

## **A Study on Quality of Services in Cooperative Banks of Himachal Pradesh**

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### **ABSTRACT**

Cooperative Banking sector is that part of Indian Banking Structure that have more reach to rural people of country by framing wide network of credit societies all over India. The Cooperative banks have become the backbone of Indian economy especially in rural area by providing funds at reasonable rate of interest to poor section of society such as farmers, person engaged in allied activities, MSMEs and other people of limited means. Thus Cooperative banks are cheaper source of finance for people of rural areas. The study is conducted to know the awareness level of customers regarding different services provided by cooperative banks and to know the satisfaction level of customers regarding quality of services provided by cooperative banks. The primary data was collected in the form of well designed questionnaire and analyzed with the help of descriptive statistical tools like mean, standard deviation, skewness, kurtosis. The study revealed that customers are not aware about agriculture loan facilities, loans to small scale industries, and electronic data interchange. And customer are not satisfied with the quality of services like internet banking services, recurring deposit, quick response, proper check in authorize access etc. The study suggested that all social media platforms like newspaper, radio, T.V, facebook, insta etc. should be utilized for creating awareness among customers. And quality of internet banking services should be improved.

**Keywords:** *Cooperative Banking, interest, MSMEs, descriptive, Agriculture Loan, electronic data interchange*

### **Introduction I**

The banking sector has a vital role in economy of India as well as world. These institutions collect funds from investors and provide it to the needy section of the society. The existence of cooperative banking came when the Agriculture Credit Co-operative Societies Act in 1904. In India these banks are registered under the Cooperative Societies Act 1912 but supervised and controlled by official banking authorities and thus have to follow the Banking Rules and Regulation (Nivedita,2018). These banks operate mainly for rural area particularly in agriculture sector. In these banking sector, the Board of members are elected on democratic basis with each member entitled to one vote each without considering the number

of shares they have hold. The cooperative banks are often regulated under both Banking and Cooperative Legislation. They provide services such as saving and loans to member as well as to the Non member.(Kumar,M, 2019) These banks are owned by its members with the motive of welfare of its members as well as non member and community development with special reference to agriculture sector. These Banks are established to provide finance to poor section of society at reasonable rate of interest in order to overcome the hurdles of agriculture development.(Barwal & Kumark,2015)The main features of these Cooperative Banking institutions are customer owned, Democratic Structure, Profits are mainly pooled to form reserve while some amount is distributed to members, involved in community development, foster financial inclusion by bringing banking to the development to doorstep of the lower segment of the society.(Joshi, M. & Sankaranarayan,G 2016)

**Cooperative Banking in Himachal Pradesh:** Himachal Pradesh State Cooperative Bank was registered in August 1953 under the cooperative society Act. 1912. It is the Apex cooperative Banking institutions of Himachal Pradesh. Other two district central cooperative banks are Kangra Central Cooperative Bank and Jogindra Central Cooperative Bank. For study purpose, only two main cooperative banks are considered namely Himachal Pradesh State Cooperative Bank and Kangra Central Cooperative Bank. The description of these banking institutions is as follows:

Name of Banks	District where cooperative banks operate
Himachal Pradesh State Cooperative Bank	Shimla, Mandi, Chamba, Bilaspur, Sirmaur and Kinnaur.
Kangra Central Cooperative Bank	Kangra, Hamirpur, Kullu,Una and Lahaul & Spiti.

Bhulal k.& Dhanna,S.(2017)

## Review of Literature: II

**Sreeja (2016)** studied the quality of services of cooperative banks in Thrissur district by collecting both primary data and secondary as well. They analyzed the data with mathematical and statistical tools like mean, percentage etc. their study found that expectations of the customers and actual perceptions of the customers are different. Their study also found that there is some need to improve the quality of services in cooperative banks.**Bhulal.& Dhanna S.(2017)** Studied the performance growth of Himachal Pradesh State Cooperative Bank by evaluating the financial health of HPSCBs. They evaluated the trend analysis for analysing share capital, shareholder fund. Deposit mobilisation, advances and profitability. They also used the financial ratios like operational efficiency, debt equity ratios, profitability ratios, equity to loan ratios, net profit ratios etc.

Their study found that the financial performance of cooperative bank is volatile in every year. It is not stable. **Johnl.& Thoomkuzhy.(2018)**: studied the satisfaction level of customers availing the banking services from cooperative banks. They used primary data from the customers of six branches of Pathanamthitta district Cooperative Bank. They analyzed the data with percentage method along with tabulation. Their study found that more than half percent of the total respondents are satisfied with regard to quality of services provided by cooperative banks. Their study also suggested that modern facilities like ATM, CDM etc. should be provided to the customers. **Kumar.(2019)** studied the performance of cooperative banks with special reference to lending practices in Himachal Pradesh by conducting HPSCB and KCCB. They used primary data in the form of well designed questionnaire from customers. Their study found that majority of the respondents have taken agricultural loan followed by house loan. And majority of the respondents took loan for more than 3 years. Their study also found that customers inclinations toward cooperative banks is due to easy repayment condition of loan and customers first choice is cooperative bank for borrowing facilities as compare to public sector banks and private sector bank.

### III .Research Methodology

#### Objectives of the Study

1. To know the awareness level of customers regarding facilities provided by Cooperative Banks.
2. To know the satisfaction level of customers regarding services provided by cooperative banks.
3. To give suggestions for improvement of quality of services provided by Cooperative Banks.

**Significance of the Study:** As cooperative bank is the integral part of Indian economy especially for people of rural areas by providing loans & advances at reasonable rate of interest for agriculturist & small scale industries. So like others banking sectors, cooperative banking sector provides different kind of services to its customers. People in rural areas enter in cooperative banks with the hope of availing qualitative services. So the present study is an attempt to analyze the awareness level of customers regarding services, satisfaction level and grievances so that quality of services can be improved if need and scope of customers in cooperative banking can be enhanced.

**Research Methodology:** In this study, primary data is collected in the form of well designed questionnaire which contains questions regarding awareness level, satisfaction level regarding quality of services. The data is collected from 100 customers of cooperative banks of Shimla district and Kangra District. Secondary data was collected from research paper and websites of Cooperative Banks in India. Both mathematical and statistical tools like percentage, mean, standard deviation, kurtosis, skewness were used for data analysis.

#### IV. Data Analysis & Interpretation

**Table: 1 Socio –Demographic data of customer**

Variables	Category	Numbers	Percentage
Gender	Male	57	57
	Female	43	43
Age	Below 25	26	26
	25-40	57	57
	40 & Above	17	17
Education	+2	3	3
	Graduate	44	44
	Post Graduate	42	42
	Other education qualification	11	11
Income	100000-300000	57	57
	300000-500000	26	26
	500000-1000000	11	11
	Above 1000000	6	6
Occupation	Students	3	3
	Agriculturist	59	59
	Govt. employee	13	13
	Private employee	25	25

The above table 1. Shows the demographic status of customers. It is found that 57% of the customers are male whereas 43% are female. Majority of the respondents 57% falls in the group of 25-40 followed by 26% in the age group of 40 & above. Graduate customers have majority with 44% followed by post graduate and least 3% of the customers with +2 qualifications. Customers with income level from 100000-300000 have majority whereas customer having income level more than 1000000 are in 6% least numbers. Majority of the customers are agriculturist with 59% whereas students are in least number with 3% only.

**Table 2**

**An analysis of Awareness level of Customers regarding Quality of Services in Cooperative Banks:**

Statements	Very Highly Extent	Highly Extent	Moderate	Some extent	Not et all	Mean	S.D	Skewness	Kurtosis
Saving account	43	25	12	3	17	3.74	1.468	-.926	-.554
Current account	23	16	28	10	23	3.06	1.455	-.106	-1.262
Fixed deposit	39	17	21	3	20	3.52	1.621	-.601	-1.062
Recurring deposit	17	15	35	12	21	2.95	1.321	-.009	-1.013
Agriculture Loan facility	16	16	22	16	30	2.72	1.344	.220	-1.291
Small scale industries	13	22	16	19	30	2.69	1.450	.207	-1.354
Kisan Credit card	19	26	21	10	24	3.06	1.433	-.208	-1.302
ATM	55	25	3	0	17	4.01	1.448	-1.369	.336
Debit card	42	35	9	4	10	3.95	1.460	-1.270	.647
Mobile banking	43	32	9	6	10	3.92	1.258	-1.166	.267
Internet banking	40	32	9	9	10	3.83	1.292	-1.002	-.176
EFT Electronic fund transfer	30	25	13	12	20	3.33	1.319	-.401	-1.312
Electronic clearing services	16	25	17	18	24	2.91	1.511	-.008	-1.363
Electronic data interchange	13	22	25	16	24	2.84	1.361	-.026	-1.199

Very highly extent=5, Highly extent =4, Moderate=3, Some extent=2, Not et all=1

From the above table 2, it is found that the mean score of dimension under quality of services between 4-5 which lies between very highly extent and highly extent is ATM only as against the standard deviation of 1.448 and negative value of skewness shows that majority of the respondents lie towards the higher side of mean. Which support the result of mean score. The negative value of kurtosis is more than 0 mean distribution is leptokurtic which mean majority of the responses are concentrated on single point.. So People are almost very highly aware about ATM facility.

The dimension under mean score between 3-4 which lies between moderate and highly extent are saving account, current account, fixed deposit, Kisan Credit Card, Debit card, mobile banking, internet banking, electronic fund transfer. Whereas dimensions have standard value on an average 1.5. All the dimensions have negative skewed value which shows the negative distribution that shows the majority of the respondents lies towards the higher side of mean. Which further support the result that respondents are highly aware regarding the said dimensions. The values of kurtosis of all dimensions are less than 0 that show the platykurtic distribution.

The dimensions under mean score between 2-3 are recurring deposit, Agriculture Loan Facility, Small Scale Industries, Electronic Clearing services, electronic data interchange as against on an average 1.5 standard deviation value. Recurring deposit, electronic clearing services, electronic data interchange have negative skewness value which shows that majority of the respondents are towards the higher side of mean which stated that respondents are aware more than some extent. Out of this Agriculture loan facility and small scale industries have positive skewness value which shows the positive distribution and stated that majority of respondent lies towards the lower side of mean. Means respondents are aware up to some extent only. In other words customers are not well aware about the above dimensions. Kurtosis values of all dimensions are less than 0 which show the platykurtic distribution.

**Table 3**

**An analysis of satisfaction level of Customers regarding Quality of Services in Cooperative Banks**

<b>Statements</b>	<b>Very Highly satisfied</b>	<b>Highly satisfied</b>	<b>Moderate</b>	<b>Highly Dissatisfied</b>	<b>Very Highly Dissatisfied</b>	<b>Mean</b>	<b>S.D</b>	<b>Skewness</b>	<b>kurtosis</b>
Saving account	25	31	18	12	14	3.41	1.357	-.512	-1.210
Current account	15	27	25	9	24	3	1.393	-.206	-1.210
Fixed deposit	34	25	21	3	17	3.56	1.424	-.702	-.749
Recurring deposit	17	19	41	7	16	3.14	1.255	-.239	-.668
Loan facilities	17	37	20	19	7	3.38	1.179	-.405	-.778
ATM	45	18	14	6	17	3.68	1.510	-.766	-.896
Debit card/credit card	46	18	23	-	13	3.84	1.361	-.979	-1.53
Internet banking	40	19	22	6	13	3.67	1.393	.714	-.707
Better physical infrastructure	11	34	25	9	21	3.05	1.313	-.367	-1.042
Quick response (prompt services)	14	15	46	12	13	3.05	1.167	-.060	-.435
Protection of banking transactions	14	40	30	3	13	3.39	1.171	-.769	-.037
Privacy/ confidentiality	24	35	22	9	10	3.54	1.234	-.669	-.415
Feel safe in transaction With bank	33	22	32	3	10	3.65	1.250	-.666	-.321
Proper check in authorise access	24	21	39	7	9	3.44	1.192	-.366	-.462

Very highly extent=5, Highly extent =4, Moderate=3, Some extent=2, Not et all=1

From the above table 3, it is found that customers are fully satisfied with services of fixed deposit, ATM card/Credit card, feel safety in transaction with bank. Where all dimensions have mean score more of 3.56, 3.68, 3.84 and 3.65 respectively which support the result against standard deviation of 1.424, 1.510, 1.361 and 1.250 respectively. Negative values of all these dimensions show that responses are lies towards the higher side of mean which further support the result. Kurtosis values of all dimensions are less than 0 which shows that distribution is platykurtic.

Whereas customers are highly satisfied with saving bank account, current account, loan facility, better physical infrastructure, protection of banking transactions, privacy/confidentiality against their variation degree through standard deviation of 1.357, 1.393, 1.179, 1.313, 1.171, 1.234 respectively. Negative values of all these dimensions show that distribution is negative and majority of the responses lies towards the higher side of mean. Kurtosis value of all dimensions is less than 0 which show that distribution is platykurtic. Customers have moderate satisfaction with recurring deposit, quick response, proper check in authorization access with their standard deviation values of 1.255, 1.167, 1.192 respectively. Negative values of skewness show that distribution is negative which state the majority of the responses lies towards the higher side of mean. Kurtosis value of all dimensions is less than 0 which show that distribution is platykurtic.

Customers are not satisfied with the quality of internet banking services as mean value is 1.67 against the standard deviation is 1.3. The positive value of skewness .714 shows that distribution is positive means majority of the responses lies towards the lower side of mean. Kurtosis value of all dimensions is less than 0 which show that distribution is platykurtic.

### **Major Findings:**

- Customers are very highly aware about saving account, fixed deposit, ATM, Debit card, mobile banking, internet banking, Electronic Fund Transfer.
- Customers are highly aware about Kisan credit card, and electronic clearing services.
- Customers are moderate aware with respect to current account, recurring deposit, and electronic data interchange.
- Customers are not aware about agriculture loan facilities and loans to Small Scale Industries.
- Customers are very highly satisfied with the qualities of fixed deposit, ATM, debit card facilities, feel safety in transaction with bank.



- Customers are highly satisfied with saving bank account, current account, loan facilities, better physical infrastructure, protection of banking transaction, privacy confidentiality.
- Customers are moderate satisfied about recurring deposit, quick responses, proper check in authorize access.
- Customers are not satisfied with quality of internet banking services.

**Suggestion of the study:**

- Information should be disseminated to customers regarding benefits of current account, recurring deposit, electronic data interchange and agriculture loan facilities. Customers should be get aware about the benefits of agriculture loan facilities for which the cooperative banks were established. For that all social media platform like TV, radio, newspaper, facebook insta. etc should be utilised for creating awareness among customers. Monthly financial program through panchayat should be conducted where are types of these facilities can be discussed in detail.
- Quality of recurring deposit, quick response, proper check in authorize access should be improved with respect to their services.
- Quality of internet banking should be improved by updating the latest technology and internet banking aaps should have latest version with respect to time.

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