

Commercial Banks and Industrial Financing: A Critical Study with special reference to Bihar

Dr. Kundan Kumar

Guest Faculty, Dept of Commerce, Marwari College, Tilka Manjhi Bhagalpur University, Bhagalpur, Bihar-812007, India

ARTICLE DETAILS

Article History

Published Online: 15 March 2019

Keywords

Assets, Commercial Banks, Financial, Industrial Improvement

ABSTRACT

In a regressive state like Bihar banks can assume a significant part in the financial improvement by improving the way of life of the individuals, killing neediness and backwardness. The pace of financial advancement relies upon the productive and powerful utilization of physical normal assets by the HR. It assumed that the mechanical improvement in Bihar is hampered by absence of ventures. Industrial Department, Government of Bihar is the state-level nodal body under the single-window system for speculations of above US\$ 2.17 million.

The current examination expects to dissect the commitment business banks in the modern advancement of Bihar. The examination is totally systematic in nature. It has been seen by the specialist that SBI is the main bank among the business banks in India, which has advanced a complete program for industrial improvement.

From the customary function of commercial banks, SBI spearheaded as a head banking organization by accepting the part of an improvement bank. It has figured an intricate arrangement to lead industrial improvement programs, especially in the retrogressive regions.

1. Introduction

The monetary and mechanical improvements of a nation generally rely on how proficiently the assets are overseen by its banks and money related establishments. Effectual administration of banks and monetary establishments won't just improve their benefit yet additionally upgrade their commitment to the mechanical and financial advancement of a nation opposite innovative turn of events.

The business banks, especially after nationalization, have been assuming a key function in the in the monetary and social change and advancement. These banks have extended unfathomably quick in regard of number of branches just as in differentiating its administrations in numerous ways.

In the post-nationalization period, the scale and extent of bank help to the little business people have been expanding reliably. Till at that point, they rely vigorously upon cash loan specialists and indigenous investors. Business banks have now included new plans to meet the differed credit needs of the little scope part after a consideration full investigation. Huge numbers of the banks are giving consultancy administrations and advising to little scope businesses and Merchant Banking Services to the corporate segment too.

Bihar State Finance Corporation the primary state-level foundation that gives term loaning offices to mechanical business visionaries. The company has gone into a concurrence with Small Industries Development Bank of India, under which joint financing will be finished by SIDBI and BSFC in the extent of 90:10. Under this plan, at least US\$ 0.3 million credit can be given to one unit. Additionally Information and Communication Technology Policy, 2011 plans to advance interest in the IT/ITeS/Electronic Hardware Manufacturing (EHM) units by private industry to quicken the movement of IT enablement in the state.

2. Review of Literature

Lakhanpal, Ajay (1984) inspected the presentation of money related organizations, special establishments and preparing foundations occupied with business advancement in Himachal Pradesh. He examined 58 business people in Solan locale to assess the impact of foundation offices on enterprise advancement. He focused on the need to make certain alterations in institutional structure and suggested the making of a state level single window mechanical emotionally supportive network.

Sharma, C.P. (1984) in his examination named, "Industrialisation Entrepreneurship and Development Banking", talked about the part of the improvement banks in up-degree of innovation in Indian industry. Subsequent to investigating the information it is uncovered that the genuine help for this object was very converge at all India level up to 1970s. From that point a few stages have been taken toward this path by these foundations.

Dangwal and Reetu (2010) led an examination on monetary execution of business banks. In this examination they looked at budgetary execution of 19 business saves money as for eight boundaries and they arranged the banks as brilliant, great, reasonable and helpless classifications.

Tiwari (1981) found that the administration was helping the for enterprise improvement by giving money related help with the type of term credits, premium, sponsorship, unstable advances and concession as appropriations in the capital, independent work advance and so on.

Thangavel, N. (2011) in his investigation pointed that the financial framework contacts the lives of millions and must be motivated by bigger social reason and has sub refrain public needs and destinations, for example, fast development of farming, little businesses and fares, increasing of education rate, empowering new business visionaries and improvement of in reverse zones. For the reason it is essential for the

administration to assume liability for the augmentation and broadening of banking administrations and for the operations of significant piece of banking framework.

Kumar (1998) examined the function of Canara Bank's Center for Entrepreneurship Development, Bangalore which offers preparing to and encourages the business people to set up little mechanical units other than giving help to advertising their item. The help by the administration to ladies enterprise has additionally been given through different organizations like SIDO, DIC, EDI, NAYE, NISIET, SIDBI, SEF, WCFC and business banks and so on.

3. Objectives of Research

- To study the role of Banks in the Industrial development in Bihar.
- To analyse the perception of Businessman/entrepreneur with respect to commercial banks in Bihar.
- To find out the issues involved banks in the granting loan by commercial Banks

4. Relevance of the Study

In India, business advancement has been acknowledged as a methodology to accomplish the twin targets of advancement of enterprise especially among the informed jobless and furthermore for fast industrialisation. India's long term plan has underscored on the age of independent work open doors for taking care of joblessness or underemployment

6. Key Findings

issues. Despite execution of various plans occasionally and declaration of new plans/program, the achievement of the distinctive program was a long way from good. The current investigation features a portion of the lacuna of business enterprise improvement program in the examination zone which will help the arrangement creators to make certain strategies to guarantee the achievement of the program.

5. Research Design

The current investigation depends on both essential and auxiliary information. The essential information were gathered with the assistance of very much organized timetable arranged for the business people and all around organized polls arranged for the bank authorities of various business banks of arranged in Bihar.

The optional information were gathered from the distributed reports gathered from business banks, District Lead Bank, RBI, NABARD and so on. In addition data was additionally gathered from various sorts of diaries, papers, periodicals and sites. The current examination covers 148 business people out of 168 who have enlisted in Bihar. The information were gathered by directing timetable arranged remembering the targets of the examination.

Once more, there were seven nationalized business manages an account with thirteen branches working in Patna and Bhagalpur areas. The directors of all these 13 parts of commercial banks were met by managing survey arranged with the end goal of the investigation.

Table- 6.1

Percentage of Loan Sanctioned	Percentage
100 percent	24.14
75 - 99 percent	41.38
50 - 75 percent	22.99
Less than 50 percent	11.49
Total	100

Source: - Primary data

Table-6.2

Types of problems	Percentage
Problems of getting loan and subsidy	27.59
Time taken to process loan	21.84
Tight repayment schedule.	19.54
Poor financial management and maintenance of account	18.39
High rate of interest	12.64
Total	100

Source: - Primary data

Table-6.3

Name of the Banks	Percentage
United Bank	20.69
SBI	28.74
Union Bank	12.64
IOB	6.90
Canara Bank	10.34

Central Bank	11.49
Punjab National Bank	9.20
Total:	100

Source: - Primary data

Table-6.4

Year	Name of the Bank	Total no. of Entrepreneurs	Total Gross Amount sanctioned (Rs.)	Total Amount Disbursed (Rs.)	Average amount (Rs.)
2001-02	IOB,	09	6,24,000	6,24,000	69,334
2002-03		38	21,72,000	21,72,000	57,158
2003-04		25	20,96,000	20,96,000	83,840
2004-05	SBI,	32	16,62,000	16,62,000	51,937
2005-06		25	3,22,00,000	3,22,00,000	12,88,000
2006-07	UCO,	15	2,21,24,000	2,21,24,000	14,74,934
2007-08		15	47,32,000	47,32,000	3,15,467
2008-09	PNB,	29	19,00,000	19,00,000	65,517
2009-10		30	34,83,000	34,83,000	1,16,100
2010-11	Canara Bank,	36	15,00,000	15,00,000	41,667
2011-12		28	27,50,000	27,50,000	98,214
2012-13		49	48,25,000	48,25,000	98,469
2013-14	Central Bank,	29	28,75,000	28,75,000	99,138
2014-15		25	24,20,000	24,20,000	96,800
2015-16	Union Bank.	34	33,30,000	33,30,000	97,941
2016-17		26	25,25,000	25,25,000	97,115
Total		445	9,12,18,000	9,12,18,000	9,12,18,000

Source: - Primary data

Table-6.5

Source of Finance	Percentage
Owned contribution	23.65
Borrowed from family members	4.73
Borrowed from friends/relatives	10.13
Borrowed from commercial banks	58.78
Any other sources	2.70
Total	100

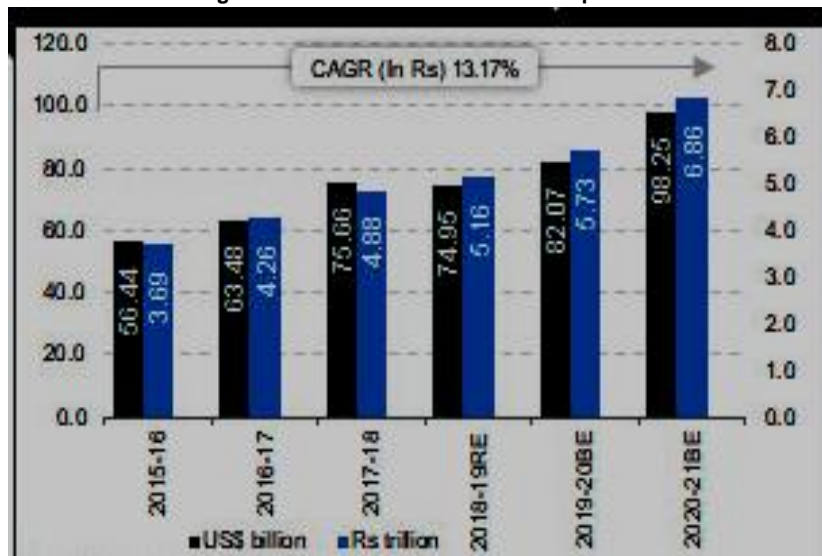
Source: - Primary data

Table-6.6

Opinion Regarding the Time Taken to Sanctioned and Disbursed the Loan	Percentage
Normal	36.78
Moderately Lengthy	34.48
Too Lengthy	28.74
Total	100

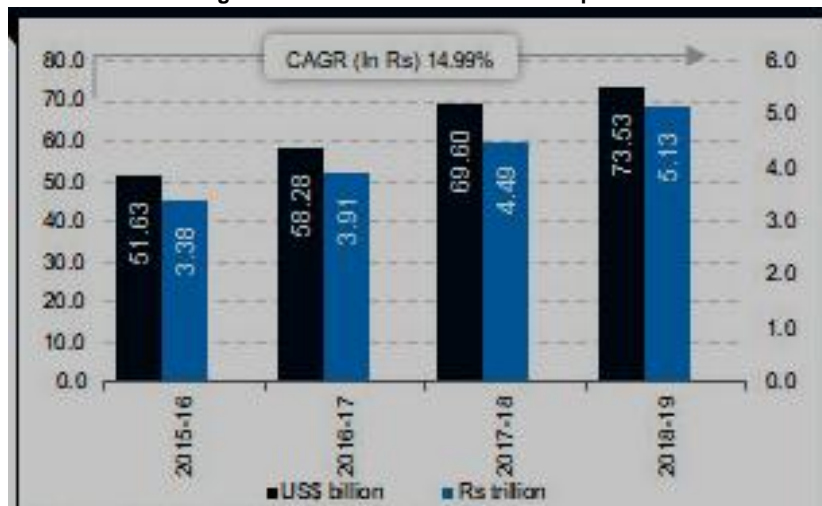
Source: - Primary data

Figure: - 6.1 GDSP of Bihar at current prices



Source: - Directorate of Economics & Statistics of Bihar

Figure: - 6.1 NSDP of Bihar at current prices



Source: - Directorate of Economics & Statistics of Bihar

- The study uncovers that the greatest number of business people have gotten the underlying capital from State Bank of India followed by 18 from United Bank of India, 11 from Union Bank of India, 06 from United Commercial Bank, 09 from Canara Bank of India, 10 from Central Bank of India and 08 from Punjab National Bank.
- Entrepreneurs confronted issues at the hour of getting advance and endowment from the banks, 19 confronted issue of postponement in preparing advance by the bank., 17 business people considered tight reimbursement timetable of the banks as issue, 16 confronted issue because of poor money related administration and support of record.
- Industrial improvement is delayed in Bihar because of poor budgetary help from the commercial banks which endorsed advances to just 1.57% of the candidates till 2018.
- The appraisal of the sufficiency of long haul advances conceded by the business banks is made based on the distinction between the measure of credit mentioned by the endeavour and the sum authorized by the banks.
- Gross State Domestic Product of Bihar is assessed to develop at a CAGR of 13.17 percent between 2015-16 and 2020-21.
- The per capita GSDP of Bihar expanded at a CAGR of 12.91 percent (in Rs) between 2015-16 and 2018-19.
- Bihar has seen solid development in per capita NSDP. At current costs, per capita NSDP of the state developed at a CAGR of 14.99 percent during 2015-16 to 2018-19.
- In 2019, eight ventures were recorded in the state and the measure of speculation proposed was Rs 671 cr.
- Total Foreign Direct Investment (FDI) for Bihar and Jharkhand remained at US\$ 119 million between April 2000 and March 2020.
- Food handling, dairy, sugar, assembling, and medical services are a portion of the quickly developing enterprises in the state.

7. Conclusion

The overall part of business banks is to offer monetary types of assistance to overall population and business, guaranteeing financial and social steadiness and feasible development of the economy. Bihar has developed as one of the quickest developing 'low-pay states' lately. Utilization imbalance didn't ascend in the time of higher development. The rise of huge number of business visionaries SMEs units is a fundamental need. The business visionaries assume a

significant part in the nation like India. The investigation has uncovered that banks gave budgetary help to the business visionaries for starting and creating diverse miniature and little ventures in the different segments viz weaving, sewing, fitting, gadgets showroom, steel manufacture, jute items, ventilator industry, block industry, wood furniture, vehicle workshop, foundation, lodging/café, and so forth.

References

1. Gupta, R. K. (1993). Development Banks and Industrial Development. New Delhi: Deep and Deep Publications.
2. Goswami, Pranay Jyoti. (2011). Role of RBI for Promoting Growth and Urban Co-operative Banks in India with Special Reference to India's North East. Assam University, Silchar, 3(1), 21.
3. Kaur, Pervinder. (1995). Development Banking and Industrialization. New Delhi: Anmol Publications
4. Mishra, P.N. (1986). Development Banks and New Entrepreneurship in India. New Delhi: National Publishing House.
5. Panda, Jaganath and Dash, R. K. (1991). Development Banking in India. New Delhi: Discovery Publishing House.