

INSTITUTIONS SUPPORTING ENTREPRENEUR

MODULE 3

Small industries Financin developing countries.

Small scale industries are usu entrepreneur alone or a sr entrepreneurs and hence finance is a matter of conce Thus they usually adapt the measures to overcome the insufficiency of funds.



- Rent a building
- Purchase of second homachinery
- Keep inventory level lo
- Seek cash sales
- Hire a machinery
- Substitute equipment





Need of small industry final

- Cash flow challenges
- Capital investments
- Lengthy product develop cycles



Sources of finance

- Amount of funds depends up business.
- Manufacture requires more funds
- Period of funds depends upon of well. Capital investments need relonger period as compared to well.

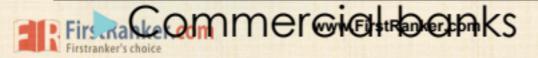
Sources and period of fina

Type of fi	nance	Period of finance
Short terr	n	Less than a year
Medium	term	One to five years
Long tern	n	More than five years

Short term sources ...

Short term needs for day-to-day fu business is obtained from

- Indigenous Banks
- Installment credit
- Advances
- Accrued expenses and deferred
- Accounts payable/creditors
- Trade credit
- Bills discounting
- Factoring





Medium term sources

- Special financial institution
- Commercial banks
- Public deposits
- Investment companies
- Hire purchase
- Lease financing
- Internal sources
- Loans from government

FirstRanker.com

Long term sources

- Equity shares
- Preference shares
- Debentures
- Retained earnings
- Loans from fin institutions
- Commercial banks
- Venture capital
- Institutional financing



Watch this video....

https://www.youtube.com/watch?v=vhDBg833iT





Institutions supporting Entre

CENTRAL LEVEL

- SISI
- SIDO
- NABARD
- IIE

STATE LEVEL

- DIC
- TCO
- SFS
- KVIC

FINANCIAL INSTITUTIONS

- Commercial banks
- SIDBI
- ► IDBI
- SIDCO



NABARD

- A Development bank providing and resolvent of the other facilities for agriculture, SSIs, condustries, handicrafts and other activities rural development.
- Functions of NABARD:
- Refinancing IRDP projects
- Refinancing projects for development of in rural areas
- Provides grants to agencies engage production centre for women
- Establishes linkages between SHGs and cr
- Refinances projects under National watershers program and Mational mission of watershers

- Monitores and does evaluation implemented by various banks
- Vikas volunteer vahini program org club in tribal areas which is involved tribals on asset utilisation, technology
- External aid projects –formulation and implementation of external aided probank, OPEC etc. including monitoring
- Inspection and supervision of co-op b
- HRD provides training to staff of cred its centres like BIRD and RTC
- Support to develop PACs as MSCs
- Project on core banking solutions in co



FirstRanker.com

Small Industries Developmer

- SIDO is a sub-ordinate office of & ARI.
- It is an apex body and nodal of formulating, coordinating and policies & programs for promot development of SSI.
- Development commissioner is SIDO.



Main functions of SIDO

- > Co-ordination
- > Industrial development
- > Extension
- The SIDO functions through 2 Small Industries Service Institution Extension Centres, 3 Production Process Development Centre Production Centres.



SMALL SCALE INDUSTRIES BOX

- It is also known as Central Small I Board.
- It is an apex advisory body const render advice to the Govt on all pertaining to development of sm industries.
- The SSIB comprises of 50 member State Industry Ministry, some mer Parliament, Secretaries of various Govt of India, financial institution sector undertakings, industry assorted and eminent experts in the field.

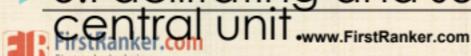
 Ranker.com www.FirstRanker.com

Functions of SISIs:

- Economic Consultancy/Information/ED
- Trade & market information.
- Project profiles.
- State industrial potential survey.
- District industrial potential surveys.
- Modernisation and in-plant studies.
- Workshop facilities.
- Training in various trade/activities.

The National Institute For Entrep and Small Business Developme

- NIESBUD was established in 1983 by of Industry, Government of India.
- The activities of the institute include
- 1.Evolving effective training strateg methodology
- 2.Standardizing model for training groups
- 3. Formulating scientific selection p
- 4.Developing training aids manual
- 5.Facilitating and supporting edp f



Activities of NIESBUD:

- Assisting/supporting EDPs
- Training for trainers/promoters
 - Evolving standardized material and research
 - Creation and capacity building of EDP Insti
 - Small business focus
 - National /international forum for exchange
 - Developing entrepreneurial culture
 - National entrepreneurship development bo
 - Services to affiliate members
 - Sustaining entrepreneurship.



- Schemes for medical profession
- schemes for tourism related activities
- Schemes for hotel and restaurant projects
- Schemes for infrastructure development
- Equity type assistance schemes
- Scheme for women entrepreneur
- Special scheme for assistance to Ex-Service
- Scheme for specialized marketing agencie
- Schemes for ancillary sub-contracting units
- Schemes for development of industrial area

INDIAN INSTITUTE OF ENTREPR (IIE)

- Set up by the ministry of industry in Gawhati in 1993 to pound consultancy in SME sector
- Objectives:
 - to promote and develop entrepreneurs
 - to conduct research and provide consultancy for entre
 - to coordinate and collaborate with other institutions in
 - consultamcy
 - to promote consultancy and monitoring service to mSA
 - to promote greater use of IT in activities of IIE
 - to comply with statutory requirements



Functions of IIE

- Designing and organising training acti different target groups and undertaking relevant to entrepreneurship
- Improving efficiency, effectiveness and change agents and development pro
- Provide consultancy service to prospe existing entrepreneurs
- Increasing the outreach of the institute collaboration and effectiveness throu





Financial institutions





Small Industries Development Bar India(SIDBI)

SIDBI was established in April 2 1990 as a visubsidiary of IDBI for:

- Promotion, Financing, Development of i scale sector.
- Co- coordinating the functions of other in similar activities.
- Aims at empowering MSME in economic employment generation and balanced development.



Objectives of SIDBI

Main purpose was to ensure supporterms of

- Initiating steps for technological upgradation and modernisation units
- Expanding channels for marketing products
- Promotion of employment in sen areas to check migration to urbo



Functions of SIDBI

Provides assistance to SSI through existing banking and institutions like state fin corps, state industrial developm commercial banks, co-operatives, RRBs.

Functions:

Refinances loans given by existing fin institutions to SSIs

Discounts and rediscounts bills arising out of sale and p machinery by SSIs

Extends seed capital/soft loan assitence under Nation Mahila Udyam Nidhi, Mahila Vikas Nidhi and seed cap

Direct assistance and refinances loans to SSIs for expor

Provides leasing, factoring services to SSI units

Extends financial support to sate small industries corporoviding scarce RM and marketing of products of SSIs

Extends financial support to National small industries co providing leasing, hire purchase and marketing help to



SIDBI schemes ...

Scheme of Refinance Assistance

- 1. Schemes for setting up SSI units
- 2.composite loan scheme
- 3.scheme for SC/ST and physically handica
- 4.schemes for acquisition of:
- In house quality control facilities
- Diesel generating sets and pollution of a pollut
- computers
- For import substitution
- For manufacturing and installation of energy
- 5. Equipment refinance scheme
- 6.Scheme for small road transport operation
- 7.Schmee for professionals
- FISCOPE for Marketing activities



Small Industries Developmen Corporations (SIDCO)

- State owned companies in different India for the promotion of small scalike
- Kerala small industries developmen Itd
- Small industries development corpo Jammu and Kashmir
- Tamilnadu small industries developr corporation limited (TANSIDCO)



Industrial development bar

Objectives Of IDBI was to promote the growth of industries India, established in July 1964.

FUNCTIONS OF IDBI:

Direct financial assistance to industrial concerns in the for subscribing/underwriting stocks bonds and debentures

Indirect financial assistance to SMEs through other fin instit state ind dev corps, coop banks RRBs, commercial banks, refinance, buying shares/bonds or rediscounting of bills.

Development assistance in the form of development assist industries who have high investment or low expected retugovt and assistance requires approval of govt

Promotional function like market research, techno-econo and administrative advice for better management.



Industrial Finance corporation

- IFCI was the first developmental finance corporation set up in FUNCTIONS:
- In order to provide long term credit to medium and large independent
- Provides loans in rupee and foreign currencies
- subscribes to stocks, debenfures, underwrites them
- Provides loans only to public limited companies/cooperatives
- Merchant banking, syndication of loansrehabilitation program

ACTIVITIES:

- Self-loan assistance- soft loans to small and medium enterprise house R&D
- Entrepreneur development- provides financial support to Entre conducted by other agencies
- Industrial development in backward areas by concessional fin
- Subsidised consultancy for promoting ancillary industries, doin control etc
- Management development sponsored management development banking centre to develop managerial manpo commercial banks and interestrial concerns.

National small industries corp

NSIC, an ISO 9001:2000 certified compessablishment in 1995 has been working mission of promoting, aiding and foster growth of small scale industries and insmall scale services business enterprise country.

Various support and services offered by

- Managing globalization
- A few focused sectors
- Up gradation of these identified sector

Product design

Application of new technologies

Quality control

Packaging

Marketing

Links to global markets



Common programs with the stakehold identified sectors. The components of tare:

- Identification of new markets
- Buyer seller meets
- Quality assurance and rating
- Offering integrated support through:
- Technology up gradation
- Marketing support
- 6. Financial support
- 7. International partnership



- Focus on specific sectors:
- Agro and food processing
- Auto components
- Bio technology
- Glass and ceramics dimensional stone
- Information technology communicat
- Knit wear and garments
- Leather and leather products
- Light engineering
- Low cost building material
- Pharmaceutical and chemicals



DISTRICT INDUSTRIES CENTRE

- Govt of Karnataka established DIG the old Mysore princely state to d industrialization.
- The organisational structure of DIC General Manager, 4 Functional M Project Managers to provide tech the area relevant to needs of disti
- Management of the DIC's is done Govts.

Functions of DIC:

- To conduct industrial potential service keeping in view resources in terms of material & human skill, infrastruct product, etc. to prepare techno-economic surveys & & then to provide investment advice to Entrepreneur
- To prepare an action plan to effectively implement to
- To guide entrepreneurs in matters in relating to select appropriate machinery and equipment, sources of it procedure for procuring imported machinery, if need requirements for raw materials, etc.
- To appraise the worthiness of the various proposals re entrepreneurs.
- To assist the entrepreneurs in marketing their product possibilities of ancillarisation & export promotion of the state of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in marketing their product possibilities of ancillarisation are export promotion of the entrepreneurs in the entrepreneur product pro
- To undertake product development work appropria
- To conduct artisan training programmes.
- To function as the technical arms of DRDA in adminis



Single Window



New Industrial Policy, 1991

- July 24, 1991 P V Narasimha Rao introduced NIP,
- Main objectives were:
- Liberalisation of industry
- Introduce globalization
- Enhance privatization



Salient features of NIP

- Abolition of industrial licensing
- Diminishing role of public sector
- Incentives and concession for foreign investment
- Drastic amendments to MRTP
- Removal of compulsory convertibility clause

Implications of NIP

- Growth of new economy companies
- Economy bailed out
- New breed of entrepreneurs
- FDI and new technologies
- Greater competitive strength
- Healthy competition
- Sustained economic growth



Limitations of NIP

- Industrial policy resolution 1956 was terminated
- Indian industries faced threat from multin
- Scope for frauds/scams due to less regula
- MNCs could rule the market with their ted money power
- May lead to social and economic inequal
- MNCs could exploit small scale industries advantage.





