Preface

India became independent from British rule on 15th August 1947 and much was required to be done for the economic development of the nation. The country was dependent on other countries for certain basic and essential goods and it was for the country to it that Indian became a self-sufficient and economically nation. The need of the hour was the setting up of capital intensive projects for the growth and development of the country. This led to the problem of funding these huge capital intensive projects because the capital market in India was not so well developed and banks also did not want to finance huge projects which had long gestation period and involved considerable risk. Then the government at that time adopted the concept of development banking and various all India level financial institutions were set up to fund these infrastructure projects.

The setting up of all India level financial institutions did not suffice to the requirement of funds by the various sectors throughout the country. These institutions could not meet the demand of funds of all enterprises and the requirement of medium and small enterprises was to a certain extent ignored. In order to cope up with this problem the government decided to set up state financial corporations which could meet the requirement of funds for that region and reduce the pressure on the all India level financial institutions. This step by the government was in the direction of balanced regional development and led to the growth and development of small and medium scale industries which were acting as ancillary units to the large scale units providing spares, components, raw material, etc.
In Gujarat there was a state level financial corporation set up. This state level financial corporation is to great extent responsible for the growth and development of industries in Gujarat. This institution has provided term loans to the small and medium scale industries and helps them to prosper. Gujarat State Financial Corporation focused on growth and development of small scale sector majority of its lending was in the form of term loan.

After 1991 when the government introduced the liberalization, privatization and globalization policy this state level financial corporation which earlier had monopoly to a certain extent now faced competition from other players in the financial sector. The competition increased as the concept of universal banking was introduced. Moreover, the private players and other banks were better equipped than state level financial corporation as they were professionally managed and were bigger in size to compete the state financial corporations. The growth and survival of these financial institutions is now dependent on how this state financial institution adapt itself to the changing environment and formulate strategies for facing the tough competition.

An effort has been made in the this thesis to “An Analytical Study of Financial Performance of State Financial Corporation with Special Reference to Gujarat State Financial Corporation”

Being a student of commerce, I was trying to analyzed, reanalyzed and comprehend the financial performance of GSFC. My Honorable guide Dr. M. K. Maru Sir taught analyzed and highlighted the complexities of financial performance in a very simple manner to enable me to grasp the design of the thesis.

All credit goes to Dr. M. K. Maru Sir. (Baldaniya Bhaveshkumar J.)