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Chapter VI

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FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 Introduction

Small-Scale industrial sector has occupied a very significant place in Indian economy. As an employment generating sector as well as indicators of cultural and economic development this sector played its best in ancient India. At multipurpose services and recognized this sector as an important tool of economic growth for India in future. Number of Small-scale units in India shows remarkable figure of 3.37million at the end of 2000-2001. Volume of employment created has gone up from 199.6 lakh to 18.56 million during the same period. Plan outlay for this sector has also risen from Rs 1,187.50 lakhs during the tenth five-year plan.

Notwithstanding policies, schemes, incentives, plan programmes, the SSI sector has not properly developed in the states of Assam and Manipur. There are a lot of paper works for this sector, but a clear cut policy has not still emerged to do away with the obstacles that still confronts with the SSI sector. Inspite of the fact that, many sound recommendation were forwarded to revamp the SSI sector in the NE region, things have not improved to the desired extent.

The researcher in this study, attempts to throw some light on the subject, more particularly in the area of institutional finance to the SSI sector. Though the researcher has made a sincere attempt to study the requirement and need of the SSI and role of the financial institutions, it cannot be claimed that the researcher had not left-out areas which should have been in corporate with the study. As the SSI is beset with problems, so is the research scholar. Non-availability of appropriate data, difficulty in extracting information from the entrepreneurs as well as from the concerned officers of the development and financial institutions has made the work more difficult. Finance being one of the main constraint, further research work on the subject will definitely be forthcoming. However, the researcher would like to emphasize that researcher has tried to
make the study purposeful and fruitful and made inroads into the subject as much as possible.

6.2 Summary And Finding

On the basis of the study in the proceeding chapters, the following summary and conclusions have been drawn and a number of suggestions have been offered so that institutional finance to the SSI sector is made meaningful and the sector can contribute to the development of the economy of the state and the small industrialists of the state of Assam and Manipur will be able to overcome the problems/difficulties in running their units successfully.

6.2.1 Role Of SSI in Manipur's Economy

Both modern and traditional cottage industries occupy an important place in Manipur's economy. Even though Manipur is one of the industrially backward states of the country and occupies a very low rank as the states does not have any significant large scale industry. Small Scale Industries and cottage Industries portray the industrial picture of Manipur. But the growth of these industries has been very tardy for variety of reasons. The Department of Industries, Government of Manipur has been making persistent efforts for rapid industrialization of the state. Inspite of the fact that small scale industrialists of Manipur are in corporate with many problems and difficulties; they are trying hard how to rehabilitate the units and how to cope the problems, so that they can compete with the small scale industrialists of other states of the country and contribute in the economy of the state. The number of registered units in the state as recorded by the Directorate of Industries has increased to 8771 as on March 2002 from 1109 in 1990. Out of which Imphal West district and Ukhrul district have got the highest figure of 5146 and 648 units followed by Bishnupur district, Thoubal district, Churachandpur district, Tamenglong district, Chandel districts and Imphal East district with a number of 648 units, 538 units, 477 units, 326 units, 290 units and 80 units respectively.
6.2.2 **Role Of SSI In Assam's Economy**

Small-scale industries including the tiny-units occupy an important place in Assam's economy. Assam had a rich and prosperous heritage of traditional handloom and handicrafts. The number of registered SSI units in Assam as recorded by the Directorate of industries has increased to 33,276 as on 31st Dec. 1999 from 15392 in 1989. Besides, there are a number of small and tiny units under KVIC and Directorate of Handloom & Textile in unorganized sector. In accordance with the policy guidelines stated in our industrial policy, the State Government has provided various incentives through different agencies to this sector, with co-operation of the Central Government.

6.2.3 **Assistance To SSI Sector**

A number of Central level and State level financial and development organizations have been established in the States of Manipur and Assam after independence to render financial and other assistance to this sector. However, the SSI units of the State have not received timely and adequate help from these organizations. Though there are too much talk about the facilities and incentives provided for small-scale sector, in reality very little assistance is received by this sector. Even after 50 years of independence, the infrastructure for development of this sector has not properly built up. Not only the national industrial policy, but the state's own industrial policy also has put emphasis on the development of small-scale sector. Manipur Industrial Development Corporation, North East Development Financial Institution, Assam financial Corporation, Assam Small Industries Development Corporation, Directorate of Industries etc. all are working for the development of this sector. District Industries centres etc. are created for the development of this sector still, the small-scale sector of Manipur and Assam require more help for its survival.

Financial assistance is provided to this sector through the commercial banks, MANIDCO, AFC, IDBI, ASIDC, etc. NSIC, NEDFI, and ASDIC render marketing and raw material assistance and distribute machineries on hire purchase basis Factory
sheds are allotted for this sector through industrial estates programmes. Training facilities provided by Small Industries Service Institute, National Institute for Small Industries Extension and Training, Indian Institute of Entrepreneurship, Institute of Central Management, Manipur Entrepreneurs etc. Non governmental organization like All Assam Small Scale Industries Association, (AASSIA), All Manipur Entrepreneurs Association, (AMEA) provides project reports to the entrepreneurs of these States.

The Government, Reserve Bank of India and other financial institutions are coming forward with number of rehabilitation packages along with some preventive measures also. Committees are constituted, recommendations are made, guidelines are also issued to commercial banks, and other financial institutions to overcome the problem of sickness. But, the problem is still there, for which the SSI sector of these states has failed to play its role remarkably like the other State's SSI sector. However, authorities' negligence cannot be ruled out regarding the role of SSI units in these states.

There is lack of systematic survey of problems and prospects and planning for future development etc. by the concerned authorities in this North Eastern region. If other States like Tamil Nadu, Karnataka, Punjab or our nearest West Bengal state authorities can collect and publish data regarding annual growth of the number of SSI units, volume of employment, value of production, capital invested, number of sick units etc., there cannot be any special reason for our state not being able to do the same. Even, the 'Economic survey' of the State of Manipur is not available for the last many years except for 1994-95 which was published yearly by the Directorate of Economics and Statistics, a State Government wing. Data collection, survey, research, and analysis etc. are recognised as the pre-requisites for development. But, in Manipur & Assam's SSI sector, one finds these practices sadly missing. Only old data are available in concerned book or reviews of either regional publication or state publication.
6.2.4 **Financial Requirement of SSI**

Although the sector is referred to as “small” financial requirements of small-scale sector is not small. Finance is recognized as the life-blood of any kind of industries. Like other industries, SSI units also need fixed capital finance to meet the requirements of fixed assets such as plants and machineries at the very beginning of their business. Again, working capital loan is required to meet the day-to-day operations of the units. Fixed capital assistance is provided mainly by the MANIDCO, NEDFI, AFC, IDBI, ASIDC, NSIC, and commercial banks.

It is necessary to assess the working capital requirement of units as it differs from unit to unit. So, it is also necessary to keep the records of all past documents, i.e., the shortage period of raw materials, stores and spares, finished goods and the other factors, banks and other financial assistances for each component. In maintaining the balance of promoter's contribution, that is known as 'margin' as its permissible limits, commercial banks follow the policy guidelines of Reserve Bank of India, recommended by the Tandon Committee, Chore Committee and Nayak Committee. The Tandon Committee has suggested three methods. According to the first method, 75 percent of the working capital gap should be financed by the banks. Second method implies that at least 25 percent of the gross current assets should be provided by the borrowers and others will be provided by the trade-credit, other current liabilities and the banks. The third method is, similar to the second method but excluding core-current assets, which should be taken out from the total current assets and separately funded.

The Chore Committee suggested to follow the second method recommended by the Tandon Committee that ensures a minimum current ratio of 1.33:1 for the borrowers having aggregate working capital limit of Rs. 50 lakhs and over.

Now, commercial banks follow the first method for the borrowers enjoying aggregate credit limit between Rs. 10 lakhs to Rs. 50 lakhs, and the second method for the borrowers of working capital of Rs. 50 lakhs and more. During the early periods of our
planning, commercial banks paid little attention to this sector. State Bank of India started to provide assistance to this sector in some selected centre through its pilot scheme. It is only after nationalisation of fourteen major commercial banks in 1969 and subsequently six more in 1980, they came up with different schemes of assistance for this neglected sector. Commercial banks were asked to undertake liberal rate of interest from this sector by the Reserve Bank of India. A 'lead bank scheme' has also been introduced to help the small scale and other weaker sections. The small scale industries sector with agriculture and some other weaker section has been recognised as 'priority sector' for bank lending and it is asked to give 40 percent of the total bank credit to this priority sector. Among the priority sector another category of 'weaker section' has also been grouped with the agriculture and small-scale industries having a credit limit upto and inclusive of Rs. 25,000 and banks are asked to provide 12.5 percent of the total priority sector lending to this group.

To expand the area of credit facilities, number of commercial bank offices in the country was increased to 63,378 as on June, 1997 as against 58,901 in March 1990 and 8262 in June 1969. Besides, regional Rural Banks were established which also provide assistances to small-scale sector. To look into the credit needs of SSI sector different committees were constituted by the Reserve Bank of India. The Reserve Bank of India has appointed another committee to review the arrangement of credit in SSI sector under the Chairmanship of P.P. Nayak. There are always complaints from the SSI units against the delay in payment from Government agencies. The committee was also asked to examine the matter of delayed payments.

Covering various matters of credit needs, the Government of India has announced a policy for small tiny and village industries on August 1991. Through this policy, equity participation upto 24 percent into SSI sector is allowed for non-SSI sector and foreign companies. It also promises to meet 100 percent credit demand of SSI and tiny units.
In the year 1997, in the month of December, the Government of India had announced a separate industrial Policy for the North-East Region. This policy with its synergetic package of incentives so that the region overcomes its continuing backwardness due to the efforts of the State’s Industries Department, a major portion of the policy have become operationalised for the state of Assam and Tripura. Due to the weakness and effortlessness of the State Industries Department, major portions of the policy become non-operationalised in the State of Manipur. A number of notifications have been issued by the concerned Ministries in the Government of India, the last one being the excise notification issued by the Ministry of Finance on 6th July 99 on the eve of the honorable prime minister's visit to Assam this notification is a major incentive and a significant windfall to industrialists and entrepreneurs wishing to invest in the region.

6.2.5 **Role of MANIDCO**

In Manipur, in the year 1996, the government of Manipur set up the Manipur Small Industries Corporation to look after the department the activities of small industries in the state. It was upgraded as an Industrial Development Corporation on 29 April, 1987 and renamed as MANIDCO. It is now a Corporation functioning as an industrial development and financial corporation of the state. The corporation has been operating a number of schemes for industrial development of the state. During 1987-88, the Corporation sanctioned Rs. 607 lakhs to 545 units. The corporation has sanctioned Rs. 2626 lakhs to 1867 units and disbursed Rs 1950 lakhs to 1453 units since inception till 1995-96. There was no more sanction since 1991-92 and no more disbursement since 1995-96. Since 1991-92, the corporation is doing the job of recovery. The corporation could recover a sum of Rs. 1091 lakhs during the last 11 (eleven) years.

The major industries that MANIDCO has sanctioned were transport, hotel, food and food preservation, textile, bricks field and other services. The corporation has also entered into the field of civil construction. It also has been lifting scarce raw-materials such as paraffin-wax, new print, mutton tallow etc. to supply to the SSI units.
Inspite of the corporations' concerted effort the target for recovery could not be achieved over the years due to various reasons. Because of the poor recovery, the Manipur Industrial Development Corporation could not pay the monthly installment of principal and interest, accrued from time to time to IDBI/SIDBI. Resultantly, the refinance channel has been withdrawn since 1992-93 and sanction of fresh loan has also been stopped. It is said that MANIDCO is the substitute of State Financial Corporation. But in providing financial assistance comparative study shows that MANIDCO's performance is very poor than the other SFCs of the country MANIDCO's financial assistance to SSI upto 2000.

6.2.6 Role Of AFC

In, Assam, AFC was established under the SFC act, 1951 to meet the term credit needs of SSI and medium scale industries of the State. But, its main area of operation is SSI sector. Upto 31st March, 1999, 6410 numbers of beneficiaries since inception which gross sanction comes to Rs. 138.21 crores out of which 6164 are small scale sector industries claimed about 78% amount wise and96% number wise.

Size-wise analysis also shows that 60 to 70 percent of the total loan applications sanctioned by the AFC goes to the applicants of less than Rs. 1 lakh category, i.e., small borrowers get preference in loan assistance. But, it does not show the actual benefit as out of this sanctioned amount, only Rs. 35.33 crores are disbursed i.e., 30 percent of the sanctioned amount remains undisbursed. It indicates the inabilities of SSI units to fulfill the post-sanctioned formalities. It is also found that the incidence of the disbursement is higher in non-SSI sector.

Lending procedure of AFC is lengthy. After receiving the loan applications AFC considers the eligibility of applicants and then cancels the non-eligible application and finally the loan are sanctioned to eligible applicants. Effective loans are disbursed after fulfilling the post-sanctioned formalities. Thus, the long procedures affected the flow of
finance. Although AFC's area of jurisdiction spreads to Assam, Meghalaya, Manipur, and Tripura, Assam gets the lion's share of its assistance.

Problems of sickness among the SSI units are also looked after by the AFC. AFC has a monitoring cell; through it which AFC makes effort to identify sick-units and then provides necessary assistances to such units. But, in this field AFC's performance is not satisfactory.

In providing financial assistances, a comparative study shows that AFC's performance is very poor than the other SFC's of the country. AFC's financial assistance sanctioned to SSI units upto March 1999, account for only 0.303 percent of the total financial assistance provided by all eighteen SFCs in India.

However, in case of distribution of loan among different sectors of industries AFC works better than the all SFCs. As on March 1999, 96 percent of the industrial units assisted by AFC represent SSI sector whereas only 73.2 percent of the total industrial units assisted by all 18 SFCs belong to the SSI sector.

According to AFC source, AFC is facing a number of bottlenecks; poor recovery position is the main constraint of AFC. Number of defaulting units involving a huge amount of money shows a rising trend over the periods. It is found that more than 50 percent of the assisted units in every year are defaulted units.

6.2.7 Role Of Commercial Banks

At present there are 1307 and 104 commercial bank offices as on March 1999 in Assam and Manipur respectively. This accounts for 10.93 percent in Assam and 5.32 percent in Manipur of the total banks commercial branches of North Eastern Region. There is one bank office for every 21,000 people of the state of Assam and 28,000 people of the state of Manipur. Therefore, the people of Manipur get less service from banks than
Assam. However, area-wise distribution of bank offices is satisfactory in Manipur as it shows more than 40.00% bank offices in rural areas.

From 52.36 percent in 1989 priority sector bank credit in Assam went up to 58.3 percent in 1994 and 54.4% in 1996 which shows a growth. Share of priority sector advances in Total Bank credit in Manipur was 1.2 percent in 1994 and 62.5% in 1996. In other words, banks already achieved their target of 40% to priority sector.

SBI, UBI and UCO banks are the lead banks of these states. Under the leadership of these banks, bank credit to priority sector of the State shows a tremendous growth. Political unrest, social tension, and State Government's inadequate policies etc. are found responsible for the negative growth of bank credit. On the other hand, credit limit sanctioned by all scheduled commercial banks allover the country.

Assam's SSI unit get highest amount of bank finance amongst the other states of the North East. But, unfortunately, bank finance to SSI units of the whole North Eastern Region accounts for less than 1% of the total bank finance enjoyed by the SSI units of the country. This shows that Assam and Manipur as industrially backward States get less bank finance than the other States, which are much developed.

6.2.8 Role Of Some Other Financial Institutions

A brief study of other financial institutions excluding AFC and commercial banks shows that these institutions have much more to do for the industrial development of the States of Assam and Manipur. Not only in SSI sector, but for the entire economy of the States aggregate flow of finance of all financial institutions is at very low ebb. Less than one percent of the total institutional finance in the country flows to this backward State. The whole North Eastern Region gets less than 2 percent of the total assistance from All India Financial Institutions.
ASIDC’s term loan sanctions to SSIIs through ASIDC during the year 1996-97 is less than 1 percent of all India total. ASIDC’s performance is also found to be negligible when compared with it’s counterparts in other states like Gujarat, Tamil Nadu etc.

At present there are 17 DICs working in the State of Assam and 9 DICs in the state of Manipur for the industrial upliftmen of the respective states. But, DIC’s performance in the states is not found satisfactory. It is found that meetings of DICs are not held in time and monitoring services are not regular etc. But, it is not that contribution of DICs towards industrial development of the state of Manipur is nil, there is scope for much more to be performed. Another new financial institution for the development of SSI units of the country came into operation from April, 1990. That is Small Industries Development Bank of India, a subsidiary of IDBI. SIDBI has already concentrated on the development of the SSI sector of the State.

6.2.9 Problems of SSI Sample Units

Large numbers of problems are identified by the SSI units that retarded their growth. In course of our field survey 100 percent of the sample units pointed out finance as their special problem. Most of the units are tiny in character as average amount of investment on fixed capital is found out to be Rs. 3.66 lakhs and average working capital is 3.15 lakhs. Nearly 73 percent of our selected entrepreneurs read up to high school level. Lack of training facilities for the workers is also observed in the states of Manipur and Assam.

Loan for fixed capital comes from different sources such as AFC, MANIDCO, ASIDC, Commercial Banks, NEDFI, NSIC and other sources. However nearly 47 percent of the sample units borrowed from AFC, MANIDCO for their fixed capital requirements and 38 percent of the sample units borrowed from commercial banks. Borrower’s common view on adequacy of loans from all kinds of financial institutions is that loans are not sufficient and not at the right time. As they have narrated that whether it is AFC, MANIDCO, NSIC or Commercial banks it takes a very long time in getting loans.
Besides they have to observe many Formalities that really created problems for them. The loan form issued by the financial institutions or banks are very complicated to fill up by the small scale industrialist. Many small scale industrialist of the sample units disclosed that attitudes of financial institutions or banks towards small scale industrialist are not satisfactory. They hardly get guidance from the financial institutions in filling the forms accordingly they have to take the help of a middle man. As the small scale industrialist of Assam and Manipur are first generation small scale industrialist the researcher has found that they need guidance and help from the financial institutions and banks. Some small scale industrialist of the sample units have frankly disclosed that they had to incur heavy private expenses for getting the necessary information from the bank and the financial institutions. 10 percent of the sample units were ignorant about the capital borrowings and 11 percent had the problem of non-availability of loan forms. On the other hand, opposite views are expressed by the banks and financial institutions. Giving a clarification for delay in submitting the proper statement and fulfilling the proper requirements of the institutions by the units in many cases, the small scale industrialists do not submit their inventory/stock statement in time. Sometimes banks and financial institutions have found submitting a false annual statement by the units. Therefore problem arises at the time of scrutinising the financial position of the units.

Giving a clarification to the extent of inadequacy of loan of the sample units they have admitted that this is because of the short security of the SSI units. The main problem of SSI units of these states is poor recovery of loan and unwillingness to repay.

Lack of proper educational qualification of the small scale industrialists of Assam and Manipur in most cases create problem for themselves. Very low percentages of the sample units but some small scale industrialists are illiterate.

Although there are several service and training institutions only a few small scale entrepreneurs has the opportunity to get training facilities organised by the institutions. In the survey researcher has also found that some of the entrepreneurs of tiny units did not have the knowledge about the existence of AASSIA, AMEA, NESIET, SISI.
ASIDC, SFC etc. They even hesitate to go to banks for loan. Thus they seek help of a third person with attractive commission which leads to many problems in future.

6.3 **Suggestion**

It is suggested that the financial institutions specially the AFC, SIDBI, MANIDCO and commercial banks should review the formalities and procedures that act as constraints in the flow of finance to SSI sector in the states. Most of the entrepreneurs are not adequately qualified and they find it difficult to understand the complicated provisions contained in the application forms. These should be made available in regional language and in a simplified manner, so that the forms can be filled up by the entrepreneurs without the help of a middleman. Delay in processing of loan application should be minimized. Financiers should maintain a regular time bound programmes. RBI should take necessary actions for unnecessary delay made by commercial banks.

Rate of interest at which banks and other financial institutions offer loans to the SSI units should be minimized, specially for the tiny units of the states. Emphasis should be given on improvement of banker customer relationship. Financiers may publish booklets containing useful information on formulation, implementation and monitoring of different types of projects and schemes and procedures for availing of Government subsidies etc. For easy and quick service, a separate cell for SSI customers may be opened in each bank branch. The financial institutions while processing applications and sanctioning loan to SSI units should not be guided by the profit motive alone. The financial institution should act as friend, philosopher and guide of the entrepreneurs.

The requirement of the working capital should be assessed well and adequate finance should be given in proper time, so that the SSI units are not forced to approach non-institutional sources for their temporary requirement. Working capital loan should be given separately and should not release the loan in the form of composite loan because the units may require working capital before disposing the finished goods. The responsibility of the financial institutions does not end with the release of funds; they
should supervise and follow-up the activities of the entrepreneurs. The responsibility of DICs does not end with recommendation of the proposal. They can help the financial institution in follow-up and recovery of dues especially in respect of cases recommended by them. They can inspect the units regularly and report to the joining institutions on working of such units.

There should be close co-ordination between the commercial banks and AFC. They should jointly appraise the loan proposal. If it is necessary, an apex body to co-ordinate the works of all financial institutions, training, institutions, service institutions and developmental institutions for SSI should be set up. The working of the State level Inter Institutional Committee (SLIIC) should be reformed and meetings of SLIIC should be organized regularly as per RBI's guidelines. There should also be a strong body which will ensure that the RBI guidelines are properly implemented by banks and other financial institutions.

The investment subsidy for small scale sector is a kind of fixed capital, unfortunately capital investment subsidy has stopped by the central government. So the state governments should take the effort to develop infrastructural facilities, poor subsidy allotment of shed in the industrial areas. The state government can set up an ‘Infrastructural Development Corporation’ with branches in each district which will provide factory set with all required facilities to the small scale industrialists. As power is the basic need of an industry proper arrangement must be made. The central government should modify the power subsidy scheme specially the tiny units of these states.

Marketing is also one of the most prominent problems faced by the SSI sector of these states. The marketing outlets opened to the entrepreneurs are very limited. Not to speak of marketing outlets outside the state, even within the state also the units face stiff competition from the outside agencies. The Industries Department and other agencies associated with marketing of products of the SSI sector should review the problems face by the sector and take appropriate action in conformity with the needs and requirements of these units. The government may consider the marketing division with branches in each
district for procuring and storing products from SSI units. So these products can be marketed even outside the state through the government’s emporium. The government can also setup permanent exhibition halls in all district head quarters to display the products of SSI units. More number of trade fair for the SSI products can be organized by the government at different places within the state itself. As the marketing assistance scheme available is not adequate the government should amend the state preferential store purchase act. And the state government must direct all the departments to buy their required things from SSI producers and clear the bills in time.

Government should also look after the non availability of raw material. Although the states are rich in natural resources, these are not explored properly due to lack of right technology. Even the locally available raw materials became scarce. Therefore, government should take proper policy to explore these raw materials. SSI units who brought raw materials from outside the state have to incur heavy expenditure. The state governments should procure these raw materials its agencies and distribute the same through ‘quota’ system. Emphasis must be put on setting up of raw material depots in each district from where the SSI units will be able to collect raw material in suitable price.

The government should increase the motivation programme in backward areas through industrial campaign, seminars, debates, workshops, training programmes etc for the small scale industrialists.

Government can published handbook collecting all the schemes operated by AFC, MANIDCO, SIDBI, NEDFI, Commercial banks and Financial institutions for SSIs through the Directorate of Industries and make available in every DIC’s in a nominal price. The DICs should also publish the performance of DICs, Annual action plan and other data relevant to SSI sector of the state and should be updated regularly and made available to the public. The government should direct the Industry department to conduct a survey of the SSI units, number of units, value of production etc., and publish these regularly which are not available presently.
One of the prime problems of Industrial development is the unawareness of the entrepreneurs about various aspects of industries. They must be aware about the activities of the financial institutions or government policies, marketability prospects etc. Each and every entrepreneur should take personal initiative for the sound financial health of their units. The entrepreneurs should appreciate the problems of financial institutions. They should submit their inventory/stock statement, genuine statement of account, renewal papers etc properly and in time. They should not hesitate to fulfill the requirements of financial institutions. They should properly maintain the book of accounts and other documents regarding their respective units.

There is no doubt that both the Central and State Governments have given priority to the SSI sector and have undertaken a number of policies. But, what is necessary is its implementation. There should not be any gap between the promises and performances of schemes. Above all, they should not misutilise or diversify their loan into other purpose and should repay regularly.

6.4 Conclusions

Repayment Culture should be improved. For effective recovery of over dues only persuasive and receive step taken by the Banks are not enough. What is required most is the willingness to repay. Most of the loanees who took loan from the bank did not pay back the loan. Unfortunately, this expectation is still a wild goose chase. In order to overcome these drawbacks, the bank should appeal to loanees to repay the dues in time so as to enable the financers fund can be recycled as much as possible and enable for further allocation of fund.

As banking is a service oriented industry, customer service is or price importance to banks. A major problem in the case of customer service is the non-availability of requisite information. This problem is further compounded by the fact that most of the customers’ services are not amenable to direct measurement. In the absence of systematically collected data, assessment of the quality of the customer service is largely
dependent on the subjective judgment of the decision-maker. The three major elements of customer service are speed in collection of instruments and fund in transit, accuracy in accounting transactions and treatment to the customer.

To make the State an industrially developed one, it is necessary to develop the SSI sector and to develop the SSI sector it is necessary to curb the financial problems of such industries which is perhaps an integrated working of the financial institutions, the State governments concerned and other developmental agencies. Timely and adequate flow of finance from the institutional agencies backed by proper supervision and guidance as well as determination and zeal of the entrepreneurs might usher in the much needed industrial culture and developed industrial base of the State.

Despite these limitations the findings of this study would be of great assistance for researchers who are likely to take up studies on Financial Management in Small Scale Industry of Assam and Manipur.