

**REPORT OF THE WORKING GROUP ON
RESOURCE MOBILISATION,
PROFITABILITY, ETC.,**

OF

**STATE FINANCIAL
CORPORATIONS**

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RESERVE BANK OF INDIA

**FIRST PUBLISHED
IN 1972**

PRICE :

Inland—Rs. 5.00

Foreign— US \$ 0.95 (Postage free)

Available from :

Administrative Officer, Economic Department,
Reserve Bank of India, Post Box 1036, Bombay.

Printed at : Sidharth Printers, 126, Madhani Estate,
Senapati Bapat Marg, Dadar, Bombay 28.

FOREWORD

The various State Financial Corporations were established in the fifties and the early sixties with a view to providing term finance to industry—particularly to concerns in the medium and small scale sectors. Since their establishment, they have played a significant role in helping the growth of industries in their respective States by extending financial assistance predominantly in the form of term loans and, to a small extent, by underwriting capital issues and guaranteeing deferred payments and similar obligations. With the growing emphasis on accelerating the pace of industrial growth, particularly in the small and medium scale sectors which now encompass more modern and sophisticated industries and also having in view the need to achieve a wider geographical dispersal of industries it has become necessary for SFCs to play a greater role than hitherto. This calls for a strengthening of their organisational and financial aspects. This matter was considered at a conference of the representatives of the SFCs held in March 1970 under the aegis of the RBI. In pursuance of a recommendation made at the conference, the Reserve Bank of India constituted a Working Group to study the problems involved and make suitable recommendations. The report of the Group, which is now published, examines the question of resource mobilisation in the context of the need for a substantial enlargement in the scope of the activities of the SFCs. The Group has made a number of suggestions for enhancing the usefulness and the role of SFCs and they are embodied in the report that follows. The findings and the recommendations of the Group are those of its members and they do not commit the Reserve Bank.

V. V. Chari
Deputy Governor

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Central Office,
Bombay.

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