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Impact of financial assistance provided to small scale industries by IDBI and TIIC

F. Reena

reena.m.francis@gmail.com

Loyola College, Chennai, Tamil Nadu

Dr. T. Joseph

joethomos@gmail.com

Loyola College, Chennai, Tamil Nadu

ABSTRACT

The Government and the financial institutions are very keen on the promotion and development of small-scale industries which is capital sparing and labor intensive sector. The shortage of finance affects the ability of the small units severely. Every kind of problem, whether it may be raw material, power, transport or marketing faced by an entrepreneur in its ultimate analysis turns out to be a problem of finance. The small industry gets elbowed out by the large and medium scale industries in the procurement of bank finance and institutional credit. A serious problem which is hampering small-scale sector is its sickness. Many small units have fallen sick due to one problem or the other. Some aggregate economic behaviors of the country such as growth in Gross National Product, availability of credit, the volume of the money supply, capital market activity or level of investment and price level fluctuations, may have an important bearing on industrial sickness in the country. The crux of the problem is very often that of finance. Small Scale Industries are very poor and have little to offer as security for raising finance. In this background, the need for financial assistance to Small Scale Industry has become desirable. Government and financial institutions are providing various opportunities and various financial assistance to small-scale industries right from their inception for their growth and development but do this assistance have a real impact on the growth and development of small-scale industries is the real aspect which needs to be analyzed. Accordingly, the study is an attempt to investigate the impact of financial assistance provided to small-scale Industries in Chennai city

Keywords— SSI, Financial assistance, IDBI, TIIC, Working capital

1. INTRODUCTION

1.1 Small scale industries

Small-scale industries play a vibrant role in the growth of a countries economy, it helps to generate employment opportunities to skilled, semi-skilled and unskilled labor force. The growth of small-scale industries has been affected by various internal and external reasons like finance, marketing, human resource, raw materials, management technique, rules and regulations, laws of the government, business cycle, etc. Amongst all these problems the major problems of SSI are a shortage of finance because all those problems of small-scale industries can be overcome by offering them adequate financial support and guidance. For example, if they have the adequate financial support they can easily access to raw materials, they can employ skilled labor force; they can easily modernize their infrastructure and technology used in the business etc. Hence finance is said to be the major support needed for the growth of small-scale industries. Finance is as crucial to an enterprise as is blood to the human body. The requirements of Finance are inevitable for setting up a new enterprise and proper function of the organization. Easy availability of Credit both in terms of need and Cost is the prerequisite of all enterprises, In India despite the government has taken several measures to expand availability of Credit to Small enterprises through government-owned financial institutions and Commercial banks for working Capital and also through term lending institutions and both central and state governments are coming up various schemes and policies in order to encourage and support the growth of small-scale industries. And financial institutions are also given guidelines to support the growth of small scale industries in India, but all these efforts made by them has not encouraged the small-scale industries in their growth and development to its fullest in our country. Still, the sector is facing the following major problems in the financial area. For example Long term Capital, Working Capital, Long term funds, Recovery, Taxation, Inadequate finance.

Hence the present study aims to analyze the level of impact of financial assistance provided by financial institutions (TIIC, IDBI) to small-scale manufacturing industries in Chennai city. And has they really helped the small-scale manufacturing industries in their growth in terms of expansion, diversification, infrastructural development, proper and timely availability of working capital, survival during recession/ recession and during the sickness of the business unit? And the study also tries to analyze the expectations of small-scale industries for financial assistance for expansion, diversification, infrastructural development, to purchase machinery and equipment, etc. The small-scale entrepreneurs who are engaged in manufacturing industries are

approached for the data collection. The study is mainly conducted in Chennai city because availability of financial opportunities and the existence of manufacturing industries is high than other places in Tamil Nadu but at the same time the degree of competition to small-scale industries from other small-scale industries and from medium and large scale industries are high in Chennai which in turn affects the growth by affecting their easy accessibility to working capital assistance since the financial institutions are concentrating more on medium and large scale than small-scale industries due to their inability to provide high collateral security and other reasons hence the financial position of the small-scale industries are highly at risk of falling as sick unit.

1.2 Objectives of the study

- To analyze the impact of financial assistance provided by TIIC and IDBI to small-scale industries.
- To know the expectations of small-scale industries from the financial institutions.
- To have a view on problems of small-scale industries in accessing financial assistance.
- To collect recommendations made by the small-scale entrepreneurs for the growth and development of small scale industries.

1.3 Statement of problem

Despite the financial assistance provided to small-scale industries, they are not performing up to the expectations of many as it has been suffering from several problems. One of the major problems faced by small-scale industries is financial problems. The financial assistance provided to small-scale industries fails to create an impact on their growth and development this is due to high collateral security, rules and regulations, complicated legal framework. Interest rates, lack of entrepreneurial skills, lack of support for diversifications and expansion etc. the study aims to analyze these problems and assess the level of impact created by the financial assistance provided by financial institutions to small-scale industries.

1.4 Research methodology

1.4.1 Research Design

The research is a descriptive research design which is concerned with delivery the characteristics of a particular individual group.

1.4.2 Universe of the Study

The survey was conducted in Chennai city, only entrepreneurs who received financial assistance from IDBI and TIIC were chosen as a sample for the study.

1.4.3 Sampling Technique

In this research, a convenient random sampling technique has been used for choosing the samples.

1.4.4 Sample Size

For the research, the questionnaires were circulated among 200 respondents but the researcher was able to collect data from 160 respondents only.

1.4.5 Tools used for analysis

Microsoft Excel and SPSS 16.0 simple percentage analysis were used for analysis. The bar charts, pie charts and frequency tables were used to make a clear presentation of the data collected. Chi-Square Test, ANOVA and Factor analysis was used to test the hypotheses in this study.

Table 1: Reliability Test of the questionnaire

Cronbach's Alpha	No. of Items
0.738	32

Therefore, the questionnaire is 73.8% reliable.

1.5 Limitations of the study

- (a) The study was conducted only in Chennai city and only two financial institutions were chosen for study.
- (b) Certain respondents were hesitant to give complete and correct information about the status of their business.
- (c) The analysis was done based on the data provided by the respondents only.
- (d) The research was carried out in a short span of time, wherein the researcher could not widen the study.
- (e) There is every possibility of bias in the respondent's reply.
- (f) The opinion and position of small-scale industries may change in future, so future relevance to the study cannot be assured.

2. REVIEW OF RELATED LITERATURE

Shamika Ravi (2009) in her study Entrepreneurship Development in the Micro Small and Medium Enterprise Sector in India has done an impact assessment of policies of the government and schemes of banks and financial institutions on the growth of small and medium scale industries in India and she has observed that these police and financial subsidies fail to have a positive impact on the growth of the industries rather than it makes them financially sick and inefficient for further expansion and diversification due to high rate of interest, collateral security, lack of knowledge etc.

Small industries extension training, (2009) in its study entitled, "National small industries corporation on hire purchase scheme" has observed that the growth in the number of units and the expansion of capital intensity alone may not create necessary impetus to the growth unless considerable productivity changes have also been effected through further capacity utilization. Most of the

units utilizing full capacity have been either big export-oriented industries or local need-based activities. The reason for this underutilization is mostly insufficient demand and inadequate financial resources for working capital.

Himachalam. D (2007) in his study entitled, “Entrepreneurship Development in Small Scale Sector” revealed that entrepreneurship development and small-scale industrial development are the obverse and reverse of the same coin. The government and financial institutions have done a lot in this area through entrepreneurship development programmes. But they have still failed to attract the class of people for whom these programmes are meant. Therefore he put forth a few suggestions a) the entrepreneurs should be given with more and more information on various aspects of the financial assistance and EDP. b) There should be suitable organizational arrangements for disseminating information about appropriate technology to the entrepreneurs c) entrepreneurs should be provided with full assistance not only in preparing project reports but also in meeting in financial requirements d) preparation of their business units for further expansion and diversification with future perspectives

M.L. Jain (2005) in his study entitled “the role of state financial corporation in industrial finance in India with particular reference to the Uttar Pradesh financial corporation’s”. He opined that state financial corporation should pay greater attention forwards the financing of small and tiny units and also in modernization, expansion, diversification and rehabilitation of small units.

H.S. Parekh, (2004) in his thesis, review the role of financial institutions and state agencies in extending credit to small-scale units and pinpoints their attitude of indifference in catering to the needs of the tiny units. He was of the view that financial distributions have to attain their lending policies in consonance with the need of the small sector in general and the smaller among the small-scale units in particular.

M.L. Sarma, (2003) in his study examines industrial financing by national level financial institutions. The study also discussed the role of state financial institutions in financing industries of Bihar. Among other things, the researcher suggested that financial institutions should also act as a guide, philosopher and promoter of industries and recommends the setting up of a Small Industries Bank.

Valasama Antyony, (2002) in her article titled “Prospects and growth of SSIs in India: An overview” observed that adequate and timely availability of working capital and marketing avenues for the SSI products should be ensured for improving their competitive strength in the domestic and global markets. There is a need for providing better information and efficiency networking for the SSIs besides development of quality infrastructural facilities.

Dhingra I.C. (2002) points out the development of Small Scale Industries in Tamil Nadu has generally followed the pattern of development elsewhere in India known as the unorganized sector; information on this sector is also unorganized and scanty. According to available statistics, there are around 1, 00,000 Small Scale Industries in Tamil Nadu, which are registered with the state government industries department. The number has been growing at an annual rate of 15 per cent over the past few years. The total investment in this sector is being estimated at a little over Rs.100 crores. Most of the units in the small sector are tiny in size. Around 95 per cent of the units have a capital investment of not more than five Lakhs.

Andhra Pradesh Industrial Technical consultancy organization and Kerala Industrial Technical consultancy organization conducted a study of the various problems faced by the industries in three states viz. Kerala, Karnataka and Andhra Pradesh (2002) revealed that the serious problem faced by the units was the inadequate working capital. 69 percent of units in Kerala, 44 Percent of units in Karnataka and 52 percent of units in Andhra Pradesh are facing the working capital problem. The next serious problem is marketing as 30 percent of the units in Kerala felt it. Another setback, non-availability of raw materials has affected the productivity of several units in all the states, especially in industry groups such as metal- products in Kerala, chemicals, rubber and plastics and metal products in Andhra Pradesh. It is observed that the delay in getting timely finance also hampered the productivity of the units and this leads to high cost of production.

Pon Murgan R., (2002) in his study entitled, “Industrial Estates in Tirunelveli Region - An empirical study of their impact on the growth of small-scale industrial units,” analyzed the impact of industrial estates on small-scale industrial units located in Kanyakumari district. The study identified the various factors which influence the growth of small-scale industrial units in industrial estates in Kanyakumari District. They are scientific sales management, budgeted production, availability of institutional finance, availability of working capital, availability of water at concessional rate, undisturbed working environment, ploughing back of profits and availability of investment subsidy, nearness to raw materials and utilization of installed capacity.

Ramakrishna K.T. (2001) in his study entitled, “Finance for Small Scale Industries in India” has described the nature of problems of finance with regard to small-scale industries in India and the role played by the government, State Financial Corporations and Banks in financing the small-scale units. His study highlighted the methods of financing followed by several countries in North and South America, Asia and Europe.

Prasad (1995) in his study states that there has been a steady growth in the flow of Institutional finance to IS1 during the last two decade. But inadequate accesses to credit both short term and long term remain a perennial problem of the small-scale sector.

3. PROFILE OF SMALL SCALE INDUSTRIES

3.1 Definitions of Micro, Small and Medium Enterprises

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two classes:

- (a) **Manufacturing Enterprises:** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise is defined in terms of plant and machinery.
- (b) **Service Enterprises:** The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

3.2 Important role played by small-scale industries in India

- (a) Employment generation
- (b) Mobilization of resources and entrepreneurial skill
- (c) Equitable distribution of income
- (d) Regional dispersal of industries
- (e) Provides opportunities for development of technology
- (f) Indigenization
- (g) Promotes exports
- (h) Supports the growth of large industries
- (i) Better industrial relations

The important reasons for sick industries are

- (a) Fault at the initial level of planning or ERECTION of the unit such as poor technical feasibility and economic viability studies.
- (b) The mollified intention of the promoters mainly to usurp subsidies and enjoy credit at the cheap interest rate.
- (c) Poor FINANCIAL management and fund diversion.
- (d) Incompetence on the part of the entrepreneur's lack of technical and managerial skill.
- (e) Political interference in the appointment of senior executives in PSUs
- (f) Age-old, inefficient and defective machinery and technology.

3.3 TIIC (Tamil Nadu Industrial Investment Corporation)

Tamil Nadu Industrial Investment Corporation Ltd. [TIIC] is a premier State Financial Corporation established in the year 1949. TIIC fosters industrial development in Tamil Nadu by providing financial assistance to industries for the purchase of land, machinery and construction of buildings. TIIC provides financial assistance at competitive interest rates for setting up new industrial units and for expansion/modernization/ diversification of existing industries in Tamil Nadu. It also offers loan for service sector projects such as hotels, hospitals and tourism-related projects. While TIIC provides assistance to micro, small, medium and large enterprises, about 90% of the assistance goes to the micro, small and medium enterprises [MSME] sector. Of this, about 40% goes to first generation entrepreneurs. Thus, TIIC acts as a catalyst for industrial promotion within the State by creating a new generation of entrepreneurs.

3.4 INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

Industrial Development Bank of India was set up to accelerate the development of the country. A number of financial institutions came into existence after independence and were catering to a variety of needs of the industry. There was a lack of coordinating different institutions and it led to overlapping and duplication in their efforts. At the same time, some gigantic projects of national importance were not getting required financial assistance. It was in response to this need that the Industrial Development Bank of India (IDBI) was established in 1964 as a wholly owned subsidiary of Reserve Bank of India. The bank was to act as an apex institution co-coordinating functions of all the financial institutions into a single integrated movement of development banking and supplementing their resources for industrial financing and as an agency for providing financial support to all worthwhile projects of national importance whose access to existing institutional sources is limited. The ownership of IDBI was transferred to the Central Government on February 16, 1976. It is now working as state-owned autonomous corporation. IDBI provides direct financial assistance to industrial units to bridge the gap between supply and demand for medium and long-term finance.

The IDBI Act was amended, in 1994, to permit public ownership up to 49 percent. In 1995, it raised more than Rs. 20 billion through its first initial public offer (IPO) of equity. It reduced the stake of the government to 72.14 percent. Further, in June 2000, a pan of the equity shareholding of the government was converted into preference share capital which was redeemed in March 2001, resulting in further reduction of government stake to 58.47 percent.

3.4.1 Functions of IDBI

- (a) To co-ordinate the activities of other institutions providing term finance to industry and to act as an apex institution.
- (b) To provide refinance to financial institutions granting medium and long-term loans to industry.
- (c) To provide refinance to scheduled banks or co-operative banks.
- (d) To provide refinance for export credit granted by banks and financial institutions
- (e) To provide technical and administrative assistance for promotion management or growth of the industry.
- (f) To undertake market surveys and techno-economic studies for the development of the industry.
- (g) To grant direct loans and advances to industrial concerns. IDBI is empowered to finance all types of industrial concerns engaged or proposed to be engaged in the manufacture, preservation or processing of goods, mining, hotel, industry, fishing, shipping transport, generation or distribution of power, etc. The bank can also assist concerns engaged in the setting up of industrial estates or research and development of any process or product or in providing technical knowledge for the promotion of industries.
- (h) To render financial assistance to industrial concerns. IDBI operates various schemes of assistance. e.g., Direct Assistance Scheme, Soft Loans Scheme, Technical Development Fund Scheme, Refinance Industrial Loans Scheme, Bill Re-discounting Scheme, Seed Capital Assistance Scheme, Overseas Investment Finance Scheme, Development Assistance Fund, etc.

4. PRESENTATIONS OF ANALYSIS OF DATA AND INTERPRETATION

Table 1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	134	83.8	83.8	83.8
	Female	26	16.3	16.3	100.0
	Total	160	100.0	100.0	

Out of 160 respondents 134 are male small scale entrepreneurs and only 26 respondents are female small scale entrepreneurs.

Table 2: Education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than SSLC	26	16.3	16.3	16.3
	Higher Secondary	36	22.5	22.5	38.8
	Graduation	67	41.9	41.9	80.6
	Post-graduation	31	19.4	19.4	100.0
	Total	160	100.0	100.0	

67 respondents are undergraduates, 36 respondents have completed their higher secondary and 31 respondents have completed their post-graduation.

Table 3: Investment levels of the small scale entrepreneurs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25 Lakhs to 1 Core	37	23.1	23.1	23.1
	1core to 2 cores	43	26.9	26.9	50.0
	2 cores to 3 cores	43	26.9	26.9	76.9
	3 cores to 4 cores	16	10.0	10.0	86.9
	4 cores to 5 cores	21	13.1	13.1	100.0
	Total	160	100.0	100.0	

37 respondents have invested 25 Lakhs to 1 core in their business, 43 respondents have invested 1 core to 2 cores, another 43 respondents have invested 2 to 3 cores, 16 respondents have invested 3 to 4 cores and 21 respondents has invested 4 to 5 cores in their business.

Table 4: Age of small scale business enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 Years	28	17.5	17.5	17.5
	5-10 Years	39	24.4	24.4	41.9
	10-15 Years	51	31.9	31.9	73.8
	More than 15 Years	42	26.3	26.3	100.0
	Total	160	100.0	100.0	

28 respondents are in the small-scale business for a period of fewer than 5 years, 39 respondents are there in business for more than 5 years but less than 10 years, 51 respondents are in business for a period of more than 10 years but less than 15 years and 42 respondents are in the small-scale business for more than 15 years.

Table 5: Source of funds for industrial operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Self	23	14.4	14.4	14.4
	Loan from IDBI	50	31.3	31.3	45.6
	Loan from TIIC	63	39.4	39.4	85.0
	Others	24	15.0	15.0	100.0
	Total	160	100.0	100.0	

23 respondents have raised capital for their business from their personal source, 50 respondents have borrowed their seed capital from IDBI bank, 63 respondents have borrowed their capital from TIIC and 24 respondents have raised their capital for their industrial operations from other sources.

Table 6: Financial assistance received

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TIIC	87	54.4	54.4	54.4
	IDBI	73	45.6	45.6	100.0
	Total	160	100.0	100.0	

73 respondents have borrowed different types of loans from IDBI bank for their industrial operations and 87 respondents have borrowed various types of loans from TIIC for their small-scale business operations.

Table 7: Type of loan received from IDBI/TIIC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Short Term	28	17.5	17.5	17.5
	Medium Term	42	26.3	26.3	43.8
	Long Term	47	29.4	29.4	73.1
	All	43	26.9	26.9	100.0
	Total	160	100.0	100.0	

28 respondent has borrowed only short-term loans from TIIC/IDBI, 42 respondents have borrowed medium-term loans, 47 respondents have borrowed only long-term loans and 43 respondents have borrowed all types of loans for their small-scale business from IDBI/TIIC.

Table 8: Loan procedures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Easy	30	18.8	18.8	18.8
	Complicated	77	48.1	48.1	66.9
	Understandable	53	33.1	33.1	100.0
	Total	160	100.0	100.0	

30 respondents feel that the loan procedures to get a loan are easy to follow, 77 respondents feel the procedures are very complicated to follow and 53 respondents have stated the loan procedures are understandable.

Table 9: Level of processing fee charged by TIIC/IDBI

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very High	21	13.1	13.1	13.1
	High	34	21.3	21.3	34.4
	Equal	66	41.3	41.3	75.6
	Less	39	24.4	24.4	100.0
	Total	160	100.0	100.0	

21 respondents feel the processing fee charged by TIIC/IDBI is high compared to other financial institutions, 34 respondents feels the fee is high,66 respondents feel the charges are equal with the processing fee charged by other financial institutions and 39 respondents states that IDBI/TIIC's processing fee is less compared to other financial institutions.

Table 10: Need for financial assistance to meet working capital expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	114	71.3	71.3	71.3
	No	46	28.8	28.8	100.0
	Total	160	100.0	100.0	

114 respondents are dependent on the financial assistance of the financial institutions for their working capital requirement and 46 are not availing the financial assistance of the financial institutions for their working capital requirement.

Table 11: Level of satisfaction received from the measures taken during recession/depression

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Satisfied	14	8.8	8.8	8.8
	Satisfied	34	21.3	21.3	30.0
	Neutral	31	19.4	19.4	49.4
	Dissatisfied	54	33.8	33.8	83.1
	highly dissatisfied	27	16.9	16.9	100.0
	Total	160	100.0	100.0	

14 respondents are highly satisfied with the measures were taken by the financial institutions at the time of recession/depression in their business, 34 respondents are satisfied, 31 are in neutral, 54 respondents are not satisfied with the measures taken and 27 respondents are highly dissatisfied by the measures taken by the institutions during the recession/depression period in their small-scale business.

Table 12: Supports received during recession (or) depression

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Freeze the loan for the time period	54	33.8	33.8	33.8
	Reduces the interest rate	57	35.6	35.6	69.4
	Others	49	30.6	30.6	100.0
	Total	160	100.0	100.0	

54 respondents stated that financial institutions freeze their loan during the recession in their business and 57 say the financial institutions will reduce the interest rate on the loan borrowed and 49 respondents say the financial institutions will provide another type of support to them during the recession/depression time in their business

Table 13: Financial assistance received is able to meet working capital expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	32	20.0	20.0	20.0
	Disagree	43	26.9	26.9	46.9
	Neither agree nor disagree	23	14.4	14.4	61.3
	Agree	39	24.4	24.4	85.6
	Strongly Agree	23	14.4	14.4	100.0
	Total	160	100.0	100.0	

23 respondents strongly agree that financial assistance received by them from IDBI/TIIC is sufficient to meet their working capital requirements, 39 respondents agree on it, 23 are neutral for that impact and 43 respondents disagree on the effects of financial assistance received from IDBI/TIIC to meet their working capital requirement and 32 respondents strongly disagrees it.

Table 14: Financial assistance helps in diversification of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	22	13.8	13.8	13.8
	Disagree	49	30.6	30.6	44.4
	Neither agree nor Disagree	35	21.9	21.9	66.3
	Agree	34	21.3	21.3	87.5
	Strongly Agree	20	12.5	12.5	100.0
	Total	160	100.0	100.0	

20 respondents strongly agree financial assistance received helps them for diversification of their business, 34 respondents agree it, 35 respondents neither agree on it nor disagrees it, 49 respondents disagree it and 22 respondents strongly disagree that the financial assistance received does that help them for diversification purpose.

Table 15: Financial assistance received helps business in modernization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	14.4	14.4	14.4
	Disagree	40	25.0	25.0	39.4
	Neither agree nor disagree	49	30.6	30.6	70.0
	Agree	33	20.6	20.6	90.6
	Strongly Agree	15	9.4	9.4	100.0
	Total	160	100.0	100.0	

15 respondents strongly agree financial assistance received has effects on their modernizations and infrastructural development of their small-scale business, 33 respondents agree on it, 49 respondents neither agrees nor disagrees 40 respondents disagree it and 23 respondents strongly disagree the effect of financial assistance on their business for modernization and infrastructural development.

Table 16: Financial assistance received helps business in expansion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	16.9	16.9	16.9
	Disagree	50	31.3	31.3	48.1
	Neither agree nor disagree	35	21.9	21.9	70.0
	Agree	32	20.0	20.0	90.0
	Strongly agree	16	10.0	10.0	100.0
	Total	160	100.0	100.0	

16 respondents strongly agree on the effect of financial assistance on their expansion of business, 32 respondents agree the effect, 35 respondents neither agrees nor disagrees the fact, 50 respondents disagree the effects of financial assistance on their expansion of business and 27 respondents strongly disagree it.

Table 17: Financial assistance during recession helps in recovery

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	36	22.5	22.5	22.5
	Disagree	76	47.5	47.5	70.0
	Neither agree nor disagree	20	12.5	12.5	82.5
	Agree	17	10.6	10.6	93.1
	Strongly Agree	11	6.9	6.9	100.0
	Total	160	100.0	100.0	

11 respondents strongly agree the fact financial assistance provided at the time of recession is helpful for recovery, 17 respondents agree the same 20 respondents neither agrees nor disagrees the fact 76 respondents disagrees the impact and 36 respondents strongly disagree that financial assistance provided at the time of recession is helpful for recovery.

Table 18: Counseling and clarification is given before acquiring loan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	20	12.5	12.5	12.5
	Disagree	41	25.6	25.6	38.1
	Neither agree nor disagree	43	26.9	26.9	65.0
	Agree	36	22.5	22.5	87.5
	Strongly Agree	20	12.5	12.5	100.0
	Total	160	100.0	100.0	

20 respondents strongly agree that proper counseling and clarification is given before acquiring loans, 36 respondents agree it, 43 respondents neither agrees nor disagrees it, 41 respondents disagree it and 20 respondents strongly disagree with it.

Table 19: Level of expectation on financial assistance to purchase land

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	25	15.6	15.6	15.6
	Low	45	28.1	28.1	43.8
	Moderate	36	22.5	22.5	66.3
	High	35	21.9	21.9	88.1
	Very high	19	11.9	11.9	100.0
	Total	160	100.0	100.0	

19 respondents expectation for financial assistance to purchase land for their small-scale business is very high, 35 respondents have high expectation for the same 35 respondents have a moderate level of expectations 45 respondents have a low level of expectation and 25 respondents have very low expectation for financial assistance to purchase land for their small-scale business.

Table 20: Level of expectation on financial assistance for construction of building

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	22	13.8	13.8	13.8
	Low	26	16.3	16.3	30.0
	Moderate	56	35.0	35.0	65.0
	High	35	21.9	21.9	86.9
	Very high	21	13.1	13.1	100.0
	Total	160	100.0	100.0	

21 respondents states that they have a very high level of expectation on financial assistance for construction of building for their small-scale business, 35 respondents have a high level of expectation, 56 respondents have moderate level of expectation, 26 respondents have a low level of expectation and 22 respondents has very low expectation on financial assistance for construction of building for their small-scale business.

Table 21: Level of expectation on financial assistance for infrastructural development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	22	13.8	13.8	13.8
	Low	27	16.9	16.9	30.6
	Moderate	34	21.3	21.3	51.9
	High	58	36.3	36.3	88.1
	Very high	19	11.9	11.9	100.0
	Total	160	100.0	100.0	

19 respondents have very high expectation on financial assistance for the infrastructural development of their small-scale business 58 respondents have high expectation on the same, 34 respondents have moderate expectation, 27 respondents have a low level of expectation and 22 respondents has very low level of expectation on financial assistance for infrastructural development of their small-scale business.

Table 22: Level of expectation on financial assistance for purchase of machinery/equipment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	11	6.9	6.9	6.9
	Low	22	13.8	13.8	20.6
	Moderate	22	13.8	13.8	34.4
	High	60	37.5	37.5	71.9
	Very high	45	28.1	28.1	100.0
	Total	160	100.0	100.0	

45 respondents have very high expectation on financial assistance for purchase of machinery and equipment for their small-scale business 60 respondents have high expectation for the same 22 respondents have moderate level of expectations another 22 respondents have low expectations and 11 respondents have very low expectation on financial assistance for purchase of machinery and equipment for their small-scale business.

Table 23: Level of expectation on financial assistance for normal loans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	17	10.6	10.6	10.6
	Low	24	15.0	15.0	25.6
	Moderate	28	17.5	17.5	43.1
	High	60	37.5	37.5	80.6
	Very high	31	19.4	19.4	100.0
	Total	160	100.0	100.0	

31 respondents have a very high level of expectation normal loans as financial assistance for the survival of their small-scale industries 60 respondents high level of expectation 28 respondents has a moderate level of expectation 24 respondents has a low level of expectation and 17 respondents have a very low level of expectation.

Table 24: Level of expectation on financial assistance for expansion and diversification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	16	10.0	10.0	10.0
	Low	29	18.1	18.1	28.1
	Moderate	21	13.1	13.1	41.3
	High	58	36.3	36.3	77.5
	Very high	36	22.5	22.5	100.0
	Total	160	100.0	100.0	

36 respondents have very high expectation on financial assistance for expansion and diversification 58 has a high level of expectation 21 respondents have a moderate level of expectation 29 respondents has a low level of expectation and 16 respondents have very low expectations on financial assistance for expansion and diversification of their small-scale business.

Table 25: Problem of rigid interest rates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	14	8.8	8.8	8.8
	Low	21	13.1	13.1	21.9
	Moderate	26	16.3	16.3	38.1
	High	49	30.6	30.6	68.8
	Very high	50	31.3	31.3	100.0
	Total	160	100.0	100.0	

50 respondents state that rigid interest has a very high impact on their small-scale business 49 respondents feel high impact 26 has a moderate impact 21 respondents have low impact and 14 respondents have a very low impact.

Table 26: Problem of repayment period

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	20	12.5	12.5	12.5
	Low	26	16.3	16.3	28.8
	Moderate	46	28.8	28.8	57.5
	High	48	30.0	30.0	87.5
	Very high	20	12.5	12.5	100.0
	Total	160	100.0	100.0	

20 respondents feel that problems faced by them due to the repayment period of loans are very low and 26 respondents feel low 46 respondents feel moderate 48 respondents feel high and 20 respondents feel very high.

Table 27: Problem of refined collateral security

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	20	12.5	12.5	12.5
	Low	26	16.3	16.3	28.8
	Moderate	26	16.3	16.3	45.0
	High	55	34.4	34.4	79.4
	Very high	33	20.6	20.6	100.0
	Total	160	100.0	100.0	

33 respondents feel that impact of problems faced by them in accessing financial assistance due to refined collateral security is very high 55 respondents feel high 26 respondents feel moderate 26 respondents feel low and 20 respondents feel very low.

Table 28: Problem of vague procedures/terms and policies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	21	13.1	13.1	13.1
	Low	25	15.6	15.6	28.8
	Moderate	40	25.0	25.0	53.8
	High	45	28.1	28.1	81.9
	Very high	29	18.1	18.1	100.0
	Total	160	100.0	100.0	

21 respondents feel that problems faced by them in accessing financial assistance due to the vague policies, rules and regulations are very low 25 respondents feel low 40 respondents feel moderate 45 respondents feel high and 29 respondents feel very high on the same.

Table 29: Problem of in abiding with legal and regulatory framework

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very high	17	10.6	10.6	10.6
	Low	27	16.9	16.9	27.5
	Moderate	31	19.4	19.4	46.9
	High	58	36.3	36.3	83.1
	Very high	27	16.9	16.9	100.0
	Total	160	100.0	100.0	

17 respondents feel that the impact of abiding with legal regulatory framework in accessing financial assistance are very low 27 respondents feel low 31 respondents feel moderate 58 respondents feel high and 27 respondents feel very high.

Table 30: Repayment of loan and the intrest on time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	47	29.4	29.4	29.4
	No	113	70.6	70.6	100.0
	Total	160	100.0	100.0	

It is noted that out of 160 respondents only 47 respondents were able to repay their loan on time and 113 were not able to repay their loan on time to the financial institutions.

Table 31: Reasons for delay in repayment of loan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High rate of interest	63	39.4	39.4	39.4
	Time period	31	19.4	19.4	58.8
	Personal Issues	38	23.8	23.8	82.5
	Other reasons	28	17.5	17.5	100.0
	Total	160	100.0	100.0	

63 respondents were not able to repay their loan on time due to the high rate of interest 31 respondents say due to the time period of the loan 38 respondent's states due to personal issues and 28 states due to other reasons.

Table 32: Renewal of loan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not renewed	27	16.9	16.9	16.9
	Only one time renewed	38	23.8	23.8	40.6
	2 times	39	24.4	24.4	65.0
	3 times	34	21.3	21.3	86.3
	more than three times	22	13.8	13.8	100.0
	Total	160	100.0	100.0	

27 respondents have never renewed their loan 38 have renewed only one time 39 have renewed two times 34 have renewed three times and 22 have renewed more than three times.

5. HYPOTHESIS

5.1 Chi-square- Relationship between investment level and need for financial assistance to meet working capital requirement

H₀: The need for financial assistance to meet working capital requirement does not significantly differ from an investment level of small-scale industries.

H₁: The need for financial assistance to meet working capital requirement significantly differs from an investment level of small-scale industries.

Table 33: Chi-square- Relationship between investment level and need for financial assistance to meet working capital requirement

			Seeking loan to meet working capital requirements		Total	
			Yes	No		
Investment level	25 Lakhs to 1 Core	Count	28	9	37	
		Expected Count	26.4	10.6	37.0	
	1 core to 2 cores	Count	31	12	43	
		Expected Count	30.6	12.4	43.0	
	2 cores to 3 cores	Count	29	14	43	
		Expected Count	30.6	12.4	43.0	
	3 cores to 4 cores	Count	10	6	16	
		Expected Count	11.4	4.6	16.0	
	4 cores to 5 cores	Count	16	5	21	
		Expected Count	15.0	6.0	21.0	
	Total		Count	114	46	160
			Expected Count	114.0	46.0	160.0

Table 34: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.521 ^a	4	0.823
Likelihood Ratio	1.505	4	0.826
Linear-by-Linear Association	0.158	1	0.691
N of Valid Cases	160		

Inference

From the above table, it indicates that Pearson χ^2 value 0.823 is greater than the significance level $\alpha = 0.05$, the null hypothesis (H_0) is accepted and alternate hypothesis (H_1) is rejected. (i.e.) there is no relationship between the investment level and the need for the working capital requirement. So small scale industries require financial assistance to meet their working capital requirement irrespective of their investment level.

5.2 Chi-square- Relationship between types of support received at the time of recession and the satisfaction level from the measures taken

H_0 : There is no relationship between types of support received at the time of recession and the satisfaction level from the measures taken.

H_1 : There is a relationship between types of support received at the time of recession and the satisfaction level from the measures taken.

Table 35: Chi-square- Relationship between types of support received at the time of recession and the satisfaction level from the measures taken

Support provided at the time of recession/ depression			Freeze the loan for time period	Reduces the interest rate	Others	Total	
Satisfaction level	Highly Satisfied	Count	8	4	2	14	
		Expected Count	4.7	5.0	4.3	14.0	
	Satisfied	Count	6	19	9	34	
		Expected Count	11.5	12.1	10.4	34.0	
	Neutral	Count	17	11	3	31	
		Expected Count	10.5	11.0	9.5	31.0	
	Dissatisfied	Count	22	10	22	54	
		Expected Count	18.2	19.2	16.5	54.0	
	highly dissatisfied	Count	1	13	13	27	
		Expected Count	9.1	9.6	8.3	27.0	
	Total		Count	54	57	49	160
			Expected Count	54.0	57.0	49.0	160.0

Table 36: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	37.073 ^a	8	0.000
Likelihood Ratio	42.750	8	0.000
Linear-by-Linear Association	7.679	1	0.006
N of Valid Cases	160		

Inference

From the above table it indicates that Pearson χ^2 value 0.000 is less than the significance level $\alpha = 0.05$, the null hypothesis (H_0) is rejected and alternate hypothesis (H_1) is accepted. (i.e.) there is a relationship between the measures taken by the financial institution and the satisfaction level received from such measures. And it is understood from the above chart that they are dissatisfied by the measure taken by the financial institution at the time of recession or depression.

5.3 Chi-square - Relationship between supports provided at the time of recession and recovery

H₀: The support provided during a recession does not help small-scale industries from recovery.

H₁: The support provided during a recession help small-scale industries from recovery.

Table 37: Chi-square - Relationship between supports provided at the time of recession and recovery

			Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree	Total
Summ ort	Freeze the loan for the time period	Count	10	32	2	7	3	54
		Expected Count	12.2	25.7	6.8	5.7	3.7	54.0
	Reduces the interest rate	Count	18	17	14	5	3	57
		Expected Count	12.8	27.1	7.1	6.1	3.9	57.0
	Others	Count	8	27	4	5	5	49
		Expected Count	11.0	23.3	6.1	5.2	3.4	49.0
Total	Count	36	76	20	17	11	160	
	Expected Count	36.0	76.0	20.0	17.0	11.0	160.0	

Table 38: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.542 ^a	8	0.006
Likelihood Ratio	21.696	8	0.006
Linear-by-Linear Association	0.431	1	0.511
N of Valid Cases	160		

Interpretation

From the above table, it indicates that Pearson χ^2 value 0.006 is less than the significance level $\alpha = 0.05$, the null hypothesis (H₀) is rejected and alternate hypothesis (H₁) is accepted. (i.e.) there is a relationship between the supports provided at the time of recession and its usefulness to SSI for recovery from recession and depression. The support provided during recession / depression helps the small scale industries in recovery.

5.4 Anova - Relationship between investment level and impact of financial assistance.

H₀: The impact of financial assistance does not significantly differ based on the investment level

H₁: The impact of financial assistance significantly differs based on the investment level.

Table 39: Reliability Statistics

Cronbach's Alpha	No. of Items
0.640	4

Table 40: Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
4.196	4	155	0.003

Table 41: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	78.677	4	19.669	1.651	0.164
Within Groups	1846.698	155	11.914		
Total	1925.375	159			

Inference

From the above table it indicates that p-value = 0.164 is greater than the significance level $\alpha = 0.05$, so the null hypothesis (H₀) is accepted. Hence there is no relationship between investment level and impact of financial assistance (i.e.) the financial assistance provided to small-scale industries by the financial institutions have significant impact irrespective of their level of investment.

5.5 ANOVA- Relationship between investment level and expectations of SSI in acquiring financial assistance.

H₀: There is no association between investment level of small-scale industries and expectations of SSI in acquiring financial assistance.

H₁: There is an association between the investment level of small-scale industries and expectations of SSI in acquiring financial assistance.

Table 42: Reliability Statistics

Cronbach's Alpha	No. of Items
0.60	4

Table 43: Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
5.917	15	143	0.000

Table 44: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	76.007	16	4.750	3.515	0.000
Within Groups	193.236	143	1.351		
Total	269.244	159			

Inference

From the above table, it indicates that p-value = 0.027 is less than the significance level $\alpha = 0.05$, so the null hypothesis (H_0) is rejected. Hence there is an association between investment level and expectations of SSI in acquiring financial assistance (i.e.) the level of expectation and need for financial assistance varies based on the investment level of the small-scale industries.

5.6 ANOVA- Relationship between the type of loan received and problems faced by SSI in access to financial assistance.

H_0 : There is no relationship between the type of loan received and problems faced by SSI in access to financial assistance.

H_1 : There is a relationship between the type of loan received and problems faced by SSI in access to financial assistance.

Table 45: Reliability Statistics

Cronbach's Alpha	No. of Items
0.778	4

Table 46: Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
2.630	3	156	0.052

Table 47: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	139.239	3	46.413	3.134	0.027
Within Groups	2310.255	156	14.809		
Total	2449.494	159			

Inference

From the above table, it indicates that p-value = 0.027 is less than the significance level $\alpha = 0.05$, so the null hypothesis (H_0) is rejected. Hence there is a relationship between the type of loan received and problems faced by SSI in acquiring financial assistance (i.e.) the level of problems in acquiring financial assistance varies on the basis of the type of loan received by the small-scale industries.

6. SUMMARY OF FINDINGS

6.1 Impact of financial assistance

- (a) Financial assistance provided by financial institutions to the small-scale industries does not help them in the diversification of their business. 71 respondents disagree it only 58 respondents agrees it.
- (b) The small-scale industries were not able to modernize the infrastructure of their business with the help of financial assistance provided by the financial assistance. 63 respondents disagree it and only 30 respondents agrees it.
- (c) Financial assistance received by the small-scale industries does not help their business for expansion, 77 respondents disagree it and only 48 agrees that financial assistance received helps their business in the expansion.
- (d) During the time of recession/ depression period of their business, the financial support provided by the financial institutions does not help the small-scale business in recovery, only 28 respondents agree that financial assistance helps them in recovery from recession/depression and the majority of respondents 112 disagrees it.
- (e) Proper counselling and clarification are not provided by the financial institution before acquiring a loan to the small-scale industry entrepreneurs.
- (f) The impact of financial assistance does not vary on the basis of investment level of small-scale industries.

6.2 Expectation on financial assistance

- (a) The expectation among small-scale entrepreneurs for financial assistance to purchase land for their small-scale business is low among them 70 respondents have marked a low level of expectation and only 54 has marked the expectation for it has high.
- (b) The expectation for financial assistance for construction of the building is moderate as well as high (56) among the small-scale entrepreneurs.
- (c) The small-scale entrepreneurs expectation on financial assistance for the infrastructural development of their business is high, 77 respondents have marked has high and very high expectation for it.
- (d) To purchase machinery and equipment for the small-scale business the entrepreneurs have a high level of expectation on financial assistance from financial institutions, totally 105 respondents have marked the high and very high level of expectation for financial assistance.
- (e) The small-scale entrepreneurs have a high level of expectation for normal loans to support their well-being of business from financial institutions. 91 respondents have marked the high level of expectations.
- (f) For expansion and diversification of the small-scale business, the entrepreneurs have a high level of expectation for financial assistance from the financial institutions, 94 respondents have marked the high level of expectations for it.
- (g) The expectation of small scale in industries in acquiring financial assistance does vary on the basis of investment level.

6.3 Problems in acquiring financial assistance

- (a) Due to rigid interest, the small-scale industry faces a high level of problems in their financial position of their business 99 respondents has marked the high level of impact of problems due to rigid interest rates.
- (b) The problems faced by small-scale entrepreneurs due to repayment period in acquiring financial assistance is high .68 respondents has marked high.
- (c) The demand for refined collateral security for acquiring financial assistance by small-scale industries acts as a hindrance to the small-scale entrepreneurs in acquiring financial assistance 88 respondents had marked the high level of impact of problems due to refined collateral security in accruing loan.
- (d) Due to vague procedures, terms and policies in acquiring financial assistance the small-scale entrepreneurs face a high level of impact of problems. 74 respondents have marked the high level of impact of problems due to vague procedures, terms and policies.
18. The problem of abiding with the legal regulatory framework for acquiring financial assistance has a high level of impact. 85 respondents have marked the high level of impact of problems.
- (e) The problems faced by small-scale industries have an association with the type of loan acquired by the small-scale entrepreneurs.

7. SUGGESTIONS

- (a) The procedures to acquire loan has to be made easy and understandable to the knowledge of the small-scale entrepreneurs by the financial institutions in order to help them.
- (b) Small-scale industries have a high level of need for financial assistance to meet their working capital required to support their business. Hence the financial institutions have to provide specially planned short-term loans to SSI to meet their working capital requirement with less rate of interest.
- (c) During the recession period, the financial institutions should make the small-scale industries to be financially strong or they should reduce their financial burden then only they can safeguard themselves from becoming a sick unit.
- (d) The financial assistance provided by the financial institutions has failed to create a positive impact on the growth of small-scale industries hence the financial institutions have to come up with products exclusively planned for small-scale sector which helps them to grow and enhances their business to a better level.
- (e) The government provides land to the small-scale industries to operate but they fail to provide proper financial assistance for their infrastructural development and modernization of their business unit hence they have to concentrate in these areas in order to help the small-scale manufacturing sector to grow further with a positive impact.
- (f) The small-scale sectors should ensure the fullest utilization of their capacity available this can be done only when adequate finance and modernized machinery are available to them. Only when they use their full capacity they can make themselves to grow as medium and large scale industries in the future.
- (g) The need for normal loans is high in case of small-scale industries to support their business in growth hence the financial institutions have to ensure easy availability of normal loans without much rules and regulations to follow and high collateral security.
- (h) The financial institutions should reduce the time taken to process a loan to small-scale industries because the timely financial assistance is much needed for the small-scale industries to grow and safeguard themselves from becoming a sick unit.
- (i) The interest rates should also be reduced to a certain extent since all the loan packages are planned considering medium and small-scale industries as a whole. But in reality, the need for financial assistance of the small-scale industries is different from the medium scale industries and also their ability to repay also differs.
- (j) The financial institutions should not demand a high amount of collateral security to acquire a loan, because their financial soundness will affect badly and it will make them become a sick unit.
- (k) The financial institutions should concentrate more on small-scale industries by making the access to financial assistance in a simple and easy means.
- (l) Timely availability of financial assistance to small-scale industries should be ensured by the government and the financial institutions.
- (m) Women entrepreneurs have to be encouraged and educated to enter into manufacturing industries. Because governments are providing huge opportunities, supports and schemes for women entrepreneurs for their welfare and which is completely unaware to them.

8. CONCLUSION

The financial institutions should ensure the timely availability of financial assistance depending upon the type of need they have because finance plays a major role in the sustained development of the small scale industries. The institutions should also concentrate on non-financial assistance like entrepreneurial development, improving the quality of labours, raw materials, availability of modernized technology at lower cost to small-scale industries, developing the knowledge of the international markets and opportunities available to small scale in industries around the world etc. has to be given to them because these things will encourage them to expand and diversify their business with more confidence and knowledge.

The majority of the schemes offered by the banks and financial institutions are basically concentrated on large and medium scale industries and tries to concise the small-scale industries in within that schemes itself. They should come up with specially designed schemes for small-scale industries based on their nature of business like for manufacturing industries the products offered to them should be designed keeping in mind that their investment level is limited and the area of operation is less compared to medium and large scale industries.

The Indian small enterprises must embrace change if they have to survive and find a place for themselves in the global competitive environment. Pertinent changes need to be worked out not only in the attitude of the stakeholders but also in the

mindset of the institutions which are engaged in the task of development of small enterprises. Efforts also should be made to take the fullest advantage of the opportunities available under globalization. The constraints will have to be overcome through the adoption of aggressive export and marketing strategies like those of China. Competitiveness and quality improvement have to be accepted as watchwords. Indian small enterprises have proved their worth in the past and with the adoption of necessary changes they can excel in the future. The survival of small enterprises and their ability to find a place for themselves in the global market depend on their ability to bring out major changes in the quality of output, exports and employment.

All these can be achieved by them only when they have a proper flow of financial support to them at the right time. Then only financial assistance provided by the financial institutions can create a proper impact on the growth and development in terms of modernization, expansion, diversification of small-scale business.

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APPENDIX

RELIABILITY TEST

Iteration-1: Impact of financial assistance

Table 48: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
0.640	0.644	4

Table 49: Item Statistics

	Mean	Std. Deviation	N
Financial assistance received is highly helpful for modernization of infrastructure	2.86	1.181	160
Financial assistance provided by IDBI/TIIC is able to meet working capital requirements	2.86	1.371	160
Financial assistance enhance your business for expansion	2.75	1.239	160
Proper counselling and clarification are given by the institution before acquiring a loan	2.97	1.220	160

Table 50: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Financial assistance received is highly helpful for modernization of infrastructure	8.58	7.629	0.473	0.263	0.536
Financial assistance provided by IDBI/TIIC is able to meet working capital requirements	8.58	7.441	0.373	0.228	0.609
Financial assistance enhance your business for expansion	8.69	7.537	0.447	0.252	0.552
Proper counselling and clarification are given by the institution before acquiring a loan	8.47	7.911	0.395	0.252	0.588

Table 51: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.460	0.455	4

Table 52: Item Statistics

	Mean	Std. Deviation	N
Financial assistance for the purchase of land	2.86	1.261	160
Loans for infrastructural development	3.16	1.242	160
Loans for expansion and diversifications	3.43	1.292	160
Financial assistance for construction of the building	3.04	1.210	160

Table 53: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Financial assistance for purchase of land	9.63	5.127	0.497	0.271	0.133
Loans for infrastructural development	9.34	6.112	0.311	0.234	0.341
Loans for expansion and diversifications	9.06	6.298	0.246	0.161	0.405
Financial assistance for construction of building	9.45	7.847	0.037	0.168	0.582

Iteration - 3 Problems faced SSI in acquiring financial assistance

Table 54: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.778	0.778	4

Table 55: Item Statistics

	Mean	Std. Deviation	N
Difficult to abide by the legal and regulatory framework	3.32	1.241	160
Refined collateral security	3.34	1.313	160
Loans for expansion and diversifications	3.43	1.292	160
Financial assistance for the purchase of machinery or equipment	3.66	1.218	160

Table 56: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Difficult to abide with legal and regulatory framework	10.44	9.656	0.546	0.333	0.743
Refined collateral security	10.41	8.885	0.613	0.400	0.708
Loans for expansion and diversifications	10.33	9.064	0.601	0.377	0.715
Financial assistance for purchase of machinery or equipment	10.09	9.620	0.570	0.369	0.731

FACTOR ANALYSIS

Table 57: Communalities

	Initial	Extraction
Gender	1.000	0.686
Education level	1.000	0.785
Investment level	1.000	0.739
How long have you been in the business?	1.000	0.714
The main source of funds for your industrial operations.	1.000	0.616
Which financial institution you have received the financial assistance?	1.000	0.854
What type of loan you have received so far from TIIC/IDBI?	1.000	0.676
Are the loan procedures easy to follow?	1.000	0.631
Compared to other financial institutions the processing fee charged by TIIC/IDBI is	1.000	0.536
Are you seeking a loan to meet working capital requirements?	1.000	0.712
Are you satisfied with the measures taken by the financial institutions at the time of recession/depression?	1.000	0.650
What type of support does IDBI/TIIC provide at the time of recession/ depression?	1.000	0.503
Financial assistance provided by IDBI/TIIC is able to meet working capital requirements	1.000	0.741
Financial assistance obtained helps your business for diversification purpose	1.000	0.643

Financial assistance received is highly helpful for modernization of infrastructure	1.000	0.746
Financial assistance enhance your business for expansion	1.000	0.658
Financial assistance provided at the time of recession is highly helpful for recovery	1.000	0.695
Proper counselling and clarification are given by the institution before acquiring a loan	1.000	0.753
Financial assistance for the purchase of land	1.000	0.695
Financial assistance for construction of the building	1.000	0.830
Loans for infrastructural development	1.000	0.757
Financial assistance for the purchase of machinery/equipment	1.000	0.856
Normal loans	1.000	0.702
Loans for expansion and diversifications	1.000	0.620
Rigid interest rates	1.000	0.752
Repayment period	1.000	0.767
Refined collateral security	1.000	0.691
Vague procedures/ terms and policies	1.000	0.655
Difficult to abide by the legal and regulatory framework	1.000	0.770
Are you able to repay the loan and the interest amount on time?	1.000	0.793
Delay in repayment of the loan is due to	1.000	0.724
How many times have you renewed your loan?	1.000	0.467
Extraction Method: Principal Component Analysis.		