



## Avenues of Co-operative Bank's in Rural Areas

Dr. SK Chaudhary

Associate Professor, Department of EAFM, S.S. Jain Subodh P.G. (Autonomous) College, Jaipur, Rajasthan, India

### Abstract

Rural Cooperative Banking and Credit Institutions play an important role in meeting the growing credit needs of rural India. The volume of credit flowing through these institutions has increased. This paper examines the actual usage of information technology in terms of function and different types of technology such as networks, computerization, mobile phones and landlines, in addition to the traditional ICT expenditure approach. It distinguishes ICT usage in different aspects of the management and operations of the financial institution in rural area.

**Keywords:** cooperative banking, economic performance, technology and rural area

### 1. Introduction

The impact of information and communication technology (ICT) on the economic performance of firms (usually understood in a classical economic sense, using measures such as total factor productivity, return on investment, labour productivity, and market share). However, none of them deal directly with rural institutions for development, especially in service industries. Information and Communication Technologies (ICTs) for development (World Development Report 1999) and widespread interest in best practice examples in the delivery of e-services importance for rural. This paper studies the cooperative bank's customer perception of service quality in the cooperative banks sector in rural area. 100 samples were randomly selected for knowing their experience with the bank. The assessment of the banks was that the customer was highly satisfied with the services of technological advancements and employees. Complementarities in skills and human capital, training in IT skills of the bank staff, absorptive capacity of the customers and community and education level of the community, are of crucial importance for the efficiency of rural cooperative banks (Devaraj, S. 2003) <sup>[4]</sup>.

### Review of literature

Ravi C.S & Kundan Basavaraj (2013) <sup>[1]</sup> investigated the preference and satisfaction level of level of customer toward loans, deposits schemes, insurance and value added services rendered, by and public banks in private banks in shivamogga district. Business and vehicle, loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non-users other services have to be adopted.

R. Patel' – has reviewed the growth of agriculture advances made by co-operative and commercial bank in the country. Looking to the increase in the aggregate short and medium term loans advanced by the

cooperative societies from Rs. 578 crores in 1970-71 to Rs. 686 crores in 1972-73 has commented that it would not be far from achieving the target of 780 crores in 1973-74. The researcher being a resident by profession, of the city of Jaipur, the capital of the State of Rajasthan; has chosen the district of Jaipur for conducting an in-depth, micro-level research study on rural cooperative banks as well as their branches operating in the district of Jaipur. The researcher on comparative view of functioning of both the categories of banks in detail thereby making this research study much more meaningful and fully representative of the entire urban cooperative banking system. Kalyankar (1983) <sup>[2]</sup> Socioeconomic factors responsible in projecting and promoting future development in the operations and approaches of the cooperative credit organizations were also considered to examine the specific progress made by Central Co-operative Bank of Parbhani District. The paper revealed that the cropping intensity, irrigation facility and working capital of the societies were the major factors for explaining over dues at primary agricultural credit societies' level. The socio-economic factors were not responsible for increasing over dues at the borrowers' level, but over dues were mainly mounted due to the noneconomic factors in case of willful defaulters.

### Performance and Customer Satisfaction

Co-operative banks are small units organized in the co-operative sector which function both in urban and rural area centers. These banks are usually centered on communities, localities and work place groups and they basically lend to small borrowers and business. Co-operative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities. By increasing banking access in areas or markets like SMEs, farmers in rural areas and middle or low income households in urban areas etc. Where other

banks are less present and they reduce banking exclusion and promote the economic ability of millions of people.

The cooperative banks are delivering two types of service namely, general service and economic service. The general service comprises day-to-day dealing with the banks like withdrawals, deposits and demand draft etc., economic service comprises availing the loan facilities. Age, occupation, income and family size make the customers of urban cooperative banks to differ in their opinion about general service of urban cooperative banks. Education, occupation and family size of customers are affecting their opinion about economic service.

Thus, the banks need to manage and measure the performance on the following variables not only for sustainable development but also as an excellent management control and planning tools.

- (1) Financial
- (2) Capital
- (3) Intangible assets, (customer satisfaction, brand equity etc)
- (4) Human
- (5) Risk and Regulatory
- (6) Technology
- (7) Speed
- (8) Society

### Origin of Cooperative banks

Cooperative banks serve an important role in the Indian economy, especially in rural areas. In urban areas, they mainly serve small industry and self-employed workers. They are registered under the Cooperative Societies Act, 1912. They are regulated by the Reserve Bank of India under the Banking Regulation Act, 1949 and Banking Laws (Application to Co-operative Societies) Act, 1965. Anyonya Sahakari Mandali, established in 1889 in the province of Baroda, is the earliest known cooperative credit union in India.

*The structure of commercial banking is of branch-banking type; while the co-operative banking structure is a three tier federal one.*

- 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. (ie. District Co-operative Banks ltd. works at district level)
- Primary co-operative credit societies at base level (At village level)

### Benefits of Cooperative Bank

The first comprehensive enquiry into problems of rural credit was introduced of the Rural Credit Survey Committee (1954), 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. A Cooperative bank may, in particular, undertake the following types of business, namely:

The granting of loans and advances, particularly to small and marginal farmers and agricultural laborers, whether individual or in groups and to co-operatives societies (including agricultural marketing societies, agricultural processing societies, Co-operative farming societies,

primary agricultural credit societies or farmers' service societies) for agricultural purposes or agricultural operations or for other connected purposes.

The granting of loans and advances, particularly to artisans, small entrepreneurs and persons of small means engaged in trade, commerce or industry or other productive Cooperative movement in India basically aims at bringing about important in the socio-economic states of its members and their families and the community as a whole. This paper makes an attempt to take into account the social dimension of the rural cooperative banks and distinguishes different types of loans using a non-parametric multi-output (Caroli 2001) <sup>[3]</sup>.

More advanced IT facility increases profitability of the rural banks, but since this also means more investment, it may not enhance efficiency significantly.

### Conclusion

Overall satisfaction on bank deposit schemes resulted positive while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non-users other services have to be adopted. The research revealed that the cropping intensity, irrigation facility and working capital of the societies were the major factors for explaining over dues at primary agricultural credit societies' level (Including Co-operative farming societies, primary agricultural credit societies or farmers' service societies). The assessment of the bank customer was highly satisfied with their services of technological advancements and employees.

### Reference

1. Ravi CS, kundan basavaraj. Customer preference and satisfaction towards banking services with special reference to shivamogga district in Karnataka. Trans Asian journal of marketing & management research 2013; 2(1).
2. Kalyankar. in his paper titled, "Wilful Default in Loans of Co-operatives" examined the trends in deposits, shareb capital, working capital, loans outstanding, advances, overdues and recoveries at the district level financing institutes, 1983.
3. Caroli E, Van Reenen J. 'Skill-biased organizational change? Evidence from apanel of British and French establishments', Quarterly Journal of Economics, 2001; 116(4):1449-92.
4. Devaraj S, Kohli R. 'Performance impacts of information technology: Is actual usage the missing link?' Management Science. 2003; 49(3):273-89.