CHAPTER VI
CHAPTER VI

CLIENTELE PERCEPTIONS OF TIIC'S SERVICES

Service reliability, performing the service dependably and accurately is the heart of services marketing excellence

6.1 INTRODUCTION

Financial Corporations are no exception to the above maxim. Performance evaluation of any financial institution could be complete only when the beneficiaries (borrowers) views on services of the institutions are carefully drawn. Being the development banks, their success lies on the quality of services provided by them to the entrepreneurs and thereby promote entrepreneurship in the real sense. When the services performed by the corporation are below the clientele expectation, they get dissatisfaction and fed-up with their initiative. "Services must be performed well particularly in areas where customers are sensitive". When the corporation renders services in an excellent manner it will augment their business which in turn helps to accomplish its avowed objectives.

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As a development bank, it is necessary for the SFC to render better services to promote entrepreneurial growth in the right perspective. This requires understanding the perceptions of the clientele on time to time basis. This chapter has brought out the perceptions of borrowers regarding the services of TIIC. TIIC, the pioneer of SFCs which was set up in the year 1949 has almost completed 5 decades of yeomen services in 1998 in the institutional financing, especially term loans for small and medium scale industrial units. This lengthy span of life of the corporation is ideal to assess the role of the corporation in promoting industrial development in the state of Tamil Nadu. This evaluation study helps to assess the image of the TIIC amongst its clients on the basis of their experience in their dealings with the corporation at various stages. The level of perception about the services of the corporation can be measured indirectly with the help of rating scales. An opinion survey was conducted to elicit clientele perception of TIIC.

The preceding chapters were primarily concerned with the contributions of TIIC in the growth and development of SSI in Tamil Nadu from the Corporation's point of view and also from the Economy point of view. The study would be
complete only when the role of TIIC has been viewed from clients.

TIIC, a pioneer SFC which has been set up in 1949 has successfully completed 5 decades of operations in 1991. To make the study complete, the researcher wanted to know the quality of services rendered by this financial corporation. An opinion survey has been conducted to assess the image of the corporation amongst its clients on the basis of their experience in their dealings with the corporation at various stages.

The opinion survey was conducted mainly to probe into

1. the extent to which TIIC has achieved its promotional objectives as development banks; and

2. to identify the problems encountered by the loanees mainly in obtaining financial assistance and other guidances.

6.2 METHODOLOGY

A field study has been conducted to know the clientele perception of TIIC's role in promoting entrepreneurship. A well structured and duly tested Interview Schedule was used to make general observations and specific aspects of the services of the corporation. The schedule was administered
to 108 entrepreneurs who have availed the services of TIIC. The respondents were concentrated mainly in erstwhile Trichy and Madurai districts. Considering the wide and variegated nature of loanees of the corporation, it was attempted to cover different types of loanees, loan slabs, lending schemes, purposes and types of industries to have adequate representative sample from the cross section of industries.

Obviously, the sample of 108 industrial units from a universe of more than 9904 TIIC assisted units as on 1991 from the three sample districts. It is too inadequate to draw generalisations of representative nature, particularly so when it is confined to 2 regions namely Trichy and Madurai where at present the corporation has 9 branches out of as many as 34 branches it has through out of the State. But considering the limitations of time as also of other resources and keeping in view the wide geographical coverage, variegated clientele of the corporation etc., the present sample size, including its composition was probably the best possible alternative. Moreover, the Interview Schedule method is regarded to be superior to questionnaire method in the opinion surveys of the present type as it gives ample opportunity for informal discussions.
6.3 BRIEF PROFILE OF CLIENTELE UNITS

The survey indicates that, in the industry category of the sample among the 108 units surveyed, a sizable number of units representing 40% belonged to engineering products industry, followed by textile industry representing 13.3% and wood, paper, leather industry group representing 12%. More details about the industry group of sample units and the districts break-up of the industry group of sample SSI units could be seen in the following table 6.1.

Table 6.1 Industry Category of Sample Units

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>MDU</th>
<th>SIVA</th>
<th>TRY</th>
<th>Total</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Food Products, Beverages and tobacco products</td>
<td>4</td>
<td>8</td>
<td>4</td>
<td>16</td>
<td>14.81</td>
</tr>
<tr>
<td>2. Textile Products</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>19</td>
<td>17.59</td>
</tr>
<tr>
<td>3. Wood, Paper, Leather</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>10</td>
<td>9.26</td>
</tr>
<tr>
<td>4. Rubber, Plastic Products</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>4.63</td>
</tr>
<tr>
<td>5. Chemical products</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>17</td>
<td>15.74</td>
</tr>
<tr>
<td>6. Non-Metallic Mineral products</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>6.48</td>
</tr>
<tr>
<td>7. Engineering Products</td>
<td>9</td>
<td>6</td>
<td>10</td>
<td>25</td>
<td>23.14</td>
</tr>
<tr>
<td>8. Others</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>8.33</td>
</tr>
<tr>
<td></td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>108</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Primary Data

* MDU = Madurai; SIVA == Sivaganga; TRY == Trichy
The Eight categories were grouped on the basis of industrial classification of SIDO, New Delhi. Food Products category includes food products, beverages, tobacco and tobacco products. Textile products category includes cotton textile, wool, silk and synthetic fiber, jute hemp, mesta textile products including weaving apparel other than footwear. Wood, paper, leather category includes wood, wood products, furniture, paper and paper products, printing, publishing allied publishing industries, leather and fur products except repair. Engineering category includes basic metal, alloys, metal products, machinery, machine tools, electrical machinery and apparatus and transport equipments.

6.2.1 Nature of Business

The SIDO Board is the registering authority for SSI. DICs are the operating agencies of SIDO for registration as well as other facilities available for SSI units which is under the direct control of the State Government. For SSI registration, all categories of industries are registered under SIDO-CODE which fall under the 19 major industries codes. The respective industry code also include service industry category which fall under those groups. The sample units have been classified into manufacturing, servicing and processing units as given in the table.
Table 6.2 Nature of Business of Sample Units

<table>
<thead>
<tr>
<th>Nature of Business</th>
<th>MDU</th>
<th>SIVA</th>
<th>TRY</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Manufacturing</td>
<td>24</td>
<td>29</td>
<td>25</td>
<td>78 (72.22)</td>
</tr>
<tr>
<td>2. Servicing</td>
<td>9</td>
<td>5</td>
<td>4</td>
<td>18 (16.67)</td>
</tr>
<tr>
<td>3. Processing</td>
<td>3</td>
<td>2</td>
<td>7</td>
<td>12 (11.11)</td>
</tr>
</tbody>
</table>

Source: Primary Data

The table clearly pointed out that the majority of the sample units were engaged in manufacturing activity which accounts for 78% of sample units. In this context, it may be noted that a manufacturing unit may also be engaged in rendering service also. Hence, the nature of business may be counted as two. Process activities units amounted to only 11.11% of the sample units. It is observed that only limited number of units are engaged in processing activity.

6.2.2 Investment Categories of Sample Units

SSI units with investment in Plant & Machinery have been broadly grouped into 3 categories. The first category having investment less than Rs. 5 Lakhs and the second category having investment between Rs. 5 Lakhs and Rs. 30 Lakhs and the third and last category consisting of SSI units which have investment size more than Rs. 30 Lakhs.
Table 6.3  Investment Category of Sample Units

<table>
<thead>
<tr>
<th>Investment Group</th>
<th>MDU</th>
<th>SIVA</th>
<th>TRY</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Less than Rs.5 Lakhs</td>
<td>16</td>
<td>30</td>
<td>14</td>
<td>62</td>
</tr>
<tr>
<td>2. Rs. 5 Lakhs to Rs.30 Lakhs</td>
<td>12</td>
<td>4</td>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>3. Above Rs. 30 Lakhs</td>
<td>8</td>
<td>2</td>
<td>11</td>
<td>19</td>
</tr>
</tbody>
</table>

Source : Primary Data

The table reveals that 62% of SSI units fall under the tiny category and 27% of respondent units fall under 2nd category of between Rs.5 Lakhs and Rs. 30 Lakhs. Hence, it is very clear that a majority of SSI units are tiny units. Sivaganga district being under-developed district has only very limited number of units falling under the 3rd category. The survey includes 2 such units from the Sivaganga district.

6.4 CONTACT WITH TIIC

The loanees were asked to express their views with regard to how they came to know about the functioning of TIIC, how they have approached the corporation, and how they have been received and guided by the corporation. The table 6.4 points out the loanees awareness about the functioning of the corporation.
Table 6.4  Contact with TIIC

<table>
<thead>
<tr>
<th>Source</th>
<th>No of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Publicity</td>
<td>10</td>
<td>9.25</td>
</tr>
<tr>
<td>2. Acquaintances with TIIC</td>
<td>12</td>
<td>11.11</td>
</tr>
<tr>
<td>3. TIIC's Clients</td>
<td>28</td>
<td>25.92</td>
</tr>
<tr>
<td>4. District Industries Centre</td>
<td>18</td>
<td>16.67</td>
</tr>
<tr>
<td>5. Mass Media</td>
<td>14</td>
<td>12.96</td>
</tr>
<tr>
<td>6. Professionals</td>
<td>18</td>
<td>16.67</td>
</tr>
<tr>
<td>7. Others</td>
<td>8</td>
<td>7.40</td>
</tr>
<tr>
<td></td>
<td>108</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Primary Data

The table 6.4 reveals that the publicity given by the corporation has not been very effective in taking it closer to the prospective industrialists. The existing clients act as a main source of information next to DIC & Professionals. Acquaintances with TIIC, functioning of the Guidance Cell must be improved to attract potential clients. Professionals such as auditors, Lawyers and Consultants have been actively supporting their clients by giving information about the TIIC. Awareness through mass media has not been effective. Steps may be taken by the corporation to create awareness through mass media in a better manner which will even attract entrepreneurs at the grassroot level.
6.5 ENTREPRENEURIAL GUIDANCE CELL (EGC)

Reception and guidance are the most important qualities of services in any service industry, especially in a development bank. Their services will give a sort of confidence and good understanding among the aspirant industrial units regarding the corporations' culture and ethos. Clientele units were asked to answer the existence and functioning of EGC in TIIC.

Table 6.5 Functioning of Entrepreneurial Guidance Cell (ECG)

<table>
<thead>
<tr>
<th>Opinion</th>
<th>No. of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>42</td>
<td>38.89</td>
</tr>
<tr>
<td>Not Satisfied</td>
<td>22</td>
<td>20.37</td>
</tr>
<tr>
<td>No Response</td>
<td>12</td>
<td>11.11</td>
</tr>
<tr>
<td>Not Known</td>
<td>32</td>
<td>29.63</td>
</tr>
</tbody>
</table>

Source: Primary Data

As is evident from the table as many as 76 respondents are knowing the functioning of the cell as against 32 who are not knowing its existence. Among the known respondents 39% were satisfied with its services. The cell has acted more as a friend and guide and elaborated clearly the jurisdiction, functions and role of the corporation. EGC's functioning has been tantamount to that of a hide and seek rather than aspired and desired one of greet and guide.
Hence, the corporation has to project the functioning of EGC which in turn helps to achieve its avowed objectives. Well trained and dedicated personnel may be placed in that cell so as to establish rapport and stimulate the interest of the persons who are approaching the corporation for availing financial and other entrepreneurial guidances.

6.6 OBTAINING LOAN APPLICATION FORM

The first step in the process of obtaining financial assistance from the corporation begins with getting relevant application form. The applicants have to pay a nominal fee for obtaining application form which varies with loan slabs. The Corporation has different application forms for different schemes of assistance. Since, the format and the fee of application forms vary, it is essential to identify their experience and help them in getting the relevant forms from the corporation.

<table>
<thead>
<tr>
<th>Attempt(s)</th>
<th>No of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>72</td>
<td>66.67</td>
</tr>
<tr>
<td>Second</td>
<td>31</td>
<td>28.70</td>
</tr>
<tr>
<td>Third/More</td>
<td>5</td>
<td>4.63</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>108</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data
As is clear from the table 6.6 excepting five respondents all others could obtain the relevant application form mostly in the first attempt itself and 28.70% of respondents were able to get application form only in the second attempt. This reveals that the corporation is attending to the people's request for application with keen interest.

6.7 TIME LAG IN SECURING AND SUBMISSION OF APPLICATION FORM

Time lag in submission of application form helps to draw inferences from the respondents with respect to the complications in filling-up application, too many details and documents etc.

Table 6.7 Time-lag in Submission of Application Form

<table>
<thead>
<tr>
<th>Weeks</th>
<th>No. of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a week</td>
<td>12</td>
<td>11.11</td>
</tr>
<tr>
<td>1-2 weeks</td>
<td>48</td>
<td>44.44</td>
</tr>
<tr>
<td>2-3 weeks</td>
<td>36</td>
<td>33.33</td>
</tr>
<tr>
<td>3-4 weeks</td>
<td>10</td>
<td>9.25</td>
</tr>
<tr>
<td>More than 4 weeks</td>
<td>2</td>
<td>1.85</td>
</tr>
<tr>
<td></td>
<td>108</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Primary Data

The table 6.7 shows that hardly 11% of respondents submitted the application form within a week. Around 44%
respondents felt that it took two weeks time to fill-up application with all details. Majority of respondents felt that on an average it took 3 weeks time to submit the application with all enclosures and details. Only 2% of respondents felt that it took more than 4 weeks to submit the application form. When they were enquired about the reasons for belated submission nearly 1/3rd of the total respondents pointed out the complicated format of the application form. The other reasons being too many details and formalities and large number of documents. Most of them felt that some of the information required in the form may be redundant. A set of respondents asserted that the details sought were too ticklish to be furnished easily. A developmental-cum-promotional agency like TIIC should try to live up to its role by simplifying the format of the form and the procedure of loan. Too much of paper work, and too many irrelevant details, as our experience goes result in creating a wide gap between the organisational goals and their realisations.

6.8 SERVICES OF TIIC

Being the development bank, its role is not only to provide financial assistance but also to extend services
towards promotional aspects. The survey aimed to elicit the views of the loanees regarding the services rendered by TIIC. For this purpose services of the corporation were broadly grouped into

Financial Assistance related services
Training related services.
Counselling related services.

6.8.1 Services on Financing

It is related to procedural aspects of sanctions, adequacy of finance, timeliness in rendering assistance and easing documentation work etc.

Procedurally, the first part of the loan process is registration with the Corporations Branch or Head Office depending upon the amount of loan applied for. Once the registration is over, it becomes the duty of the corporation, after the receipt of the application, to send communication letters to the applicants informing them about the action taken on their applications.

However, to our surprise, in 6% of the cases the communication was not sent. Only 26% of the applicants acknowledged that they were called by the corporation. Majority of the loanees felt that had they not pursued the
matter, their applications would not have been considered. As many as 68% respondents confirmed that they had chased their cases. When they were enquired about the number of visits made to the office of the corporation for obtaining sanction, many frustrating remarks could be identified.

**Table 6.8 Frequency of Visits made to Office to obtain Loan Sanction**

<table>
<thead>
<tr>
<th>No. of Visits</th>
<th>No. of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 times</td>
<td>18</td>
<td>16.67</td>
</tr>
<tr>
<td>5 to 10 times</td>
<td>48</td>
<td>44.44</td>
</tr>
<tr>
<td>10 to 25 times</td>
<td>31</td>
<td>28.70</td>
</tr>
<tr>
<td>More than 25 times</td>
<td>11</td>
<td>10.19</td>
</tr>
</tbody>
</table>

Source: Primary Data

The table 6.8 reveals that the number of times that the clients have visited the office for obtaining sanctions. Only a very few -17% of respondents alone are capable of getting sanctions in the normal course of time. Most of them were fed up with the situation before getting sanction. Only those who could have some influence were able to get quickly.
Investigation fee

At the time of registering their application, applicants have to pay investigation fee which varies with loan slabs. When the loanees were asked to give their views about the investigation fee, they felt that the fee charged by the corporation is high.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>No. of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>68</td>
<td>62.96</td>
</tr>
<tr>
<td>Normal</td>
<td>29</td>
<td>26.85</td>
</tr>
<tr>
<td>No opinion</td>
<td>11</td>
<td>10.19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Primary Data

The table 6.9 points out that nearly 63% of respondents felt that the investigation fee charged by the corporation is high. They felt that being the development bank, charging such an abnormal fee for investigation is not lucrative from the point of view of promotional agency.

Normally, the time lag between registration of application and sanctioning of loan ranges between a fortnight and a period of 3 years. Such an abnormal delay
has serious repercussions in so far as it affects the morale and patience of the loanees and also results in the cost escalation of the projects. The respondents were of the opinion that the inefficient working of the loan and technical sections of the corporation were mainly responsible for such inordinate delay.

Having sanctioned the loan it becomes inevitable for the corporation to disburse the loan in an expeditious manner. On an average disbursement of loans takes 2 weeks to 2 months time. Only very few could get on the very same day when it was sanctioned. The success of the corporation may be much affected when the sanctioned loan is not disbursed instantaneously. The reason for delay in the release of sanctioned loan is two dimensional i.e., both the corporation and loanees. Non-presentation of documents, delay in the creation of assets, non-arrangement of working capital, delay in the valuation of assets, non-co-operation of TIIC etc. In a nutshell, in majority cases the corporation was responsible for the protraction while in other cases clientele units themselves had lingered the process.
Since perception is an abstract concept, it cannot be directly measured in quantitative terms. There is no fixed value or score which will help to measure perception. But perception can be measured indirectly with the help of scaling techniques. Level of perception may vary from one client to another. Hence a comprehensive study has been made to highlight the level of perception and its variations.

In this study, the researcher has identified three key areas of services of a development bank such as financing, training and counselling. Each of these areas of services has number of sub-services/components. The financing services of the corporation has been studied with respect to 3 aspects viz., procedural, adequacy and timeliness. To study the level of perception 10 components with respect to procedural aspects and 5 components each with respect to adequacy and timeliness of extending financial assistance were identified. Similarly, 5 components with regard to training and 10 components for counselling services were identified.

As there is no ready-made scale to measure the level of perception a scale namely "Likert's summated attitude scale"
has been developed by awarding scores to all the components of different aspects of services of the corporation. Perception scale constructed to measure the clientele perception of TIIC is given in the table. A five point scale was given in the interview schedule and the respondents used the scales accordingly. The scores of the clientele units vary depending upon the responses. The level of perception was measured by awarding a scoring pattern.

a. Level of perception like, strongly agree, agree, no-opinion, disagree and strongly disagree has been designed.

b. Scoring pattern like 5, 4, 3, 2, 1 were assigned to strongly agree, agree, no-opinion, disagree and strongly disagree respectively.

c. Responses from a sample of 108 respondents were collected by using interview schedule.

Suppose an assisted unit has given its response as "Strongly Agree" for all the ten components of the procedural aspect, it is given with 5 scores for each response and totally it gets 50 scores. The maximum score for that aspect of service is 50, when a respondent respond "SA" for all the 10 statements and the minimum scores is 10 when it said SDA for all the ten statement. Therefore, each of the respondents will get a score between 10 and 50.
6.8.1.1 Procedural Aspects of Financing

Procedures are a sort of plans in that they established customary method of handling future activities. Procedures are guide to action rather than to thinking. These are action plans comprising details of execution processes to accomplish enterprise objectives. The success of the financial corporation depends upon how effectively the procedural plans are drawn up. The Clientele perception of TIIC with respect to procedural aspect of financing such as sanctioning, disbursement, documentation and follow-up are observed in the course of interview and given in the table 6.10.
Table 6.10 Loanee's perception of TIIIC with respect to Procedural aspects of Financing

<table>
<thead>
<tr>
<th>Components</th>
<th>SA</th>
<th>A</th>
<th>NO</th>
<th>DA</th>
<th>SDA</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Adopts complicated procedure for sanctioning loan</td>
<td>48</td>
<td>31</td>
<td>5</td>
<td>16</td>
<td>8</td>
<td>419</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>2. Demands high margin of security</td>
<td>32</td>
<td>29</td>
<td>16</td>
<td>22</td>
<td>9</td>
<td>377</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>3. Insists on high margin on promoter's contribution</td>
<td>47</td>
<td>37</td>
<td>8</td>
<td>18</td>
<td>2</td>
<td>445</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>4. Collects high charges towards documentation, investigation</td>
<td>36</td>
<td>27</td>
<td>13</td>
<td>29</td>
<td>3</td>
<td>388</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>5. Does not cover loan on easy instalments</td>
<td>12</td>
<td>24</td>
<td>18</td>
<td>36</td>
<td>18</td>
<td>300</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>6. Does not give prior intimation of loan instalments due to beneficiaries</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>27</td>
<td>64</td>
<td>183</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>7. Does not intimate the position of loan account to the beneficiaries</td>
<td>14</td>
<td>38</td>
<td>25</td>
<td>18</td>
<td>13</td>
<td>346</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>8. Does not provide adequate moratorium period</td>
<td>20</td>
<td>44</td>
<td>22</td>
<td>13</td>
<td>9</td>
<td>377</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>9. Does not make arrangements to buy machines &amp; equipments</td>
<td>18</td>
<td>16</td>
<td>8</td>
<td>24</td>
<td>42</td>
<td>268</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>10. Does not assist in getting right type of machine &amp; equipment</td>
<td>12</td>
<td>52</td>
<td>10</td>
<td>28</td>
<td>32</td>
<td>386</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Primary Data
The results given in the table may be divided into higher order ranks which reveal the dissatisfaction of clientele unit regarding the procedural aspect of financing services of the corporation. Whereas the lower order ranks show the satisfactory perceptions of clientele units about TIIC's services.

As regards prior intimation of loan instalments due, recovery of loan on easy instalments, intimation of loan account position, arrangements to buy machines and equipments form part of satisfactory perception of clientele units.

On the other hand, high margin of promoter's contribution, complicated procedure of sanctioning loan, higher documentation and investigation charges, assisting in getting right type of machines and equipments were some of the areas of procedural aspects of financing services over which clientele units do not have satisfactory perception. The corporation has to take steps to provide these aspects of services in a satisfactory manner. The respondent units opine that, comparison in regard to terms and conditions pertaining to moratorium, instalments and rate of interest etc. show that TIIC is better placed than the commercial banks.
The corporation in the form of term loans supplements the resources of promoters' and hence it expects the promoters to contribute towards the project cost. Government subsidies is nevertheless considered as promoter's contribution. The minimum promoter's contribution prescribed by TIIC is 25% of project cost. However, wherever subsidy is not available, then minimum promoters contribution fixed by the corporation is too high and many small entrepreneurs find it extremely difficult to meet this requirement. Sometimes, this has resulted in consequential lapse of the proposals in absence of forthcoming contribution as expected of them. Fulfilment of this condition, on the other hand, ensures genuine interest of the entrepreneur in the project and his real desire to launch it with a view to pursue economic activities.

Margin money means margin security kept against loan disbursed. It means the ratio between the amount of financial assistance provided by the corporation and the contribution of the proprietor or promoter towards the projects. The corporation normally stipulates a margin of 20% to 25%. However, if need be, depending on the project, a higher margin may be stipulated. The respondents felt
that the security margin insisted by the corporation is heavy as given in the table 6.10.

6.8.1.2 Timeliness of Financing

Though the corporation is expected to discharge its functions with commercial spirit it has been following more or less bureaucratic procedure unlike the commercial banks that comparatively take quick decision about the approval. This process needs further modification and rationalisation if the corporation really intends to fill the gap of industrial finance. Amount of loan is not always significant but timing of loan matters much. A delayed sanction and disbursement may produce a negative impact on the entrepreneurs and the sole purpose of obtaining financial assistance is defeated. Not only that, delay in sanction and consequential late commissioning of a project results in cost escalation and consequently higher investment which may create unhealthy condition for the project. Clientele perception of TIIC with respect to timeliness of rendering financial assistance has been observed from the table 6.11.
Table 6.11 Loanee's Perception of TIIIC with respect to Timeliness of Financing

<table>
<thead>
<tr>
<th>Components</th>
<th>SA</th>
<th>A</th>
<th>NO</th>
<th>DA</th>
<th>SDA</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Takes unreasonably long time to sanction loans</td>
<td>36</td>
<td>23</td>
<td>16</td>
<td>27</td>
<td>6</td>
<td>380</td>
<td>3.52</td>
<td>3</td>
</tr>
<tr>
<td>2. Related disbursement of loan</td>
<td>36</td>
<td>44</td>
<td>13</td>
<td>11</td>
<td>4</td>
<td>421</td>
<td>3.90</td>
<td>1</td>
</tr>
<tr>
<td>3. Does not expedite prompt supply of Machines &amp; Equipments</td>
<td>17</td>
<td>19</td>
<td>16</td>
<td>27</td>
<td>29</td>
<td>292</td>
<td>2.70</td>
<td>4</td>
</tr>
<tr>
<td>4. Does not provide time-to-time finance on genuine grounds</td>
<td>13</td>
<td>23</td>
<td>14</td>
<td>21</td>
<td>37</td>
<td>278</td>
<td>2.57</td>
<td>5</td>
</tr>
<tr>
<td>5. Adheres loan repayment schedules strictly</td>
<td>43</td>
<td>32</td>
<td>11</td>
<td>14</td>
<td>8</td>
<td>412</td>
<td>3.81</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Primary Data

From the table 6.11 it could be inferred that clientele units were not satisfied with respect to timeliness of financing. Belated disbursement of loan got the highest mean score and ranking 1 followed by strict adherence to loan repayment schedules, undue delay in sanctioning loan etc. Normally the clientele units are required to give their time schedule about the disbursement of loan. To our surprise, interview with clientele units reveals that hardly 20% of respondents units have submitted such a schedule, others have left it to the discretion of the corporation.
Adequacy of Loan Amount

Adequacy of loan amount to establish industrial units both to meet out term loan and working capital requirements counts a lot for the success of the unit. The corporation, in the form of term loan, supplements the resources of promoters. Apart from that it helps to provide Govt. subsidies, seed money, eligible tax reliefs, concessions etc. to the potential industrial units. For small entrepreneurs, very often it becomes extremely difficult to raise adequate fund and has resulted in consequential lapse of the proposals in absence of forthcoming contribution as expected of them. The adequacy of loan amount obtained from the TIIC has been observed from the clientele units as given in the table 6.12.
Table 6.12 Loanee's Perception of TTLC with respect to adequacy of Financing

<table>
<thead>
<tr>
<th>Components</th>
<th>SA</th>
<th>A</th>
<th>NO</th>
<th>DA</th>
<th>SDA</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provides inadequate finance</td>
<td>12</td>
<td>24</td>
<td>20</td>
<td>30</td>
<td>18</td>
<td>294</td>
<td>2.72</td>
<td>4</td>
</tr>
<tr>
<td>2. Does not help in arranging working capital</td>
<td>33</td>
<td>37</td>
<td>19</td>
<td>12</td>
<td>7</td>
<td>401</td>
<td>3.71</td>
<td>1</td>
</tr>
<tr>
<td>3. Does not help in availing eligible subsidies</td>
<td>16</td>
<td>29</td>
<td>24</td>
<td>16</td>
<td>23</td>
<td>323</td>
<td>2.99</td>
<td>3</td>
</tr>
<tr>
<td>4. Does not help in availing eligible tax-relief &amp; concession</td>
<td>8</td>
<td>24</td>
<td>16</td>
<td>29</td>
<td>31</td>
<td>273</td>
<td>2.53</td>
<td>5</td>
</tr>
<tr>
<td>5. Over-run financing is not encouraged even on genuine ground</td>
<td>18</td>
<td>37</td>
<td>32</td>
<td>14</td>
<td>7</td>
<td>369</td>
<td>3.42</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Primary Data

The loan amount sanctioned and disbursed largely depends upon the criteria and norms of valuation. Actually the problem of valuation gets accentuated further due to absence of pre-boiled norms and confronting criteria. Interrogation in this connection reveals that 48 respondents expressed their satisfaction over the corporation's criterion of valuation and felt that the corporation has provided adequate loan. 36 respondents were displeased with adequacy of loan amount. Very few respondents have availed the working capital assistance from the corporation. It is due to tough formalities and undue delay.

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As discussed in the chapter delay in the disbursement of sanctioned loan takes place not only due to procedural formalities but also due to failure on the part of the loanees to fulfil certain conditions. The table clearly reveals that in 75% cases, the corporation was directly held responsible for the delay. In other cases, the respondent units themselves had lingered the process. The reason for this undue delay may be non-presentation of documents, delay in creation of assets, non-arrangement of working capital, delay in the valuation of assets etc.

Strict adherence to loan repayment schedule affects the loanees facing financial hardships due to endogenous and/or exogenous factors. It affects the morale of the loanees against the corporation. Therefore, it becomes imperative that repayment is allowed in convenient instalments. The table reveals that only 22 clientele units could convince the corporation about their plight and succeed in rescheduling their instalments. Delay in the creation of assets has come in the way of disbursement. The respondent units said that machines and equipment have been procured as per the advice and direction of the corporation, and that the corporation has taken efforts on behalf of clients to expedite the supply of machines and equipments.
6.8.2 Entrepreneurial Training

Extending supporting services especially imparting training either directly or through other agencies is immensely essential to achieve the objectives of a development bank. Offering training programme and evaluation of the effectiveness of the training programme may have to be seriously viewed by the corporation. Training and development will increase the probability of turning the clients into successful entrepreneurs.

Entrepreneurial Training that gained momentum in many developing countries are based on the assumption that entrepreneurs can be developed by changing their outlook, ideas and values through organising various integrated development training programmes. EDP is a tool which identifies potential entrepreneurs and help them in strengthening their competencies. Through training, entrepreneurs could acquire four basic functions such as conception, implementation, management and expansion. Therefore, the success of entrepreneur in setting up his enterprise also depends upon the outlook of policy makers, operating personnel and experts in promotion agencies like TIIC. Being the development bank TIIC has to involve in
stimulating and supporting functions of entrepreneurial development apart from financing. The perception of the clientele units regarding the services of the corporation with regard to training is given in the table 6.13.
Table 6.13 Loanees Perception of TIIC as regards Training

<table>
<thead>
<tr>
<th>Components</th>
<th>SA</th>
<th>A</th>
<th>NO</th>
<th>DA</th>
<th>SDA</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does not arrange entrepreneurial training frequently</td>
<td>3</td>
<td>9</td>
<td>8</td>
<td>2</td>
<td></td>
<td>79</td>
<td>3.59</td>
<td>3</td>
</tr>
<tr>
<td>2. Training organised by TIIC does not impart economic insight and managerial skills</td>
<td>9</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>86</td>
<td>3.91</td>
<td>1</td>
</tr>
<tr>
<td>3. Duration of the training is inadequate</td>
<td>2</td>
<td>8</td>
<td>8</td>
<td>3</td>
<td>1</td>
<td>73</td>
<td>3.32</td>
<td>4</td>
</tr>
<tr>
<td>4. RDP organised by TIIC is not relevant and useful</td>
<td>2</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>63</td>
<td>2.86</td>
<td>5</td>
</tr>
<tr>
<td>5. Does not create good awareness about the training programme</td>
<td>5</td>
<td>10</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>82</td>
<td>3.73</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Primary Data

Out of the 108 respondents interviewed, only 22 attended the training programmes organised by TIIC through some other agencies. Their views were elicited and given in the table. Out of the 22 respondents who have answered this aspect opined that the TIIC's training was useful and felt that the corporation is not organising the training programme periodically. Similarly, the duration of the training is also not adequate to learn the various aspects in a comprehensive manner.
At the outset, this table reveals that, TIIC has not given much importance to training component and thereby it fails to do its developmental role to some extent. It is obligatory on the part of the corporation to impart training and assess its effectiveness on time to time basis. Different studies have been made to measure the effectiveness of entrepreneurial training programme. A list of variables from different studies for measuring entrepreneurial effectiveness is given in the annexure.

6.8.3 Counselling

A sound professional counselling services, comprising panel of recognised consultants and professional institutions would constitute a cell of such desired counselling. This service could form an integral part of the supporting agencies. The fact that such professional services would be available on call by itself will boost the morale of entrepreneurs and minimise the risk of failure. The counselling services envisaged here not only assist in project planning but also provide continuous counselling during the operational stages of the implementation process. For those who need counselling services, the cost would be borne by them, perhaps at a subsidised rate. The cost of
consultancy services may be provided for while working out the financial requirements right at the project planning stage. The financial institutions may bear the cost fully or partially in particularly in deserving cases from backward areas or weaker section groups.

When the entrepreneurs get positive response and get encouraged in counselling, it will help them to speed up the process of setting up the units, ensure operational efficiency, provide risk perception and managerial skills. These things will keep their motivation high. Prevention is better than cure, Learning is better than experiencing. These maxims will hold good when counselling function enables entrepreneurs to acquire many entrepreneurial skills and qualities and promote entrepreneurship in the real sense. The survey among the assisted units further reveals the perception of clientele units regarding the counselling services of TIIC as given in the Table 6.14.
<table>
<thead>
<tr>
<th>Components</th>
<th>SA</th>
<th>A</th>
<th>WO</th>
<th>DA</th>
<th>SDA</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Helps to select New Product/Service</td>
<td>2</td>
<td>6</td>
<td>17</td>
<td>42</td>
<td>41</td>
<td>210</td>
<td>1.94</td>
<td>10</td>
</tr>
<tr>
<td>2. Helps to prepare feasibility reports</td>
<td>12</td>
<td>29</td>
<td>12</td>
<td>46</td>
<td>9</td>
<td>313</td>
<td>2.90</td>
<td>3</td>
</tr>
<tr>
<td>3. Helps in controlling cost</td>
<td>1</td>
<td>37</td>
<td>19</td>
<td>26</td>
<td>12</td>
<td>339</td>
<td>3.14</td>
<td>2</td>
</tr>
<tr>
<td>4. Helps in Quality Control</td>
<td>7</td>
<td>24</td>
<td>13</td>
<td>41</td>
<td>23</td>
<td>275</td>
<td>2.55</td>
<td>6</td>
</tr>
<tr>
<td>5. Helps in obtaining Subsidy</td>
<td>17</td>
<td>36</td>
<td>21</td>
<td>26</td>
<td>8</td>
<td>352</td>
<td>3.26</td>
<td>1</td>
</tr>
<tr>
<td>6. Provides Guarantee Services</td>
<td>12</td>
<td>27</td>
<td>14</td>
<td>33</td>
<td>22</td>
<td>298</td>
<td>2.76</td>
<td>5</td>
</tr>
<tr>
<td>7. Gives guidelines to prevent industrial sickness</td>
<td>7</td>
<td>17</td>
<td>21</td>
<td>45</td>
<td>18</td>
<td>274</td>
<td>2.54</td>
<td>7</td>
</tr>
<tr>
<td>8. Undertakes rehabilitation arrangements</td>
<td>12</td>
<td>29</td>
<td>17</td>
<td>32</td>
<td>18</td>
<td>309</td>
<td>2.86</td>
<td>4</td>
</tr>
<tr>
<td>10. Redress the grievances and complaints quickly</td>
<td>12</td>
<td>17</td>
<td>16</td>
<td>34</td>
<td>29</td>
<td>273</td>
<td>2.53</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Primary Data

The table 6.14 reveals the clientele perception of TIIC with respect to counselling provided by the corporation. They felt that the corporation has been rendering assistance in an excellent manner towards obtaining subsidy, helping in attaining quality control and preparation of feasibility
report, whereas they were highly dissatisfied with regard to advise about the policy changes of the Government, redressal of grievances and to select new products and services.

6.9 ORGANISATIONAL MODEL

The veil of social purpose is said to be too thin in regard to public enterprises to hide their commercial nudity. Hence, it becomes imperative to strike an optimum balance between social commitment and commercial agility of a public enterprise.

Having discussed the various aspects of TIIC's services to its clientele units and its effectiveness, it will be relevant to know prevalent organisational model in TIIC through clientele perception.

The clientele perception reveals that the corporation has moderately achieved its social objectives. It calls to concentrate on the promotional role to some extent. An enquiry was made among the clientele units regarding the organisational models practised in the corporation.
Table 6.15 Organisational Model Prevailing in TIIC

<table>
<thead>
<tr>
<th>Role</th>
<th>No. of Respondents</th>
<th>% of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Person Oriented</td>
<td>46</td>
<td>42.59</td>
</tr>
<tr>
<td>2. Power Oriented</td>
<td>32</td>
<td>29.63</td>
</tr>
<tr>
<td>3. Rule Oriented</td>
<td>20</td>
<td>18.51</td>
</tr>
<tr>
<td>4. Role Oriented</td>
<td>10</td>
<td>9.26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Primary Data

The table 6.15 reveals that, most of the respondents felt that the prevailing organisation model in the corporation is person oriented and power oriented. Hardly 10% of the respondents felt that the corporation has been practising the role orientation in their endeavor.

A cursory look at the table reveals that bringing attitudinal changes among the staff of the corporation by focussing on their outlook, values and behavioural pattern would help evince greater faith in the corporation and improve its image amongst entrepreneurs.

6.10 PROBLEMS FACED BY THE CLIENTELE UNITS

The last part of the survey deals with the problems faced by the clientele units while availing assistance from
the corporation and their suggestions concerning effective performance of the corporation. The major problems faced by the clientele units are given in the table.

Table 6.16 Problems faced by the Clientele Units

<table>
<thead>
<tr>
<th>Problems</th>
<th>No of Respondents</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MDU</td>
<td>TRY</td>
</tr>
<tr>
<td>1. Undue delay in sanctioning loan</td>
<td>18</td>
<td>27</td>
</tr>
<tr>
<td>2. Cumbersome documentation procedure</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>3. Person oriented approach</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>4. Delayed subsidy payment</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>5. Too much insistence on security</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>6. Lack of role orientation</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>7. Poor quality of service</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>8. Lack of functional staff in the organisation</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>9. Improper delegation of power at branch level</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>10. Ineffective Guidance cell</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Primary data

The table 6.16 vividly consolidate the perception of clientele units and points out that undue delay in sanctioning and disbursement caused frustration among the
applicants in the initial stage itself. The cumbersome procedural aspects and prolonged discharge of routine functions may cause red tape to higher level which in turn affect the initiatives and involvement in taking up the venture. The clientele units rated too much security oriented financial assistance and belated subsidy facility as the major problems of the loanees. Further the respondents units unanimously felt that the corporation has not considered training and promotional functions as obligatory on its part and thus gives little attention to these vital activities of a development bank.

The Guidance Cell and Escorts Cell of the corporation are not taking initiative to facilitate the clientele units in obtaining power supply from Electricity Board, Subsidy from Government, Expediting the supply of machinery and equipment and also in arranging working capital facility from the banks.

The loanees remarked that the corporation due to its variegated nature of operation and manifold expansion in the activity of the corporation and also due to frequent policy changes may render better services to the clientele units on a timely basis and time to time basis. The poor quality
services of the corporation may cause frustration among loanees and make them fed-up with the situation.

The respondents felt that the corporation has adopted purely person oriented approach rather than project oriented. The official may refuse/sanction loan on certain occasions under the garb of rules intentionally.

6.11 SUGGESTIONS TO ENSURE EFFICIENCY OF THE CORPORATION

Suggestions were invited from the respondent units regarding the simplification of project financing procedure and improving operational efficiency of the corporation. The organic bond between the development banker and the clientele units should be strengthened to serve the purpose for which the development banks have been promoted. Some of the vital suggestions given by the respondents are given in the table 6.17.
<table>
<thead>
<tr>
<th>Suggestions</th>
<th>No of Respondents</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MDU</td>
<td>TRY</td>
</tr>
<tr>
<td>Ensuring Prompt sanction</td>
<td>22</td>
<td>38</td>
</tr>
<tr>
<td>Establishing Institution Co-ordination</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td>Creating awareness among the business community</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Training and developing staff members</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Continuous monitoring follow-up</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Information Scoring and directing</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Adequate delegation of power at bank level</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Ensure good organisation culture</td>
<td>9</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Primary data

The table 6.17 shows that 72% respondents highlight the need for ensuring prompt sanctioning and disbursement of loan. They said the improper co-operation, lack of authority, over bureaucratization have to be wiped out to expedite the sanction process.
Invariably many clientele units felt that adequate delegation of power at branch level may be extended to serve the clientele unit in an instantaneous manner and with personal care. This will minimize their transaction cost and time and create better rapport branch officials. This will facilitate time bound and target oriented procedure with regard to disposal of files by reducing tardy procedure and overlingering process. To minimise time overrun of the project perfect integration or coordination among various agencies who are engaged in the promotion and financing of industrialisation is the need of the hour. Gujarat model can be strictly adhered to which will facilitate clearing all procedural formalities concerning termloan, legal advice, working capital and technical advises under one roof.

In this dynamic business world to withstand competition and survive globally it is essential to make SWOT analyses frequently. The corporation can assist the clientele to mobilize and analyse the information in such a way and also by disseminating uptodate information. This promotional function will help the clientele units to manage themselves successfully.
To caution the clientele units on the timely basis it is essential to undertake monitoring and follow-up measures as it was closely related to the basis of lending. To put on effective check on the number of intricate situation strict monitoring and follow-up function of the lending agency is immensely essential. This will ensure the earning ability and loan repayment ability of the clientele units to some extent.

6.12 CONCLUSION

Thus, this chapter elicited the clientele perception of TIIC from various aspects of TIIC's services which are broadly classified into Financing Services, Training services and Counselling Services. Component-wise analysis of TIIC's services were made to assess the TIIC's role from the beneficiaries' perception. Ten components relating to procedural aspects of financing, Five components each with respect to adequacy and timeliness of financing were used to elicit their views regarding financing function of the corporation. Being the development bank, studying about promotional function of the corporation is also immensely essential to revive the functioning of corporation in the present day scenario. Five components regarding training
services and Ten components relating to counselling functions were used to assess the perceptions of clientele units regarding the promotional role. The clientele perception over the different components of services has been measured by using a scaling technique.

-o0o-