

MSME's PERCEPTION TOWARDS CHHATTISGARH RURAL BANKS IN BILASPUR DISTRICT

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ABSTRACT:

Customer is the king. With cut throat competition from large number of private multinational players in banking industry and increasing changing demands of MSME's, it has become more difficult for regional rural banks in india to prove its worth. 'MAKE IN INDIA' and more start-ups setting up due to motivation from Government, it further added to agony of Rural Banks. This paper strives to highlight the report card of Chhattisgarh Rural Banks in Bilaspur district given by MSME's in Bilaspur district.

KEYWORDS:

MSME, Highlight, Perception, Chhattisgarh Rural Banks, Bilaspur

INTRODUCTION:

The Regional Rural Banks in Chhattisgarh have had a long standing for more than thirty years. The main objective of these institutions is to promote the agricultural sector. But with advent of time they were made to accept the functions of sponsoring Commercial and Nationalized Banks. The RBI and NABARD undertook a bailout programme through the sponsor bankers. Added to this, they were subject to amalgamation, which resulted in 196 banks being reduced to 82 and in Chhattisgarh itself 5 banks were reduced to 3 banks. At present in Chhattisgarh 03 RRBs are functioning namely, Chhattisgarh State Rural Bank (CGSRB), Sarguja Kshetriya Gramin Bank (SKGB) and Durg Rajnandgaon Gramin Bank (DRGB).

OBJECTIVES :

RATIONALE OF THE RESEARCH PAPER :

MSME affects our country's development Programmes. MSME is the foundation of Indian economy, thus for existence and development of such Industries there must be a corporate outlook to it. However, we do not know much about MSME Corporate outlook as it has not been studied properly.

This paper strives to highlight the report card of Chhattisgarh Rural Banks in Bilaspur district given by MSME's in Bilaspur district thereby giving insight about MSME's perception towards Chhattisgarh Rural Banks.

SCOPE OF RESEARCH PAPER :

The study 'MSME's PERCEPTION TOWARDS CHHATTISGARH RURAL BANKS IN BILASPUR DISTRICT' highlights the Services, Performance of the Bank as per Present situation and Management systems.

RESEARCH METHODOLOGY

1. **SAMPLE SIZE-** 450 out of which 200 from Micro,150 from Small and 100 from Medium Entrepreneurs as per the secondary data collected for total number of MSMEs in Bilaspur, it is found to be 19068 Units. Thus my total sample size is 3% of total which is fairly good proportion for the research purpose.
2. **SAMPLE AREA-**Chhattisgarh Rural Banks with special reference to Bilaspur district
3. **SAMPLING METHOD-**Simple Random Sampling

4. **SOURCES OF DATA-****PRIMARY DATA-** Survey**SECONDARY DATA-** Government Reports, Chhattisgarh Gramin Bank Annual Reports of different financial years published by MSME Ministry, Pradhan Mantri Mudra Bank yojna, NSEIC Reports, MSME Act 20065. **SURVEY INSTRUMENT-** Questionnaire**LIMITATIONS OF THE STUDY:**

1. The study is limited to sample size of 450 out of which 200 from Micro, 150 from Small and 100 from Medium Entrepreneurs.
2. The study is limited to Bilaspur district
3. The study restricts itself to Chhattisgarh Rural Banks
4. Another limitation relates to the questions asked to the respondents on some sensitive issues like income of the respondent and their family members

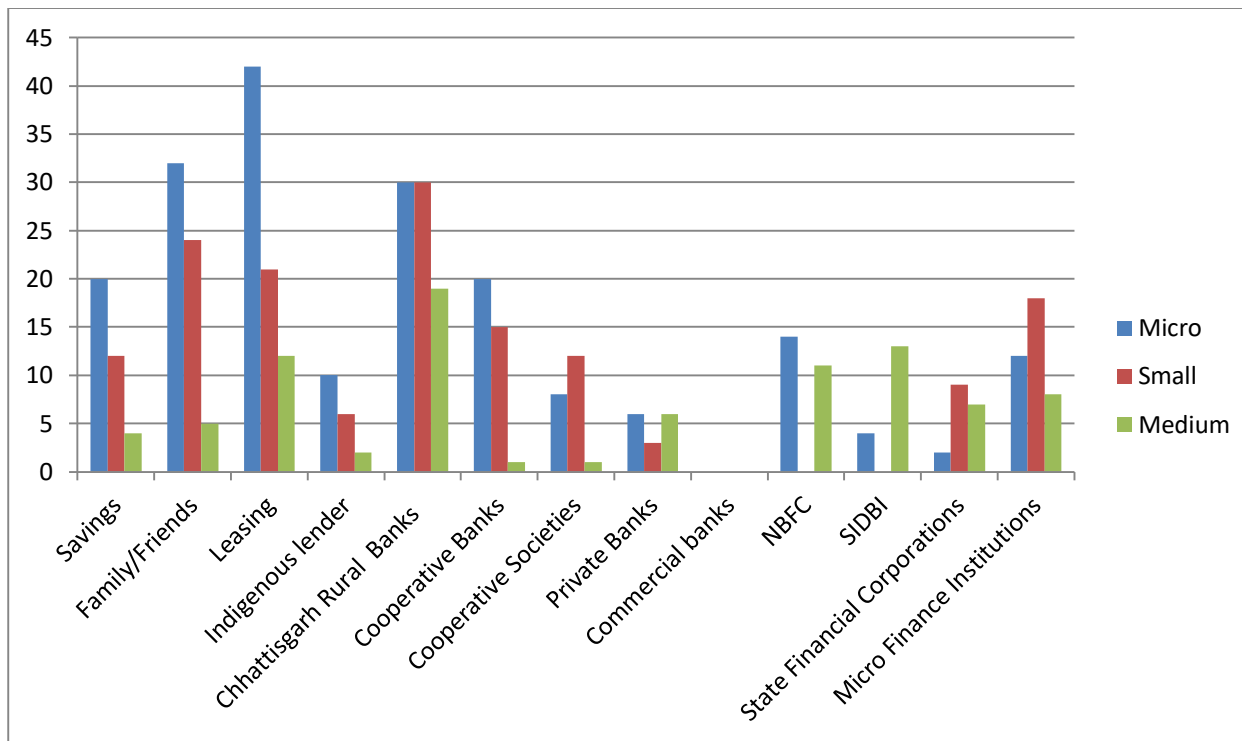
FINDINGS:

1. Which is your preferred Source of business finance?

TABLE: 1

Preferred source of business finance	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Savings	20	12	04	10	08	4
Family/Friends	32	24	05	16	16	05
Leasing	42	21	12	21	14	12
Indigenous lender	10	06	02	05	04	02
Chhattisgarh Rural Banks	30	30	19	15	20	19
Cooperative Banks	20	15	01	04	08	01
Cooperative Societies	08	12	01	04	08	01
Private Banks	06	03	06	03	02	06
Commercial banks	0	0	0	0	0	09
NBFC	14	0	11	7	0	11
SIDBI	04	0	13	02	0	13
State Financial Corporations	02	09	07	01	06	07
Micro Finance Institutions	12	18	08	06	12	08
Total	200	150	100	100	100	100

CHART: 1



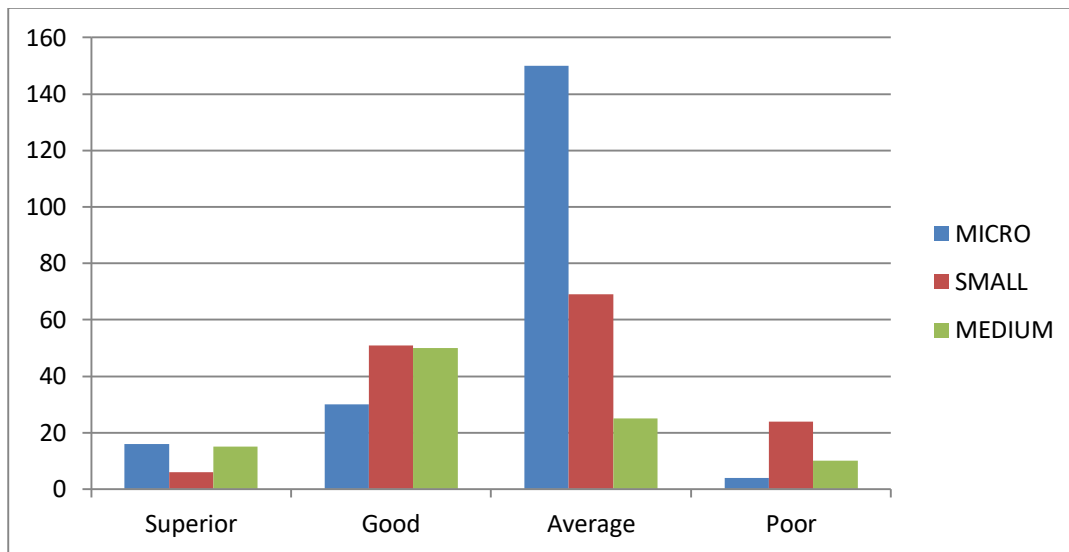
INTERPRETATION - Out of 200 Micro Entrepreneurs, 42 (21%) preferred leasing as source of finance followed by friends 32(16%) while no one preferred commercial bank for finance. Out of 150 Small Entrepreneurs, 30 (20%) preferred Chhattisgarh rural banks for business finance followed by friends 24(16%) while no one preferred for commercial bank ,NBFC, SIDBI. Out of 100 Medium Entrepreneurs, 19 (19%) preferred Chhattisgarh rural banks for business finance followed by 13 (13%) for SIDBI

2. How do you rate the services of the Chhattisgarh Rural Banks?

TABLE: 2

Services of Bank	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Superior	16	06	15	08	04	15
Good	30	51	50	15	34	50
Average	150	69	25	75	66	25
Poor	04	24	10	02	16	10
Total	200	150	100	100	100	100

CHART: 2



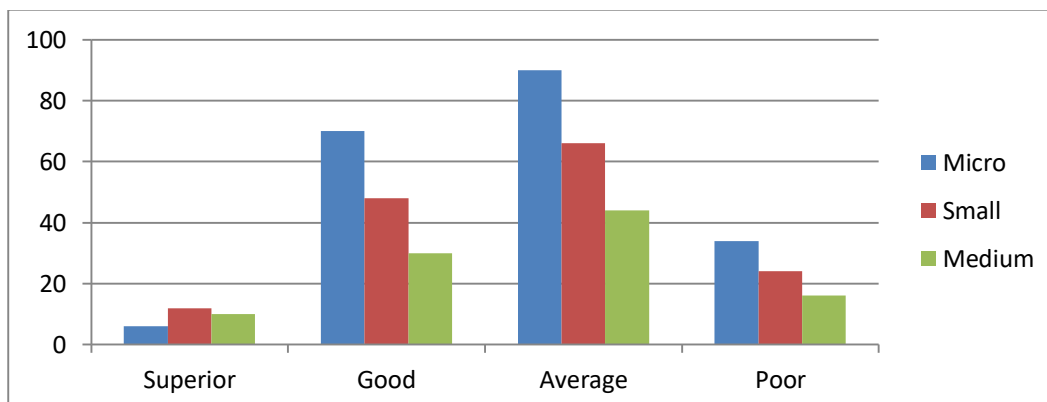
INTERPRETATION - Out of 200 Micro Entrepreneurs, 150 (75%) found the services of the Chhattisgarh Rural Banks average followed by 30 (15%) found the services good. Out of 150 Small Entrepreneurs, 69(66%) found the services of the Chhattisgarh Rural Banks average followed by 51 (34%) found the services good. Out of 100 Medium Entrepreneurs, 50(50%) found the services of the Chhattisgarh Rural Banks good followed by 25 (25%) found it average.

3. How do you rate the infrastructure and facilities available in Chhattisgarh Rural Banks?

TABLE: 3

Infrastructure and Facilities	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Superior	06	12	10	03	08	10
Good	70	48	30	35	32	30
Average	90	66	44	45	44	44
Poor	34	24	16	17	16	16
Total	200	150	100	100	100	100

CHART: 3



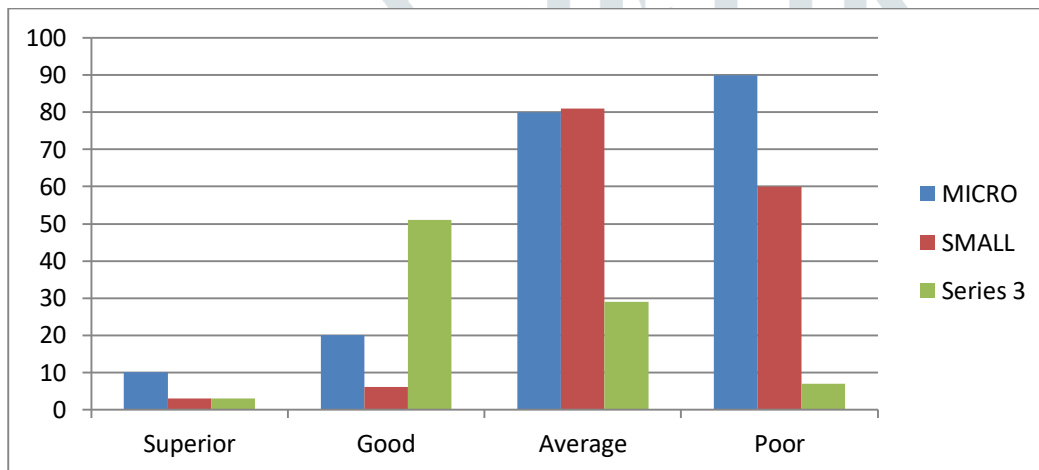
INTERPRETATION - Out of 200 Micro Entrepreneurs, 90 (45%) found infrastructure and facilities available in Chhattisgarh Rural Banks average followed by 70 (35%) found it good. Out of 150 Small Entrepreneurs, 66(44%) found infrastructure and facilities available in Chhattisgarh Rural Banks average followed by 48 (32%) found it good. Out of 100 Medium Entrepreneurs, 44 (44%) found infrastructure and facilities available in Chhattisgarh Rural Banks average followed by 30 (30%) found it good.

4. How do you rate the approach of Chhattisgarh Rural Banks staff towards you?

TABLE: 4

Approach of Bank Staff	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Superior	10	03	03	5	02	03
Good	20	06	51	10	04	51
Average	80	81	29	40	54	29
Poor	90	60	07	45	40	07
Total	200	150	100	100	100	100

CHART: 4



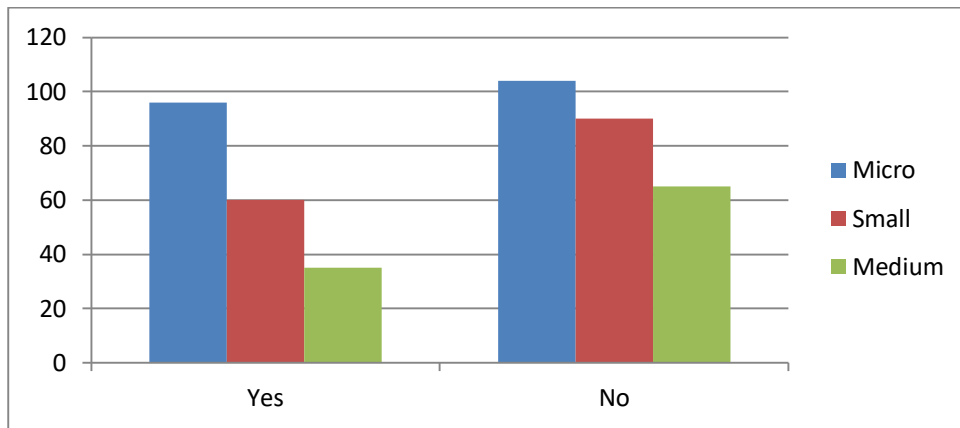
INTERPRETATION - Out of 200 Micro Entrepreneurs, 90 (45%) found the approach of Chhattisgarh Rural Banks staff poor followed by 80 (40%) found it average while only 10 (5%) found it superior. Out of 150 Small Entrepreneurs, 81(54%) found the approach of Chhattisgarh Rural Banks staff average followed by 60 (40%) found it poor while only 3 (2%) found it superior. Out of 100 Medium Entrepreneurs, 51 (51%) found the approach of Chhattisgarh Rural Banks staff good followed by 29 (29%) found it average while only 3(3%) found it superior.

5. Have you faced any difficulties in getting the loan Sanctioned?

TABLE: 5

Problem in Loan Sanction	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Yes	96	60	35	48	40	35
No	104	90	65	52	60	65
Total	200	150	100	100	100	100

CHART: 5



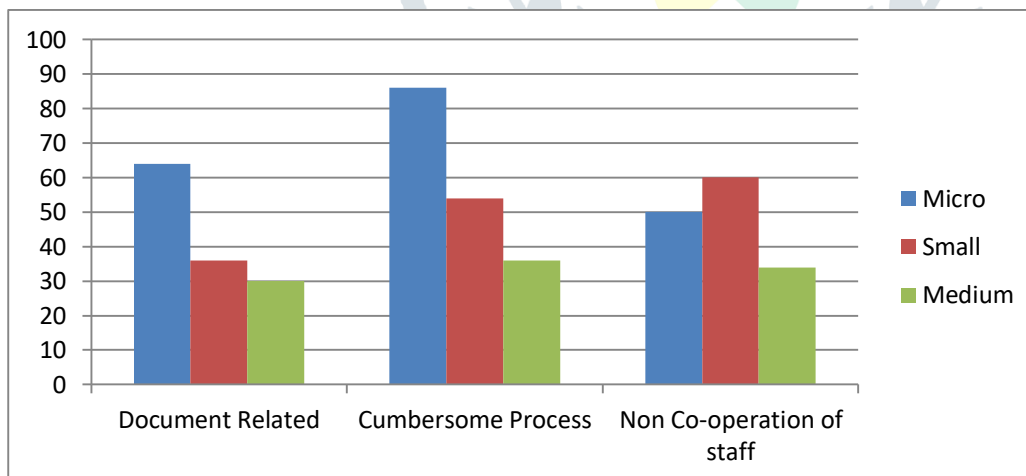
INTERPRETATION - Out of 200 Micro Entrepreneurs, 104 (52%) did not face any difficulties in getting the loan Sanctioned. Out of 150 Small Entrepreneurs,90(60%) did not face any difficulties in getting the loan Sanctioned .Out of 100 Medium Entrepreneurs, 65 (65%) did not face any difficulties in getting the loan Sanctioned.

6. What type of problem did you face during loan processing in Chhattisgarh Rural Banks?

TABLE: 6

Type of problem	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Document Related	64	36	30	32	24	30
Cumbersome Process	86	54	36	43	36	36
Non Co-operation of staff	50	60	34	25	40	34
Total	200	150	100	100	100	100

CHART: 6



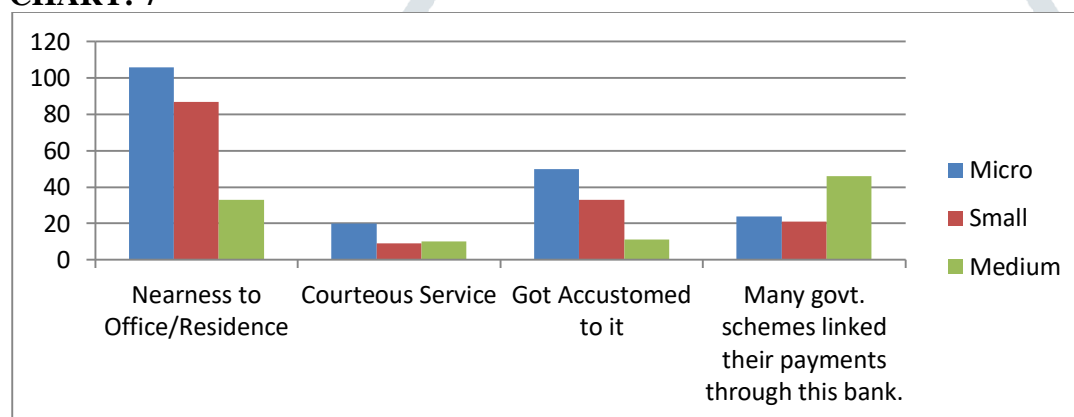
INTERPRETATION - Out of 200 Micro Entrepreneurs, 86 (43%) agreed to cumbersome process during loan processing. Out of 150 Small Entrepreneurs,60(40%) agreed to non cooperation of staff during loan processing. Out of 100 Medium Entrepreneurs, 36 (36%) agreed to cumbersome process during loan processing.

7. Reason for continuous patronage with this bank?

TABLE: 7

Reason for Continuous Patronage	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Nearness to Office/Residence	106	87	33	53	58	33
Courteous Service	20	09	10	10	06	10
Got Accustomed to it	50	33	11	25	22	11
Many govt. schemes linked their payments through this bank.	24	21	46	12	14	46
Total	200	150	100	100	100	100

CHART: 7



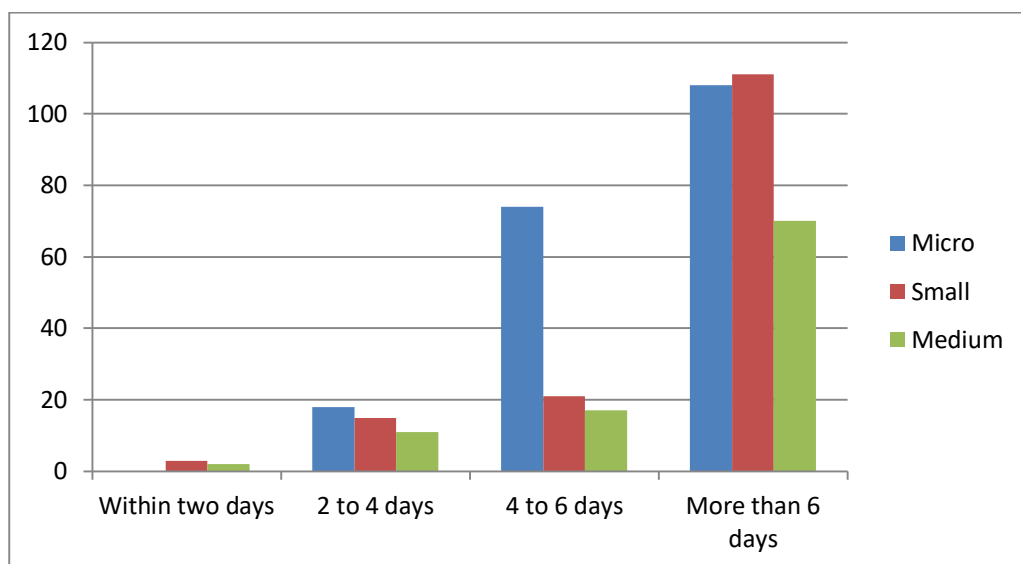
INTERPRETATION - Out of 200 Micro Entrepreneurs, 80 (40%) repaid the loan through Chits/Personal finance, 50 (25%) repaid the loan through Selling/pledging the assets. Out of 150 Small Entrepreneurs, 48 (32%) repaid the loan through Business income generated, 39 (26%) through Chits/Personal finance. Out of 100 Medium Entrepreneurs, 50 (50%) repaid the loan through Business income generated.

8. What was the Time Lag between Sanction & Disbursement of Loan?

TABLE: 8

Time lag	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Within two days	00	03	02	00	02	02
2 to 4 days	18	15	11	09	10	11
4 to 6 days	74	21	17	37	14	17
More than 6 days	108	111	70	54	74	70
Total	200	150	100	100	100	100

CHART: 8



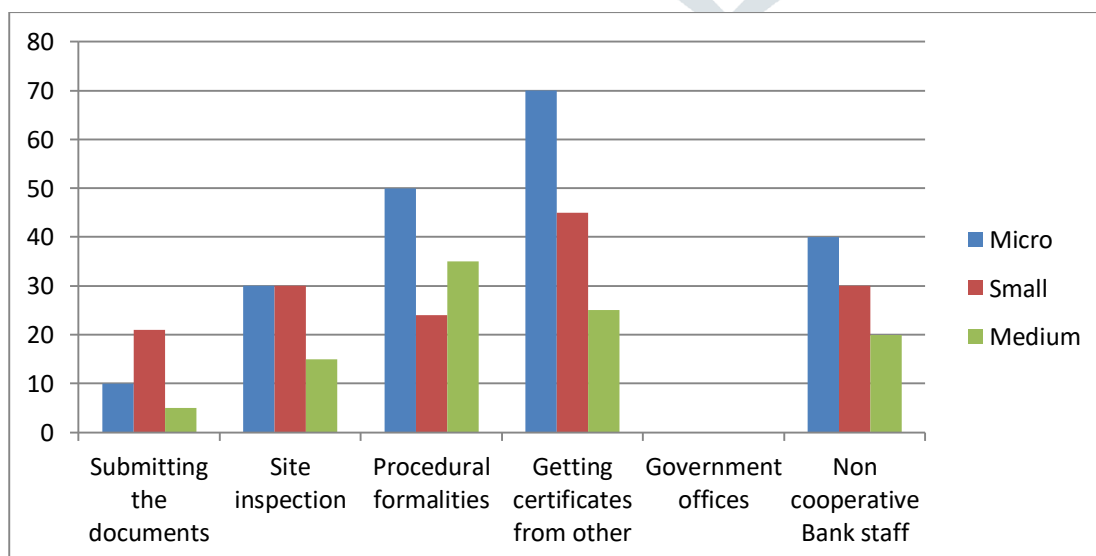
INTERPRETATION - Out of 200 Micro Entrepreneurs, 108(54%) confirmed about More than 6 days Time Lag between Sanction & Disbursement of Loan followed by 74 (37%) for time lag of 4 to 6 days. Out of 150 Small Entrepreneurs, 111(74%) confirmed about More than 6 days Time Lag Between Sanction & Disbursement of Loan followed by 21 (14%) for time lag of 4 to 6 days .Out of 100 Medium Entrepreneurs, 70(70%) confirmed about More than 6 days Time Lag Between Sanction & Disbursement of Loan followed by 17 (17%) for time lag of 4 to 6 days.

9. If you received loan later than you expected, what was the reason for such delay?

TABLE: 9

Reason for delay	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Submitting the documents	10	21	05	05	14	05
Site inspection	30	30	15	15	20	15
Procedural formalities	50	24	35	25	16	35
Getting certificates from other Government offices	70	45	25	35	30	25
Non cooperative Bank staff	40	30	20	20	20	20
Total	200	150	100	100	100	100

CHART: 9



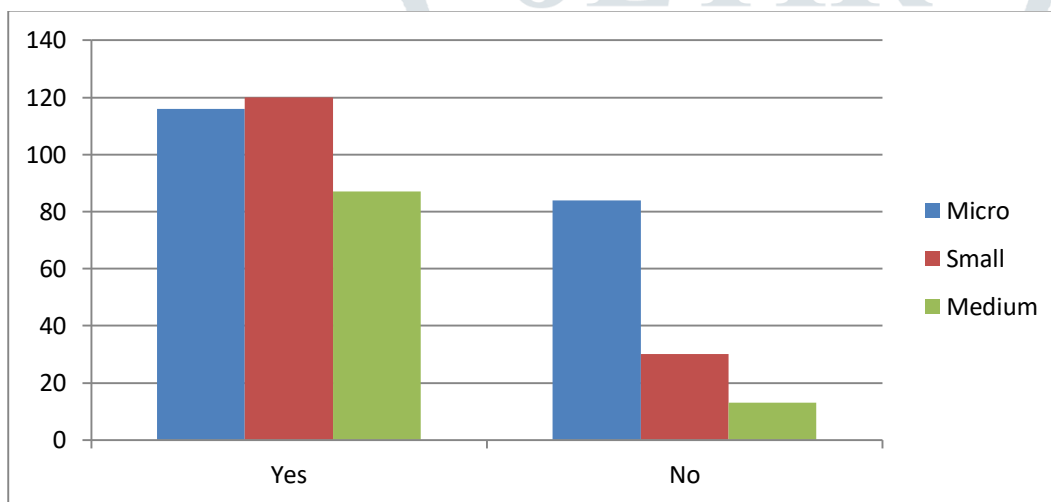
INTERPRETATION -Out of 200 Micro Entrepreneurs, 70(35%) accepted the reason for delay in receiving loan later than expected to be Getting certificates from other Government offices followed by 50(25%) due to Procedural formalities .Out of 150 Small Entrepreneurs,45(30%) accepted the reason for delay in receiving loan later than expected to be Getting certificates from other Government offices followed by 30 (20%) Site inspection, Non cooperative Bank staff respectively .Out of 100 Medium Entrepreneurs,35(35%) accepted the reason for delay in receiving loan later than expected to be Procedural formalities followed by 25 (25%) due to Getting certificates from other Government offices.

10. Do you feel that the schemes are sufficient to suit the requirements of MSME's?

TABLE: 10

Response	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Yes	116	120	87	58	80	87
No	84	30	13	42	20	13
Total	200	150	100	100	100	100

CHART-10



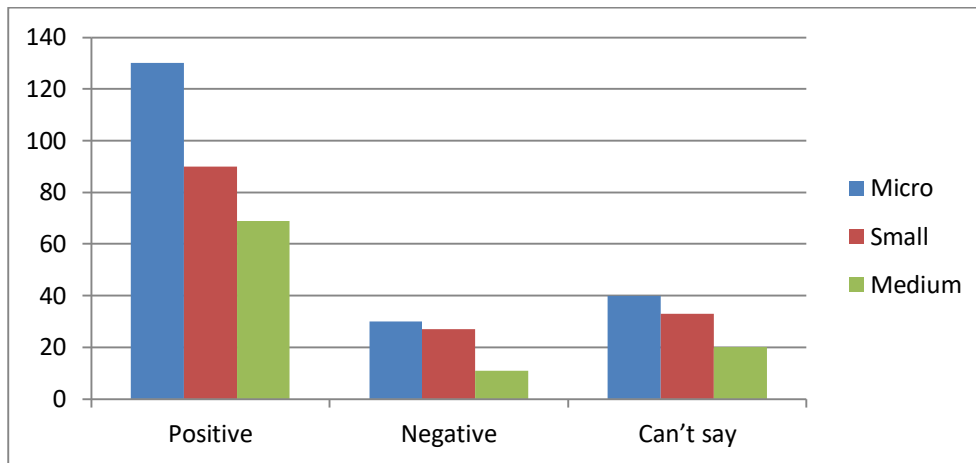
INTERPRETATION - Out of 200 Micro Entrepreneurs, 116 (58%) feel that the schemes are sufficient to suit the requirements of MSME's .Out of 150 Small Entrepreneurs, 120(80%) feel that the schemes are sufficient to suit the requirements of MSME's. Out of 100 Medium Entrepreneurs, 87 (87%) feel that the schemes are sufficient to suit the requirements of MSME's.

11. What is your opinion regarding service efficiency after the bank computerization?

TABLE: 11

Computerization	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Positive	130	90	69	65	60	69
Negative	30	27	11	15	18	11
Can't say	40	33	20	20	22	20
Total	200	150	100	100	100	100

CHART-11



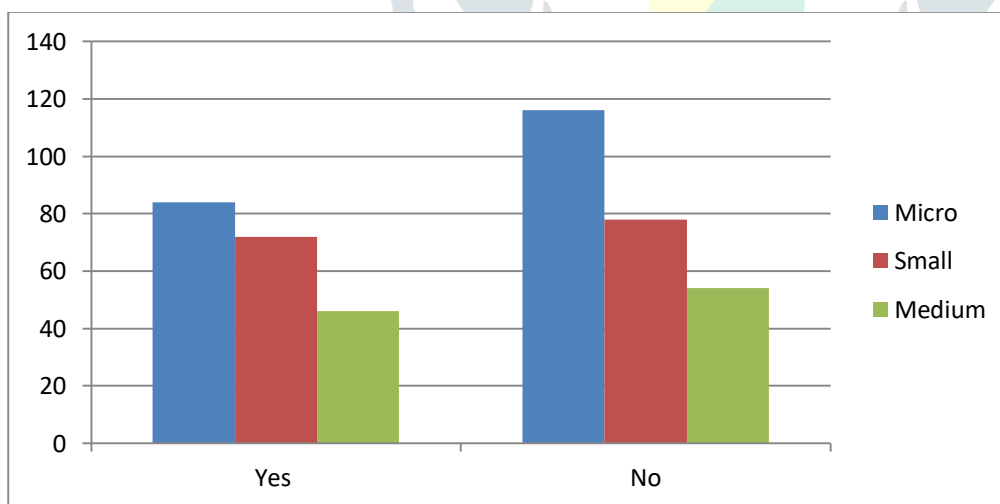
INTERPRETATION - Out of 200 Micro Entrepreneurs, 130 (65%) feel that the service efficiency after the bank computerization is positive. Out of 150 Small Entrepreneurs, 90(60%) feel that the service efficiency after the bank computerization is positive. Out of 100 Medium Entrepreneurs, 69(69%) feel that the service efficiency after the bank computerization is positive.

12. Proper check is made over Mis-utilisation of loans to MSME?

TABLE: 12

Check on Mis-utilisation	Number of Respondents			Percentage of Respondents		
	Micro	Small	Medium	Micro	Small	Medium
Yes	84	72	46	42	48	46
No	116	78	54	58	52	54
Total	200	150	100	100	100	100

CHART-12



INTERPRETATION - Out of 200 Micro Entrepreneurs, 116 (58%) feel that Proper check is not made over Mis-utilisation of loans to MSME. Out of 150 Small Entrepreneurs, 78(52%) feel that Proper check is not made over Mis-utilisation of loans to MSME. Out of 100 Medium Entrepreneurs, 54 (54%) feel that Proper check is not made over Mis-utilisation of loans to MSME.

CONCLUSION:

The study concludes that Finance is a major obstacle in the growth of micro, small and medium enterprises in Bilaspur. The lower and middle class is capable of driving itself out of poverty; it is ambitious and active in taking up new ventures and starting businesses but most ideas are being nipped in the bud because of lack of capital. Not only does it discourage aspiring entrepreneurs but also plays a huge role in holding back the growth of existing firms. In fact many other factors slowing down growth arise due to lack of finance. But as we are aware, despite all the efforts that it has made, a huge section of the rural population is still out of the banking net. Rural Bilaspur has huge potential for development and it provides tremendous business opportunity for the Chhattisgarh rural banks in Bilaspur, I urge the banker through this platform to put their heart and soul in getting the state to a stage where each and every household has a bank account and is imbued with financial awareness. Serving the rural poor is a high risk, high-cost proposition for the bank. However adopting certain means such as technology can be proved as cost effective means to reach the untapped population in villages. They agree that the cumbersome documentation and filing for registration and licensing systems are difficult to take care of which forces them to hire expensive Chartered Accountants and Lawyers. Also, the information regarding the procedures is not available which renders them vulnerable to corrupt officials that tend to extort money against providing clearances. Infrastructure and Competition are the next big problems followed by Macroeconomic Instability, managerial incompetence, Research and Development, corruption and lack of information. Lack of information is the root cause of many other problems like Technological up gradation , generally, small MSME owners are not highly informed, they do not know about the latest and most suitable technology and do not have enough knowledge to drive the R&D department in their companies. They do not have information about the benefits provided by the government. Majority of the owners do not even know that there is a Ministry of Micro, Small and Medium Enterprises. Therefore, there needs to be more focus on spreading awareness rather than adding more policies each year.

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