

FUNCTIONING OF MAHARASHTRA STATE FINANCIAL CORPORATION :
AN APPRAISAL

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PREFACE

The all-India development banks operate at the national level but each State has its own regional development bank which confines its activities within the jurisdiction of the State concerned. The role of SFCs in the field of industrial finance has assumed greater importance in view of their commitment to development of small scale industries and for correction of regional imbalances through greater investment in the backward regions of the State. In the present context, the operations of SFCs have special significance and therefore proper appraisal of their operations are most crucial. In terms of volume of operations, and assistance to small and medium scale industries, SFCs have continued to occupy an important position. It is in this context that the present case study of Maharashtra State Financial Corporation gains importance. Since, Maharashtra State Financial Corporation (MSFC) is a premier regional development bank in the country, it would be instructive to assess its overall performance in the last 22 years. It is logical to make an attempt to evaluate MSFC's contribution in the industrial development of the State in terms of its socio-economic objectives, plan objectives and so on. Basically, the study proposes to enquire into the working of the MSFC in the light of some selected

norms or standards of performance. The norms may be qualitative as well as quantitative. As the coverage of the subject for study is rather vast, the approach has to be selective or restricted. After the bifurcation of Bombay State, MSFC was set up in August 1962 (when Gujarat SFC was separated from the older Bombay SFC), and hence it would be appropriate to confine this assessment to the period beginning from 31st March 1962 upto 31st March 1984.

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CHAPTER I

INTRODUCTION

1.1 Role of Development Banks

Capital formation is very crucial for the promotion of economic growth of developing countries. As capital markets in developing economies are ill-equipped to supply adequate finance to industry, the only solution lies in the establishment and development of specialized financial institutions to promote long-term finance for industrialization. To quote Professor Basu, 'A development bank is intended to provide the necessary capital, enterprise, management and technical knowledge where these are inadequate or non-available and also assist in building up the financial and socio-economic infrastructure favourable to quick economic development. The emphasis in its various activities has shifted from one country to another depending on its peculiar needs and circumstances. Thus, in some countries the stress has been on finance, in some on promotion; and again elsewhere on economic planning itself.¹ William Diamond described, 'development banks as catalysts for investment in the private sector to provide injections

1 S.K. Basu, Theory and Practice of Development Banking - A Study in the Asian Context, 1965, p. 1.

of capital, enterprise and management'². Development Banking is an institutional device to promote economic development and is essentially a post-second world war phenomenon. However, prototypes of these banks had already been in existence before World War I. The two earliest institutions in the world to finance industry have been the 'Societe General de Belgive' and the 'Credit Mobiliser'. The former was founded in Belgium in 1822 and the latter in France in 1852. Japan founded the Industrial Bank of Japan in 1902 on the model of the Credit Mobiliser for the purpose of industrial development.

The promotional or developmental role of development banks is of great significance for economic growth of developing countries. This promotional role may take a variety of forms, like provision of risk capital, underwriting of new issues, identification of investment projects and technical advice.

1.2 Development Banking in India : A Brief Review

In the pre-independence days, institutional structure in term-lending finance was almost non-existent. The

2 Diamond William, Development Banks, John Hopkins Press, Baltimore, 1957, p. 4.

Indian capital market was ill-equipped. The Managing Agency system that existed in the British era was not able to meet the requirements of the planned industrial development.

"Indian development banks owe their origin, constitution and objectives to the special needs which have arisen in the process of India's economic growth".³

The Industrial Commission (1918) was the first organized attempt to consider the question of financing industry in India. This was the first time when industrial finance became the issue for discussion.

The Central Banking Inquiry Committee (1931) strongly recommended the need for provincial industrial corporations in order to increase the facilities for industrial investment. The Committee also contemplated setting up of all-India Industrial Finance Corporation to meet the requirements of long-term funds as well as to supplement the existing facilities for industrial investment. In his research work published in 1935, P.S. Loknathan also underlined the need for the establishment of financial institutions for the purpose of supply of funds to industry.⁴

3 Sing, Prabhu N., Role of Development Banks in a Planned Economy, Vikas Publishing House Pvt.Ltd., Bombay, 1974, p. 41-42.

4 As quoted in T. Matin, Institutional Finance in India, 1971, p. 60.

S.K. Basu also came to the conclusion that "the future development of industrial finance in India should be sought in the establishment of a special machinery for providing for particular type of long-term finance of which Indian Industry stood in urgent need"⁵. The Committee on Finance for the Private Sector (1954 : Chairman, A.D.Shroff) also observed the lacuna in the then existing structure of Indian capital market. The Committee felt the need to establish a more specialised financial institution.

1.3 Industrial Development Banks (All-India)

The Industrial Finance Corporation of India (IFCI) was the first long-term industrial finance institution to be set up in the country. It was established in 1948. It provides financial assistance to large and medium-sized limited companies in both the private and public sector and co-operative societies. In January 1955, the Industrial Credit Investment Corporation of India Limited (ICICI) was set up as a private sector development bank. This institution was set up to provide assistance in the creation, expansion and modernisation of private enterprises. The objective of the Corporation is also to encourage and promote ownership of industrial investment and expansion of investment markets.

⁵ Basu S.K.: Industrial Finance in India, p. 377.

The Refinance Corporation for Industry Limited (RCI) was set up in 1958 with a view to provide refinancing facilities to commercial banks and other financial institutions. The Corporation was merged with IDBI in 1964. Industrial Development Bank of India (IDBI) was originally constituted as a wholly owned subsidiary of the Reserve Bank of India (RBI). Under the Public Financial Institutions Laws (Amendment) Act, 1976, the ownership of IDBI was transferred from RBI to the Government of India. The Act came into force effective from February 16, 1976. It is the apex institution in the field of industrial development banking in the country. As a development bank, the IDBI provides term-finance and other development services to industry along with other development banks. Through refinance and bills rediscounting assistance, the IDBI provides resource support to state-level institutions.

Industrial Reconstruction Corporation of India Ltd. (IRCI) was set up in April 1971 with the primary objective of providing financial assistance for revival and rehabilitation of sick industrial units. Now, it has been reconstituted and renamed as the Industrial Reconstruction Bank of India (IRBI) by an act of parliament with effect from March 20, 1985.

Life Insurance Corporation was set up in 1956 by nationalising the then existing life insurance companies

with the main objective of mobilising the savings of the people in a large measure and to utilise these funds for public good and economic growth. The Unit Trust of India was established in 1964 to channelise small savings of households into investments in corporate shares and debentures.

1.4 State-Level Industrial Development Banks

The State Financial Corporations Act was passed in 1951 which empowered the State Governments to set up financial institutions in their states. State Financial Corporations (SFCs) cater to the financial needs of small and medium enterprises.

State Industrial Development Corporations (SIDCs) were established by the State Governments during 1960s. SIDCs extend financial assistance mainly to medium-scale industrial units by way of loans and underwriting and/or direct subscription to shares and debentures and undertake promotional activities.

1.5 Other Financial Institutions

Apart from all-India and state-level financial and investment institutions, there are other agencies in the country which extend term finance to industrial units and undertake promotional activities aimed at facilitating industrial development.

Indian Commercial Banks, following the British Banking system, confined themselves until recently to short-term financial activity of corporate sector. However, in recent years they have entered into new lines of activity of extending financial support to cover term-capital needs of industrial enterprises. Scheduled Commercial Banks in India consist of five groups viz., (i) State Bank of India (SBI) and its associates, (ii) Nationalised Banks, (iii) Private sector banks, (iv) Regional rural banks and (v) foreign banks.

The National Small Industries Corporation Ltd. (NSIC) was set up in 1955 as a wholly-owned undertaking of the Government of India. Its activities cover such areas as supply of machinery on a hire-purchase basis to small-industries, distribution of certain types of raw materials, provision of marketing assistance, export of products of small-scale units, etc.

1.6 State Financial Corporations : An Evaluation

While introducing the IFC Bill in the central legislature, the then Union Finance Minister disclosed the intention of the Central Government to enact legislation authorising the State Governments to set up State Financial Corporations within their jurisdiction mainly to meet the objective of promoting small and medium-scale industries.

In this regard, the Union Government took a further step by addressing a circular letter to all State Governments on the proposed legislation in which it was stated as follows :

"The Bombay Government wish to set up a Provincial Industrial Credit Corporation for making financial aid to medium and small-scale industries to supplement the work of the industrial financial corporation established by the Government of India. They consider that, as in the case of Central Corporation, the Provincial Corporation should be established under a special statute in order to make it possible to incorporate the required provisions in regard to majority control by Government, guarantee by Government, restriction of distribution of profits, powers of recovery of dues, etc. Since under entry 33 in list 1 in the seventh schedule read with section 100 of the Government of India Act, 1935, the incorporation, regulation and winding up of trading corporations including financial corporations, fall within the purview of the central legislature, they have requested the Government of India to enact the necessary legislation. The proposal has been discussed by the Government of India with the Bombay Government, the R.B.I. and the Industrial Finance Corporation of India. There is a general agreement that there is some scope for Provincial Industrial Corporations....." ⁶

⁶ The Report of the Working Group on SFCs, R.B.I.(1962), p. 10.

The State Financial Corporations Act was passed by the Indian Parliament on September 28, 1951, empowering the State Governments to establish financial corporations for their respective regions. Under this Act, 18 State Financial Corporations (including the Tamil Nadu Industrial Investment Corporations Ltd.) have been established so far. The Punjab Financial Corporation was the first State Financial Corporation to come into existence in February, 1953. Of course, the then Madras Government had established the Madras Industrial Investment Corporation (Now, the Tamilnadu Industrial Investment Corporation - TIIC) in 1949, as a company registered under the Indian Companies Act, 1913. Its function were on the lines of SFC. For this reason, the TIIC was brought under the purview of the SFCs Act. The SFCs in Bombay, Kerala and West Bengal came into existence in 1953-54, SFCs in Assam, Bihar, Rajasthan and Uttar Pradesh came into existence in 1954-55, while those in Andhra Pradesh, Madhya Pradesh and Orissa in 1955-56. The SFCs of Karnataka and Jammu and Kashmir were set up in 1958-59 and 1959-60 respectively.

The SFCs in Delhi, Haryana and Himachal Pradesh were carved out of Punjab Financial Corporation in 1967-68. Some of the SFCs like those in Assam, Delhi, Maharashtra, Tamilnadu and West Bengal cater to the requirements of the neighbouring states/union territories which do not have SFcS

of their own.

1.7 Some Salient Features of the SFCs

State Financial Corporations have been established with a view of providing medium-and long-term finance to small- and medium-sized industries which fell outside the purview of the I.F.C. in terms of the SFCs Act. The State Governments and Reserve Bank, Now IDBI, through mutual consultations, shape the overall policy and functioning of these corporations. No SFC can be liquidated except through the order of the concerned State Government. The assistance of the State Financial Corporations to industrial units is mainly through loans, underwriting of shares, bonds and debentures, and guaranteeing of deferred payments in connection with purchase of capital goods in India. With a view to restricting the SFCs' assistance to only small and medium-scale industries, they have now been prohibited from granting assistance to concerns whose paid-up capital and free reserves exceed Rs. 1 crore. The capital structure of a State Financial Corporation is fixed by State Government concerned subject to a minimum of Rs. 50 lakhs and a maximum of Rs. 10 crores. As the share capital of many SFCs has already reached the ceiling of Rs. 10 crores as laid down under the SFCs Act, a bill raising the limit of Rs. 50 crores was recently passed by the Lok Sabha.

The SFCs are entitled to issue bonds and debentures in the markets, guaranteed by the State Government in respect of repayment of principal along with interest due in consultation with the RBI which determines the quantum of bond issued by the SFCs. SFCs also issued a special class of shares, known as 'Special Capital' which do not carry a minimum dividend rate. SFCs also raise additional resources through public deposits and borrowings from State Governments. The maturity period of the bonds issued by the SFCs varies generally from 10 to 12 years

With effect from February 16, 1976, the RBI's holdings of the SFCs shares were transferred to and vested in the IDBI.

1.8 Forms of Financial Assistance

The SFCs are authorised to provide financial assistance of the following types.

1. Granting loans or advances to industrial concerns or subscribing to debentures, repayable within 20 years.
2. Guarantee loans raised by industrial concerns on such terms and conditions as may be mutually agreed upon.
3. Underwrite issue of stocks, shares, bonds or debentures by industrial concerns subject to being disposed of in the market within 7 years.

4. Guarantee such deferred payments of any industrial concern as are in connection with the purchase of capital goods within India.
5. Act as an agent of the Central Government, State Government, IDBI and other financial institutions.
6. Participate in the equity capital of small-scale industrial units coming up in the backward areas.
7. Provide working capital in deserving cases.

1.9 Scope of Activities

The scope of the activities of the SFCs is wider than that of the IFC since the definition of "industrial concern" has been broadened so as to include not only public limited companies but also private limited companies, partnership firms and proprietary concerns. SFCs are empowered to provide assistance for purchase of equipment for modernisation, renovation, expansion and diversification. They can assist in the form of block as well as working capital. According to Section 2(c) of the SFCs Act, 1951 (as amended), the SFCs can assist an industrial concern engaged, or to be engaged, in any of the following activities.

1. Manufacture, preservation or processing of goods;
2. Mining;
3. Hotel Industry;
4. Transport of passengers or goods by road or by sea;

5. Generation and/or distribution of electricity or any other form of power;
6. Development of contiguous area of land as an industrial estate;
7. Fishing.

1.10 Limit for Accommodation⁺

Term loans can be sanctioned by the SFCs as per the following limits.

1. Private limited companies/Public limited companies where the paid-up capital plus free reserves do not exceed Rs. 1 crore - Rs. 30 lakhs.
2. Registered Co-operative Societies - Rs. 30 lakhs.
3. Proprietary and Partnership concerns - Rs. 15 lakhs.

1.11 Organisational Set-up

Board of Directors : The Board of Directors of a SFC is the highest authority and is headed by a Chairman. The

+ Originally the limit was Rs. 10 lakhs for all types of borrowers, which in 1962, was raised to Rs. 20 lakhs for public limited companies and co-operative societies, amended again in 1972 by which the limit was raised to Rs. 30 lakhs for companies and co-operative societies. A Bill raising the ceiling of financial assistance to Rs. 60 lakhs along with provisions for several changes in the SFCs working was recently passed by the Lok Sabha. These modifications are soon to widen the scope of the working of the SFCs.

Board is assisted by the Executive Committee and Managing Director. At present, the Board of Directors consists of 12 members. 4 nominated by State Government, one by the Reserve Bank of India, two by the Industrial Development Bank of India, 3 elected to represent insurance companies (including the Life Insurance Corporation of India), Investment Trusts and other Financial Institutions, one elected by non-institutional shareholders and the Managing Director.

One of the directors, other than the Managing Director, is the Chairman nominated by the State Government, who holds office for a period of two years. In terms of Section 17(1) of the SFCs Act 1951, the Managing Director is a whole time director and may hold office for such term not exceeding four years as the State Government may specify and be eligible for re-appointment.

Executive Committee

Each SFC has to set up an Executive Committee in terms of the Section 10 of the SFCs Act 1951. It deals with most of the functions which the Board is authorised to perform. By statute, Managing Director is the Chairman of the Executive Committee nominated by the State Government in consultation with Board of Directors.

Advisory Committee

An advisory committee may also be set up to discharge

functions effectively and furnishing expert advice to the Corporation. Members of the advisory committee are from experts in their branches and non-employees of the institution.

Policy on Security and Margin

The SFCs ordinarily extend security loans which are normally secured by way of legal mortgage of the borrower's fixed assets.

The SFCs generally insist upon a minimum margin of 40 percent on the net value of the mortgaged assets. However, the SFCs are adopting considerable flexibility in operating this norm; for instance, in the case of small scale units, the margin may be only 25 per cent. Relaxations are also made for projects established in less developed regions.

1.12 Interest Rate Policy

The lending rates of the SFCs are normally linked to the bank rate and the IDBI's refinance rate to the SFCs. However, the general lending rate of the SFCs currently varies between 12 and 15 percent per annum. The SFCs charge a concessional rate of interest for loans granted to units in backward areas and to small scale units. Further, the rate schedule is subject to alteration from time to time.

In addition to interest, certain other fees/charges are

also recovered by SFCs from the applicants/borrowers.

1.13 Resource Structure

The resources of the SFCs are derived from (1) the paid-up share capital, 2) deposits, 3) bonds and debentures, 4) borrowing from the I.D.B.I. and 5) Reserves.

The SFCs may accept deposits from specified sources upto the amount of their paid-up capital. The SFCs are authorised to borrow from Government, the RBI and IDBI, Scheduled Banks and other institutions subject to a maximum of 10 times their net worth. The IDBI assists the SFCs mainly through its schemes of refinancing. There are no statutory limits on the magnitude of refinance that a SFC can secure from the IDBI. However, the IDBI has stipulated that the outstanding refinance to any SFC shall not exceed three times the paid-up capital and reserves of the corporation.

SFCs build up reserves which fall under five categories i.e. (1) General reserve fund, 2) Special reserve fund, 3) Reserve for bad and doubtful debts, 4) Reserve for investments, and 5) other reserves.

Plan of the Study

So far as the plan of the study is concerned, it is divided into four chapters. In Chapter II an attempt is

made to describe the historical background of Maharashtra State Financial Corporation (MSFC). The various aspects examined here include a survey of the policies and schemes of MSFC, objects, functions, organisational set-up and capital structure of MSFC, besides its terms and conditions and procedures for granting assistance.

An evaluation of performance of the MSFC is attempted in Chapter III, wherein the role of MSFC is assessed in the light of some selected norms. A discussion of the sources and uses of the funds of MSFC is also presented in the chapter.

Finally, the conclusions of this study are presented in Chapter IV along with a brief summary of the findings of the previous chapters. A few suggestions for improving the functioning of MSFC are advanced in this chapter.

CHAPTER II

MAHARASHTRA STATE FINANCIAL CORPORATION

2.1 Historical Background

Bombay State Financial Corporation was the third to be set up in the country in December, 1953 under State Financial Corporations Act, 1951. Till 1956, it covered the area of the then state of Bombay.

The then Bombay State Financial Corporation was reconstituted with effect from 1.11.1956, ^{by} amalgamating the then existing State Financial Corporations for the State of Bombay and Saurashtra and extending its area of operations to the new State of Bombay excluding four districts viz., Belgaum, Dharwar, Bijapur and North Canara. Consequent upon the reorganisation of the State in 1960, State of Maharashtra came into existence with the break-up of the State of Bombay into the State of Maharashtra and the State of Gujarat on 1.5.1960. As a result, the then Bombay State Financial Corporation restricted its activities to the area covered by the new State of Maharashtra. The division of assets and liabilities of the then Bombay State Financial Corporation was made between the newly created States of Gujarat and Maharashtra on the basis of the statement of assets and liabilities as on 30th April, 1960.

As a result of the reconstitution, the share capital of the Maharashtra State Financial Corporation (MSFC) was reduced to Rs. 1 crore from Rs. 2 crores. The reduced share capital of Rs. 1 crore consisted of 1,00,000 shares of Rs. 100 each, while the balance was converted into bonds carrying $4\frac{1}{2}$ per cent interest.

The total amount of subvention received from the then Bombay State Government upto 1960 to meet the shortfall in the payment of guaranteed dividend was about Rs. 27.59 lakhs. The amount of total subvention was divided between MSFC and Gujarat State Financial Corporation in the proportion of 66.31 : 33.69 under an arrangement determined by the Government of India.

2.2 MSFC : The Beginning

The Maharashtra State Financial Corporation came into existence on 14.8.1962. The Corporation extended its area of operation to the Union Territory of Goa, Daman and Diu in 1964 under the provisions of Section 46A of the SFCs Act, 1951. Accordingly, the Government of Goa, Daman and Diu purchased 5,471 shares of the total face value of Rs.5,47,100 from the Government of Maharashtra.

2.3 Objectives

The main objective of the Corporation is to provide medium-and long-term assistance to industrial concerns that

are eligible under SFCs Act, 1951, located in the political boundaries of the Maharashtra State and Goa. The development of backward areas, including specified backward areas, has been regarded as one of the major objectives of the MSFC.

2.4 Schemes/Policies : A Brief Review

MSFC has, over time, diversified its operations in terms of several schemes to meet the specialised requirements of various segments of the industrial sector consistent with the objectives of the Corporation and industrial policies of Central Government as well as the Government of Maharashtra.

i) Agency Guarantee Arrangement : In the past, the Corporation considered financial assistance to small scale industrial units under the Agency-cum-Guarantee Arrangement. Under this arrangement, the loans were guaranteed by the Government of Maharashtra. The Corporation has so far invoked guarantee in respect of 97 cases involving an amount of Rs. 33.18 lakhs.

ii) Assistance to Small Road Transport Operators : The scheme has been in operation since 1966. Under this scheme, assistance is available upto Rs. 2 lakhs to road transport operators. Margin is fixed low at 25 per cent in the case of educated unemployed belonging to scheduled caste/scheduled tribes, ex-servicemen and weaker sections of society. Margin

is low at 15 per cent in the case of national permit-holders. Financial assistance may be granted to auto-rikshaw operators who belong to the unemployed group and margin in their case is 5 per cent to 10 per cent. The rate of interest currently charged is $12\frac{1}{2}$ per cent per annum.

Table 2.1 provides information on loans sanctioned to SRTOs in Maharashtra and Goa. Since inception upto end March 1984, the Corporation provided assistance to SRTOs to the tune of Rs. 25.89 crores, i.e., nearly 6 per cent of its total financial assistance. The share of assistance declined from 4.4 per cent in 1979-80 to 2.7 per cent in 1980-81 as well. However, the share increased to 3.6 per cent in 1982-83 but declined by 0.5 percentage points in the subsequent year.

iii) Central Investment Subsidy : MSFC has been working as the disbursing agency for the Central Government Capital Investment Subsidy Scheme. With effect from April 1, 1983, the modified Central Government Investment Subsidy has been made applicable to all 17 backward districts in the state. The rate of Central Subsidy in the districts of Aurangabad, Chandrapur, Gadchiroli, Jalna, Ratnagiri and Sindhudurga is 15 per cent of the fixed capital investment, subject to a ceiling of Rs. 15 lakhs, while in the remaining backward districts the rate is 10 per cent of the fixed capital investment subject to a ceiling of Rs. 10 lakhs.

The Government of Maharashtra has constituted District-level Committee in all the 17 districts where Central Investment Subsidy is now available for implementing the central investment subsidy scheme. As there is time lag for receiving reimbursement from the Government of India, the Corporation decided, effective from 15th November, 1975, to grant short loan equivalent till the time the Corporation receives reimbursement from the Central Government.

The total sanction of central investment subsidy upto 31st March, 1984 stood at Rs. 8.23 crores. Total disbursement since inception of the scheme was Rs. 3.74 crores.

(See Table 2.2)

District-wise data on central investment subsidy are presented in Table 2.3, which reveals that Aurangabad had availed of the largest amount (Rs. 2.57 crores) in the total disbursement during the period under consideration, viz., 1975-76 to 1983-84. In other words, the share of Aurangabad is about three times the share of Ratnagiri and about 1.5 times that of Chandrapur. The rise in the number of units covered under central investment subsidy during the period under consideration is also noteworthy. Table 2.4 indicates that in the total reimbursement made under central investment subsidy scheme during the period 1972-73 to 1982-83, Maharashtra's rank was fifth in the country with a share of nearly 9 percent.

- iv) Technicians Assistance Scheme (TAS) : The scheme has been in operation since 1970-71. Under the scheme, Degree or Diploma holders from recognised institutes with minimum 3 years industrial experience are provided assistance to set up their own industrial units. The upper age limit for eligibility is 45 years. The repayment period is 10 years with a minimum margin of 15 per cent. The current rate of interest is $12\frac{1}{2}$ per cent and $13\frac{1}{2}$ per cent in backward areas and developed areas respectively. The proposals under the scheme are scrutinised by a High Level Technical Committee consisting of technical experts from various fields. Under the scheme, assistance is available upto Rs. 15 lakhs to proprietary and partnership concerns and upto Rs. 30 lakhs to private limited companies, in which the technicians should hold at least 51 per cent share. The promoters' contribution to the total project cost will have to be at least 15 per cent. Since inception of the scheme, the Corporation sanctioned 348 loans for about Rs. 7 crores.
- v) Assistance Towards Research and Development : The scheme has been in operation since 1973 under which assistance is given to entrepreneurs to meet research and development expenditure incurred in the development of products/processes for commercial exploitation. The development finance is treated as a long-term loan and granted on liberal terms in regard to margin and rate of interest. The

proposed existing proprietary/partnership/private limited companies, where development work is yet to be carried out are eligible for a loan upto Rs. 1 lakh at a reduced rate of interest of 10 per cent. However, in case where development work is already carried out, a loan upto Rs. 2 lakhs is available at the same rate as referred to above.

vi) IDA Credit : It is notable that the Corporation was first in the country to sanction loans under IDA credit line from August, 1973.

The IDA line of credit for 25 million dollars was made available under an agreement between the Industrial Development Bank of India (IDBI) and the World Bank group. The amount made available under the scheme was to be channelled through the SFCs for import of plant and machinery. Foreign exchange assistance was available for both small-and medium-scale sectors, subject to the condition that, cost of the project should not exceed Rs. 1 crore.

The data regarding IDA Credit/World Bank Loan are given in Table 2.5.

It is seen that the Corporation, since 1973-74 upto 1982-83, sanctioned 442 loans for Rs. 34 crores including foreign exchange component of Rs. 19 crores under IDA credit and World Bank loan. During the same period, nearly 22 crores were disbursed.

vii) Scheme for Educated Unemployed : Under this scheme,

which has been in operation since 1973-74, financial assistance is available upto Rs. 50,000 to educated unemployed who fall in the age group of 18 to 45 years. This scheme includes loans for Auto-rickshaws, taxis, tempos, vans and plant and machinery for small scale units. Interest is charged at 6 per cent per annum. In aggregate, loans of Rs. 32 crores were sanctioned to 5,162 units since the introduction of the scheme by the MSFC in 1973-74.

viii) Scheme for Young Technicians : Under this scheme, loans upto Rs. 2 lakhs are given to young technicians, particularly those who are ITI trained and have 3 years' experience. The age limit for eligibility is 21 to 35 years. The repayment period is 10 years. Under the scheme, seed capital of $7\frac{1}{2}$ per cent can be granted in deserving cases. The current interest rate is $12\frac{1}{2}$ per cent per annum. The scheme has been in operation since 1978-79. Since introduction of the scheme, the Corporation sanctioned 231 loans for an aggregate amount of Rs.2.80 crores.

ix) Assistance to Scheduled Castes/Scheduled Tribes Entrepreneurs :

This scheme, which has been in operation since 1977-78, was formulated as a part of the 20-point Economic Programme. Under this scheme, financial assistance upto Rs. 1 lakh is granted to Scheduled Castes and Scheduled Tribes entrepreneurs on soft terms. Concessional rate of interest is 6 per cent in respect of loans upto Rs. 50,000 and $13\frac{1}{2}$ per

cent for loans above Rs. 50,000. Since commencement of this scheme, the Corporation sanctioned 268 loans aggregating Rs. 1.50 crores.

x) Seed Capital Assistance Scheme : This scheme has also been in operation since 1977-78. The seed capital assistance is provided to new-entrepreneurs, if they are not in a position to raise adequate promotor's contribution. The maximum limit on seed capital assistance is Rs. 2 lakhs and the service charge is only one per cent. If seed capital required by an entrepreneur is more than Rs. 2 lakhs, his case would be considered under the IDBI scheme of seed capital assistance. The loan is sanctioned out of a special class of share capital provided by the Government of Maharashtra, the Government of Goa, Daman & Diu and Industrial Development Bank of India.

The total number of applications sanctioned since inception stood at 260 for Rs. 1.81 crores.

xi) Modernisation Scheme : The primary objective of the scheme is to encourage industrial units in the small-scale sector to adopt improved and up-dated technology. The Corporation introduced this scheme during the year 1977-78, under which financial assistance is available to certain specific small units, which have been in existence for at least 5 years to adopt improved and up-dated technology. Cost of acquisition of technical know-how is also eligible for finance. Assistance will be need-based and, as such,

there will be no minimum or maximum limit for the loan, but has to be within the overall limit of sanction of the Corporation. There is no fixed norm for security and margin. The loan is granted at a rate of interest of 11.6 per cent per annum.

xii) Loans Against State and Central Incentives : Non-availability of incentives during the implementation of a project may result in time and cost over run. The Corporation has started giving loans against central subsidy from 1977-78. With effect from April 1, 1984, the Corporation has introduced a similar scheme for granting short-term loans against state incentives to help the assisted units to overcome difficulties in the implementation of their projects on account of delay in the disbursement of capital incentives.

xiii) Hotel Financing Scheme : Under this scheme, the MSFC grants assistance for the development of hotel industry in the State. The ceiling for the loan is Rs. 30 lakh with repayment period of 10 years. Preference is given to small hotels set up in the backward regions. The rate of interest charged by the Corporation currently is 14½ per cent. Since introduction of the scheme, the Corporation sanctioned 231 loans for an aggregate amount of Rs. 2.80 crores.

Mini Loan Scheme : This scheme was introduced during the year 1978-79. Under the scheme, financial assistance

may be granted to units coming up in the tiny sector with extension to entrepreneurs of the following categories.

1. Craftsmen
2. Artisans
3. Balutedars
4. Unemployed persons who are not technically qualified but having practical experience and skill in industrial activities in the age group of 18 to 45 years.

xiv) Composite Loan Scheme : A composite loan upto Rs.25,000 is granted to meet both term loan and/or working capital requirements to certain categories of entrepreneurs like rural craftsmen and artisans. This enables them to get their total requirement of finance from one agency only. Under the scheme, loans are advanced with repayment period of 7 to 10 years and with a moratorium period of 12 to 18 months, both for interest and principal. The current rate of interest is 6 per cent per annum. Since introduction of the scheme in 1978-79 till the end of March, 1984, a total number of 1,110 units have benefitted to the tune of Rs. 154 crores.

xv) Finance for Power Generating Sets : The Corporation grants financial assistance on liberal terms for acquisition of generating sets to meet power shortage. The maximum assistance is Rs. 5 lakhs, subject to relaxation in deserving cases. Industrial units having actual load of 40 H.P. and

above are normally eligible under this scheme. The repayment period is 5 years. This scheme has been in operation since 1978-79. Since then, a total of 114 loans were sanctioned for an amount of Rs. 2.48 crores.

xvi) Refinance in Specified Backward Districts : The IDBI introduced its 'Automatic Refinance Scheme' in 1978 under which assistance is available from the Corporation at a lower rate of interest to SSI units and to those located in developing areas. In the notified backward districts of Maharashtra, the Corporation grants assistance subject to availability of refinance at the rate of interest of 8.5 per cent (inclusive of State Government subsidy of 1 per cent).

xvii) Assistance to Ancillaries proposed by the RCF and Ashok Leyland : During the year 1980-81, the Corporation had decided to grant financial assistance to units proposed to be set up under the Ancillary Development Scheme of Rashtriya Chemical and Fertilizers. MSFC has also made specific efforts for ancillary development by assisting ancillaries around the commercial vehicles plant set up by Ashok Leyland Ltd. in Bhandara District.

xviii) Bipartite Agreement with MIDC for Construction of 30 sheds in the MIDC Industrial Area at Thana : MSFC and MIDC entered into an agreement in respect of all loans given by the Corporation to the borrowers located in MIDC areas.

In place of the earlier practice of executing a separate tripartite agreement between MIDC, MSFC and the borrower in each individual case, MIDC and MSFC have entered into an agreement specifying the conditions which automatically become binding on the plot-holders in MIDC areas. The bipartite agreement between MIDC and MSFC would help the entrepreneurs as delay is avoided and extra expenses are dispensed with. During the year 1982-83, the Corporation sanctioned loans to 40 units for an aggregate amount of Rs. 2.2 crores. The data are not available for the year 1983-84.

xix) Financial Assistance for Mechanisation of Small Fishing Boats/Hulls : Since commencement of this scheme in 1982-83, the Corporation had granted assistance of Rs.55 lakhs to 204 fishermen.

xx) Financial Assistance to Power : So far, the Corporation sanctioned loans to 137 units for Rs. 45 lakhs.

xxi) Scheme for Financial Assistance to Doctor/Medical Practitioners : During the year 1982-83, the Corporation introduced a scheme for granting financial assistance to Doctors/ Medical practitioners for purchase of X-ray equipments upto Rs. 2 lakhs. The assistance is available outside Bombay-Thane Metropolitan region and outside all Municipal limits. During the year 1983-84, the Corporation sanctioned 20 loans aggregating Rs. 28.87 lakhs.

xxii) Financial Assistance to Ex-servicemen : Under the scheme, assistance is available upto a maximum of Rs. 3 lakhs against concessional margin of 15 percent. During the year 1983-84, 21 servicemen were assisted to the tune of Rs. 16 lakhs.

xxiii) Bridge Loan : Sometimes, the implementation of projects is held up for want of completion of legal documentation and the consequent delay in disbursement of funds. In order to help the entrepreneurs to overcome delays of this nature, the MSFC has introduced a scheme to sanction 'Bridge Loan' against MSFC's loan to the assisted unit. Such a bridge loan is normally granted for a period of six months, which could be extended upto one year, during which the unit is expected to complete legal documentation formalities.

xxiv) Area Development Approach : In order to tap the potential entrepreneurs in the backward areas, the MSFC has implemented Area Development approach during the year 1983-84. Under this scheme, the Corporation took up four backward districts of the State for identifying, training and developing entrepreneurs. Yavatmal, Beed, Dhule and Ratnagiri, which are industrially backward districts, are covered under the area development programme & entrepreneurs from

these areas are provided with every help regarding identification, training and implementation of their projects.

xxi) Rehabilitation Scheme : A scheme for rehabilitation of sick units introduced by IDBI is being implemented by the MSFC since April, 1984. The Corporation has accorded high priority to the task of rehabilitation of sick units. A separate Rehabilitation Cell was formed for the purpose of co-ordination. Under this scheme, additional finance is made available for completion of projects, modernisation, technology upgradation and for procuring balancing equipment. This assistance is need-based and is given at an interest rate of 10 per cent. MSFC also shares along with other financial institutions, upto 50 percent of the cost of preparation of rehabilitation report by experts in cases where MSFC is convinced about the viability of the project and the entrepreneur is not in a position to finance the study. Under the scheme, the Corporation may refer cases to MITCON for preparing viability reports of units at the quantum of additional financial assistance for rehabilitation purpose is Rs. 5 lakhs and above.

2.5 Administrative Regions

The activities of the Corporation are divided into nine regions for administrative purpose. According to the present set-up, the Bombay-Konkan regional office covers

Greater Bombay, Raigad and Ratnagiri. The Thane, Daman and Diu regional office covers Thane, Daman and Diu. The Nashik regional office covers Pune, Ahmednagar and Sholapur. The Kolhapur regional office covers all the eight districts of Vidarbha and the Aurangabad regional office covers all the seven districts of Marathwada. The Goa regional office covers Goa and the districts of Sindhudurga in Maharashtra.

2.6 Promotional Work

The Corporation has been taking an active part in promotional activities. The Corporation participated in the 'Indian International Trade Fair' in November/December, 1979 and National Trade Fair in 1980 held in New Delhi, and in 'CHEM + TECH 80' exhibition held in Bombay in March 1980. The Corporation had, in collaboration with Chambers of Commerce and other associations, arranged and participated in seminars on different aspects of industrialization. MSFC is organising a workshop at Regional Offices for the benefit of those entrepreneurs who have been sanctioned recently loans and entrepreneurs who have not yet taken substantial disbursement to understand and solve the procedural difficulties. During the year 1982-83, 3500 prospective entrepreneurs from all over the State of Maharashtra and Goa were given assistance for preparation of project reports, filing up of application forms and liase with other agencies to enable the entrepreneurs to

assistance from other organizations. During the year 1983-84, the Corporation has identified 20 Scheduled Caste individuals manufacturing brooms in slum areas of Bombay and encouraged them to shift their activities to their native place at Shevgaon in Ahmednagar district.

Co-operation with Other Agencies : "Effective harmonisation with other related institutions and the tapping of their services have become matters of vital importance for the future of State Financial Corporations"⁺. In the light of the recommendations made by the Bhide Committee appointed by the IDBI on the co-ordination between Commercial Banks and SFCs, the Corporation has been endeavouring to give concrete shape to the co-ordination arrangements with the Commercial Banks operating in the State. At present, co-ordination arrangements have been made with seven Commercial Banks, such as the State Bank of India, the Bank of India, the Syndicate Bank, the Union Bank of India and the Bank of Maharashtra. MSFC closely associates itself in the meeting of Udyog Mitra which has been set up in every district. The Corporation has co-ordination arrangement with the Maharashtra Small-Scale Industrial Development Corporation

⁺ Co-ordination in the Institutional Structure of Industrial Finance by Philip Thomas, G.S.F.C., Tenth Anniversary, Souvenir, 1970.

Ltd. The Corporation has also tie-up with Regional Development Corporations in Marathwada, Vidarbha and Western Maharashtra.

2.7 Organisation/Management

The Corporation has a net work of 9 regional offices including Panji and 20 branch offices spread all over the State and in Goa, Daman and Diu. In order to sustain the growth as well as to meet the demand of rising activities, the Corporation has strengthened the organisational structure at various levels.

The Board of Directors consists of 12 members including the Managing Director. The Chairman of the Board is nominated by the Government of Maharashtra. One of the members on the Board of Directors is nominated by the Government of Goa, Daman and Diu. The Executive Committee of the Corporation consists of 13 members, including an Economist and a Secretary.

Different cells have been created for the effective functioning and implementation of the objectives of the Corporation. Some of them may be mentioned here.

- 1) Appraisal Cell, 2) Technical Cell, 3) Legal Cell,
- 4) Recovery Cell, 5) Business Development Cell, 6) Economic and Statistical Cell, 7) Public and Publicity Relations Cell.

2.8 Delegation of Powers/Management Information System

The scope of delegation of powers to the Executive Board of Directors, Regional Managers and Branch Managers has been substantially expanded from time to time.

The Executive Committee is vested with powers to sanction loans upto Rs. 10 lakhs. The Regional Managers can sanction loans upto Rs. 3 lakhs and disburse loans upto Rs. 10 lakhs. The Branch Managers of 20 branch offices have been empowered to sanction and disburse loans upto Rs. 50,000. Powers have been delegated to technical staff at Regional Offices to clear technical reports for loan applications upto Rs. 10 lakhs. The Head Office is empowered to set targets for sanctions, disbursements and recoveries for each regional office and follow-up these targets through monthly returns from the regional offices. The Head Office is supposed to monitor the progress in implementation and report the position regularly to the Board. The achievements are compared with targets and short-falls, if any, are discussed with the Regional Managers and corrective measures are initiated.

2.9 Personnel

With a view to meeting increasing responsibilities and challenges arising out of the growing activities of the Corporation, attempts have been made to expand the staff of

the Corporation.

The dimension of its expansion is clear from the fact that the total staff of the Corporation increased from 100 at the beginning of April, 1970 to more than 1000 by the end of March, 1984.

2.10 Nominee Directors

The Corporation nominates directors on the boards of assisted units in order to watch the interests of the Corporation. There are 60 non-officials and 27 officials on the panel. By the end of 31st March, 1984, nominee have been appointed on 135 assisted units.

2.11 Human Resource Development

In order to upgrade the skills of executives and employees, the Corporation has been liberally nominating officers for various training programmes organised by various training institutions in India.

2.12 Mode of Collection of Interest

The Corporation changed the mode of collecting interest from half-yearly to quaterly since 1981-82, with a view to have a better flow of interest receipts and a proper planning of resources.

2.13 Reimbursement of Stamp Duties and Registration Charges

The Corporation has been accepting English legal

mortgage when loans are secured against immovable assets. It is decided that loans towards stamp duty and registration charges may be sanctioned along with the original term loan.

2.14 Post Sanction Inspections

The Corporation lays a great deal of emphasis on the conduct of post-sanction inspections.

Capital Structure of M.S.F.C.

It is relevant here to make a brief analysis of capital structure of the MSFC.

As per the agreement amongst the concerned governments, the State Governments fix the authorised capital of the Corporation which is not less than Rs. 50 lakhs and not more than Rs. 10 crores. The increased authorised capital of the State Financial Corporations by (1985 Amendment of the Act) from Rs. 10 crores to Rs. 50 crores is a welcome measure for promotion of small-scale and medium-scale industries.

The authorised capital as well as subscribed capital of the Maharashtra State Financial Corporation was reduced to Rs. 1 crore at the time of its reconstitution under Section 70 of the Bombay Reorganisation Act, 1960. The capital was divided into one lakh fully paid ordinary shares of Rs. 100 each. The authorised, subscribed and paid-up

capital of the Corporation remained unchanged at Rs.1 crore till 31st March, 1965. The capital was increased with Government of Goa, Daman and Diu contributing to the share capital of the Corporation in 1966. The distribution remained the same since 31st March, 1966 till 31st March, 1969. According to the amendment in 1972, the State Financial Corporations should issue a special class of shares to be exclusively subscribed by the State Government and the Industrial Development Bank of India on a matching basis, with no obligation regarding payment of minimum guaranteed dividend. Accordingly, the Maharashtra State Financial Corporation issued during 1976-77, special share capital to the extent of Rs. 61 lakhs.

The relative share of each of the parties in the share capital is shown in Table 2.6.

During the year 1977, the authorised share capital was increased to Rs. 10 crores, consequent on the passing of the Public Financial Institution Law (Amendment) Act, 1975. The paid-up share capital of the Corporation reached the ceiling of Rs. 10 crores as laid down under the Act at the beginning of the year 1983. The convertible loan accepted by the Corporation as on 31st March, 1984 amounted to Rs. 899.50.lakhs.

It is interesting to observe from the Table that the two State Governments (Maharashtra and Goa) together held

48.27 per cent of the total paid-up capital at the end of March, 1984.

The Scheduled banks, insurance companies and so on account for 5.65 per cent while the IDBI contributed 45.81 per cent of the total.

In the following chapter, we will review the operations of the Corporation. The chapter will also deal with "sources and uses of funds". It will also include the discussion on working results of MSFC.

TABLE 2.1

MSFC's Financial Assistance to SRTOS (including Goa, Daman & Diu)

| (Rupees in Lakhs) | | | | |
|-------------------|--|--------|-------|-----------------------------|
| Sr. No. | Year ending 31st March | Total | SRTOS | Percentage of (4) to (3) |
| 1 | 2 | 3 | 4 | 5 |
| 1 | 1980 | 3,161 | 138 | 4.4 |
| 2 | 1981 | 3,477 | 92 | 2.7 |
| 3 | 1982 | 3,451 | 95 | 2.8 |
| 4 | 1983 | 4,971 | 178 | 3.6 |
| 5 | 1984 | 5,668 | 177 | 3.1 |
| 6 | Cumulative (since inception) upto March, 1984) | 44,630 | 2,589 | 5.8 |

Source : IDBI : Report on Development Banking in India (Various Issues)

TABLE 2.2

| <u>Sanction and Disbursement of Central Investment</u> | | | | |
|--|-------------------------------------|--------------------------|--------|---------------------|
| <u>Subsidy by the MSFC</u> | | | | |
| (Rupees in Lakhs) | | | | |
| Sr. No. | Period/Year ending 31st March | <u>Amount Sanctioned</u> | | Amount Disbursed |
| | | No. | Amount | |
| 1. | Till end March 1975 | 197 | 73.08 | 28.65 |
| 2. | 1976 | 34 | 30.77 | 11.54 |
| 3. | 1977 | 78 | 42.82 | 23.75 |
| 4. | 1978 | 127 | 64.26 | 33.87 |
| 5. | 1979 | 122 | 77.12 | 46.15 |
| 6. | 1980 | 192 | 96.00 | 51.90 |
| 7. | 1981 | 161 | 64.40 | 60.82 |
| 8. | 1982 | 120 | 77.12 | 57.07 |
| 9. | 1983 | 243 | 150.90 | 93.53 |
| 10. | 1984 | 190 | 146.81 | 110.46 |
| | Cumulative Total | 1,464 | 823.28 | 373.78 |
| | | | | 514.74 |

Source : MSFC, Annual Reports (Various Issues).

TABLE 2.3

MSFC's Sanction and Disbursement of Central Investment Subsidy
(District-wise Data)

(Rupees in Lakhs)

| Sr. No. | District | Sanctions | | | | | | Disbursements | | |
|---------|------------|-----------|--------|---------|--------|---------|--------|---------------|---------|---------|
| | | 1975-76 | | 1976-77 | | 1977-78 | | 1975-76 | 1976-77 | 1977-78 |
| | | No. | Amount | No. | Amount | No. | Amount | Amount | Amount | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1. | Ratnagiri | 4 | 2.87 | 16 | 11.45 | 12 | 4.37 | 0.29 | 5.13 | 6.05 |
| 2. | Aurangabad | 24 | 24.05 | 48 | 26.97 | 84 | 48.42 | 6.24 | 16.29 | 25.26 |
| 3. | Chandrapur | 6 | 3.85 | 14 | 4.40 | 31 | 11.47 | 5.01 | 2.33 | 2.56 |
| Total | | 34 | 30.77 | 78 | 42.82 | 127 | 64.26 | 11.54 | 23.75 | 33.87 |

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| Sr. No. | District | Sanctions | | | | | | Disbursements | | |
|---------|-------------|-----------|--------|---------|--------|---------|--------|---------------|---------|---------|
| | | 1978-79 | | 1979-80 | | 1980-81 | | 1978-79 | 1979-80 | 1980-81 |
| | | No. | Amount | No. | Amount | No. | Amount | Amount | Amount | Amount |
| 1. | Ratnagiri | 24 | 17.30 | 39 | 22.34 | 17 | 9.47 | 11.21 | 10.89 | 8.30 |
| 2. | Chandrapur | 51 | 13.67 | 33 | 9.17 | 44 | 13.96 | 8.14 | 7.11 | 13.49 |
| 3. | Aurangabad | 47 | 46.15 | 120 | 64.49 | 64 | 26.96 | 26.80 | 33.90 | 31.63 |
| 4. | Sindhudurga | - | - | - | - | 9 | 4.38 | - | - | 5.87 |
| 5. | Jalna | - | - | - | - | 25 | 8.87 | - | - | 1.99 |
| Total | | 122 | 77.12 | 192 | 96.00 | 159 | 63.64 | 46.15 | 51.90 | 61.28 |

(contd.)

Table 2.3 (Contd.)

| Sr. No. | District | Sanctions | | | | | | Disbursements | | |
|---------|---|-----------|--------|---------|--------|---------|--------|---------------|---------|---------|
| | | 1981-82 | | 1982-83 | | 1983-84 | | 1981-82 | 1982-83 | 1983-84 |
| | | No. | Amount | No. | Amount | No. | Amount | Amount | Amount | Amount |
| 1. | Ratnagiri | 22 | 12.76 | 27 | 15.58 | 23 | 29.34 | 7.83 | 16.95 | 20.02 |
| 2. | Sindhudurg ⁺ | 11 | 6.14 | 77 | 25.86 | 42 | 7.60 | 6.14 | 6.65 | 9.00 |
| 3. | Chandrapur (Including Gadchiroli) | 46 | 31.73 | 66 | 32.28 | 34 | 24.47 | 8.62 | 26.54 | 19.00 |
| 4. | Aurangabad | 35 | 22.68 | 54 | 69.09 | 50 | 53.60 | 30.17 | 39.27 | 56.00 |
| 5. | Jalna ⁺ | - | - | 19 | 8.09 | 35 | 31.30 | 4.31 | 4.12 | 5.8 |
| 6. | Latur | 6 | 3.81 | - | - | 6 | 0.50 | - | - | - |
| Total | | 120 | 77.12 | 243 | 150.90 | 190 | 146.81 | | 93.53 | 110.00* |

Notes : + In the case of Jalna and Sindhudurg only those areas which were earlier in the Aurangabad and Ratnagiri districts respectively are eligible for Central Investment Subsidy.

* Figure is rounded in its nearest digit.

Source : MSFC, Annual Reports (Various Issues).

TABLE 2.4

Reimbursement Under Central Investment Subsidy

| (Rupees in lakhs) | | |
|---|----------------------------|---|
| State/Union Territory | From 1972-73 To 1982-83 | Percentage share in total reimburse- ment |
| 1. Tamil Nadu | 2188.8 | 13.71 |
| 2. Gujrat | 1651.3 | 10.34 |
| 3. Rajasthan | 1642.2 | 10.29 |
| 4. Andhra Pradesh | 1546.5 | 9.69 |
| 5. Maharashtra | 1367.7 | 8.57 |
| 6. Karnataka | 1036.6 | 6.49 |
| 7. Punjab | 785.2 | 4.92 |
| 8. Madhya Pradesh | 754.9 | 4.73 |
| 9. Kerala | 706.6 | 4.43 |
| 10. Himachal Pradesh | 638.9 | 4.00 |
| 11. Goa, Daman & Diu | 612.2 | 3.82 |
| 12. Jammu | 453.3 | 2.84 |
| 13. Assam | 362.0 | 2.27 |
| 14. Uttar Pradesh | 354.7 | 2.22 |
| 15. West Bengal | 328.0 | 2.05 |
| 16. Orissa | 298.1 | 1.87 |
| 17. Bihar | 227.5 | 1.42 |
| 18. Pondicherry | 172.0 | 1.07 |
| 19. Other States and Union Territories | 338.3 | 2.14 |
| Total : | 15965.2 | 100 |

Source : Southern Economist, Vol. 23, April 15, 1985.

TABLE 2.5

IDA Credit/World Bank Loan : 1973-74 to 1982-83

| Sr. No. | Year ending 31st March | Number of applications sanctioned | Rupee Loans sanctioned | (Rupees in Lakhs) | |
|------------|---------------------------|---|---------------------------|--|-------|
| | | | | Foreign Exchange Loans sanctioned | Total |
| 1. | 1974 | 32 | 93 | 49 | 142 |
| 2. | 1975 | 55 | 239 | 216 | 455 |
| 3. | 1976 | 65 | 78 | 247 | 325 |
| 4. | 1977 | 48 | 143 | 175 | 318 |
| 5. | 1978 | 52 | 172 | 269 | 441 |
| 6. | 1979 | 57 | 276 | 322 | 598 |
| 7. | 1980 | 44 | 125 | 172 | 297 |
| 8. | 1981 | 45 | 121 | 257 | 378 |
| 9. | 1982 | 34 | 155 | 171 | 326 |
| 10. | 1983 | 10 | 80 | 31 | 111 |
| Total : | | 442 | 1,482 | 1,909 | 3,391 |

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Source : MSFC, Annual Reports (Various Issues).

TABLE 2.6

Holding of Shares by Different Institutions in the Capital of MSFC :
Selected Years

(Rupees in lakhs)

| Particulars | As on 31st March 1970 | | | As on 31st March 1975 | | |
|---|-----------------------|-------------------|-----------------------|-----------------------|-------------------|-----------------------|
| | No. of shares held | Amount of holding | Percentage of holding | No. of shares held | Amount of holding | Percentage of holding |
| a) (i) Govt. of Maharashtra | 48,187 | 48.19 | 32.12 | 1,30,687 | 130.69 | 39.60 |
| (ii) Govt. of Goa, Daman & Diu | 9,638 | 9.64 | 6.43 | 24,638 | 24.64 | 7.46 |
| b) Reserve Bank of India | 18,045 | 18.04 | 12.03 | 18,000 | 18.00 | 5.45 |
| i) Development Bank | - | - | - | 97,435 | 97.44 | 29.53 |
| c) Scheduled Banks, Insurance Companies, Investment, Cooperative Banks & Other Financial Institutions | 71,270 | 71.27 | 47.51 | 56,545 | 56.54 | 17.14 |
| d) Others | 2,860 | 2.86 | 1.91 | 2,695 | 2.69 | 0.82 |
| Total: | 1,50,000 | 150.00 | 100.00 | 3,30,000 | 330.00 | 100.00 |

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(contd.)

Table 2.6 (contd.)

(Rupees in lakhs)

| Particulars | As on 31st March 1980 | | | As on 31st March 1984 | | |
|--|-----------------------|-------------------|-------------------------|-----------------------|-------------------|-------------------------|
| | No. of shares held | Amount of holding | Percent- age of holding | No. of shares held | Amount of holding | Percent- age of holding |
| a) (i) Govt. of Maharashtra | 4,02,187 | 402.19 | 40.96 | 4,02,187 | 402.19 | 40.22 |
| (ii) Govt. of Goa, Daman & Diu | 79,138 | 79.14 | 8.06 | 80,438 | 80.44 | 8.05 |
| + b) Reserve Bank of India | - | - | - | - | - | - |
| i) Development Bank | 4,41,435 | 441.43 | 44.95 | 4,58,135 | 458.13 | 45.81 |
| c) Scheduled Banks, Insurance Companies Investment, Cooperative Banks & Other Financial Institutions | 56,545 | 56.54 | 5.76 | 56,545 | 56.54 | 5.65 |
| d) Others | 2,695 | 2.69 | 0.27 | 2,695 | 2.69 | 0.27 |
| | <u>9,82,000</u> | <u>981.99</u> | <u>100.00</u> | <u>10,00,000</u> | <u>999.99</u> | <u>100.00</u> |

Note : + Since 16th February, 1976 Reserve Bank is replaced by Industrial Development Bank of India.

Source : MSFC : Annual Reports (Various Issues).

ANNEXURE IState Financial Corporations - Ratio of Disbursements to Sanctions (Cumulative)

| | Cumulative Disbursements as % of Cumulative Sanctions | | | |
|------------------|--|-----------|-----------|-----------|
| | 31.3.1980 | 31.3.1981 | 31.3.1982 | 31.3.1983 |
| Andhra Pradesh | 67.9 | 67.5 | 68.2 | 72.4 |
| Assam | 85.3 | 87.5 | 81.9 | 87.9 |
| Bihar | 49.0 | 52.0 | 47.1 | 45.7 |
| Delhi | 79.4 | 65.8 | 80.8 | 82.4 |
| Gujarat | 69.4 | 69.3 | 70.2 | 74.6 |
| Haryana | 80.2 | 80.1 | 73.7 | 74.4 |
| Himachal Pradesh | 73.1 | 53.8 | 57.3 | 70.5 |
| Jammu & Kashmir | 86.4 | 84.1 | 80.2 | 80.9 |
| Karnataka | 79.2 | 78.5 | 75.8 | 77.4 |
| Kerala | 66.7 | 68.9 | 72.9 | 73.0 |
| Madhya Pradesh | 72.9 | 72.5 | 69.4 | 68.0 |
| Maharashtra | 67.1 | 69.5 | 65.5 | 65.4 |
| Orissa | 58.3 | 58.8 | 56.9 | 59.5 |
| Punjab | 77.5 | 79.4 | 79.4 | 75.6 |
| Rajasthan | 67.2 | 67.4 | 67.9 | 73.5 |
| Tamil Nadu | 81.2 | 79.2 | 77.0 | 77.2 |
| Uttar Pradesh | 61.8 | 64.6 | 64.5 | 68.7 |
| West Bengal | 67.2 | 67.0 | 62.5 | 65.7 |
| All SFCs | 69.3 | 69.5 | 68.2 | 69.9 |

Source : "Performance of State Financial Corporations - A Comparative Study", Research and Planning Department, IDBI, 1984.

ANNEXURE IICompound Growth Rate in Sanctions of SFCs During
1970-71 to 1982-83

| | Less than average for all SFCs | | Higher than average for all SFCs |
|-----------------|--------------------------------------|------------------|--|
| Punjab | 21.0% | Orissa | 42.0% |
| Haryana | 20.3% | Bihar | 35.7% |
| Jammu & Kashmir | 18.3% | Rajasthan | 30.1% |
| Gujarat | 16.3% | Tamil Nadu | 30.1% |
| Kerala | 14.7% | Assam | 29.6% |
| Maharashtra | 13.7% | Madhya Pradesh | 29.6% |
| Delhi | 6.9% | Andhra Pradesh | 28.2% |
| | | West Bengal | 24.4% |
| | | Himachal Pradesh | 23.7% |
| | | Karnataka | 23.7% |
| | | Uttar Pradesh | 23.4% |

Source : "Performance of State Financial Corporations -
A Comparative Study; Research and Planning
Department, IDBI, 1984.

ANNEXURE III

Financial Assistance Sanctioned by MSFC and Some Other Top SFCs in
Terms of Financial Sanctions

(Rupees in lakhs)

| States | 1970-71 | | 1980-81 | | 1983-84 | | Cumulative upto end March 1984 | |
|-------------------|-----------|------|-----------|------|-----------|------|--------------------------------|------|
| | Sanctions | | Sanctions | | Sanctions | | Sanctions | |
| | Amount | Rank | Amount | Rank | Amount | Rank | Amount | Rank |
| 1. Maharashtra | 1,211 | 1 | 3,477 | 6 | 5,666 | 5 | 44,630 | 2 |
| 2. Gujarat | 851 | 2 | 3,659 | 3 | 5,819 | 4 | 45,232 | 1 |
| 3. Andhra Pradesh | 358 | 5 | 4,668 | 1 | 7,389 | 1 | 35,967 | 3 |
| 4. Tamil Nadu | 368 | 4 | 3,623 | 5 | 5,955 | 3 | 32,736 | 4 |
| 5. Uttar Pradesh | 462 | 3 | 4,130 | 2 | 6,245 | 2 | 28,782 | 5 |
| 6. Karnataka | 337 | 6 | 2,105 | 7 | 5,819 | 4 | 23,618 | 7 |
| 7. Rajasthan | - | - | 3,657 | 4 | 5,317 | 6 | 24,248 | 6 |

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Source : Report on Development Banking in India (Various Issues).

CHAPTER III

EVALUATION OF MSFC'S OPERATIONS

3.1 Introduction

Maharashtra State Financial Corporation has been rendering service to the cause of industrial development in Maharashtra and Goa by catering to term-loan requirements of small and medium-scale industrial units.

A brief outline of MSFC's activities was given in the previous chapter. In this chapter, we propose to discuss the operations of the Corporation since its formation in 1962.

Broadly speaking, the present chapter focusses on the assessment of the Corporation's operations in terms of the following selected norms.

- 1) Growth in assistance of sanctions and disbursements.
- 2) Per capita disbursement
- 3) Share of assistance to SSI units.
- 4) Industry-wise analysis of financial assistance sanctioned.
- 5) Region and district-wise analysis.
- 6) Size-wise analysis of assistance sanctioned.
- 7) Purpose-wise analysis of sanctions.

Inter-SFC comparison has also been attempted in regard to certain selected aspects.

The review of operations is based entirely on the materials and data furnished in the annual reports of the Corporation and annual reports on development banking published by the Industrial Development Bank of India. The available data suffer from limitations arising out of incomplete reporting in some cases, which we hope would not materially affect the broad findings of the study.

3.2 Lending Activities

Table 3.1 provides information on assistance sanctioned and disbursed by the MSFC since 1962-63 to 1983-84. As is evident from the table, the cumulative financial assistance (gross) extended by the Corporation totalled nearly Rs. 446 crores, distributed over 25,539 applications. Disbursements upto the end of March 31, 1984 aggregated Rs. 296 crores, forming over 66 percent of the total gross sanctions. An interesting observation which may be made in this context is the comparatively modest changes in assistance during the first eight years of the study and the remarkable increase in the volume of assistance during 1969-70 and 1970-71. The period 1966-67 to 1968-69 witnessed recessionary situation in industry which could be the main reason for decline in the number of applications. In the years 1969-70 and 1970-71, there were increases in the numbers of applications under consideration which was due to a slow but gradual revival of industry after 2 or 3

years of recession.

In 1972-73, there was a sharp decline in the number of applications received in comparison with the preceding year. Correspondingly, the number and amount of loans sanctioned also were lower. To a large extent, the fall in the receipt of applications was attributed to the deliberate slow down in consideration of applications for transport loans. Further, as the position regarding availability of raw materials was unsatisfactory, the Corporation was constrained to reject a large number of applications received from processing industries.

Barring a few years, the Corporation has achieved sustained growth during the period under study; however, rapid strides have been made only during the decade of eighties.

It would be seen from Table 3.2 that the number of applications considered by the Corporation during the first decade, viz., 1962-63 to 1971-72 (April-March) was 12,503 involving Rs. 176 crores. The annual averages in respect of applications and amounts for the two five-year periods viz., 1962-63 to 1966-67 and 1967-68 to 1971-72 were 636 and 1866 and Rs. 12.78 crores and Rs. 22.42 crores representing increases of 193 percent and 75 percent respectively. The number of applications sanctioned by the Corporation during the same decade was 5,210 for an amount of Rs. 54 crores. The aggregate sanctioned amount was small during

the first five years (1962-63 to 1966-67), the annual average being Rs. 3 crores. The average rose to about Rs. 8 crores during the following five year period (1967-68 to 1971-72). In other words, applications sanctioned for the two five year periods, viz., 1962-63 to 1966-67 and 1967-68 to 1971-72 was 207 and 541 and Rs. 15.39 crores and Rs. 38.68 crores respectively representing increases of 304 percent and 151 percent respectively.

The aggregate amount disbursed by the Corporation during the first decade, viz, 1962-63 to 1971-72 was about Rs. 36 crores, giving an annual average of roughly Rs. 3 crores. The average amount disbursed rose from Rs. 2.19 crores during the five-year period 1962-63 to 1966-67 to Rs. 5 crores during the subsequent five-year period. Further, the number of applications considered by the Corporation during the next decade viz., 1972-73 to 1981-82 totalled 22,766 applications for an aggregate amount of nearly Rs.606 crores. During the period, the sanctioned applications numbered 15,106 for an amount of Rs. 285.84 crores.

The average number of applications sanctioned and the corresponding amount for the two five-year periods into which the decade is broken were 1,164 and 1,857 and Rs. 21 crores and Rs. 36 crores respectively. The aggregate amount disbursed during 1972-73 to 1981-82 totalled about Rs. 186 crores yielding an annual average of nearly Rs. 19 crores.

The average amount sanctioned roughly doubled between 1972-73 to 1976-77 and 1977-78 to 1981-82.

The number of applications considered and sanctioned by the Corporation during the last two years of our study i.e., 1982-83 to 1983-84 numbered 7,345 involving about Rs. 206 crores and 5,223 for about Rs. 156 crores respectively. The amount disbursed during the two years together, however, was only Rs. 73 crores - an annual average of Rs. 36.6 crores. The magnitude of MSFC's financing activities since the third five year plan is clear from information set forth in Table-3.3 As is evident from the table, the momentum in respect of grant in assistance was gathered since the fourth plan which was carried forward in the succeeding plans.

The yearly average amount of sanctioned loans was about Rs. 3 crores in the Third Plan period; for the Fourth Plan, it was Rs. 11 crores, for the Fifth Plan Rs. 26 crores and for the first four years of the Sixth Plan period was about Rs. 48 crores.

Financial assistance sanctioned by the Corporation during the first four years of the eighties, which are also the first four years of the sixth plan period (1980-85), showed a surge of about 3.5 times over the Fourth Plan from Rs. 57 crores to Rs. 190 crores. The total sanctions made during the first four years of the eighties, was about 74 percent of the aggregate amount sanctioned (Rs. 218 crores) during the first 18 years. Loan disbursement also indicated

similar step-up during the early eighties. For instance, the amount of assistance disbursed rose from an annual average of nearly Rs. 65 crores in the fifth plan to Rs.134 crores in the sixth plan.

It is observed that at the end of March, 1984, the rate of utilisation was around 66 percent of the sanctions.

The position of disbursement of funds in relation to sanctions by the MSFC is fairly comparable to the position of several other Corporations in the country as apparent from the information provided in Annexure I. It is seen that disbursements as percentage of sanctions range between 65 and 70 for the MSFC as compared to a range of 70 and 80 percent for Gujarat, Haryana, Jammu & Kashmir, Karnataka, Punjab and Tamil Nadu. However, disbursements as percentage of sanctions work out as a very high figure of nearly 88 in the case of the Assam State Financial Corporation.

It is interesting to note from this table that the MSFC showed a lower rate of utilisation than the national average. It is also a cause for concern that the utilisation rates showed a declining trend after March 1981.

Annexure II presents data regarding compound growth rates in sanctions of some selected SFCs during 1970-71 through 1982-83. It is noteworthy that during the 12-year period, the MSFC achieved an annual growth rate of 13.7 percent of which is less than the average for all SFCs.

During this period, the average growth rate in sanctions for all SFCs worked out to 23 percent per annum. However, the lower growth rate in case of Maharashtra may be partly due to a high base in 1970-71. The highest growth rate of 42 percent was achieved by the Orissa.

It would be seen from Annexure III that in terms of cumulative sanctions upto end March 1984, MSFC with cumulative sanctions of Rs. 446 crores had the second highest share in the aggregate assistance of all SFCs. However, MSFC which topped the list in 1970-71 did not feature in the list of some top SFCs in 1980-81 and 1983-84. For instance, during the year, 1983-84, in terms of annual sanctions MSFC's rank was 5th as against its 1st rank during the year 1970-71.

Table 3.4 exhibits time lag between sanction and first disbursement. About 74 percent of the disbursements were made within 6 months from the date of sanction during the year 1976-77. However, the same trend has not been maintained by the Corporation during the succeeding years under our consideration. For instance, during the year 1981-82, about 60 percent of the disbursements were made within 6 months from the date of sanction. Likewise, the rising trend was noticed in cases having time-lag of more than one year .

Age-wise break-up of loan applications pending as at the end of each year for the years 1979-80 to 1983-84

is given in the Table 3.5. It would be seen from the table that the length of time for which applications were pending decreased gradually. For instance, during the year 1979-80, 67 percent loan applications were cleared within 3 months of their receipt. It is notable that, during 1983-84, 96 percent of the applications were cleared within three months. Loan applications for amounts more than Rs. 2 lakhs have to be cleared within 90 days. The outer limit for sanction and disbursement of such cases is 120 days. This policy has considerably helped in quick disposal of loan applications. MSFC has modified, from time to time, the procedures of appraisal and disbursement. At present, if all details are given properly, loan applications are cleared within three months. The efforts of the Corporation in this regard are commendable.

The period of 22 years is not very long in the life of an institution. The Corporation has during this period generated industrial investment of Rs. 814 crores and created 4,78,000 new jobs.

3.3 Industry-wise Analysis of Financial Assistance Extended by the MSFC

Maharashtra holds a leading position in the country in regard to industrial development. In the 60's, the industrial development was mainly confined to the consumer sector which accounted for 52 percent of the value added

in the state. In the past, two decades, growth of industries in the state has been achieved alongwith its diversification. Capital goods and intermediate goods have gained an importance in the composition of industrial goods. The industry groups that have become more prominent are manufactures of chemicals and chemical products, metal products, electrical machinery, basic metals and petroleum products.

From the available results of the annual survey of industries (Census Sector:1980-81), it is evident that the state accounted for 16.6 percent of productive capital employed in India as well as 17.3 percent employment having a fourth of gross value of output and value added by manufacturing activities in the country.

With this background, let us examine some aspects of industry-wise financial assistance sanctioned by the Corporation. The industry-wise break-up of financial assistance sanctioned and disbursed by the Corporation since inception to 31st March 1984 is given in Table 3.6.

Table 3.6 indicates that out of 25 industry groups, the metal products industry has claimed the maximum portion (18 percent) of the Corporation's assistance sanctioned, followed by chemical and chemical products (15 percent), miscellaneous manufacturing industry (9.4 percent), transport industry (9 percent), textiles and food manufacturing industry other than beverage industry (6,5 percent each).

"Manufacture of Metal Products" and "Manufacture of Chemical Products" between them have received nearly

one-third of the total assistance provided by the Corporation, covering nearly a quarter of the total number of units. It is heartening to note that the 'transport industry' received priority ranking fourth in order of quantum of loans. It occupies the top position if the number of units benefitted are taken into consideration. Average sanction per unit has ranged between Rs. 0.52 lakh in industry group "Manufacture of Wood and Cork" and Rs.8.50 lakhs in industry group "Electricity, Gas and Steam". Thus, there exists a wide disparity between the lowest and the highest amount of sanction per unit, which works as much as about seventeen times. In case of conventional type industry groups, average sanction per unit stands much lower as compared with modern industry groups requiring heavy investments. The data on disbursements reveal that the percentage to total disbursement varies from industry group to another and over years.

A further probe into this aspect reveals that, over the years, there has been a shift in its interest away from some traditional industries like food manufacturing and textiles. For instance, the share of textiles in the total loans sanctioned declined from about 7 percent during the five-year period, 1974-75 to 1978-79 to 4 percent during the next-five year period, viz., 1979-80 to 1983-84. Similarly, the shares of food manufacturing, wood, electric machinery, and transport industry declined and those of chemical and

chemical products, non-metallic manufacturing industry and hotel industries rose during the period, viz., 1979-80 to 1983-84 (See Table 3.7). The share of paper and paper products remained more or less static during the two five year periods. The metal products (except machinery and transport equipments) industry still occupies a place of pride in MSFC's portfolio of assistance. This trend is welcome.

From the above discussion, it may be concluded that the contribution of the MSFC to diversification and broadening the base of the industrial structure in the state over the years have been considerable.

3.4 Assistance to Small-Scale Sector

The major objective of SFCs is to foster growth of industries, especially the small-scale sector. Thus, the extent of assistance to these units can be used as a performance criterion.

Small-scale industries play an important role in the industrial development of a state. It may be mentioned here that in Maharashtra, there are 56,154 units registered under small-scale sector by the end of March, 1980. The number had gone up to 80,659 by the end of March, 1982.

The share of the small-scale sector in the total loan portfolio of the MSFC was nearly 95 percent as to number and 71 percent as to amount since inception of the Corporation upto the end of March, 1984. Thus, it is evident

that so far as assistance to small-scale sector is concerned, MSFC has performed well. (See Table 3.8)

Table 3.9 presents data on plan-wise performance in respect of sanctions to small-scale industrial units. The relative share of the small-scale units in the aggregate amount of sanctions effected by the Corporation which worked out to 38 percent during the third five year plan increased to 46 percent during the three-year period of the annual plans. The corresponding figures for the fourth, fifth and last four years of the sixth plan stood at 71 percent, 59 percent and 84 percent respectively. Thus, a break-through has been made by the Corporation in sanctioning loans to small-scale industries during the fourth five year plan.

Table 3.10 shows the ratio of amount sanctioned to small units to the total amount sanctioned. From the table, we note a remarkable change during the period under consideration; for instance, prior to 1967, the ratio of amount sanctioned by the Corporation to small-scale units to total was merely 31 percent which increased considerably during the next five-year period ending 1972. This ratio was quite high at 86 percent of the total during the last four years of the period under review.

It is interesting to observe from the study on "Performance of State Financial Corporation" prepared in research and planning department of IDBI that the per capita

cumulative assistance to SSI sector extended by the MSFC stood at Rs. 1.5 lakhs at the end of March, 1983.

Apart from the fact that a significantly large proportion of assistance sanctioned by the Corporation has gone in favour of the small-scale sector, the emphasis has also shifted over time towards extending financial assistance to smaller units of the SSI units and to the tiny and village industries. For instance, 68 percent of the number of units assisted were in respect of loans for amounts less than Rs. 1 lakh and the amount sanctioned to them accounted for 14 percent of the aggregate sanctions during the period under review, i.e., 1962-63 to 1983-84.

3.5 Constitution-wise Analysis of Sanctions

Table 3.11 furnishes statistics on sanctions from 1969-70 through 1983-84 as per constitution of assisted units.

We find that during five-year period 1969-70 to 1973-74, 71 percent of the total applications sanctioned were for proprietary concerns, while partnership concerns accounted for another 20 percent. The other three categories together constituted only 9 percent of the total units assisted. During this period, proprietary concerns including joint Hindu families obtained share of 32 percent of the total amount sanctioned, while partnership concerns and private limited companies obtained a share of 25 percent

each in the total amount of loans sanctioned. Public limited companies and Registered co-operative societies accounted for 13 percent and 5 percent respectively.

During the next-five year period, 1974-75 to 1978-79, proprietary concerns accounted for 66 percent of the total applications sanctioned, indicating a marginal decline of 5 percent from the preceding period. Partnership concerns accounted for 22 percent of the total loans sanctioned. Public limited companies and Registered co-operative societies formed 2 percent and 1 percent respectively of the total loans sanctioned. There was a sharp decline in the amount sanctioned to the extent of 23 percentage points during the period 1974-75 through 1978-79. The subsequent five years upto 31st March, 1984 witnessed a rise to 29 percent in the amount sanctioned in the case of proprietary concerns. The share of public limited companies in the amount sanctioned declined from 13 percent during the five-year period, viz., 1969-70 to 1973-74 to 11 percent during the next five-year period. During the last five-year period covered in the study, a similar downward trend was noticed in the case of co-operative societies, their share in the amount sanctioned falling from 5 percent to 2 percent during the next five-year period, viz., 1979-80 to 1983-84. Thus, if we look at the sanctions according to constituents, the increased importance assigned by the Corporation to pro-

prietary and partnership concerns is obvious. This is due to the fact that the Corporation mainly caters to the needs of the small-scale industrial units.

3.6 Size-wise Distribution of Assistance

Size-wise break-down of the MSFC's financial assistance is shown in Table 3.12.

For the purpose of analysis, the period of fifteen years have been divided into three sub-periods of five years each, viz., 1969-70 to 1973-74, 1974-75 to 1978-79 and 1979-80 to 1983-84. It may be gathered from the table that of the units assisted by the Corporation during the first five-year period, under our review, 90 percent were for below Rs. 2 lakhs, 6 percent were in the range of Rs. 2 to 5 lakhs, and 4 percent were for above Rs. 5 lakhs. We also observe that the units in the highest amount of assistance, viz., Rs. 10 lakhs and above claimed disproportionately higher share of total assistance at 19 percent, even though they accounted for 1 percent of the total number of assisted units. If we carry this analysis for the next five-year period, i.e., 1974-75 to 1978-79, we find that 81 percent of the total units assisted were in the range of upto Rs. 2 lakhs, 5 percent were in the range of Rs. 5 to 10 lakhs, while only 4 percent were in the range of above Rs. 10 lakhs.

It is also observed that during this five-year period, units in the highest assistance range, viz., Rs. 10 lakhs and above continued to claim a disproportionately larger share of total assistance, the share was much higher at 38 percent which was 100 percent more than the share in the earlier five-year period. The trend was similar during the last five-year period under consideration, i.e., 1979-80 to 1983-84. During this period, 82 percent of the assisted units were in the range of assistance upto Rs. 2 lakhs, claiming 27 percent of the total amount sanctioned, while limits in the range of Rs. 2 to Rs. 5 lakhs, Rs. 5 to Rs.10 lakhs and in the range of above Rs. 10 lakhs accounted for 10 percent, 5 percent and 4 percent respectively of the total number.

It will also be seen from the table that the units in the top most assistance group, viz., Rs. 10 lakhs and above still claimed a substantial share of total assistance at 35 percent even though they accounted for 4 percent of the total number of assisted units.

3.7 Purpose-wise Analysis of Financial Assistance

Information on purpose-wise classification of loans is provided in Table 3.13 for the periods 1975-76 to 1978-79 and 1979-80 to 1983-84. The required data are available from 1975-76.

Table 3.13 indicates that the Corporation in the

five-year period 1975-76 to 1978-79 channelled about 65 percent of its assistance for the establishment of new undertakings, 31 percent for the expansion of existing undertakings, 3 percent for modernization and rehabilitation and hardly 1 percent for diversification into new lines of production. Further, in the subsequent five-year period, i.e. 1979-80 to 1983-84, the Corporation granted about 85 percent of its total amount of financial assistance for the establishment of new projects, 12 percent for the expansion of existing lines of production. The remaining 3 percent were utilised for financing modernisation, rehabilitation and other purposes.

The data for five-year period, i.e. 1975-76 to 1978-79 also reveal that the financial assistance received from the Corporation formed roughly 49 percent of the total cost of establishing new projects. In the case of expansion and modernization, 40 percent and 33 percent of the cost of projects, respectively, were met through the assistance sanctioned by the Corporation. Similarly, the data for the next five-year period 1979-80 to 1983-84, indicate that the financial assistance provided by the MSFC met 52 percent of the total cost of new projects, while 41 percent of the total project cost for expansion of existing units was covered through the assistance sanctioned by the Corporation. While, the Corporation has been primarily interested in financing

new units, diversification and expansion of existing undertakings into new lines of production as well as their modernization have also not been altogether neglected by the Corporation.

3.8 Balanced Regional Development

It will be appropriate at this stage to refer to the problem of uneven regional development in the country in general and particularly in the State of Maharashtra and to examine the role of the Corporation in attempts at reducing regional imbalances in the State.

Maharashtra State has been a pioneer state in the industrial development of the country. While Maharashtra had only 9.4 percent of India's geographical area and 9.5 percent of the country's population in 1979-80, the State accounted for 17.5 percent of country's factory employment and 14.1 percent of the country's organised sector employment. The State contributed 23.7 percent of the gross industrial output of India and 24.9 percent of industrial value added in the country in 1979-80.

It is a sad story that the benefits of the industrial development have been confined to a very small area resulting in acute regional imbalance. The State's industrial activity remained concentrated in three districts which together constitute 25 percent of the State's population. Those districts account for 68.5 percent of factories,

70 percent of industrial employment, and 80 percent of industrial output of the State.

On the basis of the norms laid down by Pande Committee (1968), 13 districts in the State were notified as backward which, after split of some districts, increased to 17.

The list of these districts is given below :

1. Konkan Region : Raigad, Ratnagiri and Sindhudurg.
2. Western Maharashtra : Jalgaon and Dhule.
3. Marathwada Region :- Aurangabad, Jalna, Beed, Parbhani, Nanded, Osmanabad and Latur.
4. Vidarbha Region : Buldhana, Yeotmal, Bhandara, Chandrapur and Gadchiroli.

In particular, the districts of Aurangabad, Ratnagiri, Chandrapur, Sindhudurg, Jalna and Latur are eligible to receive central investment subsidy. Since 1964, the Government of Maharashtra has been implementing a package scheme of incentives as a part of the strategy to develop backward areas. The industrial policy of the State Government lays emphasis on industrial growth through dispersal of industries in developing areas.

The Corporation has always been a major offering incentives and liberalised terms and conditions for grant of financial assistance for units in the specified backward districts.

In the country's fifth five year plan (1974-79), the issue of regional development was discussed in terms of districts. In the context of the Sixth Plan, the issue of regional imbalance received serious attention. On July 29, 1983, the Maharashtra Government announced formation of a Fact Finding Committee headed by Prof. V.M. Dandekar. The scope of the Fact Finding Committee was not confined to finding regional imbalances but also to find out imbalance of the districts within a particular region.

Assistance to Backward Areas.: The statistics on sanctions to the specified backward districts of the state are presented in the three successive Tables, viz., 3.14 to 3.16. The names of the specified backward districts are enumerated in relevant tables. Seventeen districts of the State were declared as backward. These specified backward districts accounted for 26 percent of the applications and 17 percent of the sanctioned amount for the period 1961-71.

It would be seen from Table 3.14 that during 1966-71, the share of these districts in the aggregate applications rose to 31 percent and in the amount to 21 percent from 12 percent and 7 percent respectively. During 1961-71, Ratnagiri and Aurangabad accounted respectively for 5 percent and 7 percent of the aggregate applications received by the MSFC. Except these two districts, the other backward districts claimed between 1 and 3 percent each of the total loan applications sanctioned. By amount, Chandrapur had a

share of less than 1 percent.

It would be seen from Table 3.15 that the share of applications and of the amount of loans sanctioned during 1972-81 (April-March) came to 35 percent and 31 percent of the respective totals, as against the corresponding figures of 26 percent and 17 percent respectively during 1961-71, indicating an increased share in the total amount of loans during 1972-1981.

The analysis, by districts reveals that Kolaba and Aurangabad together accounted for 17 percent of the total applications sanctioned for backward districts during 1972-81 (April-March). Other backward districts claimed between 1 and 4 percent each in aggregate sanctioned applications. Jalna, Sindhudurg and Parbhani each received less than one percent share in the total sanctioned applications. Except Kolaba and Aurangabad, the number of applications and amount sanctioned among backward districts were less uneven during 1972 to 1981 (April-March) compared to the earlier period.

During 1981-82 to 1983-84, 17 backward districts claimed 39 percent of the number of loan applications and 30 percent of the aggregate amount sanctioned.

As may be seen from Table 3.16 that excepting Raigad and Aurangabad which claimed 5 and 6 percent of the sanctioned applications respectively during 1981-82 to 1983-84, other

districts claimed between 1 and 3 percent each. By amount, however, except Gadchiroli and Osmanabad, other districts had a share between 1 and 6 percent each. The share of Jalgaon in the amount sanctioned shrank to 2 percent during the year 1982-83 as against 3 percent in the preceding year. The share of Beed which is included in the "Area Approach Programme" of the Corporation, remained constant at 1 percent in each of these three years.

The MSFC has laid emphasis on the development of industries in the backward areas, falling in line with the industrial policy of the State Government. The Corporation has also adopted an "Area Development Approach" and selected five districts - Beed, Dhule, Yeotmal, Sholapur and Ratnagiri for the development programme under which the Corporation would develop entrepreneurship, identify projects and assist in implementing projects by providing financial assistance. The Corporation has so far identified over 150 entrepreneurs under the programme and has granted financial assistance of over Rs. 5 crores. Thus, we find that MSFC's assistance to units in developing areas including the notified backward areas has considerably increased during the period under study.

Disbursements to Developing Areas*

Tables 3.17 to 3.19 furnish detailed data in respect of

* The Government of Maharashtra have termed Gr.Bombay, Pune and Thane districts (excluding parts of Pune and Thane eligible for state incentives) as developed areas. The rest of the areas of Maharashtra are treated as developing areas.

disbursements in developing areas (including backward areas) and other districts during the Fourth, Fifth and Sixth plans. It would be seen from Table 3.17 that during Fourth plan, greater Bombay, Thane and Pune securing 50 percent share in total disbursements. The Greater Bombay alone obtained a share of 24 percent in total disbursements. On the other hand, the Marathwada region comprising five backward districts had a mere 10 percent share in disbursements. Aurangabad alone received 50 percent share of the total disbursement made in Marathwada region. Western Maharashtra accounted for 35 percent share in aggregate disbursements, and Konkan (excluding Greater Bombay) accounted for 20 percent share. Vidarbha obtained 12 percent share. Among the districts in Vidarbha, Nagpur accounted for about 7 percent share. This showed that the distribution during the fourth five year plan period was quite uneven.

In the Fifth plan period (See Table 3.18), the share of Greater Bombay in aggregate disbursements declined to 16 percent from 24 percent in the preceding plan period. Thane district was first with 21 percent share while Pune accounted for 10 percent share. The nine districts of Western Maharashtra received 27 percent of the total disbursements. Among the districts of Western Maharashtra, Pune and Kolhapur together accounted for 16 percent. Konkan's share registered a sharp increase during the Fifth plan to 35 percent. Marathwada accounted for 12 percent of the total

amount disbursed, while Vidarbha accounted for 12 percent. Wardha and Yeotmal received together less than one percent share of disbursements. Nagpur with a share of 6 percent in the total continued to dominate among the districts of the region. The share of Chandrapur which is a notified backward district for central investment subsidy increased during Fifth Plan.

District-wise data on disbursement for the first four years (1980-81 to 1983-84) of the Sixth Five Year plan are given in Table 3.19.

It would be seen from the table that Greater Bombay's share which was 16 percent during the Fifth Plan came down to 11 percent during the Sixth Plan. Thus, we notice a significant movement of disbursement away from developed areas. Thane accounted for 22 percent share which was marginally higher than in the Fifth Plan. Western Maharashtra accounted for 27 percent of the disbursement. Pune and Kolhapur accounted for 11 percent of the total disbursement. The share of Jalgaon, which is one of the notified backward districts, rose to two percent in the first four years of the Sixth Plan from 1 percent in the Fifth Plan.

Vidarbha region accounted for 19 percent share of the total disbursements during the first four years of the Sixth Plan. The share of Chandrapur district improved marginally during this period.

Marathwada accounted for 11 percent of the total disbursements, the share being lower by one percentage point; compared to the Fifth Plan. It is also to be noted that Beed, Nanded and Osmanabad belonging to Marathwada region between them accounted for less than one percent of total disbursements. In the Marathwada region, Aurangabad district continued to be a major beneficiary.

Developing districts accounted for 60 percent share in total disbursements during the first four years of the Sixth Plan as against 53 percent share during the Fifth Plan.

Region-wise (Geographic) Sanctions

Administrative regions of the Corporation do not coincide with geographical regions of the State. Here, we attempt to analyse the sanctions from the point of view of geographic regions of the State.

Table 3.20 presents data on sanctions to Greater Bombay, Konkan, Western Maharashtra, Marathwada and Vidarbha regions. The period under consideration is divided into three sub-periods, viz., 1969-70 to 1973-74, 1974-75 to 1978-79 and 1979-80 to 1983-84.

Greater Bombay accounted for 11 percent of the sanctioned applications and 21 percent of the total amount for the period 1969-70 to 1973-74 while Western Maharashtra accounted for 39 percent of the total applications and 35 percent of the total amount during the same period.

Marathwada and Vidarbha accounted for 13 percent and 10 percent respectively of the sanctions during 1969-70 to 1973-74. It may be seen that 50 percent of the total loan applications went to Greater Bombay and Western Maharashtra.

Vidarbha consists eight districts (now nine districts) and Marathwada comprises five districts (now seven districts); These two regions accounted for only 23 percent of the total amount sanctioned.

From the above discussions, it may be concluded that during this period, the region-wise sanction in both respects, i.e., loan applications and amount sanctioned.

Let us proceed to analyse the relative position during the period 1974-75 to 1978-79. As indicate in Table 3.20 Greater Bombay accounted for 7 percent of the applications and 13 percent of the amount during 1974-75 to 1978-79. Western Maharashtra accounted for 34 percent of the loan applications and 28 percent of the amount during the same period.

The data for Konkan (in terms of percentage) indicate increases on both counts, viz., applications and the amount sanctioned during the period, 1974-75 to 1978-79. The share of Vidarbha, however, marginally declined during this period. The share of Marathwada in the applications remained the same at 15 percent. By amount, the share of Vidarbha marginally declined by 1 percent during 1974-75 to

1978-79 than the earlier five-year period. The position of Vidarbha and Marathwada which together have twelve specified backward districts improved marginally on both counts, number as well as amount during the period 1974-75 to 1978-79 (April-March).

Further, we analyse the data for the period 1979-80 to 1983-84, we find that Greater Bombay accounted for 4 per cent of the number and 8 percent of the amount of applications, indicating a decline in the region's share as regards number of applications from 7 percent and in terms of amount from 13 percent during 1974-75 to 1978-79. By applications as well as by amount, Konkan, Vidarbha and Marathwada indicated improvement in their respective positions during 1979-80 to 1983-84. The change in Western Maharashtra were marginal.

Table 3.21 furnishes statistics regarding district-wise disbursement as well as per capita disbursement of loans by the MSFC.

The combined share of Greater Bombay, Thane and Pune districts was about 60 percent in total disbursements upto March 1974. Of this, Greater Bombay alone accounted for about 32 percent share. The share of these three 'developed' districts has gone down to 38 percent as the end of March, 1984. The share of Western Maharashtra excluding Pune district was more or less maintained at 17 percent during this period. The share of Vidarbha rose from 9 percent to

13 percent during 1974-1984 (ending March). Similarly, the share of Marathwada in disbursements increased from 7 percent to 11 percent.

It would be seen from the table that in terms of per capita disbursement during 1974-84, the Corporation's assistance was less unevenly distributed among Western Maharashtra, Marathwada and Vidarbha. It was Rs. 28.4 in case of Western Maharashtra; Rs. 25.31 for Marathwada and Rs. 22.97 for Vidarbha.

It is high time when the Corporation has decided to divert its attention on area planning so that the spectrum of industrial activity may not cluster in a few developed pockets of the state in this regard, the Corporation took up for four backward districts of the state for identifying, training and development of entrepreneurs. It would be relevant to point out that Nasik, Aurangabad, Kolhapur and Ahmednagar have emerged in recent years as new industrial growth centres in the state and in this regard the role of the Corporation is notable.

3.9 Sources and Uses of Funds

In this section a few important aspects of the finances of the Corporation have been discussed.

For this purpose, a brief analysis of the trends in resources requirements, mobilization of funds, recovery of arrears has been made covering a period of ten years from 1974-75 to 1983-84.

The sources of funds of the Corporation can be mainly divided into two major categories - internal sources and external sources. Internal sources primarily consist of plough-back profits, repayment of loans by borrowers, deposits accepted, bank balances and cash balances. On the other hand, external sources which are more important for our purposes consist of change in paid-up capital, loans taken, borrowings made, etc.

Table 3.22 provides information on the sources of funds of the Corporation for the period of ten years, i.e. 1974-75 to 1983-84.

For ten years as a whole, the external financing was about 60 percent of the total. If we look at the breakdown of borrowings, we find that IDBI's refinancing facility forms a major item, followed by repayment of loans by the borrowers.

The MSFC has been availing of refinance facility in all eligible cases. The position regarding refinance sanctioned availed of, amount repaid and amount outstanding, at the end of different years is shown in Table 3.24. It is evident from the table that the cumulative refinance secured from the IDBI since 1962-63 upto end of March, 1984 stood at Rs. 207 crores (excluding two years for which data are not available). The outstanding balance at the end of March, 1984 was of the order of Rs. 87 crores against the permissible limit of Rs. 87 crores. During the period

1962-63 to 1983-84, the Corporation availed assistance from IDBI to the extent of Rs. 132 crores and has refunded to the extent of Rs. 75 crores (excluding the years 1968, 1970 and 1971). However, the amount of refinance drawn by the Corporation increased significantly since 1976.

Market borrowings by way of bonds rose in absolute amount from Rs. 3.58 crores in 1974-75 to Rs. 11.55 crores in 1983-84. (See Table 3.22). They fell considerably during the years 1979-80 and 1980-81. During the decade mentioned above, paid-up capital together with convertible loans accounted for roughly 4 percent of the total sources of funds.

From the above analysis we find that the proportion of external finance has increased considerably during the reference period. Further, among external sources, the share of borrowings from IDBI and 'other' borrowings had increased during this period. One of the reasons for the growing importance of these external sources was the shortage of internal finance accompanied by higher growth in advances.

Having discussed the structure of the sources of funds, we shall now turn to the analysis of uses of funds.

From information given in Table 3.23, we find that the share of disbursements in total utilisation of funds varied from 63 percent to 74 percent during the period 1974-75 to 1983-84. For the ten years as a whole, 62 percent of the funds requirement was for disbursement of assistance.

Another 26 percent was accounted for debt servicing. Repayment of fixed deposits accounted on an average for about 1.55 percent of the total uses of funds during the ten-year period. Repayment of bonds accounted for a share of 4.5 percent of the total uses during the period 1974-75 to 1983-84.

Thus, a careful examination of Table 3.22 and 3.23 reveals that borrowings from IDBI and borrowings by way of funds were most prominent sources of finance during the period 1974-75 to 1983-84.

The MSFC has been steadily building up reserves. Indeed, it is worth mentioning that reserves as a percentage of paid-up capital shows significant improvement throughout the period under our review, barring the year 1980-81.

The Corporation has been maintaining increased reliance on refinance as a major source for raising loanable funds. This also enables the Corporation to pass on the benefits of the refinance facility provided by the IDBI. With IDBI facility, the Corporation could maintain higher disbursement level.

3.10 Arrears and Recovery Position

Recovery of loans is a major source of funds for Corporation directly reflecting the position of internal cash generation. Although refinance availed from the IDBI is an important source of funds for the operations of the Corporation, it's sound financial position also depends

upon recovery performance. Overdue's position is causing some concern to the Corporation.

We have measured overdues as a percentage of total outstandings and overdues as a percentage of "net worth".

Table 3.25 shows the recovery of dues and arrears position.

The overdues of the Corporation showed a rising trend. From Rs. 5 crores at the end of March 1975, the amount of overdues rose to Rs. 20 crores, In 1978-79 and further to Rs. 71 crores including suit-filed accounts in 1984-(as at end March). The ratio of overdues to loans outstanding also registered a rise during 1975-1984. From 13 percent in 1974-75, it rose to 21 percent in 1978-79, and further to 33 percent in 1983-84. The average percentage of overdues to outstandings during the more recent period, 1980-84 was higher at 27 percent compared with the average percentage of nearly 16 percent during the previous period 1975-79.

The progress of recoveries as well as index of overdues is shown in Table 3.26.

It would be seen from the table that the index of recoveries is showing better performance. It seems that the Corporation continued to give major attention to the matter of performance in recovery and intensive efforts were made to effect maximum recovery of dues. However, the performance of the Corporation may be described as marginal. If we compare the index of recoveries with index of overdues,

the picture is quite different. For instance, index of overdues is showing rising tendency during the period under our consideration.

Table 3.27 provides a comparison of recovery both of principle and interest made by the Corporation with the repayment of refinance made to the IDBI. The table reveals that despite higher repayment obligations to the IDBI over the years, the surplus from recovery has been significant. If we look from this angle, it can be concluded that the recovery performance is satisfactory.

Strategic Measures : The Corporation is placing particular emphasis on the recovery function to meet the ever-expanding need for financial resources. It is notable that the emphasis on recoveries was not merely for collection of dues but keeping in view the social objective; to see that the units run on sound footing. The Corporation has adopted a strategy to improve recovery performance by a continuous follow-up of defaulting accounts in order to speed up identification of and assistance to the genuine sick units. The Corporation is the first among SFCs in the country to formulate and implement a package of concessions to facilitate programme of rehabilitation of such units. The Corporation believes that better results would be obtained by negotiations rather than by filing suits except where they are unavoidable. The package of concessions includes extended holidays for repayment and need-based revisions in the repayment schedule.

A detailed review of the defaulting units is undertaken by the Corporation to improve its recovery performance. The settlement committee of the Board set up in 1981 helps in quick setting of accounts of defaulted units. For example, from July 1981 to 31st March, 1984, the Settlement Committee considered 260 proposals involving overdues of Rs. 13 crores. In respect of cases where the amount of overdues is less than Rs. 1 lakh, the cases are initially reviewed by the Regional Managers and thereafter further review is undertaken at the Head Office by the General Manager and the Managing Director. The periodic review of the defaulted accounts in respect of loans exceeding Rs. 5. lakhs is being undertaken by the Default Review Committee.

The Corporation also takes recourse to the powers under section 29 of SFCs Act to the extent possible and takes possession of the units and dispose them to those interested parties in setting similar units. Occurance of defaults is common to all the development banks throughout the country. The increase in overdues is due to internal as well as external reasons, for instance, delay in implementation of projects, paucity of working capital, poor management, cost escalation, labour problems, recessionary situation, etc.

The MSFC has been pursuing an effective system of follow-up to maintain continuous continuous contacts with

the borrowing units. The Corporation has been deploying its staff members for visits to the units and on the basis of the visits, inspection reports on the performance of the units are prepared. The Corporation lodged claims with the Deposit Insurance and Credit Guarantee Corporation of India (DICGC). At the end of March 1984, 374 claims amounting to Rs. 3.58 crores were pending with DICGC for consideration. A recent study made by the IDBI on "The Performance of SFCs : A Comparative Study" revealed that during 1981-83 the average percentage of arrears to outstandings was very high at 28 percent in the case of the MSFC. On the other hand, the ratio of arrears to outstandings was on an average, relatively low for the SFCs in Andhra Pradesh (9.7%), Haryana (7.1%), and Delhi (6.6%). (Annexure VI).^{IV}

It would be seen from Table 3.25 that the Corporation has not recorded continuous increases in its recovery rates during the period, 1974-75 to 1983-84. For instance, the recovery rate of the Corporation declined from 95 percent in 1974-75 to 69 percent in 1983-84. It may also be observed from the table that the recovery rate dropped sharply from 83 percent in 1976-77 to 67 percent in 1978-79.

It is revealed by the above-mentioned study made by the IDBI that on the basis of average recovery rate for the period 1980-81 to 1982-83, the recovery performance of the Corporation was not very satisfactory and was inferior to "

that of Delhi, Jammu & Kashmir, Andhra Pradesh and Haryana. (Annexure-V).

It is necessary for the Corporation to strengthen its machinery to reconcile quantitative and qualitative parameters of loan sanctions. The loan granted by the MSFC would be in the right direction only when it is able to get repayment of loans. The nominee directors must effectively ensure that the loan amount is properly utilised and keep a watch on the functioning of the units with a view to protect the interests of the Corporation.

The working group on the reduction of arrears of SFCs headed by Shri P. Thomas, (IDBI) has recommended some measures in view of reducing the overdues of SFCs. These relate, mainly to (1) the accounting procedure adopted by the State Financial Corporation, (2) tax reliefs to SFCs, (3) toning up of appraisal of projects, (4) reschedule of repayment in case of genuine difficulties, etc. in order to get a correct picture of income generation, MSFC has switched over to cash system of accounting which was also recommended by the working group of the IDBI on overdues. The Corporation created interest suspense account to transfer unrealised interest on sticky loan accounts.

The problem of arrears faced by the MSFC is serious enough. It may be said that the magnitude of defaults in the realisation of loans disbursed by MSFC has become an unpleasant task in the working of the Corporation.

3.11 The Working Results of the MSFC

We may briefly examine the working results of the Corporation in regard to certain selected aspects for the decade 1974-75 to 1983-84.

Working results of a financial institution may be judged from a variety of angles, viz., overdues, management cost, staff cost, paid-up capital, etc. There need be no hesitation accepting the view that the performance of a development bank is to be examined in the light of the more relevant socio-economic objective. It is argued that a development bank is an infrastructure and profitability criterion may not be the sole one for appraisal.

Table 3.28 presents the working results of the Corporation for the period, i.e., 1974-75 to 1983-84. Profitability of financial institutions like the MSFC can be measured by computing the return on working funds. It is revealed from the information that the percentage return on working funds registered a decline during the last four years, viz., 1980-84.

It is revealed from the information that the percentage return on working funds registered a decline during the last four years, viz., 1980-84 (year ending 31st March). This trend may be due to changes in accounting practices adopted by the Corporation* . Return on 'net worth' remained

* Since financial year 1980-81, the accounts are drawn on the basis of 'cash system' of accounting.

more or less the same during the year 1975-76 to 1979-80. It, however, declined considerably since 1980-81. The primary reason for this is significant decline in net profit during these years, except in 1981-82.

Staff cost as percentage of loans has shown a rising trend from 1975-1976. It increased from 3.09 percent in 1979-80 to 5.96 percent in 1983-84. This rise is indeed significant in the context of near stagnancy observed in the earlier years under our review.

The difference between interest receivable on loans and that payable on borrowings is termed as "spread". Another important point is that "spread" should be as low as possible in the case of a development banks, being different from commercial enterprise in nature, So that maximum advantage in the form of lower rate of interest can be passed on to the borrowers. However, it is difficult to suggest the level of "spread" which can be considered as "minimum" or "ideal". Nobody can deny the fact that in case of public sector financial institutions, the rate at which they lend or borrow can not be determined by themselves at their own discretion.

"Spread" as percentage of sanctions revealed that it registered higher level during the years 1976-77 to 1979-80. However, the declining trend may be noticed during the last four years, i.e., 1980-84 (year ending 31st March) with erratic fluctuations.

TABLE 3.1

Loan Applications Dealt with Amount Sanctioned and Disbursed by the MSFC:
1962-63 to 1983-84

| Year ending 31st March | Applications under consideration | | | Applications Sanctioned | | | Amount Disbursed | |
|------------------------|----------------------------------|--------|---|-------------------------|--------|---|------------------|---|
| | Number | Amount | Percentage change over the previous year's amount | Number | Amount | Percentage change over the previous year's amount | Rupees | Percentage change over the previous year's amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1963 | 605 | 905 | -- | 166 | 206 | -- | 165 | -- |
| 1964 | 610 | 1,133 | 19 | 213 | 322 | 56 | 209 | 27 |
| 1965 | 690 | 1,328 | 17 | 261 | 409 | 27 | 229 | 10 |
| 1966 | 644 | 1,528 | 15 | 172 | 236 | (-) 73 | 246 | 7 |
| 1967 | 629 | 1,450 | (-) 5 | 221 | 366 | 55 | 246 | -- |
| 1968 | 539 | 1,243 | (-) 14 | 207 | 341 | (-) 7 | 330 | 34 |
| 1969 | 587 | 1,118 | (-) 10 | 284 | 431 | 26 | 300 | (-) 9 |
| 1970 | 1,773 | 1,706 | 53 | 1,020 | 822 | 91 | 440 | 47 |
| 1971 | 3,510 | 3,157 | 85 | 1,533 | 1,211 | 47 | 821 | 87 |
| 1972 | 2,916 | 3,989 | 26 | 1,133 | 1,063 | (-) 12 | 651 | (-) 26 |
| 1973 | 1,363 | 2,371 | (-) 41 | 626 | 792 | (-) 25 | 645 | (-) 1 |

(contd.)

Table 3.1 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------------------------------------|--------|--------|-------|--------|--------|-----|--------|-------|
| 1974 | 1,616 | 3,613 | 19 | 1,056 | 1,827 | 131 | 918 | 42 |
| 1975 | 1,728 | 5,931 | 7 | 957 | 2,489 | 36 | 1,169 | 27 |
| 1976 | 2,308 | 5,540 | 18 | 1,390 | 2,631 | 6 | 1,636 | 40 |
| 1977 | 2,416 | 4,743 | (-)14 | 1,791 | 2,723 | 3 | 1,892 | 16 |
| 1978 | 1,979 | 4,532 | (-) 4 | 1,428 | 2,756 | 1 | 1,807 | (-) 5 |
| 1979 | 2,321 | 5,495 | 21 | 1,746 | 3,274 | 19 | 2,091 | 16 |
| 1980 | 3,001 | 7,998 | 46 | 1,980 | 3,712 | 16 | 2,365 | 13 |
| 1981 | 3,188 | 9,708 | 21 | 2,157 | 4,159 | 12 | 3,017 | 28 |
| 1982 | 3,116 | 10,660 | 10 | 1,975 | 4,221 | 1 | 3,087 | 2 |
| 1983 | 3,715 | 10,734 | 1 | 2,562 | 4,971 | 18 | 3,215 | 4 |
| 1984 | 3,630 | 9,910 | (-) 8 | 2,661 | 5,666 | 14 | 4,101 | 28 |
| As on 31.3.84 (cumula- tive) | 42,884 | 98,305 | - | 25,539 | 44,628 | - | 29,582 | - |

Note : Figures may not add up due to rounding off.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.2

Applications Considered and Sanctioned and Amount Disbursed by the MSFC For Selected Periods

| Particulars | 1962-63 to 1966-67 | 1967-68 to 1971-72 | 1962-63 to 1971-72 | 1972-73 to 1976-77 | 1977-78 to 1981-82 | 1972-73 to 1981-82 | 1982-83 to 1983-84 |
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|

Applications under consideration

| | | | | | | | |
|---|-------|--------|--------|--------|--------|--------|--------|
| 1. Number | 3,178 | 9,325 | 12,503 | 9,161 | 13,605 | 22,766 | 7,345 |
| 2. Average per annum | 636 | 1,865 | 1,250 | 1,832 | 2,721 | 2,277 | 3,672 |
| 3. Amount (in Rs. lakhs) | 6,392 | 11,208 | 17,600 | 22,198 | 38,394 | 60,592 | 20,638 |
| 4. Average Amount per annum (Rs. lakhs) | 1,278 | 2,242 | 1,760 | 4,440 | 7,679 | 6,059 | 10,319 |

Applications Sanctioned

| | | | | | | | |
|---|-------|-------|-------|--------|--------|--------|--------|
| 1. Number | 1,033 | 4,177 | 5,210 | 5,820 | 9,286 | 15,106 | 5,223 |
| 2. Average per annum | 207 | 835 | 521 | 1,164 | 1,857 | 1,511 | 2,611 |
| 3. Amount (in Rs. lakhs) | 1,539 | 3,868 | 5,407 | 10,462 | 18,122 | 28,584 | 15,608 |
| 4. Average Amount per annum (Rs. lakhs) | 308 | 774 | 541 | 2,092 | 3,624 | 2,858 | 7,804 |

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(contd.)

Table 3.2 (contd.)

| Particulars | 1962-63 to 1966-67 | 1967-68 to 1971-72 | 1962-63 to 1971-72 | 1972-73 to 1976-77 | 1977-78 to 1981-82 | 1972-73 to 1981-82 | 1982-83 to 1983-84 |
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|

Amount Dis-
bursed

| | | | | | | | |
|-------------------------------------|-------|-------|-------|-------|--------|--------|-------|
| 1. Rupees in lakhs | 1,095 | 2,542 | 3,637 | 6,260 | 12,367 | 18,628 | 7,316 |
| 2. Average per annum (Rs. in lakhs) | 219 | 508 | 307 | 1,252 | 2,473 | 1,863 | 3,658 |

+ April-March.

Note : Figures may not add up due to rounding off.

Source : MSFC, Annual Reports (Various Issues)

TABLE 3.3

Year-wise Details of Loan Applications Under Consideration, Amount Sanctioned, Disbursed and Outstanding

Plan-wise Performance : 1961-62 Through 1983-84

| Sr. No. | Year | Loan Applications under consideration | | Applications sanctioned during the year | | Cumulative (Gross) sanctions | | Disbursement during the year | Loans outstanding at the end of the year |
|---------------------------|---------|---------------------------------------|-----------------------|---|-----------------------|------------------------------|-----------------------|------------------------------|--|
| | | No. | Amount (in Rs. lakhs) | No. | Amount (in Rs. lakhs) | No. | Amount (in Rs. lakhs) | Amount (in Rs. lakhs) | Amount (in Rs. lakhs) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <u>Third Plan</u> | | | | | | | | | |
| 1. | 1961-62 | 597 | 644 | 185 | 179 | -- | - | 135 | - |
| 2. | 1962-63 | 605 | 953 | 166 | 206 | 351 | 385 | 165 | 411 |
| 3. | 1963-64 | 610 | 1,133 | 213 | 322 | 564 | 707 | 209 | 582 |
| 4. | 1964-65 | 690 | 1,328 | 261 | 409 | 825 | 1,116 | 229 | 749 |
| 5. | 1965-66 | 644 | 1,528 | 172 | 236 | 997 | 1,352 | 246 | 908 |
| Sub-total (1 to 5) | | 3,146 | 5,586 | 997 | 1,352 | - | - | 984 | |
| <u>Three-Annual Plans</u> | | | | | | | | | |
| 6. | 1966-67 | 629 | 1,450 | 221 | 366 | - | - | 246 | 1,044 |
| 7. | 1967-68 | 539 | 1,243 | 207 | 341 | 428 | 707 | 330 | 1,241 |
| 8. | 1968-69 | 587 | 1,113 | 284 | 431 | 712 | 1,138 | 300 | 1,389 |
| Sub-total | | 1,755 | 3,806 | 712 | 1,138 | - | - | 876 | |

(contd.)

Table 3.3 (contd.)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--------------------|-------------------------|--------|--------|-------|--------|-------|--------|-------|--------|----|
| <u>Fourth Plan</u> | | | | | | | | | | |
| 9. | 1969-70 | 1,773 | 1,706 | 1,020 | 822 | - | - | 440 | 1,625 | |
| 10. | 1970-71 | 3,510 | 3,157 | 1,533 | 1,211 | 2,553 | 2,033 | 821 | 2,242 | |
| 11. | 1971-72 | 2,916 | 3,989 | 1,133 | 1,063 | 3,686 | 3,096 | 651 | 2,616 | |
| 12. | 1972-73 | 1,316 | 2,371 | 626 | 792 | 4,312 | 3,888 | 645 | 2,889 | |
| 13. | 1973-74 | 1,616 | 3,613 | 1,056 | 1,827 | 5,368 | 5,715 | 918 | 3,377 | |
| | Sub-total (9 to 13) | 11,131 | 14,836 | 5,368 | 5,715 | - | - | 3,475 | | |
| <u>Fifth Plan</u> | | | | | | | | | | |
| 14. | 1974-75 | 1,728 | 5,931 | 957 | 2,489 | - | - | 1,169 | 4,085 | |
| 15. | 1975-76 | 2,038 | 5,540 | 1,390 | 2,631 | 2,347 | 5,120 | 1,636 | 5,307 | |
| 16. | 1976-77 | 2,416 | 4,743 | 1,791 | 2,723 | 4,138 | 7,843 | 1,892 | 6,745 | |
| 17. | 1977-78 | 1,979 | 4,532 | 1,428 | 2,756 | 5,566 | 10,599 | 1,807 | 8,084 | |
| | Sub-total (14 to 17) | 8,161 | 20,746 | 5,566 | 10,599 | - | - | 6,504 | - | |
| 18. | 1978-69 | 2,321 | 5,495 | 1,746 | 3,274 | - | - | 2,091 | 9,488 | |
| 19. | 1979-80 | 3,001 | 7,999 | 1,980 | 3,712 | 3,726 | 6,986 | 2,365 | 11,188 | |
| | Sub-total (18 to 19) | 5,322 | 13,494 | 3,726 | 6,986 | - | - | 4,456 | | |

(contd.)

Table 3.3 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------------------|---------|--------|--------|-------|--------|-------|--------|--------|---------|
| <u>Sixth Plan</u> | | | | | | | | | |
| 20. | 1980-81 | 3,188 | 9,708 | 2,157 | 4,159 | - | - | 3,017 | 13,552* |
| 21. | 1981-82 | 3,116 | 10,660 | 1,975 | 4,221 | 4,132 | 8,380 | 3,087 | 15,744* |
| 22. | 1982-83 | 3,715 | 10,734 | 2,562 | 4,971 | 6,694 | 13,351 | 3,216 | 18,367* |
| 23. | 1983-84 | 3,630 | 9,904 | 2,907 | 5,666 | 9,601 | 19,017 | 4,101 | 21,670* |
| Sub-total (20 to 23) | | 13,649 | 17,152 | 9,601 | 19,017 | - | - | 13,421 | |

+ April-March.

Notes : 1) Figures may not add up due to rounding off.
 2) * includes interest not debited to accounts.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.4

Time Lag Between Sanction and First Disbursement

| Year ending 31st March | Total Number of cases | Time-Lag | | | | |
|---------------------------|-----------------------------|-----------------------|------------------|------------------|-------------------|-----------------------|
| | | Less than 3 months | 3 to 6 months | 6 to 9 months | 9 to 12 months | More than one year |
| 1976 | 872 | 365 (41.9) | 242 (27.8) | 135 (15.5) | 61 (7.0) | 69 (7.8) |
| 1977 | 1,462 | 806 (55.1) | 282 (19.3) | 164 (11.2) | 94 (6.4) | 116 (8.0) |
| 1978 | 1,210 | 550 (45.5) | 262 (21.6) | 148 (12.2) | 93 (7.7) | 157 (13.0) |
| 1979 | 1,153 | 445 (38.6) | 314 (27.3) | 232 (20.1) | 74 (6.4) | 88 (7.6) |
| 1980 | 1,236 | 590 (46.1) | 322 (26.1) | 172 (13.9) | 63 (5.1) | 109 (8.8) |
| 1981 | 1,391 | 590 (42.4) | 404 (29.1) | 183 (13.2) | 94 (6.7) | 120 (8.6) |
| 1982 | 1,589 | 485 (30.5) | 473 (29.8) | 284 (17.9) | 187 (11.7) | 160 (10.1) |
| 1983 | 1,638 | 587 (35.8) | 467 (28.5) | 259 (15.8) | 134 (8.2) | 191 (11.7) |
| 1984 | 2,423 | 906 (35.8) | 669 (28.5) | 377 (15.8) | 223 (8.2) | 248 (11.7) |

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Note : Figures in brackets indicate percentage share to total.

Source : MSFC, Annual Reports, (Various Issues).

TABLE 3.5

Age-wise Break-up of Loan Applications Pending with the MSFC : 1979-80 To 1983-84 (Excluding Goa, Daman & Diu)

| Sr. No. | Applications pending for | (Rupees in lakhs) | | | | | | | | | |
|---------|--------------------------|-------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | | 31st March 1980 | | 31st March 1981 | | 31st March 1982 | | 31st March 1983 | | 31st March 1984 | |
| | | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. |
| 1. | Upto 3 months | 431 (67) | 1,443 (55) | 175 (33) | 722 (26) | 263 (57) | 1,055 (45) | 427 (63) | 1,577 (53) | 312 (96) | 908 (90) |
| 2. | 3-6 months | 166 (26) | 849 (32) | 252 (48) | 1,310 (47) | 193 (42) | 1,163 (51) | 181 (27) | 989 (33) | 6 (2) | 59 (6) |
| 3. | 6-9 months | 47 (7) | 324 (12) | 73 (14) | 534 (19) | 4 (1) | 43 (2) | 53 (3) | 357 (12) | 2 (1) | 19 (2) |
| 4. | 9-12 months | 2 (-) | 8 (-) | 16 (3) | 100 (4) | 3 (-) | 36 (2) | 10 (2) | 50 (2) | 2 (1) | 18 (2) |
| 5. | 12 months and above | 2 (-) | 2 (-) | 9 (2) | 100 (4) | 1 (-) | 4 (-) | 2 (-) | 7 (-) | - | - |
| Total : | | 648 (100) | 2,625 (100) | 525 (100) | 2,766 (100) | 464 (100) | 2,301 (100) | 673 (100) | 2,980 (100) | 322 (100) | 1,004 (100) |

- Notes : 1) Figures in brackets indicate percentage share in total of corresponding years.
 2) (-) denotes less than one percent share.
 3) Figures may not add up due to rounding off.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.6

Industry-wise Break-up of Cumulative Financial Assistance Sanctioned & Disbursed by the MSFC since inception to end March, 1984.

| Sr. No. | Type of Industry | Sanction | | | | (Rupees in lakhs) | |
|---------|---|-----------------|------------------------------|--------|---|-------------------|--------------------------------------|
| | | Number of units | Percent- age to Total Number | Amount | Per- cent- age to Total sanc- tioned Amount | Amount Disbursed | Percent- age to Total Disburse- ment |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | Manufacturing of Metal Products (Except Machinery & Transport Equipments) | 4,125 | 16.15 | 8,167 | 18.30 | 5,519 | 18.65 |
| 2. | Manufacturing of Chemicals & Chemical Products | 2,150 | 8.42 | 6,628 | 14.85 | 4,443 | 15.00 |
| 3. | Miscellaneous Manu- facturing Industry | 2,162 | 8.47 | 4,191 | 9.39 | 2,779 | 9.39 |
| 4. | Transport Industry (Road & Water) | 6,379 | 24.98 | 3,652 | 8.18 | 2,700 | 8.12 |
| 5. | Manufacturing of Textiles | 1,474 | 5.77 | 2,937 | 6.58 | 1,920 | 6.49 |
| 6. | Food Manufacturing Industry Except Beverage Industry | 2,108 | 8.25 | 2,896 | 6.49 | 1,927 | 6.51 |

(contd.)

Table 3.6 (contd)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-----|---|-------|------|-------|------|-------|------|
| 7. | Hotel Industry | 457 | 1.79 | 2,107 | 4.72 | 1,275 | 4.31 |
| 8. | Manufacturing of Machinery Except Elec. Machinery | 765 | 3.00 | 2,091 | 4.68 | 1,337 | 4.52 |
| 9. | Manufacturing of Electrical Machinery Apparatus | 735 | 2.88 | 1,994 | 4.47 | 1,115 | 3.77 |
| 10. | Manufacturing of Non-Metallic & Mineral Products | 717 | 2.81 | 1,879 | 4.21 | 1,110 | 3.75 |
| 11. | Basic Metal Industries | 461 | 1.8 | 1,771 | 3.96 | 1,099 | 3.71 |
| 12. | Manufacturing of Paper & Paper Products | 505 | 1.98 | 1,461 | 3.27 | 959 | 3.24 |
| 13. | Printing Publishing & Allied Industry | 1,338 | 5.24 | 1,325 | 2.96 | 1,007 | 3.40 |
| 14. | Manufacturing of Transport Equipments | 262 | 1.02 | 686 | 1.53 | 415 | 1.40 |
| 15. | Manufacturing of Rubber Products | 273 | 1.07 | 663 | 1.48 | 478 | 1.61 |
| 16. | Mining & Quarrying | 262 | 1.02 | 417 | 0.94 | 281 | 0.95 |
| 17. | Manufacturing of Wood & Cork | 608 | 2.38 | 319 | 0.71 | 235 | 0.79 |

(contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------|--|--------|--------|--------|--------|--------|--------|
| 18. | Beverage Industry | 107 | 0.42 | 313 | 0.70 | 283 | 1.11 |
| 19. | Electricity, Gas, Steam | 36 | 0.14 | 306 | 0.68 | 148 | 0.50 |
| 20. | Manufacturing of Furniture & Fixture | 348 | 1.36 | 257 | 0.57 | 147 | 0.49 |
| 21. | Manufacturing of Leather & Leather Products | 122 | 0.48 | 240 | 0.53 | 132 | 0.44 |
| 22. | Manufacturing of Footwear & Other Wearing Apparels made-up of Textiles | 104 | 0.41 | 204 | 0.46 | 182 | 0.61 |
| 23. | Industrial Estates | 29 | 0.11 | 31 | 0.20 | 65 | 0.22 |
| 24. | Manufacturing of Products of Petroleum and Coal | 12 | 0.05 | 32 | 0.07 | 25 | 0.08 |
| 25. | Motion Picture & Distribution | - | - | - | - | - | - |
| Total: | | 25,539 | 100.00 | 44,628 | 100.00 | 29,582 | 100.00 |

Source : MSFC, 24th Annual Report (1983-84) (Annuxure 8).

TABLE 3.7

Sanctions By Industry : (Period-wise Analysis)

| Sr. No. | Industry | (Rupees in lakhs) | | | | | | | |
|---------|---|-------------------|-------|---------|----------|--------------|-------|---------|----------|
| | | 1974-75 | | 1978-79 | | 1979-80 | | 1983-84 | |
| | | Applications | To | Rupees | Per cent | Applications | To | Rupees | Per cent |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | |
| 1. | Manufacturing of Metal Products except Machinery & Transport Equipments | 1,340 | 18.32 | 2,907 | 20.95 | 1,267 | 16.91 | 3,029 | 19.21 |
| 2. | Manufacturing of Chemicals & Chemical Products | 613 | 8.38 | 1,885 | 13.58 | 588 | 7.84 | 2,506 | 15.90 |
| 3. | Misc. Manufacturing Industry | 430 | 5.88 | 1,008 | 7.26 | 884 | 11.80 | 1,977 | 12.54 |
| 4. | Transport Industry | 2,385 | 32.61 | 1,281 | 9.23 | 1,270 | 16.95 | 951 | 6.03 |
| 5. | Manufacturing of Textiles | 251 | 3.43 | 954 | 6.87 | 571 | 7.62 | 664 | 4.21 |
| 6. | Food Manufacturing Industry Except Beverage Industry | 465 | 6.35 | 856 | 6.17 | 820 | 10.94 | 924 | 5.86 |
| 7. | Hotel Industries | 113 | 1.54 | 500 | 3.60 | 154 | 2.05 | 933 | 5.91 |
| 8. | Manufacturing of Machinery Except Elec. Machinery | 151 | 2.06 | 538 | 3.87 | 150 | 2.00 | 622 | 3.94 |

(contd.)

Table 3.7 (contd.)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|---|-----|------|-----|------|-----|------|-----|------|
| 9. Electrical Machinery Apparatus, Appliances, etc. | | 247 | 3.37 | 713 | 5.13 | 197 | 2.62 | 751 | 4.76 |
| 10. Manufacturing of Non-Metallic & Mineral | | 221 | 3.02 | 603 | 4.34 | 207 | 2.76 | 726 | 4.60 |
| 11. Basic Metal Industries | | 145 | 1.98 | 675 | 4.86 | 108 | 1.44 | 509 | 3.22 |
| 12. Manufacturing of Paper & Paper Products | | 168 | 2.29 | 520 | 3.74 | 152 | 2.02 | 523 | 3.31 |
| 13. Printing, Publishing & Allied Industry | | 282 | 3.85 | 277 | 1.99 | 414 | 5.52 | 492 | 3.12 |
| 14. Transport Equipments | | 73 | 0.99 | 257 | 1.85 | 96 | 1.28 | 273 | 1.73 |
| 15. Manufacturing of Rubber Products | | 68 | 0.92 | 183 | 1.31 | 63 | 0.84 | 250 | 1.58 |
| 16. Mining & Quarrying | | 52 | 0.71 | 114 | 0.82 | 110 | 1.46 | 166 | 1.05 |
| 17. Manufacturing of Wood & Cork Except Manufacturing of Furniture | | 177 | 2.42 | 109 | 0.78 | 147 | 1.96 | 79 | 0.50 |
| 18. Beverage Industry | | 21 | 0.28 | 137 | 0.98 | 53 | 0.70 | 69 | 0.43 |
| 19. Electricity, Gas, Steam | | 14 | 0.19 | 153 | 1.10 | -4 | 0.05 | 66 | 0.41 |
| 20. Manufacturing of Furniture | | 47 | 0.64 | 29 | 0.20 | 143 | 1.90 | 137 | 0.86 |

(contd.)

Table 3.7 (contd.)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|-------|--------|--------|--------|-------|--------|--------|--------|
| 21. Manufacturing of Leather & Leather Products | | 20 | 0.27 | 85 | 0.61 | 72 | 0.96 | 100 | 0.63 |
| 22. Manufacturing of Foot- wear, Other wearing Apparles | | 26 | 0.35 | 82 | 0.59 | 19 | 0.25 | 10 | 0.06 |
| 23. Industrial Estate | | 1 | 0.01 | -6 | 0.04 | - | - | - | - |
| 24. Manufacturing of Petro- leum Products & Coal | | 2 | 0.02 | 0.26 | - * | -2 | 0.02 | -4 | 0.02 |
| 25. | - | - | - | - | - | - | - | - | - |
| Total : | | 7,312 | 100.00 | 13,872 | 100.00 | 7,491 | 100.00 | 15,761 | 100.00 |

Notes : 1) * Figure comes 0.0018 hence it is as good as NIL.

2) + Figures may not add up due to rounding off.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.8

Sanctions to Small-Scale and Other Industries by the MSFC Since
Inception upto end March, 1984 in Maharashtra and Goa

| Year ending 31st March | (Rupees in lakhs) | | | | | |
|---------------------------|-------------------|--------|------------------------|---------------|-------------------------|-------------|
| | Total | | Small-Scale Industries | | Other than SSI Units | |
| | No. | Amount | No. | Amount | No. | Amount |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1963 | 166 | 206 | 131 (79) | 72 (35) | 35 (21) | 134 (35) |
| 1964 | 213 | 322 | 163 (77) | 97 (30) | 50 (23) | 225 (70) |
| 1965 | 261 | 409 | 196 (75) | 129 (32) | 65 (25) | 280 (68) |
| 1966 | 172 | 236 | 138 (80) | 86 (36) | 34 (20) | 150 (64) |
| 1967 | 221 | 366 | 157 (71) | 92 (25) | 64 (29) | 274 (75) |
| 1968 | 207 | 341 | 185 (89) | 188 (54) | 22 (11) | 158 (46) |
| 1969 | 284 | 431 | 254 (89) | 250 (58) | 30 (11) | 181 (42) |
| 1970 | 1,020 | 822 | 988 (97) | 608 (74) | 32 (3) | 214 (26) |
| 1971 | 1,533 | 1,211 | 1,516 (99) | 1,041 (86) | 17 (1) | 170 (14) |

(contd.)

Table 3.8 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------|-------|-------|---------------|---------------|-------------|---------------|
| 1972 | 1,133 | 1,063 | 1,106 (98) | 838 (79) | 27 (2) | 225 (21) |
| 1973 | 626 | 792 | 598 (96) | 605 (76) | 28 (4) | 187 (24) |
| 1974 | 1,056 | 1,827 | 985 (93) | 994 (54) | 71 (7) | 833 (46) |
| 1975 | 957 | 2,489 | 849 (89) | 1,059 (43) | 108 (11) | 1,430 (57) |
| 1976 | 1,390 | 2,631 | 1,294 (93) | 1,517 (58) | 96 (7) | 1,114 (42) |
| 1977 | 1,791 | 2,723 | 1,699 (95) | 1,720 (63) | 92 (5) | 1,003 (37) |
| 1978 | 1,428 | 2,756 | 1,341 (94) | 1,856 (67) | 87 (6) | 910 (33) |
| 1979 | 1,746 | 3,274 | 1,636 (94) | 2,079 (63) | 110 (6) | 1,195 (37) |
| 1980 | 1,980 | 3,712 | 1,864 (94) | 2,620 (71) | 116 (6) | 1,092 (29) |
| 1981 | 2,157 | 4,159 | 2,064 (96) | 3,242 (77) | 93 (4) | 917 (23) |
| 1982 | 1,975 | 4,221 | 1,919 (97) | 3,551 (84) | 56 (3) | 670 (16) |

(contd.)

Table 3.8 (contd.)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---------|---|--------|--------|----------------|----------------|--------------|----------------|
| 1983 | | 2,562 | 4,971 | 2,504 (98) | 4,458 (90) | 58 (2) | 513 (10) |
| 1984 | | 2,661 | 5,666 | 2,580 (97) | 4,703 (83) | 81 (3) | 962 (17) |
| Total : | | 25,539 | 44,628 | 24,167 (95) | 31,790 (71) | 1,372 (5) | 12,838 (29) |

Note : Figures in brackets indicate percentage to total.

Source : MSFC, Annual Reports, 1983-84 (Annexure 19).

TABLE 3.9

Sanctions by the MSFC to Small-Scale Industries and Other Industries -
Plan-wise Performance

(Rupees in lakhs)

| Sr. No. | Year | Small Scale Industries | | Other than SSI | |
|---------------------------|-----------------------|------------------------|--------------|----------------|--------|
| | | Number | Amount | Number | Amount |
| (1) | (2) | (3) | (4) | (5) | (6) |
| <u>Third Plan</u> | | | | | |
| 1. | 1962-63 | 131 | 72 | 35 | 135 |
| 2. | 1963-64 | 163 | 97 | 50 | 225 |
| 3. | 1964-65 | 196 | 128 | 65 | 280 |
| 4. | 1965-66 | 138 | 86 | 34 | 150 |
| | Sub-total (1 to 4) | 628 | 383 (38%) | 184 | 790 |
| <u>Three Annual Plans</u> | | | | | |
| 5. | 1966-67 | 157 | 92 | 64 | 274 |
| 6. | 1967-68 | 185 | 183 | 22 | 158 |
| 7. | 1968-69 | 254 | 250 | 30 | 181 |
| | Sub-total (5 to 7) | 596 | 525 (46%) | 116 | 613 |

(contd.)

Table 3.9 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 |
|--------------------|-------------------------|-------|----------------|-----|-------|
| <u>Fourth Plan</u> | | | | | |
| 8. | 1969-70 | 988 | 608 | 32 | 214 |
| 9. | 1970-71 | 1,516 | 1,041 | 17 | 170 |
| 10. | 1971-72 | 1,106 | 838 | 27 | 225 |
| 11. | 1972-73 | 598 | 605 | 28 | 187 |
| 12. | 1973-74 | 985 | 995 | 71 | 833 |
| | Sub-total (8 to 12) | 5,193 | 4,087 (71%) | 175 | 1,628 |
| <u>Fifth Plan</u> | | | | | |
| 13. | 1974-75 | 849 | 1,059 | 108 | 1,430 |
| 14. | 1975-76 | 1,294 | 1,517 | 96 | 1,114 |
| 15. | 1976-77 | 1,699 | 1,720 | 92 | 1,003 |
| 16. | 1977-78 | 1,341 | 1,855 | 87 | 910 |
| 17. | 1978-79 | 1,636 | 2,,079 | 110 | 1,195 |
| | Sub-total (13 to 17) | 6,819 | 8,230 (59%) | 493 | 5,652 |
| 18. | 1979-80 | 1,864 | 2,620 | 116 | 1,092 |

(contd.)

Table 3.9 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 |
|-------------------|--|--------|-----------------|-------|--------|
| <u>Sixth Plan</u> | | | | | |
| 19. | 1980-81 | 2,064 | 3,243 | 93 | 917 |
| 20. | 1981-82 | 1,919 | 3,551 | 56 | 670 |
| 21. | 1982-83 | 2,504 | 4,458 | 58 | 513 |
| 22. | 1983-84 | 2,580 | 4,703 | 81 | 962 |
| | Sub-total (19 to 22) | 9,067 | 15,955 (84%) | 288 | 3,062 |
| | Total as on 31.3.1984 (Since inception) | 24,167 | 31,800 (71%) | 1,372 | 12,838 |

Notes : 1) Figures in brackets indicate percentage to the total.
 2) Figures may not add up due to rounding off.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.10

Financial Assistance Sanctioned to Small-Scale Units by the MSFC :
1962-63 through 1983-84

| Period | (Rupees in lakhs) | | | | | | |
|------------------------------------|--|--------|---|--------|--------------------------------------|--------|---|
| | Applications sanctioned to small-scale units | | Applications sanctioned to other than small-scale units | | Applications sanctioned to all units | | Ratio of amount sanctioned to small scale units |
| | No. | Amount | No. | Amount | No. | Amount | |
| 1st five year period ending '1967' | 785 | 457 | 248 | 1,063 | 1,033 | 1,539 | 0.31 |
| 2nd five year period ending '1972' | 4,049 | 2,920 | 128 | 948 | 4,177 | 3,868 | 0.75 |
| 3rd five year period ending '1977' | 5,425 | 5,896 | 395 | 4,566 | 5,820 | 10,462 | 0.56 |
| 4th five year period ending '1982' | 8,824 | 13,347 | 462 | 4,785 | 9,286 | 18,123 | 0.73 |
| Last two years ending '1984' | 5,084 | 9,162 | 139 | 1,475 | 5,223 | 10,637 | 0.86 |

Source : Table No. 3.8.

TABLE 3.11

Classification of Loan Applications Sacntioned According to Constitution of
Units Assisted

| Sr. No. | Particulars | (Rs. in lakhs) | | | | | | | | | | | |
|---------|------------------------------------|----------------|-------|---------|-------|---------|-------|---------|-------|---------|-------|--------------------|---------------|
| | | 1969-70 | | 1970-71 | | 1971-72 | | 1972-73 | | 1973-74 | | 1969-70 to 1973-74 | |
| | | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. |
| 1. | Proprietary concerns including JHF | 780 | 358 | 1243 | 540 | 843 | 402 | 326 | 153 | 652 | 354 | 3844 (71) | 1807 (32) |
| 2. | Partnership concerns | 176 | 176 | 212 | 250 | 194 | 229 | 217 | 280 | 258 | 466 | 1058 (20) | 1401 (25) |
| 3. | Private Limited Companies | 48 | 183 | 38 | 138 | 71 | 274 | 61 | 228 | 119 | 634 | 337 (6) | 1457 (25) |
| 4. | Public Limited Companies | 15 | 97 | 18 | 127 | 21 | 152 | 15 | 58 | 24 | 325 | 93 (2) | 759 (13) |
| 5. | Registered Co-operative Societies | 3 | 7 | 21 | 155 | 4 | 5 | 7 | 73 | 3 | 48 | 38 (1) | 288 (5) |
| Total : | | 1022 | 821 | 1533 | 1210 | 1133 | 1062 | 626 | 792 | 1056 | 1827 | 5370 (100) | 5712 (100) |

(contd.)

Table 3.11 (contd.)

| Sr. No. | Particulars | 1974-75 | | 1975-76 | | 1976-77 | | 1977-78 | | 1978-79 | | 1974-75 to 1978-79 | |
|---------|------------------------------------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|--------------------|----------------|
| | | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. |
| 1. | Proprietary concerns including JHF | 565 | 381 | 913 | 596 | 1309 | 813 | 927 | 568 | 1145 | 838 | 4859 (66) | 3196 (13) |
| 2. | Partnership concerns | 225 | 499 | 290 | 670 | 316 | 770 | 351 | 821 | 436 | 1096 | 1618 (22) | 3856 (28) |
| 3. | Private Limited Companies | 121 | 1066 | 139 | 957 | 122 | 729 | 121 | 1114 | 146 | 1169 | 649 (9) | 5035 (36) |
| 4. | Public Limited Companies | 37 | 557 | 30 | 324 | 26 | 335 | 20 | 205 | 14 | 165 | 127 (2) | 1586 (11) |
| 5. | Registered Co-Operative Societies | 9 | 45 | 18 | 83 | 18 | 76 | 9 | 48 | 5 | 7 | 59 (1) | 259 (2) |
| Total : | | 957 | 2548 | 1390 | 2630 | 1791 | 2723 | 1428 | 2756 | 1746 | 3275 | 7312 (100) | 13932 (100) |

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(contd.)

Table 3.11 (contd.)

| Sr. No. | Particulars | 1979-80 | | 1980-81 | | 1981-82 | | 1982-83 | | 1983-84 | | 1979-80 to 1983-84 | |
|---------|------------------------------------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|--------------------------|-----------------|
| | | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. | No. | Amnt. |
| 1. | Proprietary concerns including JHF | 1,278 | 1,002 | 1,435 | 1,254 | 1,337 | 1,119 | 1,848 | 1,578 | 2,021 | 1,640 | 7,919 (70) | 6,593 (29) |
| 2. | Partnership concerns | 473 | 1,125 | 536 | 1,477 | 474 | 1,383 | 558 | 1,746 | 455 | 1,628 | 2,496 (22) | 7,359 (32) |
| 3. | Private Limited Companies | 176 | 1,193 | 164 | 1,329 | 152 | 1,583 | 151 | 1,615 | 171 | 2,274 | 814 (7) | 7,994 (35) |
| 4. | Public Limited Companies | 30 | 246 | 11 | 86 | 4 | 10 | 4 | 21 | 9 | 95 | 58 (1) | 458 (2) |
| 5. | Registered Cooperative Societies | 23 | 146 | 11 | 13 | 8 | 126 | 1 | 1 | 5 | 28 | 48 (-) | 324 (1) |
| Total : | | 1,980 | 3,712 | 2,157 | 4,159 | 1,975 | 4,221 | 2,562 | 4,971 | 2,661 | 5,665 | 11,335 (100) | 22,728 (100) |

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Notes : 1) Figures may not add up to total due to rounding off.
2) Figures in brackets indicate percentage to respective total.

Source : MSFC, Annual Reports, (Various Issues).

TABLE 3.12

Size-wise Financial Assistance (Sanctioned) : 1969-70 Through 1983-84

| Size of Assistance | 1969-70 to 1973-74 | | 1974-75 to 1978-79 | | 1979-80 to 1983-84 | |
|---|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
| | % of Assisted Units | % of Total Amount of Assistance | % of Assisted Units | % of Total Amount of Assistance | % of Assisted Units | % of Total Amount of Assistance |
| 1. Loans upto Rs. 2 lakhs | 90 | 41 | 81 | 27 | 82 | 27 |
| 2. Loans above Rs. 2 lakhs & upto Rs. 5 lakhs | 6 | 19 | 10 | 17 | 8 | 15 |
| 3. Loans above Rs. 5 lakhs & upto Rs.10 lakhs | 3 | 21 | 5 | 18 | 6 | 23 |
| 4. Loans above Rs. 10 lakhs | 1 | 19 | 4 | 38 | 4 | 35 |
| Total : | 100 | 100 | 100 | 100 | 100 | 100 |

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.13

Purpose-wise Analysis of Financial Assistance : 1975-76 Through 1978-79

| Nature of Project | Total Cost of Project | Financial Assistance Sanctioned for | | | (Rupees in lakhs) | |
|---|--------------------------|--|--------------------|---------------|--------------------|----------------------------|
| | | Fixed capital | Working capital | Total | % of (5) to (2) | % of total sanctions |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| New Undertaking | 14,683 | 7,199 | 25 | 7,224 | 49.19 | 64.99 |
| Existing undertaking for - | | | | | | |
| i) Expansion of existing lines of business | 8,653 | 3,436 | - | 3,436 | 39.71 | 30.91 |
| ii) Modernisation & rehabilitation | 1,065 | 355 | - | 355 | 33.33 | 3.20 |
| iii) Diversification into new lines of production | 217 | 99 | - | 99 | 45.62 | 0.90 |
| Total : | 24,618 | 11,089 | 25 | 11,114 | 45.14 | 100.00 |

(contd.)

Table 3.13 (contd.)

Purpose-wise Analysis of Financial Assistance :
1979-80 to 1983-84

| Nature of Project (1) | Total Cost of Project (2) | Financial Assistance Sanctioned | | | % of (5) to (2) (6) | % to Total Sanctions (7) |
|--|---------------------------------|---------------------------------|---------------------------|---------------|------------------------------|-----------------------------------|
| | | Fixed capital (3) | Working capital (4) | Total (5) | | |
| New Undertakings | 37,528 | 19,386 | 39 | 19,425 | 51.76 | 85.45 |
| Existing undertaking for | | | | | | |
| i) Expansion of existing lines of business | 6,735 | 2,733 | 2 | 2,735 | 40.60 | 12.03 |
| ii) Modernisation & rehabilitation | 188 | 93 | - | 93 | 49.46 | 0.41 |
| iii) Diversification into new lines of productions | 18 | 2 | - | 2 | 11.11 | 0.01 |
| Others (loans given for- purchase of generating sets & for purchase of transport vehicles | 800 | 476 | - | 476 | 59.50 | 2.10 |
| Total: | 45,269 | 22,690 | 41 | 22,731 | 50.21 | 100.00 |

Source : MSFC, Annual Reports, 1975-76 to 1983-84.

TABLE 3.14

Financial Assistance Sanctioned by MSFC to Backward Districts, 1961-71⁺

| Sr. No. | District | (Rupees in lakhs) | | | | | | | | | | | |
|---------|------------|-------------------|-----|--------|-----|--------------|-----|--------|------|--------------|------|--------|------|
| | | 1961-66 | | | | 1966-71 | | | | 1961-71 | | | |
| | | Applications | | Amount | | Applications | | Amount | | Applications | | Amount | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| 1. | Kolaba | 11 | 1 | 36 | 3 | 38 | 1 | 52 | 2 | 49 | 1 | 89 | 2 |
| 2. | Ratnagiri | 8 | 1 | 3 | (-) | 184 | 6 | 102 | 4 | 192 | 5 | 105 | 2 |
| 3. | Dhulia | 4 | (-) | 2 | (-) | 20 | 1 | 23 | 1 | 24 | 1 | 25 | 1 |
| 4. | Jalgaon | 7 | 1 | 4 | (-) | 52 | 2 | 33 | 1 | 59 | 1 | 37 | 1 |
| 5. | Aurangabad | 30 | 3 | 22 | 2 | 250 | 8 | 114 | 4 | 280 | 7 | 136 | 3 |
| 6. | Parbhani | 4 | (-) | 2 | (-) | 61 | 1 | 612 | 2 | 36 | 1 | 63 | 1 |
| 7. | Bhir | 6 | 1 | 4 | (-) | 26 | 2 | 26 | 1 | 53 | 1 | 30 | 1 |
| 8. | Nanded | 16 | 2 | 10 | 1 | 81 | 4 | 81 | 3 | 128 | 3 | 92 | 2 |
| 9. | Osmanabad | 8 | 1 | 4 | (-) | 30 | 3 | 30 | 1 | 91 | 2 | 34 | 1 |
| 10. | Buldhana | 4 | (-) | 1 | (-) | 22 | 1 | 22 | 1 | 26 | 1 | 23 | 1 |

(contd.)

Table 3.14 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|--------------------------------------|---|-----|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|
| 11. Yeotmal | | 3 | (-) | 1 | (-) | 35 | 1 | 36 | 1 | 38 | 1 | 37 | 1 |
| 12. Bhandara | | 10 | 1 | 2 | (-) | 19 | 1 | 19 | 1 | 29 | 1 | 21 | 1 |
| 13. Chandrapur | | 11 | 1 | 3 | (-) | 49 | 2 | 16 | 1 | 60 | 1 | 19 | (-) |
| Total: (13 Backward Districts) | | 122 | 12 | 93 | 7 | 943 | 31 | 616 | 21 | 1,065 | 26 | 710 | 17 |
| Total : Other 13 Districts | | 861 | 88 | 1,198 | 93 | 2,118 | 69 | 2,376 | 79 | 2,979 | 74 | 3,573 | 83 |
| Total : State | | 983 | 100 | 1,291 | 100 | 3,061 | 100 | 2,992 | 100 | 4,044 | 100 | 4,283 | 100 |

+ April-March

Notes : 1) Figures may not add up due to rounding off.
2) (-) denotes less than one per cent share.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.15

Financial Assistance Sanctioned by MSFC to Backward Districts*:1971-72 to 1980-81

| Sr. No. | District | (Rupees in lakhs) | | | | | | | | | | | |
|---------|---------------------|--------------------|----------|--------|----------|--------------------|----------|--------|----------|--------------------|----------|--------|----------|
| | | 1971-72 to 1975-76 | | | | 1976-77 to 1980-81 | | | | 1971-72 to 1980-81 | | | |
| | | Applications | | Amount | | Applications | | Amount | | Applications | | Amount | |
| | | Number | Per cent | Rupees | Per cent | Number | Per cent | Rupees | Per cent | Number | Per cent | Rupees | Per cent |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| 1. | Kolaba [@] | 167 | 3 | 515 | 6 | 453 | 5 | 1260 | 9 | 620 | 5 | 1775 | 8 |
| 2. | Dhulia | 72 | 1 | 98 | 1 | 126 | 1 | 130 | 1 | 198 | 1 | 228 | 1 |
| 3. | Jalgaon | 90 | 2 | 141 | 2 | 164 | 2 | 315 | 2 | 254 | 2 | 456 | 2 |
| 4. | Ratnagiri | 151 | 3 | 321 | 4 | 326 | 4 | 524 | 3 | 477 | 4 | 845 | 4 |
| 5. | Buldhana | 103 | 2 | 48 | 1 | 158 | 2 | 116 | 1 | 261 | 2 | 164 | 1 |
| 6. | Bhandara | 95 | 2 | 70 | 1 | 170 | 2 | 135 | 1 | 265 | 2 | 205 | 1 |
| 7. | Chandrapur | 146 | 3 | 153 | 2 | 242 | 3 | 262 | 2 | 388 | 3 | 415 | 2 |
| 8. | Yeotmal | 76 | 2 | 48 | 1 | 110 | 1 | 68 | (-) | 186 | 1 | 116 | 1 |
| 9. | Aurangabad | 390 | 8 | 683 | 8 | 709 | 8 | 1315 | 9 | 1099 | 8 | 1998 | 9 |
| 10. | Beed | 68 | 1 | 23 | (-) | 135 | 2 | 153 | 1 | 203 | 2 | 176 | 1 |
| 11. | Nanded | 80 | 2 | 35 | (-) | 138 | 2 | 138 | 1 | 218 | 2 | 173 | 1 |

(contd.)

Table 3.15 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|------------------------------------|---|------|-----|------|-----|------|-----|-------|-----|-------|-----|-------|-----|
| 12. Osmanabad | | 87 | 2 | 42 | 1 | 155 | 2 | 139 | 1 | 242 | 2 | 181 | 1 |
| 13. Parbhani | | 33 | 1 | 20 | (-) | 96 | 1 | 56 | (-) | 129 | 1 | 76 | (-) |
| 14. Sindhu- durga** | | - | - | - | - | 61 | 1 | 55 | (-) | 55 | (-) | 55 | (-) |
| 15. Jalna** | | - | - | - | - | 31 | (-) | 42 | (-) | 31 | (-) | 42 | (-) |
| Total (15 Back- ward Districts) | | 1558 | 32 | 2197 | 27 | 3074 | 36 | 4708 | 31 | 4632 | 35 | 6905 | 31 |
| Total:(Other Districts) | | 3289 | 68 | 5851 | 73 | 5380 | 64 | 9995 | 69 | 8669 | 65 | 15846 | 69 |
| Total:State | | 4847 | 100 | 8048 | 100 | 4854 | 100 | 14705 | 100 | 13301 | 100 | 22751 | 100 |

+ March-April

- Notes: 1) Figures may not add up due to rounding off.
 2) (-) Denotes less than one per cent.
 3) ** The new districts 'Sindhudurga' and 'Jalna' were created with effect from 1st May 1981, hence data in respect to these districts prior to this period is not reported.
 4) @ The name of Kolaba district is changed to 'Raigad' with effect from 1st May, 1981.
 5) * Originally 13 districts were classified as backward which have now been split into 17 districts.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.16

Assistance Sanctioned by MSFC to Backward Districts, 1981-82 To 1983-84

| Sr. No. | District | 1981-82 | | | | 1982-83 | | | |
|---------|------------|--------------|----------|-------------|----------|--------------|----------|-------------|----------|
| | | Applications | | Amount | | Applications | | Amount | |
| | | Number | Per cent | In Rs. lakh | Per cent | Number | Per cent | In Rs. lakh | Per cent |
| 1. | Raigad | 61 | 3 | 219 | 5 | 71 | 3 | 244 | 5 |
| 2. | Ratnagiri | 40 | 2 | 56 | 1 | 48 | 2 | 106 | 2 |
| 3. | Sindhudurg | 108 | 6 | 79 | 2 | 257 | 11 | 162 | 3 |
| 4. | Dhule | 15 | 1 | 30 | 1 | 32 | 1 | 8 | - |
| 5. | Jalgaon | 31 | 2 | 124 | 3 | 21 | 1 | 71 | 2 |
| 6. | Bhandara | 43 | 2 | 65 | 2 | 48 | 2 | 111 | 2 |
| 7. | Chandrapur | 72 | 4 | 173 | 4 | 67 | 3 | 118 | 3 |
| 8. | Gadchirili | - | - | - | - | 2 | - | 1 | (-) |
| 9. | Buldhana | 35 | 2 | 26 | 1 | 51 | 2 | 65 | 1 |
| 10. | Yeotmal | 38 | 2 | 22 | 1 | 61 | 3 | 69 | 1 |
| 11. | Aurangabad | 80 | 4 | 258 | 6 | 98 | 4 | 306 | 7 |
| 12. | Beed | 21 | 1 | 21 | - | 34 | 1 | 17 | (-) |
| 13. | Nanded | 24 | 1 | 41 | 1 | 27 | 1 | 40 | 1 |

(contd.)

Table (contd.)

| Sr. No. | District | 1981-82 | | | | 1982-83 | | | |
|--------------------------|-----------|--------------|----------|-------------|----------|--------------|----------|-------------|----------|
| | | Applications | | Amount | | Applications | | Amount | |
| | | Number | Per cent | In Rs. lakh | Per cent | Number | Per cent | In Rs. lakh | Per cent |
| 14. | Osmanabad | 19 | 1 | 14 | - | 18 | 1 | 11 | (-) |
| 15. | Parbhani | 15 | 1 | 24 | 1 | 21 | 1 | 26 | 1 |
| 16. | Jalna | 18 | 1 | 28 | 1 | 39 | 2 | 48 | 1 |
| 17. | Latur | 22 | 1 | 24 | 1 | 28 | 1 | 45 | 1 |
| Total:17 Districts | | 642 | 34 | 1204 | 30 | 923 | 40 | 1448 | 30 |
| Total:Other 13 Districts | | 1205 | 66 | 2797 | 70 | 1464 | 60 | 3238 | 70 |
| Total:State | | 1847 | 100 | 4001 | 100 | 2387 | 100 | 4686 | 100 |

Table 3.16 (contd.)

| Sr. No. | District | 1983-84 | | | | 1981-82 to 1983-84 | | | |
|---------|------------|--------------|----------|--------|----------|--------------------|----------|--------|----------|
| | | Applications | | Amount | | Applications | | Amount | |
| | | Number | Per cent | Rupees | Per cent | Number | Per cent | Rupees | Per cent |
| 1. | Raigad | 75 | 3 | 285 | 5 | 207 | 3 | 748 | 5 |
| 2. | Ratnagiri | 116 | 5 | 177 | 3 | 204 | 3 | 334 | 2 |
| 3. | Sindhudurg | 344 | 14 | 155 | 3 | 709 | 11 | 396 | 3 |
| 4. | Dhule | 39 | 2 | 76 | 1 | 86 | 1 | 114 | 1 |
| 5. | Jalgaon | 27 | 1 | 76 | 1 | 79 | 1 | 271 | 2 |
| 6. | Bhandara | 20 | 1 | 72 | 1 | 111 | 2 | 248 | 2 |
| 7. | Chandrapur | 66 | 3 | 156 | 3 | 205 | 3 | 447 | 3 |
| 8. | Gadchiroli | 3 | - | 9 | - | 5 | - | 11 | (-) |
| 9. | Buldhana | 54 | 2 | 57 | 1 | 140 | 2 | 148 | 1 |
| 10. | Yeotmal | 44 | 2 | 76 | 1 | 143 | 2 | 167 | 1 |
| 11. | Aurangabad | 112 | 4 | 343 | 6 | 290 | 4 | 907 | 6 |
| 12. | Beed | 71 | 3 | 45 | 1 | 126 | 2 | 83 | 1 |
| 13. | Nanded | 35 | 1 | 33 | 1 | 86 | 1 | 114 | 1 |

(contd.)

Table 3.16 (contd.)

| Sr. No. | District | 1983-84 | | | | 1981-82 to 1983-84 | | | |
|---------------------------|-----------|--------------|----------|-------------|----------|--------------------|----------|-------------|----------|
| | | Applications | | Amount | | Applications | | Amount | |
| | | Number | Per cent | In Rs. lakh | Per cent | Number | Per cent | In Rs. lakh | Per cent |
| 14. | Osmanabad | 7 | - | 36 | 1 | 44 | 1 | 61 | (-) |
| 15. | Parbhani | 27 | 1 | 23 | - | 63 | 1 | 73 | (-) |
| 16. | Jalna | 35 | 1 | 75 | 1 | 92 | 1 | 151 | 1 |
| 17. | Latur | 33 | 1 | 46 | 1 | 83 | 1 | 115 | 1 |
| Total:17 Districts | | 1108 | 44 | 1741 | 32 | 2673 | 39 | 4393 | 30 |
| Total: Other 13 Districts | | 1388 | 56 | 3557 | 68 | 4057 | 61 | 9592 | 70 |
| Total: State | | 2496 | 100 | 5298 | 100 | 6730 | 100 | 13985 | 100 |

125

Note : 1) Figures may not add up due to rounding off.
2) (-) Denotes less than one per cent.

Source : MSFC, Annual Reports, 1981-82 to 1983-84.

TABLE 3.17

District-wise Disbursements During Fourth Five Year Plan

| District | (Rupees in lakhs) | | | | | Total | Per-centage share to total dis-burse-ment |
|----------------|-------------------|---------|---------|---------|---------|-------|---|
| | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. Dhulia | 14 | 4 | 3 | 3 | 12 | 36 | 1 |
| 2. Gr. Bombay | 141 | 173 | 105 | 183 | 185 | 787 | 24 |
| 3. Jalgaon | 3 | 12 | 5 | 3 | 16 | 39 | 1 |
| 4. Nasik | 5 | 29 | 20 | 22 | 14 | 90 | 3 |
| 5. Thana | 65 | 57 | 72 | 63 | 108 | 365 | 11 |
| 6. Ahmednagar | 5 | 23 | 19 | 30 | 35 | 112 | 3 |
| 7. Kolaba | 1 | 6 | 17 | 14 | 65 | 103 | 3 |
| 8. Poona | 41 | 87 | 90 | 125 | 132 | 475 | 15 |
| 9. Sholapur | 3 | 23 | 21 | 14 | 9 | 70 | 2 |
| 10. Kolhapur | 32 | 83 | 54 | 19 | 19 | 207 | 6 |
| 11. Ratnagiri | 12 | 57 | 37 | 21 | 23 | 150 | 5 |
| 12. Sangli | 39 | 35 | 4 | 6 | 5 | 89 | 3 |
| 13. Satara | 4 | 8 | 5 | 5 | 9 | 31 | 1 |
| 14. Amraoti | 1 | 2 | 9 | 6 | 5 | 23 | 1 |
| 15. Bhandara | * | 2 | 7 | 4 | 13 | 26 | 1 |
| 16. Chandrapur | - | * | 12 | 6 | 13 | 31 | 1 |
| 17. Buldhana | 1 | 4 | 2 | 3 | 3 | 13 | (-) |
| 18. Akola | 2 | 10 | 8 | 6 | 6 | 32 | 1 |

(contd.)

Table 3.17 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------------------------|-----|-----|-----|-----|-----|------|-----|
| 19. Nagpur | 9 | 26 | 42 | 56 | 82 | 215 | 7 |
| 20. Wardha | 7 | 12 | 2 | 1 | 3 | 25 | 1 |
| 21. Yeotmal | 1 | 1 | 7 | 3 | * | 12 | (-) |
| 22. Aurangabad | 27 | 33 | 26 | 12 | 51 | 149 | 5 |
| 23. Bhir | 2 | 4 | 2 | 1 | 4 | 13 | (-) |
| 24. Nanded | 4 | 12 | 3 | - | 4 | 23 | 1 |
| 25. Osmanabad | 2 | 33 | 16 | 3 | 3 | 57 | 2 |
| 26. Parbhani | * | 42 | 17 | 3 | 1 | 63 | 2 |
| Total for Maharashtra | 421 | 778 | 605 | 612 | 820 | 3236 | 100 |

Notes : (1) (-) denotes less than one per cent share.

(2) * denotes less than Rupees one lakh.

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.18District-wise Disbursements During Fifth Five Year Plan

| | | (Rupees in lakhs) | | | | | |
|---------|------------|-------------------|---------|---------|---------|--------------------|--|
| Sr. No. | District | 1974-75 | 1975-76 | 1976-77 | 1977-78 | Total Disbursement | Percentage share to total disbursement |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Dhule | 15 | 13 | 20 | 22 | 70 | 1 |
| 2. | Gr. Bombay | 236 | 217 | 193 | 256 | 902 | 16 |
| 3. | Jalgaon | 8 | 8 | 16 | 15 | 467 | 1 |
| 4. | Nasik | 25 | 34 | 24 | 38 | 121 | 2 |
| 5. | Thane | 170 | 338 | 370 | 357 | 1235 | 21 |
| 6. | Ahmednagar | 45 | 21 | 39 | 76 | 181 | 3 |
| 7. | Kolaba | 102 | 74 | 132 | 129 | 437 | 8 |
| 8. | Pune | 94 | 182 | 179 | 141 | 59 | 10 |
| 9. | Sholapur | 26 | 45 | 32 | 25 | 12 | 2 |
| 10. | Kolhapur | 48 | 83 | 126 | 104 | 36 | 6 |
| 11. | Ratnagiri | 23 | 24 | 88 | 72 | 207 | 2 |
| 12. | Sangli | 11 | 27 | 20 | 13 | 71 | 1 |
| 13. | Satara | 6 | 9 | 15 | 27 | 57 | 1 |
| 14. | Akola | 5 | 19 | 18 | 11 | 53 | 1 |
| 15. | Amraoti | 7 | 13 | 26 | 15 | 61 | 1 |
| 16. | Bhandara | 5 | 15 | 8 | 7 | 35 | 1 |
| 17. | Buldhana | 6 | 14 | 9 | 9 | 38 | 1 |
| 18. | Chandrapur | 19 | 32 | 47 | 20 | 118 | 2 |

(contd.)

Table 3.18 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------|------------|------|------|------|------|------|-----|
| 19. | Nagpur | 71 | 102 | 108 | 80 | 361 | 6 |
| 20. | Wardha | 7 | 4 | 3 | 4 | 12 | (-) |
| 21. | Yeotmal | 4 | 2 | 5 | 4 | 15 | (-) |
| 22. | Aurangabad | 88 | 166 | 168 | 117 | 539 | 9 |
| 23. | Bhir | 2 | 2 | 21 | 7 | 32 | 1 |
| 24. | Nanded | 1 | 3 | 8 | 22 | 34 | 1 |
| 25. | Osmanabad | 3 | 5 | 16 | 17 | 41 | 1 |
| 26. | Parbhani | * | 1 | 11 | 6 | 18 | (-) |
| Grand Total | | 1021 | 1453 | 1702 | 1594 | 5770 | 100 |

Notes : 1) (-) denotes less than one per cent share or negligible.

2) * denotes less than Rupees one lakh.

Source : MSFC, Annual Reports, 1974-75 through 1977-78.

TABLE 3.19

District-wise Disbursement During Sixth Five Year Plan

| (Rupees in lakhs) | | | | | | | |
|-------------------|-------------------|---------|---------|---------|---------|--------------------|--|
| Sr. No. | District | 1980-81 | 1981-82 | 1982-83 | 1983-84 | Total Disbursement | Percentage share to total disbursement |
| 1. | Gr. Bombay | 448 | 319 | 227 | 309 | 1303 | 11 |
| 2. | Thane | 555 | 641 | 710 | 762 | 2668 | 22 |
| 3. | Pune | 229 | 183 | 148 | 267 | 827 | 7 |
| 4. | Nashik | 90 | 128 | 146 | 265 | 629 | 5 |
| 5. | Ahmednagar | 58 | 51 | 30 | 70 | 209 | 2 |
| 6. | Sholapur | 41 | 31 | 27 | 37 | 136 | 1 |
| 7. | Kolhapur | 141 | 110 | 131 | 159 | 541 | 4 |
| 8. | Sangli | 60 | 53 | 77 | 128 | 38 | 3 |
| 9. | Satara | 50 | 87 | 69 | 84 | 290 | 2 |
| 10. | Akola | 27 | 19 | 36 | 54 | 136 | 1 |
| 11. | Amravati | 35 | 57 | 44 | 92 | 228 | 2 |
| 12. | Nagpur | 171 | 228 | 289 | 307 | 995 | 8 |
| 13. | Wardha | 11 | 16 | 26 | 25 | 78 | 1 |
| 14. | Raigad | 212 | 215 | 208 | 250 | 885 | 7 |
| 15. | Ratnagiri (North) | 67 | 66 | 65 | 115 | 313 | 3 |
| 16. | Sindhudurg | 24 | 59 | 99 | 142 | 324 | 3 |
| 17. | Dhule | 27 | 13 | 10 | 37 | 87 | 1 |
| 18. | Jalgaon | 30 | 68 | 59 | 35 | 192 | 2 |

(contd.)

Table 3.19 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------|------------|------|------|------|------|-------|-----|
| 19. | Bhandara | 26 | 40 | 52 | 69 | 187 | 2 |
| 20. | Buldhana | 22 | 13 | 46 | 43 | 124 | 1 |
| 21. | Chandrapur | 66 | 85 | 89 | 84 | 324 | 3 |
| 22. | Gadchiroli | + | + | + | 3 | 3 | (-) |
| 23. | Yeotmal | 7 | 18 | 26 | 47 | 98 | 1 |
| 24. | Aurangabad | 171 | 210 | 253 | 293 | 927 | 8 |
| 25. | Bhir | 12 | 16 | 18 | 16 | 62 | 1 |
| 26. | Nanded | 14 | 27 | 30 | 40 | 111 | 1 |
| 27. | Osmanabad | 20 | 22 | 9 | 3 | 54 | (-) |
| 28. | Parbhani | 4 | 4 | 13 | 25 | 46 | (-) |
| 29. | Latur | + | + | 16 | 44 | 60 | (-) |
| 30. | Jalna | 20 | 37 | 20 | 40 | 117 | 1 |
| Total : | | 2638 | 2816 | 2974 | 3845 | 12272 | 100 |

Notes : 1) Figures may not add up due to rounding off.

2) (-) denotes less than one per cent.share.

3) + separate data are not available.

Source : MSFC, Annual Reports : 1980-81 to 1983-84.

TABLE 3.20

Geographic Region-wise Sanctions : 1969-70 to 1983-84⁺

(Rupees in lakhs)

| Region | 1969-70 to 1973-74 | | | | 1974-75 to 1978-79 | | | | 1979-80 to 1983-84 | | | |
|-------------------|--------------------|-------------|------------------|------------|--------------------|--------------|------------------|------------|--------------------|--------------|------------------|------------|
| | No. | Amnt. | Percent to total | | No. | Amnt. | Percent to total | | No. | Amnt. | Percent to total | |
| | | | No. | Amnt. | | | No. | Amnt. | | | No. | Amnt. |
| 1. Gr. Bombay | 555 | 1123 | 11 | 21 | 474 | 1664 | 7 | 13 | 470 | 1722 | 4 | 8 |
| 2. Konkan | 783 | 1107 | 15 | 21 | 1232 | 4215 | 18 | 34 | 2591 | 7031 | 25 | 34 |
| 3. W. Maharashtra | 1965 | 1922 | 39 | 35 | 2354 | 3536 | 34 | 28 | 3749 | 6006 | 36 | 29 |
| 4. Vidarbha | 991 | 695 | 20 | 13 | 1737 | 1457 | 26 | 12 | 2444 | 3857 | 23 | 18 |
| 5. Marathwada | 752 | 514 | 15 | 10 | 1021 | 1555 | 15 | 13 | 1315 | 2327 | 12 | 11 |
| Total : | 5046 | 5361 | 100 | 100 | 6818 | 12427 | 100 | 100 | 10569 | 20943 | 100 | 100 |

+ April-March

Note : Figures may not add up due to rounding off.

Source : MSFC, Annual Reports, 1969-70 to 1983-84.

TABLE 3.21

Per capita Disbursal of Financial Assistance by MSFC

| District | Upto Mar.31,1974 | | During 1974-84* | | Upto Mar.31,1984 | |
|------------------------------------|--|--|--|--|--|--|
| | Amount disbur- sed (Rs. lakh) | Per capita of 1981 popula- tion (Rs.) | Amount disbur- sed (Rs. lakh) | Per capita of 1981 popula- tion (Rs.) | Amount disbur- sed (Rs. lakh) | Per capita of 1981 popula- tion (Rs.) |
| 1. Greater Bombay | 1591.56 | 19.31 | 2742.37 | 33.27 | 4333.93 | 52.57 |
| 2. Thane | 636.18 | 19.04 | 4824.11 | 143.94 | 5460.29 | 162.91 |
| 3. Raigad | 169.44 | 11.40 | 1683.27 | 113.24 | 1852.71 | 124.63 |
| 4. Ratnagiri | 163.99 | 7.77 | 882.12 | 41.78 | 1046.11 | 49.54 |
| <u>KONKAN EXCL. GR. BOMBAY</u> | <u>969.61</u> | <u>13.95</u> | <u>10131.87</u> | <u>14.58</u> | <u>8359.11</u> | <u>120.28</u> |
| 5. Nashik | 107.10 | 3.58 | 903.73 | 30.21 | 1010.83 | 33.78 |
| 6. Dhule | 39.91 | 1.95 | 194.25 | 9.47 | 234.15 | 11.42 |
| 7. Jalgaon | 50.16 | 1.92 | 312.10 | 11.92 | 362.26 | 13.43 |
| 8. Ahmednagar | 119.71 | 4.42 | 549.87 | 20.30 | 669.58 | 24.72 |
| 9. Pune | 713.32 | 17.13 | 1686.03 | 40.49 | 2399.35 | 57.61 |
| 10. Satara | 36.50 | 1.79 | 432.56 | 21.22 | 469.06 | 23.00 |
| 11. Sangli | 125.21 | 6.84 | 486.65 | 26.58 | 611.86 | 33.41 |
| 12. Sholapur | 93.31 | 3.57 | 279.02 | 10.69 | 372.33 | 14.26 |
| 13. Kolhapur | 283.50 | 11.31 | 1074.70 | 42.88 | 1358.20 | 54.19 |
| <u>WESTERN MAHARASHTRA</u> | <u>1568.72</u> | <u>6.67</u> | <u>5918.91</u> | <u>28.42</u> | <u>7487.63</u> | <u>35.63</u> |

Table 3.21 (contd.)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------------------------------|----------------|-------------|-----------------|--------------|-----------------|--------------|
| 14. Aurangabad | 188.74 | 7.76 | 893.85 | 77.83 | 2082.59 | 85.58 |
| 15. Parbhani | 63.29 | 3.46 | 79.39 | 4.43 | 142.68 | 7.79 |
| 16. Beed | 18.14 | 1.22 | 144.75 | 9.74 | 162.89 | 10.96 |
| 17. Nanded | 70.36 | 4.02 | 166.14 | 9.50 | 236.50 | 13.51 |
| 18. Osmanabad | 21.34 | 0.96 | 177.98 | 7.98 | 199.32 | 8.93 |
| <u>MARATHWADA</u> | <u>361.87</u> | <u>3.72</u> | <u>2462.11</u> | <u>25.31</u> | <u>2823.98</u> | <u>29.02</u> |
| 19. Buldhana | 12.85 | 0.85 | 179.07 | 11.87 | 191.92 | 12.72 |
| 20. Akola | 38.72 | 2.12 | 234.99 | 12.86 | 51.58 | 28.20 |
| 21. Amravati | 27.14 | 1.46 | 310.45 | 16.68 | 44.02 | 23.60 |
| 22. Yeotmal | 27.01 | 1.55 | 119.91 | 6.44 | 33.45 | 19.20 |
| 23. Wardha | 25.06 | 2.70 | 113.42 | 12.24 | 138.48 | 14.14 |
| 24. Nagpur | 244.07 | 9.43 | 1555.87 | 60.10 | 1799.94 | 69.52 |
| 25. Bhandara | 27.56 | 1.50 | 259.92 | 14.14 | 287.48 | 15.64 |
| 26. Chandrapur | 32.98 | 1.60 | 521.06 | 25.36 | 554.04 | 26.95 |
| <u>VIDARBHA</u> | <u>435.39</u> | <u>3.03</u> | <u>3294.27</u> | <u>22.97</u> | <u>3100.91</u> | <u>21.61</u> |
| <u>MAHARASHTRA STATE</u> | <u>4927.15</u> | <u>7.85</u> | <u>24549.53</u> | <u>39.10</u> | <u>26105.56</u> | <u>41.57</u> |
| <u>MAHARASHTRA STATE (Excl.G.B.)</u> | <u>3335.59</u> | <u>6.12</u> | <u>21807.16</u> | <u>39.18</u> | <u>21771.63</u> | <u>39.91</u> |

Notes : 1) The name of Kolaba district is changed to 'Raigad' district with effect from 1st May, 1981.

Table 3.21 (Notes contd.)

- 2) Two new districts "Sindhudurga" and "Jalna" have been created with effect from 1st May, 1981 by reorganising the then districts of Ratnagiri, Aurangabad, Parbhani.
- 3) The data for the newly created districts is not reported separately.
- 4) Final population figures : 1981 census.

- Sources :
- 1) Report of the Fact Finding Committee on Regional Imbalance in Maharashtra, Government of Maharashtra, April 1984, P. 256.
 - 2) MSFC, Annual Reports (Various Issues).
 - 3) Census of India, 1981, Series 12 : Maharashtra, Part 11-A, p. 7.

TABLE 3.22

Sources of Funds of MSFC, 1974-75 Through 1983-84

| Item | (Rupees in lakhs) | | | | |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|
| | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 |
| 1. Increase in : | | | | | |
| a) Paid up capital (including share application money) | 69.00 (4.35) | 82.00 (3.45) | 97.00 (3.32) | 148.00 (4.85) | 122.00 (3.37) |
| b) Convertible Loans | - | - | - | - | - |
| c) Reserves & Surplus | 38.00 (2.41) | 80.00 (3.38) | 145.00 (4.93) | 181.00 (5.92) | 188.00 (5.19) |
| 2) Repayment of loans by Borrowers | 485.00 (30.50) | 538.00 (22.65) | 584.00 (19.91) | 719.00 (23.53) | 882.00 (24.39) |
| 3) Borrowings by way of bonds | 357.00 (22.55) | 412.00 (17.35) | 825.00 (28.15) | 907.00 (29.70) | 605.00 (16.72) |
| 4) Refinance from IDBI | 223.00 (9.38) | 614.00 (25.82) | 869.00 (29.65) | 792.00 (25.91) | 1451.00 (40.11) |
| 5) Borrowing from : | | | | | |
| a) Reserve Bank of India (against Govt. Securities) | - | 10.00 | - | - | - |
| b) Reserve Bank of India (against Ad-hoc Bonds) | 175.00 (1.03) | 358.00 (15.06) | 200.00 (6.82) | - | 85.00 (2.35) |
| c) Scheduled Banks (against short-term deposits) | - | - | 15.00 | 103.00 (3.36) | 16.00 |

Table 3.22 (contd.)

| Item | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 |
|---|------------------|------------------|------------------|------------------|------------------|
| 6. Fixed Deposits Accepted | 156.15 (9.85) | 173.00 (7.27) | 116.19 (3.96) | 143.00 (4.69) | 73.00 (2.00) |
| 7. Recoveries in respect of Deferred Payment Guarantees | 0.15 (-) | 2.00 (-) | 2.00 (-) | 1.00 (-) | 2.00 (-) |
| 8. Others (increase/decrease in current assets/current liabilities) | - | - | - | - | - |
| 9. Cash and Bank Balance (opening) | 81.00 (5.12) | 107.00 (4.49) | 77.00 (2.63) | 61.00 (1.99) | 192.00 (5.31) |
| Total: | 1585.00 (100) | 2376.00 (100) | 2930.00 (100) | 5055.00 (100) | 3616.00 (100) |

(contd.)

Table 3.22 (contd.)

Sources of Funds of MSFC, 1974-75 Through 1983-84

| Item | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1) Increase in | | | | | |
| a) Paid-up share capital (including share appli- cation money) | 225.00 (5.63) | 17.00 (0.38) | - | - | - |
| b) Convertible Loans | - | 48.00 (1.16) | 279.00 (5.31) | 163.00 (2.93) | 409.00 (6.26) |
| c) Reserves & Surplus | 241.00 (6.03) | - | 198.00 (3.76) | 22.00 (-) | - |
| 2) Repayment of loans by Borrowers | 944.00 (23.78) | 1141.00 (26.26) | 1468.00 (27.95) | 1406.00 (25.30) | 1672.00 (25.52) |
| 3) Borrowings by way of Bonds | 110.00 (2.75) | 192.00 (4.43) | 825.00 (15.71) | 742.00 (13.36) | 1155.00 (17.66) |
| 4) Refinance from IDBI | 1948.00 (48.86) | 2148.00 (49.45) | 1855.00 (35.34) | 2030.00 (36.52) | 2665.00 (40.77) |
| 5) Borrowing from : | | | | | |
| a) Reserve Bank of India (against Government securities) | - | - | - | - | - |
| b) Reserve Bank of India (against ad hoc bonds) | - | 255.00 (5.87) | - | 340.00 (6.11) | 240.00 (3.67) |
| c) Scheduled Banks (against | 1.00 (-) | - | - | 58.00 (1.04) | - |

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(contd.)

Table 3.22 (contd.)

| Item | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|---|-------------------|------------------|------------------|------------------|------------------|
| 6. Fixed Deposits Accepted | 29.00 (0.72) | 116.00 (2.66) | 367.00 (6.98) | 171.00 (3.07) | 69.00 (1.04) |
| 7. Recoveries in respect of deferred payment guarantees | * | - | - | - | - |
| 8. Others (increase/decrease in current assets/current liabilities) | - | 55.00 (1.26) | - | - | 68.00 (-) |
| 9. Cash and Bank Balances (Opening) | 488.00 (12.24) | 371.00 (8.55) | 258.00 (4.92) | 424.00 (7.62) | 258.00 (3.95) |
| | 3986.00 (100) | 4343.00 (100) | 5250.00 (100) | 5357.00 (100) | 6537.00 (100) |

- Notes: 1) Figures in brackets indicate percentage to the total.
 2) (-) denotes negligible percentage to total.
 3) Figures may not add up due to rounding off.
 4) * less than Rupees one lakh.

Source : MSFC, Annual Reports : 1974-75 to 1983-84 (Various Issues).

TABLE 3.23

Uses of Funds of MSFC, 1974-75 To 1983-84

| Item | (Rupees in lakhs) | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 |
| 1. Disbursements of Loans (inclusive of short-term loan in lieu of central subsidy) | 1169.00 (73.71) | 1647.00 (68.87) | 1892.00 (64.56) | 1807.00 (59.06) | 2091.00 (57.81) |
| 2. Repayment of Borrowings | | | | | |
| a) RBI (against Government Securities) | 39.00 (2.46) | - | 10.00 (-) | - | - |
| b) RBI (against ad hoc bonds) | - | 175.00 (7.31) | 358.00 (12.21) | 200.00 (6.53) | 85.00 (2.35) |
| c) Scheduled Banks against short-term deposits | - | - | - | 15.00 (-) | 118.00 (3.26) |
| d) IDBI (Refinance) | 163.00 (10.28) | 194.00 (8.11) | 279.00 (9.52) | 390.00 (12.75) | 515.00 (14.23) |
| 3. Repayment of Fixed Deposits | 63.00 (3.99) | 70.00 (2.91) | 56.00 (1.90) | 94.00 (3.06) | 19.00 (-) |
| 4. Redemption of Bonds | - | 100.00 (4.19) | 103.00 (3.50) | 100.00 (3.26) | 100.00 (2.76) |
| 5. Amount paid in respect of deferred payment guarantee | 1.00 (-) | 2.00 (-) | 2.00 (-) | 2.00 (-) | 1.00 (-) |
| 6. Others (increase/decrease in current assets/current liabilities & sundries) | 44.00 (2.17) | 126.00 (5.28) | 169.00 (5.78) | 259.00 (8.47) | 200.00 (5.53) |
| 7. Cash and Bank Balances (closing) | 107.00 (6.74) | 77.00 (3.23) | 61.00 (2.08) | 192.00 (6.28) | 488.00 (13.49) |
| Total: | 1586.00 (100) | 2391.00 (100) | 2930.00 (100) | 3059.00 (100) | 3617.00 (100) |

(contd.)

TABLE 3.23 (contd.)

| Item | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1. Disbursements of Loans (inclusive of short-term loan in lieu of central subsidy) | 2365.00 (59.34) | 3017.00 (69.46) | 3087.00 (58.79) | 3216.00 (60.00) | 4101.00 (62.74) |
| 2. Repayment of Borrowings | | | | | |
| a) RBI (against Government securities) | - | - | - | - | - |
| b) RBI (against ad hoc bonds) | - | - | 255.00 (4.85) | - | 3.00 (5.20) |
| c) Scheduled Banks against short-term deposits | 16.00 (-) | 1.34 (-) | - | - | 23.00 (-) |
| d) IDBI (Refinance) | 714.00 (17.91) | 865.00 (19.92) | 1080.00 (20.57) | 1241.00 (23.18) | 1314.00 (20.11) |
| 3. Repayment of Fixed Deposits | 42.00 (1.04) | 24.00 (-) | 110.00 (2.10) | 81.00 (1.51) | 50.00 (-) |
| 4. Redemption of Bonds | 108.00 (2.71) | 177.00 (4.06) | 275.00 (5.23) | 330.00 (6.23) | 467.00 (7.14) |
| 5. Amount paid in respect of Deferred Payment Guarantees | * | - | - | - | - |
| 6. Others (increase/decrease in current assets/current liabilities & sundries) | 369.00 (9.24) | - | 19.00 (-) | 230.00 (4.29) | - |
| 7. Cash and Bank Balances (closing) | 371.00 (9.31) | 258.00 (5.94) | 424.00 (8.07) | 258.00 (4.82) | 241.00 (3.68) |
| Total | 3986.00 (100) | 4343.00 (100) | 5250.00 (100) | 5357.00 (100) | 6537.00 (100) |

Notes : 1) Figures in brackets indicate percentages to the total.
 2) (-) denotes negligible percentage.
 3) * less than Rupees one lakh.

Source : MSFC, Annual Reports, (Various Issues).

TABLE 3.24

Refinance Received by the MSFC from the Industrial
Development Bank of India

| (Rupees, in lakhs) | | | | |
|----------------------|---|-------------------------------------|--|-------------------------|
| Year | Refinance sanctioned by IDBI to the Corpora- tion (2) | Refinance availed by MSFC (3) | Refinance outstanding at the year end (4) | Amount Repaid (5) |
| (1) | | | | |
| 1962-63 | 57 | 33 | 127 | - |
| 1963-64 | 199 | 127 | 127 | 70 |
| 1964-65 | 205 | 167 | 159 | 82 |
| 1965-66 | 229 | 206 | 179 | 28 |
| 1966-67 | 275 | 250 | 197 | 53 |
| 1967-68 | 316 | 295 | 217 | N.A. |
| 1968-69 | 441 | 370 | 256 | 114 |
| 1969-70 | N.A. | 62 | 275 | N.A. |
| 1970-71 | N.A. | 209 | 424 | N.A. |
| 1971-72 | 264 | 172 | N.A. | 92 |
| 1972-73 | 257 | 136 | N.A. | 121 |
| 1973-74 | 263 | 120 | N.A. | 143 |
| 1974-75 | 223 | 60 | - | 163 |
| 1975-76 | 614 | 420 | N.A. | 194 |
| 1976-77 | 869 | 590 | N.A. | 279 |
| 1977-78 | 792 | 402 | N.A. | 390 |
| 1978-79 | 1451 | 936 | N.A. | 515 |
| 1979-80 | 1948 | 1234 | 4492 | 714 |
| 1980-81 ⁺ | 2147 | 1282 | 5774 | 865 |

(contd.)

Table 3.24 (contd.)

| 1 | 2 | 3 | 4 | 5 |
|---------|-------------------|-------|------|------|
| 1981-82 | 2714 ⁺ | 1855 | - | 1080 |
| 1982-83 | 3382 ⁺ | 2030 | 7337 | 1242 |
| 1983-84 | 4024 | 2666 | 8688 | 1315 |
| Total : | | 13222 | | 7460 |

Notes : 1) N.A. denotes figures not available from Annual Reports of M.S.F.C.

2) + indicates figures including amount sanctioned under 'Automatic Refinance Scheme' and normal refinance scheme.

Source : MSFC, Annual Reports (Various Issues)

TABLE 3.25

Recovery of Dues and Arrears Position, 1974-75 to 1983-84

| (Rupees in lakhs) | | | | |
|-------------------|-------------|--|---|--------------------------------|
| Year | Particulars | Amount due at the beginning of the year | Amount recovered during the year | Percent- age of recovery |
| (1) | (2) | (3) | (4) | (5) |
| 1974-75 | Principal | 502 | 477 | 95.08 |
| | Interest | 291 | 270 | 92.55 |
| | Total | 793 | 747 | 94.15 |
| 1975-76 | Principal | 569 | 502 | 88.23 |
| | Interest | 452 | 355 | 78.54 |
| | Total | 1021 | 857 | 83.94 |
| 1976-77 | Principal | 704 | 583 | 82.90 |
| | Interest | 570 | 471 | 82.51 |
| | Total | 1274 | 1054 | 82.73 |
| 1977-78 | Principal | 1001 | 719 | 71.83 |
| | Interest | 751 | 504 | 67.11 |
| | Total | 1752 | 1223 | 69.81 |
| 1978-79 | Principal | 1285 | 882 | 68.64 |
| | Interest | 1039 | 671 | 64.38 |
| | Total | 2324 | 1553 | 66.82 |
| 1979-80 | Principal | 1282 | 903 | 70.44 |
| | Interest | 1111 | 805 | 72.46 |
| | Total | 2393 | 1708 | 71.37 |

(contd.)

Table 3.25 (contd.)

| | 2 | 3 | 4 | 5 |
|---------|-----------|------|-------------------|-------|
| 1980-81 | Principal | 1488 | 1141 | 76.68 |
| | Interest | 1308 | 1000 | 76.45 |
| | Total | 2796 | 2141 | 76.57 |
| 1981-82 | Principal | 1805 | 1468 | 81.33 |
| | Interest | 1892 | 1321 | 69.32 |
| | Total | 3697 | 2789 | 75.44 |
| 1982-83 | Principal | 2066 | 1406 | 68.05 |
| | Interest | 2021 | 1340 | 66.30 |
| | Total | 4087 | 2746 | 67.19 |
| 1983-84 | Principal | 2342 | 1672 | 71.39 |
| | Interest | 2485 | 1676 | 67.44 |
| | Total | 4827 | 3348 ⁺ | 69.36 |

Note : + The amount does not include Rupees 46 lakhs recovered from DIGGC under the Guarantee Clause.

Source : MSFC, Annual Reports (Various Issues)

TABLE 3.26Progress of Recoveries Achieved During the
Period 1974-75 to 1983-84

| Year | Overdues (Rupees) | Index of overdues (1974-75= 100) | (Rupees in lakhs) | |
|---------|----------------------|---|---------------------|--|
| | | | Amount recovered | Index of recove- ries (1974-75= 100) |
| 1974-75 | 516 | 100.0 | 747 | 100.0 |
| 1975-76 | 685 | 132.7 | 857 | 114.7 |
| 1976-77 | 910 | 176.3 | 1,054 | 140.1 |
| 1977-78 | 1,504 | 291.4 | 1,223 | 163.7 |
| 1978-79 | 1,953 | 378.4 | 1,553 | 207.9 |
| 1979-80 | 2,549 | 493.9 | 1,754 | 234.8 |
| 1980-81 | 3,201 | 620.3 | 2,141 | 286.6 |
| 1981-82 | 4,216 | 799.6 | 2,789 | 373.4 |
| 1982-83 | 5,517 | 1069.1 | 2,746 | 367.6 |
| 1983-84 | 7,060 | 1368.2 | 3,348 | 448.2 |

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.27Comparison of Recovery of Dues made by the Corporation With Repayment of Refinance

(Rupees in lakhs)

| Year | Recovery made by the Corporation | Repayment of Refinance to IDBI |
|---------|----------------------------------|--------------------------------|
| 1974-75 | 747 | 163 |
| 1975-76 | 857 | 194 |
| 1976-77 | 1,059 | 279 |
| 1977-78 | 1,223 | 390 |
| 1978-79 | 1,553 | 515 |
| 1979-80 | 1,754 | 714 |
| 1980-81 | 2,141 | 865 |
| 1981-82 | 2,789 | 1,080 |
| 1982-83 | 2,754 | 1,242 |
| 1983-84 | 3,398 | 1,315 |

Source : MSFC, Annual Reports (Various Issues).

TABLE 3.28

Working Results of Maharashtra State Financial Corporation, 1974-75 to 1983-84[†]

| | 1974- 75 | 1975- 76 | 1976- 77 | 1977- 78 | 1978- 79 | 1979- 80 | 1980- 81 | 1981- 82 | 1982- 83 | 1983- 84 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1. Return on working funds | 4.69 | 5.42 | 6.98 | 8.52 | 8.30 | 9.78 | 0.71 | 3.39 | 1.03 | 0.71 |
| 2. Return on 'net worth' | - | 18.96 | 22.57 | 20.22 | 20.37 | 20.12 | 1.66 | 7.62 | 2.14 | 1.62 |
| 3. Staff cost as percentage to sanctions | 2.37 | 2.01 | 2.38 | 2.83 | 2.93 | 3.09 | 3.53 | 4.38 | 4.38 | 5.96 |
| 4. 'Spread' as percentage to sanctions | 5.54 | 7.67 | 10.65 | 13.53 | 12.61 | 13.82 | 1.37 | 9.61 | 6.37 | 7.80 |
| 5. Interest Income as percentage to outstandings | 8.24 | 8.69 | 9.35 | 9.70 | 9.57 | 10.02 | 4.31 | 7.48 | 6.88 | 7.30 |
| 6. Reserves as percentage to paid-up capital | 42.01 | 49.10 | 68.32 | 79.67 | 91.22 | 94.57 | 78.26 | 98.09 | 100.33 | 96.98 |
| 7. Overdues as percentage of outstandings | 12.62 | 12.90 | 13.49 | 18.60 | 20.58 | 22.78 | 23.62 | 26.21 | 30.02 | 32.58 |

(contd.)

Table 3.28 (contd.)

| | 1974- 75 | 1975- 76 | 1976- 77 | 1977- 78 | 1978- 79 | 1979- 80 | 1980- 81 | 1981- 82 | 1982- 83 | 1983- 84 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 8. Overdues as percentage of 'net worth' | - | 100.75 | 100.30 | 131.21 | 134.65 | 133.0 | 179.46 | 208.29 | 218.45 | 243.31 |

- Notes :
- 1) Except item No.7, others have been computed on the basis of the figures obtained from the M.S.F.C. reports (for various years).
 - 2) Return on working funds denote percentage of net profit before taxation to total working funds.
 - 3) Return on 'net worth' denotes percentage of net profit before taxation to 'net worth'.
 - 4) 'Net worth' represents paid up capital plus free reserves and surplus.
 - 5) Spread = Interest received less cost of borrowings.

Source : MSFC, Annual Reports, (Various Issues)

Annexure IVPercentage of Arrears to Loans Outstanding⁺

| S.F.C. | 1975-77 | 1981-83 |
|------------------|---------|---------|
| Andhra Pradesh | 8.2 | 9.7 |
| Assam | 45.1 | 19.3 |
| Bihar | 11.3 | 36.3 |
| Delhi | 15.9 | 6.6 |
| Gujarat | 19.2 | 26.8 |
| Haryana | 18.5 | 7.1 |
| Himachal Pradesh | 12.7 | 22.5 |
| Jammu & Kashmir | 12.2 | 11.0 |
| Karnataka | 16.2 | 23.2 |
| Kerala | 17.6 | 38.8 |
| Madhya Pradesh | 29.2 | 12.4 |
| Maharashtra | 16.4 | 28.1 |
| Orissa | 90.3 | 18.8 |
| Punjab | 11.6 | 20.5 |
| Rajasthan | 14.4 | 14.7 |
| Tamil Nadu | 22.2 | 29.5 |
| Uttar Pradesh | 22.2 | 11.6 |
| West Bengal | 26.7 | 21.1 |
| All SFCs | 18.2 | 21.4 |

+ 3 year average.

Source : "Performance of State Financial Corporations : A Comparative Study", Research and Planning Department, IDBI, 1984.

ANNEXURE IV

Percentage of amount
recovered to total
demand (average during
1980-81 to 1982-83)

Number of SFCs

| | |
|----------|---|
| 20 - 30 | 4 (Assam, Bihar, Kerala and West Bengal) |
| 31 - 40 | 5 (Gujarat, Orissa, Himachal Pradesh, Karnataka and Maharashtra) |
| 41 - 50 | 5 (M.P., Punjab, Rajasthan, Tamil Nadu and U.P.) |
| 51 - 65 | 2 (Andhra Pradesh and Haryana) |
| Above 65 | 2 (Delhi and Jammu & Kashmir) |

| | |
|---------|------------------------|
| Average | 40.4 |
| Lowest | 21.1 (Bihar) |
| Highest | 80.3 (Jammu & Kashmir) |

Source : Performance of State Financial Corporation - A
Comparative Study, I.D.B.I., Bombay, 1984.

CHAPTER IV

SUMMARY AND CONCLUSIONS

The Maharashtra State Financial Corporation (MSFC) was formed after the reorganization of states in 1962 and extended its operations to Union Territory of Goa, Daman and Diu in 1964. The MSFC works for the cause of industrial development in the state and the union territory by catering to the term loan requirements of small and medium scale industries for acquiring fixed assets like land, building, plant and machinery, etc. The Corporation extends its financial assistance to industrial units by granting loans upto Rs. 30 lakhs to limited companies or registered co-operative societies and Rs. 15 lakhs to proprietary and partnership concerns. The bill raising the ceiling for assistance to Rs. 60 lakh, along with provision for several significant changes aimed at toning up the working of the SFCs was passed on 13th May, 1985 by the Lok Sabha. These modifications are soon to widen the scope of the working of the Corporation.

From a very small organizational set up to begin with, the MSFC has considerably grown into a network of 9 regional offices and 22 branch offices spread all over the state and in Goa, Daman and Diu. Over time, the MSFC has diversified

its operations in terms of several schemes to cater to the growing and changing needs of different regions, different industry groups and different types of entrepreneurs.

A number of changes and refinements have been made from time to time which involved changes in policies and procedures, governing its operations. The Corporation has grown in stature and size over the years and has gained a great deal from its experience.

During the last 22 years of eventful operations, the MSFC has been instrumental in promotion and growth over 25,539 units with aggregate financial assistance amounting to over Rs. 446 crores. The amount of disbursements since inception aggregated Rs. 296 crores. The Corporation has achieved substantial growth during all these years, but rapid strides have been made during the decade of eighties. It is observed that at the end of March, 1984, the rate of utilisation of financial assistance was around 60 per cent. A recent study conducted by the IDBI on "The Performance of SFCs" indicates that MSFC showed lower rate of utilization than the national average throughout the period under consideration. This is really a disturbing fact and there is scope to improve the rate of utilization. It is interesting to observe that in terms of cumulative sanctions upto end March, 1982, MSFC ranked first followed by Gujarat. However, at the end of March, 1984, GSFC with an annual aggregate assistance of Rs. 452 crores came to occupy the

first place replacing Maharashtra State Financial Corporation. MSFC which topped the list in 1970-71 did not maintain its position in the list of top SFCs in 1980-81 and 1983-84. For instance, during the year 1983-84 in terms of annual sanctions MSFC's rank was 5th as against its 1st rank during the year 1970-71.

The rise in the number of units covered under central investment subsidy during the period under consideration of our study is also commendable. A broad spectrum of economic activity is covered with the assistance extended by the Corporation. The assistance of the Corporation became instrumental in the rapid growth of non-traditional industries/products in the engineering, chemical, metal and electric industries. It is observed that the Corporation's support to the state's industrial growth has been satisfactory, particularly the part it has played in the growth of priority industries. The 'metal industry' has been the major beneficiary of assistance from the Corporation with nearly 19 percent share of total disbursements during the period viz., 1962-63 to 1983-84, followed by the "Chemicals" with 15 percent, Miscellaneous Manufacturing industry with 9 percent and transport industry with 9 percent.

The greatest number of loans, however, were sanctioned to the transport industry, while the largest amount was sanctioned to the 'metal industry'. The share of small scale sector in cumulative loan portfolio was nearly 95 percent

as to number and 71 percent as to amount during the reference period of the study. The average size of MSFC loan was Rs. 2.12 lakhs during the year 1983-84.

The proprietary and partnership concerns enjoyed the bulk of the financial assistance sanctioned by the Corporation. The study further reveals that 83 percent of the total sanctioned applications till 31st March, 1984 were in the first four sizes, i.e., assistance upto Rs. 2 lakhs. In contrast with it, since inception, only 3 percent of total number were in the highest limit of sanctions, i.e., between Rs. 10 lakhs and Rs. 30 lakhs but amountwise their share is as high as 33 percent. It shows that although the main object is to finance smaller concerns, yet a big chunk is obtained by relatively larger units.

In respect of balanced regional growth, the Corporation played a pioneering role. By number of applications as well as by amount, Konkan, Vidarbha and Marathwada witnessed improvement in their respective positions during the period 1979-80 to 1983-84. Moreover, in terms of per capita disbursement during 1974-1984 the Corporation's assistance was less unevenly distributed among Western Maharashtra, Marathwada and Vidarbha. It was Rs. 28.42 in Western Maharashtra, Rs. 25.31 in Marathwada and Rs. 22.97 in Vidarbha.

The annual sanctions to backward districts increased in absolute amount from Rs. 3.13 crores in 1970-71 to

Rs. 17.40 crores in 1983-84. We can observe that the share of backward districts in total assistance of the MSFC has steadily increased from nearly 23 percent in 1972-73 to 33 percent in 1978-79 and to 35 percent in 1983-84.

Nashik, Aurangabad, Nagpur, Kolhapur and Ahmednagar have emerged as new industrial growth centres in the state and in this regard the role of the Corporation is notable. It may be suggested that the proportion of assistance to backward districts be further increased and purveyed to different districts on certain accepted criteria. It is also true that in the past a large amount of financial assistance flowed to a small number of backward areas located conveniently nearer to the metropolitan or urban centres and having reasonably good infrastructure and communication facilities. By providing finance with lower margin, reduced promoter's contribution and concessional rate of interest as also with intensive campaign, the Corporation, in recent years, encouraged entrepreneurs to move to backward areas. As a result, the assistance to these areas reached a figure of Rs. 158 crores to 9,982 units. In order to tap the potential entrepreneurs in the backward areas, MSFC has implemented an 'area development approach' in some selected districts.

The proportion of external sources to total sources of funds for the Corporation increased considerably during the last decade of the study, i.e., 1974-1983 and among external sources, the share of borrowings from the IDBI and

the share of market borrowings had accounted for most of the increases during this period. One of the reasons for growing importance of the external sources is the shortage of internal finance accompanied with higher amount of sanctions. It is also observed that the Corporation has been availing relatively large assistance from the IDBI. For instance, the outstanding balance of the MSFC under re-finance as on 31st March, 1983 was Rs. 73.77 crores against the permissible limit of Rs. 70.50 crores.

The overdues amounted to Rs. 55.17 crores against the outstanding loan of about Rs. 184 crores as on 31st March 1984. Overdues as percentage of outstandings showed a continuous rising trend. Recovery performance of the Corporation is collated with the working of assisted concerns. The Corporation took a sympathetic view of the difficulties of the assisted units and provided rehabilitation assistance by way of rescheduling of the overdue amounts. However, the loans granted by the MSFC would be in the right direction, only when the Corporation is able to get repayment of loans.

Profitability as measured by the "returns on working funds indicate that working funds of the Corporation increased gradually from year to year. However, it cannot be denied that the returns on such funds did not record a corresponding rise. In fact, it showed a declining trend during the last few years i.e. 1980-84. The MSFC should discontinue the procedure of registered mortgage involving huge expenses on

stamp duty. It is also said that MSFC does not monitor working of SSI units. MSFC should strengthen its machinery to get to the root cause of the sick units.

The Corporation paid a dividend regularly at the obligatory rate in accordance with the SFCs Act.

To sum up, over the years, MSFC has built up not only expertise, but has also adopted a constructive and pragmatic approach, with a steady increase in its project financing operations. Over the years, the promotional activities undertaken by the MSFC have further added a new dimension to its overall operations. MSFC intends continuing as a development catalyst in the ensuing programme for industrial development in the state.

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