



FINANCING OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) BY THE SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

MRS. SHALLU SHARMA*; DR. NAVKIRANJIT KAUR DHALIWAL**

*Research Scholar, Department of Commerce,
Punjabi University, Patiala.

**Reader, Department of Commerce,
Punjabi University, Patiala.

ABSTRACT

Small and Medium Enterprises (SMEs) play a catalytic role in the development process of a country. In India, the SMEs have continued to remain an important sector of the economy and the importance of the SMEs as a tool of industrial production, employment generation and for export promotion has recently been recognized. In 2006, the Government of India enacted Micro, Small & Medium Enterprises Development Act so as to facilitate the promotion, development and to enhance the competitiveness of the Small and Medium Enterprise sector. As under the act these enterprises have been classified into three categories viz. micro, small and medium enterprises. The Small Industries Development Bank of India (SIDBI) is as an apex and the principal financial institution for promotion, financing and development of the Micro, Small and Medium Enterprises (MSME) sector and thus coordinates the functions of the other institutions engaged in similar activities. The SIDBI at the apex level supports the MSME sector to gain the needed strength and has introduced various schemes and initiatives to meet varied needs of the sector. The present paper studies various financing schemes of SIDBI undertaken for the MSME sector. The study is based on secondary data collected from annual reports of the bank and other publications. The period of study is from 2005-06 to 2009-10. The study revealed increasing trends of financing by SIDBI to MSME sector under the schemes studied and the annual growth was found to be highest in the year 2008-09. The study concluded that the role of SIDBI in financing of MSME sector has shown a positive trend during the period of study.