ABSTRACT

The Small and medium enterprises (SMEs) have been the vital constituent of India's industrial sector which has been contributing a major portion of Grass Domestic Product, employment. The SME sector has been consistently registering a higher growth rate than the overall industrial sector in the past few years. Despite recession and economic slowdown small scale units still account for one-third of manufacturing GDP and more than two-thirds of manufacturing employment. The attempt has been made to study the trends and pattern of SMEs in Karnataka. This constitutes growth of industries on manufacturing and service enterprises which are progressively contributing national development. The analysis on the Role of Karnataka State Financial Corporation in the development of SMEs in Karnataka in general and Bangalore urban district in particular, estimating the production, income and employment generation in SMEs, investment and export performance.

The study also provided a brief industrial profile of Karnataka based on the status of industrial indicators, status of clusters including trend of industrial units in Bangalore, micro, small and artisan units, employment, financial facilities, potential investment opportunities by tiny and SSI units which are contributing to enhance the efficiency and efficacy of Bangalore Urban district in promotion of industries.

In the Process of fulfilling the objectives of the study and testing the hypotheses, statistical and econometric techniques like t-test and ANOVA, simple and multiple regression models have been employed to estimate the positive influence on production, investment, profit and export performance of SMEs.

The results of secondary data represents the KSFC have positive impact on the performance of Small and Medium Enterprises in Karnataka. KSFC has been influencing on investment and output of the SMEs over a time period which is positive and statistically significant, however the KSFC also influences on employment of the SMEs over a time period is also statistically insignificant with positive trend.

Fixed capital, working capital of SMEs and number of persons employed in Sample units of the study has a significant influence on production. From the analysis
the fixed capital and working capital are statistically insignificant whereas number of persons employed is statistically significant. Financial assistance by KSFC has a significant influence on profit, employment and production of sample units of SMEs in Bangalore urban district. The impact of KSFC finance on SMEs development in terms of production, number of persons employed at SMEs and profit of SMEs is significant. From the investigation of the survey these several issues are identified on the problems of the SMEs. Among them the Role of Karnataka State Financial Corporation in empowering the SMEs is remarkable. The performances of SMEs which are assisted by KSFC in terms of production, employment, profit are appreciable due to the positive growth and also the study exemplifies the role of KSFC to SMEs in the direction of financial assistance is striking; however, there is a need of sufficient other aids and assistances to promote the performance of SMEs. Diversification of functions of KSFC rather concentrating just traditional mode of financial support which is utmost important to uplift the SMEs and to make them empower. Thus, Karnataka State Financial Corporation has been playing an important role in promotion of industrial development in the state of Karnataka which is promoting the state domestic product.