

CHAPTER VI

FINDINGS AND SUGGESTIONS :

6.1) FINDINGS :

On the basis of sample survey made by the researcher and personal discussion with the official staff of the branch important findings of the study are shown as follows:

- 1) It is found that borrowers have to submit various documents, papers, certificates and licences while submitting the loan application. But in practice, it is rather for the borrower to collect them in time.
- 2) It is found that the corporation requires the two guarantors who are invariably income-tax payer and who can provide sufficient security. It is truly difficult to new entrepreneurs to give such guarantors.
- 3) It is found that the 21½% rate of interest charged by the corporation for finance to small scale industries for last year. And from these year the rate of interest has come down upto 19½%.
- 4) It is found that the Branch grants moratorium for principal amount and interest amount. It is also found that Branch grants moratorium period for specific schemes only, and not in respect of all schemes.

- 5) It is found that the Corporation does not advance loans for working capital requirements. For working capital borrower has to go any financial institution such as commercial banks. And it is very difficult to entrepreneur to get sanction of working capital from commercial Banks.
- 6) It is found that corporation charges the commitment charges 1% on the amount sanctioned, but actually not availed to the borrower. Due to irregular supply of Machinery/equipment due to power supply etc. Thus the borrowers have to pay interest on the amount already availed, and addition they have to pay commitment charges unnecessarily.
- 7) It is found that legal procedure of the corporation is very complicated. The borrower has to spend much time and money for compiling such documents and records.
- 8) It is also found that the corporation provides loan application form and other documents printed in English. Thus those borrowers are in backward area and are illiterate, they not understand the meaning and substance of these forms.
- 9) It is also found that since inception 1969-70 to 1992-93 the Solapur Branch has sanction Rs.2643.43 Lakhs for 979 units. And actually amount disbursed Rs.1606.69 Banks.
- 10) It is found that an impressive performance is made by M.S.F.C. in 1993-94. In the year 1993-94 M.S.F.C. has

sanctioned Rs.282 crores and disbursed Rs.180 crores. And Rs.197 crores has recovered to the M.S.F.C. in the year 1993-94.

11) It is found that the 20 sample units financed by the Solapur branch of the corporation have got total finance of Rs.248.15 lakhs.

12) It is found that Major part of finance 78.90% is under the repayment period ranging between 7 to 9 years.

13) It is found that Majority of entrepreneurs has taken loan in the range between Rs.5,00,000 to 10,00,000/- lakhs.

14) It is found that the branch has not financed to public Ltd. Cos. and Co-op.Societies. And it is also found that maximum finance of 53.12% is received by the private Ltd. and the least is 13.06% to proprietorship concerns.

15) It is found that the (83%) the major portion of finance is goes to General loan scheme and the least part of finance (.48%) goes to equipment finance schemes.

16) It is found that the employment created by the private ltd. (44.5%) is more than that of other forms of the organisation.

17) It is found that majority of the borrowers age group is 25 to 35 years ie. (40%) and the borrowers from age group of 35

to 45 year are as equal i.e. (35%).

18) It is found that 50% of the borrowers qualification is secondary and higher secondary and not a single borrower is illeterate.

19) It is found that majority of the borrowers (40%) were in service before availing the loan from M.S.F.C. And (35%) were in business.

20) It is found that 40% of the borrowers have visited 10 to 15 times to corporation office for sanctioning the loans.

21) It is found that 80% of the borrower feels tht the loan application is simple to fill up.

6.2) SUGGESTIONS :

On the basis of the findings the researcher would like to make the following suggestions.

1) It is suggested that legal procedure of the corporation should make simple. There must not be a deep investigation in legal documents and papers, or if possible this job can be handed over to local advocate by charging moderate fees to the respective borrowers.

2) It is suggested that corporation should print in Marathi language which documents forms applications pamphlets are provided to the borrowers. Because Marathi is the mother tongue of a majority of the people in Solapur district.

3) It is suggested that in genuine cases, the Branch should not charge commitment charges on amount sanctioned but not availed by the borrower.

4) It is suggested that to avoid delay in collection of various documents, licences, Certificates, extracts etc. the branch, as far as possible should reduce the number of such documents. It also suggested that the procedure of sanctioning the loan is handle by only one person in one section. So that it should be easy to the borrower to submit all the documents papers, licences and certificates to that section. And it will help to complete the application in stipulated time. It will also save time and money of the borrower.

- 5) It is suggested that it will be more profitable to borrower as well as to M.S.F.C. if the corporation finance some portion of working capital requirements to the borrowers for efficient working of new units.
 - 6) It is also suggested that the Branch should accept ordinary guarantors instead of income-tax payers and who can provide sufficient security. In case of small borrowers those guarantors should also be accepted by the branch who have sufficient security but who are not income-tax payers.
 - 7) It is also suggested that moratorium period is allowed to all the schemes of the corporation as well as for principal and interest amount instead of some schemes.
 - 8) It is also suggested that rate of interest should be reduced.
 - 9) It is also suggested that the Branch should provide loans with a repayment period of more than 10 years.
 - 10) It is suggested that if the corporation should pay more attention to finance Pvt.Ltd. Cos. So that there will be a more job creating opportunities.
 - 11) It is also suggested that the unnecessary visits of the applicants should be reduced by the Branch.
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