



A STUDY ON ROLE OF SIDBI TOWARDS UPLIFTMENT OF MSME

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-----ABSTRACT-----

Globally the Micro, Small and Medium Enterprises (MSMEs) sector is an important constituent of India's industrial sector. The MSME sector plays a vital role in the growth of our country in creating employment, exports, gross industrial value of output, gross value added, investment in fixed assets, contribution to gross domestic product, and giving energy to manufacture, service and infrastructure sectors. The present paper attempts to contribute new knowledge to the existing literature of MSMEs. This study will be beneficial for entrepreneurs, and other business ventures. The study is based upon the secondary data collected from the literature review on the MSMEs from the last ten year's Balance Sheet and Profit and Loss Account of SIDBI. Review of literature revealed that the major problems of MSMEs are how to raise funds from banks and financial institutions particularly timely availability of finance. So, in the absence of adequate credit most of the MSME units depend on personal channel and informal source of finance for their financial requirement. The purpose of this study helps to find how the MSME enterprises are uplifted by the financial institutions. The objectives of the study to assess the performance and growth of MSME sector. As per the study carried out, the researcher becomes aware that the major and significant reason for sickness and closures of the industrial units is because of the financial problems.

KEYWORDS: MSME, SIDBI, Uplift

1. INTRODUCTION

Micro, small and medium enterprises (MSME's) are one of the important and sensitive sector of the Indian economy. The objectives of industrialization are high growth rates, employment generation and equitable distribution of income and wealth. MSMEs have been established in almost all major sectors in the Indian industry such as: Food Processing, Agricultural Inputs, Chemicals and Pharmaceuticals, Engineering, Electricals, Electronics, Electro- medical Equipment, Textiles and Garments, Leather goods, Meat products, Bio-Engineering, Sports Goods, Plastics products, Computer Software, etc. They are more than 63 million units in various sectors, which contributes 30.3% of the National GDP and 49.81% of India's Total Exports. Providing employment to more than 110 million people, creating approximate 2.5 million job opportunities every year.

2. STATEMENT OF THE PROBLEM

The major problem for the development of MSMEs lies in the availability of the funds. Majority of the units in the sector begins with the owner fund and the technological upgradation for competing with many competitors. If factors like limited knowledge of sources of finance, insufficient collateral availability, heavy paperwork, higher rate of interest and fee and charges are demand side factors, limited information on enterprises in the sector that hinder decision making in terms of extending finance facilities to the sector. The problems encountered by MSMEs are lack of competent management, proper source of finance, use of obsolete equipment's, methods of production and immense competition. So, in the absence of adequate credit most of the MSME units depend on personal channel and informal source of finance for their financial requirement. The purpose of this study helps to find how the MSME enterprises are uplifted by the financial institutions.



3. OBJECTIVES OF THE STUDY

- 1) To study the performance and growth of MSME sector in India and to identify the issues regarding credit approval for MSMEs.
- 2) To find out the awareness of various government policies and schemes among MSME's financial problems being faced by MSME's for accessing funds from financial institutions.
- 3) To suggest appropriate measures for improving operational performance of SIDBI.
- 4) To evaluate the operational performance of SIDBI in India to uplift MSME sectors.

4. RESEARCH METHODOLOGY

Source of Data	Secondary Data
Period of Study	2010-2011 to 2019-2020
Framework of Analysis	Financial statements
Tools and Techniques	Trend analysis

5. STATISTICAL TOOLS

- CAGR-Compound Annual Growth Rate= $[\text{Ending Value}/\text{Beginning value}]^{1/\text{\#of year}}-1$
- Standard Deviation=SD= $1/\sum n(X_1-Y)^2$
- Trend Analysis= TREND (beginning value/ending value)

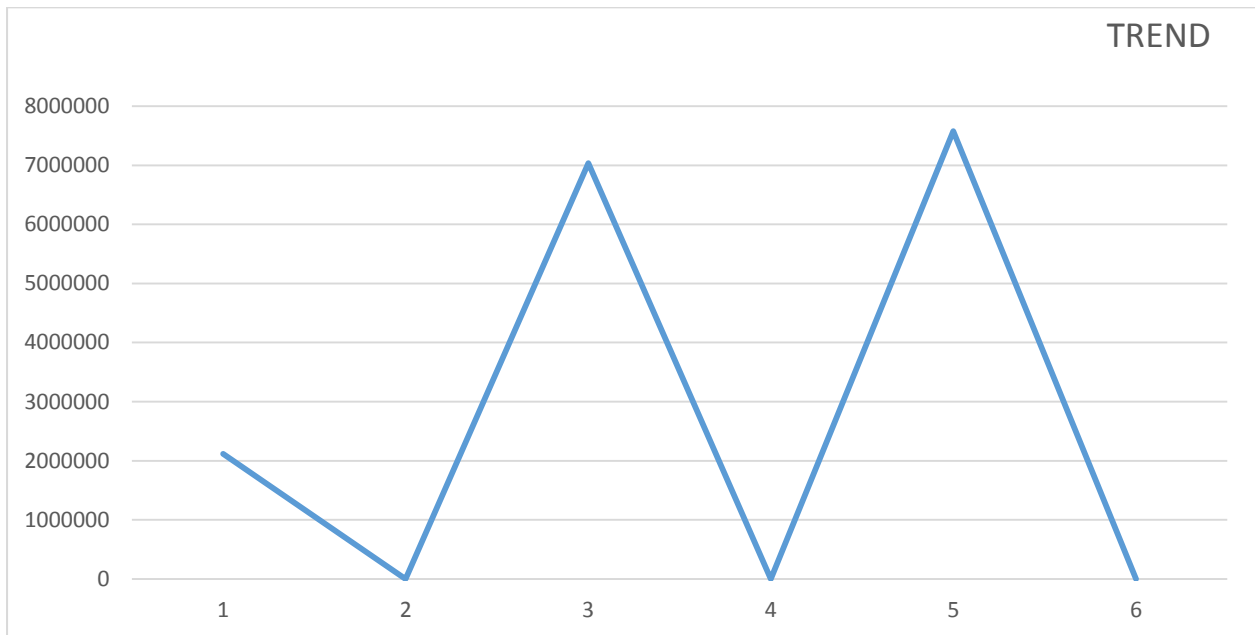
6. REVIEW OF LITERATURE

- **Seemant Yadhav & Prof. Vikas Tripathi, (2018)** key challenges faced by the MSME sector in India includes, poor high performance work practices (HPWP), obstacles in capital, complex managerial activities, highly inadequate credit flow, lack of skilled human resources. They suggested that small units not only need to upgrade their technologies immediately but should also keep track of the changes in technologies.
- **Mr. T. Ramesh & Dr. Kamal Tandon (2020)** The researchers planned to understand the factors behind the financial exclusion of units in Karnataka state. The researcher becomes aware of that the major and significant reason for sickness and closures of the industrial units is because of the financial problems.
- **Chandra Sekhar Mund (2020)** emphasized that Credit guarantee is an important risk mitigating tool which provides cushion to the lender for lending to MSMEs. Currently CGTMSE has devised credit guarantee schemes for MSME loans. This paper tries to highlight the way to get institutional finance by availing the benefit of Credit Guarantee Scheme.

7. TABLE

TABLE-4.5 Contribution of MSMEs in Country's Economy at Current Prices

Year	Total MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	All India GDP	Share of MSME in All India GDP (%)
2010-11	2215876	10.35	7785240	30.95	8596242	28.68
2011-12	2583263	13.2	8106946	31.86	8736329	29.57
2012-13	2977623	15.17	9202692	32.36	9944013	29.94
2013-14	3389922	12.23	10363153	32.71	11233522	30.2
2014-15	3704956	9.29	11504279	32.21	12467959	29.34
2015-16	4059660	10.97	12574499	32.28	13771874	29.48
2016-17	4502129	10.9	13965200	32.24	15391669	29.25
2017-18	5086493	12.98	15513122	32.79	17098304	29.75
2018-19	5741765	12.88	17139962	33.5	18971237	30.27
2019-20	-	-	-	-	-	-
CAGR	0.111589511	0.024596	0.091646	0.008836	0.0919395	0.006013
STDEV	1163448.55	1.789343	3283388	0.69602	3691426.5	0.499761
TREND	2118054.378	12.01933	7036758	31.50089	7577712	29.28889



INTERPRETATION

From the above Table-4.5 shows the contribution of MSME sector in the Gross Domestic Product. The MSMEs have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of Domestic as well as global markets.

8. SUGGESTIONS

According to our study and the annual reports of MSME's, we strongly recommend the following suggestions for the growth and development of the MSMEs in India:

- 1) Mutual Supply of Technologies:
A number of appropriate technologies for the MSME sector have developed in various sectors. While each MSME has its areas of strengths and weaknesses, therefore, it would be mutually valuable if already developed technologies made available to each other. A comprehensive list of all sorts of technologies should be available to MSMEs.
- 2) Constitution of a Panel of Consultants:
For the purpose of technological advancement and guidance a panel of experts and consultants should be created who can help the MSMEs within the region for effectively transfer the available technologies. The constitution of panel of these consultants could be nature wise of the activities of the MSME. At the time of constitution of panel of experts, there should be inclusion of the owners of different sectors of MSME's.
- 3) Determination of Technological Needs:
There should be detailed survey to assess the technical and financial needs of the MSME. So that, the proper arrangement could be made to fulfill the needs of the MSME's.
- 4) Training development and awareness programs:
Ministry of MSMEs should conduct training and development programs to the entrepreneurs. One of the important reasons for slow intake in the utilization of schemes is the lack of knowledge about schemes and their benefits. The current knowledge dissemination system is limited in its outreach. There is a need to develop a better communication strategy and use of new age media tools.
- 5) Sufficient availability of the credit:
Our banking system does not provide sufficient amount of credit to fulfill their requirement to establish MSMEs. Therefore, Bank & Financial institution should provide credit at cheaper rate.
- 6) Proper research and development:
There should proper research and development in respect of innovative method of production and service rendering. The innovative products will provide the cheaper products.



9. CONCLUSION

Micro, Small and Medium Enterprises (MSMEs) sector is one of the vibrant and sensitive sectors in the Indian Economy. The factors of Micro, Small and Medium Enterprises MSMEs is attributable to its capacity to make more profit, investment, regular income, low risk, less competition, government support, conventions, low manufacturing/ service costing. In India it stands as the second largest source of Employment after agriculture. Though this sector has been struggling with various problems in the field of finance, technology, infrastructure, marketing, labour etc. it also showed the role of MSME helped in economic restructuring and development of India. Still it has the potential to play a significant role in the emergence of the Indian Economy. At present, Indian economy is one of the fulcrum of an ever rising growth curve with positive indicators such as stable annual growth, rising foreign exchange reserves and a booming capital market. The role of this segment is very important to meet the National imperatives of financial inclusion and generation of employment across the country.

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