AN ASSESSMENT OF CUSTOMER ORIENTATION OF PRIMARY AGRICULTURAL CO-OPERATIVE BANKS IN UNION TERRITORY OF PONDICHERRY

THESIS

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CERTIFICATE OF SUPERVISORS

This is to certify that the thesis entitled "**An Assessment of Customer Orientation of Primary Agricultural Co-operative Banks in Union Territory of Pondicherry**" is a bonafide record of the original research work of **Mr. K. Nadarajan** at the Department of Commerce, School of Management, Pondicherry University, under our supervision.

The subject on which the thesis has been prepared in his original work and it has not been previously formed the basis for the award, to any candidate, of any Degree, Diploma, Fellowship or other similar title of any University and Institution.

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DECLARATION

I hereby declare that the thesis entitled "**An Assessment of Customer Orientation of Primary Agricultural Co-operative Banks in Union Territory of Pondicherry**", submitted by me for the award of Doctor of Philosophy is the original work carried out by me under the guidance and supervision of Prof. **B. Murugesan**, former Dean, School of Management, Pondicherry University and Prof. **P. Palanichamy,** Professor, Department of Commerce, Pondicherry University, and no part of the thesis has been submitted for the award of any other Degree, Diploma, Fellowship or other similar title of any University and Institution.

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LIST OF ABBREVIATIONS

AGM	Assistant General Manager
ANOVA	Analysis of Variance
ATM	Automated Teller Machine
CAGR	Compounded Annualized Growth Rate
CV	Coefficient of Variation
CWS	Cooperative Wholesale Society
DCCB	District Central Co-operative Bank
DRDA	District Rural Development Agency
HDFC	Housing Development and Finance Corporation
ICICI	Industrial Credit and Investment Corporation of India
KCC	Kisan Credit Card
LGR	Linear Growth Rate
NABARD	National Bank for Agriculture and Rural development
PACB	Primary Agricultural Cooperative Banks
PACS	Primary Agricultural Credit Societies
PADCO	Planning and Development Collaborative International
PCARDB	Primary Cooperative Agriculture and Rural Development Bank
RBI	Reserve Bank of India
SCARDB	State Cooperative Agriculture and Rural Development Bank
SCB	State Co-operative Bank
SD	Standard Deviation
SIS	Structured Interview Schedule
SJSY	Swarnjayanti Gram Swarozgar Yojana
UCB	Urban Co-operative Bank

CHAPTER 1

INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

The financial services are highly important in any service sector as these services are the backbone of economic development of a country. The banks coming under service sector play an important role in the financial system of a country. In developing countries like India, the role of banks in the economic development is vital as financial services rendered by them are integral part of all the businesses and social activities and banking is a catalyst in the life of modern trade and commerce.

Nowadays, with technological advancement, the transformation of services in the banking system has led to the evolution of a highly competitive and complex market where the continuous refinement of services is required. The increased role of banking in India's economic development on the one hand and the changes in the business climate on the other put an increased pressure on them. The changes in the business climate are pressurizing the banks to reorganize themselves in order to cope with the present conditions. The reorganization of banks with present conditions is possible only if there is change in the functional orientation of banks.

With the current change in the functional orientation of banks, they are trying to provide all the services at the customer's doorstep. The customer has become the focal point either to develop or maintain stability in the business. Every engagement with the customer is an opportunity to either develop or destroy a customer's faith in the Bank. The expectations of the customers have also increased many folds. Intense competition among the banks has redefined the concept of the entire banking system. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage over their competitors.

After the globalization, with the emergence of global banking, banks are compelled to provide all banking product and services under one roof and their endeavour is to be customer centric. Also, with the emergence of economic reforms in India, private banks have come up in a big way with prime emphasis on technical and customer focused issues. So, to compete with financial market after emergence of private banks, the customer orientation of the banking sector has significantly increased in recent times. The banks in India have started introducing a variety of new products and new services with emphasis on quality of services to address the issue of customer needs and requirements through a customer centric approach. Though Indian banking sector continues to witness domination of the public sector banks, the banking sector has witnessed the entry of many new private sector banks, resulting in momentous changes during the last decade.

Private sector banks are oriented toward niche banking, unlike the public sector banks, which meet the mass banking requirements. The strategies adopted by the private sector banks are more in tune with those of the foreign banks, where emphasis is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operating efficiencies by using high-end technology. Despite a stiff competition between public and private sector banks, the banks under co-operative sector have been playing their tunes well within their frame work to address customer need and most of their functions are customer centric on par with banks under other sectors. Further, co-operative banks play an important role in economic development of people at micro levels in various regions of the country. Because of this fact, most of their services are customer oriented.

Any service oriented organization will be successful only if they serve to the satisfaction of their customers. That is, customer satisfaction is an essential one for every organization whether it is profit earning or non-profit earning organization involved in serving the people. When does a customer get satisfied? The customer gets satisfied only when the services of the service providers are up to the expectation of the customers. So, the expectations are the base for satisfaction. That is, serving up to the expectation of customers is the customer orientation. Therefore, customer

orientation is the deciding factor for customer satisfaction. The customer orientation is defined as the degree to which an organization or its employees focus their efforts on understanding and satisfying customers. So, in any organization, particularly in service based organization, behaviour of employees towards customer orientation is an important one. That is, employees' behaviour towards customer orientation plays an important role in determining the customer satisfaction and decision making. So, the research on this area will give many useful suggestions to the probable beneficiaries. To study the customer orientation and customer satisfaction, the researcher considered the members of Primary Agricultural Co-operative Banks (PACBs) in Pondicherry region as sample population.

1.2   Customer Orientation

Customer orientation is the predisposition of employees to meet customer needs. This predisposition consists of needs and enjoyment indicating employees' ability to fulfil customer needs and the degree employee enjoys interacting with customers. That is, customer orientation adapts the product or services to a customer's needs and wants, if possible including a customer's personal situation. Its main objectives are to assist, inform, and to be flexible. Customer orientation is the most important prerequisite in providing competitive world class service and it helps to identify as to whether a bank is customer centric or customer driven. A bank

is not considered to be customer oriented if it satisfies one of the following aspects.

A cost driven bank

A credit card company realized that the cost of servicing an account has gone up. This was due to the higher cost of labour and the cost of new technology. It decided to pass on this cost to all its credit card customers by doubling the annual membership fee. Large regular customers were incensed by this increase in charges, believing that bank had earned more than enough profits from their huge card transaction to cover its cost of operations. As a policy, bank charges were levied across the board and did not discriminate between frequent and infrequent card users. As a result, many of the big members dropped the card and switched over to the competitors. The bank did recover the cost of servicing, but in so doing, it lost more in terms of profits and loyal customers.

Another cost driven bank

Assume the average queuing time of a bank customer in the lobby is 10 minutes with 3 tellers deployed. If the tellers are reduced to two, the average queuing time jumps to 30 minutes. Pressured to cut cost by top management, the bank may opt for a hefty one third reduction in labour costs in spite of a 200% increase in customer inconveniences. The rationale:

the resulting customer inconvenience, irritation or its effects will not appear in this quarter's profit and loss statement.

The capacity driven bank

The capacity driven bank will behave very similarly to the one described above. Let us say that during peak hours, with three tellers, customers had to wait for an hour to get their business done. To reduce queuing time to a more tolerable 10-15 minutes, two more tellers have to be added. Customers are angry as the bank manager explains that their maximum capacity or number of booths is for three tellers only. Moreover, head office has fixed the budget per branch and no new hiring is allowed.

The collateral driven bank

A borrower has requested the bank for a short term loan of at least Rs.3,00,000. It will be used for working capital to increase capacity, market share and enhance profitability. The bank was convinced by the proponent's feasibility study and marketing plan but decide to release only Rs. 2,00,000 because his collateral security could only secure this amount. The loan proceeds, while not small, were not enough to enable the proposer to benefit from volume discounts and other economies of scale advantages that were expected to be generated by the original Rs.3,00,000 amount. Ironically, after receiving Rs.2,00,000 and implementing its expansion program, the

proposer experienced losses and cash flow problems. The bank blames him for mismanagement and threatened to call the loans.

The technology driven bank

A bank has installed new ATM's to decongest its lobby of customers, but more importantly to showcase this acquisition as the latest and fastest technology in the industry. To its disappointment, most of its customers shun the machines and continue to deal with live tellers and maintain their personal relationships with these human front liners. The bank fought back by levying service charges for all teller transactions to increase ATM patronage. It has to justify its multi-million investment in technology and show to its competitors that it is working remarkably. The customers fought back by closing their accounts and moved to the next door bank.

Another technology driven bank

A client with his passbook came to withdraw from his savings account from a teller. At that point in time, the computer went off line and was disconnected from head office central computers. It took some time to manually process the withdrawal. The client got his cash, but not his passbook. The teller said that the passbook cannot be updated unless the computer went on line again. The customer was asked to come back the next day for his updated passbook.

The sales driven bank

A bank has been receiving complaints from its customers about slow service, delayed statements, discourteous tellers, and misposting of transaction. The usual response was no response, or "we have advised the erring employee and we assure you it will not happen again." Of course the mistakes and delays happen again and the bank hopes the customers will get tired of complaining and learn to live with them. Meanwhile, the bank marketing program calls for the launch of new bank products and services to match the competition's offerings. Tellers are trained and enjoined by management to cross sell these new products to current clients who come to do regular transactions. The customers greet this initiative with mixed feelings and some with disdain. Most silently ask themselves: "How can this bank have the temerity to offer new products when it could not even efficiently service its present ones?"

The company policy driven bank

A customer has been in the queue for 15 minutes. He was about to make two transactions – one check deposit to his savings account and one check encashment worth Rs. 10,300. When it was his turn, the teller promptly accepted his deposit. But when she realized the amount to be encashed, she requested the customer to get first the approval and signature of the branch manager who was seated inside the office. The teller explained that as matter of policy, tellers cannot encash checks above Rs.10,000

without approval from their superiors, and customers themselves must personally get this approval. The client in this case had to line up again for another 10 minutes in front of the branch manager.

In contrast to the banks described above which are internally oriented, the customer driven bank is externally oriented or market oriented. It does not set policies and standards based on its capacity, costs, or competence, but on the actual needs expectations, and convenience of its clients – depositors and borrowers alike. After it recognizes and accepts its clients' needs, it invests in, improves, or designs products and processes that will fill these needs as closely as possible. Then it hires, trains, motivates, and equip the right people who will run these processes and sell these products

The aim of the customer-centric bank is not just to sell products and services, but to create delighted, loyal customers who will always come back and favourably endorse the bank to their friends and acquaintances. In the end, the customer driven bank will have more repeat customers and repeat business than its competitors. It puts its customers ahead of everybody else and everything else – in its mission statement, in these policies, in its systems, and in its decisions. Its sales and profits will rapidly increase as its reputation for customer care and concern spreads.

1.3   Customer Satisfaction and Customer Orientation

The fundamental aim of every business enterprise, just as of a commercial bank, is to satisfy customer needs to achieve profits and grow further. The main tool to the adequacy to this aim, i.e., to sustainment and continuity of the business activity, is customer orientation. Any business enterprise, whether involved in financial services or non-financial services, is able to fulfil their customer needs and make them satisfied only if the services provided by the business enterprise are customer oriented.

For customer orientation, it is not enough that the bank considers itself, but it is also essential that the customer himself or herself feels satisfied about the provided service. So one of the (not the only) measuring and analysing tools of customer orientation is the examining of customer satisfaction. Satisfaction, however, does not automatically mean loyalty, and dissatisfaction does also not necessarily mean neglecting the institution.

Customer satisfaction represents a modern approach for quality in enterprises and organisations and serves the development of a truly customer-focused management and culture. Measuring customer satisfaction offers an immediate, meaningful and objective feedback about clients' preferences and expectations. Modern management science's philosophy considers customer satisfaction as a baseline standard of performance and a possible standard of excellence for any business organisation (Gerson,

1993)[1]. Moreover, customer satisfaction measurement provides a sense of achievement and accomplishment for all employees involved in any stage of the customer service process. In this way, satisfaction measurement motivates people to perform and achieve higher levels of productivity. To reinforce customer orientation on a day-to-day basis, a growing number of finance service organizations (banks) choose customer satisfaction as their main performance indicator (Deschamps and Nayak, 1995)[2].

Satisfaction is a multi dimensional construct which has been conceptualized as a prerequisite for building relationships and is generally described as the full meeting of one's expectations (Oliver, 1980)[3] and is the feeling or attitude of a customer towards a product or service after it has been used. Today, banks have moved away from a transactional-based marketing approach to a relationship- based approach in rendering their services that has at its core the recognition of the lifetime value of the customer. It has been attributed with three dimensions namely, satisfactory interactions with personnel satisfaction with the core service and satisfaction

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[1]Gerson, R.F., (1993). *Measuring Customer Satisfaction*. Menlo Park, California, USA

[2]Deschamps, J.P., Nayak, P.R., (1995). "*Product Juggernauts: How Companies Mobilize to Generate a Stream of Market Winners.*" Harvard Business School Press, Boston

[3]Oliver, Richard L. (1980). "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions." *Journal of Marketing Research*, September, Vol.17, pp.460-469

with the organization (Crosby and Stevens, 1987)[4]. Customer satisfaction in the retail banking industry has been studied by (Jamal Ahmed,2002)[5] along with customer profitability management being integrated and optimized for the customer (Lenskold James,2004)[6].

Changes in service and technology, Socio-economic outlook of people, liberalization, Privatization and Globalization of Economy and Trade, Policies and Programs of the Government have necessitated the banking functions to have a new look in their operations based on customer orientation. As a result, banks are facing a new situation, where they are expected to fulfil the twin objectives of helping the economy to grow by meeting the needs and expectations of the customers, and ensure a high degree of operational efficiency in line with the international standards.

Modern Banking has to undergo qualitative transformation in offering its services by their policies and programs in consonance with the needs and demands of customers for its perpetual existence. Being, the third sector of the economy, the co-operative banks, aiming at improving the socio-

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[4]Crosby and Stevens, (1987). "Effects of Relationship Marketing and Satisfaction, Retention and Prices in the Life Insurance Industry". *Journal of Marketing Research*, November, pp.404-411

[5]Jamal Ahmad, (2002). "Customer Satisfaction and Retail Banking : An Assessment of some of the Key Antecedents of Customer Satisfaction in Retail Banking", *International Journal of Bank Marketing*, Vol.4, No.5, p.146

[6]Lenskold James D, (2004). "Customer Centric Marketing ROI", *Marketing Management*, Jan/Feb.Vol.13. No.1, pp.62-76.

economic conditions of weaker sections of the community, must render their services with the needs and orientations of customers. If they fail to consider the demands and expectations of customers, the dissatisfied- customers will always create adverse information about the organization affecting the development of business. All customers expect the bank and bankers to be polite, courteous, helpful and understanding.

Because of its potential influence on consumers' behavioural intentions and customer retention, customer satisfaction has been the subject of much attention among the academicians. A direct positive relationship between perceived value of customer orientation and customer satisfaction has been indicated by a variety of product and services studies (Hellier et al., 2003)[7]. Fornell et al. (1996)[8] upheld the view that customer satisfaction is a consequence of perceived value and highlight the importance of the relationship between the two.

Therefore, it becomes necessary to raise queries on certain issues such as; How do the co-operative banking institutions perform their functions? How do they understand their customers and their needs? What do they do to satisfy the conceivable needs and expectations of the

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[7]Hellier, Phillip K., Gus M. Geursen, Rodney A. Carr and John A. Rickard (2003). "Customer Repurchase Intention: A General Structural Equation Model," *European Journal of Marketing*, Vol. 37, No. 11/12, pp. 1762-800.

[8]Fornell, Claes, Michael D. Johnson, Eugene W. Anderson, Jaesung Cha and Barbara E. Bryant (1996). "The American Customer Satisfaction Index: Nature, Purpose, and Findings," *Journal of Marketing,* Vol. 60, October, pp.7-18.

customers? Do the customers face any problem in availing the existing services? Are they satisfied with the services of employees? Do the co-operative banks evolve policies and programs towards customer satisfaction? What do customers suggest to maximize customer satisfaction in co-operatives? The other similar issues prompted the researcher to take-up an in-depth investigation.

1.4 Origin of Co-operatives

Germany was the first country to start the co-operative credit movement in the world. The genesis of urban credit movement may be traced to the economic distress of the masses, particularly the artisans of Germany in the middle of 19th century. The first urban credit society was started by Schultze Delitzch in 1850. In 1855, being inspired by the activities of Schultze in Germany, Professor Luizi Luzzatti started urban co-operative Banks in Italy. Inspired by the co-op urban credit institutions in Germany and Italy, some social workers of the former princely State of Baroda, now a district in Gujarat State, formed a Mutual Aid Society called Annyonya Sahayakari Mandali on 5th February 1889 under the guidance and leadership of late Sri Vittal Laxman Kanethkar.

Co-operative movement was officially launched in India on 25th March 1904. The first urban co-operative credit society was registered in October 1904 at Kanjeepuram now in Tamil Nadu State. In October and

December 1905, Betegiri Co-operative Credit Society in Dharwar District and the Bangalore city co-operative credit society, both in Karnataka State were registered. The introduction of the Co-operative Credit Societies Act 1904, for providing credit to farmers marked the beginning of the institutionalization of co-operative Banking in India. This Act was amended in 1912 to facilitate the establishment of central co-operative banks at the district level, thereby giving it a three tier federal character.

1.5 Profile of Pondicherry

Pondicherry a small charming Union Territory on the East Coast of India, is the window of French culture with an area of 492 sq.km with a population of 12,44,464 and also a land of learning and wisdom there are various versions of how the name Pondicherry was derived. The original name of Pondicherry was "Vedhapuram" or " Vedhapuri", and also it is versed "Agatheeswaram" , "Pudouke", "Puduchery" and so on. From this point of view it is obvious that Pondicherry was traditionally a seat of learning and vedic culture. A series of events ultimately led to the freedom of Pondicherry from the French rule on 1st November 1954 after 138 years, when Pondicherry was merged with the Indian Union. The Union Territory of Pondicherry consists of four isolated regions namely, Pondicherry, Karaikal, Mahe, and Yanam. These regions experience mild, cool, and pleasant climate both in summer and winter with a total land area of 46,822

hectares and out of which 58.6% is brought under cultivation. During the French regime, the population of Pondicherry was only 60000. In 1911 the population was estimated as 2,57,179 and in 2011 the population rose to 12,44,464.

1.6 Co-operative Movements in Pondicherry

Banking on modern lines started only in 1875 when the Banque de l'Indo Chine (Indo-China Bank) was established in Pondicherry. The extension of the Banking-Companies Act 1949 and the Foreign Exchange Regulation Act 1947 to Pondicherry in 1954 and the withdrawal of the Indo-china Bank in March 1953 paved the way for the establishment of Indian Banks.

The co-operative movement have taken very deep roots in Union Territory of Puducherry since 1953. The co-operative sector to-day has emerged as one of the vital instruments of Socio-Economic regeneration. It upholds the principle of "all for each and each for all".

1.7 The Pondicherry State Co-Operative Bank Ltd

The Pondicherry State Co-operative Bank Ltd started functioning from 30th October1958 with its jurisdiction extending over the entire territory. This is the apex co-operative bank and the central financing agency

in the co-operative sector channelizing funds received from Reserve Bank of India to the primary credit societies at low rate of interest.

1.8 Primary Agricultural Credit Societies

Agriculture is one of the main sectors of economic activity in the Union Territory. For helping agriculturist by providing credits, these Primary Agricultural Credit Societies were started. These societies operate at the village level and maintain direct contact with farmers. They are now called as Primary Agricultural Co-operative banks. They mostly provide short term credit to farmers over the years.

1.9 Statement of the Problem

One of the criticisms levelled against the banking industry after the nationalization of banks in 1969 relates to the perceived deterioration in the customer orientation of the industry. If one were to go by the experiences of customers in their daily interactions with banks or by the impressionistic accounts given by the media, there appears to be little choice except to agree that the customer orientation in the banking industry falls far short of expectations. But there is no empirical evidence for accepting or rejecting the hypothesis that customer orientation has actually declined in this industry.

Also, no industry in the services sector can afford to ignore its customers. This is highly true in the banking sector considering that the industry is becoming highly competitive. Such competitiveness is very high for banks in the co-operative sector as these banks face high competition from nationalized, private and multinational banks. Therefore, customer orientation is vital for co-operative banks to infuse a great deal of dynamism in providing service to the expectation of their customers. But, it is not certain as to whether co-operative banks, particularly agricultural co-operative banks, function with appropriate customer orientation strategies or not. Hence, this study seeks to examine the same empirically.

1.10 Objectives of the Study

The study has the following objectives:

1) To assess the services provided by Primary Agricultural Co-Operative Banks in Pondicherry region.

2) To examine the extent of customer orientation of PACBs based on the perception of the customers.

3) To identify the relationship of expectation and satisfaction of the customers with performance of the banks.

4) To analyze the problems in adopting customer orientation in banking services by Primary Agricultural Co-operative bank

5)   To offer suggestions based on the findings of the study for enhancing customer orientation and for maximizing the customer satisfaction measures of co-operative banks.

1.11   Hypothesis

In furtherance of the study, the following research hypotheses have been framed for testing in the present study.

1.   There is no significant relationship between customers' socio-economic characteristics and membership with PACB in Pondicherry region.

2.   There is no significant difference between actual and expected customer orientation of PACBs in Pondicherry region.

3.   There is no significant relationship between behaviour of employees and their socio-economic characteristics in PACBs

4.   There is no significant relationship between behaviour of the employees and the customer orientation in PACBs.

5.   There is no effect of customer orientation on satisfaction of customers in PACBs.

1.12   Scope of the Study

There is a need for research in customer orientation of Primary Agricultural Co-Operative Banks. While various studies have been extensively made about banking services / technology and customer

relationship and management in banking industry particularly after 1969 i.e., after nationalization of commercial banks, most of them are about the internal functioning of the banks with reference to the finance, marketing and customer relations with them. Studies on customer oriented services in banks have been made from banker's point of view. Those studies were general in character and do not contain anything substantial about the working of co-operative banks, specifically customer orientation of Primary Agricultural co-operative banks. No serious study has been conducted about the customer's expectations and satisfaction of Primary Agricultural Co-operative banks. Hence there is a need for the present study.

1.13 Research Methodology

Source of Data

Present study is an empirical study based on survey method. Primary data was elicited from customers, by administering a structured interview schedule (SIS). The schedule comprises of a wide range of information's starting from demographic indicators such as age, social indicators such as educational status, occupation, family income, asset position, sources of borrowings, exposure to mass media, contact with change agents etc., The other indicators were measured by the frequency of their participation in the affairs of the Primary Agricultural co-operative banks, reasons for having relationship with Primary Agricultural co-operative banks' awareness on

deposits loans and ancillary services of Primary Agricultural Co-Operative Banks.

The secondary data were collected with the help of a data sheet/document schedule to elicit details pertaining to the origin, growth and development, functions, policies and strategies of sample banks during a period of 10 years (2001 to 2010), from the annual and audited reports of Primary Agricultural Co-Operative Banks.

Selection of the Study Area

The Union Territory of Pondicherry includes four regions Pondicherry, Karaikal, Mahe and Yanam. The present study pertains to Pondicherry region which is situated in western bank of Bay of Bengal.

Selection of Sample Banks and Respondents

The Pondicherry region has been divided into five co-operative sectors, namely Puducherry, Bahour, Embalam, Thirubuvanai and Villianur for the purpose of co-operative administration and effective auditing. At present, there are 27 PACBs in all the five co-operative sectors of Pondicherry region. All these banks are affiliated to the Pondicherry State Co-operative Bank (PSCB). It was decided to select a sample of two banks from each co-operative sector randomly and thus ten banks were selected for the study. Originally, it was decided to have a sample of 35 members from

each selected bank adopting random sampling method but could not be employed due to the practical difficulties. In fact, there were about 35,000 members in all the 10 selected banks. Instead of using random sampling techniques, convenient sampling technique was adapted and selected 350 customers from all the 10 selected banks at the rate of 35 from each bank.

Statistical Techniques

The data collected for the present study are of qualitative and quantitative in nature. Various statistical tools and techniques descriptive statistics (Mean, standard deviation), Chi-square test, t-test, one way ANOVA (F test), Factor analysis, Multiple regression analysis, Discriminant analysis and Canonical correlation analysis have been applied. The gap analysis is adopted to understand the significance of the difference in perceived and expected customer oriented services provided by PACBs under study. The statistical techniques are given in detail below:

Frequency Distribution

The frequency distribution is a mathematical function used to identify the number of instances in which a variable takes each of its possible values. In statistics, a frequency distribution is a tabulation of the values that one or more variables take in a sample. Each entry in the table contains the frequency or count of the occurrences of values within a particular group

or interval along with percentage to total and in this way the table summarizes the distribution of values in the sample.

Mean ($\overline{X}$)

$$\overline{X} = \frac{\sum X_i}{n}$$

Where, X_i is perception score of 'i[th] respondents 'n' is total number of respondents in the sample.

Standard Deviation (σ)

$$\sigma = \sqrt{\frac{\sum X_i^2}{n} - (\overline{X})^2}$$

Where, X_i is perception score of 'i[th] respondents 'n' is total number of respondents in the sample and $\overline{X}$ is mean score for all the respondents.

Gap Analysis

The Gap analysis is applied to identify the gap between perception and expectation of customer oriented services provided by PACBs under study. The statistical significance of the gap is evaluated by paired t-test.

Cross Tabulation Analysis

The cross tabulation analysis is used to calculate the joint frequency distribution of cases based on two or more categorical variables. Displaying a distribution of cases by their values on two or more variables is known as

contingency table analysis and is one of the more commonly used analytic methods in the social sciences. The statistical significance of the joint frequency distribution can be evaluated by chi square statistic. The significant chi-square value indicates that the two variables in the cross tabulation analysis are statistically associated with each other. In the cross tabulation analysis, the percentages are calculated to compare the relative frequency of each level of opinion across the categorical variables.

Chi-Square Test

The formula for chi-square is:

$$\lambda^2 = \sum \frac{(O-E)^2}{E}$$

Where,

λ^2	=	Chi-square value
O	=	Observed frequency
E	=	Expected frequency

Paired t-test

The paired t-test is adopted to test the significance of the difference between perceived and expected level of various customer oriented services provided by PACBs under study. The formula for calculating t-value under this test is:

$$t = \frac{\bar{d}}{\sqrt{s^2/n}}$$

Where d bar is the mean difference between two samples, s² is the sample variance, n is the sample size and t is a paired sample t-test with n-1 degrees of freedom

't' Test for Independent sample

This test is used to determine the significant difference in mean perception scores between two respondent groups by socio-economic characteristics. The formula for calculating the 't' value is:

$$t = \frac{(\overline{X}_1 - \overline{X}_2)}{\sqrt{\left(\dfrac{\sigma_1^{2}}{n_1} + \dfrac{\sigma_2^{2}}{n_2}\right)}}$$

Where,

$\overline{X}_1$	=	Mean of the group 1
$\overline{X}_2$	=	Mean of the group 2
σ_1^{2}	=	Variance of the group 1
σ_2^{2}	=	Variance of the group 2
n_1	=	Size of the Group 1
n_2	=	Size of the Group 2

One Way ANOVA (F test)

The One Way Analysis of Variance is used to ascertain statistical significance of the difference in mean ratios among more than two respondent groups by socio-economic characteristics. The formula for calculating ratio of variance or simply 'F' is

$$F = \frac{S_B{}^2}{S_W{}^2}$$

Where,

F	=	Ratio of variance (F Value)
$S_B{}^2$	=	Between group variance
$S_w{}^2$	=	Within group variance

Factor Analysis

The factor analysis is a multivariate technique used to find out the primary aspects (underlying dimensions) underlying customer satisfaction with bank services. The Principal components method of Factor analysis with Varimax rotation is used here to identify the underlying dimensionality.

Discriminant Analysis

The discriminant analysis is a multivariate technique used to identify the difference in groups relative to linear composite of variables in the independent set. That is, this technique is used to find out power of one or more variables in the independent in discriminating the groups in the dependent. In the present study, this statistical technique is used to identify which of PACB employees' behavior best predict the customer orientation in terms of time taken for opening accounts, depositing money into account, crediting account, making entries into pass book, withdrawing money from account and time taken for issuing loan after sanctioning.

The discriminant analysis first provide the results of the Chi-square test of successive roots (functions) to show which discriminant canonical function gives better discrimination (better power of differentiating the groups). The number of successive roots tested by the analysis is the number of groups in the dependent variable minus one. In our case, there are four respondent groups (relative to four time periods) and therefore, the number of discriminant function produced and tested by the discriminant analysis is three. The standardized canonical coefficients and structure correlation matrix produced by the analysis are used to bring out the significant variables in the independent set with predicting power.

The standardized canonical coefficients are like standardized beta coefficients in the multiple regression analysis, which are comparable across variables and help identify the degree of predicting power. On the other hand, the structure matrix, which is the correlation between discriminant function and each one of the variables in the independent set, help to identify an extent of relationship between the variable and discriminant function. That is, it helps to identify the relative importance of each predictor variable in discriminating the groups.

Canonical Correlation

The Canonical correlation is similar to multiple regression analysis, but the goal of the canonical correlation analysis is to quantify the strength

of the relationship between the two sets of variables (criterion or dependent and predictor or independent). This statistical technique is used here for determining the magnitude of the relationships that may exist between perceived customer satisfaction and PACB employees' behaviour towards customers. The canonical correlation analysis is very much useful in explaining the nature of whatever relationships exist between the set of criterion variables and set of predictor variables, generally by measuring the relative contribution of each variable to the canonical functions (correlation between two sets) that are extracted.

The first step of canonical correlation analysis is to derive one or more canonical functions. Each function consists of a pair of variates, one representing the independent variables and the other representing the dependent variables. The maximum number of canonical variates (functions) that can be extracted from the sets of variables equals the number of variables in the smallest data set, independent or dependent. The strength of the relationship between the pairs of variates is reflected by the canonical correlation. When squared, the canonical correlation represents the amount of variance in one canonical variate accounted for by the other canonical variate. This is the amount of shared variance between the two canonical variates. Squared canonical correlations are also called canonical roots or eigenvalues.

The most common practice is to analyze functions whose canonical correlation coefficients are statistically significant beyond some level, typically 0.05 or above. If other independent functions are deemed insignificant, these relationships among the variables are not interpreted. The significant canonical functions with very low canonical correlation (much less than 0.30) are also not considered for making inference.

Multiple Regression analysis

The multiple regression analysis is used to identify the unique influence of each dimension underlying customer orientation as well as the influence of employees' behaviour on customer satisfaction with overall functioning of PACBs.

1.14   Limitations of the Study

The present study is confined to PACBs in Pondicherry region alone and PACB in other regions of Pondicherry State, viz., Karaikal, Mahe and Yanam are not considered.

The secondary data from Registrar of co-operatives in Pondicherry to analyze the financial performance of PACBs could not be used since the study focussed mainly on customer's satisfaction.

A separate interview schedule was not administered for measuring behaviour of employees as it was understood from interacting with the sample respondents.

1.15   Chapter Scheme

The present study comprises of seven chapters. The chapter title and contents in each chapter is given below:

The first chapter "**Introduction and Design of the Study**" gives a brief description about Customer orientation, Customer satisfaction along with Statement of Problem, Objectives, Hypothesis, Scope of the study, Methodology, Limitation of the study and Chapter scheme.

The second chapter, "**Review of Literature**", discusses earlier research work, articles published in journal relevant to this study.

The third chapter, "**Co-operative Banks and Their Role in India**", discusses about emergence of banks under co-operative sector and their role in economic development. This chapter also discuss about emergence of co-operative banks in Pondicherry region.

The fourth chapter, titled as "**Customer Orientation in Primary Agriculture Co-operative Banks: An Evaluation**", analyzes customer orientation based on the perception of the customers' about actual and expected services of PACBs.

The fifth chapter, titled as "**Bank Employees' Behaviour and Customer Orientation**", evaluates the behaviour of bank employees by socio-economic characteristics and identify the relationship between employees' behaviour and customer orientation in PACBs.

The sixth chapter, "**Effect of Customers Orientation on Customer Satisfaction**", focuses on identifying the relationship between customer orientation and customer satisfaction in PACBs.

The final and seventh chapter "**Summary of Findings, Conclusions and Suggestion**", summarizes the findings emerged out of interpretation of the results, provides suggestions and gives conclusion based on findings.

CHAPTER II

REVIEW OF LITERATURE

2.1 Introduction

Reviewing the literatures, such as books, published articles and reports relevant to the study is much importance as it would provide the reader an in-depth view about various aspects underlying present research work. As any study relevant to present research work (customer orientation in banks) is highly needed in the present context, this chapter is dedicated for this purpose.

2.2 Literature Reviews

Von Rosenstiel[1] (1988), who distinguishes between "individual knowledge", "personal willingness", and "social allowance" as prerequisites for employees' general behaviour, he introduces three customer orientation of service employees dimensions, entitled: (1) an employee's customer oriented skills; (2) his or her motivation to serve customers; and (3) his or her self-perceived decision-making authority.

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[1]Von Rosenstiel, L. (1988), "Motivations management", in Hofmann, M. and Von Rosenstiel, L.(Eds), *Functional Management*, Springer, Berlin, pp.214-19.

Lamber *et al*[2]. (1990) found that highly educated employee tends to be frustrated with repetitive work procedure which therefore reduces their focus on customers. Overall, the influence of demographic factors such as gender, job tenure and education level has been under-research and therefore not much evidence can be used to support the demographic factors and customer-orientation behaviour linkage.

Narver and Slater[3] (1990) stated that customer orientation is the "organizational culture that most effectively and efficiently creates the necessary behaviours for creation of superior value for buyers and thus, superior performance for the organization." According to their definition, inter-functional coordination and competitive advantage can easily be attained when organizations effectively consolidate customer orientation.

O'Hara *et al.*[4] (1991) found increased level of organizational commitment among the salespeople working in industrial and advertising setting led them to embrace customer orientation in their day-to-day dealings with customers. They argued that salespeople who are committed to their

[2]Lamber, D.M., Marmorstein, H. & Sharma, A. (1990). The accuracy of salesperson's perceptions of their customers: Conceptual examination and an empirical study. *Journal of Personal Selling & Sales Management*, August, 10, pp.1-9

[3]Narver, S. & Slater, S (1990). "The effect of customer orientation on performance of organisation", *Journal of marketing*, Vol.54, No.1, pp.38-42.

[4]O'Hara, B., Boles, J.S. & Johnston, M.W. (1991). "The influence of personal variables on salesperson selling orientation." *Journal of Personal Selling and Sales Management*, Vol.11, pp.61-67.

employers would be more likely to support the organization's goals regarding the development of customer satisfaction.

Hoffman and Ingram[5] (1992) argue that, for a service organization, being customer oriented is akin to practicing the "marketing concept" at the customer level. This means that such firms actively pursue employees who "engage in behaviours that lead to long-term customer satisfaction". The managerial goal is therefore to establish an organizational culture that fosters these employee behaviours. The intended outcome of course is the development of positive customer performance perceptions and, ultimately, favourable behavioural outcomes.

Kelley[6] (1992) also demonstrated that committed employees in banking institutions are more likely to support the organization as it attempts to build long-term customer relationship which is reflected in the salespeople's willingness to engage in activities that may sacrifice a short-term reward.

In businesses where the underlying products have become commodity-like, quality of service depends heavily on the quality of its

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[5]Hoffman, Douglas K. and Thomas N. Ingram (1992), "Service Provider Job Satisfaction and Customer Oriented Performance," *Journal of Services Marketing*, Vol.6, No.2, pp.68-78.

[6]Kelley, S. (1992). Developing customer-oriented among service employees. *Journal of the Academy of Marketing Sciences*, Vol.20, pp.27-36.

personnel. A study by Leeds[7] (1992), documented that approximately 40 percent of customers switched over to other banks because of what they considered to be poor service. He further argued that nearly three-quarters of the banking customers mentioned teller courtesy as a prime consideration in choosing a bank. The study also showed that increased use of service quality/sales and professional behaviours (such as formal greetings) improved customer satisfaction and reduced customer attrition.

According to Brown and Peterson[8] (1993), individual-related factors include both demographic and dispositional variables related to individual salespeople. As customer-orientation behaviour involves individual salespeople, there are a substantial number of studies that examined the influence of demographic factors such as gender, sex, etc.

Deshpande *et al.*[9] (1993) defines corporate customer orientation as a set of beliefs that puts the customers' interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable organization. In their empirical

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[7]Leeds, B. (1992). 'Mystery Shopping' Offers Clues to Quality Service. *Bank Marketing,* Vol.24, No.11, November, pp.24-27.

[8]Brown, S.P. and Peterson, R.A., (1993). "Antecedents and consequences of salesperson job satisfaction: Meta analysis and assessment of causal effects." *Journal of Marketing Research*, Vol.30, pp.63-77.

[9]Deshpande, R., Farley, J. and Webster, E., (1995). "Corporate culture, customer orientation and innovativeness in Japanese firms: A quadrate analysis." *Journal of marketing*, Vol.57, pp.101-112.

investigation into customer orientation and customer satisfaction relationship among Japans firms, they also concluded that customer orientation is positively associated with customer satisfaction.

Jaworski and Kohli[10] (1993) empirically substantiate the economic potential of a firm's customer orientation. At the same time, much less research has looked into the concept of overall firm customer orientation and analyzed what customer orientation means in terms of processes, policies, and employees. Because of the intangible nature of services and their high level of customer interaction and integration, customer orientation can be expected to play a crucial role in terms of economic success for service companies.

Schneider and Bowen[11] (1993) suggest that customer-oriented culture is nurtured through regular supply of customer information about their needs so as to enable to design and deliver good products. Customer orientation as a component of market orientation has its fundamental thrust in pursuit of putting customers at the center of strategic focus

[10]Jaworski, B.J. and Kohli, A.K. (1993), "Market orientation: antecedents and consequences", Journal of Marketing, Vol. 57, July, pp. 53-70.

[11]Schneider, B., and Bowen, D. E. (1993). "The Service Organization: Human Resources Management is Crucial." *Organizational Dynamics*, Vol.21, pp.39-52.

Day[12] (1994) defines customer orientation as a concept which transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm.

Now-a-days, customers are more value oriented in their consumption of services because they have alternative choices. Gale and Wood[13] (1994) explained how customers make purchase decisions between competing providers. The author argued that customers buy on value and they do not simply buy products. Interestingly, it was observed that customers learn to think objectively about value in the form of preferred attributes, attribute performance, and consequences from using a product in a use situation. Thus, banks must be able to provide "up-close" personal service, i.e., up-close customer oriented service for customers who come with high expectations.

According to Gro¨nroos[14] (1994) relationship marketing is to identify and establish, maintain and enhance and when necessary also to terminate

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[12]Day,G.S. (1994). "The Capabilities of Market-driven Organizations", *Journal of Marketing*, Vol.58, October, pp.35-52.

[13]Gale, B. T and Wood, R. C. (1994). Managing Customer Value: Creating Quality and Services that Customers Can See. *The Free Press*.

[14]Grönroos, C., (1994). "From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing", *Management Decision*, Vol. 32 Issue 2, pp.4 - 20

relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises.

Reichheld[15] (1996) suggests that unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere. Additionally, satisfied customers may look for other providers because they believe they might receive better service elsewhere. However, keeping customers is also dependent on a number of other factors. These include a wider range of product choices, greater convenience, better prices, and enhanced income

According to Ambashta[16] (2000), customer service is not only a critical function but becoming key posture for the business. It is the next most business strategy. The improved customer service will definitely increase the profitability. A bank can be said as customer oriented if its various organisational activities like organisational restructuring, staffing, and coordination are geared up to fulfil customers' needs.

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[15]Reichheld, F. F. (1996). "Learning from Customer Defections." *Harvard Business Review*, March/April, pp.56-69.

[16]Ambashta, M. K. (2000), "Customer Oriented: A Pre-Requisite for Banks Success", *The Journal of Indian Institute of Bankers*, pp. 26-32.

Dabholkar *et al.*[17] (2000) identify personal attention and comfort as provided by a provider's employees as components of service quality. However, as the service quality construct represents a customer-sided view, it is a natural consequence that none of these authors uses a company perspective when modelling the different facets of employee behaviour that impact service quality.

Sergeant and Frenkel[18] (2000) stated that customer orientation behaviour of frontline employees is important to create long-term profit for service firms. In recent years, more and more companies have invested remarkable resources to enhance customer orientation behaviour of employees. The emotional or affective responses of employees are often caused by the nature of boundary spanning and it is important to study the factors that influence customer orientation behaviour of frontline employees.

As observed by Brady and Joseph[19] (2001), being customer oriented helps firms to gather information about customer demand, to optimally adapt

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[17]Dabholkar, P.A., Sheperd, C.D. and Thorpe, D.I. (2000), "A comprehensive framework for service quality: an investigation of critical conceptual and measurement issues through a longitudinal study", *Journal of Retailing*, Vol.76 No.2, pp.139-73.

[18]Sergeant, A. and Frenkel, S. (2000). "When do Customer Contact Employees Satisfy Customers?" *Journal of Service Research*, Vol. 3, No.1, pp.18-34.

[19]Brady, M.K., Joseph Cronin Jr., J. (2001). "Customer Orientation, Effects on Customer Service Perceptions and Outcome Behaviors." *Journal of Service Research*, Vol. 3, No. 3, pp.241-251.

their products, marketing strategy and services. This will influence customer perception of a company's employee service performance, physical goods, services capes and it has indirect effect on perceived organizational quality, customer satisfaction, value attributions and positive outcome behaviours of customers.

Brown *et al*[20] (2002) operationalize customer-oriented behaviour in terms of a tendency of employees to meet customer needs in job-related environment. Consistent with these views, we define customer-oriented behaviour as the extent to which customer-contact employees use their marketing concepts for satisfying customers' needs. In their research, they have chosen customer orientation and service orientation as they have been the focus of recent research in the services marketing domain.

Ioanna[21] (2002) further proposed that product differentiation is impossible in a competitive environment like the banking industry. Banks everywhere are delivering the same products. For example, there is usually only minimal variation in interest rates charged or the range of products available to customers. Bank prices are fixed and driven by the market place.

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[20]Brown, T. F., Mowen, J. C., Donavan, D. T. and Licata, J. W., (2002). "The customer orientation of service workers: Personality trait effects on self-and supervisor performance ratings," *Journal of Marketing Research,* Vol.39, No.1, pp.110-119.

[21]Ioanna, P. D. (2002). The Role of Employee Development in Customer Relations: The Case of UK Retail Banks. *Corporate Communication,* Vol.7, No.1, pp.62-77.

Thus, bank management tends to differentiate their firm from competitors through service quality. Service quality is an imperative element impacting customers' satisfaction level in the banking industry. In banking, quality is a multi-variable concept, which includes differing types of convenience, reliability, services portfolio, and critically, the staff delivering the service.

Kennedy *et al.*[22] (2002) also recommends that the development and implementation of customer orientation is an impetus for organizational positioning in the market place. This position is supported by array of studies that confirm significant associations between customer orientation of a firm and its financial and market performance. So it is believed that a customer-oriented firm puts the customers at the centre of its operation and sees the customers has its reason for being in business and as such delivers goods and services to meet their needs.

Brown *et al.*[23] (2002) defined that customer orientation behaviour as a tendency of employees to meet their customers' needs. Therefore, researchers have defined customer orientation behaviour as the extent to which frontline employees try to satisfy their customers¡ needs.   So,

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[22]Kennedy, K.. N., Lassk, F.G., and Goolsby, J.R. (2002). "Customer mindset of employees throughout the organization". *Journal of the Academy of Marketing Science,* 30, Spring, 159-171

[23]Brown, T. F., Mowen, J. C., Donavan, D. T. and Licata, J. W. (2002). "The Customer Orientation of Service Workers: Personality Trait Effects on Self-And Supervisor Performance Ratings," *Journal of Marketing Research*, Vol. 39, No. 1, pp.110-119.

customer-orientation is the degree to which an organization or its employees focus their efforts on understanding and satisfying customers.

As per Gilbert and Choi[24] (2003), if a bank builds and maintains good relationships with customers it cannot be easily replaced by the competitors and therefore provides for a sustained competitive advantage. Thereby relationship marketing is about the mutually beneficial relationship that can be established between customers and the bank.

Hennig-Thurau and Thurau[25] (2003) defined customer orientation of service employees as the extent to which the employee's behaviour in personal interactions with customers meets those customer needs. They observed that customer-oriented employee has customer oriented skills, motivation to serve and authority to make decisions. Employees behave in a customer-oriented sense only if all circumstances exist. Those circumstances include pampering customers, ability to read the customer's mind, need for personal relationship, need to deliver and lastly, to communicate. They conceptualized customer satisfaction as an element of relationship quality concept in the context of relationship marketing. Drawing from the

[24]Gilbert, D.C., Choi, K.C. (2003) "Relationship marketing practice in relation to different bank ownerships: a study of banks in Hong Kong", *International Journal of Bank Marketing*, Vol.21, No.3, pp.137-146.

[25]Hennig-Thurau, T. & Thurau, C. (2003). "Customer orientation of service employees: toward a conceptual framework of a key relationship marketing construct." *Journal of Relationship Marketing*, Vol.2, No.1, pp.1-32.

disconfirmation paradigm of customer satisfaction, they postulated that customers have expectations with regard to the behaviour of service employees in interaction situations and that, when these are exceeded, the level of customer satisfaction with the service provider is positively influenced.

According to Susskind *et al* [26](2003), a supportive staff environment includes appropriate organisational standards for service delivery (organisational culture), supervisor support and co-worker support. Organisational standards for service delivery are shown to be a key influence upon employee behaviours because they influence positively the employees' feelings and job performance. Other sources of support within an organisation namely, co-workers and supervisors' support, have been found to influence positively employee's customer orientation attitudes and found to create desirable customer perceptions of the overall service organisation.

According to Keillor *et al.*[27] (2004), customer orientation and service orientation may play an important role in determining the quality of customers' service evaluations. Yet, to date, research has yet to assess the

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[26]Susskind, A.M., Kacmar, K.M., and Borchgrevink, C.P. (2003). "Customer Service Providers' Attitudes Relating to Customer Service and Customer Satisfaction in the Customer-Server Exchange." *Journal of Applied Psychology*, Vol. 88, No.1, pp.179-187.

[27]Keillor, Bruce D., G. Tomas M. Hult and Destan Kandemir (2004). "A Study of the Service Encounter in Eight Countries", *Journal of International Marketing*, Vol.12, No.1, pp.9-35.

combined role of these employee specific factors. Furthermore, the mechanisms by which these orientations may influence service evaluations have not been fully explored. So any research seeks to rectify this gap, by developing and testing a model in which empirically test a comprehensive model of customers' service evaluation, with additional investigation of the antecedent role that customer orientation and service orientation play in this process.

Shankar[28] (2004) postulated that the excellent and managing customer relationship is the future of any business or everybody's business. Customer focussing is not viewed as just a business strategy but should become a corporate mission. Once good service is extended to a customer, a loyal customer will work as an ambassador to the bank and facilitate growth of business.

According to Swaroop[29] (2004), it is imperative to have customer orientation as a culture in the bank for delivering quality service. The customer orientation builds long-term relationships resulting in customer satisfaction and cash flows to the bank.

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[28]Shankar, A.G. (2004). "Customer Service in Bank", *IBA Bulletin*, Vol.XXVI, No.8 (August), pp.5-7.

[29]Swarup, K.S. (2004). "Customer Orientation in Banks for Building Long-term Relationship", *IBA Bulletin*, Vol.XXVI, No.8 (August), pp.17-20.

Saura *et al.*[30] (2005) argued that Service orientation on the part of employees is to have a positive influence upon overall quality of service delivery. This is because service oriented employees are more inclined to perform service enhancing behaviours during service encounters with customers. Indeed, previous research investigating service orientation at an individual level has shown that service orientation is related to adaptive behaviours during service encounters.

Slater and Narver[31] (2005) argued that fostering a customer-oriented culture leads to the creation and maintenance of customer value. Furthermore, this also leads to a firm well positioned to anticipate the needs of its customers and to offer goods and services satisfying customers' needs.

Ang and Buttle[32] (2006) put forward a framework for auditing a customer orientation profile, which achieves definition, sensibility, measurement, and implementation. They define it as a process of putting customers at the heart of an organization that is, having the appropriate vision of customers and their needs; a phenomenon that makes the

[30]Saura, Irene G., Gloria B. Contrí, Amparo C. Taulet and Beatriz M. Velázquez (2005) "Relationships among Customer Orientation, Service Orientation and Job Satisfaction in Financial Services", *International Journal of Service Industry Management*, Vol.16, No.5, pp.497-525.

[31]Slater, Stanley and John C. Narver, (1995). "Market Orientation and the Leaning Organization," *Journal of Marketing*, Vol.59 (July), pp.162-67.

[32]Ang, L., and Buttle, F. (2006). "Managing for successful customer acquisition: An exploration." *Journal of Marketing Management*, Vol.22, No.2, pp.295-317.

organization to see itself through the eyes of the customers. A customer-specific definition requires that the organization has: Clear ideas about customers and their needs and Customers' characteristics information that must design the product market portfolio.

Dash and Mahapatra[33] (2006) gave an insight into the parameters of customers' satisfaction and their measurement. The paper observed that the customer's requirements must be translated and quantified into measurable targets. This provided a way to monitor improvements, and deciding upon the attributes that need to be concentrated in order to improve customer's satisfaction.

According to Heidegger *et al.*[34] (2006), customer orientation, being a part of outcome quality, has become an important endpoint in outcomes research and benchmarking of services. Sometimes the quality of recovery is also integrated into outcome quality, to form a 'patient-orientated' outcome. When patient satisfaction is also brought into consideration the concept of satisfaction is very complicated and far from being clear. It is influenced by cultural, cognitive and affective components.

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[33]Dash, M.K and Mahaptra, D.M. (2006), "Measuring Customer Satisfaction in The Banking Industry", http://www.in dianmba. Com / Faculty_Column / FC328 / fc328.html (visited on 12th Sept, 2010).

[34]Heidegger, T., Saal, D., and Nuebling, M. (2006). "Patient satisfaction with anaesthesia care: What is patient satisfaction, how should it be measured, and what is the evidence for assuring high patient satisfaction?" *Best Practice and Research Clinical Anaesthesiology*, Vol.20, No.2, pp.331–346.

Nakata and Zhu[35] (2006) assert that customer orientation encompasses the analysis of customers' needs, and responsiveness of organization to such needs. But they raised some salient questions concerning whether customer orientation actually translates to better performance or not. They further opined that many organizations have well-developed planning processes but the extent to which customer goals are included, implemented, and monitored is inadequate. The mission of the organization as far as the customers are concerned must be well articulated; present performance level in this regard must be ascertained. Any vacuum between the organizational desires and actual achievement must be outlined. Operational measures are seen to stimulate a more focused and integrated organizational effort, and provide a benchmark for determining whether customer orientation strategies are working as intended. Measurements can be carried out through formal and informal techniques. The formal techniques use customer-based quality performance measures to gauge true perception as well as subconscious factors which impel customer behaviour, while informal measurement evolves where there is no set standard. In this case, rule of thumb is applied.

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[35]Nakata, Cheryl and Zhu, Zhen. (2006). "Information technology and customer orientation: A study of direct, mediated, and interactive linkages". *Journal of Marketing Management*, Vol.22, No.3/4, pp.319-354.

Kansal and Singh[36] (2007) studied on customers orientations towards banking services in urban areas of Punjab particularly the innovative services to the customers of some private banks viz, HDFC bank, ICICI bank and Bank of Punjab. They observed that the most of the services offered by private banks have remained unutilized by the urban customers.

Kilic and Darsun[37] (2007) found that the employee's age, work experience and gender, have a significant effect on service delivery outcomes and note that research regarding individual employee demographic differences and their influence on customer orientation is rather limited.

Mobarek[38] (2007) found it difficult to compete on price and need to look at other ways to retain customers. After conducting this research, it is clearly seen that delivery channels are lacking to meet the demands of the customer by not making them aware of e-banking and using obsolete or not to up-to-date technology.

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[36]Kansal, R and Singh, M. (2007), "Customers Orientation towards Banking Services in Urban Areas of Punjab", *Business Vision, Serial Publication*, New Delhi, pp:103-113.

[37]Kilic, C., and Darsun, T. (2007). "Antecedences and Consequences of Customer Orientation: Do Individual Factors Affect Customer Orientation?" *The Business Review*, Vol 7, No.1, pp.1-7.

[38]Mobarek, A. (2007), "E-Banking Practices and Customer Satisfaction: A Case Study in Botswana*", 20th Australasian Finance & Banking Conference 2007 Paper*, Available at SSRN: http://ssrn.com/abstract=1011112.

According to Prayukvong *et al.*[39] (2007), customers' perception of satisfaction are almost dependent on the factors of quality, facilities and services that company offers, resulting in loyal customers and favourable work of mouth exchanges. With the purpose of improving their competitive position, many companies use some form of customer satisfaction programmes for the evaluation and control their product and services.

With the current change in the functional orientation of banks, Kumar[40] (2008) observed that the main driver is changing customer needs and expectations. The customers in urban India no longer want to wait in long queues and spend hours in banking transactions. This change in customer attitude has gone hand in hand with the development of ATMs, phone and net banking along with availability of service right at the customer's doorstep.

Jayawardhena, Andrew and Ankit[41] (2008) conceptualized conceptualize and test the effects of service employees' customer orientation

[39]Prayukvong, W., Sophon, J., Hongpukdee, S., & Charupas, T. (2007). "Customers' satisfaction with hotel guestrooms: A case study in Ubon Rachathani Province, Thailand." *Asia Pacific Journal of Tourism Research*, Vol.12, No.2, pp.119-126.

[40]Kumar, R., (2008), "Customer Satisfaction in Indian Banking: A Case of Yamuna Nagar District in Haryana", *Political Economy Journal of India*, (Jan-June), Retrieved on 18th August 2010 from http://findarticles.com/p/articles/mi_7058/is_1-2_17/ai_n28556199/

[41]Jayawardhena, C., Andrew M. Farrell and Ankit Sharma, (2008). "The Impact of Employees' Customer Orientation and Service Orientation Behaviours

and service orientation behaviours within an extended service evaluation model encompassing service quality, service encounter quality, perceived value and customer satisfaction. The context is 271 Indian retail customers. Data analysis incorporates confirmatory factor analysis and structural equation modelling. They found that: 1) customer orientation is positively related to service orientation, customers' perceptions of service encounter quality and service quality; 2) service orientation influences customers' perceptions of service encounter quality and service quality; 3) customers' perceptions of service encounter quality influence customers' perceptions of service quality and customer satisfaction; 4) customers' perceptions of service quality influence value perceptions; 5) service quality influences customer satisfaction; and 6) customer satisfaction influences customers' behavioural intentions. The importance of these findings for practitioners and academics, research limitations and future research avenues are subsequently discussed.

Brady and Cronin[42] (2009) investigated the effect of being customer oriented on service performance perceptions and outcome behaviours. Specifically, the focus is on identifying the influence that being perceived as

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on Customers' Service Evaluation", *Research Paper*, Indian Institute of Technology and Management, Gwalior, India.

[42]Bradu, M.K. and Cronin, Jr. J.J, (2009). "Customer Orientation: Effects as Customer Service Perceptions and Outcome Behaviour", *Journal of Service Research*, http://jsr.sagepub.com/cgi/content/abstract/3/3/241.

a customer-oriented firm has on consumer quality perceptions, customer satisfaction, and service value. The impact of being customer oriented on consumers' outcome behaviours is also investigated. Responses from 649 consumers indicate that customer orientation is directly related to customers' evaluations of employee service performance, physical goods, and services capes. Indirect effects on organizational quality, customer satisfaction, value attributions, and outcome behaviours are also reported. The implications of the research are discussed, as are the limitations.

Lenka, Suar, and Mohapatra[43] (2009) in a case study of Orissa state analysed service quality of Indian commercial banks fosters customer loyalty. The paper found that better human, technical and tangible aspects of service quality of the bank branches increase customer satisfaction. Human aspects of service quality were found to influence customer satisfaction more than the technical and tangible aspects.

Mishra[44] (2009) tried to explore the factors that lead to customer satisfaction in retail banking in India. The data from 100 survey respondents were collected from one branch of one of the prominent retail banks in the

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[43]Lenka, U, Suar, D and Mohapatra, P. K.J. (2009), "Service Quality, Customer Satisfaction, and Customer Loyalty in Indian Commercial Banks", *Journal of Entrepreneurship*, March, Vol.18, No.1, pp.47-64.

[44]Mishra, A. A.(2009), "'A Study on Customer Satisfaction in Indian Retail Banking", *The IUP Journal of Management Research*, ICFAI University Press, Hyderabad, (November).

city of Hyderabad. The study identified that customer satisfaction, a transaction-specific attribute is dependent on several factors which concur with extensive academic literature.

Uppal[45] (2009) stated that there has been a great surge in efficient customer services provided by public, private and foreign banks in India. In his study comparing the customer services of banks by sector, he found that there is a significant difference among three bank groups with regard to the time customers have to spend to transact the business.

Khattak and Rehman[46] (2010) analyzed the customer's satisfaction and awareness level towards the Islamic Banking Industry of Pakistan. It has investigated the relationship between different demographic variables and the satisfaction and awareness of customers. A sample of 156 respondents from different cities of Pakistan was selected. For the analysis, the Kruskal-Wallis one-way ANOVA was adopted to check the relationship among demographic variables and satisfaction and awareness. The respondents expressed their satisfaction to some of the services and expressed

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[45]Uppal, R.K., (2009). "Customer Service in Indian Commercial Banks: An Empirical Study". *Asia Pacific Journal of Social Sciences*, Vol.I, No.1, Jan-June, pp.127-141.

[46]Khattak, N. A and Rehman, K. U.(2010), ""Customer Satisfaction and Awareness of Islamic Banking System in Pakistan", *African Journal of Business Management*, Vol.4, No.5, pp:662-671.

dissatisfaction with few. The customers indicated that they are aware of different products but do not adopt these products.

Kavosh *et al*[47] (2011) identified four fundamental values for relationship marketing in customer orientation. First the activities regarding relationship marketing do not focus upon a specialized department. This means there must be a marketing orientation of the whole company. Second, relationship marketing emphasizes on long term collaboration, so companies should view their suppliers and customers as partners, where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long- term relationships with parties. Third, all parties should accept responsibilities. Relationship must also be interactive that means customer can initiate improvements or innovation of the product. Fourth, customers should be considered as individuals, Suppliers' task is also to create value for the customers

2.3 Chapter Summary

From the review of literatures pertaining to customer orientation, it is understood that customer orientation is the "organizational culture that most effectively and efficiently creates the necessary behaviours for creation of

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[47]Kavosh, K., Abu Bakar, A. H., Melati, A. A., and Siti Zaleha, A. R. (2011) "Influential Barriers of Customer Relationship Management Implementation", *International Bulletin of Business Administration*, Vol.10, pp.76–85

superior value for buyers and thus, superior performance for the organization." That is, customer-oriented culture is nurtured through regular supply of customer information about their needs so as to be able to design and deliver good products. It is further understood from reviews that customer orientation behaviour is a tendency of employees to meet their customers' needs and researchers have defined customer orientation behaviour as the extent to which frontline employees try to satisfy their customers' needs. Moreover, customer orientation as a component of market orientation has its fundamental thrust in pursuit of putting customers at the centre of strategic focus. So, the present study links the customer orientation and customer satisfaction.

It is also identified from the reviews that customer-orientation behaviour involves individual sales people and there are a substantial number of studies that examined the influence of demographic factors such as gender, sex, etc. So, present study attempts to analyze the linkage between customer orientation behaviour and socio-economic characteristics of the respondents.

As customer-oriented behaviour in terms of a tendency of employees meet customer needs in job-related environment, customer-orientation is defined as the extent to which customer-contact employees use their marketing concepts for satisfying customers' needs. Moreover, customer orientation and service orientation may play an important role in

determining the quality of customers' service evaluations. Yet, to date, research has yet to assess the combined role of these employee specific factors. So this research work seeks to rectify this gap by investigating role of service orientation play in this process of customer orientation in satisfying customer needs.

It is concluded that achieving customers' satisfaction requires service organization to beat competition by ensuring that their customers are satisfied on a continuous basis. This means that they keep coming back because of the partnership created between the service provider and the customer. Successful service organizations measure on a continuous basis customers' level of satisfaction based on the last service encounter. Thus it is important for service organisation to ensure customer orientation for them to attain consistent high levels of customer satisfaction in a dynamic competitive environment. Therefore, the study is undertaken to give implications over customer orientation as well as over service orientation and employee orientation and their impact on overall satisfaction among the customers of banks (PACB) under study.

CHAPTER III

CO-OPERATIVE BANKS AND THEIR ROLE IN INDIA

3.1   Introduction

The concept of cooperation is as old as mankind and it forms the basis for domestic and social life. The cooperation is nothing but group instinct in human which enable one to live with others, work with others and help each other in times of stress and strain. Without cooperation, the social and economic progress would not be possible. It is impossible for any civilization to flourish unless the cooperation supplements the competition in human society, if any. This is because human beings have developed out of group life and therefore naturally respond to group and social stimuli. So, the co-operative spirit is innate and intrinsic in human beings.

In the modern technical sense, the birth of co-operative movement and its applications in the economic field was traced after the Industrial Revolution in England during the second half of the 18th and first half of 19th century. The cooperation, understood as an economic system today, was born as a peaceful reaction against the mercantile economy and industrial revolution. Now the cooperation occupies a position of primary importance as a form of business organization in almost all the countries in the world.

The cooperation, which means living, thinking and working together to achieve a common goal through co-operative principles, envisages a group of persons with one or more common economic needs, voluntarily agreeing to pool their resources both human and material and use them for mutual benefit, through an enterprise / organization managed by the group itself in democratic lines. Subsequently, any organization formed by a group of persons to work together to accomplish the objectives for which it is formed through the co-operative principles is called a co-operative society.

3.2   Co-operative Movement in the World

The co-operative movement began in Europe in the 19th century, primarily in Britain and France, although 'The Shore Porters Society[1]' claims to be one of the world's first co-operatives. The first documented consumer co-operative was founded in 1769 in a barely furnished cottage in Fenwick, East Ayrshire, when local weavers manhandled a sack of oatmeal into John Walker's whitewashed front room and began selling the contents at a discount, forming the Fenwick Weavers' Society. In the decades that

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[1]The Shore Porters Society is a removals, haulage and storage company based in Aberdeen, Scotland, established in 1498. The Society also operates under the trading name of Rumsey & Son from Richmond-upon-Thames, which was originally a family business founded in 1921. The Shore Porters Society acquired the firm in 1992 as a domestic remover in Southwest London.

followed, several co-operatives or co-operative societies formed including Lennoxtown Friendly Victualling Society, founded in 1812. It was not until 1844 when the Rochdale Society of Equitable Pioneers established the 'Rochdale Principles' on which they ran their co-operative, that the basis for development and growth of the modern co-operative movement was established.

Over the course of the industrial revolution in the mid of 19th century, many farmers and small craft businesses found themselves in financially desperate straits in Germany. This development was closely linked to the negative effects of the introduction of free trade during that time. During the reform, new structures came about which were supposed to make the division of property more favourable to the 'small' people. The reality, however, was that the situation of farmers got noticeably worse. They were burdened by having to pay off their former lords and were inexperienced in the independent management of a business. They got into deeper and deeper debt and often lost their livelihood.   In this scenario, in 1847, Friedrich Wilhelm Raiffeisen created the first aid association in Weyerbusch (Westerwald) to support the poverty-stricken rural population. Finally, in 1864 he founded the "Heddesdorf Loan Society", which is now seen as the first co-operative of the Raiffeisen tradition.

In the decades that followed, the co-operative idea spread throughout Germany and Europe. Numerous households and businesses joined forces

according to the principles of Raiffeisen. In order to provide greater support for their members, the local primary co-operatives founded regional and national centres. These gave rise to today's regional centres, national centres and special institutes. As early as the 1870s the co-operatives organised themselves into federations in order to offer the individual local co-operative more professional advice and assistance.

The Co-operative Group formed gradually over 140 years from the merger of many independent retail societies, and their wholesale societies and federations. In 1863, the North of England Co-operative Society was launched by 300 individual co-ops across Yorkshire and Lancashire. By 1872, it had become known as the Co-operative Wholesale Society (CWS). Through the 20th century, smaller societies merged with CWS, such as the Scottish Co-operative Wholesale Society (1973) and the South Suburban Co-operative Society (1984).

By the 1990s, CWS's share in the market had declined considerably and many came to doubt the viability of co-operative model. CWS sold its factories to Andrew Regan in 1994. Regan returned in 1997 with a £1.2 billion bid for CWS. There were allegations of "carpet-bagging" - new members who joined simply to make money from the sale - and more seriously fraud and commercial leaks. After a lengthy battle, Regan's bid was seen off and two senior CWS executives were dismissed and imprisoned for fraud. Regan was cleared of charges. The episode recharged

CWS and its membership base. Tony Blair's Co-operative Commission, chaired by John Monks, made major recommendations for the co-operative movement, including the organization and marketing of the retail societies. It was in this climate that, in 2000, CWS merged with the UK's second largest society, Co-operative Retail Services.

Co-operative communities are now widespread with one of the largest and most successful examples being the Mondragón Co-operative Corporation in the Basque country of Spain. Co-operatives were also successful in Yugoslavia under Tito where Workers' Councils gained a significant role in management. In many European countries, co-operative institutions have a predominant market share in the retail banking and insurance businesses.

In the UK, co-operatives formed the Co-operative Party in the early 20th century to represent members of co-ops in Parliament. The Co-operative Party now has a permanent electoral pact with the Labour Party, and some Labour MPs are Co-operative Party members. UK co-operatives retain a significant market share in food retail, insurance, banking, funeral services, and the travel industry in many parts of the country. Denmark has had a strong co-operative movement. In Colorado, the Meadowlark co-operative administers the only private free land program in the United States, providing many services to its members who buy and sell together. In

the United States there are over 29,000 co-operatives employing 2 million people with over \$652 billion in annual revenue[2].

3.3   Co-operative Movement in India

The co-operative movement in India is century old. The movement was started in India with a view to encourage and promote thrift and mutual help for the development of persons of small means such as agriculturists, artisans and other segments of the society. It was also aimed at concentrating the efforts in releasing the exploited classes out of the clutches of the money lenders. During British rule, based on the recommendations of Sir Frederick Nicholson (1899) and Sir Edward Law (1901), the Co-operative Credit Societies Act was passed in 1904, paving the way for the establishment of co-operative credit societies in rural and urban areas. Under this Act, only primary credit societies were permitted to register and non-credit and federal organisations of primary co-operative credit societies were left out.

The first urban co-operative credit society was registered in October 1904 at Kanjeepuram now in Tamil Nadu State. In October and December 1905, Betegiri Co-operative Credit Society in Dharwar District and the Bangalore city co-operative credit society, both in Karnataka State were registered. The introduction of the Co-operative Credit Societies Act 1904, for providing credit to farmers marked the beginning of the

[2]http://en.wikipedia.org/wiki/History_of_the_co-operative_movement

institutionalization of co-operative Banking in India. This Act was amended in 1912 to facilitate the establishment of central co-operative banks at the district level, thereby giving it a three tier federal character.

The Co-operative Societies Act of 1912 recognized the formation of non-credit societies and the central co-operative organizations / federations. This Act paved the way for the organisation of central co-operative banks throughout the country. But the provisions of 1912 Act were inadequate to meet the requirements of those states where co-operative movement had made considerable progress. Bombay, the pioneers in this regard passed a new Act, viz., the Bombay Co-operative Societies Act, 1925 for serving the many sided development of the state. Later on, Madras, Bihar and Bengal passed their own Acts in 1932, 1935 and 1940 respectively. The state patronage to the co-operative movement continued even after 1947, the year in which India attained freedom. The independent India accepted the concept of planned economy and co-operative organizations were assigned an important role.

The policy of the Government towards the co-operative movement was guided by the recommendations of the Saraiya Committee[3] (1948), which stated that .the co-operative society has an important role to play as the most suitable medium for the democratization of economic planning.

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[3]Saraiya, R.G., (1948). "Report of the Co-operative Sub Committee", February, Government of India, New Delhi.

Various expert committees, which examined the problem of rural credit subsequently, have come to the same conclusion, without exception, that in the Indian context, there is no alternative from the point of view of structural appropriateness, to co-operatives at the village level. The Rural Credit Survey Committee[4] (1954), the first comprehensive enquiry into problems of rural credit, after a detailed examination of the entire gamut of issues including the social ethos of rural society, summed up its findings in the celebrated dictum that cooperation has failed, but cooperation must succeed.

Since 1950s, the co-operatives in India have made remarkable progress in the various segments of Indian economy. During the last century, the co-operative movement has entered several sectors like credit, banking, production, processing, distribution/marketing, housing, warehousing, irrigation, transport, textiles and even industries. In fact, dairy and sugar co-operatives have made India a major nation in the world with regard to milk and sugar production. Today, India can claim to have the largest network of co-operatives in the world numbering more than half a million, with a membership of more than 200 million.

After independence, for the first 3 years i.e. up to 1949, no significant development could be made. It was mainly due to the problem created by

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[4]Reserve Bank of India (RBI), (1954). "All India Rural Credit Survey", report of the Committee of Direction of the All India Rural Credit Survey, Bombay.

partition and absence of concrete programme for national re-organisation. However, the leaders of free India could the importance of co-operative movement for a successful democracy importance was given to strengthen co-operative structure of country and various provisions were made through different Five Year Plan.

The First Plan also recommended for training of personnel's and setting up of Co-operative Marketing Societies. The Second Plan laid down proposals for extending co operative activity into various fields. It gave special emphasis on the warehousing co operatives at the State and Central level. The Third Plan brought still new areas under Co operative societies. The co operative society for sugarcane, cotton, spinning, milk supply was proposed. Some concrete steps were taken to train the personnel's. The co operative training College at Pune and many regional centers were established to train the workers. The Fourth Plan emphasised for consolidation of co operative system. The new programme for high yielding crops was started. Different credit societies were organised to serve these programmes.

The Fifth Plan made special provisions for improvement of Central Banks and no viable primary agricultural societies, re organising marketing as well as consumer societies. It also recommended for establishment of Farmer's Service Societies. The Sixth Plan laid down a point programme

for co-operative societies. It aimed at transforming the primary village societies to multipurpose societies:

1)   To reconstruct the policies and of co-operative so that it can bring about economic development of people

2)   To extend co-operative activities to the fields of food processing, poultry farming, dairy farming, fishery and many other related fields

3)   To give necessary training and guidance for developing skilled efficient personnel's.

The Seventh Plan has also given more importance on the growth and expansion of co operative societies to ensure public participation to achieve its main objective i.e. the movement towards social justice has to be faster and there must be a sharper focus on employment and poverty alleviation

3.4   Co-operative Banks

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. Co-operative banks are often created by persons belonging to the same local or professional community of sharing a common interest. Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts, etc.). Co-

operative banks differ from stockholders bank by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholders banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a co-operative federation or central body. All the co-operative banks share common features as described below.

Customer-Owned Entities: In a co-operative bank, the needs of the customers meet the needs of owners, as co-operative bank members are both i.e., customer and owner. As a consequence, the first aim of the co-operative bank is not to maximize the profit but to provide the best possible products and services to its members. Some co-operative banks only operate with their members but most of them also admit non-member clients to benefit from their banking and financial services.

Democratic Member Control: Co-operative banks are owned and controlled by the members, who democratically elect the board of the directors. Members usually have equal voting rights, according to the co-operative principle of "one person, one vote".

Profit Allocation: In a co-operative bank, a significant part of the yearly profit, benefits or surplus is usually allocated to constitute reserves.

A part of this profit can also be distributed to the co-operative members, with legal and statutory limitations in most cases. Profit is usually allocated to members either through patronage dividend, which is related to the use of co-operative products and services by each member, or through an interest or a dividend, which is related to the number of shares subscribed by each member.

3.5   Co-operative Banking in India

The co-operative banks in India have a history of almost 100 years. The co-operative banks are an important constituent of the Indian Financial System, judging by their role assigned to them, the expectations they are supposed to fulfil, their number, and the number of offices they operate. The co-operative movement was originated in the west, but the important that such bank have assumed in India is rarely paralleled anywhere else in the world. Their role in rural financing continues to be important event today, and their business in urban areas also has increased phenomenally in recent years mainly due to the sharp increase in the number of primary co-operative banks. Co-operative banks in India are registered under the Co-operative Societies Act. The co-operative banks are also regulated by the Reserve Bank of India (RBI) and governed by Banking Regulations Act 1949 and Banking Laws (Co-operative Societies) Act, 1955.

Establishment of Co-operative Banks in India

The co-operative banks in India are well established financial service organization. The first legislation on cooperation was passed in 1904. In 1914, the Maclagen Committee envisaged a three tier structure of co-operative banking, viz., Primary Agricultural Credit Services (PACs) at the grass root level, Central Co-operative Banks at the district level and State Co-operative Banks at State level or Apex level. The first urban co-operative bank in India was formed nearly 100 years back in Baroda.

The co-operative banks arrived in India in the beginning of 20th Century as an official effort to create a new type of institution based on the principles of co-operative organization and management, suitable for problems peculiar to Indian conditions. These banks were conceived as substitutes for money lenders, to provide timely and adequate short-term and long-term institutional credit at reasonable rates of interest.

In the formative stage, Co-operative banks were urban co-operative societies run on community basis and their lending activities were restricted to meeting credit requirements of their members. The concept of Urban Co-operative Bank was first spelt out by Mehta Bhansali Committee in 1939 which defined on Urban Co-operative Bank. Provisions of Section 5 (CCV) of Banking Regulations Act, 1949 (as applicable to Co-operative Societies) defined an Urban Co-operative Bank as a Primary Co-operative Bank other than a Primary Co-operative Society was made applicable in 1966.

The co-operative banking structure in India is bifurcated into Short-term structure and Long-term structure. While the short-term structure is three tier structures, long-term co-operative banking structure is the two tier structures as mentioned below:

Short-Term Co-operative Bank Structure

➢ A State Co-operative Bank works at the apex level (ie. works at state level).

➢ The Central Co-operative Bank works at the Intermediate Level(i.e., District Co-operative Banks ltd. works at district level)

➢ Primary co-operative credit societies at base level (At village level)

Long-Term Co-operative Bank Structure

➢ State Co-operative Agriculture and Rural Development Banks (SCARDBs) at the apex level.

➢ Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) at the district level or block level.

Role of Co-operative Banks in India

The co-operative banks in India play an important role even today in rural financing. The businesses of co-operative banks in the urban areas also

have increased phenomenally in recent years due to the sharp increase in the number of primary co-operative banks. The co-operative banks are expected to perform some duties, namely, extend all types of credit facilities to customers in cash and kind, advance consumption loans, extend banking facilities in rural areas, mobilize deposits, supervise the use of loans etc. The needs of co-operative bank are different.

Co-operative banks in India finance rural areas under:

Farming
Cattle
Milk
Hatchery
Personal finance

Co-operative banks in India finance urban areas under:

Self-employment
Industries
Small scale units
Home finance
Consumer finance
Personal finance

3.6 Types & Function of Co-operative Banks, India

The co-operative banks are small-sized units which operate both in urban and non-urban centers. They finance small borrowers in industrial and trade sectors besides professional and salary classes. Regulated by the

Reserve Bank of India, they are governed by the Banking Regulations Act 1949 and banking laws (co-operative societies) act, 1965. The co-operative banking structure in India is divided into following 5 categories:

Primary Co-operative Credit Society

The primary co-operative credit society is an association of borrowers and non-borrowers residing in a particular locality. The funds of the society are derived from the share capital and deposits of members and loans from central co-operative banks. The borrowing powers of the members as well as of the society are fixed. The loans are given to members for the purchase of cattle, fodder, fertilizers and pesticides.

Central Co-operative Banks

These are the federations of primary credit societies in a district and are of two types-those having a membership of primary societies only and those having a membership of societies as well as individuals. The funds of the bank consist of share capital, deposits, loans and overdrafts from state co-operative banks and joint stocks. These banks provide finance to member societies within the limits of the borrowing capacity of societies. They also conduct all the business of a joint stock bank.

State Co-operative Banks

The state co-operative bank is a federation of central co-operative bank and acts as a watchdog of the co-operative banking structure in the

state. Its funds are obtained from share capital, deposits, loans and overdrafts from the Reserve Bank of India. The state co-operative banks lend money to central co-operative banks and primary societies and not directly to the farmers.

Land Development Banks

The Land development banks are organized in 3 tiers namely; state, central, and primary level and they meet the long term credit requirements of the farmers for developmental purposes. The state land development banks oversee, the primary land development banks situated in the districts and tehsil areas in the state. They are governed both by the state government and Reserve Bank of India. Recently, the supervision of land development banks has been assumed by National Bank for Agriculture and Rural development (NABARD). The sources of funds for these banks are the debentures subscribed by both central and state government. These banks do not accept deposits from the general public.

Urban Co-operative Banks

The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary co-operative banks located in urban and semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centered on communities, localities, work place groups.

They essentially lend to small borrowers and businesses. Today, their scope of operations has widened considerably.

The origins of the urban co-operative banking movement in India can be traced to the close of nineteenth century. Inspired by the success of the experiments related to the co-operative movement in Britain and the co-operative credit movement in Germany, such societies were set up in India. Co-operative societies are based on the principles of cooperation, mutual help, democratic decision making, and open membership. Co-operatives represented a new and alternative approach to organization as against proprietary firms, partnership firms, and joint stock companies which represent the dominant form of commercial organization. They mainly rely upon deposits from members and non-members and in case of need, they get finance from either the District central co-operative bank to which they are affiliated or from the Apex co-operative bank if they work in big cities where the apex bank has its Head Office. They provide credit to small scale industrialists, salaried employees, and other urban and semi-urban residents.

Functions of Co-operative Banks

Co-operative banks also perform the basic banking functions of banking but they differ from commercial banks in the following respects

1) Commercial banks are joint-stock companies under the companies' act of 1956, or public sector bank under a separate act of a parliament

whereas co-operative banks were established under the co-operative societies acts of different states.

2) Commercial bank structure is branch banking structure whereas Co-operative banks have a three tupe setup, with State Co-operative Bank at Apex level, Central / District Co-operative Bank at district level, and Primary Co-operative Societies at rural level.

3) Only some of the sections of Banking Regulation Act of 1949 (fully applicable to commercial banks), are applicable to co-operative banks, resulting only in partial control by RBI of co-operative banks and

4) Co-operative banks function on the principle of cooperation and not entirely on commercial parameters.

3.7 Credit Structure of Co-operative Banking in India

India's co-operative banking structure consists of two main segments, viz., agricultural and non-agricultural credit. There are two separate structures in the case of agricultural credit - one for short and medium term credit and the other for long term credit. The co-operative credit structure for short and medium terms is a three tier, one with primary agricultural credit societies at the base level, the central co-operative bank at the district level and state co-operative bank at the apex level. Over and above these

institutions, grain banks are actively functioning as primary societies in certain states. Though the organisation of central and state co-operative banks was mainly for the benefit of the agricultural credit sector, they serve non-agricultural societies too.

Primary Agricultural Credit Societies

Primary Agricultural Credit Societies (PACS) are the foundation of the co-operative credit structure and form the largest number of co-operative institutions in India. Most of these societies have been organised mainly to provide credit facilities and to inculcate the habit of thrift and economy among their members.

The share capital of a society is divided into units, called shares, contributed by the members. The most important source of finance of PACS is members' deposits. Borrowings constitute the most important element of their working capital. The criteria for borrowings differ from state to state according to their liability. Punctuality in the repayment of loans has hardly been observed by the members with the result that there has been a steep rise in the amount of overdues all over the country.

In India, PACS are passing through an era of crisis. Increasing incidence of non-viability is one of the major setbacks. PACS have made little progress in attracting deposits. In majority of the cases, the deposits were collected through book adjustments by carving certain portion of loan

amount. The repaying capacity of the PACS has been dwindled considerably, resulting mounted overdues in the loan outstanding against members. Along with the increasing volume of business the number of PACS running into loss and the amount of loss has increased considerably over the years.

The important reasons for this situation are: existence of non-viable and dormant societies, uneven growth of agricultural credit movement, inadequacy of the quantum of loan supplied by them, defective loan policies, delay in loan disbursement, inadequate supervision and defective audit, no linking of credit with marketing, high overdues, ineffective management, neglect of small farmers and domination of vested interests

District Central Co-operative Banks

District Central Co-operative Banks (DCCBs) occupy the middle level position in the three tier co-operative credit structure of the country. In the beginning of the formation of PACSs, they could not function effectively without gaining financial support from an outside agency. The formation of DCCBs was thus a felt need for mutual help. The Co-operative Societies Act of 1912 permitted the registration of DCCBs. Even before the enactment of this Act, some DCCBs were established to cater to the needs of primary societies. In 1906, forerunner of the first DCCB was established as a primary society in Uttar Pradesh. At Ajmer in Rajasthan the first DCCB was

established in 1910. But the first full-fledged DCCB as per the provisions of the Act of 1912 was started in Jabalpur District of the Central Province.

The DCCBs are formed mainly with the objective of meeting the credit requirements of member societies. As an institution for helping the societies in times of need, they finance agricultural credit societies for production purposes, marketing societies for marketing operations, industrial societies for supply operations and other societies for working expenses. In short, the major objectives of the DCCBs are to provide loans to affiliated societies, to act as a balancing centre of finance for primary societies, to arrange for the supervision and control of the affiliated societies, to raise deposits from members and non-members, to convene conferences of the member societies and also prescribe uniform procedure for the working of primary societies, to open branches of the bank at important places with the permission of the Registrar of Co-operative Societies and to maintain and utilise state partnership. Generally, the area of operation of a DCCB is limited to one district.

State Co-operative Banks in India

The State Co-operative Banks (SCBs) or the Apex Banks occupy a crucial position in the three tier co-operative credit structure in India. These Apex Banks or State Co-operative Banks are formed by federating DCCBs in each state. The Apex Banks assume a key-position in the co-operative credit structure because the financial assistance from RBI and the National

Bank for Agriculture and Rural Development are invariably routed through them

3.8 Co-operative Banks in Pondicherry

In Pondicherry, banking on modern lines started only in 1875 when the Banque de l'Indo Chine (Indo-China Bank) was established. When the Banking-Companies Act 1949 and the Foreign Exchange Regulation Act 1947 were extended to Pondicherry in 1954, The withdrawal of the Indo-china Bank in March 1953 paved the way for the establishment of Indian Banks. The co-operative movements have taken very deep roots in Union Territory of Pondicherry since 1953. The co-operative sector to-day has emerged as one of the vital instruments of Socio-Economic regeneration. It upholds the principle of "all for each and each for all".

The Pondicherry State Co-operative Bank Ltd. was registered as a Co-op. Society on 10th October 1958 and started functioning on 30th October 1958. Before existence of the Pondicherry State Co-operative Bank, the societies in Pondicherry region have availed the credit facilities from the South Arcot District Central Co-operative Bank, the societies in Karaikal region from the Kumbakonam District Central Co-operative Bank, the societies in Mahe region from the Tellicherry Co-operative Bank and the societies in Yanam region from Kakinada Central Co-operative Bank. The Pondicherry State Co-operative Bank has started its business with a Share

Capital of Rs.6.73 lakhs and a Working Capital of Rs.11.77 lakhs. The Bank has achieved tremendous progress in all fields during the period of 48 years. Presently the Pondicherry State Coop. Bank is functioning with its 20 branches and one extension counter in the entire Union Territory of Pondicherry.

The Bank obtains the funds by way of share capital from the members mainly from the affiliated societies and also from the State Government, increasing the reserve, mobilization of deposits from individuals and institutions and by borrowing loans from NABARD and State Government. The primary objectives of the banks are rendering services to its customers / members / member-institutions by providing following various types of loans to the societies / individuals as detailed below:

1)   Short term (agriculture)

2)   Medium term (agriculture)

3)   Short term loan (others)

4)   Medium term loan (others)

5)   Long Term loan (others)

6)   Cash credit to Weavers Coop. Societies

7)   Cash credit to Consumer Co-operatives

8)   Cash credit to others

9)   Medium term loan to Salary Earners Coop. Societies

10) Jewel loan for agricultural purposes

11) Jewel loan for non-agriculture purposes.

12) Non-farm sector loans to individuals

13) Loans to customers

14) Cash credit loans & Medium Term loan to Sugar Mills & Spinning Mills

15) Cash credit/medium term loans to consumer stores

Under the area of banking the Pondicherry State Coop. Bank is also extending its services to the customers through its branches. The bank services extended to Individuals and Institutions are as follows.

1) Locker facilities

2) Issue of Demand Drafts

3) Additional interest of 0.5% to senior citizens

4) Savings Bank and current account facilities

5) Jewel loan facilities

6) House Mortgage loan

7) Overdraft to individuals and executions

8) Small scale industries finance

9) Consumer durable loans

10) Self help group finance

Apart from the above, the Pondicherry State Coop. Bank is also implementing welfare schemes to farmers as well as to the members which are as follows.

a)   Loans through DRDA (SGSY)

b)   Loans through B.C. Corporation

c)   Loans through PADCO

d)   Milch loans to members under subsidy scheme

e)   Comprehensive crop insurance scheme to farmers

f)   Personal accident insurance scheme to the KCC card holders.

g)   Loans to Self-Help Groups.

Agriculture is one of the main sectors of economic activity in the Union Territory. For helping to the credit of agriculturist these Primary Agricultural Credit Societies started. These societies operate at the village level and maintain direct contact with formers. They are now called as Primary Agricultural Co-operative banks. They mostly give short term credit to farmers over the years. There are 27 PACBs in Pondicherry state. 24 PACBs are in Pondicherry region and 3 PACBs in karaikal region. The following PACBs are in Pondicherry region: Karaiyamputhur, Koodapakkam, Ariyankuppam, Seliamedu, Kodathur, Thimma Nayakkan Palayam, Kirumampakkam, Sanniyasikuppam, Murunga Pakkam, Mannadipet, Koonichempet, Keezhagraharam, Muthirapalayam, Korkadu, Kalapet, Suthukeny, Embalam, Thavalakuppam, Katterikuppam, Puranasingapalayam, Mangalam, Molapakkam, Ariyur, Karikalampakkam. There are three PACBs in Karaikal region, viz., Varichikudi,

Thirumalairayan pattinam, and Karaikovilpathu. The organizational structure of State co-operative banks is diagrammatically shown below:

```
                    ┌──────────────┐
                    │ Administrator │
                    └──────┬───────┘
                           │
                    ┌──────▼───────┐
                    │  Managing    │
                    │  director    │
                    └──────┬───────┘
        ┌──────────────────┼──────────────────┐
   ┌────▼─────┐      ┌──────▼──────┐     ┌──────▼──────┐
   │Development│     │General manager│   │General Manager│
   │ officer   │     │(estt.& loans) │   │ (banking)    │
   └────┬─────┘      └───────────────┘   └──────┬──────┘
        │                                        │
   ┌────▼─────┐    ┌──────────────┐              │
   │  Asst.   │    │ AGM (Estt.&  │              │
   │development│    │   Loans)     │              │
   └──────────┘    └──────┬───────┘              │
                   ┌──────┴──────┐               │
              ┌────▼───┐   ┌─────▼────┐          │
              │Manager │   │ Manager  │          │
              │ estt.  │   │  loans   │          │
              └────────┘   └──────────┘          │
              ┌──────────────────┬───────────────┴─────┐
         ┌────▼────┐        ┌─────▼────┐         ┌──────▼────┐
         │  AGM    │        │   AGM    │         │   Cash    │
         │(banking)│        │ (inspn.) │         │  officer  │
         └────┬────┘        └──────────┘         └───────────┘
      ┌───────┼───────┐
 ┌────▼───┐┌──▼────┐┌──▼────┐
 │Computer││Manager││Manager│
 │programme││banking││(stat)│
 └────────┘└───────┘└───────┘
```
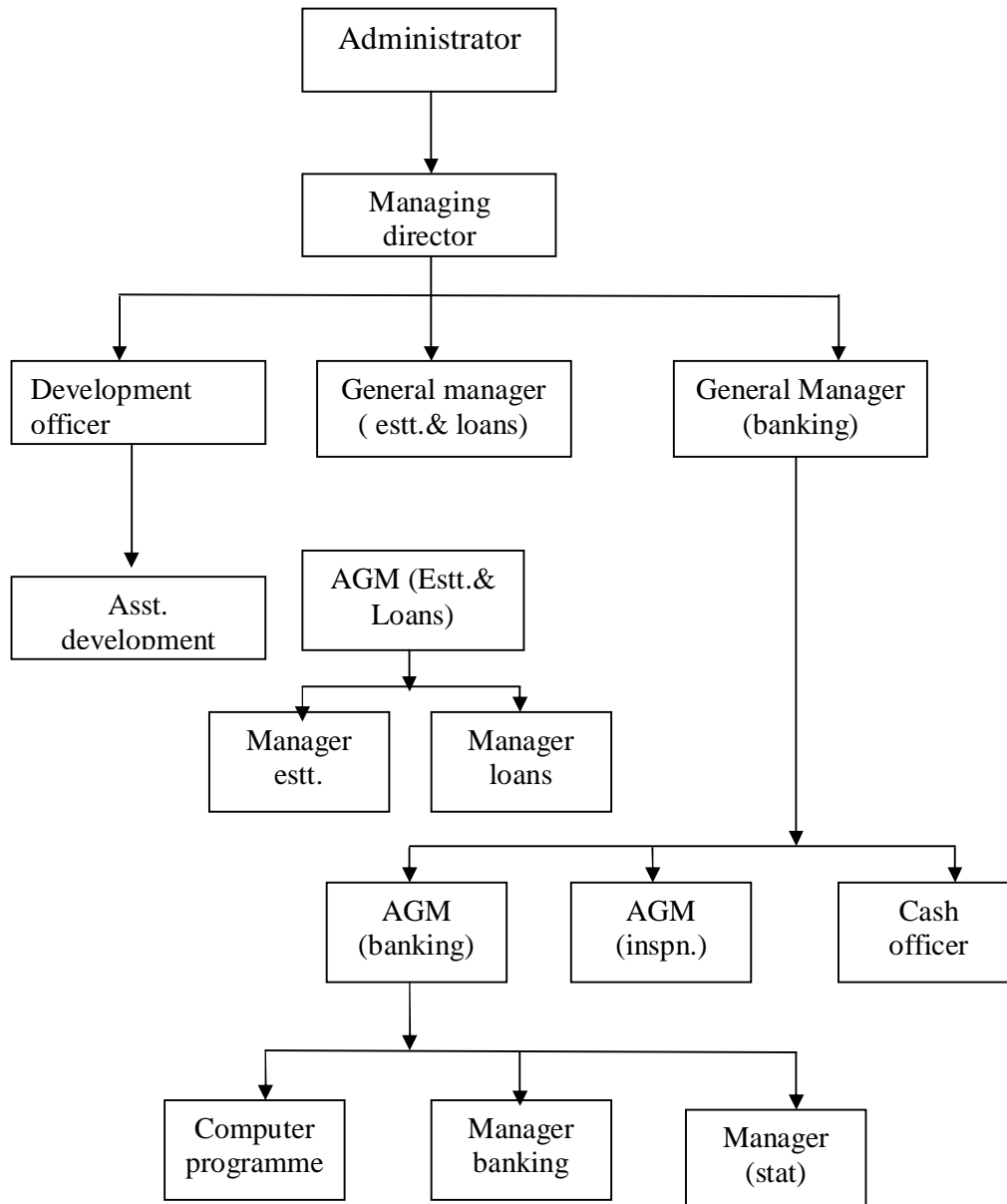
The progresses of co-operative societies in Pondicherry during last decades are provided figuratively from Table 3.1 to 3.5. Table 3.1 presents

the year-wise distribution of co-operative societies in Union Territory of Pondicherry.

Table 3.1

Year-wise Distribution of Co-operative Societies in Pondicherry State

Year	Credit Societies	Non-Credit Societies	Total
2001-02	131	351	482
2002-03	133	358	491
2003-04	130	357	487
2004-05	130	367	497
2005-06	131	370	501
2006-07	132	378	510
2007-08	134	380	514
2008-09	135	379	514
2009-10	135	380	515
2010-11	135	389	524
Mean	133	371	503
SD	2	12	14
CV	1.56	3.32	2.76
CAGR	0.40	1.07	0.89
LGR	1	4	4

SD – Standard Deviation, CV – Coefficient of Variation;
CAGR – Compounded Annualized Growth Rate; LGR – Linear Growth Rate
Source: Registrar of co-operatives, Pondicherry

The number of credit societies, 131 in 2001-02, stood at 135 in 2010-11, whereas the number of non-credit societies increased from 351 in 2001-02 to 389 in 2010-11. The rate of growth in credit and non-credit societies was 0.40 per cent and 1.07 per cent when compounded annually whereas it was 1 and 4 in absolute value on an average every year respectively. Altogether, the total number of co-operative societies, which was 482 in

2010-11 increased to 524 in 2010-11 at CAGR of 2.76 per cent and LGR of

4 societies every year.

Table 3.2

Year-wise and Co-operative Bank / Credit Society wise Distribution of Membership in Pondicherry State

Year	State Co-operative Bank	Central Land Development Bank	PACB & PACS	Co-operative Urban Bank	Employee Credit Society	Total
2001-02	253	7755	67378	18718	39666	133770
2002-03	256	4600	68815	20416	40100	134187
2003-04	259	7800	69011	20982	37684	135736
2004-05	268	11133	69795	22028	34603	137827
2005-06	280	12208	76225	22494	35536	146743
2006-07	282	3173	82051	22996	36401	144903
2007-08	284	13843	91175	23197	37029	165528
2008-09	288	14519	108210	23346	37254	183617
2009-10	288	15012	108712	23374	37516	184902
2010-11	298	15247	110717	24684	35922	186869
Mean	276	10529	85209	22224	37171	155408
SD	16	4433	18089	1745	1720	22504
CV	5.64	42.10	21.23	7.85	4.63	14.48
CAGR	1.84	10.70	6.76	2.55	-0.72	4.52
LGR	5	1049	5668	547	-278	6991

SD – Standard Deviation, CV – Coefficient of Variation;
CAGR – Compounded Annualized Growth Rate; LGR – Linear Growth Rate
Source: Registrar of co-operatives, Pondicherry.

The membership in State co-operative banks, Central land development banks, Primary agricultural co-operative banks (PACBs) & Primary agricultural co-operative societies (PACSs), Co-operative urban banks and Employee credit societies, 253, 7755, 67378 and 18718 in

2001-01 increased to 298, 15247, 110717 and 24684 in 2010-11respectively

(Table 3.2).

Table 3.3

Year-wise and Co-operative Bank / Credit Society wise Distribution of Total Paid-up Share Capital in Pondicherry State

(Rs. in Lakhs)

Year	State Co-operative Bank	Central Land Development Bank	PACB & PACS	Co-operative Urban Bank	Employee Credit Society	Total
2001-02	474.82	197.45	897.53	254.12	1055.42	2879.34
2002-03	558.36	212.22	905.10	328.24	1120.11	3124.03
2003-04	549.08	124.32	321.16	383.32	1491.84	2869.72
2004-05	521.72	57.82	198.37	436.26	1714.83	2929.00
2005-06	670.24	58.36	255.10	482.35	1987.59	3453.64
2006-07	753.74	60.83	292.98	518.17	2237.43	3863.15
2007-08	855.18	61.91	293.39	530.16	2476.23	4216.87
2008-09	969.46	62.75	332.48	534.04	2715.17	4613.90
2009-10	1052.47	62.74	406.87	526.02	3054.57	5102.67
2010-11	1077.35	62.74	418.62	532.12	3256.45	5347.28
Mean	748.24	96.11	432.16	452.48	2110.96	3839.96
SD	228.31	60.73	255.59	99.71	772.33	940.68
CV	30.51	63.18	59.14	22.04	36.59	24.50
CAGR	10.35	-12.49	-6.44	7.72	13.83	7.93
LGR	73.14	-15.47	-44.96	30.05	254.55	297.31

SD – Standard Deviation, CV – Coefficient of Variation;
CAGR – Compounded Annualized Growth Rate; LGR – Linear Growth Rate
Source: Registrar of co-operatives, Pondicherry.

The total paid up share capital of State Co-operative Banks, Co-operative Urban Banks and Employee credit societies increased on an average of CAGR of 10.35 per cent, 7.72 per cent and 13.83 per cent

respectively. From coefficient of variation, it is understood that there is consistency in the trend.   On the other hand, there was a decline in total paid up share capital of Central land development bank and PACBs / PACSs on an average at of CAGR of12.49, 6.44 per annum respectively (Table 3.3).

Table 3.4

Year-wise and Co-operative Bank / Credit Society wise Distribution of Government Share Capital in Pondicherry State

(Rs. In lakhs)

Year	State Co-operative Bank	Central Land Development Bank	PACB & PACS	Co-operative Urban Bank	Employee Credit Society	Total
2001-02	187.84	130.00	268.44	-	-	586.28
2002-03	187.84	217.45	336.44	-	-	741.73
2003-04	187.84	196.60	379.44	-	-	763.88
2004-05	187.84	175.00	437.61	-	-	800.45
2005-06	187.84	195.00	473.37	-	-	856.21
2006-07	187.84	245.00	675.57	-	-	1108.41
2007-08	187.84	255.00	602.89	-	-	1045.73
2008-09	187.84	259.90	640.08	-	-	1087.82
2009-10	187.84	269.90	665.05	-	-	1122.79
2010-11	187.84	288.80	762.84	-	-	1237.48
Mean	187.84	223.26	524.17	-	-	935.08
SD	0.00	49.29	167.01	-	-	212.13
CV	0.00	22.08	31.86	-	-	22.69
CAGR	0.00	7.19	11.59	-	-	7.84
LGR	0.00	14.56	53.04	-	-	67.49

SD – Standard Deviation, CV – Coefficient of Variation;
CAGR – Compounded Annualized Growth Rate; LGR – Linear Growth Rate
Source: Registrar of co-operatives, Pondicherry.

The government share capital was Rs.187.84 lakhs and remained at the same level throughout the period from 2001-02 to 2010-11. However,

the Governments' share in paid up capital of Central land co-operative banks, Rs.130.00 lakhs in 2001-02, increased to Rs.288.80 lakhs in 2010-11 at CAGR of 7.19 per cent and LGR of Rs.14.56 lakhs on an average every year. The government's share in paid up capital of PACBs / PACSs also exhibited a positive trend during the period (Table 3.4).

Table 3.5

Year-wise and Co-operative Bank / Credit Society wise Distribution of Working Capital in Pondicherry State

(Rs. in lakhs)

Year	State Co-operative Bank	Central Land Development Bank	PACB & PACS	Co-operative Urban Bank	Employee Credit Society	Total
2001-02	1750.86	988.95	5012.64	5908.70	6888.57	20549.72
2002-03	19717.00	212.22	5413.20	7036.84	6945.50	39324.26
2003-04	21020.15	368.24	5784.28	7891.33	8014.65	43078.65
2004-05	23660.20	524.68	6493.72	8719.29	10675.60	50073.49
2005-06	24331.83	1933.46	5482.51	9280.48	10689.18	51717.46
2006-07	30987.82	1502.45	12438.56	10144.00	16134.13	71206.96
2007-08	35990.56	1728.59	10940.09	11189.87	22211.96	82061.07
2008-09	41384.70	1708.41	11161.15	12676.42	16318.92	83249.60
2009-10	44350.07	1708.85	15201.40	13617.85	23952.26	98830.43
2010-11	49743.83	2108.43	14846.56	14255.29	24389.10	105343.21
Mean	29293.70	1278.43	9277.41	10072.01	14621.99	64543.49
SD	14196.80	695.87	4080.95	2825.83	6981.37	27783.86
CV	48.46	54.43	43.99	28.06	47.75	43.05
CAGR	27.96	21.71	14.73	10.02	17.22	17.25
LGR	4544.47	184.44	1237.59	929.62	2170.47	9066.62

SD – Standard Deviation, CV – Coefficient of Variation;
CAGR – Compounded Annualized Growth Rate; LGR – Linear Growth Rate
Source: Registrar of co-operatives, Pondicherry.

The working capital of all co-operative bank and credit societies exhibited a positive growth during the years from 2001-02 to 2010-11 (Table 3.5).

3.9   Chapter Summary

The concept of cooperation and co-operative movement is discussed in this chapter. The co-operative movements in the world and in India have grown well.   It is clear that, though the first documented consumer co-operative was founded in 1769 in a barely furnished cottage in Fenwick, East Ayrshire, the co-operative movement in India is century old. Despite the Co-operative Credit Societies Act was passed in 1904 based on the recommendations of Sir Frederick Nicholson (1899) and Sir Edward Law (1901), paving the way for the establishment of co-operative credit societies in rural and urban areas, during British rule, the co-operatives in India have made remarkable progress in the various segments of Indian economy only after 1950s. In order to facilitate rural financing, the co-operative banks were started in India during 1950s.   These banks are until now regulated by Reserve Bank of India (RBI) and governed by Banking Regulations Act 1949 and Banking Laws (Co-operative Societies) Act, 1955.

In Pondicherry, the co-operative movements have taken deep roots in Union Territory of Pondicherry since 1953. The Pondicherry State Co-operative Bank Ltd. was registered as a Co-op. Society on 10th October

1958 and started functioning on 30th October 1958. For helping the agriculturalist to provide credit through these Primary Agricultural Credit Societies were started. These societies operate at the village level and maintain direct contact with farmers. They are now called as Primary Agricultural Co-operative banks. They mostly give short term credit to farmers over the years. There are 27 PACBs in Pondicherry state. 24 PACBs are in Pondicherry region and 3 PACBs in Karaikal region. There was a positive growth in co-operative societies in Union Territory of Pondicherry during the period 10 years from 2001-02 to 2010-11. A positive growth in membership and working capital of State Co-operative Banks, Central Land Development Banks, PACBs / PACSs, Co-operative urban banks and Employee credit societies were visible during these years.

CHAPTER IV

CUSTOMER ORIENTATION AND PRIMARY AGRICULTURE CO-OPERATIVE BANKS IN PONDICHERRY: AN EVALUATION

4.1   Introduction

This chapter attempts to analyze the customers' opinion about various services of Primary Agriculture Co-operative Banks (PACBs) in Pondicherry to the customer orientation. Since customer orientation is mainly revolving around any organizations products and services, this chapter aim at eveluating the customers' experiences with the various products and services offered by the PACBs as this could help to promote the healthy relationship between customers and banks.

4.2   Socio-economic Status of the Respondents

For the purpose of analyzing the customer's perception about the customer orientation in PACB, the socio economic status of the customers of that bank is collected and shown in the Table 4.1. According to the table, the total respondents in the sample are 350 with 296 males (84.6%) and 54 females (15.4%). While 45.1 per cent of the respondents are in the age group between 36 – 50 years, 34.0 per cent and 20.9 per cent of the sample are in the age group above 50 years and up to 35 years respectively. Majority of the customers in the sample are from rural areas.

Table 4.1

Distribution of Respondents by Socio-Economic Status

Socio-Economic Status	Number of Respondents	% to Total
Sex		
Male	296	84.6
Female	54	15.4
Age		
Up to 35	73	20.9
36 - 50	158	45.1
> 50	119	34.0
Location		
Rural	267	76.3
Urban	83	23.7
Religion		
Hindu	290	82.9
Others	60	17.1
Education		
Primary	122	34.9
Secondary	94	26.9
Graduate	81	23.1
Illiterates	53	15.1
Occupation		
Labour	115	32.9
Agriculture	116	33.1
Business	65	18.6
Salaried	54	15.4
Marital Status		
Married	310	88.6
Unmarried	40	11.4
Monthly Income		
<= Rs.10000	103	29.4
Rs.10001-15000	112	32.0
Rs.15001-20000	51	14.6
> Rs.20000	84	24.0
Family Size		
< 3	152	43.4
4 - 5	140	40.0
> 5	58	16.6
Total Sample	350	100.0

Source: Primary Data.

The rural customers constitute 76.3 per cent while 23.7 per cent of the respondents are from urban areas. When analyzed based on religion, it is found that 82.9 per cent of them are Hindus and the remaining 17.1 per cent belongs to other religious groups.

The sample respondents when analyzed on the basis of their educational qualification, it is found that the primary educated group comprises of 34.9 per cent of the total sample, whereas 26.9 per cent, 23.1 per cent and 15.1 per cent of the customers in the sample are educated upto secondary level, graduates and illiterates respectively. By occupation, there are 33.1 per cent in the agriculture group followed by 32.9 per cent, 18.6 per cent and 15.4 per cent are agriculturists (mostly agricultural labourers), business and salaried groups respectively. Most of the customers in the sample are married (88.6%). The monthly income is found to be between Rs.10001-15000 for 32.0 per cent whereas it is up to Rs.10,000 for 29.4 per cent and more than Rs.20000 for 24.0 per cent and between Rs.15001-20000 for 14.6 per cent of the respondents. The number of members in the family is up to 3 for 43.4 per cent and 4-6 for 40.0 per cent of the customers, whereas it is above five members in the families of 16.6 per cent of the customers in the sample.

For the purpose of analyzing the customers land holding pattern on their agriculture oriented activities, the relevant data was collected and presented in the table 4.2.

Table 4.2 shows the distribution of sample respondents based on the land related characteristics. An observation of the table indicates that 69.1 per cent of the respondents are found to be owning agriculture lands whereas 16.3 per cent of the respondents are tenants while 14.6 per cent of the sample respondents do the agricultural operation in both own and leased lands. As far as the cultivable land area is concerned, 31.7 per cent of the respondents have stated to be undertaking cultivation in just one acre while 39.4 per cent and 28.9 per cent of the respondents have stated to be cultivating in 2-3 acres and more than 3 acres of lands respectively.

Table 4.2

Distribution of Respondents by Agriculture Oriented Aspects

Agriculture Related	Number of Respondents	% to Total
Land Ownership		
Own	242	69.1
Tenant	57	16.3
Both	51	14.6
Cultivable Land		
Up to 1 acre	111	31.7
2 – 3 acres	138	39.4
> 3 acres	101	28.9
Income from Agriculture		
<= Rs.5000	97	27.7
Rs.5001 - 10000	126	36.0
> Rs.10000	127	36.3
Total Sample	350	100.0

Source: Primary Data.

Regarding the income from agricultural operations, it is found from the table that it is from Rs.5001 to Rs.10000 for 36.0 per cent and more than Rs.30000 for 36.3 per cent of the customers of PACBs. At the same time, the agricultural income is just up to Rs.5000 for 27.7 per cent of the customers of PACB. In sum, it is found that most of the customers of PACB cult4ate their own lands and the cultivated area is more than two acres for most of the customers. It is further found that the income from agricultural operations is less than Rs.5000 for 27.7 per cent of the customers and Rs.5000 to Rs.10000 for 36 per cent of the customer and above Rs.10000 for 36.3 per cent of the customers of PACB.

4.3 Customer Orientation - Results and Discussion

For evaluating the customer orientation in PACB, the duration of membership in the customers in the bank and their socio-economic factor are necessary and for that purpose the relevant data was collected from the issue of questionnaire and operator as interview schedule and the data so collected is presented in Table 4.3.

The observation of the table shows that the sample respondents are members in the bank ranging from less than 3 years to more than 12 years. i.e., 18.4 per cent in the rural and 26.6 per cent in the urban respondents were members of the bank for less than 3 years.

Table 4.3

**Relationship between Socio-Economic Factors and
Duration of Membership with PCAB**

Socio-Economic & Land Related Factors		Duration (Years)					Chi-Square
		< 3	4 - 6	7 – 9	10 – 12	> 12	
Location	Rural	49 (18.4)	26 (9.7)	87 (32.6)	34 (12.7)	71 (26.6)	3.50^{NS} df = 4
	Urban	22 (26.5)	6 (7.2)	28 (33.7)	10 (12.1)	17 (20.5)	
Occupation	Labour	24 (20.9)	9 (7.8)	35 (30.4)	16 (13.9)	31 (27.0)	8.66^{NS} df = 12
	Agriculture	22 (19.0)	7 (6.0)	42 (36.2)	18 (15.5)	27 (23.3)	
	Business	13 (20.0)	10 (15.4)	19 (29.2)	6 (9.2)	17 (26.2)	
	Salaried	12 (22.2)	6 (11.1)	19 (35.2)	4 (7.4)	13 (24.1)	
Monthly Income	<= Rs.10000	20 (19.4)	7 (6.8)	36 (35.0)	14 (13.6)	26 (25.2)	9.17^{NS} df=12
	Rs.10001-15000	18 (16.1)	9 (8.0)	38 (33.9)	19 (17.0)	28 (25.0)	
	Rs.15001-20000	13 (25.5)	7 (13.7)	16 (31.4)	3 (5.9)	12 (23.5)	
	> Rs.20000	20 (23.8)	9 (10.7)	25 (29.8)	8 (9.5)	22 (26.2)	
Land Ownership	Own	52 (21.5)	23 (9.5)	78 (32.2)	31 (12.8)	58 (24.0)	4.89^{NS} df=8
	Tenant	10 (17.5)	7 (12.3)	19 (33.3)	8 (14.0)	13 (22.8)	
	Both	9 (17.7)	2 (3.9)	18 (35.3)	5 (9.8)	17 (33.3)	
Land Size	<= 1 acre	22 (19.8)	7 (6.3)	47 (42.3)	15 (13.5)	20 (18.0)	20.07*** df=8
	2 – 3 acres	22 (15.9)	16 (11.6)	42 (30.4)	23 (16.7)	35 (25.4)	
	> 3 acres	27 (26.7)	9 (8.9)	26 (25.7)	6 (5.9)	33 (32.7)	
Total Sample		71 (20.3)	32 (9.1)	115 (32.9)	44 (12.6)	88 (25.1)	

Figures in brackets are percentages to Row total. NS – Not Significant
***Significant at 1% level.

While 9.7 per cent of the rural and 7.2 per cent of the urban were members for the period between 4 to 6 years the largest group of respondents, i.e., 32.6 per cent of the rural 33.7 per cent of the urban respondents were members for the period between 7 to 9 years and the remaining 12.7 per cent of the rural and 12.1 per cent of the urban and again 26.6 per cent of the rural and 20.5 per cent of the urban members were member of the bank for periods 10 to 12 years and more than 12 years respectively. When an attempt was made to find out as to whether the difference in the duration of membership affect the perception of the members about their perception of customer orientation with the chi square test, it is found that the differences were not significant. With reference to the occupation of the members and duration of the member / respondents it is found the members were d4ided into four categories like agricultural labourers, agriculturalist, members doing business and salaried groups. They were also classified as members having membership for a period ranging from less than three years to more than 12 years. Here also the largest group 30.4%, 36.2%,29.2% and 35.2% respectively are in the duration between 7 years to 9 years and the next largest group 27%,23.3%, 26.2%and 24.1% respectively in each category of members seem to be in the duration of `greater than 12 years. When it was tested with the chi-square test as to whether the duration of the membership makes any difference in the perception of the customers about their customer orientation, it is found

that the differences in the duration of the membership was not significant. When the differences in the income levels of the members and their perception about their customer orientation was analised, it is found that larger members in all the income brackets were in between 7 to 9 years (35%, 33.3%, 31.4%and 29.8% respectively) and more than 12 years category 25.2%, 25%, 23.5% and 26.2%. Exceptionally 25.5% members in the income bracket of Rs.15, 000 to 20,000 were having members less than 3 years. When it was tested to find out whether these differences in the duration of membership and income levels make any difference in their perception of customer orientation, it is found that the differences were not significant.

The same is the result when the land ownership pattern and the duration of the membership were tested with chi-square test. Whereas when the differences in the land ownership pattern and their length of membership in the PACB was analysed, it is found that there was significant differences and it was significant at 1%. There had been significant relationship between the size of the land held and the duration of the membership in PACB in analyzing the customer orientation in the PACB.

For the purpose of evaluating the customer orientation in PACB, the type of the accounts held by the members in PACB was also considered by collecting the relevant data and portraying it in Table 4.4

Table 4.4

Type of Accounts Held in PACB

(N = 350)

Type of Account	Number of Respondents	% to Total
Savings a/c	177	50.6
Current a/c	50	14.3
Fixed Deposit a/c	38	10.9
Recurring Deposit a/c	68	19.4
Loan a/c	174	49.7

Source: Primary Data.
Note: only 'yes' opinion cases are included in the table.

The examination of Table 4.5 reveals the type of accounts held by 50.6 per cent of the respondents in PACB is saving bank a/c followed by that is 49.7 per cent of the cases with Loan account.   Holding current account, fixed deposit account and recurring deposit account was found to be 14.3 per cent, 10.9 per cent and 19.4 per cent of the respondents respectively.   To sum up, that the type of accounts held by most of the customers with PACB was savings bank account and loan account.

The relationship between the cultivable land owned, cultivable area and agricultural income with the type of account held in PACB among customers is analyzed using canonical correlation analysis. The Canonical correlation is similar to multiple regression analysis, but the goal of the canonical correlation analysis is to quantify the strength of the relationship between the two sets of variables (dependent and independent).   This statistical technique is used here for determining the magnitude of the

relationships that may exist between the two sets of variables mentioned in the beginning. The canonical correlation analysis is very much useful in explaining the nature of relationships that exist between the sets of criterion variables (type of account held in PACB) and predictor variables (agricultural oriented factors), generally by measuring the relat4e contribution of each variable to the canonical functions (relationships) that are extracted.

The first step of canonical correlation analysis is to der4e one or more canonical functions. Each function consists of a pair of variates, one representing the predictor variable and the other representing the criterion variable. The maximum number of canonical variates (functions) that can be extracted from the sets of variables equals the number of variables in the smallest data set, predictor (independent) or criterion (dependent). That is, if a research problem involves six independent variables and four dependent variables, the maximum number of canonical functions that can be extracted will be four.

The strength of the relationship between the pairs of variates is reflected by the canonical correlation. When squared, the canonical correlation represents the amount of variance in one canonical variate accounted for by the other canonical variate. This may also be called as the amount of shared variance between the two canonical variates. Squared canonical correlations are called canonical roots or eigen values.

Table 4.5 presents the canonical correlation functions produced by the canonical correlation analysis between types of accounts held in PACB and agriculture oriented factors among the customers of PACB in Pondicherry. According to the table, only the first function out of three correlation functions produced by the analysis is significant at required level of 5 per cent (Chi-square = 27.30, p < 0.05) with correlation of 0.20.

Table 4.5

Results of Canonical Correlation Analysis between theType of Accounts Held in PACB and Agriculture Oriented Factors

Canonical Function	Canonical R	Canonical R^2 (Eigenvalue)	Chi-Square	df	p-Value	Wilks Lambda
0	0.1957	0.0383	27.30	15	0.0264	0.9238
1	0.1815	0.0329	13.85	8	0.0857	0.9606
2	0.0818	0.0067	2.32	3	0.5096	0.9933

Source: Primary Data

As the first canonical correlation function is statistically significant, the canonical loadings of criterion (type of accounts held in PACB) and predictor (agriculture oriented factors) variables with first function are obtained. The canonical loadings are reported in Table 4.6.

It can be observed from the table, that out of five variables (type of accounts) in the criterion set, "loan a/c" with negat4e sign and "current a/c" with positive sign has sufficient correlation with its canonical variate of the first function. Of the predictor variable set, all the three factors are correlated negatively with its canonical variate of the first function.

Table 4.6

Canonical Loadings of Agriculture Oriented Factors and Type of Accounts Held in PACB with Significant Canonical Function

Variables	Function 1
CRITERION VARIABLES	
Type of Accounts Held in PACB	
Savings a/c	-0.0280
Current a/c	0.6788
Fixed Deposit a/c	0.1788
Recurring Deposit a/c	0.0302
Loan a/c	-0.7262
PREDICTOR VARIABLES	
Agriculture Oriented Factors	
Cultivable Land Owned	-0.3968
Cultivable Area	-0.4730
Agriculture Income	-0.8978

Source: Primary Data

But, the degree of association of "agriculture income" is very high whereas that of "Cultivable area" and "Cultivable land" are substantial. From the above it may be concluded that holding loan a/c are highly desired whereas holding current a/c is less desired among the customers with high income from agriculture, more cultivable area and with own cultivable land.

The opinion of the respondents regarding the procedure followed by bankers during opening an account is analyzed by frequency distribution and the results are given in Table 4.7.

Table 4.7

Customers opinion about the problems in opening bank account

Status	Number of Respondents	% to Total	Mean Score (Standard Deviation)
Very Easy	65	18.6	
Easy	58	16.6	2.99
Normal	98	28.0	(1.32)
Difficult	75	21.4	
Very Difficult	54	15.4	
Total Sample	350	100.0	

Source: Primary Data.

The observation of the table shows that 35.2% of the sample customers (18.6% very easy and 16.6% feeling easy) have felt that the procedures involved in opening the account is easy (18.6% reported very easy and 16.6% felt it was easy) and 28% of the customers felt that the opening account was normal and it was difficult and very difficult according to 21.4 per cent and 15.4 per cent of respondents respectively.

That is, majority of the sample respondents have not perce4ed that the procedure followed by PACB as easy. The mean score of 2.99 is found to be in normal range (opinion is obtained in the 5 point scale with values from 1,2, 3, 4 to 5 for 'very easy', 'easy', 'normal', 'difficult' and 'very difficult'. It is found that the procedure followed by PACB to open account is neither easy nor difficult rather it is normal.

The Gap analysis is undertaken to identify whether the time taken by the PACB to open account is up to the expectation of the customer or not.

The statistical significance of the difference between percentage of actual and expected cases against each time intervals are tested by calculating Z value. The results are shown in table 4.8

Table 4.8

Time Taken for Opening Account

Time Taken (minutes)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 30	68	19.4	136	38.9	-68	-19.4	-5.66***
31 - 45	75	21.4	38	10.9	37	10.6	3.80***
46 - 60	128	36.6	115	32.9	13	3.7	1.03
> 60	79	22.6	61	17.4	18	5.1	1.70*

Source: Primary Data. N – Number of Respondents
*Significant at 10% level; ***Significant at 1% level.

The perusal of the above table shows that taking time for less than or equal to 30 minutes for opening account is significantly less than expected (Z value = -5.66, p < 0.01). On the other hand, taking time from 31-45 minutes and more than 60 minutes to open account is significantly higher than expected (Z value = 3.80, p < 0.01 for 31-45 minutes, and Z value = 1.70, p < 0.10 for > 60 minutes). So, it is found that PACBs in Pondicherry could not provide account opening service up to the expectation of the customers.

The Gap analysis carried out for the purpose of finding out the customer orientation PACB. For this purpose the relevant data is collected and the processed data is portrayed in Table 4.9. The analysis of the table

shows that the expected time for depositing money is less than 5 minutes among 113 out of 350 respondents in the sample. But only 51 out of 350 respondents have perceived that PACBs have taken less than 5 minutes for depositing money. The Z value of -5.53 for the difference in proportion of cases with actual and expected opinion is significant at 1 per cent level. This reveals that the time 5 minutes and less taken for depositing money in PACBs is significantly less than expected.

Table 4.9

Time taken for depositing money

Time Taken (minutes)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 5	51	14.6	113	32.3	-62	-17.7	-5.53***
6 - 10	82	23.4	48	13.7	34	9.7	3.30***
11 - 15	118	33.7	123	35.1	-5	-1.4	-0.40
> 15	99	28.3	66	18.9	33	9.4	2.94***

Source: Primary Data. N – Number of Respondents
***Significant at 1% level.

At the same time, taking time from 6 to 10 minutes and above 15 minutes by PACB for depositing money is significantly higher than what has been expected (Z value = 3.30, $p < 0.01$ for 6-10 minutes and Z value = 2.94, $p < 0.01$ for > 15 minutes time periods). On the whole, it is found that services of PACB banks in Pondicherry regarding time taken for depositing money is significantly less than the expectation of customers.

As the analysis carried out for opening the account, time taken for depositing the money for the purpose of evaluating the customer orientation in the Pondicherry Agricultural Co-operative Bank, the analysis have continued with the time taken by the bank for credit the account while cheques are deposited for collection. For this purpose the relevant data is collected and presented in the Table 4.10.

Table 4.10

Time taken for crediting the account after cheque Collection

Time Taken (minutes)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 30	63	18.0	72	20.6	-9	-2.6	-0.86
31 - 45	43	12.3	79	22.6	-36	-10.3	-3.59***
46 - 60	178	50.9	106	30.3	72	20.6	5.54***
> 60	66	18.9	93	26.6	-27	-7.7	-2.44**

Source: Primary Data. N – Number of Respondents
**Significant at 5% level; ***Significant at 1% level.

As shown in the table, taking time of 30 minutes and less for making credit entry after cheque collection is up to the expectation of the customers (Z value for difference in the opinions the cases with actual and expected opinion is insignificant). However, taking longer time than 45-60 minutes for making credit entry is significantly less than expected ($Z = -3.59$, $p < 0.01$ and -2.44, $p < 0.05$ for 31-45 minutes and > 60 minutes time respectively). Further, the number of cases with actual opinion about 46-60 minutes, which is more than the number of actual cases of time taken is

significantly higher than number of cases with expected opinion (Z value = 5.54, p < 0.01). On the whole it may be concluded that the PAC banks serve up to the expectation of the customers in respect of making credit entry into the account after cheques are deposited for collection.

Regarding time taken for crediting the account in normal circumstances irrespective of collection of cheques or collection from other banks, the respondents actual and expected opinion about time taken is analysed by collecting the data and presenting the processed data in Table 4.11.

Table 4.11

Time taken for crediting the account ordinarily

Time Taken (minutes)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 30	67	19.1	92	26.3	-25	-7.1	-2.26**
31 - 45	74	21.1	73	20.9	1	0.3	0.09
46 - 60	132	37.7	93	26.6	39	11.1	3.16***
> 60	77	22.0	92	26.3	-15	-4.3	-1.32

Source: Primary Data. N – Number of Respondents
**Significant at 5% level; ***Significant at 1% level.

As per the table the time taken for crediting the account ordinarily was up to 30 minutes and below is significantly less than expected (Z = -2.26, p < 0.05) shows that is, there is a notable gap in taking shorter time for crediting the account ordinarily in PACBs. Further, actual time of 46 to 60 minutes for crediting the account taken by PACB is significantly higher than

minutes and below for debiting the account after withdrawal

customer expectation ($Z = 3.16$, $p < 0.01$). To sum up that from the inferences made it may be concluded that there is a significant gap between actual and expected time taken by the PAC banks for crediting the account ordinarily, in turn revealing that these bank should improve their services in this regard for improving the customer orientation.

Time taken for debiting the account after withdrawal of the money is analysed by distributing the respondents based on their opinion about the differences between the actual and expected levels of time taken. The gap between actual and expected time taken is also evaluated to identify the service quality of PACB in this regard. The results of the analysis are depicted in Table 4.12.

Table 4.12

Time taken for DEBITING the account after the Withdrawal

Time Taken (minutes)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 30	96	27.4	60	17.1	36	10.3	3.27***
31 - 45	77	22.0	94	26.9	-17	-4.9	-1.50
46 - 60	116	33.1	116	33.1	0	0.0	0.00
> 60	61	17.4	80	22.9	-19	-5.4	-1.79*

Source: Primary Data. N – Number of Respondents
*Significant at 10% level; ***Significant at 1% level.

From examination of the table, it is understood that there is a significant positive gap between actual and expected time frame of 30 minutes and below for debiting the account after withdrawal ($Z = 3.27$, $p <$

0.01). That is, debiting the account within 30 minutes of withdrawal of money is significantly higher than expected in PACBs. While there is no significant gap in other two frames, the taking of time more than 60 minutes for debiting the account after withdrawal is significantly less than expected ($Z = -1.79$, $p < 0.01$). Hence, it is concluded that the PACBs provide timely service to the customers in respect of debiting the account after withdrawal of money.

Table 4.13 presents the results of frequency distribution and gap analysis of time spent by customers in PACBs for withdrawing the money.

Table 4.13

Time taken by the bank for disbursing money when the customers Withdraw Money

Time Taken (minutes)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 30	95	27.1	71	20.3	24	6.9	2.13**
31 - 45	65	18.6	98	28.0	-33	-9.4	-2.95***
46 - 60	133	38.0	101	28.9	32	9.1	2.56***
> 60	57	16.3	80	22.9	-23	-6.6	-2.19**

Source: Primary Data. N – Number of Respondents
**Significant at 5% level; ***Significant at 1% level.

The observation of the table shows that there is a significant positive gap in respect of time taken for disbursing the money within 30 minutes while the customers withdraw it. ($Z = 2.13$, $p < 0.05$). The same scenario is visible against time frame of 46-60 minutes ($Z = 2.56$, $p < 0.01$). At the

same time, the gap in the number of cases with actual and expected levels against time frame of 31-45 minutes and above 60 minutes is negat4e and significant. On the whole, it is found that a PACBs service regarding disbursing money while the customers withdraw money is neither poor nor good.

For the purpose of analyzing the customer orientation in the PAC Bank while dealing with the customers approaching agricultural loans and the consequent activities, first an attempt is made to analyse the type of loan account operated by the customers. For this, the relevant data is collected and portrayed in the table 4.14

Table 4.14

Loan availed by the customers from PACB So far

Type of Loan	Number of Respondents	% to Total
Nil	83	23.7
Short-term loan	106	30.3
Medium term loan	134	38.3
Long-term loan	27	7.7
Total Sample	350	100.0

Source: Primary Data.

The observation of the table shows that the type of loan availed from PAC banks is medium-term for 38.3 per cent, short-term loan for 30.03 and long-term for 7.7 per cent while 23.7 per cent of the respondents have not availed any loan so far. Further, it is found that short-term and medium term loans are the mostly availed type of loans from PAC banks.

As the customer orientation was analysed based on the time taken for opening an account, the time taken for disbursing money while withdrawn, crediting when cheques deposited for collection, now the customer orientation is analysed from the point of view of the PAC Banks dealing with the customers while they approach for loans. The first analysis in this regard is the time taken for sanctioning the loan after they apply for the same. With regard to the time taken for sanctioning loan, it can be observed from the table 4. 15, that it took 15 days and less for PAC banks and this time frame for loan sanctioning is significantly higher than expected. That is, the gap between actual and expected time frame of 15 days and below for sanctioning loan is positive and significant ($Z = 5.81$m $p < 0.01$). But the scenario is not the same in respect of 16-30 days and above 60 days time taken by the banks.

Table 4.15

Time taken for Sanctioning Loan

Time Taken (Days)	Actual		Expected		Gap		
	N	% to Total	N	% to Total	N	% to Total	Z Value
<= 15	150	42.9	78	22.3	72	20.6	5.81***
16 - 30	15	4.3	47	13.4	-32	-9.1	-4.26***
31 - 45	140	40.0	121	34.6	19	5.4	1.49
> 45	45	12.9	104	29.7	-59	-16.9	-5.45***

Source: Primary Data. N – Number of Respondents
***Significant at 1% level.

However, there is no remarkable gap between actual and expected time of 31-45 days for sanctioning the loan by PAC bank in Pondicherry. As sanctioning loan in shorter time of 15 days and less is significant than what is expected by the customers, it is concluded that PAC banks are reasonably fast in sanctioning loan to the customers. The time frame for getting loans is further analysed on the basis of number of time, the customer have availed loan facility as shown in Table 4.16

Table 4.16

Number of times the loan were obtained by the customers from PACB

Number of Times	Number of Respondents	% to Total
Up to 2 times	113	32.3
2 - 4 times	106	30.3
4 - 6 times	79	22.6
More than 6 times	52	14.9
Total Sample	350	100.0

Source: Primary Data.

From the analysis of the Table 4.16, which shows the number of times loans were obtained from PAC banks by the customers, it is evident that 32.3 per cent of the customers have availed loan up to 2 times while it was between 2-4 times and 4 – 6 times for 30.3 per cent and 22.6 per cent of the customers respectively. At the same time, sizeable number of customers have availed loan for more than 6 times (52 out of 350 – 14.9%). Hence, it may be summed up by saying that the number of respondents with first two opinions, that the number of times availing loans from PAC banks is up to four for most of the customers.

After the analysis of number of times the loans were availed an attempt was made to find out the purpose for which such loans were obtained. For this the relevant data is shown in Table 4.17.

Table 4.17

Purpose of Loan Obtained from PACB

Purpose of Loan	Number of Respondents	% to Total
Agriculture	137	39.1
Non-agriculture	185	52.9
Both	28	8.0
Total Sample	350	100.0

Source: Primary Data.

As reported in the table, more than half of the customers have availed loan for non-agriculture purpose (185 out of 350 – 52.9%). Availing loan for agriculture purpose was found to be 39.1 per cent of the customers. At the same time, nominal number of customers (28 out of 350 – 8.0%) have availed loan for both agriculture and non-agricultural purposes. To sum up, it is found that availing loan from PAC banks was for non-agricultural purpose for most of the customers in Pondicherry.

The relationship between purpose of loan and number of times availing loan from PAC banks is evaluated using cross tabulation analysis to ascertain whether obtaining loan often from PAC banks is influenced by the purpose for which it was used or not. The statistical significance of the difference in number of cases observed after collapsing across two factors is

analyzed using Kruskall Wallis ANOVA H test. Table 4.18 presents the results of the analysis.

Table 4.18

Relationship between Purpose of Loan and Number of Times Loan obtained from PACB

Purpose of Loan	Number of Times					Kruskal Wallis ANOVA Test	
	Up to 2	2-4	4-6	> 6	Total	Sum of Ranks	H
Agriculture	40 (29.2)	41 (29.9)	27 (19.7)	29 (21.2)	137 (100.0)	25510.0	
Non-agriculture	62 (33.5)	56 (30.3)	45 (24.3)	22 (11.9)	185 (100.0)	31652.0	3.64^{NS} (2)
Both	11 (39.3)	9 (32.1)	7 (25.0)	1 (3.6)	28 (100.0)	4263.0	
Total Sample	113 (32.3)	106 (30.3)	79 (22.6)	52 (14.9)	350 (100.0)		

Source: Primary Data.

It can be observed from the table that number of cases with loan from PAC banks for both agriculture and non-agriculture purpose tend to decline with increase in number of times obtaining loan. That is, number of customers who have availed the loan up to 2 times for both agriculture and non-agriculture purposes is 39.3 per cent, but it declines to 32.1 per cent, 25.0 per cent and 3.6 per cent when number of times loan obtained is 2-4, 4-6 and more than 6 times respectively. The same scenario in the case of customers with non-agriculture purpose can also be seen.   However, regarding the customers who have availed loan for agriculture purpose, the distribution of the cases were neither showing   downward trend nor upward

trend relative to an increase in number of time loan obtained. But the above said differences in the observed cases across categories by purpose of loan relat4e to number of times loan obtained from PAC banks are not due to the influence of purpose of the loan but rather it is due to chance. This is because KW H value for the difference in cases with different number of times availing loan across categories by purpose of loan is insignificant. So, it may be concluded that the number of times loan obtained from PAC banks is independent of the purpose for which the loans were availed by the customers in Pondicherry.

Utilizing the money availed in the form of loans from Co-operative banks for the same purpose is customary or natural expectation. When an attempt was made to find out whether the loans fulfilled their requirements the relevant data was collected and presented in the table 4.19.

Table 4.19

Fulfillment of Purpose of Loan

Fulfillment	Number of Respondents	% to Total
Yes	164	46.9
No	186	53.1
Total Sample	350	100.0

Source: Primary Data.

According to the table, the number of cases with 'yes' opinion is 164 (46.9%) and those with 'no' opinion being the remaining 186 respondents,

(53.1%). That is, more than half of the respondents in the sample have said 'no' regarding fulfillment of purpose of loan. So, it may be concluded that loan availed by the customers from PAC banks was not utilized for the purpose it was obtained.

For the purpose of analyzing as to whether customers have promptly repaid the loans, the relevant was collected from the members and shown in Table 4.20.

Table 4.20

Promptness in Repaying Loan

Promptness	Number of Respondents	% to Total
Yes	80	22.9
No	270	77.1
Total Sample	350	100.0

Source: Primary Data.

With reference to the promptness of the customer in repaying the loan, the observation of Table 4.20, indicates that only 80 out of 350 respondents have promptly repaid the loan. Majority of the customers (more than two-thirds of the customers in the sample) have reported that they were not prompt in repayment (270 out of 350 i.e., 77.1%). So, it may be concluded that promptness of the customers in repaying the loan obtained from PAC banks is poor in Pondicherry.

When an analysis was made to find out the reasons for not paying the loan promptly based on the opinion of the customers, the results of the analysis are shown in Table 4.21.

Table 4.21

Reasons for not paying promptly

Promptness	Number of Respondents	% to Total
Natural calamity	11	4.1
Expecting Loan Waiver by Government	54	20.0
Unavailability of fertilizers in time	103	38.1
Fall in Price	22	8.1
Others	80	29.6
Total Sample	350	100.0

Source: Primary Data.

It can be seen from the table that lack of expected output from the cultivation due to unavailability of fertilizers in time is the major reason for 38.1 per cent of the customers for not paying the loan promptly. However, 20.0 per cent of the customers were not prompt in paying back the loan expecting loan waiver by the Government. While natural calamity and fall in price of agricultural produce were the reasons for 4.1 per cent and 8.1 per cent of the customers, there are other reasons for about   29.6 per cent of the customers for not repaying the loan promptly. To sum up it may be concluded that non availability of fertilizers in time followed by expectation

of loan waiver by Government were the primary reasons for not paying back the loan promptly by customers of PAC banks in Pondicherry.

The procedures followed by PACBs in Puducherry for sanctioning loan to its customers is analyzed based on the views of the respondents from customer population. Eight various procedures followed by PACBs are included in the questionnaire for obtaining opinion from the respondents. The top most procedures followed by the PACBs is ascertained based on the mean perception level of entire sample. In order to statistically verify whether the level of opinion of the whole sample is in 'agree', 'disagree' or in 'neutral' level, the observed mean value is compared with hypothetical mean of '3', the value for 'neutral' opinion in 5-point scale using one sample t-test. The results of the analysis are shown in Table 4.23.

Table 4.22

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**Procedure Followed by bankers for sanctioning loan –
Perception of Customers in the Entire Sample**

(N = 350)

Procedure	Mean	Standard Deviation	t-Value
Demand for deposits for issuing loan	3.63	1.10	10.67***
Demanding collateral assets	4.05	0.81	24.39***
Demand for personal guarantee	3.96	0.81	22.16***
Mortgage of land	2.87	1.36	-1.73*
High processing fee	2.46	1.11	-9.08***
Initial expenses to get loan is high	4.11	0.84	24.68***
Pledge of Jewels	2.39	1.11	-10.24***
Hypothecation of Vehicles	2.42	1.13	-9.59***

Source: Primary Data.

As shown in the table, the observed mean values are significantly above hypothetical mean value of '3' in respect to "Demand for deposits for issuing loan" (Mean = 3.63, t = 10.67, p < 0.01), "Demanding collateral assets" (Mean = 4.05, t = 24.39, p < 0.01), "Demand for personal guarantee" (Mean = 3.96, t = 22.16, p < 0.01) and "Initial expenses to get loan is high" (Mean = 4.11, t = 24.68, p < 0.01) whereas the observed mean values are significantly below the 'neutral' opinion in the case of "Mortgage of land" (Mean = 2.87, t = -1.73, p < 0.10), "High processing fee" (Mean = 2.46, t = -9.08, p < 0.01), "Pledge of Jewels" (Mean = 2.39, t = -10.24, p < 0.01) and "Hypothecation of Vehicles" (Mean = 2.42, t = -9.59, p < 0.01). From ordering procedures by observed mean scores along with significant t-values, it is understood that the initial charges, i.e., initial processing fee for sanctioning loan is high in PACB. Next to the above, there is a strong agreement among the respondents that PACBs are demanding collateral assets, personal guarantee, and deposits for issuing loan for personal loan. At the same time, the respondents have disagreed with pledge of jewels, hypothecation of vehicles; high overall processing fee and Mortgage of land are demanded by PACBs.

Table 4.23 presents results of t-test comparing the respondents' opinion about procedures followed by PACBs for sanctioning loan between rural and urban areas.

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Table 4.23

Procedure Followed by Bankers for Sanctioning Loan – Comparison of Customers' Views by Area of Residence

Procedures	Location		t value
	Rural	Semi Urban	
Demand for deposits for issuing loan	3.67 (1.11)	3.49 (1.07)	1.28
Demanding collateral assets	4.02 (0.79)	4.14 (0.86)	1.21
Demand for personal guarantee	3.99 (0.82)	3.89 (0.80)	0.91
Mortgage of land	2.87 (1.37)	2.89 (1.34)	0.13
High processing fee	2.47 (1.10)	2.45 (1.13)	0.16
Initial expenses to get loan is high	4.11 (0.84)	4.10 (0.85)	0.12
Pledge of Jewels	2.37 (1.12)	2.47 (1.09)	0.74
Hypothecation of Vehicles	2.40 (1.11)	2.48 (1.19)	0.57

Figure in brackets are standard deviation

An examination of the table above shows that the mean values for rural and urban respondents are almost same with regard to all procedures (t values are all insignificant). Further mean scores are all in the same range for rural and semi-urban groups as that of whole sample. Hence, it is concluded that there is no rural and urban conflict in perceiving the procedures adopted by PACBs for sanctioning loan.

The role of educational status of the respondents in influencing their perception about procedures followed by PACBs for sanctioning loan is analyzed by one way ANOVA and the results of the analysis are provided in Table 4.24.

Table 4.24

Procedure Followed by Bankers for Sanctioning Loan – Comparison of Customers' Views by Educational Status

Procedures	Educational Status				F value
	Illiterates	Primary	Secondary	Graduate	
Demand for deposits for issuing loan	3.49 (1.12)	3.73 (1.05)	3.63 (1.15)	3.57 (1.12)	0.70
Demanding collateral assets	4.00 (0.85)	3.98 (0.75)	4.07 (0.82)	4.16 (0.84)	0.88
Demand for personal guarantee	3.81 (0.83)	4.00 (0.82)	4.04 (0.79)	3.91 (0.81)	1.10
Mortgage of land	3.00 (1.34)	2.80 (1.30)	2.80 (1.36)	3.00 (1.48)	0.61
High processing fee	2.45 (1.22)	2.47 (1.14)	2.54 (1.01)	2.37 (1.09)	0.35
Initial expenses to get loan is high	4.25 (0.78)	4.07 (0.83)	4.13 (0.81)	4.04 (0.91)	0.75
Pledge of Jewels	2.57 (1.12)	2.35 (1.11)	2.22 (1.10)	2.53 (1.11)	1.63
Hypothecation of Vehicles	2.42 (1.18)	2.47 (1.12)	2.40 (1.15)	2.37 (1.11)	0.13

Figure in brackets are standard deviation
*Significant at 10% level.
Source: Primary data

From the table above, it is understood that the F values for the difference in means across four different educational status groups are all insignificant with regard to all eight procedures followed by PACBs. This implies that the respondents regardless of their educational status have shown similarity in their views about procedures followed by PACBs for sanctioning loan. Therefore, perceived status of PACBs customer orientation in terms of loan sanctioning procedures is unaffected by the educational status of the respondents in the sample.

Table 4.25 presents the results of the analysis comparing the mean perception of the respondents about procedures followed by PACBs for sanctioning loan across four different groups with different occupational status. As presented in the table, the mean scores for all four occupational groups is similar to that of whole sample against all eight procedures included in the questionnaire. The F values for the difference in group means are insignificant for all procedures, in turn indicating that the existing small difference in the mean perception scores against each procedure is just due to chance and not due to difference in occupational level of the respondents. From the above inferences of the results, it is evident that the respondents (customers of PACBs in the sample) irrespective of the

difference in occupational status have viewed various procedures followed

by PACB for sanctioning loan at similar extent.

Table 4.25

Procedure Followed by Bankers for Sanctioning Loan – Comparison of Customers' Views by Occupational Status

Procedures	Occupational Status				F value
	Labour	Agriculture	Business	Salaried	
Demand for deposits for issuing loan	3.58 (1.15)	3.73 (1.06)	3.46 (1.09)	3.70 (1.11)	0.99
Demanding collateral assets	3.95 (0.79)	4.16 (0.81)	4.02 (0.78)	4.07 (0.84)	1.45
Demand for personal guarantee	3.95 (0.86)	4.03 (0.82)	3.89 (0.75)	3.93 (0.77)	0.51
Mortgage of land	2.82 (1.39)	2.91 (1.41)	2.92 (1.28)	2.87 (1.35)	0.11
High processing fee	2.50 (1.20)	2.54 (1.02)	2.26 (1.05)	2.44 (1.13)	0.98
Initial expenses to get loan is high	3.97 (0.78)	4.16 (0.86)	4.18 (0.86)	4.20 (0.86)	1.66
Pledge of Jewels	2.39 (1.17)	2.53 (1.08)	2.31 (1.12)	2.19 (1.03)	1.39
Hypothecation of Vehicles	2.44 (1.12)	2.36 (1.11)	2.46 (1.13)	2.44 (1.22)	0.15

Figure in brackets are standard deviation
Source: Primary data

Table 4.26 is reported with the F-test results comparing the

respondents' opinion about procedures followed by PACBs for sanctioning

loan across groups by family income levels.

Table 4.26

Procedure Followed by Bankers for Sanctioning Loan – Comparison of Customers' Views by Income Levels

Procedures	Income				F value
	<= Rs.10000	Rs.10001-15000	Rs.15001-20000	> Rs.20000	
Demand for deposits for issuing loan	3.56 (1.14)	3.65 (1.10)	3.57 (1.12)	3.71 (1.05)	0.36
Demanding collateral assets	3.91 (0.82)	4.16 (0.81)	4.06 (0.76)	4.07 (0.80)	1.73
Demand for personal guarantee	3.93 (0.89)	3.93 (0.81)	4.06 (0.79)	3.99 (0.74)	0.38
Mortgage of land	2.80 (1.37)	2.85 (1.36)	2.76 (1.32)	3.07 (1.39)	0.82
High processing fee	2.54 (1.17)	2.52 (1.07)	2.14 (1.04)	2.49 (1.10)	1.77
Initial expenses to get loan is high	4.05 (0.76)	4.08 (0.88)	4.16 (0.83)	4.18 (0.88)	0.47
Pledge of Jewels	2.62 (1.13)	2.21 (1.10)	2.29 (1.08)	2.40 (1.09)	2.59**
Hypothecation of Vehicles	2.35 (1.14)	2.36 (1.06)	2.43 (1.15)	2.58 (1.20)	0.83

Figure in brackets are standard deviation
**Significant at 5% level.
Source: Primary data

As reported in the table above, the mean scores for all income groups are in 'agree' range in respect of "Demand for deposits for issuing loan", "Demanding collateral assets", "Demand for personal guarantee", "Initial expenses to get loan is high" whereas they are in 'disagree' range with regard to other remaining procedures. The F values for the difference in group means against all procedures except for "pledge of jewels" are

insignificant. For "Pledge of jewels', though F value is significant at 5 per cent level (F value = 2.59, $p < 0.05$), the mean scores for all income groups are in 'disagree' range, only the degree of opinion differ significantly. In sum, it is concluded that the opinion of the respondents about procedures followed by PACB for sanctioning loan is unaffected by the different income level and it is similar to the mean level of opinion of the entire sample.

Table 4.27

Procedure Followed by Bankers for Sanctioning Loan – Comparison of Customers' Views by Land Ownership Pattern

Procedures	Land Ownership			F value
	Own	**Tenant**	**Both**	
Demand for deposits for issuing loan	3.59 (1.11)	3.72 (1.15)	3.71 (1.03)	0.46
Demanding collateral assets	4.07 (0.79)	4.09 (0.85)	3.90 (0.85)	1.03
Demand for personal guarantee	3.97 (0.79)	3.84 (0.88)	4.06 (0.83)	1.00
Mortgage of land	2.88 (1.38)	2.68 (1.30)	3.04 (1.36)	0.93
High processing fee	2.49 (1.11)	2.40 (1.16)	2.41 (1.04)	0.20
Initial expenses to get loan is high	4.09 (0.84)	4.09 (0.83)	4.22 (0.83)	0.51
Pledge of Jewels	2.36 (1.10)	2.47 (1.20)	2.47 (1.08)	0.41
Hypothecation of Vehicles	2.43 (1.14)	2.33 (1.07)	2.45 (1.15)	0.20

Figure in brackets are standard deviation

From Table 4.27, which shows the results of comparative analysis of the opinion about procedures followed by PACBs for sanctioning loan among respondent groups by land ownership pattern, it is apparent that the respondent groups with own, lease (tenant) and both own /lease land have all expressed their agreement with "Demand for deposits for issuing loan", "Demanding collateral assets", "Demand for personal guarantee", "Initial expenses to get loan is high". However, the all three land ownership groups have disagreed with "Mortgage of land", "High processing fee", "Initial expenses to get loan is high", "Pledge of Jewels" and "Hypothecation of Vehicles" against sanctioning loan by PACBs. Further, from F values, which are all insignificant, it is understood that the small difference in the level of opinion across groups can be attributed to chance and not due to land ownership of the respondents. Overall, it is found that the opinion of the respondents regarding procedures followed by PACBs for sanctioning loan is independent of their land ownership pattern.

Table 4.28 reports the results of F-test identifying the significance of the difference in opinion about procedure followed by PACBs for sanctioning loan among respondent groups based on their land holding size. A perusal of the table shows that the respondents with all size of land holding have expressed their agreement with "Demand for deposits for issuing loan", "Demanding collateral assets", "Demand for personal guarantee", "Initial expenses to get loan is high".   Further, the level of such

agreement does not vary significantly by size of land holdings as F values

for the difference in group means are insignificant.

Table 4.28

Procedure Followed by Bankers for Sanctioning Loan – Comparison of Customers' Views by Size of Land Cultivated

Procedures	Land Size (in acre)			F value
	Up to one	2 – 3	Above 3	
Demand for deposits for issuing loan	3.63 (1.09)	3.64 (1.15)	3.61 (1.07)	0.01
Demanding collateral assets	4.02 (0.80)	4.07 (0.84)	4.07 (0.78)	0.14
Demand for personal guarantee	3.90 (0.86)	4.04 (0.80)	3.92 (0.77)	1.14
Mortgage of land	2.77 (1.33)	2.75 (1.37)	3.15 (1.37)	2.91
High processing fee	2.54 (1.16)	2.41 (1.05)	2.45 (1.13)	0.42
Initial expenses to get loan is high	4.05 (0.81)	4.16 (0.85)	4.10 (0.85)	0.58
Pledge of Jewels	2.23 (1.11)	2.38 (1.08)	2.58 (1.13)	2.79
Hypothecation of Vehicles	2.27 (1.09)	2.43 (1.10)	2.57 (1.21)	1.92

Figure in brackets are standard deviation
**Significant at 5% level.

On the other hand, the respondents regardless of the size of land

holding have expressed disagreement with "Mortgage of land", "High

processing fee", "Initial expenses to get loan is high", "Pledge of Jewels"

and "Hypothecation of Vehicles" against sanctioning loan by PACBs. But from insignificant F values, it is apparent that the level of such disagreement is unaffected by size of land holding of the respondents. Therefore, it is concluded that there is no significant relationship between size of land holding of the farmers and procedures followed by PACBs for sanctioning loan.

Regarding rate of interest on loan issues by PACBs, which is also an important factor in determining customer orientation, the opinion of the respondents is obtained and analyzed by frequency and percentage distribution. Table 4.29 provides the results of the anlaysis.

Table 4.29

Rate of Interest on Loan

Status	Number of Respondents	% to Total
Very High	54	15.4
High	68	19.4
Normal	103	29.4
Low	69	19.7
Very Low	56	16.0
Total Sample	350	100.0

Source: Primary Data.

As per the table above, the rate of interest on loan is 'normal' according to single largest group of 103 respondents out of 350 in the sample. That is, 29.4 per cent of the respondents have observed the rate of interest on loan as 'normal'. Next to the above, 19.7 per cent and 19.4 per

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cent of the respondents in the sample perceived the rate of interest on loan as low and high respectively. Further, the rate of interest is seen as very high by 15.4 per cent whereas it is viewed as very low by 16.0 per cent of the sample respondents. From combining low and very low opinion groups, which amount to 35.7 per cent of the total sample, it becomes evident that low opinion group is less compared to normal and high opinion group. Hence, it is found that the rate of interest on loan issued by PACBs is neither low nor high rather it is moderate as postulated by the sample respondents.

Table 4.30 presents the frequency and percentage of cases with 'yes' and 'no' opinion in respect of considering PACB for banking operation.

Table 4.30

Considering PACB for Banking Operation

Opinion	Number of Respondents	% to Total
Yes	224	64.0
No	126	36.0
Total Sample	350	100.0

Source: Primary Data.

It is well apparent from the perusal of the table, there are 64.0 per cent of the cases in the sample with 'yes' opinion about considering PACB for banking operation. That is, nearly two-third of the respondents in the sample are interested in considering PACB for banking operation. This further implies that customer orientation of PACB is better to the extent of retaining two-thirds of the customer base in its fold.

The relationship between rate of interest on loan and consideration of PACB for further banking operation is evaluated by cross tabulation analysis with chi-square test of significance. The results of the analysis are exhibited in Table 4.31.

Table 4.31

**Relationship between Interest Rate on Loan and
Consideration of PACB for Banking**

Interest Rate	Consideration of PACB		Total	Chi-Square Value
	Yes	No		
Very High	32 (59.3)	22 (40.7)	54 (100.0)	
High	53 (77.9)	15 (22.1)	68 (100.0)	
Normal	71 (68.9)	32 (31.1)	103 (100.0)	12.65*** Df = 4
Low	39 (56.5)	30 (43.5)	69 (100.0)	
Very Low	29 (51.8)	27 (48.2)	56 (100.0)	
Total Sample	224 (64.0)	126 (36.0)	350 (100.0)	

Source: Primary Data.
***Significant at 1% level.

According to the table above, 77.9 per cent and 68.9 per cent of the cases with high and normal opinion about interest rate have said 'yes' for considering PACB for further banking operation. Similarly, 59.3 per cent of the cases with very high opinion about interest rate have also accepted for

considering PACB.   Though, number of cases with 'yes' opinion among those who have perceived the interest rate as low and very low is more than 50 per cent, it is less compared to those in the group who regarded the interest rate as high, normal and very high. Alternatively, it is apparent that the number of cases with 'yes' opinion among the respondent group with high and normal view about interest rate is more whereas the number of cases with 'no' opinion among the respondent group with low and very low perception about interest rate is higher. The above difference is found to be statistically significant as obtained chi-square value of 12.65 for 4 degrees of freedom is significant at 1 per cent level.   Hence, it is concluded that there is a significant association between rate of interest on loan issued by PACB and consideration of PACB for banking operation among farmer customers in the study area.

Table 4.32

Contacting PACB during the past 12 Months with a Problem or Question

Opinion	Number of Respondents	% to Total
Yes	125	35.7
No	225	64.3
Total Sample	350	100.0

Source: Primary Data.

Table 4.32 presents the frequency distribution analysis of the respondents' opinion about their 'contacts with PACB during the past 12 months with a problem or question'. From the observation of the table, it is

understood that majority of the customers in the sample (sample respondents) have not contacted the PACBs with any problem or question over the year (64.3% of the cases is found to be with 'no' opinion). This implies that the most of the customers of PACBs have not faced any problems in their operation with the banks. This further implies that customer orientation is better in PACBs.

4.4   Chapter Summary

In this chapter customers' perception about status of various customer oriented services provided by PAC banks in Pondicherry is evaluated. From inferences of the results of the analysis it is concluded that majority of the customers are the members of PACB for more than seven years and duration of membership is unrelated to all socio-economic characteristics but land size. The types of accounts the customers have with PACB are mostly savings bank a/c and loan a/c. From the inferences of the results of canonical correlation analysis between agricultural related factors and type of accounts held in PACB, it is concluded that holding loan a/c are highly likely whereas holding current a/c is less likely among the customers with high income from agriculture, more cultivable area and with own cultivable land. Regarding procedure followed by PACBs to open accounts, it is found that the procedures to open account in PACB is normal. From the inferences of the Gap analysis, it is concluded that the PACB is less efficient as it has

taken more time in respect of customer oriented services such as opening accounts, depositing money, crediting the accounts ordinarily and money withdrawals. At the same time, PAC banks are found to be providing timely services to their customers in term of making credit entry in the account after cheque collection, debiting the account after withdrawal of money and sanctioning loan. It is understood that most of the customers have availed either short-term loan or medium term loan and availing loan is mostly for non-agriculture purposes. It is also identified that only small customer groups have availed loan for more than four times. When purposes of the loan is related to number of times obtaining loan, it is found that number of times obtaining loan from PAC banks by customers is independent of their purpose of loan. Further, purpose of loan is not fulfilled by for most of the customers. As far as the repayment of loan is concerned, it is concluded that majority of the customers do not repay the loan in time due to low yield caused by unavailability of fertilizers in time as well as due to the expectation of the customers that the Government would waive off the loan.

Regarding procedures followed by PACBs for sanctioning loan to the farmers, it is concluded that the initial expenses to get loan from PACBs is high but processing fee aftermath is low. At the same time, PACBs demand collateral assets, personal guarantee and deposits for issuing loans to farmers. However, PACBs have not asked for Mortgage of land, pledge of jewels and hypothecation of vehicles as security for sanctioning loan. The

above perception of the entire sample is found to be not differing significantly among respondent groups with different socio-economic status. That is, the opinion of the sample respondents about procedures followed by PACBs for sanctioning loan is independent of their socio-economic characteristics.

As far as the rate of interest on loan is concerned, the results of the analysis have led to the conclusion that rate of interest is moderate (neither high nor low). It is further concluded that most of the existing customers still like to consider PACBs for further banking operation. This shows better customer orientation in PACBs. However, considering PACBs for banking operation is significantly associated with rate of interest on loan. The majority of the respondents have stated that they have never contacted the PACBs with any problem or question during the last 12 months. This reveals the better customer orientation in PACBs.

CHAPTER V

BANK EMPLOYEES BEHAVIOUR AND
CUSTOMER ORIENTATION

5.1 Introduction

The customer orientation is the degree to which an organization or its employees on understanding and satisfying the customers. In any organization, particularly in service based organization, the attitude and behaviour of employees towards customer is an important issue. That is, employees' attitude and behaviour plays a key role on customer orientation in turn influencing customer decision making. Therefore the behaviour of employees towards the customer orientation is an important one for the study like this and the present chapter is dedicated in this direction.

5.2 Behaviour of PACB Employees

The behaviour of the PACB employees towards customers in workplace is measured by incorporating ten statements using 5-point Likert type scale with values from 1 for strongly disagree, 2 for disagree, 3 for neutral (neither disagree nor agree), 4 for agree and 5 for strongly agree. Thus, the opinion of the sample of respondents is considered in the scale like 'strongly disagree', 'disagree', 'neither disagree nor agree', 'agree' and 'strongly agree' range when the group mean score are < 1.50; > 1.50 and < 2.50; > 2.50 and < 3.50; >3.50 and < 4.50 and > 4.50 respectively. The

mean perception of the entire sample PACB employees' behaviour is shown

in Table 5.1

Table 5.1

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Behaviour of Bank Employees –
Perception of Customers in the Entire Sample

(N = 350)

Behaviour	Mean	Standard Deviation
Employees were never too busy to respond to customer requests	3.79	1.05
Employees understand the specific needs of their customers	3.61	0.89
Employees deal with each customer individually	3.34	1.13
Give all relevant information about the conditions for availing loan	3.49	0.98
Customers' grievances are attended quickly	3.41	0.93
Sharing information with customers are given much important	3.39	1.08
Properly handle any problem that arise	3.40	0.95
Letting the customers know as to when things will get done	3.53	0.99
Have good knowledge about various bank products and services	3.37	1.02
Understand specific needs for financial services	3.29	1.05

Source: Primary Data. ***Significant at 1% level.

The observation of the table shows that, the mean scores are in

'agree' range in respect of "Employees were never too busy to respond to

customers requests" (Mean = 3.79), "Employees understand the specific

needs of their customers" (Mean = 3.61), "Letting the customers know as to

when things will get done" (Mean = 3.53) while that of "Give all relevant

information about the conditions for availing loan" (Mean = 3.49) is almost

near to 'agree' range.

Regarding remaining behaviour measures, the mean perception of the entire respondents is 'neutral'. So, it is clear that the employees in PACB are never too busy to respond to customer requests, understand the specific needs of their customers, let the customer know as to when things will get done and give all relevant information about the conditions for availing loan. At the same time customers are not sure as to whether the PACB employees deal with each customer individually, attend the grievances quickly, give importance for sharing information with customer, properly handling the problems that arise, have good knowledge about various bank products and services and understand specific needs for financial service. This further reveals that out of the ten questions the employs were clearly in the agree range and for other questions the responses of the employees of the PACB are near the agree range and not near to disagree or strongly disagree range. This shows that the bank employees' attitude and behaviour are either close to the customer orientation or clearly having a customer orientation.

In order to ascertain whether the perceived behaviour of PACB employees towards customers is influenced by their socio-economic characteristics, mean perception scores are compared across groups by socio-economic characteristics using t-test (comparing the means between two groups) and F-test (comparing the means of the groups are more than two). If group means are in different level of agreement but the difference

As reported in the table, the customers from both rural and semi-urban area have expressed their agreement with "Employees were never too busy to respond to customer requests" and "Employees understand the specific needs of their customers" whereas both the group have neither disagreed nor agreed with "Employees dealing with each customer individually", "Sharing the information with the customers are given much important", "Have good knowledge about various bank products and services" and "Understand specific needs of financial services". In respect of "Give all relevant information about all the conditions for loan", "Customers' grievances are attended quickly" and "Properly handle any problem that arise", the mean scores are in 'agree' range for semi-urban group whereas it is in 'neutral' range for rural customers. Regarding "Letting the customer know as to when the work will get done", rural group have expressed their agreement while semi-urban group have neither disagreed nor agreed. However the t-value is at significant level only for "Give all relevant information about all the conditions for loan" (t-value = 2.05, p < 0.05) and there is no notable differences in group means by location in respect of nine out of 10 items, it may be concluded that the customers perception about behaviour of PACB employees is not affected by the area of residence. i.e. the customers of both the locations are having the same view. For the purpose of analyzing the perception of the customers

divided on the basis of male and female the relevant processed data is portrayed in table 5.3.

Table 5.3

Behaviour of Bank Employees – Comparison of Customers' Perception by Gender

Employees' Behaviour	Gender		t value
	Male	**Female**	
Employees never being too busy to respond to customer requests	3.79 (1.06)	3.80 (1.02)	0.06
Employees understand the specific needs of their customers	3.63 (0.88)	3.46 (0.88)	1.29
Employees follow up each customer individually	3.36 (1.14)	3.20 (1.07)	0.96
Give all relevant information about all the conditions for loan	3.53 (0.97)	3.31 (1.04)	1.46
Customers' grievances are attended quickly	3.43 (0.94)	3.28 (0.88)	1.12
Sharing information with customers are given much important	3.41 (1.10)	3.26 (0.97)	0.94
Properly handling any problems that arise	3.44 (0.93)	3.17 (1.00)	1.98**
Letting the customer know when things will get done	3.50 (0.98)	3.65 (1.03)	0.99
Have good knowledge about various bank products and services	3.39 (1.04)	3.30 (0.86)	0.61
Understand specific needs for financial services	3.29 (1.05)	3.30 (1.02)	0.04

Figure in brackets are standard deviation
**Significant at 5% level.
Source: Primary data

The analysis of the table shows that there is a significant difference in the opinions only in terms of "Properly handling any problem that arise" (t value = 1.98, p < 0.05). At the same time, the mean scores against this measure are in 'neutral' range. This indicates that there are no differences in the perception of customer orientation between male and female customers. With regard to other remaining measures, t-values are all insignificant. This reveals the similarity in perception between male and female customers. So, it is found that the perception about the behaviour of PACB employees do not differ between male and female customer groups.

For the purpose of comparing the customers' perception of customer orientation of PACB employee on the basis of age, the relevant data is collected and presented in the table 5.4. Here also the difference between the customer perceptions on the basis of age is measured by calculating the mean score of the perception of the employees.

From the examination of Table, which portray the results of F-test comparing mean scores of customers perception about the employees customer orientation by Age, the customers of all age groups have expressed their agreement with the statement that the "Employees never being too busy to respond to customer requests" and "Employees understand the specific needs of their customers" at similar degree. The customers with age up to 35 years, and above 50 years have agreed with "Give all relevant

information about all the conditions for loan" while those with age between

36 – 50 years have undecided.

Table 5.4

Behaviour of Bank Employees – Comparison of Customers' Perception of customer orientation on the basis of Age

Employees' Behaviour	Age (in Years)			F Value
	Up to 35	36 – 50	Above 50	
Employees never being too busy to respond to customer requests	3.73 (1.17)	3.84 (0.97)	3.76 (1.07)	0.39
Employees understand the specific needs of their customers	3.56 (0.80)	3.61 (0.88)	3.62 (0.95)	0.12
Employees follow up each customer individually	3.37 (1.18)	3.34 (1.12)	3.32 (1.13)	0.05
Give all relevant information about all the conditions for loan	3.52 (1.00)	3.43 (1.00)	3.56 (0.95)	0.65
Customers' grievances are attended quickly	3.30 (1.04)	3.38 (0.91)	3.51 (0.90)	1.30
Sharing information with customers are given much important	3.41 (0.98)	3.47 (1.11)	3.25 (1.09)	1.47
Properly handling any problems that arise	3.41 (0.98)	3.40 (0.89)	3.39 (1.00)	0.01
Letting the customer know when things will get done	3.55 (0.83)	3.59 (0.96)	3.42 (1.09)	1.09
Have good knowledge about various bank products and services	3.55 (1.09)	3.37 (0.94)	3.28 (1.06)	1.62
Understand specific needs for financial services	3.48 (1.03)	3.24 (1.10)	3.24 (0.98)	1.49

Figures in brackets are standard deviations.
All F values are insignificant
Source: Primary data

Similarly, the customers with the age up to 35 years and those with age between 36 – 50 years have agreed with the while their other counterparts have neither disagreed nor agreed with the statement "Letting the customer know when things will get done". The customers with above 50 years of age and those with up to 35 years of age have expressed their agreement with "Customers' grievances are attended quickly" and "Have good knowledge about various bank products and services" respectively. But all the above differences in the mean scores are not significant and hence it can be concluded that customers' perception about behaviour of PACB employees is not influenced by their age.

For the purposing analyzing the customer orientation of the bank employee based upon educational status the relevant data was collected and presented in the table 5.5. Here also the customers perception about the employees customer orientation based on the educational status was measured using the "F" test. The perusal of Table which presents the results of F-test comparing the customers' perception by their educational status reveals that all F values obtained for the difference in group means are insignificant.

Table 5.5

Behaviour of Bank Employees – Comparison of Customers' Perception by Educational Status

Employees' Behaviour	Educational Status				F value
	Illiterates	Primary	Secondary	Graduate	
Employees never being too busy to respond to customer requests	3.77 (1.10)	3.81 (1.01)	3.83 (1.01)	3.74 (1.09)	0.10
Employees understand the specific needs of their customers	3.58 (0.93)	3.65 (0.79)	3.48 (0.91)	3.77 (0.89)	1.27
Employees follow up each customer individually	3.31 (1.14)	3.21 (1.18)	3.51 (1.05)	3.38 (1.16)	1.02
Give all relevant information about all the conditions for loan	3.49 (1.03)	3.46 (0.97)	3.38 (0.96)	3.74 (0.92)	1.46
Customers' grievances are attended quickly	3.36 (0.96)	3.37 (0.84)	3.37 (0.97)	3.64 (0.96)	1.30
Sharing information with customers are given much important	3.41 (1.07)	3.34 (1.04)	3.31 (1.09)	3.53 (1.15)	0.52
Properly handling any problems that arise	3.44 (0.90)	3.29 (0.96)	3.36 (0.99)	3.57 (0.95)	1.13
Letting the customer know when things will get done	3.57 (0.90)	3.49 (0.96)	3.43 (1.01)	3.62 (1.18)	0.55
Have good knowledge about various bank products and services	3.35 (1.06)	3.45 (0.98)	3.42 (0.91)	3.23 (1.14)	0.61
Understand specific needs for financial services	3.30 (1.01)	3.26 (1.03)	3.33 (1.13)	3.28 (1.06)	0.08

Figure in brackets are standard deviation; All F values are insignificant
Source: Primary data

This shows that the differences in mean scores across customer groups are not due to the influence of their educational status. This fact is supported by the low level of standard deviation of the customers' perception.

As the customer orientation of the bank employees were analyzed to see whether the focus of customer orientation varies among customers with different occupations. For this purpose the relevant data was analyzed and the results of the analysis are presented in Table 5.6.

Table 5.6

Behaviour of Bank Employees – Comparison of Customers' Perception by Occupational Status

Employees' Behaviour	Occupational Status				F value
	Labour	Agriculture	Business	Salaried	
Employees never being too busy to respond to customer requests	3.78 (1.06)	3.85 (1.07)	3.68 (1.03)	3.80 (1.02)	0.39
Employees understand the specific needs of their customers	3.70 (0.85)	3.59 (0.92)	3.52 (0.92)	3.54 (0.84)	0.79
Employees follow up each customer individually	3.37 (1.17)	3.34 (1.10)	3.12 (1.14)	3.54 (1.13)	1.38
Give all relevant information about all the conditions for loan	3.53 (1.06)	3.39 (0.94)	3.51 (0.99)	3.63 (0.90)	0.85
Customers' grievances are attended quickly	3.43 (0.98)	3.42 (0.91)	3.28 (0.89)	3.50 (0.95)	0.62
Sharing information with customers are given much important	3.44 (1.16)	3.26 (1.10)	3.40 (0.98)	3.52 (0.97)	0.92
Properly handling any problems that arise	3.49 (0.90)	3.45 (0.98)	3.14 (0.93)	3.43 (0.94)	2.12*
Letting the customer know when things will get done	3.63 (1.06)	3.59 (0.96)	3.35 (0.94)	3.35 (0.89)	1.89
Have good knowledge about various bank products and services	3.37 (1.08)	3.36 (1.03)	3.31 (0.98)	3.48 (0.88)	0.30
Understand specific needs for financial services	3.43 (0.99)	3.28 (1.08)	3.22 (1.04)	3.13 (1.08)	1.19

Figure in brackets are standard deviation; *Significant at 10% level
Source: Primary data

It can be observed from the above table that the customers either labour, agricultural, businessmen or salaried have all viewed the PACB employees similarly that "they are never too busy to respond to customer requests" and "understand the specific needs of their customers". There is a difference in the perception across groups by occupational in respect of all the remaining measures. But the difference in perception is statistically significant, that too marginally at 10 per cent, only in the case of "Properly handling any problems that arise" (F value = 2.12, $p < 0.10$). As the differences in group means are not significant statistically for most of the statements measuring the behaviour of PACB employees, it is concluded that there is influence of customers' occupation on observing the behaviour of employees working in PACB.

Table 5.7 is reported with the results of F test comparing the observation of customers about behaviour of PACB employees. As reported in the table, the customers with all income levels have agreed and do not differ in their extent of agreement with "Employees never being too busy to respond to customer requests". Similarly, the customers of PACB have all neither disagreed nor agreed and do not differ significantly in the extent of agreement with "Employees follow up each customer individually", "Customers' grievances are attended quickly" and "Understand specific needs for financial services". The customers' perception ranges between 'neutral' and 'agree' levels regarding other remaining measures. But the

differences in the level of agreement are not found to be significant statistically.

Table 5.7

Behaviour of Bank Employees – Comparison of Customers' Perception Income Levels

Employees' Behaviour	Income				F value
	<= Rs.10000	Rs.10001-15000	Rs.15001-20000	> Rs.20000	
Employees never being too busy to respond to customer requests	3.84 (1.08)	3.82 (1.02)	3.75 (1.07)	3.70 (1.04)	0.35
Employees understand the specific needs of their customers	3.80 (0.81)	3.48 (0.96)	3.51 (1.01)	3.60 (0.76)	2.55*
Employees follow up each customer individually	3.41 (1.16)	3.38 (1.18)	3.12 (0.99)	3.33 (1.12)	0.83
Give all relevant information about all the conditions for loan	3.53 (1.10)	3.41 (0.93)	3.67 (0.93)	3.45 (0.94)	0.90
Customers' grievances are attended quickly	3.48 (1.06)	3.42 (0.92)	3.33 (0.86)	3.36 (0.85)	0.38
Sharing information with customers are given much important	3.31 (1.17)	3.46 (1.09)	3.59 (0.98)	3.25 (0.99)	1.41
Properly handling any problems that arise	3.55 (0.96)	3.30 (0.97)	3.35 (0.87)	3.37 (0.94)	1.37
Letting the customer know when things will get done	3.63 (1.03)	3.46 (0.99)	3.65 (0.96)	3.40 (0.95)	1.22
Have good knowledge about various bank products and services	3.34 (1.02)	3.37 (1.07)	3.65 (0.93)	3.26 (0.97)	1.62
Understand specific needs for financial services	3.34 (1.04)	3.29 (1.05)	3.41 (1.02)	3.17 (1.06)	0.70

Figure in brackets are standard deviation; *Significant at 10% level.
Source: Primary data

From combining all the inferences, it is concluded that that the customers perception about employees customer orientation are by and large alike.

Table 5.8

Behaviour of Bank Employees – Comparison of Customers' Perception by Time Duration of PACB Membership

Employees' Behaviour	Membership Duration (in Years)					F value
	Up to 3	4 – 6	7 – 9	10 – 12	Above 12	
Employees never being too busy to respond to customer requests	3.96 (1.02)	3.84 (0.88)	3.71 (1.07)	3.64 (1.01)	3.81 (1.12)	0.87
Employees understand the specific needs of their customers	3.70 (0.78)	3.38 (0.98)	3.57 (0.89)	3.70 (0.79)	3.60 (0.97)	0.94
Employees follow up each customer individually	3.31 (1.08)	2.97 (1.26)	3.51 (1.05)	3.16 (1.16)	3.36 (1.20)	1.85
Give all relevant information about all the conditions for loan	3.48 (1.04)	3.47 (0.95)	3.59 (0.94)	3.27 (1.06)	3.50 (0.97)	0.85
Customers' grievances are attended quickly	3.31 (0.95)	3.22 (0.94)	3.42 (0.93)	3.57 (0.97)	3.47 (0.91)	0.93
Sharing information with customers are given much important	3.38 (1.01)	3.31 (1.15)	3.29 (1.11)	3.55 (1.09)	3.47 (1.07)	0.64
Properly handling any problems that arise	3.38 (0.95)	3.34 (1.00)	3.33 (0.99)	3.45 (0.87)	3.50 (0.91)	0.47
Letting the customer know when things will get done	3.65 (0.94)	3.28 (0.92)	3.44 (1.03)	3.61 (0.95)	3.58 (1.00)	1.12
Have good knowledge about various bank products and services	3.38 (1.05)	3.34 (1.12)	3.25 (1.01)	3.30 (1.05)	3.58 (0.93)	1.39
Understand specific needs for financial services	3.21 (0.94)	3.22 (1.21)	3.20 (1.04)	3.50 (1.05)	3.40 (1.08)	1.03

Figure in brackets are standard deviation
All F values are insignificant
Source: Primary data

The customers get more chances to predict the behaviour of employees if the duration of members with PACB is more. So, here an attempt is made to identify whether the duration of membership with PACB is an important factor in influencing the customers' observation of employees' behaviour or not. Table 5.8, provides the F-test results obtained from comparing the mean opinion scores among customer groups categorized based on the duration of membership. Regarding the criteria "Employees never being too busy to respond to customer requests", the customers of all membership duration have expressed their agreement at similar extent. Similarly, all customer groups have neither disagreed nor agreed with "Employees follow up with each customer individually", "Customers' grievances are attended quickly" and "Understand specific needs for financial services" and such neutral opinion do not differ significantly. With regard to other remaining items the mean scores are 'hovering between 'neutral' and 'agree' range, but mean scores differ significantly only in respect of "Employees understand the specific needs of their customers" (F value = 2.55, p < 0.10). As customers' opinions do not differ in respect of the most of the measures, it may be concluded that the perception of the PACB employees' behaviour among customers is nothing to do with their duration of membership with PACB. That is, customers' observation of PACB employees' behaviour is independent of the duration of the membership of customers of PACB.

From the comparison of customers' perception about behaviour of PACB employees across categories by socio-economic status, it becomes apparent that perceiving the PACB employees' behaviour by customers is nothing to do with customers' socio-economic status. That is, all customers in the sample regardless of their socio-economic status have perceived the behaviour of PACB employees in the similar way. Therefore, the observed behaviour of PACB employees based on the views of the whole sample of customers shows that the employees have customer orientation.

5.3 Behaviour of PACB Employees and Customer Orientation

The power of bank employees' behaviour in determining the customer orientation in terms of time taken for opening accounts, depositing money into account, crediting account, making entries in the pass book, withdrawing money from account and time taken for issuing loan after sanctioning is evaluated using discriminant analysis. The discriminant analysis first provides the results of the Chi-square test of successive roots (functions) to show which discriminant canonical function gives better discrimination (better power of differentiating the groups). The number of successive roots tested by the analysis is the number of groups in the dependent variable minus one. In this case, there are four respondent groups (relative to four time periods) and therefore, the number of discriminant function produced and tested by the discriminant analysis is three.

To ascertain which of the PACB employees' behaviour best predicts taking time for various customer oriented services, standardized canonical coefficients along with factor structure matrix are used. The standardized canonical coefficients are like standardized beta coefficients in the multiple regression analysis, which are comparable across variables and help identify the degree of predicting power. On the other hand, the structure matrix, which is the correlation between discriminant function and each one of the variables in the independent set, help in identifying an extent of relationship between the variable and discriminant function. That is, it helps to identify the relative importance of each predictor variable in discriminating the groups. Table 5.9 reports the discriminant function for customer orientation in terms of time taken for opening accounts with PACB employees' behaviour as perceived by customers of PACB in the sample.

Table 5.9

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Opening Accounts with Behaviour of Bank Employees

Function	Eigenvalue	Canonical R	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.0544	0.2271	0.8842	42.11*	30	0.0702
1	0.0390	0.1938	0.9322	24.00	18	0.1551
2	0.0324	0.1772	0.9686	10.91	8	0.2070

*Significant at 10% level.
Source: Primary data

The table provides eigenvalue, canonical R and Wilks' Lambda along with Chi-square value for each one of the three functions produced by the

analysis. An eigenvalue is nothing but the proportion of variance explained in the canonical function. A larger eigenvalue is associated with a strong explanatory function. A canonical correlation R is a correlation between the discriminant scores and the levels of the dependent variable.

As per the table, only the first function out of the three produced by the analysis with eigen value of 0.0544 and canonical correlation of 0.2271 is statistically significant at 10 per cent level of significance (Chi-square = 42.11, $p < 0.10$). This indicates that there is significant difference in the linear combination of all the ten measures of PACB employees' behaviour across four different time periods for opening accounts in PACB. Wilks' Lambda indicates how good the discriminating power of the present model is. The less the value of Wilks' Lambda, better is the discriminating power. As the Wilks' Lambda is 0.8842, it is clear that the independent variables in the model together have discriminating power at required level.

Table 5.10

**Means (Group Centroid) of Canonical Variables Relating to
Time Taken for Opening Accounts**

Time Taken for Opening Accounts	Canonical Function		
	1	2	3
Up to 30 minutes	0.3564	-0.0680	-0.2309
31 - 45 minutes	-0.0679	0.3713	-0.0146
46 minutes - 1 hour	0.0625	-0.0854	0.2172
Above 1 hour	-0.3436	-0.1556	-0.1394

Source: Primary data

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The table 5.10 shows the group centroid, i.e., mean values on the discriminant function for respondent group based on the perception about time taken for opening accounts in PACB. From the means of canonical variables, it is understood that the first function highly discriminates the respondent groups perceiving 30 minutes time period from those with perception of above one hour time period for opening account in PACB.

As second and third discriminant functions are insignificant, group centroid relative to these two functions are unimportant. In order to identify which one of the ten behaviour measures has influence on time taken for opening accounts, the standardized coefficients along with structure coefficients obtained from the analysis are presented in Table 5.11.

The observation of the structure coefficient presented in the table reveals that the significant first function is negatively related to "Customers' grievances are attended quickly" followed by "Have good knowledge about various bank products and services". That is, the first canonical function posses the employees' behaviour pertaining to attending the customer grievances quickly and good knowledge about various bank products and services.

Table 5.11

**Standardized Canonical Coefficients and Structure Matrix for
Statements Measuring Behaviour of Bank Employees
with Significant Discriminant Function
(Time Taken for Opening Accounts)**

Behaviour of Bank Employees	Function 1	
	Standardized Coefficients	Structure Coefficients
Employees never being too busy to respond to customer requests	0.5189	0.3850
Employees understand the specific needs of their customers	0.4061	0.2807
Employees follow up each customer individually	-0.5439	-0.2348
Give all relevant information about all the conditions for loan	0.1859	-0.1139
Customers' grievances are attended quickly	-0.6783	-0.5430
Sharing information with customers are given much important	0.0285	-0.0668
Properly handling any problems that arise	0.0285	-0.0668
Letting the customer know when things will get done	0.2450	0.0027
Have good knowledge about various bank products and services	-0.4745	-0.4583
Understand specific needs for financial services	0.0335	-0.1431

Source: Primary data

From the observation of the standardized coefficients, it is clear apparent that the time taken for opening accounts is more than one hour if the bank employees with good knowledge about various bank products and services are quickly attending the customers' grievances and follow up each customer needs individually.   However, the time taken for opening accounts

is up to 30 minutes when the "Bank employees are never too busy in responding to customer requests" and "Understand the specific needs of the customer".

The discriminant functions produced by the dicriminant analysis for of time taken for depositing money into account with behaviour of bank employees are presented in Table 5.12.

Table 5.12

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Depositing Money into Account with Behaviour of Bank Employees

Function	Eigenvalue	Canonical R	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.0401	0.1964	0.9203	28.41	30	0.5488
1	0.0252	0.1569	0.9572	14.96	18	0.6645
2	0.0190	0.1366	0.9813	6.44	8	0.5982

Source: Primary data

According to the discriminant analysis results provided in the table, all the three functions are insignificantly fitted. Further eigenvalue and canonical correlations are also not impressive. From the insignificant fit of the discriminant canonical functions, it becomes apparent that the difference in the time taken for depositing money into accounts in PACB is not due to behaviour of their employees.

Table 5.13 is reported with the results of the discriminant analysis for testing the significance of the different linear combination of variables measuring beahviour of PACB employees across four different times taken for crediting account.

Table 5.13

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Crediting Account with Behaviour of Bank Employees

Function	Eigenvalue	Canonical R	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.0728	0.2605	0.8756	45.44**	30	0.0352
1	0.0446	0.2065	0.9393	21.42	18	0.2590
2	0.0192	0.1373	0.9812	6.51	8	0.5905

**Significant at 5% level.
Source: Primary data

From the observation of the table, it is understood that the first function with eigenvalue of 0.0728 and shared variance of 26.05 per cent is significantly fitted at 5 per cent level (Wilks' Lambda = 0.8756, Chi-square = 45.44, $p < 0.05$). This shows that behaviour of PACB employees play an important role in determining the time taken for crediting account. To know which one out of the four time periods is best differentiated by significantly fitted first discriminant function, the means of canonical variables for each group are reported in Table 5.14.

Table 5.14

**Means (Group Centroid) of Canonical Variables Relative to
Time Taken for Crediting Account**

Time Taken for Crediting Accounts	Canonical Function		
	1	**2**	**3**
Up to 3 days	0.3268	-0.3402	0.0918
4 - 5 days	-0.1689	0.2328	0.3236
6 - 10 days	0.1037	0.1362	-0.0867
Above 10 days	-0.4817	-0.1944	-0.0648

Source: Primary data

From the observation of the means of canonical variables (Group centroid), it is evident that the first discriminant function best distinguishes 'above 10 days' from 'up to 3 days' time taken for crediting accounts. As the fit second and third functions are insignificant, the group centroids relating to these two functions are not considered for interpretation.

As the analysis was carried out for the customers other activities like time taken for opening an account depositing money etc now the activity of time taken for crediting the amount deposited by the customers to measure the employees customer orientation. For this the relevant data is collected and the structured coefficients and structure coefficients are calculated and shown in the Table 5.15.

Table 5.15

**Standardized Canonical Coefficients and Structure Matrix for
Statements Measuring Behaviour of Bank Employees with Significant
Discriminant Function towards (Time Taken for Crediting Account)**

Behaviour of Bank Employees	Function 1	
	Standardized Coefficients	Structure Coefficients
Employees never being too busy to respond to customer requests	0.4381	0.4642
Employees understand the specific needs of their customers	-0.0613	-0.1127
Employees follow up each customer individually	0.3468	0.4735
Give all relevant information about all the conditions for loan	-0.3641	-0.2700
Customers' grievances are attended quickly	0.3708	0.3675
Sharing information with customers are given much important	0.0902	0.0071
Properly handling any problems that arise	-0.0623	-0.0245
Letting the customer know when things will get done	-0.0053	-0.1811
Have good knowledge about various bank products and services	-0.3966	-0.3663
Understand specific needs for financial services	-0.4818	-0.5033

Source: Primary data

Table 5.15 depicts with standardized coefficient and structure coefficients (matrix value) for measuring behaviours with significant first function eliciting as to which behaviour of PACB employees have discriminating power on time taken for crediting account. From structure matrix values, it is understood that the first discriminant canonical function is best characterized by PACB employees' behaviour of not understanding specific needs for financial services, following up each customer

individually and not being too busy to respond to customer requests. The structure coefficient of 0.4381 for "Employees never being too busy to respond to customer requests" and -0.4818 for "Understand specific needs for financial services" have led to the conclusion that the time taken for crediting account is more than 10 days when the PACB employees understand specific need for financial services whereas the time taken for crediting account is up to 3 days if the bank employees are never too busy to respond to customer requests.

Table 5.16

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Making Entries in Pass Book with Behaviour of Bank Employees

Function	Eigenvalue	Canonical Correction	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.0475	0.2129	0.9186	29.05	30	0.5148
1	0.0256	0.1579	0.9622	13.18	18	0.7804
2	0.0134	0.1150	0.9868	4.55	8	0.8044

Source: Primary data

The results of the discriminant analysis for time taken for making entries in pass book with factors measuring behaviour of bank employees as independent variables are shown in Table 5.16. It can be seen from the table that none out of the three discriminant canonical functions obtained from the analysis is significantly fitted. This in turn reveals that the behaviour of PACB employees have no power in determining the time taken for making entries into Pass book. That is, time taken for making entries in

the pass book is not related to the behaviour of PACB employees towards customers.

Table 5.17 reports the results of discriminant analysis testing the significance of the discriminant canonical functions for time taken for debiting account against withdrawal of money to measure the employee orientation behaviour of PACB employees.

Table 5.17

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Debiting Account against Withdrawal with Behaviour of Bank Employees

Function	Eigenvalue	Canonical correlation	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.0681	0.2526	0.8987	36.55	30	0.1909
1	0.0248	0.1555	0.9599	14.00	18	0.7289
2	0.0166	0.1278	0.9837	5.63	8	0.6884

*Significant at 10% level.
Source: Primary data

From the observation of the table, it is clear that all the three discriminant functions are not fitting significantly. This indicates that the behaviour of PACB employees have no power in determining the time taken for debiting account against withdrawal of money. That is, time taken for debiting account against withdrawal of money is independent of the behaviour of PACB employees in U.T. of Pondicherry.

From Table 5.18, it becomes apparent that the first canonical function discriminating time taken for withdrawing money from account including time waiting in queue by linear combination of variables measuring the behaviour of PACB employees is significant at 1 per cent level (Chi-square = 51.44, p < 0.01).

Table 5.18

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Withdrawing Money from Account including Time Waited in 'Q' with Behaviour of Bank Employees

Function	Eigenvalue	Canonical correlation	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.1061	0.3097	0.8603	51.44***	30	0.0088
1	0.0324	0.1771	0.9516	16.97	18	0.5250
2	0.0179	0.1327	0.9824	6.08	8	0.6386

***Significant at 1% level.
Source: Primary data

From eigenvalue of 0.1061, it is understood that the first function possess the 10.61 per cent of the characteristics of variables measuring the behaviour of PACB employees. The canonical correlation of 0.3097 further states that shared variance between dependent and independent variables is 30.97 per cent. As the fit of the first model is significant, it becomes apparent that the behaviour of PACB employees plays a vital role in determining the time taken for withdrawing money from accounts including the time spent in waiting in queue.

Table 5.19

**Means (Group Centroid) of Canonical Variables Relating to
Time Taken for Withdrawing Money from Account including
Time taken in waiting**

Time Taken for Withdrawing Money	Canonical Function		
	1	2	3
Up to 30 minutes	-0.1302	0.0874	-0.2012
31 - 45 minutes	-0.5775	-0.0907	0.1295
46 minutes - 1 hour	0.2371	0.1369	0.0951
Above 1 hour	0.3223	-0.3615	-0.0341

Source: Primary data

According to Table, the mean of canonical variables relating to first significant discriminant function is -0.5775 for 31-45 minutes and 0.2371 and 0.3223 for 46 minutes – 1 hour and above 1 hour time periods. This shows that the linear combination of the PACB employees' behaviour best distinguishes 31-45 minutes from above one hour time taken for withdrawing money from account including the time used in waiting.

From the observation of structure coefficient portrayed in Table 5.20, it is understood that the first discriminant canonical function is best characterized by PACB employees' behaviour in respect of giving all information about all the conditions of loan (0.6127), understanding the specific needs of their customers (0.5984), not being too busy to respond to customer requests (0.5014) and giving much importance for sharing information with customers (0.4086).

Table 5.20

**Standardized Canonical Coefficients and Structure Matrix for
Statements Measuring Behaviour of Bank Employees with
Significant Discriminant Function (Time Taken for
Withdrawing Money from Account including
Time Waited in 'Q')**

Behaviour of Bank Employees	Function 1	
	Standardized Coefficients	Structure Coefficients
Employees never being too busy to respond to customer requests	0.3840	0.5014
Employees understand the specific needs of their customers	0.4335	0.5984
Employees follow up each customer individually	0.0022	0.3114
Give all relevant information about all the conditions for loan	0.3696	0.6127
Customers' grievances are attended quickly	0.3129	0.3931
Sharing information with customers are given much important	0.2326	0.4086
Properly handling any problems that arise	0.2320	0.3712
Letting the customer know when things will get done	-0.0069	0.1140
Have good knowledge about various bank products and services	-0.1774	-0.0285
Understand specific needs for financial services	-0.1620	-0.0775

Source: Primary data

The standardized coefficient of 0.4335 for "Employees understand the specific needs of their customers" and 0.3840 for "Employees never being too busy to respond to customer requests" reveals the fact that the time taken for withdrawing money from account including the time waited in queue is 31 – 45 minutes when the PACB employees refrain from

understanding the specific needs of the customers and never being too busy to respond to customer requests.

The power of PACB employees' behaviour in differentiating the time taken for issuing loan after sanctioning is evaluated by discriminant analysis. The statistical significance of the discriminant functions obtained from the analysis shown in Table 5.21.

Table 5.21

Significance of Discriminant Function Obtained from Discriminant Analysis for Time Taken for Issuing Loan after Sanctioning with Behaviour of Bank Employees

Function	Eigenvalue	Canonical R	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.0548	0.2279	0.8956	37.72	30	0.1572
1	0.0348	0.1835	0.9446	19.48	18	0.3629
2	0.0230	0.1499	0.9775	7.77	8	0.4565

Source: Primary data

As shown in the table, not even a single function out of the three produced by the analysis is significant. This clearly indicates that behaviour of bank employees do not have any power in determining the time taken for issuing loan after sanctioning. That is, the time taken for issuing loans to the customers after sanctioning is not related to the behaviour of employees in PACB.

5.4   Chapter Summary

This chapter analyzed the behaviour of employees and its relationship with customer orientation in respect of time taken for opening accounts, depositing money into account, crediting account, making entries in the pass book, debiting account for withdrawal of money, withdrawing money from account including time taken for waiting in queue and time taken for issuing loan after sanctioning.

From the analysis of the employees' behaviour, it may be concluded that the PACB employees are never too busy to respond to customer requests, understand the specific needs of their customers, let the customer know when things will get done and give all relevant information about all the conditions for loan. At the same time customers are not sure that PACB employees are following up each customer individually, attend the grievances quickly, give importance for sharing information with customer, properly handle any problems that arise, have good knowledge about various bank products and services and understand specific needs for financial service.   Further, the behaviour of PACB employees as observed above based on the views of the whole sample of customers is found to be convincing and beyond question because customers' perception of employees behaviour is unaffected by their socio-economic status.

As far as the relationship between employees' behaviour and customer orientation concerned, it is identified that time taken for opening accounts is more than one hour if the bank employees with good knowledge about various bank products and services and quickly attending the customers' grievances and follow up each customer individually. Similarly, the time taken for opening accounts is up to 30 minutes when the bank employees are never too busy in responding to customer requests and understand the specific needs of the customer and the time taken for crediting account is more than 10 days when the employees understand specific needs for financial services. But the time taken for crediting account is up to 3 days if the bank employees were never too busy to respond to customer requests. It is further identified that time taken for withdrawing money from account including the time waited in queue is 31 – 45 minutes when the PACB employees refrain from understanding the specific needs of the customers and never being too busy to respond to customer requests. However, behaviour of employees do not have any influence on customers orientation services in terms of time taken for depositing money into accounts, making entries into pass book, debiting account against withdrawal of money and time taken for issuing loan to customers after sanctioning.

CHAPTER VI

EFFECT OF CUSTOMER ORIENTATION ON CUSTOMER SATISFACTION

6.1 Introduction

Customer satisfaction is an important issue for marketers and researchers. It may be considered as essence of success in the present competitive scenario. Particularly, in the banking sector, customer satisfaction is the key factor in determining the customers decision to stay as a customer or leave from it. That is, customer satisfaction is the key factor in deciding customer retention in any bank. Even satisfied customers may look for other service providers sometimes because they believe they might receive better service elsewhere. However, keeping customers is also dependent on a number of other factors. These include a wider range of service orientation towards customers such as product choice, greater convenience, better prices (interest and fees) apart from employees attitude and behaviour. As, the retention of customers is solely depending upon customer satisfaction, it is obvious that the customers of any bank gets satisfied if the bank fulfil their needs and serve up to their expectations. As customer orientation is the predisposition of employees to customer needs, it is considered to be an important factor in increasing the customer

satisfaction. Hence, an empirical analysis evaluation of relationships between customer orientation and customer satisfaction in PACBs is undertaken in this chapter.

The customer satisfaction is measured in three ways: satisfaction with banking service, satisfaction with bank staff and overall satisfaction with PACB on the whole. To obtain the opinion of the respondents about their satisfaction with banking service, a 5-point scale comprising 10 items with values ranging from 1 to 5 for 'highly dissatisfied' to 'highly satisfied' is included in the questionnaire. Similarly, to get the satisfaction level of customers with bank staff, a 5-point scale with 9 items in the same value range is used. The overall satisfaction with PACB is measured using single item with values varying from 1 to 5 for the above mentioned values.

The internal consistency of the first two scale items is evaluated using reliability / item analysis. The reliability analysis calculates 'item to total correlation', 'alpha if deleted' and 'overall Cronbach's alpha coefficient'. The Cronbach's alpha coefficient is widely used as measure to find out the reliability and internal consistency of the items in the scale.

The items in a scale measuring certain aspects with Cronbach's alpha value of 0.70 and above are considered as reliable and consistent in the acceptable level. George and Mallery (2003) provide the following rules of thumb: " > 0.90 – Excellent, > 0.80 – Good, > 0.70 – Acceptable" (p. 231). As a rule of thumb, the cut-off value for item to total correlation is 0.30 and

above, and alpha if deleted value should be less than overall Cronbach's alpha coefficient for any item to be retained in the scale. The item can be considered for retaining in the scale even if the "item to total correlation" is a bit less than 0.30 while its "alpha if deleted" value is less than overall Cronbach's alpha.

Once the internal consistency of the scale is assured, the scale items are subjected to principle component analysis method of factor analysis with varimax rotation to identify common factors from observed variables and provide insight into the underlying structure of data pertaining to customer satisfaction. A Principal component analysis is a factor model in which the factors are based upon the total variance and orthogonal with each other. That is, this method of factor analysis extracts the factors in such a way that each factor is independent of all other factors. Therefore, the correlation between the factors is determined to be zero.

An important concept in factor analysis is the rotation of factors. Since the unrotated factor solution may not provide a meaningful patterning of variables, the factors have to be rotated using unorthogonal or an oblique method. Varimax rotation is one of the most popular algorithms for orthogonal rotation. In this study, the researcher has used varimax rotation to simplify the factor structure by maximizing the variance of a column of the pattern matrix. Next step in the process is to decide the number of factors to be extracted.

The most commonly used technique for extracting the factor is referred as the latent root (Eigen values) representing the extent of variance in data. A factor with eigen value of one and above is considered as a valid factor to be extracted. To interpret the factor, factor loading, which is the correlation between item in the original scale and the valid factor, is used. An item with loading of 0.40 and above with any one factor is considered to be important to that factor. Based on the extent of correlation between a factor and the items, the factor is named.

In order to find out how the customers in the same have perceived the various factors in terms of satisfaction, the researcher has used factor wise average scores with a view to interpret the results. These average scores have been used to find out the level of satisfaction or dissatisfaction of the customers in relations to each variable.

The opinion of a group of respondents is considered to be 'highly dissatisfied', 'dissatisfied', 'neither dissatisfied nor satisfied', 'satisfied' and 'highly satisfied' if the group average score is < 1.50, $>= 1.50$ and < 2.50, $>= 2.50$ and < 3.50, $>=3.50$ and < 4.50 and $>= 4.50$ respectively. The results of the analysis are tabulated and discussed in detail in the remaining part of this chapter.

6.2   Customer Satisfaction and Customer Orientation

Table 6.1 shows the reliability analysis results for scale items measuring customer satisfaction with services provided by PACBs.

Table 6.1

Results of Reliability / Item Analysis for Scale Items Measuring Customer Satisfaction with Service Provided by PACBs

Item No	Items in the Scale Measuring Customer Satisfaction with PACBs Services	Item to Total Correlation	Alpha if Deleted
1	Provided easy access to needed information	0.4181	0.7952
2	Information and statement supplied by banker are easy to understand	0.4487	0.7918
3	Providing error-free bank statements	0.4269	0.7940
4	Bank office is clean and well maintained	0.5188	0.7840
5	Paying competitive interest rates on deposits	0.4971	0.7871
6	Charging reasonable service fees	0.5222	0.7846
7	Charging competitive interest rates on loans	0.5263	0.7838
8	Providing a good value in banking products and services	0.5251	0.7843
9	Bank's working hours are very much suitable for customers	0.4491	0.7936
10	Providing convenient branch locations	0.5233	0.7841
Cronbach's Alpha Reliability Coefficient		0.8054	
Standardized alpha		0.8110	

Source: Primary Data

An observation of the table shows that the item to total correlation for all items is well above the stipulated norm of 0.30. Further the value "alpha if deleted" are also less than overall Cronach's alpha coefficient of 0.8054. The overall Cronbach alpha, which is above 0.80, the minimum required for good consistency. So, from the results of the reliability item analysis, it is

found that all 10 items in the scale used for measuring customer satisfaction with services of PACBs are internally consistent and data based on this scale are reliable for further analysis.

The underlying dimensions of customer satisfaction with PACB services are evaluated by factor analysis. Table 6.2 provides the eigen values of underlying factors along with percentage of total variance explained in the actual data.

Table 6.2

Eigenvalues of Factors Underlying Customer Satisfaction with PACBs Services

Factor	Before Varimax Rotation			After Varimax Rotation		
	Eigenvalue	% of Total Variance	Cumulative % of Total Variance	Eigenvalue	% of Total Variance	Cumulative % of Total Variance
1	3.7460	37.46	37.46	2.9522	29.52	29.52
2	2.0356	20.36	57.82	2.3668	23.67	53.19
3	1.7535	17.54	75.35	2.2161	22.16	75.35
4	0.4351	4.35	79.70			
5	0.4037	4.04	83.74			
6	0.3603	3.60	87.34			
7	0.3489	3.49	90.83			
8	0.3218	3.22	94.05			
9	0.3106	3.11	97.15			
10	0.2845	2.85	100.00			

Source: Primary Data

As provided in the table, the eigenvalue for the first, second and third factors is well above one and hence they are extractable. These three factors together possess 75.35 per cent of the characteristics of the actual data. The

explained variance is 37.46 per cent, 20.36 per cent and 17.54 per cent before varimax rotation, whereas it is 29.52 per cent, 23.67 per cent and 22.16 per cent after varimax rotation for first, second and third factor respectively.   The visual output of the eignevalue of factors underlying the scale items is shown in Figure 6.1 by scree plot.

Figure 6.1

Scree Plot Showing Major Factors Underlying Customer Satisfaction with PACBs Services

Plot of Eigenvalues
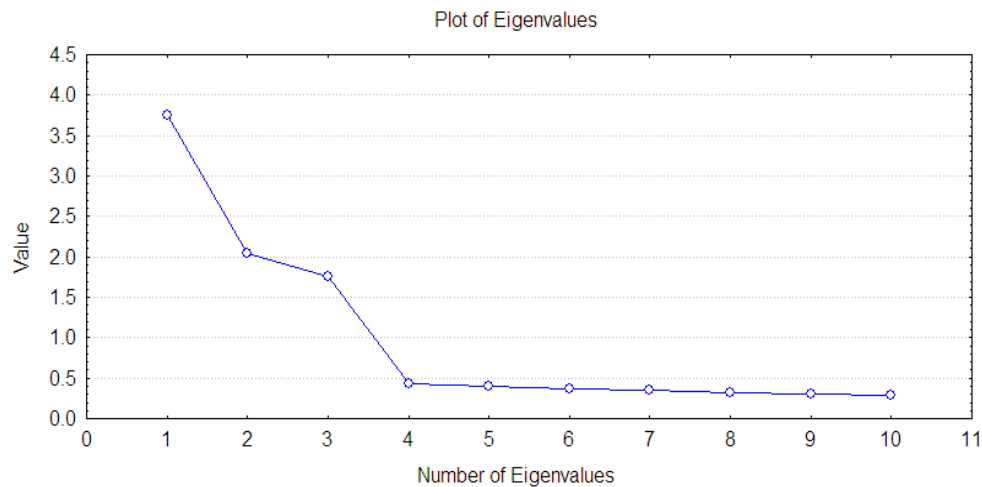
The scree plot is the line graph drawn based on the eigenvalues of the underlying factors. From the plot it is understood that there is a steep fall in the eigenvalue from factor three to four and from the fourth factor, the line started flattening out at   below one. So, scree plot clearly exhibited the presence of three valid factors. In sum, it is found that service oriented customer satisfaction is based mainly on three major services provided by PACB. To know exactly what are these three major services, items' factor

loadings are used.   Table 6.3 depicts the factor loadings of items with three

valid factors.

Table 6.3

**Loadings of Items with Valid Factors Underlying Customer Satisfaction
with PACBs Services (After Varimax Rotation)**

Item No	Items in the Scale Measuring the Customer Satisfaction with PACBs Services	Extracted Factors		
		1	2	3
1	Provided easy access to needed information	0.1194	0.0774	**0.8333**
2	Information and statement supplied by banker are easy to understand	0.1099	0.1104	**0.8571**
3	Providing error-free bank statements	0.1012	0.0910	**0.8487**
4	Bank office is clean and well maintained	0.1056	**0.8749**	0.1073
5	Paying competitive interest rates on deposits	**0.8496**	0.0620	0.0943
6	Charging reasonable service fees	**0.8525**	0.0799	0.1168
7	Charging competitive interest rates on loans	**0.8589**	0.1059	0.0888
8	Providing a good value in banking products and services	**0.8363**	0.1097	0.1056
9	Bank's working hours are very much suitable for customers	0.0418	**0.8885**	0.0537
10	Providing convenient branch locations	0.1308	**0.8672**	0.1044
Explained Variance (Eigenvalue)		2.9522	2.3668	2.2161
% of Total Variance		29.52	23.67	22.16
Cumulative % of Total Variance		29.52	53.19	75.35
Cronbach's Alpha Coefficient for highly loaded items		0.8827	0.8628	0.8209
Factor Label		Interest rates and service charges	Tangible quality of service	Easy to understand and error free statements

Source: Primary Data

From the observation of factor loadings, it is understood that the first factor, which has eigenvalue higher than the other two factors, reveals the "charging competitive interest rates on loans", "Charging reasonable service fees", "Paying competitive interest rates on deposits" and "Providing a good value in banking products and services" are the most important services in determining the customer satisfaction. The second factor with high loading on "Bank's working hours are very much suitable for customers" followed by "Bank office is clean and well maintained" and "Providing convenient branch locations" next important one in determining the customer satisfaction. The third factor with less explained variance than first and second factor exposed the customer satisfaction based on "Information and statement supplied by banker are easy to understand", "Providing error-free bank statements" and "Providing easy access to needed information".

Moreover, the Cronbach alpha coefficient of highly loaded items with first, second and third factor, 0.8827, 0.8628 and 0.8209, are in 'good' consistent range. So, from the above, the first, second and third factor is identified as "Interest rates and service charges", "Tangible quality of service" and "Easy to understand and error free statements". That is, the customer satisfaction with services is broadly related to "Interest rates and service charges", "Tangible quality of service" and "Easy to understand and error free statements" of PACBs in Pondicherry. The factor scores are obtained by averaging the scores of highly loaded items with each factor.

The extent of satisfaction among customers with three predominant services provided by PACB is analyzed by descriptive analysis of factor scores of the sample. The statistical significance of the satisfaction level is checked by comparing the observed mean with hypothetical mean of '3', the value for 'neutral satisfaction level (neither dissatisfied nor satisfied) by one-sample t-test. The results of the analysis are presented in Table 6.4.

Table 6.4

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Customer Satisfaction and Major Services of PACBs - Perception of Customers

(N = 350)

Major Service Aspects	Mean	Standard Deviation	t-Value
Interest rates and service charges	3.90	0.69	24.18***
Tangible quality of service	3.41	0.95	8.15***
Easy to understand and error free statements	3.87	0.74	22.15***
Overall services of PACB	3.74	0.55	25.42***

Source: Primary Data. ***Significant at 1% level.

From the observation of table, it becomes apparent that the mean scores for "interest rates and service charges" and "tangible quality of service" as well as for overall services provided in PACB, are in 'satisfied' range (>= 3.5 and < 4.50) and this is significant at 1% level. Though, the mean score, 3.41 for "tangible quality of service" is above 3.50, it differs significantly from 'overall' satisfaction level. Therefore, it may be concluded that the customers of PACBs are satisfied with its services in

respect of "Interest rates and service charges", "Tangible quality of service" and "Easy to understand and error free statements".

Table 6.5 provides the results of reliability / item analysis for scale items measuring customer satisfaction with PACB staff.

Table 6.5

Results of Reliability / Item Analysis for Scale Items Measuring Customer Satisfaction with PACB Staff

Item No	Items in the Scale Measuring Customer Satisfaction with PACBs Staff	Item to Total Correlation	Alpha if Deleted
1	Friendliness	0.5129	0.8080
2	Willingness to help	0.4785	0.8121
3	Having a concerned and caring attitude	0.5401	0.8048
4	Providing prompt customer service	0.5491	0.8037
5	Being capable and competent	0.5530	0.8032
6	Giving you their undivided attention	0.5802	0.8000
7	Being consistently courteous	0.5436	0.8046
8	Maintaining a professional appearance	0.4586	0.8140
9	Keeping your transactions confidential	0.5153	0.8077
Cronbach's Alpha Reliability Coefficient		0.8243	
Standardized alpha		0.8240	

Source: Primary Data

From the examination of the table , it is apparent that the item to total correlation for all nine items are higher than 0.30, the minimum required value for any item to be reliable in the scale. The overall Cronbach's alpha coefficient of 0.8243 reveals good internal consistency of the scale items. Further, the alpha if deleted values for all nine items are less than the overall

Cronbach's alpha coefficient, giving further evidence of scale items' internal consistency. On the whole, it is found that the items used for measuring customer satisfaction with employees of PACB are reliable and internally consistent with each other. Therefore, the data collected using these items are reliable for subsequent analysis.

The principal component analysis method of factor analysis with varimax rotation is used on the scale items in order to identify the major behaviour of bank staff which represents the customer satisfaction. The results of the first part of the analysis, i.e., eigenvalues of the factors underlying the scale items, are shown in Table 6.6.

Table 6.6

Eigenvalues of Factors Underlying Customer Satisfaction with PACBs Staff

Factor	Before Varimax Rotation			After Varimax Rotation		
	Eigenvalue	% of Total Variance	Cumulative % of Total Variance	Eigenvalue	% of Total Variance	Cumulative % of Total Variance
1	3.7467	41.63	41.63	1.9986	22.21	22.21
2	1.2048	13.39	55.02	2.0052	22.28	44.49
3	1.0029	11.14	66.16	1.9507	21.67	66.16
4	0.6559	7.29	73.45			
5	0.5939	6.60	80.05			
6	0.5280	5.87	85.91			
7	0.4593	5.10	91.02			
8	0.4343	4.83	95.84			
9	0.3741	4.16	100.00			

Source: Primary Data

As shown in the table, there are three factors (first three factors) extracted by the analysis with eigenvalue above one with 66.16 per cent of the total variance in the actual data. The explained variance in the original data by first, second and third factor is 41.63 per cent, 13.39 per cent and 11.14 per cent before varimax rotation, and 22.21 per cent, 22.28 per cent and 21.67 per cent after varimax rotation. The explained variance is almost equal for all three factors. This reveals the fact that all these three factors are equally predominant in determining the satisfaction among the customers.

Figure 6.2

**Scree Plot Showing Major Factors Underlying
Customer Satisfaction with PACBs Staff**
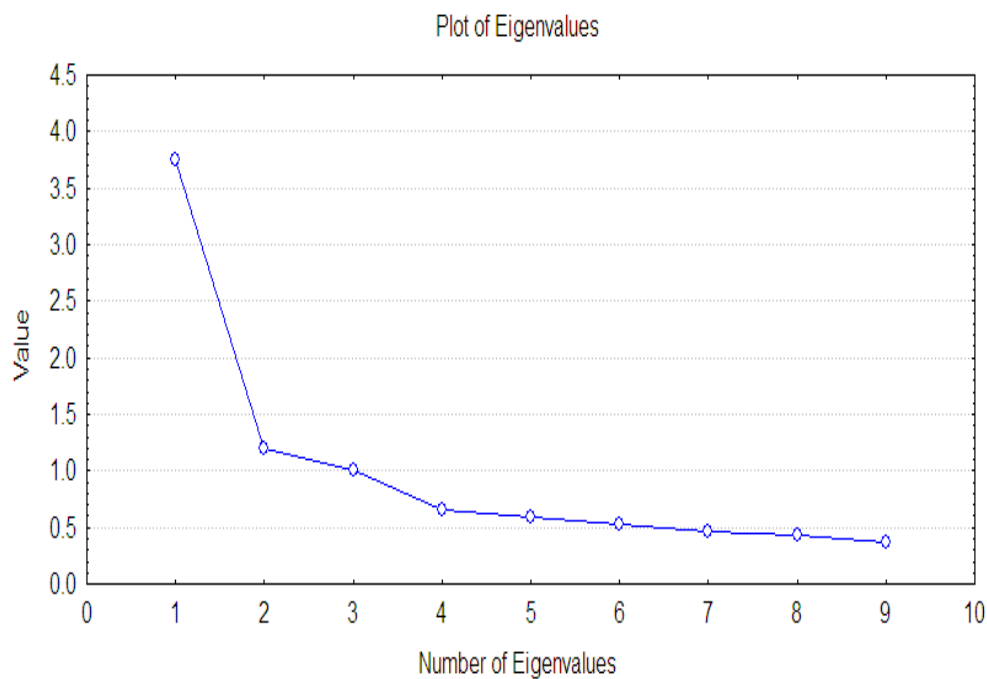
The Figure 6.2 shows the number of valid factors graphically in the form of scree plot. It is clear from the plot that the line started flattening at below one level from fourth factor onwards. To know, the characteristics (nature) of each factor, factor loading of each item in the scale with three valid factors, obtained from the analysis are reported in Table 6.7.

Table 6.7

Loadings of Items with Valid Factors Underlying Customer Satisfaction with PACBs Staff (After Varimax Rotation)

Item No	Items in the Scale Measuring Customer Satisfaction with PACBs Staff	Extracted Factors		
		1	2	3
1	Friendliness	0.2252	0.1523	**0.7090**
2	Willingness to help	**0.8159**	0.0464	0.1712
3	Having a concerned and caring attitude	0.1323	0.2116	**0.7885**
4	Providing prompt customer service	**0.8441**	0.1641	0.1462
5	Being capable and competent	0.2164	0.1575	**0.7806**
6	Giving you their undivided attention	**0.6668**	0.2930	0.2451
7	Being consistently courteous	0.1429	**0.7476**	0.2619
8	Maintaining a professional appearance	0.1368	**0.7727**	0.1034
9	Keeping your transactions confidential	0.1471	**0.8009**	0.1641
Explained Variance (Eigenvalue)		1.9986	2.0052	1.9507
% of Total Variance		22.21	22.28	21.67
Cumulative % of Total Variance		22.21	44.49	66.16
Cronbach's Alpha Coefficient for highly loaded items		0.7530	0.7368	0.7265
Factor Label		Helping attitude and prompt service	Professional Skills	Friendliness and Caring Attitude

Source: Primary Data

It can be seen from table that the first factor is highly loaded by "Providing prompt customer service" and "Willingness to help" followed by "Giving you their undivided attention". This indicates that first factor explains the customer satisfaction with employees prompt service, helping attitude and giving more attention towards customers. Similarly, the second factor possessing most of the essence of "Keeping your transactions confidential", "Maintaining a professional appearance" and "Being consistently courteous", and third factor having the characteristics of "Having a concerned and caring attitude", "Being capable and competent" and "Friendliness" are also the other important factor in determining the customer satisfaction with the employees of PACB. Based on the items' high loading with the valid factors, the first, second and the third factor can be identified as "helping attitude and prompt service", "professional skills" and "friendliness and caring attitude" of the employees respectively. To sum up, it can be concluded that the customer satisfaction with employees of PACB is primarily based on "helping attitude and prompt service", "professional skills" and "friendliness and caring attitude" of the employees. The scores for the extracted factors are obtained by averaging the scores of highly loaded items for further analysis.

The extent of satisfaction among the respondents (customers of PACB in the sample) with three primary characteristics of the employees is

ascertained by descriptive analysis and one-sample t-test. Table 6.8 gives the results.

Table 6.8

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**Customer Satisfaction and Major Service Qualities of PACBs Staff -
Perception of Customers in the Entire Sample**

(N = 350)

Major Service Qualities of Staff	Mean	Standard Deviation	t-Value
Helping attitude and prompt service	3.56	0.66	15.97***
Professional Skills	3.44	0.61	13.31***
Friendliness and Caring Attitude	3.71	0.64	20.88***
Overall employees orientation	3.57	0.51	21.06***

Source: Primary Data. ***Significant at 1% level.

As given in the table above, the mean values, 3.56 for "helping attitude and prompt service", 3.71 for "friendliness and caring attitude" and 3.57 for overall employees orientation towards customers are in 'satisfied' range and differ significantly (t values are significant) from hypothetical mean of 3 (value for neutral level). The mean value is 3.44 for "professional skills and bit less than 3.50, the minimum value for 'satisfied' range. However, t value for the difference in observed and hypothetical mean, 13.31 is highly significant at 1 per cent level. Hence, it is found that the customers are satisfied with PACB employees' attitude, prompt service, and friendliness as well as with overall orientation.

The respondents are asked to provide their overall satisfaction with PACBs on the whole regardless of service orientation and the employees'

orientation in the range from 'highly dissatisfied to 'highly satisfied'. The results of descriptive analysis and one-same t-test of the data are shown in Table 6.9.

Table 6.9

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**Customer Satisfaction Level with Overall Functioning of PACBs -
Perception of Customers in the Entire Sample**

(N = 350)

Major Service Qualities of Staff	Mean	Standard Deviation	t-Value
Satisfaction with overall functioning of PACB	3.27	1.37	3.71***

Source: Primary Data. ***Significant at 1% level.

From the table, it can be observed that overall mean, 3.27 is well below 3.50, the minimum value for 'satisfied' level. At the same time, the observed mean is significantly less than the hypothetical mean, in the indicating that the level of satisfaction has been at moderate level.

The customers' satisfaction with overall service of PACB, and the orientation of PACB employees and also their satisfaction with PACB is compared across respondents grouped based on their socio-economic characteristics, to identify whether there is any significant role of customers' socio-economic status in influencing their satisfaction level or not.

Table 6.10 provides the results of the analysis comparing the mean scores between rural and semi urban customer groups.

Table 6.10

Comparison of Customers' Satisfaction by Area of Residence

Particulars	Location		t value
	Rural	Urban	
Satisfaction with overall service orientation of PACB	3.71 (0.57)	3.85 (0.47)	2.02**
Satisfaction with overall orientation of PACB employees	3.58 (0.51)	3.54 (0.49)	0.70
Satisfaction with overall functioning of PACB	3.24 (1.37)	3.39 (1.38)	0.87

Figure in brackets are standard deviation; **Significant at 5% level.

The examination of the table shows that the level of satisfaction with overall service orientation of PACB is significantly higher among semi-urban customer groups (Mean = 3.85) when compared to that of rural counterparts (Mean = 3.71) (t value = 2.02, $p < 0.05$). However, the level of satisfaction does not differ significantly between rural and semi-urban group in respect of the employee orientation and PACB on the whole. So, it is found that the respondents' location plays an important role in determining the level of satisfaction with service orientation and not related to the customer satisfaction with employee orientation and functioning of PACB.

The satisfaction level is compared between male and female customers using t-test and the results of the analysis are exhibited in Table 6.11.

Table 6.11

Comparison of Customers' Overall Satisfaction by Gender

Particulars	Gender		t value
	Male	Female	
Satisfaction with overall service orientation of PACB	3.77 (0.52)	3.58 (0.65)	2.41**
Satisfaction with overall orientation of PACB employees	3.60 (0.50)	3.42 (0.51)	2.32**
Satisfaction with overall functioning of PACB	3.27 (1.37)	3.26 (1.36)	0.07

Figure in brackets are standard deviation; **Significant at 5% level.

It can be seen from the table that the level of satisfaction with overall service orientation of PACB among female customers (Mean = 3.58) is significantly less than that of male customers (Mean = 3.77) (t value = 2.41, $p < 0.05$). The scenario is very similar regarding customer satisfaction with overall employee orientation (t value = 2.32, $p < 0.05$). However, the both gender groups have expressed their moderate satisfaction at similar extent in respect of overall functioning of PACB. On the whole, it is found that the level of satisfaction with service orientation and employee orientation in PACB among female customers is less when compared to that of male customers of PACB.

The significance of the difference in the level of satisfaction among the customers with different age levels is analysed by one-way ANOVA and the results of the analysis are provided in Table 6.12.

Table 6.12

Age wise Comparison of Customers' Overall Satisfaction

Particulars	Age (in Years)			F Value
	Up to 35	**36 – 50**	**Above 50**	
Satisfaction with overall service orientation of PACB	3.70 (0.53)	3.78 (0.54)	3.72 (0.56)	0.77
Satisfaction with overall orientation of PACB employees	3.56 (0.54)	3.55 (0.50)	3.60 (0.50)	0.41
Satisfaction with overall functioning of PACB	3.32 (1.37)	3.31 (1.40)	3.19 (1.34)	0.29

Figures in brackets are standard deviations.
All F values are insignificant
Source:Primary data

From the table, it can be seen that the F values for the difference in mean scores across age group in respect of all the three measures are insignificant. This indicated that there is no notable role of age in determining the extent of satisfaction with service orientation, employee orientation and overall functioning of PACB among customers.

Table 6.13 presents the results of F test obtained from comparing the observed mean scores of PAC bank customer groups with illiterate, primary, secondary and graduated educational status. The differences in mean scores across educational groups, are in satisfied range for first two measures and are in neutral range for overall functioning of PACB.

Table 6.13

Comparison of Customers' Overall Satisfaction by Educational Status

Particulars	Educational Status				F value
	Illiterates	Primary	Secondary	Graduate	
Satisfaction with overall service orientation of PACB	3.73 (0.55)	3.71 (0.57)	3.80 (0.58)	3.75 (0.45)	0.46
Satisfaction with overall orientation of PACB employees	3.62 (0.50)	3.49 (0.52)	3.56 (0.52)	3.62 (0.46)	1.31
Satisfaction with overall functioning of PACB	3.25 (1.41)	3.18 (1.35)	3.26 (1.29)	3.49 (1.44)	0.60

Figure in brackets are standard deviation
All F values are insignificant
Source:Primary data

But the F values are all insignificant, in turn indicating that the existing differences in the mean values are just due to chance and not due to difference in the level of education among customers. That is, there is no influence of education on extent of satisfaction with service orientation, employee orientation and overall functioning of PACB among PACB customers.

The relationship between occupation and customers' satisfaction with service orientation, employee orientation and overall functioning of PACB is analyzed by comparing the observed mean scores among respondents with

different occupational status. The results of the analysis are provided in Table 6.14.

Table 6.14

Comparison of Customers' Overall Satisfaction by Occupational Status

Particulars	Occupational Status				F value
	Labour	Agriculture	Business	Salaried	
Satisfaction with overall service orientation of PACB	3.70 (0.57)	3.73 (0.55)	3.76 (0.54)	3.85 (0.49)	0.93
Satisfaction with overall orientation of PACB employees	3.66 (0.49)	3.55 (0.52)	3.50 (0.49)	3.51 (0.53)	1.86
Satisfaction with overall functioning of PACB	3.30 (1.42)	3.23 (1.38)	3.31 (1.31)	3.26 (1.33)	0.06

Figure in brackets are standard deviation; *Significant at 10% level
Source:Primary data

An examination of the above table shows that mean scores, which ranges between 3.70 and 3.76 for service orientation and vary from 3.50 to 3.66 for employee orientation across four occupational groups, do not differ significantly (F values are insignificant). Regarding customer satisfaction with overall functioning of PACB also, there is no significant difference in the opinion level among respondent group by occupational level. Hence, it can be concluded that the educational status of the respondents does not contribute to the extent of satisfaction they have with service orientation, employee orientation and overall functioning of PACB.

An influence of respondents' income status on their satisfaction with service / employee orientation towards customers and overall functioning PACB is tested by one way ANOVA and the results of the analysis are depicted in Table 6.15.

Table 6.15

Comparison of Customers' Overall Satisfaction by Income Levels

Particulars	Income				F value
	<= Rs.10000	Rs.10001-15000	Rs.15001-20000	> Rs.20000	
Satisfaction with overall service orientation of PACB	3.74 (0.57)	3.69 (0.54)	3.68 (0.60)	3.86 (0.48)	1.74
Satisfaction with overall orientation of PACB employees	3.65 (0.49)	3.61 (0.51)	3.52 (0.57)	3.44 (0.45)	3.09**
Satisfaction with overall functioning of PACB	3.28 (1.46)	3.38 (1.40)	3.22 (1.25)	3.14 (1.28)	0.53

Figure in brackets are standard deviation
**Significant at 5% level.   Source:Primary data

It can be seen from the table 6.15 that mean satisfaction level differ from one income group to another income group (vary from 3.68 to 3.86) with regard to overall service orientation of PACB. However from insignificant F value of 1.74, it can be concluded that the existing difference in mean values is not attributable to difference income status of the respondents. Similarly, difference in mean values (vary from 3.14 to 3.38) is just by chance and not due to difference in income status in respect of customers' satisfaction with overall functioning of PACB. However, a

significant difference in the observed mean scores across four income groups against employee orientation is found (F value = 3.09, p < 0.05). From the entire inferences, it can be concluded that the contribution of income to the level of satisfaction among PACB customers is observable only in respect of employees' orientation. That is, satisfaction with service orientation and functioning of PACB is independent of the income, whereas the satisfaction of employee orientation is significantly contributed by the income levels among the PACB customers.

Table 6.16 presents the F test results comparing the observed mean scores regarding customers' satisfaction with service / employee orientation and functioning of PACB across respondent groups based on the duration of membership in PACB.

Table 6.16
Comparison of Customers' Overall Satisfaction by
Duration of Membership in PACB

Particulars	Duration in Years					F value
	Up to 3	4 – 6	7 – 9	10 – 12	Above 12	
Satisfaction with overall service orientation of PACB	3.67 (0.60)	3.69 (0.53)	3.82 (0.54)	3.75 (0.62)	3.72 (0.47)	0.98
Satisfaction with overall orientation of PACB employees	3.59 (0.53)	3.46 (0.56)	3.58 (0.49)	3.42 (0.44)	3.65 (0.51)	2.07*
Satisfaction with overall functioning of PACB	3.35 (1.45)	3.44 (1.01)	2.95 (1.36)	3.59 (1.32)	3.41 (1.40)	2.66**

Figure in brackets are standard deviation
*Significant at 10% level; **Significant at 5% level.   Source:Primary data

According to the results presented in the table, the customers' level of satisfaction with service orientation of PACB is not related to duration of membership of the customers in PACB (F value is insignificant). On the other hand, there is a significant difference at marginal level of 10 per cent in the level of satisfaction with employee orientation (F value = 2.07, $p <$ 0.10). The customers with duration of membership for 10-12 years are satisfied (Mean = 3.59) and differ significantly at 5 per cent level from other counterparts in respect of overall functioning of PACB (F value = 2.66, $p <$ 0.05). From all this, it may be concluded that there is a significant relationship between duration of membership of customers and their level of satisfaction with employee orientation and overall functioning of PACB.

In the present study the customers' orientation is evaluated based on Time taken for opening accounts, Time taken for Depositing money, Time taken for Making Entries in Book, Time taken for Making Debit entries in the Pass book, Time taken for Withdrawing money and Time taken for Issuing Loan after sanctioning in PACB. So, here an attempt is made to analyze as to whether the customer satisfaction is affected by these orientations or not. The analysis is carried out by comparing the mean perception level of respondents pertaining to their satisfaction with service / employee orientation and overall functioning of PACB across different time durations taken for various services using one-way ANOVA.

Table 6.17 presents the results of the ANOVA comparing the mean scores across four different time duration taken for opening accounts.

Table 6.17

**Difference in Customers' Overall Satisfaction for
Time Taken for Opening Accounts by Bank**

Particulars	Time Taken for Opening Accounts				F value
	Up to 30min	31 - 45 min	46 min-1 hr	> 1 hr	
Satisfaction with overall service orientation of PACB	3.78 (0.49)	3.71 (0.62)	3.75 (0.49)	3.74 (0.62)	0.19
Satisfaction with overall orientation of PACB employees	3.48 (0.50)	3.55 (0.56)	3.65 (0.45)	3.54 (0.54)	1.87
Satisfaction with overall functioning of PACB	3.13 (1.30)	2.80 (1.19)	3.43 (1.43)	3.58 (1.36)	5.32***

Figure in brackets are standard deviation
***Significant at 1% level.
   Source: Primary data

It can be seen from the table that there is no influence of time taken for opening accounts on the customers' satisfaction with overall service orientation and overall employee orientation in PACB. At the same time, the customers' satisfaction with overall functioning of PACB is significantly related to the time taken for opening of accounts (F value = 5.32, $p < 0.01$). Hence, it may be concluded that there is a significant influence of time taken for opening accounts and extent of customer satisfaction with overall functioning of PACB.

Table 6.18 provides the results of the analysis comparing the level of customer satisfaction with service / employee orientation and functioning of PACB by time taken for depositing money.

Table 6.18

**Difference in Customers' Overall Satisfaction by
Time Taken for Depositing money**

Particulars	Time Taken for Depositing Money				F value
	Up to 5 min	6 - 10 min	11 - 15 min	> 15 min	
Satisfaction with overall service orientation of PACB	3.75 (0.47)	3.68 (0.60)	3.77 (0.53)	3.77 (0.56)	0.49
Satisfaction with overall orientation of PACB employees	3.63 (0.47)	3.51 (0.46)	3.60 (0.51)	3.55 (0.56)	0.78
Satisfaction with overall functioning of PACB	3.02 (1.27)	3.26 (1.39)	3.40 (1.37)	3.26 (1.40)	0.92

Figure in brackets are standard deviation
All F values are insignificant   Source:Primary data

As provided in the table, F values for the difference in the level of satisfaction with service orientation, employee orientation and overall functioning of PACB are insignificant. Hence, it is evident that there is no significant relationship between time taken for depositing money and customer level of satisfaction with PACB

The respondents' opinion about their satisfaction with bank service, employees' attitude and overall functioning of PACB is compared among

respondent categories with different views about time taken for crediting account.

Table 6.19

**Difference in Customers' Overall Satisfaction by
Time Taken for Crediting Account**

Particulars	Time Taken for Crediting Account				F value
	Up to 3 days	4 - 5 days	6 - 10 days	> 10 days	
Satisfaction with overall service orientation of PACB	3.68 (0.61)	3.80 (0.57)	3.73 (0.52)	3.80 (0.55)	0.65
Satisfaction with overall orientation of PACB employees	3.54 (0.51)	3.53 (0.45)	3.60 (0.50)	3.54 (0.55)	0.51
Satisfaction with overall functioning of PACB	2.78 (1.36)	3.56 (1.40)	3.21 (1.36)	3.71 (1.22)	6.00***

Figure in brackets are standard deviation
***Significant at 1% level   Source:Primary data

It can be observed from the table that the level of satisfaction is the same for the respondent groups regardless of their perception about time taken for crediting account with regard to overall service orientation and overall employee orientation in PACB. However, the respondents who view that PACB takes up to 3 days for crediting account are dissatisfied (Mean = 2.78) whereas those who are of the views that time taken for crediting account is 6 – 10 days are moderately satisfied with overall functioning of PACB. These two respondent groups differ significantly from the other two

groups comprising respondents with satisfaction with overall functioning of PACB (F value = 6.00, p < 0.01). Putting all the above inferences, it may be concluded that the satisfaction of the customers with overall functioning of PACB is related to the time taken for crediting account. It is however concluded that time taken for crediting account does not have any influence on the customers' satisfaction with service orientation and employee orientation in PACB.

Table 6.20 shows the difference in customers' satisfaction across respondent groups with different views on time taken for making entries in book.

Table 6.20
Difference in Customers' Overall Satisfaction for
Time taken for Making entries in book

Particulars	Time Taken for Making Entries in Book				F value
	Up to 30min	31 - 45 min	46 min-1 hr	> 1 hr	
Satisfaction with overall service orientation of PACB	3.73 (0.43)	3.78 (0.56)	3.73 (0.59)	3.75 (0.56)	0.16
Satisfaction with overall orientation of PACB employees	3.63 (0.51)	3.52 (0.51)	3.62 (0.49)	3.48 (0.52)	1.84
Satisfaction with overall functioning of PACB	2.97 (1.30)	3.36 (1.36)	3.27 (1.40)	3.44 (1.35)	1.60

Figure in brackets are standard deviation
All F values are insignificant   Source:Primary data

As per the results shown in the table, the respondents regardless of their views about time taken for making entries in the book have exhibited similar level of satisfaction with overall service orientation, overall employee orientation and overall functioning of PACB. This is because the F values obtained for difference in group means are insignificant for all the three measures. Hence, it may be concluded that the extent of satisfaction exhibited by the customers of PACB is independent of their views on time taken for making entries in book.

Table 6.21

**Difference in Customers' Overall Satisfaction for
Time Taken for Making Debit entries in the Pass book**

Particulars	Time Taken for Opening Accounts				F value
	Up to 30min	31 - 45 min	46 min-1 hr	> 1 hr	
Satisfaction with overall service orientation of PACB	3.79 (0.52)	3.70 (0.60)	3.76 (0.53)	3.71 (0.57)	0.49
Satisfaction with overall orientation of PACB employees	3.64 (0.49)	3.46 (0.55)	3.58 (0.50)	3.57 (0.48)	1.85
Satisfaction with overall functioning of PACB	3.00 (1.39)	3.26 (1.16)	3.43 (1.39)	3.41 (1.49)	2.01

Figure in brackets are standard deviation
All F values are insignificant   Source: Primary data

The significance of the difference in mean satisfaction scores among respondent groups with different views on time taken for making debit

entries in the pass book is tested by one-way ANOVA. The test results are provided in Table 6.21. From the perusal of the table, it is understood that the difference in satisfaction with service orientation among customers is small due to chance factor and not due to the impact of time taken by PACB for making debit entries in the pass book.

Regarding the satisfaction with overall employee orientation, the difference in the mean values among respondent groups is found to be at substantial level, particularly between first (up to 30 min) and second (31-45 min) groups. But F value of 1.85 for the difference in group means is insignificant, in turn revealing the fact that existing difference is not attributable to the time taken by PACB for making debit entries in the pass book. Similarly, the difference in the level of satisfaction with overall functioning of PACB among customers is found to be at substantial level, but insignificant F value of 2.01 does not support the above difference. Putting all the inferences together it can be summed up that there is no significant effect to time taken by PACB for making debit entries on customer satisfaction with overall functioning of PACB.

Table 6.22 shows the F-test (one way ANOVA) results comparing the respondents' perception about their satisfaction with various orientations and functioning of PACB across categories with different views on time taken for withdrawing money.

Table 6.22

**Difference in Customers' Overall Satisfaction for
Time taken for Withdrawing Money**

Particulars	Time Taken for Withdrawing Money				F value
	Up to 30min	31 - 45 min	46 min-1 hr	> 1 hr	
Satisfaction with overall service orientation of PACB	3.77 (0.53)	3.73 (0.62)	3.74 (0.52)	3.72 (0.55)	0.10
Satisfaction with overall orientation of PACB employees	3.55 (0.53)	3.47 (0.51)	3.64 (0.51)	3.57 (0.44)	1.75
Satisfaction with overall functioning of PACB	3.00 (1.34)	3.02 (1.21)	3.48 (1.37)	3.53 (1.48)	3.80***

Figure in brackets are standard deviation; ***Significant at 1% level
Source: Primary data

It can be seen from the table that the F value for the difference in group means is insignificant for customer satisfaction with overall service orientation and overall employee orientation in PACB. On the other hand, the F value of 3.80 (p < 0.01) for the difference in the mean scores across groups with different views on time taken for withdrawal is significant at 1 per cent level with regard to the customer satisfaction with overall functioning of PACB. So, it may be concluded that the time taken for withdrawal has significant impact on extent of customer satisfaction with the overall functioning of PACB. It may be concluded that the extent of customer satisfaction with service orientation and employee orientation in PACB is independent of the time taken for withdrawal of money.

The results of the analysis identifying the significance of the relationship between customer satisfaction and time taken for issuing loan after sanctioning of the loan in PACB is given in Table 6.23.

Table 6.23

**Difference in Customers' Overall Satisfaction for
Time Taken for Issuing Loan after Sanctioning**

Particulars	Time Taken for Issuing Loan				F value
	Up to 7 days	8 - 15 days	16 - 30 days	> 30 days	
Satisfaction with overall service orientation of PACB	3.77 (0.50)	3.74 (0.58)	3.76 (0.58)	3.71 (0.54)	0.21
Satisfaction with overall orientation of PACB employees	3.61 (0.47)	3.44 (0.48)	3.62 (0.53)	3.54 (0.50)	1.78
Satisfaction with overall functioning of PACB	3.13 (1.44)	3.36 (1.28)	3.53 (1.35)	3.04 (1.33)	2.83**

Figure in brackets are standard deviation
**significant at 5% level   Source: Primary data

From the observation of the table, it becomes apparent that the respondents irrespective of the views on time taken for issuing loan after sanctioning have similar level of satisfaction with overall service orientation in PACB (F value is insignificant). Regarding the customer satisfaction with PACB employees' orientation, the mean perception scores vary for respondents with views 8-15 days (Mean = 3.44) and > 30 days (Mean = 3.54) from mean perception scores for respondents with up to 7 days and 16-30 days for issuing loan after sanctioning. However, the F value of 1.78 for the difference in group means are insignificant, in turn indicating that the

difference is not due to time taken for issuing loan but due to chance. But the same is not true in the case of customer satisfaction with overall functioning of PACB. The respondents who perceived 16-30 days for issuing loan after sanctioning have expressed their satisfaction (Mean = 3.53) whereas the respondents belong to other three groups have exhibited moderate level of satisfaction. Further F value for the difference in group means, 2.83 is significant at 5 per cent level. Therefore, from the overall inferences of the results, it may be concluded that there is a significant relationship between customer satisfaction with overall functioning of PACB and time taken for issuing loan after its sanctioning.

So far, the individual effect of customer orientation factors on each customer satisfaction measures is analyzed based on mean score of opinion levels of the respondents, but the effect of all customer orientation factors on customer satisfaction over combined measures is not made out. So, here an attempt is made to analyze the same. To analyze the combined effect of customer orientation factors on extent of customer satisfaction when all the three measures are combined, the canonical correlation analysis is used.

The Canonical correlation is similar to multiple regression analysis, but the goal of the canonical correlation analysis is to quantify the strength of the relationship between the two sets of variables (criterion or dependent and predictor or independent). This statistical technique is used here for determining the magnitude of the relationships that exist between customer

and customer orientation as well as factors measuring customer satisfaction and PACB employees' behaviour is essential. The canonical correlation analysis is very much useful in explaining the nature of relationships that exist between the set of criterion variables and set of predictor variables, generally by measuring the relative contribution of each variable to the canonical functions (correlation between two sets) that are extracted.

The first step in the canonical correlation analysis is to derive one or more canonical functions. Each function consists of a pair of variates, one representing the independent variable and the other representing the dependent variable. The maximum number of canonical variates (functions) that can be extracted from the sets of variables equals the number of variables in the smallest data set, i.e, independent or dependent. The strength of the relationship between the pairs of variates is reflected by the canonical correlation. When squared, the canonical correlation represents the amount of variance in one canonical variate accounted for by the other canonical variate. This is the amount of shared variance between the two canonical variates. Squared canonical correlations are also called canonical roots or eigenvalues. The reliability of this tool tested in table 6.1.

The most common practice is to analyze functions whose canonical correlation coefficients are statistically significant some level, typically 0.05 or above. If other independent functions are deemed insignificant, these relationships among the variables are not interpreted. The significant

canonical functions with very low canonical correlation (much less than 0.30) are also not considered for making inference.

Table 6.24 provides the canonical functions produced by canonical correlation analysis between customer satisfaction and customer oriented service factors in PACB.

Table 6.24

Canonical Functions Produced by Canonical Correlation Analysis of Customer Satisfaction Measures with Customer Orientation Factors

Canonical Function	Canonical R	Canonical R^2 (Eigenvalue)	Chi-Square	df	p-Value	Wilks Lambda
0	0.2771	0.0768	34.54	21	0.0317	0.9043
1	0.1115	0.0124	7.11	12	0.8504	0.9795
2	0.0903	0.0082	2.81	5	0.7288	0.9918

Source: Primary Data

From the perusal of canonical correlation results provided in the table, it is understood that only first canonical function, i.e., correlation between first canonical variates of three customer satisfaction variables and that of seven customer orientation factors, is significant at 5 per cent level (Chi-square = 34.54, $p < 0.05$), out of the three functions produced by the analysis. The canonical correlation is 0.2771 and shared variance between variates is 7.68 per cent for the first function. As the first canonical correlation function is statistically significant, the canonical loadings of criterion (customer satisfaction) and predictor (customer orientation)

variables with that function obtained from the analysis are shown in
Table 6.25

Table 6.25

**Canonical Loadings of Overall Satisfaction Levels and
Customer Orientation Factors with Significant Canonical Function**

Variables	Canonical Loadings
	First Function
CRITERION VARIABLES	
Customer Satisfaction Measures	
Satisfaction with overall service orientation of PACB	0.0117
Satisfaction with overall orientation of PACB employees	-0.1754
Satisfaction with overall functioning of PACB	-0.9995
PREDICTOR VARIABLES	
Customer Orientation Factors	
Time Taken for opening accounts	-0.5764
Time Taken for Depositing money	-0.1883
Time Taken for Crediting account	-0.6080
Time Taken for Making Entries in Book	-0.3395
Time Taken for Making Debit entries in the Pass book	-0.4368
Time Taken for Withdrawing money	-0.5950
Time Taken for Issuing Loan after sanctioning	0.0388

Source: Primary Data

It can be seen from the canonical loading table that one of the three
criterion variable - customer satisfaction with overall functioning of PACB
is highly and negatively loaded with first function. Similarly, of the
variables in predictor set, the loading of "time taken for crediting account" is
high with first function followed by "Time Taken for Withdrawing money",

"Time Taken for opening accounts" and "Time Taken for Making Debit entries in the Pass book", all with negative signs. From the above picture, it is found that the customers' satisfaction with overall functioning of PACB is determined by time taken for crediting account followed by time taken for withdrawal of money and time taken for opening accounts in PACB.

Table 6.27 provides the results of canonical correlation between customer satisfaction measures and PACB employees' behaviours.

Table 6.26
Canonical Functions Produced by Canonical Correlation Analysis of
All Overall Customer Satisfaction Measures with
PACB Employees Behaviours

Canonical Function	Canonical R	Canonical R^2 (Eigenvalue)	Chi-Square	df	p-Value	Wilks Lambda
0	0.3569	0.1274	68.76	30	0.0001	0.8179
1	0.1997	0.0399	22.15	18	0.2254	0.9373
2	0.1542	0.0238	8.23	8	0.4117	0.9762

Source: Primary Data

From the perusal of canonical correlation results provided in the table, it is understood that only first canonical function with chi-square value of 68.76 (p < 0.01) is significant at 1 per cent level, out of the three functions produced by the analysis. For first function, the canonical correlation is 0.3569 and shared variance between variates is 12.74 per cent. So, the further interpretation based on canonical loadings of the variables with first functions is carried out. Table 6.27 depicts the canonical loadings of the variables with significant first function.

Table 6.27
Canonical Loadings of Overall Satisfaction Levels and
PACB Employees' Behaviours with Significant Canonical Function

Variables	Canonical Loadings
	First Function
CRITERION VARIABLES	
Customer Satisfaction Measures	
Satisfaction with overall service orientation of PACB	-0.2296
Satisfaction with overall orientation of PACB employees	-0.5861
Satisfaction with overall functioning of PACB	-0.8621
PREDICTOR VARIABLES	
Measures of Employees' Behaviour	
Employees never being too busy to respond to customer requests	-0.3760
Employees understand the specific needs of their customers	-0.4917
Employees follow up each customer individually	-0.4768
Give all relevant information about all the conditions for loan	-0.2952
Customers' grievances are attended quickly	-0.1782
Sharing information with customers are given much important	-0.5276
Properly handling any problems that arise	-0.4933
Letting the customer know when things will get done	-0.3553
Have good knowledge about various bank products and services	-0.2958
Understand specific needs for financial services	-0.6008

Source: Primary Data

An examination of the above table shows that, of the criterion variables, satisfaction with overall functioning of PACB has high correlation followed by "customer satisfaction with overall employees' orientation" with first canonical function. In the predictor variable set, the loading of "Understand specific needs for financial services" is high followed by "Sharing information with customers are given much important", "Properly

handling any problems that arise", "Employees understand the specific needs of their customers" and "Employees follow up each customer individually". Hence it is found that "understanding the specific needs for financial services" is an important characteristic of PACB employees for customers' satisfaction with overall functioning of PACB. The customers' satisfaction with overall employees' orientation is significantly related to employees behaviour in respect of giving importance for sharing information with customers, properly handling any problem that arise, understanding the specific needs of their customers and follow up each customer individually.

In the canonical correlation analysis the relationship between linear composite of all the three measures of customer satisfaction with linear composite of all factors of customer orientation and linear composite of employees' behaviour is studied. Now, an attempt is made to find out the unique influence of each one of seven customer orientation factors and unique influence of every aspect of employees' behaviour on customer satisfaction with overall functioning of PACB using multiple regression analysis. Table 6.28 shows the results of the regression analysis for customer satisfaction with overall functioning of PACB with customer orientation in PACB.

Table 6.28
Regression Results Showing Unique Influence of Customer Orientation
Factors on Customer Satisfaction with Overall Functioning of PACB

Predictors	Full Model	First Subset Model	Second Subset Model
Constant	1.6616*** (4.31)	1.6812*** (5.37)	1.7911*** (5.99)
Time Taken for opening accounts	0.1476** (2.05)	0.1568** (2.26)	0.1646** (2.38)
Time Taken for Depositing money	-0.0249 -(0.33)		
Time Taken for Crediting account	0.1932*** (2.58)	0.1979*** (2.66)	0.2120*** (2.88)
Time Taken for Making Entries in Book	0.0720 (0.97)		
Time Taken for Making Debit entries in the Pass book	0.0729 (1.02)	0.0796 (1.17)	
Time Taken for Withdrawing money	0.1921*** (2.81)	0.1857*** (2.74)	0.1951*** (2.90)
Time Taken for Issuing Loan after sanctioning	-0.0233 -(0.36)		
R^2	0.0767	0.0739	0.0702
Adjusted R^2	0.0578	0.0631	0.0621
F value for the model	4.06***	6.88***	8.71***
Degrees of freedom	7..342	4..345	3..346

Figure in brackets are standard deviation
**significant at 5% level; ***significant at 5% level   Source: Primary data

It can be seen from the table that there are three regression models first one with all predictor variables, subsequent two subset regressions with selected variables in the predictor set.   The subset models run after eliminating the least significant variable in independent stepwise to get the

best fitted model. The adjusted R^2 value is parameter considered for ascertaining the model of best fit. A model with high adjusted R^2 values is found to be the best fitted model. In the table, it is found that all three regressions are fitted significantly with coefficient of determination (R^2 values) ranging around 7 per cent. But from the comparison of all the three models, it is found that the adjusted R^2 value of the second model is higher than that of first and second subset models.

However, the difference in Adjusted R^2 value between first and subset model is very trivial. This shows that there is no notable change in the explanatory power of second subset model in the absence of "Time Taken for Making Debit entries in the Pass book". Therefore, the second subset model with explanatory power almost equal to that of first subset model with just three predictors is considered as the most appropriate model for final inference. In the selected model, the estimated coefficients of all the three predictors are significant with positive sign. So, it may be concluded that the customer orientation in PACB in respect of time taken for opening accounts, crediting account and withdrawing money has direct impact on customer satisfaction with overall functioning of PACB.

Table 6.29 shows the results of the regression for customer satisfaction with overall functioning with behaviour of employees in PACB.

Table 6.29
Regression Results Showing Unique Influence of Employees'
Behaviours on Customer Satisfaction with
Overall Functioning of PACB

Predictors	Full Model	First Subset Model	Second Subset Model
Constant	0.5832 (1.05)	0.7586 (1.46)	0.6901 (1.53)
Employees never being too busy to respond to customer requests	0.1219* (1.67)	0.1472** (2.17)	0.1506** (2.23)
Employees understand the specific needs of their customers	0.1633** (1.94)	0.1703** (2.11)	0.1797** (2.23)
Employees follow up each customer individually	0.0500 (0.72)		
Give all relevant information about all the conditions for loan	0.0249 (0.32)		
Customers' grievances are attended quickly	-0.0976 -(1.21)	-0.0832 -(1.05)	
Sharing information with customers are given much important	0.1649** (2.20)	0.1705*** (2.51)	0.1668*** (2.49)
Properly handling any problems that arise	0.0692 (0.85)	0.0865 (1.09)	
Letting the customer know when things will get done	-0.0181 -(0.22)		
Have good knowledge about various bank products and services	0.0714 (0.99)		
Understand specific needs for financial services	0.2265*** (3.01)	0.2289*** (3.29)	0.2424*** (3.52)
R^2	0.1049	0.1010	0.0963
Adjusted R^2	0.0785	0.0852	0.0858
F value for the model	3.97***	6.42***	9.19***
Degrees of freedom	10..339	6..343	4..345

Figure in brackets are standard deviation
**significant at 5% level; ***significant at 5% level   Source: Primary data

From the observation of the table, it can be inferred that, though all three models are fitted significantly, the second subset model with adjusted R^2 value of 0.0858 is found to the best one for making final inference. In the second subset model, the coefficient of "Employees never being too busy to respond to customer requests" (β=0.1506, t = 2.23, p < 0.05), "Employees understand the specific needs of their customers" (β = 0.1797, t = 2.23, p < 0.05) and "Sharing information with customers are given much important" (β=0.1668, t = 2.49, p < 0.05) is positive and significant at 5 per cent level. So, it may be concluded that the customer satisfaction with overall functioning of PACB tend to increase substantially with significant increase in responding to customer requests quickly, understanding the specific needs of the customers and giving important for sharing information with customer among PACB employees.

6.3   Chapter Summary

In this chapter, an attempt is made to empirically evaluate the relationship between customer orientation and customer satisfaction. In addition to customer orientation, role of service orientation and employee orientation over customer orientation is also analyzed empirically. From the factor analysis of scale items for service orientation and employee orientation, it was found that three primary factors of service orientation namely "interest rates and service charges", "tangible quality of service" and

providing "easy to understand and error free statements", three major employee orientation factors such as "helping attitude and prompt service", "professional skills" and "friendliness of caring attitude" were prominent. From the descriptive analysis and one sample t-test on the opinion of the entire sample, it was concluded that three factors under service orientation and three factors under employee orientation were identified as important factors for customer satisfaction. From the analysis of the opinion of the entire sample regarding overall functioning of PACB, it is found that there were moderate satisfactions among customers. When opinion is compared across respondent groups by socio-economic characteristics, it is identified that the contribution of the socio-economic values to the extent of satisfaction among customer is not explicit, in turn indicating moderate role. From the comparison of opinion across respondent categories with different views on time taken for various customer oriented services, it is concluded that the customer orientation service of PACB's contribute very little to the customer satisfaction.

However, from the interpretation of the canonical correlation between (linear composites of) customer satisfaction factors and customer orientation factors, it is concluded that the customers' satisfaction with overall functioning of PACB is determined by time taken for crediting account followed by time taken for withdrawal of money and time taken for opening accounts in PACB. Similarly, from the inferences of results of canonical

correlation between customer satisfaction and customer orientation, it is understood that "understanding the specific needs for financial services" is an important characteristic of PACB employees for customers' satisfaction with overall functioning of PACB. The customers' satisfaction with overall employees' orientation is significantly related to employees' behaviour in respect of giving importance for sharing information with customers, properly handling any problems that arise, understanding the specific needs of their customers and follow up each customer individually. To sum up, putting all the inferences together, it may concluded that there is a moderate level of relationship between customer orientation and customer relationship activities of the PACB in Pondicherry.

CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

The customer orientation is the most important prerequisite for banks, in providing competitive world class service to the customer and also help reduce cost of services provided to them. Further, customer orientation is also the most important factor in determining the customer's expectation and satisfaction and in turn customer retention. In this background, an attempt is made in the present research to explore the status of customer orientation in Primary Agriculture Co-operative Banks (PACBs) in Pondicherry based on the views of its customers. From the discussion of the results obtained from the analysis of data, many findings have come into light. The findings emanated from the discussion of the results are summarized in this chapter. Also, conclusion based on the findings are provided and suggestions are given here..

7.1 Findings

The findings from the interpretation of the results are summarized hereunder:

1) Majority of the PACB customers are found to be possessing own land and the size of cultivable land is found to be up to 3 acres for the most.

2) The duration of membership is more than seven years for majority of the customers of PACBs in Pondicherry.

3) There is a significant relationship between size of land cultivated and duration of membership of farmers with PACB in Pondicherry.

4) Majority of the PACBs customers are holding savings bank account and loan account.

5) It is found that the customers with high income from agriculture, own more cultivable area and hold loan account.

6) The procedure followed by PACB to open account is neither easy nor difficult rather it is normal.

7) The PACBs have taken more than 45 minutes to open account which is significantly higher than the expected time of the customers. That is, customer orientation of PACBs in respect of time taken for opening account is significantly less than the expectation of the customers.

8) The time taken for depositing money is more than 10 minutes and the customer orientation in this regard is significantly higher than the expectation of the customers.

9) The time taken for crediting the account after the collection of cheques is more than 45 minutes and the customer orientation of the

PACBs in this regard is significantly higher than expected time of the customers.

10) There is a significant gap between actual and expected time taken by PAC banks for crediting the account ordinarily, in turn revealing the fact that the PACBs customer orientation in this regard is significantly higher than expected by the customers.

11) The PACBs are found to have provided timely service to the customers in respect of debiting the account after withdrawal of money.

12) The time taken for withdrawal of money is more than 45 minutes which is significantly higher than time expected by the customers.

13) It is found that short-term and medium term loans are the mostly availed loans by the customers from PAC banks.

14) The PAC banks in Pondicherry are reasonably fast in sanctioning the loan to the customers.

15) Most of the customers have availed loans up to 4 times from PAC banks.

16) It is found that majority of customers who have availed loan also used for non-agricultural purposes.

17) It is found that loan availed from PAC banks has not fulfilled the purpose for which it is availed.

18) It is found that the vast majority of the borrowers do not repay the loan promptly.

19) It is also found that those who have the capacity to repay the loan, do not repay deliberately expecting that the government would waive the loan availed by them.

20) It is found that the initial processing fee for sanctioning loan is abnormally high in PACB. Further, there is a strong agreement among most of the respondents that PACBs are insisting collateral assets, personal guarantee, and deposits for issuing personal loan. However, there is a disagreement among most of the customers when the question is asked about pledging of jewels, hypothecation of vehicles and mortgage of land , for loan.

21) It is found that procedures adopted by PACBs for sanctioning loan is the same for rural and urban areas. The above perceived status of PACBs customer orientation in terms of loan sanctioning procedures does not differ by difference in socio-economic characteristics of the customers.

22) It is found that the rate of interest on loan issued by PACBs is neither low nor high rather it is moderate as postulated by the sample respondents.

23) Nearly two-third of the respondents in the sample area are interested in considering PACB for banking operation. That is, customer

orientation of PACB is better to the extent of retaining two-thirds of the customer base in its fold.

24) The consideration of PACB among farmers for banking operation is significantly associated with the rate of interest on loan issued by PACB in rural and urban areas of Pondicherry.

25) The most of the customers of PACBs have not faced any problems in their operation with the banks, which indicates overall customer orientation is better in PACBs.

26) The employees of PACBs are well - versed with bank products and services and properly handle any problems faced by customers while availing loan

27) The PACB employees are very cordial with customers, understand customer's specific requirements and supply all information, procedures regarding loan.

28) The time taken for crediting account is more than 10 days when the PACB employees understand specific need for financial services whereas the time taken for crediting account is up to 3 days if the bank employees are never too busy to respond to customer requests.

29) The customer satisfaction with services broadly relating to "Interest rates and service charges", "Tangible quality of service" and "Easy to understand and error free statements" is provided by PACBs in Pondicherry.

30) There is a close relationship between employees knowledge about bank products and services and time taken for opening of accounts. This led that time taken for opening account varies from 10 minutes to 1hour depending upon the employees knowledge.

31) Similarly the same logic applies for collection of outstation cheques and making entries in the passbook and withdrawing money.

32) It is found that there is inordinate delay in dispersing the loan amount even after the loan sanctioned.

33) There is a satisfaction among the customers with "Interest rates and service charges", "Tangible quality of service" and "Easy to understand and error free statements" of PACBs.

34) It is found that the customer satisfaction with employees of PACB is primarily based on "helping attitude and prompt service", "professional skills" and "friendliness and caring attitude" of the employees.

35) There is a significant relationship between duration of membership and customers' satisfaction with overall orientation as well as with overall functioning of PACBs.

36) The customer satisfaction with overall service orientation as well as with overall employee orientation is unaffected by time taken for

opening accounts, depositing money, making credit entry into account, making transaction entries into pass book, making debt entries in the pass book and withdrawing money.

37) The customer satisfaction with overall functioning of PACB tend to increase substantially with significant increase in employees' behaviour in respect of responding to customer requests quickly, understanding the specific needs of the customers and giving important for sharing information with customer among PACB employees.

7.2 Suggestions

Based on the findings emanated from the present study, the followings suggestions are provided:

1) The banks have to increase their farmer-customer base by encouraging marginal and small farmers, through issue of required loan in time with minimum procedures.

2) The customer orientation of PACBs in respect of time taken for depositing money, crediting account after collection of cheques, withdrawal of money is much less than the expectation of customers. So, the PACBs should take necessary steps to improve these services up to the expectation of the customers.

3) The banks should keep watch on the borrowers whether the loan availed by them was utilized for the purpose for which they

borrowed have misused the loan which might have lead to prompt repayment.

4) It is found that some PACB employees do not follow up each customer personally, attend the grievances quickly and give importance for sharing information with customer. The deficiencies in these service may lead to poor customer turnover or may push the customers as defaulters. Therefore, PACBs in Pondicherry should take necessary steps to look into this problem and motivate them to provide personalized services.

5) The PACBs are found to be taking very long time to issue the loan amount even after it is officially sanctioned. This approach will create bad impression about the banks in the long run. Therefore, PACB need to release the loan amount very immediately after it is sanctioned.

7.3 Conclusion

It is concluded that the duration of membership is nothing to do with the economic status of the members of PACBs. Though a vast majority of members have banking operations with PACBs there is no markable changes in the socio-economic characteristics. The marginal and small farmers avail loan frequently and used for non productive purpose and so there is no substantial increase in their economic status. Medium and large

farmers are the beneficiary group of borrowers as they have landed properties to offer as collateral securities.

Though procedure followed by PACBs to open accounts is very simple, the banks take more time in providing customer oriented services such as opening of accounts, depositing of money, withdrawals and collection of cheques and drafts. It is understood, most of the customers have availed either short-term loan or medium term loan for agriculture and non-agriculture purposes and most of the customers have availed loan for more than one time. It is concluded that majority of the customers do not repay the loan in time due to low yield because of natural calamities. As the state government, now and then, waive the co-operative loan, even the borrowers with the repaying capacity turn to willful defaulters, expecting the loan waival .

Irrespective of the status of the borrowers most of them would like to have savings bank account and loan account with PACBs, even customers with income from agriculture do not prefer co-operative banks for depositing their surplus money in term deposits.

Regarding procedures followed by PACBs for sanctioning loan to the farmers, it is concluded that the initial expenses to get loan from PACBs is high. From the perception of the customers regardless of the difference in their socio-economic status, it is concluded that PACBs demand collateral assets, personal guarantee and deposits for issuing loans to the farmers.

Most of the farmers do consider the PACBs for banking operation due to moderate interest rate and overall good customer orientation of these banks.

The employees of PACBs have sufficient knowledge about the products and services offered by the bank. They attend the grievances quickly and share information. Though most of the employees extend courteous services still, some of them do not offer personalised service.

The time taken for opening of accounts varies from ten minutes to one hour depending upon the employees knowledge about financial services. At the same time, customers orientation services such as time taken for depositing money into accounts, making entries into pass book, debiting account against withdrawal of money and for issuing loan are related to the behaviour of employees in PACBs.

It is concluded from the views of the customers that three primary factors underlying service orientation of PACBs, viz., "interest rates and service charges", "tangible quality of service" and "easy to understand and error free statements" are the most important factors in determining customers satisfaction. The factors behind employee orientation such as "helping attitude and prompt service", "professional skills" and "friendliness of caring attitude" lead to customer satisfaction.

Though there found to be moderate satisfaction among customers with overall functioning of PACB, behaviour of PACB employees towards "understanding the specific needs for financial services" play an important

role in determining customers' satisfaction with overall functioning. It is further concluded that, not all, but only specific customer oriented services such as "time taken for crediting account" followed by "time taken for withdrawal of money" and "time taken for opening accounts" contribute to the customers' satisfaction. Overall, a moderate relationship between customer orientation and customer satisfaction is identified from the study.

7.4   Scope for further Research

The study of similar nature can be extended to Urban Co-operative Banks, State Co-operative banks and Commercial Banks. The future study like this can be undertaken by including Karaikal, Mahe and Yanam of The Union Territory of Pondicherry.

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Appendix I

Pondicherry University
Department of Commerce

CUSTOMER ORIENTATION OF PRIMARY AGRICULTURAL CO-OPERATIVE BANKS IN PONDICHERRY REGION

INTERVIEW SCHEDULE
(Confidential – For Academic Purpose Only)

Research Scholar	:	**K.NADARAJAN**
Research Guide	:	**Dr.B.MURUGESAN,M.Com,Ph.D**
Research Co.Guide	:	**Dr.P.PALANICHAMY, M.Com., Ph.D**

I.   GENERAL INFORATION

1. Name   :

2. Address   :

(Please tick in the approximate box)

3. Sex   :   Male ☐ Female ☐

4. Age   :   ☐

5. Areas of Residence   :   Rural ☐ Semi-Urban ☐ Urban ☐

6. Religion   :   Hindu ☐ Non-Hindu ☐

7. Educational Status   :   Primary ☐   Secondary ☐
                                        Graduate ☐   Post-Graduate ☐
                                        No formal education ☐

8. Occupation   :   Daily Wage ☐   Agricultural ☐
                                        Business ☐   Salaried ☐

9. Marital Status   :   Married ☐   Unmarried ☐

10. Annual Income   :   Below Rs.10000 ☐   Rs.10001-15000 ☐
                                        Rs.15001-20000 ☐   Rs.20000 and above ☐

11. Family Size   :   Up to 3 ☐   4-6 ☐   Above 5 ☐

12. Size of Agriculture Land   :   ☐

13. Land Status   :   Owned ☐   Leased ☐   owned and leased ☐

14. Area under Cultivation in Acres   :   ☐

15. Annual income from Cultivation   :   ☐

II.   PARTICULARS OF YOUR RELATIONSHIP WITH PACB

1.   How long you have been a customer of this PACB   :
      1) < 3 yrs ☐   2) 4 – 6 yrs ☐   3) 7 – 9 yrs ☐   4)10 – 12 yrs☐   > 12 yrs☐

2.   Type of account held by you in PACB   :
      1) Saving   ☐   2) Current ☐   3) Recurring☐   4) Loan ☐
      5) Fixed deposits ☐

3.   Procedure followed by bankers for opening of an account (tick appropriate box)

Very difficult	Difficult	Normal	Easy	Very Easy

4.   Actual Time taken to open account   :
      1) Up to 30mts ☐   2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

5.   Expected Time to open account:
      1) Up to 30mts ☐   2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

6.   Time taken for depositing money into your account :
      1) Up to 5mts ☐   2) 6–10mts ☐ 3) 11mts –15mts☐   4) above 15mts☐

7.   Expected Time for depositing money into account   :
      1) Up to 30mts ☐ 2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

8.   Time taken by banker for crediting account (out station cheque)   :
      1) Up to 3days ☐   2) 4-5days   3) 6-10days ☐   4) above 10days ☐

9.   Expected Time for making credit into account (out station cheque):
      1) Up to 3days ☐   2) 4-5days ☐ 3) 6-10days ☐   4) above 10days ☐

10.   Time taken by banker for making entries in pass book   :
      1) Up to 30mts ☐   2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

11.   Expected Time for making entries in pass book   :
      1) Up to 30mts ☐   2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

12.   Time taken by banker for debiting your account for withdrawal   :
      1) Up to 30mts ☐   2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

13.   Expected Time for making debiting into account:
      1) Up to 30mts ☐   2) 31–45mts ☐   3) 46mts –1hr ☐   4) above 1hr ☐

14.   Time taken for withdrawing money from your account including the time waited in Q:
      1) Up to 30mts ☐ 2) 31–45mts ☐   3) 46mts –1hr ☐4) above 1hr ☐

15.   Expected Time for withdrawing money from your account excluding the time wait in Q:
      1) Up to 5mts ☐ 2) 6–10mts☐ 3) 11mts –15mts ☐ 4) above 16mts ☐

16. Nature of agricultural loan received by you from PACB   :
    1) Nil ☐   2) Short-term ☐   3) Medium term ☐

17. Expected time for sanctioning of loan:
    1 Up to 15 days ☐   2) 16 – 20 days ☐   3)21- 30 days ☐   4) beyond 30 days ☐

18. Time taken for issuing loan after sanctioning:
    1) Up to 7 days ☐   2) 8 – 15 days ☐   3) 15-30 days ☐   4) beyond 30 days ☐

19. How many times you have availed loan? ☐

20. What is the purpose of availing loan?
    1) Agricultural purpose ☐   2) Non agricultural purpose ☐   3) Both ☐

21. Did you use the loan amount for the purpose for which you have availed?
    Yes ☐   No ☐

22. If your answer is no what made you to deviate? _____

23. Do you regularly repay the loan?
    Yes ☐   No ☐

24. If you are a defaulter what are the reasons for not making prompt repaying?
    1) Due to natural calamity –adequate income not generated
    2) Willful default- Expecting write- off the loan by the Govt.
    3) Inadequate income due to poor application of agricultural inputs
    4) Depressed sales
    5) Any other

25. Procedure followed by bankers for sanctioning loan (tick appropriate box) (SD – Strongly Disagree, D – Disagree, N – Neither Disagree nor Agree, A – Agree and SA – Strongly Agree)

SN	Statements	SA	A	N	D	SD
1	Demand for deposits for issuing loan					
2	Demanding collateral assets					
3	Demand for personal guarantee					
4	Mortgage of land					
5	High processing fee					
6	Initial expenses to get loan is high					
7	Pledge of Jewels					
8	Hypothecation of vehicles					

26. Rate of Interest on loan (tick appropriate box)

Very High	High	Normal	Low	Very Low

27. Do you consider this PACB as your primary bank: Yes ☐   No ☐

28. Have you contacted your PACB during the pass 12 months with a problem or question?

      Yes ☐   No ☐

29. Behaviour of Bank Employees (tick appropriate box) (SD – Strongly Disagree, D – Disagree, N – Neither Disagree nor Agree, A – Agree and SA – Strongly Agree)

SN	Statements	SA	A	N	D	SD
1	Employees never being too busy to respond to customer requests					
2	Employees understand the specific needs of their customers					
3	Employees follow up each customer individually					
4	Give all relevant information about all the conditions for loan					
5	Customers' grievances are attended quickly					
6	Sharing information with customers are given much important					
7	Properly handling any problems that arise					
8	Customers are promptly informed about various stages of loan					
9	Have good knowledge about various bank products and services					
10	Understand specific needs for financial services					

30. Customers' Satisfaction with bank services (tick appropriate box) (HD – Highly Dissatisfied, D – Dissatisfied, N – Neither Dissatisfied nor Satisfied, S – Satisfied and HS – Highly Satisfied)

SN	Statements	HS	S	N	D	HD
1	Provided easy access to needed information					
2	Information and statement supplied by banker easy to undestand					
3	Providing error-free bank statements					
4	Bank office is clean and well maintained					
5	Paying competitive interest rates for deposits					
6	Charging reasonable service fees					
7	Charging competitive interest rates on loans					
8	Providing a good value in banking products and services					
9	Offering convenient banking hours					
10	Providing convenient branch locations					

31. Customers' Satisfaction with bank staff (tick appropriate box) (HD – Highly Dissatisfied, D – Dissatisfied, N – Neither Dissatisfied nor Satisfied, S – Satisfied and HS – Highly Satisfied)

SN	Statements	HS	S	N	D	HD
1	Friendliness					
2	Willingness to help					
3	Having a concerned and caring attitude					
4	Providing prompt customer service					
5	Being capable and competent to serve					
6	Giving you their whole hearted attention					
7	Being consistently courteous					
8	Maintaining a professional appearance					
9	Keeping your transactions confidential					

32 On the whole how you are satisfied with your PCAB (tick appropriate box)

Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied

*** Thanking you ***

APPENDIX II

புதுச்சேரி பல்கலைக்கழகம்,
வணிகவியல் துறை

புதுச்சேரி பகுதியில் தொடக்க வேளாண்மைக் கூட்டுறவு வங்கிகளில்
நுகர்வோர் நோக்கு

நேர்காணல் வினா விவரம்

(இரகசியம் பாதுகாக்கப்படும் – ஆய்வுக்காக மட்டும்)

ஆய்வாளர்   : கி. நடராசன்

நெறியாளர்   : முனைவர் B. முருகேசன், M.Com., Ph.D.,

இணை நெறியாளர் : முனைவர் P. பழனிச்சாமி, M.Com., Ph.D.,

I. பொதுத் தகவல்கள்:

1. பெயர்   :

2. முகவரி   :

3. பாலினம்   :   ஆண் ☐   பெண் ☐

4. வயது   :   ☐

5. வாழ்விடம்   :   கிராமம் ☐   ஊரகம் ☐   நகரம் ☐

6. மதம்   :   இந்து ☐   பிறர் ☐

7. கல்வி   :   ஆரம்பக் கல்வி ☐   உயர்நிலைக் கல்வி ☐
                      பட்டப் படிப்பு ☐   முதுகலைப் பட்டம் ☐
                      படிப்பில்லை ☐

8. தொழில்   :   கூலி ☐   விவசாயம் ☐
                      வியாபாரம் ☐   சம்பளதாரர் ☐

9. திருமணம்   :   திருமணமானவர் ☐   திருமணமாகாதவர் ☐

10. ஆண்டு வருவாய் :   ரூ.10,000க்கு கீழ் ☐   ரூ.10,000–15,000 வரை ☐
                      ரூ.15,001–20,000 வரை ☐   ரூ.20,000க்கு மேல் ☐

11. குடும்ப அளவு :   3 நபருக்கு குறைவு ☐ 4–5 நபர்கள் வரை ☐ 5க்கு மேல் ☐

12. விளைநிலம்   :   உண்டு ☐   இல்லை ☐
                      ஏக்கரில் ☐

13. நில உரிமை   :   சொந்தம் ☐   குத்தகை ☐   சொந்தம் & குத்தகை ☐

14. விளைநில அளவு :   ஏக்கரில் ☐

15. விவசாய ஆண்டு வருவாய் : ☐

II. கூட்டுறவு வங்கியினுடனான உங்களின் தொடர்பு விவரம்:

1. எவ்வளவு காலமாக தொடக்க வேளாண்மை கூட்டுறவு வங்கியில் வாடிக்கையாளராக இருக்கின்றீர் ?

அ) மூன்று ஆண்டுகட்கு குறைவாக ☐   ஆ) 4 முதல் 6 ஆண்டுகள் ☐

இ) 7 முதல் 9 ஆண்டுகள் ☐   ஈ) 10 முதல் 12 ஆண்டுகள் ☐

உ) 12 ஆண்டுகட்கு மேலாக ☐

2. தொடக்க வேளாண்மை கூட்டுறவு வங்கியில் நீங்கள் வைத்துள்ள கணக்கின் வகை

அ) சேமிப்பு க/கு ☐   ஆ) நடப்பு க/கு ☐

இ) நிலை வைப்பு க/கு ☐   ஈ) தொடர் வைப்பு க/கு ☐

உ) கடன் க/கு ☐

3. கணக்கு ஆரம்பிக்க வங்கியர் பின்பற்றும் நடைமுறைகள்

அ) மிக சுலபமானவை ☐   ஆ) சுலபமானவை ☐

இ) சாதாரணமானவை ☐   ஈ) கடினமானவை ☐

உ) மிக கடினமானவை ☐

4. கணக்கு ஆரம்பிக்க எடுத்துக்கொண்ட உண்மையான நேரம்

அ) 30 நிமிடங்கள் ☐   ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐   ஈ) 1 மணி நேரத்திற்கு மேல் ☐

5. நீங்கள் எதிர்பார்க்கின்ற நேரம்

அ) 30 நிமிடங்கள் ☐   ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐   ஈ) 1 மணி நேரத்திற்கு மேல் ☐

6. உங்கள் கணக்கில் பணம் செலுத்த ஆகும் நேரம்

அ) 5 நிமிடத்திற்கும் குறைவு ☐   ஆ) 6 – 10 நிமிடங்கள் ☐

இ) 11 – 15 நிமிடங்கள் ☐   ஈ) 15 நிமிடங்களுக்கு மேல் ☐

7. பணம்செலுத்த தாங்கள் எதிர்பார்த்த கால அளவு

அ) 30 நிமிடங்களுக்கு குறைவாக ☐   ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐   ஈ) 1 மணி நேரத்திற்கு மேல் ☐

8. வெளியூர் காசோலையை வசூலித்து கணக்கில் வரவுவைக்க வங்கியர் எடுத்துக்கொள்ளும் காலம்

☐

☐

அ) 3 நாட்கள் ☐ ஆ) 4–5 நாட்கள் ☐

இ) 6– 10 நாட்கள் ☐ ஈ) 10 நாட்களுக்கும் மேல் ☐

9. வெளியூர் காசோலையை வசூலித்து கணக்கில் வரவு வைக்க தாங்கள் எதிர்பார்த்த நேரம்

அ) 3 நாட்கள் ☐ ஆ) 4–5 நாட்கள் ☐

இ) 6– 10 நாட்கள் ☐ ஈ) 10 நாட்களுக்கும் மேல் ☐

10. கணக்கில் வரவு வைக்க சாதாரணமாக வங்கியர் எடுத்துக்கொள்ளும் காலம்

அ) 30 நிமிடங்களுக்கு குறைவாக ☐ ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐ ஈ) 1 மணி நேரத்திற்கு மேல் ☐

11. கணக்கில் வரவு வைக்க தாங்கள் எதிர்பார்த்த காலம்

அ) 30 நிமிடங்களுக்கு குறைவாக ☐ ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐ ஈ) 1 மணி நேரத்திற்கு மேல் ☐

12. பணம் எடுக்கையில் உங்கள் கணக்கில் பற்றுவைக்க வங்கியர் எடுத்துக்கொண்ட நேரம்

அ) 30 நிமிடங்களுக்கு குறைவாக ☐ ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐ ஈ) 1 மணி நேரத்திற்கு மேல் ☐

13. பணம் எடுக்கையில் உங்கள் கணக்கில் பற்றுவைக்க நீங்கள் எதிர்பார்த்த காலம்

அ) 30 நிமிடங்களுக்கு குறைவாக ☐ ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐ ஈ) 1 மணி நேரத்திற்கு மேல் ☐

14. பணம் எடுக்க ஆன மொத்த நேரம் (வரிசையில் நின்றது முதல்)

அ) 30 நிமிடங்களுக்கு குறைவாக ☐ ஆ) 31 – 45 நிமிடங்கள் ☐

இ) 46– 60 நிமிடங்கள் ☐ ஈ) 1 மணி நேரத்திற்கு மேல் ☐

15. பணம் எடுக்க நீங்கள் எதிர்நோக்கிய காலம் (வரிசையில் நிற்காமல்)

அ) 5 நிமிடங்களுக்கு குறைவாக ☐ ஆ) 6 – 10 நிமிடங்கள் ☐

இ) 11– 15 நிமிடங்கள் ☐ ஈ) 16 நிமிடங்களுக்கு மேல் ☐

16. தொ.வே.கூட்டுறவு வங்கியில் தாங்கள் பெற்ற விவசாயக் கடன்

அ) இதுவரையில்லை ☐ ஆ) குறுகியகாலக் கடன் ☐

இ) மத்திய காலக் கடன் ☐ ஈ) நீண்டகாலக்கடன் ☐

17. கடன்பெற தாங்கள் எதிர்பார்த்தக் காலம்

    அ) 15 நாட்கள் ☐   ஆ) 16 முதல் 20 நாட்கள் ☐

    இ) 21 முதல் 30 நாட்கள் ☐   ஈ) 30 நாட்களுக்கும் மேல் ☐

18. கடன்வழங்க வங்கியர் எடுத்துக்கொண்ட காலம் (விண்ணப்பித்த நாள் முதல் வழங்கும் நாள் வரை)

    அ) 15 நாட்கள் ☐   ஆ) 15 முதல் 20 நாட்கள் ☐

    இ) 20 முதல் 30 நாட்கள் ☐   ஈ) 30 நாட்களுக்கும் மேல் ☐

19. தாங்கள் எத்தனை முறை கடன்பெற்றுள்ளீர்கள் ? ☐

20. கடன்பெறுவதன் நோக்கம் என்ன ?
    அ) விவசாயத் தேவை   ஆ) விவசாயம் அல்லாதது   இ) இரண்டும்

21. எந்நோக்கத்திற்காக கடன் பெற்றீரோ, அதற்காக அத்தொகையை பயன்படுத்தினீரா ?
    அ) ஆம் ☐   ஆ) இல்லை ☐

22. இல்லையெனில், எதற்காக பயன்படுத்தினீர் ? _____

23. கடன் தொகையை முறையாக திருப்பி செலுத்துகின்றீரா ?

    அ) ஆம்   ஆ) இல்லை

24. இல்லையெனில் அதற்குரிய காரணமென்ன ?

    அ) இயற்கையின் பேரழிவால் விளைச்சல் இல்லை

    ஆ) கடனை அரசு தள்ளுபடி செய்துவிடும் என்ற எதிர்பார்ப்பு

    இ) விவசாய உரங்கள் சரிவரக் கிடைக்காமை

    ஈ) விளைபொருள் விலை வீழ்ச்சி

    உ) மற்றவை

25. கடன்பெற வங்கியர் பின்பற்றிய முறைகள்

	மி.ஏ.	ஏ.	ப.	ஏ.அ.	மி.ஏ.அ.
அ) முன்பண வைப்புத் தொகை பெற்றனர்	☐	☐	☐	☐	☐
ஆ) அசையும் சொத்துக்களின் உத்தரவாதம் கோரினர்	☐	☐	☐	☐	☐
இ) தனிநபர் உத்தரவாதம் கோரினர்	☐	☐	☐	☐	☐
ஈ) நில அடமானம்	☐	☐	☐	☐	☐
உ) அதிக பரிசீலணைக் கட்டணம்	☐	☐	☐	☐	☐
ஊ) அதிக ஆரம்பகால செலவு	☐	☐	☐	☐	☐
எ) நகைகளை ஈடாக வைத்தல்	☐	☐	☐	☐	☐
ஏ) வாகனங்களை ஈடாக வைத்தல்	☐	☐	☐	☐	☐

26. கடன்மீது வட்டி வீதம்

   அ) மிக அதிகம் ☐   ஆ) அதிகம் ☐

   இ) சாதாரணமானவை ☐   ஈ) குறைவு ☐

   உ) மிகக் குறைவு ☐

27. இவ்வங்கி உங்களுடையது என எண்ணுகின்றீரா ?

   அ) ஆம் ☐   ஆ) இல்லை ☐

28. கடந்த ஒரு ஆண்டில் ஏதேனும் பிரச்சனையோடு வங்கியை அனுகி உள்ளீரா?

   அ) ஆம் ☐   ஆ) இல்லை ☐

29. வங்கி ஊழியர்களின் நடவடிக்கைகளைப் பற்றி உங்கள் கருத்து. (ஒவ்வொரு கருத்துக்கும் தனித்தனியே குறியிடவும்)

கருத்துக்கள்	மிக ஏற்புடையது	ஏற்புடையது	பரவாயில்லை	ஏற்புடையது அல்ல	மிக ஏற்புடையது அல்ல
அ) வாடிக்கையர் வேண்டுதல்கட்கு ஒருபோதும் விரைவாக பதிலளிப்பதில்லை.					
ஆ) வாடிக்கையாளர்களின் தேவைகளை புரிந்து வங்கி ஊழியர் செயல்ப்டுகின்றனர்.					
இ) ஒவ்வொரு வாடிக்கையாளரிடமும் தனிக்கவனம் செலுத்துகின்றனர்.					
ஈ) கடன் பெறத் தேவையான தகவல்களை அளிக்கின்றனர்					
உ) வாடிக்கையாளர்கள் நிலையை உடனுக்குடன் புரிந்துசெயல்படுகின்றனர்.					
ஊ) வாடிக்கையாளர்கட்கு தகவல்களை அளிப்பதற்கு முன்னுரிமை அளிக்கின்றனர்.					
எ) பிரச்சனைகளை சரியாக கையாளுகின்றனர்					
ஏ) கடன்நிலை பற்றிய தகவலை அவ்வப்போது வாடிக்கையாளர்களுக்கு அறிவிக்கின்றனர்					
ஐ) இதர வங்கிச் சேவைகளைப் பற்றி நன்கு அறிந்து வைத்துள்ளனர்.					
ஒ) நிதி சார்ந்த சேவைகளில் தனிக்கவனம் செலுத்துகின்றனர்					

30. வங்கி சேவைகள் பற்றி வாடிக்கையாளரின் மனநிறைவு:

கருத்துக்கள்	மிக நன்று	நன்று	பரவாயில்லை	மோசம்	மிக மோசம்
அ) தேவையான தகவல்களை எளிதாக அளிக்கின்றனர்					
ஆ) வங்கித் தகவல்கள் படிக்கவும், புரிந்துகொள்ளவும் எளிமையாக உள்ளன.					
இ) வங்கித் தகவல்களில் பிழைகள் இல்லை					
ஈ) வங்கி அலுவலகங்கள் சுத்தமாகவும் சுகாதாரமாகவும் உள்ளன.					
உ) வைப்புகள் மீது உயர்வட்டி அளிக்கின்றனர்.					
ஊ) சேவைக்கட்டணம் நியாயமாக உள்ளது.					
எ) கடன் மீதான வட்டிவீதம் அதிகமாக உள்ளது					
ஏ) சேவைகள் நன்றாக உள்ளன.					
ஐ) வேலை நேரம் ஏற்புடையதாக உள்ளது					
ஒ) அலுவலக அமைவிடம் நன்றாக உள்ளது.					

31. வங்கி ஊழியர்களின் சேவைகளில் வாடிக்கையாளர்களின் எதிர்பார்ப்புகள்:

கருத்துக்கள்	மிக நன்று	நன்று	பரவாயில்லை	மோசம்	மிக மோசம்
அ) நட்பாக நடக்கின்றனர்					
ஆ) உதவிகரமாக உள்ளனர்.					
இ) நிறுவனம் சார்பாக செயல்புரிகின்றனர்					
ஈ) வாடிக்கையர்கட்கு நன்றாக பணி புரிகின்றனர்					
உ) போட்டியான மனப்பான்மையில் செயலாற்றுகின்றனர்					
ஊ) முழுமனதோடு செயலாற்றுகின்றனர்					
எ) நேர்மையாக உள்ளனர்					
ஏ) எப்பொழுதும் இன்முகத்துடன் செயலாற்றுகின்றனர்					
ஐ) நடவடிக்கைகளின் ரகசியத்தன்மை காக்கின்றனர்					

32. இவ்வங்கியை பற்றிய பொதுவான கருத்து:

மிக நன்று	நன்று	பரவாயில்லை	மோசம்	மிக மோசம்

நன்றி