Entrepreneurship development is the key to the economic development of a
country. Entrepreneurial development is essential for industrialization, generating
employment and poverty alleviation. Entrepreneurship is a strategy and can be
developed through planned efforts. A large number of schemes have been
formulated for developing entrepreneurship by the Government through various
organizations and financial institutions like Small Scale Development
Organisation (SIDO), National Small Industries Corporation Limited (NSIC),
Small Industries Development Bank of India (SIDBI) and Industrial Development
Bank of India (IDBI) etc.

There is enough talent in the country where the people have the right mix
of entrepreneurial qualities which can make them very successful entrepreneurs
but they don’t have the kind of support from the society, educational institution
and the Government; there is no eco-system to promote such entrepreneurs who
have ideas and can make it.

The small scale industrial (SSI) sector is a vital constituent of the total
industrial sector. It is a dynamic and vibrant sector of the Indian economy. The
sector acts as a nursery for the development of entrepreneurial talent and has been
contributing significantly to the National Gross Domestic Product besides meeting
the social objectives including that of providing employment opportunities to
million of people across the country. Statistics pertaining to the sector play an
important role for policy formulation on credit, marketing, technology,
entrepreneurial development and infrastructure development.

There has been a burst of entrepreneurship across the country, spanning,
and rural, semi-urban and urban areas. This has to be nurtured and financed. A
small entrepreneur today will be a big entrepreneur tomorrow, and might become
a multinational enterprise eventually if given the comfort of financial support
from financial institutions like SIDBI.

We are of the view that SIDBI should be accorded the same role and status
as the nodal/co-coordinating agency for financing of small industries as is now
available to National Bank for Agriculture and Rural Development (NABARD) in the field of agricultural development.

SIDBI set up under an Act of Parliament is the wholly owned subsidiary of IDBI. SIDBI commenced its operations on April 2, 1990 and assists SSI sector through its
(a) Refinance Schemes,
(b) Direct Assistance, and
(c) Promotion and Development programmes.

During the FY 2008, SIDBI recorded better operational performance and strengthened its financial fundamentals. The Bank recorded the highest ever sanctions and disbursements during the year with sanctions increasing by 45.6 percent and disbursements by 47.5 percent over the previous year. While the Refinance support, which is a key function of Bank, was enhanced by 76.4 percent, the Direct Credit flow to MSMEs by SIDBI increased by 18.0 percent during the year under review. The aggregate outstanding portfolio of the Bank crossed the Rs.20,000 crore mark for the first time and increased by 26.2 percent to Rs.20,226 crore as at March 31, 2008. As a result, the total assets of the Bank increased sizeably to Rs.23,887 crore at the end of FY 2008.

Pursuit of knowledge when the subject is vast and dynamic is an enriching experience in itself. It is a first ever analytical study on SIDBI and its assistance to small and medium enterprises. It is a detailed study on the performance of SIDBI and its assistance to SME under different schemes and deciding on solution of problems in the form of suggestions.

Direct discounting of bills, equipment finance scheme, project finance scheme, factoring, ancillary/vendor development, the scheme for grant of credit rating to SSI’s, direct assistance for development of industrial infrastructure, foreign currency term loan, pre-shipment credits, foreign letters of credits, export bills financing, working capital term loans, resource support to the institutions involved in development of SSI, are some of the other important schemes taken up by the SIDBI.

SIDBI is now perhaps the most important bank for lending loans to small and medium enterprises. It helps SSIs to obtain credit rating from accredited credit rating agencies. SIDBI ranked 25th in terms of capital and assets among
development banks of world. Thus, SIDBI has come forward through its several assisting agencies to provide the rural sector of the economy both financial and non-financial assistance and alleviate their chronic problems of finance, technology upgradation, infrastructural facilities and marketing expertise. SIDBI act as a backbone of a country in providing assistance to SME’s.

The present study emphasizes as to how SIDBI can promote the entrepreneurship in the country specially in the state of Uttar Pradesh (U.P.) for the overall economic development of the country. SIDBI has various schemes for the development of entrepreneurship. But how widely they reach those entrepreneurs who need them and how they can be most efficiently implemented is an empirical question that needs to be investigated. The study, therefore, examines critically the role of SIDBI in the promotion of entrepreneurship in U.P.

The entire study has been divided into eight chapters. The first chapter introduces the significance of the study, problems and issues, research gap, hypothesis of the study and research methodology. The second chapter deals with review of literature. The third chapter is devoted to the study of role of financial institutions in the development of entrepreneurship and micro, small and medium enterprises (MSMEs). The fourth chapter examines socio-economic profile of U.P. the fifth chapter underlines growth, development and role of SIDBI in the promotion of entrepreneurship in U.P. The sixth chapter examines the problems and prospects of development of entrepreneurship and MSMEs in U.P. The seventh chapter focuses statistical analysis and interpretation. The last chapter presents summary of findings, conclusion, suggestions, recommendations and directions for future research.

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AMU

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