CHAPTER – III

RESEARCH METHODOLOGY

INTRODUCTION

The Indian financial sector is undergoing a major transformation. Globalisation, Deregulation, Competition and technology are forcing banks and other financial institutions to reinvent themselves continually. Faced with shrinking business opportunities in their traditional area namely deposit taking and lending, Some banks, including the dominant public sector banks, have been enforcing concepts such as Universal banking and positioning themselves as financial supermarkets. The cooperative banks also undergo similar problems and many of them are struggling to enhance their business.

Cooperative banking system has come to occupy a pivotal role in the economic liberation of millions of people of our nation. It has emerged as a social and healthy banking institution providing need-based quality banking services essentially to the middle and lower middle classes and the marginalised sections of the society. Cooperative Banks have assisted in boosting the growth rate of Indian economy by providing a fillip to agricultural production in the country by making available cheap and hassle-free agricultural finance. For instance, Cooperatives supply 46% of the total rural credit including agricultural credit. These banks with less than 6% of the deposits of the total banking sector in the country cater to around 50% of the short term agricultural
needs of the farmers. It has covered nearly all the villages in the country and more than 71% of the households have been brought under the cooperative hold. They have issued the largest number of Kisan Credit Cards to an extent of 36145 which constitutes about 43% of such cards issued in the country as at the end of March 2009. Further, Cooperative Banks have an impressive network of outlets for institutional credit in India, particularly in rural India (1PACS per 7 villages). As on March 2009, there were 94950 PACS in all over India as against 64608 branches of commercial banks. They constitute the second segment of Indian banking system, compromising about 14% of the total banking sector asset as on March 2007.

The contribution of Cooperative Banks to the nation building vividly shows that there is no alternative to it in serving the needs of the rural economy. Despite having several inherent strengths such as vast network, greater proximity to members, and significant share in the credit dispensation to agriculture, Cooperative Banks have been afflicted with many problems which pose a serious threat to their existence. For instance, the financial health of the banks has been deteriorating over the years and all credit cooperatives banks taken together have booked an overall loss of ₹3,954crore just in 2007-2008 alone. Massive outflows of capital have greatly eroded the capital base of these cooperative banks. This has obviously posed a great threat to their very existence. However, a few banks among them have defied the general trend and remained financially viable, independent and vibrant.
Most of the Co-operative institutions lack professionalism, sound management system and autonomy in decision making. This has caused low volume of business, stagnation in borrower membership and the high incidence of overdues and thus collectively causing financial ill health among these Co-operative Credit Institutions. In addition, the poor recovery performance has also affected the ability of these institutions to cater to the credit needs of new and non-defaulting members and resulted in low paid-up share capital. Obviously, the financial health of most of the TNSC Banks has been a cause for concern. Successive governments have introduced several banking reforms in a phased manner to make these institutions stronger, efficient and viable. For instance, prudential standards covering capital adequacy, income recognition, asset classification, and provisioning norms were made applicable to Co-operative Banks. But, these measures yielded much less than the desired results.

Various factors such as increasing competition, tightening prudential standards, supervision and regulatory standards, multiple controls etc have only complicated the situation for these banks. Given the enormity of the situation and critical role of TNSC Banks in Nation building, there was a felt need to analyze and present the reasons for the success or failure of the banks and to assist them in retaining their position in a fiercely competitive market place.
STATEMENT OF THE PROBLEM

The Central government announced a number of programmes which would help in meeting the credit requirements of the urban and rural sector. In order to augment the flow of credit to the poor.

With the adoption of multi-agency approach, TNSC Bank is facing a stiff competition from other financial institutions such as commercial banks and regional rural banks in mobilizing deposits and lending. Hence, the bank should make efforts for tapping deposits from urban and rural areas. So that, these resources may be made available for agricultural and rural development.

OBJECTIVES

The following are the objectives of the study

1. To analyse the efficiency of funds management by TNSC Bank.

2. To study the customer relationship management in TNSC Bank.

3. To the effectiveness in funds management by TNSC Bank with respect to resource utilization.

4. To assess the quality of assets in TNSC Bank.

5. To examine the operational efficiency of TNSC Bank.

6. To offer valid suggestions and findings of the study.
METHODOLOGY

The present study evaluated the performance of TNSC Bank in Chennai from 2001-2002 to 2010-2011, with reference to performance evaluation and customer relationship management. Both primary and secondary data were analysed with the help of appropriate tools of analysis.

RESEARCH DESIGN

Descriptive as well as analytical research design is used, in which past data of the Bank are used to interpret the overall performance and CRM of the Bank.

SAMPLE DESIGN

In order to analyse the views of the Bank employees on CRM, 23 branch offices of TNSC Bank in Chennai were selected. 23 managers, 23 assistant managers and 69 other clerical employees of junior assistants, typists and cashiers were selected as the respondents for the study.

COLLECTION OF DATA

Data were collected from both primary and secondary sources. The primary data have been collected with the help of an interview schedule. The direct personal interview method was adopted for collecting information, during the reference period 2011-2012.

The secondary data were collected from the annual reports of TNSC Bank of the selected branches, internal circulated matters of the Bank, TNSC’s
guidelines, trend and progress reports of RBI, published and unpublished documents maintained by the Head Office of TNSC. Besides this, published and unpublished dissertations, books, periodicals, journals and various websites were also consulted.

**ANALYSIS OF INTERPRETATION**

The researcher has adopted ratio analysis and percentage, chi-square, regression, correlation and factor analysis and anova test has also been applied for the treatment of primary data with respect to customer relationship management in the bank branches of TNSC last 10 years ie, 2001-2002 to 2010-2012 for the study

**PERIOD OF THE STUDY**

Researcher chose the period of research as last ten financial years. This period was selected for the study because the complete data for the entire period was available. Moreover, this period of study was considered adequate to study the trends and infer valid conclusion.

**SCOPE OF THE STUDY**

The study covered the performance evaluation of TNSC Bank in Chennai. This study enabled the researcher to improve knowledge about the banking sector, specifically about the financial performance and CRM. The study also enabled the banks to know its actual position during last ten years.
LIMITATIONS

a. Since the primary data and secondary data used in this work are collected from the officers of TNSC Bank and published annual reports of TNSC bank, they have inherited limitations.

b. The present study is based on selected 23 branches only. As the size of the sample is very small, the limitations of a small sample are applicable.

c. The researcher could not get information otherwise useful for a deeper study, due to the restrictions on the disclosure of data on part of the higher officials.

Inspire of all these limitations, this study throws light on the challenging problems of TNSC Bank.

HYPOTHESES

1. There is a significant difference in respondents’ opinions about the official on the basis of their age.

2. There is a significant difference in respondents’ perceptions of official on the basis of their gender.

3. There is a significant difference in respondents’ opinions about the official on the basis of their educational qualification.

4. There is a significant difference in respondents’ opinions about the official on the basis of their designation.
5. There is a significant difference in respondents’ performance reviews on the basis of their age.

6. There is a significant difference in respondents’ performance reviews on the basis of their gender.

7. There is a significant difference in respondents’ performance reviews on the basis of their educational qualification.

8. There is a significant difference in respondents’ performance reviews on the basis of their designation.

9. There is a significant difference in respondents’ problem analyses on the basis of their age.

10. There is a significant difference in respondents’ problem analyses on the basis of their gender.

11. There is a significant difference in respondents’ problem analyses on the basis of their educational qualification.

12. There is a significant difference in respondents’ problem analyses on the basis of their designation.

13. There is a significant difference in respondents’ opinions about the need and importance of CRM on the basis of their age.

14. There is a significant difference in respondents’ opinions about the need and importance of CRM on the basis of their gender.
15. There is a significant difference in respondents’ opinions about the need and importance of CRM on the basis of their educational qualification.

16. There is a significant difference in respondents’ opinions about the need and importance of CRM on the basis of their designation.

17. There is no association between the respondents’ perception and the benefits of CRM in the Banking industry.

18. There is no association between the respondents’ opinions and CRM relationship evolution process.