

Trend and Growth Pattern of Operating Variables of Bhutan Development Finance Corporation Limited

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Abstract: This paper investigates the trend and growth pattern operating variables of Bhutan Development Finance Corporation of Bhutan for the period 1998- 2007. In order to analyse the trend and growth of operational variables such as, disbursements, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of employees, and loan per employee for head office and for branch office of Bhutan Development Finance Corporation Limited are taken. To examine the growth of operational variables and its stability over the period of ten years, the arithmetic mean and co-efficient of variation was calculated. The trend and compound growth rates are computed for the operational variables by adopting the semi-log trend model. The study is observed that from the analysis that high fluctuation was found in profit and it is followed by disbursements of loans and advances as indicated by the co-efficient of variation. The compound growth rate was found high in profit followed by amount of disbursement.

Keywords: Operating Variables, Development Bank, Financial Stability, Commercial Banks, Assets Disbursement, Loans

Date of Submission: 15-10-2018

Date of acceptance: 25-10-2018

I. Introduction

The Bhutan Development Financial Corporation Limited (BDFCL) was formally established in January, 1988 as a development finance corporation for meeting the financial requirements of the private commercial sector as well as the needs of the rural communities. It was later registered under the Bhutan Companies Act on 27th December, 1990 and is now functioning as an autonomous corporation with distinct mandates, specific policies and separate set of its own service rules, regulations and established procedures.¹

The primary function of the Corporation is to promote and facilitate expansion of the economic and social advancement of Bhutanese people by making loans and in its discretion providing financial, technical, and advisory assistance to enterprises in the industrial, forestry and agricultural sectors of the economy of the country. It carries out its operations in accordance with sound banking and business practices and provides financial assistance only to those projects, which on the basis of its own analysis; appear to be economically justified, technically feasible and financially viable and profitable.

The Royal Government of Bhutan authorized BDFCL to Provide micro, small and medium financial services for the development and modernization of agricultural, commercial and industrial enterprises in the country; Enhance income of the people thereby improve standard of living through provisions of financial services; Provide financial services for private sector development; Alleviate poverty; and Provide technical and advisory services to the enterprises; Mobilize external and internal funds for investments.

BDFCL recognizes that savings is vital for the country's investment and economic growth. In this regard, BDFCL shall promote savings to all qualified citizens of Bhutan consistent with its mission of supporting the development of the commercial, agricultural and industrial sectors of Bhutan. BDFCL, recognizes that savings provides a strong capital base for BDFCL's long-term financial viability. BDFCL shall therefore mobilize savings to expand the Corporation's pool of lending funds to lessen the dependence on foreign donors, borrowings and government grants.

BDFCL recognizes that savings mobilization requires greater sense of responsibility and accountability from the staff and the organization as a whole. BDFCL shall ensure that public funds (especially from the poor) are managed and kept with full competence and accountability on the part of the Corporation. Building on the initial success, BDFCL seeks to expand its savings program to focus mainly on the rural population. The goal of the expansion is two-fold: First, to provide secure, convenient and accessible deposit services that meet the

demand of the rural low-income groups and Second, to mobilize local capital to support BDFCL's District Branches to become self-sustaining units.

The Corporation offers products priced competitively with other commercial banking institutions. BDFCL has a major edge over other potential entrants in the market because of the Corporation's extensive branch network. The BDFCL has been providing mobile banking, group guarantee lending and savings scheme, small individual loan scheme and commercial agricultural loan scheme

II. Specific Issues Related To The Present Study

The banking sector has been playing a crucial role in a developing economy. A dynamic and vibrant banking sector has emerged as a sector of the masses rather than that of the classes these days. The balanced distribution of the bank branches could ensure both quantitative and qualitative improvements in the economy at large. In order to optimize the benefits of the banks and serve the requirements of multi-structuralism; an egalitarian approach based on the area matrix has been well conceived and implemented throughout Bhutan. Consequently, the schemes were born and started bearing creditable fruits, particularly in rural dominated segments of the economy. The credit programmers leads all other agencies and organizations and co-ordinates their functions suitably well. This study tries to explore and review the an attempt is made to analyse the trend and growth of operational variables such as, disbursements, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of employees, and loan per employee for head office and for branch office of BDFCL. Hence, this study examines the growth of operational variables and its stability over the period of ten years from 1998 to 2007.

III. Review Of Previous Studies

An attempt is made to review some relevant studies relating to the performance of banks in credit lending for different schemes in this section. Such review would facilitate the comprehensive knowledge of the concepts used in the earlier studies and enable better understanding of the facts of the subject under study.

R. Natarajan (1989)² conducted a study on financing small scale industries in Andhra Pradesh which shows that the Andhra Pradesh State Financial Corporation and banks gave increasing proportions of credit to SSI. Inter-firm comparison was absent in their appraisal as also to build up the relevant data on the performance of firms. An increasing proportion of bank loans as disbursed for working capital.

A study was undertaken by the **National Institute of Bank Management** (1995)³ titled "Are our SSI units receiving adequate Institutional Credit". This study aimed to identify the credit-related problems faced by SSI units. The findings of this study are: the inadequacy of credit limits sanctioned, increase in interest rate, banks insistence on adequate security including collateral, and delay in sanctioning or disbursement of loans.

A. Subbiah⁴ in his study "Financing of small scale Industries by State Bank of India: A Study with Special Reference to Sattur Branch" stated that there was delay in the sanctioning of loan and subsidy to small-scale units. The State Bank of India could not achieve its target of disbursement of loans to small scale units due to non-materialization of some new proposals. Match factories were not fully utilizing the cash credit limit sanctioned to them.

Mithilesh Kumar Mishra and **Anup K. Karan**⁵ in their research paper entitled "Sickness in Small Industries: A Case Study" state that the two major factors for the sickness of small scale industries are lack of adequate and timely working capital and lack of marketing facilities. They found that the lack of technical know-how, shortage of improved machinery, labour problems, irregular power supply and erratic powercuts, fluctuation in prices of raw materials and inadequate arrangements for consultancy acted as checks on the growth of the units.

K. Ramesh (1998)⁶ suggested in his study the redistribution / opening of specialized branches in credit deficit states with a special thrust on financing micro enterprises. He acknowledges that the flow of credit would critically depend upon the availability of infrastructure and support services for SSI.

A study was conducted by **Neelamegam and R. Maria Iniga**⁷ on a sample of 150 units drawn from Coimbatore, Madurai and Sivaganga districts. One of the findings of the study was that nearly half the sample units (Constituting 49.3 per cent) had availed loans exclusively from banks and financial institutions. A distinct finding of the study was that 24 units did not avail financial assistance from any source but used their own funds. Out of the 150 units surveyed 107 units accounting for 71.3 per cent benefited from finances from banks and financial institutions. The study observed that only 16.7 percent of the sample units had the knowledge of the venture capital assistance provided by public as well as private sector banks. Further, only a partly portion of two percent availed themselves of the assistance under such funds. Fourteen per cent of the sample units had knowledge of the equity financial schemes of the SIDBI. It was also found that the units in the backward districts were more dependent on loans from banks/financial institutions than the SSI units in developed districts.

The Abid Hussein Committee (1997)⁸ in its report observed that the access of small scale enterprises to credit is inadequate and hence the existing institutional structure needs a thorough overhaul. The committee endorsed the recommendations of the Nayak Committee for providing twenty per cent projected turnover as working capital finance by banks to SSI. The plan of the government of the Local Area Banks and specialized branches for the SSI's was endorsed by the committee.

C. Thilaka⁹ in her study "A Study of Financing of Select Small Scale Industries by Commercial Banks in Tamilnadu" states that one of the important problems of the small scale industries was bank finance. Restriction on term loan facilities to small scale industries acted as a stumbling block in the promotion of SSI units. She states that commercial banks provide only 75 per cent of the financial needs of the small scale industrial units. Further the borrowers complained that they had to visit the bank more than ten times for getting their loans.

K. Kamalakannan and N. Namasivayam¹⁰ says that the small scale industries in India over the past fifty years have made a significant to contribution building a strong and stable national economy. The SIDBI has been playing an important role by operating various schemes of financial assistance to small scale industries. In order to widen its area of operations, the SIDBI should open more branches in district headquarters. Small scale industries have an important role to play in achieving the plan objectives of increasing industrial production, generating additional employment and reducing regional imbalances of growth. The Small Industries Development Bank of India (SIDBI) was set up for promoting, financing and developing industries in the small scale sector and for coordinating the function of other institutions engaged in similar activities.

P. Chinnaiyan and R. Nandagopal¹¹ in their study "Accessibility of Bank Finance by SSI: A Case Study" explain that in India the SSI contribute substantially to production, employment and growth in the number of units after the new industrial policy (1991&1996). Small scale industries are viewed increasingly as an important vehicle for meeting both the growth and the equity objectives of developing economies. Employment generated by this sector stood at 185.6 lakh which constitutes 59.8 per cent of the total employment in the organized sector of the country. Finance is always a crucial input for an enterprise. The inability of small scale entrepreneurs to scout for funds results in slowing down their growth, lowering their capacity to internally generate funds thereby leading to the lowering of the retention and recycling of the same. It is suggested that apart from financial documents, selective entrepreneurial traits could also be considered for sanctioning loans. It could also be of help for many of the first generation entrepreneurs who need institutional support as they do not have their own financial backup. The study shows that the type of ownership of the firm, the age of the units and the socio-economic groups significantly influence the accessibility of bank finance.

A. Subbiah and K. Navaneethakrishnan¹² have studied the financing of the small scale industries by the commercial banks operating in Virudhunagar district under the Lead Bank Scheme. The term "commercial bank" at the district level refers to all branches of public and private sector commercial banks operating in Virudhunagar district. Financing small scale industries refers to financing the small scale industrial sector under the Lead Bank Scheme. For the purpose of this analysis the commercial banks are classified into three categories. They are the State Bank Group (SB Group) the Nationalized Commercial Banks (NCB) and Private Sector Commercial Banks (PVTBs). The result of Friedman's test indicates that there is no significant difference in the performance of commercial banks of different classifications operating in Virudhunagar district in lending to small scale industries.

Anil Kumar¹³ said that the SFC's should make efforts to sanction the loans in a balanced manner for different purposes. More emphasis has to be given small size category of loans, because it will help in promoting entrepreneurship development in the country, which is the need of the hour. SFCs should concentrate on the growth of the services sector in terms of loans sanctioned and disbursed, which is considered be essential for rapid economic growth.

Mahalingam (2005)¹⁴ in his study stated that the bank credit is a key driver of development programmes. The entrepreneur is pivotal to add value to the economy and is in need of bank credit to facilitate investment so that products and services reach the consumers. Much stress is given to agriculture sector lending in India, 65 per cent of the population is engaged in agriculture sector. India has a set goal to emerge as (a) a developed nation by 2020 and (b) the third largest economy in the world by 2050. Research investigations have revealed that the area under irrigation in the country can be expanded to 114.50 million hectares with the adoption of micro irrigation against 57.25 million hectares at present. Sustainable employment can be generated for all the economically active population. The above strategy for development of infrastructure can be implemented with an investment of (Rs.60, 000 x 11.45 crores) Rs.6,87,000crores within a span of 20-30 years. Bank credit in India has to be expanded at least to 120 to 150 per cent of GDP to provide an accelerated push to the development of the economy of India will emerge strong comparable to that of developed countries and become the third largest economy of the world by 2050.

KasturiNageswara Rao¹⁵ has showed that the priority sector credit is not uncommon among developing economies. An internal group of the RBI studied the question of priority sector credit and

recommended that directed lending has to be continued with respect to small borrowers. Directed lending, if continued, has potential to generate huge employment. Credit to SSI sector has steeply fallen from 13.8 per cent of net Bank credit (1995) to 8.2 per cent (2004). So has the number of accounts from 29.6 lakh to 18.1 lakh. The RBI Committee has opined that certain important sectors like agriculture and SSI in the economy continue to suffer from inadequate credit flow and hence there is a need to continue with the practice of directed lending.

S.M. Chockalingam and J. Sundara Raj¹⁶ in their article “Adequacy of Commercial Bank Credit to Small Scale Industries: An Empirical Analysis” explain that the SSI sector is a major contributor to the country’s industrial economy. The objectives were to access the adequacy of commercial banks finance to small scale industrial sector and to offer suggestions for the smooth flow of commercial bank credit to the SSI sector. The banks are liberal in extending credit to the industrial sector and more particularly to the SSI. Some coordinated efforts should be taken by the government and commercial banks for the smooth flow of adequate credit to SSIs. An adequate credit flow to the SSI sector from commercial banks may result in making the country a strong industrialized nation and thereby achieving the targeted eight per cent GDP growth rate.

IV. Objectives Of The Study

1. To study the average of BDFCL branches, in terms of deposits, advances, lending, outstanding and recovery and its stability over the period
2. To analyse the trend and compound growth rates of deposits, advances, lending, outstanding and recovery and
3. To offer suggestions on the basis of the findings of the above study.

V. Methodology

In this section, an attempt is made to analyse the trend and growth of operational variables such as, disbursements, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of employees, loan per employee for head office and loan per employee for branch office of BDFCL. For the above study, to analysis the above research problems the suitable methodology and tools were applied. Secondary sources of data relating to the willingness to avail of loans, number of loans sanctioned, loan amounts were collected from the published and unpublished reports and records of the BDFCL.

TOOLS OF ANALYSIS

In order to examine the growth of operational variables and its stability over the period of ten years from 1998 to 2007, the arithmetic mean (\bar{X}) and co-efficient of variation (C.V) of the following formula was used.

$$\text{Co-efficient of Variation (\%)} = \frac{S.D.}{\bar{X}} \times 100 \text{ ----- (3.1)}$$

Where

S.D = Standard deviation

\bar{X} = Mean

The trend and compound growth rates are computed for the operational variables by adopting the semi-log trend model as given below:

$$\text{Log Y} = a + bt \text{ ----- (3.2)}$$

Where

Y = Dependent variable

t = Time variable

and a and b are the parameters to be estimated.

The above model (3.2) was estimated by the method of least squares. The compound growth rate was calculated by using the following formula:

$$\text{Compound Growth Rate (\%)} = [\text{Anti log } b - 1] \times 100 \text{ ----- (3.3)}$$

An attempt is made in this section to analyse the operational variables. For the analysis, the time series data form 1997 to 2006 are taken into account.

The details about the disbursements of loans and advances by BDFCL in are shown in Table 1.1

ANALYSIS AND INTERPRETATION

TABLE 1.1 DISBURSEMENTS OF LOANS AND ADVANCES BY BDFCL (Nu.in millions)

Year	Disbursements	Percentage Incre./Decre.
1998	98.35	--
1999	99.67	1.34
2000	139.51	39.97
2001	171.40	22.86
2002	286.59	67.21
2003	451.20	57.44

2004	484.64	7.41
2005	436.84	-9.86
2006	450.00	3.01
2007	487.00	8.22

Source: Compiled from the Annual Report of Bhutan Development Finance Corporation Limited, Various Issues.

From Table 1.1 it has been observed that there is a remarkable increase in the disbursement of loans and advances given by Bhutan Development Finance Corporation Limited during the period under the study, while the disbursements of loans and advances has been increased from Nu. 98.35 millions in 1998 to Nu. 487 million 2007. But a fluctuation was observed in percentage increase per annum during the study period.

TABLE 1.2 ASSETS POSITION OF BDFCL (Nu.in millions)

Year	Assets	Percentage Incre./Decre.
1998	488.02	--
1999	557.30	14.20
2000	614.72	10.30
2001	718.58	16.90
2002	809.27	12.62
2003	1005.00	24.19
2004	1242.09	23.59
2005	1300.29	4.69
2006	1390.00	6.90
2007	1489.00	7.12

Source: Compiled from the Annual Report of BDFCL, Various Issues.

Table 1.2 shows that the assets position has been increased from Nu. 488.02 millions in 1998 to Nu. 1489 million 2008. It is a notable increase in the assets position of Bhutan Development Finance Corporation Limited during the period under the study. But a fluctuation was observed in percentage increase per annum during the study period.

TABLE 1.3 LOANS OUTSTANDING OF BDFCL (Nu.in millions)

Year	Loans Outstanding	Percentage Incre./Decre.
1998	406.07	--
1999	422.05	3.94
2000	450.35	6.71
2001	500.12	11.05
2002	642.55	28.48
2003	908.08	41.32
2004	1114.07	22.68
2005	1151.09	3.32
2006	1260.00	9.46
2007	1368.00	8.57

Source: Compiled from the Annual Report of BDFCL, Various Issues.

From Table 1.3 it has been found that there is an increasing trend in loans outstanding of Bhutan Development Finance Corporation Limited during the period under the study, while the loan outstanding has been increased from Nu. 406.07 millions in 1998 to Nu. 1368 million 2007.

TABLE 1.4 PROFIT POSITION OF BDFCL (Nu.in millions)

Year	Profit	Percentage Incre./Decre.
1998	0.82	--
1999	6.24	660.98
2000	8.80	41.03
2001	20.74	135.68
2002	24.40	17.65
2003	31.26	28.11
2004	40.35	29.08
2005	61.80	53.16
2006	70.00	13.27
2007	87.00	24.29

Source: Compiled from the Annual Report of BDFCL, Various Issues.

There is a notable increase in the profit position of Bhutan Development Finance Corporation Limited during the period under the study, while the profit has been increased from Nu. 0.82 millions in 1998 to Nu. 87 million 2007. But a fluctuation was observed in percentage increase per annum during the study period.

TABLE 1.5 RESERVES AND SURPLUS OF BDFCL (Nu.in millions)

Year	Reserves and Surplus	Percentage Incre./Decre.
1998	133.13	--
1999	142.18	6.79
2000	167.19	17.59
2001	204.45	22.28
2002	246.23	20.43
2003	295.83	20.14
2004	334.66	13.12
2005	394.95	18.01
2006	466.00	17.98
2007	578.00	24.03

Source: Compiled from the Annual Report of BDFCL, Various Issues.

From Table 1.5 it has been observed that the reserves and surplus has been increased from Nu. 133.13 millions in 1998 to Nu. 578 million 2007. It is a remarkable increase in the reserves and surplus of Bhutan Development Finance Corporation Limited during the period under the study. But the percentage increase per annum during the study period was fluctuating.

TABLE 1.6 NUMBER OF BENEFICIARIES OF BDFCL

Year	Number of Beneficiaries	Percentage Incre./Decre.
1998	2230.00	--
1999	2675.00	19.95
2000	3761.00	40.59
2001	4279.00	13.77
2002	4711.00	10.09
2003	6694.00	42.09
2004	6067.00	-9.36
2005	5294.00	-12.71
2006	5375.00	1.53
2007	5412.00	4.41

Source: Compiled from the Annual Report of BDFCL, Various Issues.

Table 1.6 depicts that there is a notable increase in the number of beneficiaries of Bhutan Development Finance Corporation Limited during the period under the study, while the number of beneficiaries has been increased from 2230 in 1998 to 5412 in 2007.

TABLE 1.7 NUMBER OF EMPLOYEES OF BDFCL

Year	Number of Employees	Percentage Incre./Decre.
1998	117	--
1999	114	-2.56
2000	128	12.28
2001	131	2.34
2002	125	-4.58
2003	133	6.40
2004	133	0
2005	131	-1.50
2006	131	0
2007	132	0.76

Source: Compiled from the Annual Report of BDFCL, Various Issues.

It is observed from Table 1.7 that there is a reasonable increase in the number of employees of Bhutan Development Finance Corporation Limited during the period under the study, while the number of employees has been increased from 117 in 1998 to 132 in 2007.

TABLE 1.8 LOAN PER EMPLOYEE OF BDFCL – HEAD OFFICE (Nu.in millions)

Year	Loan per Employee	Percentage Incre./Decre.
1998	6795668	--
1999	8285391	21.92
2000	9185838	10.86
2001	9898234	7.75
2002	14949099	51.02
2003	19888567	33.04
2004	23769866	19.51

2005	13795862	-41.96
2006	13864513	0.49
2007	13945124	0.58

Source: Compiled from the Annual Report of BDFCL, Various Issues.

Table 1.8 shows that the loan per employees has been increased from Nu. 6795668 million in 1998 to Nu.13945124 million in 2007. It is a remarkable increase in the loan per employees for Head Office of Bhutan Development Finance Corporation Limited during the period under the study. It is found that there was a fluctuation in percentage increase per annum during the study period.

TABLE 1.9 LOAN PER EMPLOYEE OF BDFCL – BRANCH OFFICE (Nu.in millions)

Year	Loan per Employee	Percentage Incre./Decre.
1998	1625623	--
1999	1932867	18.90
2000	1707132	-11.67
2001	1852305	8.50
2002	2339858	26.32
2003	3023525	29.21
2004	3698029	22.30
2005	4942676	33.65
2006	5014251	1.44
2007	5121425	2.13

Source: Compiled from the Annual Report of BDFCL, Various Issues.

It is observed from Table 1.9 that there is a notable increase in the loan per employees for Branch Office of Bhutan Development Finance Corporation Limited during the period under the study, while the loan per employees has been increased from Nu. 1625623 million in 1998 to Nu.5121425 million in 2007. But a fluctuation was observed in percentage increase per annum during the study period.

The average and stability of operational variables such as, disbursements, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of active clients, number of employees, loan per employee for head office and loan per employee for branch office of Bhutan Development Finance Corporation Limited are shown in Table 1.10.

TABLE 1.10 AVERAGE AND STABILITY OF OPERATIONAL VARIABLES DURING THE PERIOD FROM 1998 TO 2007

Sl. No	Variables	Mean	S.D	C.V (%)
1	Disbursements	310.52	168.43	54.24
2.	Assets	961.43	372.27	38.72
3.	Loans Outstanding	822.24	279.75	46.18
4.	Profit	35.14	29.23	83.18
5.	Reserves Surplus	296.26	148.08	49.98
6.	No. of Beneficiaries	4650	1429.67	30.75
7.	No. of Employees	128	6.80	5.33
8.	Loan per Employee – Head Office	13437816	5296630	39.42
9.	Loan per Employee – Branch Office	3125769	1457298	46.62

Source: Computed data.

It has been observed from Table 1.10 that the average disbursements, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of employees, loan per employee for head office and loan per employee for branch office were Nu.310.52 million, Nu. 961.43 million, Nu.822.24 million, Nu. 35.14 million, Nu.296.26 million, 4650, 128, Nu.13437816 million and Nu.3125769.1 million respectively during the period from 1997 to 2006. It is observed from the analysis that high fluctuation was found in profit and it is followed by disbursements of loans and advances as indicated by the co-efficient of variation which constitute 83.18 per cent and 54.24 per cent respectively. .

The computed results of trend and growth rate of operational variables of Bhutan Development Finance Corporation Limited are given in Table 1.11.

TABLE 1.11 TREND AND GROWTH THE OPERATIONAL VARIABLES IN BDFCL

Sl. No	Particulars	Linear Trend Co-efficient	CGR
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		A	B	\bar{R}^2	(%)
1.	Disbursements	25.815	51.764 * (7.186)	0.86	23.05
2.	Assets	293.699	121.405 * (17.632)	0.97	14.29
3.	Loans Outstanding	151.101	122.024* (11.897)	0.94	17.08
4.	Profit	-16.613	9.409* (12.366)	0.94	53.67
5.	Reserves Surplus	34.608	47.573* (11.854)	0.94	18.12
6.	No. of Beneficiaries	2564.800	379.090* (3.808)	0.60	10.16
7.	No. of Employees	118.066	1.715* (3.342)	0.53	1.39
8.	Loan per Employee – Head Office	7671034.800	1048505.709* (2.118)	0.30	9.53
9.	Loan per Employee – Branch Office	611420.266	457154.333* (8.584)	0.89	16.11

Source: Computed data.

Figures in the brackets are t-value

Note: * Indicates that the trend co-efficient are statistically significant at 5 per cent level.

It is inferred from Table 1.11 that the trend co-efficient for all the operational variables are statistically significant at 5 per cent level. It implies that on an average amount of disbursement, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of employees, and loan per employee for head office and loan per employee for branch office have been increasing at the rate of Nu.51.764, Nu.121.405, Nu.122.024, Nu.9.049, Nu.47.573, 379.0, 1.715, Nu.1048505.709 and Nu.457154.333 per annum respectively. The compound growth rate was found high in profit (53.67 per cent) followed by amount of disbursement (23.05 per cent) respectively.

VI. Findings

Regarding the trend analysis, the co-efficient for all the operational variables are statistically significant at 5 per cent level. It implies that on an average amount of disbursement, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of active clients, number of employees, loan per employee for head office and loan per employee for branch office have been increasing at the rate of Nu.51.764, Nu.121.405, Nu.122.024, Nu.9.049, Nu.47.573, 379.090, 839.872, 1.715, Nu.1048505.709 and Nu.457154.333 per annum respectively. The compound growth rate was found high in profit (53.67 per cent) followed by amount of disbursement (23.05 per cent) respectively.

VII. Conclusion

The banking sector of the Bhutan has a crucial role to play in all economic and commercial pursuits. It serves as the engine of growth and development. The very morphology and functional desiderata of the banking sector have been undergoing changes for the better consistency and continuing over the years. A number of novel and innovative schemes and programmes have been designed and implemented by the Bhutan Development Finance Corporation Limited (BDFCL) and it plays a strategic role in the Bhutan economy. The specific objectives of the study are to analyse the trend and growth of operating variables such as, disbursements, assets, loan outstanding, profit/loss, reserves and surplus, number of beneficiaries, number of employees, and loan per employee for head office and for branch office and compare the trend and growth of advances made by the BDFCL under different schemes. For increasing the advances made by the BDFCL and for better implementation of various schemes the following suggestions are offered: Whenever the Government launches schemes for the upliftment of the marginalized people, it is the people who are well off jump to their feet. The officials of the Corporation should have a say whenever new schemes are introduced. They should be given an opportunity to study the feasibility and viability of the schemes. The Government should try to implement the schemes only after the green signal is given by the bank officials' and in order to improve the repayment of the loan amount, the amount should be linked to the prompt repayment of the loan. The honest repayers may be encouraged by offering them more subsidies.

On the basis of the data analysed and interpreted one is able to understand the degree of objectivity and thoroughness with which the Corporation officials function and achieve. It is observed from the analysis that high fluctuation was found in profit and it is followed by disbursements of loans and advances as indicated by the co-efficient of variation and the compound growth rate was found high in profit followed by amount of disbursement.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Dr.S.S.Jeyaraj, " Trend And Growth Pattern Of Operating Variables Of Bhutan Development Finance Corporation Limited." IOSR Journal of Business and Management (IOSR-JBM) 20.10 (2018): 79-87.