



Role of Commercial Banks in Rural Entrepreneurship - An Employees Perspective

*** Mr. CH.VENU GOPAL REDDY**

Research Scholar

Department of Commerce and Business Management

Kakatiya University, Warangal

Telangana State, India

Abstract

A commercial bank is one of the biggest impacts on business economic development. It also assists businessmen by providing consulting services in the form of identification of projects, commercial banks are the type of bank that provides services such as the acceptance of deposits, the granting of commercial loans, and the offer of basic investment products. Commercial banks can also refer to a bank in a division of a bank that deals primarily with loans and deposits from corporations or large companies, as opposed to individual members of the pulse. Entrepreneurs play a significant role in the development of the economy of the country. An entrepreneur is a creator, an organizer of a company for the pulse, and an ingenious person with a dream. Entrepreneurs are bold men and women who have initiative and the ability to lead, manage and assume the consequences. They are men of action, risk-takers, missionaries, and creative and are highly respected for their ability to efficiently and effectively conceive the functions of management to achieve objectives. The loans granted by the commercial bank to Vintage Farm will help the company to excel in the competitive market and retain its lucrative customers, as well as preserve its core capital. In this connection, the researcher identified five important role very much required for the entrepreneurship development they are Statutory, Financing, Business Investment and Promotion and advisory roles. These papers evaluate the select commercial banks employee opinions on role of commercial banks in rural entrepreneurship.

Key Words: *Commercial Banks, Entrepreneurship and Rural Entrepreneurship*

Introduction:

Rural entrepreneurship plays a pivotal role in the economic development of India. It is generally stated that the economy in rural entrepreneurship not only raises the per capita income and living standards of the rural people by providing gainful employment opportunities, but also reduces income disparities between rural and urban areas. Moreover, promotion of rural Entrepreneurship provides an ample opportunity for optimum utilization of rural resources to serve the local needs. Rural entrepreneurship has become one of the major economic and social goals of economic development of rural people and formed part & parcel of planning and development of India. Rural entrepreneurship facilitates shifts in work force from primary to secondary sector. Industrialization promotes an economy fundamentally relying on agriculture into a more advanced industrial economy.

The Indian commercial banks are playing an important role in extending the banking services to the rural people. Besides including the banking habits among the rural people, the commercial banks are also reaching the expectations of credit needs of the different sections of the society including entrepreneurs. In this connection, there is need to study the role of commercial bank in rural entrepreneurship development. The researcher identified five important role very much required for the entrepreneurship development they are Statutory, Financing, Business Investment and Promotion and advisory roles.

Objective and Research Methodology of the study

The research work is used analytical and descriptive method. The banking sector in Karimnagar and Nizamabad district consists of public and private sector banks. The leading public sector banks in region selected for the study are Canara Bank and State Bank of India. Similarly, in private sector HDFC Bank and ICICI Banks are leading player are selected for this study. To study the opinion of commercial bank employees a sample comprising of 149 bank employees concerned with rural entrepreneurship development are selected. The researcher used convenience sampling method is used to collect the primary data. The collected data is processed, tabulated and interpreted by using suitable statistical techniques.

Select Commercial Bank Employees

The Karimnagar and Nizamabad district commercial banks are selected for the study because these two districts small and medium enterprises running successfully. In this connection, there is need to study the select commercial bank employee in the study area. The relevant data collected and presented in Table – 1.

Table – 1: Select Commercial Bank Employees

S	Select Districts	SBI	CB	HDFC	ICICI	Total
1	Karimnagar	23 (15%)	21 (14%)	18 (12%)	14 (9%)	76 (51%)
2	Nizamabad	17 (11%)	18 (12%)	18 (12%)	20 (13%)	73 (49%)
Total		40 (27%)	39 (26%)	36 (24%)	34 (23%)	149 (100%)

Source: Primary Data.

The data in Table – 1 indicates that the 15 per cent of State Bank of India bank employees belonging to Karimnagar district, 14 per cent are Canara Bank, 12 per cent are HDFC bank and 9 per cent ICICI bank employees are belonging to Karimnagar district. There are 13 per cent of ICICI bank employees belonging to Nizamabad district, 12 per cent are Canara Bank, 12 per cent are HDFC bank and 22 per cent State Bank of India bank employees are belonging to Nizamabad district. Around 27 per cent are State Bank of India employees, 26 per cent are Canara Bank, 24 per cent are HDFC and 23 per cent are ICICI bank employees are select for this study. Therefore, it is observed that the bank employees belonging public and private sector banks and these banks are proving loans to various entrepreneurs in the study area.

Age-wise Distribution of Select Employees

The commercial bank employees have heavy work pressure in commercial banks some time cognitive ability as a function of bank employee age leads to potential job performance deficits. Therefore, it is required to commercial banks employee age-wise distribution. The relevant collected and tabulated in Table – 2.

Table – 2: Age-wise Distribution of Commercial Bank Employees

S	Age of Employees	Respondents	Percentage
1	Bellow 36 years	41	27
2	Between 37 to 46 years	69	46
3	Above 47 years	39	26
Total		149	100

Source: Primary Data.

The data in Table – 5.2 reveals that the 46 per cent of the select commercial bank employees are between 37 to 46 years, 27 per cent are bellow 36 years and 26 per cent are above 47 years. It is observed that the majority of the select commercial bank employees are middle age group and they can work without any job performance deficits.

Gender -wise Distribution of Select Employees

There are majority of the studies indicates that the gender gap in leadership does make a difference when it comes to banking strength and it is also indicates that the men and women differ in their behaviors and attitude when they banking. In this connection, there is need to study the Gender - wise Distribution of Select Employees. The relevant data collected presented in Table – 3.

Table – 3: Gender-wise Distribution of Commercial Bank Employees

S	Gender –wise of Employees	Respondents	Percentage
1	Male	85	57
2	Female	64	43
Total		149	100

Source: Primary Data.

The data in Table – 5.3 shows that the 57 per cent of select commercial banks employees are male and remaining 43 per cent are female. It is observed that the both male and female select commercial bank employees are working effectively and it is also found that the male and female bank employees are have same attitude and behaviour at work performance.

Education-wise distribution of Commercial Bank Employees

Education plays an important role growth of personality and professional growth. The education always helps in working performance of bank employees. In this background, there is required to study the education-wise distribution of Commercial Bank Employees. The relevant data collected and presented in Table – 4.

Table – 4: Education -wise Distribution of Commercial Bank Employees

S	Education of Employees	Respondents	Percentage
1	Graduation	97	65
2	Post-Graduation	52	35
Total		149	100

Source: Primary Data.

The data in Table – 5.4 revels that the 65 per cent of select commercial bank employees are completed graduation and 35 per cent select commercial bank employees are completed post-graduation. It is observed that the majority of select commercial bank employees are educated and they required to organize financial education programs for bank employees, it will improves financial knowledge and they can also suggest the new rural entrepreneurs.

Designation –wise Distribution of Commercial Bank Employees

The job responsibility of a select a commercial banker may vary depending on their specialization, size of institution and their years of work experience. The commercial bank employees are categories into bank managers, loan officers, cashier and marketing representative. In this connection, there is need to study the designation –wise distribution of commercial bank employees. The relevant data collected and presented in Table- 5.

Table – 5: Designation -wise Distribution of Commercial Bank Employees

S	Designation-wise of Employees	Respondents	Percentage
1	Branch Manager	42	28
2	Loan Officer	45	30
3	Marketing Representative	25	17
4	Casher	37	25
Total		149	100

Source: Primary Data.

The data in Table – 5.5 indicates that the 30 per cent of select bank employees are loan officers, 28 per cent are bank manager, 25 per cent are cashier and 17 per cent are marketing representative. It is observed that the majority of select commercial bank employees are effectively working as Bank managers, Loan Officer and Cashers. It is also found that these categories of employees are playing an important role in rural entrepreneurs.

Statutory Role of Bank Employee

The statutory role consists the main function of banks like accepting deposits, transfer of money, giving loans and advances, etc. The commercial bank employees' major role is involving in statutory role. In this background, there is need to study the opinion towards statutory role of bank employees. To study the opinion of bank employees towards Statutory Role, five point scale used i.e. SDA = Strongly Disagree, DA = Disagree, N= Neutral, A= Agree and SA = Strongly Agree. The relevant data collected and presented in Table – 6.

The data in Table -5.6 indicates that the 43 per cent of select commercial bank employee are strongly agree with the accepting deposits from entrepreneurs, 18 per cent are agree, 14 per cent are disagree, 9 per cent are strongly disagree and 9 per cent are also expressed neutral opinion towards accepting deposits from entrepreneurs. Around 53 per cent are agree with the statutory role of sanctioning of loans to entrepreneurs, 13 per cent are strongly agree, 12 per cent are strongly disagree, another 12 per cent are disagree and 10 per cent of select commercial bank employees expressed neutral towards Sanctioning of loans to entrepreneurs. With regard to the stationary role of giving business advances to entrepreneurs, 51 per cent are disagree, 21 per cent are expressed neutral

opinion, 11 per cent are agree, 10 per cent are strongly disagree and 7 per cent of select commercial bank employees are strongly agree with the role of giving business advances to entrepreneurs.

Table – 6: Opinion towards the Statutory Role of Bank Employee

S	Statutory Role of Bank Employee	SDA	DA	N	A	SA
1	Accepting deposits from entrepreneurs	14 (09%)	21 (14%)	14 (09%)	27 (18%)	73 (43%)
2	Sanctioning of loans to entrepreneurs	18 (12%)	18 (12%)	15 (10%)	79 (53%)	19 (13%)
3	Giving business advances to entrepreneurs	15 (10%)	76 (51%)	31 (21%)	16 (11%)	11 (07%)
4	Fast in fund transfer	16 (11%)	62 (41%)	13 (09%)	40 (21%)	18 (12%)
5	Maintaining good payment system	8 (05%)	35 (23%)	6 (04%)	25 (17%)	75 (50%)

Source: Primary Data

There are 41 per cent of select commercial bank employees are disagree with the statutory role of Fast in fund transfer, 21 per cent are agree, 12 per cent are strongly agree, 11 per cent are strongly disagree and 9 per cent are expressed neutral opinion towards statutory role of Fast in fund transfer. Around 50 per cent of select commercial bank employees are strongly agree with the statutory role of maintaining good payment system, 23 per cent are disagree, 17 per cent agree, 5 per cent are strongly disagree and 4 per cent are expressed the neutral opinion towards statutory role of maintaining good payment system.

Financing Role of Bank Employee

The financing of business enterprises is the core link of commercial banks and the primary reason that banks want deposits is to facilitate them grant advances from which they earn interest income. The financing role includes financing, extension of credit, supporting in commercial, advice in asset purchase and involving invoice. In this connection, there is need to study the opinion towards financing Role of bank employees. To study the opinion of bank employees towards Financing Role, five point scale used i.e. SDA = Strongly Disagree, DA = Disagree, N= Neutral, A= Agree and SA = Strongly Agree. The relevant data collected and presented in Table – 7.

The data in Table -7 indicates that the 50 per cent of select commercial bank employees disagree with financing role of financing all entrepreneurial activity, 19 per cent are agree, 12 per cent are strongly agree, 10 per cent are expressed neutral opinion and 9 per cent are strongly disagree with financing role of financing all entrepreneurial activity. There are 54 per cent of select commercial bank employees are disagree with the financing role of extension of credit to entrepreneurs, 15 per cent

strongly disagree, 14 per cent agree, 9 per cent expressed neutral opinion and 7 per cent only expressed the strongly with the financing role of extension of credit to entrepreneurs.

Table – 7: Opinion towards the Financing Role of Bank Employee

S	Financing Role	SDA	DA	N	A	SA
1	Financing all entrepreneurial activity	13 (09%)	75 (50%)	15 (10%)	28 (19%)	18 (12%)
2	Extension of credit to entrepreneurs	22 (15%)	80 (54%)	14 (09%)	22 (14%)	11 (07%)
3	Supporting in commercial activities	64 (43%)	27 (18%)	12 (08%)	37 (25%)	09 (06%)
4	Advising in asset purchase	34 (23%)	86 (58%)	7 (05%)	13 (09%)	09 (06%)
5	Involving in invoice discounting	31 (21%)	85 (57%)	10 (07%)	14 (09%)	09 (06%)

Source: Primary Data

Around 43 per cent of select commercial bank employees are disagree with the financing role of Supporting in commercial activities, 25 per cent agree, 18 per cent strongly disagree, 8 per cent expressed neutral opinion and 6 per cent only expressed the strongly agree with the financing role of supporting in commercial activities. With regard to the financing role of Advising in asset purchase, 58 per cent of select commercial bank employee disagrees, 23 per cent strongly disagree, 9 per cent agree, 6 per cent strongly disagree and 5 per cent expressed neutral opinion towards the financing role of Advising in asset purchase. Around 57 per cent of select commercial bank employees disagree with the financing role of Involving in invoice discounting, 21 per cent strongly disagree, 9 per cent agree, 7 per cent expressed neutral opinion and 6 per cent of select commercial bank employees agree with the financing role of Involving in invoice discounting.

Investment Planner and Promotion Role of Bank Employee

The commercial bank employees required to act as business investment planner and promotion of business role to rural entrepreneurs. This role directly effects the rural entrepreneurship development. In this regard, there is need to study the select commercial banks employee opinion towards Business Investment & Promotion Role. The relevant data collected and presented in Table – 8.

The data in Table -8 shows that the 54 per cent of select commercial bank employees disagree with investment planner and promotion role of advice on investment of entrepreneurs, 13 per cent are strongly disagree, 12 per cent are agree and strongly agree, 8 per cent are expressed neutral opinion towards investment planner and promotion role of advice on investment of entrepreneurs. Around 53

per cent of select commercial bank employees agree with investment planner and promotion role of play investment promotional role, 16 per cent agree, 13 per cent strongly agree, 10 per cent strongly disagree and 8 per cent expressed neutral opinion towards investment planner and promotion role of advice on investment of entrepreneurs. There are 27 percent of select commercial bank employees disagree with investment planner and promotion role of Analysing the pros and cons of investment, 24 per cent disagree, 20 per cent strongly agree, 17 per cent expressed neutral opinion and 11 per cent strongly agree with the investment planner and promotion role of Analysing the pros and cons of investment.

Table – 8: Opinion towards Investment Planner & Promotion Role

S	Investment Planner & Promotion Role	SDA	DA	N	A	SA
1	Advice on investment of entrepreneurs	81 (54%)	20 (13%)	12 (08%)	18 (12%)	18 (12%)
2	Play investment promotional role	19 (13%)	12 (08%)	24 (16%)	79 (53%)	15 (10%)
3	Analyzing the pros and cons of investment	30 (20%)	40 (27%)	26 (17%)	36 (24%)	17 (11%)
4	Evaluating the investment alternatives	35 (23%)	36 (24%)	22 (15%)	40 (27%)	16 (11%)
5	Motivating to equity investment	82 (55%)	23 (15%)	05 (03%)	19 (13%)	20 (13%)

Source: Primary Data

With regard to the investment planner and promotion role of evaluating the investment alternatives, 27 per cent of select commercial bank employees disagree with investment planner and promotion role of evaluating the investment alternatives, 24 per cent agree, 23 per cent strongly agree, 15 per cent expressed neutral opinion and 11 per cent of select commercial bank employees strongly agree with investment planner and promotion role of evaluating the investment alternatives. There are 55 per cent of select commercial bank employee strongly disagrees with investment planner and promotion role of Motivating to equity investment, 15 per cent disagree, 13 per cent strongly agree and agree 3 per cent of select commercial bank employee expressed neutral opinion towards investment planner and promotion role of Motivating to equity investment.

Advisory Role of Bank Employee

The commercial bank employees always play a advisor role in all entrepreneurial activities to guide in mismanagement of funds, inefficient capital, advising in budget planning etc., In this

connection, there is need to study opinion towards advisory Role of Bank Employee. The relevant data collected and presented in Table – 9.

The data in Table -9 indicates that 48 per cent of select commercial bank employees disagree with advising the entrepreneurs in all activities, 23 per cent agree, 13 per cent expressed neutral opinion, 11 per cent strongly disagree and 4 per cent strongly agree with the statement of advising the entrepreneurs in all activities. There 53 per cent of select commercial bank employees strongly disagree with the statement of advising in mismanagement of funds, 15 per cent disagree, 13 per cent expressed neutral opinion, 11 per cent agree and 7 per cent strongly agree with the statement of advising in mismanagement of funds. Around 58 per cent of select commercial bank employees strongly agree with the statement of advising in the inefficient capital, 13 per cent expressed neutral opinion, 12 per cent disagree, 9 per cent agree and 7 per cent strongly agree with the statement of advising in the inefficient capital. With regard to the statement of advising in planning of budget, 44 per cent of select commercial bank employees agree, 18 per cent disagree, 15 per cent strongly disagree, 14 per cent express neutral opinion and 8 per cent are strongly agree with the statement of advising in planning of budget.

Table –9: Opinion towards Advisory Role of Bank Employee

S	Advisory Role of Bank Employee	SDA	DA	N	A	SA
1	Advising the entrepreneurs in all activities	16 (11%)	72 (48%)	20 (13%)	35 (23%)	06 (04%)
2	Advising in mismanagement of funds	79 (53%)	23 (15%)	20 (13%)	16 (11%)	11 (07%)
3	Advising in the inefficient capital	87 (58%)	18 (12%)	20 (13%)	14 (09%)	10 (07%)
4	Advising in planning of budget	23 (15%)	27 (18%)	21 (14%)	65 (44%)	13 (08%)
5	Playing financial adviser role	81 (54%)	39 (26%)	16 (11%)	10 (07%)	03 (02%)

Source: Primary Data

There are 54 per cent of select commercial bank employees strongly disagree with the statement of playing financial adviser role, 26 per cent disagree, 11 per cent express neutral opinion, 7 per cent agree and only 2 per cent of select commercial bank employees strongly agree with the statement of playing financial adviser role. Above analysis clearly indicates that

Findings of the Study:

- The bank employees belonging public and private sector banks and these banks are proving loans to various entrepreneurs in the study area. The majority of the select commercial bank employees are middle age group and they can work without any job performance deficits. The male and female bank employees are having same attitude and behaviour at work performance. The majority of select commercial bank employees are educated and they required organizing financial education programs for bank employees, it will improve financial knowledge and they can also suggest the new rural entrepreneurs. The majority of select commercial bank employees are effectively working as Bank managers, Loan Officer and Cashers. It is also found that these categories of employees are playing an important role in rural entrepreneurs.
- The above analysis observed that the majority of the select commercial bank employees agree with the statutory roles of accepting deposits from entrepreneurs, sanctioning of loans to entrepreneurs and maintaining good payment system. At the same time select commercial bank employees are disagree with the statutory roles of Giving business advances to entrepreneurs and Fast in fund transfer. It is clearly found that the commercial banks are performing statutory role effectively and the bank required providing giving business advances to entrepreneurs and fast in fund transfer to entrepreneurs.
- The majority of select commercial bank employee are disagree with financing roles of Financing all entrepreneurial activity, Extension of credit to entrepreneurs, supporting in commercial activities, advising in asset purchase and involving in invoice discounting because this role is mainly depending on the submitting security documents provided by the entrepreneurs and the decisions of financing role are not in one person. The commercial banks are required to simply the procedure and restriction for the financial related matters to perform the financing role to rural entrepreneurship development.
- The commercial bank employees are not involving in rural entrepreneurs' investment planning because of their busy schedule and work pressure. It is suggest that the commercial banks should establish separate block to explain, discuss and support the entrepreneurial activities.
- The majority of the select commercial bank employees disagree with the advising the entrepreneurs in all activities, mismanagement of funds, advising in the inefficient capital and playing financial adviser role. It is found that the commercial banks employees are not interest to advise the rural entrepreneurial activities in the study area.

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