

BENEFICIARIES PREFERENCE TOWARDS DEVELOPMENTAL SCHEMES OF ERNAKULAM DISTRICT CO-OPERATIVE BANK

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Abstract : In the present times, a bank plays a very crucial role in the lives of the people. Its role has changed from a simple trustee of people's money on one hand and that of a money lender on the other, to one which bridges the gap between their drama and reality. The Reserve Bank of India provides guidelines for the bank to undertake various promotional and developmental activities for the people. The EDCB has implemented various socio economic development schemes such as ordinary loan marriage, educational loan, housing loan, medical ordinary loan, self help group loan, infrastructure development loan, consumer loan for house hold and handloom and coir cash credit. While the various economic development schemes are Agri- Loan, business loan, ordinary loan for traders, O.D scheme for employees, computer loans, vehicle loans, project loan, marginal money loan, self employment loan, industrial loan and friendship loan. This paper tries to identify the preferences of urban and rural beneficiaries towards socio and economic development schemes of EDCB with the help of Garrett's ranking technique.

IndexTerms - Ernakulam District Co-operative Bank(EDCB), Over draft schemes(O.D)

I.INTRODUCTION

Banks play a major role in the economic development process. The progress of a country's economy depends upon the efficient functioning of the banking system. The banking scenario is presently undergoing a radical transformation in the wake of liberalization, globalization of economy and the reforms suggested in the Narasimham Committee Report.

The District Co-operative Banks have come to be organized since passing of the Co-operative Societies Act 1912, to finance the primary societies and to act as balancing centers for them. One District Co-operative Bank (DCB) for every revenue district is the pattern adopted in Kerala state today. The Kerala Co-operative Societies Act 1969 came into existence as an attempt to consolidate amend and unity the laws relating to co-operative societies in Kerala. The District Co-operative Bank is structured in the middle tier of the co-operative credit structure of the state.

The Ernakulam District Co-operative Bank (EDCB) serves mainly the needs of people in Ernakulam District in the field of agriculture, education, business, industry and so on in rural and urban areas. It is the major agency which provides financial assistance to the rural and urban people in Ernakulam District. It mobilizes savings of the people, receives various deposits from the public on various account and also provide various types of loans to businessmen, traders, agriculturists middle class people. This bank also makes loans and advances for socio-economic development purposes such as building or repairing homes, higher education, medical treatment, self employment, infrastructure development and so on.

The bank now plays a unique role in providing not merely a facile credit but a safe and productive credit. In the every act and effort of obtaining, the Ernakulam District Co-operative Bank educates and guides the borrower, it teaches the borrower the lesson of self-help and mutual help. Now the Ernakulam District Co-operative Bank has emerged as a ray of hope and vehicle of rural and urban finance for economic development.

II.NEED OF THE STUDY

The co-operative plays a vital role in the economic, social and cultural development worldwide. The co-operative movement in India has spread its activities and functions in all spheres of economy like

agriculture, poultry, dairy, fisheries, handlooms, banking, sugar, spinning, consumers, fertilizers, irrigation, etc. Credit co-operative has changed the total scenario of poor people by providing easy loans and gets them free from the strong hold of money lenders. For economic development processes, banks are playing a major role and the progress of a country's economy is mainly depends upon the efficient functioning of the banking system. The banking system has a significant role to play in the rapid growth of the economy through planned efforts.

The Reserve Bank of India provided guidelines for banks to undertake various promotional and developmental activities for the well being of the people. As per this direction, the Ernakulam District Co-operative Bank has implemented various socio economic development schemes for the upliftment of people in Ernakulam District. The financial and non-financial needs of the people in Ernakulam District are not fully satisfied through this bank. A significant problem of the Ernakulam District Co-operative Bank observed recently is the ineffective deregulation of socio economic development activities. This is in sharp contrast with District Co-operative Banks of other districts, where deployment of social service are far ahead compared to ordinary banking functions. As a consequence of this situation, socio-economic development of people is not attained considerably. Hence, this study has been carried out.

III.REVIEW OF LITERATURE

Detailed literature survey was carried out during the research process in order to acquire more conceptual clarity and to facilitate formulation. Hence, some of the attempts are presented here. A large body of literature on district co-operative bank and other co-operative banks were referred to frame the conceptual and theoretical background on the subject.

Habil Slade O. Ogalo (2006) in an article titled "Banking Education: Revamp or Perish" stated that banking is witnessing rapid changes in the fast developing economy. The world is fast becoming flat. Opportunities for BPO are knocking at the door. Hence, it is the time to revamp the education to meet the demand. Ramu, N. (2006) has made a article on "Role of Urban Co-operative Banks in the Changing Business Environment". In this article he pointed out that the Urban Co-operative Bank (UCB) is the only sector in the co-operative Movement which provides financial assistance and encouragement to the society without depending any fund from the state or the central Government. At the same time Government has encouraged these institutions to provide various loans for different development schemes to the poor people. They also contribute the performance of the Indian economy, by the financial support that they bring to all economic units, notably the cottage/SSIs, retail traders, small business enterprises, professionals, self-employed persons, software industrialists etc Kanapiran, P. (2007) in his article "A Study on the Financial Performance of Nilgiris District Central Co-Operative Bank Limited" analyzed the financial performance-with the help of secondary data collected from the annual reports, for a period of six years from 2001-02 to 2006-07. He concluded that the financial performance of the bank is satisfactory. Pandey, R.N. (2008), In his Article, "An Effective Instrument for Employment Generation", he points out that co-operatives occupied a predominant position for the economic development of the country. He also made clear that co-operative banks are useful and inevitable for social development of the farmers and weaker sections of the society. Their success is significant in certain sectors like credit and banking, sugar, diary and fertilizer production etc.

The U.N. Resolution (2009) recognizes that the co-operative business model is major factor of economic and social development, promoting the fullest possible participation in the economic and social development of people in both the developed and developing world and that in particular, co-operatives contribute to the eradication of poverty. According to IVANO Barberini (2009), President of International Cooperative Alliance (ICA), Geneva, points out that in an increasingly competitive world, the complexity of co-operative enterprises is growing. The co-operative must cope with all the contradictions, the first being the relations between the objectives and the means. In capitalist companies, capital is the base of a company in co-operative enterprises, membership is at the base and capital is simply a tool available to serve the interest of their members. Jubily Navaprabha (2009) in her article "The Social Commitment of District Co-

operative Banks in Kerala”, points out that the District co-operative banks in Kerala is on fast-track than the cooperative movement in any other states in India its diversified activities. Though the District co-operative banks are facing stiff competition from the new generation commercial banks, multinational companies etc. They have succeeded in performing their role in a proper and effective manner towards the enlistment of the poor and weaker section.

Dileep, A.S. and V. Harikumar (2010) in their article “The relevance of co-operative banking in India” explains that the operations of co-operative banks distinguish themselves from other banks and occupy a unique place in the Indian banking structure. Unlike commercial banks, their services are without profit. They also foster the spirit of self help among their members. The presence of the co-operative bank is useful and inevitable for social development, priority sector development and industrial development. Dilan Singh, S. (2010) has presented a paper on “Community Development through Self Help Groups by the Co-operative Bank”. Self help is small but is a powerful change agent. It acts as social institution as well as economic institution at the grass root level. The leaders of Self Help Group (SHG) are mostly women. District co-operative bank has provided different loans to the members of SHG. The main objective of such group is to promote broader development in the village and community. Customers of District Co-operative Banks in Kerala”, made a conclusion that there is significant influence of economic factors among the District Co-operative Bank users of Kerala. In economic factor, three factors are taken for study. They are level of income, savings, and expenditure. Srinivasa Rao, R. (2014) in his study stated that retail banking is being considered as one of the most innovative financial services provided by the various commercial Public Sector Banks, private sector and foreign banks.

IV.OBJECTIVES OF THE STUDY

The main objectives of the study are: a) to identify the preference of urban and rural beneficiaries towards socio development schemes of the Ernakulam District Co-operative Bank, and b) to identify the preference of urban and rural beneficiaries towards economic development schemes of the Ernakulam District Co-operative Bank.

V.METHODOLOGY

Both primary and secondary data have been collected for the study. The primary data have been collected through a well-designed interview schedule constructed for the purpose of the study. The data was collected both from rural (160 beneficiaries) and urban (160 beneficiaries) areas of Ernakulam District in Kerala. Random sampling has been used to choose the sample beneficiaries from the records of the bank. The secondary data needed for the study was collected from the official records and annual reports of the Ernakulam District Co-operative Bank, books, leading national and international journals, magazines, newspapers, doctoral theses, research projects, and web portals.

VI.ANALYSIS OF PREFERENCE OF DEVELOPMENTAL SCHEMES

This section analyzes the preference of developmental schemes (19 schemes) which are offered by the District Co-operative Bank for the socio-economic development of Ernakulam District. The preference of schemes may vary from one beneficiary to another. So, the beneficiaries were asked to rank the socio and economic development schemes separately. The researcher has made an attempt to analyze the most preferred development schemes of the beneficiaries with the help of Garrett's ranking technique. The ranks assigned to each scheme by the sample beneficiaries were converted into per cent position by using the following formula:

$$\text{Per cent position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,

R_{ij} = Rank given by the j th member for the i th problem, and

N_j = Number of reason ranked by the j th member.

The per cent position of each rank thus obtained was converted into scores by referring the table given by Garrett. The scores of all beneficiaries for each scheme was then added together and divided by the number of beneficiaries' preferred. The mean scores of each scheme thus arrived and ranks were allotted. This procedure was adopted for both the urban and rural beneficiaries separately for socio and economic development schemes and the results are shown in Tables 1 to 4.

VII Analysis of Favourite Socio Development Schemes of Urban Beneficiaries

The favourite socio development scheme indicated by the urban sample beneficiaries based on their preference has been analyzed with Garrett's ranking technique. The computed total scores and the mean scores for each scheme under socio development are exhibited in Table 1.

TABLE – 1
Favourite Socio Development Schemes of Urban Beneficiaries

Socio Development Schemes	Total Score	Mean Score	Rank
Ordinary Loan for Marriage	9921	62.01	III
Education Loan	10098	63.11	II
Housing Loan	10179	63.62	I
Consumer Loan for Household	8238	51.49	IV
Handloom and Coir Cash Credit	6287	39.29	VII
Medical Ordinary Loan	7320	45.75	V
Self-Help Group Loans	6560	41.00	VI
Infrastructure Development Loan	5342	33.39	VIII

Table 1 exhibits the final results of the Garrett's ranking technique towards the preferred socio development schemes of Ernakulam District Co-operative Bank by the sample urban beneficiaries. It points out that the scheme 'housing loan' scored a highest mean score of 63.62 among various other socio development schemes. Hence, it is concluded that it is the most preferred scheme of urban beneficiaries. So, this scheme has been placed in first position. Next to this, the second rank is assigned to the scheme 'education loan' which got a mean score of 63.11 and the third to 'ordinary loan for marriage'. The remaining five schemes are comes in order.

VI.II Analysis of Favourite Socio Development Schemes of Rural Beneficiaries

An attempt has been made by the researcher to analyze the rural beneficiaries' favourite scheme under socio development with the help of Garrett's ranking. The calculated total scores as well as the mean scores of socio development schemes are shown in Table 2.

TABLE – 2
Favourite Socio Development Schemes of Rural Beneficiaries

Socio Development Schemes	Total Score	Mean Score	Rank
Ordinary Loan for Marriage	9540	59.63	III
Education Loan	10094	63.09	II
Housing Loan	10625	66.41	I
Consumer Loan for Household	7678	47.99	IV
Handloom and Coir Cash Credit	6154	38.46	VII
Medical Ordinary Loan	7436	46.48	VI
Self-Help Group Loan	6448	40.30	V
Infrastructure Development Loan	5935	37.09	VIII

The results of Garrett's ranking shown in Table 2 indicates that the rural beneficiaries also preferred the scheme 'housing loan' as their first choice by giving a mean score of 66.41. Following this, the scheme 'education loan' scored a mean score of 63.09 and placed in second position. The third rank goes to the scheme 'ordinary loan for marriage' by obtaining a mean score of 59.63. The schemes such as consume loan for household, self-help group loan, medical ordinary loan, handloom and coir cash credit and infrastructure development loan are ranked from fourth to eighth respectively.

VI.III Favourite Schemes of Socio Development – A Comparative Study of Urban and Rural Beneficiaries

There are eight schemes under socio development. The ranks assigned by the urban and rural beneficiaries are compared and analyzed. Based on Tables 1 and 2 it is clearly understood that there is no difference of choice between the urban and rural beneficiaries from first to fourth rank, i.e. the housing loan, education loan, ordinary loan for marriage, and consumer loan for household placed in first to fourth ranks respectively. The fifth rank is assigned to the scheme 'medical ordinary loan' and the sixth to 'self-help group loan' the urban beneficiaries whereas in the case of rural beneficiaries it is reversed. There is no change in seventh and eighth ranks also.

VI.IV Analysis of Most Preferred Economic Development Schemes of Urban Beneficiaries

The most preferred economic development scheme indicated by the urban sample beneficiaries based on their choice has been analyzed with an easily understandable statistical tool Garrett's ranking. The computed total scores and the mean scores for each scheme under economic development are given in Table 3.

TABLE – 3
Most Preferred Economic Development Schemes of Urban Beneficiaries

Socio Development Schemes	Total Score	Mean Score	Rank
Agriculture Loan	10915	68.22	I
Business Loan	9905	61.91	II
Ordinary Loan for Traders	8823	55.14	III
O.D. Schemes for Employees	7881	49.26	VI
Computer Loan	8399	52.49	V
Vehicle Loan	8548	53.43	IV
Project Loan	7830	48.94	VIII
Margin Money Loan	6893	43.08	IX
Self Employment Loan	7874	49.21	VII
Industrial Loan	5555	34.72	X
Friendship Loan	5514	34.46	XI

The final results of the Garrett's ranking technique towards the most preferred economic development schemes of Ernakulam District Co-operative Bank by the sample urban beneficiaries are highlighted in Table 3. It is inferred that the first and foremost scheme preferred by the sample urban beneficiaries is 'agriculture loan' (mean score 68.22). Next to this, 'business loan' (mean score 61.91) secured the second rank, and 'ordinary loan for traders' (mean score 55.14) as their third choice. The schemes viz. vehicle loan, computer loan, and O.D. schemes for employees secured the fourth, fifth and sixth ranks respectively. The other schemes are ranked in descending order of the mean scores.

VI.V Analysis of Most Preferred Economic Development Schemes of Rural Beneficiaries

To find out the rural beneficiaries' most preferred scheme in economic development, Garrett's ranking technique was applied. The calculated total scores as well as the mean scores of economic development schemes are shown in Table 4.

TABLE – 4
Most Preferred Economic Development Schemes of Rural Beneficiaries

Socio Development Schemes	Total Score	Mean Score	Rank
Agriculture Loan	10908	68.18	I
Business Loan	10543	65.89	II
Ordinary Loan for Traders	8234	51.46	V
O.D. Schemes for Employees	7532	47.08	VII
Computer Loan	8274	51.71	IV
Vehicle Loan	8848	55.30	III
Project Loan	7268	45.43	VIII
Margin Money Loan	6352	39.70	IX
Self Employment Loan	7662	47.89	VI
Industrial Loan	6670	41.69	IX
Friendship Loan	5371	33.57	XI

Table 4 shows the results of Garrett's ranking technique for the most preferred economic development schemes of rural beneficiaries. The rural beneficiaries also in favour of the schemes 'agriculture loan' and 'business loan' as their first two choices by giving a mean scores of 68.18 and 65.89 respectively. The scheme 'vehicle loan' positioned in third place, the fourth place is given to 'computer loan' and the fifth place is assigned to the scheme 'ordinary loan for traders'. The computed mean scores for these schemes are 55.30, 51.71, and 51.46 respectively. The sixth to eleventh ranks are assigned to the various other economic developmental schemes in the order of mean scores obtained.

VI.VI Most Preferred Schemes of Economic Development – A Comparative Study of Urban and Rural Beneficiaries

The economic development schemes of Ernakulam District Co-operative Bank consist of eleven schemes. Both the urban and rural beneficiaries ranked the various developmental schemes. From Tables 3 and 4 it is observed that the schemes 'agriculture loan' and 'business loan' have been awarded the first two ranks by both the urban and rural beneficiaries. The third, fourth, and fifth ranks are goes to the schemes viz. ordinary loan for traders, vehicle loan, and computer loan respectively based

on the responses of urban beneficiaries. The rural beneficiaries ranked the vehicle loan, computer loan, and+ ordinary loan for traders as their third, fourth, and fifth choice. The sixth to tenth ranks are allotted based on the mean score. The least weightage has been given to the scheme 'friendship loan' by urban and rural beneficiaries. The computed mean score of urban beneficiaries is 34.46 and it is 33.57 in the case of rural beneficiaries.

VII. FINDINGS

1. In the socio development schemes of the Ernakulam District Co-operative Bank, "housing loan" was mostly preferred by the urban and rural beneficiaries. The obtained mean score was more than 63 per cent.
2. Agriculture loan was mainly preferred by the urban and rural beneficiaries under the economic development schemes of the Ernakulam District Co-operative Bank,. The obtained mean score was more than 68 per cent.

VIII. CONCLUSION

The Ernakulam District Co-operative Bank plays a prominent role for the socio –economic development of the Ernakulam District. It is a service oriented bank compared to other commercial banks in Kerala. Bank serves mainly the needs of people in the field of Agriculture, Education, Industry, Medical, Self employment, and so on for the uplift of the people in Ernakulam District. The study reveals that 'Agriculture loan' and 'Business loan' have considered the most preferred schemes of economic development in urban and rural beneficiaries. Regarding the socio development schemes of Ernakulam District Co-operative Bank 'Housing loan' has given preference by the urban and rural beneficiaries. Appropriate changes are needed to make it adaptable in changing socio-economic scenario.

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