

## ROLE OF STATE BANK OF INDIA IN NEW ENTREPRENEURSHIP AND CUSTOMER AWARENESS TOWARDS SBI BUSINESS LOANS IN SRIVILLIPUTHUR TALUK

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**Abstract:** *Entrepreneurship is the establishment of new-fangled venture particularly little ventures in order to appear the innovative ideas of the entrepreneurs. The growth otherwise establishment of small enterprises is the specific involvement of entrepreneurship in every economy of the world. Entrepreneurship firms contributed a big distribute of new jobs. It provides entry-level jobs so indispensable pelt training or gaining experience for unskilled workers. The small enterprises are the only sector that generates a great portion of total employment every year. State Bank of India is one of the largest funders of startups in India, providing funding to thousands of startups each year. SBI offers various loan to self-employed and businessmen intended for financing the expansion or working capital requirements of their business. This paper analysis this role of State Bank of India in new entrepreneur (both men and women) and examine the level of customer awareness towards SBI Business Loans in Srivilliputhur taluk*

**Key words:** *New entrepreneurship, business loans, customer awareness*

### Introduction

State Bank of India is India's largest public sector banking and financial services company with over 14000 branches, including 191 foreign offices multiply across 36 countries. State Bank of India is a lead the way in SME financing in India. As a bank, it has been playing a significant role in the overall growth and development of the SME sector. Funds for a startup are one of the toughest challenges an Entrepreneur faces although starting a new business. With a embarrassment of funding options available, it is important for the Entrepreneur to understand the pros and cons of each funding methodology, estimate the amount of funds required, the application of finances, projected financial position of the business including the returns generated and evolve a strategy – to approach and secure the required funds. In the midst of business enterprise capital firms and guardian angel investors enjoying plenty of coverage as a great source of funding for startup, many Entrepreneurs are unaware that financial institutions in addition to Banks are also an avenue of funding for startups. In fact, Banks make available loans to the industries and other firms who in turn carryout the business in such a way that not affects the environment. State Bank of India grant financial support to hypothetically qualified, trained and knowledgeable entrepreneurs for setting up new viable

industrial projects. Loans are comprehensive to technocrats who are not capable to meet the normal margin requirements under the liberalized schemes.

### **Review of Literature**

Chawla & Sehgal, (February 2012), Authors assesses the satisfaction level of the respondents on the basis of their demographic outline across the public and private sector banks. For the reason of analyses, the data was collected from 120 respondents belong to State Bank of India (SBI), Punjab National Bank (PNB) and Canara Bank among the public sector banks, and Industrial Credit and Investment business of India (ICICI) Bank, Housing Development Finance Corporation (HDFC) Bank and Axis Bank among the private sector banks in the state of Punjab. The study reveals with the intention of age has a statistically significant effect on the choice of a particular bank. Income also has a important influence on the number of banks used. As regards gender and customers' preference of bank, it was found that there is a significant influence of gender on the preference of bank. An analysis also demonstrates that statistically there is no important relation between age and number of banks used, gender and number of banks used and income and consumers preference of banks.

Ravi and Kundanbasavaraj (2013) analyzed the consumer preference and satisfaction towards banking services both private and public banks in Shivamogga district. The authors found production and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted absolutely while other services of banking still need to be given attention by focusing on customer issues. They authors suggested that, bankers should work towards 100% consumer satisfaction that automatically fosters customer delight and to sustain customers on a long term basis.

### **Research Methodology**

#### **Objectives of the study**

- To describe the various production loans provided by State Bank of India to new entrepreneurs.
- To analysis the level of customer consciousness towards SBI Business Loans in Madurai City

#### **Method of data collection and tools used**

The present study have been conducted on the basis of primary and secondary data. Primary data was collected by means of questionnaire and be analyzed carefully by using statistical technique like percentage analysis and weighted average method.

### **Sampling Techniques and Size**

Sampling is a technique otherwise method of selection of samples. Convenient sampling method is used. 75 current account clientele of SBI who are doing business in Madurai city are selected as sample.

### **Sampling Area and Period of the Study**

This study has undertaken in the period from September 2019 to November 2019 and has covered the entire Srivilliputhur taluk.

### **List Of SBI Small In Addition To Medium Enterprise Loan Schemes For Entrepreneurs**

SBI is one of the biggest Governments owned financial institution in the public sector banking. Additionally, the bank has the biggest branch and ATM network throughout the country. Even you can find an SBI branch in an interior site where there is no other bank also. Therefore, SBI is no doubt a immense option for the small business owners in India.

#### **SBI Asset Backed Loan – Loan Against Property Finance for Entrepreneurs**

SBI Asset Backed Loan scheme or SBI ABL is a unambiguous loan against property finance for the business owners. Basically, this loan system comes with great flexibility and comparatively low interest rate. Additionally, SBI provides this loan facility to business units engross in trading, manufacturing and services sectors. Genuinely, this is a tranquil business loan against the mortgage of the property.

#### **Rice Mill Plus**

SBI offers Rice Mill good thing scheme for promoting rice mill business in India. Both an obtainable entrepreneur and a new entrepreneur can apply under this scheme. Any rice mill unit unavailable in the activity of rice milling and having a credit rating of SB-8 and above as per the bank's risk assessment condition can apply for this loan.

#### **Dal Mill Plus**

Basically, the bank offers this loan for the dual mill owners. The units engaged in the activity of dual milling and having a credit rating of SB-8 and above for this loan. Under this scheme, the bank provides in cooperation term loan and working capital assistance.

#### **Cotton Ginning Plus**

For promoting cotton milling business in India, SBI offers this exacting loan scheme. Basically, the units occupied in cotton milling can only apply for this SBI SME loan. Generally, bank demands 20 to 30% margin money from the borrowers.

### **Corporate Loan**

Existing in addition to new companies/partnership/proprietor firms engaged in manufacturing activity can apply for this loan. This is purely a term loan scheme. However, clients have to apply for a minimum amount of Rupees 25 Lakh. Designed for non-corporate clients, the maximum loan amount limit is 10 Crores. However, there is no upper limit for the corporate companies.

### **SME Open Term Loan**

First of all, all units under industrialized sector can apply for this SBI SME loan. Additionally, service provided that companies are also eligible applying for this loan. The bank provides the support to Educational Institution, Healthcare Industry and Transport Operators.

### **Warehouse Receipt Financing**

Any trader dealing with merchandise can apply for this SBI SME loan. Less than this scheme, the bank provides two different types of loans. These are demand loan and cash credit. However, the bank charges a balanced interest rate that is linked to Base Rate.

### **Steer Shakhty Scheme**

Steer Shakhty scheme is only for women entrepreneurs. Under this scheme, the bank provides financial support to the women entrepreneurs in retail trade, business enterprises, professionals and self-employed like Doctors, Beauty Parlour operators etc. Additionally, women operated small-scale units or tiny units are also qualified for this loan.

### **SBI eSmart SME eCommerce Loan**

This is one of the most modern SBI SME loan schemes for the ecommerce sellers. SBI launched the scheme in 2016. Here, the sellers can apply for the loan online and get instantaneous sanction – thereby enabling “loans at the click of a button”. The product is launched in partnership with the distinguished ecommerce platform Snap deal.

### **PradhanMantri MUDRA Yojna**

Mudra stands for Micro-Units improvement and Refinance Agency Ltd. Mudra bank loan initiative have been taken to provide low-cost funding for MFI (Micro Finance Institutes). State Bank of India provides financial assistance beneath this scheme. Products are classified as Shishu, Kishore and Tarun to classify the enterprises according to growth and funding needs of the beneficiary micro unit/entrepreneur.

Shishu : covering loans up to ₹ 51,000

Kishor : covering loans above ₹ 50,000 and up to ₹ 5 Lakh

Tarun : covering loans above ₹ 6 lakh and up to ₹ 12 Lakh

### **SME Credit Card**

To meet any kind of credit necessities including the purchase of shops, equipment the bank provides financial assistance under this scheme. You can apply together a term loan or cash credit under this SBI SME loan scheme. Basically, small manufacturing units, small retail traders, professionals & self-employed, small business enterprises and transport operators can apply for the loan.

### **E Vendor Finance Scheme**

This is again a cash credit scheme offered to vendors of supposed corporate. This is a absolutely web based solution and provides instant credit to such vendors. The corporate with which the vendors are production should have a tie-up arrangement with SBI in order for the vendors to be eligible for this scheme.

### **SBI Fleet Finance Scheme**

Basically, the transport operators owning fleets of profit-making vehicles like Trucks, Trailers, Tankers and buses etc. can apply intended for this loan. This is a term loan scheme. One can apply up to a upper limit of Rupees 10 Crore. Generally, the bank provides an upper limit repayment period of 66 months to the borrowers.

### **Doctor Plus**

Basically, Doctor Plus is a very valuable SBI SME loan scheme in the healthcare industry. Medical practitioners of any regulation, promoters of hospitals, nursing homes, pathological clinics, polyclinics, X-ray labs, etc. can apply for this loan. The bank provides in cooperation the term loan and cash credit facility under this scheme.

### **Rent Plus**

Rent plus is completely a term loan facility for business owners in India. client can apply for a smallest amount loan amount of Rupees 50000 and a maximum amount of Rupees 10 Crore. However, the bank charges fringe money of 40% on the loan amount. Individuals, partnership firms, and large corporate can apply for this loan. **SBI Shoppe** Present and potential owners of shops, offices, showrooms, training centers, service centers, garages, offices for Chartered Accountants and consultants can apply for this loan. However, the bank provides the upper limit loan amount of Rupees 20 Lakh. The interest is on the edge and linked to the Base Rate.

### SBI SMILE Scheme – Interest Free Loan

The SBI Interest Free Loan as neutrality scheme or SBI SMILE envisages grant of interest free loan as equity repayable over a long period to eligible professional and technically qualified entrepreneurs setting up new MSME businesses. It has over 1.3 million SME loan accounts with total experience of Rs 1.63 lakh crore as on March 2012. Under Micro and Small Enterprises subdivision, the Bank has comprehensive credit facilities to the tune of Rs 78,170 Cr as on December 2012 which contributed 52% of its total SME advances.

Interest rate for various business loans as acknowledged below in table-1. This is for the quarter ended 30.06.2019. One-year MCLR is 8.50%.

**Table-1**  
**Interest rate of business Loan**

<b>Product / Scheme</b>	<b>Interest Rate Range</b>
SBI Asset Backed Loan	MCLR + 2.30% p.a.
SBI Asset Backed Loan for Commercial Real Estate	MCLR + 4.05% p.a.
Electronic Dealer Finance Scheme	MCLR + 0.56% to 4.00%
Doctor Plus	MCLR + 2.00% p.a. to 2.50% p.a.
SME Construction Equipment Loan	MCLR + 1.50% p.a. to 2.50% p.a.
SBI Fleet Finance Scheme	MCLR + 0.75% p.a. to 3.25% p.a.
Lease Rental Discounting	MCLR + 3.10% p.a. to 3.60% p.a.
Arthias Plus Scheme	MCLR + 1.00% p.a. to 7.10% p.a.
Dal Mill Plus	MCLR + 0.90% p.a. to 2.10% p.a.
Cotton Ginning Plus	MCLR + 0.90% p.a. to 2.30% p.a.
SME Credit Card	MCLR + 2.50% p.a.
PradhanMantri Mudra Yojana	MCLR + 2.75% p.a.
Weavers Credit Card	MCLR + 2.75% p.a.
Artisan Credit Card	MCLR + 2.75% p.a.
Medical Equipment Finance Scheme	MCLR + 2.00 % p.a. to 2.50 % p.a.
SBI e-Smart SME e-Commerce Loans	MCLR + 2.30% p.a. to 4.30% p.a.

## Data Analysis and Interpretation

### Business loans provided by the SBI for Micro, small and medium and large

Amount of business loan provided by SBI designed for the past three years to the Micro, small and medium and large enterprises as shown in table-2

**Table-2**  
**Business Loan Details of SBI**

Year	Sector	
	Priority Sector	Non Priority Sector
<b>2016-2017 (Total advances in 2016-17 is Rs.14637004175)</b>		
Business loan (Rs in Crore)	91,144.42	7,22,102.72
Gross NPAs (Rs in Crore)	11,602.30	67,674.75
Per centage of unpleasant NPAs to Total Advances in that sector	12.73	9.37
<b>2017-2018 (Total advances 2017-18 is Rs. 15710783811)</b>		
Business loan(Rs in Crore)	78,050.67	7,89,932.27
Gross NPAs (Rs in Crore)	11,536.03	82,086.39
Percentage of Gross NPAs to Total Advances in that sector	14.78	10.39
<b>2018-2019 (Total Advances 2017-18 is 1934880,18,91)</b>		
Business loan(Rs in Crore)	99,386.61	78,050.67
Gross NPAs (Rs in Crore)	16,020.84	11,536.03
Percentage of Gross NPAs to Total Advances in that sector	16.12	14.78

Source: SBI Annual Report

### Customer Awareness on Business loan provided by SBI

**Table-3**  
**Awareness level of Respondents**

Business Loans	VH	H	M	L	VL	Total	Mean
SBI Asset Backed Loan	22 (29%)	03 (4%)	14 (19%)	12 (16%)	24 (32%)	75 (100%)	<b>2.83</b>
Score	110	12	42	24	24	212	
SBI Fleet Finance Scheme	14 (19%)	21 (28%)	15 (20%)	05 (7%)	20 (26%)	75 (100%)	<b>3.05</b>
Score	70	84	45	10	20	229	
SBI SMILE Scheme	26 (35%)	08 (11%)	12 (16%)	09 (12%)	20 (26%)	75 (100%)	<b>3.14</b>
Score	130	32	36	18	20	236	
Corporate Loan	19 (25%)	17 (23%)	08 (11%)	10 (13%)	21 (28%)	75 (100%)	<b>3.03</b>
Score	95	68	24	20	21	227	
SME Open Term Loan	06 (8%)	10 (13%)	03 (4%)	24 (32%)	32 (43%)	75 (100%)	<b>2.12</b>
Score	30	40	09	48	32	159	
Stree Shakti Scheme	02 (3%)	07 (9%)	14 (19%)	23 (31%)	29 (38%)	75 (100%)	<b>2.06</b>
Score	10	28	42	46	29	155	
SBI eSmart SME eCommerce Loan	00 (0%)	04 (5%)	18 (24%)	27 (36%)	26 (35%)	75 (100%)	<b>2.0</b>

Score	00	16	54	54	26	150	
PradhanMantri MUDRA Yojna	20 (26%)	12 (16%)	10 (13%)	05 (7%)	28 (38%)	75 (100%)	<b>2.88</b>
Score	100	48	30	10	28	216	

Source: Primary data:VH- Very High, H- High , M- Moderate, L- Low, VL- Very low

The above table-3 clearly point toward that most of the respondents (3.14) of mean value highly aware of SBI SMILE Scheme. They have less consciousness about mean value (2.0)  
 SBI eSmart SME eCommerce Loans

### Suggestion

- The bank has to conduct publication awareness programs for explaining available loan with interest to educate the customers who need loan for business.
- The bank has to provide consumer support services to make awareness about the Easy Monthly Installments (EMI) & Tax benefits they get out of loan they borrowed and prepayment penalty charges.
- The banker must provide the consultancy services to the consumer for developing their business.
- The bank has to provide a check list technique about documents required for processing the loan in order to identify financial strength & ability to repay the loan.

### Conclusion

This research articles places of interest the role of State bank of India in new Entrepreneurship and level of customer's awareness towards the SBI business loan in Srivilliputhur Taluk. As a result, State Bank of India provides a lot of advance schemes for new and business or entrepreneurs. But many of the businessmen investment current account holder are not aware of the loans available in State Bank of India. The banker should take an instantaneous action for creating awareness to business people or entrepreneurs.

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