CHAPTER VI

FINDINGS, SUGGESTIONS
AND CONCLUSION
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6.1 INTRODUCTION

Finance is the basic requirement for any business. Public and private sector banks are doing yeomen services to industrial sector. The services rendered by the banks for various sectors of economy including industries are analyzed. Commercial banks are supposed to play an important role in achieving the objective of economic development by providing effective institutional assistance to various sectors and sections. The role of small scale industries and the financing pattern are studied in the previous chapters. Now some of the important findings are given in this chapter.

6.2 BANK PERFORMANCES

There are 181 Commercial banks in the country on March 2007 which includes, 8 SBI group of banks, 19 nationalized Banks, 16 old Private sector banks, 29 Foreign banks in India, 96 Regional Rural Banks and four Public sector banks. Considering all the banks groups, there were 30,500 branches in rural area, 15,644 branches in semi urban area, 12216 branches in urban area 11441 branches in metropolitan area. Total number of Commercial bank branches is 69,801.

Considering all the bank groups, there are 30,633 branches in rural area, 16,310 branches in semi urban area, 12,925 branches in urban area 11,913 branches in metropolitan area. Total number of Commercial bank branches is 71,781.
Regarding the public sector banks, 44.4 per cent of the branches come under core banking solution, 41.2 per cent of branches are already fully computerized 85.6 per cent of the branches are fully computerized and only 13.4 per cent of the branches are partially computerized.

Among the Nationalised banks, Andhra Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Corporation Bank, Punjab National bank and Vijaya Bank are fully computerized. Among the State Bank group, all banks are fully computerized.

In Scheduled Commercial banks, operating profit rose from Rs. 51023 crores in 2004-05 to Rs. 65917 crores in 2006-07. Net profit also increased from Rs 20958 crores in 2004-05 to Rs. 31203 crores in 2006-07.

Regarding the operating profit of Scheduled Commercial banks, there is higher increase compared to that of previous years. Net profit has significantly increased in these years. There is overall increase in expenditure also in scheduled commercial banks.

In Public sector banks, there is increase in operating profit, net profit, income, as well as expenditure. However, there are fluctuations in provisions in public sector banks.

Financial indicators of Nationalised banks show that there is increase in operating profit, net profit, income, expenditure and wages. All indicators have increased to a significant level in nationalized banks.

In SBI Group of Banks, there is decline in operating profit and other income but increase in other aspects such as net profit, interest income.
There is increase in operating expenditure, provisions and spread. There was a slight decline in wages during 2006-07.

Total liabilities of the public sector banks increased from Rs.2014874.09 crores in 2006 to Rs.24,39,985.92 crores in 2007. Other liabilities and provisions of the Public sector banks in the year 2006 and 2007 were Rs. 162099.10 crores and Rs.188386.69 crores respectively.

Amount outstanding to infrastructure was Rs.78999 crores in 2005 and it increased to Rs.143116 crores in 2007 and next comes to Basic metals and metal products which recorded Rs.47015 crores in 2005 to Rs.83467 crores in 2007. On the whole, the amount outstanding to industrial sector in the year 2005 was Rs. 423136 crores and Rs. 691483 crores in 2007.

During the year ended 31st March 2007, On the whole, regarding total agricultural advances, public sector banks have provided Rs205091 crores; nationalized banks Rs.161472 crores and State Bank group Rs.63419 crores.

The percentage of Net bank Credit to Direct agricultural advances is 11 per cent for all categories of banks. Percentage of Indirect Agricultural advances to Net Bank Credit in public sector bank is four per cent and that of Nationalised banks is five per cent and State Bank Group is three per cent.

Percentage of direct agricultural advances to NBC, Indian bank stands first by 17 per cent followed by Andhra Bank with 16 per cent.
Regarding indirect agricultural advances to NNBC, Punjab and Sind bank stand first and then comes Dena bank. Regarding total agricultural advances to percentage of NBC, Indian Bank stands first with 21 per cent and then comes Indian Overseas bank with 19 per cent.

During the year ended 31st Mar 2007, regarding weaker section advances, Public sector banks have provided Rs205091 crores; nationalized banks Rs.141672 crores and State Bank group Rs.31173 crores. Regarding total priority sector advances, Public sector banks have provided Rs521180 crores; Nationalized banks have provided Rs.35441 crores and State Bank group has provided Rs.166770 crores.

State Bank Group has provided lower amount of priority sector. The percentage of Net bank Credit to priority sector advances is 7 per cent for all categories of banks. Percentage of total priority sector advances to Net Bank Credit in Public sector bank and Nationalized bank is 40 per cent and State Bank Group is 39 per cent.

Percentage of weaker section advances to NBC, Punjab National Bank stands first by 11 per cent and least by State Bank of Patiala. It is to be noted that Public Sector Banks and Nationalized Banks provide more priority sector advances than that of State Bank of India Group banks.

Total agricultural advances by Public sector banks is Rs.205091 crores, of which Rs.141672 crore is provided by Nationalised bank and Rs.63419 crores by State Bank group. Regarding weaker sections, Nationalised banks have provided Rs.63112 crore and State bank group has
provided Rs. 31173 crore. Total priority sector advances shoted to Rs.521180 crore by Public sector bank during the year 2007. 40 per cent of the net bank credit goes to the priority sector in Nationalised banks and 39 per cent of the net bank credit goes to the priority sector in State bank group.

Overall Net bank credit of the public sector bank is 40 per cent. Among the Nationalized banks, Indian Bank has provided more advances to priority sector. The amount recorded for Rs.13335 crores which is the 49 per cent of the net bank credit. Among the State bank group, Rs.4523 crores has been provided by state bank of Saurashtra. It is 42 per cent of the net bank credit to the total priority sector.

During the year 2007, regarding total agricultural advances, Public sector banks have provided Rs.205091 crores, Nationalised banks Rs.141672 crores and state bank group has provided Rs.63419 crores. Regarding weaker sections, Public sector banks have provided Rs.94285 crore, Nationalized banks have provided Rs. 63112 crores and State bank group has provided Rs.31173 crores. On the whole, regarding the total priority sector advances, Rs.521180 crores provided by Public sector banks, and Rs.35441 crores provided by Nationalized bank groups.

The percentage of net bank credit to agricultural sector is 16 per cent in Public sector banks, 16 per cent in nationalized banks and 15 per cent in state bank group. Seven per cent of the net bank credit is given by the
public sector banks. Regarding the total priority sector advances the percentage of net bank credit is 40 per cent.

Percentage of the weaker sections, Indian Bank has provided 12 per cent of net bank credit to the weaker section, and then comes Punjab national banks with 11 per cent. Andhra bank, Bank of India, Indian overseas Bank, syndicate Bank have provided 10 per cent of net bank credit to weaker section each.

Among the State bank group, state bank of Bikaner and Jaipur, State Bank of Indore and State Bank of Mysore have provided 10 per cent of net bank credit to weaker section.

19.97 per cent was the Gross Bank Credit to other industries in the year 2005 but in the year 2006, 20.52 per cent was the Gross Bank Credit to the infrastructure industries. In the year 2007, 20.70 per cent was the Gross bank credit provided to the infrastructure industries.

Regarding the agriculture, the number of accounts increased from 190 lakhs in 2004 to 253 lakhs in 2007. The trend of the agriculture accounted in 2004 was 100 and increased to 1332. Regarding the small scale industries, 17 lakhs of accounts in 2004 and it increased to 20 lakhs of accounts in 2007. The trend reduced to 82.4 in the year 2005 and again increased to 117.6 in the year 2007.

Regarding the other priority sector, 89 lakh of accounts was recorded in the year 2004 and it increased to 102 lakhs of accounts in the year 2007. Trends increased from 100 to 114.6 during the year 2004-07. Regarding the
total priority sector advances, there were 301 lakhs of accounts in the year 2004 and increased to 391 Lakhs of accounts in the year 2007. Trend rose to 129.9 from 100 in the year 2004.

Regarding the agriculture sector, the amount outstanding is Rs.84435 crores in 2004 and increased to Rs.205091 crores. Amount outstanding to Small scale industries recorded to Rs.58311 crores in 2004 and increased to Rs. 104703 crores in 2007. Amount outstanding to other priority sector for the year 2004 was Rs.96170 crores and for the year 2007 was 201023 crores. Considering all, priority sector outstanding shooted to Rs.244456 crores in the year 2004 and Rs.521180 crores in the year 2007.

Percentage of Net bank credit to priority sector was 43.6 per cent in 2004 and it reduced to 39.6 percentage of Net bank credit to Agricultural sector was 15.1 per cent in the year 2004 and 15.6 per cent in the year 2007. Percentage of net bank credit to Small scale industries was 10.3 per cent in the year 2004 and reduced to 8 per cent in the year 2007. Percentage of the net bank credit to other priority sector was 17.1 per cent in 2004 and reduced to 15.3 per cent in 2007.

Sangli bank provides 24.30 per cent of the Net bank credit to agricultural sectors and then comes to Lakshmi Vilas Bank. More advances to weaker section are also provided by Sangli bank which has recorded 7.63 per cent of the net bank credit provided by the Sangli Bank for the total priority sector advances. On the whole, private sector banks have provided 42.71 per cent of the net bank audit to total priority sector.
In the year 2005, Agricultural sector amount credit to Rs. 21636 crores, small scale industry to Rs. 8592 crores and other priority sector amount to Rs. 38797 crores.

In the year 2006 agricultural sector amounted to Rs. 36712 crores, small scale industries amount to Rs. 10421 crores and other priority sector amounted to Rs. 57777 crores.

In the year 2007, Agriculture amounted to Rs. 52056 crores, small scale industries to Rs. 13063 crores and other priority sector amounted to Rs. 76925 crores.

Net bank credit to agriculture sector was 14 per cent in the year 2005 and 2006 13 per cent in 2007. Net bank credit to small scale industries is 4 per cent in the year 2006 and 2007 and 23 per cent of the net bank credited to other priority sector in the year 2006 and 2007.

Gross Bank Credit amounted to Rs. 1045954 crores in 2005 and increased to Rs. 1841878 crores in 2007. Food credit amounted to Rs. 41121 crores in 2005 and increased to Rs. 46521 crores.

6.3 PERCEPTION OF SSI UNIT RESPONDENTS

The respondents profile through percentage analysis ascertains that a maximum of 36.7 per cent is less than 25 years of age and minimum of 11.7 per cent is above 55 years of age.

33.3 per cent of respondents are locating its units in urban area, 36.7 per cent in semi urban and 30 per cent in rural area.
Considering all respondents 44.2 per cent are male and 55.8 per cent are female. 45.8 per cent is married and 54.2 per cent is unmarried.

A maximum of 36.7 per cent of the respondents are Hindus, and a minimum of 28.3 per cent are Muslims.

37.5 per cent respondent belongs to BC community; 33.3 per cent belongs to MBC, 21.7 per cent belongs to SC/ST and only 7.5 per cent belongs to others categories.

Considering all units, 17.5 per cent has completed SSLC, 50.8 per cent has completed gradation, and 11.7 per cent has finished technical as their educational qualification, 43.3 per cent of the respondents belong to joint family and 56.7 per cent belongs to nuclear family. A maximum of 55.8 per cent of the respondents is between 4.5 members and a minimum of 44.2 per cent is up to three members in the family.

Loan source does not significantly differ among the industry and service respondents, among the industrial respondent, 46.7 per cent is from Public sector banks and 53.3 per cent is from Private sector banks as loan sources. Among the service respondents 43.3 per cent is from public sector banks and 56.7 is from Private sector banks as loan sources.

Generation as entrepreneur does not significantly differ among the industry and service respondents. Considering all the units, 29.2 per cent belongs to first generation, 39.2 per cent belongs to second generation and 31.7 per cent belongs to third generation.
Type of inducer does not significantly differ among the industry and service respondents. Considering all units taken together, a maximum of 38.3 per cent of the respondents induced by friends, and a minimum of 6.7 per cent is induced by own Initiatives.

Factor inducing does not significantly differ among the industry and service respondents. On the whole, 26.7 per cent is induced by earning, 45 per cent is induced by internal urge, 23.3 per cent induced by independent thinking and 2.5 per cent by providing employment and social status.

Reason does not significantly differ among the industry and service respondents. Considering all respondents, easy setup is the reason for 22.5 per cent of the respondents, higher profit margin is the reason for 42.5 per cent of the respondents, less competition and less technology is the reason for 20.8 per cent and 7.5 per cent of the respondents respectively and 6 per cent experience is the reason for 6.7 per cent of the respondents.

Years of service does not significantly differ among the industry and service respondents. Considering all, a maximum of 40.8 per cent of the respondents between 5-10 years of experience, and a minimum of 2.5 of the respondents is above 20 years of experience.

Capacity utilization does not significantly differ among the industry and service respondents. Considering all units, 20.8 per cent is up to 25 per cent of capacity utilization, 39.2 per cent between 25-50 per cent of capacity utilization, 23.3 per cent between 50-75 per cent of the capacity
utilization, 10.8 per cent are between 75-100 per cent of the capacity utilization and 5.8 per cent is above 100 per cent of the capacity utilization.

Source of capital does not significantly differ among the industry and service respondents. As on whole, 26.7 per cent is own capital, 46.7 per cent from family, 21.7 per cent from friends, 1.7 per cent from Banks and 3.3 per cent is from other sources of capital.

Capital invested does not significantly differ among the industry and service respondents. Considering all units, a maximum of 25 per cent has invested between 4-6 lakhs, and a minimum of 6.7 per cent has invested above 8 lakhs.

Mode of working capital does not significantly differ among the industry and service respondents. On the whole, 30.0 per cent has own capital, 42.5 per cent from family, 20.8 per cent from friends, 3.3 per cent from Banks and 3.3 per cent is from other sources of capital.

Working capital does not significantly differ among the industry and service respondents. Considering all units, a maximum of 40.8 per cent has invested between 2-4 lakhs, and a minimum of 6.7 per cent has invested above 8 lakhs.

Loan amount does not significantly differ among the industry and service respondents. Considering all units, a maximum of 48.3 per cent has invested between 2-4 lakhs, and a minimum of 2.5 per cent has invested above 8 lakhs.
Initial satisfaction does not significantly differ among the industry and service respondents. Considering all units, a maximum of 42.5 per cent of the respondents is satisfied and a minimum of 10.0 per cent is highly dissatisfied.

Subsequent stage assistance does not significantly differ among the industry and service respondents. Considering all units, 38.8 per cent is satisfied, and 3.3 per cent is highly dissatisfied.

For time taken for initial loan sanction, a maximum of 40.0 per cent is satisfied and a minimum of 6.7 per cent is highly dissatisfied. Time taken for initial loan does not significantly differ among the industry and service respondents.

Time taken for subsequent loan does not significantly differ among the industry and service respondents. Considering all units, a maximum of 45.0 per cent is satisfied and a minimum of 1.7 per cent is highly dissatisfied.

Finance problem does not significantly differ among the industry and service respondents. Considering all the units, a maximum of 45 per cent facing the problem of wages finance and a minimum of five per cent is facing the problem of others.

With reference to Public Sector Banks finance, considering all the units, a maximum of 39.2 per cent are agrees and a minimum of 7.5 per cent is strongly disagrees about the Public sector- good finance facility.
Private Sector Banks- good finance facility does not significantly differ among the industry and service respondents. Considering all the units, a maximum of 49.2 per cent agrees and a minimum of 2.5 per cent strongly disagrees about the Private sector -good finance facility.

Friends’- good finance facility does not significantly differ among the industry and service respondents. Considering all the units, a maximum of 40.0 per cent agrees and a minimum of 5.8 per cent strongly disagrees about the Friends -good finance facility.

Money Lenders- good Finance facility does not significantly differ among the industry and service respondents, a maximum of 39.2 per cent agrees, and a minimum of 7.5 per cent strongly disagrees about the Money Lenders good finance facility.

Government Good finance facility does not significantly differ among the industry and service respondents. A maximum of 46.7 per cent agrees and a minimum of 2.5 per cent strongly disagrees about the Government -good finance facility.

A maximum of 40.8 per cent satisfied and a minimum of 4.2 per cent is highly dissatisfied. An application requirement does not significantly differ among the industry and service respondents.

Guarantee requirements does not significantly differ among the industry and service respondents. A maximum of 38.3 per cent is satisfied and a minimum of 7.5 per cent is highly dissatisfied.
Regarding guarantee requirements, a maximum of 38.3 per cent is satisfied, and a minimum of 7.5 per cent is highly dissatisfied. This shows that Guarantee requirements do not significantly differ among the industry and service respondents.

Processing method does not significantly differ among the industry and service respondents. Regarding processing method, a maximum of 50.0 per cent is satisfied and a minimum of 2.5 per cent is highly dissatisfied.

For satisfaction regarding sanction method, a maximum of 45.0 per cent is satisfied and a minimum of 4.2 per cent is highly dissatisfied. Sanction method does not significantly differ among the industry and service respondents.

Disbursement method does not significantly differ among the industry and service respondents. For disbursement methods, it is found that, a maximum of 33.3 per cent is satisfied and a minimum of 8.3 per cent is highly dissatisfied.

Pre verification does not significantly differ among the industry and service respondents. A maximum of 47.5 per cent is satisfied and a minimum of 3.3 per cent is highly dissatisfied regarding Pre-verification.

Post verification does not significantly differ among the industry and service respondents. A maximum of 45.0 per cent is satisfied 26.7 and a minimum of 4.2 per cent is highly dissatisfied regarding Post verification.

Credit verification does not significantly differ among the industry and service respondents. Considering all the units, 25.0 per cent is highly
dissatisfied, 44.2 per cent satisfied, 24.2 per cent has no opinion, 2.5 per cent dissatisfied and 4.2 per cent is highly dissatisfied.

For loan quantity, a maximum of 38.3 per cent is satisfied and a minimum of 7.5 per cent is highly dissatisfied. Loan quantity does not significantly differ among the industry and service respondents.

Rate of interest does not significantly differ among the industry and service respondents, a maximum of 40.8 per cent is satisfied and a minimum of 4.2 per cent is highly dissatisfied.

Repayment schedule does not significantly differ among the industry and service respondents. A maximum of 41.7 per cent is satisfied and a minimum of 4.2 per cent is highly dissatisfied with repayment schedule.

Penal interest waiver does not significantly differ among the industry and service respondents. A maximum of 34.2 per cent is satisfied and a minimum of 10.8 per cent is highly dissatisfied with penal interest waiver.

Surety type does not significantly differ among the industry and service respondents. Considering all units, 26.7 per cent is getting surety from friend, 50 per cent from relatives, 20.8 per cent from family, 0.8 per cent from institution and 1.7 per cent from others.

Bank recommendation source, Considering all units, 1.7 per cent is getting surety from friend, 5.0 per cent from relative 29.2 per cent from family, 45.0 per cent from institution and 16.7 per cent is from others. Bank recommendation does not significantly differ among the industry and service respondents.
Attitude of officials does not significantly differ among the industry and service respondents. A maximum of 32.5 per cent is satisfied and a minimum of 9.2 per cent is highly dissatisfied regarding the attitude of officials.

For assurance of officials, considering all the units, 18.3 per cent is highly dissatisfied, 49.2 per cent satisfied, 27.5 per cent has no opinion, 1.7 per cent dissatisfied and 3.3 per cent is highly dissatisfied. Assurance of officials does not significantly differ among the industry and service respondents.

Additional charges do not significantly differ among the industry and service respondents, a maximum of 46.8 per cent is satisfied and a minimum of 5.4 per cent is highly dissatisfied regarding additional charges.

For response at the time of sanction, 26.7 per cent is highly dissatisfied, 37.5 per cent satisfied, 21.7 per cent has no opinion, 8.3 per cent dissatisfied and 5.8 per cent is highly dissatisfied. Response at the sanction time does not significantly differ among the industry and service respondents.

Margin money requirement does not significantly differ among the industry and service respondents. A maximum of 43.3 per cent is satisfied and a minimum of 4.2 per cent is highly dissatisfied regarding margin money requirement.
Loan ceiling does not significantly differ among the industry and service respondents. A maximum of 39.2 per cent is satisfied and a minimum of 6.7 per cent is highly dissatisfied.

For satisfaction regarding loan instalments, a maximum of 41.7 per cent is satisfied and a minimum of 5.0 per cent is highly dissatisfied. Satisfaction on loan instalments significantly differs among the industry and service respondents.

For satisfaction regarding loan release method, a maximum of 44.2 per cent is satisfied and a minimum of 5.0 per cent is highly dissatisfied. Loan release method significantly differs among the industry and service respondents.

Formalities do not significantly differ among the industry and service respondents. A maximum of 38.3 per cent is satisfied and a minimum of 6.7 per cent is highly dissatisfied regarding formalities.

Information provided does not significantly differ among the industry and service respondents. Considering all the units, 20.0 per cent is highly dissatisfied, 41.7 per cent satisfied, 24.2 per cent has no opinion, 8.3 per cent dissatisfied and 5.8 per cent is highly dissatisfied

Physical provision does not significantly differ among the industry and service respondents, a maximum of 45.8 per cent is satisfied and a minimum of 5.0 per cent is highly dissatisfied regarding physical provisions.
Regarding accepting complaints, a maximum of 44.2 per cent is satisfied and a minimum of 5.8 per cent is highly dissatisfied. Accepting complaints does not significantly differ among the industry and service respondents.

Informal assistance does not significantly differ among the industry and service respondents. A maximum of 42.5 per cent is satisfied, and a minimum of 5.0 per cent is highly dissatisfied for informal assistance.

For informing modified provisions, a maximum of 42.5 per cent is satisfied and a minimum of 5.0 per cent is highly dissatisfied. Informing modified provisions significantly differs among the industry and service respondents.

Method of accepting surety significantly differs among the industry and service respondents. Regarding method of accepting surety, a maximum of 41.7 per cent is satisfied and a minimum of 5.8 per cent is highly dissatisfied.

With reference to the recommendation to others, considering all units, 26.7 per cent is always recommending, 44.2 per cent usually recommending, 20.8 per cent normally recommending, five per cent occasionally recommending and 3.3 per cent is never recommending to others. Recommending to others significantly differs among the industry and service respondents.
6.4 SUGGESTIONS

1. The rate of increase of direct agricultural advances by public sector banks has come down and this is a matter of serious concern. The net bank credit to direct agricultural advances is 4 per cent for public sector banks and five per cent for nationalized banks; this may have a heavy negative impact on future in the field of agriculture.

2. Indian bank, Andhra Bank and Dena Bank are topping the list of higher agricultural credit. It is to be noted that the measures of waiver of loan or interest for agricultural loans may have higher impact on the performance of banks.

3. Weaker section loans are given to a higher extent by Punjab National Bank but least amount is given by State Bank of Patiala. It is to be modified and uniform policies are to be followed.

4. There is higher increase in assets and liabilities of the banking companies. Just showing higher value of assets cannot show a better performance figure. The real position regarding worthless assets is to be made public so that the reality existing in the banks can be understood.

5. Higher Credit Deposit ratio may increase the profitability of the banks. Hence profitable investments by the banks should be encouraged.

6. Loans to financial sector should be given on liberal basis but with care and caution. Political and local events should not be allowed to take part in providing loans to small scale sector. Intervention by politicians and
local intermediaries will affect the performance in relation to loans to SSI sector.

7. There seems to be less rate of expansion of bank branches at present, this may be due to the introduction of ATMs and online services. Steps may be taken to install ATM machines at safe and secured places near rural areas, so that the debit cards are reasonably used by the rural people.

8. Financial indicators show that there is significant increase in income and expenditure of all types of banks in the past three years. This shows that there is significant expansion in the banking activities in the present and this can be expected in future also.

9. Steps may be taken to improve the foreign exchange earnings by providing suitable products to overseas customers and non-resident Indians.

10. Gross bank credit has increased but steps are to be taken to ensure that all sections of people are suitably benefited due to this increase.

11. Steps are to be taken to provide liberal assistance to the SSI sector in the initial stages to assist higher growth in this area.

12. Rate of interest may be determined in such a way that the SSI sector is hardly hit by the fluctuations in the interest rate.

13. Entrepreneurship is a challenging task and steps are to be taken in the school level to provide the motivation for becoming entrepreneurs in
future. The superiority of status of entrepreneur over employee should be emphasized at all levels.

14. Liberal technical assistance at lesser cost may be provided to SSI entrepreneur and modifications and modernizations may be advocated.

15. Liberal working capital to SSI sector may help to minimize the distress of the entrepreneurs to a maximum extent.

16. Loans required for SSI units at unforeseen circumstances may be provided based on the circumstances of each and every case individually.

17. Requirements of documents at the initial stages may be relaxed so that there is no undue hardship to SSI units.

18. Guarantee requirements for providing loans may be relaxed in the case of SSI units and local governments may act as guarantor.

19. Role of private money lenders and arbitrary rate of interest can be minimized if simplified loan procedures are adopted.

20. Credit worthiness of individual entrepreneurs and their capabilities can be assessed with utmost care and caution and assistance needed if any can be got from professional credit assessment firms.

21. Quantity of loan should be as per requirements and any excess or lesser amount may not be utilized in a profitable manner by the SSI Units.

22. Penal interest provisions may be relaxed in the case of SSI entrepreneurs in genuine cases and on individual merits and circumstances.
23. Unsolicited promises should not be given to the SSI entrepreneurs either by the financial institutions or by the Governments at any stage.

24. Margin money requirements may be relaxed to certain cases on the merits of case.

25. Financial assistance is not a one time affair. Continuous monitoring of financial performance of SSI units by the financial units is highly needed. Customer Relationship Management practices may help the financial institutions to perform better in this aspect.

6.5 CONCLUSION

Role of banks in industrial development is highly recognized in all nations. Though there may be pragmatic problems for banks in providing liberal advances to SSI units, the governments have to come forward to help the banks in providing suitable financial assistance to the SSI sector. Growth of a nation depends on the corresponding growth in all sections of society. SSI is one area, which can minimize the concentration of economic power in a few hands. Hence a civilized society should encourage the SSI units to a maximum extent so that the future growth of small industries is assured.

6.6 SCOPE FOR FURTHER RESEARCH

The present study concentrates the role of banks and their performance on financing aspects at macro level the perception of SSI respondents is studied. In future there are ways and means for conducting micro level research in relation to raw materials, labour, production process, marketing, management etc. in relation to SSI.