Chapter -4

Results and Analysis

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Results and Analysis

This chapter is devoted to the results and their analysis. The discussion, analysis and interpretation is made dispassionately on the basis of data from 1990-91 to 2000-01 under the following broad heads in the next chapter:

- Overall assistance sanctioned and disbursed for entrepreneurial growth during the period under study.
- The scheme-wise contribution and utilisation of assistance extended by various development banks for entrepreneurship promotion.
- The industry-wise assistance sanctioned and disbursed by the DBs.
- The sector-wise financial contribution and its utilisation.
- The purpose-wise assistance the development banks sanctioned and the entrepreneurs availing it.
- The inter-institutional contribution, its utilisation and enter se comparison of sanctions and disbursements of loans and other financial assistance and also other direct &/or indirect assistance.

The bases of classification are manifold and have direct bearing on the development and promotion of industry (new or running projects). The growth of industry results into the promotion and growth of entrepreneurship to which aspect the study is devoted. Even the indirect assistance extended by the development banks is measured in terms of money in absence of any other rational and objective yardstick.
The overall scenario:

At macro level, the results were compared with various national indices so that the quantum and direction of change is appreciated and understood. The stress is on comparison for the preceding two years so that the latest trends are available for up to date understanding of the problem, to appreciate the various constraints and to suggest ways to give direction and momentum to achieve the desired results. The long-term comparison is also made to highlight the trends, percentages and inter se comparison so that reasons are traced with greater accuracy. The purpose is to put the facts straightaway to apprehend and make sense of it. The reference to the appendix will further explain 4-Ws and 1-H i.e. why, what, when, where and how of the results. Chapter I and appendix of this thesis contains the relevant tables with all relevant data year-wise.

During 2000-01, the growth rate of India's GDP was 4% as compared to 6.1% in 1999-2000 and 6.6% in 1998-99. If we consider the sector-wise performance there was decline in the agriculture (-0.4%) and in the banking and insurance (-2.2%) sector. However, the growth rate of 4% consisted of growth of 6.7% in manufacturing, 6.8% in construction, 8.2% in transport, storage and communications, 9% in real estate, ownership of dwellings and business services and 7.4% in other services. The overall industrial sector performance is based on the Index of Industrial Production (IIP) which, during 2000-01, showed a decline of 5.1% as against a growth of 6.7% in 1999-2000. Manufacturing sector, accounting for 79.36% weightage in IIP, registered a growth of 5.4% as compared to 7.1% during 1999-2000. The basic goods, capital goods and intermediate goods recorded lower growth of 3.9%, 1.7% and 4.7% respectively whereas consumer goods sector accelerated by 8% in 2000-01. The growth in six infrastructure industries comprising electricity, coal, steel, cement, crude petroleum and refinery products with an aggregate weight of 26.68% in IIP recorded a lower growth of 5% in 2000-01 as against 9.1% in 1999-00.

Several structural and cyclical factors were responsible for the industrial slow down. These factors were:

1. Lack of domestic demand for intermediate goods and capital goods;
2. High oil prices;

3. Scenario on international polity, particularly the OPEC countries;

4. Existence of excess capacity in some sectors;

5. Inherent delays in industrial restructuring on account of political compulsions; and

6. infra-structural constraints and the last but not least the depressed conditions in the capital markets.

The external sector recorded a distinct improvement in 2000-01. The study of this aspect is relevant for our study for the reason that the international market is one of the good causes of effective demand which encourages establishment of new industries, expansion of running projects and, thus, ultimately help in the promotion of entrepreneurship in India. India’s exports grew by 20.4% in 2000-01 as against the export target of 18% set by the Government. This appreciable performance was facilitated by resurgence in world trade, improvements in world prices, devaluation of the Indian Rupee and export facilitating policy environment created by the Government of India. We succeeded in keeping the import bills under check. The imports, therefore, declined marginally by 0.2% to US $49,639 million from US $ 49,738 million in 1999-01. It was mainly because of decline in non-oil imports that essentially reflected industrial slow down having its repercussions elsewhere in the economy. The import bill for the crude petrol and petroleum products, however, increased considerably.

The total amount mobilised declined marginally to Rs. 49,489 million from Rs. 51,533 million. Foreign direct investment increased marginally to US $ 2339 million in 2000-01 from US $ 2155 million in 1999-00. Sectors that received substantial foreign investment included computers, engineering, services, electronics and electrical equipment and chemical and allied products. The amount raised under external commercial borrowings increased by 19.6% in 2000-01 reversing the trend of earlier years. Several policy measures were initiated to rejuvenate the economy in general, and the industrial sector, in particular. At macro level the policy placed emphasis on maintenance of low rates of inflation, strengthening of the balance of payments,
revitalizing of the financial system as well as the regulatory and supervisory framework, fiscal incentives for SSIs, incentives for knowledge-based information technology and telecommunication industries, permitting foreign direct investment through automatic route for all industries. The Union Budget 2001-02 introduced a number of fiscal incentives and other measures to sustain industrial recovery. These included fiscal consolidation, simplification and rationalisation of tax structures, reduction in peak tariff rates, fiscal incentives for the developers of SEZs on the same lines as developers of industrial parks, acceleration of the privatisation process and restructuring of public enterprises, the repeal of sick Industrial companies Act (SICA), setting up of National company Law Tribunal and changes in Companies Act, changes in labour laws, intensification of infrastructure investment, continued reforms in the financial sector and capital markets and deepening of structural reforms through removal of remaining tiresome controls constraining economic activity. These measures are likely to give a boost to the industrial activity. Trade policy measures export friendly post-WTO regime strengthened by EXIM policy, 1997-2002. The measures included:

- Fiscal measures safeguarding the interests of domestic producers;

- The removal of quantitative restrictions;

- The exemption from industrial licensing requirement for establishment of projects for manufacturing items reserved for small scale sector operating in SEZs, EPZs (Export promotion zones) and EOUs (Export Oriented Units);

- The compliance of the mandatory quality standards in case of imported items as applicable to domestic goods; and

- The flexibility in sourcing/soliciting the capital goods from other domestic manufacturers for Export Promotion Capital Goods (EPCG) licence holders.

The monetary and credit policy helps a lot in the promotion of entrepreneurship in the sense that if the money is easily available at favourable terms it is easier to start any enterprise. The focus of the development banks was on liquidity management,
softening of interest rate structure, debt management and ensuring orderly conditions. These relate to variation in the bank rate, reduction in fixed repo-rate, reduction in cash reserve requirement and enhancing its scope and the consequent easing of depositing and lending rates, progressive movement towards full-fledged liquidity adjustment facility to impart greater stability in the money market and facilitate the emergence of a short-term rupee yield curve, benchmarking forward rate agreements interest rate swaps and other domestic money and debt market rates to interest rates implied in the foreign exchange forward market. Steps were also initiated to impart a greater flexibility in the issuance of certificate of deposits to provide depth to the market, to provide flexibility to All-India Financial Institutions (AIFIs) in the matters of fixing interest rates on term deposits and for transition towards a pure inter-bank call money market.

The financial sector reforms, as mentioned above, were based mainly on the recommendations of the Narasimham Committee on Financial Sector Reforms, changed considerably the operating environment for the banks and Development Finance Institutions (DFIs). The main objectives were to deregulate of the operations of banks, tightening of the prudential norms to limit and manage risk in an optimal manner, increasing the transparency and market practices enhancing the technological and institutional infrastructure. It has now become imperative for the development banks to:

- Improve information flows and dismantle rigidities in the decision making processes,
- Manage a wide array of risks associated with business,
- Eliminate asset-liability mismatches; and
- Make the system cost conscious.

In the overall framework, the focus shifted towards augmenting the capital base of the banking system: -

- To cope with additional risks:
• To improve quality of portfolios;

• To upgrade technology, payment and settlement systems; and

• The development of human resources through devising an appropriate incentive structure fostering a competitive culture.

• The problems of non-performing assets hampered, to a great extent, on account of inadequate legal provisions regarding foreclosure and bankruptcy and difficulties in the execution of court decrees. These problems were also addressed by tightening the prudential and supervisory norms in conformity with international best practices and by putting in place internal credit assessment and risk management mechanisms. The new law on arbitration is a step in checking the lengthy litigation on account of business transactions.

In 2000-01 the financial assistance of development banks (DBs) increased by 19% if compared with that of 1999-2000. It increased from Rs. 10,86,881 million to Rs. 12,93,378 million. The disbursements also grew by 11.1% to Rs. 8,10,470 million from Rs. 7,29,417 million. The outstanding bank credit to medium and large industries registered a lower growth of 10.5% as compared to 12.9% in 1999-2000. Medium and large industries registered a lower growth of 10.5% as compared to 12.9% in 1999-2000. Medium and large industries shared 74.4% of the outstanding credit to industrial sector. The bulk of the outstanding credit was accounted for by textiles (comprising cotton, jute and others – 11.9%), chemicals, dyes, paints, etc. (11%), engineering (10.7%), iron & steel (8.9%), petroleum (5.3%) and infrastructure industries (5.2%). It was evidently due to industrial slumpness which is attributed to the worldwide depression in the industrial sector.

In 1994-95, among the AIDBs, the highest growth rate in sanctions was achieved by SCICI - not in existence now (119%) followed by IRBI (now IIBI) 82.7, ICICI (77.4%), IDBI (58.8), IFCI (52.7%) and SIDBI (40.1%). All-India Financial Institutions (AIFIs) sanctions and disbursements grew by 17.3% and 9.7% respectively in 2000-01 as compared to the preceding year. The DBs accounted for the bulk of the
sanctions 78.9% and disbursements 74.7% during 2000-01. The share of specialised financial institutions in total sanctions and disbursements was 2.9% and 4.3% respectively. Sanctions by the specialised financial institutions, declined by 14.7% as against a growth of 41.2% in 1999-2000, whereas disbursements recorded a growth of 8.4%. Sanctions and disbursements by state-level institutions viz, State Financial Corporations (SFCs) and State Industrial Development Corporations (SIDCs), together increased by 26.8% and 6.7% respectively as against decline in sanctions and disbursements of 7.4% and 9.5% in 1999-2000. In 2000-01 this percentage became 3.8 and 4.5.

Overall rate of financial assistance sanctioned and disbursed by the DBs showed an increasing trends despite not so encouraging in the industrial growth on account of lack of industrial activity, fall in effective demand and, of late, set back in IT sector.

**Results of the Industrial Development Bank of India (IDBI):**

The overall scenario:

- **Broad parametric indices for comparison and analysis included financial assistance sanctioned and disbursed on gross annual allocations, scheme-wise, industry-wise, sector-wise and purpose-wise allocations and utilisation. The comparisons of the available data from 1990-91 to 2000-01 is made which is sufficiently a long period to take care for erratic and periodic oscillations and industrial cycles. The figures for sanctions and disbursements along with the trend values were taken as basis of classification, comparison and analysis.**

- **Total sanctions and disbursements:** The financial assistance sanctioned and disbursed, table 1, during the year 2000-01 increased by 6.5% and 2.6% to Rs 2,87,111/- million and Rs 1, 74,983/- million, respectively as compared to the growth rates in sanctions and disbursements of 23.5% and 17.9% respectively in 1999-00. The aggregate sanctions and disbursements amounted to Rs. 22,31,343/- millions and Rs.15,23,921/- millions
respectively. The outstanding amount of such financial assistance was Rs. 6,28,795/- million in 2000-01.

- In 1990-91 the total sanctions and disbursements were Rs. 62,778.5 million and Rs. 4,49,885.4 millions with trend value 53,727.9 and 43,724.5 and growth rate –14.1% and –12.2% respectively. In 2000-01, however, this figure became Rs. 2,87,111.0 million and Rs. 1,74,983.1 million with trend value of Rs 2,77,853.6 million and Rs 1,78,479.2 million and growth rate of 6.5 and 2.6 respectively. Maximum growth rate in sanctions was noticed in 1994-95 and 1992-93 (50.6 & 42.2) whereas the maximum growth rate in disbursement was in the year 1997-98 and 1994-95 (32.1 & 31.6). The growth rate for sanctions and disbursements was minimum in the year 1990-91 (–14.9 and –12.2 respectively).

- Total Scheme-wise sanctions under direct finance, constituted 95.1% of overall sanctions, increased by 9.2% to Rs.2,73,035/- million as compared to a growth of 19.2% in 1999-2000. The sanctions under project finance, constituting 45.9% of the total sanctions, with marginal decline by 0.3% to Rs. 1,31,919/- million, sanctions under non-project finance, constituting 49.2% of the total sanctions, grew by 19.9% to 1,41,116 million the same year. Sanctions of rupee loans under project finance declined by 1.1% to Rs. 81,265 million, whereas sanctions of foreign currency loans declined significantly by 52.3% to Rs. 15,535 million. Volatility in the Rupee-Dollar exchange rate in the first half of the year, followed by softening of rupee interest rate in the second half, adversely affected the demand for foreign currency loans. Under-writing and direct subscription to equity/debt instruments increased by 96.6% to Rs. 11,533 million during 2000-01 from Rs. 5,867 million in the previous year attributable to investment in electricity generation and telecom industry. The assistance by way of guarantee nearly doubled to Rs. 23,586 million during 2000-01 from 11,763 million sanctioned in 1999-2000.
In scheme-wise sanctions, the figures (table 1.2) were available in aggregate from 1990-91 to 1994-95, which showed a fast increasing trend. From 1995-96 this head was further sub-classified as rupee loans, foreign currency loans, subscriptions/underwriting, direct discounting of bills and equipment leasing. Assistance to leasing companies was started only in 1998-99 and there was no provision for sanctions under this head in the year 2000-01. Sanctions, for rupee loans, were Rs. 27,727 millions in 1990-91, Rs. 1,07,071.6 millions in 1995-96 and Rs. 81,265.0 millions in 2001. In foreign currency loans sanctions were Rs. 6,103 millions, Rs. 15,714.4 millions and Rs. 15,534.6 millions in the years 1990-91, 1995-95 and 2000-01 respectively. In subscriptions/underwriting the figures in these years were Rs. 212 millions, Rs. 5592 millions and Rs. 11533.4 millions respectively. The IDBI started the scheme of direct discounting of bills only in 1995-96 with Rs. 3756.8 millions which was Rs. 873.1 millions in 2000-01. Equipment leasing started in 1991-92 with an amount of Rs. 657 million, which was Rs. 5403 millions in 1995-96 and Rs. 3800 million in 2000-01. Loan and repayment guarantees accounted for Rs. 229 million, Rs. 7045.8 million and Rs. 23586.2 millions in 1990-91, 1995-96 and 2000-01 respectively. IDBI also started a scheme for short-term loans in the year 1995-96 with paltry amount of Rs. 452.0 millions which grew to Rs. 35,298.7 millions in 2000-01. Trend analysis of the sanctions under various schemes is given in separate table given in the appendix of this thesis. The tables will be discussed in the next chapter to find out the reasons of changes. B-value of scheme-wise sanctions was maximum in rupee loans (9,363.0) and minimum in bill rediscounting (-934.7) and loans to/investments in financial intermediaries (-415.4)

In scheme-wise disbursements (table 1.2A and its trend), it need be noticed that disbursements were only 51.3% of the sanctions. Total disbursements were Rs. 20,243 million, Rs. 68,082.4 million and Rs. 46,932.5 million in 1990-91, 1995-96 and 2000-01 respectively under rupee loan head. Assistance was sanctioned to the tune of Rs. 3,726.0 million, Rs. 14,672.6
million and Rs. 6,111.5 millions in 1990-91, 1995-96 and 2000-01 respectively as foreign currency loans. The subscription and under-writing accounted for Rs. 488 millions in 1990-91, Rs. 5,530.8 millions (Rs.10,314 million in 1994-95) in 1995-96 and Rs. 2362.0 millions in 2000-01. Direct discounting of bills, started in 1995-96, was Rs. 2,628.4 millions and it grew to Rs. 3,518 millions in 1999-2000. No amount was disbursed under this scheme in 2000-01. Under equipment leasing head the amount sanctioned was Rs. 6.0 million, 2,828.8 million and 2548.1 in 1991-92, 1995-96 and 2000-01 respectively. Loan guarantees and guarantees for deferred payment were Rs. nil, Rs. 7,045.8 million and Rs. 46,172 millions in 1990-91, 1995-96 and 2000-01 respectively. The scheme started only in 1995-96. Bill discounting accounted for Rs. 5,165.6 million in 1995-96 (started in this year only) and Rs.1,352.1 million in 2000-01. The short-term loans started with a humble beginning of Rs. 1,606.9 millions in 1995-96 and increased upto Rs. 38,085.4 million in 1999-00 with nil amount in 2000-01. The trend of disbursements was maximum in guarantee of loans and deferred payments (298.6%) and minimum in direct discounting of bills (-76%).

- The disbursements under direct finance was at Rs 1,61,901 million in 2000-01, constituting 92.5% of the overall disbursements, were higher by 4.8% as compared to Rs. 1,54,452 million during 1999-00. Disbursements under project finance during the year was Rs. 55,406 million were, however, lower by 18% as compared to Rs. 67,558 million disbursed during the preceding year. Rupee loan disbursement declined by 9.9% to Rs. 46,933 million in 2000-01, disbursements of foreign loans declined by 53.6% to Rs. 6.112 million.

- Industry-wise sanctions and disbursements: There have been priority sectors in which the IDBI extended maximum help. Table 1.3, 1.3A and their trend values given in appendix would shows comparative allocations and disbursements of funds in different industries. With very little exception, the total allocations and trends in sanctions as well as disbursement showed considerable increase. As many as 28 industries have
been covered in this study with convenient four groups for the purpose of analysis as detailed herein ahead.

- The 28 industries in which the IDBI has been a player and contributed a lot were rationally grouped. All the industries, for the sake of convenience in discussion and reference, have been grouped in four major blocks with the main heads i.e. food products; basic metals; infrastructure; and services. Each such block comprises of a number of industries with basic common features or characteristics.

- During 2000-01, infrastructure sector comprising electricity generation, telecommunications and roads/ports/bridges accounted for the highest share in sanctions (34.4%), followed by services (18.5%), chemicals and chemical products (10.4%), textiles (5.7%), electronic and electrical equipment (5.1%), basic metal (4%) and refineries and oil exploration (3.8%). The overall growth rate of 6.5% in sanctions in 2000-01 was attributed to relatively higher growth in sanctions to industries such as services, electronic and electrical equipment, fertilizers, metal products, chemicals and chemical products and infrastructure. Within infrastructure, while sanctions to roads/ports/bridges and telecommunications recorded growth, sanctions to electricity generation declined by 11.7% as compared to a growth of 16.3% in 1999-2000. Industries that recorded decline in sanction in 2000-01 as compared to growth in 1999-00 included refineries and oil exploration (-45.1%), textiles (-43.1%), rubber and rubber products (-34.9%), machinery (-27.4%) and transport equipment (-18.7%)

- In 2000-01, the overall growth rate of 2.6% was due to higher growth in disbursements to industries such as services (80.8%), electronic and electrical equipment (34%), chemicals and chemical products (30.1%), paper and paper products (27.6%), infrastructure (26.1%), information technology (19.5%) and cement (11.3%). Metal products, basic metals, refineries and oil exploration and textiles recorded decline in disbursements as compared to growth in 1999-00. The comparative figures of trend values
show steady increase in the allocation in sanctions and disbursements which is not reflective of the true story and its acceptance on the face value would be too simplistic view and misleading. Rate of disbursement has been maximum in hotel industries (288%) and the minimum in case of other food products industries (−361%).

- **Sector-wise assistance and disbursements**: The ten years' figures of different sectors have been given in tables 1.4 and it sub-tables. The tables classify sectors in five broad categories of industrial segments i.e. Public; joint; co-operative; private and trusts. The public-sector is dealt with predominantly by the State. Any growth in public sector can not be attributed to result in the promotion of entrepreneurship. The State, directly or through its instrumentalities, starts an industrial project in public interest and not for profit motive. It is another matter that now the state expects all industrial ventures self sustaining and financial viable. The public sector is, therefore, not considered while considering the role and contribution of development banks in entrepreneurship development. The analysis of results regarding the remaining is objectively relevant for this study.

- The total sanctions in joint, co-operative, private and trust sectors in 1990-91 was Rs 170.9 million, Rs 1,994 million, Rs 43,504 million and Rs nil respectively. This figure was Rs 10,777.9 million, Rs 2,796.9 million, Rs 1,30,182.4 million and Rs nil in 1995-96 and Rs 5,424 million, Rs 789.9 million, Rs 1,87,209.4 million and Rs 3,000.0 million in 2000-01. Corresponding figures in the disbursements were Rs 2,543 million, Rs 933 million, Rs 27,842 million and Rs nil in 1990-91, Rs 4,593.2 million, Rs 511.7 million, Rs 92,611.4 million and Rs nil in 1995-96 and Rs 7,774.0 million, Rs 218.6 million, Rs 1,06,002.9 million and Rs 365.4 million in 2000-01. The percentage variance of disbursement / sanction x 100 has been 108.7, −359, 56, nil respectively in the same wise order.

- However, during 2000-01 private sector accounted for 67% of the total sanctions, followed by public sector (30.7%) and joint sector (1.9%).
Sanctions to co-operative sector recorded manifold increase as compared to a decline of 99.1% in 1999-2000, followed by public sector (44.6%). While sanctions to private sector declined marginally by 0.1% as against a growth of 5.3% in 1999-00, joint sector recorded a decline of 57.6% over a decline of 1.3% in 2000-01.

- **Purpose-wise assistance sanctioned and disbursed** are given in tables 1.5

The assistance sanctioned for the creation of new industries (read entrepreneurship) was to the tune of Rs.18,922 million in 1990-91, Rs 50,364.4 million in 1995-96 and Rs 1,13,217 million in 2000-01. However, the figures for disbursements are not available even for a single year during the period under study. Certainly, motives may be attributed to it or at least it is unascertainable to note the impact and implementation of the purpose-wise allocations of IDBI. No other visible reason justifies non-availability of such figures. Trend values of assistance sanctioned shows b-values of new purposes as Rs10,246.1 million, expansion/diversification as Rs 2023.1 million, modernisation as - Rs 705.1 million, rehabilitation as Rs -2.6 million and working capital as Rs 16,331.8 million.

- The new projects accounted for 41.5% of total sanctions, followed by working capital (34.3%), expansion/diversification (20%), modernisation (3.9%) and rehabilitation projects (0.3%). During 2000-01, assistance sanctioned for expansion/diversification grew by 59.2% while sanctions to new projects grew by 5%.

**The results of the Industrial Finance Corporation of India Ltd. (IFCI Ltd.):**

**The overall scenario:**

The main thrust of the IFCI is to provide long-term lending at competitive rates, related advisory activities, managerial and technical assistance to medium and large-scale industries. Of late, it has entered new businesses including fee-based services, increasing operational flexibility, promoting product innovations and enhancing shareholder’s value and many other portfolios.
- **Total sanctions and disbursements**: Total yearly assistance sanctioned and disbursed from 1990-91 to 2000-01 is given in Table number 2.1 and its sub-tables. Mere perusal of the total sanctions shows wide fluctuations in the total outlays in sanctions as well as disbursements. It was Rs. 24,298 million in 1990-91, Rs. 65,797.1 million in 1995-96 and Rs. 18,664.1 million in 2000-01. Disbursement in the corresponding period was Rs. 15,743 million; Rs. 45,865.2 million and Rs. 21,289.0 million. Trend value was Rs. 33909.9 million, Rs. 35820.8 million and Rs. 37731.9 million in 1990-91, 1995-96 and 2000-01 respectively in the case of assistance sanctioned. The trend value of the disbursement was Rs. 19494.5 million, Rs.78,729.8 million and Rs.1,37,965.2 million in the same years. The growth rate for sanctions was 33.7; 52.2 and -12.8 and for disbursement it was 40.3, 61.6 and -36.1 in 1990-91, 1995-96 and 2000-01 respectively.

- During 2000-01, assistance sanctioned and disbursed by IFCI declined further by 12.8% and 36.1% to Rs. 18,664 million and Rs. 21.289 million, respectively, as against a decline of 44.8% and 31.9% in 1999-2000. Total aggregate sanctions and disbursement unto 31st March 2001 was Rs. 4,35,670 million and Rs. 4,12,840 million respectively. The assistance outstanding amounted to Rs. 2,23,386 millions as on 31st March 2001.

- Table 2.2 and 2.2A etc.shows **scheme-wise assistance sanctioned and disbursed** by IFCI. During 2000-01, sanctions under direct finance, constituting 99.4% of overall sanctions, declined by 10.8% to Rs. 18547 million. Project finance, forming 97.5% of total sanctions, declined by 8.3% to Rs. 18197 million over a decline of 36.1% in 1999-00. There was total decline in all the products under project finance. Underwriting direct subscriptions declined by 17.6% as against an increase of 2.5% in the preceding year. Sanction under rupee loan and guarantees declined by 16% and 4.2%, respectively. Non-project finance, forming 1.9% of overall sanctions, also declined by 63.2%. In terms of percentage share in total sanctions, rupee loans accounted for the largest share (62.6%), followed by underwriting/direct subscriptions to equity/preference shares and debentures
(20.9%), foreign currency loans (7.8%), guarantees (6.2%) and the working capital/short-term loans (1.9%).

- The disbursements under direct finance, constituting 99.5% of overall disbursements, also declined by 35.3% to Rs. 21,172 million during 2000-01. Disbursements under project finance, accounting for 94.7% of the total disbursements, declined by 30% to Rs. 20,152 million. Disbursements under project finance were negative across all the products or projects or portfolios or ventures. Foreign currency loans declined by 45.3%, rupee loans by 38.5%, underwriting/direct subscriptions by 13.4% and guarantees by 8.4%. Non-project finance declined by 74% as compared to a decline of 31.1% in 1999-2000, with disbursements under asset credit scheme or equipment finance/corporate loans declining by 97% from Rs. 2603 million in 1999-00 to Rs. 78 million in 2000-01. Disbursement under equipment leasing fell by 53.2%, whereas disbursements of working capital short-term loans increased manifold from Rs. 50 million in 1999-00 to Rs. 350 million in 2000-01.

- The trend values for scheme-wise assistance sanctioned showed fluctuating and high decree of variations. In rupee loans, it was 515.2, in equity preference it was 233.5, in debentures and bonds 434.2 and equipment leasing it was 22.6. In the broad category of underwriting, it had a negative trend in equity/preference (-108.6); debentures and bonds (-223.2) and positive in guarantee (531.9).

- In almost all the items, the trend values of scheme-wise assistance disbursed was negative with just exception under the rupee loans and debenture/bond head. The percentage varied from item to item. It was 187 in case of rupee loans, 359 in debentures/bonds, -19 in equity/preference direct investment and 208.1 in short term/corporate loans.

- Table 2.3 and 2.3A etc. classify and tabulate the industry-wise sanctions and disbursements of assistance the IFCI extended to the industry from 1990-91 to 2000-01. It contains 32 classes of industries and it is not
possible to analysis all such industries individually. However, the representative ones have been randomly selected to notice the trends and reasons thereof.

- IFCI's sanctions declined in all the industries except fertilizers, paper and paper products, basic metals, rubber and rubber products and cement. Industries that recorded decline in sanctions during 2000-01 as against the growth in 1999-2000 were refineries and oil exploration, basic industrial chemicals, textiles and metal products. The disbursements also recorded decline in number of industries including telecommunications (-88.7%), hotels (-79.7%), metal products (69.6%), electronic equipment (67.9%), iron and steel (-61.6%), basic metals (-58.9%), textiles (-32.7%), infrastructure (-22.2%) and chemicals and chemical products (-21.2%).

- The trend value of assistance sanctions also showed the similar fluctuations erratically both ways i.e. negative as well as positive. B-value of sanctions were -115.9 in sugar, -36.0 in textiles as well as paper and paper products, -481.4 in basic industrial chemicals, 614.7 in fertilizers, -2477.5 in infrastructures and 351.3 in ports/roads/bridges, to cite a few. Similarly, the b-value (of trends) in disbursement of assistance industry-wise showed negative values. It was -224.4 in case of miscellaneous industries, -1354.3 in petro-chemical industries, -103.2 in miscellaneous chemicals, -370.2 in basic metal industries, 402.9 in metal products, 132.8 in infrastructures, 170.5 in services industries and -422.4 in case of unclassified other industries.

- The percentage of disbursements to the sanction of assistance has also been negative as is apparent form table 2.3A's trend part on separate sheet. Positive percentage is only in case where the comparison is taken on five years' basis.

- The sector-wise assistance sanctioned and disbursed (Tables 2.4 etc. with the trend values and percentages wherever necessary) has been classified in four broad sectors i.e. the public sector, the joint sector, the co-operative
sector, and the private sector. The role of development banks in case of public enterprises is of no consequences as these enterprises are run by the State and it takes decisions in public and national interest and economic considerations are not the top priority. There is no question of promoting entrepreneurship in public-sector which have altogether different considerations for starting any enterprise in any sphere of industrial activity.

- The sanctions of assistance have been Rs. 943 million in 1990-91, Rs. 2260.2 million in 1995-96 and Rs.260.0 million in 2000-01 in joint sector. The major share of sanctions went to the private sector, which was Rs. 20,907 million in 1990-91, Rs., 62,536.9 million in 1995-96 and Rs. 16,975.1 million in 2000-01. The share of joint sector, in absolute terms has been Rs. 943 million, Rs. 2,260.2 million, Rs. 260.0 million and of co-operative Rs. 1,006.0 million, Rs. nil and Rs. 184.0 million in these years respectively.

- The IFCI’s sanctions to the public, joint and co-operative sector witnessed growth, with their share in overall sanctions also improving during 2000-01 over the sanctions of 1999-2000. The sanctions to the private sector accounted for the largest share of sanctions (91.3%) registered a decline of 17.9% in 2000-2001 over a decline of 38.1% in 1999-2000.

- The sector-wise disbursements also indicate a similar trend, with disbursements to public and joint sector increasing by 53.8% and 3.2% respectively. The share of public and joint sector also moved up from 3.3% and 1.5% in 1999-2000 to 7.9% and 2.3% respectively in 2000-01. Disbursements to private and co-operative sector declined by 38.8% and 62.2% as is apparent for the tables 3.4 etc. The percentage of trend value may be described as 262, -556, 34.7 and –63 in case of private, co-operative, joint and public sector respectively in 2000-01. The percentage of share in private to total have been calculated to show precisely the contribution of DBs in the promotion of entrepreneurship.
• The purpose-wise assistance sanctioned and disbursed by IFCI is given in table 2.5 and 2.5A (with trend values and percentages). The basis of purpose-wise comparison of financial assistance sanctions and disbursements extended by the development bank is for the purpose of finding out if there is any co-relation between the two variables and if so what is its effect on the promotion of entrepreneurship in India.

• The purpose-wise assistance sanctioned and disbursed by IFCI indicates a clear-cut shift in the requirements of the corporate sector. During 2000-01, the share of assistance to others comprising corporate loans working capital loans/short term loans/unsecured loans, in overall sanctions and disbursements was 75.8% and 71.1% respectively. The share of assistance to new projects and modernisation/balancing equipment in overall sanctions increased to 15.3% and 6%, while share of the expansion/diversification of projects declined to 2.8%. Assistance sanctioned to modernisation and balancing equipment increased by 62.8%, followed by new projects which is 3.1%, while assistance sanctioned to others and expansion/diversification recorded decline.

• The total assistance sanctioned in new projects was Rs.10803 million, Rs.24923.9 million and Rs.2847.9 million; in expansion and diversification Rs.4289.0 million, Rs.13574.5 million and Rs.526.4 million; in modernisation Rs.6509.0 million, Rs.3486.1 million and Rs.1114.8 million; in rehabilitation Rs.196.0 million, Rs.148.5 million and Rs.16.2 million; in and others Rs.2501.0 million, Rs.23663.9 million and Rs.14080.0 million in the years 1990-91, 1995-96 and 2000-01 respectively.

• In 1990-91, 1995-96 and 2000-01 disbursement of assistance has been Rs.7107 million, Rs.17464.5 million, Rs.3662.1 million in new enterprises, Rs.3111 million, Rs.6154.4 million, Rs.1397.9 million in expansion and diversification, Rs.3949 million, Rs.2010 million, Rs.1062.7 million in modernisation, Rs.54, million Rs.92.2 million and Rs.nil in rehabilitation
and Rs.1522 million, Rs.20143.2 million and Rs.15086.8 million in other industries respectively.

- The trend values in the sanctions in the new enterprises, expansion & diversification, modernisation, rehabilitation and others industries were – 734.3, -331.5, -469.3, -1.2 and 2135.8 respectively in these years. The trend values in disbursements in the same order have been 446.8; 273.2; -231.9; -8.6 and 2077.7 and percentage (disbursements divided by sanctions x 100) have been –61; -82.4; 49; 669 and 375 respectively. For the last couple of years the growth rate in sanctions and disbursements have been declining in each section of the industry.

Results of Industrial Credit and Investment Corporation of India Ltd.

Now the ICICC Bank (ICICI Ltd.): -

The overall scenario:

The advent of new century witnessed emergence of a philosophy that the financial institutions have to make themselves financially self-sustaining, economically viable and to prove their indispensable necessity. The public exchequer can not be squandered filmsly. This approach made the ICICI to cross-sell the full range of financial products and services, to provide financial solutions, to fund agri-finance and commencement of life insurance business. It started retail franchise, launched ICICI markets, Com., a financial portal and execution of a number of innovative financial transactions including lending against intellectual property rights, brand financing and forward rate agreements for corporate loans and other financial and commercial services to augment its revenue resources.

- The total assistance sanctioned and disbursed by ICICI in the preceding eleven years with trend values and growth rates have been given in table 3.1. Year-wise comparison shows increasing trends in the absolute terms. The assistance sanctioned was Rs. 37,440 million in 1990-91, Rs. 1,45,948.5 million in 1995-96 and Rs. 5,60,920.4 million in 2000-01. Disbursements in these years have been Rs. 19,675 million, Rs. 71,204
The corresponding trend values of sanctions in these years have been Rs. -39,651.4 million, Rs. 2,01,828.6 million, Rs. 4,43,308.6 million and trend values of disbursement have been Rs. 19,675 million, Rs. 71,204 million and Rs. 2,63,118.9 million.

- The assistance sanctioned and disbursed by ICICI during 2000-01 increased by 28.9% and 23.7% to Rs. 5,60,920 million and Rs. 3,19,646 million respectively as against the growth rates in sanctions and disbursements of 34.5% and 34.4% in 1999-00. Up to end-March 2001, ICICI sanctioned and disbursed Rs. 24,75,585 million and Rs. 14,61,672 million respectively. Assistance outstanding amounting to Rs. 6,37,869 million as on March 31, 2001 grew by 16.9% as compared to a growth of 15.9% in 1999-00.

- The tables 3.2, 3.2t, 3.2A and 3.2At contains data pertaining the scheme-wise assistance sanctioned and disbursed. Sanctions under direct finance, constituting 89.9% of overall sanctions, increased by 26.5% to Rs. 5,04,294 million. During 2000-01, project finance, forming 74.3% of total sanctions, grew by 28.8% to Rs. 4,16,825 million as compared to a growth of 31.2% in 1999-00. Of project finance, rupee loans increased by 40.1%, while foreign currency loans increased by 10.5%. Underwriting and direct subscriptions to equity/debt instruments, however, declined by 2.8%. Deferred payment guarantees increased by 101.2%. Sanctions under non-project finance, constituting 15.6% of the total sanctions, increased by 16.6% during 2000-01 as compared to a growth of 37.9% in 1999-00. Of non-project finance, corporate loans increased by 16.7%, followed by equipment leasing (16.5%) in 2000-01. In terms of percentage share in the total sanctions, rupee loans accounted for 41.2% followed by underwriting and direct subscriptions (13.9%), corporate loans (12.2%) and foreign currency loans (10.9%). Sanctions under bills discounting, accounting for 2.7% of the total sanctions, declined by 44.8%. Assistance under retail finance, forming 7.4% of overall sanctions, grew by 344.2% to Rs. 41600 million.
• The disbursements under direct finance were higher by 16.9% during the year 2000-01, constituting 87% of overall disbursements. Disbursements under project finance grew by 18% to Rs.2,20,710 million, accounting for 69% of the total disbursements. Rupee loans increased by 36.5%, while foreign currency loans increased by 6.3%. Disbursements by way of underwriting and direct subscriptions declined by 17.8%, while deferred payment guarantees increased manifold. Non-project finance, accounting for 18% of total disbursement, grew by 12.9%. Disbursements of corporate loans were up by 15.5, followed by equipment leasing (1.7%). In terms of percentage share, rupee loans accounted for the maximum share in disbursements (44.7%), followed by corporate loans (15%), underwriting and direct subscriptions (13.5%) and foreign currency loans (9.8%). Disbursements under bills discounting reduced by 48.8%. Retail finance, accounting for 10.8% of the total disbursements, increased by 389% to Rs.34,637 million. These broad figures speak of the situation in 2000-01.

• Year-wise samplistic trend values of sanctions and disbursements under some of the schemes are good enough to show the entire picture. The trend values of sanctions in 1990-91, 1995-96 and 2000-01 in rupee loans have been Rs.—16,951.4 million, Rs.84,679.3 million and Rs.1,86,310.1 million respectively with b-value of Rs.20,326.1 million. In foreign currency loans, during these years, the trend in sanctions have been Rs.—702.5 million, Rs.24,154 million and Rs.49,010.4 million with b-value 4,971.3. In equity and preference for direct assistance it was Rs. –9,512.2 million, Rs. 11,467 million and Rs.32,446.2 million with b-value 4,195.9 and in equipment leasing Rs.854.8 million, Rs.8,581.5 million and Rs.16,308.3 million with b-value 1545.4. The trend values in case of assistance sanctioned under the head guarantees were Rs.—4916.3 million, Rs.19,970 million and Rs.44,856.3 million with b-value of 49,77.3. The trend values of disbursements in rupee loans has been Rs.—10,185.6 million. Rs.54,755 million and Rs.1,19,696 million with b-value of 12,988.1 and percentage to sanction 63. The corresponding figures in foreign currency loans were
Rs.2,400 million, Rs.16,455 million and Rs.30,510 million with b-value of 2,811 and percentage 56.5. In equipment leasing the values (disbursements) have been Rs.500 million, Rs.5,240 million and Rs.9,978 million with b-value 948 and percentage 61. The trend of equity/preference in direct finance was — Rs.4,706 million, Rs.6,228 million and Rs.17,162 million with b-value 2,187 and percentage 52. Trends of guarantees are nil in 1990-91. Rs.1.312 million in 1995-96 and nil in 2000-01 with b-value of 42.3 and percentage 0.8.

- Tables 3.3, 3.3t, 3.3A and 3.3At consolidate the figures pertaining the industry-wise assistance sanctioned and disbursed. There are about 28 types of industries in which ICICI has extended financial assistance, which was actually disbursed. All the industries, for the sake of convenience in discussion and reference, have been grouped in four major blocks with the main heads i.e. food products; basic metals; infrastructure; and services. Each such block comprises a number of industries with basic common features or characteristics which can be objectively categorised.

- During 2000-01 sanctions witnessed a growth of industries in infrastructure, metal products, paper and paper products, electronic equipment, cement, services, crude petroleum and petroleum refining and chemicals and chemical products. Sanctions declined in respect of fertilizers (-69.6%), machinery (-42.7%), food products (-21.6%), basic metals (-8.4%), electrical machinery (-6.5%), transport equipment (-3.5%). Disbursement recorded growth in respect of cement (71.6%), followed by textiles (52.7%), infrastructure (50.4%), services (39.7%), rubber and rubber products (26.3%), food products (22.6%), electricity equipment (20.1%), basic metals (11.5%), and chemicals and chemical products (9.3%). Metal products, however, recorded a decline in disbursements (-37.3%) as against a sizeable growth in sanctions. Other industries that had drawn lesser funds from the institutions during 2000-01 vis-à-vis 1999-00 were electrical machinery transport equipment, machinery, paper and paper products and crude petroleum and petroleum refining.
• The industry-wise trend values of sanctions is highest in electricity generation (13,652.1), followed by miscellaneous industries (10,487.3), shipping (9,325.9), crude petroleum and petroleum products (7,399.5). The leading sector in decline of sanctions is paper and paper products (-3,737), followed by food products (-1,225.7) and rubber and rubber products (-344.8) in 2000-01. The disbursement trends have been maximum in miscellaneous industry (7,757.5), crude and petroleum refining (6,519.9), other transport services (5,311.8), textile (4,208.5) and paper and paper products (2,880). The declining trend has been only in roads/ports/bridges sector (-21.2). The percentage utilisation of sanctions were maximum in shipping (3,073), textiles industries (461.6) and basic industrial chemicals (351) and minimum in food products (-69) and roads/ports/bridges (-0.35).

• Tables 3.4, 3.4t, 3.4A, 3.4At contain the sector-wise assistance sanctioned and disbursed along with trends, b-values and percentages of disbursement to sanctions. The total sanctions in public, joint, co-operative and private sectors have been Rs. 423 million, Rs. 1,027 million, Rs. 454 million and Rs. 25,252 million in 1990-91; Rs. 17,922.2 million, Rs. 5,429 million, Rs. 6,310 million and Rs. 1,16,287.3 million in 1995-96 and Rs. 99,094.9 million, Rs. 5,935 million, Rs. 2,100 million and Rs. 4,53,790.5 million. Similarly the disbursements have been Rs. 87.0 million, Rs. 1248 million, Rs. 839 million and Rs. 12,394 million in 1990-91; Rs. 5,643.9 million, Rs. 839 million and Rs. 2,100 million and Rs. 3,100 million and Rs. 6,310 million and Rs. 2,635.9 million, Rs. 839 million and Rs. 62,085.2 million in 1995-96 and Rs. 64,399.6 million, Rs. 4,707.5 million, Rs. 3,100 million and Rs. 2,47,438.4 million in 2000-01. B-values of sanctions were Rs. 10913.4 million, Rs. 391.4 million, Rs. 946.8 million and Rs. 37,531.1 million and for disbursements Rs. 6,204.8 million, Rs. 5,22.6 million, Rs. 390.4 million and Rs. 22,214.7 million in public, joint, co-operative and private sectors. The percentage of disbursement to sanction of assistance are 56.8, 133.5, 41.2 and 59.2 respectively.

• All tables of 3.5 notations contain figures of the purpose-wise assistance sanctions and disbursements. The purposes have been categorised as new..
enterprise (new for short), expansion and diversification, modernisation and balancing equipment, equipment finance, rehabilitation and others. The sanctions in 1990-91 was Rs. 5,051 million, Rs. 9,962 million, Rs. 4,764 million, Rs. 2,218 million, Rs. 151 million and Rs. 5,046 million, whereas this figure rose to Rs. 31,042.8 million, Rs. 55,802 million, Rs. 38,621.8 million, Rs. nil, Rs. 1,666.8 million and Rs. 18,815.1 million in 1995-96 and Rs. 87,142 million, Rs. 50,735.4 million, Rs. 44,158.7 million, Rs. Nil, Rs. 26.5 million and Rs. 3,78,857.8 million in 2000-01 in these heads respectively. Similarly the disbursement of these items, in the same order, has been Rs.4,301 million, Rs.3,643 million, Rs.3,120 million, Rs.550 million, Rs.83 million and Rs.2,367 million in 1990-91; Rs.9,169.9 million, Rs.46,274.2 million, Rs.16,367 million, Rs. nil, Rs.853.8 million and Rs.15,043.6 million in 1995-96 and Rs.16,105.3 million, Rs.26,562.9 million, Rs.23,890.5 million, Rs.nil, Rs.38.6 million and Rs.2,53,048.2 million in 2000-01.

- The purpose-wise assistance sanctioned and disbursed by ICICI indicates a clear shift in the requirements of the corporate sector. During 2000-01, the share of other heads (comprising working capital margin loans, corporate loans and retail finance) in overall sanctions and disbursements increased to 67.5% and 79.2%, respectively. In addition, the share of new projects in sanctions rose to 15.5%, while that of expansion/diversification and modernisation projects declined to 9% and 7.9% respectively. The new projects witnessed highest growth in sanctions (163.9%), followed by others (33.6%) and modernisation projects (2%). Expansion and diversification projects and rehabilitation projects recorded decline, reveal the tables. The percentage decline in the disbursements and allocations are noticeable and warrant for further and probe. It is evident from the figures that the rate of performance of the ICICI has been better than the DBs established earlier in time from this institution. For this performance with enviable record it invited the criticism from many quarters. It provided loans and other financial or non-financial assistance only to the big business houses.
Results of the Small Industries Development Bank of India (SIDBI): -

The overall scenario:

The SIDBI is a financial institution to provide financial and other services to the small-scale sector – and effective credit delivery system devoid of procedural difficulties. It provides appropriate support in the form of promotional and development services and institutional linkages.

- Tables 4 and its sub classifications on separate sheet would show the various variables of assistance sanctioned and disbursed by SIDBI in the last decade. Table 4.1 shows the total sanctions and disbursements over the period covered in this study (1990-91 to 2000-01). The total sanctions were Rs. 24,087 million in 1990-91, Rs. 60,665.6 million in 1995-96 and Rs. 1,08,206 million in 2000-01. The disbursements were Rs. 18,385 million, Rs. 48,008.3 million and Rs. 64,414.1 million in the same period. The trend value for sanctions was Rs. 14,896.5 million, Rs. 60,206.1 million. Rs. 1,05,515.7 million and for disbursements was Rs. 14,216.2 million, Rs. 42,173.6 million and Rs. 70,131.1 million in these years. Growth rate was maximum in 1995-96 (41.6%) and minimum in 2000-01 (-7.5).

- During 2000-01, SIDBI’s sanctions grew by 5.4% to Rs.1,08,206 million, disbursements declined by 7.5% to Rs. 64,414 million as against the growth rates in sanctions and disbursements of 15.6% and 10.8% respectively. Upto March 2001, sanctions and disbursements aggregated Rs. 6,62,291 million and Rs. 4,63,919 million respectively. Outstanding assistance amounting to Rs. 1,36,546 million as on March 31, 2001, declined by 3% as compared to a growth of 11.4% in the previous year.

- The increase in aggregate sanctions was mainly because of growth under refinance sanctions that constitutes 77.7% of the total sanctions. The fall in disbursements was mainly due to recession in the industrial sector and the roll back of the SSI investment limit from Rs.30 million to Rs. 10 million, restricting the scope of business of SIDBI. The aggregate sanctions and
disbursements under the refinance schemes during 2000-01 were Rs. 84,113 million and Rs. 45,906 million respectively recording a growth of 19% and 1% in sanctions and disbursements, respectively. The substantial growth in operations under short-term loans to banks and Refinance Scheme for Textile Industry under Technology Up-gradation Fund has resulted in increased sanctions under refinance portfolio.

- During 2000-01, the scheme-wise assistance sanctions and disbursements have been in the following manner. The bills financing, accounting for 8.1% and 12.1% of SIDBI's aggregate sanctions and disbursements, stood lower at Rs. 8,805 million and Rs. 7,786 million respectively as against Rs. 15,035 million and Rs. 13,137 million in 1999-00, registering a decline of 41.4% and 40.7% respectively. The general slow down in industrial activity, particularly in the capital goods and the automobile sector as also the bank's lesser recourse to bills re-discounting from SIDBI was due to the cost considerations and reluctance to borrow funds for long-term, adversely impacted the bills financing activities of SIDBI during 2000-01.

- Sanctions under direct finance (comprising project and non-project finance), constituting 13.5% of total sanctions, fell by 6.5% to Rs. 14,639 million in 2000-01. Sanctions under project finance, forming only 3.1% of total sanctions, recorded a decline of 25.8% to Rs. 3,307 million over a decline of 21.4% during 1999-00. Of project finance, while rupee loans declined by 26.1% to Rs. 3,292 million, sanctions of foreign currency loans moved up to Rs. 14.4 million from nil in the previous year. Non-project finance, constituting 10.5% of overall sanctions, however, grew by 1.2% during 2000-01, though the growth was much lower as compared to a growth of 110.3% recorded during 1999-2000.

- Disbursements under direct finance constituting 16.4% of overall disbursements were marginally lower by 3.9% during 2000-01. Assistance disbursed under project finance declined by 25.4% to Rs. 1,886 million in
2000-01, accounting for mere 2.9% of the total disbursements. Rupee loans declined by 26.8% to Rs. 1,848 million in 2000-01, while foreign currency loans increased to Rs. 38 million from Rs. 4 million in 1999-00. Non-project finance, accounting 13.5% of total disbursements, grew by 2.6% during 2000-01 as compared to growth of 98.5% during 1999-00. Disbursements under asset credit scheme, equipment finance, corporate loans declined by 5.1%, while working capital/short-tem loans were up by 57.5%.

- The *industry-wise indices* are given in tables 4.3. Out of 16 industries only five types of representative classes of industries have been randomly taken to see the trend, analysis and interpret. In 1990-91 sanctions in food products, textiles cement, metal products and electricity generation have been Rs. 1,809 million, Rs. 2,134 million, Rs. 794, Rs. 1,094 million and Rs. 1,171 million and in 1995-96 Rs. 3,503.9 million, Rs. 3,644.8 million, Rs. 433.7 million, Rs. 1,534.9 million and Rs. 6,134.6 million. This figure was Rs. 3,697.8 million, Rs. 26,325 million, Rs. 183.1 million, Rs. 2,178.9 million and Rs. 4,592.4 million in 2000-01. The disbursement of these industries have been Rs. 1,208 million, Rs. 1,271 million, Rs. 330 million, Rs. 689 million and Rs. 883 million in 1990-91, Rs. 2,697.7 million, Rs. 3,306.7 million, Rs. 307.1 million, Rs. 1,170.7 million and Rs. 4,374.7 million in 1995-96 and Rs. 3,139.8 million, Rs. 2,049.6 million, Rs. 1,129 million, Rs. 19,650 million and Rs. 3,416.2 million in 2000-01.

- B-values of sanctions of industry-wise assistance of the aforesaid five classes of industries have been 200.7; 1162.7; -70.3; 168.8 and 464, of disbursements 198.6, 143.1, 18.7, 939.5, 309.9 and the percentages were 98.9, 12.3, -26.6, 556.6 and 67.0 respectively. The percentages (disbursements divided by sanctions multiplied by 100) for these industries shows the rate of growth.

- During 2000-01, the SIDBI's sanctions declined in respect of all industries, except cement that grew by 21.1%. Sanctions declined sharply in respect of
machinery (-71%), transportation equipment (-48.9%), electricity generation (-47.5%), services (-28.4%), chemical and chemical products (-23.3%), electrical and electronics products (-18.3%) and metal products (-16.2%). During 2000-01, while disbursements recorded growth in respect of metal products (16.6%), and food products (1.3%), substantial decline in disbursements was noted in respect of machinery (-70.5%), electrical and electronic equipment (-46%), transportation equipment (-43.7%), services (-40.4%), electricity generation (-35.6%), chemical and chemical products (-25.9%) and textiles (-14.6%).

- The purpose-wise assistance sanctioned and disbursed are mentioned in table 4.6, 4.6t, 4.6A and 4.6At. The total sanctions in new industries, expansion/diversification, modernisation, rehabilitation and others have been Rs. 18,994 million, Rs. 2,136 million, Rs. 1,464 million, Rs. 186 million and Rs. 170 million respectively in 1990-91; nil in 1995-96 and Rs. 17,404.9 million, Rs. 1,940.8 million, Rs. 4,499.5 million, Rs. 308.8 million and Rs. 16,809.7 million respectively in 2000-01 and disbursements have been Rs. 14,920 million, Rs. 1,105 million, Rs. 1,150 million, Rs. 113 million and Rs. 113 million respectively in 1990-91; nil in 1995-96 and Rs. 11,932 million, Rs. 1,456.8 million, Rs. 2,941.8 million, Rs. 220.8 million and Rs. 14,877.7 million respectively in 2000-01. The b-value for sanctions have been Rs. -731.1 million, Rs. 157.2 million, Rs. 281 million, Rs. 54.3 million and Rs. 896.5 million respectively for these purposes and the b-value of disbursements have been Rs. -1260 million, Rs. 151.4 million, Rs. 167.9 million, Rs. 48.7 million and Rs. 187.2 million with the %ages as - 172, 96, 59.6, 82.1 and 20.9.

- The trend values of sanctions of these industrial purposes (new, expansion and diversification, modernisation, rehabilitation and others) in 1990-91 have been Rs. 17,263.2 million, Rs. 2,204.6 million, Rs. 1,700 million, Rs. 162.2 million and Rs. -482 million: nil 1995-96 and Rs. 18,618.3 million, Rs. 2,592.6 million, Rs. 5,085.5 million, Rs. 261 million and Rs. 18,298.9 million in 2000-01 respectively. In case of disbursements these values have
been Rs. 15,459.2 million, Rs. 1,234 million, Rs. 1,369.2 million, Rs. 99 million and Rs. 8.6 million in 1990-91 nil in 1995-96 and Rs. 12,944.4 million, Rs.2,169.3 million, Rs. 3,630.2 million, Rs. 189.1 million and Rs. 18,304.1 million in 2000-01 respectively.

- During 2000-01, rehabilitation projects constituting less than 1% of SIDBI’s overall assistance, witnessed growth in both sanctions and disbursements. SANCTIONS AND DISBURSEMENTS TO ALL OTHER PURPOSES, VIZ. NEW PROJECTS, EXPANSION/DIVERSIFICATION PROJECTS AND MODERNISATION PROJECTS, HOWEVER, recorded decline in 2000-01 over the preceding year.

Results of the Industrial Investment Bank of India Ltd. (IIBI Ltd.):

The overall scenario: -

Formerly the Industrial Reconstruction Bank of India (IIBI), set up in 1985 for meeting short term and medium term loans requirements of the industrial world, the IIBI has built capabilities of integrated management, risk assessment and risk control as also inculcated a dynamic flexibility in the working to meet the changing and challenging needs of the industrial sector.

- The total assistance sanctioned in 1990-91 was Rs. 2,347 million with trend value of Rs. (-786.4 million at a growth rate of 60.3. The disbursements during this period was Rs.1,537 million with trend value of Rs. (-1,379.5 million and growth rate of 9.1. These figure, in 1995-96, reached Rs. 8,972.6 million with trend value of Rs. 11,272.9 million and growth rate of 15.3 in sanctions and Rs. 5,285.9 million with trend value of Rs. 7,434.9 million and growth rate of 32.9 in disbursements. This amount was Rs. 21,022.6 million with trend value of Rs. 23,332.2 million and growth rate of (-10.1 in sanctions and Rs. 17,097.5 million with trend value of Rs. 16,249.3 million and growth rate of 18.8 respectively in disbursements in 2000-01. The percentage of disbursements over sanctions was 114.

- During 2000-01, while IIBI’s sanctions declined by 10.1% to Rs. 21,023 million, disbursements increased by 18.8% to Rs. 17,098 million. Up to
end-March 2001, IIBI's sanctions and disbursements aggregated Rs. 95,915 million and Rs. 89,587 million, respectively. On 31st March 2001 the outstanding assistance amounted to Rs. 44734 million.

- The scheme-wise assistance sanctions and disbursements are given in tables 5.2, 5.2t, 5.2A and 5.2At. Sanctions under direct finance, constituting 73.2% of overall sanctions, declined by 32.1% to Rs. 15,390 million in 2000-01. Project finance, constituting 42.9% of the total sanctions, declined by 14.7% to Rs. 9,020 million during 2000-01. While rupee loans declined by 53.4%, sanctions by way of underwriting and direct subscriptions recorded an increase of 103.8%. Non-project finance at Rs. 6,370 million, constituting 30.3% of the total sanctions, declined by 47.3% due to decline in sanctions of asset credit scheme equipment finance/corporate loans and working capital/short term loans by 61.7% and 32.4% respectively.

- A further classification of schemes shows sanctions of rupee loans of Rs. 2,155 millions in 1990-91, Rs. 6,162.1 million in 1995-96 and Rs. 30.417.5 million in 2000-01. The corresponding figures of disbursements of rupee loan are Rs. 1,443 million, Rs. 3,472.3, Rs. 2,002.7 million in these years. In equity preference the bank sanctioned Rs. nil in 1990-91, Rs. 290 million in 1995-96 and Rs. 5,0602.5 million in 2000-01. The corresponding disbursements were Rs.148.7 million in 1995-96 and Rs. 5,482.3 million in 2000-01. Underwriting and guarantees were further classified as Equity or preference loans, Debentures and guarantees. Equity investments were sanctioned only in two years i.e. Rs. 160 millions in 1995-96 and Rs. 10 millions in 2000-01. Sanctions were firstly made under guarantee sub-head firstly in 1993-94 (Rs. 500 million) and lastly in 1999-00 (Rs. 495.6 million). Short-terms loans sanctioned were for Rs. 87 million in 1990-91, Rs. 508 million in 1995-96 and Rs. 2.340 million in 2000-01. The sanction of working capital loans started with Rs.1,017.5 million in 1995-96 and it increased up to Rs. 4,030 million in 2000-01. The scheme-wise disbursements were not encouraging. Disbursements of rupee loans were Rs. 1,443 million, Rs. 3,472.3 million and Rs. 2,002.7 million. Equity
preference (main head direct subscriptions) was Rs. 193 million in 1994-95 (for the first time) and Rs. 1.1 million in 1999-00 and Rs. 5,482.3 million in 2000-01. In short term loan disbursements the figures were Rs.80 million in 1990-91, Rs. 619.8 million in 1995-96 and Rs.1,929.9 million in 2000-01. The disbursement of working capital loans started with Rs. 936 million in 1995-96 and had a figure of Rs. 2,504.7 million in 2000-01. B-value of sanctions have been 1,886.5 in case of rupee loan, 776.5 in case of investments in debentures (direct subscription), -59.5 in guarantees and 560.1 in case of short term loans. The percentage of disbursements over sanctions has been 180% in case of rupee loans and 103% in case of equity preference of direct subscription 51.3% in case of short-term loans.

- The rise of 18.8% in IIBI’s disbursements during 2000-01 is mainly due to a growth of 31.3% in disbursements under project finance, which is supported by 87.3% rise in disbursements under underwriting and direct subscription. Disbursements of rupee loans declined by 27.8% to Rs. 2,003 million. Disbursements under non-project finance, constituting 25.9% of total disbursements, declined by 44.3% to Rs. 4,435 million due to decline in disbursements of asset credit scheme/equipment finance/corporate loans and working capital/short-term loans by 36% and 49.9% respectively. Loan and investments in shares/bonds of FIs moved by to Rs.1,217 million from Rs.729 million recording a rise of 66.9%.

- Tables 5.3, 5.3t, 5.3A and 5.3At contains information regarding year-wise assistance sanctioned and disbursed, trends and percentages. Overall information may be consolidated as under. During 2000-01, while IIBI’s sanctions to industries such as paper and paper products, machinery and chemicals and chemical products recorded rise, sanctions to all other industries declined. Disbursements recorded growth in respect of infrastructure (174.1%), transport equipment (56.3%) and chemicals and chemical products (6.3%). Industries that had drawn lesser funds from the institutions in 2000-01 vis-à-vis 1999-00 were fertilizers, electronic equipment, rubber and rubber products, textiles and food products.
• Out of about 20 industries only five have been randomly selected for the purpose of comparison and analysis. In the sanction side chemical and chemical products, fertilizer, cement, metal products and transport equipment got Rs. 178 million, Rs.12 million, Rs.63.3 million, Rs.71 million in 1990-91, Rs. 2,214 million, Rs.52.6 million, Rs.150 million, Rs.201.3 million and Rs.120 million in 1995-96 and Rs.3,405.2 million, Rs.1,690 million, Rs.501.2 million, Rs.nil and Rs.600 million in 2000-01. In the same order the disbursements were Rs. 90, Rs.13 million, Rs.85 million, Rs.3 million, Rs.40 million in 1990-91, Rs.829.7 million, Rs.nil, Rs.114.9 million, Rs.122.1 million, Rs.576.3 million in 1995-96 and Rs.1,343.8 million, Rs.1,249.4 million, Rs.601.2 million, Rs.14.6 million, Rs.110 million in 2000-01 respectively. B-values of sanctions of these five industries is 381.4; 220.4; 64.4; 15.1 and 97 respectively and b-values of disbursements is 291; 378.9; 40.8; 22.5 and 66.6. The percentage of disbursements over sanctions is 76, 172.63, 63, 193 and 69 respectively.

• In sector-wise assistance sanctioned private sector accounted for 83.8%, joint sector13.1% and public sector 3.1% in the year 2000-01. It showed that the sanction and disbursements to the private sector grew by 10.4% and 27.7% as against a decline of 20.4% and 19.5% respectively in 1999-2000. Sanctions to joint sector declined by 22.2%, whereas disbursements grew by 12.5%. Both sanctions and disbursements to public sector declined in 2000-01 over the previous year as is evident from the relevant table (given separately).

• For comparative analysis of the total sanctions of assistance in public, joint, co-operative and private sectors were Rs. 336 million, Rs. 40 million. Rs. 99 million and Rs. 1,872 million in 1990-91; Rs. 110 million, Rs. 300 million. Rs. nil and Rs. 8,562.1 million in 1995-96 and Rs. 651 million, Rs. 2,750 million, Rs. nil and Rs. 17,621.6 million in 2000-01 respectively. The corresponding disbursement figures were Rs. 168 million, Rs. 38 million, Rs. 121 million and Rs. 1210 million in 1990-91; Rs. 108 million, Rs. 30.9 million, Rs. 15.2 million and Rs. 5,131.8 million in 1995-96 and Rs. 641
million, Rs. 1,845.2 million, Rs. nil and Rs. 14,611.3 million in 2000-01 in the same sectoral order. The trend value (b-value) of sanction is 208.2, 238.8, 28.1 and 1,977.2 in these sectors respectively. The b-value of disbursements 118.2, 152.3, -17 and 1,550.5 with percentage of disbursements over sanctions is 57, 63.6, 60.5 and 78.4 respectively.

- Tables 5.5, 5.5t, 5.5A and 5.5At classify the purpose-wise assistance sanctioned and disbursed by IIBI in the last about ten years. The purposes have been broadly classified as new, modernisation/balancing equipment, correcting imbalance in current position, relieving strain on cash resources, repayment of pressing liabilities, others, meeting resource gap and other purposes (including start-up expenses). In the above order the sanctions were Rs. nil, Rs. 1943 million, Rs. 88 million, Rs. nil, Rs. 144 million, Rs. nil, Rs. 15 million and Rs. 157 million in 1990-91; Rs. 2,824.5 million, Rs. 3,940.8 million, Rs. 1,667.3 million, Rs. nil, Rs. 40 million, Rs. 500 million, Rs. nil and Rs. nil in 1995-96 and Rs. nil, Rs. 13,350.7 million, Rs. nil, Rs. 7,662.3 million, Rs. 9.6 million, Rs. nil, Rs. nil and Rs. nil in 2000-01 respectively. The disbursement figures in the same order were Rs. nil, Rs. 1,349 million, Rs. 59 million, Rs. nil, Rs. 87 million, Rs. nil, Rs. 13 million and Rs. 29 million in 1990-91; Rs. 905.6 million, Rs. 2,496.2 million, Rs. 1,488.2 million, Rs. 0.7 million, Rs. 1.8 million, Rs. 393.4 million, Rs. nil and Rs. nil in 1995-96 and Rs. nil, Rs. 11,960.5 million, Rs. nil, Rs. 5,137 million, Rs. nil, Rs. nil, Rs. nil, Rs. Nil in 2000-01. The b-value of purpose-wise sanctions is 289.2, 878.2, 1,018.7, nil, nil, 1,893.6, -5.5 and 10.5. The b-value of purpose-wise disbursement is 265.7, 642.1, 812.6, nil, -18.1, nil, -2, 18.2 and the percentage of disbursements over sanctions is 92, 73.1, 79, nil, nil, nil, 36, 180 respectively.

- During 2000-01, modernisation/balancing equipment accounted for 63.5% of the total sanctions and the balance 36.5% of the total sanctions was granted to companies facing cash crunch.