



Research Paper

“Customer’s Perception Towards Lending Practices of Co Operative Banks with Special Reference to Pathanamthitta District”

Parvathy.R.Nair

Research scholar, PG and Research Department of Commerce, Government Arts College, Thiruvananthapuram

ABSTRACT: A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. The co-operative structure is designed on the principles of mutual help, democratic decision making and open membership, in view of the fact that their ownership and control are directly vested in the hands of the members. The present study tries to understand the role of co-operative banks in meeting the needs of its members. The study revealed that lending practices of the bank is good respondents are of the opinion that the lending practices of the bank are very simple and easily accessible by common people. The study suggests the banks to introduce new schemes for attracting new customers and satisfying the present ones.

KEYWORDS: co-operative bank, financial entity, mutual help, lending practices

Received 28 March, 2019; Accepted 08 April, 2019 © the Author(S) 2019.

Published With Open Access At www.Questjournals.Org

I. INTRODUCTION

The co-operative Bank involves autonomous association of persons united voluntarily to meet their common economic, social and cultural needs through a jointly owned and democratically controlled enterprise. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. These banks generally provide their members with a wide range of banking and financial services. The co-operative structure is designed on the principles of mutual help, democratic decision making and open membership, in view of the fact that their ownership and control are directly vested in the hands of the members. Co-operative banks are perhaps the first government sponsored, government-supported, and government subsidised financial agency in India. They get financial and other help from the Reserve Bank of India NABARD, central government and state governments.

The first aim of a co operative bank is not to maximize profit but to provide the best possible products and services to its members. They lend to small borrowers and businesses. The co operative banks in rural areas mainly finance agricultural based activities including farming cattle rearing, milk, hatchery, personal finance etc.... along with some small scale industries and self employment activities.

II. SIGNIFICANCE OF THE STUDY

Cooperative Banks in India have become an integral part of the success of Indian Financial Inclusion story. They have achieved many landmarks since their creation and have helped a normal rural Indian to feel empowered and secure. At present there are several co operative banks which are performing multi purpose functions such as financial, administrative, supervisory and developmental. In such a situation it is worthwhile to make a study on the perception of customers towards co-operative banks.

III. STATEMENT OF THE PROBLEM

The present study on the “Customer’s perception towards lending practices of co operative banks with special reference to Pathanamthitta district” tries to understand the role of co-operative banks in meeting the needs of its members.

IV. OBJECTIVES OF THE STUDY

1. To find out the major reason for approaching co operative banks.
2. To study the favorable factors attracting the customers to the lending activities of co operative banks.
3. To know the satisfaction level of the customers with the bank's lending practices.
4. To suggest the measures to improve the functioning of co operative bank

V. REVIEW OF LITERATURE

1. **Joby Joseph Thoomkuzhy, Merry Elizabeth John**, (2018), in their study "Service quality dimensions in Idukki district co-operative bank", conducted to analyze the satisfaction level of the customers who are availing services from the bank. Relevant primary data were collected from the customers of about four branches of the Idukki District Cooperative Bank. From the study it is clear that customers are satisfied with the service quality of their banks. The respondents were much impressed about the behaviour of the employees. The researchers suggested to update the modern electronic banking facilities like E-Banking which may attract and comfort new generation users.
2. **Sreeja ES**, (2016) in her research work entitled "A study on service quality of co-operative banks with special reference to Thrissur District" evaluated the service quality of cooperative banks in Thrissur District. The study includes both primary and secondary data. Primary data collected from 70 customers of cooperative bank of Thrissur District. Secondary data were collected from different books, journals and various websites. Mathematical and statistical tools are like percentage, mean score etc. were used for data analysis. The study revealed that overall service quality of co-operative bank was good and by analyzing service quality it is understood that the expectation and the actual perception of customers are different.
3. **N. A. Kavitha and M. Muthumeenakshi**, (2016), in their study "A Study of Customer Satisfaction and Perception towards the Services of Co-Operative Banks" attempt to study the cooperative banks customer perception of service quality in the cooperative banks sector Vellore service cooperative bank. Responses of 120 customer were randomly selected for knowing their experience with the bank. The study revealed that the customers of bank were highly satisfied with the services and attitude of the employees but they express they were dissatisfied towards the less technological advancements.

VI. RESEARCH METHODOLOGY

DATA SOURCE:

Primary data: To make the study more realistic and accurate, a questionnaire was prepared and administered among 100 customers of co operative banks in Pathanamthitta district. **Secondary data:** The secondary data chosen for aiding the study are mainly taken from books, journals, documents, websites, and other publication.

POPULATION

Population of the study consist of all the customers of co operative banks in Pathanamthitta district.

SAMPLING

For the purpose of selecting the sample convenience sampling is used. 100 respondents from Pathanamthitta District are selected.

TOOLS OF ANALYSIS

The data is analysed and interpreted with the help of mathematical methods. Simple percentage method is used in analyzing the data.

Simple percentage = No. of respondents / total no. of respondents * 100

VII. DATA ANALYSIS AND INTERPRETATION

Table: 1

Purpose for commonly approach co operative bank

Purposes	No. of customers	Percentage
For taking loans	44	44%
For depositing money	31	31%
For any other purposes	25	25%
Total	100	100%

Interpretation

It is clear from the study that majority of respondents (44%) depend the bank for taking loans .31% approaching bank for depositing money and 25% consumers approach for any other purposes.

Chart: 1

Purpose for commonly approaching co operative banks

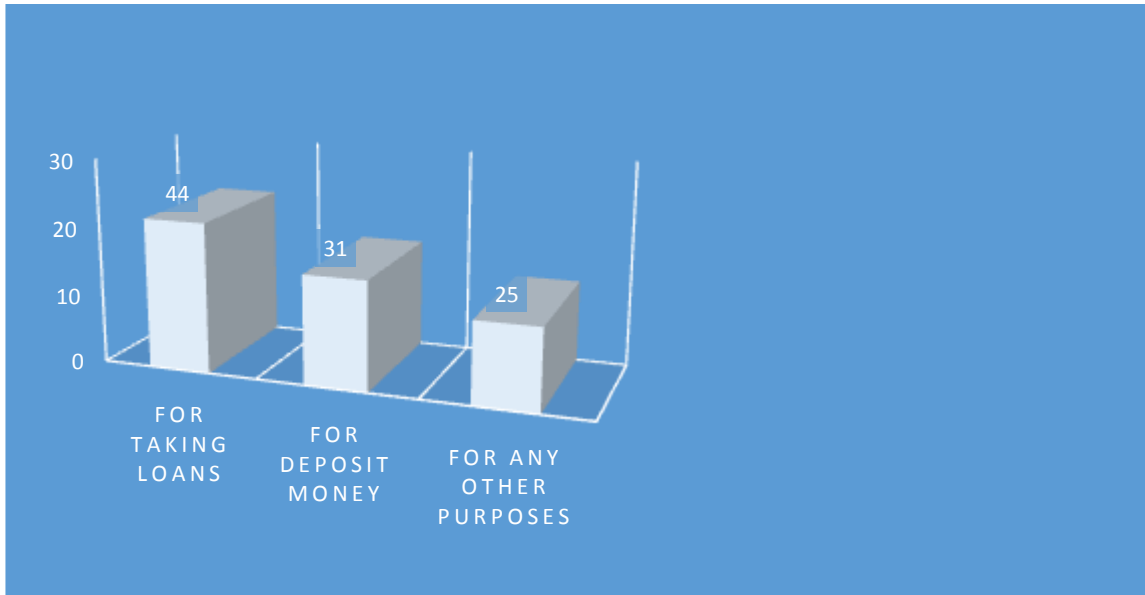


Table: 2
Factor attracting to take Loan from co-operative bank

Factors	No. of consumers	Percentage
Reasonable Rate of Interest	5	5%
More schemes	6	6%
Less formality	55	55%
Easy Repayment	34	34%
Total	100	100%

Interpretation:

Study shows that 55% of customers take loan because of less formality and 34% take loan because banks provides easy payment, other 6% of respondents take loan because of, more schemes and 5% due to reasonable rate of interest etc...

Chart: 2
Factor attracting to take Loan from co-operative bank

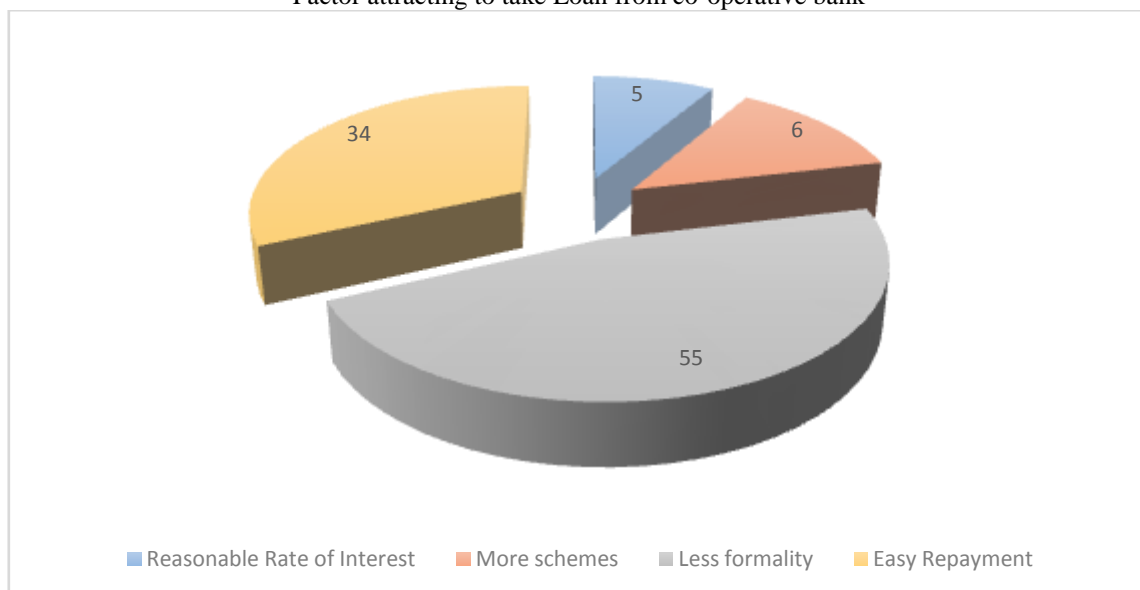


Table: 3
Opinion about the facilities provided by the co-operative bank

Opinion	No. of consumers	Percentage
Above average	35	35%
Average	60	60%
Below Average	5	5%
Total	100	100%

Interpretation:

60% of respondents think that the facilities provided by the banks are average, 35% rate it as very good and 5% rate it as below average

Chart: 3
Ranking of the facilities provided by the co-operative bank

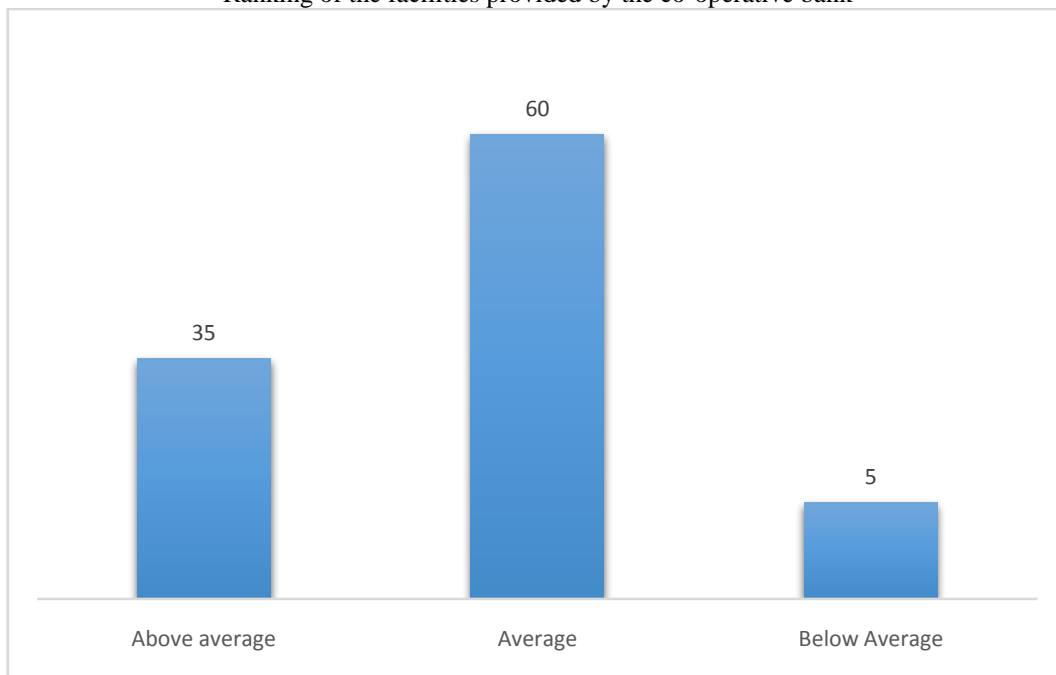


Table:4
Customers ranking for the service of the bank

Opinion	No. of customers	Percentage
Excellent	20	20%
Good	42	34%
Average	34	42%
Poor	4	4%
Total	100	100%

Interpretation:

Study reveals that 42% of the respondents says that the customer service of the bank is good .34% says that it is average and 20% says that it is excellent and only 4% says that it is poor.

Chart: 4
Customers ranking for the service of the bank

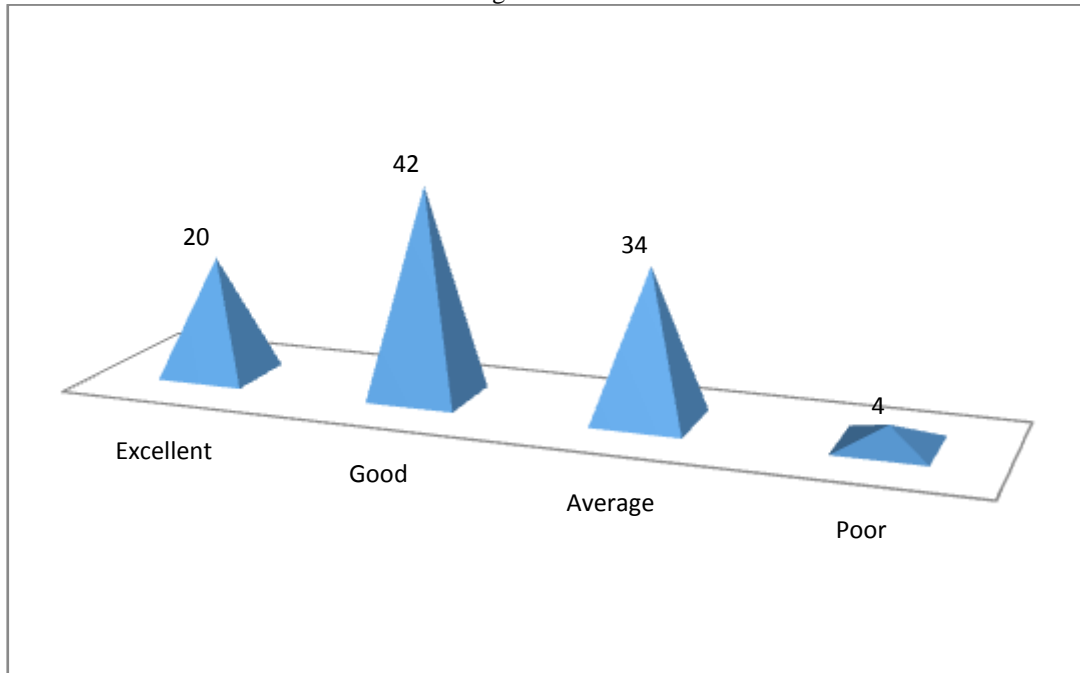


Table: 5
Opinion about interest rate of loans of co operative bank

Opinion	No. of consumers	Percentage
High	33	33%
Average	56	56%
Low	11	11%
Total	100	100%

Interpretation:

56% of consumers are of the opinion that interest rate is average, 33% respondents are of the opinion that interest rate is high and 11% respondents think that interest rate is low.

Chart: 5
Opinion about interest rate of loans of co operative bank

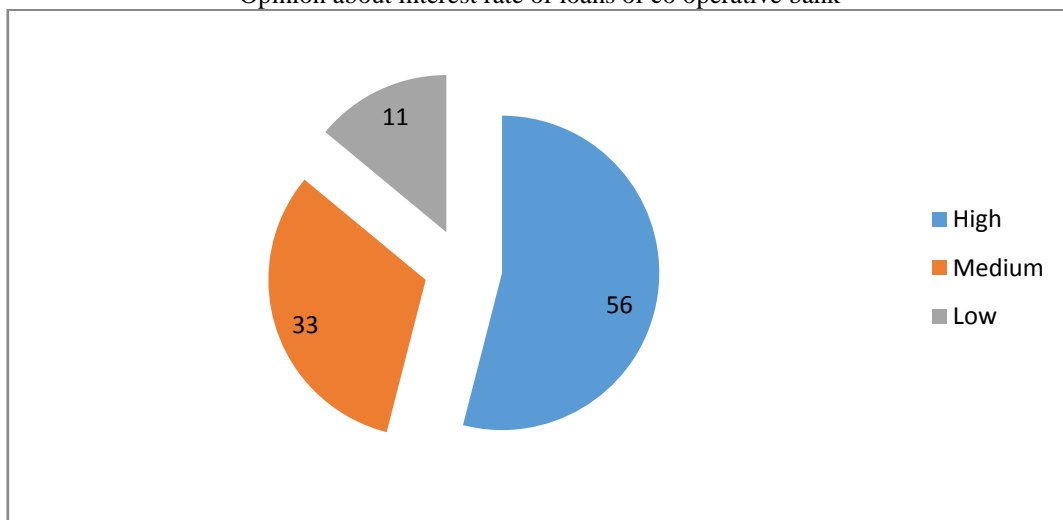


Table: 6

Consumer's opinion about the most useful ancillary service of the bank

Ancillary service of the bank	No of consumers	Percentage
Safe deposit locker	39	39%
Safe custody of article	15	15%
Collection of cheque	45	45%
None of these	1	1%
Total	100	100%

Interpretation:

Study shows that 45 % of consumers says that most useful ancillary service is collection of cheque, and 39% says that safe deposit locker is the most useful service .15% says that safe custody of article is most useful service and only one person do not choose one among the services.

Chart: 6

Consumer's opinion about the most useful ancillary service of the bank

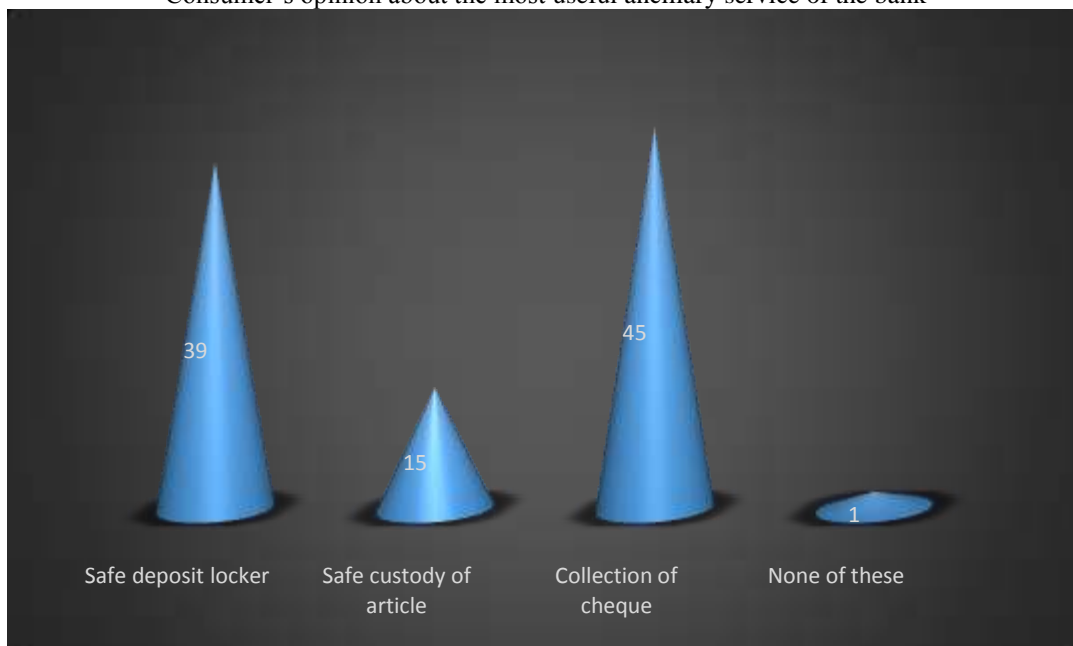


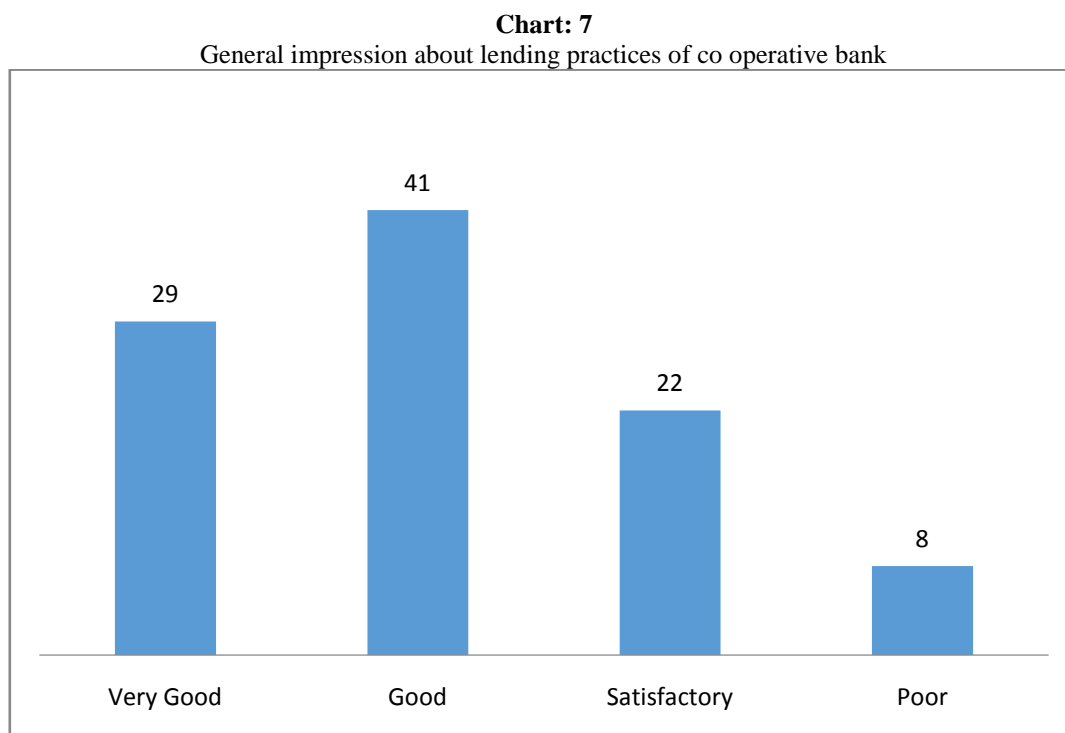
Table: 7

General impression about lending practices of co operative bank

Impressions	No of customers	Percentage
Very Good	29	29%
Good	41	41%
Satisfactory	22	22%
Poor	8	8%
Total	100	100%

Interpretation:

41% of respondents are of the opinion that the lending practices of the bank is good 29% says that it is very good. For 22%, it is satisfactory and only 8% say that it is poor.



VIII. FINDINGS, AND SUGGESTIONS

Findings

1. Most of the customers approach the bank for taking loans.
2. Study shows that 55% of customers take loan from co operative banks because of less formality
3. Average time for the processing of loan is less i.e. approx 7 days.
4. Customers are highly satisfied with the mode of repayment of installments.
5. 60% of respondents think that the facilities provided by the banks are average,
6. 42% of the respondents says that the customer service of the bank is good.
7. 56% of consumers are of the opinion that interest rate is average.
8. Study shows that 45 % of consumers says that most useful ancillary service is collection of cheque
9. 41% of respondents are of the opinion that the lending practices of the bank is good
10. The lending practices of the bank are very simple and easily accessible by common People.
11. Most of the respondents opinion that co operative bank is needed for rural economic development

Suggestions

- ❖ The banks should plan to introduce new schemes for attracting new customers and satisfying the present ones.
- ❖ The banks should expand number of branches.
- ❖ The bank should try to avail relaxation to all eligible customers.
- ❖ The bank should deep routed to the common people of the locality to assist the rural economic development.
- ❖ The bank should improve group deposit schemes and create self help groups.

IX. CONCLUSION

Co-operative bank, in a nutshell, provides financial assistance to the people with small means to protect them from the debt trap of the moneylenders. Co-operative banks take active part in local communities and local development with a stronger commitment and social responsibilities. These banks are best vehicles for taking banking to doorsteps of common men, unbanked people in urban and rural areas. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. The study conducted with the aim to find out the customer's perception towards lending practices of cooperative banks. The study revealed that lending practices of the bank is good respondents are of the opinion that the lending practices of the bank are very simple and easily accessible by common people.

REFERENCES

- [1]. Jain, V., Gupta, S., Jain and Smriti (2012). "Customer Perception on Service Quality in Banking Sector", With Special Reference to Indian Private Banks in Moradabad Region. IJRFM.
- [2]. Sreeja ES , (2016) in her research work entitled "A study on service quality of co-operative banks with special reference to Thrissur District", International Journal of Applied Research
- [3]. Kavitha N. A. and M. Muthumeenakshi, (2016),"A Study of Customer Satisfaction and Perception towards the Services of Co-Operative Banks", International Journal of Engineering Technology, Management and Applied Sciences.
- [4]. Joby Joseph Thoomkuzhy, Merry Elizabeth John , "Service quality dimensions in idukki district co-operative bank", (2018), Journal of Management (JOM).

Parvathy.R.Nair "Customer's Perception Towards Lending Practices of Co Operative Banks with Special Reference to Pathanamthitta District" Quest Journals Journal of Research in Humanities and Social Science , vol. 07, no. 3, 2019, pp. 10-17