

# ROLE OF MEENACHIL SERVICE CO-OPERATIVE BANK EDAMATTOM, KERALA IN RURAL DEVELOPMENT

**Boney Bose**

Research Scholar  
Bharathiar University, Coimbatore, India

*Abstract : Cooperatives have been created to meet the essential need of a poor people, to pool their resources and to strength third position in the market where the individual member of such group would have little or no chance of becoming equal partners in the economic process. Today, co-operative banks operate across the country side-by-side with commercial banks and play a crucial role in providing need-based finance, especially for people engaged in agricultural and agriculture-based operations including farming, cattle, milk, personal finance, etc., along with some small industries and self-employment driven activities. This paper studies the lending practices of Meenachil Service Co-operative Bank, relationship between deposits accepted from the public and loans and advances granted by the bank and also the satisfaction level of the customers from Bank's lending policies.*

*IndexTerms - Co-operative banks, Rural development*

## I. INTRODUCTION

The basic idea behind Co-operation is "Self Help and Mutual Help" and "Mutual Aid" and "Each for all and all for each". A Co-operative Bank is a financial entity which belongs to its member, who is the same time owners and the customers of the bank. Co-operative bank generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts). Co-operative has been aptly described as "the poor people joint stock company". Co-operatives have been created to meet the essential need of a poor people, to pool their resources and to strength third position in the market where the individual member of such group would have little or no chance of becoming equal partners in the economic process. Today, co-operative banks operate across the country side-by-side with commercial banks and play a crucial role in providing need-based finance, especially for people engaged in agricultural and agriculture-based operations including farming, cattle, milk, personal finance, etc., along with some small industries and self-employment driven activities. However despite all their socio-economic advantages, co-operative banks in India still have miles to go to catch up with the commercial banks, which are swift to adopt changes in an increasingly globalised and connected world. Taking measures to transform systems and operations of co-operative banks is important as they hold key to making financial inclusion a reality. Co-operative banks are an integral part of the Indian financial system. They comprise urban co-operative banks and rural co-operative credit institutions. Co-operative banks in India are more than 100 years old. Urban Co-operative Banks (UCBs) also referred to as primary cooperative banks play an important role in meeting the growing credit needs of urban and semi-urban areas of the country. UCBs mobilise savings from the middle and lower income groups and purvey credit to small borrowers, including weaker sections of the society. Scheduled UCBs are under closer regulatory and supervisory framework of the RBI. Rural cooperative banks operate mainly for the benefit of rural areas, particularly the agricultural sector. Though much smaller as compared to scheduled commercial banks, co-operative banks constitute an important segment of the Indian banking system. They have an extensive branch network and reach out to people in remote areas. They have traditionally played an important role in creating banking habits among the lower and middle-income groups and in strengthening the rural credit delivery system.

## II. REVIEW OF LITERATURE

**Dr. Balwindersigh and Ruchika Sonsi (2015)** study is genuine attempt to understudy the construct of customer satisfaction and the factor affecting customer satisfaction in the urban co-operative banking sector in the states of Punjab, Haryana, and Himachal Pradesh through a qualitative approach. The very widely representation profile of respondents to helps us to reply and appropriately weight the above outcomes.

**Barwal and Kumar (2015)** in their study entitled "Comparative Performance Evaluation of Himachal Pradesh Cooperative Bank And Kangra Central Cooperative Bank" has analysed the position of shareholder fund, deposits mobilization and advances of Himachal Pradesh State Cooperative Bank & Kangra Central Cooperative Bank and to study the financial & operational of these two banks.

**Sambath (2014)** attempted in his study entitled "Growth and Progress of the Urban Cooperatives Banks in India" to analyse the growth and development of Urban Cooperatives Banks in India. He revealed in his study that the future of cooperatives banks in India is challenging because of cut throat competition from Public and Private sector banks. Public and Private sector banks concentrating on major expansion activities both are vertically and horizontally. The growth of cooperative banks depends on transparency in operation and control, governance, customer centric policies, technology up gradation and efficiency.

**Ravi C.S. & Kundan Basavaraj (2013)** investigated the preference and satisfaction level of customers towards loans, deposit schemes, insurances and value-added services rendered by private and public banks in Shivamogga district. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non users other services have to be adopted.

**G.C. Pande and S. Priyakumar (2013)** in their study found that agricultural sector in India is facing several critical challenges like increasing pressures on land, diminishing soil fertility, water scarcity and adverse environmental conditions etc. They suggest these critical issues can largely be countered by use of emerging technologies having high growth potential. The study also suggest that financing to contract farming by banks is a boon to farmers who can access institutional credit easily for crop production arranged by the companies.

**III. OBJECTIVE OF THE STUDY**

1. To know the lending practices of Meenachil Service Co-operative Bank.
2. To analyze the relationship between deposits accepted from the public and loans and advances granted by the bank.
3. To know the satisfaction level of the customers from Bank's lending policies.

**IV. DATA AND METHODOLOGY****PRIMARY DATA COLLECTION**

- Schedule Method
- Interview Method

**SECONDARY DATA COLLECTION**

- Annual reports of Meenachil Service Co-operative bank
- Statistical report related to banking published by RBI
- Unpublished theses
- Other journals

**SAMPLE DESIGN**

- Sample size: 50 respondents
- Sampling Location: Meenachil Taluk
- Sampling Method: Simple Random Sampling
- Type of Research: Descriptive
- Population: Customers of Meenachil Service Co-operative Bank
- Tables are incorporated.
- Ratios are calculated.
- Footnotes are given wherever secondary data are used.

**V. RESULT AND DISCUSSION**

The deposit earned by Meenachil Service Cooperative Bank is sanctioned the year follows. Total deposit collected by providing loans and advances are shown below:

**Table showing the total deposit**

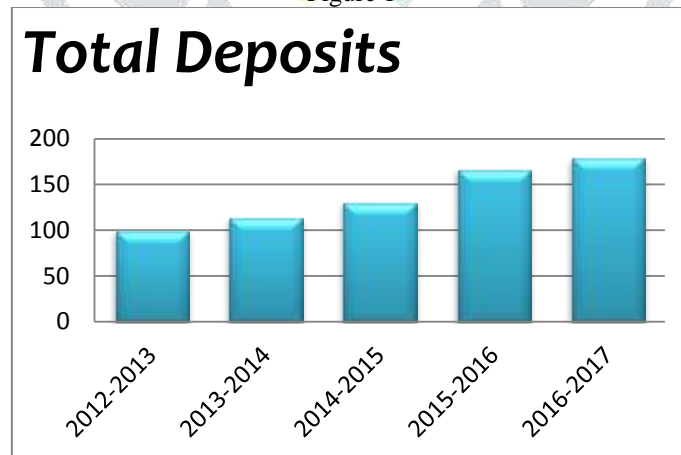
Table 1

Period	Amount of Deposit	Growth Index
2012-2013	186667214	100%
2013-2014	212767166	114%
2014-2015	245693417	131%
2015-2016	313381255	167%
2016-2017	335411779	180%

Source – Annual Report of the Bank

**Graph showing the growth index of deposit**

Figure 1



Source – Table 1

**INFERENCE:-**

In 2012-13 the amount deposit was Rs. 186667214 increased to 335411779 after 5 years. 2012-13 was taken as base year and growth index was 100. The total deposit of the bank was increasing during the period.

**Table showing the amount of increase in Deposit**

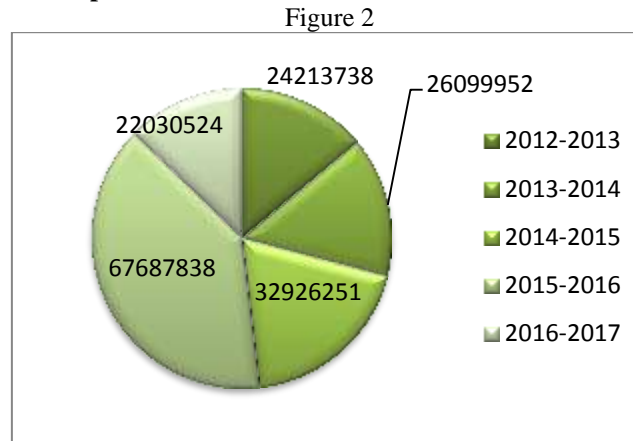
Table 2

Period	Total Deposit	Amount of deposit during last period	Amount of increase in deposit
2012-2013	186667214	162453476	24213738
2013-2014	212767166	186667214	26099952
2014-2015	245693417	212767166	32926251

2015-2016	313381255	245693417	67687838
2016-2017	335411779	313381255	22030524

Source: Annual Income Report of the Bank

**Graph showing the Amount of Increase in Deposit**



Source: Table 2

**INFERENCE:-**

From the above table it's clear that in each year the amount of total deposit is increasing when compared with previous year's total deposits.

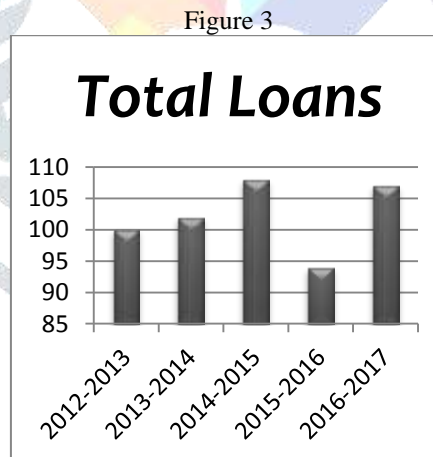
**Table showing the total loans of the bank**

Table 3

Period	Amount of Loans	Growth Index
2012-2013	227699766	100%
2013-2014	233174039	102%
2014-2015	246528068	108%
2015-2016	213906161	94%
2016-2017	245221746	107%

Source: Annual Report of the Bank

**Graph showing the Growth Index of Deposit**



Source: Table 3

**INFERENCE:-**

The above table depict the amount of loan is increasing. The 2012-2013 was taken as the base year and the growth index was 100%.

**Table showing the amount of increase in loans**

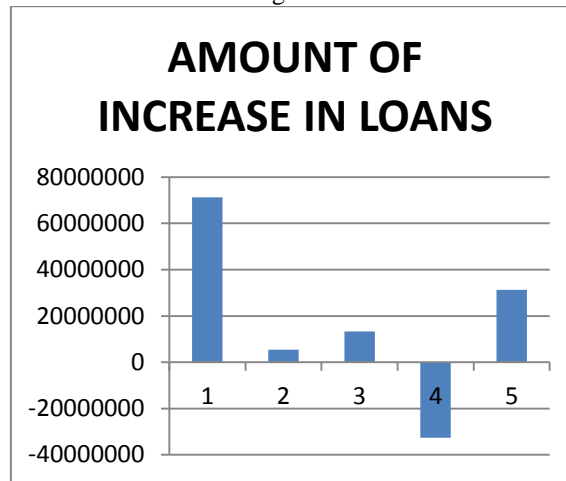
Table 4

Period	Total Loans	Amount of loan during last period	Amount of increase in loans
2012-2013	227699766	156469936	71229830
2013-2014	233174039	227699766	5474273
2014-2015	246528068	233174039	13354029
2015-2016	213906161	246528068	(32621907)
2016-2017	245221746	213906161	31315585

Source: Annual Report of the Bank

Graph showing the amount of increase in loans

Figure 4



Source: Table 4

**INFERENCE:-**

From the above table it's clear that in each year the amount of total loan was increasing when compared with previous year's total loan. The rate of increment of loan is almost the same as that total deposit but it was at a diminishing rate.

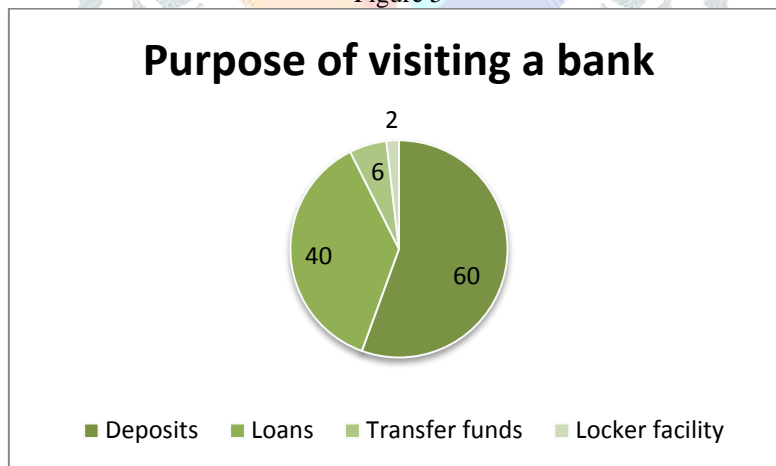
Table 5

Basis	Number of respondents	%
Deposits	30	60%
Loans	15	30%
Transfer Funds	3	6%
Locker facility	2	4%

Source: Data Collection

Graph showing customer's purpose of visiting a bank

Figure 5



Source: Table 5

**INFERENCE:-**

Majority of the people visit co-operative bank to deposit their money. 30% visit to take loan and remaining customers visit to use locker and to transfer funds.

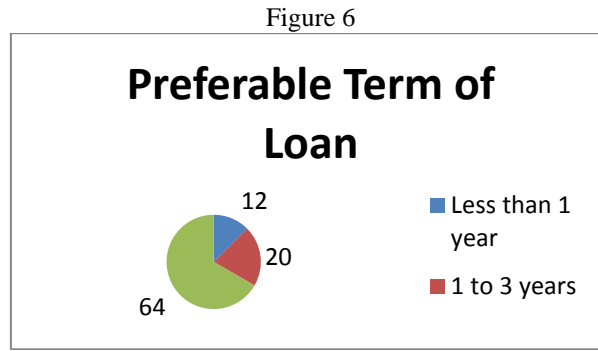
**Preferable term of loan**

Table 6

Term of Loan	No of respondents	%
Less than 1 year	6	12%
1 to 3 years	10	20%
More than 3 years	32	64%

Source- Data Collection

Graph showing the preferable term of a loan



Source-Table 6

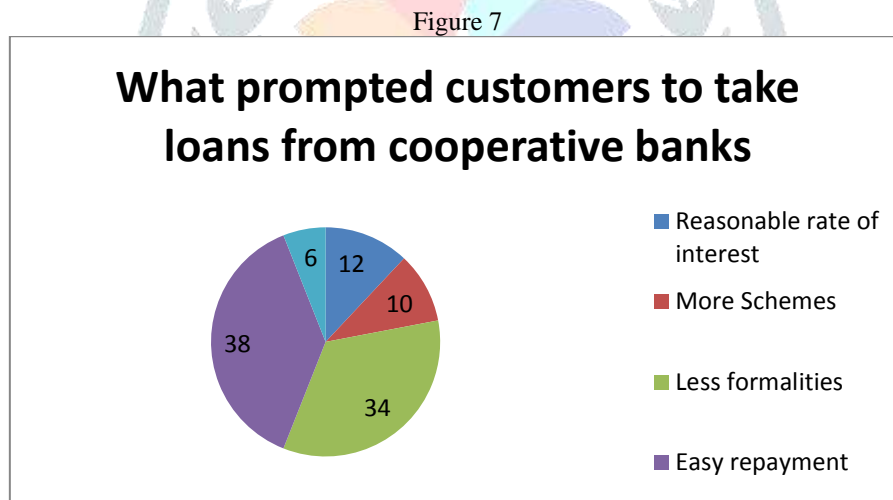
**INFERENCE:-**

Study shows that 64 % of respondents take loan for more than 3 years, 20 % take loan for 1 to 3 years and 12% take loan for the period of less than 1 year.

**What prompted customers to take loans from co-operative banks?**

Table 7

Reason for taking loan	No of respondents	%
Reasonable rate of interest	6	12%
More Schemes	5	10%
Less formalities	17	34%
Easy repayment	19	38%
Any other	3	9%



**INFERENCE:-**

Study reveals that 38 % take loan because banks provide easy payment, 34% take loans because of fewer formalities and other respondents take loan because of reasonable rate of interest, more schemes.

**Customer Satisfaction**

The opinions of customers are shown under different heads which give the information that if the customers were satisfied with the services of Meenachil Service Cooperative Bank or not. Customer’s opinion about the services of the Bank was summarized in the table below:

Table 8

HS=Highly Satisfied, S=Satisfied, A=Average, D=Dissatisfied, HD=Highly Dissatisfied

Factors	HS	S	A	D	HD
Document formalities of the bank	4	32	12	2	-
Interest rate of loans	20	10	13	5	2
Convenience to reach the bank	19	15	14	2	-
Relationship of Employees	8	28	10	4	-
Overall Services	20	25	5	-	-
Employees attitude and behaviour	10	12	28	-	-
Banks Interest in solving customers problems	-	13	31	6	-
Reliability	-	30	15	5	-

<b>Performs services at the right time</b>	28	12	6	4	-
<b>Security on transactions</b>	17	26	5	2	-
<b>Responsiveness</b>	16	13	13	8	-
<b>Always willing to help</b>	4	36	7	3	-
<b>Fast and efficient counter services</b>	20	10	13	7	-
<b>Have the knowledge to answer</b>	20	11	11	6	2
<b>Politeness and friendly staff</b>	-	15	30	5	-
<b>Ease of access to account information</b>	-	5	38	4	3
<b>Convenient operating hours</b>	-	16	29	4	1
<b>Speed and efficiency in transactions</b>	7	17	17	8	1
<b>Understand specific needs</b>	19	13	15	3	-
<b>Confidentiality of bank</b>	-	25	25	-	-

#### INFERENCE:-

The above table indicates that the customers are highly satisfied with the services of the cooperative bank and the relationship of employee with their customers. The study showed that the customers have positive attitude towards the services. The study shows that the bank performs services at the right time. It also understands certain specific needs of the customers. The employees are always willing to help the customers and there is a good customer relationship management.

#### VI. CONCLUSION

Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. In the absence of banking business, savings would sit idle in our homes, the entrepreneurs would not be in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system. In brief, the cooperative banks have to act as a friend, philosopher and guide to entire cooperative structure. The study is based on Meenachil Service Cooperative Bank, Edamattom. The study of the bank's performance along with the deposits and lending practices provided to the customers is herewith undertaken. The customer has taken more than one type of loan from the banks. Moreover they suggested that the bank should adopt the latest technology of the banking like ATMs, internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks. Cooperative banks are a feasible option for inclusive growth through rural development by creating opportunity for employment and income generation. Cooperatives play a major self-help role in rural areas, particularly where private businesses hesitate to go and public authorities do not provide basic services. They are instrumental in providing opportunities for productive employment, as well as offering health care, education, potable water, improved sanitation, roads, and market access, while giving a stronger "voice" to rural groups.

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