CHAPTER VIII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

8.1 SUMMARY OF FINDINGS

Small scale industries play a strategic role in the progress of a developing country like India. The main problem of the small scale industrial units encounter is paucity of funds, interalia there is lack of co-ordination between commercial banks and financial institutions in extending financial assistance to small scale industrial units. The branches of commercial banks catering to the need of all sectors, such as trade, large scale industries, small scale industries and urban middle class borrowers are not able to concentrate their attention on the financial requirements of small scale industries, study their problem and accordingly extend finance to meet their
specific requirements. Hence, commercial banks open branches to cater to the financial requirements of small scale industrial units exclusively. One such branch opened by State Bank of India is its Siruthozhil Branch at Salem. The study attempts to study the working of the Siruthozhil Branch of State Bank of India at Salem and also the attitude of the borrowers towards the bank.

Commercial banks in India have developed manifold number of offices, amount of deposits received and advances made have increased largely. The banks have implemented a number of schemes of financial assistance to small scale industrial units.

Small scale industries in India have also made significant progress and their contribution to the Indian economy has been spectacular.
State Bank of India has played its role effectively in financing and developing small scale industries. The number of small scale units assisted by State Bank of India has increased from 0.61 lakhs in the year 1969 to 9.85 lakhs in 1993. The amount of assistance has increased more than 50 times from Rs.104 crores during the same period. It has also implemented a number of schemes of financial assistance to develop small scale industrial units.

Siruthozhil Branch of State Bank of India started functioning from December 1981. It is the only commercial bank in Salem Town exclusively financing the promotion of small scale industries. The forms of financial assistance extended are term loans, working capital finance, cash credit, hypothecation, clean and documentary demand draft purchase, cash credit through bills and discounting and purchasing of bills. Besides, it also extends guarantees and letters of credit. The amount of
deposits received by this bank has made an increase of 318 percent from the year 1984 till 1993. The amount of advances have increased from Rs.4.5 crores 1984 to Rs.12.9 crores in 1993. The amount of financial assistance to small scale industries which stood at Rs.3.6 crores in 1984 have increased to Rs.9.2 crores in 1993. The number of accounts have increased to 594. At present, cash credit assistance constitutes about 72 percent and term loans about 17 percent. Bill financing is not very popular.

In order to study the assistance received by small scale industrial units and their repayment behaviour, 50 sample units were taken. Through the average amount borrowed by the sample respondents of the different groups, the following findings have been arrived at. Thirty nine male respondents have borrowed more than eleven female respondents. Joint Stock Companies have borrowed more than 11 partnership firms and 37 sole trading concerns.
Higher the age of the respondents more is the amount borrowed by them. The amount of assistance and the level of education are directly related. Manufacturing concerns have borrowed more than job work and service units. The amount borrowed by 37 registered units is higher than the amount borrowed by the 13 unregistered units. Units with higher amount of fixed capital have borrowed more than other units. Similarly, when the amount of working capital is high, borrowings are also higher. The bank has given more amount of assistance through cash credit than thorough term loan.

The repayment behaviour of the borrowing small scale industrial units has also been studied. There are twelve respondents who have promptly repaid their loans, 15 have delayed their repayment and there are 23 wilful defaulters.
There is direct relationship between forms of advance and repayment behaviour. Low profit is the major reason for non-repayment of loans.

8.2 SUGGESTIONS

A number of problems faced by the Siruthozhil Branch of State Bank of India, Salem in financing small scale industrial units have been studied and appropriate suggestions have been made to overcome such problems in Chapter six.

A number of problems faced by the borrowers in borrowing from the Siruthozhil branch of State Bank of India, Salem have been studied and appropriate suggestions have been made to overcome such problems in Chapter seven.
8.3 CONCLUSION

If this study anyway helps the bank and the borrowers to cross the hurdles in their mutual interactions which will result in the development of small scale industrial units in the area, the researcher in feel amply rewarded.