</td>
<td>3</td>
<td>2563</td>
</tr>
<tr>
<td>2009</td>
<td>2157</td>
<td>696</td>
<td>39</td>
<td>5</td>
<td>2897</td>
</tr>
<tr>
<td>2010</td>
<td>2157</td>
<td>696</td>
<td>39</td>
<td>5</td>
<td>2897</td>
</tr>
<tr>
<td>2011</td>
<td>2157</td>
<td>696</td>
<td>39</td>
<td>5</td>
<td>2897</td>
</tr>
<tr>
<td>2012</td>
<td>2161</td>
<td>756</td>
<td>44</td>
<td>7</td>
<td>2968</td>
</tr>
<tr>
<td>2013</td>
<td>2161</td>
<td>756</td>
<td>44</td>
<td>7</td>
<td>2968</td>
</tr>
<tr>
<td>2014</td>
<td>2166</td>
<td>789</td>
<td>48</td>
<td>8</td>
<td>3011</td>
</tr>
<tr>
<td>2015</td>
<td>2189</td>
<td>809</td>
<td>57</td>
<td>12</td>
<td>3067</td>
</tr>
<tr>
<td>2016</td>
<td>2389</td>
<td>609</td>
<td>77</td>
<td>12</td>
<td>3087</td>
</tr>
</tbody>
</table>

Source: DIC, record calculated by researcher
Compiled by the researcher from DIC records

The growth pattern is tabulated in the table 1.9, it shows that the growth pattern of micro units was least during 2010 and 2013 and maximum in 2010. The small scale units recorded negative growth during 2016 and maximum in 2009. The medium scale units recorded least during 2010, 2011, 2013 and 2016. The large scale unit’s growth was also least during 2010, 2011 and 2016. The growth pattern of Small scale units was least during 2016 because of environmental concern, high cost of labour etc. the units shifted to other parts of India particularly Gujarat.

In 2006, there were 1849 Micro units, 539 SSI units, 29 medium units and 2 large scale units in Dombivli MIDC area the number went up to 2389 micro units, 609 SSI units, 77 medium scale units and 12 large scale units in 2016.

The Micro units grew by 4.06% the SSI units grew by 0.37% the Medium scale units grew by 6.90% and the large units by null in 2007. In 2016, the number
went up to 9.14% for Micro units, but for SSI units it was -24.72% because of various environmental issues and shortage of water, the Medium sized units grew by 35.09% and the large scale units by null.

Table 1.9: Percentage Growth of Industries in Dombivli MIDC during 2007 to 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.06</td>
<td>0.37</td>
<td>6.90</td>
<td>0.00</td>
<td>3.27</td>
</tr>
<tr>
<td>2008</td>
<td>1.77</td>
<td>5.18</td>
<td>6.45</td>
<td>50.00</td>
<td>2.60</td>
</tr>
<tr>
<td>2009</td>
<td>10.16</td>
<td>22.32</td>
<td>18.18</td>
<td>66.67</td>
<td>13.03</td>
</tr>
<tr>
<td>2010</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2011</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2012</td>
<td>0.19</td>
<td>8.62</td>
<td>12.82</td>
<td>40.00</td>
<td>2.45</td>
</tr>
<tr>
<td>2013</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2014</td>
<td>0.23</td>
<td>4.37</td>
<td>9.09</td>
<td>14.29</td>
<td>1.45</td>
</tr>
<tr>
<td>2015</td>
<td>1.06</td>
<td>2.53</td>
<td>18.75</td>
<td>50.00</td>
<td>1.86</td>
</tr>
<tr>
<td>2016</td>
<td>9.14</td>
<td>-24.72</td>
<td>35.09</td>
<td>0.00</td>
<td>0.65</td>
</tr>
</tbody>
</table>

Source: Researcher calculate secondary data of DIC, Thane
Compiled and computed by the researcher from DIC records

1.6.1 Challenges and Opportunities for the Small Scale Industries

The roles and agreements introduced by WTO (World Trade Organization) on member nations including India will have extensive implications on Micro and Small Scale Industries, as they have usually been controlled by a number of factors. Some of the agreements which have already had a notable influence on Indian industry and particularly the micro and small enterprises are GATT (General Agreement on Tariffs and Trade), TRIPS (Trade Related Intellectual Property Rights) and TRIMS(Trade Related Investment Measures) Agreement on Technical Barriers to Trade.

Reduction in import duties under GATT and removal of Quantity Restrictions (QRs) have improved the inflow of inexpensive imports particularly from China and affected the domestic sales of micro and small enterprises leading to declining profit margins. On the positive side, discount in duties on imports of good quality raw materials and accessories have improved the access of domestic industry to crucial raw materials resulting in refining the quality of finished products like in case of high value ready-made garments, leather goods, gold jewelry etc., resulting in better exports.
1.7 Financial Evaluation of SSIs Schemes

In India like other developing nations, the business climate is more informal in nature. The entrepreneurs are not interested to register their businesses, the society is conservative and never “doing business” had been seen with a great value, though culturally we had been rich for several hundred years with many intellectual capabilities. We always preferred doing jobs over businesses, India is burgeoning as the neo youth power which needs lots of job opportunities. By 2020 the median of the age of India would be 27; hence young India needs enough jobs to feed this aspiring youth to maintain their living as well as a healthy family life. To take the advantage of the age dividend, India needs to promote a better business climate. However, presently India ranks 137 as per World Bank to do businesses whereas, New Zealand stood third and China stood 37 in the ranking in 2014. To evolve the businesses as part of culture, Indian Government already has taken many steps, including giving many incentives and subsidies to encourage youth to opt for business as another career option which would be a better/stable career option compared to doing jobs for others. Several schemes, assistance and many benefits are being provided to entrepreneurs through different ministries, this is a pioneering effort to consolidate all the MSME related schemes under one umbrella, thus conceptualized\textsuperscript{xvi}.

The opening of the startup policy, implementation is fruitful in India and the present government which to recognized the startup space in India in official manner. Present Prime-minister of India Mr. Narendra Modi rightly pointed that entrepreneurs are afraid of government interference, which will change as there will be less intrusion and more support.

SSI Policies, In order to protect, support and promote small enterprises as also to help them become self-supporting, a number of protective and promotional measures have been undertaken by the Government\textsuperscript{xvii}.

The small entrepreneurs of India are used to misuse at the hands of money lenders. But MUDRA will impart a new confidence in them. Country is ready to support them in their efforts that are contributing so heavily to the task of nation building. But same time every element of country should realize that launching of new schemes is not progress, real success lies in real change on the ground, which had delivered concrete results within limited timeframes.
Implementation of MSMED Act, 2006 provided positive signals for the basic objectives. The Micro, Small & Medium Enterprises Development Institutes (MSMEDIS), assessed the trends in growth of MSMEs during 2007-08 to 2014-15 in the country with respect to emerging entrepreneur initiatives and creation of employment and wealth in the sector. Growth trend during 2007-08 to 2014-15 was not up to the mark at the policy makers’ expectations. The launch of Make in India programme would go a long way to establish India as a major manufacturing hub that will generate millions of employment opportunities and push India on a high and sustainable growth path in the coming times.

1.7.1 Government Policy

Functional modeling method is designed to model the decisions, actions, and activities of SSIs. The functional perspective is one of the perspectives possible in business process modeling; other perspectives are for example behavioral, organizational or informational are equally important. A functional modeling perspective concentrates on describing the dynamic process. The main concept in this modeling perspective is the process; this could be a function, transformation, activity, action, task etc.

1.7.2 District Industrial Centre (DIC)

The District Industrial Centers are developed by the government to facilitate the process of development of small and medium industries. In India a large number of institution and programmes were developed to promote small enterprises. The schemes are very often overlapped. The entrepreneurs had to knock at several doors for necessary guidance and assistance consequently in 1977, Industrial Policy Resolution emphasized on providing all assistance to the small industries under one roof. The government as a result introduced the scheme of the District Industries Centre (DIC) in May 1978. The DIC programme was significant step towards rural industrialization. The DIC started actual operation from August 1978.

The DIC consists of one general manager and four functional managers. Out of whom three functional manages will be in the field of economic investigation, credit and village industries respectively. In respect of the fourth functional managers, state government would be free to choose from any of the training programmers, depending on specific requirements of each district.
The DICs were established to promote SSI and cottage industries beyond big cities and to generate employment opportunists among rural and backward areas. DICs, presently operating under respective state budgetary provisions extend the services such as (a) Economic investigation of local resources (b) Supply of machinery and equipment (c) Provision of raw materials (d) Arrangements of raw materials (e) Marketing, (f) Quality inputs and (g) Consultancy and extension services.

The DIC has adopted district planning as an internal tool of management. Lead bank has already prepared district plans for each district, which may be rephrased and implemented by DICs.

As we aware industrial development taken place all over Maharashtra with the immense contribution of MIDC. Today state’s main industrial investment promotion agency and remains India’s leading industrial infrastructure provider. In Maharashtra state, Thane district is well established and advanced district in terms of industrial and economic growth. Kalyan-Dombivli city in Thane district has a historical background and is rich in availability of land, water and manpower etc. However in the beginning, in Kalyan- Dombivili areas there was lack of industrial growth, therefore for the adequate industrial development in Thane district particularly in Kalyan-Dombivli areas MIDC units took initiative and at last Kalyan-Dombivli industrial area were established by MIDC in 1964. For formation of Kalyan-Dombivli MIDC area, the land was acquired from nearby four villages under Land Acquisition Act 1894.

As per DIC records 810 total industrial plots which 203 exist in phase – I and 607 in Phase-II. The Kalyan-Dombivili MIDC area comprises of revenue villages like Sagoan, Sonarpada, Asde-Gokivali, Gajbandhan-Patharli and Chole in Kalyan tehsil in Thane district. The Kalyan-Dombivli MIDC area industrial plots and sheds are systematically demarcated and have been developed as Phase I and Phase II. The industrial area in Kalyan-Dombivli units has been presented in the table 1.1. Which indicates that there are total 203 industries existing in Phase I producing variety of products? In Phase II the number of Industries existing is comparatively more it is all around 607 industries existing manufacturing several kinds of goods in a large extent. However Kalyan-Dombivli MIDC (Including Phase I and Phase II) provide large number of employment opportunities to the people residing in the nearby areas and
also helps to increase the per capital income of the country by taking up large scale production.

The complete regions of Kalyan-Dombivli MIDC units are massive it is approximately separated into two parts i.e. Phase I and Phase II. The total industries existing in both Phases are around 810. There are 72 industries that had been closed down due to various problems faced by them reestablished by replacing the owners of them and have been developing rapidly. They had upward slanted curve in terms of production and growth. These industrial units provide a large number of employment opportunities to men as well as women employees residing nearby areas of Thane district. There are around 12,000 to 18,000 people who get employment in this industrial sector. One of the appreciable features in this industrial sector is that the land of those landlords has been taken over for the purpose of establishment of the Kalyan-Dombivli MIDC industrial unit one family member of such landlord has given a plot of land for starting their own business in this unit. In this way MIDC units have contributed towards economic and social development of those landlords who were adversely affected due to formation of Kalyan-Dombivli MIDC Industrial sector in Thane district.

The industries in Kalyan-Dombivli MIDC areas are engaged in the production of various goods and services. Hence, MIDC units have developed specialized parks based on sectors such as Information Technology, Chemical, Textile etc. as well as Electronic Zone, Pharmaceuticals etc. are developed.

Due to development of SSI units in Kalyan-Dombivli MIDC area the standard of living of people of this area is improving rapidly, this area has become well facilitated and well settled in terms of infrastructure, commercial, residential, transportation, telecommunication, water supply, electricity supply etc. In Kalyan-Dombivli MIDC area, a large number of women are employed in textile, garment industries, paper making industries, pharmaceutical industries, food making industries and also in spare parts of machinery producing industries. As a result, it can be stated that Kalyan-Dombivli MIDC sector help to make overall development in Thane district.

Kalyan-Dombivli MIDC area has been making immense contributions for the industrial growth in Thane district. Maharashtra’s main industrial investment
promotion agency and remain India’s leading industrial infrastructure provider. At the same time Kalyan- Dombivli MIDC units helps in economic development of our nation.

1.7.3 Small Industries Development Bank of India (SIDBI)

The institutions through their various schemes which provide financial support to small scale industrial sector under the overall policies and guidelines evolved by the Reserve Bank of India. SIDBI, a exclusively owned subsidiary of Industrial Development Bank of India (IDBI), set up by an Act of Parliament, is the principal financial institution for the promotion, financing and development of industry in the small, tiny and cottage sectors and for coordinating the functions of the institutions engaged in similar activities. The outstanding portfolio and activities of IDBI pertaining to the small-scale sector and has emerged, over the years as the main purveyor of credit to small, tiny and cottage sector.

National Level SIDBI mainly in the sequence of re-finance, NABARD (National Bank for Agriculture and Rural Development), NSIC (National Small Industries Corporation), Khadi and Village Industries Commission, IDBI Ltd, IFCI, Nationalized Banks, DCSSI (Development Commissioner Small Scale Industries).

1.7.4 State Financial Corporations (SFCs)

The State Level SFCs (State Financial Corporations), SIDCs (State Industrial Development Corporations) for Infrastructure / Finance, State Cooperative Banks, Khadi and Village Industries Board are functioning for business development. At the regional and district level functioning RRB (Regional Rural Bank), District Central Cooperative Banks, Primary Cooperative Banks, State level Institutions and Nationalized Banks, Khadi and Village Industries Commission, (DIC) District Industries Centre.

The governments also setup a committee to look into the functioning of the State Financial Corporations. This was a consequence to the observations of the Abid Hussein Committee to strengthen the role of State Financial Corporations and to examine ways for restructuring and revitalization.

The SIDBI also suggested ways for restructuring operations of State Financial Corporations. Growth of small scale industries in India is one of the most significant features of the planned economic development of the country.
There has been a phenomenal growth of small scale industries during the last 25 years from 1991 to 2016. In the financial year 1991–92 total SSIs units were 73.51 lakh which increased and reached 191.94 lakh in 2016. Growth rate was 2.4 percent in 1991 which increased by 7.57 percent in 2016.

There has been a more than 261 percent increase in the number of units during the 25 years of 1991 to 2016. There were 73.51 lakhs SSI units in 1990-91 to 105.21 lakhs in 2000-01 though the annual growth rate slumped from 2.88 % in 1990-1991 to 4.11% in 2000-01. There has been increase the number of SSI units 156.95 lakhs in 2010 registered a growth rate of 149.18 % over the previous decade. The number of SSI units reached 191.94 lakhs in 2016. The annual growth rate is slowly increasing at 2.88 % in 1991 to 7.57% in 2015-16.

The owners’ funds in small-scale industries, owing to their nature of organization and limited access of the owners to the market, are in short supply. Approximately only one-fifth industries are using more than two-third owners’ funds out of the total capital used in the business for long-term. Bank loan and government grants may work well in theory but not in practice. Banks lend only against assets. Unless you have a business with assets or you have substantial personal assets, you will not qualify for a commercial line of credit or bank loan. However, bank loans may be a good source of funding later on, once your business has grown. Usually, the government does not provide grants to start or operate a business unless your business is in a specific industry or serves a much targeted cause.

Government of India offers constant support to help SME owners and address their financing woes and has launched several schemes to channel long term loans. The five most important schemes launched by the Government of India to help SMEs.

**Solution of financial problems of SMEs lies in the government scheme as below:**

1) The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGFS)
2) Credit Link Capital Subsidy Scheme for Technology Upgradation (CLCSS)
3) Market Development Assistance Scheme for MSME (MDAS)
4) Technology and Quality Upgradation Support to MSME (TQPS)
5) Mini Tools Room and Training Centre Scheme (MTRTCS)
1.7.5 The Credit Guarantee Fund Scheme

It provides collateral-free credit to Indian MSMEs & SSIs launched by the Government of India. The Development Bank of India (SIDBI) established a trust to implement the scheme.

Table 1.10: Credit Guarantee Fund Scheme for Micro and Small Enterprises Launched by the Government of India.

<table>
<thead>
<tr>
<th>Period Financial Year</th>
<th>No. of Active SMEs</th>
<th>Approved Cases Credit Guarantee Fund Scheme</th>
<th>Amount Approved (Rs. Crore)</th>
<th>Cumulative Guarantees Approved (Rs. Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>9</td>
<td>951</td>
<td>6.06</td>
<td>6.06</td>
</tr>
<tr>
<td>2001-02</td>
<td>16</td>
<td>2296</td>
<td>29.52</td>
<td>35.58</td>
</tr>
<tr>
<td>2002-03</td>
<td>22</td>
<td>4955</td>
<td>58.67</td>
<td>94.25</td>
</tr>
<tr>
<td>2003-04</td>
<td>29</td>
<td>6603</td>
<td>117.6</td>
<td>211.85</td>
</tr>
<tr>
<td>2004-05</td>
<td>32</td>
<td>8451</td>
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<td>538.62</td>
</tr>
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<td>2005-06</td>
<td>36</td>
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<td>461.91</td>
<td>1000.53</td>
</tr>
<tr>
<td>2006-07</td>
<td>40</td>
<td>27457</td>
<td>704.53</td>
<td>1705.06</td>
</tr>
<tr>
<td>2007-08</td>
<td>47</td>
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<td>1055.84</td>
<td>2701.59</td>
</tr>
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<td>2008-09</td>
<td>57</td>
<td>53708</td>
<td>2199.4</td>
<td>4824.34</td>
</tr>
<tr>
<td>2009-10</td>
<td>85</td>
<td>151387</td>
<td>6875.11</td>
<td>11559.61</td>
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<td>106</td>
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<td>23846.01</td>
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<td>2011-12</td>
<td>109</td>
<td>243981</td>
<td>13783.98</td>
<td>37139.31</td>
</tr>
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<td>2012-13</td>
<td>117</td>
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<td>2013-14</td>
<td>117</td>
<td>348475</td>
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<td>70026.28</td>
</tr>
<tr>
<td>2014-15</td>
<td>119</td>
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<td>21274.82</td>
<td>90445.9</td>
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<tr>
<td>2015-16</td>
<td>119</td>
<td>513978</td>
<td>19949.38</td>
<td>108990.9</td>
</tr>
<tr>
<td>2016-17 *</td>
<td>119</td>
<td>106634</td>
<td>4037.07</td>
<td>113500.6</td>
</tr>
</tbody>
</table>

*As up to 31 May 2016


It provides credit facilities in the form of term loans and working capital facility of up to Rs. 100 lakh per borrowing unit. The amount is contributed by the Government and SIDBI in the ratio of 4:1, respectively. Of all the problems faced by the MSEs, is non-availability of timely and adequate credit at reasonable interest rate. One of the major causes for low availability of bank finance to this sector is the high risk perception of the banks in lending to MSEs and consequent insistence on collaterals which are not easily available with these enterprises. Table 1.10 reflects the amount approved under the scheme.
The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGS) was launched by the Government of India (GOI) to make available collateral-free credit to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme. The Ministry of Micro, Small and Medium Enterprises, GOI and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises. The scheme was formally launched on August 30, 2000. The corpus of CGTMSE is being contributed by the government of India and SIDBI in the ratio of 4:1 respectively and has contributed Rs. 2477.78 crores to the corpus of the Trust up to May 31, 2016. As announced in the Package for MSEs, the corpus was to be raised to Rs.2500 crores by the end of 11th Plan.

As on May 31, 2016, cumulatively 24,31,490 proposals from micro and small enterprises have been approved for guarantee cover for aggregate credit of Rs.1,13,500.61 crores, extended by 119 active MLIs.

1.7.5.1 Eligible Lending Institutions

The Banks / Financial Institutions, which are eligible under the scheme, are scheduled commercial banks (Public Sector Banks/Private Sector Banks/Foreign Banks) and select Regional Rural Banks (which have been classified under 'Sustainable Viable' category by NABARD). As on May 31, 2016, there were 133 eligible Lending Institutions registered as MLIs of the Trust, comprising of 26 Public Sector Banks, 21 Private Sector Banks, 73 Regional Rural Banks (RRBs), 4 Foreign Banks and 9 other institutions i.e. Delhi Financial Corporation, Kerala Financial Corporation, Jammu & Kashmir Development Finance Corporation Ltd, Andhra Pradesh State Financial Corporation, Export Import Bank of India, The Tamil Nadu Industrial Investment Corporation Ltd., National Small Industries Corporation (NSIC), North Eastern Development Finance Corporation (NEDFI) and Small Industries Development Bank of India (SIDBI).

1.7.5.2 Eligible Credit Facility

The credit facilities which are eligible to be covered under the scheme are both term loans and/or working capital facility up to Rs.100 lakh per borrowing unit, extended without any collateral security and / or third party guarantee, to a new or
existing micro and small enterprise. For those units covered under the guarantee scheme, which may become sick owing to factors beyond the control of management, rehabilitation assistance extended by the lender could also be covered under the guarantee scheme. Any credit facility in respect of which risks are additionally covered under a scheme, operated by Government or other agencies, will not be eligible for coverage under the scheme.

### 1.7.5.3 Guarantee Cover

The guarantee cover available under the scheme is to the extent of maximum 85% of the sanctioned amount of the credit facility. The guarantee cover provided is up to 75% of the credit facility up to Rs.50 lakh (85% for loans up to Rs. 5 lakh provided to micro enterprises, 80% for MSEs owned/ operated by women and all loans to NER including Sikkim) with a uniform guarantee at 50% for the entire amount if the credit exposure is above Rs.50 lakh and up to Rs.100 lakh. In case of default, Trust settles the claim up to 75% (or 85% / 80% / 50% wherever applicable) of the amount in default of the credit facility extended by the lending institution. For this purpose the amount in default is reckoned as the principal amount outstanding in the account of the borrower, in respect of term loan, and amount of outstanding working capital facilities, including interest, as on the date of the account turning Non-Performing Asset (NPA).

### 1.7.5.4 Tenure, Fee, Website of Guarantee

The tenure of Guarantee cover under the scheme is for the agreed tenure of the term loan/composite credit. In case of working capital, the guarantee cover is of 5 years or block of 5 years.

A composite all-in Annual Guarantee Fee of 1.0 % p.a. of the credit facility sanctioned (0.75% for credit facility up to Rs. 5 lakh and 0.85% for above Rs. 5 lakh and up to 100 lakh for Women, Micro Enterprises and units in NER including Sikkim) is now being charged.

**Website / Circulars** details of the scheme along with latest circulars are available in the website of CGTMSE at www.cgtmse.in.
1.7.5.5 Scheme Awareness Programmes

CGTMSE has adopted multi-channel approach for creating awareness of the CGS amongst banks, MSE industry associations, MSE sector, etc. through print and press media, conducting workshops / seminars, attending the programmes organized at various district / state / national fora, etc. During the year, CGTMSE participated in various seminars / workshops organized by MLIs and Industry Associations, exhibitions and meetings organized by RBI / Govt. in connection with MSE sector, across the country to create awareness about CGS. CGTMSE officials also held business development meetings with its Member Lending Institutions. Sustained print media campaigns were carried out across the country throughout the year to improve visibility and create awareness about the scheme. It is for the information broadcasting operations were energetically accepted out between various investors.

During the 2016, there were 21 Seminars/ Workshops/ Bankers’ meet/ Business Development Meetings, and also made presentations to sensitize bank officials/ small enterprises on the various aspects of the Credit Guarantee Scheme. The workshops/ programmes were generally arranged by the member banks / SIDBI / CGTMSE / Industry Associations, etc. It was also taken advantage from the study region but according to respondents it is not useful for their ongoing SSI financial management.

1.7.6 Credit Linked Capital Subsidy Scheme for Technology Upgradation

The Ministry of Small Scale Industries (SSI) is operating a scheme for technology upgradation of Small Scale Industries (SSI) called the Credit Linked Capital Subsidy Scheme (CLCSS). The Scheme aims at facilitating technology upgradation by providing upfront capital subsidy to SSI units, including tiny, khadi, village and coir industrial units, on institutional finance (credit) availed of by them for modernization of their production equipment (plant and machinery) and techniques. The Scheme provided for 12 per cent capital subsidy to SSI units, including tiny units, on institutional finance availed of by them for induction of well-established and improved technology in selected subsectors/products approved under the Scheme. The eligible amount of subsidy calculated under the pre-revised scheme was based on the actual loan amount not exceeding Rs.40 lakh.
Due to insufficient investment and lack of awareness of both the quality standards and access to modern technologies, a large percentage of SSI units continue with outdated technology and plant & machinery. With increasing competition due to liberalization of the economy, the survival and growth of the SSI units are critically dependent on their modernization and technological upgradation. Upgradation of both the process of manufacture and corresponding plant and machinery is necessary for the small enterprises to reduce the cost of production and remain price competitive at a time when cheaper products are easily available in the global market.

After considering these issues, the CLCSS has been amended (a). The ceiling on loans under the Scheme has been raised from Rs. 40 lakh to Rs. 1 crore; (b). the rate of subsidy has been enhanced from 12 per cent to 15 per cent; (c). the admissible capital subsidy is to be calculated with reference to the purchase price of plant and machinery, instead of the term loan disbursed to the beneficiary unit; (d). the practice of categorization of SSI units in different slabs on the basis of their present investment for determining the eligible subsidy has been done away with ; and (e). The operation of the Scheme has been extended up to 31st March, 2007.

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It is desirable to SMEs to reduce cost of production and remain price competitive in the global market. Ministry of Small Scale Industries runs a scheme for technology upgradation of SSIs. Known as the Credit Linked Capital Subsidy Scheme (CLCSS), it aims at facilitating technology upgradation by providing upfront capital subsidy of 15% (limited to maximum Rs.15 lakhs) to SSI units for credit availed by them for the modernization of their plant and machinery. All sole proprietorship, partnership firms, cooperative, private and public limited companies are eligible for this scheme. Since the inception of this scheme, more than 28,287 units have availed subsidy of Rs.1619.32 crores.
1.7.7 Market Development Assistance Scheme

This Scheme for MSMEs offers funding for participation in international trade fairs and exhibitions under MSME India stall. It also offers funding for sector-specific market studies by industry associations, export promotion councils, and FIEO.

Reference with to Maharashtra state marketing is another crucial area which seals the fate of any industrial unit. MSSIDC plays a major role in providing Marketing Assistance to Small Scale Industries’ Units.

Market Development Assistance Scheme is currently operated by the Ministry of Commerce with a view to encourage exporters (including SSI exporters) to develop overseas markets. The scheme offers funding for participation in international fairs, study tours abroad, publicity, etc. Direct assistance under MDA for small scale units is given for individual sales-cum-study tours, participation in fairs/exhibitions and publicity. SIDBI operates a scheme of direct assistance for financing activities relating to marketing of SSI products.

SSI units need to undergo procedure a) Unit has to be registered with IDC of the district, Directorate of Industries, Department of Industries, Government of Maharashtra. b) The Unit has to submit application to register with MSSIDC in the prescribed format of MSSIDC. c) The Application Form is available at the Divisional Offices and Branch Offices of the MSSIDC OR it can be downloaded from the Website. d) Registration Fee of Rs. 2000/- to be paid in Cash or Demand Draft drawn in favour of MSSIDC Limited. e) The Unit should submit the registration fee along with the Application Form and the required documents. f) The Application Form to be scrutinized by the concerned Division or Branch Office and the concerned officer pays visit to the Unit for inspection. g) The Registration process is completed only after the recommendation of visiting officer. h) After 3 years, the unit is required to renew its registration with MSSIDC.

Small Scale Industries’ Units having permanent registration with the Directorate of Industries are eligible for Marketing Assistance Scheme of MSSIDC. But to avail this facility, they need to get registered themselves with MSSIDC.

1.7.8 Technology and Quality Upgradation Support

This scheme aims at sensitizing the manufacturing MSME sector to use energy efficient technologies and manufacturing processes reduce production cost
and emissions of harmful gases. For this, the Government of India provides financial support to the extent of 75% of the actual expenditure to help manufacturing MSMEs buy energy efficient technologies for production.

Technology and Quality Upgradation have emerged as the two important elements in improving competitiveness for any manufacturing industry. Cost of energy is an important component of the cost structure of any manufacturing unit. With the increasing cost and uncertain supply, energy has already become a crucial input in any modern manufacturing process and for cost competitiveness; MSMEs need to focus on economizing on energy use. The small and medium enterprises have so far no compulsion to conserve energy and use energy in an efficient manner. The purpose of the scheme is to encourage and support energy efficiency for the Micro, Small & Medium Enterprises. Scheme addresses the various facets of Quality and Technology Upgradation, the present scheme focuses on to the two important issues in enhancing competitiveness of the MSME sector, through Energy Efficiency and Product Quality Certification. The scheme also focuses on additional leveraging to the MSME sector through clean development mechanism (CDM). An innovative concept of cluster based carbon credit aggregation centers (CCAs) has been planned under the scheme to initiate MSMEs to CDM benefit.

1.7.9 Mini Tools Room and Training Centre Scheme

To assist state governments set up Mini Tool Rooms and Training Centre, the Government of India provides financial assistance in the form of one-time grant-in-aid. The financial aid equals to 90% of the cost of machinery/equipment (maximum to Rs. 9 crores) in case new Mini Tool Room has to be created and 75% of the cost (maximum to Rs. 7.50 crores) in case an existing room has to be upgraded. This scheme is to develop more tool room facilities in order to provide technological support to the MSMEs and training facility in tool manufacturing and tool design to create a workforce of skilled workers, supervisors, engineers/designers, etc.

1.8 Financial Assistance to SSIs

The banks’ lending policy is not merely profit motivated but also keeps in mind the socio economic development of Nation. In this regard the facilities provided by banks to SSI are in two kinds finance provided first, long term finance and secondly short term finance. Sources of finance which are short term are required to
be paid back within a year. Other sources of finance are long term and which can be paid back over the years. Funding obtained for a time frame exceeding one year in duration. When a business borrows from a bank using long-term finance methods, it expects to pay back the loan amount in period more than one year. For example, this might include making payments on a 20 year mortgage\textsuperscript{six}. Business loans are used for specific reasons buying equipment or renting space to operate, financing growth of an old business, or providing capital to expand.

Long term finance mostly provided for permanent or long terms assets which builds structure of business. Present study revealed that purchase of acquisition of Plot/land in MIDC, Structural development for the startup business, purchase of machineries and raw material for the startup production activities of SSI and other related to SSI requirements.

The Small Business Administration (SBA) was originally created to help encourage the growth of small businesses in the United States. The Small Business Administration in India does not lend directly to small businesses. Instead, the government provides its bank lending partners a guarantee that the loan is extended even if the business fails. This is to help and foster some entrepreneurial risk to get businesses started in across the country. If any unit is unable to qualify for loans through traditional banking means, the SBA may be able to help through one of their three loan programs.

1.8.1 Short Term Loans

In a loan account, the entire advance is disbursed at one time either in cash or by transfer to the current account of the borrower. It is a single advance and given against securities like shares, government securities, life Insurance Policies and fixed deposit receipts, etc. Except by way of interest & other charges no further adjustment are made in this account. Repayment under the loan account may be the full amount or by way of schedule of repayments agreed upon as in case of term loans.

1.8.1.1 Overdraft

Under this facility, customers are allowed to withdraw in excess of credit balance standing in their current account. A fixed limit is, therefore, granted to the borrower within which the borrower is allowed to overdraw his account. Though
overdrafts are repayable on demand, they generally continue for long periods by annuals renewals of the limits. This is a convenient arrangement for the borrower as he is in a position to avail of the limit sanctioned according to his requirements. Interest is charged on daily balances. Since these accounts are operative like cash credit & current accounts, Cheque books are provided.

1.8.1.2 Clean Overdrafts

It is request for clean advances are entertained only from parties which are financially sound & reputed for their integrity. The bank has to rely upon the personal security of the borrowers. Therefore while entertaining proposal for cleans advances, banks exercise a good deal of restraint since they have no backing of any tangible security. If the parties are already enjoying secured advance facilities this may be a point in favour & may be taken into account while screening such proposals. The turnover in the account, satisfactory dealings for considerable period & reputation in the market are some of the factors which the bank will normally see. As a safeguard, banks take guarantees from other persons who are credit worthy before granting this facility. A clean advance is generally granted for a short period & must not be continued for long.

1.8.1.3 Cash Credit

Cash Credit is an arrangement under which a customer is allowed an advance up to certain limit against credit granted by bank. Under this arrangement a customer need not borrow the entire amount of advances at one time, ha can only draw to the extent of his requirements & deposit his surplus funds in his account. Interest is not charged on the full amount of the advance but on the amount actually availed of by him.

Generally cash credit limits are sanctioned against the security of tradable goods by way of pledge or hypothecation. Though these accounts are repayable on demand, banks usually do not recall such advances, unless they are compelled to do so by adverse factors. Hypothecation is an equitable charge on movable goods for an amount of debt where neither possession nor ownership is passed on to the creditor. In case of pledge, the borrowers deliver the goods to the creditor as security for repayment of debt. Since the bankers, as creditor, is in possession of the goods, it is
fully secured & in case of emergency it can fall back on the goods for realization of its advance under proper notice to the borrower.

1.8.1.4 Advances against goods

Advances against goods occupy an important place in total bank credit. Goods are security, have certain advantage. They provide a reliable source of repayment. Advances against them are safe & liquid. Also, there is a quick turnover in goods, as they are in constant demand. The term ‘goods’ includes all the forms of movables which are coming under bank security; it may be SSI product commodities or industrial raw materials or partly finished goods.

The reserve Bank of India issues directives from time to time imposing restrictions on advances against certain commodities. It is obligatory on banks to follow these directives. The directives also sometimes stipulate changes in the margin.

1.8.1.5 Bills purchased/Discounted

These advances are allowed against the security of bills which may be clean or documentary. Bills are sanctioned. Before granting a limit the banker satisfies himself as to the credit worthiness of the drawer. Although the term ‘bills purchased’ gives the impression that the bank becomes the owner or purchaser of such bills, in actual practice the bank holds the bills only as security for the purpose of advance.

The bank, in addition to the rights against the parties liable on the bills, can also exercise a pledge’s rights over the goods covered by the documents. Use of a bills maturing at a future date or sight are discounted by the banks for approved parties. When a bill is discounted, the borrower is paid the present worth. The bankers, however, collect the full amounts on maturity. The difference between these two amounts represents earning of the bankers for the period. This item of income is called “discount”. Sometimes, overdraft or cash credit limits are allowed against the security of bills. A suitable margin is usually maintained. Here the bill is not a primary security but only a collateral security. The banker in the case, does not become a party to the bill, but merely collects it as an agent for its customer. When the bankers purchases or discounts a bill, he advances against the bill he has therefore to be very cautious and grant such facilities only those customers who are creditworthy and have established a steady relationship with the bank. Credit reports are also complied on the drawee.
1.8.1.6 Advances against documents of title to goods

A document becomes a document of title to goods when its possession is recognized by law or business custom as possession of the goods. These documents include a bill of lading, dock warehouse keepers certificate, railway receipt, etc. A person in possession of a document to goods can by endorsement (or both) of document, enable the pledge of such document is equivalent to an advance against the pledge of goods themselves.

1.8.1.7 Advances against supply of bills

It is for supply of goods to government or semi-government departments against firm orders after acceptance of tender fall under this category. The other type of bills which also come under this category are bills from contractors for work executed either wholly or partially under firm contracts entered into with the above mentioned Government agencies.

These bills are clean bills without being accompanied by any document of title of goods. But they evidence supply of goods directly to governmental agencies. Sometimes these bills may be accompanied by inspection notes from representatives of government agencies for having inspection notes from representative of government agencies for having inspected the goods before they are dispatched. If bills are without the inspection report, banks like to examine them with the accepted tender for contract for verifying that the goods supplied under the bills strictly conform to the terms & conditions in the acceptance tender.

The supply of bills represent debt in special treatment of suppliers/contractors, for the good supplier to the government bodies or work executed under contract from the Government bodies. It is this debt that is assigned to the bank by endorsement of supply bills & executing irrevocable power of attorney in special treatment of the banks for receiving the amount of supply bills from the Government department concerned. The bank also takes separate letter from the supplier/contractors instructing the Government body to pay the amount of bills direct to the bank.

Supply bills do not enjoy the legal status of negotiable instruments because they are not bills of exchange. The security available to a banker is by way of assignment of debts represented by the supply bills.
1.8.2 Non-financial schemes

The government at both central and state level established various financial and non-financial assistances to small-scale industries. The importance of Micro, Small and Medium Enterprises (MSME) sector is well recognized from its significant contribution to the socio-economic objectives of growth in generation of employment, output, exports and fostering entrepreneurship. Currently, the sector accounts for about 95 percent of the industrial units in the country contributing 40 per cent of the manufacturing sector output and approximately one-third of the nation’s exports. The role of various institutional supports to promote the growth of MSME is unique. A small entrepreneur gets many types of assistance from different institutions for varied purposes.

The success of SSI is due to entrepreneurship through assistance, support systems which is provided by the government to MSME. Six main types of non-financial support have been taken in the present study. These are: Technology, Training, Marketing, Entrepreneurship Development, Common Facility Centre and Information & Consultancy.

a) Technology refers to vital knowledge relating to technique of production. Production takes place with the help of four factors, i.e. land, labour, capital and entrepreneurship. Technique or method of production refers to the proportion in which factors of production are combined. Thus technology means techniques of combining and organizing the factors inputs to produce a particular commodity. The aim of an entrepreneur is to earn maximum profit which he can get by minimizing cost or maximizing production. Here technology comes to rescue because better technology brings greater output with same inputs or same output with lesser inputs. The result is lowering of per unit cost of production leading to an increase in profit xxx.

b) A Scheme on Credit Linked Capital Subsidy (CLCSS) was launched in the year 2000 for technology upgradation of SSIs in the select product/sub-sectors by providing 12% capital subsidy on loans advanced to SSI units by scheduled commercial banks and NSIC for induction of proven technologies approved under the Scheme for strengthening the units to face the challenges of liberalization. The Scheme has recently been extended to State Financial Corporations also. The Scheme is being implemented through SIDBI.
1.8.3 Financial Institution for SSI

As the small-scale industries have weak financial structure, they require financial flow of institutional credit. Small Industries Development Bank of India (SIDBI) mission is "To facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME system". Its vision is to create a single window for meeting the financial and developmental needs of the MSME sector and make it strong, vibrant and globally competitive. To position SIDBI Brand as the preferred and customer-friendly institution and for enhancement of shareholder wealth and highest corporate values through modern technology platform. It set up on April 2, 1990 under an Act of Indian Parliament, as the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

The business area of SIDBI consists of Micro, Small and Medium Enterprises (MSMEs), which contribute significantly to the national economy in terms of production, employment and exports. MSME sector is an important pillar of Indian economy as it contributes greatly to the growth of Indian economy with a vast network of around 5.1 crores units, creating employment of about 11.7 crores, manufacturing more than 6,000 products, contributing about 45% to manufacturing output and about 40% of exports in terms of value, about 37% of GDP.

The business strategy of SIDBI is to address the financial and non-financial gaps in MSME eco-system. Financial support to MSMEs is provided by way of (a) Indirect / refinance to banks / Financial Institutions for onward lending to MSMEs and (b) direct finance in the niche areas like risk capital, sustainable finance, receivable financing, service sector financing, etc. As on March 31, 2016, SIDBI has made cumulative disbursements of about `4.50 lakh crores benefitting about 350 lakh persons. By this way, SIDBI would be complementing and supplementing efforts of banks/ FIs in meeting diverse credit needs of MSMEs.

a) SIDBI

Credit to micro and small enterprises sector is generally perceived as high risk lending, more so, when there is absence of any collateral. In order to encourage banks to lend more to this sector, Government of India and SIDBI have set up the Credit
Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in July 2000, to provide credit guarantee support to collateral free / third-party guarantee free loans up to `100 lakh extended by banks and lending institutions for micro and small enterprise (MSEs) under its Credit Guarantee Scheme (CGS).

b) ISARC

India SME Asset Reconstruction Company (ISARC) was set up in 2009 by SIDBI along with leading Public Sector Banks. Its objective is to acquire NPAs, inter-alia in MSME sector and catalyze speedy restructuring of potentially viable units and liquidation of unviable units, so that productive use of the assets is maximized.

c) India SME Technology Services

A major challenge for the MSME sector is the need for keeping itself abreast with the changing technology to remain competitive. To address the challenge India SME Technology Services (ISTSL) was set up in November 2005 by SIDBI along with Indian Bank, Oriental Bank of Commerce, Indian Overseas Bank and State Bank of India, provides a platform for MSMEs to tap opportunities at the domestic and global level for acquisition of modern technologies. ISTSL offers various technical services to MSMEs with a focus on promotion of energy efficient, environment friendly technologies in the MSME sector. Efforts are being made to facilitate reduction in Green House Gases in the MSME sector.

d) RXIL

Receivables Exchange of India. (RXIL) is a joint venture promoted by Small Industries Development Bank of India (SIDBI) and National Stock Exchange of India Limited (NSE). RXIL has been incorporated under the Companies Act, 2013 on February 25, 2016. RXIL has launched India’s First Trade Receivables Discounting System (TRDS) – an online platform for financing of receivables of Micro, Small & Medium Enterprises on January 09, 2017, based on the guidelines issued by RBI on December 03, 2014.

TRDS is an online electronic institutional mechanism for facilitating the financing of trade receivables of MSMEs through multiple financiers. The TRDS Platform will enable discounting of invoices/bills of exchange of MSME Sellers against large Corporates including Govt. Departments and PSUs, through an auction mechanism, to ensure prompt realization of trade receivables at competitive market
rates. It is expected to be a catalyst in the growth of MSMEs by bringing in transparency in the business eco-system and addressing the issue of delayed payments for MSMEs.

1.9 Roll of UNIDO towards SSI

The United Nations Industrial Development Organization (UNIDO), started in 1966 with the directive to act as the central coordinating body for industrial activities within the UN system and to promote industrial development, focuses its efforts on releasing poverty by nurturing productivity growth. It helps developing countries and countries with economies in transition in their fight against demotion and donates to the achievement of the Millennium Development Goals (MDGs) by mobilizing knowledge, skills, information and technology to promote productive employment, competitive economy and sound environment. UNIDO operates as a global forum to generate and distribute industry-related knowledge; and as a technical cooperation agency to provide technical support and implement projects.

The Organization focuses on three main thematic areas: i) Poverty reduction through productive activities; ii) Trade capacity-building; and iii) Energy and Environment. More specifically, UNIDO delivers on its thematic priorities through the eight service modules such as i) industrial governance and statistics; ii) investment and technology promotion; iii) industrial competitiveness and trade; iv) private sector development; v) agro-industries; vi) sustainable energy and climate change; vii) the Montreal Protocol and environmental management. These activities can be clustered around UNIDO’s two key areas of comparative advantage: technology diffusion and capacity building for market access and development.

Under the UN goal ‘Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation’, following keys are equipped:

1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and Trans border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

2. Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending. By facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial & technological and technical support to required countries. Support domestic technology development, research and innovation in developing countries, including by ensuring a conductive policy environment for, inter alia, industrial diversification and value addition to commodities. Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.

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