Original Research Paper

Commerce

MEMBERS' SATISFACTION TOWARDS CO-OPERATIVE BANKS: A STUDY IN ERODE DISTRICT OF TAMIL NADU

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ABSTRACT Co-operative banks are financial entity which belongs to its members, who are at the same time the owners and the members of their bank. They are regulated by the Reserve Bank of India (RBI).It provides loans to their members at much cheaper interest rates, as their aim is not to make profit but to provide good services to their members. It also encourages savings and investment by inculcating savings habits among the farmers. The objective of this paper is to examine the members' satisfaction towards Co-operative banks in Erode district of Tamil Nadu. On the basis of the findings of the study, various suggestions are being offered to increase the members' satisfaction of the Co-operative Banks.

INTRODUCTION

Sound and effective banking system in India is essential for healthy economy. Co-operative bank is an integral part of Indian banking system. Though cooperative movement has made remarkable progress in several areas, certain glaring defects have also developed in the movements which have been, in a way, defeating the very objectives of these institutions. Throughout the reform decade, the role and relevance of the cooperative sector remained on the background in spite of its predominant position in various fields of Indian economy. After economic liberalization under the new economic environment, co-operatives at all levels are making efforts to reorient their functions according to the market demands. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. It is therefore, necessary to know the causes of poor performance of the movement and steps to be taken for its faster growth. Members require latest services such as RTGS/NEFT, internal banking and mobile banking.

Co-operative banks are financial institutions that work on the Co-operative principle. These banks are mainly set up to provide access to credit in rural areas. It empowers and securities the poor and the low income groups. It offers basic banking functions and services in rural, urban and semi-urban areas where banking facilities are scarce. Unlike commercial banks whose sole purpose is profit making, this banks help encourage rural business and the agricultural sector and work towards growth. It provides credit facilities like rural financing and micro- financing. It aims to offer credit to common man at moderate interest loans, eliminating the dominance of private money lenders. Co-operative banks are providing agricultural loans to farmers at low interest rates for the growth of the agricultural sector and allied activities and also helping the poor and low- income groups, access banking facilities and get loans at low interest rate of cottage industries, farming, agriculture and small business.

Statement Of The Problem

In Co-operative Banks, members are the important. Members' satisfaction is more important for the development of the organization. These banks are competing with the public and private sector bank. In the competitive environment, members' satisfaction is very important. In this context, this paper aims to identify the level of members' satisfaction towards Co-operative Banks in Erode district of Tamil Nadu.

Review Of Previous Studies

Venkatachalapathy (2016) made a study on Members' awareness and satisfaction of services provided by Primary Agricultural Co-operative Credit Societies (PACCSs). He found that PACCSs is lack of supervision and inspection by Registrar of Co-operative Societies and poor recovery of loans due to persuasive policy. He concluded that "the Indian farmers is born in debt lives in debt and dies in debt".

Ajit Singh (2020) conducted a study on role of Co-operative Banks in Agricultural Development. For which, he collected data from 640 sample members by using Multi-Stage random sampling technique. Collected primary data have been analyzed by using statistical tools such as t-test, mode, mean, ratio analysis, percentages and transmuted rank score. He concluded that members require latest service such as RTGS/NEFT, internet banking and mobile banking.

Shantanu Saurabh et.al (2021) conducted a study in Uttar Pradesh. For which, they have collected data from 1000 sample members by using summated rating scale technique. Such collected data have been analyzed with various statistical tools like Cronbach Alpha and Chi-square test. They found that Self- Employed women's Association (SEWA) should be promoted the overall improvement in the empowerment of women in U.P. They suggested that women who manage the family and if every women in the family is empowered, it will automatically develop the entire nation and the society by generating employment and eradicating the poverty.

Rajiv Kumar and Neeraj Kumar Dubey (2021) made a study on Corporate Governance and members' satisfaction. For which, they have collected required primary data from 220 sample members by using Random Sampling Technique. Such collected data have been analyzed with statistical tools like percentages, mean and standard deviation. On the basis of their findings, they suggested that co-operative authorities, representatives, promoters and other stakeholders should seek out and facilitate member participation in co-operative relations decision-making.

Hypothesis Of The Study

To examine the association between the level of satisfaction of the members towards co-operative banks and their personal variables, a null hypothesis i.e., (there is no significant association between the level of satisfaction of the members towards co-operative banks and their personal variables Age, Gender, Marital status, Educational Qualification, Occupation, Nature of family, Size of the family, Number of earning members in the family, Annual income and Annual expenditure) has been framed and same has been tested with the help of Chi-square test at 5% level of significance.

Methodology And Tools

In general, co-operative banks are divided into three categories. Viz., State Co-operative Banks, District Central Co-operative Banks and Primary Agricultural Co-operative Credit Societies. This paper is mainly focused on the PACCSs. As per the information available in the on14-08-2022), it is found that there are 4474 Primary Agricultural Co-operative Credit Societies in Tamil Nadu. Further, it is known that Erode District is one of the important districts in Tamil Nadu. Hence, this district has been selected purposely. In this district, there are 10 taluks viz., (Erode, Modakkurichi, Kodumudi, Perundurai, Bhavani, Anthiyur, Gobichettipalayam, Sathyamangalam, Thalavadi and Nambiyur). Of them, Gobichettipalyam and T.N.Palayam taluk have been selected purposely, in these taluks, it is found that there are 19 PACCSs (14 in Gobichettipalyam and 5 in T.N Palayam). By using, Convenient sampling method, the required primary data have been collected from the 190 Sample members (10 members from each Society) with a well-structured Interview Schedule. Due to incompletion and contradictory information, 50 Interview Schedule have been found as not suitable for analysis. Hence, the final sample size of the study is 140. Such collected data have been analysed with SPSS 22.0

Data Analysis And Interpretation

To measure the satisfaction level of the members of PACCSs, Likert's 5 point scale has been used. Accordingly, 25 statements were given in the Interview Schedule. As per Interview Schedule and the same has been properly quantified, i.e., those who scored below 75 are grouped as less satisfied and those who scored 75 and above are grouped as more satisfied. Accordingly, the Table 1 has been prepared.

Table: 1 Level Of Satisfaction

Level of Satisfaction	No. of Members	Percentage (%)
Less	86	61.42
More	54	38.58
Total	140	100

Table 1 reveals that majority (61.42 %) of the members are less satisfied about the PACCSs. Consequence of these findings, a null hypothesis has been framed. Details of the findings are shown in Table 2.

Table: 2 Association Between The Socio Economic Characteristics And The Level Of Satisfaction: χ^2 Test

STATEMENTS	DF	TV	CV	RESULT
Age	1	3.841	2.176	Accepted
Gender	2	5.991	2.606	Accepted
Education Qualification	2	5.991	9.028	Rejected
Marital Status	1	3.841	7.890	Accepted
Occupation	2	5.991	3.245	Accepted
Nature of the family	1	3.841	2.034	Accepted
Size of the family	2	5.991	9.168	Rejected
Annual Income	4	9.491	16.932	Rejected
Annual Expenditure	2	5.991	2.546	Accepted
Area of Residence	1	3.841	2.234	Accepted

From the Table 2, it is clear that socio economic characteristics of members of PACCSs like Education Qualification, Marital Status, size of the family and Annual Income and their satisfaction level are insignificant. Whereas, socio- economic characteristics like Age, Gender, Occupation, Nature of the family, annual expenditure and Area of Residence and their satisfaction level are significant.

To measure the level of satisfaction of the members of PACCSs, Rotated Component Matrix of satisfaction variables has been applied. Table 3 shows the details of the calculation relating to Rotated Component Matrix values.

Table: 3 Rotated Component Matrix

S. No.	STATEMENTS	COMPONENT	
		Quality	Service
1.	Account opening procedure	0.754	
2	Location of bank		0.987
3.	Interest on loans and deposits		0.243
4.	Safety Locker facility		0.564
5.	Formalities of the bank	0.578	
6.	Modernization of bank		0.267
7.	Duration for the operations	0.789	
8.	Procedure for getting loan	0.983	
9.	Existence of human relations practice	0.345	
10.	Response to phone calls		0.341
11.	Availability of employees	0.952	
12.	Redressal of complaints		0.456
13.	Availability of ATM facilities	0.723	
14.	Working hours		0.562
15.	Overall services		0.565

Table 3 indicates that the level of satisfaction of the members of PACCSs is varied both in the aspects of quality and service.

CONCLUSION AND SUGGESTIONS

On the basis of the findings of the study, it is clear that majority of the members of the PACCSs are less satisfied. To increase the level the satisfaction of the members of PACCSs, the following suggestions are offered:

* It is necessary to modernize all Primary Agricultural Co-operative Credit Societies (PACCSs) with more members' centric services.
* Level of Customers Relationship Management (CRM) is to be improved.
* More Loans to be provided at subsidised rate of interest to various farming activities.

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