

## Customer's Perception Towards Lending Practices of Wardha Nagari Sahakari

### Adhikosh (Bank) Maryadit with Special Reference to Wardha District

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#### ABSTRACT

Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. The government of India started the cooperative movement of India in 1904. Then the government therefore decided to develop the cooperatives as the institutional agency to tackle the problem of usury and rural indebtedness. A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. The first aim of a co-operative bank is not to maximize profit but to provide the best possible products and services to its members. The co-operative structure is designed on the principles of mutual help, democratic decision making and open membership, in view of the fact that their ownership and control are directly vested in the hands of the members. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative sector. The study is based on lending practices of Wardha Nagari Sahakari Adhikosh(Bank) Maryadit. The study of the bank performance along with the lending practices provided to the customers is herewith undertaken. The customer has taken more than one type of loan from the bank. The study revealed that lending practices of the bank is good respondents are of the opinion that the lending practices of the bank are very simple and easily accessible by common

people. The study is basically based on an order to identify the lending practices of bank and determining customer's level of satisfaction with the help of collection data or graphs with interpretation. In finding it refers to know different types of loans preferred by different sets of customers & the satisfaction level of the customers from Bank are lending policies. The study suggests the banks to introduce new schemes for attracting new customers and satisfying the existing customers.

*Keywords: Co-operative bank, financial entity, lending practices, Bank's Performance*

#### I. INTRODUCTION

The co-operative Bank involves autonomous association of persons united voluntarily to meet their common economic, social and cultural needs through a jointly owned and democratically controlled enterprise. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. These banks generally provide their members with a wide range of banking and financial services. The co-operative structure is designed on the principles of mutual help, democratic decision making and open membership, in view of the fact that their ownership and control are directly vested in the hands of the members. The first aim of a co-operative bank is not to maximize profit but to provide the best possible products and services to its members.

## II. STATEMENT OF THE PROBLEM

The present study on the “ Customer’s perception towards lending practices of Wardha Nagari Sahakari Adhikosh (Bank) Maryadit with Special Reference to Wardha District ” tries to understand the role of co-operative banks in meeting the needs of its member.

## III. OBJECTIVES OF THE STUDY

- 1.To know the lending practices of Wardha Nagari Sahakari Adhikosh (Bank) Maryadit with Special Reference to Wardha District
2. To know different type of loans preferred by different sets of customers.
3. To study the favorable factors attracting the customers to the lending activities of cooperative banks.
4. To know the satisfaction level of the customers with the bank’s lending practices.
5. To suggest the measures to improve the functioning of cooperative bank.

## IV. REVIEW OF THE LITERATURE

**Mavaluri, Boppana and Nagarjuna (2006)** suggested that performance of banking in terms of profitability, productivity, asset quality and financial management has become important to stable the economy. They found that public sector banks have been more efficient than other banks operating in India.

**Sreeja ES, (2016)** in her research work entitled “A study on service quality of co-operative banks with special reference to Thrissur District” evaluated the service quality of cooperative banks in Thrissur District. The study includes both primary and secondary data. Primary data collected from 70 customers of cooperative bank of Thrissur District. Secondary data were collected from different books, journals and various websites. Mathematical and statistical tools are like percentage, mean score etc. were used for data analysis. The study revealed that overall service quality of co-operative bank was good and by analyzing service quality it is understood that the expectation and the actual perception of customers are different.

**Joby Joseph Thoomkuzhy, Merry Elizabeth John, (2018)**, in their study “Service quality dimensions in Idukki district co-operative bank”, conducted to analyze the satisfaction level of the customers who are availing services from the bank. Relevant primary data were collected from the customers of about four branches of the Idukki District

Cooperative Bank. From the study it is clear that customers are satisfied with the service quality of their banks. The respondents were much impressed about the behaviour of the employees. The researchers suggested to update the modern electronic banking facilities like E-Banking which may attract and comfort new generation users.

**Dutta and Basak (2008)** suggested that Co-operative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

## V. RESEARCH METHODOLOGY

**5.1 Type of Research** - Descriptive research is used in this study in order to identify the lending practices of bank and determining customer’s level of satisfaction. The method used was questionnaire and interview of the experienced loan officers.

**5.2 Collection of data:**

**5.2.1 Primary Data**

a. Observation Method

b. Interview Method

c. Structured Questionnaire

**5.2.2 Secondary Data**

a. Annual reports of the bank

b. Manual of instructions on loans and advances

c. Books

d. Articles and Research Papers

e. Internet

**5.3 SAMPLING UNIT:** The Study population includes the customers of bank and Sampling Unit for Study was Individual Customer.

**5.4 SAMPLING SIZE:** 200 Respondents

**5.5 TOOLS OF ANALYSIS**

The data is analyzed and interpreted with the help of mathematical methods. Simple percentage method is used in analyzing’ the data.

Simple percentage = No. of respondents /total no. of respondents \*100

## VI. DATA ANALYSIS AND INTERPRETATION

Table 1: Preferences of the customers for the loans

Kind of Loan	No. of Respondent	Percentage (%)
House loan	31	15.5 %
Personal loan	113	56.5%
Vehicle loan	27	13.5%
Educational loan	3	1.5%
Commercial Loan	6	3%
Gold Loan	17	8.5%
Aditya Solar Loan	2	1%
Industrial Term Loan	1	0.5%

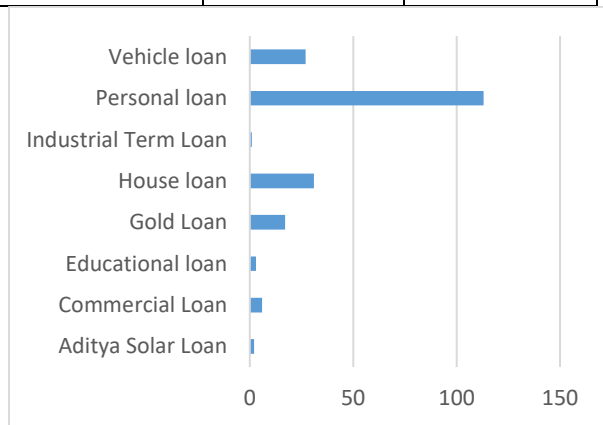


Figure 1 : Preferences of the customers for the loans

Present study reveals that majority of the respondents have taken personal loans & house loans and less respondents prefer consumer, educational loans, vehicle loans and other loans.

Table 2 : Range of the amount of loans

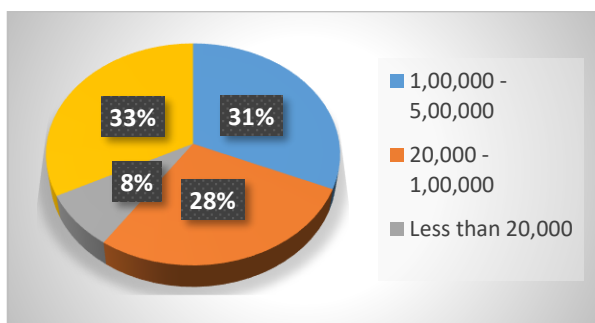


Figure 2 : Range of the amount of loans

Present Study reveals that 8 % people prefer loan less than 20,000, 20 % respondents prefer 20,000 to 1,00,000, 31 % prefer more than 1 lac to 5 lac and 33% of the respondents prefer more than 5 lac.

Table 3 : Preferable term of loan

Term of Loan	No. of Respondent	Percentage (%)
Less than 1 year	52	26%
1 to 3 years	60	30%
More than 3 years	88	44%

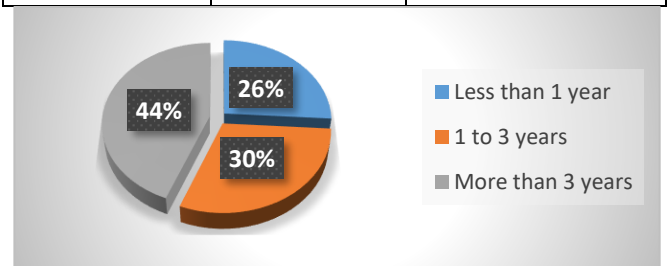


Figure 3 : Preferable term of loan

Study shows that 44 % respondents take loan for more than 3 years, 30 % take loan for 1 to 3 years and 26% take loan for the period of less than 1 year.

Table 4 : Customer opinion about interest rate of loans of Wardha Nagari Sahakari Adhikosh (Bank) Maryadit.

Opinion	No. of Respondent	Percentage (%)
High	39	19%
Low	98	49%
Medium	63	32%

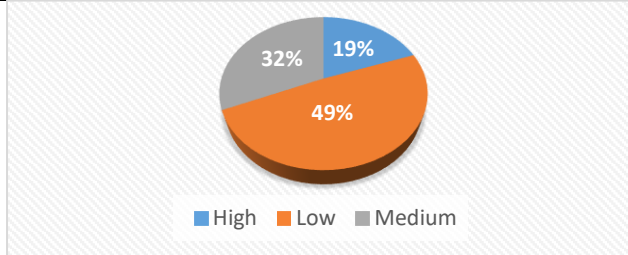


Figure 4 : Customer opinion about interest rate of loans

Loan Amount	No. of Respondent	Percentage (%)
Less than 20,000	16	8%
20,000 - 1,00,000	56	28%
1,00,000 – 5,00,000	63	31%
More than 5,00,000	65	33%

of Wardha Nagari Sahakari Adhikosh (Bank) Maryadit.

49% of consumers are of the opinion that interest rate is low, 19% respondents are of the opinion that interest rate is high and 32% respondents think that interest rate is medium.

Table 5 : What prompted the customers to take loan from Wardha Nagari Sahakari Adhikosh (Bank) Maryadit

Reason for taking loan	No. of Respondent	Percentage (%)
Reasonable rate of interest	36	18%
More schemes	56	28%
Less formalities	74	37%
Easy repayment	33	16%
Any other	1	1%

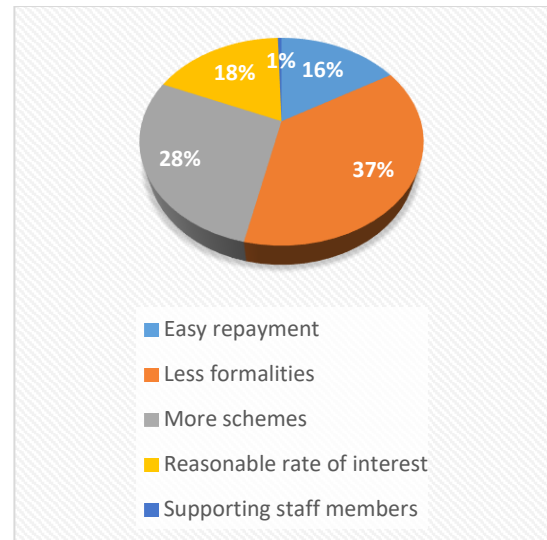


Figure 5 : What prompted the customers to take loan from Wardha Nagari Sahakari Adhikosh (Bank) Maryadit

Study reveals that 37 % take loan because banks provide less formalities, 28% take loans because of more schemes and other respondents take loan because of reasonable rate of interest, easy repayment.

Table 6 : Ranking of the facilities provided by the Wardha Nagari Sahakari Adhikosh (Bank) Maryadit

Rank the facility	No. of Respondent	Percentage (%)
Above average	89	44%
Average	82	41%
Below average	29	15%

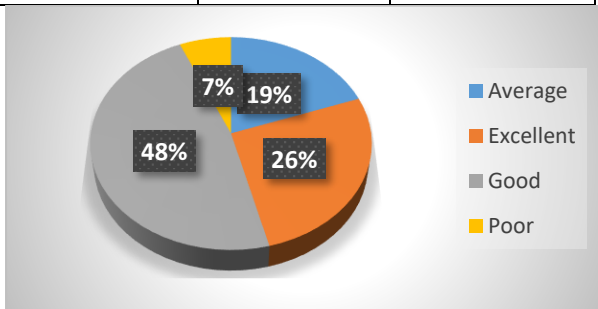
Figure 6 : Ranking of the facilities provided by the Wardha Nagari Sahakari Adhikosh (Bank) Maryadit

Study shows that 41% of the respondent says that facility provided by the bank are average, 44% say that its above average and 15% says that its below average.

Table 7 : Customer's ranking for service of the bank

Rank the customer services	No. of Respondent	Percentage (%)
Excellent	53	26%

Good	95	48%
Average	39	19%
Poor	13	7%

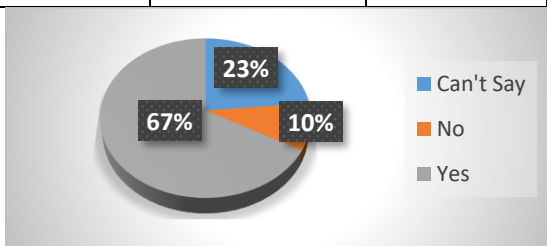


**Figure 7 : Customer’s ranking for service of the bank**

Study shows that 48% of the respondents says that customer service of the bank is good, 26% says that it is excellent and another 19 % says its average and only 7 % says its poor.

**Table 8 : Satisfaction of the customers with the amount & period of installment**

	No. of Respondent	Percentage (%)
Yes	134	67%
No	19	10%
Can’t Say	47	23%



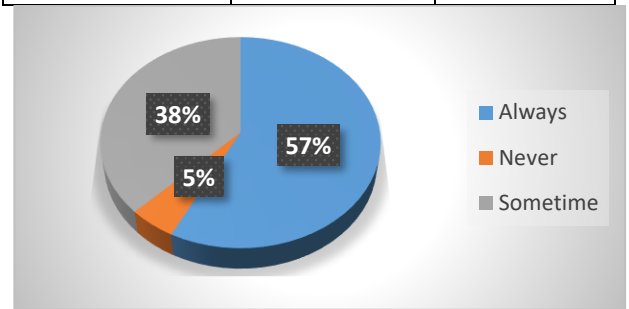
**Figure 8 : Satisfaction of the customers with the amount & period of installment**

Study reveals that 67% are satisfied with the amount and period of installment, 10 % are not satisfied and 23 % can’t say.

**Table 9 : Customers who would like to refer the Wardha Nagari Sahakari Adhikosh (Bank) Maryadit to their friends and relatives.**

Bank refer to Others	No. of Respondent	Percentage (%)
Always	115	57%
Sometime	75	38%
Never	10	5%

Always	115	57%
Sometime	75	38%
Never	10	5%



**Figure 9 : Customers who would like to refer the Wardha Nagari Sahakari Adhikosh (Bank) Maryadit to their friends and relatives.**

57% of the respondents always and 38% of the respondents sometime would like to refer the bank to their friends and relatives which shows that they are satisfied from the services and lending practices of the bank.

## VII.FINDINGS AND SUGGESTIONS

### • Findings

1. Majority (56.5% as per the study) of the respondent were having personal loan from this bank.
2. Most (44% as per the study) of the people prefer to take long term loan which is more than 3 years.
3. There is a very simple procedure followed by bank for loan .
4. More schemes and less formalities are the main factors determining customer’s selection of loans.
5. Quality of services provided by the staff is satisfactory because bank is catering to a small segment only and the customers are properly dealt with.
6. Customers are satisfied with the mode of repayment of installments.
7. The lending practices of the bank are very simple and easily accessible by common People.

### • Suggestions

1. The banks should adopt the modern methods of banking like internet banking, credit cards, debit cards, ATM, UPI and IMPS etc.

2. The banks should plan to introduce new schemes for attracting new customers and satisfying the present ones.
3. The banks should plan for expansion of branches.
4. The banks should improve the customer services of the bank to a better extent.

### VIII. LIMITATIONS OF THE STUDY

1. The study is based on the data of past three years only.
2. The data for study mainly based on a banks customers base.
3. As majority of the customers are employees of the bank, they might be biased in giving the information.
4. The time period of the research was limited.

### IX. CONCLUSION

Co-operative banks take active part in local communities and local development with a stronger commitment and social responsibilities. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. The study conducted with the aim to find out the customer's perception towards lending practices of Wardha Nagari Sahakari Adhikosh (Bank) Maryadit with Special Reference to Wardha District. The study revealed that lending practices of the bank is good respondents are of the opinion that the lending practices of the bank are very simple and easily accessible by common people.

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