NOTE ON CHANGES INCORPORATED

All the remarks and suggestions pointed out by the examiner in his evaluation report are taken care of and necessary changes and improvements are incorporated in the revised thesis as directed by him.

EXAMINER'S REMARK - 1

The topic of the thesis indicates that the study relates particularly to small scale industrial units in the district of Cuddapah but in practice all the selected enterprises and bank branches are from the city of Cuddapah. If the topic is to remain as it is, the sample size must be increased to cover all the important cities in the district. Table 3.1 [p.133] shows that the number of small scale enterprises financed by banks in the district of Cuddapah is 1628. The sample size should not be less than 10 percent of this number. The number of selected banks may remain unchanged but the number of branches will have to be raised accordingly.

EXPLANATION:

For the topic to remain as it is, the sample size is increased to cover all the important towns in Cuddapah district. The sample size in the revised thesis has been increased to 170 SSI units which forms 10.44 percent of 1628 units financed by 5 select banks in the study area of Cuddapah district. No change is effected in the number of selected banks [for details refer to pages from 132 to 135 in the revised thesis]. As per the
changed sample size, additional data is collected and **chapter-7 - Empirical analysis has been redrafted** [see pages from 236 to 283].

**EXAMINER'S REMARK - 2**

There are nineteen commercial banks [as stated by the researcher] in the district of Cuddapah and the researcher has selected five of them for the purpose of her study. The reasons for selection of the three banks viz., SBI, Syndicate Bank and Andhra Bank are understandable. She has to explain why the other two banks have been selected inspite of the fact that each of these two banks has only one branch in the entire district.

**EXPLANATION:**

The two banks – Bank of Baroda and Punjab National Bank – have been selected for the reasons that non sample PS banks when compared to these two banks are minor players with their insignificant presence of branch network in the major towns of the district and low magnitude of financial support to SSI units [see page 132].

**EXAMINER'S REMARK - 3**

The thesis is a descriptive one. But the analysis performed by the researcher is not in sufficient detail. For example, Table 6.6 [9.210] shows that the recovery performance of all the banks is poor, at p.218 she has mentioned certain measures for recovery of loans, and at p.254 she has reported that only 57.77 percent of the entrepreneurs have repaid their dues in time. Simple statement of a phenomenon is not enough. She should make a detailed study regarding the volume of overdue loans and
find out the reasons why these loans have become overdue. She should seek the views of both the entrepreneurs and the banks in this regard. Only then she can come up with appropriate measures for recovery of loans. Legal provisions for realization of bank loans, if any, should be stated.

EXPLANATION:

A study regarding the volume of overdue loans, the reasons for these loans to become overdue and the views of the bankers and entrepreneurs in this regard, measures adopted for recovery and legal provisions for realization of bank loans are detailed from page 210 to 228.

EXAMINER'S REMARK - 4

There are some inconsistencies in the findings of the researcher. At p.247 it is stated that 56.66 percent of the respondents feel that interest rate charged by banks is high but at p.250 it is claimed that 68.89 percent of the respondents have expressed their preference for bank finance as the rate of interest is low. The researcher has to explain the discrepancy.

EXPLANATION:

It is due to oversight of the researcher the mistake took place. It ought to have been as: 56.66 per cent of the respondents feel that the interest charged by banks is reasonable. This fact may be noticed from Figure 7.4 - Respondents Perception About Bank Rate of Interest. Hence submitted that there is no discrepancy between p.247 and p.250 of the earlier copy of the thesis (p.266 and 268 in the revised copy of the thesis).
EXAMINER'S REMARK - 5[A]

At p.275 it is stated that about 50 percent of the entrepreneurs are not satisfied with the repayment schedule fixed by the banks. The researcher should explain [the explanation must not be based on "guesswork"] why they are not satisfied with the schedule. What changes in the schedule they want and how far such changes are justified from the point of view of the banks.

EXPLANATION:

Norms for fixation of repayment schedule, the reasons for borrowers' dissatisfaction concerning repayment schedule, changes the borrower need in repayment schedule, changes justifiable from the bankers' point of view are incorporated in pages from 272 to 276.

EXAMINER'S REMARK - 5[B]

At p.169 she states that "15 to 20 percent of small scale units are becoming sick". She should state the basis of making such a comment.

EXPLANATION:

The basis for the statement that 15 to 20 per cent of small scale units are becoming sick is from (i) District Advisory Meeting Notes, District Industries Centre, Cuddapah; and (ii) Kuberudu, B., Problems and Prospects of Small Scale Industries, A Comparative Study of Cuddapah and Nellore Districts in Andhra Pradesh, Unpublished Ph.D. Thesis, S.V. University, Tirupati, Andhra Pradesh, pp.201-202.

EXAMINER'S REMARK - 6

I have some doubt regarding the accuracy of the calculations in Table 7.12 [p.237], Table 7.22 [p.252] and Table 7.27 [p.254]. Table 7.12 shows that each entrepreneur has only one "reason" to start the enterprise. An
entrepreneur usually has more than one reason to start a business and if so the compilation of the data in the table is not accurate. The same is valid for the other two tables.

EXPLANATION:

The contents of the Tables 7.12 [p.237], Tables 7.22 [p.252] and Table 7.27 [p.254] of the earlier copy of the thesis are analysed by applying simple ranking scale method to ascertain the relative significance of multiple aims/reasons/causes [for details refer to pages 254, 271 and 281].

EXAMINER’S REMARK – 7

There is an error in table 4.5 [p.164]. The total of the last column should be 39.633 and not 33.633 as stated in the table.

EXPLANATION:

The error is by oversight of the researcher and rectified.

EXAMINER’S REMARKS – 8

The thesis contains a list of suggestions given by the researcher at the end of the Chapter # Eight. In making the suggestions she should have been more specific and practical. For example her suggestion of “reducing the delay in sanctions” is vague because she has not identified the standard time required in sanctioning a particular loan. Besides, she has to state how and where that reduction is possible. Similarly her suggestion of “simplifying the procedure for credit appraisal” may be valid if she can
identify areas where simplification is possible without affecting the interest of the lender."

EXPLANATION:

In order to identify the actual time lag involved in making the application and getting the loan sanctioned data is collected and presented in Table 7.19 [page 264] and causes for time lag are identified [see pages from 265 to 266]. Standard time required in sanctioning SSI loans is two weeks as per the banks. But taking into account the realities, standard time required is recasted based on size of investment [refer to page 303]. Also some measures have been identified for reducing the delay in sanctions [see pages from 304 to 305]

The procedure for credit appraisal may be simplified at 3 stages: application stage; documentation stage and viability appraisal stage [for details see page 306 to 309].