Summary of Findings and Suggestions
CHAPTER VI
SUMMARY OF FINDINGS AND CONCLUSIONS

6.1 INTRODUCTION

The important objectives of State Financial Corporation are to finance and promote small and medium enterprises in their own States for achieving balanced growth, catalyze investment, generate employment and widen the ownership base of industry. The SFC's mostly follow the types of assistance rendered by the Industrial Finance Corporations of India such as granting loans and advances or subscribing to debentures of Industrial concerns repayable within twenty years, guaranteeing industrial loans, underwriting the stocks, shares, bonds and debentures. This chapter includes findings of various analyses, offering suitable suggestions along with valuable conclusion.

6.2 Summary of Findings

6.2.1 Growth and Development of State Financial Corporations

Up to end-March 2000, SFCs sanctioned and disbursed Rs.323282 million and Rs.265951 million respectively. The sanctions were more in 1995-96 (Rs. 41885 millions) and the disbursements were more in the same year 1995-96 (Rs. 29611 millions). The sanctions showed a negative growth in 1992-93 & 1993-94 and in the last three years except 1999-2000. The disbursements showed a negative growth in the last three years before 1999-2000. The following six SFCs together shared 65.50% of the cumulative sanctions of all SFCs.

Out of the cumulative shareholding of APSFC from 1996-97 to 2005-06 state Government held more than 60% percent of the total share capital, this was followed by IDBI, and the other shareholders were holding meagre amount of share capital.

From the total share capital of KSFC during the entire study period the state Government held 60 percent followed by IDBI. The other share holders Insurance companies, Scheduled & Co-operative banks and other parties were holding very meagre amount share capital.
In KFC the state Government holds more than 85 percent of the share capital and IDBI holds next major portion of the share capital. The other shareholders of KFC holds only 0.20 percent of the share capital on an average during the entire study period.

The state Government holds 60 percent of share capital of TIIC and IDBI holds more than 30 percent of share capital. The other share holders holds very meagre amount of share capital during the entire study period.

6.2.2 Resource Mobilization of SFC’S

Andhra Pradesh State Financial Corporation (APSFC)

The total resources of APSFC were increasing till the end of the study period. The annual compound growth rate was 14.80 percent, it showed a reliable growth in total resources in the first three years. The coefficient of variation was 40.35 percent and was more consistent. APSFC had raised 54.05 percent of cumulative resources from recovery of principal followed by refinance from IDBI/SIDBI (27.06%), and these two resources constitutes more than 80 percent of the total resources. The co-efficient of co-efficient of variations was more in case of reserves & surplus.

From the total mobilized funds external funds constitutes 45.50 percent and internal funds constitutes 54.50 percent. The coefficient of co-efficient of variation was more for internal funds (50.01%) and it was less for external funds (39.16%). The compound growth rate of internal funds was more (18.35%) but it was less in case of external funds (10.37%) due to consistent growth in the contribution of internal funds during the entire study period.

APSFC had utilized 39.48 percent of the refinance for disbursements, it reveals that entire amount of refinance was used for disbursements. APSFC had totally utilized 68.54 percent of the resources for lending financial assistance.

Karnataka State Financial Corporation (KSFC)

The total resources were more fluctuating and the share of refinance and increase in share capital was very less when compared to other components. The annual compound growth rate was negative (-2.70%) due to decreasing trend and more fluctuations. The co-efficient of
variation was 15.51 percent and it was more consistent. KSFC has raised 42.17 percent of cumulative resources from recovery of principal followed by deposits & other borrowings (41.82%), and these two resources constitutes more than 84.99 percent.

Out of the total mobilized funds of KSFC, external funds constitute 57.80 percent and internal funds constitute 42.20 percent. The co-efficient of co-efficient of variation was more in case of external funds (278.72%) than internal funds (82.64%). The compound growth rate of internal funds were 1.27 percent and it was more when compared to external funds it was negative (-5.96%).

KSFC had utilized 5.33 percent of the refinance for disbursements during the study period. KSFC has totally utilized 40.17 percent of the resources for lending financial assistance. Higher percentage of utilization was due to higher contribution of recovery of principal, deposits & borrowings and refinance.

Kerala Financial Corporation (KFC)

The total resources of KFC were fluctuating this was due to fluctuations in amount of recovery of principal followed by the issue of bonds and refinance from IDBI/SIDBI. KFC had raised 52.01 percent of cumulative resources from recovery of principal followed by refinance from IDBI/SIDBI (27.48%), and these two resources constitutes 79.49 percent of total resources.

Out of the total mobilized funds of KFC, the shares of external funds were 53.53 percent and the shares of internal funds were 46.47 percent. The co-efficient of co-efficient of variation was more in case of external funds (46.15%) than internal funds (19.39%). The compound growth rates of internal funds were 5.13 percent and it was more when compared to external funds it was negative (-14.79%) even though its total share of mobilized funds was more during the study period.
KFC had used 41.46 percent of the refinance for disbursements; it revealed that maximum amount of refinance was used for disbursements. Corporation has totally utilized 66.28 percent of the resources for lending financial assistance.

**Tamil Nadu Industrial Investment Corporation (TIIC)**

The total resources of TIIC showed fluctuating trend. TIIC had raised 56.38 percent of cumulative resources from recovery of principal followed by refinance from IDBI/SIDBI (21.53%), and these two resources constitutes more than 75 percent of the total resources.

Out of the total mobilized funds of TIIC, external funds constitute 43.40 percent and internal funds were 56.60 percent. The share of internal funds was more in all the years except in 1996-97. The co-efficient of variation was more in case of external funds (46.15%) than internal funds (19.39%). The compound growth rate of internal funds were 5.13 percent and it was more when compared to external funds it was negative (-14.79%)

TIIC had used 37.61 percent of the refinance for disbursements. The Corporation had totally utilized 57.25 percent of the resources for lending financial assistance, it showed that TIIC had effectively used the resources for disbursing financial assistance to various industries.

**6.2.3 Comparison of Annual Compound Growth Rate of Resource Mobilization of SFC’S**

The analysis of the annual compound growth rates of resources of four Corporations shows that APSFC was the best in resource mobilization. TIIC was the next SFC that has minimum growth and it was very poor to KSFC and KFC. Among four Corporations APSFC was the topmost in total resources mobilization.

**6.2.4 Comparison of Co-efficient of variation for Resource Mobilization of SFC’S**

The co-efficient of co-efficient of variation of four Corporations are compared, among all SFC’s APSFC had the highest co-efficient of variation in the total resources followed by TIIC.
And it was lowest for KFC and KSFC. In case of internal funds, KSFC had highest co-efficient of variation of followed by APSFC, it was minimum for KFC and TIIC. With regard to external funds KSFC had the highest co-efficient of variation, it was less for other three Corporations when compared to KSFC.

6.2.5 Comparison of Trend Values of Total Resources of the SFC’S

The trend values of four Corporations are compared, among all SFC’s, APSFC and TIIC had a positive growth. KSFC and KFC had a negative growth. The projected amount of resources will be more in case of APSFC followed by KSFC and TIIC.

6.2.6 Co-Efficient of Correlation between Refinance Drawn and Disbursements of the four SFC’S

The co-efficient of correlation between refinance drawn and disbursements of the four Corporations showed a positive relationship between them. It implies that an increase in the amount of sanctions leads to an increase in the amount of disbursements. It also inferred that the correlation co-efficient was significant at 1% level for KSFC and KFC. It was significant at 5% level for the other two Corporations. This shows that amount of refinance drawn and amount rescheduled of the four Corporations had a significant relationship.

6.2.7 Lending Performance of Corporations

Andhra Pradesh State Financial Corporation (APSFC)

The total number of applications disposed in APSFC was 15330. It is also seen that only 2324 (15.16%) applications were either rejected or withdrawn or cancelled. APSFC had sanctioned 13006 numbers of applications that account for 84.84 percent. APSFC had effectively sanctioned 73.65 percent of the cumulative amount applied for by the applicants and only 26.35 percent of the applied amount had either rejected or withdrawn or cancelled. The co-efficient of variation for sanctions amounted to 30.60 percent. The compound growth rate was 11.30 percent per annum.
The disbursements showed an increasing trend for the entire study period. The coefficient of variations in disbursements were 37.62 percent, and it was more compared to those in loan sanctions, due to abrupt increase in disbursements in the year 1999-00 and in 2004-05. It had an annual compound growth rate of 14.28 percent per annum. APSFC had disbursed 76.78 percent of the accumulated sanctions.

APSFC had sanctioned large number of loans to industries in the districts of Ranga Reddy (12.76%), Hyderabad (9.43%), and Medak (5.67%). As regards amount of sanctions also districts Ranga Reddy (20.16%), Hyderabad (13.87%) and Medak (7.18%) had more amount of sanctions.

The percentage of utilization of sanctioned loans in ASFC was highest in twenty three districts and the overall utilization rate was 76.78 percent during the study period. The percentage of unutilized sanctions was higher in the districts of Srikakulam, Medak and Mahaboobnagar.

APSFC had sanctioned 44.63 percent of the total amount to backward districts and 55.37 percent to other non-backward districts. The coefficient of variations in the amount of sanctions to the backward districts were lesser than those of non-backward districts. The annual compound growth rate of the loans sanctioned to the backward districts was less than the growth rate in non-backward districts.

APSFC had disbursed 43.23 percent of the total disbursements to backward districts and it was lower than the disbursements made to non-backward districts (56.77%). The compound growth rate of backward districts was less than non-backward districts. The coefficient of variation of backward districts was also less than non-backward districts.

The unutilized loans in non-backward districts were lower (21.29%) as compared to backward districts (25.63%). It is evident that borrowers in non-backward districts had utilized more loans sanctioned (78.71%) than in backward districts.

APSFC had sanctioned 100 percent of the total amount in the form of term loans, working capital loans and bridge loans.
The amount of sanctioned loans for long term loans was 48.67 percent and medium term loans was 51.33 percent out of the total sanctions. The annual compound growth of medium term loan was 10.03 percent and it was lower than that of long term loans, which was 12.96 percent. The co-efficient of variations in sanctions for medium term loans were lower than that of long term loans. It reveals that the Corporation had sanctioned loans for purchase of land & building, machinery and terms loans to SSI’s for expansion or modernization purposes.

The cumulative assistance sanctioned for the small size loan (below Rs.10 lakhs) was very meagre (6.51%) and other size of loan was 93.49 percent out of the total sanctions in the study period. The annual compound growth rate of small size loan was minus 12.34 percent and for other size loan was 17.17 percent, due to more amount of sanctions to long term loans. The co-efficient of variations for small size loans were higher than that of other size of loan. This was due to the reason of more investment in long term projects.

In APSFC private limited companies had obtained 38.42 percent of the aggregate amount of loans sanctioned. The amount of loans sanctioned to partnership firms (25.63%) and sole traders (25.83%) were more or less equal during the period of study. The co-efficient of variation was very high to co-operative societies followed by the public limited companies (63.22%). The annual compound growth was more in case of co-operative societies (28.96%), public limited companies (22.14%) and private limited companies (11.95%) but it was less in case of sole traders (10.26%) and partnership firms (7.40%), this was due to abrupt increase in sanctions for the respective constitutions.

The disbursements were high to private limited companies (34.86%) followed by sole traders (30.15%) and partnership firms (24.51%). The co-efficient of variations in disbursements was high to co-operative societies followed by the public limited companies. The annual compound growth rate for co-operatives (24.48%), public limited companies (23.74%) and private limited companies (15.49%) it was more when compared to sole traders (12.60%) and partnership firms (10.65%) during the study period.

In APSFC public limited companies had been utilized 81.30 percent of the loan sanctioned, but the amount sanctioned to this organization was negligible.

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The Corporation had sanctioned 69.55 percent of the cumulative assistance for new projects. This was followed by expansion & diversification (30.16%) and it was very low in case of replacement, power generation & others purpose (0.60%). The compound growth rate for expansion & diversification (24.51%) was more as compared to new projects (7.08%) and replacement, power generation & others (-1.58%), this was due to less or no sanctions during the study period. The amount sanctioned for replacement, power generation & others had more coefficient of variations when compared to others purposes.

Out of the total sanctions of APSFC, SSI’s share was 61.30 percent followed by Units other than SSI’s (36.27%), and it was minimum to SRTO’s (2.43%). The co-efficient of co-efficient of variation was higher to SRTO’s due to more fluctuations in sanctions, when compared to other industries and SSI’s. The compound growth rate of other than SSI units (23.39%) was more when compared to SSI’s units (7.05%) and SRTO’s (-34.18%). The negative growth is due to fewer amounts of sanctions to SRTO’s from the year 2001-02.

Corporation had disbursed 61.22 percent to SSI’s out of the total disbursements. The share of disbursements to units Other than SSI’s was 36.07 percent out of total sanctions. The annual compound growth rate for disbursements to other than SSI units (25.46%) was more than SSI’s (10.31%) and SRTO’s (-33.80). The co-efficient of variations are more in case of SRTO’s due to considerable decrease in disbursements from 2003-04. In APSFC SRTO’s had utilized 85.69 percent, SSI’s utilized 76.67 percent of the sanctioned amount, followed by other units (76.36%). The unutilization of disbursed amount is highest in case of Units other than SSI’s, and it was lowest to SRTO’s.

APSFC had sanctioned Rs.54353.04 lakhs (15.96%) to food and beverage industries followed by chemical industries Rs.45804.11 lakhs (13.45%) out of the total sanctions. It was Rs.142542.60 (41.85%) to industries that come under other industries group.

**Karnataka State Financial Corporation (KSFC)**

The total number of applications disposed by KSFC was 37243. KSFC had effectively sanctioned 71.18 percent of the cumulative amount applied by the applicants and only 28.82 percent of the applied amount had either rejected or withdrawn or cancelled. The reduced supply
of loan amount was an indication of the mortality of loans applied and also of the deficient or defective cost appraisal of the project. The co-efficient of variation for sanctions amounted to 34.36 percent due to more fluctuations in sanctions. The compound growth rate was minus 6.76 percent per annum.

The disbursements showed a decreasing trend. The co-efficient of variation in disbursements were 34.22 percent, and it was less compared to those in loan sanctions. The disbursement of financial assistance has been decreasing at a compound growth rate of minus 7.69 percent per annum.

KSFC had disbursed 85.52 percent of the accumulated sanctions only 14.48 percent of sanctions were not utilized.

In KSFC large numbers of loans were sanctioned to industries in the districts of Banglore (26.13%), Dakshina Kannada (7.98%), and Dharward (6.16%). As regards amount of sanctions, it is seen that industries in the districts of Banglore (43.03%), Dakshina Kannada (6.71%), Mysore (4.39%) and Bellary (4.37%) were predominant beneficiaries. The financial assistance disbursed also was in the order of Banglore (41.04%), Dakshina Kannada (6.85%) and Mysore (4.77%).

The percentage of utilization of sanctioned loans in KSFC was higher in twenty five districts and the overall utilization rate was 85.52 percent and unutilization rate was 14.48 percent during the study period.

KSFC had sanctioned 37.65 percent of the total amount to backward districts and 62.35 percent to other non-backward districts. The annual compound growth rate of the loans sanctioned to the backward districts was minus 9.52% and it was more than the growth rate in non-backward districts, which was minus 4.88%. The co-efficient of variations in the amount of sanctions to the backward districts were lesser than those of non-backward districts.

Out of total sanctions 55.30 percent were disbursed to backward districts and 44.70 percent were disbursed to non backward districts.
The table points out that the unutilized loans in non-backward districts of KSFC were higher (17.43%) as compared to backward districts (9.59%). It is evident that borrowers in backward districts had utilized more loans sanctioned (90.41%) than in non-backward districts. The co-efficient of variation was more in case of disbursements to backward districts than non-backward districts. Both backward and non backward had negative growth.

In KSFC 88.57 percent of the total amount sanctioned were term loans and also 90.33 percent of total amount of disbursements were contributed by terms loans. The Corporation gave preference for granting loan finance due to the availability of refinance from the IDBI.

The amount of sanctioned loans for long term loans was 76.92 percent and medium term loan was 23.08 percent of total sanctions of KSFC. The annual compound growth of medium term loan was minus 4.88 percent and it was lower than that of long term loans, which was minus 10.42 percent. The co-efficient of variation for sanctions to medium term loans were higher than long term loans.

The cumulative assistance sanctioned by KSFC for the small size loan (below Rs.10 lakhs) was only 11.06 percent and large size loan was 88.94 percent. The annual compound growth rate of small size loan was minus 33.63 percent and for other size loan was minus 3.92 percent. The co-efficient of variations for small size loans were higher than that of other size of loan. This was due to the reason of long size loan was attributed to the escalating cost of projects during the period under analysis.

The sole traders & others of KSFC had obtained 37.31 percent of the aggregate amount of loans sanctioned. This was due to the fact that the sole traders were sanctioned mostly to SSI’s and lesser amount to transport loans. This was followed by partnership firms and private limited companies. The co-efficient of co-efficient of variation was very higher for public limited companies followed by co-operative societies and it was minimum for other constitutions. The annual compound growth was negative for all four constitutions except co-operative societies (1.41%).

The disbursements to sole traders were 37.59 percent followed by partnership firms 33.01 percent. The higher percentage of co-efficient of variations was due to the more fluctuations in
disbursements. The annual compound growth rate for all five constitutions was negative and it was highly negative for public limited companies are minus 19.55 percent.

In KSFC public limited companies had been utilized 92.06 percent of the loan sanctioned, but the amount sanctioned. It was minimum to the co-operative societies (59.00%). the un-utilized loans were more (41.00%) in co-operative societies.

KSFC had sanctioned 62.77 percent of the cumulative assistance for new projects. This was followed by others (expansion & modernization - 33.63%) and it was very low in case of rehabilitation purpose (0.60%). The compound growth rate was negative for all three purposes. The amount sanctioned for rehabilitation had more co-efficient of variations when compared to the new projects and Expansion / Modernization this was due to more fluctuations in sanctions.

Out of the total sanctions of KSFC, SSI’s share was 52.49 percent followed by units other than SSI’s (40.74%), and it was minimum to SRTO’s (6.77%). The compound growth rate was negative for all four Corporations and it was minimum in case of industries other than SSI’s (-1.86%) and higher to SRTO’s (-29.76%). The co-efficient of variation was higher to SRTO’s due to continuous decline in the sanctions to SRTO’s when compared to SSI’s and other industries.

KSFC had disbursed 54.73 percent to SSI’s out of the total disbursements. The disbursal to SRTO’s amounted 7.24 percent. The share of disbursements to units Other than SSI’s was 38.03 percent out of total sanctions. The growth rate was minus 8.32 percent and minus 3.30 percent to SSI’s and other units respectively. The co-efficient of variations are more in case of SRTO’s due to considerable decrease in disbursements from 2001-02. And it was less in case of SSI’s and other SSI units.

In KSFC, SRTO’s had utilized 91.51% of the total amount sanctioned. Though higher amount (52.49%) was sanctioned to SSI’s, they utilized 89.17 percent of the sanctioned amount, followed by other units (79.83%).

KSFC sanctioned Rs.71240.13 lakhs (20.10%) to service & electric generation industries followed by food industries Rs.51459.90 lakhs (14.52%) out of the total sanctions. And it was
minimum in manufacture of paper & paper products (0.70%), rubber industries (0.85%), and 2.01 percent to manufacturer of transport equipments.

**Kerala Financial Corporation (KFC)**

The total number of applications disposed by KFC was 16295. It is also seen that only 1770 applications were either rejected or withdrawn or cancelled. KFC had sanctioned 14525 applications out of 16295 applications. The effective sanction of KFC showed a fluctuating trend, it accounts for 73.81 percent. The co-efficient of variation for sanctions amounted to 30.90 percent, it indicates that the sanctions had less fluctuations. The compound growth rate was minus 6.92 percent per annum, it reveals that the sanctions had a negative growth.

The total amount disbursed by KFC during the study period was 152704.83 lakhs. The disbursements showed a fluctuating trend for the entire study period. The co-efficient of variations in disbursements were 33.67 percent, and it was more when compared to those in loan sanctions, due to high fluctuations in disbursements. It had a compound growth rate of minus 9.96 percent per annum.

The Corporation had utilized 83.97 percent of the accumulated sanctions; the unutilized sanctions were 16.03 percent.

In KFC a large number of loans were sanctioned to industries in the districts of Kozhikode (12.65%), Thiruvananthapuram (12.04%), and Kollam (11.77%). As regards amount of sanctions, it is seen that industries in the districts of Ernakulam (20.28%), Thiruvananthapuram (10.94%), Thrissur (10.34%), Kollam (8.88%) and Kozhikode (7.88%) had higher amount of sanctions when compared to other districts. The financial assistance disbursed also was in the order of Ernakulam (18.79%), Thiruvananthapuram (10.99%), Thrissur (10.55%), Kollam (9.09%), and Kozhikode (8.15%). The percentage of number of loans, amount sanctioned and disbursed in the districts of Thodupuzha and Perumbavoor was very meagre.
The percentage of utilization of sanctioned was higher in sixteen districts and the overall utilization rate was 83.97 percent during the study period. The percentage of unutilized sanctions was higher in the districts of Pathanamthitta, Thodupuzha, Perumbavoor and Alappuzha.

KFC had sanctioned 43.26 percent of the total amount to backward districts and 56.74 percent to the non-backward districts. The annual compound growth rate of the loans sanctioned to the backward districts were minus 6.03 percent and it was less than the growth rate in non-backward districts, which was minus 7.86 percent. The co-efficient of variations in the amount of sanctions to the backward districts were lesser than those of non-backward districts, this was due to higher fluctuations in sanctions to this districts.

KFC had disbursed 55.30 percent of the total disbursements to backward districts and it was higher than the disbursements made to non-backward districts (44.70%). The annual compound growth rate for disbursements to these districts was minus 7.86 percent and minus 11.83 percent respectively, this was due to continuous fall in sanctions. The co-efficient of coefficient of variation was high to non-backward districts than the back-ward districts.

The utilization percentage of KFC was high for backward districts (86.79%) when compared to non-backward districts (81.82%)

In KFC, 97.70 percent of the total amount sanctioned in the form of term loans and only 2.30 percent was sanctioned in the form of seed capital assistance. The disbursements were more to term loans (96.03%) than seed capital assistance (3.07%).

The amount of sanctioned loans of KFC for medium term loans (91.57%) was higher than the long term loans (8.43%). The annual compound growth rate of medium term loan was minus 8.73 percent and it was lower than that of long term loans, which was 12.57 percent. The co-efficient of variation in sanctions for medium term loans were more or less equal to long term loans.

The small size loans accounted for 38.69 percent and large size loan accounted for 61.31 percent of the total sanctions in the study period. The annual compound growth rate of small
size loan was minus 19.69 percent and for other size loan was 0.99 percent. The co-efficient of variations for small size loans were higher than that of other size of loan.

In KFC the sole traders & others had obtained 49.17 percent. This was followed by partnership firms, private limited companies and public limited companies. The co-efficient of variation was very high to co-operative societies followed by the public limited companies and sole traders & others. The annual compound growth was more in case of public limited companies (13.22%). And it was negative to Co-operative societies (37.27%), sole traders (14.85%) and partnership firms (2.92%), this was due to less or no sanctions to the respective constitutions. It was less in case of private limited companies (0.33%).

The disbursements of KFC were high to sole traders (52.98%) followed by partnership firms (24.82%) and private limited companies (18.49%). The co-efficient of variations in disbursements was high to co-operative societies followed by the sole traders and public limited companies. The annual compound growth rate for all five constitutions was negative it was more in case of co-operative societies (47.47%) followed by sole traders & others (15.50%). And it was more or less same for others three constitutions.

The sole traders had been utilized 90.47 percent of the loan sanctioned. Among the other organizations the partnership firms utilized 85.18 percent, co-operative societies utilized 85.69 percent, private limited companies utilized 77.28 percent and public limited companies utilized 47.94 percent of the total sanctions. The un-utilized loans were more in public limited companies (52.06%).

KFC had sanctioned 56.44 percent of the cumulative assistance for new projects. This was followed by expansion & diversification (37.73%) and it was very low in case of rehabilitation purpose (5.83%). The amount sanctioned for new projects had more co-efficient of variations compared to the co-efficient of variations of expansion & modernization and rehabilitation. The compound growth rate of rehabilitation purpose was 5.85 percent and it was negative to new projects (8.77%) and expansion & modernization (5.84%) due to abrupt decrease in sanctions to that purposes.
Out of the total sanctions of KFC, SSI’s share was 39.53 percent and Other than SSI units was 60.47 percent. The co-efficient of co-efficient of variation was higher to SSI’s due to more fluctuations in sanctions, when compared to other industries. The compound growth rate was negative to both sectors, SSI’s had minus 8.41 percent and other than SSI’s had minus 6.12 percent and this was due to lower amount of sanctions during the last two years.

The Corporation had disbursed 42.51 percent to SSI’s and 57.49 percent to other than SSI units out of the total disbursements. The co-efficient of variations are more in case of SSI’s due to considerable decrease in disbursements from 2002-03. The annual compound growth rate was minus 11.31 percent to SSI’s and it was higher than that of Other units (-8.61%), due to less amount of sanctions from 2002-03 to SSI’s.

In KFC, SSI’s had utilized 90.30 percent and other than SSI units utilized 79.83 percent. The unutilization of disbursed amount is highest (20.17%) in case of other than SSI units and it was lowest (9.70%) to SSI’s even though the sanctions & disbursements to it were lower than that of other units.

KFC had sanctioned Rs.71726.92 lakhs (39.44%) to hospital & hotel industries followed by transport industries Rs.25465.62 lakhs (14.00 %), food products industry Rs. 18972.86 lakhs (10.33 %) and paper, leather & rubber industries Rs. 14875.39 lakhs (8.18 %) out of the total sanctions. The disbursements were more in industries to hospital & hotel industries (37.81%), transport industries (16.12%) and food products industry (12.04%) out of the total disbursements. It was minimum to all other industries and very meagre to manufacturer of chemical industry (2.02%) and mining & petroleum industries (0.34%).

Tamil Nadu Industrial Investment Corporation Limited (TIIC)

The total number of applications disposed in TIIC was 30097. It is also seen that only 4537 (15.07%) applications were either rejected or withdrawn or cancelled in the process. The Corporation had sanctioned 25560 applications out of 30097 applications. TIIC had effectively sanctioned 68.08 percent of the cumulative amount applied by the applicants. The effective
sanction showed a fluctuating trend. The co-efficient of variation for sanctions amounted to 34.43 percent. The compound growth rate was minus 1.68 percent per annum, it reveals that the sanctions had a negative growth due to high fluctuations during first five years.

The amount disbursed by TIIC showed a decreasing trend. The index growth was 49.24 percent during the year 2005-06, from 100 percent in 1996-97. It had a annual compound growth rate of minus 2.40 percent per annum.

The Corporation had utilized 77.29 percent of the accumulated sanctions. It is also noted that the aggregate of unutilized loans was 22.71 percent.

In TIIC as regards amount of sanctions, it is seen that industries in the districts of Chennai (20.73%), Coimbatore (18.39%), Thiruvallur (7.93%), Kancheepuram (5.52%) and Erode (5.42%) had higher amount of sanctions when compared to other districts. The financial assistance disbursed was higher in the order of Chennai (22.75%), Coimbatore (16.71%), Thirichirapalli (7.75%), Erode (5.78%), Kancheepuram (5.22%), Madurai (4.10%) and Nagapattinam (3.90%). The amount of sanctions were more when compared to number of sanctions in the districts of Chennai (20.73%), Coimbatore (18.39%), Thiruvallur (7.93%) and Erode (5.42%) due to larger amount were issued to medium scale industries. The percentage of number of loans, amount sanctioned and disbursed to Krishnagiri, Nilgiris, Perambalur and Thiruvarur was very meagre out of the total sanctions and disbursements.

The percentage of utilization of sanctioned loans in TIIC was highest in twenty six districts and the overall utilization rate was 77.29 percent during the study period. The percentage of unutilized sanctions was higher in the districts of Thiruvallur, Ariyalur, Namakkal, Nilgiris, and Thiruvannamalai.

TIIC had sanctioned 52.76 percent to backward districts and 47.24 percent to other non-backward districts. The annual compound growth rate of the loans sanctioned to the backward districts was minus 1.43 percent and it was less than the growth rate in non-backward districts, which was minus 2.11 percent. The co-efficient of variations in the amount of sanctions to the backward districts were more than those of non-backward districts.
TIIC had disbursed Rs.105008.04 lakhs to backward districts, representing 55.30 percent of the total disbursements and it was higher than the disbursements made to non-backward districts (44.70%). The compound growth rate was minus 2.23 percent to backward districts and minus 2.90 percent non-backward districts. The co-efficient of co-efficient of variation of backward districts was more than non-backward districts.

The amount of sanctions to the backward districts (Rs.129649.74 lakhs) was more than the non-backward districts (Rs.116094.87 lakhs). The unutilized loans in backward districts were lower (19.01%) as compared to non-backward districts (26.85%). It is evident that borrowers in backward districts had utilized more loans sanctioned (80.99%) than in non-backward districts (73.15%).

In TIIC 88.26 percent of the total amount sanctioned was to term loans. And it was less to bill finance scheme and very meagre to leasing & hire purchase, short term working capital scheme and shares & debentures.

The amount of sanctioned loans in TIIC for long term loans 63.32 percent of total sanctions and medium term loans was 36.68 percent. The annual compound growth of medium term loan was 4.81 percent and it was higher than that of long term loans, which was minus 3.92 percent. The co-efficient of variations in sanctions for medium term loans were lower than that of long term loans.

The cumulative assistance sanctioned for the small size loan (below Rs.10 lakhs) was lower (20.93%) than that of large size loan (79.07%) out of the total sanctions in the study period. The annual compound growth rate of small size loan was minus 13.93 percent and for other size loan was 2.22 percent; this was due to lesser amount of sanctions. The co-efficient of variations for small size loans were higher than that of other size of loan. This was due to the reason of more investment in long term projects.

In TIIC, the sole trader had obtained 44.80 percent of the aggregate amount of loans sanctioned followed by partnership firms and private limited companies. The amount of sanctions to public limited companies and co-operative societies were very meagre out of total sanctions of the Corporation. The co-efficient of variation was very high to co-operative societies.
followed by the public limited companies. The annual compound growth was more negative in case of public limited companies (-74.42%) and less in case of private limited companies (-0.29%) and sole traders (-3.11%). It was positive for partnership firms (1.62%).

The disbursements were high to Sole traders (49.61%) followed by partnership firms and private limited companies. The co-efficient of variation in disbursements were high to public limited companies (131.46%). The annual compound growth rate is negative for all constitutions, co-operatives had minus 13.93 percent, private limited companies & sole traders had minus 1.98 percent and partnership firms had minus 0.10 percent during the study period.

The sole traders in TIIC had been utilized 85.39 percent of the loan sanctioned. Among the other organizations the partnership firms utilized 77.06 percent, public limited companies utilized 65.62 percent and private limited companies utilized 65.11 percent. The un-utilized loans were more in private limited companies (34.89%).

TIIC had sanctioned 64.55 percent of the cumulative assistance for new projects. This was followed by expansion (33.68%) and it was very low in case of rehabilitation (0.06%) and others (1.71%). The compound growth rate for expansion (-7.57%) was less as compared to new projects this was due to less amount of sanctions during the study period. And the growth rate for rehabilitation and others were not calculated since there was very meagre and no amount of sanctions for that two purposes. The amount sanctioned for rehabilitation and other purposes had more co-efficient of variation.

Out of the total sanctions of TIIC, SSI’s share was 63.99 percent followed by Units other than SSI’s 25.16 percent. The co-efficient of co-efficient of variation was higher to SRTO’s due to more fluctuations in sanctions, when compared to other industries and it was less to SSI’s. The compound growth rate of other than SSI units (4.81%). It was negative to SSI’s (59.34%) and SRTO’s (27.39%).

The Corporation had disbursed 66.78 percent to SSI’s, 11.84 percent to SRTO’s and 21.38 percent to other than SSI units out of the total disbursements. The annual compound growth rate for disbursements of SSI units (101.38%) was more than SRTO’s (-26.66) and Units...
other than SSI's (-0.10%). The co-efficient of variations are more in case of SRTO's due to considerable decrease in disbursements from in the last three years.

SRTO's had utilized 84.31 percent, SSI's utilized 80.65 percent of the sanctioned amount, followed by other units (65.70%). The unutilized disbursed amount is highest (34.30%) in case of Units other than SSI's, and it was lowest (15.69%) to SRTO's.

TIIC had sanctioned Rs.36429.72 lakhs (14.75%) to textile industries followed by transport industries Rs.32607.61 lakhs (13.27%) out of the total sanctions. It was Rs.119172.90 lakhs (48.49%) to industries that come under other industries group. The amount of sanctions was meagre to all other industries. The disbursements were more in industries come under other industries (41.39%), textile industries (16.96%), hotel industries (14.09%), food & beverage industries (8.31%) and manufacturer of electrical machinery (7.56%) out of the total disbursements. And it was very meagre to mining and petroleum industries, manufacturer of chemical products and basic metals industries.

6.2.8 Comparison of Annual Compound Growth Rates of Lending Performance of the SFC’S

APSFC had the highest growth rate in most purposes of loan sanctioned followed by TIIC. And it was minimum and negative for KSFC and KFC. This shows that lending performance was far better in case of APSFC. TIIC had consistent growth for some purposes. It was very poor in case of KSFC followed by KFC during the study period.

6.2.9 Comparison of co-efficient of variation for Lending Performance of SFC’S

The co-efficient of variation was more or less equal to all Corporations for total sanctions and disbursements. TIIC had higher co-efficient of variation for sanctions to backward district, sanctions to public limited companies, sanctions to co-operative societies, disbursements to public limited companies and sanctions for replacement and rehabilitation. KSFC had higher co-efficient variation in sanction of medium term loans, small size loans, sanctions to SRTO's and disbursements to SRTO's. The other two SFC's APSFC and KFC had less co-efficient of variation for most cases when compared to other two Corporations.
6.2.10 Comparison of Trend Values of Sanctions and Disbursements of SFC’S

The trend values for sanctions of four Corporations are compared, growth rates for variable sanctions of four State Financial Corporations showes that Andhra Pradesh State Financial Corporation (APSFC) had a positive growth and the other three Corporations had a negative growth. The projected amount of sanctions will be high in case of APSFC.

The growth rates for variable disbursements of four State Financial Corporations showed that Andhra Pradesh State Financial Corporation (APSFC) had a positive growth and the other three Corporations had a negative growth. The projected amounts of disbursements will be high in case of APSFC followed by TIIC and it will be negative for other two Corporations.

6.2.11 Co-efficient of Correlation between Amount Applied for and Effective Sanctions of the SFC’S

The co-efficient of correlation between amount applied for and effective sanctions of the four Corporations, showed a positive relationship between them. It implies that an increase in the amount applied for leads to an increase in the effective sanctions. It is also inferred that the correlation co-efficient was significant at 1% level for all four Corporations. This shows that amount applied for and effective sanctions of the four Corporations had a significant relationship.

6.2.12 Co-efficient of Correlation between Sanctions and Disbursements of the SFC’S

The co-efficient of correlation between sanctions and disbursements of the four Corporations, showed a positive relationship between them. It implies that an increase in the amount of sanctions leads to an increase in the amount of disbursements. It is also inferred that the correlation co-efficient was significant at 1% level for all four Corporations. This shows that amount of sanctions and disbursements of the four Corporations had a significant relationship.
6.2.13 Recovery Performance of the Corporations

Andhra Pradesh State Financial Corporation (APSFC)

The total recovery of loans of APSFC was Rs. 328229.44 lakhs. The compound growth rate for recovery loan was 12.24 percent, it showed steady growth in recoveries. The co-efficient of variation was found to be 34.36 percent.

Out of total dues recovered recovery of principal constitutes 62.83 percent the collection of interest constitutes 37.17 percent. The compound growth rate for recovery of principal (18.21%) was more than recovery of interest (3.37%), this was due to higher contribution of principal in total dues during this period. The co-efficient of variation in the collection of principal was higher than that of collection of interest because of more fluctuations.

APSFC had recovered Rs.328229.44 lakhs out of the accumulated amount to be collected of Rs.499462.20 lakhs in various years, representing a recovery ratio of 39.66 percent. And the default ratio was 60.34 percent.

From the aggregate realizable amount 51.67 percent was the arrears in the beginning and the balance of 48.33 percent was the demand raised during the year. The total rescheduling of dues of APSFC was 2.54 percent of the accumulated amount in default. The total amount of current year over dues was Rs. 65052.27 lakhs.

Karnataka State Financial Corporation (KSFC)

The total recovery of the Corporation during the study period was Rs. 498087.99 lakhs. The recoveries had an annual compound growth rate of minus 3.75 percent, due to decreasing recoveries from 2000-01. The co-efficient of co-efficient of variation for amount recovered from borrowers was found to be 11.75 percent.

The recovery of principal constitutes 63.89 percent and recovery of interest constitutes 36.11 percent of total recoveries. The annual compound growth rate of collection of principal (1.34%) was more than that of collection of interest, it was negative (-10.70%). This was due
decreasing trend in collection of interest in entire study period. The co-efficient of variation in the collection of interest was higher than that of collection of principal.

KSFC had recovered Rs.498097.99 lakhs out of the accumulated amount to be collected of Rs.1102776.43 lakhs in various years, representing a recovery ratio of 45.17 percent. The default ratio was 54.83 percent. This was due to increase in amount of defaults till the end of the study period.

Out of the aggregate realizable amount of KSFC 52.10 percent was the realized from current year's demand raised and the balance of 47.90 percent was realized from the arrears in the beginning of the year.

The total rescheduling of dues was 11.61 percent of the accumulated amount in default. The aggregate amount involved in suit filed cases against the over dues were 4.61 percent. The current year over dues of KSFC was Rs. 89085.28 lakhs. It had an index of growth 202.92 percent in 1999-00, which was very high when compared to the other years.

Kerala Financial Corporation (KFC)

The recovery of loans of KFC showed a increasing trend and the total recoveries amounted to Rs.223795.00 lakhs. The co-efficient of variation was 16.22 percent. The annual compound growth rate was 3.98 percent.

From the total dues recovered by the Corporation recovery of principal constitutes 53.55 percent, the collection of interest constitutes 46.45 percent. The co-efficient of variation in the collection of principal were higher than that of collection of interest. The compound growth rate of recovery of principal was 6.93 percent and recovery of interest was 0.40 percent.

KFC had recovered Rs.223795.00 lakhs out of the accumulated amount to be collected of Rs.636479.00 lakhs in various years, representing a overall recovery ratio of 35.16 percent. The default ratio was more than recovery ratio (64.84%).
Out of the aggregate realizable amount of KFC 57.91 percent was the arrears in the beginning and the balance of 42.09 percent was the demand raised during the year. The total rescheduling of dues was 3.31 percent of the accumulated amount in default. The total amount involved in suit filed cases against the over dues were 2.49 percent. It indicates that the Corporation had provided extended time for repayment of loans instead of filing suits against them. The total amount of current year over dues was Rs. 40115.00 lakhs. It had an highest growth rate of 404.30 percent in 1997-98 followed by 289.79 percent in 2001-02.

**Tamil Nadu Industrial Investment Corporation Limited (TIIC)**

The recovery of loans of TIIC was Rs. 303861.00 lakhs. The compound growth rate for recovery loan was 1.51 percent. The co-efficient of variation was found to be 12.36 percent.

In TIIC out of total dues recovered recovery of principal constitutes 61.55 percent and the collection of interest constitutes 38.45 percent. The compound growth rate for recovery of principal (6.72%) was more than recovery of interest (-5.82%), this was due to continuous fall in recovery of interest during this period. The co-efficient of variations in the collection of principal were higher than that of collection of interest.

TIIC had recovered Rs.303861.00 lakhs out of the accumulated amount to be collected of Rs.1127322.00 lakhs in aggregate, representing a recovery ratio of 26.95 percent. The default ratio was 73.05 percent. From the total realizable amount 64.39 percent was the arrears in the beginning and the balance of 35.61 percent was the demand raised during the year. The total rescheduling of dues of TIIC was 4.43 percent of the accumulated amount in default. The aggregate amount involved in suit filed cases against the over dues were 20.47 percent. The total amount of current year over dues was Rs. 142064.00 lakhs.

### 6.2.14 Comparison of Annual Compound Growth Rate of Recoveries of SFC’S

The annual compound growth rate of total recoveries was highest in case of APSFC followed by KFC and TIIC and it was negative for KSFC. This shows that KSFC had decreasing trend in recoveries during the study period. With regard to recovery of principal and interest also APSFC had the highest growth followed by KFC and TIIC. It was very poor in case of KSFC.
6.2.15 Comparison of co-efficient of variation of Recoveries of SFC’S

APSFC had the highest co-efficient of variation in total recoveries when compared to other SFC’s. It was minimum in case of KSFC since there were fewer fluctuations in the amount of recoveries during this period. In case of recovery of principal APSFC had the highest co-efficient of variation and it was less to KSFC. With regard to recovery of interest KSFC had highest co-efficient of variation due to continuous fluctuations till the end of this period. And it was minimum for KFC and TIIC.

6.2.16 Comparison of Trend Values of Recoveries of the SFC’S

The trend values for amount of recoveries of four Corporations are compared, the growth rates for variable amount of recoveries showed that APSFC had a highest positive growth followed by KFC and TIIC. KSFC had a negative growth.

6.2.17 Co-efficient of Correlation between Total Over dues and Amount Rescheduled of the SFC’S

The co-efficient of correlation between total over dues and amount rescheduled by the four Corporations showed a positive relationship for three Corporations except Andhra Pradesh State Financial Corporation (APSFC). It implies that an increase in the amount of over dues leads to an increase in the amount to be rescheduled every year. The correlation co-efficient was not significant for all four Corporations.

6.2.18 Analysis of Variance

As the calculated ‘F’ value is more than critical table value the null hypothesis is rejected and concluded that there is significant difference between the mean values of the selected financial Corporations for the following variables at 1% level total sanctions, total disbursements, sanctions to backward districts, sanctions to non-backward districts, disbursements to non-backward districts, sanctions of medium loans, sanctions of long term loans, sanctions of large size loans, sanctions to public limited companies, sanctions to private limited companies, sanctions to partnership firms, disbursements to public limited companies,
disbursements to private limited companies, disbursements to partnership firms, sanctions for new projects, sanctions for expansion & modernization, sanctions to SSI's, sanctions to other than SSI' units, disbursements to SSI's, disbursements to other than SSI units, total recoveries and total resources. And it was significant at 5% level for the variables disbursements to backward districts and sanctions of small size loans. It was not significant for the variables sanction to co-operative societies, sanctions to sole traders & others, disbursements to co-operative societies, disbursements to sole traders & others, sanctions to SRTO's and disbursements to SRTO's.

6.2.19 Profitability Evaluation of State Financial Corporations

Andhra Pradesh State Financial Corporation (APSFC)

The gross total income of APSFC during the study period was Rs. 124692.46 lakhs and the gross total expenditure was Rs. 121070.87 lakhs. The overall percentage of gross expenditure to gross income was 97.10 percent during the study period.

The interest income constitutes 92.49 percent of the gross total income of the Corporation; it was high when compared to non-interest income (7.51%). Out of the total expenditure of APSFC, interest paid constitutes 79.98 percent and non-interest expenses constitute 20.02 percent.

The spread is the difference between the interest received and interest paid. Spread plays a major role in determining the profitability of any concern. Burden is the expenses on administration and other expenses not covered through income other than interest. The difference between the spread and burden determines the profit or loss earned in a particular year.

The total amount of burden was less in all years. The Corporation earned higher amount of net profit in 2005-06 (Rs.783.63 lakhs) and it was lower in 1997-98 (Rs. 104.17 lakhs). And the Corporation did not make any provisions for income tax during the study period.

The difference between the aggregate ROCE (10.50%) and ROTA (11.82%) was meagre because the APSFC had efficiently used the shareholders funds and borrowed funds, since the return on capital employed and total assets were more or less equal in all the years.
The return on cumulative equity funds of the study period was 4.07 percent. ROSE was more fluctuating during the study period due to fluctuations in amount of net profit.

The cost of cumulative borrowed funds of APSFC during the study period was 11.34 percent. The cost of debt was more than 10 percent in the all the years except 2005-06 (9.02%). The cumulative ROCE (10.50%) and cost of debt (11.34%) during the study period can be summed up that the Corporation did not earn any surplus income after the payment of cost of debt from the borrowed funds.

**Karnataka State Financial Corporation (KSFC)**

The gross total income of KSFC during the study period was Rs. 249034.46 lakhs and the gross total expenditure was Rs. 276073.97 lakhs. The overall percentage of gross expenditure to gross income was 110.86 percent during the study period.

The interest income constitutes 86.94 percent of the gross total income; it was high when compared to non-interest income (13.06%). Out of the total expenditure, interest paid constitutes 80.33 percent and non-interest expenses constitute 19.67 percent.

The total amount of burden was more and spread was negative in some years. It revealed that in most of the years the KSFC had earned net loss, except in the first two and last two years. The Corporation earned higher amount of net profit in 1996-97 (Rs.749.57 lakhs).

In KSFC the gap between the aggregate ROCE (6.21%) and ROTA (7.06%) was meagre because the Corporation had no fictitious assets or capital losses and the capital employed and total assets were more or less equal.

The return on cumulative equity funds of the study period was minus 31.13 percent. It heavily declined from the third year on wards but it became positive and increased to 5.38 percent in the last year. This shows that the shareholders were not get adequate returns on their investments in that years.
The cost of cumulative borrowed funds of KSFC during the study period was 8.20 percent. It is evident that the cumulative ROCE (6.21%) and cost of debt (8.20%) during the study period can be summed up that the Corporation did not earn any surplus income after the payment of cost of debt from the borrowed funds.

Kerala Financial Corporation (KFC)

The gross total income of KFC during the study period was Rs. 104536.38 lakhs and the gross total expenditure was Rs. 95901.68 lakhs. The overall percentage of gross expenditure to gross income was 91.74 percent during the study period.

The share of interest income was 94.94 percent of the gross total income, it was very high when compared to non-interest income (5.06%). From the total expenditure, interest paid constitutes 76.07 percent and a non-interest expense constitutes 23.93 percent.

The total amount of burden was less in all years. It revealed that in all the years KFC had earned net profit. The Corporation earned higher amount of net profit in 1995-96 (Rs.709.23 lakhs).

The difference between the aggregate ROCE (10.82%) and ROTA (11.55%) was meagre because the Corporation had efficiently used the shareholders funds and borrowed funds, since the return on capital employed and total assets were more or less equal in all the years. The return on cumulative equity funds of the study period was minus 2.30 percent. ROSE was negative in some years due to loss in those years during the study period.

The cost of cumulative borrowed funds of KFC during the study period was 11.76 percent. The cost of debt was more than 11 percent in the all the years except 1996-97 (10.59%). The cumulative ROCE (10.82%) and cost of debt (11.76%) during the study period can be summed up that the Corporation did not earn any surplus income after the payment of cost of debt from the borrowed funds.
Tamil Nadu Industrial Investment Corporation Limited (TIIC)

The gross total income of TIIC during the study period was Rs. 135397.92 lakhs and the gross total expenditure was Rs. 149305.36 lakhs. The overall percentage of gross expenditure to gross income was 110.27 percent during the study period.

The interest income constitutes 88.65 percent of the gross total income; it was high when compared to non-interest income (11.35%). From the total expenditure, interest paid constitutes 74.36 percent and non-interest expenses constitute 25.64 percent.

The total amount of spread was negative in three years and burden was negative in one year. It revealed that TIIC had earned net profit in all the years except 1998-99, 2001-02 and 2002-03.

The difference between the aggregate ROCE (9.37%) and ROTA (11.15%) was meagre because the Corporation had efficiently used the shareholders funds and borrowed funds.

The return on cumulative equity funds of the study period was minus 27.12 percent. It showed that the equity share holders did not get moderate returns during 1998-99, 2001-02 and 2002-03. The cost of cumulative borrowed funds during the study period was 10.74 percent. The cumulative ROCE (9.37%) and cost of debt (10.74%) can be summed up that the Corporation did not earn any surplus income after the payment of cost of debt from the borrowed funds.

6.2.20 Co-Efficient of Correlation between Net profit, Spread, Salaries & allowances and Other expenses of the SFC’S

Correlation Matrix of APSFC

The correlation co-efficient between net profit and spread, spread and salaries & allowances , spread and other expenses was positive and found to be significant at 5% level. The other two variables salaries & allowances and other expenses were not significant with the variable net profit. And there is no significant relationship between salaries & allowances and other expenses.
Correlation Matrix of KSFC

The correlation co-efficient between net profit and spread was found to be positive and significant at 1% level of significance and it was found to be not positive and not significant between salaries & allowances and other expenses with the variable net profit. The correlation co-efficient between spread and salaries & allowances, spread and other expenses, salaries & allowances and other expenses showed negative relationship and they were not significant.

Correlation Matrix of KFC

The correlation co-efficient between net profit and spread was not found to be positive and there is no significant relationship between them. It was negative for other two variables salaries & allowances and other expenses and they were not significant with the variable net profit, variables salaries & allowances, other expenses were not significant with variable spread, other expenses was not significant with the variable salaries & allowances. And it shows a positive relationship.

Correlation Matrix of TIIC

The correlation co-efficient between net profit and spread was found to be positive and significant at 1% level, the other variables salaries & allowances and other expenses were not significant with the variable net profit. The variables spread and salaries & allowances, spread and other expenses were not significant. And the variables salaries & allowances and other expenses were not significant.

6.2.21 Comparison of Regression Co-Efficient of State Financial Corporations

The variable spread was significant at 1% level in case of KFC and significant at 5% level in case of APSFC. The variable salaries & allowances were not significant in all the four corporations. Other expenses were significant at 1% level in case of KFC and at 5% level in case of KSFC and not significant in APSFC. The co-efficient of determination (R2) was highest (91.31%) in case of KSFC and it was found to be significant for all Corporations. It can be concluded that the model is an adequate one.
6.3 Conclusion

The present study deals with performance of State Financial Corporations of South India in terms of resource mobilization, lending performance, recovery performance and profitability evaluation. In case of resource mobilization APSFC had generated more resources this is followed by TIIC. The lending performance is analyzed for various purposes; APSFC showed better performance in all most all purposes and it was negative for KFC and KSFC. In case of recoveries APSFC recovered more than 35 percent of dues KSFC recovered more than 40 percent but it had negative growth. KFC and TIIC had recovered more than 30 percent of total dues. In case of profitability APSFC earned minimum amount of profit during the period of study, but other three Corporations earned loss in some years. As a whole the performance of APSFC was better than other three Corporations. TIIC follows APSFC in lending and profitability. KFC had highest growth in recoveries next to APSFC. KSFC and KFC showed poor performance when compared to other selected Corporations.

In the light of present study the researcher suggests the following issues for the future research.

1. In the present study only four SFC's are compared, the results are far better if all SFC's are taken for study.

2. The study covers only 10 years SFC's performance it is effective when more number of years are taken for comparison.

3. The present study had analyze the performance of SFC's in district wise it is more effective when region-wise, zone-wise and branch-wise comparisons are to be done.

4. The performances of SFC's are also to be analyzed product-wise.

5. The recovery performance of Corporations is to be analyzed separately to know reason for poor recovery, remedies to be taken to improve the same and finds suitable mode of recovery.