

# Small Industries Development Bank of India (SIDBI) - UPSC Notes

Small Industries Development Bank of India (SIDBI) is an important topic for UPSC Aspirants. Students preparing for the [IAS Exam](#) must be aware of such topics to stay ahead of others.

The Small Industries Development Bank of India (SIDBI) is a financial institution of the Government of India. This makes the topic very important for Indian Polity and Economics segments of the [UPSC Syllabus](#).

## What is Small Industries Development Bank of India (SIDBI)?

Small Industries Development Bank of India (SIDBI) is an independent financial institution aimed at aiding the growth and development of Micro, Small and Medium Enterprises (MSMEs) which contribute significantly to the national economy in terms of production, employment and exports.

- SIDBI was established with the mission of facilitating and strengthening the flow of credit to Micro, Small and Medium Enterprises and for addressing the developmental and financial gaps in the ecosystem of MSMEs.
- It is a statutory body set up under an act of the Indian Parliament in 1990.

## Functions of SIDBI

- It aims at emerging as a single window to meet the developmental and financial needs of MSMEs in order to make them globally competitive, strong, vibrant and to project the institution as a customer-friendly financial body.
- It also aims at enhancing the wealth of shareholders through the modern technology platform.
- It is involved in the promotion and development of the MSME sector.
- It is the principal institution for the development, promotion and financing of the MSME sector and for coordination of functions of the institutions engaged in similar activities.
- SIDBI retained its position in the top 30 Development Banks of the World in the ranking of The Banker, London.
- SIDBI also functions as a Nodal/Implementing Agency to various ministries of the Government of India viz., Ministry of MSME, Ministry of Textiles, Ministry of Commerce and Industry, Ministry of Food Processing and Industry, etc.

## Financial Support of SIDBI to MSMEs

SIDBI provides financial support to MSMEs in the following ways:

1. Indirect financing by way of refinancing the banks, refinancing financial institutions for onward lending to MSMEs.
2. Direct financing by way of service sector financing, receivable financing, risk capital and sustainable financing, etc.

Apart from providing financial assistance, SIDBI focuses on the “credit plus approach” under which it facilitates technology modernisation & upgradation, cluster development, enterprise development, upgrading the skills and support marketing activities.

## UPSC Questions related to SIDBI

### When was SIDBI Established?

SIDBI was set up on 2nd April 1990. It acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector.

### Is SIDBI a statutory body?

SIDBI was established as a statutory body in 1990, under an act of the Indian Parliament.

### Which are the All India Financial Institutions regulated by the Reserve Bank of India?

All India Financial Institutions that are regulated by the Reserve Bank of India are :

- Small Industries Development Bank of India (SIDBI),
- [NABARD](#) (National Bank for Agriculture and Rural Development),
- EXIM Bank (Export Import Bank) and
- NHB (National Housing Bank)