CHAPTER - VII

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The marketing is of great importance to developing economies. It is essential to develop marketing strategies along right lines that different producing firms whether large or small, not merely adjust but orient their production policies to the need of the market. As a result of the emergence of the marketing concept in the attitude of a few top management experts of business, the customers' needs have been considered foremost in the decision making process. This change in attitude enabled the top management experts in defining the nature of its business from the point of view of the customer. The concept, therefore, requires the company to organise around the marketing function or the customer. Anticipating, stimulating and supplying customer's wants are the primary company aims and all the other management functions are secondary.

In recent times, consumers expect a series of services from the marketer which will satisfy their wants. Service is equally important to the consumer as a product is. That is why service sector has been growing at a phenomenal rate since the last decade. In the service industry, the products are services. It is said that services are any activity or benefit that one party offers to another and these are essentially intangible and therefore no ownership. Services cannot be seen, felt or protected like goods.

When we talk about the services (products) to be offered by a bank, our main emphasis is on the deposits, loans, borrowings, consultancy and miscellaneous services. This makes it clear that banking services are the product of a bank. Whatever a bank offers to its customers would be included in the product.
Manipur State Co-operative Bank Ltd., Imphal was established in the year 1956 under the Manipur Co-operative Act 1947, subsequently replaced by the Manipur Co-operative Societies Act, 1976 with the authorised capital of Rs.5 crores. Its main objective were to grant short, medium and long term loans to co-operative institutes registered under the Co-operative Societies Act and individual members for agriculture and other allied purposes.

(i) Problems faced by the M.S.C. Bank Ltd.

The banks primarily deal in service and so the formulation of service package (schemes) should be in tune with the changing socio-economic environment. Although the commercial banks have launched a number of policies and programmes for the development of backward regions and welfare of weaker sections, still there are some loopholes in the designing of the service package (schemes). The bank under study is also not out of the vicious circle of these loopholes or problems. The main problems faced by the Manipur State Co-operative Bank Ltd. are as follows:

(1) Lack of customers-oriented approach:

Marketing aims not only at delivering (selling) whatever products (schemes and services) the banks have but also at creating new products as per the need of the customers. The selected bank under study is not in a position to cope up with the customers need. The bank personnel are not having in depth knowledge about the various products (schemes) which are available to customers.
(2) Higher costs/Interest rate policy:

The interest rate structure has been designed with a view to encouraging savings by providing savers/investors an attractive enough rate of return on their funds, providing funds to priority/preferred sectors at concessional rates of interest and directing flow of credit to sectors in line with plan priorities. The multiplicity of policy objectives and demand for preferential treatment by different sectors of economy have given rise to a proliferation of lending rates and the structure has tended to become complex despite periodical attempts at rationalisation. Interest rates have been charged from time to time taking into consideration the evolving economic situation as also societal interests. On the abolition of the prescription of a maximum rate of interest banks are free to charge higher rates to customers according to their credit records. Borrowers with a good track record would benefit from this measure. Banks have, however, been cautioned to use their discretion judiciously, so that lending rates remain within reasonable limits. However, the rate of interest charged by the bank is high.

(3) Lack of promotional activities:

A manager is found successful in transforming the potential customers into actual customers with the help of different promotional tools. In the case of selected bank, no such emphasis has been given to the promotional policies.

(4) Lack of place policies:

Sound locational policies of the bank and its branches help in activating the business. Manipur State Co-operative Bank Ltd. has eleven branches which cover the
whole of the state. However, the functioning of these branches is not up to the mark because of various problems.

(5) Lack of funds with the bank:

The bank is not in a position to maintain sufficient funds as per the requirement of its customer. State Government is also not providing funds in good quantum to the bank.

(6) Lack of motivation among depositors:

Motivation of depositors is one of the most important concerns of the manager of the banks to enable them to render optimum contribution to the achievement of the organisational goals of the bank. It, therefore, becomes important for him to understand what motivates depositors to behave as they do. Although human behaviour is random and consists of emotions and reflexes, most of it is goal directed in the sense that it is aimed at the satisfaction of some need. Since the needs, tastes and preference patterns of the customers and the organisation of the bank are not always the same, the manager can better integrate these two sets of needs of the depositors by gaining an insight into the needs of the customers and then channelise them in the direction of the needs of the bank. However, the bank has not taken any step to motivate depositors.

(7) Higher volume of non-performing assets:

The bank has invested its funds in non-performing assets. It affects the liquidity position of the bank.

(8) Misuse of funds:

Although a proper mix of borrowed and equity funds is essential to keep the cost within reasonable limits, among others, more important than this is the effective
utilisation of the funds. The borrowers (individual and societies) are not returning, the funds on time and the funds obtained by the borrowers for different schemes are not properly utilised thereby causing a lot of inconveniences in the process of recovery of dues and the bank has no control over it. The bank is not trying to monitor the proper utilisation of the fund for the purpose for which it was sanctioned.

(9)  Poor recovery system:

The bank is not in a position to recover the dues from the borrowers because of various problems internally as well as externally. The bank has not adopted any strict policy in this regard till today. It affects both profitability and growth of the bank.

(10) Lack of professional input and human resource approach:

The bank faces a lot of problem because of lack of professional personnel as well as human relation approach. The existing personnel are not making any attempt to improve the system planning and organising involves setting up of the goals, mobilising resources – human financial and other requirements for achieving the set goals and motivating the customers.

(11) Lack of complaint box and grievance cell:

The bank is not having any provision of complaint box as well as grievance cell.

(12) Lack of experience and knowledge:

Majority of the staff members of the bank are not having good experience and knowledge about the various banking activities i.e. investment criteria, financing pattern, recovery procedure, etc.
(13) **Over staffing in the bank:**

At present, the bank is having over staffing which creates financial burden to the bank.

(14) **Political interferences:**

Some times the bank is not in a position to perform its activities in the desired manner because of political interferences.

(ii) **Conclusions:**

1. **The Manipur State Co-operative Bank Ltd. continued to function through 11 branches located in various parts of the Manipur State.**

2. **Reserve funds available with the bank show an increasing trend since beginning.**

   In 1984, reserve funds of the bank were Rs. 22 lakhs which increased to Rs. 166 lakhs in the year 1993.

3. **Deposits and other accounts show a heavy fluctuation with a figure of Rs.278 lakhs in 1984 which reduced to only Rs. 22 lakhs in the next year i.e. 1985 but again there was a continuous increase in the year 1986, 1987, 1988 and 1989 with a figure of Rs.294 lakhs, Rs.462 lakhs, Rs.621 lakhs, Rs.682 lakhs respectively.**

   In 1990, the figure of deposits declined heavily to Rs.67 lakhs only and finally reached to Rs.936 lakhs in the year 1993.

4. **The bank borrows funds from State Government, NABARD, IDBI, HUDCO, NCDC, etc. to meet the required demands of the customers. During the last ten years i.e. 1984 to 1993 borrowing of the bank has increased to Rs.1771 lakhs.**
5. Although the availability of cash with the bank shows a very encouraging picture during the last two years i.e. 1992 and 1993 with a figure of Rs.359 lakhs and Rs.317 lakhs respectively, the bank should not keep this much cash as it will effect its profitability.

6. Profitability position of the bank is also not satisfactory. During the last ten years under study, the bank could earn profit in only four years and in the remaining six years there were losses in the bank. There was a heavy loss to the extent of Rs.64 lakhs in 1993.

7. The bank has sanctioned a huge amount of loan to the customers but recovery is very poor. Outstanding loan was Rs.399 lakhs in 1985 which increased to Rs.2063 lakhs in 1993. It shows the recovery procedure of the bank is not upto the mark.

8. The bank has delegated authorities to its employees as per their heirarchy in the organisation, but due to lack of professional vision and healthy work culture, the customers of the bank are not getting fair treatment and deal. In order to ensure that customers derive fullest benefit from various schemes adopted by the bank, it is imperative to say good bye to “Canned Approach”. Simplification of rules and regulations in having excess to various schemes, will definitely go a long way to benefit them.
9. The bank has provided a good number of schemes to their customers but customers are not getting full advantage of it because of various formalities to be met by them.

10. A large volume of non-performing assets with the banks affect its profitability.

11. The borrowers are not utilising the funds for which they have obtained.

12. The bank has not adopted professionalism approach in the system.

13. Presently the bank is having over staffing which increases financial burden to the bank.

(iii) Suggestions:

With conclusions contained in the foregoing paragraphs of this chapter, following suggestions may be put forward which, if implemented sincerely, may serve as catalytic factors in strengthening the marketing of banking services in general and Manipur State Co-operative Bank Ltd., Imphal in particular.

1. Manipur State Co-operative Bank Ltd. should adopt the customer-oriented approach i.e. profitability through customer satisfaction.

2. Manipur State Co-operative Bank Ltd. which is the pioneer financial institution in Manipur in the field of agricultural development and as such it should provide sufficient funds to their customers (cultivators) at the right time to enable them to carrying out seasonal agricultural operations and other allied activities.

3. Lack of Complaint box and grievance Cell: While considering for the optimistic of profits of the bank, the customers’ satisfaction is also one of the key roles to be
played by the banks. In a democracy the opinion of the public is of prime importance and for hearing and to be heard from the public, there should be provision of complaint box as well as grievance cell in all branches in order to get a feel of the pulse of deposit the customers regarding the functioning and services rendered for them.

4. The bank should maintain the optimum cash in liquidity to meet the customers requirement. Cash Reserve Ratio (CRR) formula should be clearly maintained by the bank.

5. Present and potential customers should be motivated by the bank while providing higher return on their deposits as well as through higher level quality services.

6. The bank staff personnel should adopt human relation approach towards customers.

7. The bank staff personnel should have continuous supervision to their customers to recover the dues.

8. The bank should send notice to their customers (borrowers) when the payment is due.

9. The bank should set up a special branch for recovery i.e. "Recovery Tribunal" under the leadership of a person who is having good knowledge and experience in the area.
10. A person who is having MBA Degree with the finance specialisation should be appointed as Managing Director.

11. The bank should encourage their staff personnel to attend training and development programmes. This will increase the productivity of the employees.

12. The bank should request the University authorities/institute of higher education to conduct the training and development programme on regular basis.

13. Voluntary Retirement Scheme (VRS) should be introduced by the bank to reduce the excess staff personnel. It will help the bank to increase profitability.

14. The bank personnel should have depth knowledge about the schemes which are being offered to customers.

15. Professionalism approach should be adopted by the bank to run the activities smoothly and efficiently.

16. State Government and other institutions like NABARD, SIDBI should provide sufficient doses of funds (as loan) to the bank to augment the requirements of the customers.

17. The bank should mobilise resources by way of deposits from the public because the survival of the bank entirely depends on them.

18. The functioning of the branches should be checked/monitored by the top management without prior notice.
19. The bank should maintain up-to-date records regarding sanction of loans, deposits, borrowing by customer etc. to judge the performance of the bank from time to time.

20. The bank should use the computer for maintaining the proper records.

21. Level of non-performing assets should be reduced by the bank to increase profitability.

22. There should not be any political interference in the activities of the bank like, selection of employees, sanction of loans, etc.

23. Management by objective (MBO) and accountability concept should be adopted by the bank.

24. Published materials relating to various schemes and functioning of the bank should be made available to the customers.