

**COURSE : III B.COM (CA)**  
**SEMESTER :VI**  
**SUBJECT :ENTREPRENEURIAL DEVELOPMENT**  
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**UNIT: III**

**SYLLABUS:** Financial assistance and entrepreneur-CB, IDBI, IFCI, IRDBI, SIDBI, TIIC, IDBI, ICICI- MFI (Micro Financial Institution).

**Financial Assistance:**

Financial Assistance is any type of monetary help or aid that a person, organization or government receives. The financial assistance may be in the form of guarantees, loans, cost-sharing arrangements, subsidies or welfare payments.

## **Financial Assistance of various Institutions to Entrepreneurs:**

### **Commercial Banks:**

A commercial bank is a financial institution which accepts deposits from the public and gives loans for the purposes of consumption and investment.

### **Roles of commercial banks:**

- Statutory Roles
- Financing Roles
- Business Investment Promotion Roles
- Advisory , Guaranty and Consultancy Roles.

### **Functions of commercial banks:**

- Credit creation
- Investment of funds
- Discounting bills of exchange
- Offering overdraft facilities
- Agency functions.

### **IDBI:**

Industrial Development Bank of India (IDBI) established under Industrial Development Bank of India Act, 1964 is the principal financial institution for providing credit and other facilities for developing industries and assisting development institutions.

## **Roles of IDBI:**

- Indirect assistance
- Co-ordinating the activities of financial institutions
- IDBI is the leader, coordinator and innovator
- Planning, promoting and developing industries.

## **Functions of IDBI:**

- IDBI has shown its particular interest in the development of small-scale industries is demonstrated by the setting up of the Small Industries Development Fund.
- The scope of business of the IDBI has also been extended to cover consulting, merchant banking and trusteeship activities.

## **IFCI:**

Industrial Finance Corporation of India (IFCI) is actually the first financial institute the government established after independence. The main aim of the incorporation of IFCI was to provide long term finance to the manufacturing and industrial sector of the country.

## **Functions of IFCI:**

- The corporation grants loans and advances to industrial concerns.
- Granting of loans both in rupees and foreign currencies.
- The corporation underwrites the issue of stocks, bonds, shares, etc.

## **IRDBI:**

The Industrial Reconstruction Bank of India Act, 1984 is to provide for the transfer to and vesting in the Reconstruction Bank of the undertaking of the Corporation known as the Industrial Reconstruction Corporation of India Limited with a view to enabling the said Reconstruction Bank to function as the principal credit and reconstruction agency for industrial revival and to co-ordinate similar work of the other institutions.

## **Roles of IRDBI:**

- To grant loans and advances to industrial concerns.
- To underwrite stocks, shares, bonds and debentures.
- To guarantee loans/deferred payments and performance

## **Functions of IRDBI**

- To provide financial assistance to sick industrial units.
- To provide managerial and technical assistance to sick industrial units.
- To provide merchant banking services for amalgamation.

- To provide consultancy services to the banks in the matter of sick units.
- To undertake leasing business.

### **SIDBI:**

SIDBI was made responsible for administering Small Industries Development Fund and National Equity Fund that were administered by IDBI before. SIDBI is the Primary Financial Institution for promoting, developing and financing MSME (Micro, Small and Medium Enterprise) sector.

Small Industries Development Bank of India offers the following facilities to its customers:

- Direct Finance
- Indirect Finance
- Micro Finance.

### **Functions of SIDBI:**

- It discount and rediscounts bills.

- It offers services like factoring, leasing etc. to the industrial concerns in the small-scale sector.
- It also initiates steps for modernization and technological up-gradation of current units.
- It also co-promotes state level venture funds.

### **TIIC:**

Tamilnadu Industrial Investment Recruitment (TIIC) fosters industrial development in Tamilnadu by providing financial assistance to industries for purchase of land , machinery and construction of buildings.

### **ICICI:**

Industrial Credit and Investment Corporation of India(ICICI) was established in 1995 as public limited company under Indian Company Act for developing medium and small industries of private sector.

### **Functions of the ICICI:**

- Providing finance in the form of long-term or medium term loans or equity participation.

- Sponsoring and underwriting new issues of shares and other securities.
- Guaranteeing loans from other private investment sources.
- Making funds available for reinvestment by revolving investment as rapidly as possible.
- Providing project advisory services.

### **Types of financial assistance of the ICICI:**

The Corporation provides finance-in the following forms:

- Underwriting of public issues and offer or sale of industrial securities.
- Direct subscription to such securities.
- Securing loans in rupees payable over periods up to 15 years.
- Guaranteeing payments for credit made by others.

Books Referred:

Entrepreneurship Development in India by Dr.C.P Gupta Dr.  
N.P.Srinivasan