MEASURING SME'S SATISFACTION WITH EXPORT CREDIT DELIVERY SYSTEM IN PUNJAB: A SCALE DEVELOPMENT APPROACH

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Exports play a crucial role in economic development of any country and India is certainly not an exception. A robust empirical determinant of long term economic development of India has been the expansion and diversification of export sector. To give thrust to export promotion, an export credit delivery system is operating in India where liberal and cheaper credit is provided to exporters through commercial banks. But commercial banks are there to make profits. Providing subsidised credit to exporters may decrease their profits which puts a challenge on actual implementation of export credit delivery system. Hence, in the present study, an attempt has been made to analyse exporting SMEs' satisfaction regarding export credit delivery system. The study has focused specifically on small and medium enterprises as voluminous amount of exports are made from them. The findings revealed a low level of satisfaction of exporting SMEs regarding export credit delivery system. Moreover, research has also resulted in a reliable and valid instrument to measure SMEs' satisfaction regarding export credit delivery system.

Key words: SMEs, Satisfaction, Commercial Banks, Exports.

INTRODUCTION

Small and Medium Enterprises in India

Small and medium enterprises have emerged as a dynamic and vibrant sector in Indian economy. They have got two fold roles to play. Besides playing an economic role for country's economic development, small and medium enterprises also play social and political role in employment generation, increasing standard of living and balanced regional development. Small and medium enterprises (SMEs) are the growth engine of Indian economy because of their unique characteristics like, less investment requirements, operational flexibility, location wise mobility, import substitution, development of entrepreneurial talent, significant export earnings, lesser gestation

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period, equal distribution of income, wealth as well as economic power, widening of industrial base and balanced regional growth.

Small and medium enterprises (SMEs) are though individually small, collectively they have emerged as a dominant player in Indian economy. They contribute 45% to total industrial production and 40% to the exports of the country. This coupled with high labour to capital ratio, high growth rate and wider dispersion make them crucial for achieving the objective of inclusive growth. They are estimated to employ about 59.7 million persons in over 26.1 million units throughout the country (Annual report 2012-13, Ministry of MSME). In recent years, the MSME sector has consistently registered a higher growth rate as compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession (Annual report 2012-13, Ministry of MSME). *As declared by CEO of CRISIL, India, Indian SMEs had been able to sail through 2008 slowdown very efficiently*[3]. Hence, the growth and performance of small scale sector has a direct impact on the growth of overall economy.

Table 1 gives brief description of investment limits for micro, small and medium enterprises as per MSME Development Act, 2006 (applicable till date).

Table 1: Investment Limits for Micro, Small and Medium Enterprises

Size	Manufacturing Enterprises*	Service Enterprises**
1) Micro	Up to Rs. 25 lakh	Up to Rs 10 lakh
2) Small	25 lakh to 5 crore	10 lakh to 2 crore
3) Medium	5 crore to 10 crore	2 crore to 5 crore

*Investment limit in plant and machinery **Investment limit in equipments

In spite of their extreme contribution in Indian economy, they have to face many problems out of which lack of finance is the most critical one. Small and medium enterprises look forward to banks for their credit needs as commercial banks are primary source of finance for them (Cole et al., 1996; Petersen and Rajan, 1994; Berger and Udell, 2002; Ghosh, 2007 and Ruis et al, 2009). But informational opacity and risk involved in small and medium enterprises pose greater challenge for commercial banks

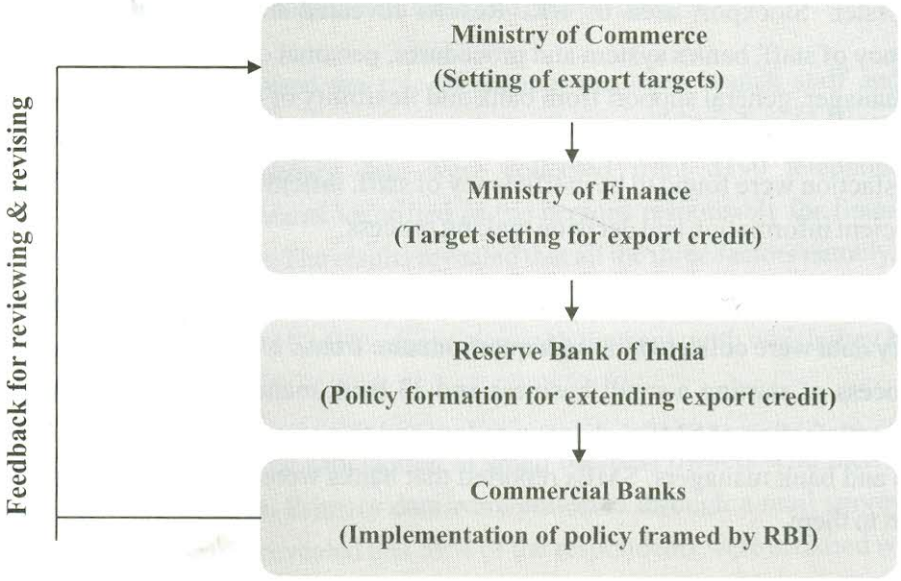
[3] The Times of India(2010),"SMEs Learn to Weather the Storm", *The Times of India,* Jun 21, Chandigarh, India

in providing finance to them, hence, resulting in a conservative approach of commercial banks towards SMEs (Bhalla and Kaur, 2012).

Export Credit Delivery System in India

Exports play a crucial role in economic development of a country as well as managing its balance of payments. Voluminous literature is available confirming positive relationship between exports and economic growth (Emery, 1967; Moschos, 1989; Fosu, 1990 and Villanueva, 1993). A robust empirical determinant of long term economic development of India has been the expansion and diversification of export sector (Padhan, 2004). Hence, exports are given a preferred status in India and a full fledge system is operating for giving thrust to export promotion. Figure 1 depicts the export credit delivery system prevailing in India.

Figure 1: Export Credit Delivery System



As shown in Figure 1, Ministry of Commerce is at the top of hierarchy who sets targets for boosting up exports. Exports require sizeable funds outlay. Hence, exporters can't handle all at their own end rather they seek credit for their export activities. Therefore, Ministry of Finance set finance targets for financing export activities in India. To achieve set targets, policy is framed at RBI level and finally implemented by commercial banks. Ministry of Commerce seeks feedback from commercial banks to further review, revise and plan future targets.

Voluminous amount of exports are made from small and medium enterprises. Given the importance of SMEs in Indian economy, it would be of extreme importance to know whether SMEs are satisfied with the export credit delivery system of commercial banks. Hence, efforts have been made in the study to explore the satisfaction of exporting SMEs with export credit delivery system.

REVIEW OF LITERATURE

Extensive research work has been done on SMEs banks relationship worldwide. This section presents review of some relevant studies which have analysed SMEs satisfaction with banks.

Smith (1989) aimed to identify service quality elements which were main sources of satisfaction and dissatisfaction for small businesses. Primary data were obtained through interviews from 50 small companies (about 50 % exporting firms) from greater Manchester/ Stockport area of UK. Results revealed that thirty three firms rated efficiency of staff, bank's system and procedures, personal qualities of staff, qualities of bank manager, general support from bank and flexibility of bank as very good and good whereas 17 firms rated the overall service as acceptable or poor. The major sources of dissatisfaction were found to be inefficiency of staff, inflexibility of bank, bank charges, insufficient information and decision making process.

Chaston (1993) analysed the satisfaction of SME clients with the banking relationships. Primary data were collected through questionnaire from 71 SMEs who were engaged in the process of starting a small business and 33 bank managers. Results revealed that overall satisfaction of SMEs' clients was low and this view was reported by both SME clients and bank managers. SMEs reported that banks were less interested in providing support to them.

Chaston (1994) aimed to identify service gaps in bank -SME client relationship as well as suggest remedies to close service gaps. A modified version of SERVQUAL developed by Parasuraman (1985, 1988) was used as a research tool to determine the possible gaps in the provision of banking services to South West small business community. Primary data were retrieved from 102 bank branches and 76 small firms in UK. Results revealed existence of all type of service gaps i.e. type 1,2,3,4 and 5 service gaps in the provision of banking services to UK small business community.

Orser, Riding and Swift (1994) analysed the satisfaction of micro businesses with their banking relationships in Canada. Secondary data were retrieved from survey of 2763 small business owners carried out by Canadian Federation of Independent Businesses. Findings revealed that micro businesses had less access to bank credit with strict terms of credit and less favourable approval rates, interest rates and requirements for cosignatories. Banks were found to be more selective in advancing credit to micro businesses.

Gammie (1995) focused on satisfaction of small businesses with their banks in U.K. A well structured questionnaire was used to collect primary data from 400 small businesses out of which 232 usable responses were obtained. Results revealed that vast majority (92%) were satisfied with their banks. Determinants of satisfaction were found to be bank charges, working relationships, service, amount of loan received, collateral, interest charges, turnover of account managers and ability to give advice. Most of the respondents were satisfied with working relationships, service and amount of loan received but they were dissatisfied with bank and interest charges.

Madill et al. (2002) analysed the role of account manager, branch staff and bank's policies as well as procedures in determining satisfaction of Canadian SMEs with their banking relationships. Primary data were collected from 3190 telephone based interviews with key informants identified as the persons responsible for financial and banking decisions in SMEs. The results revealed that all the three factors namely, namely role of account manager, role of branch staff and bank' policies as well as procedures were significantly related to SMEs' satisfaction with the bank with which they had their primary relationship.

Zinger (2002) examined the satisfaction of small business owners with their banks in Northern Ontario, Canada. Primary data were collected through a mail survey of 229 small businesses. Results revealed that 59% of the respondents were satisfied with bank financing. The sources of dissatisfaction were found to be availability of funds and collateral requirement.

Bandyopadhyay et al. (2003) aimed to examine the status of export credit delivery system as well as satisfaction of Indian exporters with same. Primary survey was conducted from bankers and exporters through different questionnaires. The sample of exporters represented small, lower-medium, medium and large exporters roughly in the ratio of 2:2:1:1 respectively. More than three fourth of the exporters were satisfied with

the overall bank services relating to export credit delivery. As far as constraints faced by exporters while raising bank finance were concerned, these were found to be difficulty in getting pre-shipment loan sanctioned, complexity of filling application form and problem of collateral security.

Bbenkele (2007) examined the perceptions of small and medium enterprises towards services offered by commercial banks in South Africa. A comparative study of rural and urban areas' SMEs was made by conducting focus group meeting with a group of 45 SMEs. Analysis of data revealed that SMEs from rural areas were having more negative perceptions regarding the services offered by commercial banks. Non caring attitude of banks and non meeting of their financial needs were main grievances reported by rural SMEs whereas urban SMEs showed a positive attitude towards commercial banks.

Safakali (2007) aimed to measure service quality of commercial banks towards SMEs in Northern Cyprus using SERVQUAL. Primary data were retrieved through a structured questionnaire from 227 SMEs operating in versatile sectors at township of Nicosia. The results indicated that commercial banks had not met the service expectations of SMEs for all dimensions. Among the dimensions of service quality highest negative gap belonged to 'empathy' i.e. caring and individualized attention that a firm provides to its customers.

Lundahl, Vegholm and Silver (2009) examined the impact of technical and functional dimensions of banks' services on satisfaction of SMEs in Sweden. Primary data were collected by getting 221 questionnaires filled from Swedish SMEs. Ordinal logistic regression was run using three variables namely price, collateral as well as focus on product under technical dimension and personal relationship, support during difficult times and role of advisor under functional dimension to find out their impact on customer satisfaction. The results indicated that both technical and functional dimensions of service management were correlated with customer satisfaction.

Popli and Rao (2009) conducted an empirical study with objectives to analyse SMEs' satisfaction from banks as well as to compare the service quality of public sector banks with private sector banks towards SMEs customers. Primary data were obtained through a pre-tested structured questionnaire from 100 SMEs. The results revealed that SMEs had a low level of satisfaction regarding the services provided by banks as most of the respondents reported problems like cumbersome and exhaustive loan approval procedures, non meeting of their financial requirements, non availability of funds for technology upgradation etc. It was also found that private sector or foreign banks were

much better than public sector banks on the basis of professionalism, technology, easy approach to management and competitiveness.

Yesseleva (2010) examined the financial constraints faced by Australian small enterprises while raising money from banks. Secondary data were retrieved from survey conducted by COSBOA (Council of Small Business of Australia) from 173 small businesses. Results concluded that access to affordable credit was very important for small businesses to operate well on day to day basis. Majority of respondents indicated that they were not satisfied with the products and services offered by banks.

Badulescu (2012) analysed the effect of relationship banking on SMEs' satisfaction and their access to bank finance. Primary data were collected through questionnaire from 595 small firms of Bihor County, Romania. It was found that length of relationship of SMEs with bank, concentration, SMEs trust had no impact on banks and banks attached more importance to collaterals and covenants. Moreover, a positive behaviour, such as prompt or advance repayments of loans, didn't generate any positive feedback from the banks side, leading to dissatisfaction among SMEs.

Chaudhary and Ahalawat (2014) analysed satisfaction of SMEs with bank services. Primary data were collected from 60 SMEs of Jaipur with the help of questionnaires. But SMEs of Bank of Baroda were contacted taking database form the bank itself. Findings revealed a high level of satisfaction among SMEs.

Karedza et al. (2014) analysed obstacles faced by SMEs in Chinhoyi Zimbabwe. Findings concluded that SMEs have problems in securing adequate finance since they lack security and banks are not interested to fund their business activities.

RESEARCH METHODOLOGY

The present study is primarily based on primary data which have been collected through pre-tested structured questionnaire which contained questions regarding satisfaction of SMEs regarding commercial banks to be answered on a 5-point Likert scale ranging from 'Highly Satisfied' to 'Highly Dissatisfied'. Multi stage sampling has been used to select a sample of 300 exporting SMEs from Punjab. In *the first stage*, quotas of SMEs from above mentioned districts have been decided on the basis of their contribution in export turnover of Punjab. Sample has been selected from these districts on the basis of quota sampling. Quota sampling ensures that the composition of the sample is same as that of

the population with respect to the characteristics of interest. Hence, this sampling technique attempts to obtain representative samples at relatively lower cost (Malhotra and Dash, 2011). *In the second stage*, main exporting industries of Punjab have been analysed on the basis of their export turnover. Four industries namely, engineering, hosiery, apparel and sports industry have been selected for the study because of their major contribution to the total export turnover of Punjab. Lists of exporting SMEs of each of these industries have been taken from respective *Export Promotion Councils (EPCs)* for the year 2011-12. *In the third stage,* exporting SMEs have been selected from the lists of *Export Promotion Councils* as per the decided quotas of districts with the help of convenience sampling. Exploratory factor analysis, confirmatory factor analysis and weighted average scores (WAS) have been used to analyse the data and get inferences.

ANALYSIS AND INTERPRETATION

Exploratory Factor Analysis

The questionnaire used in the research study has thirty two statements measuring satisfaction of exporting SMEs regarding export credit delivery system of commercial banks. The variables measuring SMEs' satisfaction with banks are factor analysed with the help of PASW 18. Prior to the extraction of factors, the Bartlett test of sphericity (approximate chi square = 13719.827, df = 496, significance = 0.000) and the KMO measure of sampling adequacy (value = 0.888) have confirmed that there are significant correlations among the variables to warrant the application of EFA. Only factors with Eigen values greater than one have been selected and loadings greater than 0.5 have been included in the analysis (Hair et al., 2010). Six factors have been extracted explaining 85.324 per cent of the variance as illustrated in Table 2.

The reliability of the collected responses in the research survey has been tested using composite *Cronbach's co-efficient alpha.* The value of Cronbach alpha is found to be 0.942 which indicates significant level of reliability in the responses. Anti-image correlations matrix has been generated which represents KMO measure of sampling adequacy for individual variables which is found to be sufficiently high for all variables. Reproduced matrix has been generated to analyse the fitness of EFA. Reproduced matrix is the difference between observed correlation matrix and reproduced correlation matrix. The lower it is the better it is. In the residual matrix, only 8 percent non redundant residuals have been found with absolute values greater than 0.05 which indicates that EFA model has good fit.

The variables have been then rotated using the varimax rotation. The results indicate that all the variables have loaded onto the six factors as have been expected and there are no cross loadings of any variable. Table 2 represents the possible explanation of factors along with their significant variables. Nomenclature of the factors derived has been done on the basis of highest factor loadings of the variables loaded on the particular factor and their common tone. Following is the brief explanation of the factors extracted:

- **Financial Factors**: Factor I indicates greatest variability in SMEs' response regarding satisfaction regarding export credit delivery system of commercial banks and is labelled as financial factors. Six variables that correlated to constitute first factor are margin requirements, collateral requirements, bank charges clearly defined and explained, processing charges, interest rates and fee structure, altogether explaining 17.199 percent of total variance.
- **Process Quality:** Factor II is interpreted as process quality. Seven variables have loaded onto this factor and highest loading is for the variable loan processing time (.854) followed by timely release of credit after sanctioning loan (.848), adequacy of amount sanctioned (.840), method of assessing working capital requirements (.836), flexible repayment options (.832), ease in filling export credit sanction application form (.817) and transparency in sanctioning loan (.781).
- **Bank Personnel:** Factor III is concerned with bank personnel. The variables which loaded onto this factor are easy access to decision makers, behaviour of bank staff, relationship management of bank officials, reliability of bank staff, availability of trained staff and staff having knowledge of customer business.
- **Service Speed & Efficiency:** Factor IV considers service speed & efficiency while measuring satisfaction of exporting SMEs towards export credit delivery system of commercial banks. The variables with greatest loading on this factor are error free records and lesser mistakes, procedural formalities, quick response to customer queries, quick redressal of complaints, and modernization in work processing.
- **Branch Characteristics:** Factor V is labelled as branch characteristics covering five variables i.e. convenient location, loan sanctioning power of branch, flexibility in branches, arrangements with other banks in case of restricted letter of credit and convenient operating hours.
- **Customised Services:** Factor VI is labelled as customised services covering three variables i.e. accommodation of credit needs, wide range of products and services and innovativeness in introducing new schemes.

Table 2: Factors Influencing Exporting SMEs' Satisfaction

Sr. No.	Factor-wise Dimensions	Factor Loadings	Eigen Value	Percentage of Variance Explained	Cumulative Percentage of Variance
F_1	**Financial Factors**				
a.	Margin Requirements	.891			
b.	Collateral Requirements	.880			
c.	Bank Charges Clearly Defined and Explained	.878	5.504	17.199	17.199
d.	Processing Charges	.874			
e.	Interest Rates	.863			
f.	Fee Structure	.863			
F_2	**Process Quality**				
a.	Loan Processing Time	.854			
b.	Timely Release of Credit After Sanctioning of Loan	.848			
c.	Adequacy of Amount Sanctioned	.840			
d.	Method of Assessing Working Capital Requirements	.836	5.497	17.178	34.377
e.	Flexible Repayment Options	.832			
f.	Ease in Filling Export Credit Sanction Application Form	.817			
g.	Transparency in Sanctioning Loan	.781			
F_3	**Bank Personnel**				
a.	Easy Access to Decision Makers	.878			
b.	Behaviour of Bank Staff	.874			
c.	Relationship Management of Bank Officials	.869	4.882	15.256	49.633
d.	Reliability of Bank Staff	.853			
e.	Availability of Trained Staff	.848			
f.	Staff Having Knowledge of Customer Business	.765			
F_4	**Service Speed & Efficiency**				
a.	Error Free Records and Lesser Mistakes	.914			
b.	Procedural Formalities	.905	4.728	14.774	64.407
c.	Quick Response to Customer Queries	.890			
d.	Quick Redressal of Complaints	.848			
e.	Modernization in Work Processing	.843			
F_5	**Branch Characteristics**				
a.	Convenient Location	.893			
b.	Loan Sanctioning Power of Branch	.867			
c.	Flexibility in Branches	.863	4.201	13.129	77.536
d.	Arrangements with Other Banks In Case Of Restricted Letter of Credit	.861			
e.	Convenient Operating Hours	.856			
F_6	**Customised Services**				
a.	Accommodation of Credit Needs	.835			
b.	Wide Range of Products and Services	.831	2.492	7.788	85.324
c.	Innovativeness in Introducing New Schemes	.822			

Reliability Analysis

Reliability means the extent to which a scale produces consistent results if repeated measurements are made on the characteristic (Malhotra and Dash, 2011). In the research study, the internal reliability has been measured with the help of Cronbach alpha statistic as well as composite reliability (CR). For a measure to be acceptable, coefficient alpha and composite reliability should be more than 0.7 (Malhotra and Dash, 2011). Owing to multidimensionality of service quality construct, coefficient alpha and composite

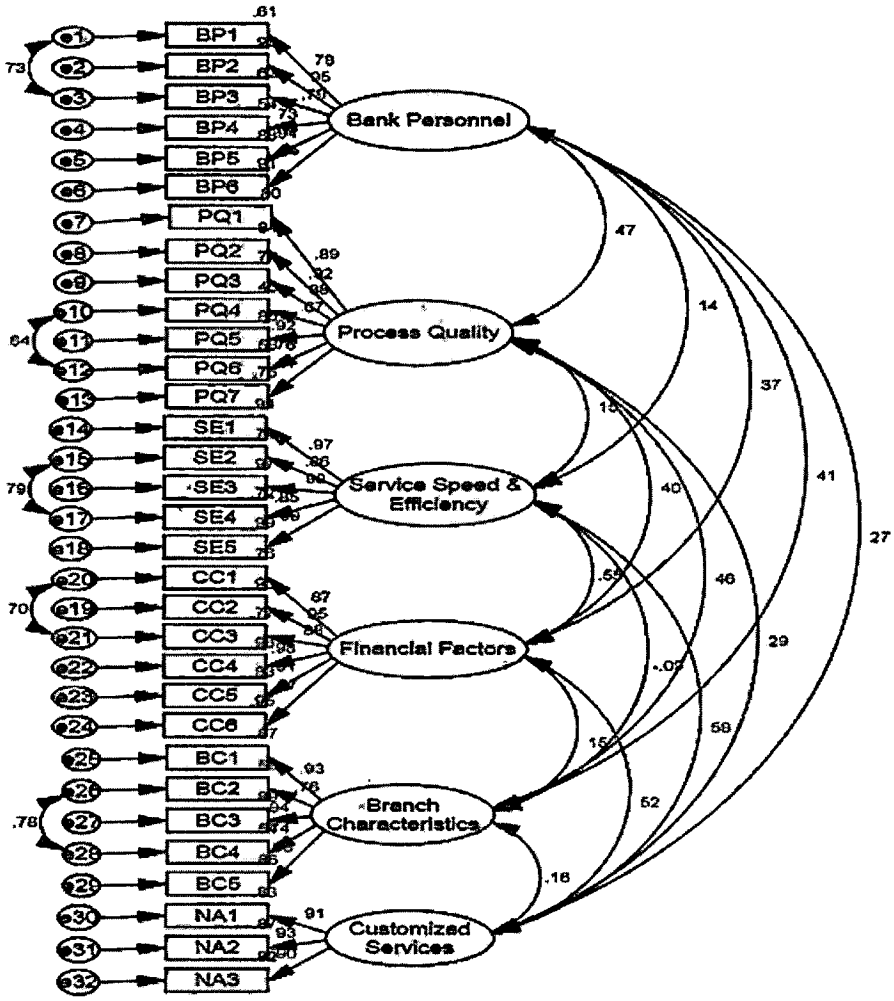
reliability have been computed separately for all the dimensions identified. In the present study, values of Cronbach alpha and composite reliability are more than 0.80, indicating good consistency among the items within each dimension. The results are shown in Table 3.

Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) provides enhanced control for assessing uni-dimensionality (i.e. the extent to which items on a factor measure one single construct) than exploratory factor analysis (EFA) and is more in line with the overall process of construct validation. In this study, confirmatory factor analysis model has been run through AMOS 18 and the key model statistics are shown in Table 3. Modification indices have been used within constructs to improve the model fit. Modification indices provide diagnostic indicators that can be helpful in deciding which additional paths from latent variables to indicators might improve the fit of the model. They tell us roughly how much the $\chi 2$ for the model will be improved by freeing each fixed path present in the model (Loehlin, 2004). The CFA model has been found fit as CFI (Comparative Fit Index) value, an incremental model fitness index, has been found as 0.926. These different types of validity are checked:

i) Content Validity: The content validity of a construct can be defined as the degree to which the measure spans the domain of the construct's theoretical definition (Rungtusanatham, 1998). The best practice to ensure the content validity is to show the set of possible variables in the construct to five academicians as well as five industry experts. For the present study, the content validity of the instrument has been ensured as dimensions of service quality of export credit delivery system of commercial banks and items have been identified from the literature and thoroughly reviewed by professionals and academicians. After analysing the advice received from these experts, the constructs along with the set of variables have been finalised.

Figure 2: Confirmatory Factor Analysis



ii) Construct Validity: It involves the assessment of the degree to which an operationalization correctly measures its targeted variables (O.Leary-Kelly and Vokurka, 1998). In the present study, in order to check for uni-dimensionality, a measurement model has been specified for each construct and confirmatory factor analysis (CFA) has been run for all the constructs taken together. Individual items in the model are examined to see how closely they represent the same construct. A comparative fit index (CFI) of 0.90 or above for the model implies that there is a strong evidence of uni-dimensionality. The CFI values obtained for all the six dimensions in the scale are above 0.90 as shown in the Table 3. This indicates a strong evidence of uni-dimensionality for the scale.

iii) Convergent Validity: Convergent validity is the extent to which different assessment methods concur in their measurement of the same trait (Byrne, 2009). Convergent validity can be established through average variance extracted (AVE) which is defined as the variance in the indicators or observed variables that is explained by the latent construct. For convergent validity, composite reliability (CR) should be greater than average variance extracted (AVE) and AVE should be greater than 0.5 (Hair et al., 2010). The values for AVE are summarized for all the six dimensions in Table 3. AVE of each construct is more than 0.5 as well as CR is greater than AVE, thereby demonstrating strong convergent validity.

iv) Discriminant Validity: Discriminant validity is a degree to which measures of different constructs are unique and construct is distinct from other constructs and thus makes a unique contribution (Malhotra and Dash, 2011). Discriminant validity is ensured if a measure does not correlate very highly with other measures from which it is supposed to differ. For discriminant validity, average variance extracted (AVE) of each construct should be greater than MSV (Maximum Shared Squared Variance) as well as ASV (Average Shared Squared Variance) statistics (Hair et al., 2010). As shown in Table 3, AVE of each construct is greater than MSV and ASV statistics thereby demonstrating discriminant validity of the instrument.

Table 3: Reliability and Validity Indices for Constructs

Constructs	Cronbach α	CR.	AVE	MSV	ASV	CFI
Financial Factors	.978	.974	.861	.306	.180	.930
Process Quality	.949	.947	.721	.220	.139	.965
Bank Personnel	.949	.945	.743	.220	.124	.948
Service Speed & Efficiency	.975	.971	.872	.334	.138	.994
Branch Characteristics	.944	.935	.746	.210	.087	.999
Customized Services	.939	.940	.839	.334	.158	1

Satisfaction regarding Various Factors Extracted

Weighted Average Scores (WAS) of various factors extracted above are calculated so as to measure the satisfaction of exporting SMEs with respect to various factors. WAS tell

us the average of the ratings given by all the respondents on a particular item. WAS have been calculated with the help of following formula:

$$\overline{A} = \frac{\overline{F_1} + \overline{F_2} + \overline{F_3} + \ldots\ldots\ldots \overline{F_N}}{N}$$

Where A = Weighted Average Scores of various factors,

$\overline{F}$ = arithmetic average of factors

and N = number of respondents (300)

The arithmetic average of factors (all of five extracted factors) is calculated with the help of following formula:

$$\overline{F} = \frac{V_1 + V_2 + V_3 + \ldots\ldots\ldots V_n}{n}$$

Where n = number of variables in the factor

And v = variables in the factor

The WAS of various factors are shown in Table 4.

Table 4: Mean Scores of Factors

Sr. No.	Factor Names	Average Scores
1	**Financial Factors**	3.55
2	**Process Quality**	3.65
3	**Bank Personnel**	3.54
4	**Service Speed & Efficiency**	3.60
5	**Branch Characteristics**	3.68
6	**Customised Services**	3.41

Results show that exporting SMEs have reported less satisfaction with respect to all service quality factors. They are least satisfied with customized services. This reflects that banks are not accommodating the needs of small and medium exporting enterprises. If we look at the mean scores of financial factors (3.55), SMEs have reported less satisfaction with respect to them. Moreover, banks are not able to provide speedy services.

CONCLUSION

Exports play a crucial role in economic development of any country and India is certainly not an exception. A robust empirical determinant of long term economic development of India has been the expansion and diversification of export sector. To give thrust to export promotion, an export credit delivery system is operating in India where liberal and cheaper credit is provided to exporters through commercial banks. But commercial banks are there to make profits. Providing subsidised credit to exporters may decrease their profits which puts a challenge on actual implementation of export credit delivery system. Hence, in the present study, an attempt has been made to analyse exporting SMEs' satisfaction regarding export credit delivery system. The study has focused specifically on SMEs as voluminous amount of exports are made from them. Out of the total sample, only fifty two percent of the SMEs have reported satisfaction with export credit delivery system of commercial banks. Hence, there is ample scope for improvement.

Six factors have emerged from the study which influence SMEs' perceptions of quality of export credit delivery system namely, financial factors, process quality, bank personnel, service speed & efficiency, branch characteristics and customised services. Satisfaction level of small and medium exporting enterprises with respect to all the service quality factors has been found to be low.

Indian banking sector has been witnessing a situation of severe competition due to liberalization, privatization and globalisation during the last two decades. In this cut throat competition, banks can survive only if they focus on customer satisfaction. Satisfying customers lead to customers' loyalty towards banks ultimately resulting in customer retention. Hence, banks should take efforts to improve satisfaction among exporting SMEs. Moreover, RBI should keep a check on commercial banks. Being a regulatory authority for commercial banks, RBI's responsibility doesn't end at framing policies for providing export credit rather it should check implementation of policies framed as well as satisfaction of exporters with the banks so as to improve export credit delivery system.

The research has resulted in the development of a reliable and valid instrument for measuring SMEs' satisfaction regarding export credit delivery system of commercial banks. All research has its limitations and this study is no exception. In the present study, sample of SMEs have been taken from Punjab only. SMEs of other states can also be covered for more robustness in results. Large exporters' satisfaction can also be analysed with respect to export credit delivery system.

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