CHAPTER-VII
CONCLUSIONS AND FINDINGS
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This chapter is committed to described the concluding part of the thesis. After analyzing the data, the role & scope of selected NBFIs and their impact on Haryana has been summarized in this chapter. The conclusions & major findings derived from the study are mentioned as under:-

In case of the financial assistance by AFIs (including AIFIs, UTI, LIC, state level FIs) etc. to Haryana there is a direct particularly in pre & post liberalization periods the percentage changes in the disbursements by AFIs has been quite significant. In pre-liberalization period (1980-91) the AGR for sanction was 23.92% & for disbursement is was 22.49% which decreased to 22.15% & 18.95% in post liberalization period (1991-2001).

Same is the case with the amount disbursed by these AFIs where in 1980-91, CGR was 23.30% for sanction & 22.40% for disbursements which also fell down in (1991-2001) to 20.30% & 18.50% respectively. As far as the percentage changes in disbursements is concerned, these has been no significant change in the means of the percentage changes in the disbursement is the post liberalization period. It means that during pre & post liberalization period, the AFIs continued to provide disbursements at an unchanged constant rates of change.

For the assistance by IDBI to state, in the pre liberalization periods the AGR was 23.25% in case of sanctions of 24.85% in case of the disbursements which was higher than the AGR of 16.94% & 15.43% respectively for sanctions &
It is apparent that IDBI sanctioned & disbursed financial assistance to Haryana at higher growth rates than that of rest of India (lower AGR & CGR) in pre liberalization period. In the post liberalization period, the AGR & CGR for sanction and disbursements in Haryana by IDBI was higher than the CGR & AGR at all India by IDBI. Though the means of sanctions & disbursements by IDBI during post liberalization increased but the means percentage changes of disbursements showed no significant difference in the post liberalization period.

During twenty years of observation the sanctions & disbursements by IFCI to Haryana, showed almost same CGR in case of sanctions to Haryana & India but higher CGR in case of disbursements than the CGR at an India level during Pre liberalization phase.

During the same period, the IFCI's AGR in sanctions to Haryana was more than double than the AGR of sanction at all India level. Though during this period, the AGR in case of disbursements to Haryana in India were quite similar.

During the post liberalization (1991-2001) period for IFCI, CGR & AGR was negative or negligibly positive in case of sanctions as well as disbursements at Haryana & all India level.

But as far as percentage changes in the disbursement is concerned, the
difference between their means is not quite significant.

Though, post liberalization period CGR at Haryana level sanctions was -20.18% as compared to CGR of sanctions at India level i.e. -2.89%. On the disbursement fronts, AGR in case of Haryana is less than the AGR in case of India & also for the disbursements at Haryana level -0.35% as compared to India's 7.11% in the post liberalization period. The negative AGR & CGR of sanctions & disbursement by IFCI in Haryana is due to the negative net worth of IFCI & the declining trend at all India level sanctions & disbursements. Here also, the observation is that there is no significant difference between the means of percentage changes in the amount disbursed by IFCI during pre & post liberalization periods.

In case of assistance to Haryana by ICICI, the AGR & CGR have been higher than at all India level sanctions & disbursements during post liberalization periods. The CGR in case of sanctions to Haryana has increased from 15.7% in pre-liberalization phase to 39.3% in the post liberalization phase. The CGR in case of disbursement to Haryana has increased from 28.8% in 1980-91 to 39.8% in 1991-2001. Here also, the difference between %age change in the means of the disbursements is not significant. i.e. in post liberalization period, ICICI disbursed the assistance to Haryana without any percentage rate of change.

There is a perfect positive correlation between the amount disbursed by AFIs in Haryana and various indicators of industrial development like gross state
domestic product of Haryana by industry of origin at current prices. In pre & post liberalization periods, during (1980-91) this correlation was 0.956 which increased to 0.983 in post liberalization period. The coefficient of determination in pre liberalization period is 88.18% which also increased to 100% in post liberalization period. It means that it is confirmed that in the post liberalization period, the variation in gross domestic produce of Haryana is strictly due to the variation in disbursement by AFIs.

Similarly the correlation was found between the amount disbursed by AFIs & industrial output (expressed in monetary terms) in pre & post liberalization periods of the study. This correlation has increased from 0.809 to 0.854 in the post liberalization period. The coefficient of determination($r^2$) has increased from 65.36% in (1980-91) to 67.59% during (1991-2001).

It shows that in the post liberalization period the variability in industrial output is highly due to the variability in industrial output is highly due to the variability in the amount disbursed by AFIs and the correlation has got stronger in this period.

The correlation between the per capita disbursements by AFIs and the per capita income of the state has shown increasing tendencies in the post liberalization period of observation. The coefficient of determination increased from 88.23% in 1980-91 to 93.75% in the post liberalization period. It shows the stronger bond between per capita amount disbursed by AFIs and per capita income of the state.
The assistance by different financial institutions to backward areas of the state has gone down significantly during past fifteen years of observation. It is interesting to note that in case of amount sanctioned by IFCI still 40.64% [table 5.9 (i) (a)] percentage of sanctions is to the backward regions of the state despite its sluggish AGR and CGR in that period. The sanctions by IDBI to backward regions of the state went down to almost 1/3rd during 13 years of observation. In case of assistance sanctioned by ICICI it has gone down to 1/3rd during 12 years. Only the sanctions by SIDBI has increased by 10% during seven years of observation. During eighteen years of observation (1980-98) the sanctions by HFC has gone down from 66.18% to 18.68% and by HSIDC from 50.42% to 29.32%.

It is quite clear that these institutions have shown biasness in case of the sanctions to the non-backward areas of the state during fifteen years of observation.

The amount disbursed by NBFIs during same period reveals the same sorry state of affairs. Here also IFCI as an exception has shown interest in disbursements to the backward areas of the state.

The role & performance of state level financial institutions have been explained in chapter VI of the thesis. The performance of HSIDC during last twenty years show (1980-2001) that medium scale industries accounted for 80.28% of the total sanctions & small scale got only 19.72% of the sanction in backward areas of the state. In the non backward areas also, medium scale industries sector took major chunk of assistance.

Industry wise, too, the sanctions by HSIDC is quite biased which was liberal...
enough to give assistance to cement industry more in the backward areas than the non-backward areas of the state. The sanctions by HSIDC to the industries like textile, metal products, chemicals, automobiles, cement, food products attracted more sanctions in the non-backward area of the state. The emerging areas like floriculture, electronics, machine engineering and plastics collectively accounted for only 16.76% of the total assistance sanctioned by HSIDC during last twenty years of observation.

District wise analysis of the term loan sanctioned by HSIDC during (1980-01) reveals that Gurgaon, Faridabad, Sonepat & Rohtak attracted 71.13% of the total sanctions by HSIDC. Only in the districts like Jind, Sirsa, Mohindergarh, Ambala, Rohtak & Rewari the backward areas were sanctioned higher assistance than non-backward areas but in other districts, the non-backward regions, were sanctioned major chunk of assistance.

During 1989-2001, the percentage of disbursements to sanctions reduced from 82.27% in 1989-90 to 52.17% in the year 2000-01. This may be explained the to the fact that HSIDC is adopting cautious approach towards disbursement to industries because of the fear of non-recovery of dues.

In case of unit-wise and amount wise sanctions & disbursements by HFC in respective years, the non-backward districts received most of the assistance. Gurgaon, Faridabad, Ambala, Panchkula, Panipat & Sonepat got more than 65% of the total sanctions by HFC during 1992-97. These districts were also beneficiaries of the disbursement by HFC during the period under observation,
unit wise as well as amount wise. Size wise also up to the end of the year 2001 the maximum units were in the range of Rs. 20 lakhs Rs. 50 lakhs.

A constitution wise analysis reveals that private limited companies were given highest amount of sanctions by HFC followed by proprietary firms & partnerships concerns. Except for the year 1990-91; 1993-94; 1995-96; 1996-97 & 1998-99 there has been an increasing trend in the amount sanctioned by HFC during 1983-99.

The sector wise analysis of assistance disbursed by HFC to small scale sector shows that unit wise as well as amount it was 90% of the total disbursements. The CGR in case of total amount disbursed by HFC is 11.245 in case of small scale industries it is -37.60%

Suggestions.

From the major findings and conclusion of the thesis it is apparent to suggest some measures to improve the efficiency & operational policies of the NBFIs to face the challenges arising out of the latest development in the field of non banking financial institutions. With the blurred boundaries of banks & financial institutions, the banks have adopted the task of financial institutions & vice-verse. How-a-days the FD schemes launched by NBFIs & development financing & project financing initiated by the banks have given rise to the concept of 'universal banking' a widely known practice in the USA. In India, the weakening
financial health of the many financial institutions and inefficiency has led these FIs to convert themselves in banks. The thrust from RBI through a discussion paper on converting FIs into banks (1997); The Khan working group on harmonizing the role of banks & Financial Institutions; the recommendations of Narasingham committee (1998), the mid term review of credit policy, (October 1999) and the annual policy statements of April 2000 & April 2001 by RBI stressed the need to convert financial institutions into banks in phased manner. The negative net worth of IFCI, IDBI repeal bill in the parliament and whopping amount of NPAs have posed challenges before these NBFIs. In this time of transition, the following suggestion may be given to NBFIs to improve their efficiency and face the challenges from banks.

There is a need to review, and restructure the organisation setup in consonance with the changing environments.

The scope showed be revitalized to expand the activities to fixed deposits.

These should be much reliance on the low cost funds.

The spread of assistance should be more encouraged in the backward areas of the state to remove regional disparity.

The NBFIs should initiate venture capital financing.
Not only project finance but also the soft infrastructure showed be provided (e.g. project ideas, and other promotional aspects) by those NBFIs.

The industries in the electronic/electrical, telecommunications, software development, biotechnology, microbiology etc. should be given preferential treatment in order to attract NRI investment & FDI. HSIDC has opened a separate FDI wing which is a welcome step.

Recovery percentage should be increased in order to overcome the problem of NPAs. The latest legislation in the regard can be helpful if implemented strictly by FIs.

The talent of village level artisans should be utilized by these NBFIs to encourage them becoming self-reliant & entrepreneur.

The industries should be provided with the managerial, marketing & entrepreneurial support to improve the quality of products so that the challenges of global competitiveness may be met out.

The attitude toward small scale industries & tiny units showed be moulded to give boost to their products in the international market. China can be a role model in this direction.
Monitoring of the ongoing projects should be done with care & without prejudice. Grievance redressal mechanism should be streamlined in order to satisfy the entrepreneurs and customers.

Fund management should be in the hands of professionals rather than intervened by generalist bureaucrats.