

# Small Enterprises Issues and Perception Towards RIT on Business Loan Factors for Substantial Progress in Selected Urban Areas of Kano State of Nigeria

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## Abstract

Small enterprises (SE's) are a major constrain for guaranteeing the soundness of economic improvement, expanding the changeability and compliance of the national economy to inside and outside fluctuating circumstances. SE's business situated to fulfill the local needs of market and it make possible to use nearby workforce and accessories including materials and work in progress have important role in solving unemployment problem domestically in Nigeria. The study found that there are many of problems and challenges faced by SEs and factors considered for bank loan sanctioning is a long process and the SEs has to contemplate the RIT of the bank loan. The results of a survey on 380 sample respondents who are engaged in manufacturing and service sectors in urban areas of Kano state of Nigeria. It covers the difficulties encountered by SE's in connection to bank loan and possible suggestions to empower the progressive growth of SE's.

**Keywords:** RIT (Risk, Interest rate and Time period), SE's Business Loan Decision Factors, Lending platforms

## Introduction

The SEs have been contributing inside and out to the expansion of ambitious base through trade headways. SE's are amplifying their space over ranges of the economy, making grouped scope of things and organizations to fulfill needs of

domestic as around the world business divisions. In general, capital seed is the existence blood of business. Nigeria is presently one of the quickest developing economies of the African continent. SE's area is probably going to keep on assuming a critical part in development of Nigerian

economy. Over most recent eleven years, SE's division has exposed amazing development in terms of parameters like number of units, generation and work, franchise cum retailing. Specified the correct arrangement of emotionally supportive networks plus empowering structure, area can subsidize considerably supplementary, empowering to realize tremendous prospective. Examination space of this investigation are city and urban areas of Kano state of Nigeria due to few reasons like expansion of urban communities, relocation of populace and extent of extent of SE's development.

### **Review of Literature**

Highlights financial problems faced by SMEs. Enterprises are mostly closed due to insufficient finance. Inadequate access to financial service, incomplete knowledge of financial market and SMEs are considered as less creditworthy by financial institutions are some of the most common problems faced by MSMEs (Priti Goswami (2019). SMEs find it difficult to obtain credit from formal sector, and banks find it difficult to give credit to the sector. (Maumita Choudhury et al., 2019). Focuses on analyzing contribution of commercial banks and assessing the factors affecting bankers risk perception towards financing MSMEs in state of Himachal Pradesh. (J.S Saini 2018). The business ideas and question of finance them are most important issues in creation of entrepreneurial society. Developed countries have different sources for financing business ideas of entrepreneurs, when compare to less developed counties on creation of favorable

financial sources for support SMEs(Zarezankova-Potevska et al., 2017).It explores how community banks began to lose their place as the first place for small business loans, which was accelerated by the recession (Jagtiani, Julapa et al., 2016). A typical SME, especially nowadays, would suffer from lack of spare cash and wouldn't be willing to borrow, for any financial liabilities are detrimental (Ivanus.G et al.,2016).Issues in SME Financing has recommend the measures from a bankers and entrepreneurs perspective based on empirical observations of the study for SME finance as Leadership` and talent management for uninterrupted credit supply, i.e. human capital, leaning operations and imparting education, technology and innovation, activity based credit, equity market, role of chambers and associations (Nishanth et al.,2014).

### **Methodology Framework**

A great inquire about work requires a clear logical strategy since as it were through the application of redress strategy in determination of examining strategies, fitting instruments of information collection and investigate issue can be distinguished. Within the display consider, broad utilize of both essential and auxiliary information was collected efficiently.

**Sources of data collection** - The primary sources of information composed from side to sidewith structured questionnaires by online surveys and secondary source of information has been gathered from official commercial banks websites in Nigeria, Research journals, periodicals, reports, books, web portals, on line data base like

EBSCO, Pro-Quest, Hindawi E-journals and Scientific Research E-Journals.

**Sample Size** - The required quantitative data was collected from SMO's (Small enterprise owners) who have experience in dealing different types business loans with private commercial banks and the number of sample respondents selected for the study was 380.

**Research design, Sampling Area and Design** - The researcher applied descriptive Research Design to narrate the factual information found in this study and collected samples from existing SE's from selected urban areas of Kano State of Nigeria and the researcher selected cluster random sampling method.

### Analytical Tools and Hypothesis of the study

S.No	Analytical Tools	Research Questions
1	Percentage analysis	To find out the highest and lowest on demographic details of the sampled SE's.
2	Henry Garrett Ranking Method	Rank analysis of problems and challenges encountered by SE's in accessing business loan.
3	Skewness and Kurtosis	Respondent opinion on perception on SE's bank loan in connection to risk of the loan's condition Respondent opinion on perception on SE's bank loan in connection to rate of interest Respondent opinion on perception on SE's bank loan in connection to time period of loan payment
4	Factor Analysis	Test the known factors that influence SE's business loan decision in selection of specific pattern of loan in leading private commercial banks

### Statement of the problem

SE's surface a integer of problems, such as inadequate and delay in getting banking finance, partial capital sharing by the bank, less awareness on new loan schemes, non-availability of highly skilled auditors for small and micro sectors. Recently, SE's association on various business division feel that the inflation and demonetization reflection still continues in their business and affecting them adversely. By referring the earlier review of literature study, the researcher identified certain issues and questions which are yet to be covered in the present study. According to this survey of

SE's sector, enterprises consider entrance to funding by way of one of biggest restrictions in growth. The survey also finds the types of business loan schemes, awareness, challenges and problems in processing the bank required documents. Financial restrictions are having a negative impact on Small and Micro sector's development and also limiting their potential to drive the national economy as expected. There are many research studies which have been undertaken on these issues of problems on SE's financing either from the perspective of bank or from the perspective of SE's. In this study the researcher after reviewing the

earlier study going to emphasizes the key aspects of SE's such as Assessing the SE's perception on business loan risk, interest and time period aspects, Known factors of SE's business loan decision in selection of specific pattern of loan and major problems and challenges encountered by SE's in accessing business loan.

### Objectives of the study

1. Assess the SE's perception towards various form of business loan in connection to risk, interest and time period aspects.
2. To identify the known factors that influence SE's business loan decision in selection of specific pattern of loan in leading private commercial banks in selected urban areas of Kano.
3. To identify the major problems and challenges encountered by SE's in accessing

business loan with private commercial banks.

### Scope of the study

This study approximately cover all common business loan's products of leading private commercial banks for progressive growth of SE's in Kano. The suggestion and analysis part of this study shows a significant improvement in turn-around-time on lending to SE's across bank and other appropriate financial institutions. The outcome of this study will be of immense reference to the bankers and financial institutions in understanding the expectation and potentials business loan requirement of SE's for both seed capital and refinance for the progressive growth of business.

**Table No. - 1 Demographic Details of the Sampled Small Entrepreneur's Enterprises (SEEs)**

Demographic Segment	Particulars	No. of Respondents	% of Respondents	Total	
				N	%
Experience of Entrepreneurs	Below 5 years	62	16.32	380	100
	6-10years	76	20.00		
	11-15years	80	21.05		
	16-20years	84	22.11		
	Above 20 years	78	20.53		
Type of Ownership	Sole Trade	74	19.47	380	100
	Partnership	77	20.26		
	Family Business	82	21.58		
	Limited Company	69	18.16		
	Society / Association	78	20.53		
Type of the Enterprises	Manufacturing sector	162	42.63	380	100
	Service Sector	218	57.37		
Business Premises	Home / Residential	52	13.68	380	100
	Own Building	58	15.26		
	Rented Building	65	17.11		

	Profit Sharing Ratio Pattern	107	28.16		
	Lease	98	25.79		
Source of Capital	Own Capital	87	22.89	380	100
	Bank Loan	96	25.26		
	Money Lenders	74	19.47		
	Friends & Relatives	68	17.89		
	Government Schemes	55	14.47		
No. of Workers	Up to 5	142	37.37	380	100
	6 – 10	101	26.58		
	11 – 15	75	19.74		
	16 – 20	35	9.21		
	Above 20	27	7.11		

Source: Computed from Primary data

With reference from the above analysis on socio-demographic profile of the respondents. The outcome shows for 380 respondents with positioning towards small entrepreneur's experience of operation, a high of 84 of them (22.11%) have experience between 16-20 years, low of 62 respondents (16.32%) have experience between 0-5 years. Next regarding type of ownership a high of 77(20.26%) of them have ownership pattern of partnership, 82(21.58%) of them have ownership pattern of family business, and low of 69(18.16%) of them have ownership pattern of limited company status. Thirdly regarding type of the enterprises, a high of 218(57.37%) in service sector and low 162(42.63%) were engaged in manufacturing sector. Additionally concerning about the business premises, a high of 107 (28.16%) entrepreneurs run their business on their amenities return pattern like location facilities and other required amenities with good infra-structure arranged by one partner and others has to take entire responsibility of the enterprise and low of 52 of them (13.68%) are having the home / residential

premises. Subsequently in sources of capital, a high of 96 respondents (25.26%) of them dependent on bank loan and the low of around 55 respondents (14.47%) of them got sanctioning of seed capital with subsidy from government schemes. Finally regarding number of workers employed, a high of 142 of the enterprises (37.37%) have less than 5 workers and low of more than 20 workers employed in their business who are undertaking administrative and operative works in their business enterprises.

#### **Objective -1 To assess the SE's perception towards various form of business loan in connection to risk, interest and time period aspects**

**Research Question:** To find out whether the samples are normally distributed in the acceptance region and find the Skewness and Kurtosis are positively or negatively distributed among the samples with reference to assess the SE's perception towards various form of business loan in connection to risk, interest and time period aspects.

**Hypothesis (H<sub>0</sub>):** The samples of respondent's perception on SE's bank loan and the risk, interest and time period aspects of the loan's condition are not essentially diverse from that of normal dispersion with mean and variance with reference to perception factors such as over draft limit

intimation for business current account, aware of the subsidizations offerings, explains about loans options and credit policies of bank, bank's information on business opportunities and financial service and bank's consideration on cash flow of SE's loan.

**Table No. – 2 Test of Normality (Skewness and Kurtosis) - Respondent's Perception on SE's Bank Loan in Connection to Risk of the Loan's Condition**

Particulars	Level of Risk			Total	Mean	Mode	Median	SD	Skewness	Kurtosis	SV
	High	Medium	Low								
Over draft limit intimation for business current account	273	62	45	380 (100%) Respondents in each Segment	2.598	3	3	0.692	-1.440	0.592	0.479
	71.84	16.32	11.84								
Aware of the subsidisations offerings	234	75	71		2.428	3	3	0.788	-0.920	-0.773	0.621
	61.58	19.74	18.68								
Explains about loans options and Credit policies of bank	208	92	80		2.336	3	3	0.804	-0.683	-1.121	0.647
	54.74	24.21	21.05								
Bank's information on business opportunities and financial service	227	80	73		2.407	3	3	0.043	-0.862	-0.859	0.624
	59.74	21.05	19.21								
Bank's consideration on cash flow of SE's loan	184	98	98		2.229	3	3	0.831	-0.450	-1.407	0.690
	48.42	25.79	25.79								

Source: Computed from Primary data

The test result is found great as assessment of 'Skewness= -.920, -.68, -.862 and -0.450 and 'Kurtosis = -0.733, -1.121, -0.859 and -1.407 which lies under the acceptance area. Subsequently, the information utilized for examination is typical with reference to aware of the

subsidizations offerings, explains about loans options and credit policies of bank, bank's information on business opportunities and financial service and bank's consideration on cash flow of SE's loan in connection to risk of the loan's condition. As apparent from the over table,

the esteem of cruel are '2.428, 2.336, 2.407 and  $2.229 < 3$ ' which are less than the mode and middle. The mode and middle are higher than the cruel; this shows that the dispersion is negatively y skewed demonstrating tall scores. Advance the contrast between cruel, middle mode is minimal showing that the dispersion is close ordinary. Consequently it

can be decided that the chosen test may be a agent of the populace. The kurtosis of the test is showing that the disseminationis platykurtic except over draft limit intimation for business current account have the Kurtosis value of 0.592 which derive under the distribution is leptokurtic in nature.

**Table No. – 3 Test of Normality (Skewness and Kurtosis) - Respondent's Perception on SE's Bank Loan in Connection to Rate of Interest**

Particulars	Level of Risk			Total	Mean	Mode	Median	SD	Skewness	Kurtosis	SV
	High	Medium	Low								
Over draft limit intimation for business current account	169	114	97	380 (100%) Respondents in each Segment	2.190	3	3	0.817	-0.364	-1.411	0.668
	44.47	30	25.53								
Aware of the subsidisations offerings	176	112	92		2.223	3	3	0.044	-0.429	-1.351	0.657
	46.32	29.47	24.21								
Explains about loans options and Credit policies of bank	165	112	103		2.163	3	3	0.824	-0.312	-1.463	0.680
	43.42	29.47	27.11								
Bank's information on business opportunities and financial service	182	88	110		2.187	3	3	0.858	-0.370	-1.547	0.737
	47.89	23.16	28.95								
Bank's consideration on cash flow of SE's loan	184	98	98		2.229	3	3	0.831	0.831	-1.407	0.690
	48.42	25.79	25.79								

Source: Computed from Primary data

The above analysis is initiate constructive as the assessment of 'Skewness = -0.364, -0.429, -0.312, -0.370 and 0.831' and 'Kurtosis = -1.411, -1.351, -1.463, -1.547 and -1.407' which lies beneath the acknowledgment region. Consequently, the information utilized for examination is ordinary with reference to over draft limit intimation for business current account, aware of the subsidizations offerings,

explains about loans options and credit policies of bank, bank's information on business opportunities and financial service and bank's consideration on cash flow of SE's loan in connection to rate of interest. As apparent from the over table the esteem of cruel are 2.190, 2.223, 2.163, 2.187 and  $2.229 < 3$ ' which are less than the mode and middle. The mode and middle are higher than the cruel, this demonstrates that the

conveyance is adversely skewed showing tall scores. Assist the contrast between cruel, middle mode is negligible demonstrating that the dispersion is close ordinary. Consequently it can be decided that the

chosen test could be an agent of the populace. The kurtosis of the test is demonstrating that the dispersion is platykurtic in nature.

**Table No. – 4 Test of Normalcy (Skewness and Kurtosis) - Respondent’s Perception on SE’s Bank Loan in Connection to Time Period of Loan Payment**

Particulars	Level of Risk			Total	Mean	Mode	Median	SD	Skewness	Kurtosis	SV
	High	Medium	Low								
Over draft limit intimation for business current account	297	44	39	380 (100%) Respondents in each Segment	2.681	3	3	0.648	-1.821	1.832	0.420
	78.16	11.58	10.26								
Aware of the subsidisations offerings	235	82	63		2.452	3	3	0.763	-0.972	-0.603	0.582
	61.84	21.58	16.58								
Explains about loans options and Credit policies of bank	171	97	112		2.160	3	3	0.848	-0.313	-1.543	0.720
	45.00	25.53	29.47								
Bank’s information on business opportunities and financial service	287	40	53		2.616	3	3	0.719	-1.548	0.725	0.517
	75.53	10.53	13.95								
Bank’s consideration on cash flow of SE’s loan	321	36	23		2.324	3	3	0.798	-0.650	1.131	0.637
	84.47	9.48	6.05								

Source: Computed from Primary data

The test result is found great as the esteem of ‘Skewness = -1.821, -1.548 and -0.650 and ‘Kurtosis = 1.832, 0.725, and 1.131 which lies beneath the acknowledgment region. Consequently, the information utilized for examination is ordinary with reference to over draft limit intimation for business current account, bank’s information on business

opportunities and financial service and bank’s consideration on cash flow of SE’s loan in connection to period of loan payment. As apparent from the over table the esteem of mean are ‘, 2.681, 2.616 and 2.234 < 3’ which are less than the mode and median. Subsequently it can be decided that the chosen test could be a agent of the populace. The kurtosis of the test is showing



that the conveyance is leptokurtic in nature. And in other hand the test outcome is initiate constructive as the assessment of 'Skewness = -0.972 and -0.313 and 'Kurtosis = -0.603 and -1.543 which lies beneath the acknowledgment zone. Consequently, the information utilized for examination is ordinary with reference to aware of the subsidizations offerings and explains about loans options and Credit policies of bank. As evident from the above table the value of mean are '2.452 and  $2.160 < 3$ ' which are

less than the mode and middle. The mode and middle are higher than the cruel; this demonstrates that the dispersion is adversely skewed showing tall scores. Assist the distinction between cruel, middle mode is minimal showing that the dissemination is close typical. Thus it can be decided that the chosen test may be a agent of the populace. The kurtosis of the test is showing that the dispersion is platykurtic in nature.

**Table No. -5 Respondent Opinion on Perception on SE's Bank Loan in Connection to Risk of the Loan's Condition (Skewness and Kurtosis Analysis)**

Factor	Calculated Skewness Value	Calculated Kurtosis Value	Significance Level	Critical Value	Remarks
Over draft limit intimation for business current account	-1.440	0.592	5%	1.96	H <sub>0</sub> Accepted
Aware of the subsidisations offerings	-0.920	-0.773	5%	1.96	H <sub>0</sub> Accepted
Explains about loans options and Credit policies of bank	-0.683	-1.121	5%	1.96	H <sub>0</sub> Accepted
Bank's information on business opportunities and financial service	-0.862	-0.859	5%	1.96	H <sub>0</sub> Accepted
Bank's consideration on cash flow of SE's loan	-0.450	-1.407	5%	1.96	H <sub>0</sub> Accepted

Source: Computed from Primary data

It is noted from the over table that the calculated value of Skewness and Kurtosis are less than the critical value (1.96), so null hypothesis(H<sub>0</sub>) are accepted for allfive perceptions, hence the samples of respondent's perception on SE's bank loan with the risk of the loan's condition are not altogether distinctive from that of an ordinary dispersion with same mean and

variance with reference to perception factors such as over draft limit intimation for business current account, aware of the subsidizations offerings, explains about loans options and credit policies of bank, bank's information on business opportunities and financial service and bank's consideration on cash flow of SE's loan.

**Table No. -6 Respondent Opinion on Perception on SE's Bank Loan in Connection to Rate of Interest (Skewness and Kurtosis Analysis)**

Factor	Calculated Skewness Value	Calculated Kurtosis Value	Significance Level	Critical Value	Remarks
Over draft limit intimation for business current account	-0.364	-1.411	5%	1.96	H <sub>0</sub> Accepted
Aware of the subsidisations offerings	-0.429	-1.351	5%	1.96	H <sub>0</sub> Accepted
Explains about loans options and Credit policies of bank	-0.312	-1.463	5%	1.96	H <sub>0</sub> Accepted
Bank's information on business opportunities and financial service	-0.370	-1.547	5%	1.96	H <sub>0</sub> Accepted
Bank's consideration on cash flow of SE's loan	0.831	-1.407	5%	1.96	H <sub>0</sub> Accepted

Source: Computed from Primary data

It is noted from the over table that the calculated value of Skewness and Kurtosis are less than the critical value(1.96), so null hypothesis(H<sub>0</sub>) are accepted for all five perceptions, hence the samples of respondent's perception on SE's bank loan with the rate of interest are not significantly distinctive from that of a normal dispersion

with same mean and variance with reference to perception factors such as over draft limit intimation for business current account, aware of the subsidizations offerings, explains about loans options and credit policies of bank, bank's information on business opportunities and financial service and bank's consideration on cash flow of SE's loan.

**Table No. -7 Respondent Opinion on Perception on SE's Bank Loan in Connection to Time Period of Loan Payment (Skewness and Kurtosis Analysis)**

Factor	Calculated Skewness Value	Calculated Kurtosis Value	Significance Level	Critical Value	Remarks
Over draft limit intimation for business current account	-1.821	1.832	5%	1.96	H <sub>0</sub> Accepted
Aware of the subsidisations offerings	-0.972	-0.603	5%	1.96	H <sub>0</sub> Accepted
Explains about loans options and Credit policies of bank	-0.313	-1.543	5%	1.96	H <sub>0</sub> Accepted
Bank's information on business opportunities and financial service	-1.548	0.725	5%	1.96	H <sub>0</sub> Accepted
Bank's consideration on cash flow of SE's loan	-0.650	1.131	5%	1.96	H <sub>0</sub> Accepted

Source: Computed from Primary data

It is noted from the over table that the calculated value of Skewness and Kurtosis are less than the critical value(1.96), so null hypothesis(H0) are accepted for all five perceptions, hence the samples of respondent's perception on SE's bank loan with the time period of loan payment are not significantly distinctive from that of a normal dispersion with same

mean and variance with reference to perception factors such as over draft limit intimation for business current account, aware of the subsidizations offerings, explains about loans options and credit policies of bank, bank's information on business opportunities and financial service and bank's consideration on cash flow of SE's loan.

### **Objective-2 Identify the Known Factors that Influence SE's Business Loan Decision in Selection of Specific Pattern of Loan in Leading Private Commercial Banks**

**Table No. - 8 Grouping of Major Known Factors That Influence SE's Business Loan Decision (Factor Analysis)**

<b>Variables</b>	<b>Factors</b>
Var1	Attractive financial schemes
Var 2	Banking Initiatives on pattern of loan
Var 3	Collateral security and guarantee
Var 4	Cost of Dispensation Loan
Var 5	Differences in amount granted by bank relative to the requested
Var 6	Documentation development and procedures
Var 7	Guidance on Terms and Conditions of Loan's scheme
Var 8	Loan application formalities
Var 9	Loan Utilization Efficiency
Var 10	Rate of interest
Var 11	Reimbursement Period
Var 12	Time Taken to Sanction Loan

All the 12 factors were selected for factor analysis by using principle component extraction with an orthogonal (Varimax)

rotation. The factor matrix is a matrix of loading and correlations between the variables and the factors

**Table No. - 9 Communalities**

<b>Variable</b>	<b>Initial</b>	<b>Extraction</b>
Var1	1.000	.593
Var 2	1.000	.667
Var 3	1.000	.644

Var 4	1.000	.686
Var 5	1.000	.713
Var 6	1.000	.702
Var 7	1.000	.674
Var 8	1.000	.544
Var 9	1.000	.685
Var 10	1.000	.798
Var 11	1.000	.764
Var 12	1.000	.539

Cronbach's Alpha ( $\alpha$ ) = 0.8127

The above table enumerates that the communalities of the selected 12 variables had reliability of 0.8127 as good, and are keenly checked that no variable had low loading. In this way at last, all the 12 factors

were chosen for the calculate examination. The fittingness of the information for the figure investigation is talked about within the taking after KMO and Barletts test.

**Table No. – 10 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.621
Bartlett's Test of Sphericity	Approximate Chi-Square	2.519
	Degree of Freedom	66
	Significance	0.000*

Source: Computed; Note: Significance at 1% level

Kaiser-Meyer-Oklin (KMO) Measure of Examining Adequacy and Bartlett's test of Sphericity are connected to confirm the adequacy or suitability of the information for figure investigation. In this ponder, the esteem of KMO for generally lattice is found to be great (0.621) and Bartlett's test of Sphericity is profoundly significant ( $p < 0.001$ ). The result in this way show that the tests taken are fitting to continue with the figure investigation. Moreover, the Bartlett's Test of Sphericity, the KMO Degree of Testing Adequacy and Community values of all the factors are watched. Advance, to characterize the variables clearly, it was chosen to erase any variable that had stacking underneath  $\pm 0.50$ . With this basis, a arrangement of figure

examination was performed on the information. Taking after each examination, things which did not meet the criteria were erased from the examination. After this preparatory step, figure investigation with central component investigation as an extraction strategy was performed on the remaining items.

**Total Variance Explained**

The following table portrays the overall change clarified with rotation. The Eigen values for the components 1, 2, 3 and 4 are distinctive and they are 2.741, 2.099, 1.675 and 1.294 separately. Rate of variance after the rotation for the components 1, 2, 3 and 4 are 19.744, 19.198, 13.628 and 12.488 individually. Aggregate rate for the variables

1, 2, 3 and 4 after the revolution are 19.744, 38.488, 53.116 and 65.604 separately. It indicates that the 4 variables extricated from

the full 13 impacts share a total rate up to 65.604% of the overall variance.

**Table No. – 11 Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.741	22.836	22.836	2.741	22.836	22.836	2.369	19.744	19.744
2	2.099	17.480	40.316	2.099	17.480	45.672	2.304	19.198	39.488
3	1.675	13.970	54.286	1.675	13.970	59.642	1.635	13.628	53.116
4	1.294	10.772	65.058	1.294	10.772	70.414	1.499	12.488	65.604
5	.944	7.865	72.923						
6	.699	5.827	78.750						
7	.667	5.557	84.307						
8	.559	4.657	88.964						
9	.399	3.322	92.286						
10	.387	3.226	95.512						
11	.299	2.489	98.001						
12	.240	1.99	100.000						

Extraction Method: Principal Component Analysis

### Rotated Component Matrix

After acquiring the component solutions, wherein all of the variables have a extensive loading on a issue, the researcher tried to assign meanings to the sample of issue loadings. Variables with better loadings are taken into consideration extra crucial and feature a more have an effect on at the call or the label decided on to symbolize a issue. The researcher has already tested all of the underlined variables for a selected issue and positioned more emphasis on the ones variables with better

loadings to assign a call to a issue that as it should be displays the variables' loading on that issue. The names aren't derived or assigned with the aid of using the issue evaluation pc programme; rather, the names are intuitively evolved with the aid of using the issue analyst primarily based totally on its appropriateness for representing the underlying size of a selected issue. All the 4 elements are given suitable names on the idea of the variables represented in every case.

**Table No. - 12 Rotated Component Matrix**

	Component			
	F1	F2	F3	F4
VAR0000 5	.795			
VAR0000 6	.786			
VAR0000 4	.724			
VAR0000 9				
VAR0001 0		.881		
VAR0001 1		.870		
VAR0001 2		.564		
VAR0000 8			.723	
VAR0000 7			.624	
VAR0000 3			.589	
VAR0000 2				.793
VAR0000 1				.591

\*Extraction Method: Principal Component Analysis \*Rotation Method: Varimax with Kaiser Normalization

\*Rotation converged in 6 iterations

The table over clarifies the pivoted component network, in which the extricated components were relegated and an unused title related together. Based on the settling criteria, it was noted that all the loading components that were having the loading value more than 0.5.were fixed.The above

table no.-12 appears the overall composition of each figure had provided data with respect to the things that constituted these four components with their figure loadings and Eigen values and explained by each figure. Four influence accounted for 65.604% of the clarified variance was higher

than 50 per cent. Four known factors that influence SE's business loan decision while selection of specific pattern of loan from leading private commercial banks. All the measurements were named on the premise of the substance of last things making up each of the four measurements. The commonly utilized strategy of Varimax Orthogonal Rotation for the components whose Eigen values were more prominent than 1.0, was utilized within the

examination. The variables so produced had the Eigen values between 2.740 and 1.293. All the things were found profoundly stacked beneath these four variables, which demonstrated that the expertise advancement variables were profoundly affected with these components. The values of commonalities (h<sup>2</sup>) extended from 0.564 to 0.881 for different components. It implied that the figure examination extricated a good amount of change within the articulations.

### Objectives -3 Identify the Major Problems and Challenges Encountered by SE's in Accessing Business Loan with Private Commercial Banks

**Table No.- 13 Problems And Challenges Encountered By SE's In Accessing Business Loan**

Problems and challenges	Total Score	Mean Score	Rank
High processing fee	18140	82.45	10
Excessive considerable of documentation and paper works	19995	90.89	3
Lack of transparency of banks of SE's Audited financial statements	18907	85.94	9
Requirement of complex collaterals for obtaining term loans	20462	93.01	2
High cost of credit	19784	89.93	5
Difficulty in procuring/completing the required documentation	20537	93.35	1
Low creditworthiness	19930	90.59	4
Lengthy and formalistic process	19505	88.66	6
Difficulties in credit assessment	19028	86.49	8
Specific bias against SE's loan portfolios	19143	87.01	7

Source: Computed from Primary data

The above analysis by adopting Henry Garret ranking methods highlights ten challenges, in that 'Difficulty in procuring/completing the required documentation' which was ranked 1<sup>st</sup> with Garret score of 20537 points because for startups the documents submission is quite difficult task and few of the existing SE's also face problems in submitting auditing statement and IT returns because of irregular in working during pandemics. It followed by 2<sup>nd</sup> and 3<sup>rd</sup> ranks which are assigned to 'Requirement of complex collaterals for obtaining term loans' and 'Excessive considerable of documentation and paper works' with the Garrett scores of 20462 and 19995 points respectively because of uncertainties in paying installments, recently private commercial banks sanction loan based on collateral securities and require legal opinion of the assets or securities during pledging. On the other hand 4<sup>th</sup> and 5<sup>th</sup> ranks are assigned to 'Low creditworthiness' and 'High cost of credit' with the Garrett scores of 19930 and 19784 points respectively because banks before finalizing any loan, the credit score and repaying capacity of SE's consider as one of the higher priority factor. In addition to the above analysis, 6<sup>th</sup> and 7<sup>th</sup> ranks are assigned to 'Lengthy and formalistic process' and 'Specific bias against SE's loan portfolios' with the Garrett scores of 19505 and 19143. Subsequently, the 8<sup>th</sup> and 9<sup>th</sup> ranks are dispensed to 'Difficulties in credit assessment' and 'Lack of transparency of banks of SE's Audited financial statements' with the Garrett scores of 19028 and 18907 during recession, increased federal regulations have resulted in banks being

more conventional about the amount of risk in their investment portfolio and SE's inherently represent more risk than large scale companies. Consequently, the last 10<sup>th</sup> rank is assigned to 'High processing fee' with the Garrett scores of 18140 points because the processing fee is a one-time charge to be paid by a SE's loan borrower to the commercial banks. The handling charge for SE's advance is charged to cover the costs caused by the loan specialist on the loan prepare.

### **Conclusion**

SEs now a days prepare themselves to partnership with bigger firms and bringing out competitive product in domestic and highly supportive to parent company in processing spares and inventory. As per the observation made by the researcher in the present study SE's sector contributes significantly not only full filling the requirements of domestic consumption supports widely for global value chains (GVC) to stay competitive because it offers interesting opportunity to ended up mechanically and carefully enabled. The major challenges and obstacles for SE's sectors are lack of information on new bank loan schemes, knowledge of markets and quality standards. Thus the importance of various issues and overview on bank loans in private commercial banks are identified and reviews were collected with respect to small enterprises and substantial business approach in Nigeria. Reviews revealed studies were conducted on overview and outlook of business loan with reference to small business entities. A very few studies have also focused on perception connected towards risk, interest and time



period aspects. In addition to this, researcher made an attempt to know factors that influence SE's business loan and major problems and challenges encountered. At last based on the investigation and interpretation of the study researcher came out with few recommendations such as government or SE's association has to create an awareness of loan procedures and industrial promotion schemes, establish separate wing for dealing small business loan, advice from banks on account refinancing, special attention for concessional working capital loans, implementation of e-lending platforms, guidance for accurate risk assessments during rescission, commercial banks have to consider instead of asset-based credit, cash flow based lending can help promote the credit flow and provide credit to the SEs at base rate and devise a strategy for cost effective finance. By this the SE's can gain competitive edge over their rivals in the industry and can improve the efficiency and effectiveness in widening and extending the business functional activities.

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