



A Study on Commercial Banks' Contribution to the Growth of Udaipur's Small-Scale Industry

Dr. Sagar Sanwariya

Assistant Professor, EAFM, Govt. Girls College, Nathdwara

Abstract It is critical to enable the SME sector to make the best use of the limited resources (human and financial) available to them. SMEs must be educated and informed about the newest global advancements, as well as assisted in acquiring the skills necessary to stay up with them. Small businesses today have more options than ever before to expand and diversify across industries. Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector are among the industries where Indian entrepreneurs are achieving tremendous growth.

Keywords SME sector, global developments

Introduction

Small and medium enterprises (SMEs) have evolved as a very lively and dynamic segment of the Indian economy during the last six decades. They have made a major contribution to overall growth in terms of Gross Domestic Product (GDP), job creation, and exports. MSMEs account for 8% of the country's GDP, 45 percent of manufacturing production, and 40% of India's exports (GOI, 2010). In the rural and urban sections of the country, the SME sector employs an estimated 27.75 lakh people (23.43 lakh in small businesses and 4.32 lakh in medium businesses). In terms of number of units, production, employment, and exports, the SME sector grew steadily from 2003 to 2007. According to the final result of the 4th All India MSMEs Census, there are around 79,000 registered SMEs in the nation (76,000 small firms and 3,000 medium enterprises). Small businesses have received a total investment of Rs 223 billion, with Rs 189 billion going to the manufacturing sector. Similarly, Rs 56 billion is invested in small and medium businesses, including Rs 52 billion in the industrial sector. Small businesses' gross production topped Rs 318 billion, while medium businesses' gross output exceeded Rs 75 billion. The industrial sector contributed Rs 375 billion, while the service sector contributed Rs 10 billion. (Source: 4th MSMEs Census Final Report, 2011). Small and Medium Enterprises (SMEs) play a vital role for the growth of Indian economy by contributing 45% of industrial output, 40% of exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. SME's Contribution towards GDP in 2011 was 17% which is expected to increase to 22% by 2012. There are approximately 30 million MSME Units in India and 12 million persons are expected to join the workforce in the next 5 years.

Micro, small, and medium enterprises (MSMEs) are one of India's most dynamic and vulnerable economic sectors. Micro, small, and medium enterprises (MSMEs) are important because of their potential to create jobs, minimal capital and technology requirements, utilisation of traditional or inherited skills, use of local resources, resource mobilisation, and exportability of products.



MSME As Growth Driver of Indian Economy

In India, 95 percent of industrial units (3.4 million) are in small-scale sector with a 40 percent value addition in the manufacturing sector. Enterprises of this type provide the second highest employment level after agriculture and account for the 40 percent of industrial production. These units contribute 35 percent to India's exports. In this setting, Indian MSMEs are fundamentally important to the Indian economic system. Their potential to generate employment, bolster exports and bring flexibility into India's business environment deserves close attention from India's policy makers and research scholars.

MSME have great role in the balanced development of the economy. MSME sector presently employs over 100 million people over 44 million units and MSME accounts for 9% of the country's GDP. Annual report of Ministry of MSME states that the sector accounts for about 45% of total export of the country. MSME sectors produce more than 6000 quality products. MSME sector, thus, shows greater opportunity for expansion and diversify its activities in various sectors. It is estimated that there are 1.6 million registered MSME in India and major portion of MSME working in India are not registered. MSME are dominated by micro enterprises with 94.9 percent share followed by small enterprises with 4.9 percent of share. These enterprises deployed throughout India by operating 55 percentages in rural India and rest operating in semi-urban and urban region of India. And hence the MSME contribute a commendable portion to the balanced growth of Indian economy. On the activity basis, if we are exploring, it can be seen that 67.1 percent of total registered units are manufacturing units, 16.8 percent of total registered units are service units and 16.1 percent units of total registered units are repair and maintenance units. From the diagram given below we can get some clearer picture about the distribution of 6000 units of MSME into their respective sectors.

The Role of Commercial Banks in Financing Small-Scale

The important role played by small-scale industries in developing economics has been increasingly realized over the past years. Not only are they important for the vitality of the business sector, they also play a major role in terms of employment creation, income generation and output growth. But in order to play their role in future, there is need for researchers and policy makers to identify this role and constantly interact to bring about a sustainable policy framework for industrial development methods to have maximum effectiveness, they must include methods specifically adapted for work with small industries.

A commercial bank makes money by lending to individuals and businesses. It gets the money to lend from deposits consumers make in the bank. An investment bank, on the other hand, can hold stocks and bonds and may offer those to investors in the marketplace. Small businesses rely on commercial banks for a variety of services that make it easier to do business and grow a company.

Location & Geographical Area

Udaipur District is situated at the southern tip of Rajasthan adjoin Gujarat and is oval in shape with very narrow strip stretching towards the north. It lies between 23.46' and 25.5' North latitudes and 73.9' and 74.35' east longitudes. It is bounded on the north by Rajasamand and Pali District, on the south by Dungarpur and Banswara, on the east by Bhilwara and Chittorgarh and on the west by Pali and Sirohi Districts and Sabarkartha District (Gujarat). The District covers an area of 13618 sq.km



Medium-Scale and Large-Scale Industries in Udaipur

S. No.	Name of Ind. Area	Land acquired (In Aare)	Land developed (In Actare)	Prevailing Rate Per Sqm (In Rs.)	No. of Plots	No. of allotted Plots	No. of vacant plots	No. of Units in Production
1.	MIA	534.46	534.46	1000	449	439	10	Running
2.	Sukher	160.00	160.00	1000	339	331	28	"
3.	Pratap Nagar	80.62	69.17	1000	48	48	0	"
4.	Fateh Nagar	19.32	19.52	100	65	63	2	"
5.	Gudli	236.91	236.91	500	297	278	19	"
6.	Sanwar	129.18	129.18	300	178	28	150	"
7.	Kaladwas	171.09	20.04	700	67	67	-	"
	IID Bhamashah	238.91	238.91					
8.	MIA Ext.IT	—		1800	38	33	5	"
9.	Industrial	58	58	1000	46	46	—	
10.	Residance	—		1500	213	211	2	

source:-RIICO Udaipur

Small and Medium Enterprises (Sme) In Udaipur, Rajasthan

- 1 Fusion Outsourcing Software Pvt Ltd, Udaipur, Rajasthan, Udaipur, Rajasthan
- 2 Indian Art Decor, Udaipur, Rajasthan, Udaipur, Rajasthan
- 3 Indo Gold Resources Pvt Ltd, Udaipur, Rajasthan, Udaipur, Rajasthan
- 4 Lake Palace Hotels & Motels Pvt Ltd (The), Udaipur, Rajasthan, Udaipur, Rajasthan
- 5 Padma Marbles, Udaipur, Rajasthan, Udaipur, Rajasthan
- 6 Pushpa Artefacts, Udaipur, Rajasthan, Udaipur, Rajasthan
- 7 Pushpa Arts Pvt. Ltd., Udaipur, Rajasthan, Udaipur, Rajasthan
- 8 Pyrotech Control (India) Pvt Ltd, Udaipur, Rajasthan, Udaipur, Rajasthan
- 9 Rayman Exports, Udaipur, Rajasthan, Udaipur, Rajasthan
- 10 Royal Handicrafts, Udaipur, Rajasthan, Udaipur, Rajasthan
- 11 Sukuma Electronics & Tech, Udaipur, Rajasthan, Udaipur, Rajasthan
- 12 Tilo Private Limited, Udaipur, Rajasthan, Udaipur, Rajasthan
- 13 Tirupati Enterprises, Udaipur, Rajasthan, Udaipur, Rajasthan

Data Analysis and Interpretation**Bank wise details of respondents:****Table 1:** Bank-wise distribution

S. No.	Name of Commercial Bank of Udaipur	No. of respondents	Percentage
1.	Bank of Baroda	30	20.00
2.	HDFC	50	33.33
3.	SBI	70	46.67
	Total	150	100%

The table 1 shows the bank wise details of respondents, out of 150 personnel, 30 (20%) were from Bank of Baroda, 50(33.33%) from HDFC Bank and remaining 70 (46.67%) were from SBI Bank.



Medium term loans provide to small scale Industry**Table 2:** Medium Term Loan Provided to Small Scale Industry

S. No.	Medium Term Loan provided (in Cr.)	Number	Percentage (%)
1	Less than 12	28	18.67
2	above 13	71	47.33
3	above 14	44	29.33
4	above 15	7	4.67
	Total	150	100%

The above table 2 are in total respondents 150. Which 28 respondents are of less than 12 cores? And 71 respondents are Above 13 core and 44 respondents are Above 14 core and are 7 respondents are Above 15 core. The above chart is 4.10. Which are 19% respondents of less than 12 cores? And 47% respondents are Above 13 cores and 29% respondents are Above 14 cores and are 5% respondents are Above 115 cores. This is over all banks long term loan giving in small scale industries. The bank position in Udaipur district is very good. Banks is Medium term loan distribution a good percent in small scale industries in Udaipur district.

Banks Received of Such Small-Scale Industry Loan wise profile**Table 3:** Banks Received of Such Small Scale Industry Loan wise profile

S. No.	Frequency	Percentage (%)	Valid Percentage (%)	Cumulative Percentage
1. Less than 50%	54	36	36	36
2. 50%-90%	58	38.7	38.7	74.7
3. 90% above	38	25.3	25.3	100
Total	150	100%	100%	

The above table no. 3 is total respondents are 150. In this table 54 of respondent are of less than 50%. And 59 respondents are 50-90%. And 38 respondents are above 90%. Banks are good loan received in small scale industry by Udaipur district. The bank is more than 50-90% loan receive in Udaipur district. There above chart no. 4.13. In this chart 36% of respondent of less than 50% are. And 39% respondents are 50-90%. And 25% respondents are above 90%. Bank managers are good loan receive in small scale industry by Udaipur district. The banks are overall 90% loan receive in Udaipur district. The clear is Banks are overall 90% loan received to small scale industry.

Suggestions

The study's findings have certain ramifications. In both public and private banks, the study has direct developments on small size companies. These findings are assisting the government in developing an effective strategy for small-scale enterprises, as well as giving information to different small-scale industry players, as well as public and private banks. Currently, all small-scale industry units are undergoing conversion from large-scale operations. All small-scale industries should be decommissioned, and their owners should transition to next-generation machinery. Small-scale enterprises should seek loans and advances from public and private banks on favourable terms so that they may concentrate on expanding their businesses.

References

- [1]. Bihari, D. S. (2011). Redefining MSME with CRM Practices. *Internat I onal Journal of Manage M ent & BusIness stud I es* , 1 (2), 49 - 55.
- [2]. Biswas, A. (2012). Impact of MSMED Act, 2006 on the growth of Small Industries in India. *International Journal in Multidisciplinary and Academic Research (SSIJMAR)* , 3 (3), 1- 12.
- [3]. Biswas, A. (2015). Impact of Technology on MSME sector in India. *International Journal of Economic and Business Review* , 3 (2), 129 - 134.
- [4]. Dey, D. S. (2014). MSMEs IN INDIA: IT'S GROWTH AND PROSPECTS. *Abhinav National Monthly Refereed Journal of Research in Commerce & Management* , 3 (8), 26 - 33.



- [5]. Dr Krupasindhu Pradhan, S. S. (n.d.). Micro Small and Medium Enterprises (MSME) and Economic Development of Odisha. 1 -34.
- [6]. Dr. M.s. Vasu, D. K. (2014). Growth and Development of MsMes in India: Prospects and Problems. *INDIAN JOURNAL OF APPLIED RESEARCH* , 4 (5), 125 - 127.
- [7]. Dr.D.Shrinivasa Kumar, D. S. (2013). Sustainable Trends and Policies of MSME in Economic Development in India: An Empirical Study. *International Journal of ManageMent & BusIness studies* , 3 (2), 106 - 111.
- [8]. Dr.J.ANURADHA. (2014). Problems and Prospects of Micro, Small and Medium Enterprises (Msmes) In India in the Era of Globalization. *Journal of Research in Business and Management* , 2 (6), 20-27.

