# Attitude of Owners of Small-scale Industries towards the Lending Services of the State Bank of India in Tamilnadu – A Study

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## Abstract

The small-scale industry is widely recognized as a powerful instrument for socio economic growth and balanced sectorial development. Considering the large employment level and backlog of creation of new jobs to provide employment to all able hands today, hopes are pined on the small-scale sector. A growing economy needs the support of a financial structure which is responsive to the needs of development. In India, in the process of financial deepening, commercial banks have to shoulder special responsibilities for meeting the financial needs of diverse sectors of the economy. There are many factors which influence the overall opinion of owners of SSI units on lending services of the banks. The level of satisfaction of SSI units towards lending policies of State Bank of India has been analyzed and the factors affecting the level of satisfaction have been studied with the help of chi-square test. On analysis it was found that factors such as educational qualification of SSI entrepreneurs and nature of industry were significant in relation to their level of opinion and all other selected independent variables were found to be independent of level of opinion of respondents in respect of services rendered by the selected bank.

**Keywords:** Small-scale industry; Entrepreneurship; Development; Owners; Attitude and State Bank of India

## Introduction

The small-scale industry is widely recognized as a powerful instrument for socio economic growth and balanced sectorial development. The SSIs sector has emerged as a vibrant and dynamic sector and an engine of growth in the present millennium. One of the distinctive characteristics of small-scale sector is that, the development of these industries would create broader employment opportunities assist in entrepreneurship and skills development, and ensure better use of scarce financial resources and appropriate technology thereby reducing regional imbalance assuring more equitable distribution of national income and wealth. Furthermore, they can play a main role in achievement of national economic socio-political objectives. The growth rate recorded by the SSIs sector has normally been higher than that of an industrial sector as a whole [1].

The SSIs units are supplementary and complementary to large and medium scale units as ancillary units. Considering the large employment level and backlog of creation of new jobs to provide employment to all able hands today, hopes are pined on the small-scale sector. The government is making all efforts to provide condusive atmosphere, level playing ground and policy support to enable the SSIs sector to achieve higher levels of production, exports and employment. At present this sector accounts for 95 per cent of industrial units in the country, 40 per cent of value addition in the manufacturing sector, 65 per cent of services and more than 35 per cent of the countries total exports and nearly 80 per cent of industrial employment in Indian economy. The development in SSIs sector in India is to become an emerging force in the international markets. Small-scale industries are small in term but they play a significant role in the Indian economy, socio economic growth and balanced sectorial development in the country. As of 2008-09, there were 285.16 lakh SSI units functioning in India and it provided employment opportunity to 659.35 lakh persons.

It is a well-known fact that finance is the life-blood of any sort of business, trade, commerce or industry. Any enterprise engaged in industrial production realizes a great need of finance according to their form, size and capacity. In a small-scale industry finance is always considered to by a major constraint due to its limited sources and that too with difficult procedures. It is a hard fact that finance is lacking in the small-scale sector. There is also an acute shortage of credit available in this sector.

## Statement of the Problem

Finance is a key input of production, distribution and development of any business organization. It is therefore, aptly described as the "life-blood" of industry and is a pre-requisite for accelerating the process of industrial development. The processes involved in setting up an industrial unit like providing the infrastructure, placing advertisements, marketing the product and the like are based on free flow of funds and a sound financial position. Finance assumes great importance because the non-availability of timely or adequate finance acts as a restraining factor.

A growing economy needs the support of a financial structure which is responsive to the needs of development. In India, in the process of financial deepening, commercial banks have to shoulder special responsibilities for meeting the financial needs of diverse sectors of the economy, including SSIs sector at various stages of development. In the process, they have evolved various modes and instruments of financing, fashioned various organizational innovations, moved away from traditional commercial banking and evolved into development banks, responsive to socio-economic needs. The SSIs have to depend primarily on bank credit commercial banks with their vast network of

branches have naturally emerged an important alternative institutional source of financing.

## Review of Literature

Mishra [2] in his study in Saugar district found that industrialists preferred a bania that is a private money lender to a co-operative bank for meeting their financial needs in order to avoid the complicated formalities, cumbersome procedures and undue delay in getting loans from banks.

Rajula Devi [3] in her article entitled "Small Enterprises for Rural Industrialization Programme and Perspective" found that the problems encountered by the small enterprises were becoming increasingly complex, and the small entrepreneurs were often baffled by a maze of regulatory measures. The woes of the entrepreneurs stem from lack of clear policy perspective. A common view shared by the entrepreneurs and those who were promoters of the growth of small-scale sector was that as long as there was no change in the attitude of policy makers the problems would remain unsolved.

Jayakodi [4], in his study entitled "A Study of Small-Scale Industrial Units in Trichy District" analysed the growth of different types of small-scale industrial units in Trichy district. He has highlighted the factors that contributed to the growth and those that retarded the growth of small-scale industrial units.

Harinath Reddy's [5] study on Working Capital Management in Small-Scale Industries, indicating improper controls on the working capital funding. The preparation of periodical working capital reports at least once a month, better planning to overcome shortages and over trading are some of the steps suggested and above all banks to monitor working capital utilization to detect early signs of sickness.

Murali Krishna [6] observed that the Small-Scale Sector (SSS) happens to be at crossroads at present juncture. The new economic conditions have thrown open new challenges in the form of competition and opportunities for scaling new heights. The competitive conditions call for reduced cost of production which inter alia depends on cost of credit and improvement in quality, which is the function of technology, the emergence of multilateral trade regime in the form of WTO and the benefits and strings attached with it. It is essential to remove the constraints which limit the competition strength of Indian industry. It is not only the question of India coping with WTO regime but of greater issue of how Indian can leverage the benefits of larger access to global market.

According to Ravindra Gowda and Shivakanth Shetty [7], being one of the major growth driver of the economy, the biggest challenge before the SMEs in the emerging market scenario is not only to survive but to grow on a sustainable development through either technology transfer or innovations or inter-firm linkages should be emphasized in the light of global competition. Financial infrastructure need to be broadness and adequate inflow of credit to the consideration the growing investment demand. In the context of economic reforms and globalization the small-scale industries must be competitive for their survival and growth otherwise they will perish resulting in colossal waste of scarce resources unemployment and retard the process of industrialization.

Karthihaselvi et al. [8] desorbed that small-scale industries were dreams of Mahatma Gandhi come true. He supported the growth of small-scale industries in India, because he had the vision that it would help the poor people of India to come up. Small-scale and micro industries are not capital based, but the talent and effort based business. So even a middle class person can own and run this. According to new international poverty line of $1.25, around 40 per cent of Indian population is under poverty line. As it is hard to provide employment to all, at least we can encourage the self employment through small-scale industries. Fortunately the country is endowed with adequate natural resources. So it is a propitious time for the growth of small-scale industries, government can come up with the loan facility and proper training for these industries. This may encourage unemployed people to start their career in this sector. With the government's scheme and succor, the dream of Mahatma Gandhi can come true.

## Objectives of the Study

To study the attitude of the owners of the SSI units towards lending services of the State Bank of India in the study area. To conclude and suggest measures to ensure more flow of credit to the SSI units on the basis of findings of the study.

### Hypotheses of the study

The independent variables such as age, gender, education, area of location, nature of location, type of organization, nature of industry and disposable of loan, have not influenced the opinion of the owners of SSI units on lending services of the bank.

## Methodology

For collecting primary a well designed interview schedule was constructed after identification of suitable variables to be studied. In this regard, the researcher had preliminary discussions with ten small-scale industrial owners and the officials of DIC, Tamilnadu. In the light of the information gathered, the researcher prepared an interview schedule which was pre-tested among 25 small-scale industrial owners. In the light of comments made by them, the final interview schedule was structured.

The State Bank of India has to follow a series of procedures before lending money to small-scale industrial units. The small-scale industrial units may not be completely satisfied with these procedures and services of the bank. An attempt has been made here to analyse the attitude of owners of the small-scale industries to the lending services of State Bank of India in Tamilnadu and to ascertain the factors which influence the level of satisfaction. For this, information were gathered from the 250 owners of small scale industrial units who have benefited from the State Bank of India. On the basis of such information the following analysis has been made under the heads;

- Identifying the attitude factors of owners of small-scale industrial units by the factor analytical method and

- Level of opinion of owners of small-scale industrial units and factors influencing the level of opinion.

The primary data were used to assess the opinion of the respondents in respect of lending services of the State Bank of India.

### Tools of analysis

**Factor Analysis:** The factor model may be represented as,

$$Xi = Aji_1\ F_1 + Aji_2\ F_2 + Aji_3\ F_3 \ldots\ldots + Aim\ Fm + Vi\ Ui$$

Where,

$Xi = $ 'i'th standardized variable

Aji=Standardized multiple regression co-efficient of variable 'i' on common factor 'j'

F=common factor

Vi=Standardized Regression Co-efficient of Variable 'i' on unique factor 'j'

Ui=the unique factor for variable 'i'

M=Number of common factors.

The unique factors are uncorrelated with each other and with common factors. The common factors themselves can be expressed as linear combinations of the observed variables.

F1=Estimate of $i^{th}$ factor

Wi=Weight of Factor score co-efficient

K=Number of variables.

**Chi-Square test:** Chi-square test was applied in the present study to anlayse the relationship between the independent factors and the level of opinion of owners of SSI units, Chi-square was calculated by using the following formula.

$$X^2 = \sum \frac{(0-E)^2}{E}$$

Where,

0 = observed frequency

E = expected frequency

## Period of the study

The field survey was conducted to collect primary data from December 2013 to July 2014.

## Identifying the Attitude Factors of owners of Small-Scale Industrial Units

There are many factors which influence the overall opinion of owners of SSI units on lending services of the banks. In this section an attempt has been made to condense the attitudes of owners of the small-scale industrial units into eight factors by using factor analytical method.

## The analytical framework

In order to study the attitude of entrepreneurs owners sample SSI units in the study area the Factor Analysis has been applied. Mathematically, factor analysis is somewhat similar to the multiple regression analysis. Each variable is expressed as a linear combination of the underlying factors. The amount of variance, variable shares with all other variables included in the analysis is referred to as communality. The co-variation among the variable is described interims of a small number of common factors, plus unique factor for each variable. In other words factor analysis finally results in finding of Rotated Factor Matrix, which is tables of co-efficient that express the ratios between the attitude variables and the underlying factors.

## Rotated Factor Matrix for Attitude of Entrepreneurs of Sample SSI Units towards SBI Loan Assistances (Factor Analysis)

The Rotated Factor Matrix for the attitude of entrepreneurs of sample small-scale industries units in the study area are given in Table 1.

| Sl No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | The Working capital loans sanctioned by bank are adequate | 0.8347 | 0.5025 |
| 2 | Bank considers the loan recommendations of DIC in respect of SSI loans. | 0.8054 | 0.5995 |
| 3 | Rate of interest charged by bank is reasonable | 0.5069 | 0.6320 |

**Table 1:** Soft and Adequate Loans.

| Sl No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | The bank is liberal in granting loans to SSI units. | 0.7872 | 0.6681 |
| 2 | The bank demands only reasonable securities from the borrowers. | 0.7463 | 0.7399 |
| 3 | The bank is closely located to the industrial unit. | 0.4442 | 0.7368 |

**Table 2:** Reasonable and Easy Accessible.

| Sl No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | Margin Money fixed by bank for getting loan in is reasonable | 0.8471 | 0.5211 |
| 2 | The single window scheme adopted by the bank in sanctioning loan is useful to the borrowers. | 0.8150 | 0.5176 |

**Table 3:** Easy Processing and Low Margin.

Table 1 represents the matrix of common Factor co-efficient or factor loadings. The number of factors extracted was eight. The variables which have the highest loading in each factor are grouped which are otherwise are more closely related to particular Factor.

## Factor 1: Soft and adequate loans

In the first Factor the attitude variables of 'the working capital loans are adequate', 'bank considers the loan recommendations of DIC', and 'Rate of interest is reasonable' are the factors with higher positive loadings on first factor 1. The above said three factors with high loadings on Factor 1 are characterized as "Soft and Adequate Loans".

The factor loading and communality are presented in Table 2.

It is clear from Table 2 that all the three variables namely 1, 2 and 3 have a high communality. Therefore it could be indicated that all the variables within Factor 2 have high association among them.

## Factor 2: Reasonable and easy accessible

In the second Factor consists of factors such as 'The bank is liberal in granting loans to SSI units.', 'The bank demands only reasonable securities from the borrowers', and 'The bank is closely located to the industrial unit' are the factors with higher positive loadings in Factor 2. All these three factors with high loadings on Factor 2 are characterized as "Reasonable and Easy Accessible".

The factor loading and communality are presented in Table 3.

It could be observed from Table 3 that all the three variables namely 1, 2 and 3 have a high communality. Therefore it could be indicated that all the variables within Factor 3 have high association among them.

## Factor 3: Easy processing and low margin

The significant loading statements under third Factor, are 'Margin Money fixed by bank for getting loan is reasonable', and 'The single window scheme adopted by the bank in sanctioning loan is useful to the borrowers'. These are the important factors with higher positive

loadings on Factor 3. The above two variables with high loadings on Factor 3 are characterized as "Easy Processing and Low Margin".

The factor loading and communality are presented in Table 4.

It is inferred from Table 4 that all the two variables namely 1 and 2 have a high communality. Therefore it could be indicated that all the variables within Factor 3 have high association among them.

### Factor 4: Simple and realistic loan procedures

The statements 'The loan application elicits only required information", 'The seed capital is provided by the bank', 'Repayment schedules are realistic', 'considers role of SSI at the time of granting loans', are the factors with higher positive loadings on Factor 4. The above said four factors with high loadings on Factor 4 are characterized as "Simple and Realistic Loan Procedures".

The factor loading and communality are presented in Table 5.

It is understood from Table 5 that all the four variables namely 1, 2, 3 and 4 have a high communality. Therefore it could be indicated that all the variables within Factor four have high association among them.

### Factor 5: Easy borrowing

In the fifth Factor 'It is very easy to approach bank official while availing bank loans', and 'As the loans granted by the bank to small-scale industrial units is adequate and, there is no need for loans from non-financial institutions', have the higher factor loadings. As the above variables are relating to adequacy of bank loans, Factor 5 is characterized as "Easy Borrowing".

| SI No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | The Loan application of bank is short and elicits only the information required for grant of loan | 0.6588 | 0.5288 |
| 2 | Seed capital provided by the bank encourages many to start SSI. | 0.6411 | 0.3403 |
| 3 | Repayment schedules fixed by bank are always realistic | 0.4880 | 0.5040 |
| 4 | Bank considers the positive role of SSI in scenario of globalization at the time of granting loans | 0.4474 | 0.4211 |

**Table 4:** Simple and Realistic Loan Procedures.

| SI No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | It is very easy to approach bank official while availing bank loans. | 0.6362 | 0.5763 |
| 2 | As the loans granted by the bank to SSI units is sufficient, there is no need for loans from non-financial institutions. | 0.5344 | 0.5855 |

**Table 5:** Easy Borrowing.

| SI No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | Those who repay loans regularly are given preferential treatment by banks in granting further loans | 0.6657 | 0.3542 |
| 2 | Legal formalities adopted by bank in sanctioning loan are simple to understand. | 0.5641 | 0.5419 |
| 3 | Bank is soft in recovery of loan from SSI | 0.5023 | 0.4041 |
| 4 | Bank does not show any favoritism in granting loans. | 0.4994 | 0.4378 |
| 5 | Bank displays all the information about the schemes benefiting customers on the notice board. | 0.3392 | 0.5913 |

**Table 6:** Impartial Lending and Easy Recovery.

| SI No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | SSI's are treated on par with agricultural sector, in granting loans. | 0.7106 | 0.6870 |
| 2 | Bank takes reasonable time in processing loan applications. | 0.4184 | 0.6658 |
| 3 | The bank does not impose rigid rules and regulations in granting loans | 0.3499 | 0.3137 |

**Table 7:** Flexible Rules and Regulation.

| SI No | Variable | Factor Loading | Communality |
|---|---|---|---|
| 1 | The norms followed by banks in assessing working capital requirement are satisfactory. | 0.6853 | 0.5239 |
| 2 | The bank sanctions credit for all government sponsored schemes. | 0.4733 | 0.5392 |
| 3 | The loan processing fee inspection fee and other services charges are is reasonable. | 0.3792 | 0.4348 |

**Table 8:** Adequate Loan for Government Sponsored Schemes.

The factor loading and communality are presented in Table 6.

According to Table 6 that all the two variables namely 1 and 2 have a high communality. Therefore it could be indicated that all the variables within Factor 5 have high association among them.

### Factor 6: Impartial lending and easy recovery

The attitude variables such as 'those who repay loans regularly are given preferential treatment by banks in granting further loans', 'Legal formalities adopted by bank in sanctioning loan are simple to understand', 'Bank is soft in recovery of loan from SSI', 'Bank does not show any favoritism in granting loans', and 'Bank displays all the information about the schemes benefiting customers on the notice board' are having higher factor loadings in Factor 6. These variables are commonly characterized as, "Impartial Lending and easy Recovery".

The factor loading and communality are presented in Table 7.

It is seen from Table 7 that all the five variables namely 1, 2, 3, 4 and 5 have a high communality. Therefore it could be indicated that all the variables within Factor 6 have high association among them.

### Factor 7: Flexible rules and regulation

In the seventh Factor the statements such as 'the SSIs are treated on par with agriculture', 'Bank takes reasonable time in processing loan applications', and 'The bank does not impose rigid rules and regulations in granting loans' are the factors with higher factor loadings. These variables in Factor 7 are commonly characterized as "Flexible Rules and Regulation".

The factor loading and communality are presented in Table 8.

It is clear from Table 8 that all the three variables namely 1, 2 and 3 have a high communality. Therefore it could be indicated that all the variables within Factor seven have high association among them.

### Factor 8: Adequate loan for government sponsored schemes

In the eighth Factor the statements such as 'The norms followed by banks in assessing working capital requirement are satisfactory', 'The bank sanctions credit for all government sponsored schemes', and 'The loan processing fee, inspection fee and other service charges by the bank are reasonable', are the factors having highest factor loadings. There factor are characterized commonly as "Adequate Loan for Government Sponsored Schemes".

| SI No | Factors | Eigen Value | % Variance | Cumulative   % of Variance |
|---|---|---|---|---|
| 1 | Soft and adequate loan | 3.007 | 16.0 | 16.0 |
| 2 | Reasonable and easy accessible | 1.983 | 10.9 | 26.9 |
| 3 | Easy processing and low margin | 1.667 | 6.7 | 33.6 |
| 4 | Simple and realistic loan procedure | 1.495 | 6.0 | 39.6 |
| 5 | Easy borrowing | 1.429 | 5.7 | 45.3 |
| 6 | Impartial lending and easy recovery | 1.342 | 5.4 | 50.8 |
| 7 | Flexible rules and regulations | 1.208 | 4.8 | 55.6 |
| 8 | Adequate loan for government sponsored schemes | 1.135 | 4.5 | 60.1 |

**Table 9:** General Opinion of Owners of SSI Units on Lending Services of the Bank.

| Sl. No | Level of Opinion | Number of Units | Percentage |
|---|---|---|---|
| 1 | High | 25 | 10.00 |
| 2 | Medium | 181 | 72.40 |
| 3 | Low | 44 | 17.60 |
|  | Total | 250 | 100.00 |

**Table 10:** Level of Opinion of Respondents.

| Sl. No | Gender of Entrepreneurs | High | Medium | Low | Total |
|---|---|---|---|---|---|
| 1 | Male | 20 (80.00) | 136 (75.14) | 185 (74.00) | 185 (74.00) |
| 2 | Female | 5 (20.00) | 45 (24.86) | 15 (34.09) | 65 (26.00) |
|  | Total | 25 (100.00) | 181 (100.00) | 44 (100.00) | 250 (100.00) |

**Table 11:** Gender and Level of Opinion of Respondents.

| Sl. No | Age Level | High | Medium | Low | Total |
|---|---|---|---|---|---|
| 1 | Below 25 years | - | 2 (1.10) | - | 2 (0.8) |
| 2 | 25 to 35 years | 5 (20.00) | 73 (40.33) | 12 (27.27) | 90 (36.00) |
| 3 | 35 to 45 years | 16 (64.00) | 87 (48.07) | 29 (65.91) | 132 (52.80) |
| 4 | 45 to 55 years | 4 (16.00) | 19 (10.50) | 3 (6.82) | 26 (10.40) |
|  | Total | 25 (100.00) | 181 (100.00) | 44 (100.00) | 250 (100.00) |

**Table 12:** Age of the Respondents and their Opinion Level.

The factor loading and communality are presented in Table 9.

Table 9 shows that all the three variables namely 1, 2 and 3 have a high communality. Therefore it could be indicated that all the variables within Factor 8 have high association among them.

## Analyzing the General Opinion of Owners of SSI units

The opinion of owners of SSI units on lending services of the bank is presented in Table 10 which shows Eigen values, variance and cumulative variance of general opinion of owners of SSI units.

From Table 10 it is observed that there are eight factors namely 'soft and adequate loans', 'reasonable and easy accessible', 'easy processing and low margin', 'simple and realistic loan procedure', 'impartial lending and easy recovery', 'easy borrowing', 'flexible rules and regulations' and adequate loan for government sponsored schemes were extracted out of 25 attributes there factors account for 60.1 per cent of variance in the data.

It could also be observed from above Table that the first factor 'soft and adequate loans' is having Eigen value of 3.00 which indicates that the factor contains much higher information than the other factors.

The first factor "soft and adequate loans" provides the maximum insights in to the opinions of owners of SSI units in the study area.

## Level of Opinion of Owners of SSI Units on Lending Services of the Bank

An attempt is made to analyse the levels of opinion of owners of SSI units in Tamilnadu, with regard to the lending services of State Bank of India. The opinion cannot be measured in absolute terms. It depends on the relation between what one expects to have and what one is provided with. In the present study, opinion of owners of SSI units, (the sample 250 units) has been measured with help of the statements by adopting the Likert scaling technique.

The opinion of owners of SSI units has been classified into three categories namely, low level, medium level and high level for analytical purpose. For the 250 respondents, the total score value for each respondent was calculated. The arithmetic mean $(\overline{X})$ and standard deviation (σ) were calculated for 250 observations.

The calculated arithmetic mean $(\overline{X})$ was 98.16 and the standard deviation (σ) was 18.11. It 80 score values were those respondents whose greater than or equal to $(\overline{X}+\sigma)$ is 117 and the score values less than or equal to $(\overline{X}-\sigma)$ were classified persons having high level opinion and low level opinion respectively. Scored the respondents who values in between $(\overline{X}+\sigma)$ and $(\overline{X}-\sigma)$ is 117 and 80 were classified as the persons having medium level satisfaction.

Table 11 shows the classification of the respondents according to their levels of opinion.

It is observed from Table 11 that a majority of 181 respondents (72.40%) of opinion of owners of SSI units had medium level of opinion regarding the lending services of State Bank of India in Tamilnadu, while 44 respondents (17.60%) had a low level of opinion and 25 units (10.00%) have high level of opinion.

## Factors Influencing Level of Opinion of Respondents

An attempt has been made in this chapter to understand whether factors like gender, age, education, area of plant location, nature of location, type of organisation, nature of industry and disposable of loan influenced the levels of opinion of owners of SSI units. Further an attempt has also been made to test the relationship between the factors and the levels of opinion. For this, the Chi-square test had been employed adopting the following formula.

Chi-square $(X^2)=\dfrac{(O-E)^2}{E}$ where (r-1) (c-1) degrees of freedom

Where,

O = Observed Frequency

E = Expected Frequency

$$E = \frac{RowTotal \times Column\ Total}{Grand\ Total}$$

C = Number of columns,

R = Number of rows.

The Chi-square value is calculated and compared with the table value which determines the relationship between the factors and the level of opinion.

## Gender-wise Classification and Opinion Level of Respondents

The level of opinion based on gender of entrepreneurs is shown in Table 12.

From the Table 12 it is observed that out of 25 entrepreneurs with high level opinion, 20 (80.00 per cent) of them are male, five (20.00%) of them are female. Further it shows that out of 181 entrepreneurs with medium level opinion, 136 (75.14%) of them are male and 45 (24.86%) are female. It also shows that out of 44 entrepreneurs with low level opinion, 29 (65.91%) are male and 15 (34.09%) are female.

From the above analysis there appears a relationship between the gender of the respondents and the level of satisfaction towards the services of SBI. In order to verify whether such relationship is statistically significant or not the following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Gender of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The results of the Chi-square test are furnished below

| | | |
|---|---|---|
| Calculated Value | = | 2.087 |
| Table Value at 5 per cent level | = | 5.99 |
| Degrees of freedom | = | 2 |

As the calculated Chi-square value is less than the Table value, the null hypothesis is accepted. Hence, it could be concluded that the level of opinion of owners of SSI units towards the lending services of the State Bank of India is independent of their gender.

## Age of the Respondents and their Opinion Level

The levels of opinion of the different age levels of entrepreneurs are shown in Table 13.

From the Table 13 it is observed that out of 25 entrepreneurs with high level opinion 5 (20.00%) of them fall under age group 25 to 35 years, 16 (64.00%) of them fall under age group between 35 to 45 years and 4 (16.00%) of them fall under age group between 45 to 55 years. Further it shows that out of 181 entrepreneurs with medium level satisfaction, 2 (1.10%) of them fall under age group below 25 years, 73 (40.33%) of them fall under age group between 25 to 35 years, 87 (48.07%) of them under age group between 35 to 45 years, 19 (10.50%) of them fall under age group between 45 to 55 years. 44 entrepreneurs with low level opinion, 12 (27.27%) of them under age group between 35 to 45 years, 29 (65.91%) and 3 (6.82%) of them under age group between 45 to 55 years.

From the above analysis there appears a relationship between the age of the respondents and the level of opinion towards the services of State Bank of India. In order to verify whether such relationship is

| Sl. No | Literacy Level | Opinion Level | | | Total |
|---|---|---|---|---|---|
| | | High | Medium | Low | |
| 1 | Illiterate | 3 (12.00) | 4 (2.21) | - | 7 (2.8) |
| 2 | Elementary | 2 (8.00) | 12 (6.63) | 5 (11.36) | 19 (7.9) |
| 3 | Secondary | 14 (56.00) | 71 (39.23) | 18 (40.91) | 103 (41.2) |
| 4 | Higher secondary | 5 (20.00) | 28 (15.47) | 13 (29.55) | 46 (18.4) |
| 5 | Graduate | - | 33 (18.23) | 2 (4.55) | 35 (14.00) |
| 6 | Post graduate | - | 13 (7.18) | 2 (4.55) | 15 (6.00) |
| 7 | Technical | 1 (4.00) | 20 (11.05) | 4 (9.09) | 25 (10.00) |
| | **Total** | **25 (100.00)** | **181 (100.00)** | **44 (100.00)** | **250 (100.00)** |

**Table 13:** Literacy and Level of Opinion of Respondents.

| Sl. No | Area of Location | Opinion Level | | | |
|---|---|---|---|---|---|
| | | High | Medium | Low | Total |
| 1 | Rural | 10 (40.00) | 60 (33.15) | 12 (27.27) | 82 (32.8) |
| 2 | Urban | 5 (20.00) | 47 (25.97) | 10 (22.73) | 62 (24.8) |
| 3 | Semi – urban | 10 (40.00) | 74 (40.88) | 22 (50.00) | 106 (42.4) |
| | **Total** | **25 (100.00)** | **181 (100.00)** | **44 (100.00)** | **250 (100.00)** |

**Table 14:** Area of Location and Level of Opinion.

statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Age of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The results of the Chi-square test are furnished below

| | | |
|---|---|---|
| Calculated Value | = | 8.507 |
| Table Value at 5 per cent level | = | 18.3 |
| Degrees of freedom | = | 10 |

As the calculated Chi-square value is less than the Table value, the null hypothesis is accepted. Hence, it could be concluded that the level of opinion of the owners of SSI units towards the lending services of the State Bank of India is independent of their age.

## Literacy and Level of Opinion of Respondents

The owners of sample units were found to belong to different groups based on literacy levels. Distribution of owners of the sample units by their literacy levels are presented in Table 14.

From the Table 14 it is observed that out of 25 entrepreneurs having high level opinion, 3 (12.00%) of them were illiterates, 2 (8.00%) of them had education upto elementary level, 14 (56.00%) of them had education upto secondary level and 5 (20.00%) had education upto higher secondary level. Further it shows that out of 181 entrepreneurs with medium level of opinion, 4 (2.21%) of them were illiterates 71 (39.23%) upto secondary level, 28 (15.47 per cent), 33 (18.23%) of them fall under educational study in higher secondary and graduate level respectfully. It also shows that out of 44 entrepreneurs with low level opinion, 5 (11.36%) of them had education upto level, 18 (40.91 per cent) of them fall educational and secondary level, the increasing

the study 13 (29.55%) and 4 (9.09%) of them fall under educational of the study in higher secondary level and technical level the educational of the entrepreneurs.

From the above analysis there appears a relationship between the literacy level of the respondents and the level of opinion towards the services of State Bank of India. In order to verify whether such relationship is statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Literacy level of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The results of the Chi-square test are furnished below:

| | | |
|---|---|---|
| Calculated Value | = | 27.52 |
| Table Value at 5 per cent level | = | 18.3 |
| Degrees of freedom | = | 10 |

As the calculated Chi-square value is greater than the Table value, the null hypothesis is rejected. Hence, it could be concluded that the level of opinion of owners of SSI units towards the lending services of the State Bank of India is not independent of the educational level.

## Area of Plant Location and Level of Opinion

The relationship between the area of plant location and levels of opinion are shown in Table 15.

It is understood from Table 15 that out of 25 entrepreneurs with high level opinion, 10 units (40.00%) of their plant is located in rural areas, 5 units (20.00%) of their plant is located in urban areas, 10 units (40.00%) of their plant is located in semi–urban areas. Out of 181 entrepreneurs with medium level opinion, 60 units (33.15%) of their plant is located in rural areas, 74 units (40.88%) and 47 units (25.97%) of their plant is located in semi–urban areas, urban area, further it also shows that out of 44 entrepreneurs with low located semi–urban areas, 12 units (27.27%) of their plant is located in rural areas and 10 units (22.73%) of their plant is located in urban area.

From the above analysis there appears a relationship between the area of plant location of the respondents and the level of opinion towards the services of State Bank of India. In order to verify whether such relationship is statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Area of plant location of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The area plant location and level of opinion: chi–square test

| SI. No | Nature of Location | Opinion Level | | | Total |
|---|---|---|---|---|---|
| | | High | Medium | Low | |
| 1 | Developed area | 8 (32.00) | 44 (24.32) | 6 (13.64) | 58 (23.2) |
| 2 | Backward area | 8 (32.00) | 50 (27.62) | 15 (34.01) | 73 (29.2) |
| 3 | Most backward area | 5 (20.00) | 46 (25.41) | 13 (29.55) | 64 (25.6) |
| 4 | Under developed area | 4 (16.00) | 41 (22.65) | 10 (22.73) | 55 (22.00) |
| | Total | 25 (100.00) | 181 (100.00) | 44 (100.00) | 250 (100.00) |

**Table 15:** Nature of Location of Plant and Level of Opinion.

| SI. No | Type of organization | Opinion Level | | | Total |
|---|---|---|---|---|---|
| | | High | Medium | Low | |
| 1 | Sole Proprietorship | 24 (96.00) | 165 (91.16) | 37 (84.09) | 226 (98.4) |
| 2 | Partnership Firm | - | 11 (6.08) | 7 (15.91) | 18 (7.2) |
| 3 | Co–operative organization | 1 (4.00) | 5 (2.76) | - | 6 (2.4) |
| | Total | 25 (100.00) | 181 (100.00) | 44 (100.00) | 250 (100.00) |

**Table 16:** Type of Organization of SSI Units and Level of Opinion.

| | | |
|---|---|---|
| Calculated Value | = | 1.951 |
| Table Value at 5 per cent level | = | 9.49 |
| Degrees of freedom | = | 4 |

As the calculated Chi-square value is less than the Table value, the null hypothesis is accepted. Hence, it could be concluded that the level of opinion of owners of the SSI units towards the lending services of the State Bank of India is independent of the area of plant location.

## Nature of Location of Level of Opinion

Table 16 describes whether the locations status of plant influences the level of opinion are nature of location.

Table 16 exhibits that out of 25 entrepreneurs with high level of opinion, 8 units (32.00%) have their location status as developed area another 8 units (32.00%) and 5 units (20.00%) of them have their location status as backward area and most backward area, 16. 00 per cent are under developed area. Out of 181 entrepreneurs with medium level of opinion, 44 units (24.32%) of them have their location status as developed area, 50 units (27.62%) of them have their location status as backward area and 46 units (25.41%) of them have their location status as most backward area, 22.65 per cent of them have their location status as under–developed area. It also shows that out of 44 entrepreneurs with low opinion, 6 units (13.64%) and 15 units (34.01%) of them have their location status as developed area and backward area, 13 units (29.35%) of them have their location status as most backward area, 10 units (22.73%) of them have their location status as under–developed area.

From the above analysis there appears a relationship between the nature of location of the respondents and the level of opinion towards the services of SBI. In order to verify whether such relationship is statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Nature of location of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The location status of plant and level of opinion: chi – square test

| | | |
|---|---|---|
| Calculated Value | = | 4.277 |
| Table Value at 5 per cent level | = | 12.6 |
| Degrees of freedom | = | 6 |

As the calculated Chi-square value is less than the Table value, the null hypothesis is accepted. Hence, it could be concluded that the level of opinion of owners of the SSI units towards the lending services of the State Bank of India is independent of the nature of location status of the plant.

## Type of Organization and Level of Opinion

Table 17 presents the level of opinion of different types of organization.

Table 17 reveals that out of 25 entrepreneurs with high level opinion, 24 units (96.00 per cent) of them have sole proprietorship type of organization, 1 unit (4.00 per cent) of them have co-operative organization. Further, it also shows that out of 181 entrepreneurs with medium level of opinion, 165 units (91.16 per cent) of them have sole proprietorship type of organization and 5 units (2.76 per cent) of them have co-operative organization. Out of 44 entrepreneurs with low level of opinion, 37 units (84.09 per cent) of them have sole proprietorship and 18 units (7.2 per cent) of them have partnership type of organization respectively.

From the above analysis there appears a relationship between the types of organization of the respondents and the level of opinion towards the services of SBI. In order to verify whether such relationship is statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Types of organization of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The type of organization and level of opinion: chi–square test

| SI. No | Nature of Industry | Level Opinion | | | Total |
|---|---|---|---|---|---|
| | | High | Medium | Low | |
| 1 | Textiles Industry | 5 | 29 | 2 | 36 |
| | | -20 | -16.02 | -4.55 | -14.4 |
| 2 | Chemical and paramedical | - | 10 | 1 | 11 |
| | | | -5.52 | -2.27 | -4.4 |
| 3 | Engineering and allied | - | 5 | 2 | 7 |
| | | | -2.76 | -4.55 | -2.8 |
| 4 | Electrical and electronic | - | 15 | 2 | 17 |
| | | | -8.29 | -4.55 | -6.8 |
| 5 | Printing Industry | - | 40 | 12 | 52 |
| | | | -22.11 | -27.27 | -20.8 |
| 6 | Plastic and rubber Industry | 1 | 8 | 3 | 12 |
| | | -4 | -4.42 | -6.82 | -4.8 |
| 7 | Hosiery and garments | - | 3 | - | 3 |
| | | | -1.66 | | -1.2 |
| 8 | Food processing Industry | 2 | 6 | 2 | 10 |
| | | -8 | -3.31 | -4.55 | -4 |
| 9 | Rice & flour Industry | 7 | 16 | 8 | 31 |
| | | -28 | -8.84 | -18.18 | -12.4 |
| 10 | Dhal processing industry | 6 | 21 | 2 | 29 |
| | | -24 | -11.6 | -4.54 | -11.6 |
| 11 | Silk cotton Industry | 4 | 20 | 9 | 33 |
| | | -16 | -11.05 | (20.4520 | -13.2 |
| 12 | Any other, specify | - | 8 | 1 | 9 |
| | | | -4.42 | -2.27 | -3.6 |
| | Total | 25 | 181 | 44 | 250 |
| | | -100 | -100 | -100 | -100 |

Table 17: Nature of Industry and Level of Opinion of the Respondents.

| SI. No | Time Taken to Dispose of Loan | Opinion Level | | | Total |
|---|---|---|---|---|---|
| | | High | Medium | Low | |
| 1 | Less than a Month | 8 (32.00) | 39 (21.55) | 9 (20.45) | 56 (22.4) |
| 2 | One Month | 9 (36.00) | 87 (48.07) | 20 (45.45) | 116 (46.4) |
| 3 | Two Months | 8 (32.00) | 46 (25.41) | 13 (29.55) | 67 (26.8) |
| 4 | Three Months | - | 9 (4.97) | - | 9 (3.6) |
| 5 | More than three Months | - | | 2 (4.55) | 2 (0.8) |
| | Total | 25 (100.00) | 181 (100.00) | 44 (100.00) | 250 (100.00) |

Table 18: Disposal of Loan and Level of Opinion.

| | | |
|---|---|---|
| Calculated Value | = | 8.466 |
| Table Value at 5 per cent level | = | 9.49 |
| Degrees of freedom | = | 4 |

As the calculated Chi-square value is less than the Table value, the null hypothesis is accepted. Thus it may be concluded that the level opinion of the owners of SSI units towards the lending services of State Bank of India is independent of the type of organization, chosen by small entrepreneurs for doing their business.

### Nature of Industry and Level of Opinion of the Respondents

The nature of industry–wise levels of opinion of the owners of SSI units are shown in Table 18.

It is know from Table 18 that out of 25 entrepreneurs with high level of opinion, the total industry 12 SSI units in respondents, the first 5 units (20.00%) of them textiles industry units, 1 units 94.00%) of them plastic and rubber industry units, 2 units (8.00%) of them food processing industry units, 7 units (28.00%) of them rice and flour industry units, 6 units (24.00%) and 4 units (16.00%) of them dhal processing and silk cotton industry.

Out of 181 entrepreneurs with medium level of, opinion 29 units (16.02%) of them textiles industry, 10 units (5.52%) of them chemical and paramedical industry, 5(2.76%) units of them engineering and allied industry, 15 (8.29%) units of them electrical and electronic industry, 40 (22.11%) units of them paper and printing industry, 8 units, 3 units and 6 units (4.42%), 1.66%) and (3.31%) of them plastic and rubber industry, hosiery and garments industry and food processing industry, 16 (8.84%) units of them rice and flour industries, 21 (8.84%), 20 (11.05%) and 8 (4.42%) units of them have dhal processing, silk cotton and any other industries in type of organization.

Further, it also shows that out of 44 entrepreneurs with low level of opinion the highest industry units 12 units (27.27%), 9 units (20.45), 8 units (18.18%), 4 units (4.55%) and 2 (4.55%) units of them have paper and printing industries, silk cotton industries, rice and flour industrial, food processing industries and textiles industries units and any other, specify industries nature of industrial respectively.

From the above analysis there appears a relationship between the nature of industry of the respondents and the level of opinion towards the services of SBI. In order to whether such relationship is statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Nature of industry of the respondents is independent of the

level of their opinion towards the lending services of State Bank of India".

The nature of industries and level of opinion: chi–square test

| | | |
|---|---|---|
| Calculated Value | = | 35.930 |
| Table Value at 5 per cent level | = | 33.9 |
| Degrees of freedom | = | 22 |

As the calculated Chi-square value is greater than the Table value, the null hypothesis is rejected. Hence, it could be concluded that the level of opinion of the owners of SSIs units towards the lending services of the State Bank of India is influenced by the nature of business carried on by small entrepreneurs.

## Disposal of Loan and Level of Opinion

The relationship between the time taken to disposal of loan of owners of the SSI units and the level of opinion is shown in Table 18.

From Table 18, it is observed that out of 25 entrepreneurs with high levels of opinion 8 (32.00%) of them have less than a month, 9 (36.00%) of them have one month, 8 (32.00%) of them have two months the time taken to disposal of loan. Out of 181 entrepreneurs with medium levels opinion, 39 (21.55%) of them less than a month, 87 (48.07%), 46 (25.41%) and 9 (4.97%) of them have one month, two month and three month, The time taken to disposal loan. Further it shows that out of 44 entrepreneurs with low levels opinion, 9 (20.45%) of them have less than a months, 20 (45.45%) of them have one months, 29.55 per cent and 4.55 per cent of them have two months and more than three months and the time taken to disposal loans.

From the above analysis there appears a relationship between the time taken to disposal of loan of the respondents and the level of opinion towards the services of State Bank of India. In order to verify whether such relationship is statistically significant or not following null hypothesis was framed and tested with help of chi-square analysis.

$H_0$: "Time taken to disposal of loan of the respondents is independent of the level of their opinion towards the lending services of State Bank of India".

The time taken to disposal of loan and level of opinion: chi–square test value

| | | |
|---|---|---|
| Calculated Value | = | 15.161 |
| Table Value at 5 per cent level | = | 15.5 |
| Degrees of freedom | = | 8 |

As the calculated Chi-square value is less than the Table value, the null hypothesis is accepted. Hence, it could be concluded that the level opinion of the owners of the SSI units towards the lending services of State Bank of India is independent of the time taken to disposal of loans of existence of SSI units.

## Summary

In this paper the researcher has analyzed the attitude of SSI units in study area towards the lending of State Bank of India. The factor analysis has been used to identify important attitude of owners of SSI units which grouped attitude variables under eight factors on the basis of their importance. The level of satisfaction of SSI units towards lending policies of State Bank of India has been analyzed and the factors affecting the level of satisfaction have been studied with the help of chi-square test. On analysis it was found that factors such as educational qualification of SSI entrepreneurs and nature of industry were significant in relation to their level of opinion and all other selected independent variables were found to be independent of level of opinion of respondents in respect of services rendered by the selected bank.

## Suggestions

The Bank under study may have specialized branches in each district to the loan requirements of the small-scale industries. If the State Bank of India does not have exclusive branches for SSI units, the bank may provide separate cells in all branches to deal exclusively with small-scale industries. Such cells could monitor the disbursement and utilization of loans to SSI units. Adequate delegation of power at the branch level may be given so as to avoid several layers of hierarchy in granting loans to SSI units. The banks may conduct sample surveys of the performance of the SSI accounts to find whether they are getting adequate bank credit for their operations. A monthly newsletter on the SSI sector may be circulated among the staff at the specialized branches. The newsletter should project the latest developments in the SSI sector which will sensitize the bank staff and reorient them regarding the working of the SSI sector.

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