



SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

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DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : 19BA205 - ENTREPRENEURSHIP DEVELOPMENT

I YEAR /II SEMESTER

Unit V – INSTITUTIONAL AIDS AND TAX BENEFITS

Topic 2: ED –Institutional Finance to Entrepreneurs



Industrial Development Bank of India (IDBI)



- The IDBI was established on July 1, 1964 by the Government of India under an Act of Parliament as the principal financial institution in the country.
- The IDBI provides assistance to the small scale sector through its scheme of refinance and bills rediscounting scheme.
- In order to assist the small scale sector, the IDBI has set up Small Industries Development Fund (SIDF) in May 1986. This fund basically aims at providing a focal point to co-ordinate financial and non-financial inputs required for growth of small industries sector.



Industrial Finance Corporation of India Ltd(IFCI)



- The Industrial Finance Corporation of India was set up by the Government of India under IFCI Act in July 1948.
- It is an important financial institution which gives financial assistance to the entrepreneurs through rupee and foreign currency loans.
- It also extends other financial facilities like equipment procurement, equipment finance, buyer's and supplier's credit, etc.,



Industrial Finance Corporation of India Ltd(IFCI)



The IFCI has devised new promotional schemes such as

- (a) Consultancy fees, subsidy schemes for assisting small scale entrepreneurs in marketing sector.
- (b) Interest subsidy schemes for women entrepreneurs.
- (c) Pollution control in small and medium scale enterprises.
- (d) Encouraging the modernization of tiny, small and medium scale industries



Industrial Credit and Investment Corporation of India Ltd. (ICICI):



The ICICI was established by the Government of India under the Companies Act 1956, with the objective of providing financial assistance to the small and medium scale sectors.

- (a) Financial assistance is extended by way of rupee and foreign currency loans, underwriting and direct subscriptions to shares, debentures and guarantees.
- (b) Financial facilities such as installment sale, asset credit and venture capital are given by ICICI.
- (c) It also guarantees loans from other private investment sources, small scale units are the major beneficiary of the ICICI assistance.



Life Insurance Corporation of India (LIC)

- The LIC was established under the LIC Act in 1956. It offers many insurance policies to give social security to various segments of society.
- As per its investment policy, LIC invests 75% and above in Central and State Government's securities including government-guaranteed marketable securities.
- The LIC gives loans for activities like housing, rural electrification, modernization of industry, expansion, diversification of industrial ventures, water supply and sanitation etc.



State Financial Corporations (SFCs)

- In order to cater to the needs of the small scale units, the Government of India passed the State Financial Corporations Act in 1951 under which the State Financial Corporations (SFCs) were set up.
- The first SFC was set up in Punjab in 1953. Today, there are 18 SFCs functioning in the country.
- State Financial Corporations are managed by a Managing Director, Board of Directors and the Executive Committee is headed by a chairman



State Financial Corporations (SFCs)

- To advance term loans to small scale and medium scale industrial units.
- It underwrites the issue of stocks, shares, debentures and bonds of industrial units.
- It grants loans to the industrial concerns which is repayable within a period not more than 20 years.
- It provides financial assistance to small road transport operators, tour operators, hoteliers, hospitals, nursing homes, etc.



District Industry Center



- The District Industries Centre comes under the department of Industries and Commerce by the Ministry of Social Justice and Empowerment.
- The primary objective of the District Industries Centre is to generate employment by way of promoting Micro, Small and Medium Enterprises, Cottage and Handicrafts Industries.
- At present, this District Industries Centre implements a variety of programmes .



District Industry Center



- DIC's primary focus is to generate employment in rural regions of India.
- District Industries Centers are managed and operated at district level to provide all the necessary support services to entrepreneurs or first time business owners to start their own Micro Small and Medium Enterprises (MSMEs).
- DICs also promote Registration and Development of Industrial Cooperatives.



Functions of the District Industries Centre



- Motivating and Guiding the entrepreneur through Conducting Entrepreneurship Development Programmers.
- Creating awareness about the policies and programmes on industrial development of the State / Central Governments, through seminars and dissemination meets.
- Employment Generation.
- Implementation of Central / State Government Schemes for setting up of Enterprises .((UYEGP, NEEDS, PMEGP)
- Registration and Development of cottage and handicrafts Industries.



Functions of the District Industries Centre



- Export Promotion through the Export Guidance Cell in the Dist. Industries Centre.
- Recommending awards to micro and small enterprises and Artisans given by Central and State Governments.
- To facilitate the payment of dues to micro and small enterprises from large Industries.



National Small Industries Corporation



- National Small Industries Corporation (NSIC), is a Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME).
- NSIC has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country.
- NSIC operates through countrywide network of offices and Technical Centres in the Country. In addition, NSIC has set up Training cum Incubation Centre managed by professional manpower.



Functions of National Small Industries Corporation



- NSIC facilitates Micro, Small and Medium Enterprises with a set of specially tailored scheme to enhance their competitiveness.
- NSIC provides integrated support services under Marketing, Technology, Finance and other Support service.
- **Buyer-Seller meets**
- **Credit Support**
- **Incubation of unemployed youth for setting up of New Micro & Small enterprise**



SIDCO - Small Industries Development Corporation



- Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) playing a significant role in facilitating the promotion and development of MSMEs in Tamil Nadu
- TANSIDCO maintains 41 Government Industrial Estates and 80 TANSIDCO Industrial Estates.



Main Activities Of TANSIDCO



- Establishing its own Industrial Estates
- Assisting promotion of Private Industrial Estates.
- Promotion of Common Facility Centers under Cluster Development Programme.
- Proving technical and managerial guidance to the MSMEs.
- Extending raw material support & marketing support.



Main Activities Of SIDCO



- Providing developed plots of various sizes from 15 cents to 1 acre to the Small & Medium Enterprises and 5 cents to 15 cents to Micro Enterprises for setting up Industrial units spread over in various locations of the State.

- Infrastructural facilities like motor able roads, storm water drains, culverts, water supply, sewage system, street lighting, green belt, parks and other amenities are provided in Industrial Estates.



Main Activities Of SIDCO



- Guindy Industrial Estate established in 1958 is the 1st Industrial Estate established in India (404 acres).
- Ambattur Industrial Estate established in 1963 spread over 1167 acres is one of the largest Industrial Estates for MSMEs in Asia.



Small Industries Development Bank of India (SIDBI)



- Small Industries Development Bank of India (SIDBI) set up on 2nd April 1990 under an Act of Indian Parliament.
- SIDBI acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities
- Facilitator- playing a facilitator through roles like Nodal Agency for the MSME oriented Schemes of the Government.



Functions Small Industries Development Bank of India (SIDBI)



- Indirect Lending- based on multiplier effect/ larger reach in financing the MSME sector and is undertaken through Banks, SFBs, NBFCs, MFIs and New Age Fintechs.
- Direct Lending- aims to fill the existing credit gaps in the MSME sector
- Fund of Funds- boosts entrepreneurship culture by supporting emerging startups through the Fund of Funds channel



Small Industries Services Institute. (SISI)

- The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs.
- SISI - Madras, provides a comprehensive range of services to the small scale industrial sector in Tamil Nadu in terms of technical assistance, Economic information services, provision of workshop facilities, training and other general consultancy services.



Functions of SISI

- To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;
- Conducting EDPs all over the country
- To advise the Central and State governments on policy matters relating to small industry development

Assistance to DICs

Assistance to SC/ST/Women/Weaker Sections



State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT)



- State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT) was established in the year 1971 to develop industrial growth in Tamilnadu.
- To give main thrust to area development activities, the organization involves in the formation of industrial complexes by providing basic and comprehensive infrastructure facilities for the industries to set up their units.
- SIPCOT has so far developed 21 Industrial Complexes in 12 districts and 7 Sector Specific Special Economic Zones (SEZs) across Tamil Nadu.
- SIPCOT also acts as a Nodal Agency of Government of Tamil Nadu in the sanction / disbursement of Structured Package of Assistance to large industrial units.



State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT)



SIPCOT has rendered fruitful services to the state by identifying, developing, maintaining Industrial Areas in backward and most backward taluk of the State, which had the potential to grow.

Establish, develop, maintain and manage Industrial Complexes, parks and growth centres at various places across the State of Tamil Nadu. SIPCOT's role in assisting the industrialization in the State is not only quantitative but also qualitative.



State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT)



Instead of just accelerating the pace of industrial growth in already developed and densely populated areas, SIPCOT, as a nodal agency, strives to ensure that disbursal of financial incentives result in spurt of industrial growth in backward and areas yet to develop.

To ensure a good impact with the available limited resources, SIPCOT has created Industrial Complexes and Parks, strategically located in twenty one places and twelve Districts, which occupy a place of pride in the State's industrial map.



State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT)



- **CHAIRMAN**
THIRU N.MURUGANANDAM, I.A.S.
- **MANAGING DIRECTOR**
THIRU T.ANAND, IAS.



Tax Concessions to Small Scale Industries in Rural Areas and Backward Areas.



- The Planning Commission of India, in 1970-71, declared 247 districts out of 435 districts as backward areas with a view to provide them special incentives and concessions to establish industries in these backward areas.
- The newly established small-scale industries in these areas specified in the Eighth Schedule to the Income Tax Act, 1961 are entitled to a deduction of 20% of their profits and gains from their gross total income.
- This deduction is allowed for a period of 10 years beginning with the year of commencement of manufacture or production.



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Tax Concessions to Small Scale Industries in Rural Areas and Backward Areas.



- However, if a small-scale industry has already been established in a non-backward area and later shifted to backward area, the unit will be allowed this deduction on the profits earned from the undertaking after shifting in the backward area for a period of 10 years.
- A small-scale industry established in backward area but engaged in mining activity is not entitled to such deduction benefit.



RECAP

QUESTIONS???

THANK YOU