

LOAN BENEFICIARIES OF SCHEDULED COMMERCIAL BANKS: AN OPINION SURVEY

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Abstract

Bank credit is essential for sustainable development. It is an important input variable in the production function of agricultural, industrial, commercial and allied production activities. The present paper examines the perception of loan beneficiaries regarding bank credit. The study is based on primary data and tools like one-sample kolmogorov-smirnov test, simple percentages, reliability analysis, chi-square test, kruskal-wallis and kendall's coefficient of concordance test have been used for the analysis of data. The study found that a large proportion of the loan beneficiaries were satisfied with the loan services provided by their respective banks but they also faced certain problems like higher rate of interest, lengthy and technical application forms and improper grievance handling mechanism. Banks should further improve their loan services for better customer satisfaction.

Key Words: bank, credit, loan, beneficiaries, services.

Introduction

Banks play a significant role in the development of the economy. The importance of banking institutions is felt rather deeply in the developing economies that are usually short of capital. These institutions mobilize the resources and channelize them to the various sectors. Lending is one of the two principal functions of commercial banks, not only because of social obligation to cater to the credit needs of different sections of the community but also because lending is the most profitable activity. By advancing loans, they increase the purchasing power in the economy and influence the aggregate demand and create additional demand in various sectors. Banks through lending contribute towards mass production, mass distribution, and mass consumption. In the modern economy of India, bank credit is an important input variable in the production function of agricultural, industrial, commercial and allied production activities. Apart from the quantum of bank credit, its development, competition and direction is equally important in realization of country's various macro-economic goals. Banks create money in the economy by advancing loans to different categories of borrowers' for a wide variety of purposes. Hence it becomes significant to study the perception of borrowers' with regard to bank credit by scheduled commercial banks.

Objectives of the Study

The objectives of the present paper are:-

1. To study the demographic profile of the respondents of the public, private and foreign banks.
2. To examine the opinion of the borrowers' regarding bank credit in northern region.

Research Methodology

The study is based on primary sources of information. The primary data has been collected through a well-structured questionnaire. In order to validate and find out the reliability of questionnaire, a pilot study was conducted on 50 loan beneficiaries, before processing the actual one. Appropriate modifications in contents and format of the questionnaire were then incorporated in the light of inconsistencies found during the pilot study. The analysis of primary data has been done using various statistical tools, such as One-sample Kolmogorov-Smirnov test, Simple percentages, Chi-square test, Kruskal-Wallis and Kendall's coefficient of concordance test. The agreement level of the respondents

was ascertained on a five-point Likert scale. The reliability and validity of the agreement level statements has been checked through reliability analysis

Survey of Borrowers

For the purpose of this study, a sample of 550 individual borrowers' residing in northern region was selected. For this purpose, sampling was done in three stages taking the highest number of offices as the base. At the first stage, out of seven states/UTs in northern region (division as per RBI) five states/UTs have been selected. The selected states/UTs are Rajasthan, Punjab, Haryana, Delhi and Chandigarh. At the second stage, three districts from each state have been selected. Ajmer, Udaipur and Jaipur represent Rajasthan state; Amritsar, Jalandhar and Ludhiana represent Punjab state, whereas Ambala, Faridabad and Gurgaon represent the state of Haryana; and the two UTs include Delhi and Chandigarh. At the final stage, different banks have been selected, consisting 3 public sector banks, 2 private sector banks and 1 foreign bank from each district/UT. As many as 50 borrowers' each from the selected districts and UTs have been selected. These borrowers' represent the selected bank groups. The division of 50 borrowers' among public sector banks, private sector banks and foreign banks was in the ratio of 6:3:1, i.e., 30 borrowers' from public sector banks, 15 borrowers' from private sector banks, and 5 borrowers' from foreign banks.

Demographic Profile of the Respondents

The demographic profile of the respondents of the selected bank groups has been studied on basis on the basic attributes like gender, age, educational qualification, number of family member, number of earning member, job/profession and monthly income. Age-wise, the respondents of various bank groups have been classified into four categories, viz. 'Below 30 years', '30-40 years', '40-50 years' and 'Above 50 years'. Education-wise, the respondents of various bank groups have been classified into four educational categories, viz. 'matriculation', 'graduation', 'Diploma Holder/ Professional' and 'Post Graduation'. On the basis of number of family members, the respondents surveyed have been divided into five categories viz. 'Up to 2', '3', '4', '5' and 'above 5'. On the basis of earning member in the family, the respondents surveyed have been divided into five categories viz. '1', '2', '3', '4' and 'above 4'. Job/Profession-wise, the respondents surveyed have been divided into six categories viz. 'Service Person', 'Businessman', 'Professional', 'Agriculturist', 'Industrialist' and 'Any Other'. Monthly income-wise, the respondents of the different banks have been classified into five groups 'Less than Rs. 20,000', 'Rs. 20,000-Rs. 50,000', 'Rs. 50,001-Rs. 1,00,000', 'Rs. 1,00,001-Rs. 1,50,000' and 'More than 1,50,000'. The demographic profile of the respondents of the public, private and foreign banks is presented in the table 1.

Table 1: Demographic Profile of the Respondents of Public Private and Foreign Banks

Demographic Variables	Sub-Groups	Frequency				Percentage			
		Public Sector Banks	Private Sector Banks	Foreign Banks	Total	Public Sector Banks	Private Sector Banks	Foreign Banks	Total
Gender	Male	258	122	46	426	78.2	73.9	83.6	77.5
	Female	72	43	9	124	21.8	26.1	16.4	22.5
Age	Below 30 years	54	40	12	106	16.4	24.2	21.8	19.3
	30-40 years	144	64	31	239	43.6	38.8	56.4	43.5
	40-50 years	91	35	10	136	27.6	21.2	18.2	24.7
	Above 50 years	41	26	2	69	12.4	15.8	3.6	12.5
Education	Matriculation	63	7	1	71	19.1	4.2	1.8	12.9
	Graduation	130	60	23	213	39.4	36.4	41.8	38.7
	Diploma Holder/ Professional	25	22	8	55	7.6	13.3	14.5	10.0
	Post Graduation	104	69	20	193	31.5	41.8	36.4	35.1
Number of Members	Up to 2	22	7	7	36	6.7	4.2	12.7	6.5
	3	38	47	10	95	11.5	28.5	18.2	17.3
	4	172	53	21	246	52.1	32.1	38.2	44.7
	5	67	34	9	110	20.3	20.6	16.4	20.0

	Above 5	31	24	8	63	9.4	14.5	14.5	11.5
Number of Earning Members	1	89	55	13	157	27.0	33.3	23.6	28.5
	2	204	81	35	320	61.8	49.1	63.6	58.2
	3	23	22	5	50	7.0	13.3	9.1	9.1
	4	11	4	1	16	3.3	2.4	1.8	2.9
	Above 4	3	3	1	7	.09	1.8	1.8	1.3
Job/Profession	Service Person	186	104	36	326	56.4	63.0	65.5	59.3
	Businessman	82	26	13	121	24.8	15.8	23.6	22.0
	Professional	26	25	4	55	7.9	15.2	7.3	10.0
	Agriculturist	13	7	0	20	3.9	4.2	0.0	3.6
	Industrialist	2	1	2	5	0.6	0.6	3.6	0.9
Any Other	Any Other	21	2	0	23	6.4	1.2	0.0	4.2
	Less than Rs. 20,000	23	5	0	28	7.0	3.0	0.0	5.1
	Rs. 20,000-Rs. 50,000	137	48	11	196	41.5	29.1	20.0	35.6
	Rs. 50,001-Rs. 1,00,000	108	68	34	210	32.7	41.2	61.8	38.2
	Rs. 1,00,001-Rs. 1,50,000	28	14	9	51	8.5	8.5	16.4	9.3
Monthly Income	More than 1,50,000	34	30	1	65	10.3	18.2	1.8	11.8
	All	Total	330	165	55	550			

The table 1 that 77.5 per cent of the respondents are male and 22.5 per cent of the respondents are female.

Analysis reveals that 43.5 per cent of the respondents fall in the age group of 30-40 years, 24.7 per cent belong to the age group of 40-50 years, 19.3 per cent appear under the age group of below 30 years, while those in the age group of above 50 years constitute only 12.5 per cent of the total respondents.

A glance at the table provides that majority of the sample borrowers', i.e., 38.7 per cent chosen for the survey are graduates. Post-graduates account for 35.1 per cent of the total respondents; 12.9 per cent respondents are matriculates; 10.0 per cent of the respondents are either diploma holders in any discipline or professionals; and the remaining 3.3 per cent of the total respondents belong to above post-graduation category.

The table reveals that majority of the respondents, i.e., 44.7 per cent have 4 members in their family, 20.0 per cent respondents have 5 members in their family, 17.3 per cent of the sample borrowers' have 3 family members, 11.5 per cent have above 5 family members while the remaining 6.5 per cent of the sample respondents have 2 members in their family.

The table shows that maximum number of sample borrowers', i.e., 58.2 per cent have two earning members in their family, followed by those having only 1 earning member, 3 members and 4 members in their family with the respective percentages of 28.5 per cent, 9.1 per cent per cent and 2.9 per cent. Only a meagre proportion of the sample borrowers', i.e., 1.3 per cent have more than 4 earning members in their family.

Further, 59.3 per cent of the total respondents belong to the category of service person followed by 22 per cent businessman, 10 per cent professional, 4.2 per cent any other including entrepreneurs, students etc, 3.6 per cent agriculturist and 0.9 per cent industrialist.

It can be seen from the table that 38.2 per cent of the sample borrowers' have a monthly family income in the range of Rs. 50,001-1,00,000 per month, followed by 35.6 per cent of the respondents having monthly family income in the range of Rs. 20,000-50,000 per month, 11.8 per cent having income above 1,50,000, 9.3 per cent in income range of Rs. 1,00,001-1,50,000 and the remaining 5.1 per cent of them have income less than Rs. 20,000 per month.

Borrowers' Perception Regarding Bank Credit

Table 2 to 11 depicts the opinion of respondents of the respective banks regarding reasons for selecting the bank, purpose of loan, time taken in disbursement of loan, security provided for loan, rate of interest charged by banks, timely availability of loan, problems in filling loan application form, future loan requirement and overall satisfaction level.

Reason for Choosing the Bank

Table 2 presents the data pertaining to various reasons which influence the borrowers' to avail loan from the scheduled commercial banks. The table reveals that most of the respondents, i.e., 34.2 per cent are influenced by lesser formalities followed by 32.2 per cent by lower rate of interest, 27.3 per cent by bank official references, 20 per cent by flexible tenure and 14.7 per cent of the borrowers' are influenced by the recommendation from some persons. Further the chi-square values are significant at 5 per cent level of significance, which indicates that significant inter-bank differences exist with regard to the all the reason for choosing the bank to avail loan from scheduled commercial banks except 'lesser formalities' and 'knew somebody in the bank' and 'on the recommendations/ suggestions from some person'. The higher number of respondents of public sector banks favored reasons lower rate of interest, flexible tenure of repayment and others including proximity of banks, old bank, conviction etc (142, 43 & 51 respectively), as compared to respondents of other banks. Reason 'Provides higher amount of loan' was favoured highly by the respondents of foreign banks (26).

Table 2: Reason for Selecting the Bank

Bank Groups → Reasons ↓	Public Sector Banks	Private Sector Banks	Foreign Banks	Total	Chi-Square
i) Lower rate of interest	142 (43.0%)	33 (20.0%)	2 (3.6%)	177 (32.2%)	$\chi^2 = 49.548^*$ df = 2
ii) Lesser formalities	108 (32.7%)	59 (35.8%)	21 (38.2%)	188 (34.2%)	$\chi^2 = .884$ df = 2
iii) Flexible tenure of repayment	43 (13.0%)	39 (23.6%)	28 (50.9%)	110 (20.0%)	$\chi^2 = 44.223^*$ df = 2
iv) Provides higher amount of loan	11 (3.3%)	15 (9.1%)	26 (47.3%)	52 (9.5%)	$\chi^2 = 106.357^*$ df = 2
v) Knew somebody in the bank	86 (26.1%)	48 (29.1%)	16 (29.1%)	150 (27.3%)	$\chi^2 = .611$ df = 2
vi) On the recommendations/ suggestions from some person	58 (17.6%)	18 (10.9%)	5 (9.1%)	81 (14.7%)	$\chi^2 = 5.439$ df = 2
vii) Any other	51 (15.5%)	13 (7.9%)	5 (9.1%)	69 (12.5%)	$\chi^2 = 6.419^*$ df = 2

Note: *significant at 5 per cent level of significance.

Purpose for Availing the Loan

The people approach the banks to meet their additional financial requirements for various purposes viz. agriculture, business, professional purposes, constructing or renovating homes, trade purposes, personal loan, education loan for children, auto loan etc. The classification of sample borrowers' made on the basis of purpose of loan taken by them is presented in Table 3. It is clear from the table that 45.5 per cent of the total respondents have availed loans for the house building, 23.5 per cent for their personal needs and for education loan, 9.8 per cent for business purposes, 7.6 per cent for the purchase of a vehicle, 3.1 per cent for trade, 2.9 per cent for professional & other services and 2.0 per cent of the total respondents availed loan for agricultural purpose. The chi-square values is significant at 5 per cent level of significance, which indicates that inter-bank differences among the respondents from scheduled commercial banks in respect of purpose for which the loans are granted.

Table 3: Purpose of Loan

Bank Groups → Purpose of Loan ↓	Public Sector Bank	Private Sector Bank	Foreign Bank	Total
Agriculture	6 (1.8%)	5 (3.0%)	0 (0.0%)	11 (2.0%)
Business	32 (9.7%)	16 (9.7%)	6 (10.9%)	54 (9.8%)
Professional & other services	10 (3.0%)	5 (3.0%)	1 (1.8%)	16 (2.9%)
House Building	142 (43.0%)	71 (43.0%)	37 (67.3%)	250 (45.5%)
Trade	12 (3.6%)	3 (1.8%)	2 (3.6%)	17 (3.1%)
Personal Loan	75 (22.7%)	45 (27.3%)	9 (16.4%)	129 (23.5%)
Education Loan	28 (8.5%)	3 (1.8%)	0 (0.0%)	31 (23.5%)
Auto Loan	25 (7.6%)	17 (10.3%)	0 (0.0%)	42 (7.6%)
Total	330	165	55	550

Chi-Square	$\chi^2 = 30.125^*$, df = 14
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Note: * significant at 5 per cent level of significance.

Time Taken in Disbursement of Loan

Table 4 highlights the distribution of respondents as to time taken by the banks in disbursement of loan. The table reveals that majority of the respondents, i.e., 47.6 per cent got their loans disbursed within a week, 37.8 per cent got their loans disbursed within a period of 8-14 days, and 7.1 per cent within 15-21 days, 3.8 per cent respondents were disbursed in more than 28 days and remaining 3.6 per cent in 22-28 days. The chi-square value (26.611) is significant at 5 per cent level of significance, which indicates that significant differences among the respondents of scheduled commercial banks exist as far as time taken in disbursement of loan is concerned.

Table 4: Time Taken in Disbursement of Loan

Bank Groups → Time taken in disbursement ↓	Public Sector Bank	Private Sector Bank	Foreign Bank	Total
i) Upto 7 days	143 (43.3%)	79 (47.9%)	40 (72.7%)	262 (47.6%)
ii) 8-14 days	141 (42.7%)	63 (38.2%)	4 (7.3%)	208 (37.8%)
iii) 15-21 days	21 (6.4%)	13 (7.9%)	5 (9.1%)	39 (7.1%)
iv) 22-28 days	13 (3.9%)	4 (2.4%)	3 (5.5%)	20 (3.6%)
v) Above 28 days	12 (3.6%)	6 (3.6%)	3 (5.5%)	21 (3.8%)
Total	330	165	55	550
Chi-Square	$\chi^2 = 26.611^*$, df = 8			

Note: * significant at 5 per cent level of significance.

Security Provided For Loan

The value of the security depends on the purpose of loan and creditworthiness of the borrowers'. In case of agriculture generally land is mortgaged as security, for house building loans immovable properties are provided as security. There is no security for a personal loan but the rate of interest is generally high. For education loan, immovable property is provided as a security. In some case personal loans are provided against the third party guarantee. Hypothecation charge created on the movable property is another way of security for the loan. It is generally in case of motor loan. For an employee, salary statements are considered for sanctioning loans whereas in case of businesses turnover statements and cheque books are considered. Table 5 reveals that 61.5 per cent of the respondents pledged their immovable property as security, 19.8 per cent of the respondents' availed loan against other securities which includes salary slip, hypothecation of vehicles, govt. employee, guarantees, army documents, post-dated cheque, allotment letters, pension proof etc., 18.7 per cent mortgaged their personal property, 6 per cent of the respondents availed the loan against FDRs, 4.2 per cent pledged gold and 2.5 per cent of the borrowers' took the loan against shares/securities. The chi-square value for immovable property is significant at 5 per cent level of significant which indicates that of total respondents majority of the respondents of public sector banks (203) pledged their immovable property as security. There was no significant difference among the respondents of scheduled commercial banks with respect to the other categories of security provided.

Table 5: Nature of Security for Loan

Bank Groups → Security ↓	Public Sector Bank	Private Sector Bank	Foreign Bank	Total	Chi-square
i) Immovable property	203(61.5%)	95(57.6%)	40(72.7%)	338(61.5%)	$\chi^2 = 14.870^*$ df = 2
ii) FDR	18(5.5%)	13(7.9%)	2(3.6%)	33(6.0%)	$\chi^2 = 1.752$ df = 2
iii) Share/ Securities	10(3.0%)	3(1.8%)	1(1.8%)	14(2.5%)	$\chi^2 = .782$ df = 2
iv) Gold	12(3.6%)	10(6.1%)	1(1.8%)	23(4.2%)	$\chi^2 = 2.465$ df = 2
v) Personal property	71(21.5%)	22(13.3%)	10(18.2%)	103(18.7%)	$\chi^2 = 4.850$ df = 2
vi) Any other	67(20.3%)	37(22.4%)	5(9.1%)	109(19.8%)	$\chi^2 = 4.737$ Sig. = .094

					df = 2
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Note: * significant at 5 per cent level of significance

Opinion of Respondents Regarding Rate of Interest Charged By the Banks

Table 6 carries the data showing the opinion of the respondents with regards to the rate of interest charged by banks. The table reveals that majority of the respondents have an opinion that rate of interest charged by the bank is reasonable, i.e., 45.6 per cent whereas 42.9 per cent of the total respondents have an opinion that rate of interest is high. Another 8.5 per cent of the respondents were highly dissatisfied with the rate of interest charged by the bank. The Kruskal-Wallis value 16.526 is significant at 5 per cent level of significance, which implies that there is a significant difference in the opinion of respondents of scheduled commercial banks regarding rate of interest charged by their respective banks. The large number of respondents of public sector banks feel that rate of interest charge is reasonable (171), whereas in the opinion of respondents of private banks (81) and foreign banks (34) rate of interest is high.

Table 6: Respondents Opinion Regarding the Rate of Interest on Loan

Opinion → Bank Groups ↓	Very High	High	Reasonable	Low	Very Low	Total
Public Sector Bank	30 (9.1%)	121 (36.7%)	171 (51.8%)	8 (2.4%)	0 (0.0%)	330
Private Sector Bank	9 (5.5%)	81 (49.1%)	67 (40.6%)	7 (4.2%)	1 (0.6%)	165
Foreign Bank	8 (14.5%)	34 (61.8%)	13 (23.6%)	0 (0.0%)	0 (0.0%)	55
Total	47 (8.5%)	236 (42.9%)	251 (45.6%)	15 (2.7%)	1 (0.2%)	550
Kruskal-Wallis	H = 16.526*, df = 2					

Note: * significant at 5 per cent level of significance.

Timely Availability of Loan

Table 7 (a) & (b) depicts the responses of the respondents with regard to timely sanction of loan and reasons for the delay in sanctioning or disbursement of loan respectively. Majority of the respondents, i.e., 91.8 per cent got loan within a reasonable time whereas 8.2 per cent of the respondents complained that their loans were not sanctioned within a reasonable time.

The main reason for the delay in sanctioning or disbursement of loan is unnecessary quires raised by the concerned staff (55.6 per cent) followed by delay in processing the application (46.7 per cent), excessive documentation (31.1 per cent), for other reason like inadequate staff, time taken in assessing securities etc (17.8), callous attitude of staff (8.9) and delay on the borrowers' part (4.4 per cent). The chi-square value (22.762) is significant at 5 per cent level of significance, which indicates that inter-bank differences exists among the respondents of scheduled commercial banks with regards to 'Delay on borrowers'/yours part' as a reasons for the delay in sanctioning/dispersing the loans. This reason was given only by the respondents of private and foreign banks.

Table 7 (a): Availability of Loan in Time

Bank Groups→	Public Sector Bank		Private Sector Bank		Foreign Bank		Total		Chi – Square
Loan on time→	Yes	No	Yes	No	Yes	No	Yes	No	x ² = 4.639 df = 2
	304 (92.1%)	26 (7.9%)	147 (89.1%)	18 (10.9%)	54 (98.2%)	1 (1.8%)	505 (91.8%)	45 (8.2%)	
Total	330		165		55		550		

Table 7 (b): Reasons for Delay in Obtaining the Loan

Bank Groups→ Reasons for delay ↓	Public Sector Bank	Private Sector Bank	Foreign Bank	Total	Chi – Square
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i) Callous attitude of staff	3 (11.5%)	1 (5.6%)	0 (0.0%)	4 (8.9%)	$\chi^2 = .570$ df = 2
ii) Unnecessary queries	16 (61.5%)	8 (44.4%)	1 (100%)	25 (55.6%)	$\chi^2 = 2.077$ df = 2
iii) Excessive documentation	10 (38.5%)	4 (22.2%)	0 (0.0%)	14 (31.1%)	$\chi^2 = 1.771$ df = 2
iv) Delay on borrowers'/yours part	0 (0.0%)	1 (5.6%)	1 (100.0%)	2 (4.4%)	$\chi^2 = 22.762^*$ df = 2
v) Delay in processing of application	15 (57.7%)	6 (33.3%)	0 (0.0%)	21 (46.7%)	$\chi^2 = 3.431$ df = 2
vi) Any other	7 (26.9%)	1 (5.6%)	0 (0.0%)	8 (17.8%)	$\chi^2 = 3.543$ df = 2

Note: * significant at 5 per cent level of significance.

Problems in Filling of Loan Application Form

Every customer availing a loan is required to fill the requisite loan application form. However, less educated or not educated customer face difficulties in filling the form. An attempt has been made to find out the reasons for the difficulties. The response data obtained in this regard is presented in Table 8 (a) & (b). The table shows that 64.5 per cent of the sample borrowers' faced difficulties in filling the form whereas 35.5 per cent of the respondents filled the requisite form easily. The chi-square value (3.218) is not significant at 5 per cent level of significance, which indicates that differences among the scheduled commercial banks exist with regards to difficulties arises in filling of application forms were not significant.

Most of the respondents i.e., 79.4 per cent felt that the application form was too lengthy. 39.1 per cent of the respondents claimed that difficult language has been used in the loan application form, 33.3 per cent of the respondents claimed that too much technical information was demanded in the application form and 28.7 per cent of the respondent felt that demanded information was irrelevant. The chi-square values are significant at 5 per cent level of significance with regards to reasons for difficulty in form. The reasons such as 'difficult language' and 'lengthy form', was mostly favored by respondents of public sector banks (59 & 111 respectively) and reason 'seeks technical information' was largely preferred by respondents of private banks (31). It indicates that significant differences exist among the scheduled commercial banks exist with regards to difficulty in filling of application forms.

Table 8 (a): Filling of Application Form

Bank Groups→ Filling of application form is cumbersome↓	Public Sector Bank		Private Sector Bank		Foreign Bank		Total		Chi Square – df = 2
	Yes	No	Yes	No	Yes	No	Yes	No	
	218 (66.1%)	112 (33.9%)	98 (59.4%)	67 (40.6%)	39 (70.9%)	16 (29.1%)	355 (64.5%)	195 (35.5%)	
Total	330		165		55		550		

Table 8 (b): Reasons for Difficulty in the Form

Bank Groups→ Reasons ↓	Public Sector Bank	Private Sector Bank	Foreign Bank	Total	Chi – Square
i) Difficult language	59 (51.3%)	9 (13.4%)	11 (55.0%)	79 (39.1%)	$\chi^2 = 27.851^*$ df = 2
ii) Seeks technical information	29 (25.9%)	31 (46.3%)	5 (31.2%)	65 (33.3%)	$\chi^2 = 7.866^*$ df = 2
iii) Seeks irrelevant information	35 (31.2%)	14 (20.9%)	7 (43.8%)	56 (28.7%)	$\chi^2 = 4.120$ df = 2
iv) Lengthy	111 (70.7%)	77 (90.6%)	24 (96.0%)	212 (79.4%)	$\chi^2 = 17.982^*$ df = 2
v) Any other	6 (5.4%)	0 (0.0%)	0 (0.0%)	6 (3.1%)	$\chi^2 = 4.588$ df = 2

Note: * significant at 5 per cent level of significance.

Future Loan Requirement from the Same Bank

Table 9 presents the response of the respondents relating to meeting the future loan requirement from the same bank. The majority of the respondents, i.e., 456 out of 550 expressed their consent in meeting the future requirement of loan from the same bank.

Table 9: Future Loan Requirement from the Same Bank

Bank →	Public Sector Bank		Private Sector Bank		Foreign Bank		Total	
Loan for future from the same bank	Yes	No	Yes	No	Yes	No	Yes	No
	289 (87.6%)	41 (12.4%)	119 (72.1%)	46 (27.9%)	48 (87.3%)	7 (12.7%)	456 (82.9%)	94 (17.1%)
Total	330		165		55		550	

Opinion of Respondents Regarding Various Services Provided By the Scheduled Commercial Banks

The satisfaction level of respondents as to various factors such as, security requirement, repayment scheduled, behaviour of the staff, number of employees, knowledge of staff, presence of staff, grievance handling system and rate of interest charged was ascertained. Average Weighted Scores showing the satisfaction level of the respondents belonging to different bank groups over the given factors is presented in Table 10.

Table 10 reveals that respondents are found to be highly satisfied with regards to the factors such as 'repayment schedule' (4.10) and 'security requirement' (4.05) whereas respondents are satisfied with factors such as 'behaviour of the staff' (3.97), 'knowledge of the staff' (3.88), 'presence of the staff' (3.85), 'number of employees' (3.83), 'grievance handling system' (3.64) but analysis found the low satisfaction with regards to 'rate of interest charged' (3.30). Bank group-wise analysis shows that the respondents are satisfied with the presence of bank staff in public sector banks (3.83), private sector banks (3.81) whereas respondents of foreign banks are found to be highly satisfied (4.13). The respondents of foreign banks have shown their satisfaction with the grievance handling process (3.76) but the level of satisfaction is low in public sector banks and private sector banks (3.40 each). The respondents in all the bank groups expressed their high level of satisfaction with regards to repayment schedule, i.e., foreign banks (4.24), public sector banks and private sector banks (4.10 each). As far as the security requirement are concerned, the respondents are found to be highly satisfied in foreign banks (4.22) and public sector banks (4.07) whereas respondents of private sector banks (3.97) are satisfied. However, the respondents in all the bank groups are found to be less satisfied with rate of interest charged on various loans, i.e., public sector banks (3.38), private sector banks (3.16) and foreign banks (3.24). The respondents of foreign banks are highly satisfied with the factors such as behavior of the staff (4.33), number of employees (4.15) and knowledge of the staff (4.05).

The mean value of AWS corresponding to the degree of satisfaction expressed by the respondents regarding various opinion statements is highest for foreign banks (4.01) followed by public sector banks (3.79) and private sector banks (3.76). The Kendall's co-efficient of concordance shows that there exists a significant concurrence of rankings ($W = 0.926$) among the respondents of different banks with regard to their views on various opinion statements.

**Table 10: Average Weighted Scores Corresponding To Satisfaction Level of Respondents
(Bank-Wise Classification)**

(N=550)

Bank groups → Opinion Statements↓	Public Sector Banks	Private Sector Banks	Foreign Banks	Total
i) Security requirement	4.07	3.97	4.22	4.05
ii) Repayment scheduled	4.10	4.01	4.24	4.10
iii) Behaviour of the staff	3.94	3.93	4.33	3.97
iv) Number of employees	3.77	3.84	4.15	3.83
v) Knowledge of staff	3.85	3.88	4.05	3.88
vi) Presence of staff	3.83	3.81	4.13	3.85
vii) Grievance handling system	3.40	3.40	3.76	3.64

viii) Rate of interest charged	3.38	3.16	3.24	3.30
Mean value of AWS	3.79	3.76	4.01	-

Note: The Kendall's coefficient of concordance (W) = .926, Chi Square value = 19.444, d.f. = 7, Significant at 1 per cent level of significance.

Overall Opinion

Table 11 presents the overall opinion of the respondents with regard to the loan services provided by the bank. Table reveals that the majority of the respondents, i.e., 73.3 per cent were satisfied with the loan services provided by the bank whereas 13.5 per cent of the respondents were highly satisfied with loan services provided by the bank. However, 10 per cent of the respondents were neither satisfied nor dissatisfied with the loan services provided by their bank. A meager proportion of the respondents, i.e., 2.9 per cent were dissatisfied with the loan services provided by their bank. Differences among the respondents of schedule commercial banks with regards to overall loan services provided by their banks were insignificant.

Table 11: Respondents Overall Opinion Regarding Loan Services

Opinion → Bank Groups ↓	Highly Satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Total
Public Sector Bank	56 (17.0%)	230 (69.7%)	29 (8.8%)	14 (4.2%)	1 (0.3%)	330
Private Sector Bank	17 (10.3%)	124 (75.2%)	21 (12.7%)	2 (1.2%)	1 (0.6%)	165
Foreign Bank	1 (1.8%)	49 (89.1%)	5 (9.1%)	0 (0.0%)	0 (0.0%)	55
Total	74 (13.5%)	403 (73.3%)	55 (10.0%)	16 (2.9%)	2 (0.4%)	550
Kruskal-Wallis	H = 3.428, df = 2					

Conclusion

Bank credit is one of the most influential variables in the modern economy. The analysis reveals that in case of selecting a bank for credit purpose, the respondents of public sector bank were influenced by lower rate of interest, whereas in case of private sector bank by lesser formalities in obtaining loan and in case of foreign banks by flexible tenure of repayment. The large number of respondents of public sector banks feel that rate of interest charge is reasonable whereas in the opinion of respondents of private banks and foreign banks rate of interest was high. The majority of the total respondents (45.5 per cent) availed loans for house building followed by personal and education loans (23.5 per cent each). Further, the majority of the respondents pledged their immovable property as security and got their loans disbursed within a week. A large proportion of the respondents, i.e., 73.3 per cent were satisfied with the loan services provided by the bank but respondents also faced certain problems like higher rate of interest, lengthy and technical application forms and improper grievance handling mechanism. Banks should further improve their loan services for better customer satisfaction.

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