Chapter VI

Summary of Findings and Conclusion

Profile of the sample batiks

Membership position of sample banks: The average membership of PACB under 'B' category was 1875 and 'C' category was 2399. The average membership of UCB of ‘B’ category was 23,801 and 13,464 for ‘C’ category of banks. In case of branches of central cooperative banks, the average membership was 56 for the nearby and 68 for the far away branches respectively. As a whole, the membership position as a whole, has been witnessing an increasing trend by registering a compound growth rate of 2.89 per cent.

Share capital position of sample banks: The average share capital of sample PACB belonging to ‘B’ category was Rs.4.80 lakh while, it was Rs.10.28 lakh in ‘C category. In the case of UCB the average share capital of 'B' category bank was Rs.89.24 lakh and the ‘C’ category bank was Rs.65.58 lakhs. The average share capital of branches of CCB located nearby the PACB, UCB and Commercial bank was Rs.84.87 lakh and branches that are located faraway from PACB, UCB and Commercial bank was Rs.93.54 lakh. As a whole, the share capital of the agricultural credit cooperatives in the district has registered a compound growth rate of 3.71 per cent.

Reserve position of sample banks: The average reserves of PACBs belonging to ‘B’ category was Rs. 13.77 lakh and ‘C category was Rs.8.93 lakh. While it was Rs.48.04 lakh and Rs.112.75 lakh for in 'B' and ‘C category of UCB. The average reserves of the branches of CCB which was Rs.221.93 lakh for nearby and Rs.237.82 lakh faraway branches respectively. The reserves of the sample agricultural banks in the district have recorded a compound growth rate of 13.53 per cent during the study period.

Borrowing position sample banks: The average borrowings of the sample PACB belonging to 'B' category was Rs.56.81 lakh, while, it was Rs.83.86 lakh for ‘C’ category. In case of CCB, the average share capital of nearby sample bank was Rs.467.17 lakh and the faraway bank was Rs.495.97 lakh. The sample UCBs have not borrowed loans during the study period. Thus, the borrowing position of the sample cooperative banks have been witnessing increasing trend by registering a compound growth rate of 6.98 percentage.
**Investment position of sample banks:** the average investments of PACBs belonging to ‘B’ category was Rs. 24.95 lakh and ‘C’ category was Rs.44.32 lakh while it was Rs.713.97 lakh and Rs.1,302.34 lakh for ‘B’ and ‘C’ category of UCB. The average investments of the branches of CCB which were based on their location categorized as ‘nearby’ and ‘faraway’ was Rs.595.45 lakh and Rs.631.00 lakh respectively. The investments of the sample agricultural banks in the district have recorded a compound growth rate of 6.07 per cent during the study period.

**Working capital position of sample banks:** the average working capital of PACB belonging to ‘B’ category was Rs. 113.83 lakh and ‘C’ category was Rs.111.71 lakh while it was Rs.1910.92 lakh and Rs.2,432.33 lakh for 'B' and 'C' category of UCB. The average working capital of the branches of CCB which were based on location categorized as ‘nearby’ and ‘faraway’ was Rs.2,607.47 lakh and Rs.2,748.91 lakh respectively. The working capital of the sample agricultural banks in the district have recorded a compound growth rate of 9.82 per cent during the study period.

**Net results of the sample banks:** Majority of the sample banks’ business operations were not much impressive during the study period.

**Core banking service functions of sampSe cooperative banks**

The core banking services refer to deposits and loan functioning.

**Deposits position of sample banks:** The deposit position of the sample banks in the district have recorded an increasing trend at an compound growth rate of 10.17 percentage during the study period.

**Loans and advances of sample banks:** The annual average loans disbursed by the PACB belonging to ‘B’ category was Rs.107.48 lakh and ‘C’ category was Rs.55.29 lakhs. While is the case of UCB, it was Rs.1053.40 lakhs for ‘B’ category and Rs.1133.21 lakh for ‘C’ category respectively. As for as CCB is concerned, the nearby branches have lent to the tune of Rs.2414.32 lakh and the faraway branches have lent Rs.2545.61 lakh respectively. As a whole, the loans and advances disbursed by the sample banks recorded a compound growth rate of 2.87 percentage during the study period.
Loan outstanding position of sample bank: the average outstanding of PACB belonging to ‘B’ category was Rs. 91.23 lakh and ‘C’ category was Rs.89.25 lakh while it was Rs.1266.30 lakh and Rs.1593.46 lakh for ‘B’ and ‘C’ category of UCBs. The average outstanding of the branches of CCB was Rs. 1711.73 lakh and Rs. 1806.03 lakh respectively. The outstanding of the sample agricultural banks in the district have recorded a compound growth rate of 16.19 percent during the study period.

Loan Overdues position in sample banks: the average overdues of PACB belonging to ‘B’ category was Rs. 25.54 lakh and ‘C category was Rs.26.03 lakh while it was Rs.415.28 lakh and Rs. 192.97 lakh for’B’ and ‘C category UCB. The average overdues of the branches of CCB which was based on location categorized as ‘nearby’ and ‘faraway’ was Rs.698.37 lakh and Rs.749.16 lakh respectively. The overdues of the sample agricultural banks in the district have recorded a compound growth rate of 17.89 per cent during the study period.

Recovery of loans by sample banks: The average loan recovery of PACB belonging to ‘B’ category was Rs. 118.98 lakh and ‘C’ category was Rs.90.51 lakh while it was Rs.1047.19 lakh and Rs.791.50 lakh for ‘B’ and ‘C’ category of UCB. The average loan recovery of the branches of CCB belonging to ‘nearby’ and ‘faraway’ was Rs.8552.66 lakh and Rs.9016.84 lakh respectively. The loan recovery of the sample agricultural banks in the district have recorded a compound growth rate of 8.15 percent during the study period.

Socio-economic characteristics of the respondents

An analysis made on the demographic indicators (age and gender), social (education, community, family size, social participation and contact with change agents) and economic indicators (occupation, family, annual income, asset) influencing individuals besides, the Cooperation indicators (services availed from Cooperatives and knowledge about cooperative management, etc.) reveal the following inferences.

Demographic indicators

Age and gender: Customers belonging to the young age group (18-30) are more (53.4 %), dominated by the debtor-customers. The chi-square test reveals that there is no significant relationship between the age and the categories of customers.
14.8 per cent of them were women but, majority of them have both debtor and creditor relationship with the cooperative banks. This shows that women are gradually taking up membership with cooperatives in recent years. The reason could be the recent policy changes made by the government towards promoting women empowerment through cooperatives. The lending services are designed and developed to fulfill the growing needs of the women folk. Now, positive role is being played by them almost in all the sectors particularly in cooperatives.

Social indicators

**Level of education:** A majority (88.9 %) of customers fall under the school level of education category dominated by debtor-customers. Only 6.8 per cent of them were illiterates. However, during the survey, it was observed that though they illiterates, they were quick in manual arithmetic calculations and enable to take decision and react to the situations boldly. The study further reveals that there is relationship between level of education and the type of relationship held with the bank. This indicates that literates are more likely to have customer relationship with cooperative bank than illiterates.

**Type and size of family:** Majority (52.0 %) of the debtor-customers adopted medium size of family and 48.8 per cent of the creditor-customer had small size of family (upto 4 members). The chi-square test reveals that there is positive relationship between the size of the family and the nature of relationship that the customers held with the banks. Thus, it may be stated that the customers possessing small and medium size of family are more likely to have customer relationship with cooperatives.

**Social participation:** Customers with debtor-relationship seemed to possess high level of social participation than others. While, customers with creditor-relationship seemed to possess low level of social participation. However, the results of chi-square analysis indicates that there is significant relationship between social participation and the nature of customer relationship with the banks.

**Contact with change agents:** 54.8 per cent of the customers have not contacted the change agents at all. However, the chi-square test reveals that there is no association between the type of customer relationship that they have with the bank and the level of contact with change agents.
Economic indicators

**Occupation:** Majority of customers contacted were engaged in agri-based occupation including agricultural coolie (54.85%). Customers with non-agri based occupation have less contribution. However, the chi-square test reveals that there is no significant association between occupation and the nature of relationship that the customers have with the bank.

**Family annual income:** The family annual income of majority of customers ranged between Rs.25,000/- - Rs.50,000/- category. Further, the family income of creditor-customers is significantly higher than others. However, there is significant relationship between the level of annual income and the type of relationship that the customers maintain with the bank.

**Total assets:** 47 per cent of customers posses assets worth ranging between Rs.1,00,001/- and Rs. 2,00,000/-. Moreover, the value of assets of the debtor-customers seemed to be more than that of others. This is an important finding that the cooperatives seemed to create more assets among debtor-customers or it can also be stated that persons with more assets seemed to have debtor-relationship with cooperative banks to a greater extent than others.

**Borrowings:** Majority (79.3%) of customers have easy access to institutional sources than non-institutional sources for borrowings. Among the organized institutional sources of credit, cooperatives are the major sources of borrowings of customers.

Cooperation indicators

**Knowledge about cooperative management:** 74.5 per cent of the debtor-customers and 57.65 per cent the customers with mixed relationship have higher level of knowledge about their cooperatives. Only, 30 per cent of creditor-customers have high level of knowledge about the management of cooperatives. The reason could be that the respondents having creditor-relationship with the bank are not core members, i.e., they are not owners and therefore, they can not participate in the management affairs of cooperatives and may have paucity of information about the management of cooperatives. Moreover, most of the creditors seemed to have kept their money in the form of deposits with the objective of earning higher rate of interest besides extending the guarantee for re-payment of interest and principal amount.
Reasons for having relationship with cooperatives: 95.8 per cent of customers disclosed that getting loan from cooperatives is the foremost reason for maintaining such relationship with the sample bank. When the creditors were interviewed, majority of them (41.6 %) revealed that getting interest out of the deposit is the reason behind their relationship with the bank. About 41 per cent of the customer having both debtor and creditor type of relationship expressed that they maintain such relationship for getting loan out of their money deposited and around 32 per cent wanted to get benefits of the government schemes and programmes.

Awareness about various deposits of cooperative bank: Irrespective of the type of relationship that the customers have with cooperatives, they disclosed their awareness towards various types of deposit schemes. Majority of customers (56.36%) expressed high level of awareness towards the demand deposits of the cooperative banks.

Awareness about purposes of loans lent by cooperative banks: majority of the customers expressed awareness about the purposes of loan lent by of cooperative banks. Almost all customers expressed awareness about short-term and pledge loans provided by cooperative banks.

Awareness about the ancillary services of cooperative banks: The services such as telephonic services, ATM., credit cards, debit cards and travellers cheque etc. were not popular among customers of cooperative banks; moreover, these services were seldom available with cooperative banks too.

Perception of the customers on

Physical facilities: A majority (76.59 %) of the customers expressed satisfaction over the physical facilities of cooperative banks. Among them, debtor-customers have high level of perception (91.67%) followed by mixed category (72.97%) and creditor-customers (55.20%) respectively. Out of 440 customers contacted, only 15.23 per cent expressed dissatisfaction towards the physical facilities of cooperative banks. This negative perception may be attributed due to the comparison made with their counterparts.

The overall result of linear multiple regression analysis on the perception of the customers towards the physical facilities of cooperative banks indicate that customers of non-farming sector especially women folk who probably seek less capital as borrowings seem to have low level of perception towards the physical facilities of cooperative bank.
Loans and advances: An average of 182 respondents expressed dissatisfaction over the services of loans and advances of cooperative banks. About 177 customers expressed satisfaction over the loans and advances of the banks. Thus, almost equal proportion of customers have expressed both positive and negative opinion towards loaning functions of cooperative banks.

55 per cent of debtor-customers opined satisfaction over the banking services of cooperative banks. But still, the over all picture of the table reveals that among the customers contacted, 45.91 per cent of them expressed dissatisfaction over this service. The table further reveals that the level of dissatisfaction over the loaning services was more (48.51%) among the debtor-customers than creditor-customers (35.24%).

So far as the perception of the customers on loaning services of the cooperative banks, the results of linear multiple regression indicate that social participation has a positive significant effect on the perception of debtor-customers. Where as, gender has positive significant effect among creditor-customers. This is an important finding that debtor-customers seemed to have high level of perception on the loaning services of cooperative banks. The reason for this could be the increased lending of loans and advances to self-help women and micro enterprises through cooperative institutions in recent years.

Deposit services: Majority (63.64%) of customers expressed dissatisfaction over the deposit services of cooperative banks. They further stated that the money deposited with cooperatives could not be withdrawn in times of urgency and the bankers convince and compel to renew the deposits, when it gets matured. About 78.9 per cent of the customers expressed that safety for deposit is largely lacking in cooperatives owing to indulgence of malpractices and mis-management by the officials of cooperative banks.

55.45 per cent of the customers particularly debtor-customers (45.49%) expressed dissatisfaction over the deposit services of cooperative banks. The Linear Multiple Regression (LMR) results reveal that the variables such as gender, age and occupation have significant positive effect among the customers. However, the debtor-customers with less social participation did not have high perception on the deposits of cooperative banks. Whereas, age old people seemed to keep their money with cooperative banks.
Policy-makers: 95.7 per cent the customers of cooperatives have negative perception about the policy-makers. This indirectly reveals that the elected representatives who are the policy-makers as well as ultimate users of the service are not committed to the cause of the development of the organisation as well as for the welfare of its customers. Majority of customers lamented that if they are firm in their decision by avoiding the external stimuli to intervene in the affairs of cooperatives, cooperatives would have flourished as in the developed countries.

Further, 45.7 per cent of the customers perceived negatively about the policy-makers role in the cooperative banks. About 50 per cent of respondents having debtor-customer relationship have expressed dissatisfaction over them and 45.7 per cent of the customers remained indifferent towards them.

Employees of cooperative banks: 89 per cent of the customers complained and that majority of the employees were unaware of the prices of their banking services. Further, they expressed that the employees must be fully conversant with the prices of the products / services which the bank is offering. This is expected by the customers to convince about the competitiveness of the banks’ products. The educational standard of employees of cooperatives seemed to be low. Further, customers viewed that the employees are loosing their sense of belongingness, devotion to duty and sincerity.

93.4 per cent of customers have expressed negative perception towards the employees as they did not work for the welfare of the customers.

Factors responsible for the enhancement of satisfaction of customers: Delay in rendering services, cumbersome procedures and indifferent attitudes of the employees were found to be the major factors causing dissatisfaction among customers of cooperative banks.

Barriers Impeding Customer Orientation of Cooperative Banks: Cooperatives are neither philanthropic organisations nor evangelical missionaries nor charitable institutions that aim at creating better men and conscious society. Cooperatives, in fact make a man better through a unique approach, which brings developments by synthesizing acceptable economic means and cherished social values. Hence, they differ from Capitalism and Socialism. It enters into no secret association improve the socio-economic conditions of both members and beneficiaries (non-members) of cooperative banks. It needs no trade union to
Cooperative organisations constitute the sub-system of the total system. Their economic efficiency is widely affected by both the micro and macro forces embedding the total system. This could be the basic reason in all countries in the world that the governments have enlarged the economic roles of cooperatives in the pursuit of Nations' social objectives (Subburaj, 2002).

In countries like India where the cooperative movement is sponsored and nurtured by the government since 1904, it has contributed a lot for the nation's economic development.

Yet, the economic contributions of cooperatives are often underestimated by comparing the progress and performance of other forms of economic enterprises. Cooperatives are confronted with several bottlenecks due to their constitutional, managerial and functional weaknesses. Problems arise out of organisational climate and environment, which mould cooperatives, and frictions arise out of the psycho, socio-economic and cultural factors governing the people and that of cooperative organisation themselves including cooperative ideologies.

Perusal of reports of various Committees and Commissions and a few research works have highlighted several limiting factors, which impinge the economic as well as social performances of cooperatives. Sir. Frederick Nicholson (1895-1897) found social stratifications and illiteracy among people in general and low productivity in agriculture and allied industries in rural area as limiting factors. Similarly, Sir. Edward Law (1901) noticed that feudalism and lack of voluntary action among people thwarted the cooperative enterprises. Sir. Edward D. Maclagan (1915) observed that lack of diversification and sporadic existence of Cooperatives hampered the progress of cooperatives. The Reform Act (1919) pointed out problems in self-governance and absence of micro plan for cooperative development as major limiting factors. Where as, the Royal Commission on Agriculture (1928) found fault with the production and distribution systems and the drought prevailing in the country. The Central and Provincial
Banking Enquiry Committee (1931) and the Report of the Reserve Bank of India (1939) identified the chronic indebtedness and low productivity in agriculture as reasons for poor performance of cooperatives. Also vested interest and absence of cooperative leadership have retarded the forward movement of cooperatives (.Niyogi Committee of Bengal, 1940). Weak capital base and absence of organic link between cooperative institutions, haphazard planning and laissez faireness of the State for the cooperative development were the reasons for feeble cooperative development (Gadgil, 1944 and Cooperative Planning Committee, 1946).

Indian Delegation to China on Agrarian Reforms (1948) identified existence of non-viable cooperatives with single purpose business, covering very limited geography for business operations as a major reason for the stunted growth of Cooperatives. The All India Rural Credit Survey Committee (1954) emphasized lack of Integrated Approach for cooperative development. Malcolm Darling (1957) viewed the problems arising out of ambiguous policy resolutions on Cooperatives. Absence of diversification and failure in approach for holistic treatment of the primary unit is the cause for tardy growth of cooperatives (National Development Council Policy Resolution, 1958). Sir. V.L.Mehta (1960) found defects in the functioning of cooperatives including structural weaknesses and lack of coordination among various development agencies for cooperative development (Mirdha Committee on Cooperation, 1964).

Hough (1966) observed poverty and malnutrition, widespread indebtedness, high percentage of illiteracy, lack of business experience, uneconomic holdings, inadequate transportation and storage, dearth of regulated markets, exploitation by Money-lenders and middleman, great price fluctuations and antiquated method of cultivation were the reasons for poor performance of cooperatives. Myrdal Gunnar (1968) found fault with cooperatives themselves as an institution which have failed to bring even succor to the poverty-stricken peasants, artisans and small traders and absence of consolidation of cooperatives to avail viability and scale advantages (All India Rural Credit Review Committee, 1969) as reasons for poor performance of cooperatives. Poor coverage of population and neglect of weaker sections, absence of professionalisation and increased bureaucracy (Sivaraman Committee, 1976), absence of single window system of delivering the services of cooperatives, target orientation by subsiding
the field realities, increased politicisation, defective implementation of schemes and programmes of government through cooperatives (Datey Committee, 1974), absence of infrastructure for cooperative development, poor backward and forward linkages among cooperatives (Dantwala Committee, 1966), poor financial management, non-adoption of systems approach for cooperative development (Bavishkar 1980 and Kkushro Committee, 1989), dual control and regulation of cooperatives by the State and Central organisations, restrictive trade policies and procedures, increased financial burden, (Narasimman Committee, 1991) myopia in realizing the cooperative ideologies and the principles which resulted for crisis in cooperative identity (ICA, 1995), absence of friendly legal framework for cooperatives affecting the autonomy and independent characteristics of cooperatives (Brahm Perkash Choudary Committee, 1991 and Arun Biswas, 1997), increased state intervention (Surinder S. Jodhka, 1995; Mishra, 1999; Cooperative Initiative Panel, 1999 and Profulla Hazarika, 2002) and paradigm shift from active membership to pseudo membership (Subburaj, 2000 unpublished draft report) have been attributed for poor performance of cooperatives. Self-help and self-reliance, which are the chief characteristics of the cooperative movement, are conspicuous by their absence in India (Cooperative Initiative Panel, 1999).

All these literatures show that cooperatives are imbibed with several defects and also confront with numerous problems in their daily wake. Although all the defects and problems of cooperatives are not new, an attempt is made to discuss problems, which hamper maximization of customer service in cooperative banks as perceived by customers who actually involve in the development of cooperatives and people in general and ultimately to whom cooperatives strive for. Both close-ended and open-ended questions were asked among customers and their responses to other issues are summarized below. Moreover, problems and barriers highlighted during Focus Group Discussions (FGDs) are noted in appropriate places. The study report presents the problems / barriers associated in rendering customer oriented services by cooperative banks under three major headings viz., problems related to Management, Administration, Mechanisation of banking services, etc. The customers never found fault with the approved techniques of cooperation, rather with the method of adoption of the techniques, which lacks effectiveness in rendering customer satisfied services.
Problems related to Constitution of Cooperatives: The term constitution in cooperatives refers to objectives, membership evolved and area of operation. Whether cooperative institutions have objectives or not? Whether the objectives are broad based sufficiently to provide adequate scope to take-up desired activities in tune to the needs and wishes of members? Are there any discrepancies in the objectives which do emerge as an inbuilt block in the process of adaptation to the changed environment? Are there any deviations in the execution of functions from the avowed objectives of cooperatives? Whether membership is provided to those individuals who are in need of the services of the cooperatives or not? Whether the conditions for membership enable for speedy accomplishment of objectives by cooperatives? Whether the area of operation provides for advantages in the business transactions or not? Whether the area of jurisdiction enables to promote cooperative characteristics among people and identity to the institution or not? Whether heterogeneous composition of population dwelling in the jurisdiction of cooperatives is served by variety of services or not? Are there any fraternal and service competitions to Cooperatives in their area of jurisdiction? These and other issues were discussed with customers and inferences are presented below.

Majority of members blamed that adoption of universal membership in cooperatives is the major reason for infiltration of power politics in cooperatives. It seemed to be the major root cause for changing membership behaviour in cooperatives. Urban members viewed that adoption of universal membership is the major cause for expanding inactive membership in cooperatives. They said,

Those who do not need the core services of cooperatives; whose economic requirements can not be met as per the objectives of the cooperatives; those who would like to use cooperative membership as a stepping stone for their political advantages or local popularity or group dynamics were benefited out of universal membership policy.

(FGD among customers of cooperative banks in Dindigul Block)
Members who realize the significance of their membership in cooperatives are found minority today. Individuals who join the cooperatives with mere business propositions seek economic advantages even by neglecting social virtues and values.

( FG D among members of village in Athoor Block)

- While referring to the area of operation of the cooperative banks, majority of customers felt that wider area coverage has widened the anonymity among them. Moreover, serving the heterogeneous needs and wants of customers by a cooperative resulted in various segmentations among its customers. When cooperatives lack in expertise in different fields of their business operations, image building among people is highly affected. When people with unmet needs and wants constitute membership in cooperatives will justify their changed behaviour against cooperatives by drawing strength and support from other agencies and institutions which aim at counter-fitting or outstripping the cooperatives.

Problems related to Management of Cooperatives: Management in cooperatives refers to structure and method adopted for managerial decisions in cooperatives. Three-tier bodies includes viz., General Body (GB), Board of Directors (BOD) and Chief Executives (President and Vice-President) the method adopted in decision-making and system of controlling the affairs of cooperatives are likely to influence the customers of cooperatives.

With regard to lack of autonomy of cooperatives, leaders of rural Cooperatives said that the legal provisions governing the cooperatives, circulars, and letters of the department of cooperation of the Government terribly shatter the ‘cooperative’ autonomy.

They said,

We have cooperatives of the State Government and not cooperatives of ours. We have prescriptive cooperatives and not the cooperatives of what we wish to have.

( FG D among customers of Vedasandur block)
With regard to decision-making process, the inference of FGD reveals that

Decisions, which are resolved to tackle immediate problems of the emerging situations, do not yield expected result when it is executed with the approval of the department.
(FGD among customers of Nltakattai block)

We do not take decisions for personal ulterior benefits. But we are surprised at the decisions when they are blended with political benefits later.
(FGD among members of Oddanchatram block)

Problems related to administration of Cooperatives: Administration in cooperatives refers to mechanism, which is responsible for execution of the decisions of management. The top executives viz., the President etc., the paid officials of cooperatives, the procedures and manuals guiding the daily routine operational / functional performance of cooperatives constitute the administrative system.

While commenting the employees of PACB, a senior member said,

The owners of PACB have not grown in terms of economic status as their employees have grown. This tragedy occurs only to owners of cooperatives and not to any private or public sector mill owners.
(FGD among members in Dindigul block)

While narrating the style of functioning of Special Officers, some of the participants said,

The government pays them. Even if they manage the cooperatives inefficiently and incur loss subsequently for years together they are assured of their salary.
(FGD among customers in Oddanchatram block)

They also said,

The special officers are empowered with administrative and judiciary powers.
(FGD among customers in Palani block)
Problems related to various services of Cooperatives: Since, cooperatives are perceived primarily as an economic institution through which social emancipations can be achieved, the services of cooperatives are not to be viewed with business propositions. Moreover, the services of cooperatives are meant to those who have no option and those who were deprived of those services due to their own socio-economic weaknesses. Hence, it is stated that cooperatives are agencies of weaker-sections and downtrodden; those who cannot overcome their economic sufferings out of their own individual efforts come together to organize their own enterprise on cooperative line.

In the focus group discussion held among customers, it was observed that they were highly dissatisfied with the crop loan of their cooperative bank. They further said that,

No doubt we are in need of cash and fertilizers for cultivation of crop. But cash which we get out of the loan is inadequate and untimely... Moreover the required types of chemical fertilizers are not offered; rather we are compelled to take unwanted fertilizers out of the loan money!

(FGD among customers in Vedasandur block)

With regard to loaning, the inferences of FGD is given below;

The PACB accepts deposits from public as per the advice of the Central Cooperative Bank. Similarly sanction loan to individual members as per the guidelines of the Central Cooperative Bank .... PACB is merely a distributive unit.

(FGD among customers of Palani block)

With regard to the attitude Employees of Cooperative Society customers revealed that they are highly reluctant to continue their clientele with their cooperatives. Because,

Commercial banks are dearer than cooperative. They have come to our doorstep to serve the credit whereas the Cooperatives expect us to knock at their doors for several times.

(FGD among customers in Athoor block)
With regard to procedures involved in cooperative banks in availing its services, the customers expressed that,

We do not find difficulties in preparation and submission of filled in application. But we are amazed how commercial banks have simplified their procedures which seem to be borrower friendly!

(FGD in among customers in Dindigul block)

To sum-up this part of this section, non-availability of needy services, cumbersome procedures, high cost of services, absence of consumer orientation and absence marketing adaptation in rendering services to members in particular and public in general have been felt as barrier in rendering customer oriented service in cooperatives. Unless the entire cooperative system is perfected, quality services at competitive cost cannot be offered. In the changed economic environment, when market driven forces govern the entire economy, cooperatives should realize and manifest themselves as an effective business enterprise so that they can maximize their image among customers.

Suggestions

On the basis of the information obtained from the customers, the researcher feels that it is her duty to offer some salutary suggestions for enhancing better customer service and more efficient functioning of the cooperative banks.

**Structural Soundness:** The super structures for cooperatives are created on the presumption that they will ensure for balanced growth and perpetuation of cooperatives and establish organizational link and business collaboration among cooperatives at all levels. The unsolved problems of primary cooperatives are expected to be solved by their federal organizations. The federal organizations should function strictly in accordance with Agency Theory which highlights the significance of mutual economic gains to parties who constitute as a basic unit of the system although there are perversions in the relationship between and among cooperative enterprises. Hence, it is suggested that the constraints and problems in building-up harmonious relationship among and between cooperatives need to be taken to bring every cooperative institution to be a viable business unit.
Shift in Business Orientation: The concept of customer orientation is very well inherent in cooperatives. Because the common felt need of members of cooperatives are the foundation from where the very objectives of cooperatives flourish. Hence the activities taken-up by cooperatives necessarily will be in tune to the needs and expectations of customers. However, when cooperatives are regarded as tool for economic emancipation among weaker sections, the need to take-up the activities under the schemes and programmes of the government is quite obvious. Moreover, cooperatives are expected to render their services to the general public. Hence when the services of cooperatives are availed by non-members, the need to have consumer orientation by cooperatives is felt. Unless cooperatives meet the needs and wants of the customers (members and non-members), the expected operational viability as well as effectiveness of cooperatives could be realised. Moreover, when the entire economic transactions are driven by market forces, the need to have marketing/consumer orientation by cooperatives requires no emphasis. Therefore, steps may be taken-up to orient the Cooperatives on the marketing forces and competitive dynamics.

Professionalism in Management: Bringing professionalism in management is one of the toughest tasks in cooperatives. Because professionalism as a subject matter is highly related with cost aspects, i.e., higher the professionalisation, higher will be the cost of management. Since cooperatives have their own limitations of not being profit-oriented, they cannot afford to avail of the advantages of high professionalism. On the other hand, absence of professionalism in the management of cooperatives may result to inefficiency and ineffectiveness. Keeping in view the above fact, professionalism to management of cooperatives is highly felt. Although the government has realized of the significance of professionalism for cooperatives, it is suggested that professionalism should not be clubbed with bureaucracy. Knowledge of needs, wants, aspirations, attitudes, opinion, preferences and problems of customers will enable the bank and the policy-makers to frame suitable marketing strategy for banks.
**Enlightened membership:** The schemes and programmes for the development of people are implemented through cooperatives, it is suggested that the scheme beneficiaries should be exposed of the basic requirements which the cooperative organizations expect out of them. Universalisation of membership is strongly objected and the need for cooperative education, training and extension is highly felt. Appropriate strategies may be evolved in this regard. Youth and women are to be encouraged to take part actively in cooperatives.

**Modernization of services:** In a dynamic and competitive environment banks have no option excepting to shift from traditional banking to modern banking by undergoing qualitative transformations of services and evolving their policies and programmes in consonance with the needs and desires of customers for its perpetual existence.

**Committed employees:** Now-a-days the staff at the counter are busy in numerous routine tasks. As a result, the quality of servicing the customers has gone down. Hence, the entire systems, procedures, practices of works, allocation, distribution and checking is to be internally reorganized, so as to deploy the entire staff in attending to customers during business hours and to use them for accounting, balancing, and administrative tasks after business hours are dosed. For the customer to get the type of service he desires, the branch should have a friendly and congenial atmosphere; Discipline in the office should strictly be adhered while dealing with customers. Only efficient staff must be provided with the task of having customer.

**Constitution of advisory committee:** Every branch of a bank should be provided with a duly constituted customer staff advisory Committee. This Committee may meet every month on a fixed day and would consist of Manager, one Officer, one Counter staff and 2 Customers. Discuss the grievances for taking up corrective measures and to offer various suggestions.

**Adequacy of infrastructure:** Inadequate infrastructure comes in the days of rendering courteous service. Over the years, the volume and turnover of the branches of banks have increased and has been also increasing in the staff to handle this business. The staff are often cramped in small buildings and there is pressure of customers whose number has gone up. This results in lowering standard of services.
**Frequent inspection:** The bankers should try to avoid delay, spot checking in respect of cash cheques, issue of drafts, etc., so as to avoid the delayed service. Teller system should be introduced at all branches of banks wherever the workload warrants. The introduction can be done gradually.

Additional extension counters for cash receipts and payments can be opened on the premises of large establishments. This will provide on the spot service to a large number of working people who have limited disposal to call at bank to put through their transactions. Now-a-days ladies also come to banks in large numbers, and therefore exclusive counters may be opened in busy branches.

**Adoption of modern technology:** The banking industries need to adopt modern technology. Computerisation of all bank services is a must. With more technology at their disposal, bank productivity of the employees can be entered retrenchment.

Holograms can be used for printing of security items like D.D. travellers cheques, guarantees and credit cards where the threat of frond is great Ledger posting machines should be introduced at all offices wherever the volume of work warrants. Loose leaf ledgers should be introduced for all types of bank accounts, even at offices not having ledger posting machines.

Areas for further research:

© Enhancement of micro-credits through cooperatives

- A comparative analysis on the customer orientation between cooperative banks and commercial banks.

© A pilot project maybe launched to enhance customer orientation of cooperative banks.
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Reserve Bank of India. 1915. Report of the Committee on Cooperation in India (Madagan), Bombay: 204.


