

CHAPTER-V

Research Objectives

and

Hypotheses Formation

5.0: Introduction

After identified research gap in chapter II, the current chapter concisely describes the objectives of the study by identifying the research questions. This chapter also develops a conceptual framework and proposed a public sector bank acceptance model by developing key construct from the different literature review and theories discussed in the previous chapter. The proposed model will also be subsequently tested the satisfaction of Utility of PSBs' loan, Utilization of loan, Capital Formation in the business, and Financial Performance of the business for the user acceptance of the public sector bank.

5.1: Objectives of the Study

The purpose of the study is to examine how the loan fund generated by public sector banks to the Micro, Small, and Medium Enterprises (MSMEs) support the growth and development of entrepreneurial activities.

On the basis review of literature and research gaps identified during the literature review, the following objectives have been framed for the present study:

1. To examine the Utility of loan fund of public sector banks in enhancing Financial Performance of MSMEs.
2. To examine the Utility of loan fund of public sector banks in facilitating Capital Formation in the MSMEs.
3. To establish the relation between satisfactions on the quantum of loan obtained from PSBs and Financial Performance of the MSMEs.
4. To develop a relation among Utility of PSBs' loan, Utilization of loan fund, Financial performance, and Capital formation of MSMEs

5.2: Hypotheses of the Study

The hypotheses of the study may be generated are:

- i)** H₀₁: Utility of PSBs' loan fund doesn't influence the Financial Performance in MSME Sector.
H₁₁: Utility of PSBs' loan fund influences the Financial Performance in MSME Sector.
- ii)** H₀₂: Utility of PSBs' loan fund doesn't facilitate the Capital Formation in MSME Sector.
H₁₂: Utility of PSBs' loan fund facilitates the Capital Formation in MSME Sector.
- iii)** H₀₃: The quantum of loan doesn't enhance the Financial Performance in MSME Sector.
H₁₃: The quantum of loan enhances the Financial Performance in MSME Sector.

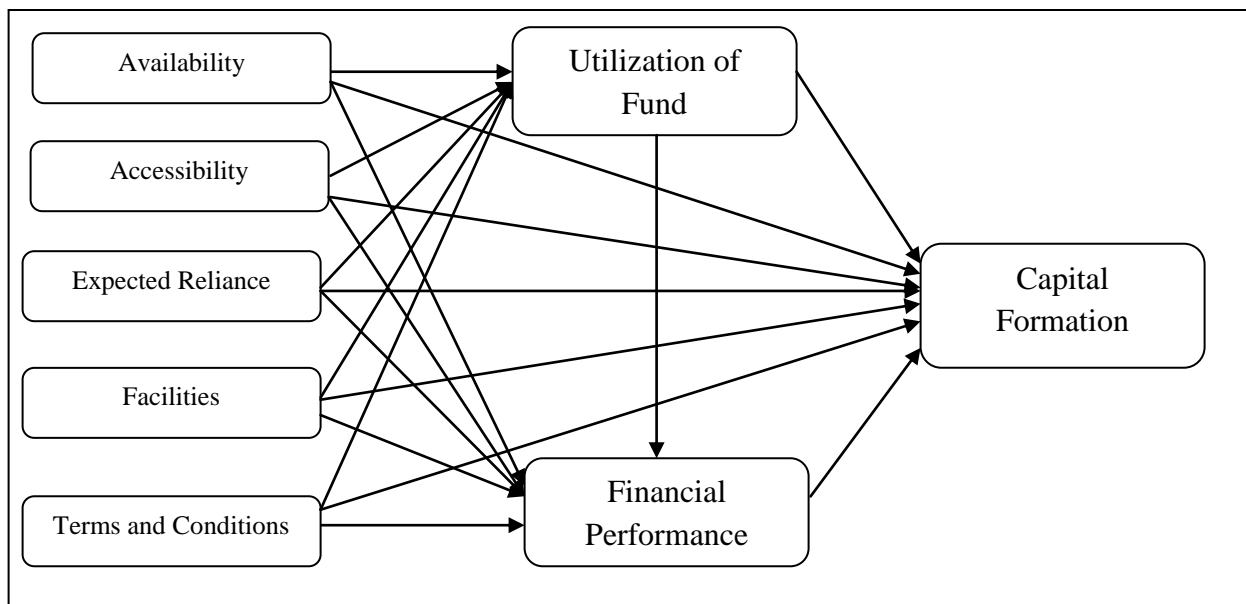
We have also proposed a model establishing the relation among Utility of PSBs loan, Utilization of loan, Financial Performance, and Capital Formation using Structural Equation Model.

5.3: Theoretical and conceptual framework for hypothesized model

Hence, we have developed a conceptual framework for the hypothesized model to develop the relationships among Utility of PSBs loan, Utilization of loan, Financial Performance, and Capital Formation.

Figure 5.1 shows the detailed picture of the hypothesized model as follow:

Figure 5.1: Conceptual framework for hypothesized Model



5.4: Formulated sub-hypotheses to develop the above-hypothesized Model

We have formulated some hypotheses based on the hypothesized model given in Fig. 5.1.

Hence, Table 5.1 contains the formulated null hypotheses as follows:

Table 5.1: Hypotheses based on the Hypothesized model

| Hypotheses | Null Hypotheses (H ₀) | Statement |
|-----------------|-----------------------------------|--|
| H ₀₄ | H _{04a} | There is no statistically significant relation between Availability of PSBs' loan fund and Utilization of fund. |
| | H _{04b} | There is no statistically significant relationship between the Accessibility of PSBs' loan fund and Utilization of fund. |

| | | |
|-----------------|------------------|--|
| | H _{04c} | There is no statistically significant relation between Expected Reliance of PSBs' loan fund and Utilization of fund. |
| | H _{04d} | There is no statistically significant relation between Facilities of PSBs' loan fund and Utilization of fund. |
| | H _{04e} | There is no statistically significant relation between Terms and Conditions of PSBs' loan fund and Utilization of fund. |
| H ₀₅ | H _{05a} | There is no statistically significant relation between Availability of PSBs' loan fund and Financial Performance of MSMEs. |
| | H _{05b} | There is no statistically significant relation between Accessibility of PSBs' loan fund and Financial Performance of MSMEs. |
| | H _{05c} | There is no statistically significant relation between Expected Reliance of PSBs' loan fund and Financial Performance of MSMEs. |
| | H _{05d} | There is no statistically significant relation between Facilities of PSBs' loan fund and Financial Performance of MSMEs. |
| | H _{05e} | There is no statistically significant relation between Terms and Conditions of PSBs' loan fund and Financial Performance of MSMEs. |
| H ₀₆ | H _{06a} | There is no statistically significant relation between Availability of PSBs' loan fund and Capital Formation in MSMEs. |
| | H _{06b} | There is no statistically significant relationship between the Accessibility of PSBs' loan fund and Capital Formation in MSMEs. |
| | H _{06c} | There is no statistically significant relation between |

| | | |
|-----------------|---|--|
| | | Expected Reliance of PSBs' loan fund and Capital Formation in MSMEs. |
| | H _{06d} | There is no statistically significant relation between Facilities of PSBs' loan fund and Capital Formation in MSMEs. |
| | H _{06e} | There is no statistically significant relation between Terms and Conditions of PSBs' loan fund and Capital Formation in MSMEs. |
| H ₀₇ | There is no significant relation between Utilization of loan fund and Financial Performance in the MSME Sector. | |
| H ₀₈ | There is no significant relationship between Utilization of loan fund and Capital Formation in the MSME Sector. | |
| H ₀₉ | There is no significant relation between Financial Performance and Capital Formation in the MSME Sector. | |