CHAPTER IX

SUMMARY AND CONCLUSIONS

All over the world public policy is increasingly directed towards the promotion of small-scale industrial units. This is partially because these small-scale enterprises form an important part of any economy, even of the most developed economies. Approximately two thirds of the businesses all over the world are small and medium enterprises, which have traditionally been known for their agility of response to the changing environment. In the development dynamics of Indian economy, the small-scale sector, which covers a wide spectrum of industries, occupies a prominent place. It has undoubtedly grown into one of the most vital sectors of our economy. The SSI sector confronts several problems despite its strategic importance in any industrialization strategy and its immense potential for employment generation. Among these, the problems of finance are the most important and at the same time the most acute too.

The Government of India in its endeavor to promote, the small-scale sector, established Small Industries Development Bank of India (SIDBI) in April 1990 under an Act of the Parliament. SIDBI today, has to perform in a competitive environment where resources are scarce and mostly available at market-determined rates (as against the high protection and subsidised resources provided earlier by the Government of India and some foreign agencies). SIDBI requires the taking of a proactive and a forward-looking approach to face the impending, market and other competitive forces.
Kerala is a region where the employment problem is most acute. Small-scale industries are considered typically labour intensive. Hence the promotion of small-scale industries is necessary to provide more employment at less unit cost of capital and attain economic development.

This being the situation, it can be asserted that both the growth of SSI and the role of SIDBI have assumed great importance. Hence a study is attempted at evaluating the role of SIDBI in the development of SSI in Kerala with the following objectives:

1. To assess the performance of SIDBI.
2. To identify the form and structure of SIDBI aided units and also the socioeconomic profile of the entrepreneurs of such units.
3. To determine the nature and form of assistance disbursed by SIDBI.
4. To assess the impact made by SIDBI on the development of small-scale industries.
5. To evaluate the promotional and developmental activities of SIDBI.

On the basis of the objectives the following hypotheses are formulated.

1. Among the financial institutions at the national level, SIDBI has significant share in industrial financing.
2. There is no difference in the financial performance of SIDBI and other development banks.
3. There is no difference between the SIDBI aided units and other agency aided units in the form, level of investment and nature of business.
4. The socioeconomic profile of the entrepreneurs of SIDBI aided units is similar to other agency aided units.
5. SIDBI disburses more long-term loans than other financing agencies.

6. The cost and terms of SIDBI loans are more attractive compared to loans from other sources.

7. Obtaining loans from SIDBI is less difficult compared to other sources.

8. SIDBI has created more impact on the development of SSI than other financing agencies.

9. SIDBI aided SSI units in Kerala are benefited by the Promotional and Developmental Activities of SIDBI.

Methodology

The study was designed as an empirical one based on survey method. Data have been collected from both primary and secondary sources. Secondary data were collected from Annual reports and other reports of SIDBI and from various publications of central and state governments and reports of IDBI. For a primary survey at the beneficiary level a sample of 200 units from four districts of Kerala were selected. The selected districts were Thiruvananthapuram, Ernakulam, Idukki and Kozhikode. These districts were selected on the basis of the classification made by KFC. KFC has classified the districts of Kerala into two categories depending on the level of industrial development achieved by the districts. Two districts from each category were selected. From each district equal number of SIDBI aided (directly or indirectly) units and other agency-aided units were selected on a simple random basis.

Tools of Analysis

The tools used for analysis are ratios, percentages, and averages, trend analysis, t. test, Chi-square test and analysis of variance.
The major observations of the study are summarized in the following paragraphs:

**Growth of Small-Scale Industries**

The study from 1974 to 2002 reveals that the growth in the number of SSI units in India is more than eight times.

The period from 1990-91 to 2001-02 shows a declining trend in the growth rate of the number of units in India. The growth rate is above five percent till 1995-96, but this comes down to 2.08 percent during 2001-02. Average annual growth rate in number of units during this period is only 4.97 percent.

The growth rate in production from SSI sector also shows a declining trend. The average annual growth rate is 14.12 percent.

The growth in number of employment shows an above 3 percent growth rate in all years except 1998-99. The average annual growth rate is 3.89 percent.

The growth rate in export from SSI sector shows a declining trend. However, the average annual growth rate is 15.06 percent.

The performance of SSI in different states of India is analysed. For an effective comparison, the states are divided into two groups on the basis of industrial development. They are major states and other states. Among the major states Maharashtra and among the other states Himachal Pradesh perform better in respect of the five variables analysed.

The share of SSI in total export is 29.7 percent in 1990-91 and this rose to 36.3 percent in 1993-94 and came down to 29.84 percent in 2001-02. The average share
of SSI in total during the period is 32.81 percent. The average share of export in total SSI production is only 9 percent.

**Growth of Small-Scale Industry in Kerala**

The growth rate in the number of units in Kerala shows a declining trend. The average annual growth rate in the number of units during this period is 11.86 percent.

The growth rate of investment in SSI units also shows a declining trend. Average annual growth rate during this period is 15.44 percent.

The growth rate in production shows a decreasing trend. The average annual growth rate is 14.75 percent.

The growth rate in employment is 16.35 percent in 1990-91 and came down to 4.99 percent in 2001-02. The average annual growth rate is 8.78 percent.

The average annual growth rate of SSI units in India was 4.97 percent but in Kerala it was 11.83 percent. The percentage of SSI units in Kerala to India was 3.75 percent in 1990-91; this went up to 7.50 percent in 2001-02.

Districtwise analysis of SSI units in Kerala shows that Ernakulam had the highest average share in number of units. Wyanad had the lowest share. Thiruvananthapuram, Kollam, Kottayam, Ernakulam and Thrissur accounted for more than 50 percentage of the SSI units during the period under study.

The findings mentioned above reveal that the small-scale industries in India as well as in Kerala are not able to sustain their growth rate in the post liberalization era.
Operational Performance of SIDBI

Of the total assistance disbursed by AIFIs in the last five years an average of 77.42 percent is disbursed by All India Development Banks. Among the All India Development Banks SIDBI is in the third position and its disburse average is 9.54 percent of the assistance disbursed by the AIFIs.

In the statewise per capita assistance of All Financial Institutions the share of SIDBI is found to be highest in Tripura and lowest in Maharashtra. In Kerala the average share in per capita assistance of SIDBI is only 19.45 percent. The share of SIDBI in all India per capita assistance is only 5.94 percent.

The statewise percentage share of SIDBI assistance in total assistance of AIFIs shows that among the big states Bihar has the highest share (41.37 percent), and among other states highest share goes to Nagaland (75.03 percent) and in Union Territories the highest share is claimed by Chandigarh (58.40 percent). It is also found that 51 percent of the states, the share of SIDBI finance is only less than 20 percent.

In schemewise assistance by AIFIs it is found that SIDBI has considerable share (80.49 percent) in refinance and bill finance (direct discounting 43.80 percent and rediscounting 32.72 percent). In rupee loan (2.10 percent), foreign currency loan (0.04 percent) and working capital loan (0.67 percent) the share of SIDBI is very low.

The industrywise analysis of AIFIs assistance reveals that 84 percent of the industries, the share of SIDBI assistance is less than 25 percent. Only in three industries the share of SIDBI assistance is more than 50 percent.
It is found that 73 percent of the assistance to the infrastructure sector is provided by IDBI and ICICI. The share of SIDBI in financing the infrastructure sector is only 3.53 percent.

It is found that the average growth rate in sanction (13.65 percent) and disbursement (12.18 percent) of SIDBI is less than that of AIFIs (17.35 and 17.29 percent). The percentage of disbursement to sanction of AIFIs (69.90 percent) is less than that of SIDBI (70.93 percent).

It is found that SIDBI provided more assistance for modernisation/balancing equipment purpose (9.77 percent), and for new business (9.71 percent). The share of SIDBI for the purpose of rehabilitation of sick units is only 3.64 percent.

From the above findings it is clear that among the financial institutions at the all India level SIDBI has no significant share in industrial financing. So the first hypothesis, which said that, SIDBI has significant share among the financial institutions at the all India level in industrial financing does not hold good.

Credit sanctioned by SIDBI in all India level shows the growth rate of 13.65 percent. In Kerala the average growth rate is 17.66 percent. The growth of sanction is higher than the growth rate at all India level. In 2001-02 SIDBI assistance in Kerala as well as India shows a negative growth rate. In Kerala loan disburses on an average 78.61 percent of sanction but at all India level it is only 71.17 percent.

It is found that 41.8 percent of the loans have been disbursed in Maharashtra, Gujarat, Tamilnadu and Karnataka. When compared to the neighboring states, Karnataka and Tamilnadu the share to Kerala is very low.
It is found that more than 50 percent of the refinance is provided through State Finance Corporations and around 40 percent are through Commercial banks.

More than 30 percent of the disbursement is to service and electricity generation industries. Maximum share (20.88 percent) went to service industry and minimum share (0.22 percent) to fertilisers industry.

Financial Performance of SIDBI

Financial performance of SIDBI is analysed by using the following variables.

1. Share of Interest Income to Total Income

SIDBI is at the top with a mean ratio of 90.88 percent. This is followed by IDBI (81.92 percent) and IFCI (81.31 percent). IIBI has the lowest mean ratio (75.49 percent).

2. Non Interest Income to Total Income

The mean ratio is highest for IIBI (21.11 percent) IFCI follows with a ratio of 18.33 percent. The ratio of IDBI is 17.70. SIDBI is at the bottom with a mean ratio of 8.90 percent.

3. Interest Expense to Total Income

Among the selected development banks, the Interest Expense to Total income ratio is the lowest for SIDBI (66.39 percent), followed by IIBI 74.02 percent and IDBI 79.18 percent. IFCI tops the list with mean ratio of 86.82 percent.

4. Non Interest Expense to Total Income

IDBI leads the list with ratio of 6.20 percent. SIDBI ranks second with an index of 6.31 percent. The other two Development banks are far behind with IIBI in third position (9.15 percent) and IFCI at the bottom (17.87 percent).
5. **Interest Expense to Interest Income**

Interest Expense to Interest Income is the lowest for SIDBI (73.05 percent) followed by IDBI 96.65 percent, IIBI 98.05 percent and IFCI 105.55 percent. The overall index is 92.46 percent.

6. **Interest Expense to Borrowings**

Among the selected development banks, it is lowest for SIDBI 10.33 percent, followed by IDBI 11.83 percent and IIBI 11.94 percent and highest for IFCI 11.98 percent.

7. **Interest Income to Credit**

IFCI is at the top with a mean ratio of 13.54 percent. This is followed by IIBI (13.86 percent) and IDBI (12.78 percent). SIDBI has the lowest mean ratio of 12.41 percent.

8. **Credit to Borrowings**

SIDBI leads the list with a mean ratio of 113.93 percent. IDBI ranks second with a mean ratio of 95.90. IIBI in the third position with a mean ratio of 87.80 percent and IFCI has the lowest ratio of 84.05 percent.

9. **Spread to Working Fund**

The mean ratio is highest for SIDBI (2.35 percent). IDBI follows with a ratio of 0.30 percent and IIBI 0.23 percent. But IFCI is in a weak ratio of -0.48 percent.

10. **Burden to Working Fund**

In the case of all selected development banks except IFCI the Non Interest Expense is less than Non Interest Income. The mean ratio of IFCI is –0.79 percent. It is followed by SIDBI 0.02 percent and IDBI 0.50 percent and IIBI 1.11 percent.
11. Net profit to Owned Fund

The mean ratio is highest for SIDBI (11.81 percent). IDBI follows with a mean ratio of 11.16 percent and IIBI with a mean ratio of 11.37 percent. But IFCI is in the red with a ratio of -4.95 percent.

From the above findings, it can be observed that majority of ratios indicating financial position is better in the case of SIDBI. So the second hypothesis, which said that, there is no difference in the financial performance of the IDBI, IFCI, IIBI and SIDBI, stands cancelled. Compared to other selected development banks SIDBI has a better financial performance.

Form and Structure of Sampled Units and Socioeconomic Profile of the Entrepreneurs

Pattern of Ownership

The distribution of the sample units by the form of organisation shows partnership firms and companies dominate the SIDBI aided group while partnership firms and proprietary concerns are the principal form of organisation in the other group.

Size of Investment

The classification of the sample units by size of investment shows SIDBI assisting units fall in all the size categories while other agency aided units flows more towards the smaller size categories.

Nature of Industry

The distribution of sample units by nature of industry shows rubber, plastic, food, engineering, and electrical units dominate both SIDBI aided group and other agency aided group.
Year of Establishment

The distribution of the sample units by the year of establishment reveals that most of the SIDBI aided units have been established after 1990. In the case of units assisted by other agencies approximately an equal number of units established before and after 1990.

Size of Direct Employment

The distribution of the sample units by size of direct employment reveals that SIDBI lending operation is more oriented towards both units employing less than 25 workers and units employing between 25 to 50 workers. The credit flowing from other agencies is directed towards units employing less than 25 workers.

Size of Indirect Employment

The distribution of sample units on the basis of indirect employment shows that only less than 25 persons are indirectly employed by units in SIDBI aided groups and other agency aided groups.

Based on these findings, the third hypothesis, which said that, there is no difference between SIDBI aided units and other agency aided units in the form, level of investment, and nature of business does not hold good.

Socio Economic Profile of Entrepreneurs

Sexwise Classification

It is observed that an overwhelming majority of entrepreneurs in both groups are males.
Age of Entrepreneurs

It is found that majority of the entrepreneurs in both groups belong to the age
group of 40 to 50 and 50 to 60.

Level of Education

It is seen that the entrepreneurs in both groups are well educated. Most of
them are either college educated or technically qualified.

Previous Experience of Entrepreneurs

It is evident that most of the entrepreneurs in both groups have more than
three years of experience in the same business field.

Motivating Factors

It is observed that 46 percent of the entrepreneurs are motivated by previous
experience and 42 percent are motivated by self-employment in the SIDBI aided group. While 71 percent of entrepreneurs in the other group are motivated by their previous
experience.

The above-mentioned findings confirm the fourth hypothesis, which said
that, the social background of the SIDBI aided units is similar to the other agency-aided
units.

Nature and Form of Assistance Disbursed

Quantity of Loan Disbursed

The analysis reveals that SIDBI has disbursed more amount of loan than
other agencies.
Type of Loan

It is found that SIDBI disburses only term loans. Both the kinds of loans are prevalent in the other agency-aided group with the term loans dominating.

Purpose of Loan

In the SIDBI aided group, bulk of the loans have been disbursed for purchasing fixed assets. Whereas in the other group most of the loans have been for financing both fixed capital and working capital.

These findings validate the fifth hypothesis, which said that SIDBI disburses more long-term loans than other financing agencies.

Cost and Terms of Loan

Cost of Borrowing

SIDBI aided units are found to have spent a significantly higher amount for obtaining loans than other agency aided units.

Rate of Interest

Most of the units in both groups found the interest rate is high. Comparatively more number of SIDBI aided units feel that the rate of interest is high.

Loan Instalments

In many cases SIDBI aided units have disbursed the loans in two or more instalments. In contrast to this, other agencies have released the loan in a single instalment in most of the cases.

Gestation Period of the Loan

Bulk of the SIDBI aided units are found to enjoy more than 6 months gestation period with a good number enjoying more than one year. Majority of the other
agency-aided units are found to have less than one-year gestation period with a big chunk of units given less than 6 months.

**Opinion about Gestation Period**

It is seen that most of the beneficiaries in both groups are found to be satisfied with the gestation period.

**Sufficiency of Long Term Loans**

Many of the SIDBI aided units did not receive the required amount of loan while majority of the other agency-aided units received more than 90 percent of the loan amount required by them.

**Sufficiency of Short Term Loan**

It is seen that short-term loans are not granted to the SIDBI aided units, while most of the other agency-aided units received more than 90 percent of their short-term loan requirements.

Based on these findings the sixth hypothesis, which said that, the cost and terms of SIDBI loans are more attractive compared to loans from other sources stands disproved.

**Ease of Obtaining Loan**

**Disparity in the Amount Applied and Sanctioned**

There is no significant difference between the groups in the magnitude of disparity between the amount applied and sanctioned.

**Time Lag Between Application and Sanction of the Loan**

It is seen that most of the units in either group have obtained the loans within 9 weeks from the date of application.
Co-operation of the Officials

Most of the beneficiaries in both groups are satisfied with the treatment received from the officials.

Difficulty Experienced in Obtaining Loan

It is seen that most of the units in either group have not faced any difficulty in getting the loans. Among the units facing difficulty, difficulty in furnishing security appears to be the major problem faced by the units in both groups. Complicated procedure appears to be the second problem faced by SIDBI aided units. This is followed by delay in commercial production, too many documents and inconsistent behaviour of officials. Units assisted by other agencies rank delay in commercial production as second, followed by complicated procedure, too many documents and inconsistent behaviour of officials.

It is observed that the disparity in the amount applied and sanctioned by the SIDBI aided units and other agency-aided units is not significant. Units in both groups are satisfied with the cooperation of the officials and majority of units in both groups are not facing any difficulty in obtaining loans. The analysis does not support the seventh hypothesis, which said that, obtaining loans from SIDBI is less difficult compared to other sources.

Impact made by SIDBI on the Development of SSI

Average Profit Earned

In terms of profit earned the SIDBI aided units are more profitable than the other agency aided units.
Mean Value Added

It is seen that the units aided by SIDBI have more value addition than the other agency aided units.

Mean Capacity Utilised

It has been observed that there is no difference in the average capacity utilised by SIDBI aided units and other agency aided units. The main reason for underutilisation of capacity of units in both group is the low demand for the product.

Linkages Created

Bulk of the units in either group is found to have created only medium level of linkages.

Out of the four variables analysed to study the impact made by SIDBI on SSI units, significant difference is found in two variables. That is the average profit earned by SIDBI and value addition by SIDBI is more than the other agency-aided units. No significant difference is found with regard to capacity utilization and linkages created by two groups of units. So the eighth hypothesis states that, SIDBI has created more impact in the development of SSI than other financing agencies does not hold good.

Problems of Small-scale Units

Punctuality in Repayment of Loans

It is found that majority of the units in both groups are prompt in repayment.

Reasons for the Default

In the case of units that have committed default, low demand for the products has been cited as the major reason by units in both groups. Competition is cited as the second reason. Tight repayment schedule, insufficiency of working capital, delay in
commercial production are the causes of default in the diminishing order of importance in the case of SIDBI aided units. In the case of units assisted by other agencies insufficiency of working capital, delay in commercial production and tight repayment schedule are the causes for the default in the order of importance.

Response of the Institution on Default

Majority of SIDBI aided defaulted units reported that the institution initiated legal proceedings. But the other agency aided defaulted units reported that they received expert advice to escape from the situation.

Problem of Raw Materials

It is seen that majority of the units in both groups are not facing any problem with regard to the supply of raw materials.

Marketing Problems

It is observed that most of the units in the SIDBI aided group are facing marketing problem. In the case of other agency-aided units also a good number of units are facing marketing problem. It is seen that the marketing problems faced by units in both groups are similar. Competition appears to be the major problem, low demand for the product ranks second. The other problems in the order of importance are credit sales, financial problem and poor quality of raw materials.

Institutional Assistance in Marketing

Most of the units in either group are not receiving institutional assistance in marketing.
Units Interested in Modernisation

Majority of the units in both groups are not interested in the modernisation of their units. Out of the units interested in the modernisation in both groups the main cause for delay or postponement of modernisation is the lack of finance.

Opinion About Services Rendered by the Agency

Most of the units in both groups are satisfied with the services rendered by the agency.

Reasons for Dissatisfaction

The dissatisfied beneficiaries in the SIDBI aided group cited tight repayment schedule as the main cause, non-cooperation of the institution is ranked second. The other causes in the order of importance are very long procedure, schemes are not suitable and bad treatment of the staff. Non-cooperation of the institution is the main cause in the case of other agency-aided units; the other causes in the order of importance are very long procedure, tight repayment schedule, schemes not suitable and bad treatment of the staff.

Awareness of the Promotional and Developmental Activities

Six variables are analysed to study the awareness about the promotional and developmental activities of SIDBI.

Rural Industries Programme

More SIDBI aided units are aware of the programme but the difference is significant only in the district of Kozhikode. In Kozhikode more SIDBI aided units have awareness of the rural industries programme than the other agency aided units. In other districts the difference is not significant.
Human Resources Development in SSI Sector

More SIDBI aided units in all districts have awareness about the programme. But the difference is significant only in the district of Thiruvananthapuram. However majority of units in both categories are not aware about the programme.

Technology Upgradation

Majority of units in both groups are not aware of this programme. Comparatively more units in SIDBI aided group have awareness of this programme. But the difference is significant only in the district of Ernakulam.

Programme on Environment and Quality Management

The difference is significant only in the district of Ernakulam. However majority of units in both groups are not aware of this programme.

Market Promotion Programme

It is found that 34 percent of the SIDBI aided units are aware of the programme. But in the case of other agency aided units only 15 percent have awareness of this programme.

Information Dissemination

Majority of the units in both categories are not aware of the programme. Districtwise analysis reveals that there is no difference among the groups with regard to the awareness of the information dissemination programme of SIDBI.

The variables analysed above reveal that there is no significant difference between the SIDBI aided units and other agency aided units in the awareness of the promotion and development activities of SIDBI.
Benefits of Promotion and Development Activities of SIDBI

Benefits of the promotion and development activities of SIDBI derived by the sample units are analysed by using six variables. They are:

Benefits of Rural Industries Programme

It is found that only few units in both groups are benefited by this programme. There is no significant difference with regard to the benefits of rural industries programme between SIDBI aided units and other agency aided units.

Small Industry Management Assistance Programme

This programme benefits only few units in both groups. Significant difference is not observed between the groups in the benefits of the small industry management assistance programme.

Skill cum Technology up Gradation Programme

This programme does not benefit majority of the units in both groups. Out of the units benefited by this programme majority are the SIDBI aided units.

Programme on Environment and Quality Management

This programme benefits only few units in both groups. Among the units benefited by this programme more number are in the SIDBI aided group.

Market Promotion Programme

It is found that only few units in both groups are benefited by this programme. There is no significant difference between SIDBI aided units and other agency aided units with regard to the benefits of market promotion programme.
Information Dissemination

This programme does not benefit majority of the sampled units in both groups. There is no significant difference between the groups in the benefits of the information dissemination programme.

Based on these findings the ninth hypothesis, which said that, all SIDBI aided units in Kerala are benefited by the promotional and developmental activities of SIDBI stands cancelled.

Thus the major conclusions of the study are:

1. The share of SIDBI in financial assistance disbursed by AIFI is only 9.54 percent.

2. The share of SIDBI in per capita assistance sanctioned by All Financial Institutions in India is only 5.94 percent.

3. The statewise assistance by AIFI shows that 51 percent of the states the share of SIDBI finance is less than 20 percent.

4. The schemewise assistance by AIFI reveals that the share of SIDBI in rupee loan, foreign currency loan and working capital loan is very low. It has a significant share only in refinance and bill finance.

5. The industrywise assistance of the AIFI shows that 84 percent of the industries, the share of SIDBI finance is less than 25 percent. Only in three industries the share of SIDBI assistance is more than 40 percent.

6. Of the total assistance by the AIFI to the infrastructure sector, the share of SIDBI is only 3.53 percent.
Based on the above analysis the hypothesis, which states that, among the financial institutions at the all India level SIDBI has significant share in industrial financing does not hold good.

7. Interest expense is the major item of expenditure of the development banks. Interest expense to total income ratio of SIDBI is lower than the other selected development banks.

8. SIDBI has a high spread to working fund ratio. It shows that high margin is available to the bank in interest transaction.

9. The net profit to owned fund ratio of SIDBI is higher than the other selected development banks. The cost of borrowed fund of SIDBI is lower than the other selected development banks.

10. A low interest expense to interest income ratio is preferred in the case of development banks, SIDBI has a low interest expense to interest income ratio. The credit to borrowings ratio of SIDBI is higher than the other selected development banks. It reveals that SIDBI is successful in converting the borrowings to lending. All these prove that SIDBI has a better financial performance than the other selected development banks. So the second hypothesis stating that there is no significant difference in the financial performance of IDBI, II:CI, IIIBI and SIDBI stands cancelled.

11. The SIDBI aided units and other agency-aided units differ in the pattern of ownership, size of investment, nature of industry, year of establishment, status under SSI and their current status. These two groups also differ in the provision of direct and indirect employment. All these lead to the conclusion
that the third hypothesis stating that there is no difference between SIDBI aided units and other agency-aided units in the form, level of investment, and the nature of business does not hold good.

12. Majority of the entrepreneurs in both groups are male and the majority of the entrepreneurs in both groups belong to the age group of 40 to 60 and there is no difference between two groups in the level of education of entrepreneurs. A good number of entrepreneurs in both groups are experienced. These reassure the fourth hypothesis that the background of the entrepreneurs of SIDBI aided units is similar to that of the other-agency aided units.

13. It is observed that more amount of loan is disbursed by SIDBI than all other financing agencies.

14. SIDBI aided units are granted only term loans while other agency aided units received short term, long term and both. SIDBI granted the loan only for purchasing fixed assets while other agency granted loan for purchasing fixed assets meeting working capital requirements and both. This validates the fifth hypothesis that SIDBI disburses more long-term loan than all other financing agencies.

15. The cost of obtaining loan from SIDBI is higher than other agencies.

16. The rate of interest of SIDBI loans is higher when compared to that of the loans of other agencies.

17. SIDBI disburses loans in two or more instalments, while other agencies disburse the loan in one or two instalments.
18. SIDBI aided units enjoy a longer gestation period than other agency aided units.

19. SIDBI aided units are not received sufficient long-term loan from SIDBI and short-term loans are not granted to them. So this leads to the conclusion that the sixth hypothesis that the cost and terms of SIDBI loans are more attractive when compared to loans from other sources stands disproved.

20. Disparity in the amount applied and sanctioned by two groups of units are found to be not significant.

21. SIDBI needs more time to sanction the loan than the other agencies.

22. Majority of units in both groups are satisfied with the co-operation of officials and not facing any difficulty in obtaining loan. The analysis does not support the seventh hypothesis stating that obtaining loans from SIDBI is less difficult when compared to other sources.

23. SIDBI aided units earned more profit than other agency aided units. SIDBI aided units have more value addition than other agency aided units but there is no significant difference in the mean capacity utilization of SIDBI aided units and other agency aided units. Other agency-aided units create more linkages. On the basis of this the eighth hypothesis stating that SIDBI has created more impact than other financing agencies does not hold good.

24. Majority of the units in both groups are not aware of the rural industries programme of SIDBI. Most of the units are not aware about human resource development in SSI programme. Majority of the units in both groups are not aware about the technology up gradation programme, programme on
environment and quality management, market promotion programme and information dissemination programme.

25. Most of the units in both groups are not benefited by the Rural industries programme, Small Industry Management Assistance Programme, Technology Upgradation and Programme on Environment and Quality Management, Market Promotion Programme and Information Dissemination. On the basis of this the ninth hypothesis stating all SIDBI aided units in Kerala are benefited by the Development and Support services of SIDBI stands cancelled.

Recommendations

In the course of the study a large number of drawbacks, shortcomings and problems have come to light. The researcher likes to give the following recommendations for solving these problems. This will help in remoulding and reshaping the policies and techniques of operations of the SIDBI in Kerala.

1. More composite loans should be provided to the SSI units, so that the entire requirement of small units is met by single documentation, security and charge creation process. This facility should be extended to all SSI units requiring loans.

2. In order to avoid delay and red tapism the powers of the competent authorities for sanctioning of loan should be enhanced liberally. The expenses to be incurred by the borrower should also reduce.

3. Rate of interest on borrowing by SSI units should be further reduced to bring them on a par with those prevailing in other countries. This will improve the
efficiency and performance of SIDBI aided units in the international market and home market.

4. Necessary steps are to be taken to reduce the number of instalments in releasing the sanctioned amount.

5. Keeping in view the rising price of land, cost incurred for the construction of building and purchase of machinery the limits of loan under various schemes that are being operated by SIDBI should be suitably increased from time to time.

6. Necessary steps are to be taken to avoid the delay caused due to procedural requirements in sanctioning loan. So as to ensure that the projects are implemented in proper time.

7. It has been observed that the SIDBI still believes in security-oriented approach in advancing loans. The most important difficulty faced by the sample units is the difficulty in furnishing security. SIDBI should evolve a need based instead of security based financing policy for assisting the SSI sector.

8. In the event of default the SIDBI should provide required help to the defaulted units to survive instead of initiating legal proceedings or other hard steps.

9. The changed economic scenario, in the post liberalization phase, SSI units have great weakness in marketing. So it is felt that, there is need to provide more marketing assistance programme to SSI.
10. It has been observed that the SIDBI charge penalty in case of earlier closing. Necessary steps are to be taken to avoid this penalty.

11. Objectives of the promotion and development programmes can be achieved only if the SSI units are informed about it. Majority of the SSI units are not aware of the promotion and development activities of SIDBI. So steps should be taken to make the people aware by conducting programmes in association with the SSI entrepreneurs associations in the industrial estates.

**Contribution of the Researcher and Areas for Future Research**

The literature on small-scale industries includes a number of scholarly works on different dimensions. That is the studies examining the general problems and prospects of small-scale units, evaluating financial performance of institutions financing SSI units, financial problems of SSI units and studies analyzing the role of various financial institutions in financing the SSI units and on sickness of small-scale industries. In the case of SIDBI there are a number of research studies and a number of research papers but a detailed research work focusing specifically on the role of SIDBI in the development of small-scale industrial sector in Kerala are rare. In this context the present work is a humble attempt to explore the role of SIDBI in the development of small-scale industrial sector in Kerala. The methodology based on extensive database helps to bring out certain unique and interesting observations. The major findings and suggestions given in this study may help the Small Industries Development Bank of India in tuning their strategies for the small-scale industrial development in Kerala.
No research is complete in all respects. But a serious work generates a large number of inferences and also helps to identify a few research areas for future research. During the course of the study the researcher could identify certain research gaps, such as role of commercial banks in financing SSI in Kerala, human resources management of small-scale industries, technological changes in the small-scale industry in Kerala, the role of SIDBI in micro finance in Kerala etc. where future research can be continued.