



Description Of The Karnataka State Financial Corporation

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ABSTRACT:

India is a fastest developing country in the world. After the implementation of New Economic Policy 1991 LPG was given importance. Micro, small and medium scale enterprises play an important role in employment generation. Finance plays important role in the development of industrial sector as other sectors. Micro, Small and Medium Enterprises (MSMEs) play a vital role in the development process of the country. Micro, small and medium scale industries are important because it helps in increasing employment and economic development of India. Karnataka is among the top five industrial states in the country. The strong base of large and medium scale industry established in Karnataka has given a wide scope for promotion of vibrant small scale sector in the state providing considerable employment opportunities to the people of Karnataka. KSFC aims at customer satisfaction and continual improvement through professional management and team work is the vision of KSFC. And its mission is to develop and service the SME Sector through need based products and services. This paper attempts to highlight the facts and issues related to KSFC. The paper contains Introduction, Objectives, Methodology, Highlighted Various Schemes and Provisions of KSFC.

Keywords: implementation, Industrial Finance, management, Micro, Small and Medium Enterprises, Performance,

1. INTRODUCTION

Geographically India is seventh largest country in the world and also second largest country in the World in terms of population. India is a fastest developing country in the world. Agriculture was main occupation of India till recent days therefore she was considered has agrarian economy. Some of the agro based industries prevailing in India. India has been facing the problems like poverty and unemployment. For overcoming the problem of growing unemployment, the dependency on agriculture was to be

decreased and shifted on industrial has well has service sector. Industrial development is important from the point of view of solving various problems of the country. Soon after independence India decided to develop heavy and key industries. Up to 1991 India focused on small scale and cottage industries. After the implementation of New Economic Policy 1991 LPG was given importance. Micro, small and medium scale enterprises play an important role in employment generation. Finance plays important role in the development of industrial sector as other sectors. Government has shown keen interest in the employment generation and poverty alleviation through increasing speed of industrialisation by providing financial sources.

Micro, Small and Medium Enterprises (MSMEs) play a vital role in the development process of the country. Micro, small and medium scale industries are important because it helps in increasing employment and economic development of India. It improves the growth of the country by increasing urban and rural growth. Role of Small and medium scale enterprises are to help the government in increasing infrastructures and manufacturing industries, reducing issues like pollution, slums, poverty, and many development acts. Small scale manufacturing industries and cottage industries play a very important role in the economic development of India.

2. OBJECTIVES OF THE STUDY

Following are the objectives of the study

- Highlighting the brief facts and issues connected with KSFC
- Studying the various schemes and provisions of KSFC

3. METHODOLOGY

The present paper intends to highlight the issues related to Karnataka State Finance Corporation. Secondary data is used for this study. The secondary data has been collected from the operational statistics and annual reports of the Karnataka State Financial Corporation and web pages.

4. Loan Disbursed by KSFC through Single Window Scheme

The scheme provides assistance in the form of Term Loan and or Working Capital to new MSMEs engaged in manufacturing activities and whose project cost (including total working capital requirement) does not exceed ₹.100 lakh. Minimum assistance is ₹.2.00 lakh and the maximum assistance is ₹.30.00 lakh

Table: 1.

Loan Disbursed by KSFC through Single Window Scheme

Year	No of MSMEs	Amount Disbursed (₹. In lakhs)	% to the total
2015 -2016	141	4264.24	26.65
2016-2017	123	3518.95	21.99
2017-2018	120	3983.55	24.90
2018-2019	84	2753.45	17.21
2019-2020	48	1479.8	9.25
Total	516	16000	100
Average	103.2	3200	
CAGR		-0.19077	-19.08%

Source: KSFC Annual Statistical Report

It can be seen from the above table that, the details of amount disbursed to MSMEs during the period 2015 -16 to 2019-20 under Single Window Schemes. The KSFC disbursed a total amount of ₹. 16000 lakhs to 516 MSMEs during the said period. In 2015 -16 KSFC disbursed ₹. 4264.24 lakhs to 141 MSMEs but the disbursed amount declined to ₹.3518.95 lakh the number of MSMEs declined to 123 in 2016-17. The trend shown upward movement and the amount of loan disbursement increased to ₹. 3983.55 lakhs to 120 MSMEs in 2017-18. But the KSFC's loan disbursement came down to ₹. 2753.45 lakhs again to ₹.1479.8 lakhs in 2018-19 2019-20. Number of MSMEs availed loan from KSFC is declining every year during the period 2015 -16 to 2019-20.

5. Credit Linked Capital Subsidy

The objective of this scheme is to facilitate technology up-gradation of small scale units or small scale units graduating to medium scale in specified products/sub-sectors by providing 15 percent capital subsidy on the loan given for machinery. The maximum subsidy available under this scheme is ₹.15.00 lakh and the ceiling on the investment is ₹.1crore.

Table: 2
Credit Linked Capital Subsidy

Year	No Units	Amount (₹.in lakhs)	% to the total
2015-2016	11	2992	62.98
2016-2017	15	668	14.06
2017-2018	10	1091	22.96
2018-2019	-	-	-
2019-2020	-	-	-
Total	36	4751	100

Source: KSFC Annual Statistical Report

It is clear from the above table that, the details of Credit Linked Capital Subsidy schemes of the KSFC during the period from 2015-2016 to 2019-20. KSFC disbursed a total of ₹. 4751 lakhs as subsidy to 36 MSMEs. The number of MSMEs availed subsidy from KSFC was 11 in 2015-2016, 15 in 2016-2017 and 10 in 2017-2018. The subsidy amount disbursed amounted to ₹. 2992 lakh declined to ₹. 1091 lakh in 2017-2018. The amount of subsidy disbursed was ₹. 668 in 2016-2017. Due to the impact of covid-19 pandemic subsidy distribution declined and was nil during 2018-2019 and 2019-2020, and had adverse effect on the performance of KSFC in the state.

6. Women Entrepreneurs

The objective of the scheme for which KSFC is the nodal agent, is to encourage woman entrepreneurs to set up SMEs in manufacturing and service sector and for expansion/ modernization of existing units. Minimum assistance (excluding Medical and Veterinary doctors for whom minimum assistance is ₹. 2.00 lakh) under the scheme is ₹. 5.00 lakh and maximum is ₹.50.00 lakh. The ownership of the eligible unit should rest with woman entrepreneur. In case of partnership firm and companies woman entrepreneur/s should possess 51 percent of the share. The effective rate of interest is 4 percent. Karnataka State Women Development Corporation will reimburse the difference between the normal lending rate of KSFC and effective interest rate of 4 percent. The units will be eligible for interest subsidy for a period of five years only from the date of first disbursement of the loan including the moratorium period.

Table: 3
Women Entrepreneurs

Year	Number	Amount (₹. in lakhs)	% to the total
2015-2016	284	22997.4	15.97
2016-2017	388	25220	17.52
2017-2018	429	32851.65	22.82
2018-2019	364	41491.05	28.82
2019-2020	239	21402.85	14.87
Total	1704	143962.95	100
CAGR		-0.01427	-1.43%

Source: KSFC Annual Statistical Report

The above table shows that, the number of Women Entrepreneurs was 284 in 2015-2016, increased to 388 in 2016-17 and to 429 in 2017-18 but declined to 364 and to 239 in 2018-19 and 2019-20 respectively. Total Women Entrepreneurs benefitted by KSFC during the said period were 1704. Under this scheme, the KSFC disbursed total loan amount of ₹.14362.95 lakh during the period from 2015-2016 to 2019-20. The disbursed loan amount was ₹. 22997.4 lakh in 2015-2016 and ₹.21402.85 lakhs in 2019-2020. The number of beneficiaries and amount of loan disbursed by the KSFC declined due to the impact of covid-19 pandemic.

7. CONCLUSION

In spite of heavy competition from other financial institution KSFC has paved its path and has made an impressive remark, in the growth of industrial sector. It not only finance to SSI but also to the large-scale industries. There are various schemes for providing the financial assistance to the SSI units. But the entrepreneurs are not aware about the various schemes provide by the financial institutions. The assistance of corporation is measurable not only in terms of quantity but also the quality of its service more have in hand with profitable functioning. The service render by KSFC at present are good and satisfactory.

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