

**SOCIAL COMMITMENT OF CO-OPERATIVE BANKS IN KERALA**

*Contents*

- 6.A.1. Introduction
- 6.A.2. SECTION A: Co-operative Banks and its Social Commitment
- 6.A.3. Summary of Section A
- 6.B.1. Introduction
- 6.B.2. SECTION B: Borrowers and Social Commitment of Co-operative Banks
- 6.B.3. Summary of Section B
- 6.C.1. Conclusion of Chapter

**6.A.1. Introduction**

The previous chapter has gone through the first two parts of primary data analysis based on the perception of bank and borrowers on agricultural credit. The present chapter will provide a detailed overview of the fifth objective; the results of primary data based on the social commitment of Co-operative Banks. The social commitment of Co-operative Banks includes various measures which are adopted by bank in their working atmosphere. It includes various modern banking facilities, rescue operations for the lower income society in their financial struggles and other activities for the betterment of the society. This chapter deals with the result of perception of Bank and Borrowers on Social

Implications of Co-operative Bank through analysis of Primary Data. Data have been collected through pre-structured open-ended questionnaire from selected banks and borrowers. In order to analyse social commitment of Co-operative Banks one main hypothesis (**H<sub>015</sub>**) and one supporting hypothesis (**H<sub>0k</sub>**) are tested. Data are analysed and results are given under the following two heads:

### **6.A.2. SECTION A: Co-operative Bank and its Social Commitments**

This section deals with the analysis of third part of primary data related to the Co-operative Bank and its Social Implications. Data was collected from Co-operative Banks under sample size through pre-structured open-ended schedules. A hypothesis was set out under this head and given below

- **H<sub>015</sub>**: There exists significant difference in social commitment of Co-operative Banks among three sample districts.

Co-operative Banks are evolved for the benefit of the society especially for the benefit of people in rural areas and have given importance to its service motive. Their main aim is to be a rescue and support team in the financial matters of society as a whole. Co-operative banks have a monopoly in this field than Commercial Banks. Co-operative Banks are eager to develop many activities and also good schemes in their service menu and it is more useful not only to its borrowers but also to the whole community. This section deals with activities adopted by Co-operative Banks for the betterment of the society includes, modern banking facilities, borrowers awareness programs,

holding service motive, acting as neighbour concern and social commitment.

### **6.A.2.1. Modern Banking Facilities**

Co-operative Banks are providing modern banking facilities recently like Cheque Truncation System, NEFT/RTGS, online banking, mobile banking, Variety of loans suitable to whole class of society, monthly deposit schemes and the like, it is not up to the level of commercial banks. After analyzing the results it seems that, 100 per cent of Co-operative Banks in three districts are doing CTS, NEFT/RTGS, and variety of loans and MDS which is beneficial to customers in whole classes of the society. Modern banking facilities like CTS, NEFT/RTGS etc are not done directly but it is done through commercial banks. Even though Co-operative Banks are doing NEFT and RTGS facilities indirectly thorough Commercial Banks, they are only new born in the field of Internet and Mobile Banking.

### **6.A.2.2. Borrowers Awareness Program**

Co-operative banks are conducting many programs for customer awareness not only about its banking services but also the emerging problems in the society. Mode used for this includes, advertisement in newspapers, notices, television programs in local channels, intimation through letters and phone and business correspondence like accepting the help of qualified professionals or institution in the field of customer service. Table 6.A.1 represents the borrower's awareness programs conducted by Co-operative Banks among the three districts.

**Table 6.A.1. Borrowers' awareness programs conducted by bank year after year**

Variable	Palakkad		Kozhikode		Kottayam		Overall	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Advertisements in news paper	3.194	3	2.844	3	4.178	4	3.500	3
Notices	1.258	1	1.313	1	1.067	1	1.194	1
Television programs	4.613	5	3.969	4	5.311	5	4.713	5
Information through telephone	2.484	2	2.438	2	2.089	2	2.306	2
Business correspondence	3.903	4	4.438	5	3.400	3	3.852	4

*Source: Primary Data*

As per Table 6.A.1, ranks are assigned to different modes of conducting borrowers awareness programs by Co-operative Banks in three districts have reported that, they are conducting borrower's awareness programs mainly through issuing notices, intimation through phone calls and letters and advertisement in newspapers. After comparing Co-operative banks among three sample districts on the basis of borrowers awareness programs, the results shows that, all the three districts are following the same pattern.

While going through the background of borrower's awareness programs in Co-operative Banks, it can be concluded that they were dependent more on newspaper advertisements and notice distribution. Co-operative Banks are following the old techniques like phone, letters, news paper etc. for borrower's awareness than business correspondence and television programs in local channels.

### 6.A.2.3. Service Motive

Co-operative Banks are established with service as its prime motto. They are providing more importance to the value of the society in which they are working. Even though they are in the present competitive world, they are giving only second priority to the profit. Table 6.A.2 gives details regarding whether there is any deviation of Co-operative Banks from its service motive.

**Table 6.A.2. Perception about any deviation out of its service motive in co-operative banks**

Response	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Not deviated	31	100	28	87.5	36	80.0	95	88.0
Deviated	0	0	4	12.5	9	20.0	13	12.0
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

*Source: Primary Data*

Results given in Table 6.B.2 based on perception of bank based on any deviation out of service motive shows that, 88 per cent of total banks said that cooperatives have not deviated from their service motive. They are trying to make modern facilities within this motive. But, 12 per cent of the total cooperatives reported that, in order to exist in the competitive world they are deviating from the service motive to profit as prime importance. After comparing Co-operative banks in three districts, banks in Palakkad district reported that, they are doing their banking activities under its service motive and giving second importance to profit.

Responses of bank of the two districts have shown some deviation from service motive and it is 12.5 per cent Banks in Kozhikode and 20 per cent Banks in Kottayam. On total, 88 per cent Co-operative Banks are under the path of service motto and do not support going to the profit oriented things. All the banks in Palakkad reported that Co-operative Banks have not deviated from service motive.

#### **6.A.2.4. Neighbour Concern**

Co-operative Banks are doing its banking activities with a whole support from its borrowers and the borrowers can felt that they are in their own premises and have good faith in cooperative banking. When the customers enter into the bank premises, they can express a long sigh of satisfaction on their face. The overall results based on the opinion of bank about whether they are acting like a neighbour concern among its customers have shown that 100 per cent of total sample size reported that they are following this.

#### **6.A.2.5. Social commitment of the bank**

Co-operative banks are doing more activities for the benefit of society and it is very useful to whole society. These activities include charitable actions, Neethi Medical Store and consumer store for providing medicines and consumer durables at an affordable price to the whole society, students' welfare programs like issuing notebooks, bags and other accessories, scholarships and prizes to the students who have a good caliber in the field of education and also to those who have no good financial back ground and social development activities like forming

different clubs for blood donation and other social commitment activities in festival seasons etc. Fund for this is from the part of undistributed profit among members or the percentage of profit contributed by each member towards this.

**Table 6.A.3 to 6.A.10** explains the details regarding the social commitment of Co-operative Banks like, perception about doing charitable activities, Perception about conducting a Neethi Medical Store, perception about conducting a Consumer Store, perception about contributing to the Students Welfare, perception about Schemes for the Social development, perception about Schemes which is suitable to low class community and perception about Timely action in Festival season

**Table 6.A.3. Doing Charitable Activities**

Response	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Agree	13	41.9	19	59.4	18	40.0	50	46.3
Strongly agree	18	58.1	13	40.6	27	60.0	58	53.7
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

*Source: Primary Data*

As per the Table 6.A.3, overall percentages based on response of Co-operative Banks under sample size towards doing charitable activities along with banking has showed that, 53.7 per cent of total sample size have reported that, they have strong opinion among conducting charitable activities and 46.3 per cent have agreed to this. Co-operative

Banks among the three sample districts are following the same opinion that they are also doing charitable activities along with banking. The result seems that, all the Co-operative Banks among three districts are interested in charitable activities and they are contributing to the charity. The banks strongly supported for doing charitable activity are a little more in Kottayam district (60%).

**Table 6.A. 4. Conducting Neethi Medical Store**

Response	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
No opinion	30	96.8	17	53.1	23	51.1	70	64.8
Agree	0	0.0	1	3.1	0	0.0	1	0.9
Strongly agree	1	3.2	14	43.8	21	46.7	36	33.3
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

Source: Primary Data

Table 6.A.4 represents the opinion about conducting Neethi Medical Stores by the banks in three districts and also among the total sample. Among the total sample, only 33.3 per cent of the total banks have a strong opinion about conducting Neethi Medical Store for providing medicines at low price to the society and 64.8 per cent of them are not. While comparing the opinion of co-operative Banks of three different districts on conducting Neethi Medical Store along with its banking in three sample districts have shown that, only 3.2 per cent in Palakkad, 43.8 per cent in Kozhikode and 46.7 per cent in Kottayam are doing this.



Only 34.2 per cent of banks who have good profit background and they are conducting Neethi Medical Store for the welfare of the society. In Palakkad district, 96.8 per cent of Co-operative banks reported that they are not conducting Neethi Medical Store along with their banking operations.

**Table 6.A.5. Conducting Consumer Store**

Response	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
No opinion	30	96.8	22	68.8	26	57.8	78	72.2
Agree	0	0.0	1	3.1	1	2.2	2	1.9
Strongly agree	1	3.2	9	28.1	18	40.0	28	25.9
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

*Source: Primary Data*

Above Table 6.A.5 has given results regarding the opinion of Co-operative Bank in total sample size on conducting Consumer Store has showed that, only 25.9 per cent of the total banks have a strong opinion about conducting consumer store and offering consumer durables at an affordable price to the whole community. On total 72.2 per cent of the total has no opinion about conducting consumer store. Banks under three districts have almost the same opinion in this regarding. While comparing co-operative banks among three sample districts on the basis of response of bank towards conducting Consumer Store, 96.8 per cent in Palakkad, 68.8 per cent in Kozhikode and 57.8 per cent in Kottayam are not doing this practice because they have no more profit to do this even though Co-

operative Banks have a good symbol in this field than Commercial Banks. On the aggregate, only 27.8 per cent of banks are doing the practice of conducting Consumer Store and others have yet to come. The banks in Kottayam (40%) had strongly reported that, they are conducting consumer store.

**Table 6.A.6 Contributing to the Student's Welfare**

Response	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Strongly disagree	1	3.2	0	0.0	0	0.0	1	0.9
Disagree	0	0.0	1	3.1	0	0.0	1	0.9
No opinion	0	0.0	0	0.0	1	2.2	1	0.9
Agree	22	71.0	25	78.1	27	60.0	74	68.5
Strongly agree	8	25.8	6	18.8	17	37.8	31	28.7
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

Source: Primary Data

As per Table 6.A.6, the results based on total sample results based on the opinion of total Co-operative Banks in sample size towards contributing to student's welfare showed that, 97.2 per cent have positive opinion about contributing to student's welfare and out of this 28.7 per cent have strong opinions. Only 1.8 per cent has negative perception towards this and they have reported that this is also in their plan to practice. While comparing co-operative banks among three sample districts on the basis of student's welfare contribution, 96.8 per cent in Palakkad, 96.9 per cent in Kozhikode and 97.8 per cent in Kottayam have conducted this as a social welfare. Through this results, can prove that,

97.2 Co-operative banks among three districts have a good perception towards student's welfare. The strongly supporters in contributing student's welfare are more in Kottayam districts (37.8%).

**Table 6.A.7. Timely action in Festival season**

Response	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
No opinion	9	29.0	15	46.9	4	8.9	28	25.9
Agree	19	61.3	13	40.6	26	57.8	58	53.7
Strongly agree	3	9.7	4	12.5	15	33.3	22	20.4
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

*Source: Primary Data*

Table 6.A.7 has given the results based on total sample size and also in sample districts regarding n opinion of Co-operative Bank on conducting timely action like doing fair market of consumer durables in festivals like Onam, Eid and Christmas etc. Total result shows that, 74.1 per cent have shown positive perception towards timely action in festival season and only 25.9 per cent have no opinion towards this. After comparing Co-operative Banks among three sample districts on the basis of timely action in festival season have reported that, banks among all the three districts are conducting this and the percentage of those who agreed is at 71 per cent in Palakkad, 53.1 per cent in Kozhikode and 91.1 per cent in Kottayam. Co-operative banks among three districts pointed out that, they are conducting different type of markets especially for consumer durables at affordable price than the market price in festival

seasons and it is more beneficial to the society and banks could collect a good sum from this. On total, 74.1 Co-operative Banks are doing fair market for consumer durables in festival seasons for the betterment of society. The banks which are not supporting the fair market of consumer durables at festival seasons are high in Kozhikode (46.9) district.

**Table 6.A.8. Schemes which is suitable to low class in the society**

Responses	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Agree	20	64.5	23	71.9	33	73.3	76	70.4
Strongly agree	11	35.5	9	28.1	12	26.7	32	29.6
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

Source: Primary Data

Table 6.A.8 described the aggregate results based on schemes adopted by Co-operative Banks which are beneficial to the low classes in the society has found that, 100 per cent of total sample size have been conducting beneficial schemes and services to help the low class in the society like, marriage loan with gold package, special fund for the medical relief, cash price and scholarships to the students who have good calibre in their studies, issuing notebooks and other accessories etc. So the society as a whole has good support to the bank. Out of the total sample size 29.6 per cent of banks have acting strongly in this filed. The Co-operative Banks in Palakkad, Kozhikode and Kottayam have the same opinion towards conducting schemes towards benefit of low class community strongly at 35.5 per cent in Palakkad, 28.1 per cent in

Kozhikode and 26.7 per cent in Kottayam. The 100 per cent Co-operative Banks among three sample districts are conducting special schemes for the benefit of low class in the society. In Palakkad district, 35.5 per cent of banks are strongly reported that they are conducting different special schemes for the benefit of low class society.

**Table 6.A.9. Schemes for the Social development**

Responses	Palakkad (n=31)		Kozhikode (n=32)		Kottayam (n=45)		Overall (n=108)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Agree	24	77.4	26	81.2	38	84.4	76	70.4
Strongly agree	7	23.6	6	18.7	7	15.6	32	29.6
<b>Total</b>	<b>31</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>108</b>	<b>100</b>

*Source: Primary Data*

As per Table 6.A.9, the gross percentages based on Co-operative banks opinion on social development schemes like contribution to medical relief, charitable activities and donation etc. have found that, about 100 per cent of total banks have reported that, they are acting well in social development schemes and out of this 29.6 per cent of them have strong opinion towards this. After comparing Co-operative Banks among three districts on the basis of conducting social development schemes, the districts like Palakkad, Kozhikode and Kottayam are following the same opinion like 35.5 per cent in Palakkad, 28.1 per cent in Kozhikode and 26.7 per cent in Kottayam are following this. It can conclude that, 100 per cent of Co-operative Banks among the sample size are conducting special schemes for the social development. The banks who strongly supported

more in conducting schemes for the social development is in Palakkad districts (23.6%).

A total score was worked out for social commitment. The expected range of this total score is 7 to 35. For assessing the level of social commitment, the expected range is divided into three groups with score ranges in between 5 to 14, 15 to 24 and 25 to 35. All banks except two banks have the score greater than 24 which indicates that social commitment of the banks was very high. Total score was subjected to Kolmogorov Smirnov test for testing the normality of the score. Kolmogorov Smirnov Z (2.124) was found to be significant indicating the scores are deviated from normality. Hence Kruskal Walli's ANOVA was carried out for comparing the social commitment of the banks in different districts

**Table 6.A.10. Results of comparison of social commitment among the banks in different districts**

District	Mean	Standard error
Palakkad	27.3871 <sup>b</sup>	0.406
Kozhikode	28.2500 <sup>ab</sup>	0.482
Kottayam	29.4222 <sup>a</sup>	0.477
<b>Chi square</b>	<b>8.744*</b>	
<b>p-value</b>	<b>0.013</b>	

Source: Primary Data, Means having same letter as superscript are homogeneous

As per the Table 6.A.10, Chi-square test statistics was found to be significant at 0.05 level as p-value is less than 0.05 level. Hence reject the null hypothesis and conclude that there exists significant difference in the social commitment of banks in different districts. Hence pair wise

comparison of districts was done by using Mann Whitney U test. Results show that alternative hypothesis  $H_{15}$  is accepted that there exists significant difference in the social commitment of banks in Palakkad and Kottayam districts (Z-value = 2.911, p-value = 0.004). Hence null hypothesis is accepted that No significant difference was found between Palakkad and Kozhikode (Z-value = 1.277, p-value = 0.202) and between Kozhikode and Kottayam (Z-value = 1.588, p-value = 0.112). Mean value is higher in Kottayam indicating that social commitment was higher in banks of Kottayam compared to that of Palakkad. Social commitment is high among Co-operative Banks in Kottayam district and low in Palakkad. But the variation in the opinion of banks towards conducting social commitment activities is higher in Kozhikode districts.

### **6.A.3. Summary of Section A**

For summing up the results under the section A, Co-operative Banks are only new born in the field of internet and mobile banking. They are following the old techniques like letters/phone calls to intimate the borrowers on different services. Of the total banks, 88 per cent of them are still under the path of service motive. All the banks under sample size are acting as a neighbour concern to its borrowers. All the banks are interested in charitable activities. Only 34.2 per cent banks are conducting Neethi Medical stores for the benefits of the society and 97.2 per cent have positive opinion towards student's welfare. At the time of festival seasons, 74.1 per cent of banks are doing the fair markets for consumer durables at reasonable prices. All the banks are conducting special schemes for the welfare of the society. Social commitment among Co-operative Banks is more in Kottayam and lower in Palakkad.

### **6.B.1. Introduction**

This section comprised with the results based on the fourth part of primary data about borrowers on social implications of Co-operative Bank. The data was collected from borrowers of selected sample size through pre-structured open-ended schedule. The hypothesis set under this head includes

- $H_{0k}$ : There is no significant difference among the opinion of borrowers relating to their continuous approach of Co-operative Banks for another loan

### **6.B.2. SECTION B: Borrowers and Social Commitments of Co-operative Bank**

This head covers results based on question like perception of borrowers about variety of Co-operative Bank services, satisfaction on terms and conditions of bank on agricultural credit, attitude related with approaching cooperative banks again in need of another loan, opinion against deviating from Co-operative Bank to other in need of another loan and opinion of borrowers about Co-operative bank will attain its old position in the field of agricultural credit than other banks, any deviation of Co-operative Banks from service motive and principles of Co-operation and can consider Co-operative bank as neighbouring concern than Commercial Banks and Regional Rural Banks.



### 6.B.2.1. Co-operative Banking Services

Even though Co-operative Banks are not up to the new technologies, they are also offering good services to its customers. These include, Monthly Deposit Schemes beneficial to all the classes in the society, NEFT/RTGS system for fund transfer between two accounts not directly but through Commercial Banks, Online banking and Mobile banking up to a limited extend. Co-operative Banks are accepting almost all type of deposits and loans which are offered by Commercial Banks and Regional Rural Banks, Cheque Truncation System through Commercial Banks for clearing cheques from different banks deposited by the customers. Percentage of borrowers who responded for awareness about Co-operative Banking services are given in Table 6.B.11

**Table 6.B.11. Percentage of respondents having awareness about the cooperative bank services**

Services	Palakkad (n = 110)		Kozhikode (n = 114)		Kottayam (n = 160)		Overall (n = 384)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
MDS	110	100	114	100	160	100	384	100
NEFT/RTGS	2	1.8	4	3.5	3	1.9	9	2.3
Loans and Deposits	107	97.3	114	100	160	100	381	99.2
CTS	1	0.9	51	44.7	5	3.1	57	14.8

*Source: Primary Data*

As per Table 6.B.11, the aggregate percentages based on response of borrowers about awareness in different Co-operative Bank services shows that, 100 per cent of them are aware about the Monthly Deposit Schemes of Cooperatives and 99.2 per cent of them are ware about

almost all types of loans and deposit schemes offered by Cooperatives. Weak point is that, Co-operative Banks are not up to the modern technologies like Commercial Banks, that's why they couldn't compete with Commercial Banks in the field of internet banking, mobile banking, NEFT/RTGS and Cheque Truncation System. But NEFT/RTGS are done indirectly with Commercial Banks and borrowers among Palakkad (2.7%) Kozhikode (48.2%) and Kottayam (5%) supported this. When compared with Commercial Banks, Co-operative banks are poor in practicing modern banking facilities like NEFT/RTGS, CTS, Internet and Mobile banking facilities. Even though Co-operative Banks in three districts are in the back ward level in modern banking, they are offering Monthly Deposit Schemes (MDS)(100%) and variety of loans and deposits (99.2%) to all sections of the society. While looking into the awareness of borrowers in NEFT/RTGS and CTS service of Co-operative Banks in sample districts, 3.5 per cent and 44.7 per cent of borrowers in Kozhikode are aware about this.

### **6.B.2.2. Co-operative Bank Employees Behaviour**

In the early banking scenario, Bank employees were the busy people and they had no time to interact with the customers. But now this has changed due to technology and at the same time they have created a habit of good interaction with the customers within their busy schedule. They have accepted the principle of Mahatma Gandhi that the customer is the prime important element to a concern. Perception of borrowers towards employee's behaviour in Co-operative Banks is assessed and result shows that, all the borrowers in three districts are satisfied with the welcoming and service mentality of the employees.

### 6.B.2.3. Terms and Conditions of Co-operative Bank

Co-operative Banks are working with banking objectives but more importance is given to social commitment. So its terms and conditions are different than Commercial Banks. After analyzing the responses of borrowers on whether they are satisfied or not with the terms and conditions of Co-operative Bank in connection with all type of credit, the overall result shows that, 100 per cent of total sample size are satisfied with the terms and conditions of banks.

### 6.B.2.4. Approaching Co-operative Bank for another Loan

Customer satisfaction is the backbone for any institution especially for banks. The sustainability of customers for a long time is essential and tries to be always with them than allowing going for other means to their credit needs. Co-operative Banks have always tried to sustain them not only through variety of credits but also through other social services. Details regarding whether the borrowers' approach to the Co-operative Bank for the adequacy of another loan is given in Table 6.B.12.

**Table 6.B.12. Opinion of borrowers about approaching the same bank if needs another loan**

Responses	Palakkad		Kozhikode		Kottayam		Overall	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Not approach	4	3.6	21	18.4	36	22.5	61	15.9
Approach	106	96.4	93	81.6	124	77.5	323	84.1
Total	110	100	114	100	160	100	384	100
<b>Chi square = 18.139**; p-value &lt; 0.001</b>								

\*\* Significant at 0.01 level. Source: Primary Data

Table 6.B.12 has given the total as well as results in sample districts based on the response of borrowers about approaching Co-operative bank again if they need another loan and it found that, 84.1 per cent of them reported that, they do approach the same bank for any other loan. Comparison of borrowers view among three sample districts on the basis of approaching the Co-operative Bank if they need another loan was done by using Chi-square test and the p-value is less than 0.001; here alternative hypothesis  $H_{1k}$  is accepted that, there is high significant difference among the opinion of borrowers relating to their continuous approach for another loan. Majority of borrowers among Palakkad (96.4 %), Kozhikode (81.6 %) and Kottayam (77.5%) are approaching Co-operative Banks if in need of another loan. On total samples, 84.1 per cent of borrowers reported that, they are following Co-operative Banks for their continued financial requirements and borrowers who have not approached Co-operative Banks for their further financial requirements is higher in Kottayam (22.5%)

#### **6.B.2.5. Reasons for deviating from the same bank**

As per the Table 6.B.12, 15.9 per cent reported that, they will not approach Co-operative Banks in need of another loan. So a question was asked to assess the main reason behind this and it includes five statements like interest charged by bank is high, procedural delay in loan sanctioning is high, inadequate assistance by bank officials, penal interest charged by bank is high and procedure for recovery of loan is crucial. Table 6.13 has given the details regarding the percentage of borrowers responded for reasons behind deviating from the same bank

**Table 6.B.13. Percentage of borrowers responded for different reasons for deviating from the same bank**

Reason	Palakkad (n=4)		Kozhikode (n=21)		Kottayam (n=36)		Overall (n=61)	
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent
Interest charged by bank is high	1	25	5	23.8	18	50	20	32.8
There is procedural delay in sanctioning loan	3	75	10	47.6	24	66.7	35	57.4
Inadequate assistance by bank officials	2	50	3	14.3	1	2.8	15	24.6
Penal interest charged by bank is high	4	100	21	100	28	77.8	50	82
Procedure of recovery is crucial	1	25	15	71.4	10	27.8	28	46

Source: Primary Data

As per the Table 6.B.13, the whole sample results, based on the response of borrowers on reasons behind deviating from the same bank shows that, penal interest charged on default in loan repayment is high and procedural delay is more for sanctioning of agricultural credit and procedure of recovery is crucial. While comparing the results in three sample districts based on the response of borrowers shows that, same situation is happening but with a small variation. It can conclude that, the penal interest charged by bank (82%) and the procedural delay (57.4%) in sanctioning of agricultural credit is more in Co-operative Banks and hence they are deviating from the bank if they need another loan. In the district of Kottayam, 50 per cent borrowers reported that interest charged on loan is high and 14.3 per cent borrowers in Kozhikode reported that on the inadequate assistance of bank officials.

### **6.B.2.6. Co-operative Bank and its Old position in Agricultural Credit**

While analyzing the previous scenario, Co-operative Banks had a good position in the field of agricultural credit in Kerala than Commercial Banks and Regional Rural Banks. It was a legend in the field of multi agency approach of Co-operative agricultural credit. Questions were asked to 384 respondents among the three sample districts like Palakkad, Kozhikode and Kottayam about whether the Co-operative Banks can attain its old position in the field of agricultural credit. The 100 per cent of the borrowers reported that, Co-operative Banks can attain the top of agricultural credit in Kerala compared to Commercial Banks and Regional Rural Banks.

### **6.B.2.7. Co-operative Bank and Service Motive**

Co-operative Banks are developed with service motto. They are doing many activities for the betterment of society as a whole like, conducting Neethi Medical Store, consumer store, students' welfare schemes, charitable activities, issue and deposit schemes to all classes of society etc.

Total sample size (384) has reported that, the Co-operative Banks have not deviated from its establishment motto of service. It means that, they are doing their services at an easy proper manner along with other social commitment and which is suitable to all classes of the community and this is the next succeeding point of Co-operative Banks than Commercial Banks and Regional Rural Banks.

### **6.B.2.8. Co-operative Bank and Principles of Co-operation**

As per Manchester meeting of Committee under the Chairmanship of Prof D G Karve 1995, the seven principles of Co-operation are Voluntary and open membership, Democratic member control, Member economic participation, Education, training and information, Autonomy and independence, Co-operation among Co-operative Banks and Concern for community. While discussing all these principles and asking to 384 samples size about whether it is followed by Co-operative Banks showed that, all the borrowers responded that, Co-operative Banks are the good followers of Co-operative principles.

### **6.B.2.9. Co-operative Bank as a Neighbour concern**

Among three sample districts, question was asked about which bank among Co-operative Banks, Commercial Banks and Regional Rural Banks can be considered as a neighbour concern. The results shows that, 384 borrowers supported the Co-operative Banks have the quality and they are being as a neighbour concern to customers than Commercial Banks and Regional Rural Banks.

### **6.B.3. Summary of Section B**

Whole results under the section B, borrowers reported that, Co-operative Banks are backward in conducting modern banking facilities. Employees under Co-operative Banks are more approachable to borrowers and all the borrowers are satisfied with the terms and conditions of the bank. On the total borrowers, 84.1 per cent of them approached Co-operative Banks for their further financial requirements. Others are deviating from the Co-operative Banks due to penal interest

(82%) and procedural delay (57.4%). All the borrowers reported that, Co-operative Banks will attain its old position in agricultural credit of Kerala. All the borrowers reported that, Co-operative Banks are not deviating from the service motive and Co-operative is good followers of its principles. Co-operative Banks have acting as s neighbour concern for its borrowers.

### **6.C.1. Conclusion of Chapter**

For studying the Perception of Bank and Borrowers on Social implications of Co-operative Bank, two variables were formulated with two hypotheses. It includes Perception of Bank on Social Implications of Co-operative Banks and Perception of Borrowers on Social Implications of Co-operative Banks Under variable one “Perception of Bank on Social Implications of Co-operative Banks” one hypothesis was set out and rejected the null. The alternative hypothesis  $H_{15}$  records that, there exists significant difference in the social commitment of banks among three sample districts is accepted. Under variable two “Perception of Borrowers on Social Implications of Co-operative Banks” one hypothesis was set out and rejected the null hypothesis. The alternative hypothesis  $H_{1k}$  that, there is high significant difference among the opinion of borrowers relating to their continuous approach of Co-operative Banks for another loan is accepted.

The analytical results regarding the social commitment of Co-operative Banks in Kerala based on third and fourth part of primary data is discussed in the present chapter. The next chapter will look in to the findings, suggestions, recommendations and scope for further research.