ROLE OF SIDBI IN THE GROWTH PROSPECTS OF SMALL SCALE INDUSTRIES IN UTTAR PRADESH

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Babu Banarasi Das University
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by
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Certificate of the Supervisor

This is to certify that the thesis, entitled **Role of SIDBI in the growth prospects of Small Scale Industries in Uttar Pradesh** submitted by **Mr. Prakash Yadava** for the award of Degree of Doctor Philosophy by Babu Banarasi Das University, Lucknow is a record of authentic work carried out by him/her under my/our supervision. To the best of my/our knowledge, the matter embodied in this thesis is the original work of the candidate and has not been submitted elsewhere for the award of any other degree or diploma.

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Date : 29.06.2016

Declaration by the Candidate

I, hereby, declare that the work presented in this thesis, entitled **Role of SIDBI in the growth prospects of Small Scale Industries in Uttar Pradesh** in fulfillment of the requirements for the award of Degree of Doctor of Philosophy of Babu Banarasi Das University, Lucknow is an authentic record of my own research work carried out under the supervision of **Prof. (Dr.) M.K. Rastogi.**

I also declare that the work embodied in the present thesis is my original work and has not been submitted by me for any other Degree or Diploma of any university or institution.

Date : 29.06.2016 Prakash Yadava

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PREFACE

In Indian economy, the small scale sector includes wide range of industries such as power looms, export oriented SSI units, ancillary industrial undertakings, tiny enterprises, small scale service and business enterprises. Small scale sector helps in providing employment on a large scale. It works as a mediator for mobilisation of resources in an economy. The entrepreneurship and capital are two major resources which are the backbone of small scale industries. Due to the lack of proper resources Small scale industrial sector faces several problems which may affect their efficiency in business. Small scale sector carries a potential for employment generation. Major hurdle for the development of the sector, is lack of adequate and timely credit. Financial institutions assume considerable importance in the developing countries because of need of finance in Small scale units.

Uttar Pradesh is a state where the employment problem is most crucial. Small scale industries are the means to reduce unemployment and achieving economic growth. The difficulty in getting the adequate and timely finance is a major problem faced by Small scale sector in Uttar Pradesh. Due to the reason of low capital contribution they are not in a position to raise the funds by equity from capital market.

Government have developed the network of various public sector financial institutions for supporting SSIs in Uttar Pradesh. SIDBI is one of them established to meet the requirement of Small scale units. SIDBI not only provides financing facility it also facilitates training and development programmes to SSIs. Such a study is hoped would throw light in the position of SSIs in Uttar Pradesh and also the role played by SIDBI for overall development of Small scale sector in Uttar Pradesh.

In the research work research design is exploratory in nature. Role of SIDBI in development of Small scale industries is analyzed and its impact towards Small scale industries is studied in this research. Both primary and secondary data are used for study. Primary data are collected by structured questionnaire with various officials of SSI units. The draft interview schedule was designed for the purpose was first tested by conducting a pilot survey among a sample of 20 units, which have availed financial assistance from SIDBI and other financial institutions in Faizabad district. The interview schedule was restructured and finalised after making imperative alterations on the basis of the experience and feedback obtained by the pilot study. A copy of structured questionnaire for the sample units in given Appendix I. The secondary data have been collected from the various sources such as SIDBI annual reports, MSME reports, NABARD annual reports, RBI reports, IDBI reports on development banking academic studies conducted in related fields in different universities, books and journals etc. Websites of SIDBI, IDBI and other related sites have been referred to collect the latest information. Universe of the study area was Small scale units registered with DICs in Uttar Pradesh and the sample unit was SSIs in Uttar Pradesh. Sample size was taken 200 for the research work. The tools used for analysis were Percentage and Chi Square test.

Major findings of the research were:

1. It was revealed that socio profile of SIDBI aided units and other financial aided units are similar in terms of gender, age, level of education, previous experience and motivation factor.
2. It was found that SIDBI takes more time for approving finance to SSIs as compare to other financial institutions.

3. The study reveals that the procedure of financing and behaviour of officials in SIDBI is unsatisfactory towards SSIs while financing as compare to other financial institutions.
4. It was observed that the sanctioned amount of SIDBI for SSIs was less attractive as compare to other financial institutions.
5. The study showed that interest rate and repayment schedule of SIDBI is more affordable in comparison to other financial institutions.
6. It was found that SIDBI is adopting the more liberal policy in legal proceedings for recovery from defaulters as compare to other financial institutions.
7. It was observed that the SIDBI is providing better expertise solution to the defaulters of funds as compare to other financial institutions.
8. It was revealed that SIDBI aided units are more benefited after getting finance with respect to improvement in quality of products, improvement in produced quantity of products, improvement in infrastructure and marketing activities, improvement in technology etc.

In the case of SIDBI there are number of research studies and number of research papers are published but current research work focusing specifically on **the role of SIDBI in the growth prospects of small scale industries in Uttar Pradesh** are rare. No research is complete in all respects. But a genuine task generates a large number of inferences and also helps to identify a few research areas for future research. During the course of study primary data was collected which may be biased up to some extent. Meanwhile published data was also used to know the role of SIDBI in small scale industries. Further research can also be continued as “Role of SIDBI in micro finance in Uttar Pradesh”, “Role of SIDBI in revival of sick units in Uttar Pradesh”.

In this research work following International research papers have been published in support of the study –

1. Analysis of remedies for revival of sick units in Indian economy, International Journal of Management & Business Studies, ISSN No: 22309519 (online)/2231-2463(print), Vol-3, Issue-4, Oct-Dec 2013.

2. A Case study on growth Prospects and challenges of small scale industries in India, Global Journal for Research Analysis, ISSN No: 2277-8160(online), Vol-3, Issue-4, April2014.

3. A study on SIDBI's direct finance scheme for Small scale units in Lucknow, Indian Journal of Applied Research, ISSN No: 2249-555X, Vol-4, Issue-5, May2014.

4. A comparative study between SIDBI aided units and other financial aided units with respect to assistance provided by financial institutions in Uttar Pradesh, International Journal of Scientific Research, ISSN No: 2277-8179, Vol- 4, Issue-2, Feb 2015.

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List of Abbreviations

AIFI- All India Financial Institutions

ASI- Archaeological Survey of India

GDP- Gross Domestic Product

CAGR- Compound Annual Growth Rate

CIBIL- Credit Information Bureau India Limited

CRISIL- Credit Rating Information System of India Limited

DIC- District Industries Centres

GIC- General Insurance Corporation of India

IBA- Indian Bank’s Association

ICICI- Industrial Credit and Investment Corporation of India

ICICI Venture- Industrial Credit and Investment Corporation of India Venture

IFCI- Industrial Finance Corporation of India

IIBI- Industrial Investment Bank

IID- Integrated Infrastructural Development

IVCF- Industrial Venture Capital Firm

KFW- Kreditanstalt Fur Wiederaufbau

KVIC- Khadi and Village industries Commission

KVIB- Khadi and Village India Board

LIC- Life Insurance Corporation of India

MFI lenders- Micro Finance lenders

MSME- Micro Small Medium Enterprises

MOU- Memorandum of Understanding

NABARD- National Bank for Agriculture and Rural Development

NPA- Non Performing Assets

RBI- Reserve Bank of India

SIDCs- State Industrial Development Corporations

SIDBI- Small Industries Development Bank of India

SFCs- State Financial Corporations

SSE- Small Scale Enterprise

SSI – Small Scale Industries

SMEs- Small and medium Enterprises

TFCI- Tourism Finance Corporation of India Ltd.

TREAD- Tread Related Entrepreneurship Assistance and Development

UTI- Unit Trust of India

UP- Uttar Pradesh

CHAPTER -1

INTRODUCTION

Industrialization is a way for quickening the pace of economic development. The net value of output per person is always higher in industry rather than in agriculture. The real progress of a country totally depends upon the well established network of industrialization. The visionaries have looked upon industrialization as a main source for the improvement of living standards in population of any country.

The main objectives of industrialization are: promotion of economic development, to increase income levels and employment, to give support to foreign trade, to stimulate the development of other sectors etc. industrialization is necessary for achieving constant growth and prosperity. At present need of industrialization is increasing in a rapid manner for the development of under developed countries.

In developing countries like India the small scale sector occupies an imperative place in the industrialization. The small scale sector carries a tradition of infinite variety and remarkable achievement. In all ancient years small scale sector flourished in several countries Arabs, Egyptians, Greek and Roman etc. small scale sector also play an important role in developed countries such as U.S.A., U.K., Canada , Japan etc.

In India Small scale industries have an imperative role. At present SSIs represent a large economic transition from traditional segments to modern segments. In India some SSIs are traditional in nature which employs simple skills and mechanism while many other units use advanced and sophisticated technology. In present scenario our economy has to accelerate the productivity like agriculture by improving their modus operandi of work style. SSIs are only a best means to fulfill these issues in more economic and innovative way.

SSIs have immense potentialities but they could not grow satisfactorily. Reason for their fall off are:

- In India there is a big lack of skilled labors. So SSIs are unable to contribute as expected from them.
- Short supply of raw material is also a big issue to match the demand of customers.
- Due to the weak financial position and the complex structure of loaning process most of the SSIs are not able to avail adequate financing.
- In most of the cases it is found that Small scale unit entrepreneurs are not well trained for taking decisions regarding choice of location, cost and tenure of acquisitions, proximity of the market etc; which affect the profitability in long run.
- At present cut throat competition is going on between SSIs and large scale units. Lack of proper guidance and financial support they are not able to create goodwill in market.
- Most of the SSIs in India are using absolute technology due to lack of technological support from government and other technological institutes and laboratories. Generally SSIs are less concerned about Research and development efforts; as a result their efficiency is very low.

- Due to the lack of standardization, poor design and quality, absence of service after sale, ignorance about potential market SSIs are not able to generate an organized marketing platform; as a result they are not able maintain long term relation with their customers.

The small scale industries are on apex in our country's industrial development programme for the following reasons:

1. In India insufficiency of capital is a perennial problem and it has to be employed as adequately as possible to enlarge the employment opportunities. A given amount of capital expended in a small scale unit imparts more employment than the same amount in a large undertaking. In 1973-74 the first All India census of small scale industrial units examined that rupee one lakh investment in fixed assets generated employment to 16 to 20 persons as against only 4 persons in the large scale sector.
2. India focuses at attaining a socialistic pattern of society, which transmits stable star distribution of wealth and curtailment in the concentration of economic power. Income generated in a large number of small enterprises disseminated more broadly and a large population derives its advantage. This is due to immense spread ownership and decentralized location of small scale units. Balanced regional growth is a socio economic requirement for all round development of the nation; large industries have a tendency to cluster around big cities. It generates economic and social evils such as pollution, slums and scarcity of civic facilities. It can be abolished by setting up SSI units in undeveloped areas and by facilitating employment to local people.
3. Gestation period is lesser in the case of small scale units rather than large scale industrial units. SSI units usually use locally available raw materials and they are less dependent on imported machinery and raw materials.

4. Small industries are peculiar in certain spheres of industrial production. The SSI units are specializing in lot of economic activities which are not suited to large scale enterprises. A specialized and efficient small industry can substantially increase the efficiency of large industries by relieving them of the necessity of making certain big operations, which for some reason or the other, the smaller unit can facilitate at a very low cost.
5. Due to different grounds small scale industries, including traditional cottage and village industries and modern small enterprises have been given a salient place in Indian economy. Late Prime Minister Mrs. Indira Gandhi once pronounced, "Small scale industries offer many opportunities; besides adding to production, they broaden the industrial base. They enable the process of modernization as well as entrepreneurship to spread to more regions and layers of society".
6. Mahatma Gandhi had strongly advocated the development of Indian villages by making them financially viable through small and village industrial units.
7. Small scale sector relishes the gratification of being second largest employer in the Indian economy and offers a different range of products. Small and Medium Enterprises (SMEs) are exhibiting their collision on national and regional economies throughout the world. They have been conceded for creating employment opportunities with a small amount of capital investment in both developed and developing countries. The small scale and cottage industries also play a vital role in discarding regional discrepancies. The backward area can only be developed by attaining the promotion of small scale industries.

From the above facts it is clearly said that the small scale sector are the need of developing economy like India. Hence this sector is to be taken on priority because of its uniqueness and creativity to our economy.

In Indian economy the small scale sector, which covers a huge diversified industries, occupies an important place. Small scale sector in India is considered to be an engine of growth in Indian economy due to their contribution towards employment, GDP, export and employment creation. Small scale units carry a small capital contribution supplied by proprietor or through means like partnership or from financing agencies set up. These industries generally work with little resources and they provide much better results by their own creativity. This industry not only facilitates employment but also acts as a tool for equitable distribution of income as well as they provide a platform for mobilization of resources such as capital, entrepreneurship. In present scenario overall economic growth is directly connected with the growth of Small scale industries.

Uttar Pradesh is a state where the employment problem is most crucial and Small scale industries are the medium to reduce unemployment and achieving economic growth. Central and state governments have developed the network of various Public sector financial institutions for supporting the Small scale industries in Uttar Pradesh. Among all Public financial institutions (IDBI, IFCI, ICICI, IIBI, IVCF, ICICI Venture, TFCI, LIC, UTI, GIC and SFCs etc.) which provide finance to small scale industries, government has set up SIDBI to meet the requirements of small scale sector.

The difficulty in getting the adequate and timely finance is a major problem faced by small scale sector in Uttar Pradesh. By the reason of their low capital contribution they are not in a position to raise the funds by equity from capital market. Such a study is expected to throw light on the current position of SSIs in Uttar Pradesh and also the role played by SIDBI for overall development of SSIs in the state.

CHAPTER-2

REVIEW OF LITERATURE

Small scale industries have been given a significant place in the economy of both developing and developed countries. The economic development acquired by many developed countries can be linked directly to the sector. In India the small scale industrial sector has registered mercurial growth. A thorough review and survey of related literature forms an important part of research. A concise review of such imperative studies is made here.

Prasad (1974) in his study emphasized that small scale sector in India is creating big achievements despite of their small size.

Bhati (1976) in his study reveals that in a majority of cases, small scale industries outside the industrial states, showed higher rates of surplus.

Graham Bannock displays a realistic picture of the practical problems of the small scale industries, showing how they relate to the spacious issues of economic policy.

Roy Roth Well and Water Zegveld (1982) point out that SME have been and in extensive, continue to be, technologically innovative. Technology based new SMEs plays an imperative part in the appearance of new technology and in economic growth SME, particularly, young technology based SMEs also make an outstanding contribution to employment creation. Independent SME, and their larger counterparts, does represent an essential vehicle for regional rejuvenation.

Narayana Reddy (1983) in his doctoral thesis outlines that SSI units are to equip themselves with better and upgraded methods of marketing, disseminated through proper training programmes conducted by the Institute of Marketing, which may be started exclusively. Hence there is a necessity for creating the Institute of Marketing for small industry at national level, so that small scale units can compete with cut throat competition in the global market.

Ram Vepa (1983) in his study mentions that in last thirty years a wide network of institutions and policies has been developed in Indian economy but due to lack of proper execution all of them have not been successful, but in totality, they have provided a well structured shell in which the small and cottage industry have been allowed to spring up.

Vinayak, Shankarrao Bhoyar (1984) reveals that programme of co-operative industrial estates coupled with co-operative in other related fields is a substantial instrument, which possesses the capacity to mutate the backward area into advanced ones.

The task force on small scale industries (1984) found that eligible units have not gotten subsidies and concessions at right time. Such assistance declared by the government is badly detained for several grounds such as delay in issuing detailed orders, inadequacy of budget provisions etc.

Envying Chita and Carl Lied Holm (1985) in a comprehensive study of SSI in Sierra Leone pledge a new apprehension into the role of SSI in providing production, employment creation, and production enhancement. Role of demand and supply factor in the rural and urban industry in Sierra Leone was also examined in the study.

The reports of the sub group on small scale industries for the seventh plan (1985) had outlined that the efforts of the government have not gotten the success in comparison to their set target nor have they removed the basic fragility of the small-scale sector.

Ashok Kumar Singh (1985) in his thesis revealed the incentives and assistance provided by the government and the infrastructure facilities available in Bihar. A concise account of the potentialities and prospectus of SSI in Bihar is also given.

Tara Nand Singh Tarun and Devandra Thakar (1986) point out that the radical problem of industrial development in India is the problem of transplanting and acclimatizing the fruits of technology so as to elevate the whole level of productivity.

Nisar Ahmad (1987) has made an endeavor to critically analyse, both at micro and macro levels, the operational and other problems of small scale and cottage industries in India with special reference to the state of Jammu and Kashmir.

Sandesara (1988) made a study of reinforcement programmes for small-scale industries. The study disclosed that units producing items in the restrained list did not show away superior performance over other units, mainly because the easy entry for new small-scale units had intensified the competition among the small units.

Ram Vepa (1988) in his study point out the growth, organizational structure of small scale industry, some key issues, and field planning for small scale industry and its prospectus for nineties.

Nasir Tyabji (1989) examines the role of small scale industries policy and constitution of small scale industries as a element of the Indian development process and changes in the structure of small scale industry and nature of small enterprise development.

Dias Syrian (1991) reveals the linkages like scale, nature and effects of current sub contracting between small and large industries in Sri-Lanka, In general fragile relationships exists between large and small industries, however strong links exhibit with respect to more organized few large firms. The reasons for this fragile relationship is the sourness of small Industries in meeting the requirements of large Industries in terms of innovative technology, less production cost, and quality and delivery services at right time.

Prem Kumar and Asit Ghosh (1991) in their study on management of small- Scale Industry describes practices of management and performance of small-scale Industries and their relationship regarding demographic features, production, planning and control of SSI, financial planning and control and Institutional structure for assistance of SSI and also the technology change for SSI.

Balla (1992) in his study reveals about policies towards small and medium enterprises with respect to their growth and technology in China.

Jamuar (1992) in his study examines the role of small scale and cottage industry in India, the problems and present situation of small-scale Industry with special references to Industrial sickness, government initiatives and measures to recuperate small-scale and cottage Industry and new Industrial policy on small-scale on small-scale and cottage Industry.

Rama Swamy (1993) in his study revealed three hypothesis regarding small- scale manufacturing units, namely: small firms use more labour per unit of capital, they produce more output per unit capital and small firms use resources more efficiently than large firms in terms of total factor Productivity. The analysis point out that capital potency and partial productivities are sensitive to alternative measures of firms size, and total factor productivity are not found systematically related.

Ahmad Jaleel (1993) made an effort to illuminate whether trade industrial policies in developing countries discriminate against the development of small and medium scale industry. This is done by exhaustive examination of the structure of tariff and non-tariff Protection as well as industrial policies measure, for instance foreign exchange and licensing.

Venugopal (1993) perceived that government agencies are inactive and their performance is not so good with respect to promotion of villages and cottage industries. He states that the survival of village and cottage industries totally depend on their ability to become competitive. Their effort should be to reduce cost and improve quality through technological up gradation, so that they can be able to fulfill the demand of customers.

Ramabijoy (1993) in his study outlines the support of government to small scale industries so that they can timely facilitate finance for production and marketing activities. He also states that the capacity and effort of small scale industries for managing their sickness.

Pillai (1994) in his study point out that small scale sector plays a pro vital role in the evolving economy. Due to various challenges of market they have to face cut throat competition for sustaining their existence.

Thomas.T.Thomas (1994) in his study shows that there is a need for extensive education for small scale entrepreneurs in general management and specifically in the fundamentals of marketing management.

Rao (1995) outlines that investment related to technology requisition play a significant role in small scale sector to face the challenges of liberalization and globalization of markets.

Schmitz, Hebert (1995) in their research work are concerned with the enlargement of small local industry in developing countries and explores one particular direction for understanding and enrich such growth. He emphasizes on the clustering of firms and the competitive advantage, which they derive from local external economies and joint action, captured in the concept of collaborative efficiency.

The international prospective planning team (1995), in their study found that effort for the promotion for small scale industry by government were largely scattered and dealt with only isolated segments of the problem.

Parsed and Kushik (1997) have pointed out status of comprehensive policies and programmes of the small-scale sector during the fifty years of independence.

Salim (1998) in his study reveals that in most categories of industries there is more number of high performing units followed by moderate performing units. Eminent performing units have more market orientation than low performing small scale units. In fact there is a strong positive correlation between market orientation and business performance.

Sindhu Hina (1998) in their study reveals that, employment generation has increased over a period of time. The further findings of the study are linked to decline in employment in the household industries, and a decline in the contribution of the large scale sector to employment generation.

Hayami, Yujiro, and other (1998) state that marketing channels be ingrained which conjoins small producers with large urban and /or foreign demand. This study inspects distinct forms of production trade contracts being practiced at the grass root level in the metal craft manufacturing industry on the outskirts of Greater Manila in the Philippines.

Balasubrahmanya (1998) in his study represents the fundamentals of India's small industry policy with especial reference to safeguarding measures, and retrospect its impact on the growth and efficacy of the sector.

Datey (1999) in his study titled practice manual to small-scale Industries explains the significance of small-scale industries, clubbing of authorization of SSI and an review of income tax, central sales tax, Finance to SSI and management of SSI units.

Mathew (2000) examines that small Industry policy in India is inconclusive. Divergence of interests and their enunciation through lobbying is a characteristic of any democratic policy. It is also not impeccable to consider the government as a machinery to immune such influences.

Vasandhara Raje (2000) outlines that credit is a necessary inputs for the working of small-scale Industries. Any dawdling of inadequate supply of credit is mischievous to the growth of the SSI units. Therefore timely and requisite availability of credit is of decisive importance for setting up and for protracting the existing SSI units.

Bharati, Subbalakshumma and Reddy P. Harinath (July2011) points out that the ensuring Indian Government encouraged small scale industries to transfer the economic power to the gross root levels, to generate employment, to have balanced regional evolution, and to check concentration of wealth. Small scale sector has performed exceedingly well and enabled the country to accomplish a wide measure of industrial growth and diversification. Hence, by less capital intensive and high labour absorption nature, SSI sector has made eloquent contribution to employment generation and also rural industrialization.

Abdul Naser. V (2013), in his study on "A Critical Evaluation of the Contributions made by the Micro, Small and Medium Enterprises in Indian Economy", outlines that the MSME sectors contribute enormously to the comprehensive balanced growth of the economy and it is recommended that the government should take adequate measures to create healthy environment which is indispensable to smooth operation of the units.

Pandey, Dr. Vivekanand (Jul-Dec 2013) reveals that Small-scale industries play a very imperative role even in industrialized and advanced countries like the U.S.A., the U.K., Canada, and West Germany and more particularly in Japan. This sector is considered to be an engine of growth, especially in a developing country like India due to their contribution to income generation, employment, GDP and export earnings.

Singh, Anchal (Dec-2014) examines that the exogenous factors pertaining to factors like government policies in context of production, distribution and price changes in the investment pattern following new priorities in the plan, shortage of power transport, raw materials and deteriorating industrial relations are the factors which affect almost every industry and can ultimately lead in sickness if remedial measures are not taken by the State. The endogenous factors like mismanagement, diversion of funds, wrong dividend policy and excessive overhead .It is evident that most of the plants have operated with old technologies and couldn't keep pace with technological advancements due to miscellaneous reasons. Inefficient management practices along with diminishing labor productivity and operating efficiency of manufacturing process over the years lowered the profitability of many of the plants. Apart, from that incompetency of management is also a contributory factor towards the increasing sickness of small scale industry.

Dey S.K. (2014), in his paper on “MSMEs in India: Its Growth and Prospects”, outlined that MSME sector contributes significantly to manufacturing output, employment, exports of the country.

Patil, Sangita G and Chaudhari, Dr. P.T. (April – 2014) studies that Lack of capital, excessive dependence of agriculture and exuberant supply of manpower are the characteristic futures of many developing countries in Asia. Happily these economies have been realizing that agriculture is which cannot meet their local requirements and therefore, that the pressure on land could be extensively reduced through the development of small scale industries. Small scale is the most suitable type of the industries developing countries.

Kachhwah, Amol O (April – 2014) examines that an industrial unit is considered sick when its financial position is not satisfactory and it becomes worse year after year. It incurs losses and its capital reserves may be stretched out in course of time. When its current liabilities are more than current assets, the organization may not be in a position to pay its liabilities. The increasing trend in industrial sickness touching all types of units including small is of considerable concern.

Sherwani, N.H.K. and Kashif, Mohd (Dec-2015) in their study reveals that generally SSIs are environmental friendly because they use labor intensive technology. The possibility of establishing these industries in different regions is favorable because they do not need special infrastructure. Once these industries are well established then the encouragement of their spread in the rural areas will help to achieve many of the social and economic goals, such as increasing income of the rural areas, controlling the migration from the rural areas to urban areas, provide employment opportunities to rural people, removal of poverty, etc. In view of the vast potential of small scale enterprises, the Government of India is encouraging the growth of this sector. The Government of India has given a special place of SSIs in Indian economic planning due to the ideological and economic reasons. As a result, the number of small scale industries (SSIs) in India growing at a significant rate.

Vijayaragavan, Dr. T. (oct 2015) concludes that in Indian economy small-scale industries occupy an important place in terms of employment potential and its contribution to total industrial output and exports. By its less capital intensive and high labor absorption nature, SSI sector has made significant contributions to employment generation and also to rural industrialization. This sector is ideally suited to build on the strengths of our traditional skills and knowledge, by infusion of technologies, capital and innovative marketing practices.

CHAPTER - 3

INTRODUCTION TO SMALL SCALE INDUSTRIES

The small scale sector has a vital role in a developing economy like India. They perform a strategic role in the development of the country. Small scale industries depict large economic changes from traditional segments to modern segments. This sector is diversified in nature due to its various ranges of products. Some SSIs make use of simple skills and mechanism while many other units use modern and sophisticated technology to upgrade their business. Now Indian economy is confronting a challenge of economic growth. It has to hasten the productivity of many imperative areas like agriculture industry. SSIs have to also improve their techniques of production. In India SSIs have been assigned to achieve these expectations in more economic and diversified way.

SSIs are the significant part of the Indian economic structure. They help in intergradations of scheme of national planning. They are playing a crucial role for the Indian economy as well as a progressive and effective decentralized sector which is closely related with agriculture and medium and large scale industries. Small scale sectors are only the means by which new innovative technologies are considered so that economic development can be done in the cheapest cost.

3.1 Objectives of SSIs –

- To generate quick and permanent employment opportunities to population at a big scale and at a relatively low costs.
- To meet the excessive demand for consumer goods.
- To adequately utilizing and mobilizing the resources of economy.
- To integrate the development of rural economy with the large scale industries;
- To facilitate a more equitable and justifiable distribution of income to the population at large.

3.2 Historical Official Definition of SSIs: An overview -

The first official definition of SSI was shown in 1950, in terms of the size of gross investment in fixed assets (plant and machinery, land, building), as well as on the strength of the manpower in the unit concerned. This criterion was emended with the lot of modifications over the years. In the latter part of the fifties, the change effected in defining an SSI unit mainly a shift from a workforce-criterion to an investment –criterion. In 1996, the original investment value in plant and machinery was adopted as the sole norm for defining a unit as small scale or otherwise. Similarly in 1960 and 1977, the concepts of ancillary and tiny units were introduced, respectively. In 1985 Small Scale Service Establishments (SSSEs) were first classified and later re-defined in 1991, as Small Scale Service and Business Enterprises (SSSBEs). The periodic revisions in the definition of SSI, as made by Government of India, are summarized in Table 3.1.

Table 3.1 Definition of SSI (Criterion)

Year	SSI	ANC	TINY	EOU	SSSE	SSSBE	Remarks
1950-51	Capital Asset not exceeding Rs. 0.5 million						Employment less than 50 workers per day (with the use of power) or less than 100 workers per day (without the use of power)
1958-59	Capital investment of less than Rs. 0.5 million						Same as above except that the per day employment criteria was replaced by a " per shift" provision
1959-60	In capital investment, value of machinery to be taken at original price paid irrespective of it being new or old.						Same as above except that the per day employment criteria was replaced by a "per shift" provision

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Table 3.1 (Continued)

1966-67	Up to Rs. 0.75 million	Up to Rs. 1 million					
1975-76	Up to Rs.1 million	Up to Rs. 1.5 million					
1977-78							Units located in rural areas/towns with a maximum population of up to 50000 as per 1971 census
1980-81	Up to Rs. 2 million	Up to Rs. 2.5 Million	Up to Rs. 0.2million				Units located in rural areas/towns with a maximum population of up to 50000 as per 1971 census
1985-86	Up to Rs. 3.5 million	Up to Rs. 4.5 million			Up to Rs. 0.2 million		Units located in rural areas and towns with a maximum population of up to 5 lakhs as per 1981 census.

Continued on Page No. 22

Table 3.1 (Continued)

1991-92	Up to Rs. 6 million	Up to Rs. 7.5 million	Up to Rs. 0.5 million	Up to Rs. 7.5 million		Up to Rs. 0.5 million	The location-specific condition was removed
1997-98	Up to Rs. 30 million	Up to Rs. 30 million	Up to Rs. 2.5 million				Government of India has since decided to lower the ceiling from Rs. 30 million to Rs. 10 million
1999-2000	Up to Rs. 10 million	Up to Rs. 10 million	Up to Rs. 2.5 million				The limit for the units in select products of knitwear and hand tools is allowed up to Rs. 50 million

In India the SSI sector covers a large spectrum of industries categorized under small, tiny and cottage segments ranging from small artisans/handicraft units to modern production units with significant investment. This sector has attained an apex place in the socio-economic development of the economy as it not only acts as a ‘nursery’ for the development of entrepreneurial talent, but also produces a wide range of 7500 products.

The term Small Scale Industry carries distinct meanings for different agencies. The planning Commission, Government of India, considers the entire village and small Industries (VSI) sector as a part of the SSI sector. The National Sample Survey Organization under the central Statistical Organization (CSO), Government of India, views the entire industry sector in terms of organized and unorganized segments, as well as in terms of Industrial enterprises run by households and non households. The Central Excise Department, on the other hand, defines SSIs on the basis of the annual turnover of the units (up to a maximum limit of Rs. 10 million). The Reserve bank of India (RBI) adopts an expanded definition of SSIs which includes traditional industries as well. The Industrial policy planners in the Small Scale Industries Board define SSI on the basis of investment in plant and machinery (an upper limit of Rs. 10 million) and cover residual units which do not fall under the assistance programs of any of the statutory boards.

In current scenario SSIs are defined in terms of investment ceilings on the original value of the installed plant and machinery.

Major Components of SSI

3.3.1Small Scale Industrial Undertaking:

If the investment in fixed assets in plant and machinery does not exceed Rs. 10 million then an industrial undertaking is defined as a small scale unit. The Small scale units can get registered with the Directorate of Industries/Direct industries centre in the state government concerned.

3.3.2 Ancillary Industrial Undertaking:

Ancillary undertaking is an industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the renders the services. The ancillary undertaking has to supply or render or purpose to supply or render not less than 50 percent of its production or services, as the case may be, to one or more other industrial undertakings. The investment in plant and machinery, whether held on ownership terms or on lease or on hire purchase, should not exceed Rs. 10 million.

3.3.3 Tiny Enterprises:

An industrial unit is termed as tiny enterprise where investment in plant and machinery does not exceed Rs. 2.5 million, irrespective of the location of the unit.

3.3.4 Medium Enterprises:

If the investment in plant and machinery above the small scale industry limit and up to Rs. 10 crore hen it is known as Medium enterprises.

3.4 Definition of MSMEs-

The central Government, in exercise of the powers conferred by sub-section (1) of section 7 of micro, small and medium enterprises development act, 2006, after having obtained the recommendations of the advisory committee under sub-section (4) of section 7 of the act in his regard, hereby notifies the following enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership or undertaking or other legal entity, by whatever name called:

In case of enterprise which is engaged in the manufacturing or production of goods pertaining to any industry specified in the first schedule to the industries (development and Regulation) act, 1951, as: a micro enterprise, in which investment in plant and machinery does not exceed twenty-five lakh rupees; a small enterprise, in which the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five million rupees; or a medium enterprise, in which the investment in plant and machinery is more than five crore rupees but does not exceed ten million Rupees.

On the other hand in case of the enterprise engaged in providing or rendering of services, as: a micro enterprise, in which the investment in equipment does not exceed ten lakh rupees; a small enterprise, in which the investment in equipment is more than ten lakh rupees but does not exceed two million Rupees; or a medium enterprise, in which the investment in equipment is more than two million Rupees but does not exceed five million Rupees.

3.5 Amendments in the definition of small scale industries in terms of investment limits –

There are several amendments which have been occurred time to time in small scale industries in terms of investment limits which are shown in Tableno.3.2.

Table 3.2 Definition of Small Scale industries in terms of investment limits

Year	Investment limits in plant and Machinery	Additional Conditions
1955	Up to Rs. 5 lakhs	Less than 50/100 persons with/without power
1960	Up to Rs. 5 lakhs	No conditions
1966	Up to Rs. 7.5 lakhs	No conditions
1975	Up to Rs.10 lakhs	No conditions
1980	Up to Rs.20 lakhs	No conditions
1985	Up to Rs.35 lakhs	No conditions
1991	Up to Rs.60 lakhs	No conditions
1997	Up to Rs. 3 million	No conditions
2000	Up to Rs. 1 million	No conditions
2006	Up to Rs. 5 million	No conditions

Source: Compiled from various Acts and Notifications of RBI and MSME.

3.6 Micro, Small and Medium enterprises Development Act, 2006

In 2006 the MSMED Act was notified to address policy issues affecting MSMEs as well as the act also focuses on the coverage and investment ceiling of the sector. The especial points which are included in the act are as follows:

- Setting up of a National Board for MSMEs
- Classification of enterprises
- Advisory Committees to support MSMEs

- Measures for promotion, development and enhancement of MSMEs
- Schemes to control delayed payments to MSMEs

3.7 Grouping of Micro, Small and Medium Enterprises

The ministry of small scale industries and the ministry of Agro and rural industries were merged on 9 May, 2007 to form the ministry of Micro, Small and Medium Enterprises (MSME). After the merger this ministry now assists MSMEs and helps them by designing policies, programmes, projects and schemes. The primary responsibility of the State Government is promotion and development of MSMEs. However, the Central Government in India supports the efforts of the State Governments through different initiatives and plans. The vital role is played by the ministry of micro, small and medium enterprises and its organizations. They do hard core efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness and sustainability of MSMEs in the dynamic economic scenario.

3.8 Organizational set-up Ministry

The ministry of MSME contains two divisions called small scale industry (SSI) division and Agro and 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. This 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) as has been introduced by the cabinet secretariat under performance monitoring and evaluation system (PMES).The 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).

3.9 Census Initiative for MSMEs

Before the micro, small and medium enterprise development (MSMED) act, 2006, which has come into effect from 2^{nd} October, 2006, MSME sector was known as small scale industries sector. The office of the development commissioner (MSME) has in the past conducted three censuses of registered SSI units.

First census was conducted in 1973-74 in respect of 2.58 lakh SSI units registered up to 30-11-1973. The reference year for this census was calendar year 1972 in respect of units not maintaining accounts and the actual accounting year closing from 1-4-1972 to 31-3-1973. Some information was also collected for 1970 and 1971 regarding SSIs.. During this census, only 1.4 lakh units were found working.

Second census was conducted during 1990-92 in respect of 9.87 lakh SSI units registered up to 31-3-1998. The reference year for this census was financial year 1987-88 in respect of units not maintaining accounts and the actual accounting year closing between1-4-1987 and 31-3-1998 for those units maintaining accounts. During this census, only 5.82 lakh units were found working.

Third census: All the units registered permanently up to 31-3-2001 were covered on complete enumeration basis. A total of 2262401 units were surveyed. Out of these, 1374974 units were found to be working and the remaining 887427 units (39%) were found closed. The unregistered SSI sector was surveyed for the first time in the third census. This sector was surveyed using a two stage stratified sampling design. Out of 994357 rural villages and urban blocks, 19579 rural villages and urban blocks were surveyed to identify the units of unregistered SSI sector. The size of the unregistered SSI sector estimated to be 9146216. This comprises 38.75% SSIs and 61.25% SSSBES.

Fourth census covered all the units (about 24 lakh units), permanently registered up to 31-3-2007 with DIC/ASI/KVIC/KVIB/Coir board, on complete enumeration basis. The field operations of the fourth census were conducted by about 19000 persons, during May, 2008 to March 2009.

3.10 Main findings of the Census

3.10.1 Registered MSME units

- All the enterprises permanently registered up to 31-3-2007 at District Industry Centers of the State/UT directorate of industries numbering 2104051 were surveyed on complete enumeration basis. Besides, 215051 enterprises registered under section 2m(I) & 2m(ii) of the factory act as on 31-03-2007 were also surveyed on complete enumeration basis so that enterprises with investment in plant and machinery above Rs. One crore may be culled out. Further, 72760 KVIC/KVIB and 9214 coir units were also taken up in the census of registered MSMEs. In all, a set of 2401076 enterprises were surveyed on complete enumeration basis. Of the above 2211958 enterprises were found relevant to MSME of which 1552491 (70.19%) units were found working, 480946 (21.74%) units closed and 178522 (8.07%) units non traceable.

- The data reveals that closure among MSMEs has down by about 17% and working unit's percentage has gone up by about 9% as compared to the 3rd census 2001-2002. In terms of no. of working units, twelve states, viz., Tamil Nadu (15.07%), Gujarat (14.80%), Uttar Pradesh (12.08%), Kerala (9.65 %), Karnataka (8.99%), Madhya Pradesh (7.01%), Maharashtra (5.58%), Rajasthan (3.55%), Bihar (3.36%), Punjab (3.23%), West Bengal (2.75%), and Haryana (2.18%) had a share of 88.25%. with regard to close units, the above 14 States, viz., Tamil Nadu (16.59%), Uttar Pradesh (15.73%), Karnataka (8.80%), Maharashtra (7.80%), Madhya Pradesh (7.29%), Kerala (7.16%), Gujarat (6.91%), Punjab (4.59%), Rajasthan (3.32%), Bihar (3.15%), Chhattisgarh (3.14%), Andhra Pradesh (2.78%), Haryana (2.22%) and West Bengal (1.85%) had a share of 91.31%.

3.10.2 Size of Registered MSME sector –

The size of the registered MSME sector is provisionally estimated to be 1552491. Of the total working enterprises, the proportion of micro, small and medium enterprises were 95.05%, 4.74% and 0.21% respectively. This comprises 66.67% manufacturing enterprises and 33.33% services enterprises. The 8.21% (76,654) of the manufacturing enterprises were ancillary enterprises. About 45.38% (704551) of the units were located in rural areas. 28.23% (4331445) enterprises were found to be maintaining accounts. Details in respect of micro, small and medium enterprises are given in Table 3.3 below.

Table 3.3 Details of working enterprises

Details of working enterprises	Micro	Small	Medium	Total
No. of manufacturing units	974609	57666	2828	1035103
No. of service enterprises	501072	15915	402	517389
Total No. of MSMSEs	1475681	73581	3230	1552492
Percentage distribution of total units	95.05	4.74	0.21	100.00
Percentage share of manufacturing units	94.16	5.57	0.27	66.67
Percentage share of service units	96.85	3.08	0.08	33.33

Source: Compiled from various Acts and Notifications of MSME and planning commission India.

3.10.3 Type of Management /ownership –

- An enterprise (manufacturing or service) managed by one or more women entrepreneurs in proprietary concerns; or in which she/they individually or jointly have a share capital of not less than 51% as Partners/shareholders/ Directors of Private Limited Company/Members of co-operative society is called a "women enterprise". It was found that 13.85% (numbering 205419) of the units in the registered MSMEs sector were women enterprises, whereas the share of enterprises actually managed by female was 10.10%.
- From the angle of community status, 7.73% of the enterprises were owned by Schedules Caste (SC) entrepreneurs, 3.03% by scheduled tribe (ST) entrepreneurs and 38.70% by entrepreneurs of other backward classes (OBC). Thus 50.56% of the working units in the registered MSME sector were being owned by socially backward classes. In terms of religion , 81.90% units owned by Hindu whereas domination of Muslim, Sikh and Christian were 10.25%, 2.43% and 4.16% respectively.

3.10.4 Exports in MSME sector-

In the third all India census, data on the number of units exporting directly were collected. It was found that 7344 registered and 43262 unregistered units were involved in exports with value of exports amounting Rs. 14200 crore. In the census, it was found that most of the SSI units do not export their products themselves. The exports are done through export/merchant houses, most of which are located in export zones like ports. These activities were not covered in third census. Therefore in order to collect actual number of exporting units and the value of exports, data was collected from units exporting their goods/services directly/indirectly or both. Data reveal about 40504 registered units were found to be exporting their goods/services directly/indirectly or both amounting to Rs. 76337.07 crore.

3.10.5 Employment –

- Per unit employment in the registered MSME sector was 5.93 whereas in manufacturing and service enterprises sector, it was 7.71 and 2.36 respectively. Per unit employment has gone up from 4.48 in 3rd census to 5.93 in the 4th census of registered MSMEs.
- About 92.04 lakh persons were reported to have been employed in the registered working MSMEs, comprising 86.75% in manufacturing sector and 13.25% in service sector. The employment per rupee one lakh fixed investment was 0.184 persons, whereas in manufacturing and service sectors it was 0.181 persons and 0.202 persons respectively. The distribution of employment among micro, small and medium enterprises is in table3.4 below-

Table 3.4 Details of Employment

Details of employment	Micro	Small	Medium	Total
Manufacturing enterprises	5320046	2055762	608513	7984321
Service enterprises	1040494	153723	24826	1219343
Total employment in MSMEs	**6360840**	**2209485**	**633339**	**9203664**
Percentage distribution of employment	69.11	24.01	6.88	100.00
Percentage share of employment in manufacturing units	83.64	93.04	96.08	86.75
Percentage of employment in service units	16.36	6.96	3.92	13.25

Source: Compiled from various Acts and Notifications of MSME.

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3.10.6 Fixed Investment-

- The total fixed investment in the year 2006-2007 was estimated to be Rs. 500758.36 crore, whereas in the manufacturing and services sector it was 440493.68 crore (87.97%) and Rs. 60,264.68 crore (12.03%) respectively. The details of fixed investment in respect of micro, small and medium enterprises are given in the table 3.5 below-

Table 3.5 Fixed Investments (Rs. In Crore)

Enterprises	Fixed Investment (Rs. in crore)			
	Micro	**Small**	**Medium**	**Total**
Manufacturing	143707.16	179205.59	117580.93	440493.68(87.97%)
Services	20165.62	34844.23	5254.83	60264.68(12.03%)
Total	163872.78	214049.82	122853.76	500758.36

Source: Compiled from various Acts and Notifications of MSME

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- Out of 24548305 unregistered MSMEs, some units which may not be MSME as per definition will be eliminated and some units would have come in existence after December, 2005 will be added. The estimated size of the unorganized MSMEs would be known only when sample survey is received from the state/UT DIs. However, based on the data file extracted from the EC-2005 data, results are analyzed below.

3.10.7 Structure of the unregistered MSME sector –

- **Size of the unregistered MSMEs-** the unregistered MSMEs are provisionally estimated to be 24548305 providing employment to the tune of 50257039 persons in the country. The unregistered MSME sector was dominated by service enterprises with a share of 73.85%. The proportion of manufacturing was only 26.15%. The units in the unregistered MSMEs operating in rural areas were 52.18%.
- **Types of ownership –** 6.95% of the units in the unregistered MSMEs were women enterprises. From the angle of community status, 7.89% of the units were owned by scheduled caste (SC) entrepreneurs, 3.18% by Scheduled Tribe (ST) entrepreneurs and 40.31% by entrepreneurs of other backward classes (OBC) and 43.48% by others. It is seen that about 51.38% enterprises were owned by the above socially backward communities.
- **Employment-** The unregistered MSMEs are provisionally estimated to be 24548305 providing employment to the tune of 50257039 persons in the country. The average employment was 2.05, whereas in manufacturing and services sector it 2.32 and 1.95 respectively. 44.62% persons are engaged in manufacturing and 55.38% persons in the unregistered enterprises were 82.13% and 17.87% respectively.

3.11 Small Scale Industries during Five Year Plan Period

Planning commission treats small scale industries as an integral part of the village and small industries (VSI) sector. This sector comprises modern and traditional segments of industry. The modern segment includes small scale industries (SSI) and power looms which use modern technology in the manufacturing process. The traditional segment consists of handlooms, sericulture, Khadi and village industries (KVI), coir industries, handicraft and wool ‘development (unorganized sector). Provision with regard to small scale industries during different plans has been given below:

First Five Year Plan (1951-1956) – During this period All India Industries Board was established to formulate plans for the development of small scale sector industries. Besides, provision for reservation of certain items for exclusive production in this sector was also made during this plan period. This plan envisaged an outlay of Rs.43 crore (i.e., 2.2% of the total plan outlay and 43.9% of the total industrial outlay) for the development of village and SSIs. Out of the allocated amount, Rs.30 crore (69.8% of the allocated amount) was spent on village and SSIs.

Second Five Year Plan (1956-1961) – The second plan was aimed at dispersal of industries throughout the country. About 60 industrial estates were set up and certain large industries were prohibited from undertaking expansion in the areas meant for small scale sector. Focus was laid on the development of SSIs and ancillaries to large-scale industries and on organizing industrial cooperatives. The programs of Industrial Estates, initiated in 1955 was extended and about 60 industrial estates were set up to provide factory accommodation and a number of common facilities like power, water, transport, etc., at one place at one place. The production of certain items was reserved to small-scale sector and assistance to SSIs in different forms such as credit, training facilities, technical advice, supply of improved tools and equipment on easy terms, etc., was extended. An amount of Rs.180 crore (3.9% of the total plan outlay and 16.1% of the total industrial outlay) was allocated for the development of SSIs. But the actual expenditure incurred during the plan was Rs.175 crore (97.2% of the allocated amount).

Third Five Year Plan (1961-1965) – The third plan stressed on improvement in the techniques of production without affecting employment. A provision of Rs.264 crore (3.1% of the total plan outlay and 13.2% of the total industrial outlay) was made for the development of SSIs in the Third Plan and Rs.240 crore (90.0% of the allocated amount) was spent for the growth of this sector whereas Rs.126 crore was proposed for three Annual Plans, i.e., 2.1% of the total plan outlay and 8.7% of the total industrial outlay.

Fourth Five Year Plan (1969-1974) – The list of items reserved for production in the small-scale sector increased from 180 to 340. During this plan, an amount of Rs.293 crore (1.8% of the total plan outlay and 9.3% of the total industrial outlay) was earmarked for the growth of villages and SSIs and Rs.251 crore (87.7% of the allocated amount) was spent on this sector. Following issues were covered in this plan-

- Administration of credit facilities under the state aid to industries act.
- Training and common service facilities and quality marketing services to small industries
- Consolidation of industrial estates programme.

Fifth Five Year Plan (1974-78) – The Fifth Plan allocated Rs.510 crore (1.3% of the total plan outlay and 5.2% of the total industrial outlay) for the development of village and SSIs. But out of this, only Rs.387 crore (75.9% of the allocated amount) was spent on this sector. During the Annual Plan, 1979-80, 75% of the amount allocated (Rs.192 crore out of

Rs.256 crore) was spent which stood at 2.1% of the plan outlay and 9.7% of the industry outlay respectively. Following issues were covered in it –

- Development of different small industries so as to facilitate the attainment of the goal of removal of poverty.
- Removal of inequality in consumption standards through the creation of large opportunities for fuller and additional productive employment and improvement of skills.

Sixth Five Year Plan (1980-85) – The plan set the growth target of 8% per annum in respect of the output of the village and SSIs. An amount of Rs 1780 crore (1.4% of the total outlay and 11.9% of the industrial outlay) was earmarked for growth of village and SSIs and expenditure of Rs1410 crore i.e., 79.2% of the total amount allocated was incurred on this sector. Plan has focused on the following issues-

- Improvement in the levels of production and earnings, particularly of the artisans, through measures like upgrading of skills and technologies and production oriented marketing etc.
- Creation of additional employment opportunities on a dispersal and decentralized basis.
- Significant contributions to growth in the manufacturing sector through inter alia, fuller utilization of existing installed capacities.
- Establishment of a wider entrepreneurial base through appropriate training and package of incentives.
- Creation of a viable structure of village and small industries sector so as to progressively reduce the role of subsidies
- Concerted efforts in export promotion.

Seventh Five Year Plan (1985-90) – The guiding principles of the seventh plan for the small sector were as follows:

- To ensure adequate supply of wage goods and consumer articles of mass consumption at reasonable prices and acceptable quality.
- To maximize the utilization of the existing facilities through restructuring, improved productivity and up gradation of technology.
- To concentrate on development of industries with large domestic market and export potential;
- To user in sunrise industries with high growth potential and relevance to the needs;
- To evolve integrated policy towards self reliance in strategic fields and opening up avenues of employment for skilled and trained manpower.

Eighth Five Year Plan (1990-1995) - it has envisaged the following plan of action for the growth of small and village industries:

- Provision of incentives for the development of village/household enterprises including Khadi and village establishments, handlooms, handicrafts, sericulture.
- Exploring avenues for securing proper integration of small industries with larger ones.
- Integrated application of industrial policy with technology policy and fiscal policy.
- Induction of a measure of technological dynamism so that production efficiency of small sector is improved and its products can find a place in the market on a competitive basis.

Ninth Five Year Plan (1997-2002) - it has focused on the following issues-

- The SSI sector will be provided with necessary incentives and support including making available credit to facilitate its growth and development leading to increased contribution to output, exports and employment generation.
- The definition of small scale sector will be broadened from small scale industries to small scale enterprise (SSE) which will include not only industrial enterprises but also business enterprises.
- Incentive credit and promotional facilities would be made available to all SSEs. This would promote entrepreneurship, rapid growth of industrial and business ventures in small scale sector and thus additional employment.
- The list of products reserved for small sector will have to be continually reviewed upwards periodically to take account of inflation and to enable the small sector to reap the economies of scale and effect up gradation of technology to withstand the emerging competition, particularly in the export market.
- The financial institutions will be motivated to offer factoring services on a large scale to the small scale sector in addition to the present system of discounting bills. The non banking financial companies (NBFCs) would need to be encouraged through suitable financial incentives to provide/earmark enhanced loans/lending to the SSI units.
- Friends and relatives of SSI entrepreneurs could be given fiscal incentives at par with those investing in large units/public limited companies to lend to SSI units.
- The financial and management base of SFCs and SIDCs may be suitably strengthened to enable them to provide better services to the SSI sector. Banks/financial institutions may concentrate upon cluster approach and set up specialized branches in such clusters of SSI concentrations. Setting up Local Area Banks (LAB) by financially

strong and better managed SSI associations would also help in making available adequate credit to the SSI units.

- Technology up gradation, transfer and acquisition of appropriate technology would be encouraged through enhanced flow of credit from financial institutions (FIs) and encouragement would also be given for adoption of higher quality parameters and quality consciousness amongst the SSI units.

Tenth Five Year Plan (2002 – 2007): The CAGR rose from 4.5% in the Ninth Five Year Plan to 8% in the Tenth Five Year Plan. Manufacturing showed particular dynamism, the CAGR rising from 3.8% in the Ninth Five Year Plan to 8.7% in the Tenth Five Year Plan. The annual growth rate of manufacturing rose consistently during the period, registering 12.3% in 2006–07. For the first time in many years, industrial growth at 11% equaled the growth rate in services, with manufacturing outstripping both. After having reached a high of 13.53% in 1995–96, the rate of GCF in manufacturing as a percentage of GDP at market price showed a declining trend, bottoming out in the terminal year of the Ninth Plan. The Tenth Five Year Plan period saw a striking reversal of trend from the outset and in 2005–06 it had increased to 13.6%. Registered manufacturing showed a higher level of GCF rising from 3.8% in 2001–02 to 10.4% in 2005–06.

Eleventh Five Year Plan (2007 – 2012): The 11th plan would aim at raising the rate of growth of the industrial sector to 10 per cent and manufacturing growth to 12 per cent per annum. Continuing commitment to priority lending for MSMEs remains an essential feature of development banking. The 11th plan must ensure that the policies are sufficiently flexible to support the development of micro finance. In the 11th plan, the strategy for manufacturing proposed by the National Manufacturing Competitive Council (NMCC), which includes the following initiatives, should be operationalised:

- Taxes and duties should be made non-distortionary and internationally competitive. Internally, the tax system must promote and be consistent with the unified national market, so that the Indian Industry can reap the benefit of economies of scale and scope. While initiatives to provide infrastructure in general are important, they should be supplemented by efforts to promote infrastructure development in local areas such as Special Economic Zones (SEZ) and Special Economic Regions.
- Technological modernization will be the key to high industrial growth.
- State Governments should take steps to create an investor friendly climate, providing a single Window Clearance of applications for the establishment of industrial units.
- Labor-intensive mass manufacturing based on relatively lower skill levels provides an Opportunity to expand employment in the industrial sector.
- The policy of progressive de-reservation of industries for small scale, production has reduced the list of reserved industries from about 800 to 239. This policy should continue in the 11th Plan at an accelerated pace.
- Industrial licensing should be progressively eliminated. Equally important is the need to amend the Companies Act, 1956.
- The existing incentive programmes such those available for the North-East, J&K, Himachal Pradesh and Uttaranchal need to reviewed with a view to assessing their impact on industrialization in these areas.
- The industrial growth strategy would be incomplete if it does not recognize the critical role and the special needs of the micro, small and medium enterprises (MSMEs).

The 11th Plan will place special emphasis on infrastructure and skill formation. Competition is the best guarantee of consumer protection and should be strongly encouraged. It needs to be ensured that the un-registered small enterprises and units outside the co-operative fold are also able to benefit from Government schemes. A cluster approach can help increase viability by providing these units with infrastructure and support services of better quality at lower costs. All entry barriers should be removed and business risks for start-ups mitigated, the latter, inter-alia, through a large number of well-managed business incubators in the identified thrust areas of manufacturing. In order to improve the competitiveness of MSMEs, schemes for establishment of mini tool rooms, setting up of design clinics and providing marketing support should be innovated on public private partnership (PPP) basis. There should be special focus on the services sector, so that it's potential to create employment and growth is fully realized. Under the 11th plan, there should be two kinds of schemes –one focusing on the lives of small firm workers, artisans and craft people and other on their livelihood. One of the important tasks of the 11th Plan would be to review the position regarding the availability of timely and adequate credit (both term loan and working capital) to small and medium enterprises from commercial banks and other financial institutions and suggest measures to eliminate the shortcomings that are noticed. It can be observed that the number of MSMEs have increased from 67.87 lakh units in 1990-91 to 311.52 lakh units in 2010-11. There has been a steady growth in investments production employment and exports during 2010-11 over 1990-91. The investment and production increased from Rs. 93,555 crore and 78,802 core in 1990-91 to Rs. 7, 73,487 crore and Rs. 10, 95,758 crore in 2010- 2011 respectively at current prices. There has been a steady increase of employment and exports of MSMEs.

The employment in MSMEs increased from 158.34 lakh in 1990-91 to 732.17 lakh during 2010-2011.

12th Five Year Plan for MSME Growth (2012 – 2017): The Report of the Working Group on Micro, Small & Medium Enterprises (MSMEs) Growth for 12th Five Year Plan (2012-2017) has made some important recommendations to make MSME sector a vital part in the country's growth story. The sector is a blend of tradition and modern, with informal sector enterprises at the bottom of 'MSME Pyramid'. The process of liberalization and global market integration has opened up wide opportunities for the sector, as also new challenges. The new ambitious National Manufacturing Policy, which aims to make India a manufacturing hub and increase the sectoral share of manufacturing in GDP to 25 per cent in the next decade from the present level of 15-16 per cent, requires substantial support from MSME sector and quantum jump in the growth rate of MSME sector from the existing level of 12-13 % per annum. This necessitates convergence of efforts and resources. The key issue is of capacity building of Small Business Service providers to become efficient and pro-active agents of change. This requires convergence of Sound Macro-economic policies, Seamless Institutional Structures, Outcome based performance indicators; Performance based funding, Good Governance - Transparency and Accountability Systems, Independent Monitoring and Evaluation, Effective participation by target beneficiaries.

The Working Group has pointed out the following issues that obstruct rapid growth of MSMEs: Regulation, Technology, Credit & Finance, Orthodox Marketing, Skills, Dated Institutional Framework, Advocacy and Empowerment, Transparency. The Group recommends that during the 12th Plan period, modular industrial estates with plug and play facilities in the respective areas may be launched as pilot projects. For providing starting capital, globally angel/venture fund are the prime source of funds to the Start Ups. While these funds finance a project on the basis of their own risk analysis and valuation, the Groups opines that Government can provide some comfort which could be in the form of a guarantee or by co-investment through a Government promoted venture fund. The venture capital fund launched by SIDBI can play major role in this regard. According to the Group, instead of launching a separate scheme for the start-ups, it may be appropriate to address the above issues under the respective verticals. Setting up of the modular estates has been taken up under the Infrastructure vertical and financing mechanism under the Credit & Finance vertical. As mentioned, IPR related issues are to be taken up by the IP facilitation centers which may be appropriately funded under NMCP component of Technology vertical. However, a Cell in the office of DC (MSME) may be formed to function as a single window for the start ups.

3.12 Committee Reports of Small scale industries

Committees have submitted their reports containing their findings and suggestions with regard to operational behaviour and constraints of SSI sector. Major findings and recommendations of these committees are given below:

3.12.1Nayak Committee – 1991: this committee was constituted by the reserve bank of India on Dec 9, 1991 under the chairmanship of Sri P.R. Nayak, the then by Dy. Governor of Reserve bank of India. The committee was assigned to examine the adequacy of institutional credit to the SSI sector and related aspects thereto. The report was submitted by the committee in 1992.

Terms of References:

- To examine the adequacy of institutional credit for the SSI sector. Particularly, with reference to the increase in the cost of raw material and locking up of the available resources due to a delay in the realization of sale proceeds from large companies and Government agencies.
- To examine the adequacy of institutional credit for term finance to the SSI sector.
- To examine the need for making any modification /relaxations in the norms prescribed by the Tandon /Chore Committee in respect SSI units.
- To examine whether any revision is required in the present RBI guidelines for the rehabilitation of sick SSI units.

Major Findings:

- Banks have insufficiently serviced the working capital needs of the SSI sector particularly that of village and tiny enterprises.
- A need existed for the setting up of specialized bank branches for SSIs; the absence of which in the past has led to serious bottlenecks viz.
    - Arbitrary reduction in credit limits applied for,
    - Inordinate delays and irregularity in the sanction of working capital, and diversification.
    - Scarce availability of assistance for start-ups, expansion and diversification.
- The system of providing term credit and working capital by two kinds of institutions, viz; banks and SFCs has given rise to a host of problems of coordination among them.

Major Recommendations:

- The entire SSI sector (investment in plant & machinery up to 60 lakhs) entitled to priority sector lending by banks. Village industries and the smaller tiny industries with credit limits up to Rs. 1 lakh should have the smaller tiny industries with credit limits up to Rs. 1 lakh should have the first claim on the priority sector credit to the SSI.
- Bank branches should give priority to those village industries and the smaller tiny industries which can use working capital efficiently having established production successfully but are unable to make further progress for lack of working capital.
- The working capital loan to existing and new SSI units should correspond to a minimum of 20 percent of projected annual sales turnover but not exceeding Rs. 10 million of their fund based needs.
- State Financial Corporation (SFCs) to serve as the principal financing agencies for SSIs in 40 out of 85 districts with a significantly high small scale industry density. In the remaining 45 districts with a concentration of SSI units as well as in the rest of the country, the commercial banks should act the principal financing agency for SSIs.
- Commercial banks to open specialized or dedicated branches in other areas of high small industry density ranging between 1000 and 2000 registered SSI units.
- Banks to adopt and implement the single window Scheme (SWS) in full earnest.
- An effective grievance redressal machinery to be established within each bank to take care of SSI problems.
- For ensuring the higher flow of term finance to the SSI sector, SIDBI's share of the SLR bonds could be increased and at the same time, SIDBI should be allowed to tap resources from alternative sources.
- The committee recommended that a SSI may be classified as sick, when:

- Any of the borrower accounts had become a doubtful advance, i.e. the principal or interest in respect of any of its borrower accounts has remained overdue for periods exceeding 2.5 years.
- There was erosion in the net worth due to accumulated cash losses to the extent of 50 percent or more of its peak net worth during the preceding two accounting years.

➢ Further it was necessary that rehabilitation packages for alleviating sickness of potentially viable small units be made more effective.

3.12.2 Abid Hussain Committee -1997:

An expert committee was constituted under the chairmanship of Mr. Abid Hussain, former member, planning commission, by the government of India in 1995. The Committee, inter alia, examined and suggested institutional arrangements, and policies and programmes for meeting long term and short term requirements of the small enterprises. The Committee submitted its report in 1997.

Terms of References:

➢ To examine the promotional and protective policies and direct assistance programmes for small industry development, assess their impact and efficacy and in the light of international experience and recent economic policy reforms, suggest appropriate changes with the objective of creating an efficient, viable and dynamic small enterprise sector in the Indian economy.

➢ To review the definitions, legal framework and the heterogeneous composition of the small industry sector and make recommendations for bringing about changes as may be appropriate for the realization of the objectives outlined above, and in particular; advise if the different segments of small firms such as village industries and modern small industries may be covered by the same policy package or whether separate sets of policies may be prescribed keeping in view their different characteristics and requirements.

- To examine the efficacy and desirability of the small industry reservation policy, assess its impact on the growth of small enterprises from the point of view of viability, efficiency, competitiveness and exposure to technical change and progress and make appropriate recommendations.
- To examine the present arrangements and sources for the collection , compilation, dissemination and analysis of the data on small enterprises with a view to assessing their quality, consistency and reliability and make appropriate recommendations.
- To review the impact of various fiscal policies and tax concessions on small enterprise development, examine their role in enabling small firms to exploit their potential and grow into medium and large enterprises and make suitable recommendations.
- To examine the impact of various regulatory laws and procedures such as the labour laws, the factories act, the industrial disputes act and the environmental protection act on the small firms and the ability of these enterprises to meet with the various requirements under these laws and procedures and make appropriate recommendations.
- To consider and make recommendations on such other matters as the Committee may consider relevant for small enterprise development including changes in legislation where necessary.

Major Findings:

- The reservation policy of specific products for exclusive manufacture by SSI had not served much purpose, as most industrialization had occurred in items not reserved for the SSI.
- The reservation policy had resulted in low efficiency and productivity and restricted the expansion and export potential of important industries, viz; light engineering, food processing, textiles and others.
- Credit to SSIs had become more expensive after interest rate deregulation.
- Institutions and regulatory policies responsible for technical assistance, human resources development, industrial standardization etc. Did not prove effective. The clusters needed modernization through integrated infrastructure development in joint efforts government and the private sector.

Major Recommendations:

- SSEs typically survive on the strength of their flexible management, prompt response to market demands and customized products. SSEs should therefore, be expected to fend for themselves aided by a supportive business environment. A change in the orientation of the policy for SSEs is inescapable since other domains of economic policy in the country have been liberalized.
- Promotional mechanisms should be followed. Adequate supply of credit services, technology assistance, infrastructure and low transaction costs are the hallmarks of the proposed strategy for promotion of SSEs. This can be achieved by developing a variety of linkages between enterprises and their support institutions, partnerships between the private sector and the government, greater information flows and by streamlining the legal and institutional framework.

- State governments identify the cluster and then promote new types of organizations which are joint ventures between the state government or local authorities and business associations in these clusters.
- State and central Government should form supportive policy and legal, institutional development should be done.
- Revitalizing District industry centers by redesigning as autonomous district enterprise promotion agencies (DEPAs) with participation from business associations, government agencies, banks etc.
- Financial support should be restructured of SFCs SIDCs. The approach should be to make these institutions autonomous by reducing government equity to less than 50%. The rest of equity could be held by other financial institutions, commercial banks, private banks, including industries and other private interests which have particular interest in the specific states.
- The SIDBI in cooperation with the national credit rating agencies should promote the establishment of local credit rating agencies in the identified SSE clusters.
- A fund should be created and operated through SIDBI for assisting a target SSE exporting units on the lines of marketing development assistance fund set up earlier in EXIM bank with World Bank assistance.
- A new business law called the "Basic Law for Small Enterprises" Should be enacted, which will help to create legal innovation for small scale sector.

3.12.3 S.L. Kanpur Committee - 1998:

A committee was appointed by the RBI under the chairmanship of Mr. S.L. Kanpur, member, BIFR and former secretary (SSI) and A & RI) government of India, to look into problems germane to the credit flow to SSI sector and to suggest appropriate measures for their redressal. The committee submitted its report in June 1998.

Terms of References:

- To review the working of the credit delivery system for small scale industries with a view to making the system more effective, simple and efficient to administer.
- To make suggestions for the simplification and improvements in systems and procedures.
- To consider the ways and means of strengthening existing internal mechanism in banks for the redressal of customer grievances.

Major Findings:

- An unsatisfactory performance by commercial banks in respect of SSI financing persisted, with regard to non-adherence to working capital norms as suggested by Nayak Committee and poor flow of credit to tiny units.
- The loan application forms prescribed by banks for small loans were complicated.
- No separate earmarking of funds by banks for working capital loans existed.
- Bank staff/managements were not well trained in the task of appraising SSI projects.

Major Recommendation:

- Crash training programmes for the staff members of regional rural banks with special emphasis on proper motivation, development of project appraisal skills. Monitoring of credit and modern banking procedures etc. should be planned. Availability of adequate funds and human resources should be ensured by sponsoring banks and NABARD. RRBS should also be permitted to open specialized branches on the pattern of sponsoring banks where focus could be on services to SSI. Refinance support could also be provided to them by SIDBI for their loans to SSI sector.

- SIDBI's role in the state level institutions should be both as stake holder as well as resource provider.
- In order to give a big push to the utilization of the technology development and modernization fund measures should be taken
- A new fund called the "reconstruction Fund" may be set up in SIDBI and initiative thereof be taken by government/RBI/. This should be linked with all the public sector banks through appropriate lines of credit
- NABARD could be requested prepare schemes similar to handlooms and handicrafts for assisting leather based industries.
- RBI should examine the difficulties being experienced by banks in implementation of the recommendations of Nayak committee.
- For ensuring competitiveness of SSI units, it is necessary to set up optimum size of operations and capital. There are a number of agencies in public sector engaged in preparing project profiles on economic sized units.
- Regarding loans below 10 lakhs, the state government should provide all facilities and assistance for the recovery of these loans.
- Venture capital financing for SSI should be encouraged.
- The mechanism of "factoring" should be got studied afresh by an expert committee with a view to expand the scope and reach of these services.
- Bank should develop a set of written loan policies. Such policies should, inter alia, specify explicitly customer and group exposure limits, standards for documentation, sect oral exposure limits and delegation of powers.

3.12.4 **Dr. S.P. Gupta study group, Report- 2000:** Final report of the committee was presented in Feb2001.

Major Recommendations:

- Three tier definition based on investment ceiling in plant and machinery has been suggested as under:
  - Tiny units (up to Rs. 2.5 million)
  - SSI units (above Rs.25 million to Rs. 10 million), SSI units with technology and export intensity up to Rs. 50 million.
  - Medium unit (Rs. 10 million to Rs. 100 million).
- The investment ceiling to be revised upwards every three years to account for inflation by using the wholesale price index. The term small scale industry to be replaced by "small enterprises" consisting of tiny industrial units, small scale industrial units. Small scale industrial units and service and business enterprises.
- Regulatory laws:
  - To introduce a separate small Enterprises development act for SSEs similar to the IDR act to regulate the growth of SSEs.
  - To replace inspections by self verification.
  - To arrange a single window clearances for new units irrespective of whether they relate clearances from central authorities or state authorities or local authorities.
- De- reservation of some selected export thrust items could be considered by a committee including representatives of SSI associations. Production of reserved items be allowed to be taken up by non SSI units, subject to a minimum export obligation of

30 percent to be achieved in the first three years and thereafter 30 percent each year as against 50 percent at present.

- Government should set up an infrastructure development fund to the order of Rs. 20 billion for SSEs.
- Various institutes providing training for small scale entrepreneurs should be brought under the umbrella of the national entrepreneurship board to provide uniformity in training and avoid duplication of efforts.
- Government should expedite the enactment of the Limited Partnership act for injecting new equity into the SSI sector.

3.12.5 Group of ministers for SSI policy: In order to strengthen the SSI sector through better coordination on various policy issues pertaining to more than one ministry, an inter-ministerial Group of ministers was constituted by the prime minister on June 28, 2000 under the Chairmanship of Mr. L.K. Advani, Hon'bel union minister. Prime minister announced some important policy measures at the national conference of the Small scale industries on August 30, 2000 which are as under:

- Increase in the limits for composite loans from Rs. 1 million to Rs. 2.5 million.
- Industry related service and business enterprises with a maximum investment of Rs. 1 million to qualify for priority lending.
- To provide capital subsidy of 12 percent for investment in technology in select sectors.
- To set up inter-ministerial committee of experts to define the scope of technology up gradation and sector priorities.
- To go in for a fresh census that will cover, inter alia, the incidence of sickness and its causes.

- To continue for the next six years, granting Rs. 75000 to each unit that obtains ISO 9000 series of certification.
- The central excise duty exemption limit to increase from Rs. 5 million to Rs. 10 million.

3.12.6 Kohli Committee - 2000:

The RBI in Nov, 2000 had appointed the working group on rehabilitation of sick SSI units under the chairmanship of Mr. S.S. Kohli, chairman, Indian banks' association to review the existing guidelines in regard to rehabilitation of sick units in the small scale industrial sector and to recommend the revision of the guidelines making them transparent and non discretionary.

Major Recommendations:

- The branch officials should keep a close watch on the operations in the accounts and take adequate measures to arrest sickness at the incipient stage itself. Additional finance may be providing, if warranted, so as to bring back the units to healthy track.
- Definition of SSI unit may be changed as:
    - If any of the borrower accounts of the unit remains substandard for more than six months, i.e. principal or interest, in respect of any of its borrower accounts has remained overdue for a period exceeding 1 year. The requirement of overdue period exceeding one year will remain unchanged even if the present period for classification of an account as substandard is reduced in due course.

OR

- There is erosion in the net worth due to accumulated losses to extent if 50 percent of its net worth during the previous accounting year; and
- The unit has been in commercial production for at least 2 years.

➢ Units becoming sick on account of willful mismanagement, willful default, unauthorized diversion of funds, dispute among partners/promoters etc., should not be considered for rehabilitation and steps may be taken for recovery of bank dues.

➢ The SSI units whose payments have been delayed by the larger units its/government departments should take advantage of the amended provisions of “interested on delayed payments to Small Scale and ancillary industrial undertaking (amendment) act, 1998.

3.12.7 Ganguly Committee - 2004:

A working group set up by Reserve bank of India on flow of credit of SSI sector, under the chairmanship of Dr. A.S. Ganguly, submitted its report in May, 2004.

Major Recommendations:

➢ Definition of the small and medium enterprises sector to be based on turnover. Tiny: turnover up to 2 crores; small: turnover above Rs. 2 crores and up to Rs. 10 crores; and medium: turnover above Rs. 10 crores and up to Rs. 50 crores.

➢ Lending to SMEs is focused in identified clusters.

➢ Rating mechanism for designed industrial clusters, designed jointly by CRISIL, IBA, SIDBI and SSI associations.

- Proactive role by CIBIL to serve as an effective mechanism for exchange of information between banks and FIs for curbing growth of NPAs in SME sector.
- Measures to promote corporate-linked SME cluster models by banks and FIs.
- Setting up of an independent technology bank for the SMEs by SIDBI to facilitate technology transfer and provide services such as project evaluation, risk assessment and mitigation to SMEs adopting new technologies.

3.12.8 National Commission for enterprises in the unorganized sector:

The government of India constituted the National Commission for enterprises in the unorganized sector (NCEUS) on 20.09.2004 to examine the problems being faced by the enterprises in the unorganized/informal sector. The commission made recommendations to provide technical, marketing and credit support to these enterprises. The commission completed its term on 30th April 2009.

Terms of references:

- Review of the status of unorganized/informal sector in India including the nature of enterprises, their size, spread and scope, and magnitude of employment;
- Identify constraints faced by small enterprises with regard to freedom of carrying out the enterprises; access to raw materials; finance; skills; entrepreneurship development; infrastructure; technology and markets and suggest measures to provide institutional support and linkages to facilitate easy access to them;
- Suggest the legal and policy environment that should govern the informal/unorganized sector for growth, employment, exports and promotion;
- Examine the range of existing programmes that relate to employment generation in the informal/unorganized sector and suggest improvement for their redesign;

- Identify innovative legal and financing instruments to promote the growth of the informal sector;
- Review the existing arrangements for estimating employment and unemployment in the informal sector, and examine why the rate of growth in employment has stagnated in the 1990's;
- Suggest elements of an employment strategy focusing on the informal sector;
- Review Indian labour laws, consistent with labour rights, and with the requirements of expanding growth of industry and services, particularly in the informal sector, and improving services, particularly in the informal sector, and improving productivity and competitiveness; and
- Review the social security system available for labour in the informal sector, and make recommendations for expanding their coverage.

3.13.9 Reports submitted by the NCEUS (National Commission for enterprises in the unorganized sector):

- National policy on urban street vendors;
- Social security for unorganized workers;
- Comprehensive legislation for minimum conditions of work and social security for unorganized workers;
- Conditions of work and promotion of livelihood in the unorganized sector;
- Financing of enterprises in the unorganized sector; and National Fund for the unorganized Sector(NAFUS) ;
- Definition and statistical issues relating to informal economy;
- A special programme for marginal and small farmers;
- Pilot growth poles projects;

CHAPTER -4

Small Industries Development Bank of India

4.1 History

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

4.2 Provision of Charter

SIDBI was established on April 2, 1990. The Charter establishing it, The Small Industries Development Bank of India Act, 1989 envisaged SIDBI to be "the principal financial institution for the promotion, financing and development of industry in the small scale sector and to co-ordinate the functions of the institutions engaged in the promotion and financing or developing industry in the small scale sector and for matters connected therewith or incidental thereto.

4.3 Business Domain of SIDBI

The business domain of SIDBI consists of Micro, Small and Medium Enterprises (MSMEs), which contribute significantly to the national economy in terms of production, employment and exports. MSME sector is an important pillar of Indian economy as it contributes greatly to the growth of Indian economy with a vast network of around 3 crore units, creating employment of about 7 crore, manufacturing more than 6,000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. In addition, SIDBI's assistance also flows to the service sector including transport, health care, tourism sectors etc. SIDBI retained its position in the top 30 Development Banks of the World in the ranking of The Banker, London, As per the May 2001 issue of The Banker, London, SIDBI ranked 25th both in terms of Capital and Assets.

4.4 Mandatory Objectives – These are mandatory objectives which are set by the SIDBI in the charter-

- Financing
- Promotion
- Development
- Co-ordination

The Charter has provided SIDBI considerable flexibility in adopting appropriate operational strategies to meet these objectives. The activities of SIDBI, as they have evolved over the period of time, now meet almost all the requirements of small scale industries which fall into a wide spectrum constituting modern and technologically superior units at one end and traditional units at the other.

4.5 Development Outlook

- The major issues confronting MSMEs are identified to be- Technology obsolescence
- Managerial inadequacies
- Delayed Payments
- Poor Quality
- Incidence of Sickness
- Lack of Appropriate Infrastructure and
- Lack of Marketing Network

There can be many more similar issues hindering the orderly growth of MSMEs. Over the years, SIDBI has put in place financing schemes either through its direct financing mechanism or through indirect assistance mechanism and special focus programmes under its P&D initiatives. In its approach, SIDBI has struck a good balance between financing and providing other support services.

As an apex institution, SIDBI makes use of the network of the banks and state level financial institutions, which have retail outlets. SIDBI supplements the efforts of existing institutions through its direct assistance schemes to reach financial assistance to the ultimate borrowers in the small scale sector. Refinancing, bills rediscounting, lines of credit and resource support mechanisms have evolved over the period of time to route SIDBI's assistance through the network of other retail institutions in the financial system.

Improved levels of co-ordination for development of the small scale sector is also achieved through a system of dialogue and obtaining feedback from the representatives of institutions of small scale industries who are on the SIDBI's National Advisory Committee and Regional Advisory Committees.

SIDBI has entered into Memoranda of Understanding with many banks, governmental agencies, international agencies, research & development institutions and industry associations to facilitate a co-ordinate approach in dealing with the issues for development of small scale industries.

4.6 SIDBI's MOUs

- Swiss Agency for Development and Co-operation
- Small Industries Development Organization
- Auto Components Manufactures Association
- Council for Scientific and Industrial Research
- Asia and Pacific Centre for Transfer of Technology
- United Nations Industrial Development Organization
- Confederation of Indian Industry
- National Research Development Organization
- Government of India for channelizing TREAD assistance
- Small Enterprise Assistance Funds (SEAF) For setting up of SEAF India SME Equity Fund and for other capacity building initiatives for SMEs

4.7 Products offered by SIDBI –

1. Refinance For Small Road Transport Operators (SRTOs)
2. General Refinance Scheme (GRS)
3. Refinance Scheme for Textile Industry under Technology up gradation Fund (RTUF)
4. Refinance scheme for acquisition of ISO certification by MSE units
5. Composite Loan Scheme (CLS)
6. Single Window Scheme (SWS)
7. Rehabilitation of Sick Industrial Units
8. Scheme for Development of Industrial Infrastructure for MSME Sector
9. Integrated Infrastructural Development (IID)
10. Bills Re-Discounting Equipment
11. Bills Rediscounting Scheme - Equipment (Inland supply bills)
12. Line Of Credit Foreign Currency to Commercial Banks (LOCFC)

1. <u>Refinance for Small Road Transport Operators (SRTOs)</u>

Purpose

To meet expenditure on cost of chassis, body building, initial taxes / insurance and working capital. Second-hand vehicles are not eligible for assistance.

Eligible Borrowers

Small road transport operators as defined in the MSMED Act, 2006

2. **<u>General Refinance Scheme (GRS)</u>**

Purpose

For setting up new small scale units or expansion, modernisation, diversification etc. of existing units and for all activities eligible for assistance under the scheme including professional practice/consultancy venture and service sector units such as tourism related activities / hospitals / nursing homes / polyclinics / hotels / restaurants / marketing and industrial infrastructural projects.

Eligible Borrowers

All forms of organisations in the small scale sector (i.e., proprietary, partnership, company, co-operative society) etc. for infrastructure development - All forms of organisations such as public/ Pvt. ltd. cos., partnerships, sole proprietary, municipalities, SIDCs.

Norms

Cost of project in respect of service sector units not to exceed Rs.200 million for banks and as prescribed by IDBI/SIDBI for SFCs/SIDCs.

3. **<u>Refinance Scheme For Textile Industry Under Technology Up gradation Fund (RTUF)</u>**

Objective

To provide encouragement to textile industrial units (including units in the Cotton Ginning and Pressing sectors) in the small scale sector for taking up technology up gradation and to modernise their production facilities. The scheme envisages interest incentive of 5 percentage points on the loans availed by small scale units from eligible primary lending institutions for also be eligible for the above incentive. However Refinance from SIDBI is not compulsory in respect of SFCs, Scheduled Commercial Banks and select co-opted Co-operative Banks. In case Refinance is availed from SIDBI, such proposals shall conform to norms and parameters stipulated by SIDBI in addition to the guidelines prescribed by Government of India.

Purpose

Assistance under the scheme would be available for installation of specified types of machinery (to fall in line with definition laid down by Government of India (GOI) for technology up gradation) in a new unit or in an existing unit by way of replacement of existing machinery and / or expansion will be eligible for coverage under RTUF scheme (details of list of machinery are furnished in Section 4 of Technology Up gradation Fund Scheme booklet issued by GOI)

The following investments will also be eligible to the extent necessary for the plant and equipment to be installed for Technology Up gradation and the total of such investments will not normally exceed 25% of the total investment in such plant and machinery:

a) Land and factory building including renovation of factory building and electrical installations.

b) Energy saving devices

c) Effluent treatment plant (ETP)

d) Water treatment plant for captive industrial use

e) Captive power generation

Eligible Borrowers

Sole Proprietorships, Partnerships, Co-operative Societies, Private and Public Limited Companies in the textile and cotton ginning and pressing industries.

Norms

The scheme would be in operation for a period of five years from April 1, 1999 to March 31, 2004. Amount of loan - need based Promoters' contribution - Minimum 20% of the project cost.

4. Refinance scheme for acquisition of ISO certification by MSE units

Purpose

Expenses on consultancy, documentation, audit, certification fees, equipment and calibrating instruments required would be taken into account for determining the loan requirement.

Eligible Borrowers

Existing industrial concerns in the micro and small enterprises sector having a good record of past performance and sound financial position. The concerns should: have been in operation for a period of at least two years; have earned profit and / or declared dividend during the preceding two financial years; and not be in default to institutions / banks in payment of their dues.

5. Composite Loan Scheme (CLS)

Purpose

Assistance for equipment and/or working capital as also for work shed.

Eligible Borrowers

Artisans, cottage industries and small industries in tiny sector.

Norms

Loan Limit - Not to exceed Rs. 25.00 lakh.

6. <u>Single Window Scheme (SWS)</u>

Purpose

To provide both term loan for fixed assets and loan for working capital through a single agency. The total working capital requirements of such units inclusive of all fund based facilities are to be taken into account for determining the working capital facility eligible for refinance.

Norms

Scheme operated through SFCs / twin function IDCs / scheduled commercial banks / eligible state co-operative banks / scheduled urban co-operative banks.

Loan Limit - not to exceed Rs.200.00 lakh.

7. <u>Rehabilitation of Sick Industrial Units</u>

Purpose

For providing assistance for rehabilitation of potentially viable sick units.

Eligible Borrowers

Potentially viable MSE units including units in cottage and village industries and in tiny sector, conforming to definition of sick MSE unit as prescribed in guidelines of Reserve Bank of India. The assistance is meant for sick MSE units for which proper rehabilitation packages have been drawn up. Units eligible for rehabilitation assistance should be capable of being restored to normal health within a reasonable time.

8. Scheme for Development of Industrial Infrastructure for MSME Sector

Purpose

Setting up of industrial estates / development of industrial areas including such projects found eligible under KVIC model. Strengthening of existing industrial clusters / estates by providing increased amenities for smooth working of the industrial units. Setting up of warehousing facilities for MSME products / units. Providing support services viz., common utility centres such as convention halls, trade centres, raw material depots, warehousing, tool rooms / testing centres, housing for industrial workers, etc. Any other infrastructural facilities which will benefit predominantly MSME units / entrepreneurs.

Eligible Borrowers

One of the major factors inhibiting the growth of Small Medium Enterprises (SMEs) is the availability of adequate owners' capital. Most of the SMEs are also not able to attract external equity including venture capital funding due to high perceived risk, limited exit options and high transaction cost.

Norms

Cost of Project: Not to exceed Rs.100 million. Debt Equity Ratio: Not more than 3:1. Repayment Period - Not exceeding 10 years including initial moratorium period of up to 3 years.

9. Integrated Infrastructural Development (IID)

Purpose

For setting up of IID centres with facilities like water supply, power, telecommunication, common services centre including for technological back up services for small scale industries in rural backward areas as envisaged under the policy for promoting and strengthening small, tiny village enterprises announced by Govt. of India (GOI) on August

6, 1991. The cost of improving / upgrading the deficient infrastructural facilities to increase the productivity and optimum utilization of the existing centers / clusters in backward / rural areas may also be covered under the scheme.

Eligible borrowers

Implementing agencies (a public sector corporation or a corporate body or a good NGO having sound financial position) entrusted with the task of implementing the scheme by the concerned State / Union Territory (UT) Govt.

Norms

Selection of IID centre should be preceded by a comprehensive industrial potential survey of the area. Suitable land would be provided by State / U.T. Govt. cost of which may be recovered from implementing agencies. Normally, agricultural land may not be used for setting up of an IID centre. The size of IID centre would be about 15 to 20 hectares. The centre should provide for various facilities like water supply, power, telecommunication, effluent treatment etc. The ceiling on project cost is Rs.50 million. Cost in excess of Rs.50 million may be met by State / UT Govt. Cost of Rs.50 million to be financed by Grant from Govt. of India Rs.20 million and loan from SIDBI, from any other bank / FI of Rs.30 million. In case of North-Eastern Region, the amount of Grant from Government of India and loan from SIDBI, from any other bank / FI would be Rs.40 million and Rs.10 million respectively.

10. <u>Bills Re-Discounting Equipment</u>

Purpose

For sale / acquisition of machinery on deferred payment terms for setting up of new MSME units as also for expansion, diversification, modernization, replacement, addition of balancing equipment etc.

Eligible Borrowers

Manufacturer-sellers / purchaser-users of indigenous machinery / capital equipment one of whom should be in the small scale sector

Norms

Scheme operated through scheduled commercial banks.

11. <u>Bills Rediscounting Scheme - Equipment (Inland supply bills)</u>

Purpose

To encourage bills culture as a method of working capital financing so as to ensure timely payment. Trade bills arising out of supply of goods by MSME units and discounted with commercial banks either by the drawer (seller) or the drawee (buyer) are rediscounted by the banks with SIDBI.

Eligible Borrowers

MSME suppliers

Norms

Scheme operated through scheduled commercial banks.

12. Line of credit foreign currency to commercial banks (LOCFC)

Purpose

For providing resource support to institutions/banks for extending export and domestic credit to SME units, Government recognised Export Houses / Trading Houses sourcing their requirements from MSMEs

Eligible Borrowers

All Commercial bank in private and public sector and approved factoring companies.

Norms

Currency - USD/EURO. Amount - Need based. Validity - One year or shorter period from the date of sanction. Rate of interest - Market related spread over 6 Month LIBOR.

4.8 SIDBI's risk capital assistance to MSME's

In order to meet the risk capital requirements of MSMEs, especially those involving innovations and new technologies, the Union Budget for FY 2008-09 announced setting up of a fund of 2,000 crore with SIDBI for risk capital financing. Under the Risk Capital Fund, SIDBI provides Risk Capital assistance to MSMEs in the form of equity, preference capital, optionally convertible debenture, optionally convertible debt, sub-ordinate debt, etc. directly as well as through venture capital funds. As on March 31, 2012, a total of ` 1,193 crore out of the Risk Capital Fund has been committed by SIDBI to MSMEs and VC funds. In order to enhance the equity support to MSME sector, Union Budget 2012-13 has announced to set up India Opportunity Venture Fund of ` 5,000 crore with SIDBI.

4.9 Role of SIDBI in micro finance

Responsible Lending has been one of the top priorities of the Bank and SIDBI's endeavors on spearheading the issue of responsible finance amongst the assisted MFIs was initiated much before the sect oral setback seen in Andhra Pradesh. As part of its responsible finance initiative, SIDBI has created a Lenders' Forum, comprising key MFI lenders, with a view to promote cooperation among MFI lenders for leveraging support to MFIs across the sector to promote more responsible lending practices. Pursuant to the initiatives of SIDBI, regional chapters of Lenders' Forum have been set up for better co-ordination amongst the lenders and closer interaction with the MFIs.

SIDBI has developed a Code of Conduct Assessment Tool, which applies to providing credit services, recovery of credit, collection of thrift etc. by MFIs to assess their degree of adherence to the voluntary Microfinance Code of Conduct adopted by the MFIs. SIDBI has also partnered with ACCION International and is supporting Smart Campaign, which is a global effort to embed a set of Client Protection Principles (CPPs) viz. - awareness about client protection, develop, disseminate and assist MFIs to implement best practices and create processes to certify MFIs as pro-client and has undertaken the following activities viz.- educating MFIs on Client Protection Principles, conducting Client Protection Assessments and Capacity Building and Strengthening Client Protection amongst assisted MFIs under the SIDBI-Smart Campaign Partnership. These initiatives are in line with the Responsible Lending agenda adopted, practiced and advocated by SIDBI and efforts are on to further mainstream these initiatives.

Subsequent to the announcement of the Union Budget 2011-12, the "India Microfinance Equity Fund" of 100 crore has been set up with the primary emphasis of providing equity and quasi-equity to smaller MFIs to help them maintain growth and achieve scale and efficiency in their operations. As at the end of March 31, 2012, the Bank had committed an amount of 59.25 crore to 18 MFIs out of the 100 crore fund.

4.10 SIDBI as nodal agency for government schemes

SIDBI extends Nodal Agency services to the Government of India for schemes sponsored by various Ministries for encouraging implementation of modernization and technology up gradation projects by manufacturing units in the MSME sector such as-

- Credit Linked Capital Subsidy Scheme (CLCSS) [Ministry of MSME] – Till March 31, 2012, capital subsidy claims of 9324 units aggregating ` 463 crore have been settled.
- Technology Up gradation Fund Scheme for Textile Industry (TUFS) [Ministry of Textiles] – Till March 31,2012, capital subsidy and interest incentive claims for an amount of 636 crore have been settled.
- Integrated Development of Leather Sector Scheme (IDLSS) [Ministry of Commerce & Industry] - Under IDLSS, cumulative claims of 1094 units aggregating ` 179 crore were settled till March 31, 2012.
- Scheme of Technology Up gradation / Setting up / Modernization / Expansion of Food Processing Industries (FPTUFS) [Ministry of Food Processing Industries] - Under FPTUFS, subsidy amounting to ` 6 crore has been released till March 31,2012 to 26 units assisted by SIDBI.
- Scheme for Technology and Quality Up gradation Programme (TEQUP) of Ministry of Micro, Small and Medium Enterprises

4.11 Subsidies/Associates of SIDBI

- **SIDBI Venture Capital Ltd. (SVCL) -** A wholly owned subsidiary of SIDBI was set up in July 1999, is providing venture capital to emerging sectors, such as, life sciences, biotechnology, pharmaceuticals, engineering and information technology. It started off in 1999 with the `100 crore National Venture Fund for Software and IT Industry and later established the `500 crore SME Growth Fund in the year 2004. Till March 31, 2012, SVCL had committed ` 542 crore to innovative enterprises. In FY 2011-12, it commenced investments out of the ` 670 crore India Opportunities Fund, a fund focused on the MSME sector. During FY 2012-13, SVCL is scheduled to commence investments out of the `320 crore Samridhi Fund, a fund being set up with a major contribution from Department for International Development (DFID), UK and focused on fostering inclusive growth in 8 states, viz. Bihar, Madhya Pradesh, Odisha, Uttar Pradesh, Rajasthan, Jharkhand, Chhattisgarh and West Bengal.

- **Credit Guarantee fund trust for Micro and small Enterprises (CGTMSE) -** The Ministry of Micro, Small and Medium Enterprises, Govt. of India, and Small Industries Development Bank of India (SIDBI), established a trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Scheme (CGS). The scheme was formally launched on August 30, 2000. Under the scheme, credit facilities, are extended without third party guarantee on collateral security by eligible lending banks/Financial Institutions up to 100 lakh. The initial corpus of CGTSME of 125 crore has gradually increased and till March 31, 2012, it was 2158.79 crore. Cumulatively, till March 31, 2012, guarantee approvals were extended by CGTMSE to 7.92 lakh loans covering credit assistance of around 37,139 crore.
- **SME Rating Agency of India Ltd. (SMERA) -** was set up in September 2005 by SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and several public, private and foreign sector banks as an MSME dedicated third-party rating agency to provide comprehensive, transparent and reliable ratings and risk

profiling. SMERA has achieved considerable success by rating more than 15,174 MSMEs till March 31, 2012

- **India SME Technology services Limited (ISTSL) -** set up in November 2005, a platform where MSMEs can tap opportunities at the global level for acquisition of new and emerging/ green technologies or establish business collaboration. In order to help Indian MSMEs attain global competitiveness and achieve sustainable development, ISTSL renders total consulting solutions towards technology transfer, energy conservation and environment management, etc. The technologies are being disseminated amongst the MSMEs through the website viz. www.techsmall.com and other channels available to ISTSL. Besides, ISTSL is endeavors to forge workable linkage with technology transfer intermediary organizations from China, Korea, Japan and Europe etc. Efforts have also been made to facilitate energy efficient technologies leading to reduction in Green House Gases (GHG). Such initiatives of ISTSL are expected to strengthen and accelerate the process of technological modernization leading to sustainable development in the MSME sector. ISTSL has been focusing on the Clean Development Mechanism [CDM] as a potential area to help MSME achieve sustainable development
- **India SME Asset Reconstruction Company Ltd. (ISARC) -** was set up in April 2008 as an Asset Reconstruction Company (ARC) to acquire non-performing assets (NPAs) and to resolve them through its innovative mechanisms with a special focus on the NPAs of MSME sector. During FY 2012, ISARC acquired 41 NPAs from 6 banks for an aggregate principal outstanding of ` 55.48 Crore in both portfolio sale processes as well as bilateral sale by banks. As of March 31, 2012, ISARC has assets under management of approx. ` 368 Crore.

4.12 New initiatives of SIDBI for efficiency: SIDBI has provided various supports to the MSME in the country. These supports are as follows:

- Promoting energy efficiency: In order to upscale energy efficiency financing for the MSME sector, SIDBI contracted bilateral lines of credit from Japan international cooperation Agency (JICA), Japan; KfW, Germany and French development agency (AFD), France. During the year under review, the Bank introduced a scheme for “promoting investment in energy efficiency projects in MSME sector” to provide loan assistance at concessional terms to MSMEs to invest in energy saving technologies. To have wider coverage, the bank has provided resource support to banks. SFCs and NBFCs for on lending to MSMEs for energy saving projects. Simultaneously, the bank has launched awareness campaigns on EE measures in the energy intensive MSME clusters and has also provided technical support services to MSMEs for identifying EE technology/equipments. The initiative received good response and as on 31 March31, 2010, the bank has covered 18 MSME clusters across India through awareness campaigns and provided loan assistance to more than 33000 units with an aggregate assistance of Rs. 1565 crore.
- SIDBI, along with BEE , is implementing a new initiative on financing EE measures under WB – GEF in 5 MSME clusters, viz. Kolhapur, Pune, Trunelveli, Ankaleashwar and Faridabad to improve EE and reduce Green House Gas (GHG) emissions from MSMEs utilizing increased commercial financing for EE.
- 600 LPG fitted auto rickshaws were provided assistance in Chandigarh by Delhi Finance Corporation (DFC). SIDBI provided refinance to DFC for this clean energy initiative.
- SIDBI signed a MOU with American India Foundation (AIF) to provide livelihood support to the low income groups through a joint venture called the “Rickshaw Sangh

Programme", under which the bank sanctioned financial assistance of Rs. 5000000 to Bhartiya Micro Credit (BMC) under its Micro Credit Scheme for microfinance as well as for financing livelihood programmes.

- To encourage MSMEs to go for green rating, SIDBI gives concession in interest rate up to 50 bps in its loan assistance to MSMEs obtaining green rating of 'SMERA GREEN 3'.
- SIDBI operates MSME receivable finance scheme (RFS) for MSME sellers/eligible service providers in respect of sales & services rendered to purchaser companies. Under the scheme, SIDBI fixes limits to well performing purchaser companies and discounts bills of MSMEs/eligible service sector units supplying components, parts, subassemblies, services, etc. So that the MSME/service sector units realise their sale proceeds quickly.
- SIDBI, along with National Stock Exchange (NSE), took an initiative for setting up an electronic platform for discounting of MSME receivables. The e-platform is named as NTREES (NSE Trade receivables engine for e-discounting in association with SIDBI).
- SIDBI had been using credit appraisal and rating tool (CART), IT based mechanism for appraising and rating loan exposure up to 100 lakh for existing profit making MSMEs. With the experience gained, it is now being used for loan exposure up to Rs. 200 lakh.

4.13 SIDBI'S MSME financing and Development Project (MSMEFDP):

SIDBI is implementing a multi agency/ multi activity MSME financing and development project (MSMEFDP). The department of financial services, ministry of finance, Government of India is the nodal agency for the project. The World Bank, department for international development (DFID) UK, KfW and GTZ, Germany are the international partners in the project. The project has two major components: credit facility by World Bank and KfW and technical assistance by DFID, UK KfW and GTZ, Germany.

4.14 SIDBI's other promotional initiatives:

- Micro Enterprises Business Information Counselors (MEBIC): In order to foster entrepreneurship and remove information asymmetry within enterprises of underserved regions, the project took initiative for developing a cadre of BDS providers for counseling, initial handholding and development of micro enterprises in North Eastern region as Micro Enterprise Business Information Counselor (MEBIC). Around 745 prospective entrepreneurs have been provided counseling services as on March 31, 2010.
- National Level Mentoring to MSMEs: Capacity building assistance has been sanctioned to PRIME database for development of a portal www.msmementor.in. This web based platform would host the database of different categories of service providers and search tool for the MSMEs to avail services.
- Support to Faridabad small industries Associations (FSIA): A grant has been sanctioned to build the capacity of FSIA to channelize larger credit flow to its MSMEs members for meeting their up planned credit needs. As on March 31, 2010, 24 MSMEs have been provided financial support.
- Modified rural industries programme: The project has started the modified version of rural industries programme (RIP) in 2 pilot locations with a focus on sustainability of the activities.
- Support to METALAB, a common testing centre at Jamnagar: The support from the project has helped the Jamnagar factory owners association to set up a common

facility centre in a record time. The centre has provided its services to about 900 MSMEs.

4.15 Financial assistance disbursed by SIDBI and All India Financial Institutions

All India Financial Institutions comprise mainly thirteen institutions which are IDBI, IFCI, ICICI, SIDBI, IIBI, IVCF, ICICI Venture, TFCI, LIC, UTI, GIC, SFCs and SIDCs.

Among these institutions IDBI, IFCI, ICICI and IIBI provide financial assistance to medium and large industries whereas SIDBI cater to the financial needs of the small sector.

In All India Financial Institutions ICICI venture has played a key role in establishing the foundation for several new age businesses in India, by providing growth capital funding to companies in sectors as diverse as Information Technology, Life Sciences and Healthcare, Media & Entertainment, Banking & Financial Services, Infrastructure, Retail, Aviation, Auto Components, Construction services, Real Estate, Biotechnology, Textiles, Fine Chemicals, Consumer Products, Logistics, etc.

TFCI was incorporated as a Public Limited Company under the Companies Act, 1956 on 27th January 1989 and became operational with effect from 1st February 1989 on receipt of Certificate of the Commencement of Business from the Registrar of Companies. TFCI (CIN: L65910DL1989PLC034812) has been notified as a Public

Financial Institution under section 4A of the Companies Act, 1956, vide Notification No S.O 7(E) dated the 3rd January 1990 issued by the Ministry of Industry, Department of Company Affairs. TFCI caters the financial needs of the tourism industry.

Among the investment institutions, LIC deals in life insurance business, while GIC along with its subsidiaries provide general insurance cover. LIC and GIC invest their funds in accordance with the government guidelines. UTI mobilizes savings of small investors through sale of units and channelizes them into corporate investments mainly through IPOs. Besides, they also extend assistance to industries by extending short term loans. This also undertakes the responsibility of underwriting/direct subscription to equities and debentures.

SFCs are set up in the different states for providing term finance to medium and small scale industries. On the other hand SIDCs provide finance to industries. Besides this they perform a variety of functions, such as arranging for land, power, roads, and licenses for industrial units, sponsoring the establishment of such units, especially in backward areas, etc.

Assistance disbursed by All India Financial Institutions is depicted in **Table 4.1(a), Table 4.1(b), Table 4.1(c) and Table 4.1(d).**

Table 4.1(a) depicts that in 2000-01 IDBI has disbursed 22.95%, IFCI 2.83%, ICICI 41.59%, SIDBI 8.46%, IIBI 2.25%, ICICI Venture 0.25%, TFCI 0.08%, LIC 9.32%, UTI 6.04%, GIC 1.44%, SFCs 2.6% and SIDCs 2.19%. In this year it is observed that ICICI has the highest percentage of total amount disbursed by AIFIS which is Rs. 761.4

billion, whereas SIDBI stands at fourth position with 8.46% of total disbursed amount. In 2001-02 IDBI has disbursed 18.61% ,IFCI 1.81%, ICICI 43.65%, SIDBI 10%, IIBI 1.80%,1VCF 0.01%, ICICI Venture 1.31%, TFCI 0.15%, LIC 15.06%, UTI 2.15%, GIC 2.48%, SFCs 2.96%. In this year it is found that again ICICI has the highest percentage of total amount disbursed by AIFIS which is Rs. 591.74 billion, whereas SIDBI stands at fourth position with 10% of total disbursed amount. In 2002-03 IDBI has disbursed 24.17% ,IFCI 6.50%, SIDBI 24.80%, IIBI 3.99%,1VCF 0.01%, ICICI Venture 1.44%, TFCI 0.35%, LIC 22.67%, UTI 1.52%, GIC 4.68%, SFCs 5.31%, SIDCs 4.57%. In this year it is observed that SIDBI has the highest percentage of total amount disbursed by AIFIS which is Rs. 273.7 billion, whereas IDBI stands at second position with 24.17% of total disbursed amount. In 2003-04 IDBI has disbursed 16.53% ,IFCI 0.92%, SIDBI 14.63%, IIBI 7.46%, ICICI Venture 1.20%, TFCI 0.12%, LIC 52.31%, GIC 4%, SFCs 2.84%. In this year it is found that LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 301.72 billion, whereas IDBI stands at second position with 16.53% and SIDBI stands at third position with 14.63% of total disbursed amount.

Table 4.5(b) depicts that in 2004-05 IDBI has disbursed 28.75%, IFCI 0.42%, SIDBI 28.77%, TFCI 0.33%, LIC 36.99%, and GIC 4.73%. In this year it is observed that LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 215.05 billion, whereas SIDBI stands at second position with 28.77% of total disbursed amount. In 2005-06 IFCI has disbursed 0.88%, SIDBI 43.03%, TFCI 0.42%, LIC 52.97%, and GIC 2.70%. In this year it is found that LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 211.5 billion, whereas SIDBI stands at second position with 43.03% of total disbursed amount. In 2006-07 IFCI has disbursed 1.42%, SIDBI 26.45%, TFCI 0.31%, LIC 69.90%, and GIC1.91%. In this year it is found that LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 386.5 billion, whereas

SIDBI stands at second position with 26.45% of total disbursed amount. In 2007-08 IFCI has disbursed 4.95%, SIDBI 32.80%, TFCI 0.41%, LIC 59.23%, and GIC2.60%. In this year it is again found that LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 460.3 billion, whereas SIDBI stands at second position with 32.80% of total disbursed amount.

Table 4.5(c) depicts that in 2008-09 IFCI has disbursed 3.51%, SIDBI 30.04%, TFCI 0.29%, LIC 65.57%, and GIC 0.58%. In this year it is observed that LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 942.6 billion, whereas SIDBI stands at second position with 30.04% of total disbursed amount. In 2009-10 IFCI has disbursed 6.57%, SIDBI 34.69%, TFCI 0.32%, LIC 57.73%, and GIC 0.66%. In this year it is observed that again LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 920.4 billion, whereas SIDBI stands at second position with 34.69% of total disbursed amount. In 2010-11 IFCI has disbursed 9.56%, SIDBI 44.16%, TFCI 0.43%, LIC 44.29%, and GIC 1.41%. In this year it is found that again LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 877.17 billion, whereas SIDBI stands at second position with 44.16% of total disbursed amount. In 2011-12 IFCI has disbursed 5.66%, SIDBI 41.65%, TFCI 0.56%, LIC 50.51% and GIC 1.25%. In this year it is observed that again LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 1000.23 billion, whereas SIDBI stands at second position with 41.65% of total disbursed amount.

Table 4.5(d) depicts that in 2012-13 IFCI has disbursed 1.68%, SIDBI 45.47%, IVCF 0.31, TFCI 0.38%, LIC 50.17%, and GIC 1.97%. In this year it is revealed that again LIC has the highest percentage of total amount disbursed by AIFIS which is Rs. 894.62

billion, whereas SIDBI stands at second position with 45.47% of total disbursed amount. In 2013-14 IFCI has disbursed 9.43%, SIDBI 56.84%, IVCF 0.24, TFCI 0.48% and LIC 33.00%. In this year it is found that SIDBI has the highest percentage of total amount disbursed by AIFIS which is Rs. 920.48 billion, whereas LIC stands at second position with 33.00% of total disbursed amount. In 2014-15 IFCI has disbursed 8.44%, SIDBI 51.64%, IVCF 0.29, TFCI 0.57% and LIC 39.06%. In this year it is found that SIDBI has the highest percentage of total amount disbursed by AIFIS which is Rs. 1000.1 billion, whereas LIC stands at second position with 39.06% of total disbursed amount.

The above fact reveals that the SIDBI is showing better performance among AIFIS since 2001-2015 regarding disbursement of loan amount. Form the above study it is found that in 2002-2003 and in 2013-2014 SIDBI stands at first position in disbursing the loan amount which was 67.08 billion and 523.21 billion respectively. On the other hand SIDBI is holding the second position in nine consecutive years since 2004-05 to 2012-13 with respect to disbursement loan amount.

So it is seemed that SIDBI has significant share among the AIFIs in financing the industries.

Table 4.1(A) Disbursed Amount by AIFIS Since 2001 -2004 (Rs. In Billion)

AIFI	2000-01		2001-02		2002-03		2003-04	
	Rs	% share	Rs	% share	Rs	% share	Rs	%share
IDBI	174.77	22.95	110.13	18.61	66.15	24.17	49.86	16.53
IFCI	21.57	2.83	10.74	1.81	17.8	6.50	2.78	0.92
ICICI	316.65	41.59	258.31	43.65	nil	Nil	nil	Nil
SIDBI	64.41	8.46	59.19	10.00	67.89	24.80	44.14	14.63
IIBI	17.1	2.25	10.68	1.80	10.92	3.99	22.52	7.46
IVCF	0.03	0.00	0.04	0.01	0.02	0.01	nil	Nil
ICICI venture	1.9	0.25	7.78	1.31	3.94	1.44	3.61	1.20
TFCI	0.61	0.08	0.87	0.15	0.95	0.35	0.35	0.12
LIC	70.95	9.32	89.14	15.06	62.06	22.67	157.82	52.31
UTI	46	6.04	12.7	2.15	4.15	1.52	nil	Nil
GIC	10.98	1.44	14.66	2.48	12.82	4.68	12.07	4.00
SFCs	19.79	2.60	17.5	2.96	14.54	5.31	8.57	2.84
SIDCs	16.64	2.19	Nil	0.00	12.5	4.57	nil	Nil
Total	761.4	Nil	591.74	Nil	273.7	Nil	301.72	Nil

Source: Compiled and computed from www.rbi.org.in

Table 4.1(B) Disbursed Amount by AIFIs since 2004 -2008 (Rs. In Billion)

AIFI	2004-05		2005-06		2006-07		2007-08	
	Rs	% share	Rs	% share	Rs	% share	Rs	%share
IDBI	61.83	28.75	nil	Nil	nil	nil	nil	Nil
IFCI	0.91	0.42	1.87	0.88	5.5	1.42	22.8	4.95
ICICI	nil	nil	nil	Nil	nil	nil	nil	Nil
SIDBI	61.88	28.77	91	43.03	102.3	26.45	151	32.80
IIBI	nil	nil	nil	Nil	nil	nil	nil	Nil
IVCF	nil	nil	nil	Nil	nil	nil	nil	Nil
ICICI venture	nil	nil	nil	Nil	nil	nil	nil	Nil
TFCI	0.72	0.33	0.88	0.42	1.2	0.31	1.89	0.41
LIC	79.54	36.99	112	52.97	270.2	69.90	272.6	59.23
UTI	nil	nil	nil	Nil	nil	nil	nil	Nil
GIC	10.17	4.73	5.71	2.70	7.4	1.91	11.96	2.60
SFCs	nil	nil	nil	Nil	nil	nil	nil	Nil
SIDCs	nil	nil	nil	Nil	nil	nil	nil	Nil
Total	215.05		211.5		386.5		460.3	

Source: Compiled and computed from www.rbi.org.in

Table 4.1(C) Disbursed Amount by AIFIs since 2008 -2012 (Rs. In Billion)

AIFI	2008-09		2009-10		2010-11		2011-12	
	Rs	% share	Rs	% share	Rs	% share	Rs	%share
IDBI	nil	nil	nil	Nil	nil	nil	nil	Nil
IFCI	33.12	3.51	60.45	6.57	84	9.56	56.8	5.66
ICICI	nil	nil	nil	Nil	nil	nil	nil	Nil
SIDBI	283.2	30.04	319.4	34.69	387.96	44.16	418.12	41.65
IIBI	nil	nil	nil	Nil	nil	nil	nil	Nil
IVCF	nil	nil	nil	Nil	nil	nil	nil	Nil
ICICI venture	nil	nil	nil	Nil	nil	nil	nil	Nil
TFCI	2.76	0.29	2.93	0.32	3.79	0.43	5.63	0.56
LIC	618.1	65.577	531.5	57.73	389.05	44.29	507.09	50.51
UTI	nil	nil	nil	Nil	nil	nil	nil	Nil
GIC	5.45	0.58	6.11	0.66	12.37	1.41	12.59	1.25
SFCs	nil	nil	nil	Nil	nil	nil	nil	Nil
SIDCs	nil	nil	nil	Nil	nil	nil	nil	Nil
Total	942.6		920.4		877.17		1000.23	

Source: Compiled and computed from www.rbi.org.in

Table 4.1(D) Disbursed Amount by AIFIs since 2012 -2015 (Rs. In Billion)

AIFI	2012-13		2013-14		2014-15	
	Rs	% share	Rs	% share	Rs	% share
IDBI	Nil	Nil	Nil	nil	nil	nil
IFCI	15.04	1.68	86.83	9.43	86.87	8.44
ICICI	Nil	Nil	Nil	nil	nil	nil
SIDBI	406.82	45.47	523.21	56.84	531.38	51.64
IIBI	Nil	Nil	Nil	nil	nil	nil
IVCF	2.81	0.31	2.25	0.24	2.98	0.29
ICICI venture	Nil	Nil	Nil	nil	nil	nil
TFCI	3.43	0.38	4.41	0.48	5.84	0.57
LIC	448.86	50.17	303.778	33	401.99	39.06
UTI	Nil	Nil	Nil	nil	nil	nil
GIC	17.66	1.97	Nil	nil	nil	nil
SFCs	Nil	Nil	Nil	nil	nil	nil
SIDCs	Nil	Nil	Nil	nil	nil	nil
Total	894.62	Nil	920.48		1029.1	nil

Source: Compiled and computed from www.rbi.org.in

CHAPTER - 5

RESEARCH METHODOLOGY

Research methodology is the systematic process dealing with identifying problem, gathering facts or data, analyzing these data and reaching at certain conclusion or result in the form of solutions towards the problem concerned or certain generalization for some theoretical formulation. The research methodology followed for the present study is discussed here in detailed manner.

5.1 Statement of problem:

Uttar Pradesh is a state where the employment problem is most crucial. Small scale industries are the means to reduce unemployment and achieving economic growth. The difficulty in getting the adequate and timely finance is a major problem faced by Small scale sector in Uttar Pradesh. Due to the reason of low capital contribution they are not in a position to raise the funds by equity from capital market.

Government has developed the network of various public sector financial institutions for supporting SSIs in Uttar Pradesh such as IDBI, IFCI, ICICI, IIBI, IVCF, ICICI Venture, TFCI, LIC, UTI, GIC and SFCs etc. SIDBI is one of them established to meet the requirement of Small scale units. SIDBI not only provides financing facility it also facilitates training and development programmes to SSIs.

Several research have been done on the role of SIDBI for boosting the small scale industries in metropolitan cities of India, but no research was associated with Uttar Pradesh in terms of SSIs and SIDBI. The present study aims to minimize the gap in existing literature. Such a study is expected to throw light on the current position of SSIs in Uttar Pradesh and also the role played by SIDBI for overall development of SSIs in the state.

5. 2 Objectives:

1. To identify the socio profile of the entrepreneurs of SIDBI aided units.

2. To identify the type, status, level of investment of SIDBI aided units.

3. To evaluate the financing difficulties faced by entrepreneurs of SIDBI aided units.

4. To evaluate the approach of SIDBI towards NPAs (Non performing assets).

5. To assess the improvement in the performance of Small scale industries after financial assistance from SIDBI.

5.3 Scope of study:

The study of small-scale industries are always been a subject of enormous interest in research work. An industrial undertaking is defined as a small-scale unit if the investment in fixed assets in plants and machinery does not exceed Rs. 10 million. In U.P. various types of Public financial institutions are providing financial assistance to SSIs. SIDBI is one of them who assists the SSIs by giving financial assistance to them as well as it also provides development programs to SSIs for their overall growth. The present study is confined –

1. The role of SIDBI with reference to development of SSI in U.P. in the form of finance (short term loaning).

5.4 Hypotheses of the study

Hypothesis 1:

H_o: The socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units.

H_1: The socio profile of the entrepreneurs of SIDBI aided units is not similar to other agency aided units.

Hypothesis 2:

H_o: There is no difference between SIDBI aided units and other financial institutions aided units in the type, status and level of investment.

H_1: There is a difference between SIDBI aided units and other financial institutions aided units in the type, status and level of investment.

Hypothesis 3:

H_o: There is as no difference between SIDBI aided units and other financial institutions aided units in terms of difficulty while getting financial assistance.

H_1: There is a difference between SIDBI aided units and other financial institutions aided units in terms of difficulty while getting financial assistance.

Hypothesis 4:

H_o: There is no difference in the approach of SIDBI and other financial institutions towards NPAs (Non Performing assets).

H_1: There is a difference in the approach of SIDBI and other financial institutions towards NPAs (Non Performing assets).

Hypothesis 5:

H_o: SIDBI aided units and other financial institutions aided units are similar in terms of their growth prospective.

H_1: SIDBI aided units and other financial institutions aided units are not similar in terms of their growth prospective.

5.5 Research Design:

Research design is a blue print of action in research work. Research design is a comprehensive plan of the sequence of operations that a researcher intends to carry out to achieve the desired research objectives. It involves selecting the most appropriate methods and techniques to solve the problem under investigation. In the present study the exploratory and descriptive design is adopted due to the nature of the study. Exploratory research is a type of research which is used when problem has not been clearly defined. It helps to provide insights into and comprehension of an issue of situation. In this study, the exploratory research includes literature reviews in order to achieve more detailed information about the research problem. On the other hand descriptive research, also known as statistical research describes data and characteristics about the population or phenomenon being studied. In this study, descriptive study is also taken in order to know the growth of small scale units after getting finance by SIDBI and other financial institutions. On the basis of the above the two research designs were adequate for the present study. Thus the study Research design is exploratory-cum-Descriptive in nature.

5.6 Data collection sources:

In order to attain the objectives, the present study is mainly based on both primary and secondary sources of information.

Primary data: It has been collected mainly from field survey of the sample units. Primary data are collected by structured direct questionnaire with various officials of SSI units. The draft interview schedule was designed for the purpose was first tested by conducting a pilot survey among a sample of 20 units, which have availed financial assistance from SIDBI and other financial institutions in Faizabad district. The interview schedule was restructured and finalized after making imperative alterations on the basis of the experience and feedback obtained by the pilot study. In addition, informal discussions and personal interviews also held with the owners of small scale units. Information of registered small scale units has been gathered from the District industries centre in Uttar Pradesh.

Secondary data: Secondary data is mainly gathered from published and unpublished works on the related topics. Such as SIDBI annual reports, MSME reports, NABARD annual reports, RBI reports, IDBI reports on development banking academic studies conducted in related fields in different universities, Economic surveys, journals, census reports, Directorate of economics and statistics, business magazines, newspaper, official websites of government agencies and Directorate of industries.

5.7 Research instrument: Structured direct questionnaire is used for primary data collection.

5.8 Sampling Design: A sampling design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Sample design is determined before the collection of data in research work.

5.8.1. Universe: The requirement of defining the universe for a research arises from the need to specify the group to which the result of the study can be generalized. In the present study Small scale industries that are registered with District industries centers in Uttar Pradesh are taken as a universe.

5.8.2. Area of the study: For research purpose area of the study in Uttar Pradesh has been divided in North, East, West, South and Central, where Twenty five districts have been taken. They are as:-

- **North-** Sitapur, Hardoi, Shahjhanapur
- **East –** Gonda, Ambedkar nagar, Faizabad
- **West-** Agra, Meerut, Lakhimpur, Pillibhit, Rampur, Baghpat
- **South –** Allahabad, Varanasi, Gazipur, Raiberily, Sultanpur, Pratapgarh
- **Central-** Lucknow, Kanpur, Jhansi, Unnao, Banda, Fatahgarh, Farukhabad

5.8.3. Sampling unit: The sample unit for the purpose of this research is a single small scale unit operating in Uttar Pradesh and financed by either from SIDBI or Non SIDBI financial institutions.

5.8.4 Sample size: Sample size refers to the number of items to be selected from the universe to constitute a sample. In the present study 200 units of small scale industries are taken as a sample.

5.8.5 Sampling Procedure: Sampling Procedures are the techniques to be used in selecting the items for the sample. Procedure of sampling involves two costs, first is cost of collecting the data and second is the cost of an incorrect inferences resulting from the data. Basically Sampling procedures are of two types – probability sampling techniques and Non probability sampling techniques. In the study “two stage purposive sampling” is used which comes in Non probability sampling techniques. Purposive sampling is also known as judgmental sampling. The main objective of the purposive sampling is to focus on particular characteristics of a population that are of interest, which will best enable to answer the research questions. For conducting the research work Firstly selection of industries is done and after that industrial units are taken.

5.9 Scale and Measurement: In the research work nominal Likert scaling technique is used. This scale, named after Rensis Likert, who published a report describing its use and is widely used in Survey Research where respondents specify their level of agreement to a statement. In this study, a five-point scale is used with ‘Completely dissatisfied’, ‘Dissatisfied’, ‘No opinion’, ‘Satisfied’ and ‘completely satisfied’. The statements considered for the study are degree of agreement of small scale industries for financial institutions with respect to their financing such as complexity in legal proceedings, delay in clearance of documents, behavior of officials, collateral requirement, sanctioned loan amount, interest rate, repayment schedule, time taken for approving financial assistance, rescheduling of the installments for defaulters, initial legal proceedings for recovery from defaulters, expertise and help offered for solving the problems of defaulters, improvement in business after getting finance with respect to quality and quantity of manufactured products, improvement in infrastructure, technology, marketing activities and fulfilling the demand of customers. The responses to the above statements were measured in a five-point scale namely; Completely dissatisfied, Dissatisfied, No opinion, Satisfied and completely satisfied and the scores of 5,4,3,2,and 1 were given to the above scales. Later scores were added and the mean score was calculated. Based on the mean score inference was drawn for factors which influenced the small scale units with respect to their financing.

5.10 Period of the Study: Study covers a period of 15 years from 2000 to 2015.

5.11 Tools of Analysis:

- **Percentage Analysis:**

Percentage analysis is one of the basic statistical tools which is widely used in analysis and interpretation of primary data. It deals with the number of respondents response to a particular question is percentage arrived from the total population selected for the study. The collected data are represented in the form of tables and graphs in order to give effective visualisation so that comparison can be done. It is one of the simple forms of analysis which is very easy for anyone to understand the outcome of the research.

Formula for calculating Percentage:

Percentage=Number of respondents/ Total number of respondents *100

In the study Percentage analysis is used to study the socio-economic profile of the sample respondents like gender, age, educational qualification, previous experience in the field, motivational factors to start the business. Further percentage analysis is also used to study the form of units, status of units, level of capital investment, use of finance scheme for the SSIs.

- **Chi – Square Test:** Chi – Square is an important non- parametric test. In the present study Chi – Square test is selected on the basis of following features –
  - This test is based on frequencies and not on the parameters like mean and standard deviation
  - It is used for testing the hypothesis not for calculating the estimation.
  - It is also used in the complex contingency table with several classes.
  - In this no rigid assumptions are necessary in regard to the type of population, no need of parameter values and relatively less mathematical details are involved.

$\chi 2$ (Chi – Square) is calculated from the following formula:

$$\chi 2 = \sum (O_{ij} - E_{ij})^2 / \sum E_{ij}$$

Where O_{ij} = observed frequency of the cell in *i*th row and *j*th column.

E_{ij} = expected frequency of the cell in *i*th row and *j*th column.

If the calculated value of $\chi 2$ is equal to or exceeds the tabulated value, the difference between the observed and expected value of $\chi 2$, then difference is considered as insignificant.

In Chi – Square distribution Degree of freedom plays a vital role which is calculated as follows:

Degree of freedom = (c -1) * (r -1)

Here c = number of columns, r = number of rows

5.12 Contribution of the study and Areas for Future Research

The study examines the general problems and prospects of small scale units, financial problems of SSI units. Research work also analyzes the role of various financial institutions in financing the SSI units.

In the case of SIDBI there are number of research studies and number of research papers are published but current research work focusing specifically on **the role of SIDBI in the growth prospects of small scale industries in Uttar Pradesh** are rare. In this context the present work is a humble attempt to explore the role of SIDBI in the growth of small scale industries in Uttar Pradesh. The study is based on primary and secondary database which helps in bringing out the interesting and distinctive observations. The findings and suggestions drawn in this research work may help the SIDBI in generating unique and innovative strategies and policies for the Small scale industries in U.P. So that betterment can be done for Small scale units. Due to various bottleneck no research is complete in all aspects, but a dedicated and genuine effort generates a large number of inferences and also helps to explore new research areas for future research. During the study primary data was considered may be biased up to some extent. On the other hand secondary data was also taken to explore the role of SIDBI in small scale industries.

Further research can also be continued as “Role of SIDBI in micro finance in Uttar Pradesh”, “Role of SIDBI in revival of sick units in Uttar Pradesh”.

CHAPTER -6

DATA ANALYSIS AND INTERPRETATION

Table No. 6. 1: Gender

Gender	Frequencies	Percentage (%)
Male	138	69
Female	62	31
Total	200	

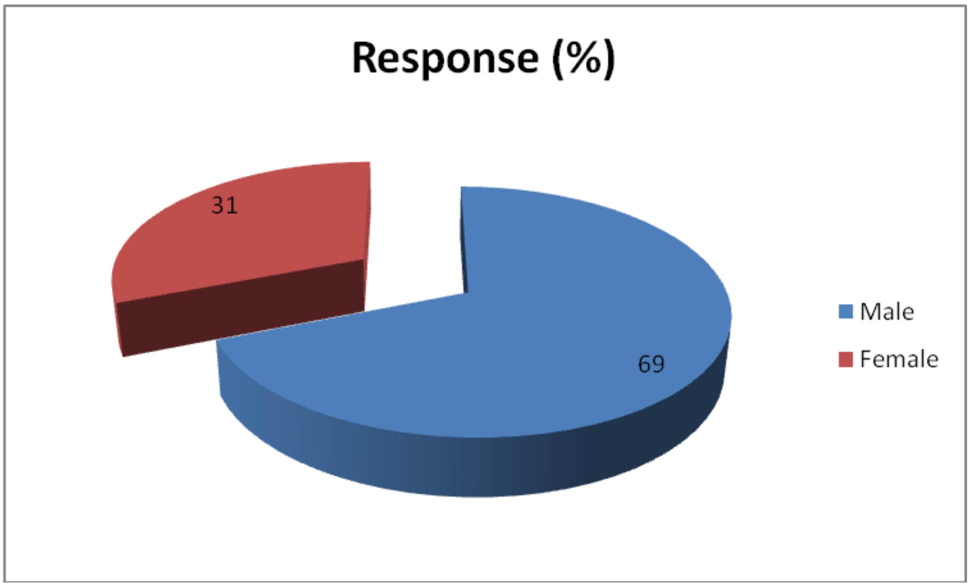

Figure No 6.1: Gender

Interpretation: -

- The data in table no.6.1 shows that there are total 200 respondents.
- Among the 200 units 138 respondents i.e. 69% are male and 62 respondents i.e. 31% are female.

Inferences: - It is inferred most of the respondents are male. The percentages for male respondents are 69%.

Table No.6.2: Age

Age	Frequencies	Percentage (%)
31-35	23	11.50
35-40	38	19
40-45	42	21
More than 45	97	48.50
Total	200	

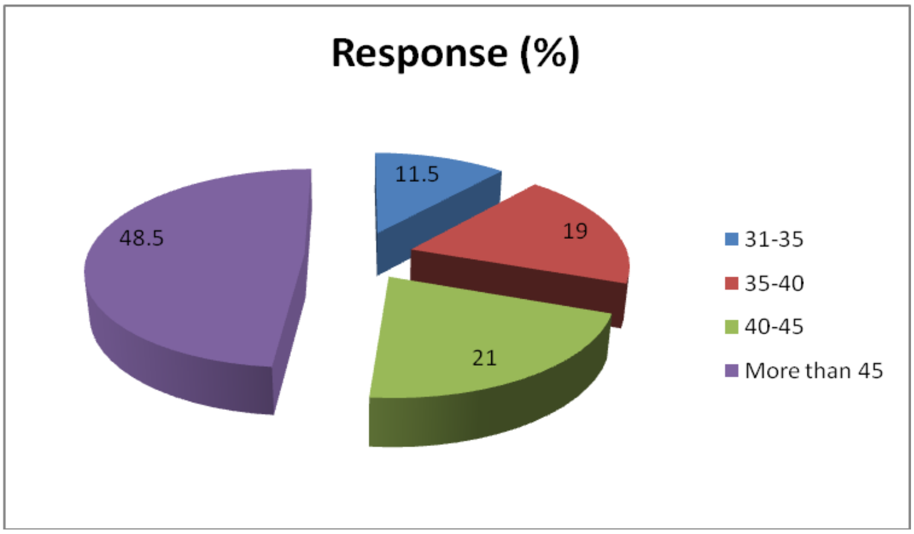

Figure No. 6.2: Age

Interpretation: -

- The data in table no.6.2 depicts the age group of total 200 respondents.
- Among the 200 units 23 respondents i.e. 11.50% are of 31-35 age group, 38 respondents i.e. 19% are of 35-40 age group, 42 respondents i.e. 21% are of 40-45 age group and 97 respondents i.e. 48.50% are of more than 45 years.

Inferences: - From the above it can be reveal that the most of the respondents are from the age group of more than 45 years. The percentage is 48.50%.

Table No. 6.3: Educational Qualification

Educational Qualification	Frequencies	Response (%)
SSC/HSC	7	3.50
Graduation	102	51
Post Graduation	48	24
Technical /professional education	43	21.50
Total	200	

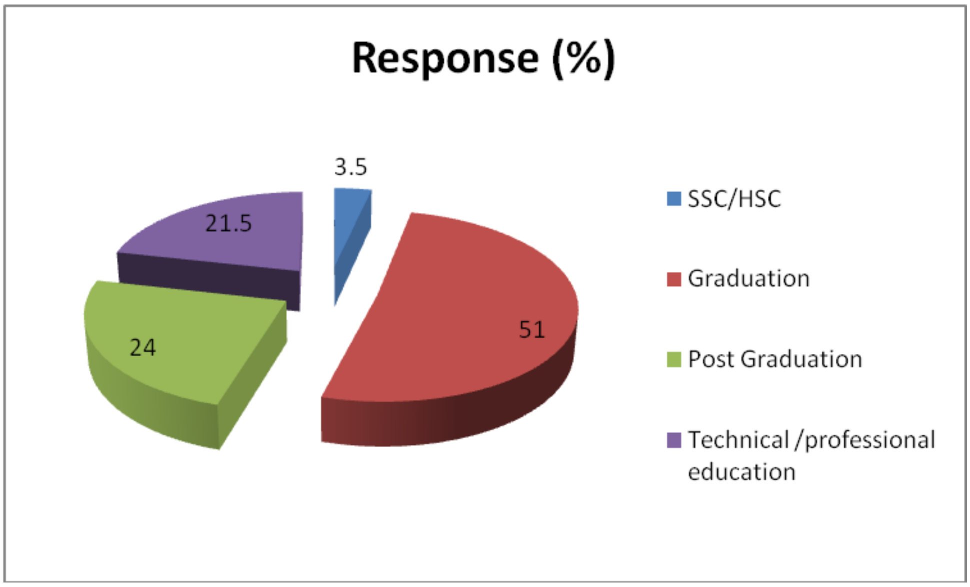

Figure No.6.3: Educational Qualification

Interpretation: -

- The data in table no.6.3 reveals educational qualification of total 200 respondents.
- Among the 200 units 7 respondents i.e. 3.50% are of HSC/SSC qualification, 102 respondents i.e. 51% are of Graduation, 48 respondents i.e. 24% are of Post graduation qualification and 43 respondents i.e. 21.50% are of technical/professional qualification.

Inferences: - It reveals that most of the respondents are Graduate. The percentage is 51%.

Table No. 6.4: Experience

Experience	Response	Percentage (%)
Less than 1-5 years	9	4.50
Between 5-10 years	36	18
Between 10-15 years	124	62
Above 15 years	31	15.50
Total	200	

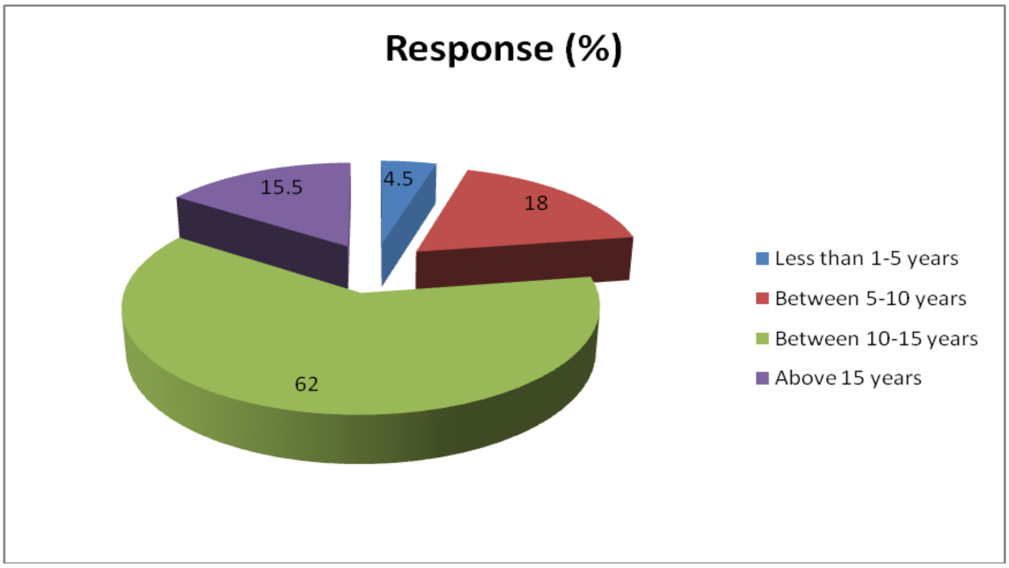

Figure No. 6.4: Experience

Interpretation: -

- The data in table no.6.4 reveals experience of total 300 respondents.
- Among the 200 units 9 respondents i.e. 4.50% are of 1-5 years experience, 36 respondents i.e. 18% between 5-10 years experience, 124 respondents i.e. 62% are of between 10-15 years experience and 31 respondents i.e. 15.50% are of above 15 years experience.

Inferences: - It reveals that most of the respondents have the experience between 10-15 years. The percentage is 62%.

Table No. 6. 5: Awareness of Finance Scheme (Short Term Loaning)

Response	Frequencies	Percentage (%)
Yes	200	100
No	Nil	-
Total	200	

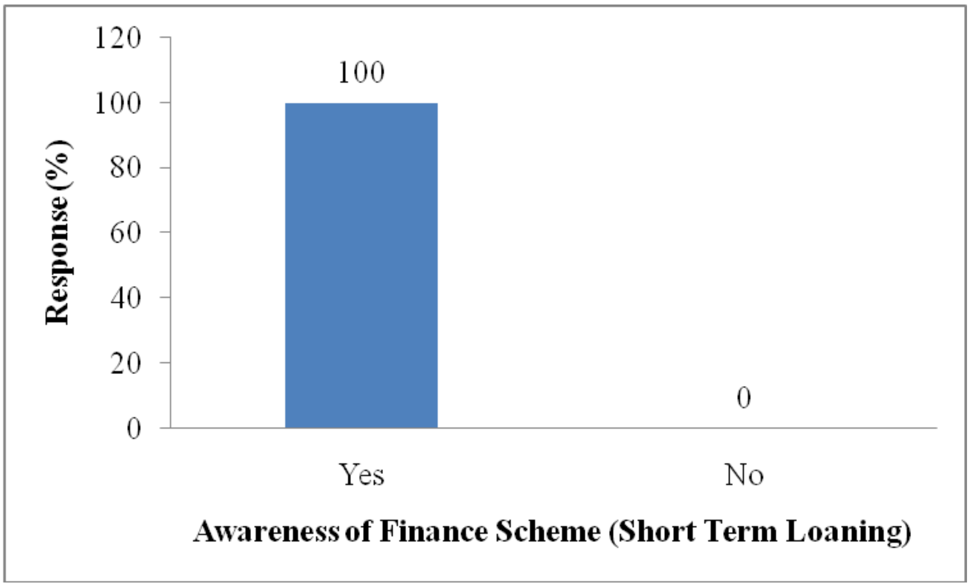

Figure No. 6. 5: Awareness of Finance Scheme (Short Term Loaning)

Interpretation: -

- The data in table no.6.5 shows that there are total 200 respondents.
- Among the 200 units all respondents i.e. 100% are aware about finance scheme (short term loaning) intended by financial institutions.

Inferences: - It is inferred all the respondents are aware about finance scheme (short term loaning) intended by financial institutions. The percentage is 100%.

Table No. 6. 6: Availed Finance Scheme (Short Term Loaning)

Response	Frequencies	Percentage (%)
Yes	200	100
No	Nil	-
Total	200	

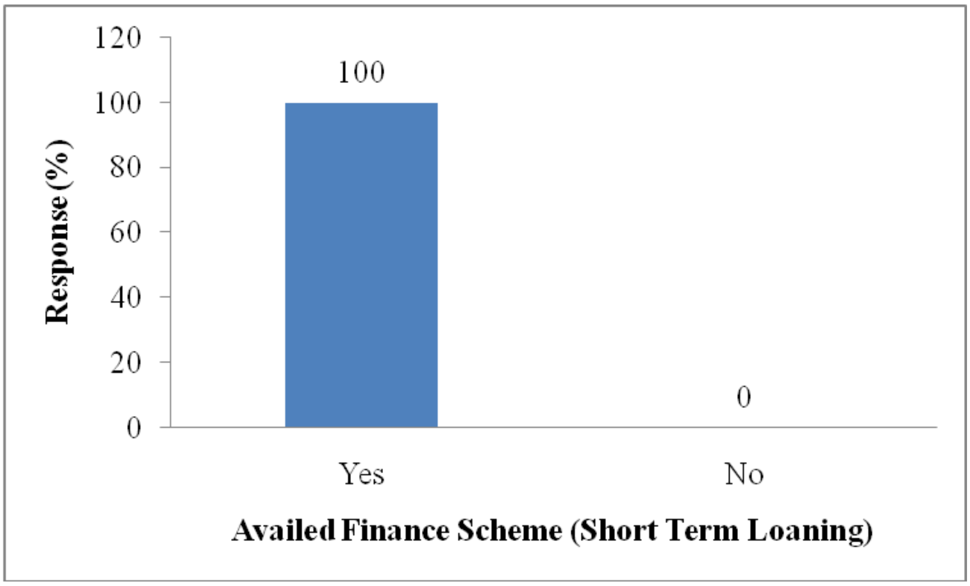

Figure No. 6. 6: Availed Finance Scheme (Short Term Loaning)

Interpretation: -

- The data in table no.6.6 shows that there are total 200 respondents.
- Among the 200 units all respondents i.e. 100% have availed finance scheme (short term loaning) by financial institutions

Inferences: - It is inferred all the respondents have availed finance scheme (short term loaning) intended by financial institutions. The percentage is 100%.

Table No. 6.7: Financial Institution Preferred for Finance Scheme (Short Term Loaning)

Financial institutions	Frequencies	Percentage (%)
SIDBI	60	30
Other financial institutions	140	70
Total	200	

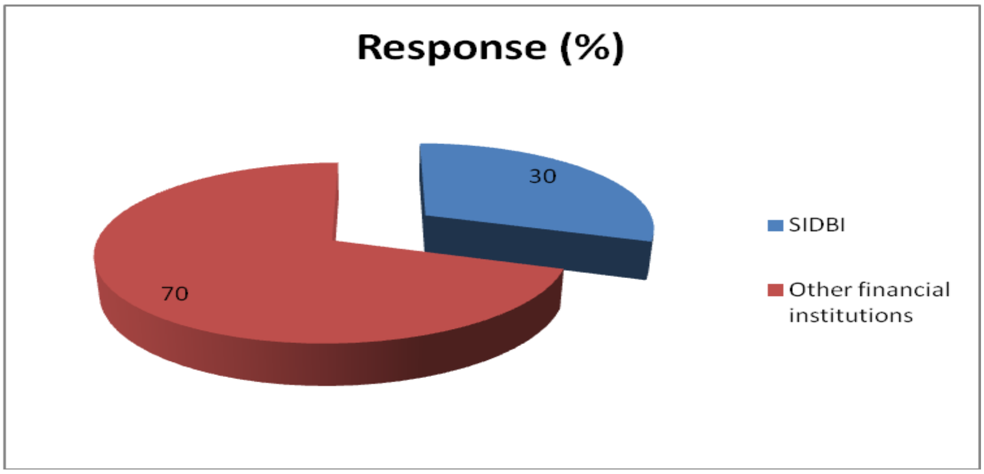

Figure No. 6.7: Financial Institution Preferred for Finance Scheme (Short Term Loaning)

Interpretation: -

- The data in table no.6.7 shows that there are total 200 respondents.
- Among the 200 units 40 respondents i.e. 30% have availed finance scheme (short term loaning) from SIDBI and 332 respondents i.e. 62.40% have not availed finance scheme (short term loaning) provided by financial institutions.

Inferences: - It is inferred most of the respondents have not availed finance scheme (short term loaning) intended by financial institutions. The percentage is 62.40%.

Table No. 6.8: Motivating Factors for Starting Business

Motivating factors	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Previous experience	78	20	33.34	58	41.42
Success stories of others	19	2	3.33	17	12.14
Desired to be self employed	34	3	5	31	22.14
Hereditary factor	69	35	58.33	34	24.30
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

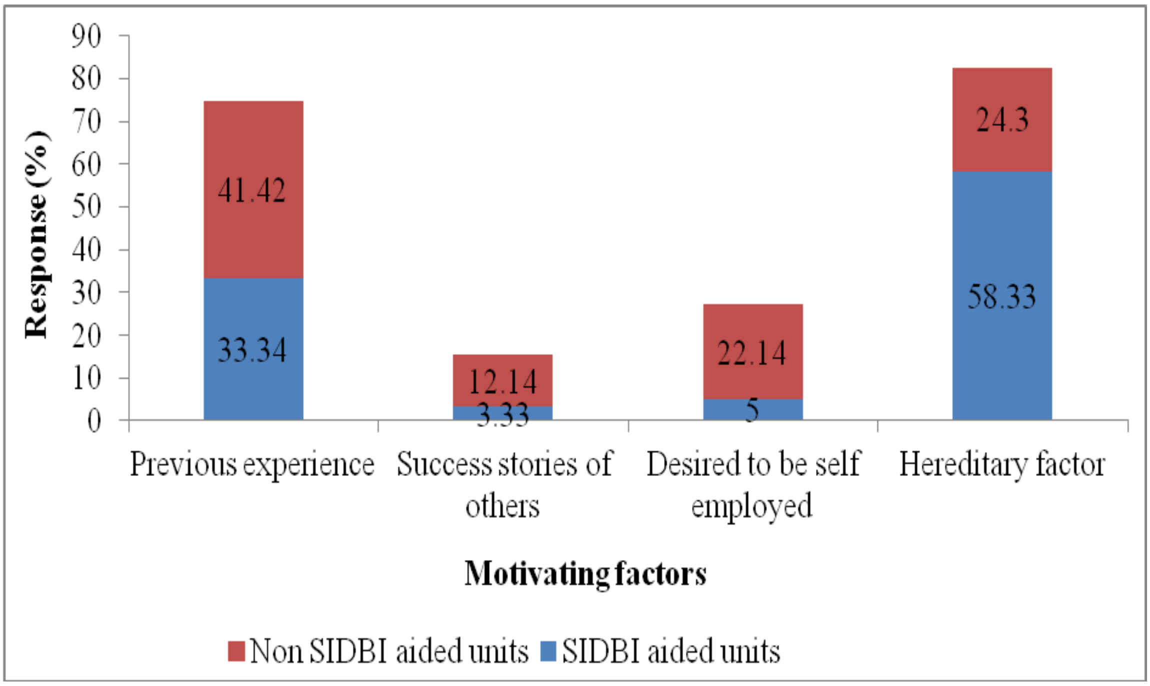

Figure No. 6.8: Motivating Factors for Starting Business

Interpretation: -

- The data in table no.6.8 reveals the motivating factor of total 200 respondents. Out of which 60 are SIDBI aided units and 140 are Non SIDBI aided units.
- Among the 60 SIDBI aided units, the respondents for previous experience are 20 i.e. 33.34%, the respondents for success stories of others are 2 i.e. 3.33%, the respondents for desired to be self employed are 3 i.e. 5% and the respondents for hereditary factor are 35 i.e. 58.33%.
- Among the 140 Non SIDBI aided units, the respondents for previous experience are 58 i.e. 41.42%, the respondents for success stories of others are 17 i.e. 12.14%, the respondents for desired to be self employed are 31 i.e. 22.14% and the respondents for hereditary factor are 34 i.e. 24.30%.

Inferences: - It reveals that mostly respondents of SIDBI aided units are motivated by hereditary factor which are 35 i.e. 58.33%. On the other hand mostly respondents of Non SIDBI aided units are motivated by previous experience which are 58 i.e. 41.42%.

Table No. 6.9: Classification of Units on the Basis of Financial Aiding Institutions

Type	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Company	56	17	28.33	39	27.86
Partnership	96	26	43.34	70	50
Sole proprietor	48	17	28.33	31	22.14
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

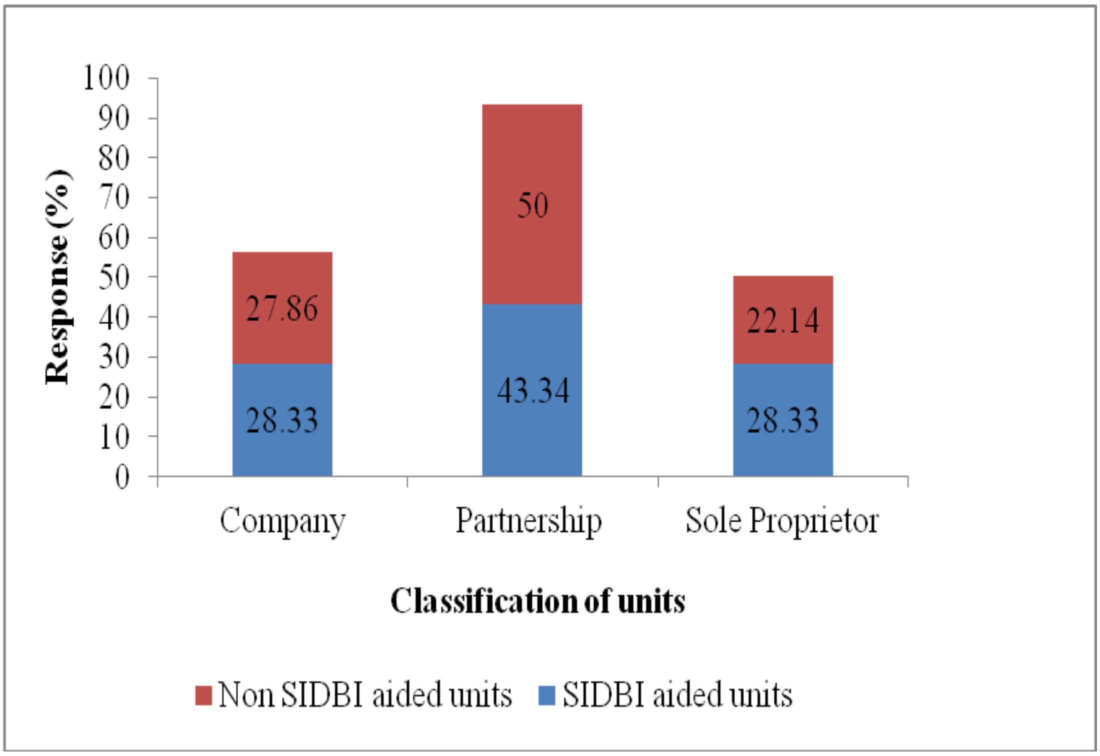

Figure No. 6.9: Classification of Units on the Basis of Financial Aiding Institutions

Table No. 6.9.1 Composite Score for Units on the Basis of Financial Aiding Institutions

Degree of satisfaction	Weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Company	1	17	1*60 = 60	60-119	17	39	1*140 = 140	140-279	39
Partnership	2	26	2*60 =120	120	52	70	2*140 = 280	280	140
Sole proprietor	3	17	3*60 =180	121-180	51	31	3*140 = 420	281-420	93
Total					120				272

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.9.1 shows that in SIDBI aided units computed value is 120 which fall in Partnership. On the other hand Non SIDBI aided units computed value is 272 which fall in sole proprietor.

Inferences: - It reveals that most of the respondents are from partnership within SIDBI aided units and most of the respondents are from sole proprietor in Non SIDBI aided units.

Table No. 6.10: Status of Unit

Status	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
SSI	128	38	63.33	90	64.29
Tiny	40	12	20	28	20
Ancillary	20	6	10	14	10
Medium	12	4	6.67	8	5.71
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

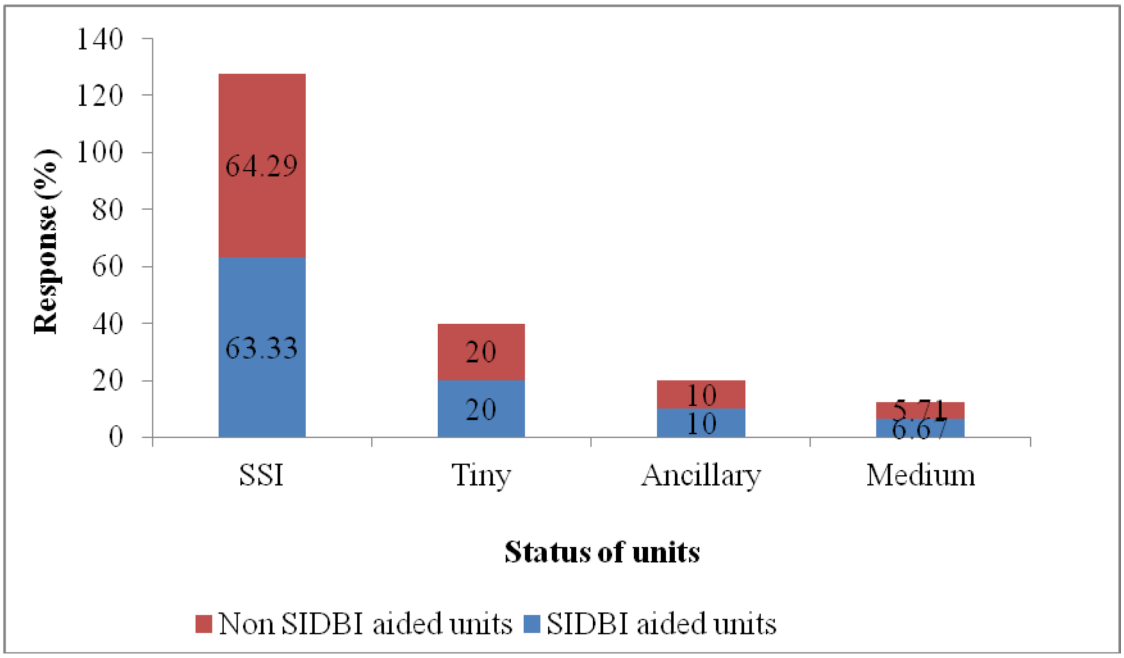

Figure No. 6.10: Status of Unit

Interpretation: -

- The data in table no.6.10 shows the status of units. Here total respondents are 200. Out of which 60 are SIDBI aided units and 140 are Non SIDBI aided units.
- Among the 60 SIDBI aided units 38 respondents i.e. 63.33% are of SSI, 12 respondents i.e. 20% are of tiny, 6 respondents i.e. 10% are of ancillary and 4 respondents i.e. 6.67% are of medium.
- Among the 140 Non SIDBI aided units 90 respondents i.e. 64.29% are of SSI, 28 respondents i.e. 20% are of tiny, 14 respondents i.e. 10% are of ancillary and 8 respondents i.e. 5.71% are of export medium.

Inferences: - It reveals that most of the respondents are from SSI within SIDBI aided units and Non SIDBI aided units. The percentages are 63.33% and 64.29% respectively.

Table No. 6.11: Level of Capital Investment

Level of capital investment	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Up to 2 million	41	12	20	29	20.71
2 million- 4 million	40	12	20	28	20
4 million - 6 million	48	14	23.34	34	24.29
6 million - 8 million	36	11	18.33	25	17.86
8 million - 10 million	35	11	18.33	24	17.14
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

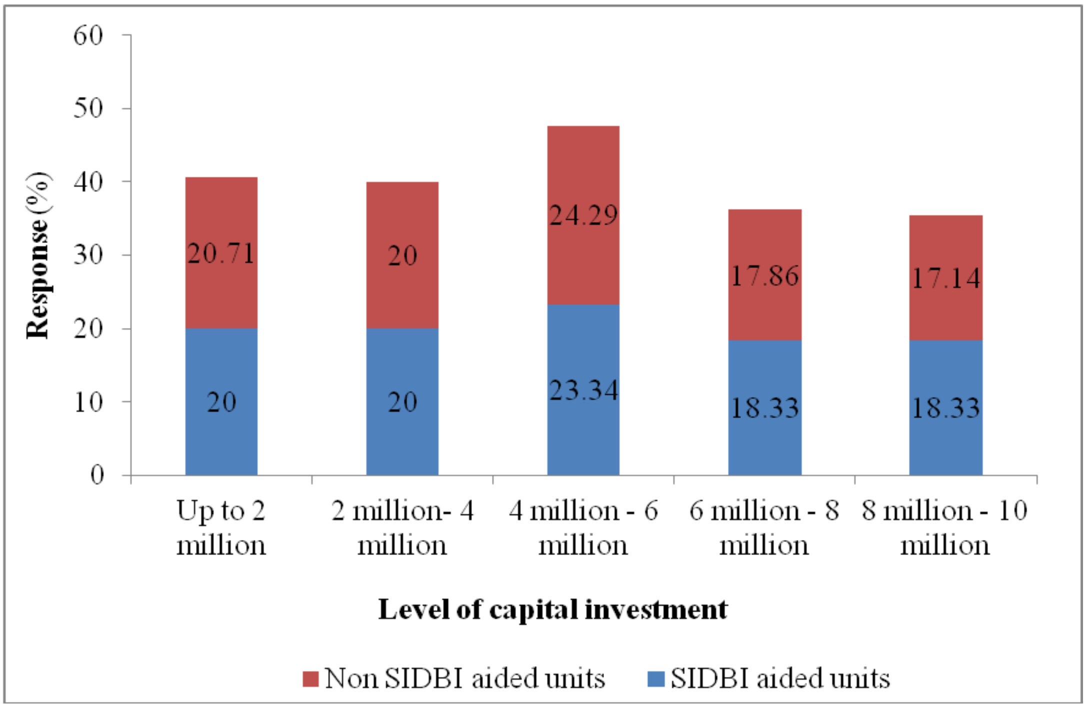

Figure No. 6.11: Level of capital Investment

Table No.11.1 Composite Score Table for Level of Capital Investment

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Up to 2 million	5	12	5*60 =300	241-300	60	29	5*140 = 700	561 - 700	145
2 million - 4 million	4	12	4*60 =240	181-240	48	28	4*140 = 560	421 - 560	112
4 million - 6 million	3	14	3*60 =180	180	42	34	3*140 = 420	420	102
6 million - 8 million	2	11	2*60 =120	120-179	22	25	2*140 = 280	280 - 419	50
8 million - 10 million	1	11	1*60 =60	60-119	11	24	1*140 = 140	140 - 279	24
Total					183				433

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.11.1 shows that in SIDBI aided units computed value is 183 which fall in 2 million – 4 million. In the same manner Non SIDBI aided units computed value is 433 which fall in 2 million – 4 million.

Inferences: - It depicts that most of the respondents have the capital investment of 2 million- 4 million in SIDBI aided units and Non SIDBI aided units.

Table No. 6.12: Use of Finance Scheme (Short Term Loan) taken from Institution

Type	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Fixed Assets	119	36	60	83	59.29
Working capital	36	11	18.33	25	17.86
Both	45	13	21.67	32	22.85
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

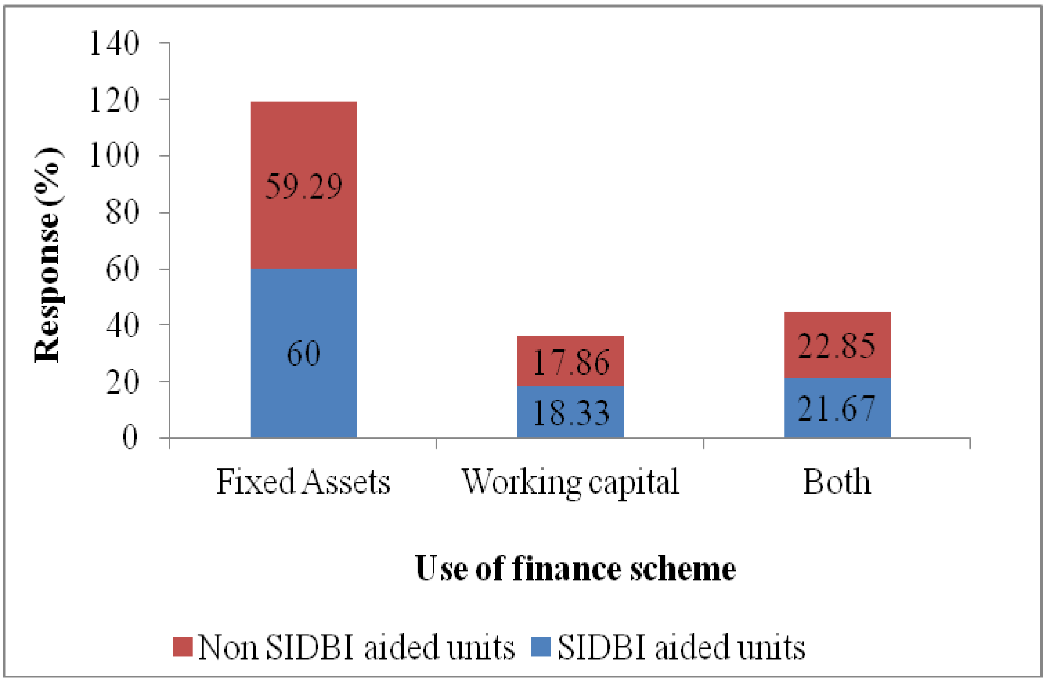

Figure No. 6. 12: Use of Finance Scheme (Short Term Loan) taken from Institutions

Table No. 6.12.1: Composite Score Table for Use of Finance Scheme (Short Term Loaning)

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Fixed assets	1	36	1*60 = 60	60-119	36	83	1*140 = 140	140-279	83
Working capital	2	11	2*60 = 120	120	22	25	2*140 = 280	280	50
Both	3	13	3*60 = 180	121-180	39	32	3*140 = 420	281-420	96
Total					97				229

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.12.1 shows that in SIDBI aided units computed value is 97 which fall in fixed assets. In the same manner Non SIDBI aided units computed value is 229 which fall in fixed assets.

Inferences: - It reveals that most of the respondents of SIDBI aided units and Non SIDBI aided units used the finance scheme for fixed assets

Table No. 6.13: Difficulty in getting Finance Scheme (Short Term Loan)

Awareness	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Yes	200	60	100	140	100
No	0	0	0	0	0
Total	200	60		140	

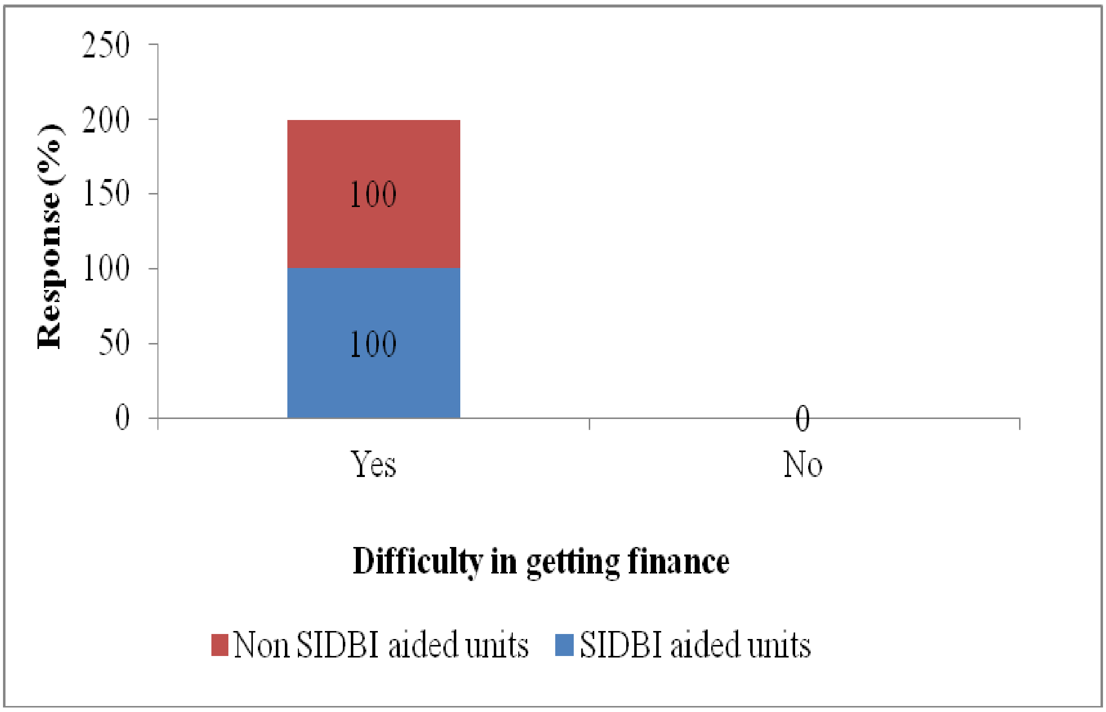

Figure No. 6.13: Difficulty in getting Finance Scheme (Short Term Loan)

Interpretation: -

- Among the 60 SIDBI aided units all respondents i.e. 100% respondents faced difficulty while getting finance scheme (short term loan).
- Among the 140 Non SIDBI aided units all respondents i.e. 100% respondents faced difficulty while getting finance scheme (short term loan).

Inferences: - It is inferred that out of the 200 respondents we found that all respondents of SIDBI aided units and Non SIDBI aided units faced difficulty in getting finance scheme.

Table No. 6.14: Dissemination towards Complexity in Legal Procedures of Institutions for Financing

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	34	14	23.33	20	14.28
Dissatisfied	53	28	46.67	25	17.86
No opinion	17	6	10	11	7.86
Satisfied	69	7	11.67	62	44.28
Completely satisfied	27	5	8.33	22	15.72
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

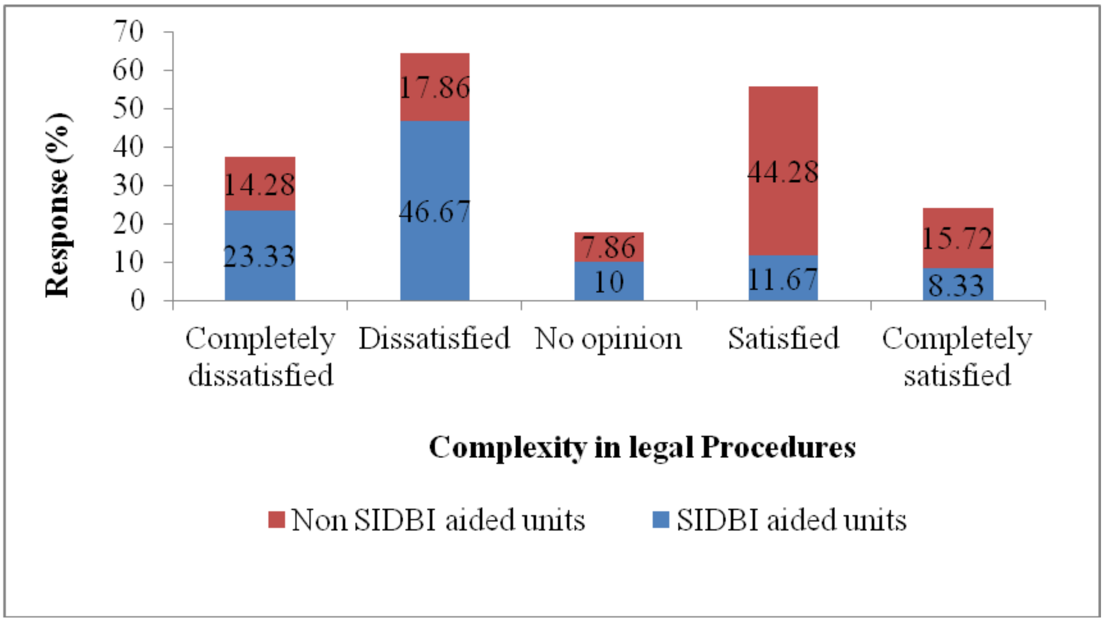

Figure No.6.14: Dissemination towards Complexity of Legal Procedures in Institutions for Financing

Table No. 6.14.1: Composite Score Table for Complexity in Legal Procedures of Institutions for Financing

Degree of satisfaction	Weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	14	5*60 = 300	241-300	70	20	5*140 = 700	561-700	100
Dissatisfied	4	28	4*60 = 240	181-240	112	25	4*140 = 560	421-560	100
No opinion	3	6	3*60 = 180	180	18	11	3*140 = 420	420	33
Satisfied	2	7	2*60 = 120	120–179	14	62	2*140 = 280	280-419	124
Completely satisfied	1	5	1* 60 = 60	60 – 119	5	22	1*140 = 140	140-279	22
Total					219				379

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.14.1 shows that in SIDBI aided units computed value is 219 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 379 which fall in satisfied.

Inferences: - It reveals that the procedures of financing of Non SIDBI institutions are quite easy as compare to the SIDBI.

Table No. 6.15: Dissemination towards Delay in Clearance of Documents by Financial Institutions for Financing

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	32	6	10	26	18.58
Dissatisfied	52	24	40	28	20
No opinion	43	8	13.33	35	25
Satisfied	36	13	21.67	23	16.42
Completely satisfied	37	9	15	28	20
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

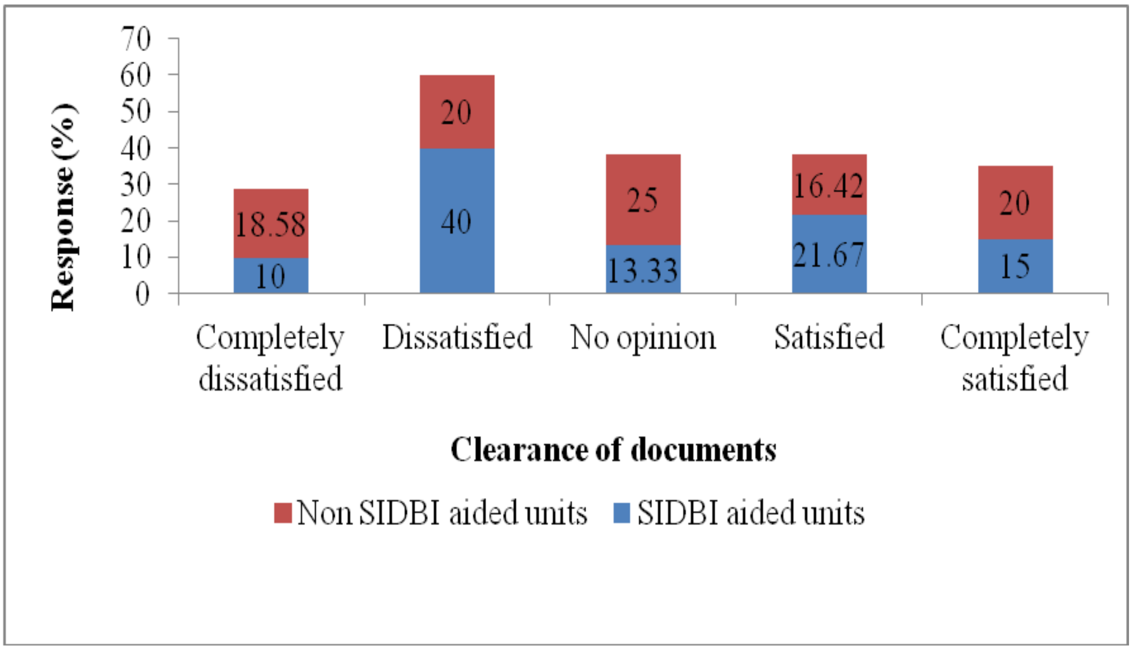

Figure No. 6.15: Dissemination towards Delay in Clearance of Documents by Financial Institutions for Financing

Table No. 6.15.1 Composite Score table for Clearance of Documents by Institutions for Financing

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	6	5*60 =300	241-300	30	26	5*140 =700	561-700	130
Dissatisfied	4	24	4*60 =240	181-240	96	28	4*140 =560	421-560	112
No opinion	3	8	3*60 =180	180	24	35	3*140 =420	420	105
Satisfied	2	13	2*60 =120	120–179	26	23	2*140 =280	280-419	46
Completely satisfied	1	9	1* 60 = 60	60–119	9	28	1*140 = 140	140-279	28
Total					185				421

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.15.1 shows that in SIDBI aided units computed value is 185 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 421 also fall in dissatisfied.

Inferences: - It reveals that the SIDBI and Non SIDBI institutions both are adopting strict procedures for clearing the documents for financing.

Table No. 6. 16: Dissemination towards Inconsistent Behaviour of officials of Financial Institutions.

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	26	12	20	14	10
Dissatisfied	49	26	43.33	23	16.43
No opinion	19	10	16.67	9	6.43
Satisfied	77	4	6.67	73	52.14
Completely satisfied	29	8	13.33	21	15
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

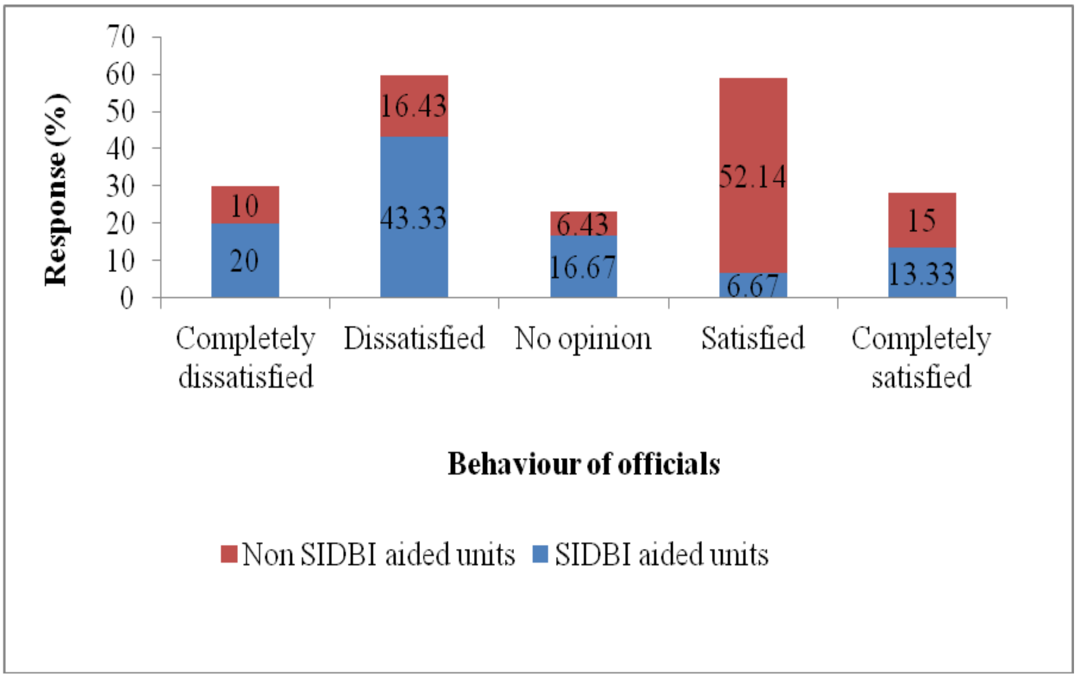

Figure No. 6.16: Dissemination towards Inconsistent Behaviour of officials of Financial Institutions

Table No. 6. 16.1: Composite Score Table for Inconsistent Behaviour of officials in Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	12	5*60 =300	241-300	60	14	5*140 =700	561-700	70
Dissatisfied	4	26	4*60 =240	181-240	104	23	4*140 =560	421-560	92
No opinion	3	10	3*60 =180	180	30	9	3*140 =420	420	27
Satisfied	2	4	2*60 =120	120-179	8	73	2*140 =280	280-419	146
Completely satisfied	1	8	1*60 =60	60-119	8	21	1*140 =140	140-279	21
Total					210				356

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.16.1 depicts that in SIDBI aided units computed value is 210 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 356 which fall in satisfied.

Inferences: -

It reveals that the behaviour of officials of Non SIDBI institutions is more satisfactory as compare to the SIDBI.

Table No. 6.17: Dissemination towards Collateral/Mortgage Requirement of Financial Institutions

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	29	9	15	20	14.29
Dissatisfied	37	13	21.67	24	17.14
No opinion	53	23	38.33	30	21.42
Satisfied	44	10	16.67	34	24.29
Completely satisfied	37	5	8.33	32	22.86
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

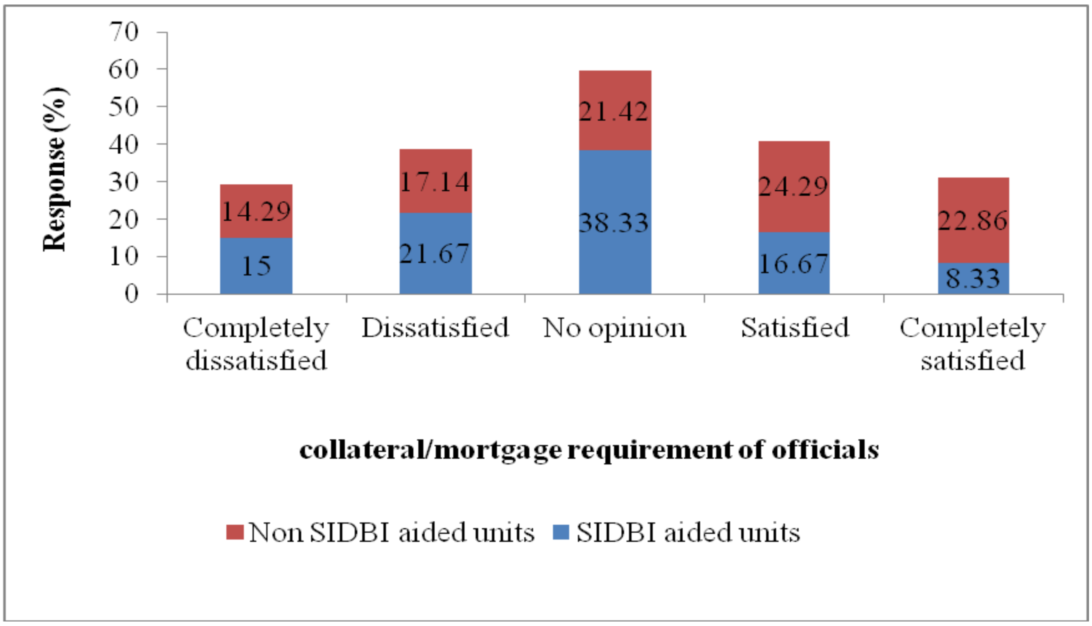

Figure No. 6.17: Dissemination towards Collateral/Mortgage Requirement of Financial Institutions

Table No. 6.17.1: Composite Score Table for Collateral/Mortgage Requirement of Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	9	5*60 =300	241-300	45	20	5*140 = 700	561-700	100
Dissatisfied	4	13	4*60 =240	181-240	52	24	4*140 = 560	421-560	96
No opinion	3	23	3*60 =180	180	69	30	3*140 = 420	420	90
Satisfied	2	10	2*60 =120	120-179	20	34	2*140 = 280	280-419	68
Completely satisfied	1	5	1*60 =60	60-119	5	32	1*140 = 140	140-279	32
Total					191				386

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.17.1 reveals that in SIDBI aided units computed value is 191 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 386 which fall in satisfied.

Inferences: - It shows that the mortgage requirement of SIDBI is more complicated as compare to the Non SIDBI institutions.

Table No. 6.18: Dissemination towards Sanctioned Loan Amount of Financial Institutions

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	31	13	21.67	18	12.86
Dissatisfied	47	24	40	23	16.42
No opinion	16	4	6.66	12	8.58
Satisfied	78	12	20	66	47.14
Completely satisfied	28	7	11.67	21	15
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

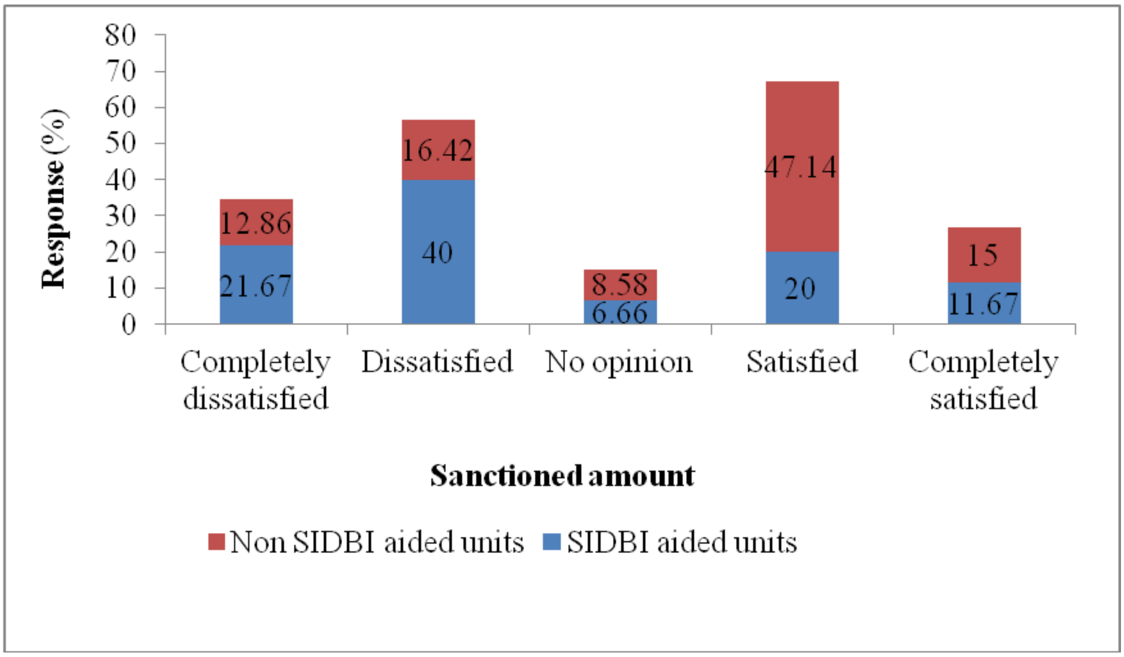

Figure No. 6.18: Dissemination towards Sanctioned Loan Amount of Financial Institutions

Table No. 6.18.1 Composite Score Table or Sanctioned Loan Amount of Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	13	5*60 =300	241-300	65	18	5*140 =700	561-700	90
Dissatisfied	4	24	4*60 =240	181-240	96	23	4*140 =560	421-560	92
No opinion	3	4	3*60 =180	180	12	12	3*140 =420	420	36
Satisfied	2	12	2*60 =120	120-179	24	66	2*140 =280	280-419	132
Completely satisfied	1	7	1*60 =60	60-119	7	21	1*140 =140	140-279	21
Total					204				371

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.18.1shows that in SIDBI aided units computed value is 204 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 371 which fall in satisfied.

Inferences: -

It reveals that the sanctioned loan limit of SIDBI is less attractive as compare to the Non SIDBI institutions.

Table No. 6.19: Dissemination for Interest Rate of Financial Institutions

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	27	11	18.33	16	11.42
Dissatisfied	74	13	21.67	61	43.58
No opinion	37	15	25	22	15.72
Satisfied	26	10	16.67	16	11.42
Completely satisfied	36	11	18.33	25	17.86
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

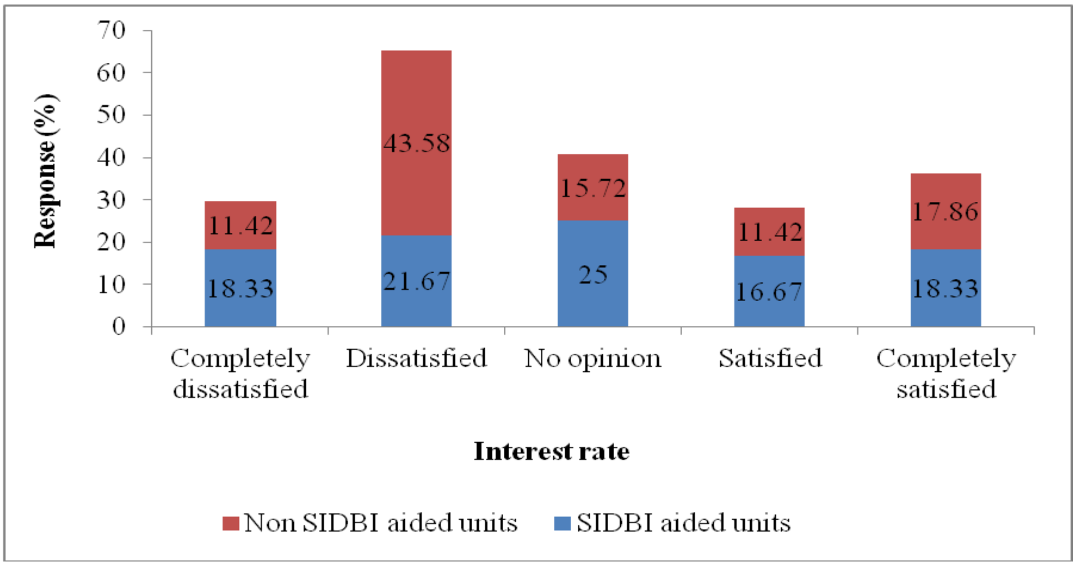

Figure 6.19: Dissemination for Interest Rate of Financial Institutions

Table No. 6.19.1: Composite Score Table for Interest Rate of Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	11	5*60 =300	241-300	55	16	5*140 =700	561-700	80
Dissatisfied	4	13	4*60 =240	181-240	52	61	4*140 =560	421-560	244
No opinion	3	15	3*60 =180	180	45	22	3*140 =420	420	66
Satisfied	2	10	2*60 =120	120-179	20	16	2*140 =280	280-419	32
Completely satisfied	1	11	1*60 =60	60-119	11	25	1*140 =140	140-279	25
Total					183				447

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.19.1 shows that in SIDBI aided units computed value is 183 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 447 which also fall in dissatisfied.

Inferences: - It reveals that the mostly respondents are dissatisfied with respect to interest rates charges whether they have taken finance by SIDBI or Non SIDBI institutions.

Table No. 6.20: Dissemination for Repayment Schedules of Financial Institutions

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	28	13	21.67	15	10.71
Dissatisfied	72	10	16.67	62	44.29
No opinion	34	14	23.33	20	14.29
Satisfied	29	11	18.33	18	12.86
Completely satisfied	37	12	20	25	17.85
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

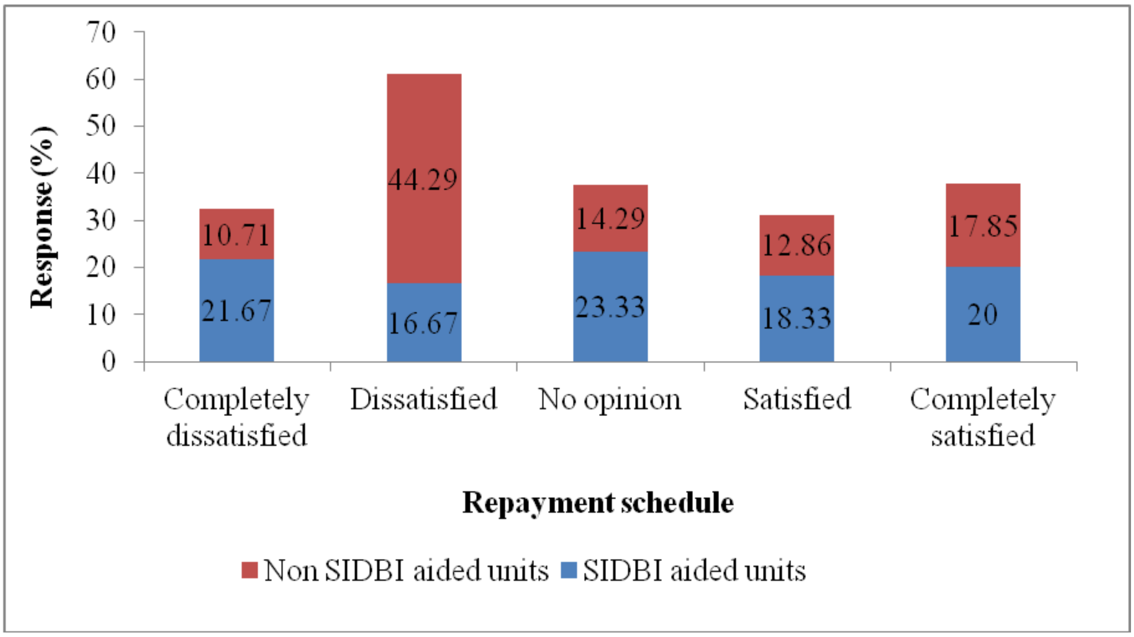

Figure No. 6.20: Dissemination for Repayment Schedules of Financial Institutions

Table No. 6.20.1: Composite Score Table for Repayment Schedule of Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	13	5*60 =300	241-300	65	15	5*140 =700	561-700	75
Dissatisfied	4	10	4*60 =240	181-240	40	62	4*140 =560	421-560	248
No opinion	3	14	3*60 =180	180	42	20	3*140 =420	420	60
Satisfied	2	11	2*60 =120	120-179	22	18	2*140 =280	280-419	36
Completely satisfied	1	12	1*60 =60	60-119	12	25	1*140 =140	140-279	25
Total					181				444

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.20.1 reveals that in SIDBI aided units computed value is 181 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 444 which also fall in dissatisfied.

Inferences: - It explains that the respondents of SIDBI and Non SIDBI institutions both are dissatisfied with the repayment schedule.

Table No. 6.21: Dissemination for Time taken for Approving Financial Assistance by Financial Institutions

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	36	11	18.33	25	17.86
Dissatisfied	47	26	43.33	21	15
No opinion	16	6	10	10	7.14
Satisfied	74	7	11.67	67	47.86
Completely satisfied	27	10	16.67	17	12.14
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

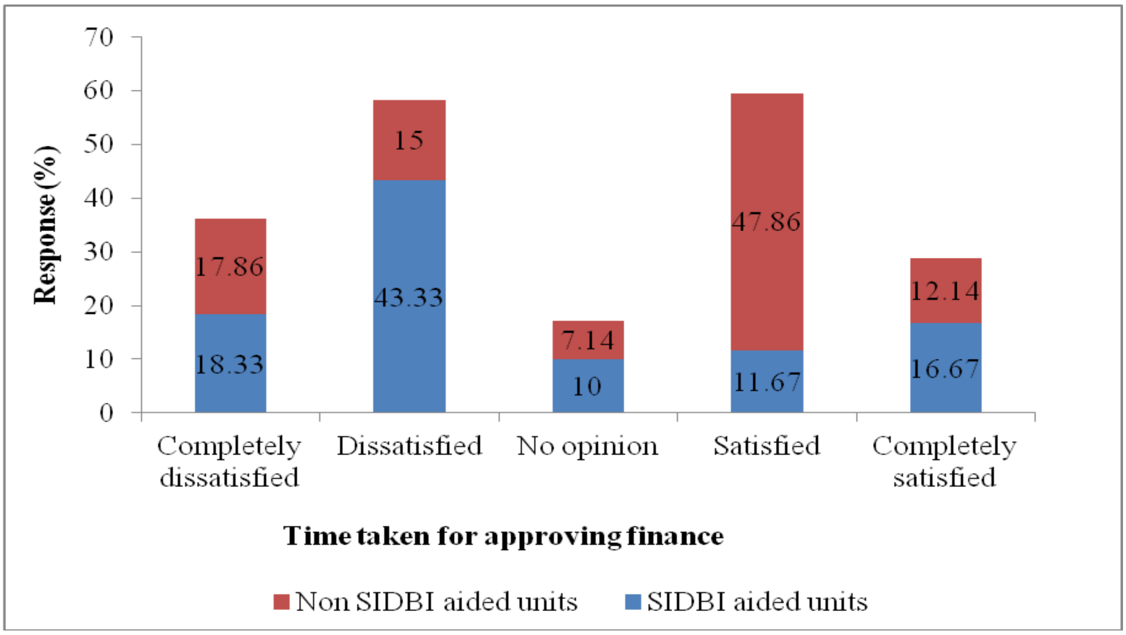

Figure No. 6.21: Dissemination for Time taken for Approving Financial Assistance by Financial Institutions

Table No. 6.21.1: Composite Score Table for Time Lag taken by Financial Institutions for Approving Finance

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	11	5*60 =300	241-300	55	25	5*140 =700	561-700	125
Dissatisfied	4	26	4*60 =240	181-240	104	21	4*140 =560	421-560	84
No opinion	3	6	3*60 =180	180	18	10	3*140 =420	420	30
Satisfied	2	7	2*60 =120	120-179	14	67	2*140 =280	280-419	134
Completely satisfied	1	10	1* 60 =60	60-119	10	17	1*140 =140	140-279	17
Total					201				390

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.21.1 depicts that in SIDBI aided units computed value is 201 which fall in dissatisfied. On the other hand Non SIDBI aided units computed value is 390 which fall in satisfied.

Inferences: - It explains that the respondents of Non SIDBI institutions are satisfied with the time lag taken by financial institutions for approving finance.

Table No. 6.22: Default in Repayment of Amount of Finance Scheme (Short Term Loaning) Assisted by Financial Institutions

	No. of respondents	Yes	Percentage (%)	No	Percentage (%)
SIDBI aided units	**60**	15	25	45	75
Non SIDBI aided units	**140**	49	35	91	65

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

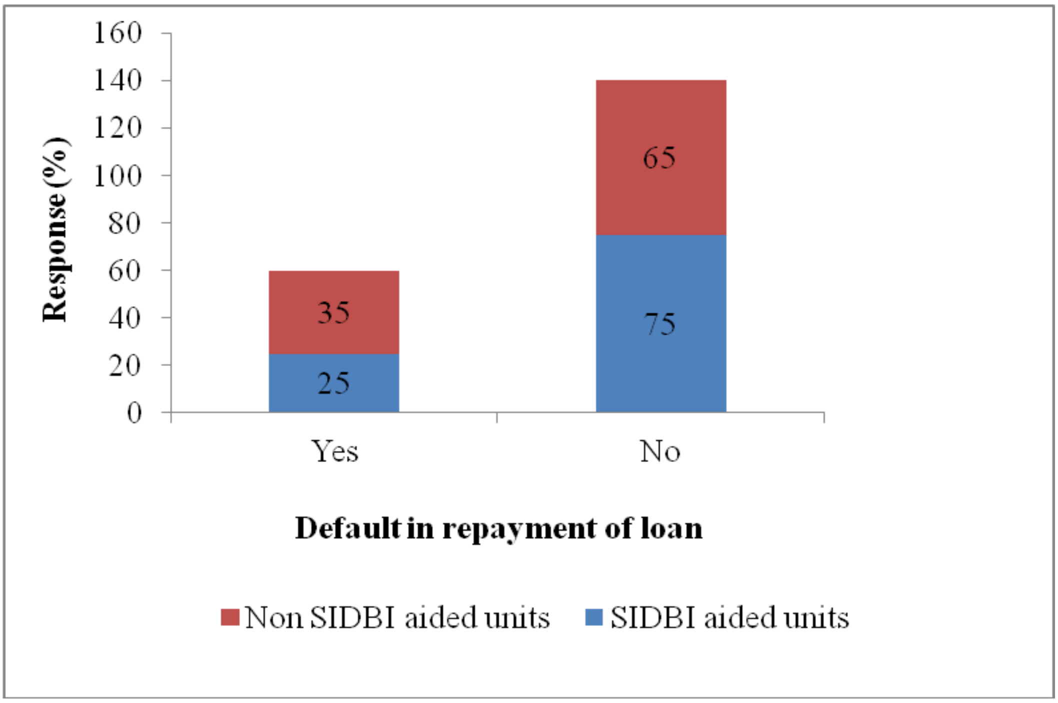

Figure No. 6.22: Default in Repayment of Amount of Finance Scheme (Short Term Loaning) Assisted by Financial Institutions

Interpretation: -

- The data in table no.6.22 shows that there are total 200 respondents. Out of which 60 are SIDBI aided units and 140 are Non SIDBI aided units.
- Among the 60 SIDBI aided units 15 respondents i.e. 25% are defaulter for financial schemes (short term loaning) of SIDBI whereas 45 respondents i.e. 75% are not defaulter of financial schemes (short term loaning) of SIDBI.
- Among the 140 Non SIDBI aided units 49 respondents i.e. 35% are defaulter for financial schemes (short term loaning) of Non SIDBI aided institutions whereas 91 respondents i.e. 65% are not defaulter of financial schemes (short term loaning) of Non SIDBI institutions.

Inferences: - It is inferred that out of the 200 respondents we found that defaulters in SIDBI aided units are less in comparison to Non SIDBI aided units.

Table No. 6.23: Financial Institutions reacted with the Defaulter of Funds

Response	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Yes	64	15	100	49	100
No	0	0	0	0	0
Total	64	15		49	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 15 and Non SIDBI aided units are 49. Hence N is taken here as 64.

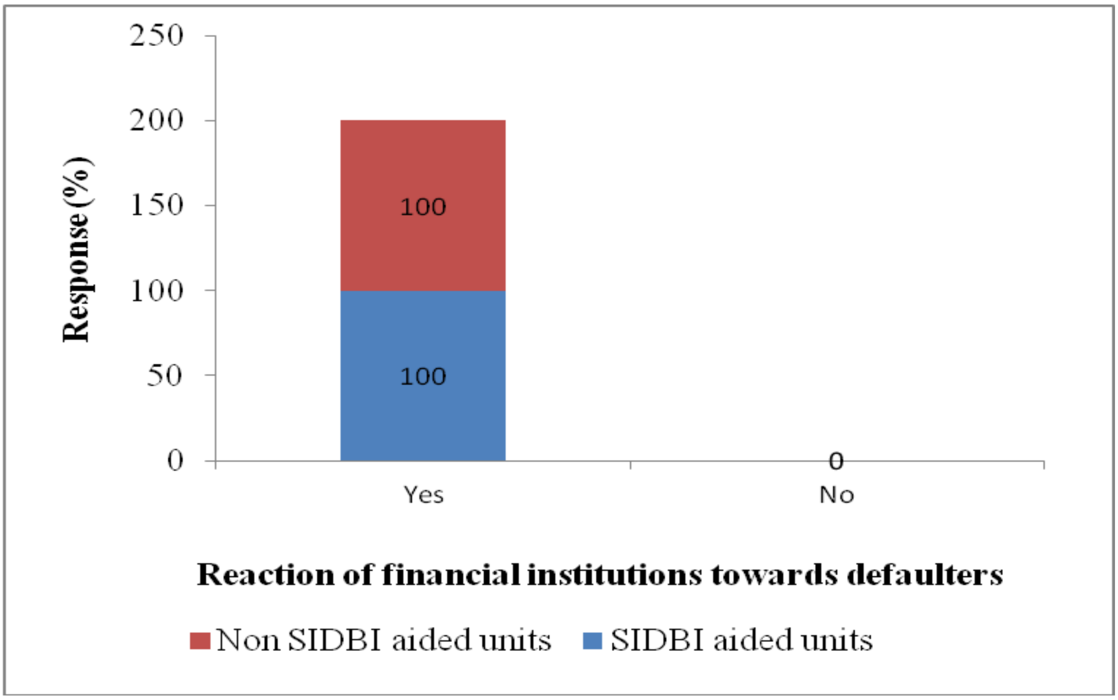

Figure No.6.23: Financial Institutions reacted with the Defaulter of Funds

Interpretation: -

- The data in table no.6.23 shows that there are total 64 respondents. Out of which 15 are SIDBI aided units and 49 are Non SIDBI aided units.
- Among the 15 SIDBI aided units 15 respondents i.e. 100% admitted that financial institution reacted towards defaulters.
- Among the 49 Non SIDBI aided units 49 respondents i.e. 100% admitted that financial institution reacted towards defaulters.

Inferences: - It is inferred that out of the 64 defaulter respondents in SIDBI aided units and Non SIDBI aided units have admitted that financial institutions reacted towards default of funds.

Table No. 6.24: Dissemination of Units for Reaction of Financial Institution towards Rescheduling the Installments

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	10	3	20	7	14.28
Dissatisfied	20	2	13.33	18	36.74
No opinion	13	1	6.67	12	24.49
Satisfied	7	5	33.33	2	4.08
Completely satisfied	14	4	26.67	10	20.41
Total	64	15		49	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 15 and Non SIDBI aided units are 49. Hence N is taken here as 64.

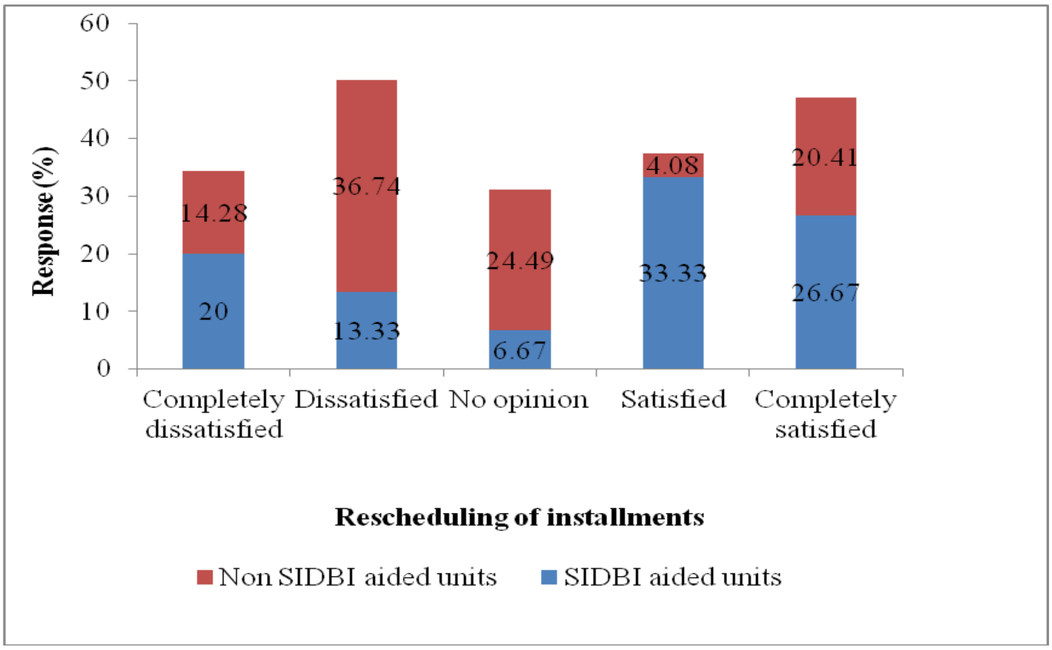

Figure No. 6.24: Dissemination of Units for Reaction of Financial Institution towards Rescheduling the Installments

Table No. 6.24.1: Composite score table for rescheduling of instalments by financial institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	3	5*15 =75	61-75	15	7	5*49 =245	197-245	35
Dissatisfied	4	2	4*15 =60	46-60	8	18	4*49 =196	148-196	72
No opinion	3	1	3*15 =45	45	3	12	3*49 =147	147	36
Satisfied	2	5	2*15 =30	30-44	10	2	2*49 =98	98-146	4
Completely satisfied	1	4	1* 15 =15	15-29	4	10	1*49 =49	49-97	10
Total					40				157

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.24.1 reveals that in SIDBI aided units computed value is 40 which fall in satisfied. On the contrary Non SIDBI aided units computed value is 157 which fall in dissatisfied.

Inferences: - It shows that the SIDBI is adopting the more liberal policy in rescheduling installments as compare to the Non SIDBI institutions.

Table No. 6.25: Dissemination of units towards legal proceedings for recovery by financial institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	10	1	6.67	9	18.36
Dissatisfied	21	3	20	18	36.74
No opinion	12	2	13.33	10	20.41
Satisfied	11	7	46.67	4	8.16
Completely satisfied	10	2	13.33	8	16.33
Total	64	15		49	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 15 and Non SIDBI aided units are 49. Hence N is taken here as 64.

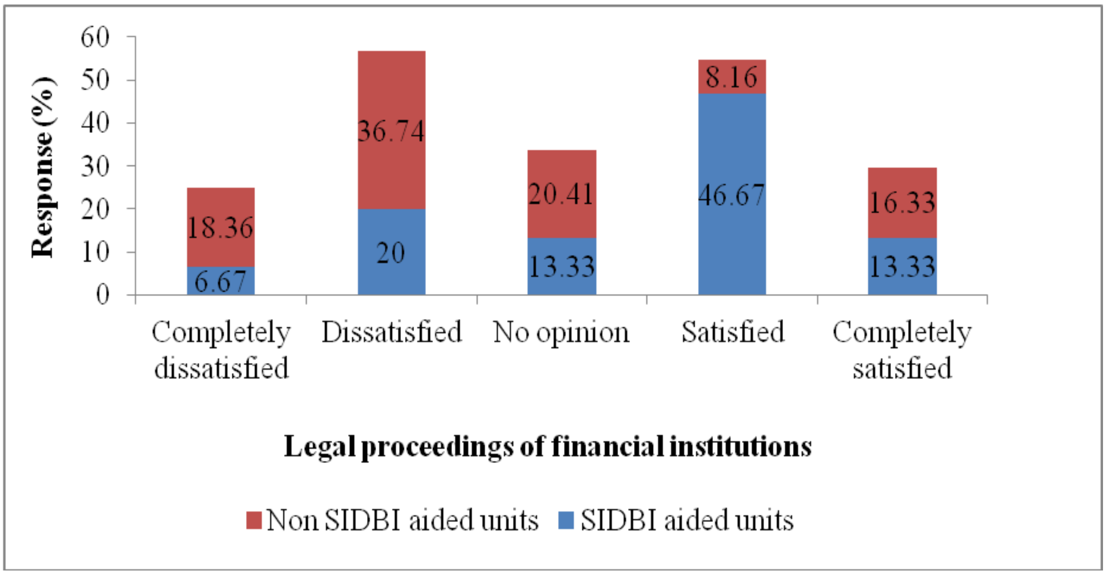

Figure No. 6.25: Dissemination of Units towards Legal Proceedings for Recovery by Financial Institution towards Rescheduling the Installments

Table No. 6.25.1: Composite Score Table for Legal Proceedings by Financial Institutions for Recovery

Degree of satisfaction	Weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	1	5*15 =75	61-75	5	9	5*49 =245	197-245	45
Dissatisfied	4	3	4*15 =60	46-60	12	18	4*49 =196	148-196	72
No opinion	3	2	3*15 =45	45	6	10	3*49 =147	147	30
Satisfied	2	7	2*15 =30	30-44	14	4	2*49 =98	98-146	8
Completely satisfied	1	2	1* 15 =15	15-29	2	8	1*49 =49	49-97	8
Total					39				163

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.25.1 depicts that in SIDBI aided units computed value is 39 which fall in satisfied. On the contrary Non SIDBI aided units computed value is 163 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI is adopting the more liberal policy in legal proceedings for recovery from defaulters.

Table No. 6.26: Dissemination of Units towards Expertise Solution Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	12	2	13.33	10	20.41
Dissatisfied	15	3	20	12	24.49
No opinion	17	1	6.67	16	32.66
Satisfied	13	8	53.33	5	10.20
Completely satisfied	7	1	6.67	6	12.24
Total	64	15		49	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 15 and Non SIDBI aided units are 49. Hence N is taken here as 64.

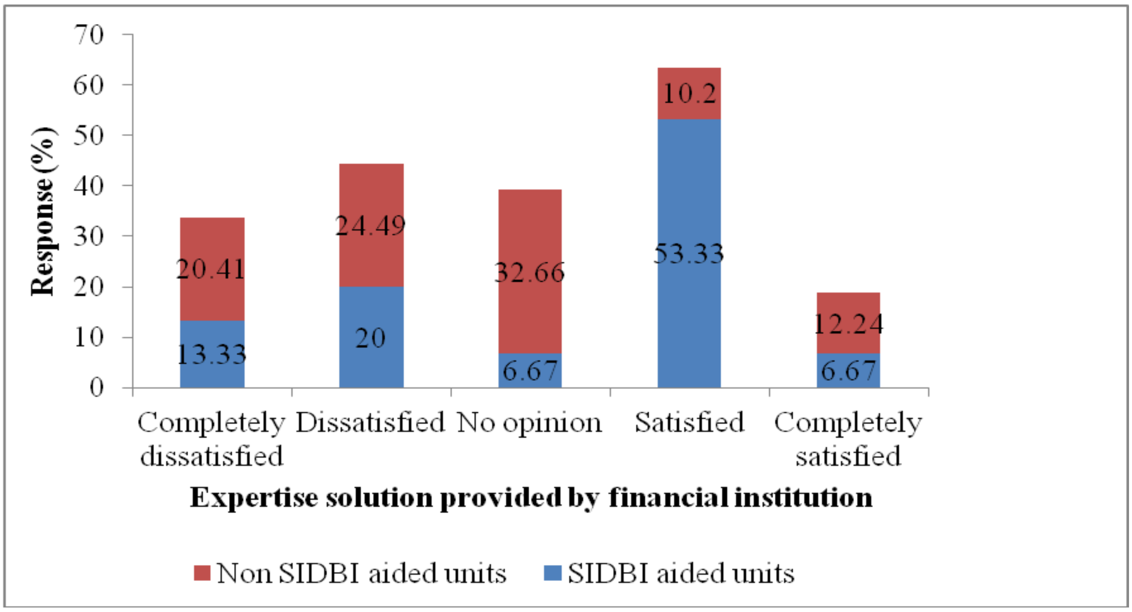

Figure No. 6.26: Dissemination of units towards expertise solution provided by financial institution

Table No. 6.26.1: Composite Score Table for Expertise Offered in Solving the Problem by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	2	5*15 =75	61-75	10	10	5*49 = 245	197-245	50
Dissatisfied	4	3	4*15 =60	46-60	12	12	4*49 = 196	148-196	48
No opinion	3	1	3*15 =45	45	3	16	3*49 =147	147	48
Satisfied	2	8	2*15 =30	30-44	16	5	2*49 =98	98-146	10
Completely satisfied	1	1	1* 15 =15	15-29	1	6	1*49 =49	49-97	6
Total					42				162

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.26.1 reveals that in SIDBI aided units computed value is 42 which fall in satisfied. On the other hand Non SIDBI aided units computed value is 162 which fall in dissatisfied.

Inferences: - It depicts that the SIDBI is providing better expertise solutions to the defaulters of funds as compare to Non SIDBI financial institutions.

Table No. 6.27: Dissemination of Units towards Help Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely disagree	8	1	6.67	7	14.28
Disagree	21	2	13.33	19	38.78
No opinion	7	1	6.67	6	12.24
Agree	17	9	60	8	16.33
Completely agree	11	2	13.33	9	18.37
Total	64	15		49	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 15 and Non SIDBI aided units are 49. Hence N is taken here as 64.

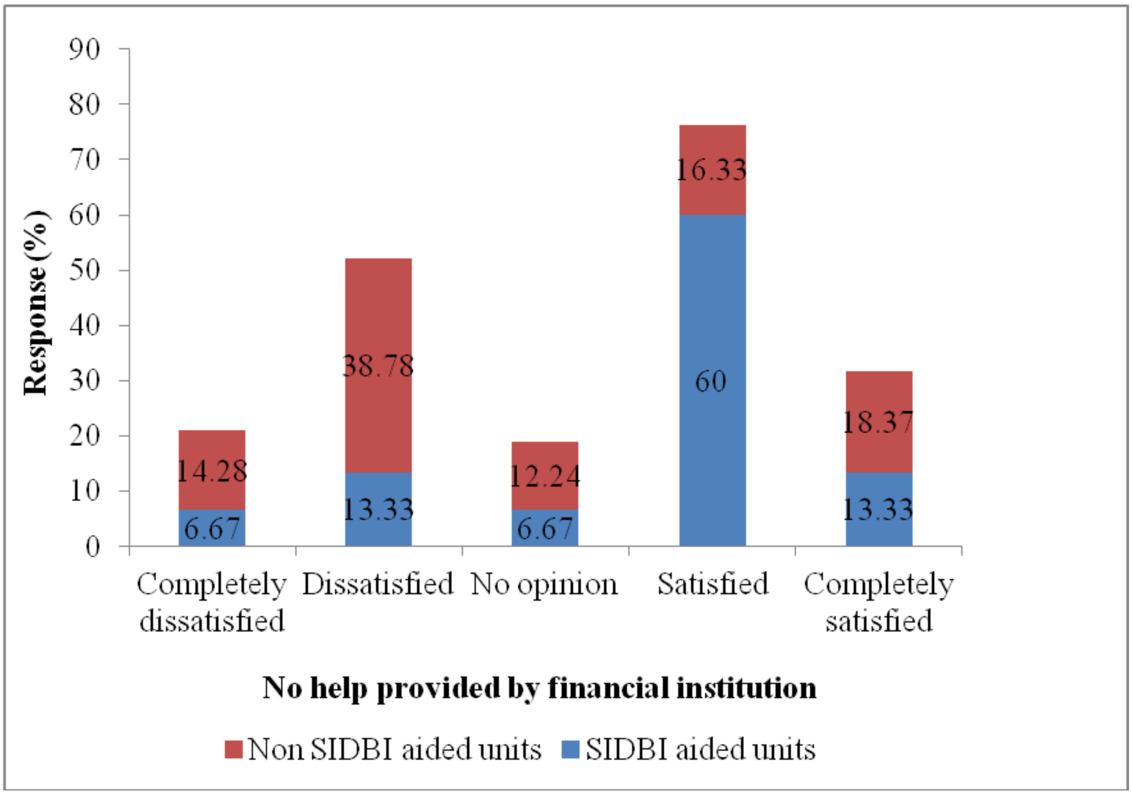

Figure No. 6.27: Dissemination of units towards help provided by financial institution

Table No. 6.27.1: Composite score table for help provided by financial institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	1	5*15 =75	61-75	5	7	5*49 =245	197-245	35
Dissatisfied	4	2	4*15 =60	46-60	8	19	4*49 =196	148-196	76
No opinion	3	1	3*15 =45	45	3	6	3*49 =147	147	18
Satisfied	2	9	2*15 =30	30-44	18	8	2*49 =98	98-146	16
Completely satisfied	1	2	1*15 =15	15-29	2	9	1*49 =49	49-97	9
Total					36				154

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.27.1 displays that in SIDBI aided units computed value is 36 which fall in satisfied. On the other hand Non SIDBI aided units computed value is 154 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI is assisting help in a better manner to the defaulters of funds as compare to Non SIDBI financial institutions.

Table No. 6.28: Improvement in Business after Getting Finance Scheme (Short Term Loaning) Assisted by Financial Institutions

	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Yes	200	60	100	140	100
No	0	0	0	0	0
Total	200	60		140	

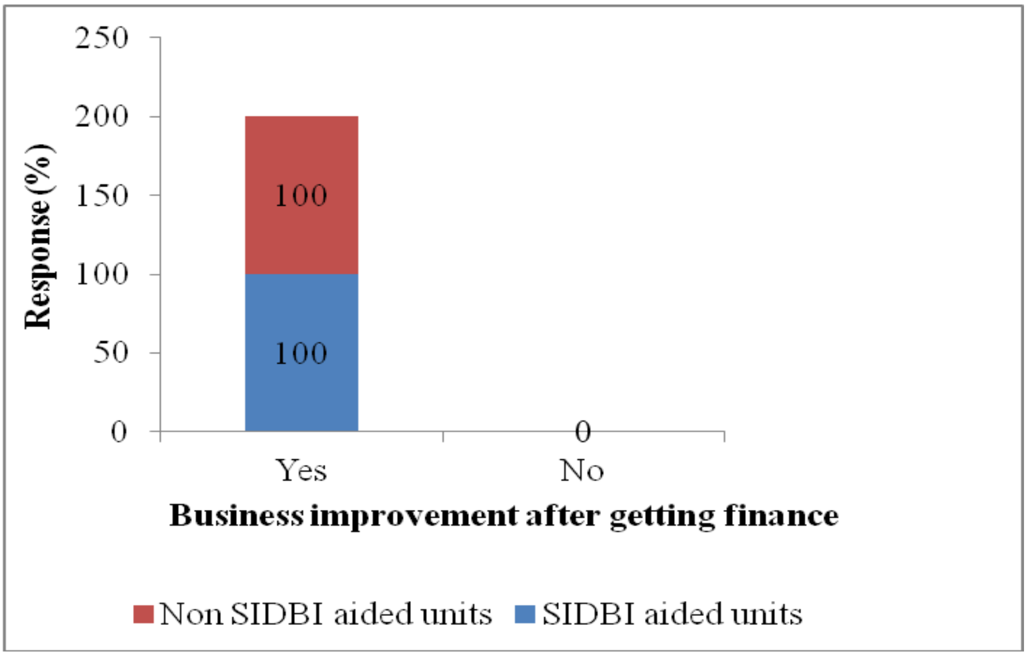

Figure No. 6.28: Improvement in Business after Getting Finance Scheme (Short Term Loaning) Assisted by Financial Institutions

Interpretation: -

- The data in table no.6.28 shows that there are total 200 respondents. Out of which 60 are SIDBI aided units and 140 are Non SIDBI aided units.
- Among the 60 SIDBI aided units all respondents i.e. 100% respondents admitted improvement in business after getting finance (short term loaning) by SIDBI.
- Among the 140 Non SIDBI aided units all respondents i.e. 100% respondents admitted improvement in business after getting finance (short term loaning) by Non SIDBI institutions.

Inferences: - It is inferred that out of the 200 respondents we found that all SIDBI aided units and Non SIDBI aided units had gotten the benefit after getting finance from institutions, i.e. 100% respondents are agreed on it.

Table No. 6.29: Dissemination of Units towards Improvement in Quality of Manufactured Products after Assistance Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	24	11	18.33	13	9.29
Dissatisfied	72	10	16.67	62	44.29
No opinion	30	12	20	18	12.86
Satisfied	31	14	23.33	17	12.14
Completely satisfied	43	13	21.67	30	21.42
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

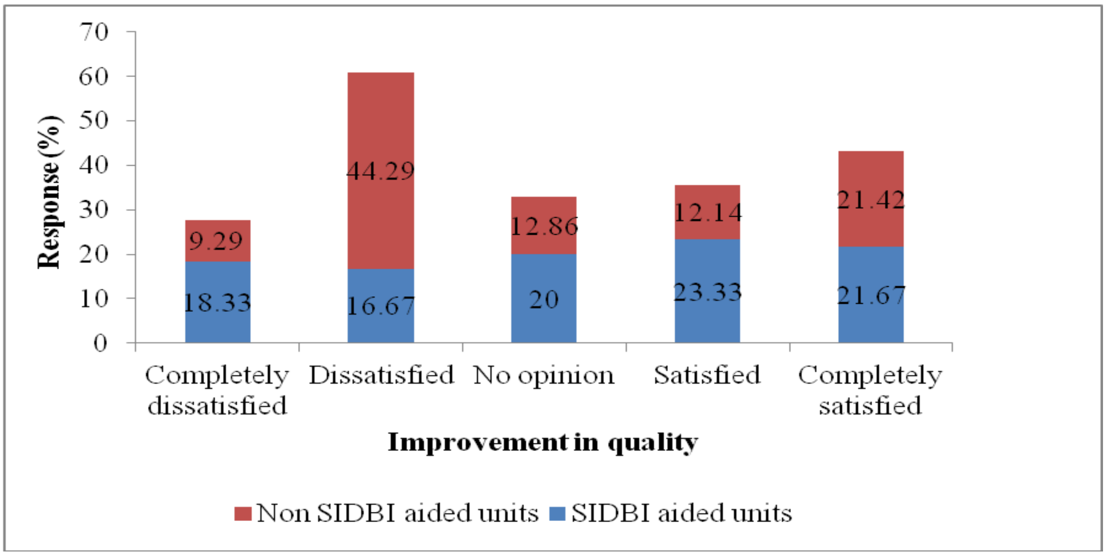

Figure No. 6.29: Dissemination of Units towards Improvement in Quality of Manufactured Products after Assistance Provided by Financial Institution

Table No. 6.29.1: Composite Score Table for Improvement in Quality of Manufactured Products after Assistance by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	11	5*60 =300	241-300	55	13	5*140 = 700	561-700	65
Dissatisfied	4	10	4*60 =240	181-240	40	62	4*140 = 560	421-560	248
No opinion	3	12	3*60 =180	180	36	18	3*140 = 420	420	54
Satisfied	2	14	2*60 =120	120-179	28	17	2*140 = 280	280-419	34
Completely satisfied	1	13	1* 60 =60	60-119	13	30	1*140 = 140	140-279	30
Total					172				431

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.29.1 displays that in SIDBI aided units computed value is 172 which fall in satisfied. On the other hand Non SIDBI aided units computed value is 431 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in quality of products as compare to Non SIDBI financial institutions.

Table No. 6.30: Dissemination of Units towards Improvement in Quantity of Manufactured Products after Assistance Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely dissatisfied	65	11	18.33	54	38.58
Dissatisfied	28	12	20	16	11.42
No opinion	39	10	16.67	29	20.72
Satisfied	35	14	23.33	21	15
Completely satisfied	33	13	21.67	20	14.28
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

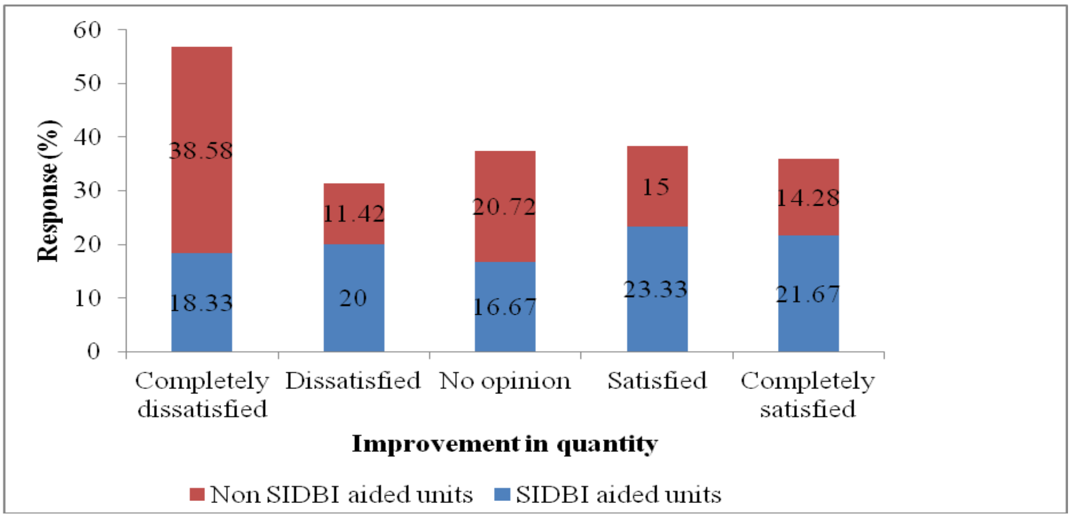

Figure No. 6.30: Dissemination of Units towards Improvement in Quantity of Manufactured Products after Assistance Provided by Financial Institution

Table No. 6.30.1: Composite Score Table for Improvement in Quantity of Manufactured Products after Assistance by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	11	5*60 =300	241-300	55	54	5*140 =700	561-700	270
Dissatisfied	4	12	4*60 =240	181-240	48	16	4*140 =560	421-560	64
No opinion	3	10	3*60 =180	180	30	29	3*140 =420	420	87
Satisfied	2	14	2*60 =120	120-179	28	21	2*140 =280	280-419	42
Completely satisfied	1	13	1*60 =60	60-119	13	20	1*140 =140	140-279	20
Total					174				483

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.30.1 shows that in SIDBI aided units computed value is 174 which fall in satisfied. On the other hand Non SIDBI aided units computed value is 483 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in quality of products as compare to Non SIDBI financial institutions.

Table No. 6.31: Dissemination of Units towards Improvement in Infrastructure after Assistance Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely disagree	61	10	16.67	51	36.42
Disagree	50	14	23.33	36	25.72
No opinion	28	12	20	16	11.42
Agree	33	11	18.33	22	15.72
Completely agree	28	13	21.67	15	10.72
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

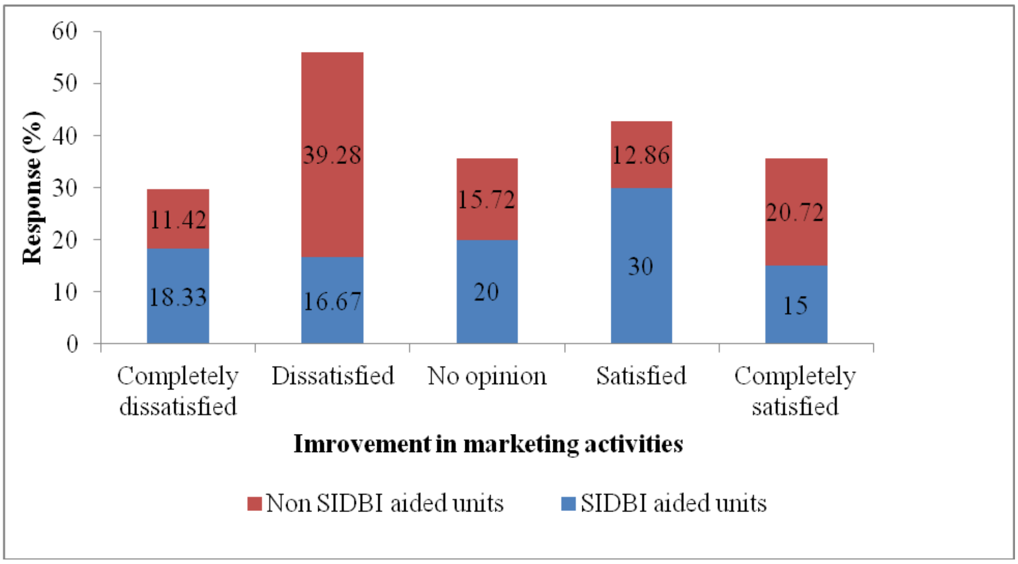

Figure No. 6.31: Dissemination of Units towards Improvement in Infrastructure after Assistance Provided by Financial Institution

Table No. 6.31.1: Composite Score Table for Improvement in Infrastructure after Assistance by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	10	5*60 =300	241-300	50	51	5*140 =700	561-700	255
Dissatisfied	4	14	4*60 =240	181-240	56	36	4*140 =560	421-560	144
No opinion	3	12	3*60 =180	180	36	16	3*140 =420	420	48
Satisfied	2	11	2*60 =120	120-179	22	22	2*140 =280	280-419	44
Completely satisfied	1	13	1*60 =60	60-119	13	15	1*140 =140	140-279	15
Total					177				506

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.31.1 depicts that in SIDBI aided units computed value is 177 which fall in satisfied. On the contrary Non SIDBI aided units computed value is 506 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in infrastructure as compare to Non SIDBI financial institutions.

Table No. 6.32: Dissemination of Units towards Improvement in Marketing Activities after Assistance Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely disagree	27	11	18.33	16	11.42
Disagree	65	10	16.67	55	39.28
No opinion	34	12	20	22	15.72
Agree	36	18	30	18	12.86
Completely agree	38	9	15	29	20.72
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

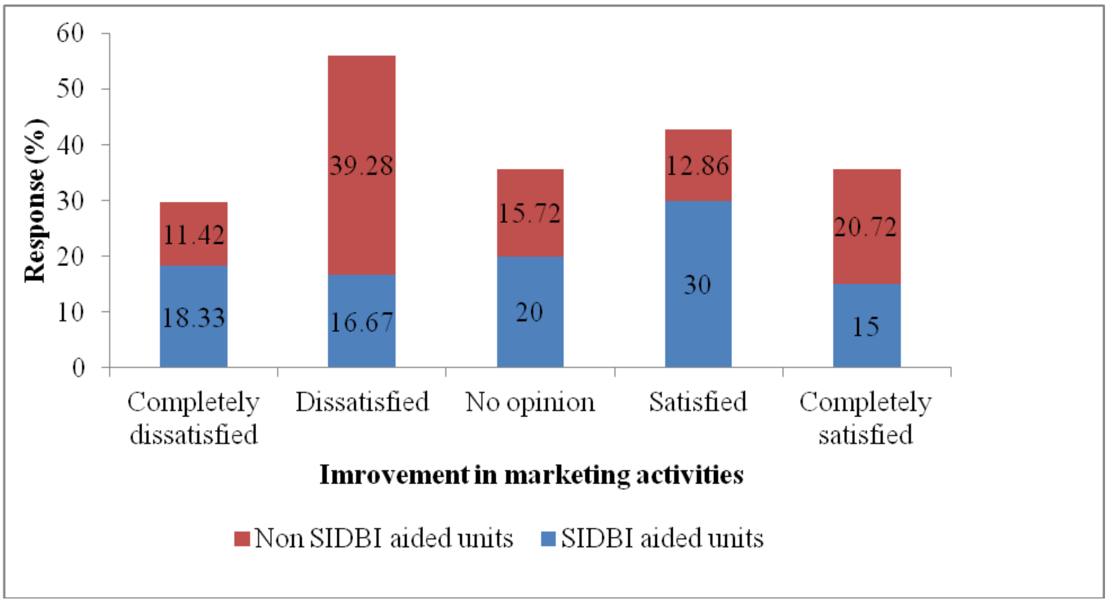

Figure No. 6.32: Dissemination of Units towards Improvement in Marketing Activities after Assistance Provided by Financial Institution

Table No. 6.32.1: Composite Score Table for Improvement in Marketing Activities after Assistance by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	11	5*60 =300	241-300	55	16	5*140 =700	561-700	80
Dissatisfied	4	10	4*60 =240	181-240	40	55	4*140 =560	421-560	220
No opinion	3	12	3*60 =180	180	36	22	3*140 =420	420	66
Satisfied	2	18	2*60 =120	120-179	36	18	2*140 =280	280-419	36
Completely satisfied	1	9	1*60 =60	60-119	9	29	1*140 =140	140-279	29
Total					176				431

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.32.1 depicts that in SIDBI aided units computed value is 176 which fall in satisfied. On the contrary Non SIDBI aided units computed value is 431 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in marketing activities as compare to Non SIDBI financial institutions.

Table No. 6.33: Dissemination of Units towards Improvement in Technology after Assistance Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely disagree	43	9	15	34	24.28
Disagree	65	12	20	53	37.86
No opinion	31	13	21.67	18	12.86
Agree	36	11	18.33	25	17.86
Completely agree	25	15	25	10	7.14
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

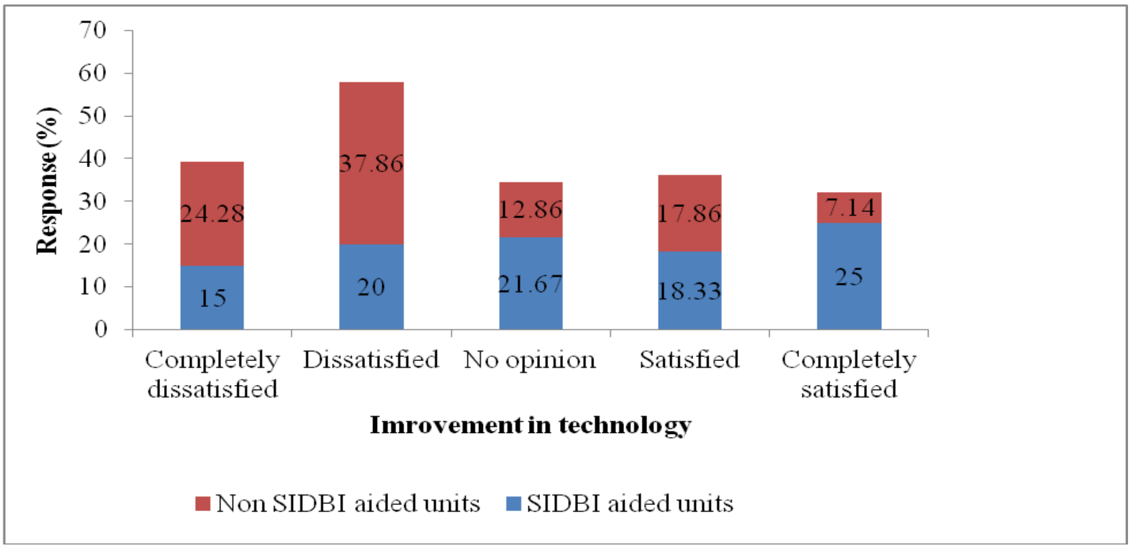

Figure No. 6.33: Dissemination of Units towards Improvement in Technology after Assistance Provided by Financial Institution

Table No. 6.33.1: Composite Score Table for Improvement in Technology after Assistance by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	9	5*60 =300	241-300	45	34	5*140 =700	561-700	170
Dissatisfied	4	12	4*60 =240	181-240	48	53	4*140 =560	421-560	212
No opinion	3	13	3*60 =180	180	39	18	3*140 =420	420	54
Satisfied	2	11	2*60 =120	120-179	22	25	2*140 =280	280-419	50
Completely satisfied	1	15	1*60 =60	60-119	15	10	1*140 =140	140-279	10
Total					169				496

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.33.1 depicts that in SIDBI aided units computed value is 169 which fall in satisfied. On the other hand Non SIDBI aided units computed value is 496 which fall in dissatisfied.

Inferences: -It reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in technology as compare to Non SIDBI financial institutions.

Table No. 6.34: Dissemination of Units towards Improvement in Fulfilling the Demand of Customers on Time after Assistance Provided by Financial Institution

Degree of satisfaction	Response	SIDBI aided units		Non SIDBI aided units	
		Frequencies	Percentage (%)	Frequencies	Percentage (%)
Completely disagree	23	9	15	14	10
Disagree	72	11	18.33	61	43.57
No opinion	37	15	25	22	15.72
Agree	22	8	13.33	14	10
Completely agree	46	17	28.34	29	20.71
Total	200	60		140	

Note: SIDBI aided units and Non SIDBI aided units have been taken as sample where SIDBI aided units are 60 and Non SIDBI aided units are 140. Hence N is taken here as 200.

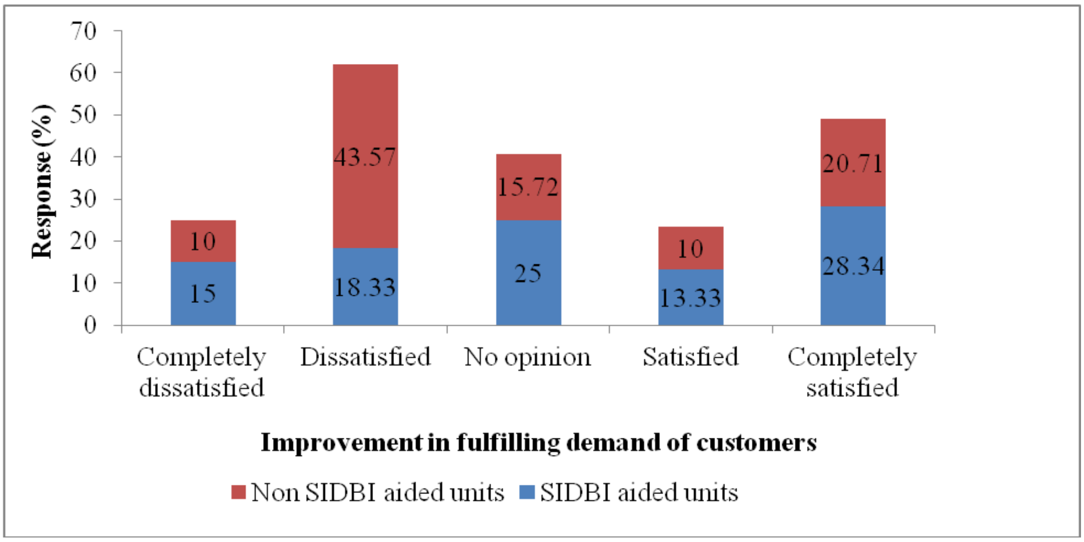

Figure No. 6.34: Dissemination of Units towards on Time after Assistance Provided by Financial Institution

Table No. 6.34.1: Composite Score Table for Improvement in Fulfilling the Demand of Customers on Time after Assistance by Financial Institutions

Degree of satisfaction	weights	SIDBI aided units				Non SIDBI aided units			
		Freq-uency	A	B	C	Freq-uency	X	Y	Z
Completely Dissatisfied	5	9	5*60 =300	241-300	45	14	5*140 =700	561-700	70
Dissatisfied	4	11	4*60 =240	181-240	44	61	4*140 =560	421-560	244
No opinion	3	15	3*60 =180	180	45	22	3*140 =420	420	66
Satisfied	2	8	2*60 =120	120-179	16	14	2*140 =280	280-419	28
Completely satisfied	1	17	1*60 =60	60-119	17	29	1*140 =140	140-279	29
Total					167				437

Note: A= computation of values for SIDBI aided units, B= Range for different responses for SIDBI aided units, C= Value for responses for SIDBI aided units (C = weights * frequency).

X= computation of values for Non SIDBI aided units, Y= Range for different responses for Non SIDBI aided units, Z= Value for responses for Non SIDBI aided units (Z = weights * frequency).

Interpretation: - The data in the Table 6.34.1 displays that in SIDBI aided units computed value is 167 which fall in satisfied. On the other hand Non SIDBI aided units computed value is 437 which fall in dissatisfied.

Inferences: - It reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in fulfilling the demand of customers as compare to Non SIDBI financial institutions.

Objective 1: To identify the socio profile of the entrepreneurs of SIDBI aided units.

This part compares the gender, age, level of education, previous experience, motivating factor in SIDBI aided units and other financial institutions aided units for fulfilling the first objective which is identification of socio profile of the entrepreneurs of SIDBI aided units. Based on the objective this hypothesis is formulated:

Hypothesis 1

H_0: The socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units.

H_1: The socio profile of the entrepreneurs of SIDBI aided units is not similar to other agency aided units.

For testing the hypothesis following variables are analyzed:

- Gender
- Age
- Level of education
- Previous experience
- Motivating factor

Gender: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table No.6.35 Total Observed Frequencies for Gender

Gender	SIDBI aided units	Non SIDBI aided units
Male	52	115
Female	8	25
Total	60	140

Table No. 6.35.1 Expected Frequencies for Gender

Gender	SIDBI aided units	Non SIDBI aided units	Total
Male	60*167/200 = 50.1	140*167/200 = 116.9	167
Female	60*33/200 = 9.9	140*33/200 = 23.1	33
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

χ^2 = (52-50.1)2 / 50.1+ (8-9.9)2 / 9.9 + (115-116.9)2 / 116.9 + (2-23.1)2 / 23.1

$\chi^2 = 0.61$

Calculation of Degree of freedom –

Here column = 2, row= 2

= (C-1) (R-1)

= (2-1) (2-1)

= 1

Level of Significance = 0.05, whose tabulated value is 3.84

Since χ^2 calculated value < Tabulated value (0.61 < 3.84), so we can conclude **that socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units in terms of gender.**

Age: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table No. 6.36 Total Observed Frequencies for Age

Age	SIDBI aided units	Non SIDBI aided units
31-35	9	14
35-40	16	21
40-45	12	30
More than 45	23	75
Total	60	140

Table No. 6.36.1 Expected Frequencies for Age

Age	SIDBI aided units	Non SIDBI aided units	Total
31-35	60*23/200 = 6.9	140*23/200 = 16.1	23
35-40	60*37/200 = 11.1	140*37/200 = 25.9	37
40-45	60*42/200 = 12.6	140*42/200 = 29.4	42
More than 45	60*98/200 = 29.4	140*98/200 = 68.6	98
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (9-6.9)^2 / 6.9 + (16-11.1)^2 / 11.1 + (12-12.6)^2 / 12.6 + (23-29.4)^2 / 29.4 + (14-16.1)^2 / 16.1 + (21-25.9)^2 / 25.9 + (30-29.4)^2 / 29.4+ (75-68.6)^2 / 68.6$

$\chi^2 = 5.99$

Calculation of Degree of freedom –

Here column = 2, row= 4

= (C-1) (R-1)

= (2-1) (4-1)

= 3

Level of Significance = 0.05, whose tabulated value is 7.81

Since χ^2 calculated value < Tabulated value (5.99 < 7.81), so we can conclude **that socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units in terms of age.**

Level of education: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.37 Total Observed Frequencies for Level of Education

Level of education	SIDBI aided units	Non SIDBI aided units
SSC/HSC	2	5
Graduation	31	71
Post graduation	13	35
Technical education	14	29
Total	60	140

Table 6.37.1 Expected Frequencies for Level of Education

Level of education	SIDBI aided units	Non SIDBI aided units	Total
SSC/HSC	60*7/200 = 2.1	140*7/200 = 4.9	7
Graduation	60*102/200 = 30.6	140*102/200 = 71.4	102
Post graduation	60*48/200 = 14.4	140*48/200 = 33.6	48
Technical education	60*43/200 = 12.9	140*43/200 = 30.1	43
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (2-2.1)^2 / 2.1 + (31-30.6)^2 / 30.6 + (13-14.4)^2 / 14.4 + (14-12.9)^2 / 12.9 + (5-4.9)^2 / 4.9 + (71-71.4)^2 / 71.4 + (35-33.6)^2 / 33.6+ (29-30.1)^2 / 30.1$

$\chi^2 = 0.31$

Calculation of Degree of freedom –

Here column = 2, row= 4

= (C-1) (R-1)

= (2-1) (4-1)

= 3

Level of Significance = 0.05, whose tabulated value is 7.81

Since χ^2 calculated value < Tabulated value (0.31 < 7.81), so we can conclude **that socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units in terms of level of education.**

Experience: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.38 Total Observed Frequencies for Experienced Units

Experience(in years)	SIDBI aided units	Non SIDBI aided units
1-5	2	7
5-10	10	26
10-15	39	85
Above 15	9	22
Total	60	140

Table 6.38.1 Expected Frequencies for Experienced Units

Experience (in years)	SIDBI aided units	Non SIDBI aided units	Total
1-5	60*9/200 = 2.7	140*9/200 = 6.3	9
5-10	60*36/200 = 10.8	140*36/200 = 25.2	36
10-15	60*124/200 = 37.2	140*124/200 = 86.8	124
Above 15	60*31/200 = 9.3	140*31/200 = 21.7	31
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (2-2.7)^2 / 2.7 + (10-10.8)^2 / 10.8 + (39-37.2)^2 / 37.2 + (9-9.3)^2 / 9.3 + (7-6.3)^2 / 6.3 + (26-25.2)^2 / 25.2 + (85-86.8)^2 / 86.8 + (22-21.7)^2 / 21.7$

$\chi^2 = 0.43$

Calculation of Degree of freedom –

Here column = 2, row= 4

= (C-1) (R-1)

= (2-1) (4-1)

= 3

Level of Significance = 0.05, whose tabulated value is 7.81

Since χ^2 calculated value < Tabulated value (0.43 < 7.81), so we can conclude **that socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units in terms of experience.**

Motivating factors: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.39 Total Observed Frequencies for Motivating Factors of SSIs

Motivating factors	SIDBI aided units	Non SIDBI aided units
Previous experience	20	44
Success stories of others	2	5
Desire to be self employed	3	11
Hereditary factor	35	80
Total	60	140

Table 6.39.1 Expected Frequencies for Motivating Factors of SSIs

Motivating factors	SIDBI aided units	Non SIDBI aided units	Total
Previous experience	60*64/200 = 19.2	140*64/200 = 44.8	64
Success stories of others	60*7/200 = 2.1	140*7/200 = 4.9	7
Desire to be self employed	60*14/200 = 4.2	140*14/200 = 9.8	14
Hereditary factor	60*115/200 = 34.5	140*115/200 = 80.5	115
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (20-19.2)^2 /19.2 + (2-2.1)^2 / 2.1 + (3-4.2)^2 / 4.2 + (35-34.5)^2 / 34.5 + (44-44.8)^2 / 44.8 + (5-4.9)^2 / 4.9 + (11-9.8)^2 / 9.8+ (80-80.5)^2 / 80.5$

$\chi^2 = 0.52$

Calculation of Degree of freedom –

here column = 2, row= 4

= (C-1) (R-1)

= (2-1) (4-1)

= 3

Level of Significance = 0.05, whose tabulated value is 7.81

Since χ^2 calculated value < Tabulated value (0.52 < 7.81), so we can conclude **that socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units in terms of motivating factors.**

Of the five variables analyzed, all show no significant difference between SIDBI aided units and Non SIDBI aided units in terms of gender, age, level of education, previous experience, motivating factors.

So the first hypothesis state that <u>the socio profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units is accepted.</u>

Objective 2: To identify the type, status, level of investment of SIDBI aided units.

This part compares the type, status and level of investment in SIDBI aided units and other financial institutions aided units for fulfilling the second objective which is identification of type, status and level of investment of SIDBI aided units. Based on the objective this hypothesis is formulated:

Hypothesis 2

H0: There is no difference between SIDBI aided units and other financial institutions aided units in type, status and level of investment.

H1: There is a difference between SIDBI aided units and other financial institutions aided units in type, status and level of investment.

For testing the hypothesis following variables are analyzed:

- Types
- Level of investment
- Status

Type of unit: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.40 Total Observed Frequencies for Type of Units

Type	SIDBI aided units	Non SIDBI aided units
Company	17	39
Partnership	26	70
Sole proprietor	17	31
Total	60	140

Table 6.40.1 Expected Frequencies for Type of Units

Type	SIDBI aided units	Non SIDBI aided units	Total
Company	60*56/200 = 16.8	140*56/200 = 39.2	56
Partnership	60*96/200 = 28.8	140*96/200 = 67.2	96
Sole proprietor	60*48/200 = 14.4	140*48/200 =33.6	48
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (17\text{-}16.8)^2 / 16.8 + (26\text{-}28.8)^2 / 28.8 + (17\text{-}14.4)^2 / 14.4 + (39\text{-}39.2)^2 / 39.2 + (70\text{-}67.2)^2 / 67.2 + (31\text{-}33.6)^2 / 33.6$

$\chi^2 = 1.04$

Calculation of Degree of freedom –

Here column = 2, row= 3

= (C-1) (R-1)

= (2-1) (3-1)

= 2

Level of Significance = 0.05, whose tabulated value is 5.99

Since χ^2 calculated value < Tabulated value (1.04 < 5.99), so we can conclude that **there is no difference between SIDBI aided units and Non SIDBI aided units in terms of Type.**

Status of unit: The sample units are classified on the basis of Status of units comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.41 Total Observed Frequencies for Status of Units

Status	SIDBI aided units	Non SIDBI aided units
SSI	38	90
Tiny	12	28
Ancillary	6	14
Export Oriented	4	8
Total	60	140

Table 6.41.1 Expected Frequencies for Status of Units

Status	SIDBI aided units	Non SIDBI aided units	Total
SSI	60*128/200 = 38.4	140* 128/200 = 89.6	128
Tiny	60*40/200 = 12	140* 40/200 = 28	40
Ancillary	60*20/200 = 6	140* 20/200 = 14	20
Export Oriented	60*12/200 = 3.6	140* 12/200 = 8.4	12
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (38\text{-}38.4)^2 / 38.4 + (12\text{-}12)^2 / 12 + (6\text{-}6)^2 / 6 + (4\text{-}3.6)^2 / 3.6 + (90\text{-}89.6)^2 / 89.6 + (28\text{-}28)^2 / 28 + (14\text{-}14)^2 /14 + (8\text{-}8.4)^2 / 8.4$

$\chi^2 = 0.055$

Calculation of Degree of freedom –

Here column = 2, row= 4

= (C-1) (R-1)

= (2-1) (4-1)

= 3

Level of Significance = 0.05, whose tabulated value is 7.81

Since χ^2calculated value < Tabulated value (0.055< 7.81), so we can conclude that **there is no difference between SIDBI aided units and Non SIDBI aided units in terms of status.**

Level of investment in unit: The sample units are classified on the basis of level of investment in units comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.42 Total Observed Frequencies for Level of Investments in Units

Level of investment	SIDBI aided units	Non SIDBI aided units
Up to 2 million	12	29
2 million – 4 million	12	28
4 million – 6 million	14	34
6 million – 8 million	11	25
8 million – 10 million	11	24
Total	60	140

Table 6.42.1 Expected Frequencies for Level of Investments in Units

Level of investment	SIDBI aided units	Non SIDBI aided units	Total
Up to 2 million	60*41/200 = 12.3	140* 41/200 = 28.7	41
2 million – 4 million	60*40/200 = 12	140* 40/200 = 28	40
4 million – 6 million	60*48/200 = 14.4	140* 48/200 = 33.6	48
6 million – 8 million	60*36/200 = 10.8	140* 36/200 = 25.2	36
8 million – 10 million	60*35/200 = 10.5	140* 35/200 = 24.5	35
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (12-12.3)^2 / 12.3 + (12-12)^2 / 12 + (14-14.4)^2 / 14.4 + (11-10.8)^2 / 10.8 + (11-10.5)^2 / 10.5 + (29-28.7)^2 / 28.7 + (28-28)^2 /28 + (34-33.6)^2 / 33.6 + (25-25.2)^2 / 25.2 + (24-24.5)^2 / 24.5$

$\chi^2 = 0.046$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value < Tabulated value (0.046< 9.49), so we can conclude that **there is no difference between SIDBI aided units and Non SIDBI aided units in terms of Level of investment.**

Of the three variables analyzed, all show no significant difference between SIDBI aided units and Non SIDBI aided units in terms of type, status and level of investment.

So the second hypothesis states that, <u>there is no difference between SIDBI aided units and other financial institutions aided units in type, status and level of investment is accepted</u>.

Objective 3: To evaluate the financing difficulties faced by entrepreneurs of SIDBI aided units.

This part compares the delay in clearance of documents, inconsistent behaviour of officials, collateral requirements, sanctioned loan amount, interest rate, repayment schedule, time taken for approving of financial assistance in SIDBI aided units and other financial institutions aided units for fulfilling the third objective which is evaluating the financing difficulties faced by entrepreneurs of SIDBI aided units. Based on the objective this hypothesis is formulated:

Hypothesis 3

H_0: There is as no difference between SIDBI aided units and other financial institutions aided units in terms of difficulty while getting financial assistance.

H_1: There is a difference between SIDBI aided units and other financial institutions aided units in terms of difficulty while getting financial assistance.

For testing the hypothesis following variables are analyzed:

- Complexity in legal procedures
- Delay in clearance of document
- Inconsistent behaviour of officials
- Collateral/mortgage requirement
- Sanctioned loan amount
- Interest rate
- Repayment schedule
- Time taken for approving financial assistance

Complexity in legal procedures: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.43 Total Observed Frequencies for Complexity in Legal Procedures

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	14	20
Dissatisfied	28	25
No opinion	6	11
Satisfied	7	62
Completely satisfied	5	22
Total	60	140

Table 6.43.1 Expected Frequencies for Complexity in Legal Procedures

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*34/200 = 10.2	140*34/200 = 23.8	34
Dissatisfied	60*53/200 = 15.9	140*53/200 = 37.1	53
No opinion	60*17/200 = 5.1	140*17/200 =11.9	17
Satisfied	60*69/200 = 20.7	140*69/200 = 48.3	69
Completely satisfied	60*27/200 = 8.1	140*27/200 = 18.9	27
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (14-10.2)^2 /10.2 + (28-15.9)^2 / 15.9 + (6-5.1)^2 /5.1 + (7-20.7)^2 / 20.7+ (5-8.1)^2 / 8.1 + (20-23.8)^2 / 23.8+ (25-37.1)^2 / 37.1+ (11-11.9)^2 /11.9+ (62-48.3)^2 /48.3+ (22-18.9)^2 /18.9$

$\chi^2 = 29.98$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (29.98 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of complexity in legal procedures while getting financial assistance.**

<u>Delay in clearance of documents:</u> The sample units are classified on the basis of type Comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.44 Total Observed Frequencies for Delay in Clearance of Documents

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	6	26
Dissatisfied	24	28
No opinion	8	35
Satisfied	13	23
Completely satisfied	9	28
Total	60	140

Table 6.44.1Expected Frequencies for Delay in Clearance of Documents

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*32/200 = 9.6	140*32/200 = 22.4	32
Dissatisfied	60*52/200 = 15.6	140*52/200 = 36.4	52
No opinion	60*43/200 = 12.9	140*43/200 = 30.1	43
Satisfied	60*36/200 = 10.8	140*36/200 = 25.2	36
Completely satisfied	60*37/200 = 11.1	140*37/200 = 25.9	37
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (6-9.6)^2 / 9.6 + (24-15.6)^2 / 15.6 + (8-12.9)^2 / 12.9 + (13-10.8)^2 / 10.8 + (9-11.1)^2 / 11.1$

$+ (26-22.4)^2 / 22.4 + (28-36.4)^2 / 36.4 + (35-30.1)^2 /30.1 + (23-25.2)^2 /25.2 + (28-25.9)^2 /25.9$

$\chi^2 = 12.21$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (12.21 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of delay in clearance of documents while getting financial assistance.**

<u>Dissemination towards inconsistent behaviour of officials of financial institutions:</u> The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.45 Total Observed Frequencies for Inconsistent behavior of Officials of Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	12	14
Dissatisfied	26	23
No opinion	10	9
Satisfied	4	73
Completely satisfied	8	21
Total	60	140

Table 6.45.1 Expected Frequencies for Inconsistent Behavior of Officials of Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*26/200 = 7.8	140*26/200 = 18.2	26
Dissatisfied	60*49/200 = 14.7	140*49/200 = 34.3	49
No opinion	60*19/200 = 5.7	140*19/200 = 13.3	19
Satisfied	60*77/200 = 23.1	140*77/200 = 53.9	77
Completely satisfied	60*29/200 = 8.7	140*29/200 = 20.3	29
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (12-7.8)^2/7.8+ (26-14.7)^2/ 14.7+ (10-5.7)^2/5.7 + (4-23.1)^2/ 23.1+ (8-8.7)^2/8.7 + (14-18.2)^2/ 18.2+ (23-34.3)^2/ 34.3+ (9-13.3)^2/13.3+ (73-53.9)^2/53.9+ (21-20.3)^2/20.3$

$\chi^2 = 42.87$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (42.87 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of dissemination towards inconsistent behaviour of officials of financial institutions while getting financial assistance.**

Collateral /mortgage requirement: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.46 Total Observed Frequencies for Collateral/Mortgage requirement by Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	9	20
Dissatisfied	13	24
No opinion	23	30
Satisfied	10	34
Completely satisfied	5	32
Total	60	140

Table 6.46.1 Expected Frequencies for Collateral/Mortgage requirement by Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*29/200 = 8.7	140*29/200 = 20.3	29
Dissatisfied	60*37/200 = 11.1	140*37/200 = 25.9	37
No opinion	60*53/200 = 15.9	140*53/200 = 37.1	53
Satisfied	60*44/200 = 13.2	140*44/200 = 30.8	44
Completely satisfied	60*37/200 = 11.1	140*37/200 = 25.9	37
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (9\text{-}8.7)^2 / 8.7 + (13\text{-}1.1)^2 / 11.1 + (23\text{-}15.9)^2 / 15.9 + (10\text{-}13.2)^2 / 13.2 + (5\text{-}11.1)^2 / 11.1 + (20\text{-}20.3)^2 / 20.3 + (24\text{-}25.9)^2 / 25.9 + (30\text{-}37.1)^2 /37.1 + (34\text{-}30.8)^2 /30.8 + (32\text{-}25.9)^2 /25.9$

$\chi^2 = 10.86$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (10.86 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of collateral/mortgage requirements of financial institutions while getting financial assistance.**

Sanctioned Loan amount: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.47 Total Observed Frequencies for Sanctioned Loan amount by Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	13	18
Dissatisfied	24	23
No opinion	4	12
Satisfied	12	66
Completely satisfied	7	21
Total	60	140

Table 6.47.1 Expected Frequencies for Sanctioned Loan amount by Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*31/200 = 11.4	140*31/200 = 21.7	31
Dissatisfied	60*47/200 = 17.4	140*47/200 = 32.9	47
No opinion	60*16/200 = 13.5	140*16/200 = 11.2	16
Satisfied	60*78/200 = 10.5	140*78/200 = 54.6	78
Completely satisfied	60*28/200 = 7.2	140*28/200 = 19.6	28
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (13\text{-}9.3)^2 /9.3 + (24\text{-}14.4)^2 / 14.1 + (4\text{-}4.8)^2 / 4.8 + (12\text{-}23.4)^2 / 23.4 + (7\text{-}8.4)^2 / 8.4 + (18\text{-}21.7)^2 / 21.7 + (23\text{-}32.9)^2 / 32.9 + (12\text{-}11.2)^2 /11.2 + (66\text{-}54.6)^2 /54.6 + (21\text{-}19.6)^2 /19.6$

$\chi^2 = 20.45$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (20.45 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of sanctioned loan amount by financial institutions while getting financial assistance.**

Interest Rate: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.48 Total Observed Frequencies for Interest rate Charged by Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	11	16
Dissatisfied	13	61
No opinion	15	22
Satisfied	10	16
Completely satisfied	11	25
Total	60	140

Table 6.48.1 Expected Frequencies for Interest rate Charged by Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*27/200 = 8.1	140*27/200 = 18.9	27
Dissatisfied	60*74/200 = 22.2	140*74/200 = 51.8	74
No opinion	60*37/200 = 11.1	140*37/200 = 25.9	37
Satisfied	60*26/200 = 7.8	140*26/200 = 18.2	26
Completely satisfied	60*36/200 = 10.8	140*36/200 = 25.2	36
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (11-8.1)^2/8.1 + (13-22.2)^2/22.2 + (15-11.1)^2/11.1 + (10-7.8)^2/7.8 + (11-10.8)^2/10.8 + (16-18.9)^2/18.9 + (61-51.8)^2/51.8 + (22-25.9)^2/25.9 + (16-18.2)^2/18.2 + (25-25.2)^2/25.2$

$\chi^2 = 9.74$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (9.74 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of interest rate taken by financial institutions while getting financial assistance.**

Repayment schedule: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.49 Total Observed Frequencies for Repayment Schedule of Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	13	15
Dissatisfied	10	62
No opinion	14	20
Satisfied	11	18
Completely satisfied	12	25
Total	60	140

Table 6.49.1 Expected Frequencies for Repayment Schedule of Financial Institutions

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*28/200 = 8.4	140*28/200 = 19.6	28
Dissatisfied	60*72/200 = 21.6	140*72/200 = 50.4	72
No opinion	60*34/200 = 10.2	140*34/200 = 23.8	34
Satisfied	60*29/200 = 8.7	140*29/200 = 20.3	29
Completely satisfied	60*37/200 = 11.1	140*37/200 = 25.9	37
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (13-8.4)^2 /8.4 + (10-21.6)^2 / 21.6+ (14-10.2)^2 / 10.2 + (11-8.7)^2 / 8.7+ (12-11.1)^2 / 11.1+$

$(15-19.6)^2 / 19.6+ (62-50.4)^2 / 50.4+ (20-23.8)^2 /23.8+ (18-20.3)^2 /20.3+ (25-25.9)^2 /25.9$

$\chi^2 = 15.43$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (15.43 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of repayment schedule offered by financial institutions while getting financial assistance.**

Time taken for approving financial assistance: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.50 Total Observed Frequencies for Time taken by Financial Institutions for approving Financial Assistance

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	11	25
Dissatisfied	26	21
No opinion	6	10
Satisfied	7	67
Completely satisfied	10	17
Total	60	140

Table 6.50.1 Expected Frequencies for Time taken by Financial Institutions for approving Financial Assistance

Degree of satisfaction	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*36/200 = 10.8	140*36/200 = 25.2	36
Dissatisfied	60*47/200 = 14.1	140*47/200 =32.9	47
No opinion	60*16/200 = 4.8	140*16/200 = 11.2	16
Satisfied	60*74/200 = 22.2	140*74/200 = 51.8	74
Completely satisfied	60*27/200 = 8.1	140*27/200 = 18.9	27
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (11-10.8)^2 /10.8 + (26-14.1)^2 / 14.1+ (6-4.8)^2 / 4.8 + (7-22.2)^2 / 22.2+ (10-8.1)^2 / 8.1+ (25-25.2)^2 / 25.2+ (21-32.9)^2 / 32.9+ (10-11.2)^2 /11.2+ (67-51.8)^2 /51.8+ (17-18.9)^2 /18.9$

$\chi^2 = 10.44$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 30.25

Since χ^2 calculated value > Tabulated value (30.25 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of time taken for approving financial assistance by financial institutions while getting financial assistance.**

Of the eight variables analyzed, all show significant difference between SIDBI aided units and Non SIDBI aided units in terms of the delay in clearance of documents, inconsistent behaviour of officials, collateral requirements, sanctioned loan amount, interest rate, repayment schedule, time taken for approving of financial assistance

So the third hypothesis state that <u>there is as such no manner difference between SIDBI aided units and other financial institutions aided units in terms of difficulty while getting financial assistance is rejected.</u>

Objective 4: To evaluate the approach of SIDBI towards NPAs (Non performing assets).

This part compares the rescheduling installments, legal proceedings for recovery, extending expertise solution for the problem, no help in SIDBI aided units and other financial institutions aided units for fulfilling the fourth objective which is to evaluate the approach of SIDBI towards NPAs. Based on the objective this hypothesis is formulated:

Hypothesis 4

H_0 There is no difference in the approach of SIDBI and other financial institutions towards NPAs.

H_1 There is a difference in the approach of SIDBI and other financial institutions towards NPAs.

For testing the hypothesis following variables are analyzed:

- Rescheduling installments
- Legal proceedings for recovery
- Extending expertise solution for the problem
- help

Rescheduling installments: The sample units are classified on the basis of type comprises of 64 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 15 sample belongs with SIDBI aided units and 49 sample belongs with Non SIDBI aided units.

Table 6.51 Total Observed Frequencies for Rescheduling of Installments for Defaulter Units

Rescheduling installments	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	3	7
Dissatisfied	2	18
No opinion	1	12
Satisfied	5	2
Completely satisfied	4	10
Total	15	49

Table 6.51.1 Expected Frequencies for Rescheduling of Installments for Defaulter Units

Rescheduling installments	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	15*10/64 = 2.35	49*10/64 = 7.65	10
Dissatisfied	15*20/64 = 4.69	49*20/64 = 15.31	20
No opinion	15*13/64 = 3.04	49*13/64 = 9.96	13
Satisfied	15*7/64 = 1.64	49*7/64 = 5.36	7
Completely satisfied	15*14/64 = 3.28	49*14/64 = 10.72	14
Total	15	49	

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (3-2.35)^2 / 2.35 + (2-4.69)^2 / 4.69 + (1-3.04)^2 / 3.04 + (5-1.64)^2 / 1.64 + (4-3.28)^2 / 3.28 +$

$(7-7.65)^2 / 7.65 + (18-15.31)^2 / 15.31 + (12-9.96)^2 /9.96 + (2-5.36)^2 /5.36 + (10-10.72)^2 /10.72$

$\chi^2 = 13.17$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (13.17 > 9.49), so we can conclude **that there is a difference between SIDBI and other financial institutions in terms of rescheduling installments for defaulter of funds.**

<u>Legal proceedings for recovery:</u> The sample units are classified on the basis of type comprises of 64 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 15 sample belongs with SIDBI aided units and 49 sample belongs with Non SIDBI aided units.

Table 6.52 Total Observed Frequencies for Legal Proceedings of Financial Institutions for Recovery

Legal proceedings for recovery	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	1	9
Dissatisfied	3	18
No opinion	2	10
Satisfied	7	4
Completely satisfied	2	8
Total	15	49

Table 6.52.1 Expected Frequencies for Legal Proceedings of Financial Institutions for Recovery

Legal proceedings for recovery	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	15*10/64 = 2.34	49*10/64 = 7.66	10
Dissatisfied	15*21/64 = 4.93	49*21/64 = 16.07	21
No opinion	15*12/64 = 2.81	49*12/64 = 9.19	12
Satisfied	15*11/64 = 2.58	49*11/64 = 8.42	11
Completely satisfied	15*10/64 = 2.34	49*10/64 = 7.66	10
Total	15	49	

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (1\text{-}2.34)^2 / 2.34 + (3\text{-}4.93)^2 / 4.93 + (2\text{-}2.81)^2 / 2.81 + (7\text{-}2.58)^2 / 2.58 + (2\text{-}2.34)^2 / 2.34 + (9\text{-}7.66)^2 / 7.66 + (18\text{-}16.07)^2 / 16.07 + (10\text{-}9.91)^2 /9.91 + (4\text{-}8.42)^2 /8.42 + (8\text{-}7.66)^2 /7.66$

$\chi^2 = 12.08$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (12.08 > 9.49), so we can conclude **that there is a difference between SIDBI and other financial institutions in terms of legal proceedings of recovery of funds.**

Extending expertise solution for problem: The sample units are classified on the basis of type comprises of 64 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 15 sample belongs with SIDBI aided units and 49 sample belongs with Non SIDBI aided units.

Table 6.53 Total Observed Frequencies for Expertise Solutions Provided by Financial Institutions

Extending expertise solution for problem	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	2	10
Dissatisfied	3	12
No opinion	1	16
Satisfied	8	55
Completely satisfied	1	6
Total	15	49

Table 6.53.1 Expected Frequencies for Expertise Solutions Provided by Financial Institutions

Extending expertise solution for problem	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	15*12/64 = 2.82	49*12/64 = 9.18	12
Dissatisfied	15*15/64 = 3.51	49*15/64 = 11.49	15
No opinion	15*17/64 = 3.99	49*17/64 = 13.01	17
Satisfied	15*13/64 = 3.04	49*13/64 = 9.96	13
Completely satisfied	15*7/64 = 1.64	49*7/64 = 5.36	7
Total	15	49	

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (2-2.82)^2 / 2.82 + (3-3.51)^2 / 3.51+ (1-3.99)^2 / 3.99 + (8-3.04)^2 / 3.04+ (1-1.64)^2 /1.64+ (10-9.18)^2 / 9.18+ (12-11.49)^2 / 11.49+ (16-13.01)^2 /13.01+ (5-9.96)^2 /9.96+ (6-5.36)^2 /5.36$

$\chi^2 = 14.18$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (14.18 > 9.49), so we can conclude **that there is a difference between SIDBI and other financial institutions in terms of extending expertise solution for the problem.**

Help: The sample units are classified on the basis of type comprises of 64 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 15 sample belongs with SIDBI aided units and 49 sample belongs with Non SIDBI aided units.

Table 6.54 Total Observed Frequencies for Help Provided by Financial Institutions to Defaulters

Help	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	1	7
Dissatisfied	2	19
No opinion	1	6
Satisfied	9	8
Completely satisfied	2	9
Total	15	49

Table 6.54.1 Expected Frequencies for Help Provided by Financial Institutions to Defaulters

Help	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	15*8/64 = 1.87	49*8/64 = 6.13	8
Dissatisfied	15*21/64 = 4.93	49*21/64 = 16.07	21
No opinion	15*7/64 = 1.64	49*7/64 = 5.36	7
Satisfied	15*17/64 = 3.98	49*17/64 = 13.02	17
Completely satisfied	15*11/64 = 2.58	49*11/64 = 8.42	11
Total	15	49	64

$\chi^2 = \sum (Oij – Eij)^{2} / \sum Eij$

$\chi^2 = (1-1.87)^2 /1.87 + (2-4.93)^2 / 4.93+ (1-1.64)^2 / 1.64 + (9-3.98)^2 / 3.98+ (2-2.58)^2 /2.58+ (7-6.13)^2 /6.13+ (19-16.07)^2 / 16.07+ (6-5.36)^2 /5.36+ (8-13.02)^2 /13.02+ (9-8.42)^2 /8.42$

$\chi^2 = 11.52$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (11.52> 9.49), so we can conclude **that there is a difference between SIDBI and other financial institutions in terms of no help.**

Of the four variables analyzed, all show significant difference between SIDBI aided units and Non SIDBI aided units in terms rescheduling installments, legal proceedings for recovery, extending expertise solution for the problem, no help.

So the fourth hypothesis state that <u>there is no difference in the approach of SIDBI and other financial institutions towards NPAs is rejected.</u>

Objective 5: To assess the improvement in the performance of Small scale industries after financial assistance from SIDBI.

This part compares the improvement in quality, improvement in quantity, improvement in infrastructure, improvement in marketing activities, improvement in technology, improvement in fulfilling demand in SIDBI aided units and other financial institutions aided units for fulfilling the fifth objective which is to assess the improvement in the performance of small scale industries after getting financial assistance from SIDBI. Based on the objective this hypothesis is formulated:

H_0: SIDBI aided units and other financial aided units are similar in terms of their growth prospective.

H_1: SIDBI aided units and other financial aided units are not similar in terms of their growth prospective.

For testing the hypothesis following variables are analyzed:

- Improvement in quality of manufactured products
- Improvement in quantity of manufactured products
- Improvement in infrastructure
- Improvement in marketing activities
- Improvement in technology
- Improvement in fulfilling demand

<u>Improvement in quality of manufactured products</u>: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.55 Total Observed Frequencies for Improvement in Quality of Manufactured Products after getting Assistance by Financial Institutions

Improvement in Quality	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	11	13
Dissatisfied	10	62
No opinion	12	18
Satisfied	14	17
Completely satisfied	13	30
Total	60	140

Table 6.55.1 Expected Frequencies for Improvement in Quality of Manufactured Products after getting Assistance by Financial Institutions

Improvement in Quality	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*24/200 = 7.2	140*24/200 = 16.8	24
Dissatisfied	60*72/200 = 21.6	140*72/200 = 50.4	72
No opinion	60*30/200 = 9	140*30/200 = 21	30
Satisfied	60*31/200 = 9.3	140*31/200 = 21.7	31
Completely satisfied	60*43/200 = 12.9	140*43/200 = 30.1	43
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (11-7.2)^2 / 7.2 + (10-21.6)^2 / 21.6 + (12-9)^2 / 9 + (14-9.3)^2 / 9.3 + (13-12.9)^2 / 12.9 +$

$(13-16.8)^2 / 16.8 + (62-50.4)^2 / 50.4 + (18-21)^2 /21 + (17-21.7)^2 /21.7 + (30-30.1)^2 /30.1$

$\chi^2 = 16.53$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (16.53 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of improvement in quality after getting financial assistance.**

Improvement in quantity of manufactured products: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.56 Total Observed Frequencies for Improvement in Quantity of Manufactured Products after getting Assistance by Financial Institutions

Improvement in Quantity	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	11	54
Dissatisfied	12	16
No opinion	10	29
Satisfied	14	21
Completely satisfied	13	20
Total	60	140

Total 6.56.1 Expected Frequencies for Improvement in Quantity of Manufactured Products after getting Assistance by Financial Institutions

Improvement in Quantity	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*65/200 = 19.5	140*65/200 = 45.5	65
Dissatisfied	60*28/200 = 8.4	140*28/200 = 19.6	28
No opinion	60*39/200 = 11.7	140*39/200 = 27.3	39
Satisfied	60*35/200 = 10.5	140*35/200 = 24.5	35
Completely satisfied	60*33/200 = 9.9	140*33/200 = 23.1	33
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (11-19.5)^2 /19.5 + (12-8.4)^2 / 8.4 + (10-11.7)^2 / 11.7 + (14-10.5)^2 / 10.5+ (13-9.9)^2 / 9.9$ $+ (54-45.5)^2 / 45.5+ (16-19.6)^2 / 19.6+ (29-27.3)^2 /27.3+ (21-24.5)^2 /24.5+ (20-23.1)^2 /23.1$

$\chi^2 = 10.86$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (10.86 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of improvement in quantity of manufactured products after getting financial assistance.**

Improvement in infrastructure: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.57 Total Observed Frequencies for Improvement in Infrastructure after getting Assistance by Financial Institutions

Improvement in infrastructure	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	10	51
Dissatisfied	14	36
No opinion	12	16
Satisfied	11	22
Completely satisfied	13	15
Total	60	140

Table 6.57.1 Expected Frequencies for Improvement in Infrastructure after getting Assistance by Financial Institutions

Improvement in infrastructure	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*61/200 = 18.3	140*61/200 = 42.7	61
Dissatisfied	60*50/200 = 15	140*50/200 = 35	50
No opinion	60*28/200 = 8.4	140*28/200 = 19.6	28
Satisfied	60*33/200 = 9.9	140*33/200 = 23.1	33
Completely satisfied	60*28/200 = 8.4	140*28/200 = 19.6	28
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (10-18.3)^2 /18.3 + (14-15)^2 / 15 + (12-8.4)^2 / 8.4 + (11-9.9)^2 / 9.9+ (13-8.4)^2 / 8.4 + (51-42.7)^2 / 42.7+ (36-35)^2 / 35+ (16-19.6)^2 /19.6+ (22-23.1)^2 /23.1+ (15-19.6)^2 /19.6$

$\chi^2 = 11.4$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (11.4 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of improvement in infrastructure after getting financial assistance.**

<u>Improvement in marketing activities:</u> The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.58 Total Observed Frequencies for Improvement in Marketing Activities after getting Financial Assistance

Improvement in marketing activities	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	11	16
Dissatisfied	10	55
No opinion	12	22
Satisfied	18	18
Completely satisfied	9	29
Total	60	140

Table 6.58.1 Expected Frequencies for Improvement in Marketing Activities after getting Financial Assistance

Improvement in marketing activities	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*27/200 = 8.1	140*27/200 = 18.9	27
Dissatisfied	60*65/200 = 19.5	140*65/200 = 45.5	65
No opinion	60*34/200 = 10.2	140*34/200 = 23.8	34
Satisfied	60*36/200 = 10.8	140*36/200 = 25.2	36
Completely satisfied	60*38/200 = 11.4	140*38/200 = 26.6	38
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (11\text{-}8.1)^2 /8.1 + (10\text{-}19.5)^2 / 19.5 + (12\text{-}10.2)^2 /10.2 + (18\text{-}10.8)^2 / 10.8+ (9\text{-}11.4)^2 / 11.4 + (16\text{-}18.9)^2 / 18.9+ (55\text{-}45.5)^2 / 45.5+ (22\text{-}23.8)^2 /23.8+ (18\text{-}25.2)^2 /25.2+ (29\text{-}26.5)^2 /26.5$

$\chi^2 = 16.07$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (16.07 > 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of improvement in marketing activities after getting financial assistance.**

Improvement in technology: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.59 Total Observed Frequencies for Improvement in Technology after getting Assistance by Financial Institutions

Improvement in technology	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	9	34
Dissatisfied	12	53
No opinion	13	18
Satisfied	11	25
Completely satisfied	15	10
Total	60	140

Table 6.59.1 Expected Frequencies for Improvement in Technology after getting Assistance by Financial Institutions

Improvement in technology	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*43/200 = 12.9	140*43/200 = 30.1	43
Dissatisfied	60*65/200 = 19.5	140*65/200 = 45.5	65
No opinion	60*31/200 = 9.3	140*31/200 = 21.7	31
Satisfied	60*36/200 = 10.8	140*36/200 = 25.2	36
Completely satisfied	60*25/200 = 7.5	140*25/200 = 17.5	25
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (9-12.9)^2 /12.9 + (12-19.5)^2 / 19.5 + (13-9.3)^2 /9.3 + (11-10.8)^2 / 10.8+ (15-7.5)^2 / 7.5 + (34-30.1)^2 / 30.1+ (53-45.5)^2 / 45.5+ (18-21.7)^2 /21.7+ (25-25.2)^2 /25.2+ (10-17.5)^2 /17.5$

$\chi^2 = 18.59$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (18.59> 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of improvement in technology after getting financial assistance.**

Improvement in fulfilling demand: The sample units are classified on the basis of type comprises of 200 samples divided into groups of SIDBI aided units and Non SIDBI aided units. In this 60 sample belongs with SIDBI aided units and 140 sample belongs with Non SIDBI aided units.

Table 6.60 Total Observed Frequencies for Improvement in Fulfilling Demand after getting Assistance by Financial Institutions

Improvement in fulfilling demand	SIDBI aided units	Non SIDBI aided units
Completely dissatisfied	9	14
Dissatisfied	11	61
No opinion	15	22
Satisfied	8	14
Completely satisfied	17	29
Total	60	140

Table 6.60.1 Expected Frequencies for improvement in fulfilling demand after getting assistance by financial institutions

Improvement in fulfilling demand	SIDBI aided units	Non SIDBI aided units	Total
Completely dissatisfied	60*23/200 = 6.9	140*23/200 = 16.1	23
Dissatisfied	60*72/200 = 21.6	140*72/200 = 50.4	72
No opinion	60*37/200 = 11.1	140*37/200 = 25.9	37
Satisfied	60*22/200 = 6.6	140*22/200 = 15.4	22
Completely satisfied	60*46/200 = 13.8	140*46/200 = 32.2	46
Total	60	140	200

$\chi^2 = \sum (Oij – Eij)^2 / \sum Eij$

$\chi^2 = (9-6.9)^2 /6.9 + (11-21.6)^2 / 21.6 + (15-11.1)^2 /11.1 + (8-6.6)^2 / 6.6+ (17-13.8)^2 / 13.8 + (14-16.1)^2 / 16.1+ (61-50.4)^2 / 50.4+ (22-25.9)^2 /25.9+ (14-15.4)^2 /15.4+ (29-32.2)^2 /32.2$

$\chi^2 = 11.73$

Calculation of Degree of freedom –

Here column = 2, row= 5

= (C-1) (R-1)

= (2-1) (5-1)

= 4

Level of Significance = 0.05, whose tabulated value is 9.49

Since χ^2 calculated value > Tabulated value (11.73> 9.49), so we can conclude **that there is a difference between SIDBI aided units and other financial institutions aided units in terms of improvement in fulfilling demand after getting financial assistance.**

Of the six variables analyzed, all show significant difference between SIDBI aided units and Non SIDBI aided units in terms of the improvement in quality of manufactured products, improvement in quantity of manufactured products, improvement in infrastructure, improvement in marketing activities, improvement in technology, improvement in fulfilling demand.

So the fifth hypothesis state that <u>SIDBI aided units and other financial aided units are similar in terms of their growth prospective is rejected.</u>

CHAPTER - 7

FINDING, LIMITATION, CONCLUSION, RECOMMENDATION

7.1 Findings:

1. **(a)** From the Table no. 6.1 (Gender) it is inferred that most of the respondents are male.

   (b) Table no. 6.2 (Age) depicts that majority of the entrepreneurs belong to the age group of more than 45 years.

   (c) Table no. 6.3 (Education qualification) shows that the most of the entrepreneurs are graduate in small scale units.

   (d) In Table no. 6.4 (Experience) it is shown that most of the respondents have the experience between 10-15 years in the same business field.

   (e) Table no. 6.8 (Motivating factors) depicts that in SIDBI aided units mostly respondents are motivated by hereditary factor On the other hand among the Non SIDBI aided units mostly respondents are motivated by previous experience..

From the above it is revealed that maximum respondents are graduate male of age more than 45 years with an experience of 10 to 15 years. On the other hand motivating factor to start the business for SIDBI aided units is hereditary factor and in Non SIDBI aided units motivating factor is previous experience.

2(a) Table no. 6.9.1 **(**Composite score for units on the basis of financial aiding institutions) points out that most of the respondents are from partnership within SIDBI aided units and most of the respondents are from sole proprietor in Non SIDBI aided units.

(b) Table no. 6.10 (Status of the units) reveals that most of the respondents are from SSI within SIDBI aided units and Non SIDBI aided units.

(c) Table no. 6.11.1 (Composite score table for level of capital investment in units by financial institutions) reveals that most of the respondents have the capital investment of 2 million- 4 million in SIDBI aided units and Non SIDBI aided units..

From the above it is found that in SIDBI aided units and Non SIBI aided units most of the respondents belong to SSI. On the other hand in SIDBI aided units mostly respondents are running their business in partnership and in Non SIDBI units mostly respondents are working as a sole proprietor. Further it is also found that mostly capital investment in business varies from 2 million to 4 million in both the units either they have taken finance by SIDBI or other financial institutions.

3. (a) Table no. 6.12.1 (Composite score table for use of finance scheme) reveals that most of the respondents in SIDBI and Non SIDBI institutions used the finance scheme for fixed assets.

(b) Table no. 6.14.1 (Composite score table for complexity in legal procedures of institutions for financing) reveals that It is observed that the SIDBI is following more complex legal procedures for financing as compare to the Non SIDBI institutions.

(c) Table no. 6.15.1 (Composite score table for clearance of documents by institutions for financing) reveals that the SIDBI and Non SIDBI institutions both are adopting strict procedures for clearing the documents for financing.

(d) From the Table no. 6.16.1 (Composite score table for inconsistent behaviour of officials in financial institutions) it is concluded that the behaviour of officials of SIDBI is less satisfactory as compare to the Non SIDBI institutions.

(e) Table no. 6.17.1 (Composite score table for collateral/mortgage requirement of financial institutions) depicts that the mortgage requirement of SIDBI is more tedious as compare to the Non SIDBI institutions.

(f) From the Table no. 6.18.1 (Composite score table for sanctioned loan amount of financial institutions) it is concluded that the sanctioned loan amount limit of SIDBI is less attractive as compare to the Non SIDBI institutions.

(g) As per the Table no. 6.19.1 (Composite score table for interest rate of financial institutions) it is shown that the mostly respondents are dissatisfied with respect to interest rates charges whether they have taken finance by SIDBI or Non SIDBI institutions..

(h) Table no. 6.20.1 (Composite score table for repayment schedule of financial institutions) reveals that the respondents of SIDBI and Non SIDBI institutions both are dissatisfied with the repayment schedule.

(i) Table no. 6.21.1 (Composite score table for time lag taken by financial institutions for approving finance) concluded that the SIDBI is taking more time for approving finance schemes as compare to the Non SIDBI institutions.

From the above it is revealed that the respondents of SIDBI and Non SIDBI aided units mostly use the loan amount in acquiring the fixed assets. Study also shows that either it is SIDBI or other financial institutions both follow strict procedures in clearing the documents. SIDBI aided units or other financial institutions aided units both are dissatisfied with the interest rate and repayment schedule. Further it is also found that SIDBI aided units face more trouble while financing due to less satisfactory behaviour of officials and mortgage requirement. It is also found that sanctioned loan amount limit and time lag taken by SIDBI for financing is not so lucrative.

4. (a) Table no. 6.24.1 (Composite score table for rescheduling of instalments by financial institutions) reveals that the SIDBI is adopting the more liberal policy in rescheduling installments as compare to the Non SIDBI institutions.

(b) Table no. 6.25.1 (Composite score table for legal proceedings by financial institutions for recovery) points out that the SIDBI is adopting the more liberal policy in legal proceedings for recovery from defaulters.

(c) Table no. 6.26.1 (Composite score table for expertise offered in solving the problem by financial institutions) concludes that the SIDBI is providing better expertise solutions to the defaulters of funds as compare to Non SIDBI financial institutions..

(d) As per the Table no. 6.27.1 (Composite score table for help provided by financial institutions) it is shown that the SIDBI is assisting help in a better manner to the defaulters of funds as compare to Non SIDBI financial institutions.

From the above it is found that SIDBI is providing the support in a better manner to the units which are the defaulter of loan amount either it is related with legal proceedings or it may be in the form of expertise solution or any help regarding business .

5.(a) Table no. 6.29.1 (Composite score table for improvement in quality of manufactured products after assistance by financial institutions) reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in quality of products as compare to Non SIDBI financial institutions.

(b) Table no. 6.30.1 (Composite score table for improvement in quantity of manufactured products after assistance by financial institutions) depicts that the SIDBI aided units are more benefited after getting finance with respect to improvement in quality of products as compare to Non SIDBI financial institutions.

(c) Table no. 6.31.1 (Composite score table for improvement in infrastructure after assistance by financial institutions) reveals that the SIDBI aided units are more benefited after getting finance with respect to improvement in infrastructure as compare to Non SIDBI financial institutions.

(d) Table no. 6.32.1 (Composite score table for improvement in marketing activities after assistance by financial institutions) concludes that the SIDBI aided units are more benefited after getting finance with respect to improvement in marketing activities as compare to Non SIDBI financial institutions.

(e) Table no. 6.33.1 (Composite score table for improvement in technology after assistance by financial institutions) it is concludes that the SIDBI aided units are more benefited after getting finance with respect to improvement in technology as compare to Non SIDBI financial institutions.

(f) Table no. 6.34.1 (Composite score table for improvement in fulfilling the demand of customers on time after assistance by financial institutions) depicts that the SIDBI aided units are more benefited after getting finance with respect to improvement in fulfilling the demand of customers as compare to Non SIDBI financial institutions.

From the above it is revealed that after getting assistance by SIDBI, small scale units have attained a better improvement in terms of quality and quantity of manufactured products, marketing activities, technology and fulfillment of demand in the market.

6. As per the study it is revealed that the SIDBI is showing better performance among All India Financial Institutions since 2001-2015 regarding disbursement of loan amount. It is also found that SIDBI is holding the second position in nine consecutive years since 2004-05 to 2012-13 with respect to disbursement of loan amount.

From the above findings it can be said that SIDBI is providing the effort in a better manner in comparison to other financial institutions so that SSIs that can perform in the market efficiently. SIDBI is not only providing financial assistance but it is also supporting the SSIs in different dimensions. Further it is also found that the SSIs which have taken the finance by SIDBI have gotten more improvement in their quality and quantity of their manufactured goods. Similarly they have also enhanced their marketing activities to meet the customer demand. The study also reveals that in the event of default the SIDBI is providing the effective efforts to support the SSIs So that they can recoup by their financial weakness. On the other hand it is also found SIDBI is holding the second position in nine consecutive years since 2004 - 2006 to 2012 - 2013 with respect to disbursement of loan amount. Further study also clears that SIDBI requires more mortgage while financing and its sanctioned loan amount limit is also very low. The time lag taken for financing and the behaviour of officials of SIDBI is also less satisfactory.

7.2 Limitations

1. Some of the entrepreneurs were hesitant to give correct information pertaining to level of capital investment, use of availed funds etc. in such instances it was necessary to resort to indirect methods for gathering information.

2. Many variations were found in collected data from sample units and collected data from official's sources.

3. Due to time constraint researcher was unable to collect more data which may affect the findings of research work.

4. Due to the fact that mostly Small scale units do not maintain proper account of their business operations, it was not possible to gather time series data on the various issues like employment, production and investment strategies etc.

5. In limited resources researcher has strived his best efforts in research work.

6. This survey is restricted to the Uttar Pradesh area only.

7.3 Conclusion

1. Majority of the entrepreneurs are male in SIDBI aided units as well as in Non SIDBI aided units and the majority of the entrepreneurs in both groups belong to age group of more than 45 years. Most of the entrepreneurs in both groups are graduated or technically qualified. A good number of entrepreneurs in both groups are experienced. In SIDBI aided units mostly respondents are motivated by hereditary factor on the other hand in Non SIDBI aided units mostly respondents are motivated by previous experience for establishing their business.

2. Majority of the SIDBI aided units and other agency aided units belongs to Small scale industries segment. In the study it is also found that most of the respondents in both groups have the capital investment of 2 million - 6 million in their business.

3. It is found that the SIDBI and other financial institutions both are following strict procedures for clearing the documents for financing. The study also reveals that the behaviour of officials of SIDBI is less satisfactory as compare to the other financial institutions. Further it is observed that the mortgage requirement of SIDBI is more complicated in comparison to other financial institutions. It is also seen that the sanctioned loan limit of SIDBI is less attractive as compared to other institutions. It is observed that the SIDBI is taking more time for approving finance schemes as compare to the other financial institutions.

4. It is found that the SIDBI is adopting the more liberal policy in legal proceedings for recovery from defaulters. The study also reveals that the repayment schedule of SIDBI for defaulters is more affordable as compare to other financial institutions. It is also examined that the SIDBI is providing better expertise solutions to the defaulters of funds as compare to other financial institutions.

5. It is seen that the SIDBI aided units are more benefited after getting finance with respect to improvement in quality of products, quantity of products, infrastructure, marketing activities, and demand fulfillment of customers as compare to Non SIDBI aided units.

6. It is found that SIDBI is holding the second position in nine consecutive years since 2004-05 to 2012-13 with respect to disbursement of loan amount which simply shows that SIDBI is doing its hard effort to boost up the small scale industries in Uttar Pradesh.

7.4 Recommendations

In the research study a large number of drawbacks, shortcomings and problems have come to light. Following recommendations are suggested for solving these problems. This will help in remolding and reshaping the policies and procedures of operation of the SIDBI in Uttar Pradesh-

1. Liberal procedures should be adopted for providing loans to SSI units such as easy clearance of documents, fewer time lags in financing so that borrowers can well understand the procedures of financing.

2. Limits of loan under various schemes that are being operated by SIDBI should be suitably hiked from time to time so that entrepreneurs can perform well in competitive market.

3. In order to avoid delay the powers of the competent authorities for sanctioning of loan should be enhanced appropriately. Also there should be a proper training session for authorities so that a good repo can be made between borrowers and authorities.

4. Imperative steps are to be taken to reduce the number of installments in releasing the sanctioned amount.

5. It has been observed that the SIDBI still believes in security-oriented approach in financing. The most important difficulty faced by the borrowers is the difficulty in

furnishing mortgage requirement. SIDBI should incorporate need based instead of security based financing policy for assisting the SSI units.

6. Due to the cut throat competition it is felt that, there is need to provide more marketing assistance programs to SSIs.

7. It is found that majority of the entrepreneurs are not aware of the promotion and development activities of SIDBI. So the corrective steps should be taken to make the people aware by conducting programs.

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Questionnaire

Dear sir/Madam,

My name is Prakash Yadava I am pursuing PhD. (Doctorate of Philosophy) from BBD University and the topic of my Thesis is **"Role of SIDBI in the growth prospects of Small scale Industries in Uttar Pradesh".**

Kindly, Cooperate by answering the following questions. I assure you that the details will be solely used for academic purpose and confidentiality will be maintained.

Thank you for your time and kind consideration.

Personal details (put a tick mark for your answer)

Name of owner:

Address of the unit:

Gender: Male ☐ Female ☐

Age: 31-35 ☐ 35-40 ☐ 40-45 ☐ more than 45 years ☐

Education Qualification: SSC/HSC ☐ Graduation ☐ Post-Graduation ☐ Technical education ☐

Experience in the field: Less than 1-5 year ☐ Between 5-10 years ☐ Between 10-15 years ☐ above 15 years ☐

1. Are you aware of finance scheme (short term loaning) intending by Institutions?

   (i) Yes ☐ (ii) No ☐

2. If yes in above question (1), have you availed finance scheme (short term loaning) intended by institutions?

   (i) Yes ☐ (ii) No ☐

3. If yes, in above Question (2) then you are requested to state which institution you preferred in finance scheme (short term loaning). (Please tick)

SIDBI ☐ Other financial institutions ☐

4. Motivating factors to start business. (Please tick any one)
   - Attended EDP of SIDBI ☐
   - Attended EDP of other institutions ☐
   - Previous experience ☐
   - Success stories of others ☐
   - Desire to be self employed ☐
   - Heriditory factor ☐

5. Form of the unit. (Please tick any one)
   - Company ☐
   - Partnership ☐
   - Sole proprietor ☐

6. Status under SSI. (Please tick any one)

SSI ☐ Tiny ☐ Ancillary ☐ Medium ☐

7. Level of Capital investment. (Please tick any one)

Upto 2 million ☐ 2 million - 4 million ☐ 4 million- 6 million ☐

6 million- 8 million ☐ 8 million- 10 million ☐

8. What was the use of finance scheme (short term loaning) taken from the institution?

(i) Fixed Assets ☐ (ii) Working Capital ☐ (iii) Both ☐

9. Do you face any difficulty in getting finance by institutions?

(i) Yes ☐ (ii) No ☐

10. If yes in above question (9) what is your dissemination for **complexity in legal procedure** of institutions for financing? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

11. If yes in above question (9) what is your dissemination for **delay in clearance of documents** by financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

12. If yes in above question (9) what is your dissemination for **inconsistent behaviour of officials** of financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

13. If yes in above question (9) what is your dissemination for **collateral/mortgage requirement** of financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

14. If yes in above question (9) what is your dissemination for **sanctioned loan amount** of financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

15. If yes in above question (9) what is your dissemination for **interest rates** of financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

16. If yes in above question (9) what is your dissemination for **repayment schedules** of financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

17. If yes in above question (9) what is your dissemination for **time taken for approving financial assistance** by financial institutions? State your degree of agreement/disagreement on 5-point scaling.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

18. Is there any default in repayment of amount of finance scheme (short term loaning) assisted by financial institutions to you?
(i) Yes ☐ (ii) No ☐

19. If yes in above question (18), has financial institutions reacted with defaulter of funds?
(i) Yes ☐ (ii) No ☐

20. If yes in above question (19) how the financial institutions reacted with defaulter of funds? You are requested to state your degree of agreement/disagreement on **rescheduling the instalments** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

21. If yes in above question (19) how the financial institutions reacted with defaulter of funds? You are requested to state your degree of agreement/disagreement on **initial legal proceeding for recovery** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

22. If yes in above question (19) how the financial institutions reacted with defaulter of funds? You are requested to state your degree of agreement/disagreement on **offered expertise in solving the problem faced by SSI** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

23. If yes in above question (19) how the financial institutions reacted with defaulter of funds? You are requested to state your degree of agreement/disagreement on **help** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

24. Have you experience any improvement in business after getting finance scheme (short term loaning) by financial institutions?

(i) Yes ☐ (ii) No ☐

25. If yes in above question (24) you are requested to state your degree of agreement/disagreement on **Improvement in quality of manufactured products**. As mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

26. If yes in above question (24) you are requested to state your degree of agreement/disagreement on **Improvement in quantity of manufactured products**. As mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

27. If yes in above question (24) you are requested to state your degree of agreement/disagreement on **Improvement in infrastructure** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

28. If yes in above question (24) what is your dissemination you are requested to state your degree of agreement/disagreement on **Improvement in marketing activities** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

29. If yes in above question (24) you are requested to state your degree of agreement/disagreement on **Improvement in technology** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

30. If yes in above question (24) you are requested to state your degree of agreement/disagreement on **Improvement in fulfilling the demand of customers on time** as mentioned on a 5-point scale.

Completely dissatisfied ☐ Dissatisfied ☐ No opinion ☐ Satisfied ☐

Completely satisfied ☐

TABLE 82 : FINANCIAL ASSISTANCE SANCTIONED AND DISBURSED BY ALL FINANCIAL INSTITUTIONS

(₹ Billion)

Year	IDBI		IFCI		ICICI		SIDBI		IIBI	
	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements
1	2	3	4	5	6	7	8	9	10	11
1976-77	5.40	3.41	0.77	0.55	0.99	0.67	-	-	0.10	0.11
1977-78	6.80	4.10	1.13	0.58	1.08	0.92	-	-	0.11	0.09
1978-79	7.25	6.18	1.39	0.74	1.83	1.09	-	-	0.11	0.13
1979-80	11.25	7.53	1.38	0.91	2.04	1.36	-	-	0.15	0.13
1980-81	16.91	12.59	2.07	1.09	3.14	1.85	-	-	0.19	0.17
1981-82	18.35	15.04	2.18	1.69	3.02	2.65	-	-	0.50	0.28
1982-83	19.27	15.95	2.30	1.96	3.92	2.82	-	-	0.62	0.38
1983-84	23.91	19.76	3.22	2.25	5.08	3.34	-	-	0.70	0.41
1984-85	33.54	21.99	4.15	2.73	6.21	3.93	-	-	1.11	0.55
1985-86	36.56	27.98	4.99	4.04	7.08	4.82	-	-	0.75	0.68
1986-87	45.66	32.59	7.98	4.52	11.18	6.96	-	-	1.49	0.95
1987-88	52.89	40.05	9.23	6.57	12.32	7.71	-	-	1.87	1.02
1988-89	44.11	33.82	16.36	9.98	19.78	10.86	-	-	2.09	1.17
1989-90	72.69	51.21	18.17	11.22	28.51	13.57	-	-	1.47	1.41
1990-91	62.78	45.01	24.30	15.74	37.44	19.68	24.09	18.39	2.35	1.54
1991-92	65.90	57.69	24.21	16.04	40.95	23.51	28.46	20.27	2.78	1.85
1992-93	92.49	67.11	23.48	17.33	57.72	33.15	29.09	21.46	2.94	1.84
1993-94	120.86	80.96	37.46	21.63	84.91	44.13	33.56	26.73	4.26	1.89
1994-95	181.99	106.72	57.20	28.39	145.28	68.79	47.06	33.90	7.78	3.98
1995-96	164.76	106.95	103.00	45.63	145.95	71.20	60.66	48.01	8.97	5.29
1996-97	156.34	114.68	72.12	51.57	140.84	111.81	64.85	45.85	8.16	5.50
1997-98	239.82	151.70	76.93	56.50	247.18	158.07	74.84	52.41	20.61	11.53
1998-99	237.45	144.70	44.45	48.19	323.71	192.25	88.80	62.85	21.75	16.89
1999-00	269.67	170.59	20.80	32.72	435.23	258.36	102.65	69.64	23.38	14.40
2000-01	268.33	174.77	17.67	21.57	558.15	316.65	108.21	64.41	21.02	17.10
2001-02	158.68	110.13	7.78	10.74	362.29	258.31	90.26	59.19	13.22	10.68
2002-03	58.98	66.15	19.60	17.80	-	-	109.04	67.89	12.07	10.92
2003-04	39.38	49.86	13.92	2.78	-	-	82.46	44.14	24.12	22.52
2004-05	107.99	61.83	-	0.91	-	-	90.91	61.88	-	-
2005-06	-	-	-	1.87	-	-	119.75	91.00	-	-
2006-07	-	-	10.50	5.50	-	-	111.02	102.25	-	-
2007-08	-	-	25.51	22.80	-	-	161.46	150.99	-	-
2008-09	-	-	40.15	33.12	-	-	292.17	283.18	-	-
2009-10	.	.	70.07	60.45	.	.	355.45	319.42	.	.
2010-11	.	.	122.60	84.00	.	.	422.14	387.96	.	.
2011-12	.	.	46.74	56.80	.	.	433.40	418.12	.	.
2012-13	-	-	22.19	15.04	-	-	411.20	406.82	-	-
2013-14	-	-	100.98	86.83	-	-	530.33	523.21	-	-
2014-15	-	-	122.30	86.87	-	-	550.39	531.38	-	-

(Continued)

TABLE 82 : FINANCIAL ASSISTANCE SANCTIONED AND DISBURSED BY ALL FINANCIAL INSTITUTIONS (Contd.)

(₹ Billion)

Year	SCICI		IVCF		ICICI Venture		TFCI		LIC	
	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements
1	12	13	14	15	16	17	18	19	20	21
1976-77	-	-	0.00	0.00	-	-	-	-	0.57	0.39
1977-78	-	-	0.00	0.00	-	-	-	-	0.53	0.43
1978-79	-	-	0.00	0.00	-	-	-	-	0.66	0.32
1979-80	-	-	0.01	0.01	-	-	-	-	0.80	0.71
1980-81	-	-	0.01	0.01	-	-	-	-	0.70	0.66
1981-82	-	-	0.01	0.01	-	-	-	-	1.66	1.36
1982-83	-	-	0.01	0.01	-	-	-	-	1.37	0.87
1983-84	-	-	0.01	0.01	-	-	-	-	1.67	1.41
1984-85	-	-	0.02	0.01	-	-	-	-	2.20	1.62
1985-86	-	-	0.02	0.02	-	-	-	-	3.84	2.62
1986-87	-	-	0.03	0.03	-	-	-	-	3.64	3.90
1987-88	1.44	0.61	0.04	0.04	-	-	-	-	3.63	3.42
1988-89	3.12	1.38	0.06	0.05	0.08	0.03	-	-	6.60	4.42
1989-90	3.21	2.26	0.06	0.05	0.12	0.10	0.53	0.13	5.78	4.55
1990-91	3.32	1.67	0.10	0.07	0.11	0.11	0.85	0.39	6.88	4.27
1991-92	4.09	1.71	0.11	0.08	0.17	0.18	1.04	0.48	15.15	10.22
1992-93	7.61	4.86	0.09	0.10	0.23	0.23	1.25	0.60	17.40	13.95
1993-94	16.98	10.07	0.07	0.09	0.30	0.22	1.60	0.79	16.64	7.94
1994-95	37.20	14.41	0.13	0.13	1.20	0.98	2.29	1.37	17.90	13.43
1995-96	50.49	24.65	0.30	0.15	0.54	0.47	2.72	1.67	23.42	25.30
1996-97	-	-	0.31	0.21	0.17	0.25	3.04	1.83	28.21	29.61
1997-98	-	-	0.10	0.18	0.23	0.20	3.20	1.87	34.73	39.10
1998-99	-	-	0.11	0.10	0.19	0.18	2.11	1.32	48.30	48.25
1999-00	-	-	0.08	0.12	1.56	1.36	0.82	1.12	68.26	56.34
2000-01	-	-	0.04	0.03	2.30	1.90	1.06	0.61	108.67	70.95
2001-02	-	-	0.03	0.04	7.74	7.78	0.95	0.87	67.42	89.14
2002-03	-	-	0.02	0.02	3.91	3.94	0.84	0.95	43.33	62.06
2003-04	-	-	-	-	3.80	3.61	0.60	0.35	219.74	157.82
2004-05	-	-	-	-	-	-	1.11	0.72	93.40	79.54
2005-06	-	-	-	-	-	-	1.33	0.88	151.65	112.00
2006-07	-	-	-	-	-	-	2.45	1.20	181.27	270.17
2007-08	-	-	-	-	-	-	3.66	1.89	384.55	272.64
2008-09	-	-	0.16	0.07	-	-	5.81	2.76	708.55	618.12
2009-10	.	.	0.20	0.27	.	.	5.70	2.93	630.07	531.49
2010-11	.	.	1.58	1.30	.	.	7.38	3.79	438.08	389.05
2011-12	.	.	3.08	2.86	.	.	7.80	5.63	531.51	507.09
2012-13	-	-	2.86	2.81	-	-	4.23	3.43	430.14	448.86
2013-14	-	-	2.15	2.25	-	-	7.67	4.41	342.12	303.78
2014-15	-	-	4.26	2.98	-	-	8.84	5.84	461.63	401.99

(Continued)

TABLE 82 : FINANCIAL ASSISTANCE SANCTIONED AND DISBURSED BY ALL FINANCIAL INSTITUTIONS (Concld.)

(₹ Billion)

Year	UTI		GIC		SFCs		SIDCs		**Total**	
	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements	**Sanctions**	**Disbursements**
1	22	23	24	25	26	27	28	29	30	31
1976-77	0.09	0.06	-	-	1.63	1.05	0.72	0.35	**10.26**	**6.60**
1977-78	0.27	0.16	-	-	1.66	1.07	0.88	0.45	**12.46**	**7.80**
1978-79	0.51	0.20	-	-	2.01	1.35	0.98	0.60	**14.72**	**10.61**
1979-80	0.75	0.64	0.66	0.52	2.64	1.85	1.58	0.85	**21.25**	**14.50**
1980-81	0.40	0.51	0.31	0.44	3.71	2.48	2.16	1.25	**29.60**	**21.03**
1981-82	0.86	0.63	0.50	0.34	5.10	3.18	3.00	1.91	**35.17**	**27.09**
1982-83	1.28	0.72	0.93	0.45	6.12	4.04	2.97	2.08	**38.77**	**29.27**
1983-84	1.66	1.39	1.09	0.85	6.45	4.36	3.65	2.37	**47.42**	**36.14**
1984-85	3.57	2.36	1.44	1.11	7.43	4.98	4.78	2.98	**64.46**	**42.24**
1985-86	6.97	5.29	1.53	1.07	10.09	6.09	5.27	3.64	**77.10**	**56.24**
1986-87	4.65	4.18	1.53	1.32	12.11	7.92	5.70	4.26	**93.97**	**66.60**
1987-88	9.66	7.07	0.98	1.04	13.05	9.43	6.42	4.49	**111.51**	**81.43**
1988-89	18.78	10.55	1.23	1.15	13.91	10.55	7.22	4.72	**133.33**	**88.67**
1989-90	12.03	10.18	2.11	1.80	15.14	11.57	6.91	5.45	**166.73**	**113.48**
1990-91	28.10	22.41	3.37	1.70	18.64	12.71	8.24	5.98	**220.55**	**149.68**
1991-92	38.14	29.06	6.96	2.80	21.90	15.37	10.09	6.79	**259.94**	**186.07**
1992-93	103.03	74.69	5.59	5.36	20.15	15.57	9.73	6.95	**370.81**	**263.21**
1993-94	83.33	66.12	8.24	4.70	19.09	15.63	9.18	7.01	**436.48**	**287.92**
1994-95	75.23	47.91	6.89	3.79	27.02	18.81	15.89	10.51	**623.06**	**353.12**
1995-96	36.86	30.07	12.16	9.65	41.89	29.61	19.51	11.89	**671.22**	**410.54**
1996-97	36.33	32.37	12.73	9.25	35.45	27.83	18.11	15.02	**576.65**	**445.76**
1997-98	45.33	35.58	11.73	11.44	26.26	21.10	17.95	14.16	**798.90**	**553.84**
1998-99	38.99	34.36	13.15	13.86	18.64	16.25	22.81	21.76	**860.45**	**600.97**
1999-00	68.45	51.62	21.42	19.68	23.95	18.43	16.48	17.41	**1052.74**	**711.78**
2000-01	67.70	46.00	10.47	10.98	29.11	19.79	20.80	16.64	**1213.52**	**761.39**
2001-02	9.91	12.70	15.05	14.66	22.10	17.50	-	-	**755.42**	**591.73**
2002-03	3.07	4.15	13.25	12.82	18.56	14.54	9.24	12.50	**291.89**	**273.73**
2003-04	-	-	12.23	12.07	11.34	8.57	-	-	**407.59**	**301.73**
2004-05	-	-	10.64	10.17	-	-	-	-	**304.04**	**215.06**
2005-06	-	-	3.93	5.71	-	-	-	-	**276.65**	**211.46**
2006-07	-	-	7.35	7.40	-	-	-	-	**312.59**	**386.53**
2007-08	-	-	12.15	11.96	-	-	-	-	**587.33**	**460.29**
2008-09	-	-	5.45	5.45	-	-	-	-	**1052.28**	**942.70**
2009-10	.	.	6.11	6.11	.	.	.	.	**1067.60**	**920.67**
2010-11	.	.	12.37	12.37	.	.	.	.	**1004.15**	**878.47**
2011-12	.	.	12.59	12.59	.	.	.	.	**1035.12**	**1003.09**
2012-13	-	-	17.66	17.66	-	-	-	-	**888.28**	**894.62**
2013-14	-	-	.	.	-	-	-	-	**983.25**	**920.48**
2014-15	-	-	.	.	-	-	-	-	**1147.42**	**1029.06**

Notes : 1. Data for 2013-14 and 2014-15 are provisional.
2. Totals are adjusted for inter-institutional flows.

Also see Notes on Tables.

Source : Report on Development Banking of the erstwhile, Industrial Development Bank of India and respective financial institutions.