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## ESTIMATION OF FIANANCE TO REVIVE SMALL INDUSTRIES OF WEST BENGAL

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### ABSTRACT

*This Paper modestly tries to investigate the actual Investment Opportunities for Registered Closed Units under Micro and Small Scale Enterprises in West Bengal. Investment may be defined as a commitment of funds made in the expectations of some positive rate of return, Expectation of returns is an essential element of an investment. On the other hand, investment is also a commercial activity, wherein investors put money into something with the hope of a regular profit. The activities involve purchasing of financial instruments or other assets to gain profitable returns. In the financial sense investment is the commitment of a person's fund to derive future income in the form of income, dividend premium , pension benefit , or appreciation , in the value of their capital example :- purchasing of shares , debentures , post office saving certificates , insurance policies are all investments in the financial sense such investment generates financial assets. But in the age of Globalization, Investment policy of recognized or unrecognized sector are facing some crisis. Some Investor from Indian money market cannot take good opportunities to maximize their capital by profit. The limit of investment in micro and small Enterprises are determined by the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 is different in service and manufacturing sector. The investment in micro Enterprises does not exceed twenty five lakh rupees and small Enterprises would be more than twenty five lakh rupees but does not exceed five crore rupees under manufacturing sector . On the other way the investment in micro Enterprises does not exceed ten lakh rupees and small Enterprises would be more than ten lakh rupees but does not exceed two core rupees under service sector . On the basis of the conduct of 4<sup>th</sup> all India census of MSME, the number of units identified as the closed ones appeared to be 11,769. Later through a revised communication dated 19.07.2012, number of closed units appeared to be 11,443. It is a golden opportunity for the Investor .But it is completely depends upon Governmental Policy.*

**KEYWORDS:** *Micro and Small Scale, Investment Opportunities, Government Policy, Economic Development.*

### INTRODUCTION

It is essential to evaluate the capital Investment required to reopen the closed units. Investment may be defined as a commitment of funds made in the expectations of some positive rate of return, Expectation of returns is an essential element of an investment. On the other hand, investment is also a commercial activity, wherein investors put money into something with the hope of a regular profit. The activities involve purchasing of financial instruments or other assets to gain profitable returns. In the financial sense investment is the commitment of a person's fund to derive future income in the form of income. dividend premium , pension benefit , or appreciation , in the value of their capital example :- purchasing of shares , debentures , post office saving certificates , insurance policies are all investments in the financial sense such investment generates financial assets. But in the age of Globalization, Investment policy of many recognized or unrecognized sector face some crisis. Some Investor from Indian money



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### OBJECTIVES OF THE STUDY

The study identified the following objectives.

1. Identification of the possible factors associated with closures of units.
2. Identification of the entrepreneurs who would be apathetic to reopen the closed units.
3. Evaluation of the market values of closed units.
4. Evaluation the capital Investment required to reopen the closed units.

### METHODOLOGY OF THE PAPER

The present study is descriptive in nature. It is not directed towards testing any hypothesis. The study describes and interprets the situation as it exists with respect to Investment Opportunities in closed units of micro and small scale enterprises of India in general and West Bengal in particular.

The present study is basically descriptive in nature. But the conclusions drawn and suggestive measures offered for improvements is substantiated by empirical evidences collected from primary and secondary data. Field experience collected through the study suggested creation of two categories of entrepreneurs of West Bengal. One who would be willing to reopen their closed units was termed as category B, whereas the other one , who would be unwilling to reopen their closed units was termed as category A.

### MICRO AND SMALL SCALE INDUSTRIES

The limit of investment in micro and small Enterprises are determined by the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 is different in service and manufacturing sector. The investment in micro Enterprises does not exceed twenty five lakh rupees and small Enterprises would be more than twenty five lakh rupees but does not exceed five crore rupees under manufacturing sector . On the other way the investment in micro Enterprises does not exceed ten lakh rupees and small Enterprises would be more than ten lakh rupees but does not exceed two crore rupees under service sector . On the basis of the conduct of 4<sup>th</sup> all India census of MSME, the number of units identified as the closed ones appeared to be 11,769.

### ACTUAL SCENARIO OR FINDINGS OF THE STUDY

The observations on the basis of secondary data collected from the report on diagnostic study of registered closed units (Micro and small scale Enterprises) conducted by Indian Statistical Institute, Kolkata are:-

- One may find a considerable number of registered closed units to be non- traceable;
- He may also face a situation , where a traceable unit may not respond;
- A unit reported as closed one in the census may appear to be operational during the actual survey;
- A registered closed unit may be traceable and may respond , but may appear to be unwilling to reopen the unit;
- A traceable closed unit may respond and may be appearing to be willing to reopen.

Accordingly the tabulation plan was worked out.

**Table: 1**  
**District wise Distribution of Number of Closed units (Original and Revised)**

Sl. No.	District/ Sub-division	No. of closed Units on 31.03.2007	Revised no. of closed units as on 19.07.2012
1.	Darjeeling	90	90
2.	Siliguri	103	103
3.	Jalpaiguri	224	205
4.	Coochbehar	214	214
5.	N.Dinajpur	288	288
6.	S.Dinajpur	76	76
7.	Malda	195	195
8.	Murshidabad	525	525
9.	Birbhum	358	358
10.	Burdwan	500	401
11.	Durgapur	386	347
12.	Nadia	525	525
13.	N.24Parganas	881	881
14.	Hooghly	738	738
15.	Bankura	335	335
16.	Purulia	340	346
17.	Paschim Medinipur	618	471
18.	Howrah	1501	1501
19.	Kolkata	2947	2919
20.	S 24Parganas	609	609
21.	Purba Medinipur	316	316
Total	All District	11769	11443

Source: The report on diagnostic study of registered closed units (Micro and small scale Enterprises) conducted by Indian Statistical Institute, Kolkata.

Before making the Investment Proposal the study has identified some problems of closed units. Financial problem is the major cause of closure of the units. It is interesting to observe in the angle of Financial Management, the problem of non- availability of loan has been found to be identified as the prime cause of closures of the enterprises of Category B , i.e. who like to reopen their closed units.

**Table: 2**  
**Market Values of the Machinerries of all type Activities (Rs.)**

District/ Sub-division	Category A	Category
Darjeeling	562500000	3330000
Siliguri	16608840	86691667
Jalpaiguri	633199313	3189807
Coochbehar	660998308	3317399
N.Dinajpur	578417991	35117420
S.Dinajpur	1737831	34199726
Malda	31390707	163847250
Murshidabad	885737732	359723438
Birbhum	182630014	159730677
Burdwan	744883405	38442304

Durgapur	627478775	126067987
Nadia	474570980	261165093
N.24Parganas	137779786	140881827
Hooghly	1865280960	277238182
Purba Medinipur	718470981	160514782
Purulia	152009130	211826364
Paschim Medinipur	431605882	387020698
Howrah	1691319102	44386714
Kolkata	4206064720	8331980302
S 24Parganas	95241646	9715988808
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Source: The report on diagnostic study of registered closed units (Micro and small scale Enterprises) conducted by Indian Statistical Institute, Kolkata.

Total cost of the investment is divided by Establishment cost and Running cost of the micro and small scale industrial units of the study. The both type of cost are same essential for a new project. The district and sub-division wise requirement of investment proposal under the heads of Establishment and Running cost which is derive from the data collected for the study are given bellow.

**Table: 3**  
**Required Amount for reopening closed units for these who would be willing to reopen (Category B)**

District/sub-division	Category B (In Rs.)		
	Establishment Cost	Running Cost	Total Cost
Darjeeling	2700000	3330000	6030000
Siliguri	4703666	5939666	10643332
Jalpaiguri	9361665	11821665	2118330
Coochbehar	9407332	89009499	98416831
N.Dinajpur	102444386	1700129	104144515
S.Dinajpur	2280000	2812000	5092000
Malda	80994331	39694071	120688402
Murshidabad	218078438	106876874	324955312
Birbhum	29429557	23714870	53144427
Burdwan	86532493	61620974	148153467
Durgapur	75174081	54233272	129407353
Nadia	44569343	41345416	85914759
N.24Parganas	233478382	173725710	407204092
Hooghly	97805072	62559799	160364871
Purba Medinipur	15538161	394261	15932422
Purulia	9202200	11658356	20860556
Paschim Medinipur	64343578	78124814	142468392
Howrah	14117442	295984439	440101881
Kolkata	773579340	575601985	1349181325
S 24Parganas	922954427	504448615	1427403042
N 24Parganas	233478382	173725710	407204092

Source: The report on diagnostic study of registered closed units (Micro and small scale Enterprises) conducted by Indian Statistical Institute, Kolkata.

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## CONCLUSION

It is an opportunity to every investor interested to invest their capital fund for micro and small scale enterprises in India to prepare their investment plan from the paper. Every closed unit under that category has some legal and administrative obligation. Investment from both private and public sector on the land of closed units completely depends upon decision taken by the Government. But in the field of Financial Management, It is essential to estimate the capital investment proposal for the future. It is an investment plan for the Industrialization for micro and small scale enterprises in India and particularly in West Bengal.

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