



ROLE AND IMPORTANCE OF SIDBI IN THE DEVELOPMENT OF MSMEs IN RAJASTHAN

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ABSTRACT

Rajasthan popularly known as the land of kings is located in western India. Comprising a large part of the inhospitable **Thar Desert** or the **Great Indian Desert**. Rajasthan is a region where the employment problem is most acute and the development of small-scale industry occupies importance for solving the unemployment problem and for achieving economic growth. In terms of size and factor productivity small-scale sector in Rajasthan compared poorly with all India figures and other states. So the growth of small-scale industry is not remarkable in Rajasthan. One of the main reasons for sickness is shortage of finance. This study shows how the Small Industrial development bank of India helps the Micro small and Medium Enterprises of Rajasthan in their overall development. The Small Industries Development Bank of India Act, 1989 envisaged SIDBI to be “the principal financial institution for the promotion, financing and development of the Micro, Small and Medium Enterprises (MSMEs) sector and Co-ordination of the functions of the institutions engaged in similar activities”. Thus the role and importance of SIDBI is prima facie for development of industries in state like Rajasthan and present study will act as a torchbearer in the same direction.

Keywords: GDP, MSME, productivity, SIDBI

I. INTRODUCTION

A country has to embark upon industrialization for quickening the pace of economic development. The net value of output per person is higher in industry than in agriculture due to the greater scope for internal as well as external economies. **Jawaharlal Nehru** correctly express the need when he said, “**Real progress must ultimately depend upon industrialization**”. The planners and visionaries have looked upon industrialization as the

main vehicle for improving the living standard of the people. In the beginning of this century, *M. Viswesvaraya* opined, “*industrialize or perish*”.

In the development of Indian economy, the small-scale sector, which covers a wide spectrum of industries, occupies an important place. It has undoubtedly grown into one of the most vital sectors of our economy. The small-scale sector including small, tiny and cottage industries with a total strength of forty lakh units plays a vital role in the economy. It not only provides immediate employment on a large scale but also acts as a tool for ensuring a more equitable distribution of income as well as an effective vehicle for mobilization of resources including capital and entrepreneurship, which would otherwise remain unutilized. According to the Economic Survey 2011-12 the small-scale sector has played a very important role in the socio economic development of the country during the past 60 years. It has significantly contributed to the overall growth in terms of Gross Domestic Product (GDP), employment generation. The performance of the small-scale sector therefore has a direct impact on the growth of the overall economy.

BRIEF PROFILE OF SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under small industries development bank of India act, is the financial institution for the promotion, financing and development of industry in the Micro, Small and Medium Enterprises (MSME) sector and to co-ordinate the functions of the institutions engaged in the promotion, financing or developing industry in the MSME sector and for matters connected therewith or incidental thereto. 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 the Micro, Small and Medium Enterprises (MSME) sector and Co-ordination of the functions of the institutions engaged in similar activities”.

SIDBI'S ROLE IN THE HOLISTIC DEVELOPMENT OF INDUSTRIAL SECTOR

The Bank provides financial assistance by way of refinancing scheme through more than 900 Primary Lending Institutions (PLIs) having branch network of over 82,000 branches for onward lending to MSMEs. SIDBI supplements the indirect assistance with direct assistance to MSMEs in the form of term loan, equity, risk capital, receivable finance scheme, letter of credit, guarantee, etc. The financial assistance is supported by its subsidiaries and associates, in the areas of credit guarantee, venture capital, credit rating, technology transfer, asset reconstruction, Business Development Services, risk capital, etc.

The Bank is committed to attain sustainability through environmental protection and energy saving and for this, provides financial assistance for energy saving projects at concessional rate and terms to improve the energy efficiency in the MSME sector. SIDBI has pioneered the Micro Finance Institutions – Self Help Group linkage (MFI-SHG) model and nurtured and strengthened more than 145 MFIs by way of micro credit with cumulative disbursement of more than Rs. 5000 crore & capacity building grant support, equity support etc., which has benefitted more than 2 crore poor, mostly women, in the rural unorganized sector. The Promotional and Developmental (P&D) activities of SIDBI are designed to achieve enterprise promotion resulting in self-employment and creation of additional employment and enterprise strengthening to enable MSMEs to face the emerging challenges of globalisation and growing competition. These promotional and developmental activities, such as, Rural Industries Programme, Entrepreneurship Development Programme,

Vocational Training Programmes, Skill cum-Technology Upgradation Programme, Small Industries Management Programme, Cluster Development Programme, Marketing Assistance etc. have created more than 2 lakh employment opportunities.

SIDBI adopts a Credit Plus approach in its endeavour towards holistic development of the MSME sector, wherein, besides credit, the Bank also offers grant support for the Promotion and Development (P&D) for the sector to make it more vibrant, competitive and stronger. The P&D activities of the Bank include micro enterprise promotion, cluster development, entrepreneurship development, capacity building of the MSME Sector, promotion of responsible finance among micro finance institutions, sustainable finance to MSMEs including energy efficiency, environment protection, and renewable energy etc.7

II. REVIEW OF LITERATURE

- *Bagchi* (2014) reports that though the small-scale sector contributes significantly to industrial output, employment and earning of foreign exchange it suffers from severe technological obsolescence and lack of economies of scale. The small industries development organization under the ministry of SSI and ARI has been providing institutional support for the promotion of technology but in a vast country like India these facilities are inadequate.
- *Moli, et al.* (2012) in their study reported that the considerable increase in the number of women entrepreneurs is a result of the various support measures extended by governmental and non governmental agencies and the changing attitude towards women entrepreneurship, However, women entrepreneurship registers low level in backward districts of Wynad, Kannur and Kasargod Specific programme may be implemented in these areas to increase the level of entrepreneurship.
- *Hayami, et al.* (2008) reveal that marketing channels be established which connect small rural producers with large urban and/or foreign demand. This study investigates various forms of production and trade contracts being practiced at the grass root level in the metal craft manufacturing industry on the outskirts of Greater Manila in the Philippines correct to consider the government as a machinery to immune such influences.
- *Sindhu, H.* (2007) in their study state that, employment generation has increased over a period of time. The other findings of the study are related to decline in employment in the household industries, and a decline in the contribution of the large scale sector to employment generation.
- *Salim* (2005) in his study proves that in most categories of industries there is more number of high performing units followed by moderate performing units. High performing units have more market orientation than low performing units. There is a strong positive correlation between market orientation and business performance.

III. OBJECTIVE OF THE STUDY

- To assess the performance of SIDBI.
- To assess the promotional and developmental activities of SIDBI in state of Rajasthan

IV. RESEARCH METHDOLOLOGY PROBLEM IDENTIFICATION

It is clear from the review of literature that plenty of research work has been carried out on the role of SIDBI towards the development of SSI units. A closure examination of review of literature has revealed that rare and scanty research work has been done on role of SIDBI towards industrial development of MSMEs. To say in specific terms, there are less studies conducted on the role of SIDBI in terms of its indirect, direct, promotional and development assistance activities in India in general and Rajasthan state in particular. Hence, there prevails a research gap, to fill this research gap the researcher intends to undertake the topic entitled “Role And Importance of SIDBI In The Development of MSMEs in Rajasthan”.

RESEARCH DESIGN

The proposed study is Exploratory and Descriptive research study and has an applied orientation.

DATA COLLECTION

The study employed both qualitative as well as quantitative methodology that is both numerical and non numerical data and information was used. Secondary data was collected through (i) Annual Reports of SIDBI; (ii) SIDBI’s Reports on MSME Sector; (iii) Ministry of MSME’s releases; (iv) RBI Annual Reports, (v) Various Websites relevant to topics.

V. RESULT AND ANALYSIS

The business strategy of SIDBI has been reoriented towards filling up the financial and non- financial gaps in the MSME eco-system. SIDBI would extend refinance to Banks and Non- Banking Financial Companies (NBFCs) and also extend capacity building support to smaller commercial banks, Regional Rural banks (RRBs), Urban Co-operative banks (UCBs) and District Cooperative Banks (DCBs). In addition, direct finance to MSMEs is being targeted at niche areas to address various financial gaps through specially designed products like risk capital, sustainable finance, factoring, invoice discounting, services sector financing, etc.

ADDRESSING FINANCIAL GAPS: The equity/risk capital assistance has supported the growth requirements of a number of MSMEs including leveraging of senior loans, funding intangible requirements like expenditure for Research & Development, marketing / brand building, technical know-how, energy efficiency, quality control, working capital margin, etc. where bank loans are generally not available. SIDBI also provides such risk capital assistance selectively to start- ups and early stage ventures operating in innovative businesses/ technology space, including those being incubated at technology incubators. An critical analysis of Share of SIDBI in State wise Assistance Sanctioned by All Financial Institutions (% share) from 2015-16 to 2019-20 is depicted in table 1 below:

Table no 1
Share of SIDBI in State wise Assistance Sanctioned by All Financial Institutions
(% share) from 2015-16 to 2019-20

S. no	State	2015-16	2016-17	2017-18	2018-19	2019-20	Average
1	Andhra Pradesh	12.54	8.53	4.26	3.76	4.59	6.74
2	Arunachal Pradesh	6.05	7.43	7.05	43.45	26.87	18.17
3	Assam	9.03	17.65	6.56	4.22	4.95	8.48
4	Bihar	37.46	44.31	40.26	20.72	31.51	34.85
5	Chhattisgarh	14.53	12.31	19.54	13.98	17.68	15.61
6	Delhi	16.78	9.20	6.45	3.87	5.36	8.33
7	Goa	23.45	19.47	23.86	18.92	6.72	18.49
8	Gujarat	5.43	6.25	5.73	4.9	4.42	5.35
9	Haryana	18.52	24.37	13.47	16.43	2.87	15.13
10	Himachal Pradesh	17.84	14.76	12.57	5.64	3.56	10.87
11	Jammu & Kashmir	40.21	32.46	25.67	6.43	27.31	26.42
12	Jharkhand	12.1	8.94	14.36	7.96	12.65	11.2
13	Karnataka	6.32	10.14	8.62	6.40	8.65	8.03
14	Kerala	28.3	20.45	31.21	23.61	7.54	22.22
15	Madhya Pradesh	13.13	12.63	15.39	11.75	12.43	13.07
16	Maharashtra	9.28	8.46	9.01	7.40	6.32	8.09
17	Manipur	3.56	56.35	12.31	4.32	5.43	16.39
18	Meghalaya	48.42	27.8	44.75	26.72	10.93	31.72
19	Mizoram	23.56	12.31	27.52	16.32	11	18.14
20	Nagaland	12.43	43.43	37.51	25.69	52.67	34.35
21	Orissa	10.43	10.47	10.94	5.78	21.2	11.76
22	Punjab	16.45	21.21	12.27	11.62	4.30	13.17
23	Rajasthan	7.42	8.49	6.49	9.72	7.58	7.94
24	Sikkim	55.05	12.42	24.48	32.6	4.67	25.84
25	Tamil Nadu	14.76	23.45	4.27	6.42	5.53	10.89
26	Tripura	45.11	35.09	50.41	52.41	56.43	47.89
27	Uttaranchal	7.65	8.43	5.54	7.38	4.65	6.73
28	Uttar Pradesh	20.12	14.37	15.37	12.67	16.34	15.77
29	West Bengal	7.32	5.38	6.45	6.54	8.60	6.86

Source: *SIDBI report on development banking, 2020*

It is clear from the table that SIDBI has highest percentage share in per capita assistance in Tripura (47.89 percent), and lowest share in Gujarat (5.35 percent). In Rajasthan the share of SIDBI was 7.42 percent in 2015-16. This comes to 7.58 percent in 2019-20. The average share of SIDBI was found to be 7.94 percent in Rajasthan.

Table no 2
Share of SIDBI in Scheme wise Assistance sanctioned by All India Financial Institute (AIFI) (% share)

1. Direct Finance	2015-16	2016-17	2017-18	2018-19	2019-20	Average
A. Project Finance						
a. Rupee Loan	5.65	2.73	3.45	1.87	5.42	3.82
b. Foreign Currency loan	0.10	0.05	0.00	0.03	0.02	0.04
B. Non Project Finance						
a. Asset credit/Equipment Finance	24.21	32.24	35.42	50.41	38.57	36.17
b. Working capital/Short term loan	0.12	0.14	4.20	2.75	0.85	1.61
2.Refinance	75.42	47.60	78.65	82.47	77.09	72.25
3.Bill Finance						
a. Bill Rediscounting	21.20	31.21	35.47	20.61	19.65	25.63
b. Direct Discounting	55.45	42.89	28.90	37.75	72.00	47.40
4.Loan to and Investment in shares/bonds in FI's	36.53	2.05	6.32	10.24	15.31	14.09

Source: SIDBI report on development banking, 2020

The average share of SIDBI in rupee loan is only 3.82 percent of All India Financial Institute (AIFI)'s rupee loan and Average share in foreign currency loan is only 0.04 percent. However the share of SIDBI in total project finance is 3.86 percent. In working capital finance the share of SIDBI is negligible it is only 1.61 percent. But in Refinance the SIDBI has considerable share 72.25 percent The Scheme wise analysis reveals that SIDBI has considerable share in refinance in all the years.

Table no 3
Share of SIDBI in Industry wise assistance sanctioned by AIFIs (% share)

S. No	Industry	2015-16	2016-17	2017-18	2018-19	2019-20	Average (%)
1	Food products	18.82	16.79	24.37	28.54	26.37	23.01
2	Textile	8.30	7.04	5.42	7.90	6.54	7.04
3	Jute	15.41	8.94	25.65	7.84	16.53	14.87
4	Paper & P. products	10.45	9.35	6.24	8.20	6.45	8.14
5	Leather & L. products	17.24	28.23	18.42	54.42	28.68	29.40
6	Rubber & R. products	7.94	8.53	6.45	7.64	8.59	7.83
7	Plastics & P. products	37.8	35.45	32.49	32.85	38.67	35.45
8	Chemical & C. products	8.45	6.32	4.38	5.29	1.89	5.27
9	Pharmaceuticals	3.46	4.32	2.56	1.73	3.42	3.09
10	Fertilizers	0.89	0.85	0.49	0.85	0.20	0.66
11	Cement	1.27	2.42	1.67	0.52	1.35	1.44
12	Ceramics	85.46	92.41	80.29	45.75	78.58	76.50
13	Basic metals	1.78	2.54	3.23	1.54	2.58	2.33
14	Metal products	23.45	21.37	12.42	18.56	16.64	18.49

15	Machinery	30.32	32.46	18.65	27.53	20.49	25.90
16	Electrical equipments	4.52	5.48	6.21	4.21	4.84	5.05
17	Electronic equipments	4.53	10.89	7.93	9.53	5.42	7.67
18	Information Technology	11.54	5.43	13.56	12.72	18.42	12.33
19	Automobiles ancillaries	78.52	85.42	69.50	75.39	89.43	79.65
20	Transport equipments	12.54	10.49	7.62	4.50	3.74	7.78
21	Infrastructure	4.36	3.78	5.32	2.68	2.65	3.76
22	Entertainment	3.42	1.56	0.00	0.00	0.00	0.99
23	Services	17.42	8.65	8.48	14.89	10.78	12.04
24	Mining	9.32	4.62	3.65	3.54	1.56	4.54
25	Other Industries	9.42	8.47	7.37	8.53	6.59	8.08

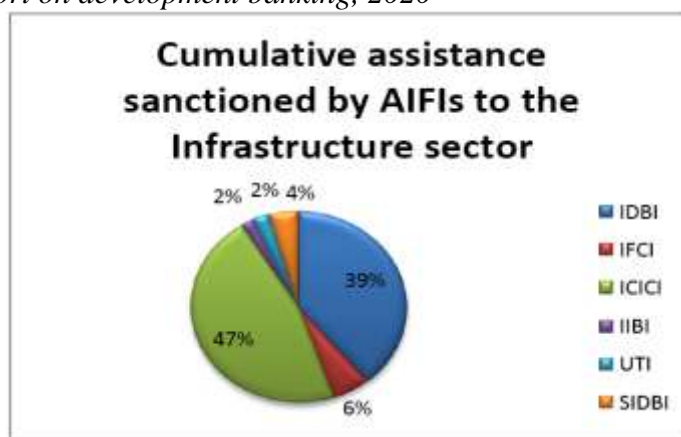
Source: SIDBI report on development banking, 2020

Out of the total assistance by AIFIs the maximum share is provide to Automobiles and ancillaries industry and the share is minimum to the Fertilizers industry Out of the AIFIs assistance to the Automobile and ancillaries industry 79.65 percent are provided by SIDBI. Assistance to Ceramics and plastic products industries occupies second and third place respectively in SIDBI assistance.

Table no 4
Cumulative assistance sanctioned by AIFI to the Infrastructure sector

S. No.	Financial Institution	Electricity generation (Rs. Crores)	% share	Tele-communication (Rs. Crores)	% share	Road/Port bridge/ Railway (Rs. Crores)	% share	Urban Infrastructure (Rs. Crores)	% share	Total (Rs. Crores)	Average %
1	IDBI	42928.5	42.6	8986	34.14	2842.6	27.25	1428.7	20.22	56185.8	38.89
2	IFCI	6435.6	6.40	1200.8	4.56	680.2	6.52	0.00	0.00	8315.6	5.76
3	ICICI	40572.9	40.30	15645.6	59.44	6823.7	65.43	4230.6	59.86	67272.8	46.56
4	IIBI	1522.4	1.51	478.4	1.82	82.4	.80	862.5	12.20	2945.7	2.04
5	UTI	3546.7	3.52	8.87	.03	0.00	0.00	0.00	0.00	3555.57	2.45
6	SIDBI	5665.4	5.63	2.75	.01	0.00	0.00	545.6	7.72	6214.75	4.30
	Total	100671.5	100	26322.42	100	10428.9	100	70.67	100	144490.22	100

Source: SIDBI report on development banking, 2020



Cumulative assistance by AIFIs to various infrastructure sectors is shown in Table Infrastructure sector comprise **electricity-generation, road / ports telecommunication, bridges/ Railways / and urban infrastructure**. Of the total finance provided to the Electricity generation major portion is provided by IDBI and ICICI their shares are 42.64 percent and 40.30 percent respectively. The share of SIDBI is only 5.63 percent. In the case of Telecommunication also major portion of the finance is provided by ICICI and IDBI i.e.

59.44 percent and 34.14 percent respectively. The share of SIDBI in this case is also negligible i.e. 0.01 percent only. More than 50 percent of the finance to the Road/Port/Bridges/Railways is provided by ICICI alone. For this sector SIDBI is not providing any assistance. For urban infrastructure and others also more than 50 percent of the assistance is provided by ICICI. For this sector the share of SIDBI assistance is only 7.72 percent. From the above it can be observed that in Infrastructure financing more than 50 percent are provided by IDBI and ICICI. IIBI has the lowest share in financing infrastructure sector 2.04 percent. SIDBI has only 4.30 percent share in financing the infrastructure sector.

Table no 5.

Share of SIDBI in Purpose wise Assistance Sanctioned by AIFIs from 2015-16 to 2019-20 (% Share)

S. no	Purpose	2015-16	2016-17	2017-18	2018-19	2019-20	Average (%) share
1	New	12.37	14.42	11.86	12.39	13.63	12.93
2	Expansion/Diversification/acquisition	3.52	3.27	2.76	2.9	3.51	3.19
3	Modernization	9.07	6.64	20.18	9.17	6.39	10.3
4	Rehabilitation	5.26	3.51	2.89	6.38	4.64	4.54
5	Working capital	0.19	0.27	1.62	0.08	0.16	0.46

Source: SIDBI report on development banking, 2020

Out of the total assistance provided by the AIFIs for Modernization the share of SIDBI is only 10.30 percent. For new units the share of SIDBI is only 12.93 percent of the total assistance provided by the AIFIs. For working capital and expansion the share of SIDBI is 0.46 and 3.19 percent respectively.

PROMOTIONAL AND DEVELOPMENTAL ACTIVITIES OF SIDBI IN RAJASTHAN

1. Rural industrialization program

The SIDBI operates a number of special schemes, viz., Micro credit scheme, Mahila Vikas Nidhi, Entrepreneurship development programs, Rural industries program and other similar programs for SSIs.

Table no 6. District wise classification of the units on the basis of which they availed rural industrial program of SIDBI.

Name of District	SIDBI aided units			Other agency aided units		
	Availed	Not Availed	Total	Availed	Not Availed	Total
Jaipur	8	2	10	9	1	10
Alwar	7	3	10	7	3	10
Jodhpur	7	3	10	8	2	10
Ajmer	6	4	10	6	4	10
Bhilwara	7	3	10	9	1	10
Udaipur	8	2	10	5	5	10
Chittorgarh	6	4	10	7	3	10
Bikaner	7	3	10	8	2	10
Sri Ganganagar	6	4	10	6	4	10
Kota	8	2	10	8	2	10
Total	70	30	100	73	27	100

Source: SIDBI report on development banking, 2020

Table reveals that majority in both the groups availed rural industrial program 70 percent and 73 percent in SIDBI aided units and Other agency aided units respectively. While 30 percent in SIDBI aided group and 27 percent in other agency aided units not availed this program.

2. Human Resource development Program

Often small business fails because management is not prepared to handle increased demands on skill and knowledge. Unfortunately, they often lack the managerial skills to recognize, hire and tap the talents they need to survive and grow. In order to overcome the weakness of low level of technology, non-existence of skilled manpower and management deficiency the SIDBI has specially designed programs like Small Industries Management Assistance Programs (SIMAPs) and Skill cum Technology Upgradation Program (STUPs).

Table no 7

. District wise classification of the units on the basis of the Availedness about Human resource developmental program of SIDBI.

Name of District	SIDBI aided units			Other agency aided units		
	Availed	Not Availed	Total	Availed	Not Availed	Total
Jaipur	4	6	10	7	3	10
Alwar	5	5	10	8	2	10
Jodhpur	8	2	10	7	3	10
Ajmer	5	5	10	6	4	10
Bhilwara	4	6	10	9	1	10
Udaipur	6	4	10	5	5	10
Chittorgarh	7	3	10	7	3	10
Bikaner	3	7	10	8	2	10
Sri Ganganagar	6	4	10	6	4	10
Kota	5	5	10	5	5	10
Total	53	47	100	68	32	100

Source: SIDBI report on development banking, 2020

Table reveals that 53 percent and 68 percent in SIDBI aided units and other agency aided units respectively availed the program. While 47 percent and 32 percent in SIDBI aided units and other agency aided units respectively not availed this program.

3. Technology Upgradation

SIDBI has taken a proactive approach in providing escort services for the implementation of unit-specific modernization packages in selected industrial clusters. The bank also extends support for training programs through reputed research institutions

Table no 8. District wise classification of the units on the basis of which they Availed Technology upgradation program of SIDBI.

Name of District	SIDBI aided units			Other agency aided units		
	Availed	Not Availed	Total	Availed	Not Availed	Total
Jaipur	9	1	10	6	4	10
Alwar	6	4	10	8	2	10
Jodhpur	7	3	10	7	3	10
Ajmer	7	3	10	6	4	10
Bhilwara	7	3	10	6	4	10
Udaipur	6	4	10	8	2	10
Chittorgarh	7	3	10	5	5	10
Bikaner	7	3	10	8	2	10
Sri Ganganagar	6	4	10	7	3	10
Kota	7	3	10	7	3	10
Total	69	31	100	68	32	100

Source: SIDBI report on development banking, 2020

Table reveals that 69 percent and 68 percent in SIDBI aided units and other agency aided units respectively availed the program. While 31 percent and 32 percent in SIDBI aided units and other agency aided units respectively not availed this program.

4. Program on environment and quality management

The main objectives of this programs are: (a) to make SSI units Availed of the importance of environmental issues and to provide them with necessary technical support to implement projects which can provide relative social and environmental benefits as compared to the financial cost incurred and (b) to educate the SSI units about environmental regulations, which need to be adhered to and the steps required to operate within prescribed norms.

Table no 9 District wise classification of the units on the basis of which they Availed Environment and quality management program of SIDBI.

Name of District	SIDBI aided units			Other agency aided units		
	Availed	Not Availed	Total	Availed	Not Availed	Total
Jaipur	6	4	10	4	6	10
Alwar	4	6	10	7	3	10
Jodhpur	6	4	10	3	7	10
Ajmer	3	7	10	2	8	10
Bhilwara	7	3	10	9	1	10
Udaipur	8	2	10	9	1	10
Chittorgarh	5	5	10	8	2	10
Bikaner	5	5	10	7	3	10
Sri Ganganagar	7	3	10	3	7	10
Kota	8	2	10	6	4	10
Total	59	41	100	58	42	100

Source: SIDBI report on development banking, 2020

Table reveals that 59 percent and 58 percent in SIDBI aided units and other agency aided units respectively availed the program. While 41 percent and 42 percent in SIDBI aided units and other agency aided units respectively not availed this program.

5. Market promotion program

SIDBI's direct intervention is considered necessary, even though providing assistance for intangible marketing activities generally bears significant risk. These activities include the sponsoring/organizing of exhibitions in India and abroad with the intention of subsidizing participation costs for SSIs, tying up with world-renowned organizations to provide market information at concessional rates, as well as rating services to export oriented SSI units and sponsoring market studies.

VI SUGGESTIONS

On the basis of empirical findings the study makes the following suggestions having policy implications.

1. The SIDBI, banks and financial institutions should provide both the working capital and term loans, without delay to the MSMEs.
2. SIDBI should follow uniform policy of providing need-based finance to small units.
3. SIDBI should provide project reports to the prospective entrepreneurs easily and at affordable cost.
4. SIDBI and other banks should go beyond the purview of lending and recovery. They should try to act as a friend philosopher and guide to small scale industry.
5. SIDBI should also equip their members with advanced skills through a development wing so that they can steadily increase their efficiencies.

VII CONCLUSION

The government of India in its activity to promote, the small-scale sector, established Small Industries development bank of India (SIDBI) in April 1990 underneath an Act of the Parliament. SIDBI in these days, has to participate in a competitive environment where resources are scarce and in most cases to be had at market-decided premiums (as towards the excessive protection and subsidised resources supplied earlier by way of the federal government of India and a few international agencies). SIDBI requires the taking of a proactive and ahead-looking method to face the impending, market and other competitive forces. Rajasthan is a region the place the employment situation is most acute. Small-scale industries are considered customarily labour intensive. As a result the advertising of small-scale industries is integral to provide more employment at less unit cost of capital and achieve financial progress.

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