



AN ANALYSIS OF COOPERATIVE FINANCIAL INSTITUTIONS AND THEIR ROLE IN AGRICULTURAL DEVELOPMENT: AN EMPIRICAL STUDY ON FARMERS OF HARIDWAR REGION



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ABSTRACT:

Since the independence of the country, agriculture sector has remained the priority for each successive government. Every government has set its agenda for the development of community and raising its living standard. Several studies indicate the pervasiveness of high poverty occurrence in rural areas. The cooperative societies are intended to enhance greater participation of population in the process of social development. The present study focuses on the role of cooperative societies in the agricultural development of the country. The study conducted based upon the data collected from the literatures and from primary sources of evidence. A survey of 113 farmers of Haridwar district was carried out with the help of primary data collected from a survey instrument (questionnaire). The study signifies that cooperative institution has the important role for raising the standard of living and making them self reliance and independent. Research highlights the role of cooperative institutions in the agricultural development of the region. Problem faced by the farmers in availing the facility of cooperatives and some important suggestion to make the institutions more effective. Some of the challenges faced by farmers in associating with cooperative institutions are also highlighted.

KEYWORDS: Cooperative institutions, agricultural credit, priority sector lending, Social Development.

INTRODUCTION:

The development of community as a whole through a cooperative movement has been present in the agenda of every successive government since independence. Eradication of poverty and raising the living standard by reducing malnutrition remained the main focus of every successive government through its plan and rural development policies. Poverty condition, literacy and resource constraint the root cause forcing rural masses to struggle in finding means for economic and social change. We will fail to bring change in rural development without engaging all segment of society. The objective of socio economic development cannot be achieved in the absence of people's access to credit. Cooperative financial institutions play an important role in meeting the needs of people through extending credit facilities and empowering people in their own development and community as a whole. Cooperative societies also play an important role in making former self reliance reducing their burden from village money lenders through credit extension and including them in different developmental activities.

An access to credit offered by cooperation financial institution helps a lot to poor people in controlling their lives. Proper management of small and marginal land asset can be crucial to the poor former and other people who live in an uncertain condition. A small change in their expenditure

completely disturbs their budget and affects their performance and productivity. The absence of credit facilities affects their income, shelter and food. Cooperative support is needed for such people to overcome poverty. Emphasis should be made through cooperative institution in raising their ability to borrow, save, invest and protect their families against risk. Government intervention for direct access to financial services and credit need can allow very poor people to progress from hand-to-mouth survival to planning for the future, acquiring physical and financial assets, investing in better nutrition, health and education.

Since the inception of cooperative concept, Cooperative financial institutions were initiated under the Cooperative Society Act with the aim to develop the agricultural development processes and participating in rural development. The cooperative financial institutions are not limited in their function in providing production requirement but perform several other function that need to be explored and strengthen for socio economic development. The present study focuses on the cooperative societies and their role in the agricultural development of the country. Accessibility of researcher with the farmers of Haridwar district has motivated to choose them for the proposed study.

REVIEW OF RELATED LITERATURE

Co-operative financial institution is having a long history in India and playing a significant role in the society particularly to the farming community. Extension of cooperative concept in agricultural cooperatives or farmers' cooperatives where farmers pool their resources for mutual economic benefit has played an important role in raising the living standard of rural formers. Primarily, Agricultural cooperatives divided into two segments; one is *agricultural service cooperatives* that render services and take care of various services to their individual farming members. And the other is *agricultural production cooperatives*, where production resources such as land or machinery are pooled. Like many other countries, cooperative in India also started as a mean of ensuring livelihood for poorly equipped people with marginal resources. The principle of mutual help, which is the basis of co-operative organization, creates a feeling of self-reliance in a democratic way of life. In a study on topic "The impact of cooperative finance on agriculture in Vikramjot Development Block, Basti district, Uttar Pradesh, India, it was found that cooperatives can have a favourable impact on agricultural development. Pal & Singh, in their study found that in spite of several structural changes in credit institutions and forms of rural credit in the post-Independence period, the exploitation of the rural masses in the name of credit facility is one of the most pervasive and persistent features of masses in rural India. Cooperative society is a form of business organization owned and operated by a group of individuals for their mutual benefit. Cooperative enterprises are the focus of study in the field of cooperative economics. In a group of studies it was found that large farmers availed larger share of credit and small farmer could avail very small share of credit. Pandey (1972), National Council for Applied Economic Research (1974), Reddy (1980) and Singh (1986) in many cases it was found that Unproductive loans were common among non-cultivators. Looking at the credit uses, it was found that uses of credit affected by the regional disparities as is evident from the studies conducted by Athavali et. al. (1971), Reserve Bank of India (1975), Dhongade and Dangat (1978), Gupta and others (1978), and Panda (1985).

OBJECTIVES OF THE STUDY

Do the ownership and participation in cooperative activities means a lot about control of a cooperatives? What are the members reasons for cooperation and what are their opinion regarding cooperative action? Do the cooperative operate n the way which is consistent to the interest of the farmers? These are such questions need to be answered. With these questions in mind present study was taken up with the following objectives

1. To Review the growth and emergence of cooperative financial institutions.
2. To analyse the role of cooperative financial institutions in agricultural development of India with specific reference to Uttarakhand.

3. To suggest a futurist approach to improve the role of cooperative institution in agricultural development of India with specific reference to Haridwar region of Uttarakhand

RESEARCH METHODOLOGY

The present research is based on primary as well as secondary data collected from both primary and secondary sources. Several sources like books, journals & research paper websites and other relevant source were reviewed for drafting theoretical concept of the study. Survey instrument was used for collecting primary data. Construct for the study was development on the basis of secondary literature. Measurement variables were developed in the form of statement and questionnaire was designed for investigation. The survey was conducted with the help of questionnaire on approximately 150 respondents covering different villages of Haridwar district. After editing 113 responses were found fit and taken for the study. After collection data was systematically arranged, tabulated and appropriate analysis was done. Some of the statistical technique like Factor analysis, and Descriptive statistics are used to analyze the data.

RESULTS

The attitudes of farmers towards their cooperative are worth to appreciate because they are the cooperative's reason for being as members. Theoretically members are the owners of the cooperatives who can control or at least influence management through participation in the meeting as well as their transaction with the cooperative firm.

Table 1 indicates the Demographic Characteristics of Respondents.

	Description	Number of Respondents	Percentage
Age wise Classification	Up to 25 Years	22	19.5
	25-35 Years	61	54.0
	35-45 years	6	5.3
	45-55 years	21	18.6
	55-65 years	3	2.7
Gender Category	Male	107	94.7
	Female	6	5.3
Marital Status	Married	64	56.6
	Unmarried	49	43.4
Family Size	Less than 4 members	11	9.7
	4-6 members	72	63.7
	more than 6 members	30	26.5
Education level	No Formal Education	14	12.4
	Up to Intermediate	40	35.4
	up to Graduation	17	15.0
	Post Graduate	36	31.9
	Professional and other qualification	6	5.3
Income wise classification	Up to Rs10000PM	80	70.8
	Rs10000-20000PM	16	14.2
	Rs20000-Rs30000PM	1	.9
	Rs30000-Rs40000PM	14	12.4
	More than Rs50000PM	2	1.8

Number of earning members in family	Only One Members	26	23.0
	Two Members	49	43.4
	three members	34	30.1
	Four members	4	3.5

Demographic description presented in the above table reveals that majority of the respondent's i.e. 54% fall in the age group of 25-35. The sample is dominated by the male respondents which account for 94.7%. Majority of the respondents i.e. 56.6% are from married category. The analysis reveals that 63.75% of the sampled farmers are having family size of 4-6 members. The information in respect to educational qualifications of the respondents indicates that majority of the farmers are intermediate, 15% are graduates and 31.95% are post graduate. However 12.04% respondents were not having any formal education. It may also be observed that 70.8%, 14.2%, .9%, 12.4% and 1.8% respondents were having monthly income of Rs10000PM, Rs10000-20000PM, Rs20000-Rs30000PM, Rs30000-Rs40000PM, more than Rs50000PM respectively. This signifies that the sample is dominated by those respondents who are having the monthly income of Rs.10000PM. analysis presented in the above table reveals that sample is dominated i.e. 43.4% by those members who indicate that there are two earning member in their family. 23.0% respondents revealed that there is only one earning member. Almost one third 30.1% respondents indicated that there are three members earning in the family. 3.5% indicated four members who are the earning member in the family.

Table2: Nature of Dependency on Agriculture:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes Always	37	32.7	32.7	32.7
NO Sometimes	54	47.8	47.8	80.5
Rarely in case of loss of job	22	19.5	19.5	100.0
Total	113	100.0	100.0	

An attempt was made to know the nature of dependency of farmers on agriculture. This indicates that only one third farmers say that they are totally dependent on agriculture. It was revealed by 32.7 % respondents in the sample. 47.8% respondents say that they depend sometimes upon their agriculture. 19.5% respondents revealed that they are rarely dependent on it they depend only in case of loss of job. This signifies that majority of the farmers are having side by side job for their lively hood other than their agricultural income.

Table3: Mode of Doing Agriculture

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid With the help of family members	49	43.4	43.4	43.4
With the help of family and hired members	54	47.8	47.8	91.2
Hired labour only	10	8.8	8.8	100.0
Total	113	100.0	100.0	

The survey indicated that 43.40% farmers do their farming with the help of their family members only. 47.8% respondents indicated that they do farming with self and hired labour. In comparison to this only 8.8% respondents revealed that they do farming with the help of hired labour only.

Table4: Possession of Other source of Income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	55	48.7	48.7	48.7
NO	58	51.3	51.3	100.0
Total	113	100.0	100.0	

The study reveals that almost half of the respondents in the sample are in the possession of other source of income as it was indicated by 48.7% respondents in the sample. In comparison to this 51.3% respondent indicated that they do not have other source of income.

Table5: Present Status of agriculture:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Young but established by parents	35	31.0	31.0	31.0
Growing	15	13.3	13.3	44.2
Well established with study growth	38	33.6	33.6	77.9
Mature and need revival	25	22.1	22.1	100.0
Total	113	100.0	100.0	

An attempt was directed to know the present status of agriculture as perceived by the farmers of Haridwar. The study reveals that 31% respondents in the sample are of the opinion that their agricultural status is Young but established by parents. 13.3% respondents say that it is growing. 33.6% respondents say that it is well established with study growth and remaining 22.1% say that it is Mature and need revival

Table 6: Whether Cost of agriculture input are managed by own source

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Always	56	49.6	49.6	49.6
Sometimes	38	33.6	33.6	83.2
Rarely	18	15.9	15.9	99.1
Never	1	.9	.9	100.0
Total	113	100.0	100.0	

An attempt was made to know whether Cost of agriculture input are managed by own source. the information pertaining to this reveals that almost half of the respondents in the sample are of the opinion that Cost of agriculture input are managed by own source always as it was indicated by 49.6% respondents in the sample. 33.6% respondents are of the opinion that some time. 15.9% respondents say that their agricultural input cost is rarely met by their own resources. Very less number of farmer (.9%) say that it is never met.

Table 7: Membership of Cooperative Financial Institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	93	82.3	82.3	82.3
No	20	17.7	17.7	100.0
Total	113	100.0	100.0	

The study reveals that most of the farmers (82.3%) are the members of cooperative financial institutions. Very few 17.7 % are not member of these cooperative financial institutions.

Table8: Meeting Financial Needs:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Always	23	20.4	20.4	20.4
Sometimes	69	61.1	61.1	81.4
Rarely	13	11.5	11.5	92.9
Never	8	7.1	7.1	100.0
Total	113	100.0	100.0	

There is urgent need to assess the issues related to need and functioning of various institutions in agriculture sector and assess whether the growing financial need of farmers are met with the help of present cooperative financial societies. With this in to mind an attempt was made to know whether all the financial needs of the farmer are met with cooperative institution. The analysis reveals that very few respondents in the sample are of the opinion that their financial needs are met with cooperative institutions as it was indicated by 20.4% respondents in the sample. Around two third respondents (61.1%) released with some times their agricultural financial need are materialized with cooperative financial institutions. 11.5% respondents say it is rarely met where as 7.1% respondents revealed that it is never met. It signifies that growing financial requirement and cost escalation of agricultural inputs are not met by the cooperative financial institution.

Table9: Source of Agricultural Credit:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Cooperative Society	46	40.7	40.7	40.7
Private money lenders	38	33.6	33.6	74.3
Personal Saving	2	1.8	1.8	76.1
Relatives and friends	2	1.8	1.8	77.9
banks	25	22.1	22.1	100.0
Total	113	100.0	100.0	

Over the last few decade large number of financial institution like Non institutional Credit Agencies and institutional Credit Agencies have come into market to help farmers in meeting their fund requirement. An attempt was made to know from the respondents with whom they want to take loan for the development of their agriculture. The study projects that 40.7% respondent prefers to take loan from cooperative financial institutions. 33.6% respondent wants to take loan from private money lenders. Personal savings and relative together account for 1.8% respondents in the sample and 22.1% respondents revealed that they prefer to take loan from banks. Analysis highlights that in spite of other resources majority of them takes loan from cooperative banks.

Table10: Purpose of Taking Loan

		Responses		Percent of Cases
		N	Percent	
purpose	Payment of Labour	81	18.2%	71.7%
	Purchase of improved seeds	70	15.7%	61.9%
	purchase of agrochemicals	51	11.5%	45.1%
	Purchase of livestock	44	9.9%	38.9%
	Payment of children school fees	78	17.5%	69.0%
	Animal Husbandry	25	5.6%	22.1%
	Start own business	19	4.3%	16.8%
	Marriage/health/others	73	16.4%	64.6%
	do not want to specify	4	0.9%	3.5%
Total		445	100.0%	393.8%

a. Group

The study reveals that sample is dominated by those respondents who take loan for payment of labour charges incurred in agriculture as this is indicated by 18.2% respondents in the sample. Another 18.2%, 15.7%, 11.5%, 9.9%, 17.5%, 5.6%, 4.3%, 16.4%, 0.9%, respectively indicated that they have taken loan for Purchase of improved seeds, purchase of agrochemicals, Purchase of livestock, Payment of children school fees, Animal Husbandry, Start own business, Marriage/health/others, do not want to specify, this signifies that fund are more diverted other than agricultural needs.

Table 11: Function of cooperative Financial Institutions:

		Responses		Percent of Cases
		N	Percent	
reason	Proper Access to extension service	21	4.5%	19.3%
	Support for Direct marketing of produce	84	17.9%	77.1%
	Helping in Produce price determination	13	2.8%	11.9%
	Access input at cheap price	82	17.5%	75.2%
	Access to credit	64	13.6%	58.7%
	Exchange of experience/ideas	17	3.6%	15.6%
	Better Services	70	14.9%	64.2%
	High Faith in Management of selected bank	59	12.6%	54.1%
	Attractive loan Scheme	59	12.6%	54.1%
Total		469	100.0%	430.3%

Cooperative institutions play an important role in this field by provided different service to the farmers. The farmers were asked to rate the various services like Proper Access to extension service Support for Direct marketing of produce, Helping in Produce price determination, Access input at cheap price, Access to credit, Exchange of experience/ideas, Better Services, High Faith in Management of selected bank, Attractive loan Scheme, Convenient location, Easy to open account, Better Technological Support for agricultural knowhow, Wider branch network in rural area, others . Multiple responses were calculated with SPSS and found that direct marketing of produce was rated highest by the farmers of Haridwar as it was indicated by 16.2% farmers in the sample. Another services like, Access to extension service, Direct marketing of produce, Produce price determination, Access input at cheap price, Access to credit, Exchange of experience/ideas, Better Services, High Faith in Management of selected bank, Attractive loan Scheme, Convenient location, Easy to open account, Better Technological

Support for agricultural knowhow, Wider branch network in rural area, others, was respectively rated by 4.5%, 17.9%, 2.8%, 17.5%, 13.6%, 3.6%, 14.9%, 12.6%, 12.6%, farmers this indicates that there is need to enlarge marketing of these services by the cooperatives so as to reach maximum number of respondents.

Table12: Availing of Loan facility in the Past:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	96	85.0	85.0	85.0
NO	17	15.0	15.0	100.0
Total	113	100.0	100.0	

The information pertaining to availing loan facilities in the past reveals that most of the farmers are availing the loan facility offered by cooperative society to them as it was indicated by 85% respondents in the sample.

Table 13: Factor Analysis: Rotated Component and Associated Factor Matrix

	Component								Communality
	Courteousness and Sincerity	Consumer convenience	Process cost and flexibility in choosing EMI	Responsiveness	Empathy	Credit Policy	Repayment policy	Tenure of Loan	
Cooperative financial institutions consider Customer's capital before giving out the loan to customers.	.881								.886
Cooperative financial institution considers collateral securities before giving out the loan to clients.	.824								.803
Customer's character is taken into consideration for rendering loan to customers.	.817								.768
The cooperative society sues the borrowers on failure to repay the loan.	.760			.376					.753
I see Image and reputation of cooperative bank before taking loan	.756					.309			.754
courteous approach of employees while addressing the problem attract me in favour of particular bank	.751		.337						.776

Credit standards policies to measure clients' potentiality are set	.732		.369					.830
Attractive Interest Rate for financing agricultural product influences me most in favour of taking loan. From cooperative institutions.	.727		.307					.770
Approach like Promises made is fulfilled and at right time influenced me most in favour of particular bank.	.720		.303					.696
Perceptions of transaction costs are even more important to select bank for agricultural loan	.701							.710
There has been many causes of a loan defaulting.	.606			.391			-.471	.814
Durations of the credit periods are enough for customers to pay back.		.907						.841
I prefer those bank for taking loan which is having Less Paper Work		.878						.927
Flexible working hour of bank affect my decision		.749						.811
Customer's conditions of operation are considered before giving out the loan.	.313	-.599		.336				.589
I prefer that cooperative bank because it is near to my home	.584	.589						.800
The stringent loan policies of bank helps customer to pay back the loan in time.	.481	.578						.703
In case of failure to repay the loan , the collateral securities are sold by the society	.463	.574						.676
Discounts are given to customers	.364		.732					.776
Credit period are ideal for loan recovery.			.674			.323		.733
Timely Information provided by the staff attract me in favour of selecting particular bank	.468		.674					.807
Society has optimum Loan processing time.		.514	.608					.692
Cooperative bank employees know our problem and realize it in handling farmers				.857				.821

Price paid to farmers is important for their satisfaction with the cooperative.				.761					.722
Credit policies of bank are liberal and helpful in recovery procedures.			.513	.637					.843
I prefer that bank which provide Flexibility To Choose An EMI Base Loan Or An Overdraft	.331	.339	-.359	.575					.731
Staff members are					.823				.789
Management consistency benefits the customer expectations					.813				.811
Loan recovery process satisfies the Customers.					.798		.350		.781
The client satisfaction of cooperative savings and credit society depends on improved credit policies and procedures						.777			.704
The credit policies of society are satisfactory.					.404	.736			.787
The credit services provided by the society are helpful in household income.	.357					.385			.422
Credit policies directly affect customer satisfaction.							.792		.724
Improvement in the policies of cooperative financial institutions has reduced the defect levels					.452		.736		.799
I prefer that bank that give longer tenure loan for ease of repayment								.862	.778
Total	11.01	4.053	3.313	2.198	2.072	1.542	1.341	1.099	
% of Variance	31.458	11.58	9.466	6.279	5.921	4.406	3.83	3.14	
Cumulative %	31.458	43.038	52.504	58.784	64.704	69.11	72.94	76.081	
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									
a. Rotation converged in 10 iterations.									

Principal components & associated Variables indicates that first factor is the Courteousness and Sincerity of the staff member which is the combination of variable like Cooperative financial institution consider Customer's capital before giving out the loan to customers, Cooperative financial institution considers collateral securities before giving out the loan to clients, Customer's character are taken into

consideration for rendering loan to customers, The cooperative society sues the borrowers on failure to repay the loan., I see Image and reputation of cooperative bank before taking loan, courteous approach of employees while addressing the problem attract me in favour of particular bank, Credit standards policies to measure clients' potentiality are set, Attractive Interest Rate for financing agricultural product influence me most in favour of taking loan. From cooperative institutions., Approach like Promises made are fulfilled and at right time influenced me most in favour of particular bank, Perceptions of transaction costs are even more important to select bank for agricultural loan, There has been many causes of a loan defaulting. second factor is the Consumer convenience, Which the combination of variable like Durations of the credit periods are enough for customers to pay back., I prefer those bank for taking loan which is having Less Paper Work, Flexible working hour of bank affect my decision, Customer's conditions of operation are considered before giving out the loan., I prefer that cooperative bank because it is near to my home, The stringent loan policies of bank helps customer to pay back the loan in time., In case of failure to repay the loan , the collateral securities are sold by the society The third factor is the Process cost and flexibility in choosing EMI, which is the combination of variable like Discounts are given to customers, Credit period are ideal for loan recovery., Timely Information provided by the staff attract me in favour of selecting particular bank, Society have optimum Loan processing time.. Fourth factor is the responsiveness of employees which is the combination of variable like Cooperative bank employees know our problem and realize it in handelling farmers, Price paid to farmers is important for their satisfaction with the co-operative., Credit policies of bank is liberal and helpful in recovery procedures., I prefer that bank which provide Flexibility To Choose An EMI Base Loan Or An Overdraft Fifth factor the empathy which is the combination of variable like Staff members are ,Management consistency benefits the customer expectations, Loan recovery process satisfy the Customers. . sixth factor is the credit policy of the bank which is the developmental approach of the bank toward farmers Improvement in the policies of cooperative The client satisfaction of cooperative savings and credit society depends on improved credit policies and procedures, The credit policies of society is satisfactory., The credit services provided by the society is helpful in household income. Seventh factor is the repayment policy which is the combination of variable like Credit policies directly affect customer satisfaction, Improvement in the policies of cooperative financial institutions has reduced the defect levels. Eighth factor is the delivering customer satisfaction which is the combination of variable like I prefer those banks that give longer tenure loan for ease of repayment.

Table 14: Reasons of Not Availing Loan facility

		Responses		Percent of Cases
		N	Percent	
reason	Lengthy Legal Procedure	36	58.1%	85.7%
	Language	3	4.8%	7.1%
	Delay credit	6	9.7%	14.3%
	Insistence of collateral	15	24.2%	35.7%
	No cooperative staff behaviour	1	1.6%	2.4%
	Others	1	1.6%	2.4%
Total		62	100.0%	147.6%

a. Group

An attempt was made to know the reasons of not availing loan facility extended by banks to the farmers of Haridwar know area. Multiple response was processed with the help of SPSS and found that majority of the respondents do not take loan because of the Lengthy Legal Procedure as it was indicated by 58.1% respondents in the sample. Insistence of collateral security was indicated by 24.2%

respondents in the sample. Delay in credit, language, improper behavior of staff was also indicated by the farmers in non-availing of loans from the cooperative societies.

Table15 Rating of Loan services by Cooperative Financial institutions:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Excellent	8	7.1	7.1	7.1
Good	64	56.6	56.6	63.7
Satisfactory	33	29.2	29.2	92.9
Bad	8	7.1	7.1	100.0
Total	113	100.0	100.0	

The information pertaining to the customer satisfaction with loan services offered by cooperative financial institution in Haridwar area reveals that majority of the respondents in the sample rated loan services as good. It was indicated by 56.6% respondents in the sample, 29.24% respondents rated it as satisfactory, 7.1% respondents rated it as excellent and 7.1% rated it as bad. This signifies that cooperative financial institutions are in the process of improving its products and services.

Table16 Rating of Behaviour of Employees of cooperative Financial Institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Good	28	24.8	24.8	24.8
Satisfactory	33	29.2	29.2	54.0
Bad	52	46.0	46.0	100.0
Total	113	100.0	100.0	

An agricultural cooperative is an economic and social activity that provides many social and economic services to their members through its employees. Measuring customer satisfaction from the employee behavior is essential. With this into consideration, Rating of Behaviour of Employees of cooperative Financial Institutions was carried out. The survey reveals that majority of the respondent are having the bad experience with the behavioural aspect of the employees of cooperative banks as it was indicated by 46% respondents in the sample. 24.8% rated it as good and 29.2% respondents rated it as satisfactory.

Table 17: Overall satisfaction with services of Cooperative financial institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Highly Satisfied	7	6.2	6.2	6.2
Satisfied to some extent	51	45.1	45.1	51.3
Satisfied to considerable extent	30	26.5	26.5	77.9
satisfied to a little extent	15	13.3	13.3	91.2
Not satisfied at all	10	8.8	8.8	100.0
Total	113	100.0	100.0	

Customer satisfaction is the end objective of any organization for long term growth and sustainability. The study reveals that majority of the respondent are satisfied with the overall services of cooperative banks to some extent. 6.2% Customers are highly satisfied, 45.1 % are satisfied to some extent, 26.5 % are satisfied to considerable extent, 13.3 are satisfied to a little extent and 8.8 % are not satisfied at all.

CONCLUSION

Cooperative banks are expected to play a very important role in the economic development of rural market in the coming days. Emerging rural market will offer a lot of business opportunity. Cooperative Financial institutions like cooperative banks have a very extensive access to the rural market and is playing catalyst role in the agricultural development of the region. Study indicated that majority of the farmers are satisfied with the loan services offered by cooperative banks but they are not satisfied with the staff behavior. Rigidity of staff behavior and Lengthy Legal Procedure (58.1%) are forcing to farmers to move away from cooperative bank and moving towards commercial banks for their financial needs. This study showed the diverse opinion of farmers towards the service of bank and the behavior of employees in rendering services. Cooperative banks are the oldest form of financial institution, but compared to other private and public banks co-operative banks are lacking in the adoption of technology and modern equipment. In a developing State like Uttarakhand with huge opportunity, cooperative banks needs a corrective measures in its services and managing the factors like courteousness and Sincerity of staff, enhancing Consumer convenience, minimizing the Process cost and flexibility in choosing EMI, increasing the Responsiveness, being Empathetic, improving their Credit Policy as well as Repayment policy and adjusting the Tenure of Loan will definite help in gaining competitive edge and expanding their customer base.

SUGGESTIONS:

On the basis of study following suggestions are made to improve the functioning of cooperative and attract the farmers in their favour.

- Cooperative must initiate the behavioural training program to improve customer relationship and stay competitive.
- Cooperative should expand its activities and must find key result area through which services can be improved.
- Simplification of the procedure is the urgent need to improve the process of cooperative financial institution.
- Cooperative must initiate training and educating the farmers so as to influence and change their behavior accordingly.
- Banks must simplify its procedure to help the farmers.
- Cooperative financial institution should increase their capital and increase the loan limit and other activity for helping farmers.

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