An Enterprenuerial Approach for Revival: A Case Study of IFCI

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Abstract

The Industrial Finance Corporation of India is the first development financial institution established on 1st July 1948 to cater a long term financial needs of the Indian industries by act of parliament. The main objective of this development financial institution is to promote Entrepreneurial thinking of the different sectors in Indian Industries. Since from 1947, IFCI supported wide variety of Indian industries through its financial resources as well as advisory services to create a huge difference from other countries and made our country developing. In early 1990, after the economic reforms Industrial Finance Corporation of India is not responding according to the changing scenario, which creates a huge nonperforming assets during 1995 to 2008. To revive again from this dark period, IFCI has adopted entrepreneurial steps by starting special schemes for project financing and economic development.

IFCI has fulfilled its original mandates as a developing financial institution by providing long term, medium term and short term financial support to all segments of Indian industries. So the main theme of this paper is to examine about the project financing, advisory services and promotional schemes started by IFCI to wide variety of industries and sectors for the revival of itself. It also focuses on development of all the community and removing regional disparity as well as providing low rate loans to entrepreneurial needs. This research paper has a great impact on those factors which shows potential performance in coming future years.

Keywords: *Statutory Liquidity Ratio (SLR), Credit Enhancement Guarantee Scheme For Scheduled Castes, lending institution,*

Introduction:

At the time of independence in 1947, India's capital market was relatively under-developed. Although there was significant demand for new capital, there was a dearth of providers. Merchant bankers and underwriting firms were almost non-existent. Also commercial banks were not equipped to provide long-term industrial finance in any significant manner. It is against this backdrop that the government established The Industrial Finance Corporation of India (IFCI) on July 1st, 1948, as the first Developing Financial Institution in the country to cater to the long-term finance needs of the industrial sector.

The newly-established DFI was provided access to low-cost funds through the central bank's Statutory Liquidity Ratio (SLR) which in turn enabled it to provide loans and advances to corporate borrowers at concessional rates. Financial institutions like IFCI have been experiencing considerable difficulties in recovering loans and enforcement of securities charge with them.

Financial Resources:

Financial institution, as stated earlier is primarily concerned with mobilization of resources and channelization of the pooled resources in productive outlets. IFCI main dependence for funds has been borrowing both within the country and outside. Institution may also meet their financial requirements by resorting to state and institutional borrowings to meet their growing demand of funds from up and coming enterprises. The principal source of rupees borrowing has been the bond issued by IFCI carrying government