

# Nabard college essay



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A financial institution is defined as: A body corporate that, as part of its normal activities: a) Takes money on deposit and makes advances of money; and b) Does so under a regulatory regime, governed by the central bank (or its equivalent) of the country in which it operates, that the Minister is satisfied provides effective prudential assurance. With the rapid growth of financial institution particularly in the 1980's, there was a need to take an integrated view of the operations of financial institution & banks so as to provide a more comprehensive basis for the formulation of monetary & credit policies.

Accordingly, a separate interdisciplinary financial institution cell [FIC] was set up in August 1990 for undertaking the monitoring of the operations of the all India financial & investment institution. For effective and coordinated regulations and supervision over financial institution, a new division named financial institution division [F. I. D] set up under the department of supervision in June 1997 and financial institutions ceased to function from that date. F. I.

D has been entrusted with both regulatory as also some of the supervisory function relating to select all India financial institution. However, the regional offices of DBS carry out the inspection of the financial institutions. The function of the division are:

- To establish an appropriate prudential regulatory framework for the select all-India Financial Institution (FIs) in keeping with the international best practices. To provide support in formulating of policy relating to select all-India FIs by examining various issues arising from time to time & referred to it by various agencies.
- To finalize the inspection Reports of the FIs falling within the supervisory domain

of RBI & to handle the supervisory process arising from the reports. • To exercise off-site surveillance over the operations of the select all-India FIs & to address the issues of supervisory concern emanating there from. • To compile and furnish material in respect of the FIs for various publication of the bank & international organizations. To attend to matters relating to raising of resources by the FIs & • To attend miscellaneous activities such as handling references, Parliament questions, complaints, providing support to Advisory Board on Banking. Commercial & financial frauds (ABBCFF), foreign Delegations etc. Industrial Development Bank of India (IDBI) Industrial Finance Corporation of India (IFCI) Export-Import Bank of India (Exim Bank) ICCI LTD. Industrial Investment Bank of India LTD. Tourism Finance Corporation of India LTD. (TFCI) Infrastructure Development Finance Co.

Ltd. Small Industries Development Bank of India (SIDBI) National Bank For Agriculture And Rural Development (NABARD) National Housing Bank (NHB) The first seven institutions are collectively referred to as 'Term Lending Institution' while the three are termed as 'Refinancing Institution', as per the predominance of the nature of financing undertaken by them. Then details of progression of the regulatory frame for the final institution are furnished relating to regulation & supervision of all-India finance institutions.

The Three investment institution viz. LIC, GIC, and UTI do not fall within the regulatory and supervision purview of reserve bank of India as they are regulated by their sectoral regulators viz. Insurance Regulatory and Development Authority (IRDA) and securities and exchange board of India (SEBI). Reserve bank of India, however, has put an information system for

obtaining from data for compiling liquidity and monetary aggregates which are used for formulating of macro economic policy.

Statutory power for regulating of financial institutions are derived from section 45L of chapter IIIB of the Reserve bank of India Act, 1934, which gives the bank power to call for statements, information on particulars relating to the business of financial institution and also to give directions relating to the conduct of business by them. Statutory powers for inspection of financial institution are vested in the bank under the provisions of section 45N of chapter IIIB of Reserve bank of India Act, 1934.

Inspection of Financial Institutions was first taken up in April 1995 and subsequently, inspections of all the 10 financial Institution have been conducted. ALL INDIA FINANCIAL INSTITUTION – Complete list Industrial Development Bank of India (IDBI) Industrial Finance Corporation of India (IFCI) Export-Import Bank of India (Exim Bank) Industrial Reconstruction Bank of India (IRBI) now (Industrial Investment Bank of India) National Bank for Agriculture and Rural Development (NABARD) Small Industries Development Bank of India (SIDBI) National Housing Bank (NHB) Unit Trust of India (UTI) Life Insurance Corporation of India (LIC) General Insurance Corporation of India (GIC) Risk Capital and Technology Finance Corporation Ltd. (RCTC) Technology Development and Information Company of India Ltd. (TDICI) Tourism Finance Corporation of India Ltd. (TFCI) Shipping Credit and Investment Company of India Ltd. (SCICI) Discount and finance House of India Ltd. (DFHI) Securities Trading Corporation of India Ltd. (STCI) Power Finance Corporation Ltd. Rural Electrification Corporation Ltd. Indian railways

Finance corporation Ltd. Infrastructure Development Finance Co. Ltd.

Housing And Urban Development Corporation Ltd. HUDCO) India Renewable Energy Development Agency Ltd.

(IREDA) SPECIALIZED FINANCIAL INSTITUTION • www. nabard. org • www. sidbi. com • www. idbi. com • www. eximbankindia. com • www. nhb. org. in

- NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)
- SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI). • INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) • EXPORT-IMPORT BANK OF INDIA (EXIM BANK) • NATIONAL HOUSING BANK (NHB) DEVELOPMENT FINANCE

INSTITUTIONS An efficient and robust financial system acts as a powerful engine of economic development by mobilizing resources and allocating the same of heir productive uses. It reduces the transaction cost of the economy through provision of an efficient payment of mechanism, help in pooling of risks and making available long-term capital through maturity transformation by making funds available for entrepreneurial activity and through its impact on economic efficiency and growth, a well-functioning financial sector also helps alleviate poverty both directly and indirectly. In a development country, however financial sectors are usually incomplete in as much as they lack a full range a markets and institutions that meet all the financing needs of the economic .

For example, there is generally a lack of availability of long-term finance for infrastructure and industry, finance for agriculture and small and medium enterprises (SEM ) development and financial product and certain sections of the people . The role of the development finance is to identify the gaps in institutions and markets in a country's financial sector and act as a gap-'

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filler. ' The principle motivation for the development finance is therefore to a make up for the failure for the financial markets and institutions to provide certain kinds of finance to certain kinds of economic agents.

The failure may arise because the expected return to the provider of finance is lower than the market-related return (notwithstanding the higher social return) or credit risk involved cannot be covered by high risk premium as economic activity to be financed becomes unviable at such risk based price. Development finance is . Thus, targeted at economic activities or agents, which are rationed out of market. The vehicle for extending development finance is called development financial institution (DFI) or development bank.

A DFI is defined as “ an institution promoted or assisted by Government mainly development finance to one or more sectors of the economy. The institution distinguishes itself by judicious balance as between commercial norms of operation, as adopted by any private financial institution, and development obligations; it emphasizes the “ project approach” – meaning the viability of the project to be financed- against the “ collateral approach”; apart from provision of long-term loans, equity capital, guarantees and underwriting function, a development bank normally is also expected to upgrade the managerial and the other operational pre-requisites of the assisted project. Its insurance against default is the integrity competence and resourcefulness of the management, the commercial and technical viability of the project and above all the speed of implementation and efficiency of operations of the assisted projects. Its relationship with its

clients is of a continuing nature and of being a “ partner” in the project than that of a mere “ financier” (Scharf and Shetty, 1972).

Thus, the basic emphasis of a DFI is on long-term finance and on assistance for activities or sectors of the economic where the risks may be higher than that the ordinary financial system is willing to bear. DFIs may also play a large role in stimulating equity and debt markets by (i) selling their own stocks and bonds; (ii) helping the assisted enterprise float or place their securities and (iii) selling from their own portfolio of investments. Financial position of DFIs regulated by RBI It is observed that nine select all India financial institutions are being regulated and supervised by RBI at present.

Out of this, three institutions viz. , NABARD, NHB and SIDBI extend indirect financial assistance by way of refinance. The financial health of these three institutions sound as their exposure is to other financial intermediaries, which in certain cases is also supported by State Government guarantees. Of the remaining six institutions, two niche players viz. EXIM Bank and IDFC Ltd. are also quite healthy. The former operates in the area of international trade financing and the latter is a new generation FI with a mandate of leading private capital into the infrastructure sector, rather than itself being the direct lender.

The remaining four institutions that have been operating as providers of direct assistance all are in poor financial health. Financial institutions set up between 1948 and 1974 Besides Industrial Finance Corporation of India (IFCI) AND, State Financial Corporation (SFCs) in the early phase of planned economic development in India, a number of other financial institutions were

set up, which included the following. ICICI Ltd was set up in 1955, LIC in 1956, Refinance corporation for industries Ltd. in 1958 (later taken over by IDBI ), Agriculture Refinance Corporation (precursor of ARDC and NABARD) IN 1963, UTI and IDBI in 1964, Rural Electrification Corporation Ltd. and HUDCO Ltd. in 1969-70, Industrial Reconstruction Corporation of India Ltd. (precursor of IIBI Ltd. ) in 1971 and GIC in 1972. It may be noted here that although the powers to regulate financial institutions had been made available to RBI in 1964 under the newly inserted chapter IIIB of RBI Act, the definition of the term ‘ financial institution’ was made precise and comprehensive by amendment to the RBI Act Section 45-1 © in 1974

EMERGENCE OF FINANCIAL INSTITUTIONS IN INDIA. As mentioned earlier , FDIs are created in developing countries to resolve market failures especially in regard to financing of long-term investments. The DFIs play a very significant role in rapid industrialization of the continental Europe. Many of the DFIs were sponsored by national Governments and international agencies. The first Government sponsored DFIs was created in the Netherlands in 1822. In France , significant development in long-term financing took place after establishment of DFIs such as credit fanciers and credit mobiliser , over the period 1848-1852.

In Asia, establishment of Japan Development Bank and other term- lending institution fostered rapid Industrializations of Japan . The success of institutions, provided strong impetus for creation of DFIs in India after independence, in the context of the felt need for raising the investment rate. RBI was entrusted with the task of developing an appropriate financial



architecture through institution building so as to mobilize and direct resources to preferred sectors as per the plan priorities.

While the reach of the banking system was expanded to mobilize resources and extend working capital finance on an ever-increasing scale, to different sectors of the economy, the DFIs were established mainly to cater to the demand for long-term finance by the industrial sector. The first DFI established in India in 1948 was Industrial Finance Corporation of India (IFCI) followed by setting up of State Financial Corporation (SFCs) at the State level after passing of the SFCs Act, 1951. IDBI OUR VISION

To be amongst trusted power utility company of the company by providing environment friendly power on most cost effective basis, ensuring prosperity for its stock holder and growth with human free. Our Mission Perfection of Power

- 1) To ensure most cost effective Power for sustained growth of India.
- 2) To provide clean and green Power for secured future of countrymen
- 3) To retain leadership position of the organization in Hydro Power generation, while working with dedication and innovation in every project we undertake.
- 4) To maintain continuous pursuit for cost effectiveness enhanced productivity for ensuring financial health of the organization, to take care of stakeholder aspirations continuously.
- 5) To be a technology driven, transparent organization, ensuring dignity and respect for its team members.
- 6) To inculcate value system all cross the organization for ensuring trustworthy relationship with its constituent associates & stakeholder.
- 7) To continuously upgrade & update knowledge & skill set of its human resources.
- 8) To be socially responsible through community development by leveraging resources and knowledge base.
- 9) To achieve excellence in every activity we

undertake. GENESIS The Company was incorporated on January 10, 2000 with the main object of carrying on the business of providing long term finance to any person or persons, company or corporation, society or association enabling such borrower to construct or purchase in India a house or flat for residential purposes, upon such security and such terms and conditions as the Company may deem fit.

In view of the transfer of shareholding by Tata Finance Ltd. to IDBI Ltd. pursuant to Share Purchase Agreement executed on May 30, 2003, the name of the Company was changed to IDBI Home finance Ltd (IHFL) on December 19, 2003. The Company was taken over by IDBI Ltd. effective from September 8, 2003. IHFL is a wholly owned subsidiary of IDBI Ltd. , with its registered office at New Delhi and Corporate Office at Pune. With 18 branches located at metro centres and major cities, IHFL has emerged as one of the leading housing finance companies in the country.

As a new generation home finance company, IHFL derives the best attributes of the various providers of home finance. This includes a personal touch with customers, high quality customer service with the support of a state-of-the-art information technology system which differentiates it from other home loan providers in the country. IHFL has a centralized Data Base at Pune with online connectivity with all its branches facilitating real time operations, which is an important aspect of retail home finance. IDBI Bank Industrial Development Bank of India (IDBI) is the tenth largest bank in the world in terms of development.

The National Stock Exchange (NSE), The National Securities Depository Services Ltd. (NSDL), Stock Holding Corporation of India (SHCIL) are some of the institutions which has been built by IDBI. IDBI is a strategic investor in a plethora of institutions which have revolutionized the Indian Financial Markets. IDBI Bank, promoted by IDBI Group started in November 1995 with a branch at Indore with an equity capital base of Rs. 1000 million. Main function of IDBI's IDBI is vested with the responsibility of co-ordinating the working of institutions engaged in financing, promoting and developing industries.

It has evolved an appropriate mechanism for this purpose. IDBI also undertakes/supports wide-ranging promotional activities including entrepreneurship development programmes for new entrepreneurs, provision of consultancy services for small and medium enterprises, upgradation of technology and programmes for economic upliftment of the underprivileged IDBI's role as a catalyst IDBI's role as a catalyst to industrial development encompasses a wide spectrum of activities. IDBI can finance all types of industrial concerns covered under the provisions of the IDBI Act.

With over three decades of service to the Indian industry, IDBI has grown substantially in terms of size of operations and portfolio. Developmental Activities of IDBI Promotional activities In fulfillment of its developmental role, the Bank continues to perform a wide range of promotional activities relating to developmental programmes for new entrepreneurs, consultancy services for small and medium enterprises and programmes designed for accredited voluntary agencies for the economic upliftment of the underprivileged.

These include entrepreneurship development, self-employment and wage employment in the industrial sector for the weaker sections of society through voluntary agencies, support to Science and Technology Entrepreneurs' Parks, Energy Conservation, Common Quality Testing Centres for small industries. Technical Consultancy Organizations With a view to making available at a reasonable cost, consultancy and advisory services to entrepreneurs, particularly to new and small entrepreneurs, IDBI, in collaboration with other All-India Financial Institutions, has set up a network of Technical Consultancy Organizations (TCOs) covering the entire country.

TCOs offer diversified services to small and medium enterprises in the selection, formulation and appraisal of projects, their implementation and review. Entrepreneurship Development Institute Realising that entrepreneurship development is the key to industrial development; IDBI played a prime role in setting up of the Entrepreneurship Development Institute of India for fostering entrepreneurship in the country. It has also established similar institutes in Bihar, Orissa, Madhya Pradesh and Uttar Pradesh.

IDBI also extends financial support to various organisations in conducting studies or surveys of relevance to industrial development. NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT INTRODUCTION Genesis National bank for agriculture and rural development (NABARD) was established on 12 July 1982 by act of parliament. The agriculture credit function of the reserve bank of India [RBI] and re function of the then agriculture finance and development corporation [ARDC] were transferred to NABARD on its formation.

Mandate NABARD is set up by the government of India [GOI] as a development bank with the mandate for facilitating credit flow for promotion & development of agriculture, small scale industries, cottage & village industries, handicrafts & other crafts. It also has the mandate to support all other allied economics activities in rural areas promote integrated & sustainable rural development & security policy of rural areas, as also for matters connected their with & incidental there. Share capital

The share capital of NABARD is Rs. 2000 crore subscribed by the GOI (Rs. 550 Crore) the RBI (Rs. 1450 Crore) Management The management of NABARD vests with the board of directors. The board of directors of NABARD comprises the chair person, managing director, and representative of RBI, GOI, state governments & directors nominated by the GOI. Structure NABARD operates through its head office at Mumbai, 28 regional offices located in the state capital, a sub office at port Blair & 360 district offices.

NABARD has on its roll around 2968 professional supported adequately by a number of other staff. Mission Promote sustainable & equitable agriculture & rural prosperity through effective credit support, related services, institution development & other innovative initiatives. Role ? Facilitating credit flow for agriculture, rural infrastructure & rural development. ? Promoting & supporting policies, practices & innovations conducive to rural development. ? Strengthening rural credit delivery system through institutional development. FUNCTION IN BRIEF Credit planning Preparation of district wise credit plans annually that indicate exploitable potential available for development through bank credit under agriculture, allied activities, rural non-farm sector, etc. ? Preparation of state focus based on credit plans. ?

Monitoring the flow of ground level credit. ? Issuing policy & operational guidelines to rural institution (RFI) Financial service ? Refinancing RFI for providing loans investment & production purpose in rural areas. ? Loans to state government for strengthening of cooperatives & also developing physical & social infrastructure in rural areas. Support of micro credit innovation of non-governmental operation (NGO) & other non-formed agencies. ? Monitoring & evaluation of financial projects. Promotion & development ? Institutional development of client organizations. ? Capacity building in partner institution. ? Supporting experimentation with new development models & practices in credit delivery. ? Dissemination of innovative product & ideas. ? Supporting research & ideas. (R&D) ? Assisting RBI/GOI in formulation of policies relating to rural credit. ? Promotion of rural non-farm sector. ? Promotion of micro credit innovation. ? Promotion of Kisan credit card (KCC) scheme. Consultancy services. Supervision ? On site inspection of cooperative banks (coops banks) & regional rural banks (RBI). ? Off site surveillance of the health of cooperative banks. CREDIT PLANNING District level planning ? NABARD prepares potential linked plans (PLP) for all the district of the country. It maps the potential available for development in agriculture & rural sectors in the district & projects credit requirements, taking into account long term physical potential, availability of infrastructure, extension services & marketing support & the strength & weakness of RFI in the district.

State level planning ? NABARD prepares a state focus paper for every state. This presents a comprehensive picture of potential available in the state for development of agriculture & allied sectors. It also provides a road map of

the opportunities available for the further investment in these sectors. It can be used by bankers & other agencies for the preparing their action plans for making 3 investment. ? State credit seminars are conveyed by NABARD annually where all agencies concerned viz. the state government, banks, NGO, etc. articulate & discuss policies & operational measures required to be taken for tackling constraints in developments of potential available in agriculture & allied sectors in the state. National bank planning NABARD facilities policy decision by GOI & RBI in the areas of credit flow to agriculture & rural development. FINANCIAL SERVICE Short term credit ? Seasonal agriculture operation (SAO) to coop banks & RRB. ? Marketing of crops to coop banks & RRB. Marketing an input like seeds, fertilizers, etc. to coop banks. ? Production & marketing activities of village & small scale industrial cooperative societies to coop banks. Production, procurement & marketing activities of primary / apex weaver societies & state handloom development corporations (SHDC) to state cooperative banks (SCB) & commercial banks (CB). ? Production, procurement & marketing activities of state handicraft development corporation (SHnDC) to SCB & CB. ? Working capital requirements of pisciculture activities to coop banks & RBI. ? Any other activity connected with rural/ agriculture sector to coop banks & RRB. SHORT TERM (ST) CREDIT ? Seasonal agriculture operation (SAO). In order to ensure availability of timely credit to farmers, banks follow production-oriented system of lending.

The system has features like assessment of credit needs on the basis of area under cultivation & crop wise scales of finance, extending credit of purchase of agriculture inputs. Refinance is provided for production purposes at

concessional rates of interest to SCB & RRB by way of sanction of credit limits. Each drawal against the sanctioned credit limit is repayable within 12 months. ? Marketing of crops Refinance facility is extended to coop banks & RRB for meeting the marketing credit requirements of farmers with a view to reducing incidence of distress sale & enhancing their holding capability.

Each drawal against the sectioned credit limit is repayable within a maximum period of 12 months. ? Duration of agriculture inputs In order to ensure timely supply of agriculture inputs line of credit is made available to coop banks & RRB for financing apex / primary for stocking & distribution of agriculture inputs by way of sanction of yearly limits. Each drawl is repayable within a period of 120 days. Special initiative- • Direct short term refinance to district central coop banks for financing SAO. • Special line of credit for oil seeds & pulses production. Special line of credit for development of tribal in predominately tribal areas. Financing industrial societies Refinancing is provided to coop banks for financing production & marketing activities of industrial cooperative societies engaged in one or more of the 22 approved broad groups of cottage & SSI. ? Weavers finance Given the importance of handloom sector in rural employment generation, refinance is extended to meet the working capital requirement of primary weavers societies & procurement, stocking distribution & marketing activities of apex weavers societies & SHDC. Finance handicrafts sector Rural craftsmen are provided support by financing SHnDC through SCB & CB for production, procurement & marketing of handicraft goods. ? Pisciculture Refinance is extended to coop banks & RRB for meeting working capital requirements for fishermen engaged in inland & marine fishery activities. ? New line of credit for ST



agriculture/ allied & marketing activities A new line of credit is extended to cooperative banks for financing agriculture/ allied and marketing activities against security of gold / security other than charge on crops.

Medium term credit (MT) • MT conversion loans (on accounts of crop loss due to natural calamities) to coop banks & RRB. • MT (non schematic) loans for agriculture & allied activities to coop banks & RRB. ? Medium term (conversion) loans. When crop loss on accounts of natural calamities is substantial, affecting the farmers ability to repay production dues to banks, refinance by way of medium term loans is granted to cooperative banks and RRB to enable them to convert t he ST loans.

The repayment period of the converted loan is 3 years which may go up to a maximum of 7 years in case of recurring calamities. ? Medium term (non-schematic) loans Refinance is provided to SCB and RRB for financing farmers to acquire productive assets for certain approved agriculture investment purposes. Medium term (conversion) loans sanctioned during 2006-2007 were Rs. 288. 02 crore. Investment credit • Refinance to state co-operative agriculture & rural development banks (SCARBD), SCB, schedule banks such as CB & RRB for. Agriculture & allied activities. • Financing artisans/ khadi village industries (KVIC) / RURAL NON-FARM SECTOR, ETC. • Rural housing. Investment credit Investment credit leads to capital formation through asset creation. It induces upgrading of technology resulting in increased production, productivity & incremental income to farmers & entrepreneurs. ? Eligible institution NABARD provides refinance support to SCARBD / SCB /RRB /CB / schedule primary urban cooperative banks/ north east development finance corporation ltd. (NEDFi) etc. gainst their investment credit in the <https://assignbuster.com/nabard-9199-words-college-essay/>

rural sector. Achievements during 2006-2007 were Rs. 7605. 29 crore. The target for refinance support for investment credit for the year 2007-2008 is set at Rs. 8800 crore. ? Eligible purposes. Major purposes covered are farm mechanization, minor irrigation, plantation / horticulture, animal husbandry, storage / market yards, fisheries, post harvest management, food agro processing, non farm sector including rural industries, microfinance, purchases of land (for small / marginal farmers, share croppers etc. rural housing & disbursements under poverty alleviation programs like SGSY & SC/ST action plan, etc. hi tech projects & Agri exports zones have been identified as thrust areas & NABARD assists in techno-financial appraisal of such projects besides providing refinance. During 2006-2007 refinance support has been extended to new activities like financing of diesel generator sets in Madhya Pradesh & LPG kits to rural areas all over the country. ? Criteria

The necessary condition to be satisfied for sanctioning investment credit include technical feasibility & financial viability of the project as also its capacity to generate increment income to the ultimate borrowers thereby enabling them to have a reasonable surplus after repayment of loan installment. The period of loan ranges between 3 to 15 years depending on the purpose for which it is provided. Direct credit • Loans to state governments for share capital contribution to cooperative credit institution. Loans under rural infrastructure development fund (RIDF) for rural infrastructure projects to state governments, panchayati raj institution, SHG & NGO, etc. • Co-financing of hi tech / export oriented agriculture projects involving large outlays/ sunrise technology etc with CB. • Bulk lending for

more micro finance activities & promotional projects of NGO. Direct credit Loans to state governments. ? Supporting cooperatives In order to strengthen the owned funds position of cooperative credit institution NABARD provides loans to state governments to contribute to the share capital of these institutions. Rural infrastructure development With the objectives of assisting state governments in the completion of ongoing rural infrastructure projects, the rural infrastructure developments fund (RIDF) was set up in NABARD in 1995-96 with contribution by way of deposits received from CBs. The shortfall in agric / priority sector lending deposits by CBs with NABARD forms the corpus of RIDF, (1995-96) to IX (2006-2007), is RS. 34000 crore. Sanctions under all trenches of RIDF as on 31st march 2007 were Rs. 34678. 07 crore & disbursements Rs. 21067. 17 Crore. ? Anticipated benefits

It is anticipated that the projects sanctioned up to 31st march 2007 under RIDF would result in:

- Creation of additional irrigation potential in 85. 52 lakh
- Addition of 152483 km of rural road network & 29600 meter bridge length.
- Contribution to the GDP to the tune of Rs. 9712 crore
- Generation of recurring employment of 44. 59 lakh jobs & recurring employment of 12095 lakh person days due to increased irrigation.
- Generation of non-recurring employment expected from non-irrigation projects: 14354 lakh person days.

Co- financing To insure substantial credit flow to agriculture & rural sector & to instill confidence in banks for financing hi tech / export oriented agriculture projects involving large financial outlays/ sunrise technologies etc. NABARD has entered into agreements for co-financing with 12 CBs on a risk-sharing basis. During 2006-07, 7 projects were sanctioned

under this agreement in areas such as floriculture, organic farming. Milk processing, ethanol production, infrastructure development & forestry, involving total financial outlay of Rs. 118. 0 crore & NABARD supports of Rs. 35. 97 crore. THRUST AREAS 1) Kisan credit card:- As a pioneering credit delivery innovation, KCC scheme aims at provision of adequate & timely support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible & cost effective manner. As on 31st march 2007, cumulative 665. 63 lakh cards were issued to the farmers by co-operative banks, CB's & RRB. A personal accident insurance scheme is available to KCC holders to cover them against accidental death/ permanent disability. Kisan credit cards issued up to 31st march 2007

CB	Co-op banks	RRB	Total	255. 0	327. 09	82. 84	665. 63
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Non Farm Sector:- Rural non farm sector is a thrust area of NABARD because of its employment generation potential in rural areas. NABARD provides refinance as well as promotional support for development of the sector. a) Credit support :- The refinance products of NABARD cover manufacturing, processing & service activities in the small scale industries sector with focus on cottage, village & tiny industries, rural artisans & rural crafts as also rural housing finance.

Refinance for Rural Housing is extended for financing new constructions & renovating existing constructions in rural areas. Refinance is also extended to govt. sponsored programmes like swarnajayanti Gram Swarjogar Yojana & Prime Ministers Rozgar Yojana. b) Promotional Support:- Promotion of RNFS has been recognized as an important & necessary adjunct to the refinancing function.

The objective of promotional programmes is to establish replicable models for generating/ enhancing opportunities for employment & income generation in rural areas in a sustainable, demonstrative & cost effective manner by providing grant/ revolving fund assistance etc. , to NGOs, Voluntary Associations (Vas), Trusts and other promotional organizations. Achievements up to 31MARCH 2007 Refinance under RNFS Rs. 15455 Crore. 5465 REDPs supported over 1. 51 lakh rural youths. 80 districts covered under DRIP. 55 rural clusters identified for development. c) Rural Promotion Corpus Fund (RPCF)

RPCF has been established in NABARD with the objective of supporting innovative promotional activities in a flexible manner leading to promotion of viable enterprises, sustainable employment opportunities and improved credit flow to rural enterprises. Promotional activities supported include- d) Rural Entrepreneurship Development Programmes (REDP) NABARD extends grant assistance to agencies with professional competence for conducting entrepreneurship development programmes for unemployed rural youth. A comprehensive strategy was adopted to cover one lakh.

Potential entrepreneurship under REDP over a period of 5 years (1999- 2000 to 2003- 04) through institutional of REDP. NABARD has supported more than 5465 REDPs since inception & trained around 151, 000 rural youth with grant assistance of Rs. 11. 91 Crore. e) District Rural Industries Project (DRIP) The project was launched by NABARD in 1993- 94 and select districts with the objective of generating sustainable employment opportunities through enhanced credit flow to rural non farm sector together with promotional measures in a co-coordinated manner.

Under the project, a common action plan is prepared & implemented in coordination with all government & non-government agencies involved in promotion of rural industrialization in the district. In view of the success of the programme, it was decided to extend the project to 100 more districts in 5 years commencing from the year 2001-02. During 2003-04, 106 districts were covered bringing the total districts covered to 80. The programme has facilitated setting up of more than 17. 29 lakh units & generating employment opportunities for over 39. 55 lakh persons as on march 2007. f) Cluster Programme for Rural Industries

NABARD is actively associated with the National Programme for Rural Industrialization (NPRI) launched by Gol for development of rural clusters & has identified 65 clusters in select districts with the involvement of VA's. Promotional programmes have been launched in 55 clusters so far. Different aspects such as skill & technology up gradation, design diversification, timely & adequate supply of quality raw materials, marketing, etc. are taken care of after conducting diagnostic studies & preparing action plans within the time frame with active involvement of all government & development agencies, banks, NGO's & artisans.

The programme is estimated to benefit 16000 artisans & small entrepreneurs. g) Skill Up Gradation & Design Development for handloom Weavers(SUDHA) The scheme was introduced in 2002-03 with a view to upgrading skills of traditional handloom weavers & supporting development of new designs for handloom products for improving their marketability both within & outside the country. Under the scheme, grant assistance is given to Apex Handloom Cooperative Societies & NGO's involved in promotion of

handloom sector for market surveys, design development, Skill up gradation training, engaging design consultants & marketing efforts.

During the 4 year programmes with grant assistance of Rs. 10. 71 lakh were sanctioned. H) Swarozgar Credit Card (SCC) Scheme The SCC Scheme formulated by NABARD in consultation with RBI & GOI envisages adequate & timely credit, both working capital & block capital, to small artisans, handloom weavers, service providers, fishermen, self employed persons, rickshaw owners & others micro entrepreneurs, in rural & urban areas in a flexible, hassle free & cost effective manner from the banking system. The facility also includes a reasonable component for consumption needs.

As on 31 MARCH 2007 28, 925 cards were issued by CBs, Co- operative banks & RRB involving credit limit of Rs. 64. 25 Crore. The details of the scheme are as under:

- Small artisans, handloom weavers, service sector, fishermen, self employed persons, rickshaw owners, other microentrepreneurs, SHG, etc. , in rural and urban areas are covered under the scheme.
- Laminated credit card and passbook to be provided and presented during withdrawals.
- The credit facility under the scheme to be in the nature of a Composite Loan including term loan/ revolving cash credit.

It can be only term loan or cash credit or a combination of both.

- The term loan will be for investment requirements and to be repaid within 5 years in suitable installments.
- The revolving cash credit to be fixed taking into account the operating cycle/ nature of the investments.
- The quantum of limit to be 25, 000 /- per borrower as Composite Loan. In deserving cases, banks to be consider even higher limits.
- Selection of clients at bank's

discretion. Card valid for 5 years subject to satisfactory operation of the account and renewed on a yearly basis. SHG can also be issued cards in their name and they will be liable jointly and severally for repayment. •

Cardholders are to be automatically covered under the group insurance scheme with premium to be shared by the bank and the borrower equally.

Each bank has to make arrangements with an insurer of its choice for extending the insurance coverage to the borrowers. • Security, margin, rate

of interest and prudential norms as per RBI/ NABARD stipulations. SUPPORT

FROM NABARD Financial Support ? Rs. 33, 474 Crore provided as refinance

support during 2006- 07 Crore. Direct loan fund support by NABARD TO

NGOs, microfinance institutions (mfis), SHG federations & other agencies

was Rs. 8. 74 Crore taking the Cumulative loan fund support to Rs. 27. 32

Crore up to march 2007. ? Grant assistance amounting to Rs. 4. 73 Crore

was sanctioned to 221 NGOs for promotion & linkage of 37268 SHGs.

Cumulative, grant amount of Rs. 15. 12 Crore was sanctioned to 785 NGOs

as on 31MARCH 2007 for promotion & linkage of 115, 279 SHGs. ? Grant

support of Rs. 116. 03 lakh was extended to 28 DCCBs for promoting &

linking 14750 SHGs. Cumulatively, grant amount of Rs. 124. 3 lakh was

extending to 29 DCCBs as on 31 MARCH 2007 for promoting & linking 15550

SHG. ? Grant support of Rs. 64. 89 lakh was extended to 23 RRB functioning

as SHPI for promoting & linking 7895 SHGs. Cumulatively, grant support of

Rs. 275. 76 lakh was extended to 90 RRB as on 31 MARCH 2007 for

promoting & linking 35, 045 SHGs respectively. ? Grant support of Rs. 2. 43

lakh was extended to 119 farmers Clubs for promoting & linking SHGs.

Cumulative, grant amount of Rs. 24. 95 lakh was extended to 612 clubs as

on 31 MARCH 2007 for promoting 6994 & linking 4281 SHGs ? Grant support

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of Rs. 7.5 lakh was extended to DCCBs & RRB for promoting & linking 600 SHG through individual Rural Volunteers (IRVs). Cumulatively grant support stood at Rs. 24.90 lakh for associating 185 SHGs. Against this 652 SHGs have been formed & 274 credits linked. Capacity Building Support During the year 2006-07, training programmes covering 2,44,007 participants were organized in association with identified training partners. These include 4635 awareness creation & capacity building programmes. Training Programmes organized for 1,59,082 SHG members to inculcate skills for managing thrift & credit. In addition programmes also conducted for 26,273 bankers, 7362 functionaries of NGOs, 5958 government officers, 312 faculty members of training institutions, 1303 elected members of Panchayati Raj institutions. Exposure visits to banks & institutions pioneering microfinance initiatives. A pilot project aimed at building synergy between the Grain Bank approaches with the SHG bank linkage Programme is being implemented in the tribal areas of kalahandi district of orissa state in association with an NGO & RRB with financial assistance of Rs. 78 lakh. A pilot project for expanding outreach in a sustainable manner & improving quality of services of rural banks using information technology (IT) enabled services has been initiated in 2002-03 in Andhra Pradesh. The second phase of the project envisages IT integration with microfinance. A pilot project for streamlining credit flow to mid segment clients using joint liability groups aimed at identifying collateral substitutes like peer pressure/ social collateral even for lending's of a higher order has been conceived by NABARD. A pilot project for SHG Post Office Linkage in select districts of Tamilnadu is being implemented by NABARD with the objective of using the vast network of post offices in rural areas for disbursement of credit to the rural poor on an

agency basis. A revolving fund assistance of Rs. 50000 has been sanctioned to the department of posts. WATERSHED DEVELOPMENT PROGRAMME

Watershed Development is a comprehensive approach to enhance productivity under rain fed agriculture.

The programme is effective in conserving soil, rainwater & vegetation and enables harvesting of the surplus water to create water resources in addition to ground water recharge. NABARD has been actively supporting Watershed Development Programme. INDO-GERMAN WATERSHED DEVELOPMENT PROGRAMME (IGWDP) This is an integrated Programme for watershed development & regeneration of natural resources. It is being implemented since 1992 in Maharashtra through NGO's & village level community based organizations. Objectives:

Development of micro watersheds in an integrated & comprehensive manner for achieving sustainable production system through people's participation.

Programme Phase: The programme has two phases: First phase is Capacity Building Phase (CBP) where a small part of the watershed is taken up for treatment to develop capacity among the farmers & conviction. It is implemented through Watershed Organizations Trust (WOTR), Ahmednagar & funded by GTZ, Germany. Second phase is full implementation phase implemented by NABARD.

Full implementation phase is taken up only after successful completion of CBP. STATUS OF THE PROGRAMME :- ? 118 projects covering about 1 lakh in 190 villages spread through 24 districts taken up through 65 NGO's of which 64 projects have been completed. ? The average cost of watershed

development in completed projects is around Rs. 5860 per ha. ? The implementation of the programme has commenced in Andhra Pradesh & projects have been sanctioned so far. Further, the extension of programme to Rajasthan is in pipeline. Impact of the programme ? Improvement in drinking water availability. Rise in ground water recharge, leading to increased irrigation & in turn increase in agricultural production, productivity, crop diversification including dairy activity. ? Improved local employment thereby reducing distress migration. ? Secondary impact such as improved quality of life, housing, health & school. ? Watershed development programme The GOI set up the watershed development fund ( WDF) in NABARD in 1999-2000 with a corpus of Rs. 200 crore contributed equally by GOL (Ministry of agriculture) & NABARD. Objectives To spread the message of participatory watershed development throughout the country.

Coverage It is purposed to cover 100 districts under WDF across the country. So far- • 285watersheds in 103 districts spanning 100 states have been identified for implementation of the programme. • Of the above, 274 watersheds projects were sanctioned grant assistance of Rs. 13. 12 Crore under CBP • 37 projects have entered FIP stage. Women development Women constitute almost half the population& make up one third of labour force in India. Various schemes for financing farm & non farm sector activities through banking system are available both to men & women.

In order to give focus to women in various developmental activities & to increase their access to institutional credit, NABRD has formulated various programmes. ? Gender sensation programme With the objective of facilitating internalization of gender concerns in credit as also to improve the

outreach of the banks in respect of women clients. NABARD has been conducting gender sensitization meets/ workshops for various level of bankers at the district & state level. 330 such programmes covering over 6000 bank personnel have been conducted till 31 MARCH 2007. Women development cells (WDC)

With a view to strengthening institutional capabilities. For addressing gender issues in credit support. Services & accelerating credit flow to women through 'relationship banking'. NABARD has extended grant support for setting up of women development cells in RRB & Cooperative banks.

NABARD has so far supported 100 such cells in coop banks & RRB. The credit flow to women through these banks is Rs. 3595.79 crore covering 27.94 lakh women since inception of WDCs. Based on a review of their performance a modified incentive based scheme was formulated under which 8 banks have been sanctioned assistance. Assistance to Rural Women in Rural Non farm Development (ARWIND) ARWIND, a single window scheme comprising credit as well as promotional components, has been formulated with the objective of entrepreneurial development among rural women. Under the scheme, assistance is available for activities like Escori services (help in actual setting up of units), common Facility centers/ service centers, setting up of mother units, product design, Quality control, Organizing women etc. NABARD provides 100% refinance to banks under the scheme. As on 31 March 2007 Rs. 3 crore has been sanctioned for 128 projects covering 9813 rural women in 22 states. Assistance for marketing of non farm products of rural Women (MAHIMA) Recognizing the importance of marketing as a crucial link for women entrepreneurs the scheme MAHIMA was introduced. It aims at

supporting various initiatives for promoting marketing of items produced by rural women such as market survey, capacity building, setting up of showrooms/sale outlets, etc. NABARD provides 100% refinance to banks under the scheme. As on 31 March 2007, 26 projects in 11 states were supported with assistance of Rs. 59 lakh. ? Development of women through Area programme (DEWTA)

Responding to the need for an integrated & holistic approach to development of women entrepreneurs, this scheme is being implemented in three RRB on a pilot basis. Under the programme the WDC of select banks will identify the skill up gradation & credit needs of women & fulfill the same over a period of 3 years. A grant of Rs. 32 lakh has been sanctioned to the WDCs. [pic] Small Industries Development Bank of India (SIDBI) Origin & Objectives Small Industries Development Bank of India (SIDBI) was established in April 1990 under an Act of Indian Parliament as the principal financial institution for : • Promotion Financing • Development of industry in the small scale sector • Co-ordinating the functions of other institutions engaged in similar activities Since its inception, SIDBI has been assisting the entire spectrum of SSI Sector including the tiny, village and cottage industries through suitable schemes tailored to meet the requirement of setting up of new projects, expansion, diversification, modernisation and rehabilitation of existing units. Domain of Service The Small Scale Industries (SSIs) sector is a vibrant and dynamic sector of the Indian economy.

The sector presently occupies an important place and its contribution in terms of generation of employment, output and exports is quite significant. The Small Scale Industries sector including tiny units, comprises the domain <https://assignbuster.com/nabard-9199-words-college-essay/>

of SIDBI's business. Besides, the projects in the services sector with total cost upto Rs. 250 million are also taken within the area of SIDBI's operations. The Bank also finances industrial infrastructure projects for the development of SSI sector. Channels of Assistance SIDBI's financial assistance to small scale sector have three major dimensions: 1. Indirect assistance to primary lending institutions (PLIs); 2.

Direct assistance to small units; and 3. Development and Support Services Indirect Assistance SIDBI's Schemes of indirect assistance envisages credit to SSIs through a large network of 913 PLIs spread across the country with a branch network of over 65000. The assistance is provided by way of refinance, bills rediscounting, and resource support in the form of short term loans/Line of Credit (LoC) in lieu of refinance, etc. Direct Assistance The objective behind SIDBI's direct assistance schemes has been to supplement the efforts of PLIs by identifying the gaps in the existing credit delivery mechanism for Small Scale Industries.

Direct assistance is provided under several tailor made schemes through SIDBI's 41 Regional/Branch offices spread across the country. Development and Support Services The Bank extends development and support services in the form of loans and grants to different agencies working for the promotion and development of SSIs and tiny industries. Over the years, the initiatives of SIDBI under promotional and developmental activities have crystallised into the following important areas: • Enterprise Promotion with emphasis on Rural Industrialisation • Human Resource Development to suit the SSI sector needs • Technology Upgradation Quality and Environment Management • Marketing and Promotion and • Information Dissemination. MAJOR SCHEMES

OF SIDBI Small Industries Development Bank of India (SIDBI) SIDBI was set up by an Act of Parliament, as an apex institution for promotion, financing and development of industries in small scale sector and for coordinating the functions of other institutions engaged in similar activities. It commenced operations on April 2, 1990.

SIDBI extends direct/indirect financial assistance to SSIs, assisting the entire spectrum of small and tiny sector industries on All India basis. The range of assistance comprising financing, extension support and promotional, are made available through appropriate schemes of direct and indirect assistance for the following purposes:-

- Setting up of new projects
- Expansion, diversification, modernisation, technology up gradation, quality improvement, rehabilitation of existing units
- Strengthening of marketing capabilities of SSI units. Development of infrastructure for SSIs and
- Export promotion.

Direct Assistance Schemes SIDBI directly assists SSIs under Project Finance Scheme, Equipment Finance Scheme, Marketing Scheme, Vendor Development Scheme, Infrastructural Development Scheme, ISO-9000, Technology Development & Modernisation Fund, Venture Capital Scheme, assistance for leasing to NBFCs, SFCs, SIDCs and resource support to institutions involved in the development and financing of small scale sector.

These Schemes are mainly targeted at addressing some of the major problems of SSIs in areas such as high tech project, marketing, infrastructural development, delayed realisation of bills, obsolescence of technology, quality improvement, export financing and venture capital assistance. Indirect Assistance Schemes Under its indirect schemes, SIDBI

extends refinance of loans to small scale sector by Primary Lending Institutions (PLIs) viz.

SFCs, SIDCs and Banks. At present, such refinance assistance is extended to 892 PLIs and these PLIs extend credit through a net work of more than 65,000 branches all over the country. All the Schemes of SIDBI both direct and indirect assistance are in operation in all the States of the country through 39 regional/branch offices of SIDBI. Promotional and Development Activities

SIDBI is actively involved in promoting tiny and small scale industries by means of its promotional and developmental activities through suitable professional agencies for organising Entrepreneurship Development Programmes, Technology Upgradation & Modernisation Programmes, Micro Credit Schemes and assistance under Mahila Vikas Nidhi to bring about economic empowerment of women specially the rural poor by providing them avenues for training and employment opportunities. | A. Refinance against term loans in respect of projects/activities| Interest on term loans for fixed assets| Interest on | | eligible for assistance under the Scheme | and working capital advances | Refinance (% p. a. ) | | |(excluding interest tax) (% p. a. ) | | |(i) | Upto and inclusive of Rs. 25, 000 | 12. 0 | 9. 0 | |(ii) | Over Rs. 5, 000 and upto Rs. 2 lakh | Not exceeding 13. 5 | 10. 5 | | B. | Refinance against term loans in respect of projects/activities| Interest on term loans (excluding | Interest on | | eligible for assistance under TDMF and ISO 9000 Schemes | interest tax) (% p. a. ) | Refinance (% p. a. ) | | |(Applicable to all eligible institutions) (except RRBs) | | |(i) | Upto and inclusive of Rs. 25, 000 | 12. | 9. 0 | |(ii) | Over Rs. 25, 000 and up to Rs. 2 lakh | Not exceeding 13. 5 | 10. 5 | |(iii) | Over Rs. 2 lakh | Not exceeding 14. 0\* | 12. 0 | SIDBI's



assistance to: (i) Tiny Units – about 89.2 per cent of the number of projects assisted under Refinance Scheme during 1996-97 were tiny, receiving assistance upto Rs. 5 lakh per project.

The sanctions for such projects accounted for 39.6% of the total amount of sanctions in 1996-97 as against 36.0% during the previous year. (ii) Women entrepreneurs – under various schemes assistance amounting to Rs. 19.07 crores was given to 1067 women entrepreneurs during 1996-97. (iii) Backward areas – during 1996-97, projects emanating from backward areas received assistance to the tune of Rs. 775 crores of sanction which accounted for 37% of total assistance under Refinance Scheme of SIDBI.

Measures to simplify Rules/Regulations To fill the gaps in the existing structure of credit delivery mechanism to the small scale sector, Small Industries Development Bank of India (SIDBI) keeps on effecting simplification of procedures, liberalisation of new schemes and introduction of new schemes. – Endeavour of SIDBI is to ensure that no worthwhile proposal is denied credit for want of funds. – Norms laid down by Reserve Bank of India and Government of India are followed by SIDBI for granting assistance to SSI units. Liberalisation effected (i) Enhancement in the ceiling on loan amount of the Composite Loan Scheme to Rs. lakh from the earlier ceiling of Rs. 50,000/- to ensure timely availability of term loan and working capital to the small units. The scheme was also liberalised to include units in all areas other than metropolitan areas. (ii) Scope of Technology Development & Modernisation Fund Scheme and Refinance Scheme for Technology Development & Modernisation has been expanded to cover non-exporting SSIs/ancillary units graduating out of SSI sector for assistance

under the scheme. (iii) Scope of Single Window Scheme has been enlarged to cover modernisation, technology upgradation in addition to new SSI units.

Project outlay under the scheme has been gradually raised from s. 30 lakhs to Rs. 100 lakhs. Simultaneously, the sub-limits for working capital and term loan components has been done away with. Main Schemes of SIDBI National Equity Fund Scheme which provides equity support to small entrepreneurs setting up projects in Tiny Sector. Technology Development & Modernisation Fund Scheme for providing finance to existing SSI units for technology upgradation / modernisation. Single Window Scheme to provide both term loan for fixed assets and loan for working capital through the same agency.

Composite Loan Scheme for equipment and/or working capital and also for worksheds to artisans, village and cottage industries in Tiny Sector. Mahila Udyam Nidhi (MUN) Scheme provides equity support to women entrepreneurs for setting up projects in Tiny Sector. Scheme for financing activities relating to marketing of SSI products which provides assistance for undertaking various marketing related activities such as marketing research, R&D, product upgradation, participation in trade fairs and exhibitions, advertising branding, establishing distribution networks including show room, retail outlet, wears-housing facility, etc.

Equipment Finance Scheme for acquisition of machinery/equipment including Diesel Generator Sets which are not related to any specific project. Venture Capital Scheme to encourage SSI ventures/sub- contracting units to acquire capital equipment, as also requisite technology for building up of export

capabilities/import substitution including cost of total quality management and acquisition of ISO-9000 certification and for expansion of capacity.

ISO 9000 Scheme to meet the expenses on consultancy, documentation, audit, certification fee, equipment and calibrating instruments required for obtaining ISO 9000 certification. Micro Credit Scheme to meet the requirement of well managed Voluntary Agencies that are in existence for at least 5 years; have a good track record and have established network and experience in small savings-cum-credit programmes with Self Help Groups (SHGs) individuals. New Schemes (i) To enhance the export capabilities of SSI units. (ii) Scheme for Marketing Assistance. (iii) Infrastructure Development Scheme. (iv) Scheme for acquisition of ISO 9000 certification. (v) Factoring Services and (vi) Bills Re-discounting Scheme against inland supply bills of SSIs. Major schemes Technology Development & Modernisation Fund SIDBI has set up Technology Development & Modernisation Fund (TDMF) scheme for direct assistance of small sale industries to encourage existing industrial units in the sector, to modernise their production facilities and adopt improved and updated technology so as to strengthen their export capabilities.

Assistance under the scheme is available for meeting the expenditure on purchase of capital equipment acquisition of technical know-how, upgradation of process technology and products with thrust on quality improvement, improvement in packaging and cost of TQM and acquisition of ISO-9000 series certification. SIDBI in July 1996 had permitted SFCs and promotional banks to grant loans for modernisation projects costing upto Rs.

50 lakhs. The Coverage of the TDMF scheme has been enlarged w. e. f. 1. 9. 1997.

Non-exporting units and units which are graduating out of SSI sector are now eligible to avail assistance under this scheme. National Equity Fund National Equity Fund (NEF) under Small Industries Development Bank of India (SIDBI) provides equity type assistance to SSI units, tiny units at one per cent service charges. The scope of this scheme was widened in 1995-96 to cover all areas excepting Metropolitan areas, raising the limit of loan from Rs. 1. 5 lakhs to Rs. 2. 5 lakhs and covering both existing as well as new units: a) The following are eligible for assistance under the scheme:- i. New projects in tiny and small scale sectors for manufacture, preservation or processing of goods irrespective of the location (except for the units in Metropolitan areas). ii. Existing tiny and small scale industrial units and service enterprises as mentioned above (including those which have availed of NEF assistance earlier), undertaking expansion, modernisation, technology upgradation and diversification irrespective of location (except in Metropolitan areas). iii.

Sick units in the tiny and small scale sectors including service enterprises as mentioned above, which are considered potentially viable, irrespective of the location of the units (except for the units in Metropolitan areas). iv. All industrial activities and service activities (except Road Transport Operators).

(b) Project cost (including margin money for working capital) should not exceed Rs. 10 lakhs in the case of new projects in the case of existing units and service enterprises, the outlay on expansion/modernisation/technology upgradation or diversification or rehabilitation should not exceed Rs. 0 lakh per project. (c) There is no change in the existing level of promoters'

contribution at 10% of the project cost. However, the ceiling on soft loan assistance under the Scheme has been enhanced from the present level of 15% lakh per project to 25% of the project cost subject to a maximum of Rs. 2.5 lakh per project. FINANCIAL PERFORMANCE OBJECTIVES SIDBI had been providing refinance to State Level Finance Corporations / State Industrial Development Corporations / Banks etc. , against their loans granted to small scale units.

Since the formation of SIDBI in April, 1990 a need was felt/ representations were made that SIDBI being the principal financial institution for the small sector, should take up the financing of SSI projects directly on a selective basis. So it was decided to introduce direct assistance schemes to supplement the other available channels of credit flow to the small industries sector. Since then, SIDBI has evolved itself into a supplier of a range of products and services to the Small & Medium Enterprises [SME] sector. SIDBI – Financial highlights for FY 06 | | SIDBI witnessed all-round growth in loan approvals, disbursements, income and profit during FY 2005-06. The overall growth is mainly | | attributed to the focused growth in the direct finance portfolio of the bank as a result of new business initiatives, aggressive | | marketing strategies, increased branch network and favourable economic environment, Balasubramaniam said. | | Profit before tax for the year was Rs 378.18 crore, compared to Rs 315.60 crore in the previous year, registering a growth of 20 | | per cent.