UNIT 4 PROGRAMMES OF DEVELOPMENT FINANCE CORPORATIONS

Structure

4.0 OBJECTIVES

After studying this unit, you should be able to:

- define the role of financial institutions in rural development;
- describe the networks of financial institutions, their working and role in rural development;
- critically examine the role of financial institutions in the context of problems experienced by the rural people; and
- explain the prospects of making rural institutions viable and accountable.

4.1 INTRODUCTION

As we have seen, rural development programmes aim at reducing poverty and unemployment among the areas, classes and socially discriminated groups. In India, providing equality of opportunities in access to skills, credit and appropriate technology is a constitutional duty of the State and a large number of financial institutions have been set up to fulfil this task.

It is the duty of these financial institutions to see that money and services for development reach to meet the productive needs of persons experiencing undeserved want. At the same time, as custodians of public money for social justice interventions, they also have to justify the end-use of expenditure in terms of prudence, sustainability and empowerment.

In this unit, we will examine the working of some of the important programmes implemented by India’s leading financial institutions for the people living in rural areas. We will, in particular, discuss the programmes of (i) NABARD, (ii) IDBI and (iii) NSFDC.

4.2 ROLE OF FINANCIAL INSTITUTIONS IN RURAL DEVELOPMENT

The three financial institutions we are going to discuss (NABARD, IDBI & NSFDC) are among the many financial institutions functioning in the country for achieving rural development objectives. The structure of financial institutions in India is described briefly as follows:

Financial institutions perform a variety of roles in development, but essentially they either channel funds (i) from lenders to borrowers or (ii) from savers to investors. They can, thus, be *banking* or *non-banking* in character. Important non-banking financial institutions are insurance companies, investment trusts, pension funds, hire-purchase companies and building societies among others. You can appreciate the significance of financial institutions in terms of the range of services performed by them and the combined might of institutional networks (public, cooperative and private) engaged in the task. Their lending and investments can radically transform areas, classes and individuals by providing for skill-training, productive assets, entrepreneurship, self-employment, new technologies and upgrading of services critical to faster growth. A properly developed network of viable and accountable financial institutions can go a long way in promoting cooperation, self-help and family security.

It is possible to outline the significance of financial institutions in our country's rural development on the basis of the work done so far. When we do that we notice certain clear landmarks. Perhaps the first thing, which strikes us is the contribution of the services provided by the banks. Notable transformation has been witnessed, since bank nationalisation, in terms of (i) extensive network of branch, (ii) promotion of modern banking habits, (iii) credit facilities for the poor and needy persons, (iv) mobilization of untapped savings and (v) diversification into new areas and norms of business. We will write more about banks while examining the activities of NABARD (an apex institution created for agriculture and rural development), but it is appropriate to record here itself that India has been a pioneer in evolving its own brand of institutional framework for rural credit delivery (comprising rural branches of commercial banks, cooperative credit institutions and regional rural banks) and policies (related to rural infrastructure, agriculture, poverty alleviation and small borrowers). Today we stand at a point in our economic history where we can think of making the rural credit delivery system more viable and accountable, but we should not underestimate the fact of having developed a system which many countries still lack.

Rural development, anywhere in the world, requires sufficient monetization of economy, which means ratio of financial assets to physical assets in rural areas grown on account of massive improvements in financial infrastructure and proliferation of a variety of financial instruments. Proper monetization of rural economy in India cannot be achieved through banks alone. To develop rural India, we require active involvement of specialized public and private financial institutions capable of promoting investments in industries, infrastructure, insurance, etc. in rural areas as well. Historically, public sector has been a dominant provider of such services in our country. Since 1964, IDBI has been the principal financial institution of our country in promoting industrial development; HUDCO (Housing and Urban Development Corporation) has been the premier public finance institution for rural housing programmes and the LIC (Life Insurance Corporation of India) and the GIC (General Insurance Corporation of India) dominate life and non-life insurance sectors respectively. Recent entry of Agricultural Insurance Company of India in the field of food and livelihood security is also a public sector investment.

National-level public finance institutions have nation-wide spread, as a result of which rural areas also benefit. They also have special schemes for the rural areas and population. Investments are massive, innovative and visible. However, predominance of public financial institutions in rural India is a given situation but not an ideal one. Why are private financial institutions reluctant to enter rural areas in a meaningful manner? Private financers have so far viewed the Indian rural development projects as non-viable and operationally cumbersome. To a great extent, this view even persists now despite the recent invigoration of the capital market and general improvement in the rural situation. What, therefore, can be done is to strengthen public financial intuitions through (i) viability-oriented operational reforms and (ii) effective linkages with the enterprising groups and institutions of the civil society (i.e. self-help groups, voluntary agencies and consumer associations). We will write more about these aspects in the subsequent sections of this unit and also see how the Reserve Bank of India (as the regulator of the Indian economy) has recently addressed the problems of financial non-viability and economic stagnation.

Check Your Progress I

Note: i) Write your answer in the space provided.

ii) Check your answer with the possible answer provided at the end of the unit.

1) What role can financial institutions play in rural development?

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4.3 NATIONAL BANK FOR AGRICULTURAL AND RURAL DEVELOPMENT (NABARD)

The National Bank for Agricultural and Rural Development (NABARD) is an extremely important institution of our country. As the name suggests, it is an intervention by the government to improve India's agriculture and rural development.

Our first attempt should be to understand the context in which this institution has been created under an Act of Parliament. We can do this by listing out the problems and prospects of agriculture and rural development in relation to the well-being of our people. On agriculture depends the livelihood of the seventy percent of India's population, nearly twenty-five percent Gross Domestic Product and future of the poor and the vulnerable. The State, therefore, has to intervene to improve agricultural production and rural standards of living. A matter of immediate concern is the decline (between the 1980s and 1990s) in total factor productivity and investment in rural areas. In certain rural pockets, poor standards of living (infrastructure, shelter and human rights) have reached alarming points. Sustainability of non-viable rural institutions, particularly rural financial institutions, is also a critical problem in providing services to the poorest of the poor living in the margins of environment.

Seen in this context, NABARD is a solution to the problems. It provides refinance assistance to commercial banks, state cooperative banks, regional rural banks and state land development banks. It does this either on automatic basis or under pre-sanctioned procedure. NABARD also provides refinance to banks for financial assistance under government-sponsored programmes like the Integrated Rural Development Programmes, action plans of Scheduled Castes/Scheduled Tribes Development Corporations and the programmes for the development of non-conventional energy resources.

NABARD provides long-term funds to micro-enterprises in rural areas, medium-term funds to the cooperative societies for financing their members for the purchase of shares and has a large number of short-term refinance schemes. Its short-term refinance schemes provide (i) credit-limits to state/district central cooperative banks for meeting their working capital requirements and (ii) working capital to primary/apex weaver's cooperative societies, industrial cooperative societies and rural artisan members of primary agricultural societies. For financing non-agricultural activities in rural areas, NABARD provides short-term credit-limits to regional rural banks. NABARD has also decided to advance a floating refinance rate for advances over rupees two lakhs.

NABARD maintains many funds for specific purposes. National Rural Credit (Long-term Operations) Fund is used for re-scheduling of loans. National Rural Credit Stabilization Fund is meant for providing conversion loans for production credit. Rural Infrastructure Development Fund takes care of the inadequacy of public investment in agriculture by providing loans to the state governments, Panchayati Raj Institutions, non-governmental organisations and self-help groups.

NABARD was set-up, as an apex development bank, in 1982. As an apex bank, it is required to develop policies, programmes and approaches for financing India's rural development. Thus, it is not merely a source of funds but also an institution mandated to innovate policies and operations to achieve its goals. It is, indeed, a huge organisation spread all over the country and has massive funds to provide for rural development. However, we can appreciate the role of NABARD in rural development to a reasonable extent only when we realize the vast coordinating role it has to play in formulating and grounding its schemes. To do this, we will examine the work it has done innovatively in certain areas. The examples, which are described below are specimens of excellence in innovation and coordination.

4.3.1 Micro-Credit Initiative

NABARD is one of the very few institutions in the world engaged in working out a strategy for assisting the rural poor, especially women, through the micro-finance initiative. The initiative started in a systematic manner in 1992 after the institution got convinced (on the basis of research studies) that the basic credit needs of the poor were not high in quantum. What the poor needed most was an opportunity to get timely credit in a hassle-free environment. Realizing this, the bank developed the micro-credit initiative through self-help groups.

NABARD now proposes to reach a population of about hundred million rural poor through one million self-help groups by the year 2007-08.

The micro-credit programme seeks to promote financial transactions between formal rural banking systems in India with informal self-help groups as clients. Three different models of promoting credit linkages have been found feasible:

Model-I : Self-help groups formed and financed by banks.

Model-II : Self-help groups formed by non-governmental organisations and formal agencies, but directly financed by banks.

Model-III : Self-help groups financed by banks using non-governmental organisations and other agencies as financial intermediaries.

The process is strengthened through capacity building measures like training in group formation and the management of funds.

Some of the leading non-governmental organisations in the field of micro-credit (e.g. Mysore Resettlement and Development Agency, Professional Assistance for Development Action and Development of Human Action Foundation) are closely associated with the activities of NABARD. In the backward states and districts, where organized support from non-governmental organisations was lacking, NABARD has experimented with the volunteer promotion programme.

The micro-credit initiative of NABARD has provided a new dimension to rural banking and a hope for viability (because of a very high percentage of recovery from the beneficiaries at very nominal cost). NABARD's initiative in micro-credit has also provided a new policy thrust for the Government of India and the Reserve Bank. Micro-credit initiative has yet to cover the length and breadth of the country, yet it is a breath of fresh air in the field of rural development.

RIDF Projects

Some of the projects undertaken under NABARD's Rural Infrastructure Development Fund (RIDF) also need to be studied to understand the complexities of project-financing in rural India in terms of location-specific problems and innovativeness of solutions. We list a few RIDF projects to provide illustrations.

The projects undertaken under NABARD's RIDF include (i) rural road and bridge projects, (ii) primary schools, (iii) primary health centres, (iv) village haats, (v) joint forest management projects, (vi) terminal and rural market projects, (vii) rain water harvesting projects, (viii) fish jetties, (ix) micro and mini hydel projects, (x) rural drinking water supply schemes, (xi) citizen information centres, (xii) anganwadi centres, (xiii) shishu shiksha kendras, (xiv) construction of small dams, weirs and barrages, (xv) projects for reclaiming water-logged areas, (xvi) modernization of old irrigation tanks, (xvii) flood control projects, (xviii) market yards, (xix) food processing parks and (xx) cold chains.

An important feature of NABARD's RIDF is people's participation in the planning and management of projects. Another important aspect is its emphasis on undertaking incomplete projects and projects where investment so far has been neglected.

4.3.2 Initiative for High-Tech Agriculture

Realizing the significance of high-tech agriculture for economic growth, NABARD has introduced opportunities in financing projects related to the areas of high-tech agriculture such as (i) horticulture (ii) floriculture, (iii) tissue culture, (iv) bio-pesticides, (v) bio-fertilizers, (vi) vermiculture, (vii) green and poly houses, (viii) agro-processing, (ix) food processing and (x) seed production. Detailed policy-norms for financing such projects have been evolved by NABARD to encourage and evaluate high-tech agriculture projects received from agri-business promoters.

Check Your Progress II

Note: i) Write your answer in the space provided.

ii) Check your answer with the possible answer provided at the end of the unit.

1) What are the agencies in India through which a person living in a rural area can obtain micro-finance?

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2) What is the purpose of NABARD's Rural Infrastructure Development Fund?

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4.4 INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

The Industrial Development Bank of India (IDBI) is another significant apex financial institution of our country. It was set-up by an Act of Parliament in 1964 as a development finance institution to promote India's industrial growth through planning, promotion, development and coordination. Since 1964, IDBI has promoted a large number of financial institutions which, directly or indirectly, promote rural development as well.

In this section, we will focus on the programmes of one such institution set up by the IDBI. We shall discuss the role of SIDBI (Small Industries Development Bank of India) in rural industrialization. We have chosen SIDBI because, as a subsidiary of the IDBI, it is mandated to develop India's small-scale industries by paying special attention to the development of small units and cottage and tiny sectors in villages. SIDBI is important because it is an apex national institution for the promotion, financing and development of small-scale industries and, thus, is the principal coordinator of all financial institutions engaged in the task of developing small-scale industries. SIDBI started as a fund of the IDBI in 1986 and grew to be its subsidiary in 1990.

Our first attempt in this section should be to understand the context in which IDBI and its subsidiary SIDBI have been created by Acts of Parliament. When we do so, we find both elements, continuity and change, in operation. We find elements of continuity in the desire of the nation to create self-employment opportunities and balanced regional development in the country, while elements of change are seen in the context of the efficiency demands of the market in ensuring that rural industries grow in a sustainable manner. IDBI has accordingly adjusted to the emerging needs of the nation. Through its financing, big public sector industries were set up in backward rural areas and, in pursuance of the policy of balanced regional growth, a system of targeted fiscal and financial initiatives was worked out through its state industrial development corporations spread all the country. A similar targeted incentive system was worked out for small-scale industries through IDBI's refinance facility.

Refinancing activities of SIDBI are examples of the recent policy-thrusts. Some of the principal refinancing activities of SIDBI are given below:

- The Composite Loan Scheme to refinance term loans to the artisans of small industries (in tiny sectors) for acquisition of equipment/working capital/work sheds.
- The Scheme to refinance term loans to scheduled castes, scheduled tribes and physically challenged persons for acquisition of equipment/working capital.
- Schemes to refinance Khadi & village industry institutions for purchase of mobile sales vans/vans for transporting finished products or raw materials.

- The National Equity Fund scheme to provide equity-support to entrepreneurs.
- The Single Window Scheme to refinance term loans for fixed assets and assistance for working capital.
- The Mahila Udyam Nidhi for providing equity support to women entrepreneurs for setting up new small scale industrial projects.

SIDBI provides line of credit to the State Small Industries Development Corporations for raw material and marketing support to entrepreneurs. It has set up a Venture Capital Fund for small scale entrepreneurs using innovative indigenous technology and expertise. Support services provided by SIDBI extend to enhance the capabilities in the areas such as entrepreneurship development, skill up gradation, technology up gradation, marketing-support and product development.

4.4.1 Rural Industries Programme

Rural Industries Programme of SIDBI aims at developing viable and self-sustaining tiny/small enterprises in rural and semi-urban India by harnessing local entrepreneurial talent. Professional support is provided under this programme by identifying ventures, linking them with formal banking channels, providing escort services at each stage and strengthening technology content of projects. Rural Industries Programme of SIDBI is important because it consciously chooses backward districts and focuses on project sustainability. SIDBI proposes this programme to be extended to 100 districts. Philosophically, the programme intends to bring in a shift from the culture of subsidy to the practice of techno-economic viability, appropriate linkages and carefully coordinated follow-up of projects.

4.4.2 Micro-Credit Initiative

SIDBI has, as a proactive step to facilitate accelerated and orderly growth of micro-finance sector, set up a major project called Small Industries Foundation for Micro-Credit. While discussing NABARD, we observed the advantages of the micro-credit initiative in development. The intention of the SIDBI project is to develop SIDBI as the apex wholesaler for micro-finance in India by providing a complete range of financial and non-financial services to the retail micro-finance institutions. The success of micro-finance has led to the promotion of a large number of micro-finance institutions and the creation of a market as well. By providing a complete range of services (such as loan funds, grant-support, equity and institution-building support) to the emerging micro-finance institutions, SIDBI wants to strengthen the capabilities of these institutions. Besides attempting to develop a network of service-providers in the micro-finance sector, SIDBI is also contemplating to advocate appropriate policies and regulations in micro-finance. With a view to providing quality manpower in micro-finance sector, SIDBI is working out a nation-wide strategy for training in micro-finance. SIDBI has also taken initiative to develop capacity building programmes in micro-credit for formal financial institutions such as cooperative/private sector banks.

4.4.3 SIDBI Report on Small-Scale Industries Sector (1999)

An in-depth analysis of the performance of the Small-Scale Industries Sector was carried out by SIDBI in the year 1999. The study showed that the total factor productivity of small-scale industries during the period 1980-81 to 1994-95 (excepting 1989-90) was greater than that of the large-scale sector at the all-India level. The study also revealed that during this period small-scale industries had a higher profitability than the large-scale industries. Both small and large-scale industries achieved a similar growth in the Gross Value Added (about 8.7 per cent per annum). The growth in output of small-scale industries was lower (7 per cent per annum) as compared to 9 per cent annual growth in the output of large-scale industries. The growth in total employment of small-scale industries was at the rate of 1.3 per cent per annum as compared to 0.9 per cent per annum growth in employment in the large-scale industries depicting the relatively higher contribution of small-scale industries in employment generation. The capital invested showed a growth of 6.6 per cent in large-scale industries as compared to about 4 per cent growth in small-scale industries. Labour productivity rose at a rate of 7.6 per cent per annum in small-scale industries and at a rate of 8.1 percent per annum in large-scale industries over the period 1980-94. Over the same period, capital productivity rose at a rate of 2.4 per cent per annum in the small-scale industries and at a rate of 2.2 per cent per annum in the large-scale industries. Thus, while labour productivity showed a slightly higher growth in large-scale industries, capital productivity showed a slightly higher growth in small-scale industries. The study further showed that in view of the rapid growth and substantial contribution of small-scale industries sectors, there is an urgent need for evolving a regular system for collecting data on small-scale industries and also for upgrading them. New units come up every year for different lines of production, while existing units either diversify or expand or in certain cases close down. SIDBI report, thus, highlighted the limitations of the available data pertaining to small-scale industries and highlighted the crucial role of information on policy-decisions.

4.5 NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION (NSFDC)

We have so far examined the role of two important public finance institutions in India's rural development. Institutions are functional devices through which concerns and needs of societies are met. Being a sub-set of economic institutions, financial institutions all over the world provide certain basic common functions. However, the roles financial institutions are expected to play depend on the socio-economic mandate on the basis of which they are set up. In this section, we will focus on the financial institutions set up to cater to some of the pressing special needs of our society.

One such institution is the National Scheduled Castes Finance and Development Corporation, which was set up in 1989 and has become a model for many social justice development finance institutions in the country. Now there are national development finance corporations for scheduled tribes, minorities, backward classes, safai karamcharis and physically-challenged persons, which more or less follow the NSFDC-model. The Government of India has set up these corporations and provides full resource back-up for small loans at subsidized rates. State governments have also set up similar corporations at the state level and eligible persons are benefited through a channel of financing run from the national corporation to the districts (through their state corporations). Uniqueness of these corporations lies in the subsidized nature of lending. The National Scheduled Castes Finance and Development Corporation, for example, provides term-loan to its beneficiaries at the rate of 6-8% and finances micro-credit at the rate of 4-5% per annum. The second feature of their uniqueness is the fact that these corporations exclusively cater to persons with special problems and those coming from low-income families. The National Scheduled Castes Finance and Development Corporation, for example, provides loans and free skill-training to the scheduled caste persons coming from low-income families (for rural areas Rs.40,000/- per annum). The basic idea is to fight poverty and stigma through entrepreneurship development and, thus, provide equality of opportunity in society. Let us see some specific examples to understand where social justice public finance institutions differ in approach.

4.5.1 Micro-Credit Initiative

We have gone through the details pertaining to the efforts of NABARD and SIDBI. The National Scheduled Castes Finance and Development Corporation, too, has schemes of micro-credit for low-income scheduled caste men and women. Like

NABARD and SIDBI, the National Scheduled Castes Finance and Development Corporation too provides micro-credit finance directly or through the self-help groups/ NGOs. The difference lies in the rate of interest charged from the beneficiaries (@ 5% per annum generally and @ 4% per annum for women). Lower interest rates for scheduled caste persons have been fixed to support entrepreneurial endeavours of the group requiring special care. This example shows that philosophical concerns of the finance institutions can be different. There can be a difference between profit-making financial institutions and 'not for profit' social justice financial institutions. While both the categories have to be viable and professionally competent, in case of the former profit-accumulation would be the prime motive while in case of the later profits would be ploughed-back to subsidize interest rates to the maximum level.

4.5.2 Needs Assessment and Opportunity Profiles

All financial institutions assess needs of their customers. The social justice public finance institutions focus on the special needs of their beneficiaries more sharply. In case of the scheduled caste persons who live mostly in rural areas in difficult circumstances with almost negligible market or social-support, accurate needs-assessment is a tough challenge. The first task usually is to understand the past, present and future of these communities in the context of enterprise development and then prepare appropriate inter-disciplinary opportunity profiles and linkage plans for their development. (What applies to the scheduled caste finance and development strategy also applies to the other aspirants of social justice.) The National Scheduled Castes Finance and Development Corporation, therefore, has recently prepared 101 Opportunity Profiles suited to the special needs of the low-income families of scheduled castes. Opportunity Profiles provide an option to the beneficiaries while choosing viable and easily manageable projects in the emerging fields. Opportunity Profiles of the social justice public finance institutions also adopt a different approach in working out the logic of project appraisal and calculation of the rate of returns.

4.5.3 Accountability to the Beneficiaries

Realising that ground realities for persons experiencing stigma and undeserved want are extremely difficult and complex, the National Scheduled Castes Finance and Development Corporation, in its lending policy document, has set parameters to enforce accountability of its State Channeling Agencies to the beneficiaries in terms of selection, disbursement and asset-procurement. This, again, is a measure to protect the weak and enforce development as a right. The parameters on accountability, incidentally, also highlight the problems experienced by the poor who approach the financial institutions to seek services. Given below are some such parameters:

- Compulsory registration of applications.
- All applications, thus registered, to be examined in a time-bound manner by a duly constituted selection committee.
- The reasons for selection/rejection to be necessarily mentioned in all such cases.
- Selection/rejections to be necessarily communicated to the applicants as soon as possible.
- No high cost scheme to be forwarded without the related field verification report.
- Selections to be made in proportion to the sanctioned units with suitable wait listing.
- Sanctions to be communicated to the beneficiaries as soon as possible.
- Sanction letter to the beneficiary to include all terms and conditions as well as the documents required from him/her.
- In the selection of assets, choice of beneficiary to be a prime consideration.

We have, thus, seen that financial institutions are needed for the accelerated growth of people, areas and classes. In the context of undeserved want and equality of opportunity, public financial institutions are required to be fully supported and adequately strengthened so that they provide justice to the people and sustainability to the overall financial system.

Check Your Progress III

Note: i) Write your answer in the space provided.

ii) Check your answer with the possible answer provided at the end of the unit.

1) What is the aim of SIDBI's Rural Industries Programme?

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2) Why are Opportunity Profiles important for a borrower?

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4.6 LET US SUM UP

You have gone through Unit 4 of this block. It could be summarized as follows:

- With the help of financial institutions, lending and investment in rural areas can improve.
- Our country, therefore, requires viable and procedurally fair financial institutions.
- While there are apex public finance institutions for rural development (generally and exclusively) expansion of private financial institutions to rural areas is required to strengthen the process of development.
- NABARD, SIDBI and NSFDC are examples of national endeavours in the development of rural areas and people. These endeavours should mature into overall justice, sustainability and accountability.
- Financial institutions can develop rural areas only when they accurately assess needs, adjust financing procedures with the spirit of public service and maintain their viability.

4.7 KEY WORDS

Apex Institution	:	A controlling/coordination institution functioning at the top level of an institutional setup.
Capital	:	Stock of wealth which can be used for further production.
Credit	:	Permission to delay payment for goods and services until they have been received.
Equity	:	Funds contributed by the owners of a business.
Finance	:	Money needed or used to support an activity.
Institutional	:	Pertaining to an organisation of a public character.
Intermediary	:	Acting as a mediator.
Loan	:	A sum of money lent.
Retail	:	The practice of selling goods or offering services in small quantities to general public.
Self-Help Group	:	A voluntary association of homogenous persons who work together for their own social and economic empowerment.
Wholesale	:	Offering goods and services in large quantities and at a price that allows a person or institution to sell again at a profit.

4.8 REFERENCES AND SUGGESTED READINGS

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4.9 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

1) Financial institutions can improve lending and investments. They can radically transform areas, classes and individuals through skill-training, productive assets, entrepreneurship, self-employment, new technologies and by upgrading services that are critical for faster growth. A properly developed network of viable and accountable institutions can go a long way in promoting cooperation, self-help and family security.

Check Your Progress II

1) A person living in a rural area can obtain micro-finance from banks, self-help groups, voluntary organisations and development finance corporations.

2) The purpose of NABARD's Rural Infrastructure Development Fund is to undertake incomplete projects or projects where investment so far has been neglected.

Check Your Progress III

1) SIDBI's Rural Industries Programme is an attempt to effect a shift from the culture of subsidy to the practice of techno-economic viability, appropriate linkage and carefully coordinated follow-up of projects. It aims at developing viable and self-sustaining tiny/small enterprises in rural and semi-urban India by linking them with the formal banking channel.

2) Opportunity Profiles provide a means of looking into options while choosing viable and easily manageable projects in the emerging fields. They also explain techno-economic feasibility of and the likely returns from the chosen projects to the beneficiaries.