

## Year-Wise Break-Up of Total Sanctions and Disbursement of Loan (Rs. in Lack) in performance of Haryana financial corporation

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**Abstract:** Financial assistance sanctioned and disbursed forms an important parameter for analysing the performance of HFC. As shown in table 1, in the first year of its establishment, HFC sanctioned the loan of Rs. 115.40 lacs to 29 units and actually disbursed Rs. 113.61 lacs to 37 units. The percentage of disbursement to sanction was very high i.e. 98%. Amount of loan sanctioned and disbursed increased to Rs. 27872.97 lacs and Rs. 23159.04 lacs respectively in 1995-96, and the percentage of amount disbursed to amount sanctioned was 83%. But subsequently from 1996-97 to 2005-06, decline had taken place both in amount sanctioned and amount disbursed. The reason for low sanction and disbursement of loan is the low demand of credit of HFC. And the reason for low demand of credit of HFC is lack of adequate demand of indigenous product due to intensive competition from imports. The Corporation is also facing competition from banks. In the last year of study, we see some progress. In 2006-07, HFC sanctioned and disbursed Rs. 17067.41 lacs and Rs. 6709.00 lacs respectively. As far as the annual compound growth rates of amount sanctioned and amount disbursed are concerned, it is 13.3% and 10.8% respectively, which are satisfactory. Hence we can say that the performance of HFC in terms of sanction and disbursement is satisfactory.

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**Keywords:** Total Sanctions, Disbursement of Loan, Haryana financial corporation

### Introduction:

Haryana Financial Corporation (HFC) (est. 1 April 1967), is a state owned agency of the Government of Haryana in the Indian state of Haryana, which was founded to provide the integrated finances to Small and medium-sized enterprises to boost economic growth. It offers several fund and non-fund based financial services on real fast track basis for ensuring high growth in a short period for setting up new industrial units and for the expansion and diversification of the existing industries.

Related government owned agency, HSIIDC, was formed to develop integrated industrial, commercial, special economic zones (SEZ)s, technology parks, Integrated Multimodal Logistics Hubs, road, rail, sports and public infrastructure in the state of Haryana in joint venture or public-private partnership. Various universities, educational and training institutes, including the nation's first skills university Haryana Vishwakarma Skill University, provide the human resources to capitalise on the finances offered by the HFC and the infrastructure created by the HSIIDC. Among the related initiatives to boost growth, Haryana was the first state to introduce Labour Policy in 2005 and Land Pooling Policy in 2017. HSVP is another related government owned agency responsible for the urban development.

Dixit & Pandey (2016) practical co integration analysis to examine the causal relationship between SMEs output, exports, employment, number of SMEs & their fixed investment & India's GDP, total exports & employment (public & private) for the period 1973-74 to 2011-07. Their study revealed the positive causality between SMEs output & India's GDP. H. B.Singh. (2017) analyzed the performance of Small scale industry in India & focused on strategy changes which have opened new opportunities for this division. Their study concluded that SSI sector has made good progress in terms of number of SSI units, production & employment levels. The study recommended the emergence of technology development & strengthening of financial infrastructure to boost SSI & to achieve growth target. Venkatesh & Muthiah (2017) bring into being that the role of small & medium enterprises (SMEs) in the industrial segment is growing rapidly & they have become a thrust area for future growth. They emphasized that nurturing SME sector is vital for the economic well-being of the nation. Dr. Padmasani, S. Karthika (2018) A study on Problems & Prospects of Micro, Small & Medium Scale Enterprise in Textile Exports with special reference to Tirupur & Coimbatore District. This paper has examined the problems of MSMEs in the era of worldwide economy & also has identified the factors affecting MSMEs. A study was also made on

the socio-economic conditions of MSMEs. The survey revealed that the problems can be overcome if MSMEs get involved in standardization of the business process, & can also adopt latest technology to improve the productivity. It was said that banks can hold the industry by providing the credit facilities at low interest rate & Government & Institutions relating to Small & Medium Scale industries should take effective measures to improve the export performance of MSMEs in order to develop economy. The study covered the districts of Tirupur & Coimbatore district.

**Materials and Methods:** The study is largely based on published data collected from the Annual Reports of HFC (HFC, Chandigarh), Statistical Abstract of Haryana (Government of Haryana), Economic Survey (Government of India), Haryana Industrial Profile, 20016-18 (Directorate of Industries, Haryana), and other journals and publications. Supplementary information was collected from sources like records of the Corporation and policy guidelines issued from time to time by HFC.

Discussion with officers of the HFC also proved to be of great help.

**Results:** Financial assistance sanctioned and disbursed forms an important parameter for analysing the performance of HFC. As shown in table 1, in the first year of its establishment, HFC sanctioned the loan of Rs. 115.40 lacs to 29 units and actually disbursed Rs. 113.61 lacs to 37 units. The percentage of disbursement to sanction was very high i.e. 98%. Amount of loan sanctioned and disbursed increased to Rs. 27872.97 lacs and Rs. 23159.04 lacs respectively in 1995-96, and the percentage of amount disbursed to amount sanctioned was 83%. But subsequently from 1996-97 to 2005-06, decline had taken place both in amount sanctioned and amount disbursed. The reason for low sanction and disbursement of loan is the low demand of credit of HFC. And the reason for low demand of credit of HFC is lack of adequate demand of indigenous product due to intensive competition from imports. The Corporation is also facing.

**Table-1 Year-Wise Break-Up of Total Sanctions and Disbursement of Loan (Rs. in Lack)**

Year	Sanctions		Disbursement		% of Amount Disbursed to Amount Sanctioned
	No. of Units	Amount	No. of Units	Amount	
1967-68	29	115.40	37	113.61	98
1968-69	34	100.45	47	127.34	127
1969-70	32	141.24	47	112.91	79
1970-71	60	237.95	47	109.95	46
1971-72	384	437.50	138	202.14	46
1972-73	303	456.12	232	260.76	57
1973-74	316	642.47	319	350.80	55
1974-75	336	926.99	314	491.02	53
1975-76	228	994.13	246	606.32	61
1976-77	146	470.31	183	380.00	81
1977-78	111	368.46	150	275.86	75
1978-79	145	399.32	173	313.74	78
1979-80	307	634.17	239	385.35	61
1980-81	380	1055.33	375	512.18	48
1981-82	401	2140.72	387	827.34	35
1982-83	603	3123.41	412	1685.98	54
1983-84	642	2728.59	413	1356.60	50
1984-85	562	2182.79	552	1579.06	72
1985-86	364	2487.72	357	1477.98	59
1986-87	357	2819.57	426	1696.67	60
1987-88	466	3078.12	343	2027.35	66
1988-89	709	3915.46	587	2396.83	61
1989-90	762	6293.20	639	3323.82	53
1990-91	1035	6161.41	636	3788.27	62
1991-92	741	11441.12	694	5167.37	45
1992-93	990	17246.18	650	9182.29	53
1993-94	792	12432.41	623	11518.03	86
1994-95	1328	27173.37	1460	12818.35	47
1995-96	1239	27872.97	1864	23159.04	83

1996-97	692	14540.09	1023	13025.28	89
1997-98	732	17958.84	826	10694.34	59
1998-99	380	11534.17	512	7889.12	68
1999-00	299	9060.65	352	6545.46	72
2000-01	326	13036.53	312	5465.48	42
2001-02	358	13771.58	343	7198.20	52
2002-03	416	9065.67	440	7097.56	78
2003-04	244	3488.35	306	3092.50	89
2004-05	257	5169.71	244	2695.03	52
2005-06	225	7818.25	218	4035.42	52
2006-07	264	17067.41	250	6709.00	39
2007-08	355	10265.32	352	5623.32	55
2008-09	365	11254.62	255	5665.24	48
2009-10	378	16365.23	248	6245.36	45
2010-11	401	12265.34	301	6123.49	48
2011-12	477	13654.26	265	7956.21	59
2012-13	25	14895.62	399	7542.71	56
2013-14	399	16458.33	401	8635.33	52
2014-15	501	13625.48	265	7652.31	54
2015-16	486	12789.24	354	8965.32	45
2016-17	365	14536.89	395	9125.33	52
2017-18	345	15264.32	345	8652.24	55
2018-19	348	14526.35	354	8954.62	53
ACGR	-	13.3%	-	10.8%	-

Source: Annual Reports of HFC, Chandigarh.

Competition from banks. In the last year of study, we see some progress. In 2006-07, HFC sanctioned and disbursed Rs. 17067.41 lacs and Rs. 6709.00 lacs respectively. As far as the annual compound growth rates of amount sanctioned and amount disbursed are concerned, it is 13.3% and 10.8% respectively, which are satisfactory. Hence we can say that the performance of HFC in terms of sanction and disbursement is satisfactory.

It can be easily analysed from the table 1 that constant gap has always been there in the amount of sanctioned and disbursed. In the last year of study only 39% of amount sanctioned was disbursed. This gap can be attributed to the fact that applicants sometime withdraw their applications after the sanctions have been made, lengthy and irksome procedure to get disbursement of the sanctioned amount and various type of formalities which have to be fulfilled at the time of getting the assistance. This gap need to be reduced to a greater extent by simplifying the rules.

**Conclusion:** Over a period of 40 years of working of HFC, the amount of loan sanctioned by HFC have increased satisfactorily, but there has been a wide gap between amount demanded by the entrepreneurs and amount sanctioned by HFC. Only 63.45% of total demand was sanctioned as per table 3.4 during the period under study which can be explained in terms of inadequate security, which the loanee has to produce with the application. In the last

years of study there was a declining trend in credit demanded by entrepreneurs and amount sanctioned by HFC. The reason for low demand of credit from HFC was, lack of adequate demand of indigenous product due to intensive competition from imports. And it was due to low demand of credit and competition by banks in providing loans to industrial unit that amount sanctioned by HFC was also low. Disbursement rates were also quite low during most of the periods. There was a wide gap between sanctions and disbursements. During the last year of study only 39% of the total financial assistance was disbursed. Often the fault lies with the borrowing units, but HFC is also responsible for the gap. Most of the time enough stress has not been laid on project appraisal which later on resulted into cancellation of a number of sanctions. A number of applications have been rejected on the ground of inadequate security. Sometime applicants themselves withdraw their applications after the sanctions have been made due to cumbersome and lengthy procedure to get disbursement of the sanctioned amount.

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