CHAPTER - III

SINGLE WINDOW SCHEME

OF

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

( AN ANATOMY )

PURPOSE AND OVERVIEW

The present chapter has been divided into two parts namely Part 'A' & Part 'B'. Part 'A' deals with the anatomy of the scheme, its modus operandi, features etc. As the scheme is being implemented by the Karnataka State Financial Corporation in Karnataka State, an attempt has also been made in Part 'B' to give a synoptic view of the role of the Karnataka State Financial Corporation in promoting and developing industrial base in Karnataka.
Finance is the most vital input factor in the context of growth and development of any industrial enterprise. It gives life to other factors of production. Such an important input factor was not available in right quantity, at the right time, at the right cost, at the right place, from the right agency, for the desired purpose to the tiny and small units prior to 1988. These small units were beset with several problems like seeking financial help from several financing agencies, i.e., SFCs & banks for term loan and Working Capital requirements, lack of co-ordination between these types of institutions, delay in sanctioning requisite amount of working capital finance, etc. In view of these stumbling blocks, some of the units were prevented from commencing the commercial production activity on commercial lines at right time. Even other units which had commenced production activity were not in a position to meet their Working Capital requirements fully. In the light of these problems, the 'Industrial Development Bank of India' (IDBI) thought of launching a scheme, viz: 'Single Window Scheme' which aims at meeting both the requirements (term loan and Working Capital) of the tiny and small units under a single roof. The scheme so launched came into operation with effect from 15th August, 1988. One of the main
objectives of the scheme is to provide both the term - loan and Working Capital loan to the new tiny and small scale units so that they can start the production activities immediately. As this scheme aims at meeting all the financial requirements of tiny and small units under one roof, it is properly named as 'Single Window Scheme'. It intends to overcome the initial difficulties and delays faced by the new tiny and small scale units. The scheme is now being supervised by the SIDBI through the SFCs by way of providing refinance facilities.

New tiny and small scale industrial units, whose project cost (excluding working capital margin) does not exceed Rs 5 lakhs and the total Working Capital requirement at the normal level of operations is upto Rs 2.50 lakhs, are eligible for assistance under the SINGLE WINDOW SCHEME. In other words, a tiny or small scale unit, to be eligible under the scheme, should be sanctioned term loan (for acquiring fixed assets) as well as initial working capital loan (for building up current assets) by the same SFC. With a view to meet the increased demand, the ceiling limits are being enhanced from time to time. In April 1990, there was revision in the limit, i.e., cost of project limit increased from Rs 5 lakhs to Rs 10 lakhs and Working Capital requirement limit increased from Rs. 2.50 lakhs to Rs. 5 lakhs. Again, in September 1991, the limit regarding cost of project has been increased to Rs. 20 lakhs and the Working Capital to Rs. 10 lakhs.
The assessment of Working Capital is required to be estimated as per the existing norms/guidelines at the normal level of operations. Normally the beneficiaries/borrowers should get finance for book debts by availing bills purchase/discount facility from the commercial banks. If necessary, the SFC may allow inclusion of sundry debtors/bills receivables as a part of current assets subject to a ceiling of 20% of the total Working Capital requirements. The party should avail of the Working Capital facility in suitable instalments within 2 years from the date of commencement of production. The State Financial Corporation will have charge over fixed assets and current assets of the unit. The Working Capital loan sanctioned is required to be covered under Deposit Insurance & Credit guarantee Corporation (DICGC) scheme and the guarantee fee should be borne by the State Financial Corporation. For the Working Capital assistance provided to the eligible units under the SWS, the SFC would get 100% refinance from the SIDBI in addition to getting refinance for term loan sanctioned to the same unit.
Modus Operandi of the scheme

The unit which is financed under the SWS, should open a current account with a bank of its choice or the district lead bank to which the loan sanctioned by the SFC would be credited. The loanee unit should route its entire banking transactions relating to the business through the account thus opened. The unit assisted under the SWS may approach any bank for meeting the existing working capital requirement or for additional working capital requirement at any time during the currency of SFC's working capital loan. If the bank agrees for sanctioning the existing working capital loan, then the working capital loan sanctioned by the SFC, should be repaid out of the proceeds of the loan sanctioned by the bank. The SFC should immediately release its charge on the current assets in favour of the bank and also concede second charge on fixed assets if so insisted upon by the bank. With a view to ensure smooth interaction between the SFC and the bank with whom the current account under the SWS has been opened and also to enable the bank to consider unit's request for assistance for working capital, the State Financial Corporation should send the copy of the sanction appraisal note to the bank soon after term loan and working capital facilities have been sanctioned to the party. The SFC is required to monitor the operations in the working capital loan account by:
i) Obtaining monthly statements from the bank for watching
the operations in the current account; and

ii) Obtaining monthly stock statement from the party showing
the position of inventory level for which working capital loan
has been sanctioned¹.

Karnataka State Financial Corporation has been implementing
this scheme introduced by IDBI/SIDBI since August 1988. It is
providing both term - loan and working capital loan under the
SWS. When the scheme was originally introduced by IDBI, project
cost limit was Rs. 5 lakhs and working capital limit was Rs. 2.5
lakhs and after periodical revision, the limits stand at Rs. 20
lakhs and Rs. 10 lakhs respectively. The SFCs are eligible to
obtain 100% refinance from the SIDBI against the loans extended
for working capital limits under the SWS. A maximum term loan
upto 75% of industrial assets will be sanctioned under the
scheme. So far as working capital loan is concerned, the promoter
should bring in minimum 25% working capital margin and remaining
75% of the working capital requirement upto maximum limit of Rs.
7.50 lakhs will be sanctioned by the Karnataka State Financial
Corporation. A minimum of 25% security margin is insisted upon

¹. Small Industries Development Bank of India, circular dated
1-6-1990.
and in case of technical entrepreneurs the security margin is relaxable upto 10% depending on the merits of the case. In addition to the above, a collateral security in the form of fixed deposit with the corporation equal to 25% of the working capital loan sanctioned has to be offered by the party. A moratorium upto two years will be given for repayment of term-loan depend upon the cash generation capacity of the unit.

Term loan component granted for acquiring fixed asset has to be repaid within a maximum period of 8 years including moratorium period. A moratorium of 3 years from the date of disbursement of the first instalment of working capital loan will also be allowed. Repayment of the working capital loan will start at the commencement of the fourth year and will be repayable thereafter over a period of 5 years depending upon the cash generation capacity of the unit.

Entrepreneurs who have availed financial assistance under the scheme are required to furnish the progress report of the unit at regular intervals regarding the working of the unit, the position of stock, bills outstanding, cash and bank balances, current liabilities, etc. Units seeking additional assistance for expansion, modernization, diversification, etc., are not eligible for working capital loan assistance under the SWS. The promoters contribution is arrived at after taking into account the amount of investment subsidy/incentives available for the project so as
to arrive at the debt equity ratio of 3:1. A unit can avail of the working capital loan in about 24 months from the date of commencement of production. The KSFC has also stipulated a condition to the effect that the party should arrange for sanction of working capital loan by a bank within a period of 3 years from the date of first release of working capital loan by the corporation. The corporation has decentralised the decision making process and also delegated powers to the branch managers to entertain and sanction the proposals under the single window scheme.

All the proposals beyond the powers of the Branch Managers will be sanctioned by the respective zonal/deputy General Manager. The unit should route its entire banking transactions through the bank. If any irregularity is noticed in the account the branch should take action by inviting the entrepreneurs to discuss the issue with them and arrive at a solution.
CO-ORDINATION BETWEEN KSFC & BANKS

With a view to ensure smooth implementation of the scheme and close coordination between the KSFC and banks, KSFC has entered into a Memorandum of Understanding with some of the commercial banks in Karnataka. The salient features of the agreement are as under:

1. KSFC should forward a copy of sanction memorandum of the unit to the bank with whom current account has been opened by the borrower under the SWS. This would facilitate the bank to consider party's application, if any, for sanction of non-fund facilities like Letters of Credit (LCS), guarantees and fund based facilities like bills discounting, etc:

2. When the borrower to whom the facilities have been sanctioned by the KSFC under the SWS, approaches a bank for additional working capital facility, over and above the limit sanctioned under the SWS, the bank can consider sanctioning either the whole working capital facility (including the working capital sanctioned by the KSFC) or additional working capital only. If the bank sanctions whole working capital facility, the facility given by the KSFC under the SWS (Working Capital loan) should be closed out of the loan proposed to be sanctioned by the Commercial bank.
KSFC and banks should promptly inform the other on all matters pertaining to the working capital facility of the unit. Both the institutions should share information of serious and important nature coming to their knowledge.

RESERVE BANK OF INDIA'S GUIDELINES ON THE SWS

The Reserve Bank of India has issued a circular on January 11, 1989 to all the commercial banks informing them about the introduction of 'Single Window Scheme', by the IDBI. This circular included inter alia, the following guidelines relating to the 'Single Window Scheme':

(i) The designated branch of the bank will maintain the current account of the borrower and forward a copy of the monthly statement of the account to the borrower and the SFC, concerned. The responsibility for monitoring the value of stocks, scrutiny of stock statements, inspection, recoveries, etc. would rest with the concerned SFC. The banks could recover their usual charges from the borrowing unit for maintaining the current account and related items of work.

2. The Reserve Bank of India, Bombay circular dated 11-1-1989
(ii) The borrower has the option to approach the designated bank for meeting the existing and/or additional working capital requirements at any time after availing of the initial working capital assistance under the SWS. If the bank agrees to sanction working capital facility, it has to meet the unit’s entire working capital needs including the working capital assistance provided by the SFC under the SWS. To facilitate the bank to consider the borrower’s request for assistance, the SFC should send a copy of sanction letter to the bank. The bank may sanction need-based working capital assistance to such borrowers in consultation with and with the consent of the concerned SFC.

(iii) Industrial units assisted under the SWS by the SFC (for term loan & working capital) may also require facilities like opening of letters of credit, bills/cheques discounting, etc which are normally not provided by the SFC. Hence such units may approach banks for such facilities and banks may consider such requests on the merits of each case.
WORKING CAPITAL FINANCING

BY SFCS & COMMERCIAL BANKS

Under the Single Window Scheme, the Working Capital facility is given for building up of inventory. Provision of financial assistance for bills Purchase/discounts, etc. are outside the scope of the scheme. The Working Capital loan sanctioned is repayable on instalment basis. In the case of working capital advance sanctioned by banks (overdraft, cash credit against hypothecation, etc) it is extended on a continuous basis and that there is no provision for repayment on instalment basis. All the working capital facilities are short term advances and valid for one year and are subject to annual review & renewal. The working capital advances made by banks include pre-sales finance, (Inventory finance) and post-sales finance, (bills purchase/discount, assignment of book debts etc.)

In the cash credit/overdraft account interest would be charged only on the amount utilised by the borrower and not on the entire limit. Whenever the party has surplus funds, he can credit the same to cash credit/CA/over draft accounts and reduce interest liability to the extent possible.
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In the cash credit/overdraft account interest would be charged only on the amount utilised by the borrower and not on the entire limit. Whenever the party has surplus funds, he can credit the same to cash credit/CA/over draft accounts and reduce interest liability to the extent possible.
II. Unlike in banks, the party under the SWS cannot credit the amount to the working capital loan account with the bank and again withdraw for his operational convenience. In Working Capital loan accounts, amounts are released in stages depending upon the requirements of the party. Repayment of W C loan starts after expiry of moratorium period. In view of several advantages that are available in working capital operations in banks, the entrepreneurs should ultimately approach them for regular working capital facilities. Having Working Capital loan account under the SWs is not a solution for all the working capital problems. Introduction of the SWs is only a stop gap arrangement and is mainly intended to facilitate tiny small and small units to commence their production activities without delay and hindrance. When once they have stabilised their functioning, they have to look to commercial banks only for meeting their Working Capital requirements.
COMMENTS ON THE SALIENT FEATURES
OF
SINGLE WINDOW SCHEME

The Scheme is characterised by the following features:-

I. Assessment of Working Capital

Assessment of Working Capital requirement is done based on the duration/length of the Working Capital operating cycle, i.e; procurement time needed for purchase of raw materials, stocking levels of raw materials, processing time taken for semi-finished and finished goods, duration of credit sales, capacity utilization, etc;

II. Margin Contribution by the promoters

Under the scheme, the promoters are required to contribute/bring in certain portion of total Working Capital requirements and fixed assets as stipulated by the Karnataka State Financial Corporation, if they have to avail of the financial assistance under the scheme.

III. DISBURSEMENT

(i) As soon as the loan is sanctioned, a copy of the memo-
random/appraisal note of the SFC is sent to the bank with whom the party has opened current account under the SWS;

(ii) A letter of undertaking is taken from the entrepreneur for complying with all the terms and conditions of sanction, i.e., to utilize the loan proceeds for building up of inventory †, routing the entire transactions of the unit through the bank, submitting the statement of stocks, statement of bills raised and collected, bills outstanding, not to change the banker without the consent of the corporation, etc:

(iii) While disbursing the working capital loan a letter is also sent to the bank requesting them to send the current account extracts regularly to the SFC for the purpose of monitoring the account by them;

(iv) During the process of releasing the loan amount, a letter is sent by the corporation to the borrower advising him to maintain the following books/registers to enable it to monitor the account effectively:

(+ ) Inventory includes, raw materials, stocks-in-process and finished goods.
a) Stock book with respect to the raw materials, semi-finished goods and finished goods;
b) Sales Book;
c) Bills outstanding/Bills receivables Register;
d) Working expenses register; and
e) Cash Book.

(v) After the working capital loan is fully disbursed, a letter is written to the bank requesting it to take over the working capital loan account of the unit since the facility of working capital loan it has given to the unit was only a stop gap arrangement;

Payment for procurement of raw materials will be made directly in favour of the suppliers in case the payment against single bill exceeds Rs. 5000/-. In other cases, i.e., for payment of the smaller nature, payment will be released directly to the party's bank account after scrutiny of the statement to ensure proper end use of funds. The aggregate of such small payments should not exceed Rs. 10,000/- per month. In case of raw materials like groundnut, copra, dhal, paddy etc., the suppliers generally insist for cash payment. In such cases, the amount is released to the party's account in the bank to the extent of the value of the collateral security, available with SFC. The corporation obtains cash bills/receipts from the suppliers of raw materials, and also conducts physical verification of stocks to ensure proper utilization of funds by the assisted units.
IV  MONITORING/FOLLOW-UP OF ACCOUNTS

Monitoring of the SWS accounts by the branches of the KSFC is done as under:-

(i) Borrowers give an undertaking that their entire business transactions would be routed through bank account only. This is checked up, with the current account extract sent by the banker to the corporation. Current account extract would indicate whether there are operations (receipts and payments) or not in the ledger. Progress and health of the unit could be ascertained with the help of current account extracts;

(ii) Entrepreneurs are required to furnish the progress reports of the units at regular intervals regarding the working of the unit, position of stock, bills outstanding, collection of receivables, cash and bank balances, current liabilities, etc;
(iii) Branch officials of the corporation undertake periodical visits of the units after obtaining the following statements:

a) Stock Statement;
b) Statement of bills raised and collected;
c) Statement of bills outstanding;
d) Statement of working expenses;
e) Copy of bank’s statement indicating the operations in the account;

V INFORMATION SYSTEM FOR MONITORING THE ACCOUNTS

[A] Stock Inspection Report

This report is prepared by the official of the Corporation after visiting the unit and physically inspecting the stocks.

[B] Stock Statement

This is required to be submitted by the borrower every month certifying that the stocks exist.

[C] FOLLOW UP REPORT (QUARTERLY)

The branch officials of the Corporation collect the data on production, sales, working capital position for a given quarter from the borrower within a week after the end of the quarter.
[D] MONTHLY STATEMENT OF CURRENT ACCOUNT

The borrower should ensure that the bank sends a monthly statement of the current account to the corporation on regular basis.

The above set of statements received is made use of for evaluating the performance of the unit and also for taking suitable steps for effectively monitoring the accounts covered under the 'Single Window Scheme'.
The Karnataka State Financial Corporation was set up in the year 1959 under the State Financial Corporation's Act 1951 to promote and achieve balanced industrial development in the State of Karnataka. Since its inception, it has been playing a significant role in the development of industries of the State. It has been recognised as the premier State Financial Corporation in the country on account of its consistent growth and allround performance.

It is a premier financing body providing financial assistance for setting up of tiny, small and medium scale industries in Karnataka for acquiring fixed assets, like land, building, plant and machinery. The assistance covers wide gamut of activities like manufacturing, servicing, marketing, research & development, tourism related etc. Projects costing up to Rs 5 Cr. are eligible for financial assistance. KSFC provides maximum assistance upto Rs 60 lakhs to proprietary and partnership concerns and upto Rs 90 lakhs to private and public limited companies. It has 5 zonal offices, 11 'A' Grade branches, 17 'B' Grade branch offices & 7 field offices.
Branch offices have been established in almost all the districts/taluqs headquarters so as to be within the reach of the entrepreneurs at all times. It has decentralised set-up and its branches have powers to sanction loans up to Rs 10 lakhs, so that entrepreneurs do not experience any difficulty in giving shape to their projects. KSFC is looked upon as an agent of change in the industrial sector especially in the backward areas and small scale sectors.

During 1991-92 the total sanctions touched Rs 332.88 crs (SSIs & other than SSIs) and the cumulative sanctions at the end of March 1992 stood at Rs. 1433.39 crores covering 57684 cases.

Disbursement made during the year stood at Rs. 246.34 crores as against Rs 190.71 crores during the year 1990-91. Cumulative disbursements by the Corporation at the end of March 1992 stood at Rs. 1206.52 crores. The Corporation has already achieved the distinction of crossing the Rs 1000 crores mark in Cumulative disbursements. Only a few SFCs have touched this landmark figure.

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KSFC has provided lot of assistance for the development of backward areas. Industrial development in the earlier years was confined to the urban centres and the entrepreneurs with the industrial or trading background were the only ones venturing into the industrial line. With the rapid industrialization, all that has changed. During 1990-91 the Corporation sanctioned term loan assistance amounting Rs 113.65 crores to 4667 cases in backward districts. Out of the total sanctions of Rs. 250.89 crs made during the year 90-91, 45% of the assistance went to backward areas. The Cumulative sanctions to the backward areas as at the end of March 91 stood at Rs. 517.88 crores for 27216 cases. During the year 1991-92, the Corporation sanctioned Rs 151.35 crores to 6038 cases in the backward areas4.

Details about the financial assistance extended to the industrial sector by the KSFC are given in Table. III : 1

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<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Artisan, village cottage units</td>
<td>2528</td>
<td>319.87</td>
<td>3277</td>
<td>496.17</td>
</tr>
<tr>
<td>2.</td>
<td>Tiny sector</td>
<td>467</td>
<td>710.53</td>
<td>461</td>
<td>699.77</td>
</tr>
<tr>
<td>3.</td>
<td>Other small scale units</td>
<td>2083</td>
<td>9641.60</td>
<td>2322</td>
<td>11374.19</td>
</tr>
<tr>
<td>4.</td>
<td>Other than SSIs</td>
<td>1100</td>
<td>3793.53</td>
<td>1581</td>
<td>6050.16</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>5078</td>
<td>10617</td>
<td>5460</td>
<td>12570.13</td>
</tr>
</tbody>
</table>

| TOTAL SANCTIONS | 4178 | 14465.53 | 7414 | 18620.29 | 8284 | 25008.70 | 10411 | 33287.85 |

*No. of Applications*

Source: Operational Statistics KSFC 91-92
Nearly 70% of the assistance provided during 91-92 has gone to SSI sector and this is indicative of the priority accorded by the corporation to financing projects in SSI sector. During the year 91-92 an amount of Rs. 232.85 crores was sanctioned to 7597 cases. The cumulative assistance to the SSI sector as at the end of March 92 stood at Rs. 987.69 crs. covering 44751 cases. Assistance has also been provided to tiny sector projects, artisans, village and cottage industries. During the year 91-92 1083 cases were assisted under the tiny sector to the extent of Rs. 27.10 crores as compared to 497 cases amounting to Rs. 8.61 crs. in the previous year. Assistance under artisans, village and cottage sector has been of the order of Rs. 7.33 crs. covering 3888 cases.

During 91-92 the corporation extended assistance to 44 medium scale industries to the extent of Rs. 18.50 crs. The cumulative sanctions to this sector as at the end of March 92 stood at Rs. 184.02 crs. covering 818 cases. The corporation continues to accord priority to projects set up by the entrepreneurs belonging to priority segments, of the society i.e., SC/ST, minority community, women entrepreneurs, physically handicapped persons and Ex-servicemen. The cumulative assistance to SC/ST entrepreneurs as at the end of March 92 stood at Rs. 19.78 crs. covering 3532 cases.

The cumulative assistance to minority community stood at Rs. 83.40 cr. covering 4377 cases. The cumulative assistance to women
entrepreneurs as at the end of March 92 stood at Rs. 53.94 crores covering 6935 cases. Cumulative assistance to physically handi-capped stood at Rs. 1.26 cr. covering 535 cases. The cumulative assistance sanctioned to ex-servicemen stood at Rs. 11.44 cr. covering 418 cases. Assistance under Vishwa programme upto March 92 amounted to Rs. 5.31 crs. covering 2105 enterprises in rural areas. The sectors covered include handlooms, handicrafts, leather goods, woollen goods, silk reeling and others.

Industry - Wise Sanctions

The corporation during the year 91-92 continued to assist a wide range of industrial activities. Six major groups covered are Transport Rs. 59.21 crs (18%) engineering Rs. 57.63 Crs (17%) Food Rs. 44.05 Crs (13%) Hotels & Restaurants Rs. 20.19 Crs (6%) Textiles Rs. 19.39 crs (6%) and chemicals Rs. 17.27 crs (5%) The remaining amounts of Rs. 115.14 crs (35%) was sanctioned to miscellaneous manufacturing activities covering electricals, electronics, metallic and non-metallic products, industrial estates, hospitals, nursing homes etc.
Size-wise analysis of term loan sanctions is given in Table. III: 2.

TABLE III: 2. Size-wise Analysis of TL sanctions since Inception (upto 31.3.92)

(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Size of loan</th>
<th>No. A/cs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) upto 0.50 lakhs</td>
<td>28181</td>
<td>5,417.46</td>
</tr>
<tr>
<td>2) 0.50 - 2.00</td>
<td>17826</td>
<td>21,249.48</td>
</tr>
<tr>
<td>3) 2.00 - 5.00</td>
<td>9589</td>
<td>30,703.04</td>
</tr>
<tr>
<td>4) 5.00 - 7.50</td>
<td>2112</td>
<td>13,457.39</td>
</tr>
<tr>
<td>5) 7.50 - 10.00</td>
<td>1478</td>
<td>13,140.68</td>
</tr>
<tr>
<td>6) 10.00 - 20.00</td>
<td>1481</td>
<td>21,634.32</td>
</tr>
<tr>
<td>7) 20.00 - 30.00</td>
<td>923</td>
<td>24,025.48</td>
</tr>
<tr>
<td>8) 30.00 - 45.00</td>
<td>265</td>
<td>10,041.33</td>
</tr>
<tr>
<td>9) Above 45 lakhs</td>
<td>299</td>
<td>19,219.01</td>
</tr>
<tr>
<td></td>
<td>62154</td>
<td>1,58,888.19</td>
</tr>
</tbody>
</table>

Regarding size-wise analysis of term loans sanctioned, 90% of the accounts belong to sizes ranging from Rs 0.50 lakhs to Rs 5 lakhs. Out of total sanctioned amount of Rs. 1,58,888 lakhs as on 31-3-92, 36% of the amount sanctioned has gone to the sizes ranging between Rs. 0.50 lakhs to Rs 5 lakhs.

The above analysis indicates that not only the number of accounts in SSI sector has increased but good number of small units have availed term loans below Rs. 5 lakhs. Contrary to the general impression that financial institutions provide only large credits, the analysis of the KSFC sanctions show that most of the sanctions have been of smaller magnitude.5

The corporation always cares for healthy performance of the units assisted by it, hence several measures have been taken to restore the health of the units which have fallen sick or on the verge of falling sick.

During 91-92 as many as 102 units were provided rehabilitation assistance to the extent of Rs. 6.44 crs. The cumulative assistance provided for rehabilitation stood at Rs. 53.02 crores and the number of units rehabilitated stood at 1250.

Regarding the time taken for sanctioning the facilities, the average time taken for clearance of loan applications has been brought down to 22 days in 89-90 as against 42 days in 83-84. This indicates the efficient and systematic handling of loan applications by the corporation.

In the light of the role played by it in Karnataka, the KSFC rightly takes legitimate pride in having led the process of systematic and balanced socioeconomic development of Karnataka. KSFC today is rated as competent, professionally run, result-oriented and one of the most prosperous and dynamic SFCs in the country. It is looked upon as an agent of change in the industrial sector especially in the backward areas & small scale sector.

In view of the reforms being introduced in the financial sector, the KSFC intends to diversify into other forms of financial products and services like equipment leasing, factoring, export based information services etc., which would enhance its return on assets and at the same time, assist in minimising the risk of its investment. The corporation has already initiated necessary steps in this direction.


7. Indian Express Daily: Chairman's Statement (KSFC) at the 33rd Annual General Meeting held on 30-7-92.