UNIT-III - INDUSTRIAL FINCIAL SUPPORT

DIRECTORATE OF INDUSTRIES

The Directorate of Industries (DOI) is a state level industry which has been set up to implement, develop and control the various policies and programmes of small medium and large scale and cottage industries. The constitution of India stated that, the issues related to the small-scale industries has to be dealt within the state because the expansion and promotion of small-scale industries is a state matter.

DOI carry out its functions under the guidance of Small Industries Development Organization (SIDO) and other central institutions. It provides regulatory and development functions. It is connected with the district industries offices, extension offices located in districts, sub-regional offices and block level. The power or authority to implement and develop the policies are decentralised to the maximum extent level and are vested in the hands of District Industries Centres (DICs)

Objectives of Directorate of Industries:

To improve and expand the village and small-scale industries in the state.
To develop, manage and control the district level policies and programmes of the various departments.
To provide a complete framework which helps in enabling the employment opportunities in the state, increasing the production of state domestic products and utilizing the resources to the maximum extent.
To help the state government in formulating various industry related policies and programmes such as SEZ policies, Industrial policies, IT policies, packages, scheme of incentives etc.

Function Directorate of Industries:

1. It helps in registering and maintain the small-Scale Industries (SSIs)
2. It provides financial assistance to the small-Scale Industries (SSIs)
3. It provides scare as well as domestic raw materials to the industries
4. It provides important certificates which are useful for importing and exporting the raw materials
5. It helps to set up the industrial cooperatives and industrial estates
6. It helps in developing and improving the infrastructure of the industries
7. It conducts various surveys and collects information regarding the industries
8. It deals with the incentives and concessions for the various industries
9. It manages and controls all the villages and Small-Scale Industries (SSIs)
10. It maintains communication with other agencies or firms for the development of industries

Schemes of Directorate of Industries:

A number of schemes have been launched which fall under the ambit of District Industries Centres (DICs). These schemes help in fulfilling the goals of establishing the District Industries Centres (DICs). These schemes are centrally sponsored schemes as well as central sector schemes. The following schemes fall under the DIC:

Prime Minister's Employment Guarantee Program (PMEGP): This centrally sponsored scheme under the Ministry of Micro, Small and Medium Enterprises (MSME) was launched in 2008. The PMEGP aims to generate employment opportunities for educated unemployed citizens in rural and urban areas. The nodal agency for the implementation of the scheme is Khadi & Village Industries Commission (KVIC). Under this scheme, 90-95% of the amount will be given by banks as loans with 5-10% of the project cost in the industry, service or business sector being the applicant's share.

District Industries Centre (DIC) Loan Scheme: This scheme is for the self-employed as well as the small unit sector in towns and rural areas with population less than 1 lakh and with capital investment being less than Rs. 2 lakhs. These small units are identified by the Small-Scale Industries Board and Village industries, handicrafts, handlooms, silk & coir industries. For entrepreneurs in the general category, 20% of the total investment or Rs. 40,000 shall be the margin money (whichever is lesser). For entrepreneurs in the SC/ST category, 30% of the total investment or Rs. 60,000 shall be the margin money (whichever is lesser).

Seed Money Scheme: This scheme is targeted towards the self-employed who engage in skilled wage employment or self-employment ventures. Institutional financial assistance in the form of soft loans. Project cost to avail loan facility under the seed money scheme has been increased to Rs. 25 lakhs. For projects up to Rs. 10 lakhs, seed money assistance of up to 15% of the project cost is offered. For SC/ST/OBC, the assistance provided will be 20% of the project cost; the limit of assistance provided is Rs. 3.75 lakhs with 75% of the project cost being in the form of a bank loan.

District Awards Scheme: To boost entrepreneurs' spirits and celebrate their achievements and successes, the state governments have started honouring such entrepreneurs with awards at the district level. The District Advisory Committee formed at the district level shall select the entrepreneurs to be awarded. The District Awards Function is held on Vishwakarma Jayanti Day which falls on varying dates every year. The award function includes the display of the products by the entrepreneur for sale and exhibition along with workshops and discussion about the same.

Entrepreneurship Development Training Programme: This scheme was launched to impart training to the educated unemployed and encourage them to start self-employment ventures or engage in skilled wage employment. Training programmes under the Entrepreneurship Development Training Programme are:

- Entrepreneurship Introductory Programme (Udyojakata Parichay Karyakram)
- Entrepreneurship Development Training Programme (12 Day residential)
- Technical Training Programme (12 Days to 2 Months non-residential)

DISTRICT INDUSTRIES CENTRE (DIC)

The 'District Industries Centre' (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small, tiny, cottage and village industries in a particular area and to make available to them all necessary services and facilities at one place. The finances for setting up DICs in a state are contributed equally by the particular state government and the central government. To facilitate the process of small enterprise development, DICs have been entrusted with most of the administrative and financial powers. For purpose of allotment of land, work sheds, raw materials etc., DICs functions under the 'Directorate of Industries'. Each DIC is headed by a General Manager who is assisted by four functional managers and three project managers to look after the following activities:

Objectives of District Industries Centre (DIC):

- Industrial development with focus on employment generation and wealth creation.
- To promote labour intensive industry.
- To encourage utilization of local available raw material.
- To promote growth of thrush industries and encourage high tech and knowledge waste industry.
- To promote human resource development for creation of skilled labour forces.
- To encourage eco- friendly and environmentally friendly industrial growth.

Strategies:

- Creation of land bank for development of industrial estates.
- Providing improved infrastructure and supports services.
- Ease of Doing Business through simplification of procedures and rules.
- Enabling manufacture of quality, consistent products through brand promotion, modernization and quality certification.
- Environmental protection to confirm to the state and the national standards by setting up of green industries.

Functions:

Identification of suitable schemes: this is one of the main functions of the district industries centre as schemes are beneficial in attracting people to set up industries. Schemes like district industries centre loan scheme, Prime Minister's employment guarantee program, etc., encourage entrepreneurs.

Preparing feasibility reports: The techno-economic feasibility reports that the district industries centres prepare are reports which analyze the performance of a product, industrial processes, or services that are needed to improve certain areas in the industry.

Arranging for credit: You need some capital to set up an industry and keep it working. This lump sum amount is not present with every entrepreneur. Therefore, arranging for ways to acquire credit becomes one of the main functions of the district industries centre.

Preparation of industrial profile: This report helps identify the advantages and disadvantages of setting up an industry in the district. It also checks the availability of infrastructure and raw materials required for the industry.

Guidance and advice to entrepreneurs: Providing knowledge of existing opportunities helps entrepreneurs. It helps in the industrialization of the district and generates employment opportunities.

Manpower assessment concerning skilled, semi-skilled labour: District Industries Centres (DICs) help in making optimum use of its platform to identify the labour that is best fit for the respective market. This helps avoid under-employment.

Identify infrastructure facilities – For any area to develop, infrastructure facilities are a top priority for identifying the potential that can be tapped from a certain area. Facilities such as electricity, roads, warehouses, banking, quality testing facilities etc are identified by the District Industries Centres (DICs).

Prepare techno-economic feasibility report – The District Industries Centres (DICs) prepare the echno-economic feasibility report that analyses the performance of an industrial product, process, or service to improve areas in need of it.

Advise entrepreneurs on investments made – The District Industries Centres advise entrepreneurs on the various investments which they seek to make. In this manner, they provide consultancy services that help entrepreneurs in making better decisions with respect to their investments.

Activities Under District Industries Centres (DICs) include:

- Registration of Small-Scale Industries (SSI) units
- Registration of handicraft or cottage industries
- Implementation of PM Rozgar Yojana
- Granting subsidies to SSI units
- Training for EDP
- Organization of Industrial Cooperative Society
- Raw material assistance through SIDCO
- Marketing assistance through SIDCO
- Conducting motivation campaigns
- Single window clearances
- Rehabilitation of sick SSI units
- Recommendation of awards to the SSI units
- Recommendation of loan application to banks under the KVIC scheme

Schemes under the District Industries Centres (DICs):

District Industries Centres function under the Directorate of Industries, Hence the Schemes of the Directorate of Industries (DOI) are the Schemes of District Industries Centres (DIC).

- Prime Minister's Employment Guarantee Program (PMEGP)
- District Industries Centre (DIC) Loan Scheme
- Seed Money Scheme District Awards Scheme
- Entrepreneurship Development Training Programme

STATE INDUSTRIAL DEVELOPMENT CORPORATIONS

The full form of IDC or SIDCs is Industrial Development Corporations or State Industrial Development Corporations. It was first established in 1995 under the Companies Act, 1956. They are state-owned government corporations that engage in the development and promotion of medium and large industries. The government has established IDCs to help the entrepreneurs in the procurement of land for their industrial units. SIDCs aim to develop industrial infrastructure such as industrial parks and industrial estates along with providing financial assistance. They provide loans to several industrial units in medium and large sectors at an interest rate that ranges from 13.5% to 17% according to the size of the loan.

Some of the SIDCs are:

- Jammu and Kashmir State Industrial Development Corporation
- Tamil Nadu State Industrial Development Corporation
- Kerala State Industrial Development Corporation

Objectives of SIDC: The main objectives of SIDC are as follows:

- SIDC aims to promote micro, small and medium enterprises.
- It aids in the establishment of entrepreneurship and skill development.
- It helps in facilitating industrial infrastructure development.
- It aims in providing publicity and marketing support to industries.

Functions of SIDC:

- SIDCs act as an instrument in expediting industrialization in the states of India in which they are present.
- SIDCs issue loans, subscriptions of shares, guarantees to various companies belonging to different industries.
- SIDCs organise various promotional programs like entrepreneurial training, project identification, etc.
- It provides financial assistance in the form of loans or subscriptions to debentures and shares, guarantees, etc.
- SIDCs procure scarce raw materials from the domestic market and international market and make it available to the needy small-scale industries as per their requirements.
- SIDCs take up various schemes to provide the various industrial units with efficient marketing assistance. SIDCs participate in tenders floated by the state government departments.
- To obtain orders and distribute them among various small-scale units, SIDCs make advance payments.
- It helps in solving working capital problems of the various industrial units.
- The government departments often delay payments when goods are supplied to them by the industrial units. Therefore, to avoid such delays, SIDCs discounts the bills drawn on government departments. Hence, they ensure that 80% of the bill value is paid to the supplier units.
- SIDCs have developed websites so that the products manufactured by the industrial units are displayed in the foreign markets. It provides export marketing assistance and helps in procuring export orders.
- It helps small scale units to take part in the international trade fair so that the products are displayed there.
- SIDCs also promote industrial units run by women entrepreneurs.
- SIDCs help in setting up skill development centres where workers are trained in various skills and industrial activities. This is to ensure the supply of skilled labourers to various small-scale industries.

STATE FINANCIAL CORPORATIONS

The State Financial Corporations Act was passed in 1951 which empowered all states and union territories to set up State Financial Corporations to meet the need for financial assistance of micro, small and medium scale industries. These State Financial Corporations provide loans to individual trading concerns, partnership firms as well as private and public limited companies.

There are 18 State Financial Corporations in India at present, from which 17 are established in accordance to the State Financial Corporation Act 1951 and the eighteenth is the Tamil Nadu Industrial Investment Corporation Ltd was formed according to Companies Act 1949. The State Financial Corporation of Punjab was the first Financial Corporation to be set up in the country in 1953.

The Micro, Small, and Medium Enterprises are of increased importance in India. They form a large part of Rural and Semi-Urban industries and provide employment opportunities to a large number of people. The number of people employed in small and medium industries is more as the technique of production is labour-intensive than capital intensive. Due to the high number of employees needed, the SMEs have a huge need for working capital and also fixed capital for installing machinery and such. The State Financial Corporations are set up to meet these requirements of Small and Medium Industries and to provide thrust to the rural economy.

Functions of State Financial Corporations:

The State Financial Corporations are established by the respective state governments aimed at assisting small and medium industries. The major functions of State Financial Corporations are:

1. **Long Term Financial Assistance**: Providing long term financial assistance to finance small and medium industries is the prominent function for which the State Financial Corporations are set up. These enterprises may be in the form of individual proprietorships, partnership firms, private or public companies and the maximum tenure of the loan is twenty years.

2. **Guarantee for Loans**: The State Financial Corporations also stand guarantee for loans taken by small and medium business concerns from cooperative banks, commercial banks, or any other banking financial institution for a tenure of up to 20 years.

3. Acts as Agents of Government: The State Financial corporation also acts as an agent of the state as well as the central government when it comes to implementing government schemes related to small and medium industries financing. The SFCs also disburse loans as per different schemes of the governments.

4. Underwriting and Subscription: The State Financial Corporation also functions as an underwriter by underwriting the shares of small and medium public companies. The SFCs also subscribe to debentures of these small and medium firms which are of tenure of fewer than 20 years.

5. Credit and Guarantee for Purchases: The State Financial Corporation also provides loans and guarantees deferred payment for purchases for the industry like machinery, plant, or any other fixed expenditure.

Working of (SFC) State Financial Corporations:

Each State Financial Corporation is run and led by 12 board of directors. Out of which

3 Directors will be nominated by state Government
1 Director will be nominated by IFCI
1 Director will be nominated by IDBI
3 Director will be nominated by Financial Institutions
1 Director will be nominated by Non-Institutional Shareholders
Remaining 3 Director will be selected on the basis of one each from Scheduled Banks, Cooperative Banks and other Financial Institutions.

Financial Resources of SFCs:
The maximum paid-up capital of any State Financial Corporation is rupees **five crores**. The minimum capital is fixed at rupees **fifty lakhs**. The total capital of the State Financial Corporations is divided into shares and is acquired by the state government, Reserve Bank of India, cooperative banks, other insurance, and financial institutions, and even private parties.

SFCs can also add to its capacity of funds by issuing debentures and bonds. These instruments will carry a fixed return and can be subscribed to by the public. The issue of such borrowed capital should not exceed five times the paid-up capital and reserve taken together. The maximum amount of reserve that any State Financial corporation can hold is rupees ten lakhs. SFCs can raise loans from RBI, IDBI, Fixed deposits form state Govts, Local Authorities, Public etc.

Problems of State Financial Corporations:

Lack of Independence: They are dependent upon the decisions and rules of State Government, thus they suffer from the problem of independency. All the SFCs of India dependent on the political environment of states. Due to this reason, the loans will not be available on right time to the right person.

Long Period of Loans: They provide loans to small and medium business enterprises and allow long gestation period to repay the loans. As such, the larger number of loans are provided to the needed enterprises for longer period. Due to which bad debts raised and SFCs facing heavy losses

Lack of Systematic and up to date Information: They suffer from the problem of lack of systematic and up to date information. They do not maintain the details of applicants properly due to which the loans granted or to be approved take too much time. Therefore, it gets difficult to maintain and control the expenditure

Lack of Sufficient and Skilled Staff: There is a lack of sufficient and skilled staff in SFCs of every state. Due to this reason, it is affecting the proper functioning of SFCs.

Limited Resources: They face problems due to limited financial and technical resources. Thus, they may not be able to compete and survive in the market as they are not satisfying the financial needs of upcoming new industries.

Submission of Improper Documents: While granting the loans SFCs face problem of collecting proper documents and securities based on which loan or advances can be provided to the applicant. Therefore, the loans getting rejected or the loans are not repaid on time.

Failed to Bring Balanced Regional Development: They are failed to bring regional balance development in the industrial sector of every state. It has been observed that there is un-even development of industries with SFCs assistance in different states. Some states are developed and some states are facing so may problems

Bad loans are prevalent in State Financial Corporations are quite common as in commercial banks and other financial institutions. The loans are taken by small and medium industries who find it tough to repay the loans putting State Financial Corporations in a fix.

The excessive focus on granting loans is also a problem of State Financial Corporations. The small and medium firms are also in need of other financial services that the corporations do not focus on.

The leniency of the financial corporations to the larger firms is also very common. This will lead to the lack of financial services for smaller firms, which are actually in more need of funds.

The rigorous procedures and formalities to gain a loan from an SFC is also a huge hurdle for businessmen. People find it easier to borrow from commercial banks and other financial institutions.

Types of Finances under SFCs:

National Small Industries Corporation (NSIC) Bill Financing: Bill drawn by small scale units for supply of raw material are discounted and financed by NSIC for a maximum period of 90 days

Working Capital Financing: This type of finance is provided to the emerging/upcoming entrepreneurs to meet their operational requirements such as purchase of consumable stores, spares and production, payment of electricity bill, statutory dues etc.

Export Development Finance: Finance is provided to the export-oriented industries along with pre and post shipment finance under the terms and conditions of SFCs

Equipment Leasing Schemes: The main objective of equipment leasing scheme is to acquire the industrial equipment and machinery for modernization, expansion and diversification of their industries. All these facilities are extended to SSI units which also includes 100% financing at liberal terms and conditions.

Venture Capital Finance; The objective of this scheme is to encourage technology oriented small scale units and first generation to step in new technology areas

SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION

This (Small Scale Industries Development Corporation) bank was setup under the Companies Act 1956. Its main objective is to take care of the needs of the small, tiny and cottage industries. SSIDCs is operating through 18 of its branches.

Functions of SSIDCs:

- It acquires and distributes the scarce raw material
- It supplies machinery on hire purchase agreement
- It helps in marketing of goods manufactured by small industries
- It provides seed capital to the entrepreneurs
- It provides management assistance to manufacturing and production units
- It helps in increasing the market share of the tiny and small-scale units

SSIDCs are located in Andhra Pradesh, Assam, Bihar, Goa, Gujarat and Jammu and Kasmir, Himachal Pradesh, Kerala, Punjab, Rajasthan and Tamil Nadu

Small Industries Service Institute (SISI)

The Small Industries Service Institute is one of the extensive training service providers which is subsidiary of Small Industrial Organization (SIDO). It has extension and production centres in many parts of the country and functions through many branches or institutes. There are about 26 SISIs, 32 branches, 40 extension centres spread all over the nation.

Objectives of SISI: The following are the objectives of SISI
To develop the skills of employees and managerial personnel
To initiate EDP programmes which transforms skilled and prospective individuals into entrepreneurs.
To help the entrepreneurs in setting up their own small-scale unit
To provide ad fulfil effective training needs of the workers
To provide technical training and service to small scale entrepreneurs in specialised fields

Types of Services offered by SISI:

1. Technical Advisory Service:

To assist small units in the manufacture of quality & standardised product.

To prepare designs & drawings for special equipment such as dies, jigs, fixtures etc.

To provide workshops & laboratory facilities to small-scale units & to demonstrate the use of modern technical process on different machines & equipment’s.

To guide small units on the selection & use of raw materials & substitutes.

2. Management Consultancy Services:

To conduct complete implant studies of individual small-scale units.

To guide small units in proper methods of industrial management, including finance, accounts, production management etc.
To provide special tech-managerial advice on cost reduction & economy in the use of raw materials, quality improvement etc.
To provide ad-hoc managerial advice on special problems to small scale units.

3. Economic Advisory Services:
To guide small units on the sources of availability of finance from different agencies.
To conduct economic surveys of different agencies & suggest programmes for their future developments.
To conduct industrial surveys of backward areas & suggest scope for development of small industries based on locally available raw material.
To provide relevant economic & commercial information on different industries.

4. Managerial Services:
To conduct export promotion training courses for small entrepreneurs.
To conduct technical training courses for supervisors & artisans in various technical subjects.
To conduct ad-hoc training courses in other areas of interests to small units.
To conduct small industrial management training courses & other courses in specialized subjects, for the benefit of small-scale units.

KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)

Khadi and Village Industries Commission (KVIC) is a statutory body constituted by an Act No. 61 of Parliament, 1956. Khadi and Village Industries Commission (KVIC) plans, promotes, organizes, and implements programs for the development of Khadi and other village industries in the rural areas, nationwide. KVIC also helps in building up the reserve of raw materials for supply to producers. The commission focuses on the creation of common service facilities for the processing of raw materials, such as semi-finished goods. KVIC has also helped in the creation of employment in the Khadi industry.

Objectives of KVIC:

- To promote Khadi in rural areas
- To provide employment
- To produce saleable articles
- To create self-reliance amongst the poor
- To build up a strong rural community

Functions of KVIC: The following are the functions of Khadi Village and Industries Commission

1. It plans, promotes, organizes, and implements programmes for the development of Khadi and Village Industries (KVI).
2. It coordinates with multiple agencies that are engaged in rural development for several initiatives with reference to khadi and village industries in rural areas.
3. It maintains a reserve of raw materials that can be further promoted in the supply-chain.
4. It aids in creating common service facilities that help in processing of raw materials.
5. It aids the marketing of KVI products through artisans and other avenues.
6. It creates linkages with multiple marketing agencies for the promotion and sale of KVI products.
7. It encourages and promotes research and development in the KVI sector.
8. It brings solutions to the problems associated with the KVI products by promoting research study and enhancing competitive capacity.
9. It also helps in providing financial assistance to the individuals and institutions related to the khadi and village industries.

10. It enforces guidelines to comply with the product standards to eliminate the production of ingenuine products.
11. It is empowered to bring projects, programmes, schemes in relation to khadi and village industries' development.

Schemes of KVIC:

1. Prime Minister's Employment Generation Programme (PMEGP)
2. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
3. Interest Subsidy Eligibility Certificate (ISEC)
4. Market Promotion Development Assistance (MPDA)
5. Khadi Reform and Development Programme (KRDP)
6. Beekeeping – The Honey Mission
7. Market Development Assistance (MDA)

TECHNICAL CONSULTANCY ORGANIZATION (TCO)

A network of Technical Consultancy Organizations (TCOs) was established by All Indian financial institutions IDBI, IFCI and ICICI in the seventies and the eighties in collaboration with state-level financial/development institutions and commercial banks to serve the consultancy needs of small industries and new entrepreneurs. IDBI was the first one to start TCO in Kerala in 1972. Currently, there are 17 TCOs all over India. Out of 17, 9 are under IFCI, 5 under IFCI and 3 under ICICI. All the 17 TCOs serve the needs of small and medium enterprises

Functions and activities of TCOs include:

a) Industrial potential surveys.
b) Preparation of profits and feasibility studies.
c) Evaluation of project.
d) Conduct of EDPs.
e) Assisting in the modernization, technical upgradation and rehabilitation programmes etc.
f) Undertaking market research and surveys for specific products.
g) Offering merchant banking services.

NATIONAL SMALL INDUSTRIES CORPORATION (NSIC)

The National Small Industries Corporation was constituted in 1955 as part of the central government undertaking with the primary objective to fulfil the machinery and equipment requirements for the development of small entrepreneurs. It was observed that the major obstacle faced by entrepreneurs is the shortage of investible funds to buy machinery and equipment. Lack of funds deprives many entrepreneurs to avail entrepreneurial opportunities. Therefore, this corporation was established to meet this requirement of the entrepreneur. It provides equipment, plant and machinery on a hire-purchase basis. Under this, entrepreneurs can procure indigenous and imported machinery.

Functions of NSIC:

- It Provides equipment on hire-purchase and leasing system to SSIs
- It enables marketing of SSIs products
- It makes a provision for special concessions to the women entrepreneurs, weak entrepreneurs, ex-servicemen and SSIs located in down trodden areas
- It encourages export of SSIs products and develops export worthiness of SSIs
- It enlists competent units and encourages their participation in government stores purchase programme
- It improves the prototypes of machines, equipment, tools and helps in making it available to SSIs for commercial production

- It provides technical training in various industrial in order to create and develop technical culture in the young entrepreneurs
- It promotes and update latest technology and follows modernisation programmes
- It supplies and distributes indigenous and enhanced raw materials
- It encourages diversification and modernisation of SSIs by providing indigenous and imported machinery on leasing
- It supplies general facilities with the help of prototype development and training centres
- It establishes SSIs in third world countries on turnkey basis

NSIC has set up its offices in few states in order to boost up the development and activities of State Small Industries Corporations and District Industries Service Institutes

Types of NSIC Schemes: The different types of schemes are as follows:
1. Single Point Registration Scheme: The objective to implement this scheme was to increase the level of government purchases from the Small-Scale industries.

2. Performance and Credit rating Scheme: This scheme aims to build trust and independent third-party opinions about the credit worthiness and competence of MSEs. This scheme also makes credit available at low interest rates.

3. Raw material assistance scheme: This scheme aims to provide support to the MSME industry by financing their purchase of raw materials for imported and indigenous products. It provides an opportunity for **MSMEs** to emphasise on manufacturing or producing quality products.

4. **MSME Global Mart:** This scheme is a B2B portal. It was initiated with the objective to provide technology and financial assistance to MSMEs at affordable prices.

5. **Skill and Development:** All MSMEs registered under the scheme are offered various level of skill and development training and technical support as well. These trainings are provided at the Technical Services Centres.

6. **Consortia and Tender Marketing Scheme:** The major objective of this scheme is to promote products manufactured and produced by MSMEs.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

SIDBI was started by Government of India under the parliament's Act in October 1989 as a wholly owned IDBI subsidiary.
The SIDBI was basically set up as an apex institution for providing financial and non-financial assistance to tiny and small-scale industries. It aims at promoting, financing and development of industries comprising mainly of small-scale sector. Apart from this, it also coordinates the work of other development financial institutions.

Objectives of SIDBI:

1. To take initiative in developing and updating the existing technology and improving the sick units.
2. To enlarge the network of channels for promoting the products of SSI units in both domestic and international market.
3. To promote the industries which provide employment opportunities mainly in semi-urban areas and also checking the strength of people migrating from those areas in search of better jobs in higher order urban centres and metropolitan cities
4. To initiate and take up new projects
5. To improve the infrastructure for Small Scale Industries (SSI) units
6. To promote the export of products and services

Capital of SIDBI:

The authorised capital of SIDBI is about 250 crores with an objective to increase it up to 1000 crores as mentioned in the act of SIDBI.

Assistance Provided by SIDBI: SIDBI provides the direct & indirect assistance to the small-scale units.

i. Direct Assistance: SIDBI provides direct assistance to SSI units under project finance scheme, equipment finance scheme, marketing scheme venture capital scheme, providing leasing finance to NBFCs, SFCs, SIDCs and the resource assistance to institutions involved in the promotion and development of small-scale sector

1. SIDBI Make in India Soft Loan Fund for Micro Small and Medium Enterprises (SMILE)

- The repayment tenure of the loan is up to 10 years (inclusive of moratorium period of 36
- months).
- Attractive interest rates are offered.
- Priority will be given to services and manufacturing sectors.
- In case of loans up to Rs.2 crore, cover may be provided under the Credit Guarantee Scheme.

2. SMILE Equipment Finance (SEF)

- The minimum loan that will be provided is Rs.10 lakh.
- Attractive interest rates are offered.
- The repayment tenure of the loan is up to 72 months (inclusive of moratorium period).
- Loans are provided to MSMEs that have been running for a minimum of 3 years. The MSMEs
- must be financially stable as well.

3. Loans under partnership with OEM

- The maximum loan that may be offered may be up to Rs.1 crore.
- Loans are provided to MSMEs that have been running for a minimum of 3 years. The MSMEs
- must be financially stable as well.
- The loan that is provided must be used for investment in Plant and Machinery.
- The repayment tenure of the loan is up to 60 months (inclusive of moratorium period).
- Attractive interest rates are offered.

4. SIDBI Loan for Purchase of Equipment for Enterprise's Development (SPEED)

- Up to 100% financing may be provided.
- Quick disbursal.
- Loans are provided to MSMEs that have been running for a minimum of 3 years. The MSMEs must be financially stable as well.
- The repayment tenure of the loan ranges between 2 years and 5 years (inclusive of moratorium period of 3 months to 6 months).
- The interest rate ranges between 9.25% p.a. and 10% p.a.

5. SIDBI - Loan for Purchase of Equipment for Enterprise's Development PLUS (SPEED PLUS)

- 100% financing may be provided for the purchase of high-end machineries.
- Quick disbursal.
- Collateral need not be provided.
- The interest rate ranges between 8.80% p.a. and 10.50% p.a.
- The repayment tenure of the loan ranges between 2 years and 5 years (inclusive of moratorium period of 3 months to 6 months).

6. Top up Loan for Immediate Purposes (TULIP)

- The loan gets sanctioned within 7 days.
- No collateral needs to be provided.
- The interest rate ranges between 10.00% p.a. and 11.00% p.a.
- The repayment tenure of the loan is up to 60 months (with a moratorium period of 6months).

7. SIDBI Term-loan Assistance for Rooftop Solar PV Plants (STAR)

- Loans are provided to MSMEs to help in reducing the power bill.
- The loan amount may range between Rs.10 lakh and Rs.2.5 crore.
- The interest rate ranges between 9.10% p.a. and 10.20% p.a.
- The repayment tenure of the loan is up to 60 months (with a moratorium period of 3 to 6 months).

8. SIDBI Assistance to Healthcare Sector in War Against Second Wave of Covid19 (SHWAS)

- 100% finance may be provided.
- Competitive interest rates are offered.
- No processing fee is levied.
- The interest rate ranges between 4.50% p.a. and 5.00% p.a.
- The maximum loan amount that is provided is Rs.2 lakh.

9. SIDBI Assistance to MSMEs for Recovery & Organic Growth During Covid19 Pandemic (AROG)

- 100% finance may be provided.
- Competitive interest rates are offered.
- Low collateral needs to be provided.
- No processing fee is levied.
- The interest rate ranges between 5.50% p.a. and 6.00% p.a.
- The maximum loan amount that is provided is Rs.2 lakh.

10. Timely Working Capital Assistance to Revitalise Industries in Times of Corona Crisis (TWARIT)

- The interest rate is 8.25% p.a.
- The repayment tenure of the loan is up to 48 months (with a moratorium period of 12 months).
- No prepayment penalty is levied.

ii. <u>Indirect Assistance</u>: As the SIDBI provides finance under direct schemes, it also offers loans primary lending institutions such as SFCs, SIDC, and other banks. It is implementing all its schemes that is both direct and indirect through 39 regional offices of SIDBI.

1. **Assistance to NBFCs**
   Non-Banking Financial Companies (NBFCs), Asset Loan Companies, or any finance company which is registered with RBI and are engaged in providing finance enterprise in the MSME sector can apply for a loan under SIDBI. The eligibility criteria will depend on a lender to lender.

2. **Refinance Scheme**
   SIDBI will provide financial assistance to scheduled banks under various refinance schemes. Schedule banks with strong financials are eligible for loans under SIDBI.

3. **Assistance to Small Finance Banks (SFBs)**
   SIDBI provides assistance to those banks by providing equity investments for capitalisation of SFBs to meet their equity gap. SIDBI has also been providing refinance support to MFIs and NBFCs post their transformation to SBFs.