

# CHAPTER

# VI

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### *Conclusions and Suggestions*

#### **A) Conclusions:**

The data collected and analyzed in the foregoing pages enables us to arrive at certain conclusions which when implemented by the MSFC will help the long way in increasing the efficiency of the working of MSFC.

Nearly 80% of the respondents get the MSFC should not insist upon, completion and submission of too many documents at the time of submitting the proposal for loans to MSFC. It will be most convenient if the MSFC will give a check list of all the documents record from the entrepreneurs which will enable them to approach the MSFC with full preparation right from initial stage. There is large scope for MSFC to make to simplify the procedure of sanctioning the loan. MSFC insists up on the registered legal mortgage of the property which is more trouble some and expensive while the nationalized banks and the SICOM do not insist up on registered mortgage, but also satisfied with simple equitable mortgage. MSFC should adopt the practice of getting simple equitable mortgage rather than insisting up on registered legal mortgage.

The MSFC provides loans for long term purposes to meet requirements of small scale industrial units, medium scale units and hotel industry and transport. However,

nearly 2/3 of the units covered by our study express their view that they feel shortage of working capital, more often and more severely for which MSFC should take necessary steps to make short term loans available to the needy units, especially when nationalized banks are hesitating in sanctioning sufficient working capital. In this respect it may be suggested that the nationalized banks and MSFC should come together and co-ordinate in making provisions for total capital requirements.

Nearly 30% of the units covered by our study express the view that they find it rather difficult to make payments of the installments of the MSFC regularly. However, it is true that the key to the success of the firm is the financial discipline and unless the entrepreneur realizes the importance of it the unit will find that making finance available as and when required and insufficient quantities a rather difficult problem. Getting timely finance is the most vital factor of the development of unit and hence if the entrepreneurs will develop the habit of maintaining the financial discipline, the regional development will become easy and faster process than the present one.

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Around 12% of our respondents express their view that the MSFC should make background literature on different small scale industries and make it available easily so that it will help the rural entrepreneurs to choose their product line. At present no financial institutions nor the Chamber of Commerce nor the nationalized banks possess this information. This MSFC can do a great deal in this respect and use its House Journal or proper getting valuable information, to the entrepreneurs. It will be more convenient on the part of MSFC, if it will come forward to prepare small documentary films to provide visual information to the entrepreneurs.

15% of the respondents express their view that they have to depend too much upon their agents for market intelligence. They felt that the MSFC should establish a large and well equipped library for the benefit of entrepreneurs who have neither, knowledge nor skills to collect and analyze the market data.

Around 24% of our respondents express their view that only technocrats can bring industrial revaluation of the type envisaged in our five yearly plans because they hold that quality, honesty and good labour relations as well as technical progress are the essential ingredients for achieving a rapid industrial growth to which technocrats pay sufficient attention.

The research and development activities have been considered to be the soul of modern industrial development, on which depends the rate of growth as well as the level of industrialization relating to the following period. It is also true that the research and development a continuous process and hence any financial assistance only once will not be in position to bring the desired results. At present huge amount are spent by National Research laboratories, the results of which fail to reach at the doors of the entrepreneurs. The MSFC should stake necessary steps to make sufficient funds available to the deserving units on concessional rates of interest exclusively for research and development activities undertaken by the units.

## **B. Suggestions:**

MSFC i.e. Maharashtra State Financial Corporation is one of the most famous financial institution which gives finance mostly for small scale sector units. This corporation is on the way to close down all its units performing in the Maharashtra and Goa as the net loss is increasing year after year. Large number of staff members is taking VRS (Voluntary Retirement Scheme) from their service in MSFC.

To improve the performance of recovery the researcher wishes to give some suggestions:

1. The corporation should take the care while sanctioning loans. Its should follow strictly the rule and regulations laid down by Reserve Bank of India and state financial Acts regarding recovery. First of all MSFC's all the departments should be merged to any nationalized bank who is doing well. It should co-ordinate with some nationalized bank. If MSFC is merged to some nationalized bank then it will be very easy to make the funds available for the needy industrial units.
2. Loan applications should be carefully scrutinized, so that loans would be properly sanctioned for genuine purpose only.
3. To concentrate at the increasing rate especially rural areas which are economically, industrially, financially backward sections so that in such areas these backward sections could get the maximum benefit in order to solve one of the nation's important needs which is finance. This will reduce the burden of urban area.
4. MSFC should make maximum efforts to recover on their own rather than depending up on willingness of the borrowers to pay. This would boost the morale of the MSFC to lend more.

5. First of all MSFC's all the departments should be merged to any nationalized bank who is doing well. It should co-ordinate with some nationalized bank. If MSFC is merged to some nationalized bank then it will be very easy to make the funds available for the needy industrial unit
6. The rate of interest on loans of MSFC was very high. Therefore the borrower could not pay his debts or installments or even interest regularly. Therefore, MSFC should change its interest policy in future.
7. Frequent contacts with borrowers are urgently needed in order to avoid the outstanding loans.
8. There should be a regular follow up action with the borrowers. This can be done by the executives to devote more time to supervise the performance and guide them.
9. It is an over all experience that plans, projects are prepared and failed but execution of the same is not vigorously done. Therefore, the rural mass remains unchanged. In fact, schemes which are meant for the common man hardly reach his door in the absence of aggressive salesmanship.
10. The entrepreneurs from the rural area suffer an inferiority complex while approaching the MSFC which needs to be changed by the executives of the MSFC by following the customer friendly attitude.
11. MSFC should send its representatives to different villages, different cities for popularizing its schemes. They should give wide publicity of such visits of the officers so that interested persons can assemble at a particular place and seek guidance from them.
12. To open more branch offices with the collaboration of banks to decentralize the work as the MSFC can disperse its assistance to industries at their doors.



13. To get prepared training programmes for all the staff members in order to cultivate skills among the local workers.

14. To concentrate at higher rate for creation of employment potentialities are crucial problems of the nation and the main objectives of the MSFC.

#### **Suggestions for the borrowers of the MSFC**

1. To maintain proper books of accounts of their firm.
2. To give proper maintenance to their assets financed by MSFC.
3. To make timely payment of installments as possible as they could, to the MSFC.
4. To work as per the guidelines of MSFC.
5. If any kind of difficulty occurs immediately intimate to the MSFC.
6. To develop partnership with the MSFC who can guide them properly.