



An Study On User Preference Towards Loans And Advances Of Co-Operative Bank (With Special Reference To A.A.315 Kungumampalayam Branch)

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Abstract: This study investigates the role and functionality of co-operative banks in India and their mobilizing power in financial inclusion and delineation of credit to small borrowers and the rural population. Co-operative banks operate as collective organizations, with principles of mutuality, democratic control, and ownership by members. These banks provide different services including housing, education, agriculture and personal loans etc. This study adds to the collection of primary data from 120 accounts holders to conduct a customer satisfaction survey, analysis of the loan giving process, the lending process and the difficulties faced by co-operative banks. Further, the study defined the structure of urban and rural co-operative banks while capturing their dual regulatory environment. The point of interest was also customer perspective, those who use and its service and awareness creation by the banks with the intent of improved efficiencies and service delivery on behalf of co-operative banks in India.

Index Terms: Co-operative Banking Structure, Rural and Urban Credit, Financial Inclusion

INTRODUCTION

Cooperative banks are small financial intermediaries who cater to the financial needs of small borrowers, farmers, self-employed individuals, and small businesses in rural and urban areas. Urban Cooperative Banks (UCBs) focus primarily in industrial and personal loans, while rural (or state) co-operative banks operate mainly in agriculture and allied activities. These banks provide internet banking services along with various savings accounts and loans for the benefit of the middle class.

Cooperative banks operate as cooperatives, focusing on mutual aid, democratic control by members, and open membership. They are owned by their members and receive financial aid from RBI, NABARD, and government funds. The cooperative movement in India began way back in 1904, originally aimed at providing credit to farmers who had no access to sources of cheap credit and suffered from moneylenders.

The first tier in the rural multi-tier system comprises Primary Agricultural Co-Operative Societies (PACS), followed by Central Banks at the district level, and finally at the top, State Co-Operative Banks. In urban areas, cooperative banks are organized almost the same as in rural areas, thereby alleviating rural and urban economies in India through income-generating activities while rendering some significant degree of inclusion in the financial needs of consumers.

OBJECTIVE

- To know the lending practices of co-operative bank India.
- To identify the satisfaction level of the customer from banks lending policies.
- To know different types of loans prefer by different sets of customer.
- To suggest the appropriate measures to improve the efficiency of co-operative banks.

STATEMENT OF THE PROBLEM

The size of the cooperative banks is very small. Most of these societies only have a small number of members, and they only operate in one or two villages. As a result, their resources remain limited, which makes it impossible for them to expand their means and extend their area of operations. People are not well informed about the objectives of the movement, the contributions it can make in rebuilding society, and the rules and regulations of cooperative institutions. They look upon co-operative banks as a means of obtaining services and concessions from the government. People ensure that societies continue to function as long as they expect to receive something from the government.

NEED FOR THE STUDY

The main function of the central cooperative banks is to provide loans and advances to the primary cooperative societies. However, some loans are also given to individuals and others. Capital: The central cooperative banks raise their working capital from own funds, deposits, borrowings and other sources.

SCOPE OF THE STUDY

Cooperative banks lend as well as accept deposits. They are established with the aim of funding agriculture and allied activities and financing village and cottage industries. National Bank for Agriculture and Rural Development (NABARD) is the apex body of cooperative banks in India. Loans and advances have a singular common objective. That is to fulfill the credit requirements of the

consumers. The various purposes in the personal and professional lives of the borrower are considered to come to a decision regarding the loan sanction.

RESEARCH METHODOLOGY

Methodology is a systematic way of solving a problem it includes the research method for solving a problem it includes the research method for solving the problems.

DATA COLLECTION

➤ PRIMARY DATA:

Primary data is that type of data which is collected for the first time and for the specific purpose of the research. In simple words this data does not prevail to be collected unless the need is desired for it. This type of information is the first hand information collected exclusively for the purpose of research.

➤ SECONDARY DATA:

The source of secondary data includes the publications and unpublished research reports, doctoral thesis of various institutions, Books, Journals, articles, etc.

SAMPLE DESIGN

A sample design is a definite plan for obtaining a sample from frame from frame. It refers to the techniques or the procedure that would adopt in selecting some sampling unit from which inference about the population are drawn. The sample design adopted for this study is simple random sampling.

SAMPLE SIZE

This study covers only 120 co-operative bank account holders. The response is collected from the selected samples and interpreted to give accurate and appropriate results.

LIMITATIONS OF STUDY

- The response is collected through interview schedule and there may be a chance for personal bias.
- The reliability of the results of the study depends on the data were given by the respondents.
- The findings of the study may applicable to the selected study area only

REVIEW OF LITERATURE

Muthu Pandian (2022)¹ studied the “Overall performance of the Tirunelveli District Central Co-operative Bank.” He noted that the success of DCCB in future will depend not only upon the development of primary societies and the growth of the co- operative spirit among the members but also upon the extent to which they are able to mobilize deposits and savings and make recoveries of bad debts. He further pointed out that the bank will have to encourage agricultural development and will have to come up regarding the standard of supervision of the societies under their charge.

Murtha and Saraswati (2022)², in their paper titled “Reducing Overdue in Credit Co-operatives: Some Alternatives,” made an attempt to evaluate the quantitative progress in respect of supply of institutional credit using the secondary data made available by RBI relating to co-operative movement in India for a period of 6 years from 1978 to 1983. The study concluded that the progress in respect of supply of credit was phenomenal over the period of study, but this progress pales into significance, if the magnitude of overdue was considered.

Verma Ravi and Reddy Bhagwan (2022)³ “Analyzed the causes of overdue in co- operatives under SWOOD” and to assess recovery and NPAs position in these banks. Policy distortions in liberalized economy and inefficient management were identified as main reasons for poor recovery. To improve the working of these banks, they suggested that available credit size should be need based and production-oriented. Effective supervision of loans to minimize misutilization and close social relations with loanee members were two other suggestions to improve the profitability and productivity of these banks.

Dababrata Das (2021)⁴ examined “The repayment behavior of loans in respect of borrowers of the Arunachal Pradesh State Co-operative Apex Bank Limited. The respondents have been selected through random sampling method. The study concluded that the repayment behavior of the borrowers has been very poor and has become a case of concern for the bank.

DATA ANALYSIS

RANKING METHOD

Analysis of ranks involves two steps. First observations are assigned rank scores, usually from smallest to largest (the largest values are given the largest ranks). Then, test statistics are calculated using rank scores.

The formula for ranking analysis:

$$\frac{\text{Total}}{\text{Number of respondents}} \times 100$$

RANK FOR THE CONSTRAINTS FACED IN CO-OPERATIVE BANK

CATEGORY	1(5)	2(4)	3(3)	4(2)	5(1)	TOTAL	RANK
Financial Security	59 295	21 84	18 54	16 32	6 6	120 471	I
Fear of Fraud	21 105	48 192	29 87	21 42	1 1	120 427	II
Terms and Conditions	30 150	29 116	45 135	10 20	5 5	120 426	III
Potential Crime Incidents	35 175	34 136	24 72	13 26	14 14	120 423	IV
Hidden Clauses	28 140	36 144	31 93	16 32	9 9	120 418	V
Limited Offers	35 175	19 76	33 99	22 44	11 11	120 405	VI
Lengthy Legal Formalities	28 140	27 108	30 90	27 54	8 8	120 400	VII

INTERPRETATION:

From the above table, it is found that Financial Security(rank I)by the respondents.

WEIGHTED AVERAGE METHOD

Under the method, the respondents are asked to rank their choices, this method involves ranking of the factors given. To secure a ranking of all the factors involved, the researchers total the weights which are given to each factor. The weighted score is ranked first and correspondingly the other ranks

are assigned.

The formula for the weighted average method:

$$\frac{\sum f(x)}{N}$$

f (x) = Weighted allotted for each factor

N = Number of respondents

WEIGHTED AVERAGE OF LEVEL OF SATISFACTION

CATEGORY	1(5)	2(4)	3(3)	4(2)	5(1)	TOTAL	MEAN
Less paper work	69 345	22 88	26 78	3 6	— —	120 517	4.31
Co-operative bank loan process	50 250	28 112	30 90	16 32	— —	120 484	4.03
Attractive interest rate	32 160	55 220	27 81	6 12	— —	120 473	3.94
Simple and fast processing	35 175	36 144	46 138	6 12	— —	120 469	3.91
Longer repayment period	42 210	30 120	33 99	8 16	8 8	120 453	3.78

INTERPRETATION

From the above table opening of the packaging has the highest mean score - 4.31

FINDINGS

RANKING METHOD

- It is found that Financial Security(rank I)by the respondents.

WEIGHTED AVERAGE METHOD

- It is found that less paper work has the highest mean score - 4.31

SUGGESTION

To enhance the effectiveness of Co-operative Bank's loan and advance services, several measures can be implemented. Firstly, the bank should focus on simplifying loan application and approval processes to ensure faster disbursement of funds. Increasing awareness about various loan products through digital marketing and financial literacy programs can help attract a broader customer base. Additionally, introducing flexible repayment options and lower interest rates for specific customer segments, such as small business owners and self-employed individuals, can improve accessibility. Strengthening digital banking services, including online loan applications and customer support, will enhance convenience and engagement. Regular feedback collection from customers and addressing their concerns promptly can significantly improve satisfaction levels. Lastly, enhancing staff training on customer service and financial advisory services will help build stronger relationships with clients, fostering long-term loyalty and trust in the bank.

CONCLUSION

The study on user preference towards loans and advances of Co-operative Bank, provides valuable insights into the lending practices and customer satisfaction levels. It highlights the various loan preferences among different customer segments and identifies key factors influencing their choices. The findings indicate that while the bank has established effective lending policies, there is scope for improvement in customer awareness, loan processing efficiency, and service quality. Enhancing digital banking facilities and offering customized financial products can further strengthen customer trust and satisfaction. Overall, this study serves as a useful reference for improving the operational efficiency of Co-operative Banks and aligning their services with customer needs.

REFERENCES

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