

Chapter 6: Institutes Supporting Business

EXERCISE 1 [PAGES 133 - 136]

Exercise 1 | Q 1.1 | Page 133

Select the correct Option and rewrite the sentence.

Small Industrial Development Bank of India (SIDBI) was established in _____

- 1989
- 1990
- 1991

SOLUTION

Small Industrial Development Bank of India (SIDBI) was established in **1990**.

Exercise 1 | Q 1.2 | Page 133

Select the correct Option and rewrite the sentence.

SIDBI was established under the Small Industrial Development Bank of India. Act,

- 1988
- 1992
- 1996

SOLUTION

SIDBI was established under the Small Industrial Development Bank of India. Act, **1988**.

Exercise 1 | Q 1.3 | Page 133

Select the correct Option and rewrite the sentence.

_____ is Principal Financial Institution for Promotion, the Micro, Small and Medium Enterprise (MSME) sector in India.

- NABARD
- KVIC
- SIDBI

SOLUTION

SIDBI is Principal Financial Institution for Promotion, the Micro, Small and Medium Enterprise (MSME) sector in India.

Exercise 1 | Q 1.4 | Page 133

Select the correct Option and rewrite the sentence.

_____ Came into existence on July 12, 1982

- NABARD
- KVIC
- SIDBI

SOLUTION

NABARD Came into existence on July 12, 1982

Exercise 1 | Q 1.5 | Page 133

Select the correct Option and rewrite the sentence.

A Committee to Review the Arrangements For Institutional Credit for Agriculture and Rural Development (CRAFICARD) was constituted under the Chairmanship of _____

- Kothari
- Shivaraman
- Rangarajan

SOLUTION

A Committee to Review the Arrangements For Institutional Credit for Agriculture and Rural Development (CRAFICARD) was constituted under the Chairmanship of **Shivaraman**

Exercise 1 | Q 1.6 | Page 133

Select the correct Option and rewrite the sentence.

All India khadi and village Industries Board was set up in the year _____

- 1953
- 1949
- 1948

SOLUTION

All India khadi and village Industries Board was set up in the year **1953**.

Exercise 1 | Q 1.7 | Page 133

Select the correct Option and rewrite the sentence.

In April _____ KVIC was established.

- 1955
- 1953
- 1957

SOLUTION

In April **1957** KVIC was established.

Exercise 1 | Q 2 | Page 134

Match the pairs.

Group 'A'	Group 'B'
A) SIDBI	1) 1944
B) NABARD	2) 1990
C) World Bank	3) 1988
D) Grameen Bank	4) 1983
E) KVIC	5) 1982
	6) 1957
	7) 1932
	8) 1956
	9) 1912
	10) 1960

SOLUTION

Group 'A'	Group 'B'
A) SIDBI	2) 1990
B) NABARD	5) 1982
C) World Bank	1) 1944
D) Grameen Bank	4) 1983
E) KVIC	6) 1957

Exercise 1 | Q 3.1 | Page 134

Give one word/phrase/term:

Life blood of business.

SOLUTION

Finance

Exercise 1 | Q 3.2 | Page 134

Give one word/phrase/term:

Principal Financial institution of promotion of the Micro, Small and Medium Enterprise (MSME) sector in India.

SOLUTION

SIDBI

Exercise 1 | Q 3.3 | Page 134

Give one word/phrase/term:

Advisor and mentor for MSMEs.

SOLUTION

SIDBI

Exercise 1 | Q 3.4 | Page 134

Give one word/phrase/term:

Wholly owned subsidiary of IDBI was set up in July 1999, is providing venture capital.

SOLUTION

SIDBI venture capital Ltd. (SVCL)

Exercise 1 | Q 3.5 | Page 134

Give one word/phrase/term:

A digital initiative by SIDBI launched on March, 17th, 2016

SOLUTION

SIDBI startup Mitra

Exercise 1 | Q 3.6 | Page 134

Give one word/phrase/term:

The apex institution for agricultural finance.

SOLUTION

NABARD

Exercise 1 | Q 3.7 | Page 134

Give one word/phrase/term:

The Bangladeshi economist, known as the Father of Micro-finance.

SOLUTION

Dr. Muhammad Yunus

Exercise 1 | Q 3.8 | Page 134

Give one word/phrase/term:

An international organization dedicated to providing finance, advice, and research to developing nations.

SOLUTION

World Bank

Exercise 1 | Q 4.1 | Page 134

State True or False.

Small Industrial Development Bank was established on 2nd April, 1990.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.2 | Page 134

State True or False.

SIDBI has its head office at Mumbai.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.3 | Page 134

State True or False.

SIDBI is not working towards sustainable development of MSME's in India.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.4 | Page 134

State True or False.

SIDBI, Startup Mitra scheme is launched on March 17, 2016.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.5 | Page 134

State True or False.

NABARD came into existence on July 12, 1982.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.6 | Page 134

State True or False.

The NABARD has been recognised as the apex institution for financing large scale industries.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.7 | Page 134

State True or False.

KVIC is actively working for planning, promotion and production of Khadi as well as in setting up of village and rural industries of India.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.8 | Page 134

State True or False.

Dr. Muhammad Yunus is known as the 'Father of Rural Banking.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.9 | Page 134

State True or False.

Self Help Group is a large group of homogeneous individuals.

- True
- False

SOLUTION

False

Exercise 1 | Q 5.01 | Page 135

Complete the sentence.

The lifeblood of a business is_____

SOLUTION

The lifeblood of a business is **finance**.

Exercise 1 | Q 5.02 | Page 135

Complete the sentence.

Micro, Small and Medium Enterprises (MSMEs) are focused domains for _____.

SOLUTION

Micro, Small, and Medium Enterprises (MSMEs) are focused domains for **SIDBI**.

Exercise 1 | Q 5.03 | Page 135

Complete the sentence.

SIDBI takes structural initiatives to resolve the financial and nonfinancial hurdles of _____

SOLUTION

SIDBI takes structural initiatives to resolve the financial and nonfinancial hurdles of **MSMEs**

Exercise 1 | Q 5.04 | Page 135

Complete the sentence.

SIDBI is established to provide short-term and long-term finance to _____.

SOLUTION

SIDBI is established to provide short-term and long-term finance to **MSMEs**.

Exercise 1 | Q 5.05 | Page 135

Complete the sentence.

'SIDBI Startup Mitra' launched on _____ .

SOLUTION

'SIDBI Startup Mitra' launched on **March 17th, 2016**.

Exercise 1 | Q 5.06 | Page 135

Complete the sentence.

To improve the accessibility of credit and handholding services to MSMEs, SIDBI has launched the _____.

SOLUTION

To improve the accessibility of credit and handholding services to MSMEs, SIDBI has launched the **Udyami Mitra**.

Exercise 1 | Q 5.07 | Page 135

Complete the sentence.

NABARD came into existence on _____.

SOLUTION

NABARD came into existence on **July 12th, 1982**.

Exercise 1 | Q 5.08 | Page 135

Complete the sentence.

Khadi and Village Industries Commission was set up in _____.

SOLUTION

Khadi and Village Industries Commission was set up in **1953**.

Exercise 1 | Q 5.09 | Page 135

Complete the sentence.

A statutory body of Khadi and Village. Industries Commission (KVIC) was created with a special Act of _____

SOLUTION

A statutory body of Khadi and Village. Industries Commission (KVIC) was created with a special Act of **Parliament**

Exercise 1 | Q 5.10 | Page 135

Complete the sentence.

The Grameen Bank in Bangladesh was set up in _____

SOLUTION

The Grameen Bank in Bangladesh was set up in **October 1983**.

Exercise 1 | Q 5.11 | Page 135

Complete the sentence.

The father of Micro finance is _____

SOLUTION

The father of Micro finance is **Dr. Muhammad Yunus.**

Exercise 1 | Q 5.12 | Page 135

Complete the sentence.

The World Bank came into existence on the _____

SOLUTION

The World Bank came into existence on the **1944 Bretton Woods Conference.**

Exercise 1 | Q 5.13 | Page 135

Complete the sentence.

The headquarter of the World Bank is in _____

SOLUTION

The headquarter of the World Bank is in **Washington D.C.**

Exercise 1 | Q 5.14 | Page 135

Complete the sentence.

Dr. Muhammad Yunus jointly won the Noble Prize in **2006.**

SOLUTION

Dr. Muhammad Yunus jointly won the Noble Prize in _____.

Exercise 1 | Q 6.1 | Page 135

Select the correct option.

A	B
SIDBI	_____

- 1953
- 1944
- 2nd April 1980

- Oct. 1983
- 12 July 1982

SOLUTION

A	B
SIDBI	2nd April 1980

Exercise 1 | Q 6.2 | Page 135

Select the correct option.

A	B
_____	NABARD

- 1953
- 1944
- 2nd April 1980
- Oct. 1983
- 12 July 1982

SOLUTION

A	B
12 July 1982	NABARD

Exercise 1 | Q 6.3 | Page 135

Select the correct option.

A	B
KVIC	_____

- 1953
- 1944
- 2nd April 1980
- Oct. 1983
- 12 July 1982

SOLUTION

A	B
KVIC	1953

Exercise 1 | Q 6.4 | Page 135

Select the correct option.

A	B
_____	World bank

- 1953
- 1944
- 2nd April 1980
- Oct. 1983
- 12 July 1982

SOLUTION

A	B
1944	World bank

Exercise 1 | Q 6.5 | Page 135

Select the correct option.

A	B
Grameen bank	_____

- 1953
- 1944
- 2nd April 1980
- Oct. 1983
- 12 July 1982

SOLUTION

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A	B
Grameen bank	Oct. 1983

Exercise 1 | Q 7.1 | Page 135

Answer in one sentence.

What is SIDBI?

SOLUTION

SIDBI is the Small Industrial Development Bank of India, which takes initiative to resolve the financial and nonfinancial hurdles of MSMEs.

Exercise 1 | Q 7.2 | Page 135

Answer in one sentence.

What do you mean by NABARD?

SOLUTION

NABARD is a National Bank for Agriculture and Rural Development, which was formed with an objective to provide and regulate credit and other facilities for the development of agriculture, small scale industries, cottage village industries, handicraft, and other rural crafts and allied economic activities.

Exercise 1 | Q 7.3 | Page 135

Answer in one sentence.

What is meant by Grameen Bank?

SOLUTION

The bank which gives small loans to landless poor women to promote self-employment is called Grameen Bank.

Exercise 1 | Q 7.4 | Page 135

Answer in one sentence.

What is SHG?

SOLUTION

SHG is a small group of homogeneous individuals who come together with the objective of creating a common fund through savings and meet members' emergency needs by providing collateral-free loans.

Answer in one sentence.

What do you mean by World Bank?

SOLUTION

The World Bank is an international organization dedicated to providing finance, advice, and research to developing nations.

Answer in one sentence.

What is MSME's?

SOLUTION

MSME'S are Micro, Small, and Medium Enterprises, which play an important role in promoting entrepreneurship among women and economically weaker section in the country.

Answer in one sentence.

What is Udyami Mitra?

SOLUTION

'Udyami Mitra' is the digital portal launched by SIDBI, to improve the accessibility of credit and handholding services to MSMEs.

Correct the underlined word and rewrite the following sentence.

SIDBI is established to provide only long -term finance to the MSME's.

SOLUTION

SIDBI is established to provide **short-term and long term finance** to the MSME's.

Correct the underlined word and rewrite the following sentence.

The NABARD has been recognised as the apex institution for Industrial finance.

SOLUTION

The NABARD has been recognised as the apex institution for **Agricultural finance**.

Exercise 1 | Q 8.3 | Page 136

Correct the underlined word and rewrite the following sentence.

Khadi was a symbol and the spirit of self-reliance in post-independence India.

SOLUTION

Khadi was a symbol and the spirit self-reliance of **pre-independence India**.

Exercise 1 | Q 8.4 | Page 136

Correct the underlined word and rewrite the following sentence.

Self-help groups are based on the fundamental principle of to earn profit.

SOLUTION

Self-help groups are based on the fundamental principle of '**helping each other**' and "**unity is strength**".

Exercise 1 | Q 8.5 | Page 136

Correct the underlined word and rewrite the following sentence.

World Bank provides high interest loan.

SOLUTION

World Bank provides **low interest** loan.

EXERCISE 2 [PAGE 136]

Exercise 2 | Q 1 | Page 136

Explain the following term/concept.

Udyami Mitra.

SOLUTION

1. This is the portal launched by SIDBI to improve the accessibility of credit and handholding services to MSME's.
2. Under this portal, entrepreneurs can apply for a loan without physically visiting any bank branches.

3. The entrepreneurs can select and apply for preferred banks.
4. They can select a suitable branch, track their application status, and avail multiple loan benefits.

Exercise 2 | Q 2 | Page 136

Explain the following term/concept.

KVIC.

SOLUTION

1. KVIC was established to take over the work from All India Khadi and Village Industries Board.
2. KVIC is working for planning, promotion, and production of Khadi and setting up of village and rural industries in India.
3. It gives emphasis on utilizing the locally available raw materials and human skills to generate non-farm employment opportunities in rural areas.

Exercise 2 | Q 3 | Page 136

Explain the following term/concept.

World Bank.

SOLUTION

1. The World Bank is an international organization formed to provide finance, advice, and research to developing nations.
2. It was created at the 1944 Bretton Woods Conference along with the International Monetary Fund (IMF)
3. The headquarter of the World Bank is in Washington DC.
4. It provides financial as well as technical assistance to the member countries of the world.
5. It comprises two institutions namely the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

Exercise 2 | Q 4 | Page 136

Explain the following term/concept.

Self Help-Groups.

SOLUTION

1. Self Help Group (SHG) is a voluntary association.
2. It is a small homogeneous group of people who come together with the objective of creating a common fund through small savings and meet members' emergency needs by providing collateral-free loans at a reasonable rate.
3. Many SHG is linked to banking institutions for getting micro-credit.
4. All decisions are taken collectively by SHG members.

Exercise 2 | Q 5 | Page 136

Explain the following term/concept.

Collateral Free Loan.

SOLUTION

1. Collateral free loans are SHGs small loans provided to poor individuals for undertaking Self-employment projects.
2. Loans are given on the principle of mutual trust and either minimum or no documentation.
3. The rate of interest generally charged are higher than the interest charged by banks.
4. It saves the poor individuals from the clutches of local money lenders.

EXERCISE 3 [PAGE 136]

Exercise 3 | Q 1 | Page 136

Study the following case/situation and express your opinion.

Anand completed his MB A and wants to start a Small Scale Industry. H e is good at using technology. He has a very good business idea in mind and looking for a lender or investor.

1. Who is promoter or businessman in this case?
2. W h at is the full form of SSI?
3. Suggest digital ways to find lenders or investors for this initiative.

SOLUTION

1. A person who gets the idea of starting the business enterprise is called a promoter or businessman. In the above case, Anand is a promoter or businessman.

2. The full form of SSI is Small Scale Industry.
3. SIDBI has started Digital initiatives/Digital ways to find lenders or investors. For this initiative I can suggest the following ways:

(a) SIDBI Startup Mitra: It brings together all stakeholders, start-up entrepreneurs, incubators, investors, industry bodies, mentors and advisors, and banks on one platform. It helps in the financing and development of new entrepreneurs.

(b) Udyami Mitra: This is a portal launched by SIDBI to improve the accessibility of credit and handholding services to MSMEs. Under this portal, entrepreneurs can apply for a loan without physically visiting any bank branches. The entrepreneurs can select and apply for preferred banks, they can select a suitable branch, track their application status, and avail multiple loan benefits.

EXERCISE 4 [PAGE 136]

Exercise 4 | Q 1 | Page 136

Answer in brief.

State any four features of NABARD.

SOLUTION

Features of NABARD:

1. **Apex Bank:** NABARD acts as an apex bank for meeting the credit needs of all types of financial institutions working in the field of agricultural and rural development. It works to frame policies and guidelines for rural financial institutions in India. It provides credit facilities to institutes working in agricultural finance.
2. **Refinancing Facilities:** It provides refinancing facilities to State Co-operative Banks (SCBs), Land Development Banks (LDBs), Regional Rural Banks (RRBs), and other approved financial institutions for financing rural economic activities. It also provides short-term, medium-term, and long term credit to these institutes.
3. **Provides Credit for Rural Development:** It takes initiatives in the development and promotion of different activities in rural areas by providing funds to State governments. It also provides refinancing for the Upliftment of weaker sections of the society. It also works on the improvement of small and minor irrigation by way of promoting agricultural activities.
4. **Financing Rural Industries:** It provides refinancing facilities to small scale industries and other village and cottage industries. It provides loans to commercial and co-operative banks to promote rural employment. It organizes skill and

entrepreneurship development programs to promote an entrepreneurial culture among rural youth and encourage them to start enterprises in rural areas.

Exercise 4 | Q 2 | Page 136

Answer in brief.

State four objectives of KVIC.

SOLUTION

Objectives of KVIC:

1. **Development of Khadi and Other Village Industries:** KVIC is actively working for planning, promotion and production of khadi as well as in setting up of village and rural industries in India. It identifies the potential for the development of rural industries and undertakes the valuable task of promoting and developing locally operating village enterprises.
2. **Special Objective:** KVIC has a special objective of providing employment. It gives emphasis on utilizing the locally available raw materials and human skills to generate non-farm employment opportunities in rural areas. It plays the role of co-ordinator with other agencies engaged in rural development.
3. **Economic Objective:** KVIC is actively working for planning, promotion and production of khadi as well as in setting up of village and rural industries in India. KVIC receives funds from the Ministry of MSMEs for the effective implementation of various programs and schemes. It helps in producing saleable articles that help the economic development of the country.
4. **Wider Objective:** It has a wider objective of creating self-reliance amongst the poor and building up of a strong rural community spirit.

Exercise 4 | Q 3 | Page 136

Answer in brief.

Write any four features of the World Bank.

SOLUTION

Features of World Bank:

1. **Organization and Structure:** The organization of the bank consists of the Board of Governors, the Board of Executive Directors and the Advisory Committee, the Loan Committee, and the President and other staff members. All the powers of the bank are vested in the Board of Governors which is the supreme policy-making body of the bank. The board consists of one Governor and an Alternate Governor appointed for five years by each member country. The Board of Executive Directors consists of 21 members, 6 of them are appointed by the six largest shareholders,

namely USA, UK, Germany, France, Japan, and India. The rest of the 15 members are elected by the remaining countries.

2. **Goals:** The World Bank Group has two goals to be achieved by 2030.
 - (a) To end extreme poverty by decreasing the percentage of people living on less than 1.90 dollars a day to no more than 3%.
 - (b) To promote shared prosperity by fostering the income growth of the bottom 40% for every country.
3. **Innovative Knowledge Sharing:** World Bank offers support to developing countries through policy, advice, research and analysis, and technical assistance. Analytical works of the World Bank often help developing countries. It also helps in the capacity development of developing countries. World Bank also sponsors, hosts, or participates in many conferences and forums on issues of development.
4. **Social Development:** Social Development focuses on the need to “put people first” in the development process. The World Bank work with governments, communities, civil societies, the private sector, and the marginalized for the cause of social development. Social Development promotes economic growth and leads to a higher quality of life. `

Exercise 4 | Q 4 | Page 136

Answer in brief.

Describe any two features of Self Help Groups.

SOLUTION

Features of Self Help Groups:

1. **Democratic Set up:** SHG is a group of the members, for the members and by the members. Every member of the group actively participates in the functioning of SHGs. Members are responsible for their own future by organizing themselves into SHGs. They elect or select leaders for the proper functioning of the group. The leader is responsible for holding regular meetings and maintaining records and accounts of the group.
2. **Collateral Free Loan:** SHGs provide small loans to poor individuals for undertaking self-employment projects. Loans are given on the principle of mutual trust and either minimum or no documentation. Generally, the rate of interest is higher than the interest charged by banks. It saves the poor individuals from the clutches of local money lenders. The repayment of loans is ensured timely as all members of the group are responsible for collecting repayment amounts from the members who borrowed the loan.

Exercise 4 | Q 5 | Page 136

Answer in brief.

Describe any two features of SIDBI.

SOLUTION

Features of SIDBI:

1. **Financial Institute for Promotion of MSMEs:** SIDBI is established to provide short term and long term finance to the MSMEs. It is the principal financial institution for micro, small, and medium sector units. It also coordinates the functions of institutions engaged in financing MSME's. It provides refinance to Banking and Non-Banking Financial Companies to increase the supply of credit to MSMEs.
2. **Advisory Function:** SIDBI also works as an advisor and mentor of MSMEs. It helps MSMEs in expanding marketing channels for the products both in domestic as well as international markets. It also initiates steps for modernization and technological upgradation of current units.

EXERCISE 5 [PAGE 136]

Exercise 5 | Q 1 | Page 136

Justify the following statement.

SIDBI acts as an institute for the promotion of MSMEs

SOLUTION

1. There are many efforts taken by SIDBI to emerge as a brand which is customer friendly towards MSME's.
2. It facilitates and strengthens credit flow to MSME's.
3. It identifies financial and developmental gaps in the MSME's and takes efforts to resolve the same.
4. SIDBI has dedicated its resources to the evolution of a vibrant ecosystem. SIDBI has taken Steps for technological upgradation and modernization of existing MSME'S
5. Thus, we can say that SIDBI acts as an institute for promotion of MSME's.

Exercise 5 | Q 2 | Page 136

Justify the following statement.

SIDBI provides different types of financial and non-financial services through its subsidiaries.

SOLUTION

The following are the subsidiaries of SIDBI that provides financial and non-financial services:

1. SIDBI Venture Capital Ltd. provides venture capital to emerging sectors, such as life sciences, biotechnology, pharmaceuticals, engineering, and information technology.
2. Credit Guarantee Fund Trust for Micro and Small Enterprises is a trust to implement the Credit Guarantee Scheme through which credit facilities are extended without third party guarantee on collateral security by eligible lending banks/financial institutions.
3. SME Rating Agency of India Ltd. was set up by SIDBI, Dun & Bradstreet Information Services India Pvt. Ltd. and several public, private and foreign sector banks as an MSME. It is a dedicated third-party rating agency and provide comprehensive, transparent, and reliable ratings and risk profiling.
4. India SME Technology Services Limited is a platform where MSME's can tap global opportunities for acquiring new emerging technologies and establish business collaborations.
5. India SME Asset Reconstruction Company Ltd. is an asset reconstruction company. It acquires non-performing assets and tries to resolve them through its innovative mechanisms. It especially focuses on the non-performing assets of the MSME sector.
6. Micro Units Development and Refinance Agency is established for 'funding the unfunded' micro-enterprises in the country.
7. Thus, SIDBI provides different types of financial and non-financial services through its subsidiaries.

Exercise 5 | Q 3 | Page 136

Justify the following statement.

The NABARD has been recognized as the apex institution for agricultural finance.

SOLUTION

1. India is an agricultural country.
2. Agriculture and its allied activities act as the main source of livelihood for most of the rural population of India.
3. The government of India is aware of the need of boosting institutional credit in rural economies.

4. The RBI constituted a Committee to review the arrangements for Institutional Credit for Agricultural and Rural Development under the Chairmanship of Shri B. Sivaram, to take a review of agricultural credit in India.
5. The recommendation of the Committee was accepted and National Bank for Agriculture and Rural Development came into existence on July 12, 1982, under the special Act of the Parliament, with the objective of providing credit and other facilities for the development of agriculture.
6. Thus, we can say the NABARD has been recognized as an apex institution for agricultural finance.

Exercise 5 | Q 4 | Page 136

Justify the following statement.

KVIC plays an important role in the development of entrepreneurship.

SOLUTION

1. Entrepreneurship Development is one of the major functions of KVIC.
2. KVIC helps to provide additional livelihood avenues to the village communities.
3. KVIC generate self-employment opportunities through establishment of micro-enterprises by organizing traditional artisans and unemployed youth. It increases the earning capacity as well as prevents migration.
4. KVIC actively participates in many international trade exhibitions for popularising its products in international markets.
5. Thus, we can say that KVIC plays an important role in the development of entrepreneurship.

Exercise 5 | Q 5 | Page 136

Justify the following statement.

Mutual Trust is the soul of SHG.

SOLUTION

1. Most of the Indian villagers are facing challenges such as poverty, illiteracy, lack of skills, health care, etc.
2. There is a need for group efforts to solve these problems.
3. The basic philosophy of forming SHGs is to overcome individual shortcomings and weaknesses with collective efforts.

4. Through mutual trust, thousands of poor and marginalized individuals are building their lives, their families, and their society.
5. Thus, we can say mutual trust is the soul of SHG.

Exercise 5 | Q 6 | Page 136

Justify the following statement.

SHGS plays an important role in the empowerment of women.

SOLUTION

1. The empowerment of women through SHG's would lead to benefits not only to the individual women but also for the family and community as a whole.]
2. The SHGs empower women and train them to take an active part in the socio-economic progress of the nation.
3. SHG develops saving habits among women.
4. It enhances the status of women as they participate, lead, make decisions, and get benefited through collective efforts Thus, we can say that SHG's play an important role in 1n the empowerment of women.

Exercise 5 | Q 7 | Page 136

Justify the following statement.

World Bank plays a vital role in social development.

SOLUTION

1. The World Bank work with governments, communities, civil societies, private sectors, and the marginalized ' for the cause of social development.
2. Social development promotes economic growth and leads to a higher quality of life.
3. The World Bank's work on social development brings voices of the poor and vulnerable to the development process.
4. World Bank is also undertaking timely social risk analysis, including poverty and social impact analysis.
5. Thus, the World Bank plays a vital role in social development.

EXERCISE 6 [PAGES 136 - 137]

Attempt the following.

State the different forms of finance provided by SIDBI.

SOLUTION

SIDBI offers the following finance facilities to its customers:

1. **Direct Finance:** SIDBI offers direct financing to the MSMEs through financing Working Capital, Term Loan, Foreign Currency Loan, Equity Support, Energy Saving Schemes, etc.
2. **Indirect Finance:** SIDBI offers indirect assistance by providing refinance to banks, State Level Financial Institutions, etc. with an extensive branch network across the country.
3. **Micro Finance:** SIDBI offers micro-finance to small businessmen and entrepreneurs for establishing their business.

Attempt the following.

State the role of SIDBI in sustainable development.

SOLUTION

Role of SIDBI in sustainable development:

1. SIDBI helps MSMEs in the creation of economic wealth while preventing the ecological wealth of the country. It promotes the culture of energy-efficient and sustainable finance. It takes initiative to enhance awareness of the benefits of climate control amongst MSMEs.
2. It focuses on lending schemes, promoting investments in clean production, and energy-efficient technologies. It helps to reduce the emission of greenhouse gases to contribute to a reduction in pollution.

Attempt the following.

Explain the role of NABARD in financing rural industries.

SOLUTION

Role of NABARD in financing rural industries:

1. It plays an important role in providing refinance to small scale industries and other village and cottage industries.
2. It provides loans to commercial and co-operative banks to promote rural employment.
3. It organizes skill and entrepreneurship development programmes to promote an entrepreneurial culture among rural youth and encourage them to start enterprises in rural areas.

Exercise 6 | Q 4 | Page 136

Attempt the following.

Explain the objectives of KVIC.

SOLUTION

Objectives of KVIC are:

1. The objectives of KVIC are broadly classified into three. i.e. social objective, economic objectives, and wider objective.
2. Through social objectives, KVIC aims at providing employment to the rural unemployed.
3. Through economic objective, it tries to produce saleable articles which will give promotion to KVIC products.
4. Through a wider objective, it attempts to create self-refinance amongst the poor and building a strong rural community spirit.

Exercise 6 | Q 5 | Page 137

Attempt the following.

Explain the role of KVIC in employment generation.

SOLUTION

Role of KVIC in employment generation:

1. Due to the massive population growth agricultural sector is losing its ability to generate additional employment in rural areas.
2. It is necessary to create employment opportunities for the fast increasing workforce in rural areas.
3. Khadi and village industries are labour intensive in nature.
4. The KVIC is established with the broader objective to promote non-farm employment opportunities in rural areas.
5. It also concentrates on the betterment of rural artisans and socio-economic weaker section of the society.

Exercise Q.6 | Q 6 | Page 137

Attempt the following.

Explain in detail the democratic setup in SHGs.

SOLUTION**Democratic set up in SHGs:**

1. SHG is a group of the members, for the members, and by the members.
2. It is the group that reflects people's real participation in the process of development.
3. Every member of the group actively participates in the functioning of SHGs.
4. Members are responsible for their own future by organizing themselves into SHGs.
5. They elect or select leaders for the proper functioning of the group.
6. The leader is responsible for holding regular meetings and maintaining records and accounts of the group.

Exercise 6 | Q 7 | Page 137**Attempt the following.**

Explain organizational structure of World Bank.

SOLUTION**Organizational Structure of the World Bank:**

1. The organization of the bank consists of the Board of Governors, the Board of Executive Directors and the Advisory Committee, the Loan Committee, and the President and other staff members.
2. Board of Governors is the supreme policy-making body of the bank.
3. The board consists of one Governor and one Alternate Governor appointed for 5 years by each member country.
4. The Board of Executive Directors consists of 21 members, 6 of them are appointed by the six largest Shareholders, namely USA, UK, Germany, France, Japan, and India. The rest 15 members are elected by the remaining countries.

EXERCISE 7 [PAGE 137]

Exercise 7 | Q 1 | Page 137

Answer the following:

Write important features of SIDBI.

SOLUTION

Important features of SIDBI are as follows:

1. **Sustainable Development:** SIDBI is working towards the sustainable development of MSMEs in India. It helps MSMEs in the creation of economic wealth while preventing the ecological wealth of the country. It promotes a culture of energy-efficient and sustainable finance. It helps to reduce the emission of greenhouse gases to contribute to a reduction in pollution.
2. **Nodal/Implementing Agency:** SIDBI has been assigned the role of nodal agency by the Government of India. It helps in implementing various subsidy schemes for MSMEs. These schemes help in up-gradation, modernization, and expansion of the business.
3. **Financial Institute for Promotion of MSMEs:** SIDBI is established to provide short term and long term finance to the MSMEs. It provides refinance to Banking and Non-banking Financial Companies to increase the supply of credit to MSMEs. SIDBI cater to the specific needs of Indian MSMEs that are not fulfilled through traditional sources of finance.
4. **Advisory Function:** SIDBI also works as an advisor and mentor for MSMEs. It helps MSMEs in expanding marketing channels for the products both in the domestic as well as international markets. It also initiates steps for modernization and technological up-gradation of current units.
5. **Forms Of Finance:** SIDBI offers the following facilities to its customers:
 - (a) Direct Finance,
 - (b) Indirect Finance,
 - (c) Micro Finance
6. **Digital Initiatives:**
 - (a) SIDBI Startup Mitra: It brings together all stakeholders, start-up entrepreneurs, incubators, investors, industry bodies, mentors and advisors, and banks at one platform. It helps in financing and development of new entrepreneurs It also works as a knowledge partner for State and Central Government.
 - (b) Udyami Mitra: This is the portal launched by SIDBI to improve the accessibility of credit and handholding services to MSME's. Under this portal, entrepreneurs can apply for a loan without physically visiting any bank branches. The entrepreneurs can select and apply for preferred banks, they can select a suitable branch, track their application status an avail multiple loan benefits.
7. **Achievement of National Goals:** SIDBI helps in poverty alleviation and employment generation by financing MSMEs. It promotes entrepreneurship and fosters competitiveness in the MSME sector. It promotes entrepreneurship among women and the economically weaker sections of society.

8. **Services of MSMEs:** SIDBI provides different types of financial and non-financial services through its associates and subsidiaries. These associates and subsidiaries are as follows:

- SIDBI Ventures Capital Ltd.
- Credit Guarantee Fund Trust for Micro and Small Enterprises.
- SME Rating Agency of India Ltd.
- India SME Technology Services Limited
- India SME Asset Reconstruction Company Ltd.
- Micro Units Development & Refinance Agency

Exercise 7 | Q 2 | Page 137

Answer the following:

Write important features of NABARD.

SOLUTION

Important features of NABARD are as follows:

1. **Financing Rural Industries:** It plays an important role in providing refinance for small scale industries and other village and cottage industries. It provides loans to commercial and co-operative banks to promote rural employment. It organizes skill and entrepreneurship development programs to promote an entrepreneurial culture among rural youth and encourage them to start enterprises in rural areas.
2. **Assistance to Financial Institutes:** It plays an important role in preparing and developing action plans for Co-operative Banks and Regional Rural Banks. It also monitors the implementation of the developmental action plans of these banks. It provides financial assistance to co-operative banks for building improved Management Information System, computerization of operations, and development of human resources.
3. **Refinancing Facilities:** It provides refinancing facilities to State Co-operative Banks (SCBs), Land Development Banks (LDBs), Regional Rural Banks (RRBs), and other approved financial institutions for financing rural economic activities. It also provides short-term, medium-term, and long term credit to these institutes.
4. **Credit for Rural Development:** It takes initiative in the development and promotion of different activities in rural areas by providing funds to the State government. It also works on the improvement of small and minor irrigation by way of promoting agricultural activities.
5. **Apex Bank:** NABARD acts as an apex bank for meeting the credit needs of all types of financial institutions working in the field of agricultural and rural development. It works to frame policies and guidelines for rural financial institutions in India. It provides credit facilities to institutes working in agricultural

finance.

6. **Recommendations to Reserve Bank of India:** It provides recommendations to Reserve Bank of India: on the issue of licenses to Co-operative Banks, the opening of new branches by State Co-operative Banks and Regional Rural Banks.
7. **Development of Nation:** It plays an important role in the Improvement of storage facilities for agricultural commodities by promoting the development of warehousing facilities. It also promotes the export of agricultural commodities. It plays a key role in the sustainable development of the country through the Green, Blue, and White revolution.
8. **Supervision of Financial Institutes Engaged in Agricultural Finance:** It undertakes inspection of Regional Rural Banks and Co-operative Banks as per the guidelines of Banking Regulation Act, 1949. It can also undertake an inspection of State Co-operative Agriculture and Rural Development Banks and apex non-credit co-operative societies on a voluntary basis.

Exercise 7 | Q 3 | Page 137

Answer the following:

Write important features of KVIC.

SOLUTION

Important features of KVIC are as follows:

1. **Research and Development:** To face the challenge of globalisation, KVIC has introduced a number of new products range like khadi denim Jeans to cater to the need of the market. The KVIC undertakes training of sales staff for the effective marketing of the products. KVIC is taking several steps to set standards of quality to ensure the genuineness of the khadi products. KVIC signed a Memorandum of Understanding with the National Institute of Design to provide design support, services in packaging, marketing, communication, publicity, disseminating materials, and other design-related activities.
2. **Other Functions:** The KVIC is charged with the planning, promotion, organization, and implementation of programs for the development of Khadi and other village industries in the rural area. It organizes a training programme for artisans engaged in Khadi and Village Industries.
3. **Marketing Promotion:** In order to attract the younger generation, the KVIC is holding exhibitions, seminars, lectures in universities and colleges to disseminate knowledge of KVIC products. KVIC has also launched a massive marketing development plan to generate interest, awareness, and attraction amongst masses.
4. **Financial Assistance:** It finances the projects for rural industrialization and also provides for margin money by way of subsidy. There are provisions for a higher

rate of subsidies in the case of beneficiaries of the weaker section, tribal areas, and backward regions. KVIC also provides financial assistance to institutions and individuals for the development and operation of the Khadi and Village industries.

5. **Rural Development:** The Khadi and Village Industries plays an important role in the development of the Indian economy, particularly in the development of rural areas. KVIC facilitates the proper utilization of natural resources in rural India for generating income for the rural masses.
6. **Employment Generation:** Due to the increasing workforce, it is necessary to create employment opportunities. KVIC is labour intensive in nature. The broader objective of KVIC is to promote non-farm employment opportunities in rural areas.
7. **Entrepreneurship Development:** KVIC helps to provide additional livelihood avenues to the village communities. KVIC generate self-employment opportunities through establishment of micro-enterprises by organizing traditional artisans and unemployed youth.

Exercise 7 | Q 4 | Page 137

Answer the following:

Write important features of SHGs.

SOLUTION

Important features of SHGs are as follows:

1. **Formation:** It is generally formed by NGOs or team of the government. It is an informal group. It is recognized by the government and does not require any formal registration, SHGs have well-defined rules and by-laws, hold regular meetings, and maintain records.
2. **Membership:** As per the National Urban Livelihood Mission at least 5 members are required. It is difficult to manage a bigger group and members cannot actively participate from one family only one person can become a member so that more families can participate. Mixed groups are generally not preferred.
3. **Entrepreneurship Development:** The poor individuals in rural areas face scarcity of capital and managerial skills. SHGs provide them capital at a low-interest rate which gives them the opportunity to start micro-enterprise. These micro-enterprises use untapped manpower in the area which generates employment opportunities in rural areas.
4. **Collateral Free Loan:** SHGs provide small loans to poor individuals for undertaking self-employment projects. Loans are given on the principle of mutual trust and either minimum or no documentation is required to get a loan. The rate of interest differs from group to group and it is a little higher than the interest

charged by banks. It ensures timely repayment of loans as all members of the group are responsible for collecting repayment amount from the members who borrowed the loan.

5. **Democratic Setup:** SHG is a group of members, for the members and by the members. It is the group that reflects people's real participation in the process of development. Members elect or select leaders for the proper functioning of the group. The leader is responsible for holding regular meetings and maintaining records and accounts of the group.
6. **Empowerment of Women:** SHG is an emerging tool for the socio-economic development of women all over the world. SHGs are working effectively in promoting women entrepreneurs. SHGs empower women by providing their knowledge, finance, and opportunities.
7. **Saving Habits:** The SHG encourages small saving habits at regular intervals among its members. The Self Help Group inculcates the thrift and savings habit among the members of each group.
8. **Mutual trust:** Most of the Indian villages are facing challenges such as poverty, illiteracy, lack of skills, health care, etc. The basic philosophy of forming SHGs is to overcome individual shortcomings and weaknesses with collective efforts. Through mutual trust, thousands of the poor and marginalized individuals are building their lives, their families, and their society.

Exercise 7 | Q 5 | Page 137

Answer the following:

Write important features of the World Bank.

SOLUTION

Important features of the World Bank are as follows:

1. **Organisation and Structure:** The organization of the bank consists of the Board of Governors, the Board of Executive Directors, and the Advisory Committee, the Loan Committee and the President and other staff members. Board of Governors is the supreme policy-making body of the bank. The board consists of one Governor and one Alternate Governor appointed for 5 years by each member country. The Board of Executive Directors consists of 21 members, 6 of them are appointed by the six largest shareholders, namely USA, UK, Germany, France, Japan, and India. The rest 15 members are elected by the remaining countries.
2. **Innovation and Entrepreneurship:** Innovation and Entrepreneurship help in higher productivity which leads to increased economic growth. It helps in the creation of employment to eradicate poverty. Young and growth-oriented companies contribute to employment growth. They help in enhancing competitiveness and productivity by introducing new products, developing novel

business models, and opening new markets. The World Bank brings global experience, knowledge, research, and investments to help client countries develop effective innovation and entrepreneurship ecosystems, such as policies, strategies, regulations, and institutions that foster investments and jobs.

3. **Financial Products and Services:** World Bank provides low-interest loans, zero to low-interest credits, and grants .to developing countries. It supports in areas such as education, health, public administration, infrastructure, financial and private sector development, agriculture and environmental and natural resource management.
4. **Innovative Knowledge Sharing:** World Bank sponsors, hosts, or participates in many conferences and forums on issues of development. It also collaborates with partners on many developing issues. It also takes effort to provide access to the best global expertise to the developing countries.
5. **Goals:** The World Bank Group has set 2 goals to be achieved by 2030.
 - (a) End extreme poverty by decreasing the percentage of people living on less than 1.90 dollars a day to no more than 3%.
 - (b) Promote shared prosperity by fostering the income growth of the bottom 40% of every country.
6. **Social Development:** Social Development focuses on the need to 'put people first' in the development process. The World Bank's work on social development brings voices of the poor and vulnerable to development processes. World Bank is also understanding timely social risk analysis, including poverty and social impact analysis.