

CHAPTER : 5

ANALYSIS AND INTERPRETATION OF DATA :

Introduction.

- 5.1 Sample size**
- 5.2 Sanctions According to the size of Industry**
- 5.3 Sanctions and Disbursements to the Small scale sector according to plan period.**
- 5.4 Total number of Industries Registered in India, in Maharashtra and in Kolhapur.**
- 5.5 Evaluation of working of financial schemes of M.S.F.C., Kolhapur Branch.**
- 5.6 Evaluation of financing over last 25 years.**
- 5.7 Role played by the Kolhapur branch compared with other branches of M.S.F.C.**
- 5.8 Linear Trend of sanctioned amount.**
- 5.9 Recovery performance of M.S.F.C.**
- 5.10 Time lag between the amount sanctioned and disbursed.**

CHAPTER : 5

ANALYSIS AND INTREPRETATION OF DATA :

INTRODUCTION :

For the purpose of evaluating the impact of financing on borrowers (particularly on financial position, criteria for grant of assistance) and to know the difficulties faced by the corporation as well as the borrowers, interview is conducted. The data were collected through the annual reports of MSFC, District Industries Centre and borrowers by questionnaire.

The same data is summarised in the following paragraphs.

5.1 SAMPLE SIZE :

The purpose of sample survey 61 borrowers actually financed in the year 1987-88 were considered out of them 10 borrowers were selected randomly for the interview in this regard.

The production analysis, employment generated by these industries is described in the chart No.5.4

(1) Capital investment :

During the year 1987-88 the 10 sample units financed by the corporation made the net capital investment of Rs. 52,78,800/- lakhs out of which Rs. 6,10,000 assisted to the new entreprse, and the remaining amount allotted

for the expansion of the existing industrial units.

(ii) Production :

The total production of sample unit in 1987-88 goes upto Rs. 14,70,600 lakhs. Marvelous Metals stands first in the contribution of production compare to others.

(iii) Employment :

In the year 1987-88 sample units provided total employment to 100 persons. In the same year they provided 66 opportunities of employment in Kolhapur.

5.2 SANCTIONS ACCORDING TO SIZE OF INDUSTRY

(Only SSI are considered)

The actual sanctions according to the size and loan applications received and dealt with the corporation was described in this paragraph. For this purpose only small scale industries are considered. The data is explained below according to the years, number of units assisted and amount disbursed to them. Summary of loan applications received and dealt with according to size.

Chart No. 5.1

(Amt. in lakhs)

Year	No. of Units	Amount
1983-84	2580	47.04
1984-85	2277	49.59
1985-86	1231	59.06
1986-87	1054	62.25
1987-88	1076	58.70

Source : MSFC Annual reports.



(In the number of units, units are included which were kept pending for the last year. And also there amount).

It should be noted from the above chart that corporation received 1644 application for seeking finance as an average only from small scale industrial units. In recent year, normally in 1984-85 onwards the small scale sector enjoys a distinctively major share in the total financial assistance extended by the corporation.

5.3 Sanctions And Disbursements to the Small Scale Sector According to Plan Period :

To know the Government's policy regarding the small sector the Five year Plans are considered. How much amount is reserved for small scale sector in each five year plan and that of disbursed is considered in this para.

It is clear from the above data that in third five year plan importance is not given to the small scale sector by the Government that only 1.78% amount is sanctioned/reserved for SSI sector. In the annual plan from 1966 to 69 the percentage decreased by 0.05% to 1.73 % from the last. Plan. In the fourth five year plan the percentage of sanctions is increases by 6.96% which shows some progress that means Government's policy regarding SSI sector became broader that Government know the importance of this sector in the economical growth of India. In the fifth annual plan period the total amount of sanctions

TOTAL AMOUNT SANCTIONED & DISBURSED AS PER FIVE YEAR & ANNUAL PLANS

SCALE
 X axis = 2cm = 1 plan.
 Y axis = 2cm = 25 crores.

———— Sanctions
 ———— Disbursements



Chart No. 5.2

(Amt. in crores)

SANCTIONS & DISBURSEMENTS IN EACH PLAN

Plan period	No.	Sanctions	Disbursements
III Five year plan (61-66)	812 (2.67)	11.73 (1.73)	8.49 (1.96)
Annual plan (66-69)	712 (2.39)	11.39 (1.73)	8.77 (2.03)
IV Five year plan (69-74)	5368 (17.70)	57.14 (8.69)	34.75 (8.04)
V Five year plan (74-79)	7312 (24.11)	138.73 (21.10)	85.94 (19.89)
Annual plan (79-80)	1980 (6.53)	37.12 (5.65)	23.66 (5.47)
VI Five year plan (80-85)	11703 (33.58)	248.01 (37.72)	169.80 (39.28)
VII Five year plan (85-90)	2440 (8.06)	153.45 (23.34)	100.89 (23.34)
Total	30327	657.57	432.30

Source : MSFC Annual reports, RBI reports)

Figures shown in brackets are % to total.

and disbursements of loans increases, because Government maintain the reserves for Small Scale Industrial Units in backward areas, which are not developed. The percentage of sanctions goes upto 21.10% from last years 8.69%

In the next annual plan period i.e. 1979-80 which was a year plan government sanctioned the total amount of Rs. 37.12 crores out of which Rs. 23.66 crores are disbursed to the Small Scale Sector.

In the sixth five year plan Government sanctioned Rs. 248.01 crores to the Small Scale Sector which is the highest amount forever. It claims 37.72% of the total sanctions, out of this amount Rs. 169.80 lakhs are disbursed i.e. 39.28% of the total amount disbursed. This is because Government look after to these sector as a export orient industries, supporting industries to the large scale sector and also they save the valuable foreign exchange.

The seventh five year plan which is not yet completed, upto year 1988 Government disbursed Rs. 100.89 lakhs out of total sanctions of Rs. 158.45 which is a progressive rate.

To conclude, the Governments policy towards small scale sector is becomes very broad, due to so many reasons which are explained above. This policy assists Government in saving of foreign exchange mostly. This sector reduces the main problem of unemployment in India

to a certain extent.

**5.4 TOTAL NUMBER OF INDUSTRIES REGISTERED IN INDIA,
IN MAHARASHTRA AND IN KOLHAPUR :**

For the purpose of availity loan to the small scale unit the industrial unit must have been registered as it was a Small Scale Industrial Unit. If it was registered, the industrial unit is liable to get all the facilities which are reserved by the Government only for the small scale units in India. Such as infrastructural facilities, for this purpose, the total number of registered units in India as well as in Maharashtra and Kolhapur are considered.

This data is explained in Table No. 5.5 and 5.6

Only 1983, 1984 and 1985 are considered, because the figures of next two years are not available.

It is clear from the chart that the most of the Small Scale Units are registered and situated in West Bengal, Madhya Pradesh claims second and Utter Pradesh claim third in ranking.

Maharashtra claims eleventh number in registration of small scale units. In the year 1983, 1984 and 1985, the number of units registered are 33, 349, 30,456, and 40,944 which shows very slow growth in small scale sectors development. Maharashtra is one of the best

Chart No.5.5STATE WISE DISTRIBUTION OF REGISTERED SSI

State	1983	1984	1985
Andhra	38,530	43,574	49,142
Assam	4,878	5,773	6,543
Bihar	33,333	37,852	40,222
Gujarat	40,004	44,606	48,733
Hariyana	36,474	37,043	44,204
Himachal Pradesh	6,406	6,883	7,486
Jammu Kashmir	11,433	12,013	13,367
Karnataka	28,214	35,050	42,359
Kerala	23,678	26,464	29,630
Madhyapradesh	69,501	80,739	93,798
Maharashtra	33,349	38,456	40,944
Orissa	11,592	12,444	13,319
Punjab	58,724	62,236	69,753
Rajasthan	41,144	43,048	47,127
Tamilnadu	43,988	49,138	59,750
Utterpradesh	58,874	73,166	8,126
West Bengal	115,802	117,117	120,692
Chandighrah	1,620	1,782	1,997
Delhi	17,981	18,904	19,957
Others	687,418	757,006	849,074

Source: Small Industries Devp. Organisation-Annual Report.

Chart No. 5.6

NO. OF SSI UNITS REGISTERED IN KOLHAPUR DURING 1982-83 to 87-88

Year	No. of units Registered	No. of Units Provisional	% of Registered units
1982-83	79	342	9.57
1983-84	115	366	13.94
1984-85	163	417	20.40
1985-86	125	568	15.15
1986-87	150	483	18.18
1987-88	188	481	22.79
Total	825	2657	100.00

Total = Provisional & permanent = 3482 units.

Source : DIC Report, Action plan - 1989-90, DIC, Udyannagar, Kolhapur.

industrialised state in India. Many of the industries are working in the private sector and these are run by the large sectors. Most of the finance goes to this large scale sector, due to unencouragement from the Government to the Small Scale Units in Maharashtra and imposition of various types of taxes new entrepreneurs are not interested to establish the new units or if they wanted to establish they were migrated to other states like Karnataka, Gujarat, or Madhya Pradesh due to low taxation policies of State Governments.

In Kolhapur from 1982-83 to 1987-88, only 825 units are registered as a Small Scale Units. The total number of provisional units are 2657 which is 31.05% higher than the registered units in Kolhapur. The progress is steady after 1985-86.

The total small scale units registered including provisional are 3482

5.5 EVALUATION OF WORKING OF FINANCING SCHEMES OF

M.S.F.C., KOLHAPUR BRANCH :

PROCEDURAL FORMALITIES

When the entrepreneur arrives at the office of M.S.F.C. with an view to finance to his project, he has to follow the above given procedural formalities.

Firstly, the Branch Manager of the respective

branch introduce with the various financial schemes of the corporation. A booklet named as 'Guidelines for applicants seeking Financial Assistance' is to be issued to the applicant.

The applicant/entrepreneur has to select the suitable scheme which is most advantageous to his project. The Branch Manager also helps him to choose the scheme. Considering all the relevant factors of the proposed project. The printed application form is provided free of cost to the applicant and asked him complete the same and submit it alongwith required documents. The documents are different for public and private limited companies for partnership firms, for HUF etc.

It is assumed to be the proposal for a loan. The specific application form is required for the loan proposal above Rs. 2 lakhs, which is costing Rs. 20 only. If required, some suitable changes are made in the original proposal after consulting with the Branch Manager and respective technical officers inspectors. The final proposal is submitted in triplicate alongwith required legal documents and processing fee according to the rules of the corporation. One copy of application form is forwarded to the technical officer, one is forwarded to legal section of the branch, the documents attached with this copy are tested and scrutinized by

the Branch Manager, and the third copy of the application will be retained by the Branch manager as a office copy.

The technical section and legal section verify the application and documents attached with it and prepare the respective reports.

Technical section check the profitability and feasibility of the project and the location of the project.

Finally, the project matter is forwarded to the sanctioning authorities. There is a regional committee for the sanctioning the loan upto Rs. 3 lakhs consists of the following members -

- (1) Regional Manager,
- (2) General Manager of District Industries Centre
- (3) Branch Manager of the respective branch.

Managing Director of the corporation is authorise to sanction the loan upto Rs. 5 lakhs, executive committee of the central office sanction loan from Rs. 5 lakhs to Rs. 10 lakhs and the Board of Directors are authorised the loan proposal from Rs. 10 lakhs to Rs. 60 lakhs.

At the conclusions and decisions taken by the appropriate authorities proposal of loan is either accepted or rejected alongwith a list of reasons of rejections. These information is communicated both to the applicant and branch manager.

When proposal is accepted the entire amount of the loan is disbursed in instalments according to the schedule laid down by the corporation depending upon the particular case. After the loan is sanctioned by the corporation a letter of sanction is issued incorporating all the terms and conditions stipulated by the sanctioning authority. The offer of assistance communicated through the sanction letter is to be accepted in writing by the loanee concerns within 15 days from the date of issue of sanction letter. Alongwith the acceptance letter, processing fees, service charges and valuation charges of the Architects, if any, as indicated in the letter of sanction should be paid. The promoter has an option to approach any architect. The processing fees and service charges is ranging between Rs. 75 to Rs. 25,000/- depending to the terms and conditions and loan amount sanctioned. After communicating acceptance to the terms and conditions of the loan and paying service charges the loanee concerns have to comply with requirements of two departments viz. Post Sanction Department and Legal department. The loanee are advised to fulfill the terms & conditions before availing of any disbursement of loan.

The disbursement is considered in stages and is done in not more than eight instalments usually, depending on the progress of the project. Generally the first instalment is made before the production takes place in real

sense.

This all procedure of sanctioning the loan is complicated and lengthy one.

5.6 EVALUATION OF FINANCING OVER LAST 25 YEARS :

Maharashtra State Financial corporation provides financial assistance to the small scale industrial units since 1962.

The Kolhapur, Regional Branch starts its functioning in 1970. Kolhapur Regional office at present covers three districts in southern Maharashtra viz. Sangli, Satara and Kolhapur.

During last 27 years, since inception of the corporation, the corporation grants loan to Kolhapur about Rs. 6266.47 lakhs by sanctioning 4,802 cases. Out of this, the corporation has so far disbursed an amount of Rs. 4330.75 lakhs to the Small Scale Industrial concerns. The details are explained below :

Chart No.5.7

EVALUATION OF FINANCING OVER LAST 25 YEARS :

year	No. of application	Sanctioned amt.	Disbursed Amount.	Average size of the loan
1962-63	6	9.69	7.34	0.16
1983-84	7	4.60	6.01	0.66

1964-65	18	38.72	15.68	2.15
1965-66	32	14.00	30.40	0.44
1966-67	35	23.18	9.66	0.66
1967-68	17	22.71	19.08	1.33
1968-69	31	28.42	30.24	0.92
1969-70	294	154.00	75.07	00.52
1970-71	243	181.36	126.55	0.75
1971-72	126	66.41	62.82	0.53
1972-73	6	46.42	29.91	0.77
1973-74	129	87.40	32.45	0.67
1974-75	94	144.33	64.66	1.53
1975-76	207	209.12	118.50	0.76
1976-77	272	205.54	161.72	0.76
1977-78	234	216.21	146.22	0.76
1978-79	234	216.21	146.22	0.92
1979-80	306	288.83	207.67	0.94
1980-81	179	149.89	130.23	0.84
1981-82				
1982-83				
1983-84	323	327.66	302.55	1.01
1984-85	450	694.94	459.65	1.54
1985-86	233	799.50	499.55	3.43
1986-87	172	759.62	576.58	4.41
1987-88	152	402.77	407.85	2.65
Total	3801	5014.05	3664.92	-

Note : Due to unavailability of 1981-82 and 1982-83 Annual reports figures are not shown in the table.

Source: Annual Reports, M.S.F.C. and U.S.F.C. Office record.

Since the formation of the separate Regional Office at Kolhapur in the year 1970, the corporation has sanctioned Rs. 4718.73 lakhs to 3,361 SSI units, out of this Rs. 3,471.64 lakhs are disbursed upto 31.12.1988.

It is known to us from the chart No. 5.7 that the Kolhapur Regional Office granting financial assistance to the small scale sector at higher rate, but if we consider the total amount sanctioned and amount disbursed in each year, there is wide gap, the overall sanctioned amount was not disbursed, there are large number of rejection of proposal causes to decrease in disbursement amount.

The above information is regarding the growth of regional office of Kolhapur.

If we concentrates more on the workings of Kolhapur Branch office in particular, the following are the results for last 14 years of performance. From 1970 onwards, Kolhapur branch office provides a balanced assistance to the small scale industrial units in Kolhapur.

In 1970-71 the sanctioned amount was Rs. 138.27 lacs to 154 units out of which Rs. 83.50 lakhs are disbursed. And upto 1988-89 totally 2,406 units are assisted by sanct-

ioned of Rs. 2,969.31 lakhs and disbursement was Rs. 2,126.12 lakhs.

The same 19 years of progress of Kolhapur Branch Office shows in the Chart No. 5.8

19 years of Performance of M.S.F.C., Kolhapur Branch
Total amount sanctioned and disbursed in Kolhapur.

(Rs. in lakhs)

Year	No. of units	Amount sanctioned	Amount Disbursed
1970-71	154	138.27	85.50
1971-72	84	38.78	53.91
1972-73	32	23.87	18.70
1973-74	67	47.30	18.62
1974-75	50	111.47	48.20
1975-76			
1976-77	131	155.26	73.14
1977-78	172	135.97	125.84
1978-79	102	104.19	68.74
1979-80	133	111.33	88.76
1980-81	147	121.51	83.63
1981-82	157	140.71	135.93
1982-83	209	161.81	130.92
1983-84	230	236.26	158.89
1984-85	218	232.29	168.08

contd...

1985-86	93	325.79	134.64
1986-87	105	355.22	250.18
1987-88	78	193.01	785.44
1988-89	55	216.70	178.58
Total	2406	2969.31	2126.12

Note : Figures for the year 1988-89 are half yearly.

Source: 1. M.S.F.C. Annual Reports,
2. M.S.F.C. Chart in office

5.7 ROLE PLAYED BY THE KOLHAPUR BRANCH COMPARED WITH OTHER BRANCHES OF M.S.F.C.

Since formation of the Kolhapur Regional Office 1970 in southern Maharashtra, it works for three districts these are Sangli, Satara and Kolhapur.

Here a comparative study is made of these three districts to see the performance of each district and to know the progress of each district in accordance with the sanctions and disbursements made by the corporation to small scale units. For this purpose, the period of five years is considered. Starting from 1983-84 upto 1987-88, The researcher also consider the undisbursed loan amount of each district in each year. The details are given in Chart No. 5.9

CHAPT No. 5.9

(Amt. in lakhs)

DISTRICTWISE LOAN ALIQUATI NO SANCTIONED AND AMOUNT
DISBURSED DURING 1983 TO 1988

Year	No. of Units	Sanctions		Disbursed Amount		Undisbursed Amount	
		Amount	Amount	Amount	Amount	Amount	Amount
1983-84	230	(31.77)	236.26	(17.54)	158.89	(17.56)	76.37 (17.19)
1984-85	213	(22.11)	232.29	(17.31)	163.08	(18.57)	64.21 (14.45)
1985-86	93	(12.05)	325.79	(24.28)	134.64	(14.88)	191.15 (43.02)
1986-87	105	(14.59)	355.22	(26.48)	250.18	(27.65)	105.04 (23.64)
1987-88	78	(10.77)	193.01	(14.39)	185.44	(21.34)	7.57 (1.70)
Total	724		1341.57		897.23		436.77

Note : Figures shown in the brackets are percentage of total.

contd...

Chart No. 5.10

(Rs. in Lakhs)

SANGLI

Year	No. of Units	Sanctions	Amount	Disbursed Amt.	Undisbursed Amount
1983-84	123	(28.54)	195.41	(17.30)	67.09 (23.68)
1984-85	150	(34.80)	273.06	(20.25)	121.87 (23.02)
1985-86	76	(17.63)	211.03	(26.18)	2.00 (0.71)
1986-87	43	(9.98)	236.08	(20.43)	84.48 (20.82)
1987-88	39	(9.05)	110.56	(13.85)	7.84 (2.77)
Total	431		1025.14	741.86	283.28

Chart No. 5111

(Rs. in lakhs)

SATARA

Year	No. of Units	Sanctions Amount	Disbursed Amount	Undisbursed Amount				
1983-84	78	(27.56)	195.59	(20.36)	83.56	(12.78)	112.03	(39.49)
1984-85	82	(28.97)	190.59	(20.33)	141.38	(21.62)	49.21	(17.35)
1985-86	64	(22.61)	264.48	(28.21)	152.88	(23.53)	110.60	(38.99)
1986-87	24	(8.48)	174.80	(16.64)	168.32	(25.74)	6.48	(2.28)
1987-88	35	(12.38)	112.12	(11.96)	106.77	(16.33)	5.35	(1.86)
Total	283		937.58		653.91		283.67	

Source : M. .F.C. Annual Reports - 1983-84, 1984-85, 1985-86, 1986-87 and 1987-88.

TOTAL SANCTIONS OF EACH DISTRICT SINCE INCEPTION :

(Rs. in lakhs)

	<u>NO.</u>	<u>Sanction</u>	<u>Amount</u>
KOLHAPUR	2557	(53.25)	2104.11 (48.03)
SANGLI	1462	(30.45)	1227.40 (28.02)
SATARA	783	(16.30)	1049.24 (23.45)
Total	4802	(100)	4380.75 (100)

From the point of view of the allotment of the funds in Kolhapur, Regional Branch has treated three districts covering Kolhapur, Sangli and Satara to constitute Kolhapur Region.

The above table Nos. 5.7, 5.8 and 5.9 shows the details regarding districtwise classification of loan application sanctioned, amount disbursed and amount undisbursed/outstanding out of the sanctions made in the year 1983-84 to 1987-88.

Taking into consideration the sanctions and disbursement of loans for the three districts of Kolhapur region, it may be observed that Kolhapur claims for highest share both in respect of sanctioning and disbursement of amount for loan.

The total loan applications sanctioned indicate the rising trend in terms of amount, from Rs. 235.26 lakhs in the year 1983-84 upto Rs. 355.22 in 1986-87 but in the last year in 1987-88 it was Rs. 193.01 lakhs shows decline in the total number of sanctions.

Taking into consideration tax amount disbursed, Kolhapur claimed for round about 48.03% of the total disbursement of the region. In the year 1983 upto 1985 there are ups and downs in the disbursement of loans. After 1985, there is a increase in the disbursement amount upto 1987. In 1987-88 due to unavailability of

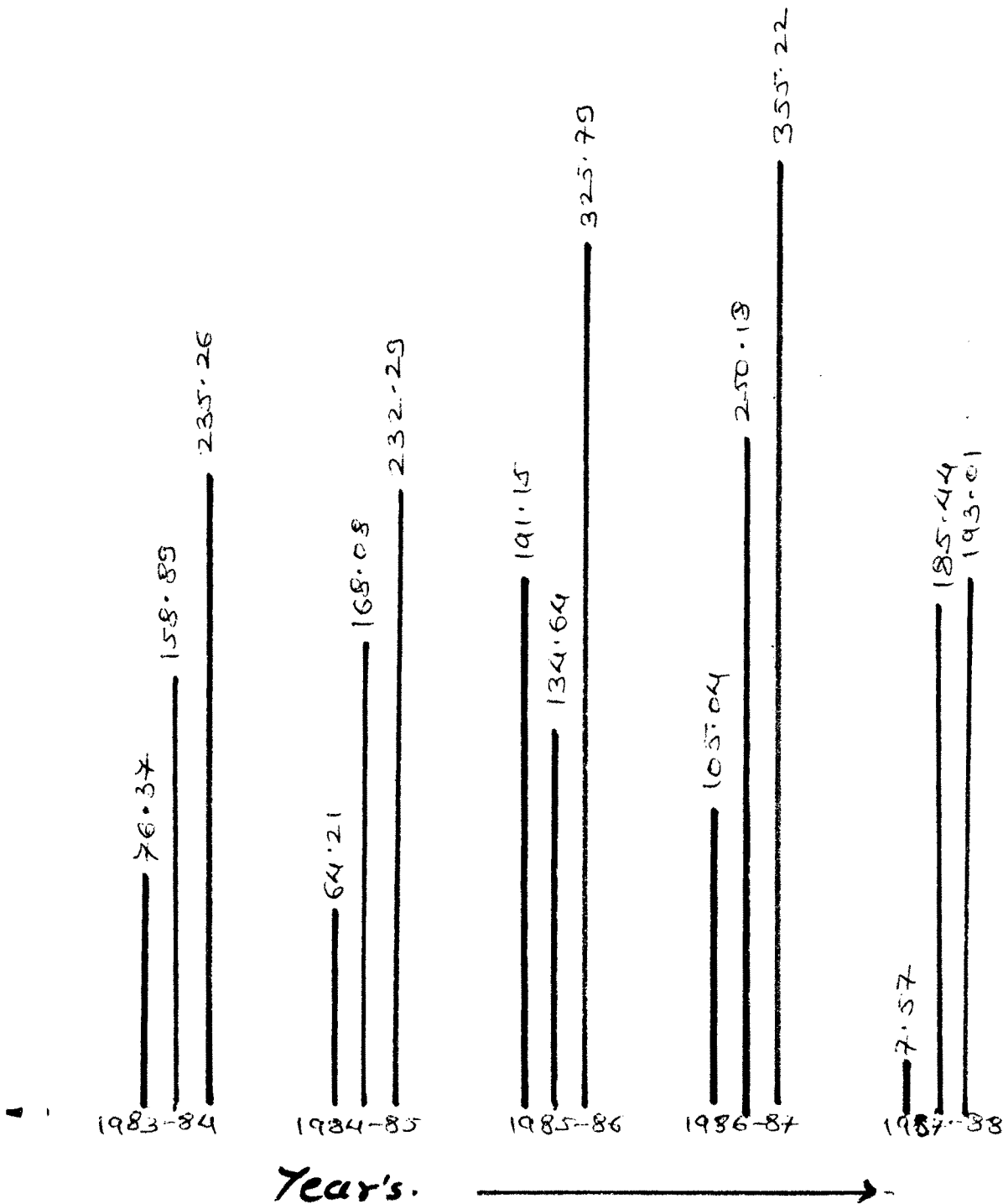
SANCTIONS, DISBURSEMENTS & OUTSTANDINGS FOR VOLHAPUR

(Rs. in Lakhs)

SCALE

X axis = 2cm = 1 Year
 Y axis = 1cm = 25 Lakhs

— Outstandings.
 — Disbursements.
 — Sanctions.



figures of total disbursement of full year only available figures are shown which is Rs. 7.57 lakhs.

However, comparing the amount disbursed for the first and the last year of the study period there was 16% increase, but the highest amount disbursed in the year 1986-87 shows 57.45% increase.

Next Sangli district, which claims for 29% share of the total sanctions and disbursements. The figures shows the steady growth in sanction and disbursement of loans. In the last year a study period, i.e. in 1987-88 shows decrease in all aspects, decrease in sanctions, disbursements and number of units for sanctions. In 1985-86 the highest sanctions are made and also nearest to be all the amount was disbursed i.e. total sanction of Rs. 211.03 lakhs and total disbursed amount Rs.209.03 lakhs.

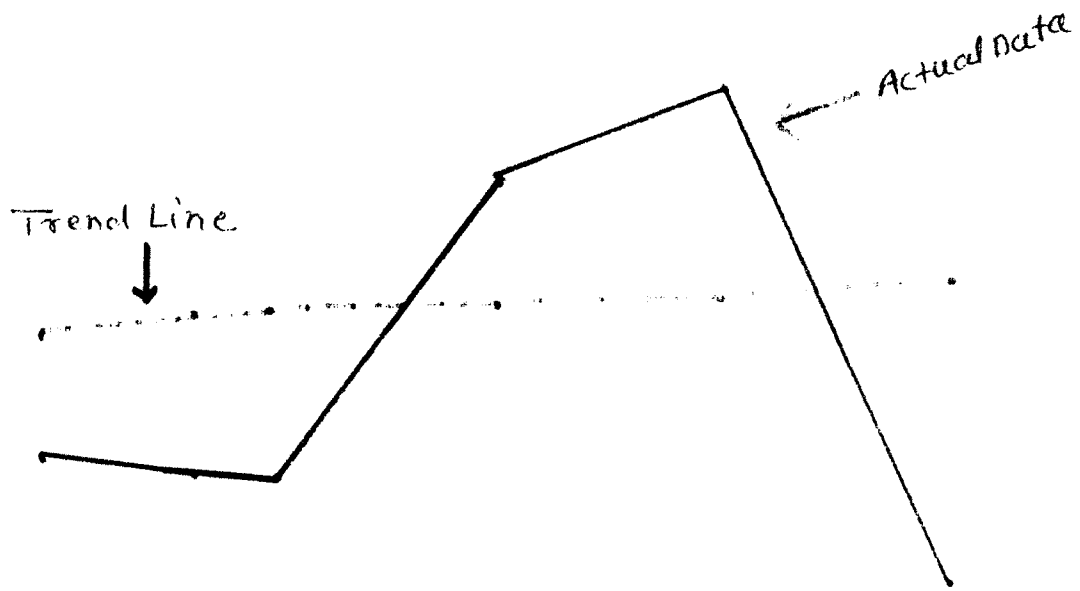
And lastly, Satara districts is to be considered. According to the regional classification Satara District stands last in all aspects of financial assistance provided by M.S.F.C. Satara claims only 29% share of total sanctions and disbursements. The highest amount sanctioned and disbursements is Rs.264.48 and Rs. 168.32 lakhs (24 units only) in the year 1985-86 and 1986-87 respectively. In the year 1987-88 there is a great decline in both respects.

If M.S.F.C. wants to achieve rapid industrialisation

LINEAR TREND OF SANCTIONED AMOUNT BY THE METHOD OF LEAST SQUARES

SCALE

X axis = 2 cm = 7 Year
Y axis = 2 cm = 50 Lakhs



1983-84 1984-85 1985-86 1986-87 1987-88

Year's \longrightarrow

in Kolhapur as well as in Sangli, Satara and to attend optimum utilisation of the available resources, both man and material, there is a need to set up a progressive financial assistance to encourage new entrepreneurs of these districts, when tremendous potentialities are already in existence there is no harm to direct and control these potentialities by making investments with the help of financial institutions like M.S.F.C. in order to promote socio-economic welfare of the masses residing in rural areas of Kolhapur particularly.

Though it is clear from the above chart that Maharashtra State Financial Corporation is unable to provide balancing assistance for the regional development.

(Rs. in lakhs)		(Figures are rounded off)			
Year	Y (Amount sanctioned)	X	XY	X ²	Trend value
83-84	235	- 2	- 470	4	275.8
84-85	232	- 1	- 232	1	279.7
85-86	325	0	0	0	283.6
86-87	355	+ 1	+ 355	1	287.5
87-88	193	+ 2	+ 386	4	291.4
X= 5	EY=1340		EXY=39	EX² = 10	

$$Y_c = a + bx$$

$$a = \frac{EY}{11}, \quad b = \frac{EXY}{EX^2}$$

$$a = \frac{1340}{5} = 268,$$

$$b = \frac{39}{10} = 3.9$$

$$Y = 268 + 3.9x$$

$$x = -2,$$

$$Y = 268 + 3.9(-2)$$

$$\text{or } 268 + 7.8$$

$$= \underline{\underline{275.8}}$$

5.8 LINEAR TREND OF SANCTIONED AMOUNT :

To obtain the line of best fit, the method of least squares of Time series is used. The data taken for this purpose is the sanctioned amount from 83-84 upto 1987-88 to the small scale sector in Kolhapur. Equation $Y_c = a + bX$ was used to obtain the trend values of each year. Actual data and trend like was shown on the separate graph paper.

X is the unit of No. of years and

Y is the unit of total amount sanctioned.

1985-86 year was selected as the origin.

It is known to us from the graph No. 5.13 that actual figures of sanctioned amount are increases upto 1986-87 but in the last year of the study period i.e. in 1987-88 there is very small amount of sanction compared with last four years. Trend line set with the help of actual data shows a steady progress regarding the sanction of loans.

Source : Statistical methods - by S.P.Gupta.

5.9 RECOVERY PERFORMANCE OF MAHARASHTRA STATE FINANCIAL CORPORATION :

Corporation grants loan to the small scale industrial units, which is repayable in instalments along with interest in the schedule fixed by the corporation.

The period of five years (i.e. from 1983-84 to 1987-88) is considered to show recovery performance of M.S.F.C. Kolhapur branch. The figures of recovery the principal amount and amount of interest is shown in the table No. 5.14.

It is clear from the table that the corporation could achieve further improvement in the recovery of dues during each year.

In the first year of study period i.e. in 1983-84 71.39% principal amount is recovered and 67.44% interest out of the total dues, which is much better.

The highest amount recovered is in the year 1986-87 out of total dues of principal amount is recovered at 87.61% and interest of 76.10% which shows that corporation has been able to achieve a record performance. In the last year of study period i.e. 1987-88 total dues are of Rs. 37.68 lakhs and interest due was Rs. 39.86 lakhs, out of this dues Rs. 28.04 principal amount was recovered along with interest of Rs. 27.71 lakhs.

So, Maharashtra State Financial Corporation concentrate more on recovery of dues due to their efficient management system. There is also another advantage to the corporation which was SFC's Amendment Act 1985, the parliament added a new section 32 G whereby the dues of the State Financial Corporations were made recoverable as arrears of land revenue.

Chart No. 5.14

(Rs. in lacs)

RECOVERY PERFORMANCE OF MSFC
IN EACH YEAR

Year	Particulars	Amount Due.	Amount recovered	% of recovery
83-84	Principal	23.42	16.72	71.39
	Interest	24.85	16.76	67.44
	Total	48.27	33.48	69.36
84-85	Principal	30.92	19.61	63.42
	Interest	31.28	19.99	63.91
	Total	62.20	39.60	63.67
85-86	Principal	30.60	21.87	71.44
	Interest	32.47	22.63	69.69
	Total	63.07	44.50	70.56
86-87	Principal	30.83	27.01	87.61
	Interest	32.30	24.58	76.10
	Total	63.13	51.59	81.72
87-88	Principal	37.68	28.04	74.42
	Interest	39.86	27.71	69.52
	Total	77.54	55.75	71.90

Source : M.S.F.C. Annual Reports.

5.10 TIME LAG BETWEEN SANCTIONING THE AMOUNT SANCTIONED AND DISBURSEMENT :

It is necessary to know the gap between sanction of loan and disbursement of that loan amount. For this purpose the assisted industries are classified according to time-lag (in months) in each year.

In the year 1983-84 amount is disbursed to 87 units three months after the sanctioning, 49 units after three months but before six months and 60 units after half the year passed.

In the year 1984-85 onwards most of the disbursement is made within the three months after sanction.

In the last 1987-88 year only 73 units are assisted and all the disbursement is made within nine months but 39 units are assisted within three months after sanctioning the amount.

The above time lags are more than the expectations of the borrowers. They have to wait for money for atleast three months, till three months, they are unable to start their units or purchase any kind of machinery or tools.

Some units are assisted or their amount of loan is disbursed after six months, within six months period there will be vast change in the prices of raw

Chart No. 5.15

TIME LAG BETWEEN SANCTION AND FIRST DISBURSEMENT

Sr. No.	Time lag	1983-84	1984-85	1985-86	1986-87	1987-88
1.	Upto 3 months	67	93	42	40	39
2.	3 - 6 months	49	55	22	31	23
3.	6 - 9 months	60	33	19	10	16
4.	9 -12 months	30	31	14	12	-
5.	12 months & above	4	6	6	12	-
Total		230	218	93	105	78

Source : M.S.P.C. Annual Reports.

materials, machinery, labour etc. which were previously estimated.

So borrowers has to suffer these higher costs. In turn, he was unable to start his unit delay in sanctioning causes to delays in getting electricity sanctions, water supply and other licences, which are necessary to start the unit according to government rules.

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