

Role of small scale industries in the economic development

Industries with less than or upto one crore of rupees of investment is called as Small scale industries.

1. Generates employment
2. Encourages women's growth
3. Facilitates the balanced regional growth
4. Mobilises the local resources
5. Optimises the capital
6. Promotes the exports
7. Complements the large industries
8. Reduces economic disparities
9. Serves the consumers
10. Encourages entrepreneurship

Objectives of small scale industries

1. To create job opportunities for the population.
2. To help in the development of the rural areas of the economy.
3. To play an active role in reducing the regional imbalances in the nation.
4. To help in improving the standard of living for people in rural areas.
5. To ensure there is equal distribution of wealth and income

COMMERCIAL BANKS AND SSI

Commercial banks are functioning on profit motive. These provide current account with overdraft facilities. And they provide discounting of bills, medium and long term loans and financial advises.

Small businesses are the backbone of the economy and an essential source of business and employment opportunities for local communities. It becomes vital for small businesses to have access to loans and working capital to stay afloat and adapt.

Small businesses account for nearly one-quarter of India's economy, employing more than 500 million workers. The small business sector contributes to 40% of the nation's industrial output, and 45% of the nation's exports. In order to keep supply chains running and manufacturing steady, small business loans need to be disbursed in need.

Businesses require funding at various stages. Initial setting up, working capital, expansion, diversification and modernisation. - this could be to get your business off the ground, start a new project, expand your operations or even to help cover losses. Here are a few more reasons why availing a small business loan in India can give your business a boost.

According to the repayment options, loan sizes and schemes, there are various types of loans.

Easy repayment with low interest rate: banks offer easy affordable instalments with low rate of interest

Tax benefits: Small business loan leads to some tax benefit as well. A certain percentage of profit utilised for repaying the loan amount is exempted from the tax.

- Fast Loans disbursed in just 3 days
- Online applications are processed without any physical paperwork.
- Banks offer easy monthly instalments. Tailor made loan are offered in the range of one lakh to ten lakh rupees. The Loan tenure is upto two years.

SIDBI

Small Industries Development Bank of India (SIDBI) is the apex regulatory body in India for overall regulation and licensing of microfinance institutions in India. It is under the jurisdiction of Ministry of Finance , Government of India headquartered at Lucknow and having its offices all over the country. Its purpose is to provide refinance facilities and short-term lending to industries, and serves as the principal financial institution in the Micro, Small and Medium Enterprises (MSME) sector. SIDBI also coordinates the functions of institutions engaged in similar activities. It was established on 2 April 1990, through an Act of Parliament. It is headquartered in Lucknow.^[2] SIDBI operates under the Ministry of Finance , Government of India.

- SIDBI Venture Capital Limited (SVCL)
- MUDRA - for 'funding the unfunded' micro enterprises
- Receivable Exchange of India Ltd. (RXIL)
- SMERA Ratings Limited (SMERA) - for credit rating of MSMEs
- India SME Technology Services Ltd (ISTSL)
- India Set Reconstruction Company Ltd. (ISARC)

National Bank for Agriculture and Rural Development (NABARD) . it was established in 1982. It is an apex body on refinance for the rural and agricultural development. It also provides direct loans to the beneficiaries.

Functions of NABARD

1. Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas
2. Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
3. Co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with central government and Reserve bank.
4. It monitors and evaluates its projects
5. it refinances the financial institutions which finances the rural sector.
6. It partakes in development of institutions which help the rural economy.
7. It also keeps a check on its client institutes.
8. It regulates the institutions which provide financial help to the rural economy.
9. It provides training facilities to the institutions working in the field of rural upliftment.
10. It regulates and supervise the cooperative banks and the RRB's.