CHAPTER V
CONCLUSIONS AND SUGGESTIONS

5.1 Introduction

5.2 Major Findings

5.3 Suggestions

5.4 Conclusion
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5.1 Introduction
Economists hold shockingly diverse opinions regarding the significance of the financial system for economic growth in general and industrial development in particular. The well-developed money and capital market is the main pillar of the industrial development. Smooth and steady supply of institutional finance is a prerequisite condition for industrial growth. It is a fact that the financial development is a good predictor of future rates of economic growth, capital accumulation, and technological change. Furthermore, financial development significantly affects the speed and pattern of economic development.

The working of financial systems is vitally linked to economic growth. Specifically, countries with larger banks and more active stock markets grow faster than that of low banks and inactive stock market. Industries and firms that rely heavily on external financing grow disproportionately faster in countries with well-developed banks and securities markets than in countries with poorly developed financial systems.

Under this theoretical background present research topic has chosen. In fact research work is a big task which is emerged out by certain research problems. The main researches questions of the present research work were to know the problems or difficulties faced by the beneficiaries while sanctioning the industrial credit. It also covered the use or industrial credit by the industrialists.

After having overall discussion on the industrial credit it is time to find major findings and to suggest appropriate suggestions for more strengthening industrial finance and Bank of India also. Hence the present chapter deals with major finding, suggestions, and conclusion.

5.2 Major Findings
The major findings of the study are as below.

5.2.1. Findings Related to Socio-Economic Profile of Selected Loan Borrowers
1. The socio economic status of the loan borrowers is differs significantly.
2. The 83 percent borrowers entrepreneurs are engaged in production activity it means that there is high industrial concentration in the field of production. (see table 4.2)
3. The 50 percent loan holder entrepreneurs are interested in medium scale industry. It means that medium scale industry has developed at significant level in the study region. (see table 4.3)

4. The 90.91 percent of the total large-scale units are engaged in production activities and remaining is in business outsourcing. The 80.85 percent of the total medium scale units are engaged in production activities and remaining 5.95 percent in marketing, 7.74 percent in Business outsourcing and 5.36 percent in services. (see table 4.4)

5. The 18.79 percent respondents are falls between age group 30 to 40 years, followed by 50 to 60 years i.e 12.42 percent. The only 6.06 percent loan borrowers are falls between age group 20 to 30. It means that the rate of newly entered entrepreneurs is quite less. (see table 4.5)

6. The study found that the education status of the credit beneficiaries is appreciable. However, social category wise education status is not significant. The reserved category entrepreneurs are lagging behind in the context of education status. (see table 4.6 and 4.7)

7. The 58.18 percent of the total borrowers are belongs to open category. The reserved category loan borrowers are nearly 42 percent. The 10.61 percent loan holder are belongs to SC entrepreneurship followed by 20.61 other backward class. The composition ST entrepreneurs are not significant. The entrepreneurship among the open category has developed significantly whereas undeveloped in case of reserved category. (see table 4.7)

8. It is interesting to note that nearly 76.67 percent loan borrowers are belonging to Hindu religion. The 22.12 percent are belongs to Muslim community and 1.21 percent to Bouad religion. It implies that entrepreneurship among the Hindu religion has developed more significantly. (see table 4.8)

9. It is shocking to note that out of the total selected loan borrowers 84.85 percent are male and just 15.15 percent are female. It implies that still the entrepreneurship among the female is not developed well. Still women are lagging behind in the field of entrepreneurship. (see table 4.9)

10. Average monthly income of the entrepreneurs is Rs. 46159. The coefficient of variation is 34.45 percent. It means that there is moderate variation in the income range. In an average the highest i.e 24.55 percent entrepreneurs are earning between the income rage
of Rs. 41000 to 50000 followed by 18.79 percent i.e Rs.51000 to 60000. Thus income range is not constant and an identical of the selected loan borrowers. (see table 4.10)

5.2.2. Findings Related to Industrial Credit Policy of Bank of India

11. Almost 98 percent loan holders argued that the rate of interest on loan is between 10 to 15 percent. (see table 4.11)
12. It has found that almost 50 percent loan borrowers have taken medium term loan. (see table 4.12)
13. The 44.55 percent of the total loan borrowers said that minimum 28 days required for the loan sanctioned. The 33.03 percent borrowers argued that at least 21 days are required for loan. The 13 percent respondents argued that more than one month but less than two months are required for loan sanction. The 3.64 percent respondents are of the opinion that more than two months time is required for loan sanction. (see table 4.13)
14. The 51.82 percent industrialists generally give all types of physical assets as a security to the bank. The 20.91 percent respondents offer land as a security. The 20.91 percent loan borrowers are offering the financial securities, loan against deposit and stock of produced final goods as a security to the bank. The 6.36 percent borrowers are offering gold for loan as a security to the bank. (see table 4.14)
15. The 43.03 percent of the total selected loan borrowers were taken loan for working capital purpose. The 21.52 and 21.21 percent industrialist were taken loan for purchasing capital goods and for business expansion respectively. It means that all loans were taken for productive purpose. (see table 4.15)
16. The 7.27 and 6.97 percent industrialist argued that they have taken loan for construction of factory building and for purchasing machinery respectively. (see table 4.15)
17. From the 2004 to 2006 the bank was sanctioning 70% loan of total project cost in 2006 new policy formed and 5% loan amount added to the earlier policy. It reach up to 75% it means 75% of total project cost was sanctioned by the bank as a loan. (See table No. 4.16)

5.2.3 Finding Regarding Growth and Performance of Selected Loan Borrowers

18. The 35.53 percent industrialists agreed that there is increase in profit due to credit. The 28.62 and 21.71 percent loan borrowers reported that there is increase in turnover and business expanded due to credit of bank of India. (see table 4.17)
19. The 14.14 percent borrowers are of the opinion that their physical capital stock has increased due to credit supply. Thus it is clear from empirical data that there is positive association between credit supply and the growth of the firm. (see table 4.17)

20. Out of the total large-scale industries 45.45 and 27.27 percent argued that there is increased in turnover and profit due to credit of bank of India respectively. The 9.09 percent large-scale loan borrowers said that there is increased physical capital stock. (see table 4.18)

21. Out of the total medium scale credit entrepreneurs 34.84 percent reported that their profit has gone up. The 28.39 percent borrowers are of the opinion that their turnover increased. The 24.52 and 12.26 percent of the total medium scale firms are of the opinion that business expanded and increased physical capital stock respectively. (see table 4.18)

22. Out of the total small-scale industries the 38.33 percent reported that their profit increased due to credit of Bank of India. The 27.50, 19.17 and 15.00 percent small-scale industries reported that there is turnover increased, business expanded and increased physical stock respectively. (see table 4.18)

23. The 35.53 percent tiny industries are of the opinion that their profit has increased and the 28.26 percent said that turnover increased. The 21.71 percent of the total tiny business units argued that there is expansion in business. (see table 4.18)

24. The turnover of the selected loan borrowers has significantly gone up due to the bank credit. Especially in case of medium and large scale industries we observed high increase in turnover i.e 400000 to 1000000 in case of medium scale and more than 1000000 in case of large scale. The tiny and small scale industrial units are also benefited from bank credit as there is increase in their turnover. (see table 4.19 A)

25. Nearly 28.48 percent of the selected business units have an increase turnover of Rs. 600000-700000 due to the bank credit. The 24.85 percent business units are reported that their turnover increased by Rs. 100000-200000 due to bank credit. The 11.82 percent business firms are reported that their turnover increased by Rs. 200000-300000 due to the bank credit. (see table 4.19 B)

26. There is sharp increase in profit of the business units after bank credit. Almost 25 and 27 percent units were reported that their profit was just between 1 to 2 lakh and below one lakh before bank credit respectively. The picture has been changed after bank credit. The
20.16 and 13 percent units were received profit of Rs.6 to 7 lakh, 5 to 6 lakh and 4 to 5 lakh respectively after the bank credit. (see table 4.20)

27. Around 46 percent loan borrowers do not have need of finance. Hence they have not taken loan from bank. The 23.08 percent firms said that due to other reasons they were unable to get credit. The 31 percent respondent industries reported negatively on the counter part of the bank. They are blame to bankers. (see table 4.21)

28. Study reveals that 40 loan borrowers, out of 330 were participating international trade and remaining is not. In other words only 12.12 percent of the total loan borrowers are participating in international trade. (see table 4.22)

29. The 55.55 percent industries received credit help from the Bank of India. The 25 percent industries reported that bank had provided guidance of the International banking environment. The 15 and 25 percent industrialists received bank help while payment settlement and by issuing credit assurance paper or financial instruments respectively. (see table 4.23)

30. The 19.66 and 13.79 percent loan borrowers reported that due to restrictions on trade and weak financial base they were unable to participate in international trade respectively. The 9.05 and 5.24 percent firms were said that due to unfavorable international market and complicated government policy are the main hurdles in the international trade respectively. (see table 4.24)

31. Out of total production activity loan borrowers 94.25% have upgraded their technology and only 5.75% of loan holder has mentioned that they have not up graded their technology. It is because their entrepreneurs are working through traditional technology. (see table No. 4.25)

5.2.4. Finding Regarding Loan Disbursement and Recovery of the Loan of Bank of India

32. The mean loan disbursed amount to the selected units is Rs. 1500,34,350 during the period under consideration. The coefficient of variation is 77.2787718 percent. It has been also seen that the highest loan has received by the large scale industry (i.e 45 percent) followed by medium (i.e 36%) and small scale industries(17%). The tiny industries are received very meager loan from the bank of India. The interest rate amount is notable in case large and medium scale industries. (see table 4.26)
33. It is clear from the study that 72.73 percent of large-scale industries are paying their loan almost 76-100 percent. The loan recovery of large-scale industrial units is appreciable. On the contrary it is not appreciable in case of medium, small and tiny industries as they have more than 25 percent of the total industrial units are follows between 50 percent loan recovery range. The aggregate loan recovery reveals that almost 50 percent industrial units are paying loan between 75-100 percent. It means that in an average medium, small and tiny industrial units are the main contributors of the NPA (non-performing assets of the bank). (see table 4.27)

34. Study also found that the loan recovery is very low in case of ST and OBC category. The 47.06 and 44.44 percent of the total OBC and ST respectively loan borrowers were paying loan between 51-75 percent of the total loan. The loan recovery of SC and SBC loan borrowers is better off than that of open and OBC category. (see table 4.28)

35. Out of the total debtor industrialists borrowers of Bank of India, 92.73 percent non-defaulter and 7.27 are defaulter loan holder. (see table 4.29)

36. Out of 330 sample cases of the loan borrowers 260 are regular their payment of installment. It is the 78.79% of the loan holders while 70 customers are irregular in their payment of loan installment. It is 21.21% of the loan holder. (See table No. 4.30)

5.2.5 Finding Regarding: Banking Access, Habits, Timely Availability of Credit, Securities and Period for Loan Sanction, Staff cooperation and Satisfaction

37. The 69.39 percent entrepreneurs have opened current account. In fact the current account has specially meant for business firms. Hence there is significant percentage of the current account. (see table 4.31)

38. The 74.24 percent entrepreneurs have opened credit account and 100 percent opened saving accounts. It means that 74.24 percent industrialists have taken loan from the bank. It has noticed from the survey that almost all the entrepreneurs have opened saving account. In fact saving account is the gateway of banking services in general and for business firm in particular. The only 23.03 percent entrepreneurs open the fixed deposit accounts. (see table 4.31)

39. The 68.18 percent loan borrowers visits to banks at least once a week. The 23.03 percent borrowers visit to bank as per their needs. It means that borrowers are using banking services more frequently. (see table 4.32)
40. Out of the total production activity industries 64.36 have reported that the banking services are easily accessible to them and remaining percentage reported that non-access of banking services. (see table 4.33)

41. The all services business units argued that the banking services are easily accessible to them. (see table 4.33)

42. The 68.18 percent of the total business outsourcing units argued that banking services are accessible and remaining percentage were not accessible. (see table 4.33)

43. The business units engaged in marketing are most deprived units from the easy access of bank credit. The 41.18 percent of the total marketing units argued that they don’t have easy access of credit. (see table 4.33)

44. It is clear from that empirical data that almost 92 percent loan borrowers are getting credit easily whenever they want. The only 8 percent loan borrowes are facing the problem of easy access of credit. (see table 4.34)

45. The 1.56 percent of Open, 10.29 of OBC, 11.43 of SC and 37.05 percent of ST loan borrowers are facing the problem of easy access of credit or they were unable to get finance to whenever they want. (see table 4.35)

46. The role of bank credit in the industrial growth is noteworthy. The study found that there is strong and positive correlation between industrial finance by the bank of India and the growth of the firm. (see table 4.35)

47. Due to inadequate securities and market risk 61.54 percent of the total (who are unable to get timely credit) were unable to get credit from bank. The 26.92 and 11.54 percent borrowers argued that due to non-cooperation of bankers and complicated procedure they were unable to get credit access respectively. (see table 4.36)

48. The 87.58 percent industrialists said that the bankers are cooperative in nature and they helps in banking transaction. (see table 4.37)

49. The 87.27 percent loan borrowers are satisfied with the banking services offered by the Bank of India and remaining percentage were not satisfied. It implies that on average loan borrowers were satisfied with the banking services offered by the Bank of India. (see table 4.38)
50. Around 60 percent loan borrowers are satisfied between 80 to 100 percent. Study found that on an average 60 percent respondent borrowers were satisfied between 80 to 100 percent. (see table 4.39)

51. The 93.03 percent loan borrowers are of the opinioned that the present banking policy is conducive to the growth of the industrial sector. The 7 percent industrialists reported that the present banking environment is not conducive for industrial growth. (see table 4.40)

52. There are 210 loan borrowers have given their experience as on excellence, 60 borrowers have given their experience as good and 30 customer given their neutral remark.

53. Out of 330 sample cases 290 loan borrowers have taken loan from the source of bank. 40 loan borrowers have taken loan from Industrial Finance institute.

5.2.6. Secondary Data Base Findings

54. The district has been assured with full credit support for all banking activities. The villages in the district have divided into 168 service areas and allocated to 220 branches of commercial banks. (See table 4.43)

55. Total deposits of the commercial banks have increased more than threefold during period 2005 to 2011. (See table 4.43)

56. More than two fold also increased in the total advances and priority sector advances during the same period. (See table 4.43)

57. The average CD ratio of the district was 88.18 with -1.5 compound annual growth rate during the considered period 2005 to 2011. (See table 4.43)

58. The percentage of priority sector advances in total advances is varying between 56 to 69 percent during the same period. (See table 4.43)

59. It is also found that the industrial finance of the bank of India is growing at 11.13 percent per annum with 32.57 percent coefficient of variation during the study period. The average finance were Rs.513.98 with standard deviation of 167.42 crore. Thus in brief it can stated that there is continuous and steadily growth in industrial finance of Bank of India (see table 4.43)

60. The highest compound growth rate of sector wise finance, during the period under consideration has been observed in service sector i.e 11.21 percent followed by industrial sector at 10.7 percent. The compound growth rate of the total finance was 8.69 percent.
The compound growth rate of agriculture finance was just 5.93 percent during the period under consideration. (see table 4.44)

61. The average industrial, agriculture and service finance were Rs. 538 cr. 588.83 cr., 236.53 cr. respectively during the period under consideration. The total average finance was Rs. 1363.68 cr. (see table 4.44)

62. The moderate CV has been observed in all the sectoral finance during the study period. (see table 4.44)

63. The percentage share of industrial sector in total finance is varying between 38.75 to 48.12 percent. It means that the share is almost constant with minor variations. (see table 4.44)

64. The percentage share of agriculture sector in total finance is varying between 35.87 to 48.15 percent. The share of agriculture finance in total finance declining contentiously during the period under consideration. (see table 4.44)

65. The percentage share of service sector in total finance is varying between 15.81 to 1969 percent. The share of service sector finance in total finance have ups and down trend. (see table 4.44)

66. Thus in brief up to 2011 the volume and percentage of agriculture finance was more than that of industrial finance. But 2011 onwards the percentage of industrial finance was more than that of agriculture finance. (see table 4.44)

67. The highest average of the industrial finance has been observed in Kagal Rs. 127 Cr. followed by Hatkangale and Karveer tahsil. On the contrary the lowest average of the industrial finance has been observed in Gaganbavada i.e Rs. 6.44 Cr. followed by Ajara, Shahuwadi and Bhudargad during the period under consideration. (see table 4.45)

68. The highest compound growth rate of industrial finance has been observed in Shirol (i.e 8.64 %) followed by Kagal (i.e 7.18). On the contrast lowest growth rate of industrial finance has been observed in Ajara (i.e 1.16 %) followed by Radhanagri (i.e 1.88 %). (see table 4.45)

69. It is seen from the data that the moderate CV has been observed in all the tahsil. However tahsils like Pahnala, Shahuwadi, Bhudargad and Gaganbavada have recorded notable coefficient of variation. (see table 4.45)
70. The maximum highest amount of industrial finance is Rs. 197.96 Cr. found in Kagal tahsil which has followed by Hatkangale. (see table 4.45)

71. The minimum lowest amount of industrial finance is Rs 3 Cr. observed in Gaganbavda which has followed by Shahuwadi. (see table 4.45)

72. Thus it can be stated that the industrial finance is concentrated in Kagal, Karveer and Hatkangale as we observe more average industrial finance in these tahsils. It is so because of industrial concentration in these tahsils. (see table 4.45)

5.3 Suggestions

Major suggestions of the present research task are as below.

5.3.1 Suggestions for Bank of India:

1. Bank of India is the district lead bank of Kolhapur. Hence, it is suggested that bank should prepared separate annual credit plan for industrial sector. No doubt, that every year Bank of India prepares annual credit plan, but that is not enough. Along with annual credit plan there should be sub plan for industrial sector.

2. In the annual industrial sub plan credit priority should be given to weak, small, tiny and rural industries.

3. The volume of Bank credit should extended as per the requirement of the industry.

4. The loan to the weaker section and women entrepreneurs should provide at a concessional rate.

5. Bank should think outside the box. Only offering credit is not enough, along with that bank should check or scrutinize the use of offered credit. Hence it is suggested that there should be independent loan inspection committee who can scrutinize the use or the utilization of the loan impartially.

6. This committee should frame at district level which should consist one retired bank manager, one industrialist, one retired judge and government representative.

7. No doubt that generally bank prepares search report before issuing any new loan but it is essential to check it properly in order to avoid deflators.

8. In order to reduce the percentage of industrial NPA, bank should be very careful about the securities which are offered by the debtor. All the securities should be checked at legal point of view.
9. The weak financial base industrial units or firm should also get finance. Therefore the restriction of security on the part of small and tiny industrial unit should slow down.

10. The entrepreneurship among category people is seen dismal. The special entrepreneurs skill development programmes for weaker strata of the society should be started at district level.

11. The religion wise entrepreneurship shows uneven distribution. The entrepreneurship except Hindu seen unappreciable that should be developed through proper line and length.

12. The saving habits among the industrialists is not satisfactory (that clear from their fixed deposit account) that should be increased as much as possible.

13. The short term loan is generally used for the running business expenses. The bank should provide loan as early as possible, by considering the short term requirement of the firm.

14. The industrialists are visiting to bank more frequently but they are unaware about the new industrial finance policies and government policies. Therefore it is suggested to bankers to arrange conference, seminar for industrialists regarding new issues in banking.

15. It is also suggested to the bankers that they should provide all information to the industrialist regarding the international banking environment and international payment settlement.

16. Considering the importance of industrial sector advances in the country like India where industry is the major contributor in GDP, it is suggested that public sector banks should make committed efforts to achieve the national targets for industrial sector. So that the major proportion of beneficiaries may be benefited.

17. Banks should be given some incentives to achieve the targets set for industrial sector.

18. Bank of India should create proper awareness among the industrialists regarding the schemes for industrial sector.

19. Bank of India should be made such an efforts so as to 100 percent loan recovery possible.

20. The Bank of India should made easy procedure of the industrial loan. Due to only the complicated procedure most of the entrepreneurs goes for other sources of finance.
21. Credit to industry is nothing but the induced investment by the entrepreneurs therefore it has suggested that the supply of Bank Credit to the industry be increased as much as possible. Because induced investment will leads to increase in employment and income.

22. Bank of India should maintain efficiency in their credit services. Because around 44.55 percent industrialists were reported that Banks takes nearly 28 days for the loan sanction. So this time span should be minimized as much as possible.

23. The security margin (the gap between loan amount and market value of security) should be minimized by the RBI.

24. The attitude and behavior of the bankers should be changed. Bankers should be cooperative in a nature. They should help entrepreneurs during any transaction process.

25. Last but not least suggestion is that Bank of India should made all such efforts so as to increase in the satisfaction of the customers in general and entrepreneurs in particular.

5.3.2 Suggestions for the Government:

26. Government should provide some stimulant packages to the industry so as they able to stand in world competition. The import export policy should flexible.

27. The restrictions on industrial export should be removed. The firms, which are participating in international trade, should be promoted through special promotive packages.

28. The modern banking services should be extended at affordable cost to the all business units.

29. The entrepreneurship in the field of business outsourcing, services and marketing should be developed through special training programmes by the government.

30. The development of tiny and large-scale industry is lagging behind therefore it is a time pay special attention on these industries.

31. The entrepreneurship among the age group 20-30 is not seem appreciable. Hence it is suggested that government should take efforts to develop entrepreneurs in that age group.

32. Industrial finance or the credit depends on the several factors. The political factor is one of them. Hence it is suggested that political stability should be maintain as a result of which entrepreneurs will encourage and investment will take place.
5.4 Conclusion

After having overall discussion on the said issue now it is a time to draw appropriate concluding remark. No doubts all results or findings of the study are into the favor of Bank of India. The Bank of India is playing very significant role in the industrial finance. However, there are some missing area were bank has to put kind attention through changing policy framework. It is darer to say the present research work is free from shortcoming. However, it is an honest effort of the researcher to find out the appropriate solution to the research question.