Chapter – IV

Organizational Arrangement for Village & Small Scale Industry

IV.1. Introduction

The government established the Ministry of Small Scale Industries and Agro and Rural Industries (SSI & ARI) in October 1999 as the nodal ministry for formulation of policies and central sector programmes/schemes, and their implementation and related coordination to supplement the efforts of the states for promotion and development of these industries in India. The Ministry of SSI & ARI was bifurcated into two separate ministries, namely, Ministry of Small Scale Industries and Ministry of Agro and Rural Industries, in September 2001.

The role of the Ministry of Small Scale Industries was to mainly assist the states in their efforts to promote growth and development of the SSI, enhancing their competitiveness in an increasingly market-led economy and generating additional employment opportunities. In addition, the ministry attempted to address issues of countrywide common concerns of this segment and also undertake advocacy on behalf of the SSI for this purpose. The formulation and implementation of the policies and programmes/projects/schemes are undertaken by the ministry with the assistance of its attached office and public-sector enterprise, namely, the Small Industry Development Organisations (SIDO) and the National Small Industries Corporation.

Several other initiatives have also been taken by the government including the establishment of a single comprehensive legislation-Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. It is the first act for micro, small and medium enterprises, which, inter alia, provides for establishment of a statutory national board for micro, small and medium enterprises, filling of memoranda, measures for promotion, development and enhancement of competitiveness of micro, small and medium enterprises, credit facilities, procurement preference and provisions related to delayed payments to micro and small enterprises.

IV.2 Micro, Small and Medium Enterprises (MSMEs) :

The Micro, Small & Medium Enterprises (MSMEs) sector of the Ministry supports MSMEs by way of advocacy with the various organizations of the Government, by
providing services to support the development of these enterprises and by management of programmes through Government and Non-Government organizations, for their benefit. The objective is to promote aid and foster the growth of MSMEs by providing them institutional support in the areas of marketing, export, technology upgradation, training and common facilities services. The mission aims at providing prompt services/training needs to citizens through our field agencies like Small Industry Development Organization and the National Small Industries Corporation, so that the growth of the MSMEs is enhanced, quality of production is improved and more employment opportunities are generated. The Agro and Rural Industries (ARI) sector of the Ministry has been implementing various schemes and programmes for creating off-farm employment for balanced economic development of the country. The importance of this sector lies in the fact that it seeks to establish village industries in the rural areas at low investment/cost, based on the local raw materials, skills and technology for providing employment opportunities to the local population and artisans who have been traditionally engaged in village level economic activities.

Taking into account the high potential for growth in the micro, small and medium enterprises (MSMEs) in terms of output, employment and exports, the role and objectives of the Ministry of Micro, Small and Medium Enterprises is to strengthen MSMEs, to enable them to remain competitive in market-led economy, integrating policy formulation and coordinating implementation of programmes/schemes, etc., for the development of MSMEs and expanding employment opportunities in the rural non-farm sector. Pursuant to amendment of the Government of India (Allocation of Business) Rules, 1961 by the President under Notification dated 9th May, 2007, Ministry of Small Scale Industries (Laghu Udyog Mantralaya) and Ministry of Agro and Rural Industries (Krishi Evam Gramin Udyog Mantralaya) were merged into a single Ministry, namely, —Ministry of Micro, Small and Medium Enterprises (Sukshma Laghu Aur Madhyam Udyam Mantralaya). The Ministry is the nodal agency for formulation of Policies and Programmes and Coordination of Central assistance relating to promotions and development of micro, small and medium enterprises, including, Khadi, Village and Coir Industries, in India.
The Ministry is headed by the Minister of Micro, Small and Medium Enterprises to exercise all powers and authority of the Government in respect of matters allocated to this Ministry under the Government of India (Allocation of Business) Rules, 1961, as amended by the President under Notification dated 9th May, 2007, subject to the provisions of the Government of India (Transaction of Business), Rules 1961. The Ministry consists of mainly two Wings, namely, Micro, Small & Medium Enterprises (MSME) Wing and Agro & Rural Industries (ARI) Wing.

The Ministry of Micro, Small and Medium Enterprises designs policies, programmes, projects and schemes in consultation with its organizations and various stakeholders and monitors their implementation with a view to assisting the promotion and growth of MSMEs. The Ministry also performs the function of policy advocacy on behalf of these enterprises with other Ministries/Departments of the Central Government and the State and Union Territories. Country-wise employment generation programme, namely, Prime Minister's Employment Generation Programme (PMEGP) with active cooperation and participation of the Reserve Bank of India, nationalized and scheduled banks and the State/Union Territory Governments. Worldwide, the micro and small enterprises (MSEs) have been accepted as the engine of economic growth and for promoting equitable development.

The Ministry of MSME is having two divisions called Small Scale Industry (SSI) Division and Agro & Rural Industry (ARI) Division. The SSI Division is allocated the work, inter-alia, of administration, vigilance and administrative supervision of the National Small Industries Corporation (NSIC) Ltd., a public sector enterprise and the three autonomous national level entrepreneurship development/training organizations. The Division is also responsible for implementation of the schemes relating to marketing and export promotion. SSI Division is also responsible for preparation and monitoring of Results-Framework Document (RFD) has been introduced from this year by the Cabinet Secretariat under Performance Monitoring and Evaluation System (PMES). The ARI Division looks after
the administration of two statutory bodies called the Khadi and Village Industries Commission (KVIC), Coir Board and a newly created organization called Mahatma Gandhi Institute of Rural Industrialization (MGIRI). They are also supervising the implementation of the Prime Minister’s Employment Generation Programme (PMEGP).

The Government established the National Board for Micro, Small and Medium Enterprises (NBMSME) under the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made there under. The Board examines the factors affecting promotion and development of MSMEs and reviews policies and programmes from time to time relating to these enterprises and makes recommendations to the Government in formulating the policies for the growth of MSMEs.

The Government of India had constituted the National Commission for Enterprises in the Unorganized Sector (NCEUS) to examine the problems of the enterprises in the unorganized/informal sector. The Commission has made recommendations to provide technical, marketing and credit support to these enterprises. The Commission completed its term on 30th April, 2009.

IV.3 Organizational Arrangement of MSME to Assist Village and Small Scale Industry at National Level:

The organizational structure of the Ministry is depicted in the following chart.

The MSMEs constitute over 90 percent of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the MSEs play a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 39 per
cent of the manufacturing output and around 33 per cent of the total export of the country, further
in recent years.
Thus MSEs sector has consistently registered higher growth rate compared to the overall industrial
sector. The major advantage of the sector is its employment potential at low capital cost. As per
available statistics, this sector employs an estimated 31 million persons spread over 12.8 million
enterprises and the labour intensiveness in the MSE sector is estimated to be almost 4 times higher
than the large enterprises.

IV.3.1 Small Industry Development Organisation (SIDO):
Small Industry Development Organisation (SIDO) was set up in 1954 as part of the
Ministry of Industry, Government of India. Its primary functions are to formulate and
oversee the implementation of the policies and schemes for Small Scale Industry (SSI)
development. The office is headed by a senior Indian Administrative Services (IAS) officer
of the rank of Additional Secretary, designated as Development Commissioner, SSI
(DCSSI). SIDO maintains close liaison with the Central Ministries, Planning Commission,
State Governments, financial institutions and other organisations concerned with the
development of small scale industries. The activities of SIDO relate to the modern small
scale industries sector excluding those which fall within the purview of specialized Boards
or agencies like All India Handloom and Handicrafts Boards, Coir Board, Central Silk
Board and Khadi and Village Industries Commission. SIDO coordinates the work relating
to the development of small scale industries on an all India basis by:
(i) Evolving an all India policy and programme for the development of small scale industries;
(ii) Coordinating the policies and programmes of various State Governments;
(iii) Acting as a liaison between different States as also between the States and Central Ministries,
Planning Commission, Reserve Bank and Financial Institutions;
(iv) Coordinating the programmes for the District Industries; and
(v) Coordinating the programmes for the development of industrial estates and ancillaries all
over the country.

Functions of SIDO:
The various functions of SIDO are given as under -
1. **Implement and Fund its Cluster Development Programmes:** SIDO has taken up cluster development through its field based institutions called ‘Small Industries Service Institutes’ (SISIs) and by funding other external agencies such as consultancy organisations, research & development organisations. It also implements and coordinates the implementation of a national program for rural industrialisation for tiny industrial clusters.

2. **Technical Assistance:** SIDO provides technical assistant to small industrial firms through a large variety of activities such as entrepreneurship training, skill upgradation, dissemination of market information, technology development & promotion, financial consultancy, international trade facilitation, organisation of management development programs, facilitation of ancillarisation, provision of inputs in areas such as energy conservation, pollution control etc.

3. **Coordinate and Implement Employment Generation Scheme:** SIDO coordinates the implementation of Prime Minister’s Rozgar (Employment) Yojana (Scheme) in collaboration with several banks.

4. **SSI Ministry Schemes** for individual firms to take up quality up-gradation, facilitate industry associations to set up testing laboratories on public private partnership (PPP) mode, assist setting up of sub-contacting exchanges by industry associations, provide funding support to state governments for setting up Integrated Infrastructure (1994, revised 2000)

5. **Coordinate** with state government agencies, financial institutions, other ministries with relation to small industries

**Arrangement of SIDO:**
SIDO spread comprises of 30 Small Industry Service Institutes (SISIs), 28 branch SISIs, 4 Regional Testing Centres (In Metros), 10 Tool Rooms, 6 Product and Prototype Development Centres (in specific product areas), 2 Central Footwear Training Centres, 7 Field Testing Stations (in bigger towns with specific product focus), 2 Entrepreneurship training institutions and 3 Product specific training institutions (3) spread all over the country. It has gross staff strength of 3244 of which 1042 are officers. In terms of the field
presence, 2221 out of present 2571 strength of SIDO are based in the field. The gross developmental budget of SIDO per annum currently is in the range of ₹400 crore.

In terms of the organisational structure, the office is headed by the Development Commissioner, a senior level bureaucrat. With reference to cluster development initiatives, he is supported by a middle level administrative person of the rank of Director in his office. The Director coordinates all cluster related initiatives to be taken up directly by SISIs and/or funded by this office. The concerned Director has several other responsibilities and within the realm of clusters, is assisted by a junior officer in the headquarter office of SIDO, based in Delhi. The directly assisted clusters undertaken by SISIs choose the CDA from one of their local offices who reports to the SISI administrative head, also called ‘Director SISI’. The day to day monitoring of cluster work undertaken by Director SISI is then reported to the concerned Director in the headquarter office. In all those clusters that are financially supported by the office of DCSSI, the implementation and monitoring work is undertaken by the same implementing agency.

The comprehensive Policy package for SSI and Tiny Sector announced by the Prime Minister on the 30th August 2000 mentioned the need to follow cluster approach as one of the important ways for SSI development. During the year 1999-2000, the union budget announced by the Finance Minister of India, contained a paragraph about the need to take up cluster development initiatives for rural clusters through ‘National Program for Rural Industrialisation’ (NPRI) covering 100 clusters by several national institutions to be coordinated by SIDO. Subsequently, the new Union Government under its ‘National Common Minimum Programme’ announced in May 2004 further stated “Infrastructure upgradation in major industrial clusters will receive urgent attention”.

In order to improve the outreach of the services, there was also an increasing recognition of the potential role of the civil society organisations such as Industry associations. It was felt that the industry associations should be able to reach out to larger number of firms for skill up-gradation and technology dissemination. With a view to ensure sustainability of SIDO’s institutions, accountability in terms of revenue generation has been emphasised strongly in
several policy directives. The changed focus of the SISIs from working with individual firms to groups of firms through cluster based approach is likely to help achieve SISIs reach out to larger numbers with greater effectiveness and market their technical services better.

**IV.3.2 National Small Industries Corporation Ltd. (NSIC):**

National Small Industries Corporation (NSIC) Ltd., an ISO-9001 certified Company, was established by the Government of India in 1955. The strategic objectives, for which the Corporation was established, included aiding, counseling, assisting, financing, protecting and promoting the interest of small industries in India.” With enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, medium enterprises also came into its ambit.

**Organizational Arrangement of NSIC:**

The Policy guidelines to the Corporation are provided by the Board of Directors consisting of a full time Chairman-cum- Managing Director; two Functional Directors; two Government Nominee Directors, one SIDBI Nominee Director and six Nonofficial Part-time Directors. The Corporation has a dedicated team of professionals at all levels and operates through 123 offices located all over India and one office located at Johannesburg (South Africa).

**Objectives:**

The broad objectives of the scheme, inter-alia, include:

1. To enhance marketing capabilities & competitiveness of the MSMEs.
2. To showcase the competencies of MSMEs.
3. To update MSMEs about the prevalent market scenario and its impact on their activities.
4. To facilitate the formation of consortia of MSMEs for marketing of their products and services.
5. To provide platform to MSMEs for interaction with large institutional buyers.
6. To disseminate/ propagate various programmes of the Government.
7. To enrich the marketing skills of the micro, small & medium entrepreneurs.

**Performance and Achievements**
National Small Industries Corporation Ltd (NSIC), a Government of India enterprise under the aegis of Ministry of MSME, achieved record operational and financial performance in terms of gross volume of business and profitability in the recently concluded financial year 2009-10. The year witnessed the Corporation achieved new heights on all parameters. There was substantial improvement in enhancing the company’s outreach and its volume of operations. With the opening of new offices the Corporation expanded its reach to serve larger number of MSMEs, making the total number of NSIC offices 123. The Business Turnover of the Corporation for the year jumped to ₹ 4488 crore over the previous year’s turnover of ₹ 3508 crore.

NSIC continued with its efforts to provide various raw materials like steel, aluminum, zinc, copper, paraffin wax etc to MSMEs through arrangements made with bulk manufacturers of these materials. In addition, the Corporation also started distribution of Coal to MSMEs in West Bengal. Total raw material facilitation to MSMEs increased from 302164 MTs in the year 2008-09 to 355719 MTs in the year 2009-10.

The major highlights of the achievements of the Corporation for the financial year 2009-10 are briefly summed up here-below:

Under the Performance & Credit Rating Scheme, total 7531 micro & small enterprises were rated during the year, as against 5011 units rated in the previous year.
NSIC organized 963 Marketing Promotion events including participation / organization / co-sponsoring of exhibitions, buyer-sellers meets and marketing campaigns as compared to 874 events in the previous year 2009-10. NSIC’s ‘Techmart 2009’ organized at the India International Trade Fair during November, 2009 was awarded ‘Gold Medal’ for outstanding display of the MSMEs technology and products.

During the year, NSIC continued its initiative to set up new Training-cum Incubation centers under Public-Private Partnership (PPP) mode for the purpose of inculcating entrepreneurial skills in the youth by way of skill development through which they become employable or create their own enterprises. So far, 45 such centers have been established at various locations in the country. These are in addition to three incubation centers opened at our technical centers. During the year, 8364 candidates were trained at these centers. These audited results are indicative of the continuous improvements in the performance of the Corporation. The MOU rating of the Corporation for the year 2009-10, based on the audited data is ‘Excellent’.
IV.3.3 Khadi & Village Industries Commission (KVIC)

The Khadi & Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956, is a statutory organization engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy. The KVIC has been identified as one of the major organizations in the decentralized sector for generating sustainable rural nonfarm employment opportunities at low per capita investment. This also helps in checking migration of rural population to urban areas in search of the employment opportunities.

The broad objectives that the KVIC has set before it are...

1. The social objective of providing employment.
2. The economic objective of producing saleable articles.
3. The wider objective of creating self-reliance amongst the poor and building up of a strong rural community spirit.

Functions: Some of the major functions of KVIC are...

1. The KVIC is charged with the planning, promotion, organization and implementation of programs for the development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.

2. Its functions also comprise building up of a reserve of raw materials and implements for supply to producers, creation of common service facilities for processing of raw materials as semi-finished goods and provisions of facilities for marketing of KVI products apart from organization of training of artisans engaged in these industries and encouragement of cooperative efforts amongst them. To promote the sale and marketing of khadi and/or products of village industries or handicrafts, the KVIC may forge linkages with established marketing agencies wherever feasible and necessary.

3. The KVIC is also charged with the responsibility of encouraging and promoting research in the production techniques and equipment employed in the Khadi and Village Industries sector and providing facilities for the study of the problems relating to it, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and arranging for dissemination of salient results obtained from such research.
4. Further, the KVIC is entrusted with the task of providing financial assistance to institutions and individuals for development and operation of Khadi and village industries and guiding them through supply of designs, prototypes and other technical information.

5. In implementing KVI activities, the KVIC may take such steps as to ensure genuineness of the products and to set standards of quality and ensure that the products of Khadi and village industries do conform to the standards.

6. The KVIC may also undertake directly or through other agencies studies concerning the problems of Khadi and/or village industries besides research or establishing pilot projects for the development of Khadi and village industries.

7. The KVIC is authorized to establish and maintain separate organization for the purpose of carrying out any or all of the above matters besides carrying out any other matters incidental to its activities.

Though the basic objective of the KVI programme since very beginning was creation of employment opportunities in rural areas, it was observed during the Eighth Plan that in view of large scale unemployment in the rural areas this aspect would need focused attention. Therefore, a High Power Committee under the Chairmanship of Honorable Prime Minister examined this aspect in detail in 1993-94 and recommended creation of additional two million jobs in the remaining 3 years of the Eighth Five Year Plan. In view of the above recommendation, KVIC introduced the following major programmes for creation of additional employment.

**Organizational Arrangement of KVIC:**

KVIC is entrusted with planning, promotion, organization and implementation of programs for the development of khadi and village industries in the rural areas in coordination with other agencies. Its functions consist of providing financial assistance, building up of resource raw materials and implements for supply to units/entrepreneurs, creation of common service facilities of processing semi-finished goods, marketing of KVI products, organization of training for artisans/entrepreneurs, promotion of research in the production techniques and equipments and to ensure quality control. This chapter analysis the existing infrastructure facilities of KVIC in terms of administration, its functions of planning, implementation, co-ordination, marketing and quality control to find out the factors contributing to the implementation of KVIC programmes.
The implementation of Khadi and Village Industries Programme is a joint effort of the Khadi & Village Industries Commission, which is an apex organization at the central level and the State Khadi & Village Industries Boards, functioning in various States and Union Territories. The Headquarters of the KVIC is situated at Mumbai, headed by a Chairman and supported by 7 members, a Chief Executive Officer (CEO) and Financial Adviser. CEO is the administrative Head and there are 6 Zonal Offices for six Zones (East, West, North, North-East, Central and South) in the country (Fig.1). At KVIC Head Office, Chief Executive Officer (CEO) is assisted by Joint CEO, Financial Adviser, 4 Dy.CEO’s, Chief Vigilance Officer and about 44 Directorates of different divisions with supporting staff. KVIC has also marketing and training centers looked after by Manager/Director and Principal respectively in most of the States. There are also special officers for special projects like Central Sliver Plant, workshops, Extension centers with supporting staff. The State KVIC offices are situated at 30 State/UT. Capitals headed by a Director. Zonal offices are headed by a Dy.CEO and supporting staff. Khadi sector is being looked after by about 16 Directorates and there are about 20 Directorates to implement and monitor the Village Industries Programme. Directorate of Economic Research co-ordinate the activities of other Directorates and conducts periodic surveys and studies. There are multiplicities of directorates and officers are found to hold more than one division under their charge. As on March, 1997, KVIC has reported a total staff strength of 4659 and out of these 291 are officers. It was found that Technical Officers were in position against the sanctioned posts in all the selected States except in Jammu & Kashmir.

In view of the priority being given to creation of employment and to meet the employment target, KVIC merged the Directorate of District’s Special Employment Programme (SEP) and 125 block programmes. These programmes are being implemented by the Directorate of Rural Employment Generation Programme (REGP) since 1.4.1997 at KVIC, Mumbai. The main functions of this Directorate are: i.) Formulation of policy and procedure, ii) Establishment of implementing agencies, iii) Scrutiny and process of the budget proposals, iv) Sanction and release of funds and v) monitoring the programme.

**Sources of Funds for KVIC:**

The budget support being provided by Government of India every year is the main source of finance for KVIC to implement its promotional and developmental programmes. In order to facilitate formulation of the plan every year, KVIC conducts discussions with its implementing agencies to fix the financial and physical targets for each of them, considering various factors like availability of infrastructure, past performance, potentiality of various KVI programmes. As per the
KVIC Act, the funds provided by Government of India under its budgetary sources are credited under broad Heads such as (1) Khadi, (2) Village Industries, and (3) General and Miscellaneous. Besides the budgetary support, KVIC also generates resources every year in the form of credit from the Consortium Banks (since 1995-96), refund of non utilized grants and loans from its subsidiary state units and institutions.

**Coordination between KVIC and KVIB:**

Though KVIC is a central organization and KVIBs are the State level agencies, there is a need for coordination of activities between KVIC and KVIB for successful implementation of the programme. KVIC has to ensure coordination of activities with the Board through discussions of budget proposals by allocating targets for employment and production. KVIC also has to ensure the creation of the Monitoring Committee under the State Industry Secretary for monitoring and coordination of the programme in the State. State-wise targets are fixed by both State KVIC offices and KVI Boards and divided between them for implementation. Though KVIC provides funds with guidelines for implementing its programmes through KVIB, they do not have direct control over them. The major functions of the State KVIC offices are to (i) identify institutions/entrepreneurs for implementation of the programme, (ii) conduct annual budget discussion to fix the target for employment and production, (iii) supply equipment such as New Model Charkha (NMC) units, twisting units, etc. (iv) provide raw materials such as cotton, sliver, etc., (v) provide marketing support through sales outlets,(vi) conduct economic and sample surveys. Similar functions are performed by KVI Boards in the States for village industries. The Development Officer of the KVIC/KVIB has to scrutinize the proposed units and personally inspect those units before they are sent to Assistant Director/Dy. Director concerned for final scrutiny. The implementation of the programme to a great extent depends on the Development Officer/Assistant Director/Dy. Director.

It was found that except in the States of Jammu & Kashmir, Technical officers were in position against the sanctioned posts in all the States. However, our qualitative field data from many States like Himachal Pradesh, J&K and Bihar indicate ineffective administration and lack of coordination between KVIC and KVIB which is hampering the programme, particularly, at implementation and monitoring stages.

**Financing the KVIC Programme - A Performance Analysis:**

The KVIC has been implementing the programme through more than 4700 registered institutions, including NGOs and 30 State (UT) KVI boards. The State KVI boards in turn implement the
programme through about 30,100 cooperative societies and 7.5 lakh individual entrepreneurs covering about 2.41 lakh villages in the country.

**Performance and growth of KVIC:**

With the liberalization and globalization of the economy and the removal of quantitative restrictions, the smaller units of the khadi and village industry sector are facing stiff competition. A large portion of India’s population lives in the villages where illiteracy still prevails and large industry is not in a position to absorb the work force from rural areas. In view of this, it is necessary to create more employment opportunities in villages by utilizing local resources and skills so that rural people can get work in the villages itself. The table shows the sale of production of Khadi & Village Industries during 2000-2007.

**Table No. IV.3.3.1**

**Production of KVIC**

<table>
<thead>
<tr>
<th>Year</th>
<th>Khadi</th>
<th>Village Industries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>431.57</td>
<td>6491.69</td>
<td>6923.26</td>
</tr>
<tr>
<td>2001-2002</td>
<td>411.00</td>
<td>7140.52</td>
<td>7551.52</td>
</tr>
<tr>
<td>2002-2003</td>
<td>443.07</td>
<td>8126.30</td>
<td>8569.37</td>
</tr>
<tr>
<td>2003-2004</td>
<td>453.50</td>
<td>9228.27</td>
<td>9681.77</td>
</tr>
<tr>
<td>2004-2005</td>
<td>461.54</td>
<td>10458.89</td>
<td>10920.43</td>
</tr>
<tr>
<td>2005-2006</td>
<td>468.30</td>
<td>11915.54</td>
<td>12383.84</td>
</tr>
<tr>
<td>2006-2007</td>
<td>491.52</td>
<td>13537.19</td>
<td>14028.71</td>
</tr>
</tbody>
</table>

(Source: Annual Report of KVIC)

The above table shows the production of KVIC of Khadi and Village Industries during 2000 to 2007. The total 6923.26 crore of production in 2000-2001 which is became 14028.71 crore in 2006-2007. It can be concluded that the growth of production of KVIC is double during seven years. But as far as production of Khadi is concern it remains stable during the study period. There is no any increase or growth of Khadi production during study period. It can be concluded that the main purpose of the board is not fulfilled.

**IV. 3.4 COIR BOARD:**
Government of India set up Coir Board under an Act of Parliament viz., Coir Industry Act, 1953 (45 of 1953) for the development of coir industry in India and for promotion of domestic as well as export markets of coir and coir products. This is the Fifty Seventh Annual Report of Coir Board highlighting various activities and achievements made by the Board during the period from 01.04.2010 to 31.03.2011.

**Functions of the Board:**

The main functions of the Board, as laid down under Section 10 of the Coir Industry Act, 1953 are given below:

1. It shall be the duty of the Board to promote by such measures, as it thinks fit, for the development, under the control of the Central Government, of the Coir Industry.

2. Without prejudice to the generality of the provisions of Sub Section (1), the measures referred to there in may relate to:

   (a) Promoting exports of coir yarn and coir products and carrying on propaganda for that purpose;

   (b) Regulating, under the supervision of the Central Government, the production of husks, coir yarn and coir products by registering coir spindles and looms for manufacturing coir products as also manufacturers of coir products, licensing exporters of coir, coir yarn and coir products and taking such other appropriate steps as may be prescribed;

   (c) Undertaking, assisting or encouraging scientific, technological and economic research and maintaining and assisting in the maintenance of one or more research institutes;

   (d) Collecting statistics from manufacturers of, and dealers in, coir products and from such other persons as may be prescribed on any matter relating to coir industry, the publication of statistics so collected or portions thereof or extracts there from;

   (e) Fixing grade standards and arranging, when necessary, for inspection of fiber coir yarn and coir products;

   (f) Improving the marketing of coconut husk, coir fiber, coir yarn and coir products in India and elsewhere and preventing unfair competition.

   (g) Setting up or assisting in the setting up of factories for the producers of coir products with the aid of power;

   (h) Promoting co-operative organization among producers of husks, coir fiber and coir yarn and manufacturers of coir products;
(i) Ensuring remunerative returns to producers of husks, coir fiber and coir yarn and manufacturers of coir products.

(j) Licensing of retting places and warehouses and otherwise regulating the stocking and sales of coir fiber, coir yarn and coir products both for the internal market and for exports;

(k) Advising on all matters relating to the development of the coir industry;

(l) Such other matters as may be prescribed.

3. The Board shall perform its functions under this Section in accordance with and subject to such rules as may be made by the Central Government.

Constitution of the Board:

Govt. of India had set up Coir Board under an Act of Parliament viz. Coir Industry Act, 1953 (45 of 1953) for the development of coir industry and for promotion of domestic as well as export market of coir and coir products.

Section (4) of the Coir Industry Act, 1953 empowers Central Govt. to constitute Coir Board. The Sub Rule 4 of the Coir Industry Rules 1954 provides the number of persons to be appointed as members from each of the categories specified in sub section (3) of Section 4 of the act as follows:

Registration of Industrial Establishments:

As per Coir Industry (Regn. & licensing) Rules, 1958, no person shall work a coir spindle or an industrial establishment unless it has been registered in accordance with the rules. During the year 2010-2011, 250 Coir Units were registered and 136 Units were renewed through various Offices of the Board. The following graph shows the export of coir products from India during last 10 years.
Graph – IV.3.4.1

Export of Coir Production from India

It is shown from the graph III.3.4.1 that the export of coir product is increasing during 2010-2011. The rate of growth of export is 2.67 times during 10 years. It can be concluded that the growth rate is favorable.

IV.3.5 National Board for Micro, Small and Medium Industries (NBMSME) :

In pursuance of the MSME Development Act, 2006, the National Board for Micro, Small & Medium Enterprises consisting of a total of 47 members has been constituted. The 20 non-official members on the Board represent industry associations of MSMEs from all over the country while the other 27 members comprise of Members of Parliament, Ministers of six State Governments, representatives of RBI, Banks etc. Meetings of the Board are being held regularly and various issues relating to development of MSMEs are discussed and remedial measures are undertaken in consultation with the concerned departments/ agencies.

IV.4 Financial Institution for Industrial Development:

Finance is one of the essential requirements of an enterprise. Without adequate funds, enterprise may face different type of problems. Therefore, it is essential to know about various sources from which finance can be procured in case of need. In India, Governments at center as well as at state level are promoting number of financial institutions to bring in the industrial development in the country. Some of the important financial institutions are shown in the following graph:

Graph – IV.4

Structure of Financial Institutions

Descriptions of these important financial institutions with their required details are given in this chapter.
IV.4.1 Industrial Development Bank of India (IDBI):

**History and Scope of Operations:**

IDBI was established in 1964 as the apex institution for industrial term finance in India. Its principal tasks are to promote and finance industrial development, and to support and coordinate the activities of other institutions engaged in this field. IDBI was set up under its own Act, and is wholly Government-owned following transfer of ownership from the Reserve Bank of India (RBI) in 1976. IDBI's principal activity is the extension of term loans for large-scale industrial projects. As part of project finance, IDBI also provides loan guarantees and underwriting services and directly subscribes to debt and equity securities. In addition to direct assistance to industrial concerns, IDBI engages in bills finance, and provides resource support to other financial institutions, such as leasing companies or SFCs. IDBI's refinance operations with regard to SFCs were, however, spun off to SIDBI, a wholly-owned subsidiary, in 1990.

In response to emerging opportunities in the wake of financial sector deregulation, and to new constraints on the availability and cost of funds, IDBI is diversifying its operations and broadening the range of activities. In the past, IDBI relied primarily on low-cost, Government directed sources of funds for its financing requirements. This included notably long-term loans from the National Industrial Credit fund of RBI, and Government-guaranteed statutory liquidity ratio (SLR) bonds held by commercial banks for reserve purposes. The availability of RBI and similar public sector loans is, however, declining in line with budgetary constraints and changes in Government priorities; and the average SLIR is due to decline from 38.5 per cent to 25 percent under the Bank-supported Financial Sector Program, while access of all development finance institutions (DFIs) to such bonds is to be gradually phased out. In view of the drastic decline in traditional sources of finance, IDBI had to resort to large-scale commercial borrowings over the last two years. It has successfully floated two public bond issues in FY 1993, raised substantial amounts of certificates of deposit, and borrowed from institutional investors such as insurance companies and mutual funds. While IDBI has, thus, been able to tap alternative sources of funds in order to maintain its
growth momentum, the increased reliance on commercial borrowings has significant implications for its operational strategy, notably the need to maintain a sound portfolio quality and strong capital and liquidity ratios, and the need to earn adequate returns on its loans and investments in order to service the higher cost resources.

SIDBI was established in March 1990 as a wholly-owned subsidiary of IDBI to serve as the apex agency for financing and promoting SSIs. The objective was to focus attention and efforts on the specific needs of the SSI sector, and to devise programs and schemes specifically suited to their requirements. IDBI transferred its entire SSI loan portfolio to SIDBI, and SIDBI took over IDBI's refinance operations for SSI loans. IDBI, however, retains the shareholding and Board representation in SFCs, as well as general regulatory oversight, resulting in some duplication of authority.

It was de-associated from RBI and restructured as the principal financial institution of the country with objectives to:

1. Create a principal institution for long term finance,
2. Coordinate the institutions working in this field for planned development of industrial sector,
3. Provide technical and administrative support to the industries and to conduct research and development activities for the benefit of industrial sector.

IDBI provides long-term finance to industrial sector. It is engaged in direct financing of the industrial activities as well as re-finance and re-discounting of bills against finance made available by commercial banks under their various schemes for industrial development purposes. It raises funds through various approaches such as market borrowing, bonds and deposits, borrowing from Government and RBI, borrowing from abroad in foreign currency and lines of credit.

As per estimate, Industrial Development Bank of India (IDBI) is the tenth largest bank in the world in terms of development. Some of the institutions which have been built by IDBI are: The National Stock Exchange, Stock Holding Corporation of India Ltd. (SHCIL)

**Main Functions of IDBI:**

IDBI is vested with the responsibility of co-coordinating the working of institutions engaged in encouraging, financing, promoting and developing industries. During these years of its experience, it has evolved an appropriate mechanism for this purpose. IDBI also evolved an appropriate
mechanism for this purpose. IDBI also undertakes/support wide-ranging promotional activities including entrepreneurship development programmes for new entrepreneurs, provision of consultancy services for small and medium enterprises, upgradation of technology and programmes for economic upliftment of the under privileged. Its functions include:

1. Direct loans to industrial undertakings to finance their new projects, expansion, modernization plans etc.
2. Soft loans for various purpose including modernization under equipment finance scheme.
3. Underwriting and direct subscription to shares/debenture of the industrial companies.
4. Sanction of foreign currency loans for import of equipment or capital goods.
5. Short term working capital loans to the corporate houses for meeting their working capital requirements.
6. Refinance to banks and other institution against loan granted by them.

To meet new and emerging economic and financial challenges, it is introducing new products, setting up Mergers & Acquisitions Division, increasing fee based business such as corporate advisory services, credit syndication, debenture-trusteeship etc., setting of IT sector subsidiary. IDBI in tech Ltd. venture capital fund joint venture and transfer of not less than 51% of IDBI’s share capital in SDBI to public sector Banks.

**Developmental Activities of IDBI:**

Some of the developmental activities carried out by IDBI are briefly detailed out here.

**Promotional Activities**

To discharge its developmental role, the IDBI performs a wide variety of promotional activities for new entrepreneurs, consultancy services for small and medium enterprises and programmes designed for accredited voluntary agencies for the economic upliftment of the needy. These include entrepreneurship development, self-employment and wage employment in the industrial sector for the weaker sections of society through voluntary agencies, support to Science and Technology Entrepreneurs’ parks, Energy Conservation, and Common Quality Testing Centers for Small industries.

**Technical Consultancy Organizations**
IDBI in collaboration with other All-India Financial Institutions has set up a network of Technical Consultancy Organizations (TCOIs) covering the entire country to provide consultancy and advisory services to entrepreneurs, particularly to new and small entrepreneurs at a cheaper cost. These TCOs offer diversified services to small and medium enterprises in the selection, formulation and appraisal for projects, their implementation and review.

**Entrepreneurship Development Institute**

Realizing entrepreneurship development as the key to industrial development, IDBI played a pioneer role in setting up of the Entrepreneurship Development Institute of India for promoting entrepreneurship in the country. Looking into the demand, it has also established similar institutes in Bihar, Orissa, Madhya Pradesh and Uttar Pradesh. IDBI also extends financial support to various organizations in conducting studies or survey of relevance to industrial development.

**IV.4.2 Small Industries Development Bank of India [SIDBI]:**

Small Industries Development Bank of India is totally owned by Industrial Development Bank of India (IDBI) which is subsidiary, established on 2nd April 1990 by the Indian Parliament in its special act. Head office of this bank is at Lukhanau (U.P.) which has five regions of India. IDBI looked after the works concerned with Small Industries before (SIDBI) establishment, but later on it has been transferred to SIDBI. SIDBI is established to bring unity among organizations which were working in the field of Small Industries and fulfill need of individual apex bank in small industries.

Small and village industries have important place in the economy of developed and developing countries. Generally, in developing country there is scarcity of capital and unemployment on large scale is the state of country. For the establishment of small industries needs less capital. There is more opportunity of employment in small industries. Small industry is backbone of Indian economy. Small industry has played vital role in balances, employment opportunities on large scale fulfill social needs, reduce emphasis on agriculture, decentralize industries, proper distribution of natural resources wealth, and to strengthen the industrialization etc. Six decades after independence of India, it is seen that government has given various facilities and schemes to small industries for their existence and fast growth. For this reason different institutions (organizations) were established, in which Small Industries Development Bank of India is included.

**Capital:**

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This bank is completely owned by IDBI and its authorized capital ₹ 250 crore at the time of establishment. A provision has been made to increase this capital up to ₹ 1000 crore. After establishment ₹ 4000 crore as liabilities of SSI.

**Organization:**
SIDBI is owned by IDBI so its management is governed by board of directors of IDBI. Management of Small Industries Development Fund and National Equity Fund are given to SIDBI. As per new provision in act in the year 2000, to increase efficiency in its work different committees were established; it includes executive committee and audit committee, central and regional settlement committees, Advisory committees, Economic Research Guidance committee on marketing.

**Objectives:**
It provides finance to all Small Industries and works as apex bank for the development of it. Objectives of SIDBI are as follows:

1. To support in the progress of SSI by providing financial assistance.
2. To establish unity and coordination among different organizations which provide finance to SSI.
3. To use new technologies and modernization in SSI.
4. To make available market for the products of SSI.
5. To establish job oriented project in urban area.

**Functions of SIDBI:**

1. Refinance: This bank works to provide refinance to those primary credit societies which provide loan and advances to SSI. SIDBI strengthens them economically.
2. Direct Assistance: SIDBI assists direct for the production of SSI or refinance to primary credit societies for their sanctioned work.
3. Soft Loans and Seed Capital: SIDBI directly assists to soft loans through National Equity Fund, Mahila Vikas Nidhi. There is very less interest rate on this loan. As well as seed capital scheme implemented through mediatory organizations which provide loan.
4. Financial Support to State level Small Industries Development Corporations: SIDBI makes available financial support to SSI from raw material to sell of finished goods. SIDBI works
to make available raw material for SSI development and helps indirectly to sell products in the market.

5. Financial Support to National Small Industries Corporation: SIDBI provides financial support to national small industries corporation for lease, higher purchase, marketing and sales management.

6. Technological upgradation: There is need of enhancement in quality of SSI to retain their existence in globalization. So, SIDBI is bringing structural and radical changes in technology of SSI.

7. Decentralization of Industries: SIDBI has emphasized on to raise job oriented projects in urban area in order to stop of migration of rural area people and bring regional balances through industrial development.

8. Market Facilities: SIDBI makes certain planning for the products of SSI to get proper market, so, it helps to expand market facilities.
### Table – IV.4.2.1
Statement showing loan sanctioned and disbursed by SIDBI
(Rupees in Crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sanction</th>
<th>Disbursement</th>
<th>Balance loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>8880 (100)</td>
<td>6285 (70.78)</td>
<td>2595 (29.22)</td>
</tr>
<tr>
<td>1999-00</td>
<td>10265 (100)</td>
<td>6964 (67.44)</td>
<td>3301 (32.16)</td>
</tr>
<tr>
<td>2000-01</td>
<td>10820 (100)</td>
<td>6441 (59.33)</td>
<td>4379 (40.47)</td>
</tr>
<tr>
<td>2001-02</td>
<td>9025 (100)</td>
<td>5919 (65.58)</td>
<td>3106 (34.42)</td>
</tr>
<tr>
<td>2002-03</td>
<td>10902 (100)</td>
<td>6789 (62.25)</td>
<td>4115 (37.75)</td>
</tr>
<tr>
<td>2003-04</td>
<td>8224 (100)</td>
<td>4413 (53.66)</td>
<td>3811 (46.34)</td>
</tr>
<tr>
<td>2004-05</td>
<td>9091 (100)</td>
<td>6188 (36.85)</td>
<td>3503 (61.15)</td>
</tr>
<tr>
<td>2005-06</td>
<td>11975 (100)</td>
<td>9100 (73.99)</td>
<td>2875 (24.01)</td>
</tr>
<tr>
<td>2006-07</td>
<td>11102 (100)</td>
<td>10225 (92.10)</td>
<td>877 (07.90)</td>
</tr>
<tr>
<td>2007-08</td>
<td>16164 (100)</td>
<td>15087 (93.34)</td>
<td>1077 (6.66)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>106448</strong></td>
<td><strong>77411</strong></td>
<td><strong>29639</strong></td>
</tr>
</tbody>
</table>

Source: 1) Various Annual Report of the Small Industries Development Bank of India  
2) www.sidbi.in 3) Arthbodh March 2010

From the above table it is seen that sanctioned amount of loan is increased from SIDBI’s establishment. Disbursement amount is increased and balance amount is decreased it means that disbursement of loan percentage is better in later years. It indicates sanctioned loan is utilized properly.

In the year 1998-99 percentage of loan disbursement is 70.78 which increased to 93.34 in 2007-08. This increase is 22.56%. This thing is motivating for small industries. The year 2000-01 to 2004-05 is an exception to sanctioned loan in disbursement amount. Recession in economy, decrease in growth rate in industry, changing attitude in service sector, Due to refinance facility there is decrease in disbursement amount of sanction loan.

**An Appraisal of Progress of SIDBI:**

There are the changes on international level in 1980. Specially there was a will of western countries that all transactions of all countries should be liberal. Consequently after 1990 new economic policy had been started, which resulted in problem for SSI and village industries as well as on the
large scale industries? In this state the position of SSI and village industries have been affected. SIDBI brought new remedies to face challenges and gave life to sick industries. Those remedies are as follows –

1. **Single Window Scheme:**
   If new entrepreneurs want to start new small industry, due to obscure produce he has to face various problems for financial support, so, SIDBI has implemented single windows system to bring ease. Under this scheme limit of refinance for the sanctioned loan of banks has been increased from 50% to 70%.

2. **Automatic Refinance Scheme:**
   Under this scheme the limit of refinance has been increased from ₹10 lakhs to 50 lakhs, as well as limit refinance has been increased from 75% to 90%.

3. **Equipment Finance:**
   Through this scheme financial support has been sanctioned for the installation of new to small industries which have excellent management.

4. **Resettlement of National Textile Corporation Workers:**
   Textile industries in India are sick on large scale, so, government has taken them in its authority and established national textile corporation. Due to which there is protection of employee’s benefits.

5. **Venture Capital Fund:**
   SIDBI has raised venture capital fund for financial support to new and hardworking entrepreneurs. Many times new entrepreneurs have technical and professional skills, still banks do not co-operate them by realizing this problem. SIDBI has raised this fund, through this fund seed capital is provided to such entrepreneurs.

6. **Non Performing Assets:**
   Non performing assets should not result in economical loss, so, SIDBI has established one new Asset Reconstruction Company India in January 2009.

**IV.4.3 Financial Performance of SIDBI:**

The end of 2 April, 2010 there are two decades, since the establishment of SIDBI. Era in which SIDBI is established was economical reformation period in which large and small industries faced many problems. In this condition for the development, rehabilitation, modernization, enhancement of quality in technology, SIDBI has tried to retain it with changing time. For example SSI has given important contribution in national economy through employment, export and production. It is
said in the banker London 2009 research journal that SIDBI is included in 30 development banks of the world. With this progress of SIDBI can be understood.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net worth</td>
<td>4119</td>
<td>4268</td>
<td>4436</td>
<td>4713</td>
</tr>
<tr>
<td>Income</td>
<td>948</td>
<td>964</td>
<td>1187</td>
<td>1638</td>
</tr>
<tr>
<td>Net Profit</td>
<td>225</td>
<td>2740</td>
<td>298</td>
<td>198</td>
</tr>
<tr>
<td>Standard Assets</td>
<td>96.1%</td>
<td>98.1%</td>
<td>99.86%</td>
<td>99.75%</td>
</tr>
<tr>
<td>NPA</td>
<td>3.9%</td>
<td>1.9%</td>
<td>0.14%</td>
<td>0.25%</td>
</tr>
</tbody>
</table>


Generally review of financial status in recent years it can be seen in the years 2005, 2006, 2007 and 2008 net worth respectively has reached to 4119, 4268, 4436, 4713 crore. It means in comparison with 1991 net worth at the end of 2008 has increased by 882% As well as SIDBI’s profit and income is concerned in the years 2005, 2006, 2007, 2008 respectively income is ₹948, 964, 1187, 1638, crore and profit is respectively ₹225, 2740, 298, 198.

If, it is study proportionate of standard assets and NPA it is seen 2005, 2006, 2007, 2008 standard asset respectively changed into proportionate percentage 96.1, 98.1, 99.86, 99.75. It means in comparison with 2005 to 2008 there is an average 3.80% increase in standard asset. So, NPA in 2005, 2006, 2007, 2008 respectively is 3.9, 1.9, 0.14 and 0.25% overall compared to 2005, in 2008 NPA has -93.59 average proportionate percentages. Hence, in the view of development index it is satisfactory. In this way SIDBI has performed very vital role to develop small industries in short period.

**IV.4.4 National Bank for Agriculture and Rural Development (NABARD) :**

NABARD is one the apex development banks. It came into existence on July 12, 1982 under NABARD Act, 1981 with a capital of ₹100 crore contributed by Central Government and RBI, with its main officer in Mumbai. The set up has been created by merging the Agriculture Credit Department and Rural Planning and Credit Cell of RBI and took over the entire functions of Agriculture Refinance and Development Corporation (ARDC). Board of director consisting of
chairman, managing director and other directors manage it. NABARD raises funds through National Rural Credit – Long Term operations, National Rural Credit-Establishment fund, through bonds and debentures guaranteed by Central Government, borrowing from RBI, Central Government of any other organization approved by Central Government and funds from external sources.

Its credit functions include providing credit to agriculture, small and village and cottage industries through banks by way of refinance facilities to commercial banks, Regional Rural Banks, Cooperative Banks, Land Development Banks and other Financial Institution like Khadi and Village Industries Commission (KVIC). Its developmental functions are co-ordination of various institutions, acting as agent of Govt. and RBI, providing training and research facilities. The regulatory functions include inspection of Regional Rural Banks, and Cooperative Banks, receipt of returns and marking of recommendations for opening new branches.

IV.4.5 Export Import Bank of India (EIBI):

It is apex institution for coordinating the working of institutions engaged in financial exports and import of goods and services. With initial authorized capital of ₹200.00 crore (increased to ₹500 and then to ₹2000 crore) Exim Bank was established on January 01, 1982 (and started functioning with effect from March 01, 1982) under Export Import Bank of India Act 1982, which took over the export finance activities of IDBI. It raises funds by way of bonds and debentures, borrowing from RBI or other institutions, raising foreign deposits. It undertakes following kind of functions:

- Direct finance to exporter of goods.
- Direct finance to software exports and consultancy services.
- Finance for overseas joint ventures and turnkey construction project.
- Finance for import and export of machinery and equipment on lease basis.
- Finance for deferred payment facility.
- Issue of guarantees.
- Multi-currency financing facility to project exporters.
- Export bill re-discounting.
- Reference to commercial banks in India.
- Guaranteeing the obligations.
IV.4.6  Industrial Investment Bank of India (IIBI) (Formerly IRBI)

IIBI was initially setup as Industrial Reconstruction Corporation Limited during 1971 when it was renamed Industrial Reconstruction bank of India with effect from March 20, 1985 under IRBI Act 1984 to take over the function of industrial reconstruction corporation (IRC). During 1997, the bank was converted to a joint stock company by naming it as Industrial Investment Bank of India. Its functions are to private finance for industrial rehabilitation and revival of sick industrial units by way of rationalization, expansion, diversification and modernization and also to co-ordinate the work of other institutions for this purpose.

IV.4.7  Industrial Finance Corporation of India Ltd. (IFCI)

IFCI was established under IFCI Act during July 1948 as India’s first development bank. The main objectives, for which IFCI was established, are to make medium and long term credit available to the industrial undertakings and to assist them in creation of industrial facilities. Its functions include:

1. Direct financial support (by way of rupee term loans as well as foreign currency loans) to industrial units for undertaking new projects, expansion, modernization, diversification etc.
2. Subscription and underwriting of public issues of shares and debentures.
3. Guaranteeing of foreign currency loans and also deferred payment guarantees.

During 1994, IFCI was converted into a joint-stock. A Board of Directors manages it. It floated institutions such as Tourism Financial Corporation of India & Information & Credit Rating Agency (TFCI), ICRA etc.

IV.4.8  Industrial Credit and Investment Corporation of India (ICICI)

ICICI was setup during 1955 as a private company with a view to provide support to industrial sector in India by way of rupee and foreign currency loans, particularly the private international investment and World Bank funds, to assist the industry in the country in private sector. Its function include:

1. Assistance to industrial undertakings for new projects, expansion, modernization, diversification etc.
2. Subscription and underwriting to capital issues.
3. Guaranteeing the payment for credits.
4. Merchant banking, equipment leasing and project counseling.
If floated a number of institutions successfully, which include Credit Rating Agency, Credit Rating information Services of India Ltd. (CRISIL), ICICI Banking Corporation, State Credit & Investment Corporation of India (SCICI) (since merged with it) a Mutual Fund etc. During Sept 1998 it changed its name to Indian Credit & Investment Corporation of India Ltd. (ICICI) Ltd. Of late, it has started providing working capital support to industrial undertakings.

IV.4.9 Commercial Banks:
Indian banking system comprises Reserve Bank of India, other apex banking institutions such as National Bank for Agriculture and Rural Development (NABARD) (Agriculture Financing), National Housing Bank (Housing), Export Import Bank of India (Export-Import), Commercial Banks (Public Sector Banks, Private Sector Banks, Foreign Banks) Regional Rural Banks, Co-operative Banks, Development Financial Institutions such as IDBI, ICICI, IFCI etc. and other financial intermediaries (LIC, GIC, UTI etc).

Commercial Banks in Context Entrepreneurship Development
Today banks are not just institutions of money lending for their benefits, but are institution showing deep concern for the progress and development of all types of enterprises.

IV. 5 Impact of Effective organizational arrangement:
The impact of effective organizational arrangement is analyzed with the help of growth rate of Small scale industries in India. The following table exhibits the growth rate of small scale sector and total industrial sector in India.
Table - IV.5.1
Growth Rates of SSI Sector and Total Industrial Sector In India
During from 1998–1999 to 2007-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>SSI Sector Growth Rate (%)</th>
<th>Total Industrial Sector Growth Rate In India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 - 99</td>
<td>7.84</td>
<td>4.1</td>
</tr>
<tr>
<td>1999 - 00</td>
<td>7.09</td>
<td>6.7</td>
</tr>
<tr>
<td>2000 - 01</td>
<td>8.04</td>
<td>5</td>
</tr>
<tr>
<td>2001 - 02</td>
<td>6.06</td>
<td>2.7</td>
</tr>
<tr>
<td>2002 - 03</td>
<td>7.7</td>
<td>5.7</td>
</tr>
<tr>
<td>2003 - 04</td>
<td>8.6</td>
<td>6.9</td>
</tr>
<tr>
<td>2004 - 05</td>
<td>9.96</td>
<td>8.4</td>
</tr>
<tr>
<td>2005 - 06</td>
<td>8.09</td>
<td>9.2</td>
</tr>
<tr>
<td>2006 - 07</td>
<td>9.86</td>
<td>9.8</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>10.2</td>
<td>10.0</td>
</tr>
</tbody>
</table>

(Source: SIDO’s Half Century, History of small industries Development Organization 1954–2007 and Ministry of Small scale Industries, Govt. of India)

It could be inferred from the above table that the small scale industry has rapid growth over the years. The growth rate of total industrial sector was recorded as 6.7 percent during 1997-1998 but it was increased during 1997-1998 as 9.19 percent. In case of total industrial sector, growth rate in India 6.9 percent during 2003 – 2004, but it was increased to 8.4 percent during 2004 - 2005. The growth rate of small scale was 8.6 percent during 2003 – 2004, but it was increased to 9.96 percent
during 2004 - 2005. The growth of total industrial sector was 9.86 percent during 2006 to 2007 but it was increased to 10.2 percent during 2007- 2008.

The following table exhibits the growth patterns of production in small scale industries in India during 1998-99 to 2007-08.

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>157525</td>
<td>7.70</td>
</tr>
<tr>
<td>1999-00</td>
<td>170379</td>
<td>8.16</td>
</tr>
<tr>
<td>2000-01</td>
<td>184401</td>
<td>8.23</td>
</tr>
<tr>
<td>2001-02</td>
<td>195613</td>
<td>6.08</td>
</tr>
<tr>
<td>2002-03</td>
<td>210636</td>
<td>7.68</td>
</tr>
<tr>
<td>2003-04</td>
<td>228730</td>
<td>8.59</td>
</tr>
<tr>
<td>2004-05</td>
<td>251511</td>
<td>9.96</td>
</tr>
<tr>
<td>2005-06</td>
<td>262277</td>
<td>10.2</td>
</tr>
<tr>
<td>2006-07</td>
<td>271107</td>
<td>11.82</td>
</tr>
<tr>
<td>2007-08</td>
<td>292282</td>
<td>11.90</td>
</tr>
</tbody>
</table>

(Source: www.rbi.co.in.)

It is evident from the above data that the growth has not been consistent throughout the study period and decreased substantially after reforms. The value of production in 1998-
1999 aggregated to ₹ 157525 crore and the growth rate was 7.70 percent. The production rate of small scale industry during 1999 - 2000 was ₹ 170379, crore and growth rate during the year was 8.16 percent. In the case of production, during 2003 – 2004 it was ₹ 228730 crore and growth rate 8.59 percentages. But the production was increased during 2007 - 2008 was ₹ 292282 crore and the growth rate was 11.90 percentage.

The following table explains the growth pattern in exports of small scale industrial goods during 1998 to 2008.

**Table - IV.5.3**

Growth pattern in exports of SSI goods During 1998-99 – 2007-08

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of SSIs</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 - 99</td>
<td>48979</td>
<td>10.2</td>
</tr>
<tr>
<td>1999 - 00</td>
<td>54200</td>
<td>10.6</td>
</tr>
<tr>
<td>2000 - 01</td>
<td>69797</td>
<td>28.7</td>
</tr>
<tr>
<td>2001 - 02</td>
<td>71244</td>
<td>2.0</td>
</tr>
<tr>
<td>2002 - 03</td>
<td>86013</td>
<td>20.7</td>
</tr>
<tr>
<td>2003 - 04</td>
<td>97644</td>
<td>13.5</td>
</tr>
<tr>
<td>2004 - 05</td>
<td>98998</td>
<td>11.0</td>
</tr>
<tr>
<td>2005 - 06</td>
<td>99886</td>
<td>8.98</td>
</tr>
<tr>
<td>2006 - 07</td>
<td>99226</td>
<td>9.77</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>102345</td>
<td>11.24</td>
</tr>
</tbody>
</table>

*Source: Reserve Bank of India bulletin may-2007.*
It is inferred from the table that the small scale industrial sector plays a major role in Indian’s exports performance. The exports performance of small scale industrial goods during 1998 - 1999 was ₹ 48979 crore and the growth rate was 10.2 percent. During 2000 - 2001 it has been increased to ₹ 69797 crore and registered a growth of 28.7 percent. The exports performance of small scale industry during 2002 - 2003 was increased to 8013 crore with 20.7 percentage growth rate. During the year 2003-04, its exports valued at ₹ 97644 crore with 13.5 percentage growth rate. But during the year 2007-08 it has the highest percentage increase of 11.24.

The following table exhibits growth pattern of employment in small scale industrial sector during 1998 to 2008.

Table - IV.5.4

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment (In lakhs)</th>
<th>Production per employee (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 – 99</td>
<td>220.6</td>
<td>71</td>
</tr>
<tr>
<td>1999 – 00</td>
<td>229.1</td>
<td>74</td>
</tr>
<tr>
<td>2000 - 01</td>
<td>238.7</td>
<td>77</td>
</tr>
<tr>
<td>2001 – 02</td>
<td>249.3</td>
<td>78</td>
</tr>
<tr>
<td>2002 – 03</td>
<td>260.2</td>
<td>81</td>
</tr>
<tr>
<td>2003 – 04</td>
<td>271.4</td>
<td>84</td>
</tr>
<tr>
<td>2004 - 05</td>
<td>282.6</td>
<td>89</td>
</tr>
<tr>
<td>2005 - 06</td>
<td>302.9</td>
<td>90</td>
</tr>
<tr>
<td>2006 - 07</td>
<td>326.0</td>
<td>94</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>398.9</td>
<td>95</td>
</tr>
</tbody>
</table>

It is evident from the table IV.5.4 that the small scale industries are important sources of employment in many developing nations, often employing a sizable share of the labour force. However it is often suggested that small firms are more labour intensive, and therefore should be encouraged as a way of generating employment. It has been estimated that every lakhs rupees of invested in fixed assets in the SSI generates employment for persons.

The total number of employment in India during 1998 - 1999 was ₹ 220.6 lakhs and production per employee is 71 percent. During 2000 - 2001, it has increased to ₹ 238.7 lakhs and production per, employment 77 percent. The employment was generated for 271.4 lakhs persons during 2003-04 and production per employee 84 percent. During 2007 - 2008, employee increased by 398.9 lakhs with 95 percentages of growth rates.

**IV. 6 Organizational Arrangement of State Level:**

The organizational arrangement for village and small scale industries in state level is explained in this chapter such as

**IV.6.1 Micro, Small and Medium Enterprise Mumbai (State Level):**

Office of the Development Commissioner (MSME), New Delhi, under the Ministry of MSME, formulates the policy governing the Micro, Small & Medium Industries in the country, to chalk out schemes and programmes for development of the MSME Sector. It also monitors the implementation of policies and activities of promotion and development of MSME Sector in the Country through its network of 28 MSME-Development Institutes in all the States, with active involvement of State Directorate of Industries.

MSME-Development Institute, Mumbai was established in the year 1954 as Small Industries Service Institute, Mumbai. In the year 1960, it was shifted to its own premises at Sakinaka, Mumbai. This Institute provides support/services to the State Government as well as co-ordinates various activities for the prospective and existing entrepreneurs at the state level for promotion and development of small-scale industries. 23 districts of Maharashtra are under the jurisdiction of this Institute and its Branch Development Institute at Aurangabad. Another Institute at Nagpur looks after the remaining 11 districts of Maharashtra. MSME-DI, Mumbai provides various types of extension services and assistance in setting up of units, promoting and developing products and Services for the MSME. The Institute has Technical Officers to provide guidance in all trades viz.
Metallurgy, Mechanical, Chemical, Leather, Electrical, Electronics, Food Industry, Management and Economic Investigation, Export and Industrial Design.

IV.6.2 KVI Boards at State Level:
Khadi and Village Industry Boards are statutory Boards constituted by respective State Governments. KVI boards implement 90% of Village Industries programmes of KVIC, whereas KVIC looks after mainly the khadi implementation programmes and the rest of Village Industries programmes. There are altogether 26 State KVI Boards and 4 U.T. KVI boards in the country. The organizational structure of KVIB is more or less similar to KVIC headquarters in various States. KVIB’s are headed by Chief Executive Officer and supported by Financial Adviser, Executive officers, Registrar, Development Officers, Accounts officers, technical officers and administrative staff. There are variations between the selected States for the number and designation of staff at various levels.

Constitution and Function of the Board Mumbai:
Maharashtra State Khadi and Village Industries Board was established in 1962 under Section 19 of the Bombay Khadi & Village Industries Act, 1960.
As per provisions under the Act, minimum 5 and maximum 7 members are appointed on the Board by the Government. Government appoints one member as Chairman and another member as Vice-chairman, from amongst the members appointed by the Government.

Government also appoint Chief Executive Officer of the Board as Member Secretary of the Board.

Main Functions of the Board:
The State Government has established Maharashtra State Khadi and Village Industries Board, under the Bombay Khadi & Village Industries Act, 1960, to encourage organise, develop and regulate the development Khadi & Village Industries programme in the State.
The Board undertaken the following functions for achievement these objectives:-
1. To provide financial assistance and technical guidance for Khadi & Village Industries under the purview of the Board.
2. To make arrangement for providing raw materials to the Co-operative Societies / Institutions/Individual artisans and entrepreneurs and for sale of the of their finished products,
to assist in organisation of Co-operative Societies of artisans to solve the problems faced by
them.

3. To ensure proper assistance to the artisans by bringing about co-ordination among various
government and semi-government bodies connected with the day-to-day working these
Institution.

4. To provide training to the traditional artisans in the use of modern total and equipments to
increase their production capacity and earning.

5. To provide necessary training facilities for Institutions/Societies/engaged industries involving
technical know, how and to provide training to educated youth in management of these
Institutions/Societies.

6. To undertake research and developmental work in the field of Khadi and Village Industries.

7. To propagate the usefulness of village industries through various publicity media such as
exhibitions, seminars, radio and television.

8. To encourage development of new village industries in rural area and ensure their growth so
as to half the influx of rural entrepreneurs to urban area.

9. To provide employment opportunities to maximum persons at minimum economic investment
and ensure environmental balance.

**Physical Progress under Normal / CBC Scheme:**

The Khadi and Village Industries Commission (KVIC) is making available financial assistance
under various schemes. The growth of production, sales, employment generation has registered
under this scheme.
Table No. IV.6.2.1  
State Level Physical Progress under Normal / CBC Scheme  
During the year 1998-99 to 2007-08

<table>
<thead>
<tr>
<th>Year</th>
<th>Production ` in Lakh</th>
<th>Growth %</th>
<th>Sales ` in Lakh</th>
<th>Growth %</th>
<th>Employment in number</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-1999</td>
<td>28988.3</td>
<td>-</td>
<td>39869.61</td>
<td>-</td>
<td>132968</td>
<td>-</td>
</tr>
<tr>
<td>1999-2000</td>
<td>31774.15</td>
<td>9.61</td>
<td>43792.72</td>
<td>9.83</td>
<td>134703</td>
<td>1.30</td>
</tr>
<tr>
<td>2000-2001</td>
<td>33469.83</td>
<td>5.33</td>
<td>46902.78</td>
<td>7.10</td>
<td>131664</td>
<td>-2.25</td>
</tr>
<tr>
<td>2001-2002</td>
<td>32945.79</td>
<td>-1.56</td>
<td>46940.26</td>
<td>0.07</td>
<td>133948</td>
<td>1.73</td>
</tr>
<tr>
<td>2002-2003</td>
<td>34160.15</td>
<td>3.68</td>
<td>49291.06</td>
<td>5.00</td>
<td>131052</td>
<td>-2.16</td>
</tr>
<tr>
<td>2003-2004</td>
<td>32920.9</td>
<td>-3.62</td>
<td>46934.62</td>
<td>-4.78</td>
<td>122851</td>
<td>-6.25</td>
</tr>
<tr>
<td>2004-2005</td>
<td>34655.66</td>
<td>5.26</td>
<td>48194.42</td>
<td>2.68</td>
<td>121988</td>
<td>0.70</td>
</tr>
<tr>
<td>2005-2006</td>
<td>34202.92</td>
<td>-1.30</td>
<td>49489.08</td>
<td>2.68</td>
<td>124504</td>
<td>2.06</td>
</tr>
<tr>
<td>2006-2007</td>
<td>35890.83</td>
<td>4.93</td>
<td>52081.55</td>
<td>5.23</td>
<td>117731</td>
<td>-5.43</td>
</tr>
<tr>
<td>2007-2008</td>
<td>35270.05</td>
<td>-1.72</td>
<td>54790.51</td>
<td>5.20</td>
<td>132042</td>
<td>12.15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>334278.58</strong></td>
<td><strong>478286.61</strong></td>
<td><strong>1283451</strong></td>
<td><strong>1283451</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: KVIB Annual Report 1998-99 to 2007-08)

The above table reveals that the production under this scheme was worth ` 28988.3 lakh in 1998-99 which became 35270.05 lakh in 2007-08. The amount of sales also increased from ` 39869.61 lakh in 1998-99 to ` 54790.51 lakh in 2007-08. It is seen that the amount of production and sales is increased during study period, but the growth rate of production and sales in the state is not satisfactory. So, far as employment generation concern the number of employment generation in the state under this scheme is also decreased from 132968 in 1998-99 to 132042 in 2007-08.

It can be concluded that the performance of KVIC board under this scheme is not satisfactory to expand the village industries and to make available employment opportunities.

Physical Progress under AEG Scheme:

The Artisans Employment Guarantee Scheme is implemented in the state since 1972-73 with the corporation of RBI, Maharashtra state corporate and KVIB in rural area and ‘C’ class municipal area of state. The progress under the scheme is analyzed in the following table during the 1998-99 to 2007-08.
The above table clearly indicates that the growth rate of production, sales and generation of employment under Artisans Employment Guarantee Scheme is increased during the study period 1998-99 to 2007-08.

The production of units under this scheme was ₹ 64253.84 lakh in 1998-99, which became ₹ 100260.88 lakh in 2007-08, whereas, sales increased from ₹ 90100.78 lakh in 1998-99 to ₹ 155985.65 lakh in 2007-08. The number of Employment generated under this scheme by village industries units at state level was 343142 in 1998-99 which increased to 433776 in 2007-08. It can be concluded that the progress under this scheme is satisfactory.
Table No. IV.6.2.3

Margin Money under A.E.G. Scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Production ₹ in Lakh</th>
<th>Growth %</th>
<th>Sales ₹ in Lakh</th>
<th>Growth %</th>
<th>Employment in number</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-2005</td>
<td>9158.83</td>
<td>-</td>
<td>12609.25</td>
<td>-</td>
<td>19794</td>
<td>-</td>
</tr>
<tr>
<td>2005-2006</td>
<td>9373.84</td>
<td>2.34</td>
<td>13060.97</td>
<td>3.58</td>
<td>19430</td>
<td>-1.83</td>
</tr>
<tr>
<td>2006-2007</td>
<td>15235.71</td>
<td>62.53</td>
<td>20405.89</td>
<td>56.23</td>
<td>34872</td>
<td>79.47</td>
</tr>
<tr>
<td>2007-2008</td>
<td>19399.74</td>
<td>27.33</td>
<td>26399.00</td>
<td>29.36</td>
<td>45044</td>
<td>29.16</td>
</tr>
<tr>
<td>Total</td>
<td>53168.12</td>
<td></td>
<td>72475.11</td>
<td></td>
<td>119140</td>
<td></td>
</tr>
</tbody>
</table>

(Source: KVIB Annual Report 2004-05 to 2007-08)

Physical Programme of Consortium Bank Finance (CBC):

Total 269360 village industry units were working under CBC scheme of KVIB at state level. The following table shows the physical progress under CBC scheme implemented during the year 2003-2008. The KVIB board and other financial institutes have provided financial assistance under this scheme. The details of production, sales and employment generated under this scheme are given in the following table.

Table No. IV.6.2.4

State Level Physical Progress under C.B.C. Scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Production ₹ in Lakh</th>
<th>Growth %</th>
<th>Sales ₹ in Lakh</th>
<th>Growth %</th>
<th>Employment in number</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>5472.17</td>
<td>-</td>
<td>7574.89</td>
<td>-</td>
<td>17066</td>
<td>-</td>
</tr>
<tr>
<td>2004-2005</td>
<td>6194.54</td>
<td>13.20</td>
<td>1175.46</td>
<td>-84.73</td>
<td>18739</td>
<td>9.80</td>
</tr>
<tr>
<td>2005-2006</td>
<td>6796.29</td>
<td>9.71</td>
<td>10003.72</td>
<td>751.04</td>
<td>18798</td>
<td>.31</td>
</tr>
<tr>
<td>2006-2007</td>
<td>7654.53</td>
<td>12.61</td>
<td>10633.03</td>
<td>6.29</td>
<td>20593</td>
<td>9.54</td>
</tr>
<tr>
<td>2007-2008</td>
<td>7836.59</td>
<td>2.37</td>
<td>12697.94</td>
<td>19.41</td>
<td>26428</td>
<td>28.33</td>
</tr>
<tr>
<td>Total</td>
<td>33954.12</td>
<td></td>
<td>42085.04</td>
<td></td>
<td>101624</td>
<td></td>
</tr>
</tbody>
</table>

(Source: KVIB Annual Report 2003-04 to 2007-08)

It is seen from the above table that the growth in production of various village industries products is decreased to 2.37 percent during 2003-04 to 2007-08. The sales growth rate is increased in 2005-06 and 2007-08. The Employment generated under this scheme also increased from 9.80 percent in 2004-05 to 28.33 percent in 2007-08.
It can be concluded that the rate of growth of physical progress under consortium bank finance (CBC) at state level is not satisfactory as the growth rate is decreased in terms of production, whereas the employment generated growth rate is satisfactory.

IV.6.3 Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC):
Established in 1962, Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC) was initially envisaged as an agency to supply raw materials and to extend marketing assistance to small scale units. Its basic objective was to help the small scale Industries to develop and grow to the fullest extent.

However, over the years, MSSIDC has become India's leading corporation, continuously responding to the expanding and diversified needs of Small Scale Industries. It is increasingly assisting SME & rural industries and providing support services like consultancy, counseling, marketing, training, import-exports, entrepreneurship development programme, etc.

MSSIDC started with a share capital of ₹ 10 lakhs and in 1963-64, its turnover was ₹ 86.57 lakhs (i.e. ₹ 8.65 million). From those early days, MSSIDC's turnover is steadily increasing. During the period of last four years, its turnover rose from ₹ 127.88 crore (i.e. ₹ 1.278 billion) in 2005-06, to ₹ 259.53 crore (i.e. ₹ 2.595 billion) in 2007-08 and to ₹ 291.73 crore (i.e. ₹ 2.917 billion) in 2008-09.

Correspondingly, the corporation's marketing assistance to Small Scale Industries (SSI Units) for the year 2005-06 was ₹ 95.5 crore (i.e. ₹ 955 million), which has increased to ₹ 176.97 crore (i.e. ₹ 1.769 billion) in the year 2007-08 and is maintained at ₹ 175.25 crore (i.e. ₹ 1.752 billion) in the year 2008-2009. Today, the corporation's paid up capital is ₹ 10 crore and authorized share capital is ₹ 10 crore. MSSIDC board is planning to increase its share capital to ₹ 20 crore.

IV.6.4 Maharashtra State Financial Corporation (MSFC):
MSFC is a statutory Corporation set up under the State Financial Corporation’s (SFCs) Act, 1951 in the State of Maharashtra (since 1962) and the union Territory of Daman & Diu (since 1964). The function of MSFC is to provide mainly the term loan assistance to small and medium scale industries for acquiring fixed assets like land, building, plant & machinery. Loans are presently
extended for expansion, diversification, technology development, enlarging product mix / product range, quality improvement including ISO 9000 series certifications and also for Take-Over of Term Loan accounts from Banks other Financial Institutions in case of good borrowers of the Corporation.

**Organizational Structure:**
Besides the Head Office at Mumbai (Bombay), MSFC has 7 Regional Offices and 12 Branch Offices in Maharashtra and Goa. The Regional Offices are located at Aurangabad, Kolhapur, Nagpur, Nashik, Pune & Thane in Maharashtra and at Panaji in Goa. The Branch Offices are located at Ahmednagar, Akola, Amravati, Beed, Chandraupr, Chiplun, Jalgaon, Latur, Nanded, Sangli, Satara and Solapur.

**Eligibility Activities:**
- i) Industrial Activities such as manufacturing, assembling, servicing, processing, preservation, transportation, setting-up industrial estates, etc.
- ii) Activities such as Nursing Homes, Hotels, Restaurants, Tourism Related Activities
- iii) Medical Practitioners are eligible for loan for acquiring Electro Medical and other equipment for professional use.
- iv) Qualified Professionals in Management, Engineering, Architecture, Accountancy etc desiring to undertake expansion of their professional practice / consultancy ventures.
- v) Other Service Activities declared as eligible under the SFCs Act.
- vi) **Proposed:** Commercial Complexes, Multiplexes, Marriage Halls, Group Housing / Residential Complex, etc. The Small Scale Industrial Units should have SSI Registration while Service Enterprises should be registered with the appropriate authority.

**IV.6.5 Maharashtra Industrial Development Corporation (MIDC) :**
After the formation of Maharashtra State on May 1, 1960, the Government of Maharashtra constituted a "Board of Industrial Development" (BID) on October 1, 1960, under the Chairmanship of Shri. S. G. Barve, I.C.S. The various committees recommendations received in the industries department were taken up for implementation and as per the Borkar Committee's recommendations; development of Ulhas Valley Water Supply was entrusted to the Board of Industrial Development (BID). The BID framed the legislation and it was introduced before the
state legislation and passed in the form of "Maharashtra Industrial Act" which gave birth to MIDC, as a separate corporation on August 1, 1962.

The key historical policy decisions taken by MIDC certainly changed the socioeconomic scenario of the state as its activities spread in the interior. The important policy decision of setting up "independent filtered, potable water supply system of adequate capacity" as essential infrastructure for industrial development was the most intelligent step taken by MIDC right in the beginning. It stabilized the population base near the industrial areas. The strategic wise decision taken simultaneously to provide water supply to nearby domestic population from the capabilities created by MIDC of their own water supply system resulted in phenomenal urban growth in the nearby small towns and villages. The growth of Kalyan complex and Pimpri-Chinchwad are results of this key policy decision taken by MIDC. Up to date 229 industrial areas are developed by MIDC in State of Maharashtra on 53120 Hectors of land. With the experience of 45 years MIDC observed that certain industries are required to be provided some specialized facilities. For the growth of such industries and accordingly specialized parks / industrial clusters are developed with specialized infrastructure facilities. In this way IT & BT Parks, Wine Parks, Textile Parks, Chemical Zones, Food Parks, Leather Park, Floriculture Park and Electronic Zone etc. are developed by MIDC. Considering the International standard facilities required to attract multinational companies, five star industrial areas are developed by MIDC at 9 locations in the State of Maharashtra. Considering the export potential of the various products specifically delineated duty free enclave which is to be deemed to be foreign territory for the purpose of trade operations and duties and traffics special economic zones are being developed by MIDC to provide hassle free environment for exporters. Maharashtra got overwhelming 74 Special Economic Zone approvals from the Government of India which is leading at No.1 position compare to other states in India. The planned and systematic industrial development in the State of Maharashtra has continuously placed Maharashtra at No.1 position in India for the highest productivity, economics performance, business efficiency, government efficiency, infrastructures and overall competitiveness. As per the World Competitiveness Report 2006 Maharashtra ranks 37, ahead of South Korea, South Africa, Philippines, Greece, Brazil, Italy, Russia & Indonesia. In the Maharashtra State MIDC has demarcated 57650 No. of plots and allotted 48701 No. of plots to the entrepreneurs. There are total 28918 No. of industries in production. MIDC has provided the water supply scheme of total 2240.83 MLD capacities and water consumption is 1314.73 MLD in the MIDC areas in the State of Maharashtra. MIDC has provided water supply pipelines of 3238.60
K.M. lengths to cater the water supply demand of the industries in Maharashtra. Total roads of 2422.82 K.M. lengths are constructed by MIDC for providing good quality approach to the industries. The development expenditure of Rs.3096.75 Crores is incurred for the various infrastructure works by MIDC. The annual revenue generated from the water supply is Rs.432.00 Crores.

**Objectives:**
1. Set up Industrial Areas for planned and systematic industrial development
2. To function as a special planning authority in development of industrial areas
3. "Prosperity to all through Industrialization" is the corporate philosophy of MIDC

**Activities:**
The MIDC has been declared as an agent of the state government for carrying out activities within the framework of the MID Act and the MID Rules. These activities are in three broad categories:
1. Acquisition and disposal of land.
2. Provision of infrastructure facilities.
3. Providing services — supply of potable water from MIDC's own water treatment plants, maintaining roads, street lights, drainage lines etc.

**Achievements:**
- Built 225 industrial complexes with 1,300,000 acres (5,300 km²) of land
- Developed specialized parks for different industrial sectors, including IT, BT, wine (grape processing) Park, Silver Zone, gems and jewellery, textiles, leather, chemical industry, electronics, food processing, floriculture etc.
- Elaborate network of industrial & domestic water supply, total quantity supplied 1285 MLD.

**IV.6.6 Maharashtra Center for Entrepreneurship Development, Aurangabad:**
The Vision of MCED is to create & develop spirit of entrepreneurship globally. Mission Facilitating creation of entrepreneurial and managerial capabilities in individuals & organization by achieving total customer satisfaction, using emerging technologies, ethics & values, be financially strong & globally excellent organization opportunity matching with employee's aspiration.
1. MCED has been a pioneer in espousing social and economic entrepreneurship since 1988. It is a training institute in the core area of entrepreneurship development. It works as a facilitator and guide for the creation and cultivation of the entrepreneurial spirit and the concept of ‘self-employment’ in a nation that is largely driven by third party employment.

2. At MCED, there is always the humble buzz of people discussing, brainstorming, making plans and revamping shelved ideas. The thrum of work and the exciting buzz of activity is an indelible part of the work culture. MCED is also an incredibly technology survey organization which, not surprisingly, is amongst the few offices to enforce the paperless office concept.

**Objective:**

1. To spread entrepreneurial culture.
2. To develop entrepreneurs through systematic training.
3. To disseminate information and data regarding entrepreneurship
4. To help industries and institutions in mobilizing human resources with an entrepreneurial approach
5. To create awareness about emerging & future entrepreneurial opportunities and challenges
6. To develop Competencies in business internationalization
7. To conduct organization development programmes

**Related to other organizations:**

This relaxed and fertile office environment has been nurtured by the lack of a formal overseer as is the case in other organizations. The Governing Council is the final authority for this stalwart organization. Governing Council The council makes the guidepost decisions but the driving force of the organization has always been the sheer determination of the employees

**Training Committee Works:**

The training that has to be delivered across a wide range of core specializations must have the business angle and the necessary macros in place to ensure sustainable quality and uniformity. This work is overseen by the Executive Committee. The Executive Committee does the pulse checking of the organization and trickles down the macro perspective to the root level, as is part and parcel of any organization. The Executive Committee is answerable to the Governing Council and is headed by the Executive Director of the company. For more details on the persons who constitute this body,
Growth and Expansion of MCED:
From the time that MCED first maneuvered uncharted territory in the state where ‘entrepreneurship training’ was unheard of, even less known was this nascent organization that was christened as Maharashtra Centre for Entrepreneurship Development’ in short, MCED. MCED is phonetically pronounced as ‘em-ced’. With a handful of employees, trained at the Entrepreneurship Development Institute of India (EDI-I) Ahmedabad, the eventual fate and destiny of the organization was, at that time, unknown and could only be guessed at. The organization restructured and played on the opportunities that the country’s tumultuous political and social scenario threw up and in its ‘opportunist’ plan of growth and expansion, it has grown into the leviathan giant in entrepreneurship training that it is now.

Entrepreneurship Training:
Every employee has been empowered and has a sense of pride and ownership in the stakes of the institution. MCED’s product and sole selling point is the niche ‘entrepreneurship training’ that has been hailed and recognized across the country as being on par with international standards. So, where the policies are decided by the Governing Council, the Executive Committee keeps its ear to the ground to have a real time perspective of the business as a whole.
MCED is a training institute where the product ‘entrepreneurship training’ is intangible. Thereby, the main assets of the organization are the human resources that are an invaluable asset.

Strengths of MCED:
1. Experience of twenty two years, of facilitating the entrepreneurial spirit, pan state and also across state boundaries, with offices in Goa, Delhi, Assam and with more to come.
2. They are experts in marrying technology with domain expertise to maximize their training material; they practice the paperless office concept in their own office, particularly with the migration of processes onto their interactive portal.
3. MCED has focus on not only training in the field of entrepreneurship, they have also taken due cognizance of the importance of research in the field and are incorporating the best business practices and the best of the research findings in our training modules.
4. MCED has a core team that organizes and trains across a range of domains while applying the small/medium scale workable entrepreneurship model with minimum to large investment capital variant. Block level network, which means that they can take government development schemes to each and every tribal/rural area.
5. MCED has well equipped training halls and hostel facilities at Aurangabad and Nagpur for wider training exercises.

6. Empanelment of domain experts/ trainers and institutions, educational and otherwise, who expound theory and impart practical information as they have pressed into practice in their own sectors as well.

7. MCED has eight regional offices, 35 district project officers, eleven centres and six departments that all translate to a lateral hierarchy and a flawless knowledge delivery system.

8. MCED has training formats that are tailored to not only deliver expected training modules but MCED also delivers need based training.

9. MCED has already completed the protocol for becoming ISO certified, an ode to the disciplined commitment that has been integral in the makeup and functioning of MCED.

**Appreciation From Entrepreneurship Development Institute (India) :**

“MCED is the best entrepreneurship development institute in the country. It has become self-reliant and proves its entrepreneurial capability.” It further certifies that the percentage of trainees who start their own business after training from MCED is creditable. 90% of the trainees pay their loans in time with full honesty.

**The Findings of EDI – are –**

a) 90% of the trained borrowers are regular in the repayment of loans.

b) ₹ 1/- spent on training earns investment of ₹. 1,509/-.

c) Investment of ₹ 6530/- on training creates one permanent employment.

What this means is that MCED has a higher conversion ratio of successful and sustained entrepreneurs who have been trained as per the philosophy propounded by David McClelland.

**Activities, Spacious Range of Opportunities:**

1. Entrepreneurship Development Program
2. Development Program for self employment
3. Entrepreneurship Appreciation Programmes
4. Group Entrepreneurship Development Programmes
5. Micro Entrepreneurship Development Programmes
6. Entrepreneurship Awareness Camp
7. Trainers Training Programmes
8. Developing Competent Personnel for small scale industrial management
9. Vocational Training based Entrepreneurship Development Programmes
10. Management Development Programmes
11. Teachers Training Programmes
13. News Clipping Service
14. Industrial Data Bank
15. Computer Training and Support

IV.6.7 Maharashtra Industrial and Technical Consultants (MITCON):
Established in 1982, MITCON has transcended many a barriers and come a long way to become a premiere consultancy and engineering services firm. MITCON, an IS/ISO 9001:2008 company promoted by leading financial institutions (ICICI, SIDBI and IFCI), State Development Corporations (SICOM, MIDC and MSSIDC) and public sector commercial banks. With twelve divisions and dedicated workforce, MITCON prides itself in providing the best assistance to existing and new entrepreneurs. MITCON has fostered good working relationships with various state and federal agencies. Their diverse project experience has allowed them to work closely with various industrial sectors.

With a comprehensive and clear understanding of businesses across segments, MITCON's goal is to integrate environmentally responsible consulting into the framework of every client's project to maximize value and reduce the environmental footprint. They are committed to contributing to the economic and environmental growth of the society in which they work. MITCON believe in the fact that knowledge is everywhere but expertise lies within. While MITCON crosses the march of three decades in consultancy and training, they are really proud to offer a basket of services to our clients in corporate, industry, Banks and Government. This is a rare combination of multiple services under one roof. While they cater to power projects with crore of rupees investment, MITCON cares serving entrepreneurs from small and medium enterprises in their start ups efforts.

Power, Energy Carbon, Environment Engineering and Infrastructure MITCON’S are apex services, their contribution in consultancy to Banks and more than 10 verticals of agri-business viz. Dairy, Poultry, Fishery, Meat, Wineries, Distilleries, Soya, Guargam, Jaggery is significant. While they have taken the entrepreneurship and vocational training to lakhs
of doorsteps in Maharashtra, Goa coupled with basic IT Training, MITCON’S has reached now Delhi, Guwahati and Chennai. The young team of 350 professionals works round the clock to deliver result oriented quality services at economical fees to MITCON's hundreds of customers. No wonder MITCON has come out to be a brilliant brand in consultancy and training poised for quantum jump.

IV.7 Organizational Arrangement at District Level:
Along with the national as well as state level, the organizational arrangement for village and small scale industries at district level is also explained in this chapter, such as

IV.7.1 District Industries Centers (DICs):
To speed up the process of industrialization at district level, central as well as state Government has taken number of measures. One of such measures was establishing DICs at district level. These centers were established in the year 1978 with a focus to provide integrated administrative support for promotion of small-scale industries in rural areas. The main role of these centers, spread over throughout the country, was to act as a chief coordinator in respect of various Govt. departments and other agencies. It is envisaged under this scheme that prospective entrepreneur would get all required assistance from DICs. These DICs are established with the purpose to provide single window interacting agency with the budding entrepreneur at district level.

Roles of DICs
Roles of DICs for the promotion of Small Scale and Village Industries are stated.
2. Information on sources of machinery & Equipment.
3. Priority in Power supply / Telephone connection.
4. Promotion of new Industrial Estates / Growth Centers.
5. Land / Shed in Industrial Estate.
6. Approval of Project Reports of special types.
8. Training through Entrepreneurship Development Programmes.
9. Skill development training through own workshop/organisation like Small
Industries Service Institutes (SISI), Coir Board, Electronic Test & Development Center (ETDC).

10. Managerial capability improvement through training, workshop, seminars.

11. Assistance under State Incentives Scheme.


15. Assistance under Equipment Leasing Scheme through NSIC.

16. Assistance in marketing linkage with Central Govt. / State Gov. / organizations / undertakings.

17. Marketing assistance through MSSIDC / NSIC.

18. Assistance in Ancillary Industry tie-up with Gov. / undertakings.

19. Marketing assistance through participation in Exhibitions / Trade Fairs! Buyers-Sellers Meet etc.

20. Marketing assistance to Handicrafts Artisans through participation in Handicrafts Expo and Exhibition inside outside of the state.
General Manager:
He is working at district level as a higher authority. He has functioning to coordinate
with various governmental and non-governmental agencies for industrial development.
1. To organize the various training programmes for new entrepreneurs, new trained
workers etc. with the help of MCED, MITCON and other agencies.
2. To provide the facilities and consultancy services to the entrepreneurs for
introducing new government policies.
3. To help the new entrepreneurs for infrastructural facilities like electricity, water,
bank loan, road etc.

Credit Manager:
He is working at district level to coordinate the general manager. His main
functioning is to help the entrepreneurs’ for availability of capital with the help of
banks and to recommend the loan proposal of new entrepreneurs to the various
banks.

Economic Manager:
He is working at district level to coordinate the general manager and establishment of
department. His main functioning are:
1. To introduce the new government policies, schemes, grants for new entrepreneurs.
2. To collect the statistical data regarding industrial progress in district, analysis and interpretation of the collected data and to send the information regarding DIC to government.
3. To look the administration of established department and observation on industry inspectors.
4. To success the various programmes with the coordination of General Manager, industry inspector, established department and various related agencies.

**Industry Inspector:**
He is a working at a taluka / Block level for increasing the industrial area. His functions are:
1. To provide overall schemes and facilities to entrepreneurs in taluka.
2. To introduce new schemes, economic gains from govt.,
3. To send the loan proposals of unemployed peoples and
4. To visit and give the guidelines to entrepreneurs related problems.

**IV.7.2. KVIB Osmanabad Administration:**
KVIC programme is implemented at the District level primarily by the District Officer of the KVIB. The District Officer of the KVIB is the member Convener of the District Level Committee comprising District Collector as Chairman, General Manager of the District Industries Centre, Project Director and DRDA of the district as Members. There are also 4 to 5 Members of Legislative Assembly and one non-official member nominated by the Government. This Committee has to periodically review the implementation of the programme in the district.
The main functions of the District Officer are (i) to plan and implement the programme in co-ordination with other agencies engaged in rural development like DRDA, (ii) to advertise the programmes in the local newspapers and invite the applications from the beneficiaries, (iii) to scrutinize the applications received from the beneficiaries, (iv) preparation of budget proposals for the ensuing year; (v) providing them technical assistance through supply of designs, prototypes and information and (vi) to promote sales of KVI products by providing marketing facilities. Though KVIB’s district office is the main agency for implementation of KVI programme many of the district officers of KVIB do not maintain important data relating to units.

**Assistant DVIO** has same functioning. In the absence of District officer he has to take the charge for effective working. His main functions are to arrange the meetings, proposal verifications and Unit verifications.
Auditor has been working in a district level. He has a main function to verify the audit of the units. Sr. clerk and Jr. Clerk are working under the guidance of Auditor. Sr. clerk and Jr. clerk collect the statistical information an official work, postage and necessary information and to send to the top level officer.

Sr. Supervisor is working at district level. To check the proposals, budget allotment, unit verifications are the functions of Sr. Supervisor. Jr. Supervisor is working at Taluka/Block level. He assists the Sr. Supervisor.

Secretary and Assistant Secretary are working at block level for village industry. Their functioning is to create the employment to village workers with the help of village industries. So for as, to crate availability of economic support with the help of Bank are the functions of these fellows.

**IV.7.3 MCED Osmanabad :**
MCED (Maharashtra Centre for Entrepreneurship Development) is the frontier for social change in Maharashtra since 1988. MCED works as a catalyst for developing successful Entrepreneurs for social advancement. MCED strives to foster nationwide environment through which entrepreneurs get information and tools for success. MCED promotes entrepreneurial capabilities at all levels. MCED works with leading institutions and researchers nationwide to create awareness of the powerful economic impact of entrepreneurship to develop and disseminate proven programmes that enhances entrepreneurial skills and abilities, and improves the environment in which entrepreneurs start and grow business.
Project Officer:
Project officer is working at a district level. The functions of project officers are to organize the various programmes with the help of other organizations in a district, to create awareness among the rural youth and new entrepreneurs. These programmes primarily focus on individuals who have a desire to be successful entrepreneurs. To give the guidance to owners of feebly running business, Students, Unemployed youth, Expert and Amateur artist, women who desire to be self-regulating, employees from Government.

Project officer organize the programmes like – Entrepreneurship Awareness Camp, Trainers Training Programmes, Management Development Programme, Computer Training and Support, Micro Entrepreneurship Development Programme.

Assistant / Clerk:
Assistant / clerk assist to project officer for organizing programmes. According to related programmes do necessary potage services.

Coordinator:
Coordinator is working at taluka/block level. He is working on contract basis. District programme coordinator consults with him:
1. To organize the consultancy services and training programmes in taluka.
2. To give the information and advertise the various programmes to the related
individuals.
3. To give the guidelines to the people in taluka/Block regarding services of MCED.

**IV.7.4 MITCON:**

MITCON is established in 1982. MITCON has become the industry benchmark in consultancy and training services. With thirteen divisions with highly qualified individuals, MITCON prides itself in providing the best assistance to existing and new entrepreneurs covering diverse industry sectors. To offer the best consultancy and training services to industrial, environmental, vocational, and educational in individual concerns by providing an outreach from the grassroots to the corporate outfits with tailor-made solutions with legal and technical finesse and strive to keep up our vertical competence.

**Organizational Structure of MITCON, Osmanabad**

![Organizational Structure Graph](image-url)
**District Programme Coordinator:**
District programme coordinator is working at district level. He is functioning as to organize the trainings related to increase the entrepreneurship in district and increase in industries as far as well trained workers. He organized the consultancy services programmes in district
1. To create awareness among the youth, new entrepreneurs regarding market.
2. To prepare detailed project reports, field survey, assessment and analysis of sites which are submitted to various funding agencies.
3. To organize the various training programme at Taluka places and in rural areas related to agro-based industries.
4. To work with co-ordination of assistant, coordinator of taluka level and other consultancy agencies.

**Assistant / Clerk:**
Assistant / clerk assist to District Programme Coordinator for organizing programmes. According to related programmes do necessary potage services. To help for organizing training and consultancy programmes in various places in district.

**Coordinator:**
Coordinator is working at taluka/block level. He is working on contract basis. District programme coordinator consults with him
1. To organize the consultancy services and training programmes in taluka.
2. To give the information and advertise the various programmes to the related individuals.
3. To give the guidelines to the people in taluka regarding services of MITCON.

**IV.7.5 MIDC:**
Maharashtra State Government has established the ‘Maharashtra Industrial Development Corporation’ in 1962 to develop the industrialization in Maharashtra. Maharashtra has the land of immense opportunities in the industrial and commercial fields. MIDC is one of the
organizational set up for developing industrial areas throughout the State with provision of infrastructure.

Osmanabad is one of the districts of Marathawada, which is industrially backward in Maharashtra. Osmanabad district is classified in least developed area and comes under D zone except Omerga, Tuljapur and Lohara which are classified under D⁺ zone.

To create the entrepreneurship among the rural people and to develop the industrial area in Osmanabad district MIDC has worked well. Area of activities of MIDC ranges from acquisition of land to implementing prestigious projects. However, the main activity of MIDC is to provide basic infrastructure for the development of industry and allotment of land for individual industrial unit.

The existing Industrial set up in the Osmanabad district consists of predominantly SSI units spread over entire district. The district has following industrial areas.

1. **M.I.D.C. Area Osmanabad:**
The MIDC has acquired the 101.96 Hectors land to develop the industry at Osmanabad. It has developed 194 plots in acquired area. It has allotted 181 plots to the people for various projects. Out of allotted 181 plots 80 plots are in using for various productions. 8 plots are working in progress of construction and 44 plants are closed, they stopped their production. Majority plants are small –scale industries.

2. **M.I.D.C. Area Kalamb:**
The MIDC has acquired 10.69 Hectores land to develop the industry at Kalamb. It has developed 32 plots in acquired area. It has allotted 19 plots to the people for various projects. Out of allotted 19 plots only one plot is in use for productions. 5 plots are working in progress of construction.

3. **M.I.D.C. Area Omerga:**
The MIDC has acquired the 210.50 Hectors land for develop the industry at Omerga. It has developed 229 plots in acquired land. It has allotted 211 plots to the people for various projects, out of these 11 plots are commercial use and 13 plots are remaining to allotment.
Out of allotted 229 plots only four plots are in use of productions. 8 plots are working in progress of construction. 199 allotted plots are not use for production, they are empty.

4. M.I.D.C. Area Bhoom:
The MIDC has acquired the 15.54 Hectors land for develop the industry at Bhoom. It has developed 13 plots in acquired land. It has allotted 5 plots to the people for projects. Out of allotted plots only one plot is using for productions. One plot is working in progress of construction.

MIDC has allotted the plots who is interested for investing in industrial production i.e. which may be like manufacturing of food products and beverages, textile, wearing dressing, leather, luggage, handbags, footwear, products of wood, Articles of straw and plating material etc. The district has in total 165 SSI units permanently registered. In addition 1391 units are provisionally registered in various stages of implementation.

For the industrial development MIDC has provided various infrastructural facilities. MIDC areas in Osmanabad district the load shedding of electricity is 24 hours in a week, remaining time there is no disturbance of electricity. Load shedding of electricity impacted on production of plants.
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