

## **CHAPTER - IV**

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**FINANCIAL ASSISTANCE BY KARNATAKA  
STATE FINANCIAL CORPORATION**

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## CHAPTER - IV

### FINANCIAL ASSISTANCE BY KARNATAKA STATE FINANCIAL CORPORATION

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#### 4.1 YEAR-WISE TARGETS AND ACHIEVEMENTS:

The Karnataka State Financial Corporation has been consistently maintaining a leading position among all the SFCs in the country with respect to targets and achievements. The Corporation has registered an impressive track record with a continuous and marked degree of improvement in its operations throughout the past six years.

The concerted efforts taken in achieving the targets during these six years have resulted in an impressive upsurge in all the three major thrust areas of operations, viz. sanctions, disbursements and recovery, where the targets were not only achieved but even surpassed despite adverse seasonal and unfavourable economic scenario prevailing in the State.

The overall performance of the Corporation against the targets set during the period from 1986-87 to 1988-89 is shown in Table 4.1 and also depicted in Graph 4.1 (on the following pages).

Table 4.1 shows that the Corporation has recorded substantially higher performance in sanctions, disbursement

Table 4.1

Year-wise targets and achievements from  
the year 1986-87 to 1988-89

Year	(Amounts in Rs.in lakhs)							
	Sanctions		Disbursement		Recovery			
	Target Number	Amount	Target Amount	Achieve- ment Amount	Target Amount	Achieve- ment Amount		
1986-87	5,050	10,400.00	4,910	11,179.11	8,725.00	8,966.84	5,950.00	6,088.83
1987-88	5,000	12,000.00	5,053	12,558.58	10,225.00	10,479.26	7,400.00	7,547.95
1988-89	5,500	14,000.00	6,178	14,465.53	11,800.00	12,459.81	8,700.00	9,288.47

Source: Karnataka State Financial Corporation,  
'Annual Report 1988-89', p.47.

**GRAPH REPRESENTS TARGET & ACHIVMENTS OF K.S.F.C.**

1986-87 TO 1988-89

Scale = 20 Cm = 20 crore

Index :-

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++---++ SANCTION

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++---++ DISBURSEMENT

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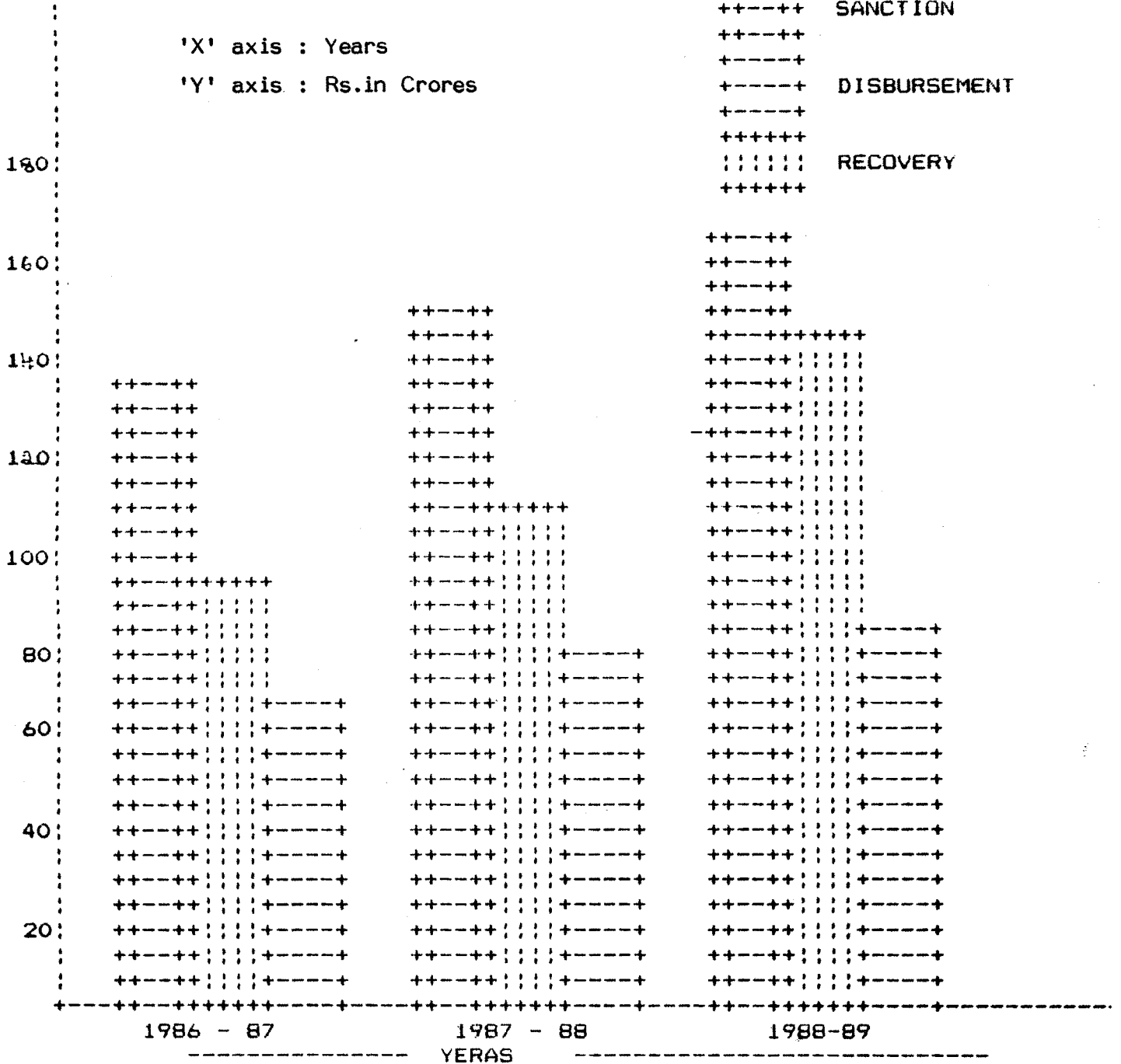
+++++++

+++++++ RECOVERY

+++++++

'X' axis : Years

'Y' axis : Rs.in Crores



GRAPH 4.1

and recovery during the years 1986-87 to 1988-89. The details of each of these are as follows:

**4.1.1 Sanctions:**

The Corporation sanctioned a total assistance of Rs.12,558.58 lakhs to 5,053 cases during the year 1987-88 as against Rs.11,179.11 lakhs to 4,910 cases during the year 1986-87. The sanction recorded an increase of nearly 12.35% in amount and 2.92% in number over the previous year.

The total sanctions accorded by the Corporation during the year 1988-89 touched an all-time high of Rs.14,465.53 lakhs to 6,178 cases as against Rs.12,558.58 lakhs to 5,053 cases sanctioned in the year 1987-88, registering a growth rate of 22.3% in terms of number and 15.2% in terms of amount.

**4.1.2 Disbursement:**

The disbursement made during the year 1987-88 was higher at Rs.10,479.26 lakhs compared to Rs.8,900.84 lakhs in the year 1986-87, resulting in an increase of 17% over the previous year.

The disbursement made during the year 1988-89 was substantially higher at Rs.12,459.81 lakhs as compared to Rs.10,479.26 lakhs made during the previous year, recording

a growth of 19% over the previous year.

#### **4.1.3 Recovery:**

The Corporation can take pride in its significant achievement in recovery. The Corporation recovered Rs.7,547.95 lakhs during the year 1987-88 as against Rs.6,088.53 during the year 1986-87, resulting in an increase of 23% over the previous year.

The Corporation recovered Rs.9,288.47 lakhs during the year 1988-89 as against Rs.7,547.95 during the year 1987-88, resulting in an increase of 23% over the previous year.

#### **4.2 ASSISTANCE TO SMALL-SCALE, TINY, ARTISANS, VILLAGE AND COTTAGE INDUSTRIES BY THE CORPORATION**

The Karnataka State Financial Corporation, being a regional development Bank and a State-level financial agency, concentrates more on the small-scale industries, tiny and cottage units.

The Corporation is also giving priority to those units coming up in the backward and rural areas of the State. Out of 3,3001, the total effective number of the units assisted by the Corporation, the small-scale sector accounts for 26,423 numbers. Similarly, of the total amount sanctioned



(Rs.73,444.53 lakhs effective), the small-scale units account for Rs.51,341.89 lakhs.

Table 4.2 and Graph 4.2 (on the following pages) show the Corporation's financial assistance extended to tiny sector projects, artisans, village and cottage industries within the small-scale industries sector. The details of each are given below:

#### 4.2.1 Small Scale Industries:

##### (a) Artisans, Village and Cottage Industries:

Assistance to the artisans, village and cottage industries during the year 1987-88 was to the tune of Rs.319.08 lakhs to 2,127 cases as against Rs.235.61 lakhs to 2,070 cases during the previous year 1986-87, indicating an increase of 3% in terms of number and 35% in terms of amount; while the assistance to artisans, village and cottage industries during the year 1988-89 was of the order of Rs.319.87 lakhs to 2,528 cases as against Rs.319.08 lakhs to 2,127 cases during the previous year, indicating an increase of 18% in terms of numbers and 0.03% in terms of amount.

##### (b) Tiny Sector:

Assistance to the Tiny-sector during the year 1987-88 was of the order of Rs.646.90 lakhs to 500 cases as against Rs.417.37 lakhs to 387 cases during the previous

**Table 4.2**

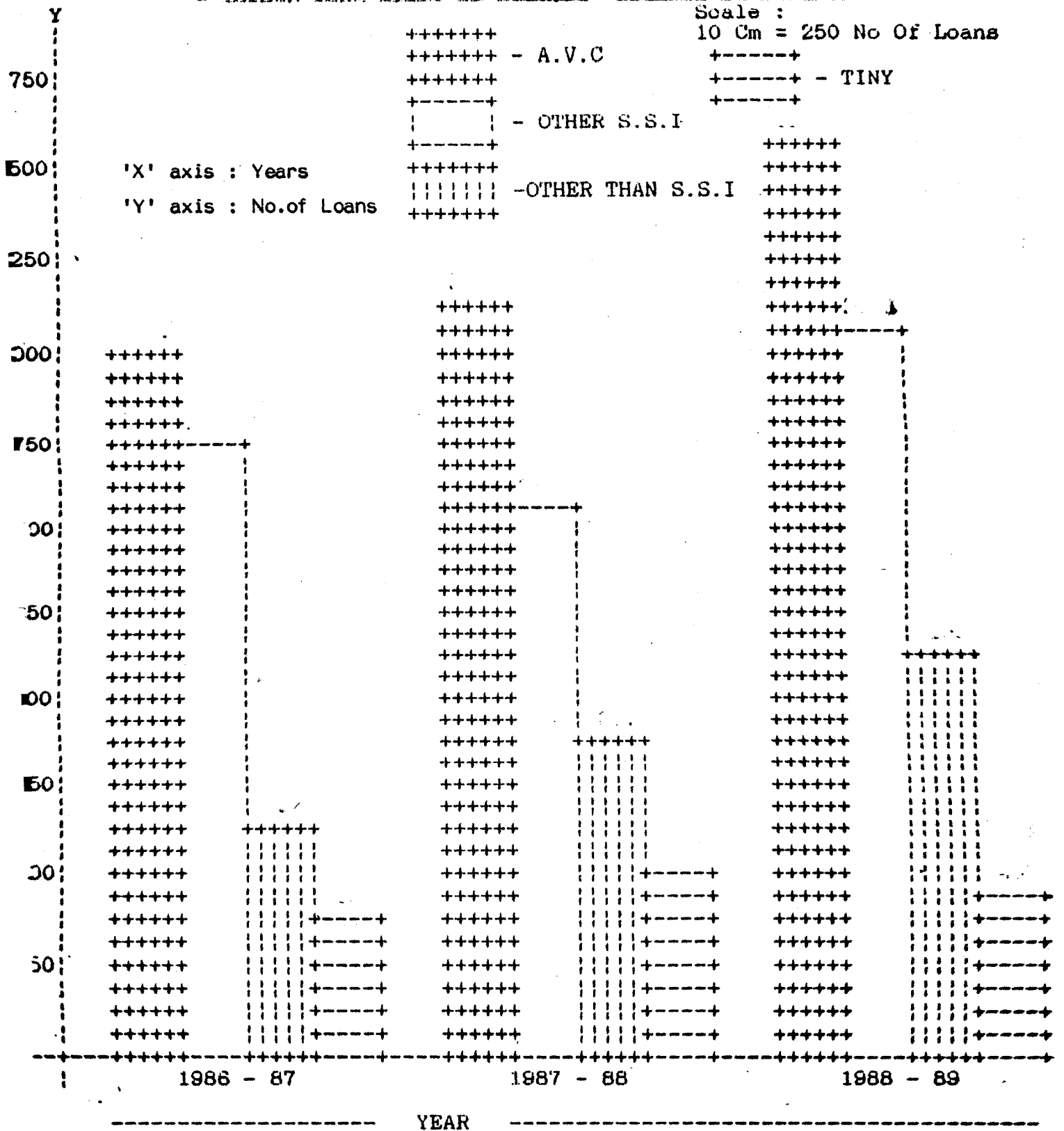
Assistance to small-scale and tiny sectors during the years 1986-87 to 1988-89 and as on 31.3.1989

Particulars	(Amounts in Rs. in lakhs)							
	1986-87		1987-88		1988-89		As on 31.3.89	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1. Total Sanctions	4,910	11,179.11	5,053	12,558.58	6,178*	14,465.53	33,001	73,444.53
2. Small scale Industries	4,239	8,790.12	4,232	9,492.77	5,078	10,672.00	25,423	51,341.89
a. Artisans, village and cottage industries	2,070	235.61	2,127	319.08	2,528	319.87	10,846	1,253.38
b. Tiny sector	387	417.37	500	646.90	467	710.53	3,362	3,138.01
c. Other small scale industries	1,748	8,137.14	1,605	8,526.79	2,083	9,641.60	12,215	46,950.50
3. Other than small scale industries	671	2,388.99	827	3,665.81	1,100	3,793.53	6,578	22,102.64
*Bridge Loan	194	366.04						
Grand Total	6,372	14,831.57						

Source: Same as Table 4.1, p.50.

GRAPH REPRESENTS AVC , TINY , OTHER S.S.I

& OTHER THAN S.S.I OF K.S.L.C 1986-87 TO 1988-89



GRAPH 4.2



year 1986-87, indicating an increase of 55% in terms of amount and 29.0% in terms of number. Assistance to this sector during the year 1988-89 was of the order of Rs.710.53 lakhs to 467 cases as against Rs.646.90 lakhs to 500 cases during the previous year, indicating an increase of 10% in terms of amount but a decrease of 7% in terms of numbers.

(c) Other-Small-scale-Industries:

Assistance to the small-scale sector industries during the year 1987-88 was of the order of Rs.8,526.79 lakhs to 1,605 cases as against Rs.8,137.14 lakhs to 1,782 cases during the previous year 1986-87, indicating a decrease of 10% in terms of number but an increase of 5% in terms of amount. Assistance to the small-scale industries during the year 1988-89 was of the order of Rs.9,641.60 lakhs to 2,083 cases as against Rs.8,526.79 lakhs to 1,605 cases during the previous year, indicating an increase of 30% in terms of number and 13% in terms of amount.

**4.2.2 Other than Small-scale Industries:**

Assistance to the industries other than small-scale industries during the year 1987-88 was of the order of Rs.3,065.81 lakhs to 821 cases as against Rs.2,388 lakhs to 671 cases during the previous year 1986-87, meaning an increase of 22% in terms of number and 28% in terms of amount. Assistance to industries other than small-scale industries

during the year 1988-89 was of the order of Rs.3,793.53 to 1,100 cases as against Rs.3,065.81 lakhs to 821 cases in the previous year, meaning an increase of 34% in terms of number and 24% in terms of amount.

#### **4.3 ASSISTANCE UNDER VARIOUS SCHEMES:**

The Corporation continuously reviews its policies and schemes to bring more and more entrepreneurs under its shelter and formulates new schemes to suit the needs of the entrepreneurs, thereby opening new doors of growth.

Some of the special schemes formulated from time to time to suit the various types of entrepreneurial needs have become instrumental in an equitable distribution of the assistance. The scheme-wise financial assistance provided by the Corporation during the period of three years from 1986-87 to 1988-89 is recorded in Table 4.3 (on the following page) and also pictorially depicted in Graph 4.3.

Table 4.3 shows the extent of the financial assistance given under various schemes during the three years period. The performance of each scheme for each year is discussed below:

##### **4.3.1 Technician's Scheme:**

The Technicians' Scheme is one of the oldest and important schemes operated by the Corporation. As a

**Table 4.3**

Scheme-wise assistance during the years 1986-87 to 1988-89 and as on 31.3.89

Scheme of Assistance	(Amount in Rs.in lakhs)											
	1986-87			1987-88			1988-89			Since inception of the scheme upto 31.3.1989		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount		
1. Technician's Scheme	301	612.81	221	461.21	241	561.36	2,123	3,821.94				
2. Composite Loan	1,968	202.38	1,995	285.05	2,447	297.81	10,608	1,183.10				
3. Special Capital (Soft Loan)	282	155.41	217	194.89	277	171.40	1,679	934.30				
4. Scheme for Physically Handicapped	32	6.10	49	10.09	39	9.03	257	45.92				
5. Seed Capital	36	145.30	29	116.90	1	3.00	91	399.67				
6. Scheduled Castes	86	70.94	230	138.16	323	131.00	1,112	596.43				
7. Scheduled Tribes	11	20.77	67	21.26	23	24.53	202	107.63				
8. Backward Community	1,073	574.53	924	606.53	1,020	907.09	6,381	4,257.33				
9. Minority Community	-	-	481	618.63	685	1077.20	1,116	1,695.83				
10. Ancillary Units	5	18.50	30	407.36	12	24.87	360	1,755.78				
11. Non-resident Indians	20	304.87	15	317.40	12	425.75	77	1,613.04				
12. Educated Unemployed Scheme	21	14.27	15	9.52	44	42.79	131	96.51				
13. IDBI Modernization Scheme	27	156.09	48	520.38	64	503.32	147	1,372.99				
14. Equipment Finance Scheme	39	651.32	28	195.59	29	338.98	99	1,223.79				
15. Quality-control Equipment Scheme	37	79.68	24	34.26	19	37.62	80	151.56				
16. Integrated Term Loan	11	10.39	14	11.44	5	3.91	30	25.74				
17. Electro-medical Equipment Scheme	57	87.83	70	117.09	82	229.18	209	434.10				
18. Woman-Entrepreneurs (General)	430	181.91	527	207.77	1,067	467.49	3,263	1,315.68				

contd. on next page.

Table 4.3 (contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.
19. Woman-Entrepreneurs (Scheme)	3	15.05	20	20.99	63	128.23	86	164.27
20. Hospital scheme	-	-	43	346.86	42	297.31	85	644.17
21. Scheme for ex-Serviceman	-	-	21	47.93	77	197.69	98	245.62
22. Single-window Scheme	-	-	-	-	210	544.50	210	544.50
23. Computerization Scheme	-	-	-	-	13	13.24	13	13.24
24. Joint Finance Cases	24	737.12	27	1177.45	32	977.72	428	8,832.27
25. Mine-owners Scheme	-	-	-	-	10	185.07	10	185.07

Source: Same as Table 4.1, p.50.

**GRAPH REPRESENTS SCHEME WISE SANCTION OF K.S.E.C**

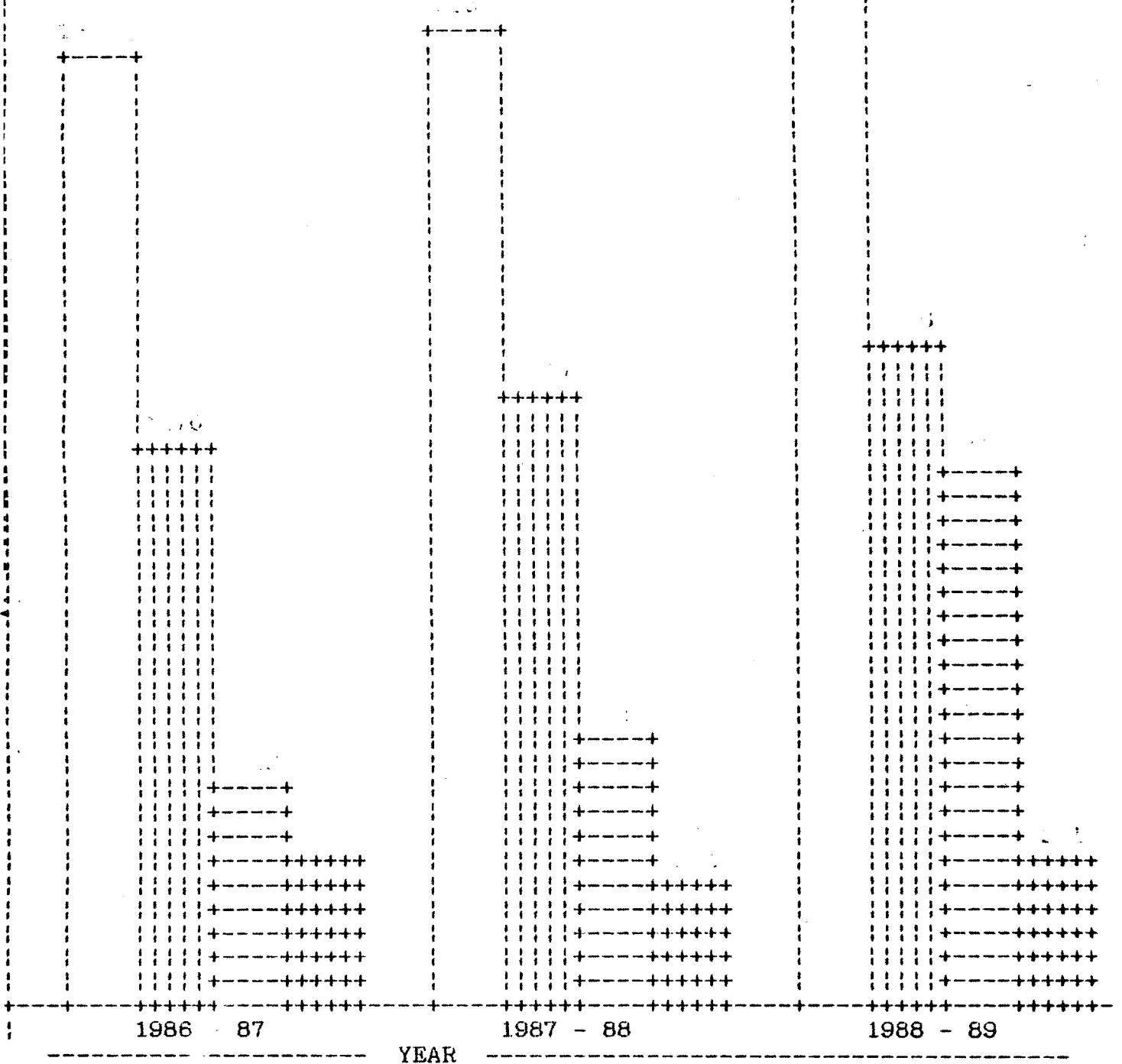
1986-87 TO 1988-89

Scale : 10 Cm = 200 No Of Loans.

+-----+  
 |  
 +-----+  
 COMPOSITE LOAN  
 +-----+  
 +-----+  
 +-----+  
 +-----+  
 +-----+  
 SS/ST/BC

+-----+  
 |  
 +-----+  
 |  
 +-----+  
 WOMEN ENTREPRENECY  
 +-----+  
 +-----+  
 +-----+  
 +-----+  
 +-----+  
 TECHNICIANS

'X' axis : Years  
 'Y' axis : Number of Loans



GRAPH 4.3



result of the Corporation's assiduous efforts to tap the technically-qualified and experienced persons, assistance under the Technicians' Scheme has recorded an impressive performance. A comparison of the year-wise figures presented in the above Table makes it clear that there is a progressive increase in the sanctions from the year 1986-87 to 1988-89. In the year 1986-87, the Corporation sanctioned Rs.612.81 lakhs to 301 technicians. During the year 1988-89, 241 technicians were sanctioned assistance to the tune of Rs.561.36 lakhs as against the assistance of Rs.461.21 lakhs to 221 technicians in the year 1987-88, meaning an increase of 9.044% in terms of number and 21.69% in terms of the amount. Since the inception of this scheme, the Corporation has financed 2,123 cases to the tune of Rs.3,821.94 lakhs.

#### **4.3.2 Composite Loan Scheme:**

The Corporation has been operating the Composite Loan Scheme successfully by providing financial assistance to artisans, village and cottage industries as well as to the industrial units in the tiny sector with a view to generating productive self-employment in the rural and semi-rural areas. It is understood from Table 4.3 that composite loans have recorded a massive increase in sanctions when the statistics for the years 1986-87 to 1988-89 are compared, that is, in the year 1986-87, Rs.202.38 lakhs were sanctioned to 1,968 cases; while during the year 1988-89, 2,447 cases

were assisted to the tune of Rs.297.81 lakhs, as against Rs.285.05 lakhs sanctioned to 1,995 cases during the year 1987-88, recording an increase of nearly 23% in terms of numbers and 4.56% in terms of amount. Since the inception of this scheme, the Corporation has financed 10,608 cases to the tune of Rs.1,183.10 lakhs.

#### **4.3.3 Assistance to SC/ST & Backward Classes:**

The Corporation has been taking keen interest in the upliftment of the socio-economic status of the entrepreneurs belonging to the weaker sections of the society, in general, and of those belonging to the SC/ST category, in particular, to enable them to become self-reliant. During the year 1987-88, the Corporation sanctioned Rs.765.95 lakhs to 1,241 entrepreneurs belonging to the SC/ST/Backward communities category as against Rs.666.24 lakhs to 1,170 entrepreneurs during the year 1986-87. This represents an increase of 6% in number and 15% in terms of amount.

During the year 1988-89, 1,366 entrepreneurs belonging to the SC/ST/BC category availed an assistance of Rs.1,062.62 lakhs as against 1,241 entrepreneurs assisted to the tune of Rs.765.95 lakhs in the year 1987-88, registering a growth of 39% in terms of amount. Since the inception of the scheme, the Corporation has financed 7,695 cases to the tune of Rs.4,961.39 lakhs.

#### 4.3.4 Woman Entrepreneurs:

The Corporation has taken a considerable initiative in the promotion of woman-entrepreneurship, which has resulted in the emergence of more woman-entrepreneurs in varied industrial lines such as engineering, food, plastics, garments, etc.

During the year 1988-89, 1,067 woman-entrepreneurs were assisted to the tune of Rs.467.49 lakhs (inclusive of the assistance rendered to 63 woman-entrepreneurs to the tune of Rs.128.23 lakhs under IFCI Interest Subsidy Scheme) as against 527 woman-entrepreneurs availing an assistance of Rs.207.77 lakhs in the year 1987-88, indicating an increase of 102.46% in terms of number and 125% in terms of amount. The cumulative assistance to woman-entrepreneurs works out to be Rs.1,315.08 lakhs to 3,263 cases. This 102.46% increase in terms of numbers is the highest-ever achieved, indicating the magnitude of the efforts taken by the Corporation in this direction.

#### 4.4 ZONE-WISE SANCTIONS AND DISBURSEMENTS:

The Corporation has divided the State into four zones for the purpose of extending financial assistance to the industries. These four zones are named as: **Bangalore, Mysore, Hubli** and **Gulbarga**. Bangalore Zone consists of four

districts, namely, Bangalore, Kolar, Tumkur and Chitradurga; Mysore Zone consists of six districts, namely, Mysore, Dakshina Kannada, Hassan, Mandya, Kodagu and Chikmangalur; Hubli Zone consists of 5 districts, namely, Dharwad, Belgaum, Bijapur, Uttara Kannada and Shimoga; and lastly, Gulbarga Zone consists of four districts, namely, Gulbarga, Bidar, Raichur and Bellary. The performance of the Corporation in its Bangalore Zone was substantially higher in terms of sanctions and disbursement of loans; while it was at the lowest in Gulbarga Zone during the period from 1986-87 to 1988-89.

Table 4.4 (on the following page) shows the Zone-wise loan sanctions and disbursements made by the Corporation during the period from 1986-87 to 1988-89. The Corporation's Zone-wise assistance is discussed below in detail:

#### 4.4.1 Bangalore Zone:

##### (a) Sanctions:

During the year 1987-88, the Corporation, in its Bangalore Zone, sanctioned Rs.6,602.94 lakhs to 1,447 cases, as against Rs.5,32.11 lakhs to 1,375 cases sanctioned in the year 1986-87. This represents an increase of 5% in terms of number and 24% in terms of payment. During the year 1988-89, Bangalore Zone sanctioned Rs.6,545.75 lakhs

Table 4.4

Zone-wise sanctions and disbursements from the year 1986-87 to 1988-89

1.	Zone/District	(Amount in Rs.in Lakhs)									
		Sanctions					Disbursements				
		1986-87		1987-88		1988-89	1986-87		1987-88		1988-89
2.	3.	4.	5.	6.	7.	8.	9.	10.			
	Number	Amount	Number	Amount	Number	Amount	Amount	Amount	Amount	Amount	
<b>1. Bangalore Zone</b>											
1.	Bangalore	755	4,201.49	753	5,060.51	900	5,159.22	3,566.08	4,189.47	4,663.85	
2.	Kolar	84	254.20	104	343.92	123	477.77	186.81	238.95	314.20	
3.	Tumkur	264	495.01	447	845.18	456	504.93	539.93	485.22	647.89	
4.	Chitradurga	272	381.41	143	353.33	186	403.83	248.91	316.33	445.92	
	<b>Total</b>	1,375	5,332.11	1,447	6,602.94	1,665	6,545.75	4,541.73	5,229.97	6,071.86	
<b>2. Mysore Zone</b>											
1.	Mysore	277	893.17	332	957.23	338	1,512.48	749.49	738.33	1,009.13	
2.	Dakshina Kannada	277	732.97	259	769.12	333	1,080.77	423.58	720.85	858.70	
3.	Hassan	103	150.22	137	164.63	134	219.89	95.45	147.83	232.61	
4.	Mandya	115	138.48	158	245.64	193	463.02	113.36	171.93	243.48	
5.	Kodagu	77	40.79	100	87.34	101	82.67	39.57	50.71	79.83	
6.	Chickmangalur	85	99.73	140	101.75	112	140.80	161.48	96.39	128.20	
	<b>Total</b>	884	2,055.36	1,120	2,325.71	1,261	3,499.63	1,582.93	1,926.04	2,551.45	

contd. on next page.

Table 4.4 (contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
<b>3. Hubli Zone</b>									
1. Dharwad	393	756.43	460	890.57	566	916.93	601.26	701.54	804.89
2. Belgaum	600	836.44	399	792.63	524	926.41	650.83	681.86	826.40
3. Bijapur	300	348.03	254	287.69	803	244.06	188.23	226.69	241.31
4. Uttar Kannada	99	129.22	87	90.47	124	186.04	142.85	139.51	92.64
5. Shimoga	637	298.22	553	344.24	422	463.93	220.71	346.81	396.88
<b>Total</b>	2,029	2,368.54	1,753	2,405.60	2,439	2,737.37	1,803.88	2,096.41	2,362.12
<b>4. Gulbarga Zone</b>									
1. Gulbarga	200	225.78	214	208.47	306	285.56	229.51	301.15	289.47
2. Bidar	124	726.73	155	527.99	181	475.84	422.35	552.93	551.34
3. Raichur	118	296.93	79	193.72	136	501.83	188.28	212.31	285.36
4. Bellary	180	173.66	279	294.15	190	419.55	198.16	160.45	348.21
<b>Total</b>	622	1,423.10	727	1,224.33	813	1,682.78	1,038.30	1,226.84	1,474.38
<b>State Total:</b>	4,910	11,179.11	5,053	8,966.84	6,178	14,465.53	8,966.84	10,479.26	12,459.81

Source: Compiled from the Annual Reports for 1987-88 and 1988-89 of Karnataka State Financial Corporation.

to 1,665 cases as against Rs.6,602.94 lakhs to 1,447 cases in the previous year, representing an increase of 15% in terms of number but a decrease of 1% in terms of amount.

(b) Disbursement:

The disbursements during the year 1987-88 by the Bangalore Zone of the Corporation amounted to Rs.5,229.97 lakhs, as compared to Rs.4,541.73 lakhs in the year 1986-87. This represents an increase of 15% in terms of amount. The disbursement made during the year 1988-89 was Rs.6,071.86 lakhs as compared to Rs.5,229.97 lakhs in the previous year, recording an increase of 16% in terms of amount.

**4.4.2 Mysore Zone:**

(a) Sanctions:

During the year 1987-88, the Corporation's Mysore Zone sanctioned a total amount of Rs.2,325.71 lakhs to 1,120 cases as against Rs.2,055.36 lakhs to 884 cases in the year 1986-87. This represents an increase of 27% in terms of number and 13% in terms of amount. During the year 1988-89, Mysore Zone sanctioned Rs.3,499.63 lakhs to 1,261 cases as against Rs.2,325.71 lakhs to 1,120 cases in the previous year, representing an increase of 13% in terms of number and 50% in terms of amount.

(b) Disbursement:

The disbursements made during the year 1987-88

by the Corporation's Mysore Zone were Rs.1,926.04 lakhs, as compared to 1,582.93 lakhs in the year 1986-87. This represents an increase of 22% in terms of amount. The disbursements made during the year 1988-89 were Rs.2,557.45 lakhs as compared to Rs.1,926.04 lakhs in the previous year, recording an increase of 32% in terms of amount.

#### 4.4.3 Hubli Zone:

##### (a) Sanctions:

During the year 1987-88, Hubli Zone of the Corporation sanctioned a total of Rs.2,405.60 lakhs to 1,753 cases as against Rs.2,368.54 lakhs to 2,029 cases sanctioned in 1986-87. This represents a decrease of 14% in terms of number but an increase of 1.5% in terms of amount. During the year 1988-89, Hubli Zone sanctioned Rs.2,737.37 lakhs to 2,439 cases as against Rs.2,405.60 lakhs to 1,753 cases in the previous year. This represents an increase of 39% in terms of number and 14% in terms of amount.

##### (b) Disbursement:

The disbursements made during the year 1987-88 by the Corporation's Hubli Zone were Rs.2,096.41 lakhs as compared to Rs.1,803.88 lakhs in the year 1986-87. This represents an increase of 16% in terms of amount. The disbursements made during the year 1988-89 were Rs.2,362.12 lakhs as compared to Rs.2,096.41 lakhs in the previous



year, representing an increase of 13% in terms of payment.

#### 4.4.4 Gulbarga Zone:

(a) Sanctions:

During the year 1987-88, the Corporation's Gulbarga Zone sanctioned a total of Rs.1,224.33 lakhs to 727 cases as against Rs.1,423.07 lakhs to 622 cases sanctioned in the year 1986-87, representing an increase of 17% in terms of number but a decrease of 14% in terms of amount. During the year 1988-89, Hubli Zone sanctioned Rs.1,682.78 lakhs to 813 cases as against Rs.1,224.33 lakhs to 727 cases in the previous year. This represents an increase of 12% in terms of number and 37% in terms of amount.

(b) Disbursement:

The disbursements made during the year 1987-88 by the Corporation's Gulbarga Zone were Rs.1,776.84 lakhs as compared to Rs.1,038.30 lakhs in the year 1986-87. This represents an increase of 18% in terms of amount. The disbursements made during the year 1988-89 were Rs.1,474.38 as compared to Rs.1,226.24 lakhs in the previous year, representing an increase of 20% in terms of amount.

#### 4.5 DISTRICT-WISE SANCTIONS AND DISBURSEMENT:

It is to be noted that the need for a balanced geographical development of industries in the country and

in the various States was felt in all the times. In many States, a general tendency has been observed for the assistance to be concentrated on the projects located in or around major cities, for example, Bombay, Calcutta, New Delhi and Bangalore. In recent years, there has been a conscious effort to diversify the assistance provided by the State Financial Corporations and the all-India financial institutions; and in particular, to provide fiscal and monetary concessions to industrial units in backward regions. The results of these efforts cannot be said to be altogether satisfactory, but the favourable aspect is that there is now an all-round consciousness to develop the industrially backward regions.

The Karnataka State Financial Corporation plays an important role in making multi-dimensional efforts for the growth of industries in the nineteen districts of the State, by sanctioning and disbursing the loans. Out of these nineteen districts, some districts are considered as 'backward districts'. Such backward districts are seven in number, namely, Belgaum, Tumkur, Dakshina Kannada, Gulbarga, Bijapur, Uttar Kannada and Hassan. The 'most backward districts' are three in number, namely, Mysore, Dharwad and Raichur. Bidar is a no-industry district in the State.

Table 4.5 shows the District-wise analysis of the loan assistance sanctioned and disbursed by the Corporation during the period from 1986-87 to 1988-89.

Table 4.5

District-wise classification of loans sanctioned and disbursed during the years 1986-87 to 1988-89

Districts	(Amount in Rs. in Lakhs)											
	Sanctions						Disbursement					
	1986-87		1987-88		1988-89		1986-87		1987-88		1988-89	
Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
1. Bangalore	5181	20,489.52	5,908	25,060.74	6,747	29,332.57	4,506	16,010.57	5,326	20,200.03	6,068	24,863.88
2. Belgaum	2,150	2,794.05	2,459	3,413.74	2,922	4,065.63	1,909	1,975.34	2,315	2,657.20	2,767	3,483.60
3. Bellary	589	904.22	862	1,191.13	921	1,538.60	510	795.75	630	956.20	775	1,304.41
4. Bidar	606	2,071.86	753	2,538.84	919	2,877.47	532	1,200.34	673	1,753.27	855	2,304.61
5. Bijapur	852	688.67	1,089	1,256.14	1,860	1,365.32	772	677.58	1,072	904.27	1,701	1,145.58
6. Chickmangalur	250	303.16	373	389.05	468	523.80	229	288.21	338	384.60	432	512.80
7. Chitradurga	1,007	1,639.64	1,116	1,969.36	1,288	2,345.94	871	1,329.91	1,086	1,646.24	1,232	2,092.16
8. Dakshina Kannada	1,217	2,339.53	1,459	3,059.98	1,780	4,010.61	914	1,868.72	1,128	2,589.51	1,429	3,447.77
9. Dharwad	2,290	3,918.52	2,713	4,684.93	3,223	5,368.28	2,713	3,298.52	2,152	4,000.06	2,589	4,804.95
10. Gulbarga	576	1,040.75	785	1,240.67	1,074	1,493.88	520	684.37	703	935.52	914	1,254.99
11. Hassan	503	751.48	631	900.96	755	1,097.46	455	607.22	594	755.55	723	988.16
12. Kodagu	170	189.87	260	271.53	350	345.77	138	142.49	230	193.20	320	273.03
13. Kolar	476	1,697.68	569	1,392.44	682	1,816.42	441	765.94	531	1,004.89	627	1,319.09
14. Mandya	431	628.78	579	847.12	741	1,280.18	338	543.31	510	715.24	693	958.12
15. Mysore	1,460	4,603.43	1,759	5,403.12	2,102	6,695.87	1,326	3,801.98	1,606	4,540.31	1,919	5,549.44
16. Raichur	634	1,361.53	702	1,505.56	826	1,967.48	578	1,123.35	658	1,335.66	766	1,621.02
17. Shimoga	2,318	1,664.47	2,847	1,975.79	3,243	2,383.11	2,071	1,334.91	2,292	1,681.72	2,816	2,078.60
18. Tumkur	1,628	2,664.73	2,017	3,438.43	2,432	3,804.90	1,392	2,102.63	1,839	2,587.85	2,288	3,235.74
19. Uttar Kannada	287	845.66	562	925.68	668	1,081.21	450	773.80	523	913.31	627	1,005.95
<b>Total:</b>	22,625	50,297.34	27,443	61,465.42	33,001	73,444.53	19,859	39,305.43	24,206	49,784.69	29,541	62,244.55

Source: Compiled from the Annual Reports for 1986-87, 1987-88 and 1988-89 of Karnataka State Financial Corporation.

During the year 1987-88, Kodagu district registered the maximum increase of 114% in sanctions over the previous year. The other districts which registered increase in sanctions are Mandya (77%), Tumkur (71%), Bellary (69%), Kolar (35%), Bangalore (20%), Dharwad (18%), Shimoga (15%), Hassan (10%), Dakshina Kannada (5%), Chikmangalur (2%) and Mysore (7%).

During the year 1988-89, Raichur district registered the maximum increase of 159.04% in sanctions over the previous year. The other districts which registered increase in sanctions are Uttara Kannada (105.63%), Mandya (42.63%), Dakshina Kannada (40.52%), Kolar (38.92%), Chikmangalur (38.37%), Gulbarga (36.98%), Shimoga (34.76%), Hassan (33.57%), Belgaum (16.87%), Chitradurga (14.29%), Dharwad (2.95%) and Bangalore (1.95%).

The districts where the rate of growth in sanctions has declined in relation to that of the previous year are Kodagu (-5.35%), Bidar (-9.88%), Bijapur (-15.17%) and Tumkur (-40.26%). The details of this decline are already recorded in Table 4.5.

#### 4.6 INDUSTRY-WISE SANCTIONS AND DISBURSEMENTS:

The industry-wise data of loan sanctions and disbursement for the period from 1986-87 to 1988-89 are given in Table 4.6 (on the following page). It is seen from the Table that the major groups that account for the

Table 4.6

Industry-wise classification of loans sanctioned and disbursed during the years 1986-87 to 1988-89

Type of Industry	Sanctions												Disbursement				
	1986-87		1987-88		1988-89		1986-87		1987-88		1988-89		Number	Amount	Number	Amount	
	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.					
1. Coal mining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Metal mining	3	12.48	3	12.48	13	197.55	3	12.48	3	12.48	3	12.48	3	12.48	6	148.57	
3. Crude Petroleum & Natural Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Other non-metallic mining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Food (except beverages)	3,821	5,863.65	4,452	7,078.02	5,140	9,102.23	3,375	4,867.08	4,126	6,048.42	4,784	7,739.38					
6. Beverages	136	578.82	162	643.20	225	939.55	114	467.16	155	592.45	200	723.25					
7. Tobacco	18	57.24	18	72.83	23	90.45	12	55.47	17	64.37	22	80.24					
8. Manufacture of textiles	4,676	3,013.76	6,001	3,439.59	7,738	3,874.28	3,440	2,536.84	4,531	2,867.32	6,147	3,278.06					
9. Stone-quarrying, Clay and sand pits	3	5.94	4	8.82	4	8.82	3	5.49	3	5.49	3	5.49					
10. Footwear, other wearing apparel & made-up textile goods	686	411.14	849	592.20	1,022	837.43	640	362.16	767	438.35	939	625.38					
11. Wood and cork (except furniture)	220	168.75	259	233.50	315	287.83	206	135.46	243	191.28	296	238.25					
12. Furniture & fixtures	220	223.24	249	270.30	296	304.60	205	186.21	231	212.93	266	239.81					
13. Paper and paper products	289	1,505.81	333	1,713.82	385	1,886.66	260	1,128.96	301	1,438.37	348	1,673.97					
14. Printing & Publishing	775	1,575.22	877	1,967.40	962	2,140.13	714	1,224.18	797	1,558.88	893	1,872.43					
15. Leather, Leather & Fur Products	93	106.30	107	174.31	117	121.29	77	88.99	98	104.80	109	117.51					

Table 4.6 (contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
16. Rubber & rubber products	247	1,133.93	298	1,261.40	351	1,597.68	199	884.22	247	1,103.97	306	1,356.79
17. Chemicals & Chem.products	891	4,243.41	1,039	4,999.46	1,211	6,056.67	810	2,888.76	922	4,044.17	1,146	4,941.64
18. Petroleum & coal products	2	8.25	2	8.25	2	8.25	2	8.25	2	8.25	2	8.25
19. Non-metallic mineral products	726	3,983.55	874	4,959.89	1,006	5,716.69	649	2,566.75	778	3,309.11	912	4,297.59
20. Basic metals	265	1,583.39	304	1,964.96	343	2,257.67	287	1,454.01	293	1,651.59	336	1,961.98
21. Metal products (except machinery & trans.eqpt.)	1,565	6,369.14	1,808	7,758.89	2,066	8,891.76	1,362	4,770.43	1,596	6,053.39	1,826	7,372.28
22. Machinery (except electrical machinery)	475	2,064.05	507	2,443.58	532	2,778.08	446	1,674.02	466	1,875.99	501	2,329.29
23. Elec.machinery, apparatus, etc.	561	3,038.43	681	3,925.59	795	4,461.82	488	2,252.04	595	3,047.80	716	3,919.70
24. Transport equipment	251	1,431.62	269	1,619.32	283	1,725.32	216	1,031.11	238	1,233.63	248	1,329.19
25. Electricity, gas & steam	19	218.36	19	202.03	21	228.94	15	184.54	15	201.61	16	226.31
26. Motion picture production, projection & distribution	5	98.21	5	98.21	5	98.21	4	97.89	4	97.89	4	97.89
27. Misc.manufacturing industrial services	2,616	6,003.13	3,343	7,915.00	4,201	9,797.91	2,238	4,343.22	2,945	6,192.23	3,775	8,228.31
28. Hotel	390	2,274.52	458	2,716.57	536	3,223.83	355	1,837.53	419	2,271.31	505	2,808.47
29. Transport	3682	3,817.43	4,328	4,678.26	5,210	6,356.32	3,554	3,757.76	4,168	4,667.10	5,049	6,127.36
30. Fishing	136	254.16	137	254.85	139	263.30	128	252.28	129	252.97	129	252.97
31. Industrial Estates	56	252.51	56	252.51	59	280.41	56	231.29	56	237.29	56	243.24
32. Tech.Consultancy services	1	0.82	1	0.85	1	0.85	1	0.85	1	0.85	1	0.85
<b>Total</b>	<b>22,823</b>	<b>50,297.34</b>	<b>27,443</b>	<b>61,465.42</b>	<b>33,001</b>	<b>73,444.53</b>	<b>19,859</b>	<b>39,305.43</b>	<b>24,206</b>	<b>49,784.69</b>	<b>29,541</b>	<b>62,244.50</b>

SOURCE: Same as Table 4.5.

Corporation's assistance are 'Food (except beverages)', 'Manufacture of textiles', 'Chemicals and chemical products', 'Metal Products (except machinery and transport equipment)', 'Hotel industry' and 'Transport'.

**4.6.1 Food (except Beverages):**

(a) Sanctions:

The Corporation sanctioned a total assistance of Rs.7,078.02 lakhs to 4,452 cases during the year 1987-88 as against Rs.5,813.63 lakhs to 3,821 cases during the year 1986-87. This represents an increase of 17% in terms of number and 21% in terms of amount.

The Corporation sanctioned a total assistance of Rs.9,102.23 lakhs to 5,140 cases during the year 1988-89 as against Rs.7,078.02 lakhs to 4,452 cases in the previous year, registering an increase of 15% in terms of number and 29% in terms of amount.

(b) Disbursement:

The Corporation disbursed a total assistance of Rs.6,048.42 lakhs to 4,126 cases during the year 1987-88 as compared to Rs.4,876.08 lakhs to 3,375 cases during the year 1986-87, which represents an increase of 22% in terms of number and 24% in terms of amount.

The disbursements made during the year 1988-89

were substantially higher at Rs.7,739.38 lakhs to 4,784 cases as against Rs.6,048.42 lakhs to 4,126 cases made during the year 1987-88. This represents an increase of 16% in terms of number and 28% in terms of amount.

#### **4.6.2 Manufacture of Textiles:**

##### **(a) Sanctions:**

The Corporation sanctioned a total assistance of Rs.3,439.59 lakhs to 6,001 cases during the year 1987-88 as against Rs.3,013.76 lakhs to 4,676 cases during the year 1986-87, which represents an increase of 28% in terms of number and 14% in terms of amount.

The Corporation also sanctioned a total assistance of Rs.3,784.28 lakhs to 7,738 cases during the year 1988-89 as against Rs.3,439.56 lakhs to 6,001 cases during the year 1987-88, which represents an increase of 29% in terms of number and 10% in terms of amount.

##### **(b) Disbursement:**

The Corporation disbursed a total assistance of Rs.2,876.32 lakhs to 4,531 cases as against Rs.2,536.84 lakhs to 3,440 cases during the year 1987-88, which represents an increase of 31% in terms of number and 13% in terms of amount.

The disbursement made during the year 1988-89 amounted to Rs.3,278.06 lakhs to 6,147 cases as against



Rs.2,867.32 lakhs to 4,531 cases during the year 1987-88, an increase of 36% in terms of number and 14% in terms of amount.

#### **4.6.3 Chemicals and Chemical Products:**

(a) Sanctions:

The Corporation sanctioned a total assistance of Rs.4,999.46 lakhs to 1,039 cases during the year 1987-88 as against Rs.4,243.41 lakhs to 891 cases during the year 1986-87. This represents an increase of 17% in terms of number and 18% in terms of amount.

The Corporation sanctioned a total assistance of Rs.6,056.57 lakhs to 1,211 cases during the year 1988-89 as against Rs.4,999 lakhs to 1,039 cases during the year 1987-88, resulting in an increase of 17% in terms of number and 21% in terms of amount.

(b) Disbursement:

The Corporation disbursed a total assistance of Rs.4,044.57 lakhs to 982 cases during the year 1987-88 as compared to Rs.2,888.76 lakhs to 810 cases during the year 1986-87, resulting in an increase of 21% in terms of number and 40% in terms of amount.

The disbursement made during the year 1988-89 amounted to Rs.4,941.69 lakhs to 1,146 cases as compared to Rs.4,044.57 lakhs to 982 cases made during the year

1987-88, resulting in an increase of 17% in terms of number and 22% in terms of amount.

**4.6.4 Metal Products (except machinery and transport equipment):**

(a) Sanctions:

The Corporation sanctioned a total assistance of Rs.7,758.89 lakhs to 1,808 cases during the year 1987-88 as against Rs.6,369.14 lakhs to 1,565 cases during the year 1986-87. This represents an increase of 16% in terms of number and 22% in terms of amount.

The Corporation sanctioned a total assistance of Rs.8,891.76 lakhs to 7,066 cases during the year 1988-89 as against Rs.7,758.59 lakhs to 1,808 cases during the year 1987-88, resulting in an increase of 14% in terms of number and 15% in terms of amount.

(b) Disbursement:

The Corporation disbursed a total assistance of Rs.6,053.39 lakhs to 1,596 cases during the year 1987-88 as compared to Rs.4,770.43 lakhs to 1,362 cases during the year 1986-87, resulting in an increase of 17% in terms of number and 27% in terms of amount.

The disbursement made during the year 1988-89 amounted to Rs.7,372.28 lakhs to 1,826 cases as compared to Rs.6,053.29 lakhs to 1,596 cases during the year 1987-88,

resulting in an increase of 14% in terms of number and 22% in terms of amount.

#### 4.6.5 Hotel Industry:

(a) Sanctions:

The Corporation sanctioned a total assistance of Rs.2,716.57 lakhs to 458 cases during the year 1987-88 as against Rs.2,274.52 lakhs to 390 cases during the year 1986-87, which represents an increase of 17% in terms of number and 19% in terms of amount.

The Corporation also sanctioned a total assistance of Rs.3,223.83 lakhs to 536 cases during the year 1988-89 as against Rs.2,716.57 lakhs to 458 cases during the year 1987-88, resulting in an increase of 17% in terms of number and 19% in terms of amount.

(b) Disbursement:

The Corporation disbursed a total assistance of Rs.2,271.31 lakhs to 419 cases during the year 1987-88 as compared to Rs.1,837.53 lakhs to 355 cases during the year, which represents an increase of 18% in terms of number and 24% in terms of amount.

The disbursement made during the year 1988-89 amounted to Rs.2,808.47 lakhs to 505 cases as against Rs.2,271.31 lakhs to 419 cases during the year 1987-88, resulting in an increase of 21% in terms of number and 24% in terms

of amount.

#### 4.6.6 Transport Industry:

(a) Sanctions:

The Corporation sanctioned a total assistance of Rs.4,878.26 lakhs to 4,328 cases during the year 1987-88 as against Rs.3,817.43 lakhs to 3,682 cases during the year 1986-87. This represents an increase of 18% in terms of number and 28% in terms of amount.

The Corporation also sanctioned a total assistance of Rs.6,356.32 lakhs to 5,210 cases during the year 1988-89 as against Rs.4,878.26 lakhs to 4,328 cases in the previous year, resulting in an increase of 20% in terms of number and 30% in terms of amount.

(b) Disbursement:

The Corporation disbursed a total assistance of Rs.4,667.10 lakhs to 4,168 cases during the year 1987-88 as compared to Rs.3,757.76 lakhs to 3,554 cases during the year 1986-87, which represents an increase of 17% in terms of number and 24% in terms of amount.

The disbursement made during the year 1988-89 were substantially higher at Rs.6,127.36 lakhs to 5,049 cases as against Rs.4,667.10 lakhs to 4,168 cases during the previous year, resulting in an increase of 21% in terms

of number and 31% in terms of amount.

#### **4.7 CONSTITUTION-WISE CLASSIFICATION OF LOANS SANCTIONED AND DISBURSED:**

Further light on the subject of the Karnataka State Financial Corporation's loan sanctions and disbursements is thrown by constitution-wise classification of effective sanctions and disbursements. The relevant data in this behalf are presented in Table 4.7 (on the following page), pertaining to the years 1986-87 to 1988-89. It is observed from these data that during these three years, there had been a marked decline in the financial assistance extended to the public limited companies but an increase in the assistance extended to the private limited companies. At the same time, while there was not much change in the volume of the assistance extended to the partnership firms, the assistance extended to the proprietary concerns recorded a significant increase, both in terms of the number of applicants as well as the amounts sanctioned and disbursed. These trends indicate that the Corporation is definitely moving in the direction of supporting relatively small-sized units, which also compares fairly well with other SFCs generally.

Table 4.7 shows the classification of the industrial enterprises according to their constitution, namely, public limited companies, private limited companies, partnership

**Table 4.7**

Constitution-wise classification of loans sanctioned and disbursed from the year 1986-87 to 1988-89

Type of Constitution	(Amounts in Rs.in lakhs)								
	Sanctions			Disbursements					
	1986-87 Number	1987-88 Number	1988-89 Number	1986-87 Amount	1987-88 Amount	1988-89 Amount			
1. Public Limited Companies	6	14	17	65.27	433.50	374.66	45.53	94.91	269.70
2. Private Limited Companies	326	356	351	4,890.90	5,213.05	5,483.05	4,531.99	4,853.51	4,981.33
3. Cooperative Societies	2	-	4	20.10	-	90.75	10.60	30.10	44.25
4. Partnership Concerns	546	548	674	2,634.13	2,644.05	3,095.80	1,729.96	2,113.53	2,700.50
5. Joint Hindu Families	1	-	3	5.00	-	11.30	6.40	3.58	6.53
6. Proprietary Concerns	4,029	4,135	5,129	3,563.71	4,267.98	5,409.97	2,642.36	3,383.63	4,457.50
<b>Total:</b>	4,910	11,179.11	5,053	12,558.00	6,178	14,465.53	8,966.84	10,479.26	12,459.81

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Source: Same as Table 4.1, p.61.

concerns and proprietary concerns, to whom the Corporation sanctioned and disbursed its financial assistance during the period from 1986-87 to 1988-89.

#### **4.7.1 Public Limited Companies:**

The 'public limited company' is an important classification to whom the Corporation has extended financial assistance. During the year 1986-87, the Corporation had recorded a considerably higher performance by sanctioning Rs.433.50 lakhs to 14 cases as against Rs.65.27 lakhs to 6 cases during the year 1986-87, thereby registering a growth rate of 133% in terms of number and 533% in terms of amount. But the disbursements made during the year 1987-88 were only marginally higher at Rs.94.91 lakhs as compared to Rs.45.43 lakhs made during the previous year, resulting in an increase of 6% in terms of amount.

During the year 1988-89, the Corporation sanctioned Rs.374.66 lakhs to 17 cases as against Rs.433.50 lakhs to 14 cases in the year 1987-88, resulting in an increase of 21% in terms of number but a decrease of 14% in terms of amount. The disbursements made during the year 1988-89 amounted to Rs.269.70 lakhs as compared to Rs.94.91 lakhs, resulting in an increase of 183% in terms of amount.

#### **4.7.2 Private Limited Companies:**

The 'private limited company' is one of the oldest classification to which financial assistance is being extended by the Corporation. During the year 1987-88, the Corporation has recorded good performance in sanctioning the assistance to this classification. It has sanctioned Rs.5,213.05 lakhs to 356 cases as against Rs.4,890.90 lakhs to 326 cases in the year 1986-87, thereby registering a growth rate of 9.2% in terms of number and 6.7% in terms of amount. The disbursements made during the year 1987-88 amounted to Rs.4,853.51 lakhs as compared to Rs.4,531.99 lakhs in the previous year, resulting in an increase of 7% in terms of amount.

In the year 1988-89, the Corporation has sanctioned Rs.5,483.05 lakhs to 351 cases as against Rs.5,213.05 lakhs to 356 cases in the year 1987-88, resulting in a decrease of 1.5% in terms of number but an increase of 5% in terms of the amount. The disbursements made during the year 1988-89 amounted to Rs.4,931.33 lakhs as compared to Rs.4,853.51 lakhs during the previous year, resulting in an increase of 3% in terms of amount.

#### **4.7.3 Partnership Concerns:**

The 'partnership concerns' is an important classification which is being helped by the Corporation



through its financial assistance. During the year 1987-88, the Corporation has recorded a marginal rise in its assistance to this classification, with the sanction of Rs.2,655.05 lakhs to 548 cases as against Rs.2,613.13 lakhs to 546 cases in the year 1986-87, thereby registering a growth rate of 0.36% in terms of number and 0.37% in terms of amount. The disbursements made during the year 1987-88 amounted to Rs.2,113.53 lakhs as compared to Rs.1,729.26 lakhs in the previous year, resulting in an increase of 22% in terms of amount.

During the year 1988-89, the Corporation has sanctioned Rs.3,095.80 lakhs to 674 cases as against Rs.2,644.05 lakhs to 548 cases in the year 1987-88, resulting in an increase of 23% in terms of number and 17% in terms of amount. The disbursements during the year 1988-89 amounted to Rs.2,700.50 lakhs as compared to Rs.2,713.53 lakhs during the previous year, resulting in an increase of 28% in terms of amount.

#### **4.7.4 Proprietary Concerns:**

The 'proprietary concern' is also one of the oldest classification, which is availing financial assistance from the Corporation. During the year 1987-88, the Corporation recorded a good number of sanctions to this classification, with the sanction of Rs.4,267.98 lakhs to 4,135 cases as against Rs.3,563.71 lakhs to 4,029 cases in the year 1986-87,

registering a growth rate of 3% in terms of number and 19.75% in terms of amount. The disbursements made during the year 1987-88 amounted to Rs.3,383.63 lakhs as compared to Rs.2,642.86 lakhs during the year 1986-87, resulting in an increase of 28% in terms of amount.

In the year 1988-89, the Corporation sanctioned Rs.5,409.97 lakhs o 5,129 cases as against Rs.4,267.98 lakhs to 4,135 cases in the year 1987-88, resulting in an increase of 24% in terms of number and 27% in terms of amount. The disbursements made during the year 1988-89 amounted to Rs.4,457.50 as compared to Rs.3,383.63 lakhs made during the previous year, resulting in an increase of 32% in terms of amount.

#### 4.8 SIZE-WISE SANCTIONS:

Further light on the subject of sanction of financial assistance by the Corporation is thrown by the analysis of size-wise sanctions, as presented in Table 4.8 (on the following page). It is seen that during the years 1987-88 and 1988-89, a substantial increase in the term-loan sanctions has been recorded.

Table 4.8 also brings to the light the importance of the small-scale units. The statistics relating to the average amount sanctioned to these units records a substantial increase

**Table 4.8**

Size-wise analysis of term-loan sanctions during the years 1987-88 and 1988-89

Size-range	(Amounts in Rs.in lakhs)					
	1987-88		1988-89		Since inception upto 31.3.1989	
	Number	Amount	Number	Amount	Number	Amount
1. Upto Rs.0.50 lakhs	2,417	431.80	2,878	342.35	16,079	2,682.36
2. Rs. 0.50 - 2.00 lakhs	1,339	1,517.35	1,673	1,923.21	11,743	13,369.01
3. Rs. 2.00 - 5.00 lakhs	727	2,138.62	1,020	3,055.84	4,258	13,539.14
4. Rs. 5.00 - 7.50 lakhs	226	1,458.99	220	1,366.92	1,229	7,869.11
5. Rs. 7.50 - 10.00 lakhs	105	881.74	125	1,057.75	644	5,624.37
6. Rs.10.00 - 20.00 lakhs	114	1,708.99	135	1,999.59	856	12,446.57
7. Rs.20.00 - 30.00 lakhs	66	1,642.63	60	1,543.85	583	15,730.42
8. Rs.30.00 - 45.00 lakhs	29	1,091.53	32	1,275.82	116	4,447.76
9. Above Rs.45.00 lakhs	30	1,686.93	35	1,900.20	110	6,182.53
<b>Total:</b>	5,053	12,558.58	6,178	14,465.53	35,618	81,891.27

Source: Same as Table 4.1, p.66.

in the range of Rs.0.50-2.00 lakhs as also in the range of Rs.2.0-5.0 lakhs.

The analysis of the size-wise distribution of the loans sanctioned during the year 1988-89 in the range of Rs.0.50-2.00 lakhs shows that the Corporation sanctioned Rs.1,923.21 lakhs to 1,339 cases, while it had sanctioned Rs.1,517.35 lakhs to 1,339 cases in the year 1987-88, indicating an increase of 25% in terms of number and 27% in terms of amount. Since the inception of the scheme, the Corporation has financed 11,743 cases to the extent of Rs.13,369.91 lakhs in this range.

In the range of Rs.2.00-5.00 lakhs, during the year 1987-88, the Corporation has sanctioned Rs.2,138.62 lakhs to 727 cases; while it has gone up to Rs.3,055.84 lakhs to 1,020 cases in the year 1988-89, recording an increase of 40% in terms of number and 42% in terms of amount. Since the inception of the scheme, the Corporation has financed 4,258 cases to the extent of Rs.13,539.14 lakhs.

As the size-range increases over Rs.5.0 lakhs, the number of the beneficiaries in each range goes down gradually. Still, the Corporation has sanctioned Rs.4,447.76 lakhs to 116 cases in the size-range of Rs.30.00-45.00 lakhs and also Rs.6,182.53 lakhs to 110 cases who needed Rs.45.0 lakhs and above for their projects.

Since the inception of the term-loan scheme, the Corporation has extended a total assistance of Rs.81,891.27 lakhs to 35,618 cases as at the end of 31.3.1989.

#### **4.9 SECTOR-WISE BREAK-UP OF LOAN SANCTIONS AND DISBURSEMENT:**

The details of the Corporation's effective loan sanctions and disbursement are presented in Tables 4.9A and 4.9B (on the following pages) which pertain to the years 1987-88 and 1988-89.

It is observed that during these two years, there was a marked decline in the assistance being extended to the public-sector, joint-sector and cooperative-sector units; while the assistance to the private-sector units recorded a significant increase with regard to both number of cases and sanctioned amount. This indicates that the Corporation is relatively more interested in assisting the private-sector units in the State.

#### **4.10 PURPOSE-WISE CLASSIFICATION OF SANCTIONS:**

To keep pace with the changing technology and common tastes and preferences as also to increase the industrial productivity and efficiency, the Corporation continuously encourages new projects, expansion, modernization and rehabilitation activities. The statistics relating to the

**Table 4.9A**

Sector-wise break-up of loans sanctioned during  
the years 1987-88 and 1988-89

Sector	1987-88						1988-89						Since inception upto 31.3.1989					
	Backward District			State			Backward District			State			Backward District			State		
	Number	Amount		Number	Amount		Number	Amount		Number	Amount		Number	Amount		Number	Amount	
1. Public Sector	1	8.00		1	8.00		1	12.00		1	12.00		2	20.00		10	151.86	
2. Joint Sector	1	40.63		2	70.63		1	40.63		1	40.63		5	106.45		7	166.45	
3. Cooperative Sector	-	-		-	-		3	85.80		4	86.65		14	214.62		27	318.32	
4. Private Sector	2,812	5,614.74		5,050	12,479.95		3,946	6,716.31		6,172	14,326.25		18,540	33,537.07		32,957	72,807.90	
<b>Total :</b>	2,814	5,663.37		5,053	12,551.58		3,951	6,854.74		6,178	14,465.53		18,561	33,878.14		33,001	73,444.53	

Source: Compiled from the Annual Reports for 1987-88 and 1988-89 of Karnataka State Financial Corporation.

**Table 4.9B**

Sector-wise break-up of loans disbursed during the years 1987-88 and 1988-89.

Sector	(Amounts in Rs. in Lakhs)					
	1987-88		1988-89		Since inception upto 31.3.1989	
	Backward District	State	Backward District	State	Backward District	State
1. Public Sector	7.34	7.34	12.66	12.66	20.00	151.86
2. Joint Sector	26.63	56.63	26.63	26.63	63.32	123.32
3. Cooperative Sector	18.60	30.10	38.40	44.25	167.22	256.42
4. Private Sector	4,855.65	10,335.19	5,814.81	12,429.53	28,591.27	61,712.90
<b>Total:</b>	4,908.22	10,479.26	5,839.24	12,459.81	28,841.81	62,244.50

Source: Compiled from the Annual Reports for 1987-88 and 1988-89 of Karnataka State Financial Corporation.

purpose-wise classification of sanctions is accordingly presented in Table 4.10 (on the following page). The observations pertaining to each classification are as under:

#### **4.10.1 New Projects:**

The Corporation continues to encourage new projects to enable the industries in the State to keep abreast of the latest technology and also to achieve higher production levels. As a result, during the year 1987-88, the Corporation sanctioned Rs.10,507.02 lakhs to 4,519 cases as against Rs.8,612.18 lakhs to 4,487 cases in the year 1986-87. This represents an increase of 1% in terms of number and 22% in terms of amount.

In the year 1988-89, the Corporation sanctioned Rs.10,005.19 lakhs to 4,519 cases, which represents an increase of 6% in terms of number but a decrease of 6% in terms of amount over the preceding year.

#### **4.10.2 Expansions/Diversifications, etc.:**

The Corporation also encourages the expansion/diversification activities of the various enterprises for the purpose of achieving higher production levels. But during the year 1987-88, the Corporation sanctioned Rs.645.08 lakhs to 266 cases as against Rs.1,597.22 lakhs to 266 cases during the year 1986-87. Hence, while the number of cases has



Table 4.10

Purpose-wise classification of sanctions from  
the year 1986-87 to 1988-89

	(Amounts in Rs.in lakhs)					
	1986-87		Sanctions (Gross)		1988-89	
	Number	Amount	Number	Amount	Number	Amount
1. New Projects	4,487	8,612.18	4,519	10,507.02	4,807	10,005.69
2. Expansion/Diversification	266	1,597.22	266	645.08	856	2,805.43
3. Modernization/ Rationalization, etc.	18	146.16	48	520.38	64	503.32
4. Rehabilitation	45	316.19	174	789.76	314	915.22
5. Supplementary assistance for cash overrun	103	507.36	46	96.34	137	235.87
<b>Total:</b>	<b>4,910</b>	<b>11,179.11</b>	<b>5,053</b>	<b>12,558.58</b>	<b>6,178</b>	<b>14,465.53</b>

Source: Same as Table 4.1, p.61

remained unchanged, the quantum of the assistance has recorded a decrease of about 60%.

In the year 1988-89, the Corporation sanctioned Rs.2,805.43 lakhs to 856 cases as against Rs.645.08 lakhs to 266 cases in the previous year. This represents an increase of 22% in terms of number and 334% in terms of amount over the preceding year.

#### **4.10.3 Modernization/Rationalization, etc.:**

The Corporation lays particular emphasis on encouraging modernization/rationalization in the industry. As a result, during the year 1987-88, the Corporation sanctioned Rs.520.38 lakhs to 48 cases as against Rs.146.16 lakhs to 18 cases in the year 1986-87, indicating an increase of 166% in terms of number and 150% in terms of amount.

In the year 1988-89, the Corporation sanctioned Rs.503.42 lakhs to 64 cases as against Rs.520.38 lakhs to 48 cases in the previous year, indicating an increase of 33% in terms of number but a decrease of 3% in terms of amount.

#### **4.10.4 Rehabilitation:**

The rehabilitation of sick units is also a major interest area for the Corporation. Accordingly, during the

year 1987-88, the Corporation sanctioned Rs.789.76 lakhs to 174 cases as against Rs.316.19 lakhs to 45 cases in the year 1986-87, recording an increase of 286% in terms of number and 150% in terms of amount.