

**CHAPTER V****ANALYSIS AND INTERPRETATION OF DATA**

- 5.1 Introduction
- 5.2 Sample Size
- 5.3 Analysis and Interpretation of Data
- 5.4 Difficulties of Borrowers.

CHAPTER V5.1) INTRODUCTION :

For the purpose of evaluating the financing of Small Scale Industries and to understand the impact of financing on borrowers, and to know the difficulties of the borrower a random sampling survey method was conducted. The data was collected through administering questionnaires was rearranged systematically. Interpretation is made and analysis of data is completed in this chapter.

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5.2) SAMPLE SIZE :

For the purpose of sample survey 37 borrowers financed in the year 1992-93 were considered. Out of 37 borrowers 10 borrowers had not with drawn the amount of loan even the M.S.F.C. has sanction the loan. And 4 borrowers have taken loan for transport loan scheme. Out of remaining 23 borrowers a random sampling method is used and 20 small scale units are selected and considered for the purpose of sample survey.

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5.3) ANALYSIS AND INTERPRETATION OF DATA :

The screened and analysed data is tabulated accordingly to our requirements viz. financing of small scale industries.

- i) Period wise break-up.
- ii) Size wise break-up.
- iii) Constitution wise break-up.
- iv) Scheme wise break-up.

i) FINANCING OF SMALL SCALE INDUSTRIES PERIODWISE BREAK-UP :

Financing of small scale industries by periodwise break-up by Solapur branch of the corporation during 1092-93 is presented in the following table.

TABLE NO. 5.1

Period wise break-up of financing of S.S.I.

SR. NO.	PERIOD OF FINANCIAL	NO.OF UNITS	AMOUNT (Rs. IN LAKHS)
1.	1 to 3 years	--	--
2.	3 to 5 years	1 (5)	1.8 (.48%)
3.	5 to 7 years	2 (10)	12.00 (4.85%)
4.	7 to 9 years	11 (55)	195.79 (78.90%)
5.	More than 9 years	6 (30)	39.18 (15.79%)
TOTAL -		20 (100)	248.15 (100)

NOTE : Figures in bracket indicate percentage to the total of respective columns.

Source : Questionnaire

If any one observe the above table that there is not a single unit chosen the repayment period of 1 to 3 years. Only one unit has chosen the repayment period of 3 to 5 years, and 2 units have chosen the repayment period of 5 to 7 years. Majority units representing 55% of the total have chosen the repayment period ranging between 7 to 9 years and only 5 units are chosen the repayment period above than 9 years.

The Majority part of finance i.e. 78.90% is under the repayment period ranging between 7 to 9 years.

ii) FINANCING OF SMALL SCALE INDUSTRIES SIZE WISE ASSISTANCE :

The size-wise distribution of the financial assistance by the Solapur Branch is shown in the following Table:

TABLE NO.5.2 : Sizewise break-up of financial assistance.

SR. NO.	SIZE OF APPLICANT Rs.	NO.OF UNITS	AMOUNT RS. IN LAKHS	ADVANCE Rs. IN LAKHS
1.	Upto Rs.50,000	--	--	--
2.	50,000 to 2,00,000	3(15)	3.11(1.25)	1.036
3.	2,00,000 to 5,00,000	3(15)	11.15(4.5%)	3.717
4.	5,00,000 to 10,00,000	9(45)	65.84(26.53%)	7.315
5.	10,00,000 to above	5(25)	168.05(67.72%)	33.61
TOTAL -		20(100)	248.15(100)	

NOTE : Figures in the bracket in the bracket indicate percentage to the total of the respective columns.

Source : Questionnaire.

It is observed from the above Table that not a single unit is asking for the finance upto Rs.50,000 only 3 (15%) units are asking for the finance for Rs.50,000 to Rs.2,00,000 and from Rs.2,00,000 to 5,00,000 are also three units (15%). However majority (45%) of the applicants are asking for assistance ranging between Rs.5,00,000 to 10,00,000 Lakhs and (25%) of applicants are asking for assistance ranging Rs.1,00,000 and above.

Table No.5.2 shows that the 5(25%) applicants are asking for the financial assistance in the size group of Rs.10 Lakhs and above. However the relative share of assistance has covered by only 5 applicants and it is substantially high e.g. Rs.168.05 Lakhs(67.72) percent. And average finance per unit per size is the size group of Rs.10 Lakhs and above is maximum i.e. Rs.33.61 Lakhs.

iii) FINANCING OF SMALL SCALE INDUSTRIES CONSTITUTIONAL  
BREAK-UP :

In the following Table classification is made as per the constitution of the borrowers financed by the Solapur Branch.

TABLE NO. 5.3 :

Classification of financing according to constitution and employment created.

SR. NO.	CONSTITUTION	EMPLOYMENT CREATED	NO.OF UNITS	AMOUNTS IN LAKHS.
1.	Public Ltd. Cos.	--	--	--
2.	Private Ltd.Cos.	92 (44.5)	2 (10)	131.50 (53.12)
3.	Partnership	33 (15.5%)	5 (25)	32.75 (13.06)
4.	Co-op.Society	--	--	--
5.	Proprietorship	82 (40%)	13 (65)	83.90 (33.82)
TOTAL -		207 (100)	20 (100)	348.15 (100)

Note : Figures in brackets indicate the percentage to the total of the respective columns.

Source : Questionnaire.

For all the categories of the industrial enterprises e.g. public Ltd. Cos. Private Ltd. Cos., Co-op. Societies, partnership and proprietary concerns Maharashtra State Financial Corporation is financing.

Table No.5.3 shows that the Solapur Branch of the corporation has not financial to public Ltd. Cos. and registered Co-op. Societies. 2 Private Ltd. Cos. (10%) got Rs.131.50 Lakhs (53.12%) finance 5 partnership firms (25%) got Rs.32.75 Lakhs (13.06%) finance and 13 proprietorship concerns (65%) got Rs.83.90 Lakhs (33.82%) finance. Out of the total finance though the Solapur branch finance for only two Private Ltd. Companies they have covered the more share of finance, financed by the Solapur branch. The member of employment created by Pvt.Ltd.Cos. is 92 (44.5%) 33(15.5%) by the partnership concerns and 82 (40%) by the proprietorship concerns.

It is clear that the employment created in the Private Ltd. Cos. is more than the partnership firm and proprietorship concerns. Only in two Private Ltd. there are 92 employees. And even though there are 13 proprietorship firms. There are 82 employees. Therefore for creating more job opportunities it is suggested that the corporation should pay more attention of financing of company form of organisation.

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IV) FINANCING OF SMALL SCALE INDUSTRIES SCHEMewise BREAK-UP:

The scheme-wise break-up of financing of small scale industries by Solapur Branch of the Corporation during 1992-93 is presented in the following Table.

TABLE NO. 5.4 :

Scheme wise break-up of financing by Solapur branch.

SR. NO.	NAME OF THE SCHEME	NO.OF UNITS	AMOUNT RS.	AVERAGE ASSISTANCE PERMIT PER SCHEME
1.	General loan scheme	12 (60%)	205.89 (83%)	17.15
2.	Mahila Udyan Nidhi	1 (5%)	1.29 (.52)	1.29
3.	National equity fund	2 (10%)	12.25 (4.95)	6.125
4.	Hotela & Restaurants	3 (15%)	17.80 (7.12)	5.93
5.	Single sindow	1 (5%)	9.74 (3.93)	9.74
6.	Equipment Finance	1 (5%)	1.18 (.48)	1.18
TOTALTOTAL		20 (100)	248.15 (100)	

NOTE : Figures in bracket indicate percentage tothe total of the respective columns.

Source : Questionnaire.



From the observation of this Table out of the total units 60% is under the General Loan Scheme, 5% under the Mahila Udyam Nidhi, 10% under the National Equity Fund, 15% under the Hotel and Restaurant Scheme and 5% under the Equipment Finance Scheme. It means most of the units are receiving finance (60%) under General Loan Scheme. And other (40%) of the scheme of finance ranks some what equally.

Out of the total finance Rs.248.15 Lakhs Rs.205.89 Lakhs (83%) is under the General Loan Scheme, Rs.1.29 Lakhs (.53%) under Mahila Udyam Nidhi, Rs.12.25 Lakhs under National Equity Fund, Rs.17.80 Lakhs (7.12%) under Hotels & Restaurant Scheme, Rs.9.74 Lakhs (3.93%) under single window scheme, Rs.1.18 Lakhs (.48%) under Equipment Finance Scheme. It means that the major portion of finance (83%) goes to General Loan Scheme and the least (.48) goes to Equipment Finance Scheme.

The average financial assistance per unit per scheme is Rs.17.15 Lakhs in General Loan Scheme, Rs.1.29 Lakhs to Mahila Udyam Nidhi Scheme, Rs.6.125 Lakhs to National Equity Fund Scheme, Rs.5.93 Lakhs Hotels and Restaurant Scheme, Rs.9.74 Lakhs to single window scheme, Rs.1.18 to Equipment Finance Scheme. It means maximum amount for per unit goes to general loan scheme and Equipment Finance Scheme is the minimum. That means General Loan Scheme is receiving

fairly good response from the entrepreneurs.

V) Age group of the borrowers of the sample units financed by the Solapur branch of the Corporation is also studied.

Following Table is showing age group of the respondents.

TABLE NO.5.5 :

SR. NO.	AGE GROUP	NO.OF RESPONDENTS	PERCENTAGE
1.	18 to 25	4	20
2.	25 to 35	8	40
3.	35 to 45	7	35
4.	Above 45	1	5
TOTAL -		20	100

Source : Questionnaire.

The Table No.5.5 shows clear that (40%) and respondents of the total fall in the age group of 25-30 years. (35%) Seven respondents of the total fall in the age group of 35 to 45 years and four respondent (20%) of the total fall in the age group of 18 to 25 years. Only one respondent (5%) of the total is in the age group of above 45 years. Thus more of the respondents fall in the age group of 25 to 35 years.

IV) From the Questionnaire it also tried to study the occupation of the entrepreneurs before availing the loan of M.S.F.C. Solapur Branch in the following Table.

TABLE NO. 5.6 : The occupation of the respondent before the availment of the loan.

SR. NO.	Occupation	No. of Respondents	Percentage
1.	Business	7	35
2.	Trading	3	15
3.	Service	8	40
4.	Unemployment	2	10
TOTAL		20	100

Source : Questionnaire.

Before starting the small scale units study has been done what the Respondents were doing before availment of loan. The Table No.5.6 shows 8 respondents (40%) were doing service before they started their small scale units, 7 respondents (35%) were in business before they started their small scale unit. 3 respondents (15%) were in trading before starting their small scale unit and only two (10%) were unemployed before starting their small scale units.

Thus Majority of the respondents were in service before availment of loan from M.S.F.C.

VII) It is also studied the qualification of the borrowers of the borrowers of the Solapur branch of the corporation. The following table shows the qualification of the borrowers of the sample units.

TABLE NO. 5.7 :

THE EDUCATIONAL QUALIFICATION

SR. NO.	EDUCATION	NO.OF RESPONDENTS	PERCENTAGE
1.	Illiterate	—	—
2.	Primary Education	01	5
3.	Secondary & Higher Secondary	10	50
4.	Technical (B.E./Diploma/ I.T.I.etc.)	4	20
5.	Any other Graduate	3	15
6.	Post Graduate	2	10
TOTAL -		20	100

Source : Questionnaire.

From the above table it is clear that 10 respondents (50%) of the total possess secondary and higher secondary qualification. Four respondents (20%) of the total have completed technical qualification, 3 respondents (15%) have completed their Degree Qualification and 2 (10%) of the

respondents of the total have completed post-graduate degrees and only one (5%) have completed his primary education. And no body illeterate. Thus it means that most of the borrowers have completed their secondary and higher secondary qualification.

VIII) While taking opinions of the borrowers about M.S.F.C. loans efforts were made to understand how manytimes the borrowers have visited the Office of the corporation for obtaining the loan.

TABLE NO. 5.8 :

No. of visits to M.S.F.C.Solapur Branch Office for obtaining loan.

Sr. No.	No.of Visits	No.of Respondents	Percentage
1.	Upto 5	4	20
2.	5 to 10	4	20
3.	10 to 15	8	40
4.	15 to 20	4	20
5.	Above 20	-	--
TOTAL -		20	100

Source : Questionnaire

Now a days their is a trend that if anybody wants take the loan of any Bank or Financial Institution he has to visit that Bank or Financial Institution for many times. In the above Table (40%) 8 respondents have visit the Office of the Corporation 10 to 15 times, 4 respondents (20%) of the total have visit the Office of Corporation upto 5 times. Again 4 respondents (20%) of the total have visit the office of the corporation 5 to 10 times, 4 respondents (20%) of the total have visited 15 to 20 times to the Office of the Corporation. Not a single one have visited the Office of the Corporation above 20 times. It also observed that each time the respondent have to waste 4 to 5 hours in the office of the corporatior.

Thus the most of the borrowers have visited 10 to 15 times to get the from MSFC Solapur Branch Office.

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IX) The opinions of the borrowers are also taken about the rate of interest of various financial assistance scheme of the corporation.

TABLE NO. 5.9

The opinions of the respondents regarding the rate of interest.

Sr. No.	Opinion	No. of Respondents	Percentage
1.	Reasonable	12	60
2.	Un-reasonable	08	40
3.	Lower	&&	&&
Total		20	100

Source : Questionnaire.

From the above Table it is clear that as compare the rate of interest in the market, 12 (60%) respondents of the total have opined that the rate of interest is reasonable. Where as 8 (40%) respondents of the total have opined that the rate of interest is unreasonable and so they have to pay more interest.

Thus as compare to Banks and other institution the rate of interest is low of M.S.F.C. because majority of the respondents opined that rate of interest is resonable.

X) The opinions of the borrowers are also judge whether the loan application form was complicated or simple. The

following Table shows the opinions of the respondents regarding application form.

TABLE NO. 5.10:

The opinions of respondents regarding Application Form :

Sr. No.	Opinion	No.of Respondents	Percentage
1.	Simple	16	80
2.	Complicated	4	20
TOTAL		20	100

Source : Questionnaire.

From the above Table it is clear that 16 respondents (80%) of the total opined that application form was simple. (20%) 4 respondents of the total opined that the application form is complicated.

Thus it means really the application form is simple of the M.S.F.C.

XI) It is also tried to understand the convenience of the borrowers in repaying the loan taken from M.S.F.C. following table represent the repayment instalments of the loan, agreed by the borrowers.



TABLE NO. 5.11 :

The period of Repayment of the instalment by the Borrowers.

SR. NO	PERIOD OF INSTALMENTS	NO.OF RESPONDENTS	PERCENTAGE
1.	Monthly	1	5
2.	Quarterly	6	30
3.	Six monthly	11	55
4.	Yearly	2	10
TOTAL -		20	100

Source : Questionnaire

Table No. 5.11 shows that one respondent (5%) of the total pays his instalment of loan monthly to the Branch of the Corporation. 6 (30%) respondents of the total pays their instalment of loan quarterly to the Branch of the corporation. (55%) 11 respondents of the total pays their instalment of loan six monthly to the branch of the corporation and only (10%) 2 respondents of the total pays their instalments yearly to the Branch of the Corporation.

Thus Majority of the borrowers i.e. 55% have accepted six monthly repayment instalments.

#### 5.4) DIFFICULTIES OF BORROWERS :

In this chapter study has made on the difficulties faced by the borrowers in obtaining the loan from M.S.F.C. Solapur Branch. Though the operational structure of M.S.F.C. is smooth & efficient it means it is not that the borrowers don't face any sort of difficulties. However following are some of the difficulties of the borrowers.

##### 1) Working Capital Requirements :

The corporation does not advance loans for working capital requirements for working capital borrower has to go any other financial institution such as commercial banks. And it is very difficult to entrepreneur to get sanction of working capital from commercial banks. Therefore the project which is ready for actual production, is withheld. Ultimately borrower has to suffer many problems. Therefore the M.S.F.C. should finance for working capital to entrepreneurs for efficient working of new units.

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##### 2) Rate on Interest :

Though Majority of the borrowers feels the rate of interest is reasonable, but average income of the entrepreneur is reduced due to serve competition and increase in costs. So the total amount of interest on large size loan is quite burden some to the borrowers.

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3) Completion of various Documents :

The borrower is required to fill in a number of forms and documents while submitting the loan application. But in practice, it is rather difficult for the Borrower to collect them in time. Though he collect the documents and certificates needed to corporation and approaches to Branch. The Branch staff demand for another documents. At one time the branch not demand for all documents. If the borrower went next time with that document to the branch the Branch Staff demand for another documents. It means again and again he has to visit the Branch Office. Hence there is a delay in sanctioning and disbursements of loan.

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4) Repayment Schedule :

While sanctioning the loan the repayment schedule is fixed with the discussion of the borrowers. But in actual practice the borrowers fails to pay the regular instalments due to number of future difficulties. Or sometimes the earnings of the borrowers do not accure as correctly as anticipated. And if the borrower become defaulter, he has to pay the penalty to the corporation. Penalty interest is charged by the corporation on delayed payment of amount of interest.

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5) Commitment charges :

The borrowers has to p.ay the commitment charges 1% on the amount sanctioned, but actually not a valid to the borrower due to irregular supply of Machinery/equipments delay in power load sanction from electricity Board etc. Such difficulties results delay of the disbursements. The borrowers have to pay interest on the amount already availed, and in addition they have to pay commitment charges unnecessarily.

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6) Guarantors :

The Corporation requires the two guarantors who are invaluabley income tax payers and who can provide sufficient security. It is difficult to new entrepreneurs to give such guarantors.

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7) Legal section :

The legal section of the corporation, as a policy matter, requires the borrowers to present legal documents and records. As the opinion taken about the procedural formalities of the borrowers, he opined that the legal precedreof the corporation is very complicated. The borrower has to spend much time & money for compiling such documents and record.

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8) English Format :

The corporation provides the loan application form and other documents to the borrowers. That loan application form and other documents are printed in English. Thus those borrowers are in backward area and are illiterate, they do not understand the meaning and substance of those forms.

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9) Moratorium period :

Moratorium period is allowed by the Corporation is between 2 months and 5 years. Moratorium period is given on repayment of principal amount and for the interest amount. Moratorium period is not given to some financial schemes of the corporation and also not for interest of some schemes. Thus the borrowers expect that the moratorium period should be given to all the schemes and also for principal amount and interest amount.

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10) Margin Money :

The corporation requires margin money from 5% to 50% depending on project cost and schemes requires to be raised by the entrepreneurs himself. There are also some schemes of finance without margin money. But Majority entrepreneurs feel that the margin money required should be reduced to 5% to 10% only. So that it will be convenient to entrepreneurs to adjust.

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**CHAPTER VI****IMPORTANT FINDINGS AND SUGGESTIONS**

6.1 Findings

6.2 Suggestions