



MSME ENTREPRENEURS LEVEL OF SATISFACTION TOWARDS BANKS AND FINANCIAL INSTITUTIONS IN COIMBATORE DISTRICT

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ABSTRACT

It is not easy to give a particular answer to the question: Why do people want to start and run independent business? Different answers may come from different people. Some people may start a business just because they love independence and hate to tolerate bossing in the jobs. Some may not have the capability and qualification to do a job and as job is not available to them, they go for independent businesses in order to survive. Some may have some special skills and love challenges to run an independent business. Several motivational factors like need for affiliation need for power and need for achievement are also responsible for going for an independent business. In India there are number of small scale industries are functioning under the roof of MSME. The Central and State Govt. have taken more initiative measures to bring more businesses through the young buds. This paper is prepared to know the Entrepreneurs level of satisfaction towards banks and financial institutions in Coimbatore District.

KEYWORDS : Entrepreneurs, Banks and Financial Institutions

INTRODUCTION

India is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Industries and Services have acted as twin engines propelling overall growth in an economy. They are attracting large inflow of capital and foreign investments into the country from all over the world. They play a vital role in accelerating socio-economic development of a nation, thereby providing several categories of goods and services (both tangible and intangible) and catering to the diverse needs of the masses.

MSME IN INDIA

Small-scale sector constitutes a major part of Indian economy. It plays a great role in the Indian economy in terms of creating additional employment with low capital investment and maintaining self-sustainability in various sectors of the economy. The typical characteristics of small-scale industry other than the level of investment and employment are the personal face of the organisation and style of management. Irrespective of performance level and objectivity of creation, small-scale industries in India are the budding ground for entrepreneurs. Since independence, most of the State Governments and Development financial Institutions like Financial Corporations, Agricultural and Development Banks Small Industry Development Corporations and non-government organisations have tried to build up a new breed of entrepreneurs for shouldering the responsibility of bringing out rapid changes at tiny and small scale sector. During the last few years, the government and financial institutions have pumped huge amount of money for training to undertake entrepreneurial activities and giving various concessions, incentives, export facilities and other kind of subsidies. But a close scrutiny on the emergence of the new breed of entrepreneurs and their performance suggest that, despite liberal financing and provision for marketing, very few entrepreneurs are successful at gross root level. The quantitative increase in number of entrepreneurs is in no way an indicator of qualitative increase in the value of small-scale entrepreneurship in India.

An important segment of Indian industrial set up has been the Micro, Small and medium enterprises (MSMEs), which have been accepted worldwide for promoting equitable growth in the economy. The 'Ministry of Micro, Small and Medium Enterprises' is responsible for overall development of India's small and medium sectors. The major advantages of the industry are its labour intensive nature, generating highest rates of employment growth as well as production at low capital cost.

NEED FOR THE STUDY

Micro, small and medium enterprises (MSME) sector has been

recognised as an engine of growth all over the world. The Government has been encouraging and supporting the sector through policies for infrastructural support, technology up gradation, preferential access to credit, reservation of products for exclusive manufacture in the sector, preferential purchase policy, etc. It has been offering packages of schemes and incentives through its specialized institutions in the form of assistance in obtaining finance; help in marketing; technical guidance; training and technology up gradation, etc. The **Commercial and Development Banks** are contributing a lot towards the promotion of Micro, small and medium enterprises especially in the various functions they carry out in their day to day operations. The potential Entrepreneurs are therefore to benefit from the functions and assistance rendered by these financial institutions. This research is made an attempt to analyse the satisfaction level of Entrepreneurs on the various services offering by the banks and financial institutions.

OBJECTIVES OF THE STUDY

1. To study the role and importance of the MSME growth in India.
2. To ascertain the Satisfaction of MSME Entrepreneurs on the various services provided by the Banks and Financial Institutions.

RESEARCH DESIGN

- Area of the Study-Coimbatore District
- Sample Size -500 MSME Entrepreneurs
- Sources of Data- Primary and Secondary Data (Interview Schedule and MSME Website)
- Statistical Tools Applied- Percentage Analysis, Henry Garrett Ranking, and F Test at 5% level of significance
- Hypothesis of the Study - There is no significant influence of the nature of concern and the variables pertaining to the satisfaction of the MSME Entrepreneurs on the banks offering services.

The research strategy for this thesis began by gathering and studying some background information regarding the situation of MSMEs in Coimbatore District Questions for the interviews are structured based on the research from significant literature within the MSMEs area. The results from the primary and the secondary data collected has been analysed and discussed in order to identify the most important results.

TABLE -1 DEMOGRAPHIC PROFILE OF THE MSME ENTREPRENEURS

S.N o.	Factors	Category	No.of Respondents	Percentage
1	Age of the Entrepreneur	15 Years-17 Years	15	3.0
		8 Years -25 Years	137	27.4

		26 Years-50 Years	172	34.4
		1 Years -60 Years	176	35.2
		Total	500	100
2	Gender	Male	486	97.2
		Female	14	2.8
		Total	500	100
3	Educational Qualification of the Entrepreneur	Schooling	162	32.4
		Diploma	85	17.0
		Graduation	152	30.4
		Post-Graduation	65	13.0
		Engineering	36	7.2
		Total	500	100
4	Size of the Concern	Micro	216	43.2
		Small	111	22.2
		Medium	173	34.6
		Total	500	100
5	Nature of Activity	Cotton Weaving And Textiles	83	16.6
		Metal Products	84	16.8
		Grain Milling	68	13.6
		Art Silk	92	18.4
		Jewellery	88	17.6
		Wood & Furniture	43	8.6
		Others	42	8.4
		Total	500	100.0

S.No	Factors	Category	No. of Respondents	Percent
6	Sources of Capital	Banks	154	30.8
		Family	92	18.4
		Both	254	50.8
		Total	500	100
7	Purpose Of Loan	Working Capital	167	33.4
		Land & Buildings	95	19.0
		R&D	107	21.4
		Promotion Staff Training	63	12.6
		Buying Another Business	68	13.6
		Total	500	100.0
8	Banker's percepti on on Issuing Loan	Risky	171	34.2
		Mostly Risky	104	20.8
		Lesser Risky	69	13.8
		Risk Not Considered	156	31.2
		Total	500	100.0

Source: Primary Data

Table 1 depicts that the Demographic profile of the MSME Entrepreneurs. From the analysis it was clear that majority of the Entrepreneurs were in the age group of 51 years to 60 years and male category. The above table proved that the most of the Entrepreneurs are having School level Education and running their business as Art Silk under Micro Unit. The analysis also specifies that the Entrepreneurs have raised their capital through both Banks and Family and the major proportion of the loan received by the Entrepreneurs were utilized to meet working capital requirements. The majority of the Entrepreneurs have manifest that the bankers have a perception that the loan issue to them is risky.

TABLE-2 SATISFACTION OF MSME ENTREPRENEURS ON THE VARIOUS SERVICES PROVIDED BY THE BANKERS

S.N	FACTORS	HA	A	N	DA	HD	TS	Ran k
	CLIENT SERVICE							
1	Maintain proper records of the customer on loan.	362	301	225	275	133	1296	III
2	Organize work pattern to respond to the needs of MSME Entrepreneurs.	407	505	375	161	80	1528	I

3	Making prompt tracking of debts.	267	437	345	231	100	1380	II
CUSTOMER COMMUNICATIONS								
1	Providing proper information for customer on loan balance, interest, Repayment schedule etc.	267	437	345	232	100	1381	II
2	The bank managers are easy to approach on asking for extension on repayment of loan.	283	437	348	231	96	1395	I
3	The bank never charges the unnecessary charges on loan.	267	437	345	229	100	1378	III
RELATIONSHIP								
1	The bank manager responds to the needs and feelings expressed by the customer.	342	437	336	233	87	1435	III
2	Balance the interest and needs of the customer and the bank.	592	529	465	105	35	1726	I
3	Obtaining feedback from the customer on issues of loan.	462	529	540	107	35	1673	II
PROBLEM SOLVING								
1	Identifying and interpreting problems which are affecting the clients.	227	585	339	197	90	1438	I
2	Generate solutions on behalf of customers and take actions to deliver solutions.	412	385	321	173	121	1412	II
3	The bank is trustable and it leads to my loyalty.	457	285	306	196	130	1374	III

Source: Primary Data

The above table expresses that the variables relating to the satisfaction level of the Entrepreneur on the bank activities pertaining to their role and functions on various heads viz., Client service, Customer communications, Relationship, Problem solving was analysed through score analysis and it was ranked according to the score attained by each heads.

TABLE3-HO: THERE IS NO SIGNIFICANT INFLUENCE OF THE NATURE OF CONCERN AND THE VARIABLES PERTAINING TO THE SATISFACTION OF THE MSME ENTREPRENEURS ON THE BANKS OFFERING LOAN.

S.No	Factors	F value	Sig (5 %)
1	Client service	3.046	0.018
2	Customer Communications	7.350	0.000
3	Relationship	1.602	0.188
4	Problem solving	3.737	0.011

Source: Primary Data

The above analysis has proved that the variables which were considered viz., Client service, Customer communications, Relationship, Problem solving had a positive significant influence over the satisfaction level of the MSME Entrepreneurs in regard to their classification of units. The loan takers were highly satisfied with the client service and the relationship maintained by the bankers with the Entrepreneurs has shown greater priority in maintaining the loan account with the bankers. The foster communications set to the Entrepreneurs by the banker have excelled the level of satisfaction to the maximum extent and the ability of problem solving strategies has accounted a red carpet among the loan takers.

CONCLUSION

The MSME Entrepreneurs had variety of perception and feelings which they have encountered on loan applications. From the analysis it was clear that the banker expect persistence from the

Entrepreneur, ways and means of earning profit by having experience in the venture and industry. Further the knowledge on marketing and management will step up the Entrepreneur's ability in repaying loans. Even though the bankers were ready to provide loans, the bankers expect the Entrepreneurs have to provide collateral security and keep safe their own contribution for further unknown disturbance which is expected in the near future.

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