

Factors Affecting the Customers' Satisfaction: An Empirical Study with Reference to Agriculture Finance Schemes of Jammu & Kashmir (J&K) Bank

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Abstract—In the present scenario, banking industry is mainly consumer-oriented services industry and work towards the satisfaction of customer. At the same time, due to the implementation of LPG policy banks have realized that their business depends on the quality of services provided and overall satisfaction of the customers. Seeking such a huge importance of customers' satisfaction for the banking industry, the present study is conducted with a view to examine the various factors affecting the customers' satisfaction with respect to agriculture finance schemes of J&K bank as well as to examine the merits and demerits of agriculture finance schemes of J&K bank. For this, the data is collected both from primary and secondary sources. The evaluation of merits and demerits of agriculture finance schemes is done by using information available on web-site of bank. On the other hand, for the determination of factors affecting the customers' satisfaction, the information is collected from 100 respondents by using convenience sampling method. The collected data is analyzed with the help of frequencies, pie-charts and factor analysis. The result of the study provides that the J&K Bank provides the number of schemes, having numerous merits and demerits, cover the overall aspect of the Agriculture & Horticulture. While analyzing the primary data it is found that a significant proportion of the sample comprises of male members and belongs to the age groups of 40-55 years. The results of the factor analysis provides that three key factor namely: Bank offer services to cater the need of privileged customers; Customers feel safe and secure in carrying transactions due to excellent services; and Cost effective schemes with hassle-free procedure affect the satisfaction of customers with respect to agriculture finance schemes of J&K bank.

1. INTRODUCTION

Financial system plays a vital role in every country because of its hefty constructive impact on total factor productivity. A theoretical and practical argument that holds the link between financial system and economic growth is that a healthy financial system performs several critical functions to enhance the efficiency and total factor productivity. In other words, a well-developed financial system influences savings and investment decisions resulting growth. At the same time,

financial sector regarded as the backbone of every economy and banking is one of the key constituents of it. In the present scenario, banking industry is mainly consumer-oriented services industry and due to the implementation of the policy of Liberalization, Privatization and Globalization (LPG) banks have realized that their business depends on the quality of the consumer service provided and overall satisfaction of the customer. Accordingly, banks offer high quality services to its customers which significantly improved customer satisfaction, and potentially increased retention level.

The present study is attempts to examine to customer satisfaction with respect to the agriculture finance schemes provided by the Jammu & Kashmir Bank. In order to accomplish this following are the secondary objectives of the study:

- ✓ To identify the merits and demerits of the agricultural schemes provided by the bank.
- ✓ To gauge the factors affecting the customer satisfaction concerning agricultural schemes provided by the J&K bank.

The rest of the paper is organized as follows. Section II provides a brief overview of the Jammu & Kashmir (J&K) state and bank. Section III deals with the literature review. Section IV discusses the methodology employed. Section V deals with the analysis and interpretation and section VI deals with conclusion.

2. OVERVIEW OF JAMMU & KASHMIR (J&K) STATE AND BANK

The Jammu and Kashmir State is predominately an agricultural dependent economy and nearly 80% of its population is engaged in agriculture and allied occupation. Agro-climatically the State is divided into four distinct zones i.e. cold arid zone of Ladakh Region, temperate zones of

Kashmir valley, sub-tropical zone of Jammu and Intermediate zone comprising of Doda, Rajouri, Poonch and some parts of Udhampur. By virtue of varied climatic conditions, nature has bestowed the State potential for diversified Agriculture farming. Rice, Maize, Vegetables and Pulses are the major crops cultivated during Kharief season while Oilseed, Fodder, Pulses, Wheat and vegetables are the main crops grown during the Rabi season in Kashmir Division. One of the major achievements has been that in the vegetable field the seasonal barrier has been broken and most of the major vegetables are cultivated in Kashmir valley throughout the year.

The Agriculture Department is indispensable for the farming community as it serves as an essential and effective link between the Research institutions and the farmers. The Department brings to the farmers doorsteps the new technological advances in the field of agriculture and demonstrates its advantages over the conventional methods of farming adopted by the farmers. While on one hand, the latest technologies are being demonstrated to the farmers for their translation into Agricultural operations and on the other hand, the problems being faced by the farming community are referred to the Research Institutions as a feedback for their immediate redressed.

The JK Bank is serving the people of Jammu & Kashmir from last 75 Years, the bank Provides the number of schemes, and these schemes cover the overall aspect of the Agriculture & Horticulture, some among are the highly demanded by the mass people. J&K Bank functions as a universal bank in Jammu & Kashmir and as a specialized bank in the rest of the country. It is also the only private sector bank designated as RBI's agent for banking business, and carries out the banking business of the Central Government, besides collecting central taxes for CBDT. J&K Bank follows a two-legged business model whereby it seeks to increase lending in its home state which results in higher margins despite modest volumes, and at the same time, seeks to capture niche lending opportunities on a pan-India basis to build volumes and improve margins. The Bank operates on the principle of 'socially empowering banking' and seeks to deliver innovative financial solutions for household, small and medium enterprises. The Bank, incorporated in 1938, and is listed on the NSE and the BSE. It has a track record of uninterrupted profits and dividends for four decades. The J&K Bank is rated P1+, indicating the highest degree of safety by Standard & Poor and CRISIL. The J&K Bank is the only sector in JK state which boosts the much pressure in the Indian economy, even if it has been seen from last 10 years the bank has shown the high growth rate and also the maximum profitable bank in JK State, the bank is ubiquity and came lucrative in the Indian economy growth. It's the only private bank which has high growth rate in the whole country.

3. REVIEW OF LITERATURE

Levesque and McDougall (1996) have empirically confirmed and reinforced the notion that consistent poor customer

experience leads to a decrease in the levels of customer satisfaction and the chances of further willingness to recommend the service. Stafford (1996) analyzed that the Service quality continues to be a significant issue in the banking industry. Because money and other financial services are generally undifferentiated products, banks are continually striving for increased service quality in order to achieve and maintain a competitive edge. Critical to the improvement of service quality is the determination of those service quality characteristics considered important by consumers. Moreover, it is necessary to understand which of those elements of service quality are more important to different groups of customers. Reports a study that identifies distinct elements of bank service quality and ascertains which of those elements are most important to different demographic groups. Zeithaml and Bitner (2000) showed that service quality cannot be divorced from the concept of customer satisfaction. Recent studies have shown that satisfaction is influenced by not only perceptions of service quality but also by perceptions of product quality, and pricing factors as well as situational and personal factors. Pairot (2008) defined Customers' satisfaction as the company's ability to fulfill the business, emotional, and psychological needs of its customers. For example, customer satisfaction with retail banking will be a broader concept and will certainly be influenced by perceptions of service quality but will also include perceptions of product quality (such as variety of deposit options available to customers), price of the products (i.e., charges charged by the bank or rates offered by the banks on various deposits), personal factors such as the consumers' emotional state, and even uncontrollable situational factors such as weather conditions and experiences in conveying to and from the bank. Mistry (2013) identified the factors affecting customer satisfaction in Banks and analyzed their effects on the level of customer satisfaction. The result of the study provided that customer satisfaction is the key for many banks to survive in the competition. Chavan and Ahmad (2013) focused on exploring the major factors that lead to customer satisfaction in retail banking in Western Maharashtra in India. The findings of the study revealed that customer satisfaction, a transaction-specific attribute, is dependent on nine different factors. The study suggested that the consideration of these factors will the bank management not only in improving the overall level of customer satisfaction but also strengthening the bond between the banks and their customers, thereby helping the banks to retain and/or expand their overall customer base.

4. METHODOLOGY

The present study based upon both the primary as well as secondary data and is confined only to the agriculture finance schemes of J&K Bank. The secondary data is collected from the respective web-site of the bank. Whereas for primary data self-structured questionnaire is used. The selection of sample of respondents is made by following convenience sampling method. A sample of 100 respondents is considered amongst

the customers of the J&K bank using the agriculture finance schemes. The preliminary draft of the questionnaire is tested with due consultation employees and customers of the J&K bank. This results in improvement of questionnaire and also indicated as to kind of responses that would be forthcoming with few addition and deletion; the final questionnaire was developed and used for collection of information from respondents. The analysis of data collected has been carried out by using simple frequencies, and pie chart. Beside this the use of factor analysis has made to draw the meaningful inference from the study. All this was done with the help of SPSS software.

4.1 Factor Analysis

It is a general name denoting a class of procedures primarily used for data reduction and summarization. Relationship among set of many interrelated variables are examined and represented with the help of factor analysis. The approach used in the factor analysis is "Principle Component Analysis". In this component analysis, the total variance in the data is considered. The diagonal of the correlation matrix consists of unities and full variance is bought in to factor matrix. It determines the minimum number of factors that will account for maximum variance in the data for use in subsequent multivariate analysis. The factors are also called principal components. Although the initial or unrotated factor matrix indicates the relationship between the factors and individual variables, it seldom results in factors that can be interpreted, because the factors are correlated with many variables. Hence the variance explained by each factor is redistributed by rotation. The method used for rotation in this study is "Varimax". It is a method of factor rotation that minimizes the numbers of variables with high loading on a factor, thereby enhancing the interpretability of the factors (Source: Malhotra, 2007).

5. ANALYSIS AND INTERPRETATION

The analysis and interpretation is divided in three parts comprise of demographics; various agriculture finance schemes of J&K bank and its demerits; and factors affecting the customers' satisfaction with respect to the agriculture finance schemes of J&K bank

5.1 Demographic Details

The demographic details of respondents on the various parameters are described in Table 1. It shows that a significant proportion of the sample is male members. Majority of the respondents belonged to the age groups of 40-55 years and living in joint family. The profession of maximum respondents fall in other category comprises of agriculture and farming activities. As far as level of income is concerned a major percentage of the respondents are having annual income of Rs. 1,00,000-5,00,000.

Table 1: Demographic Details of the Respondents

Parameter	No. of Respondent	Percentage
Gender		
Male	90	90.00
Female	10	10.00
Total	100	100.00
Age		
Below 19	0	0.00
19-40	4	4.00
40-55	89	89.00
Above 55	7	7.00
Total	100	100.00
Family		
Nuclear	8	8.00
Joint	92	92.00
Single	0	0.00
Total	100	100.00
Family Members		
Less than 3	0	0.00
3-5	90	90.00
More than 5	10	10.00
Total	100	100.00
Profession		
Student	0	0.00
Job	0	0.00
Business	6	6.00
Nothing	2	2.00
Other	92	92.00
Total	100	100.00
Annual Income (Rs)		
Below 50,000	1	1.00
50000-1,00,000	6	6.00
1,00,000-5,00,000	85	85.00
Above 5,00,000	8	8.00
Total	100	100.00
Residence		
Rural	90	90.00
Semi-Urban	10	10.00
Urban	0	0.00
Total	100	100.00

5.2 Various Agriculture Finance Schemes of J&K Bank

5.2.1 ZAFFRON FINANCE: It provide adequate and need based financial assistant for cultivation of saffron. The term loan shall cover the entire plantation & production costs including plant material, agriculture, machinery, labor etc. The zaffron finance is quite a very scheme/loan, as it covers the entire plantation, processing & final products. The loan has nominal interest, but large margin to farmers. Also the finance is widely distributed. As the minimum amount of loan are Rs. 0.60 lacs up to 10.00 lacs. The security system is also up to mark, as the farmers can approach. Overall the saffron finance is satisfactory.

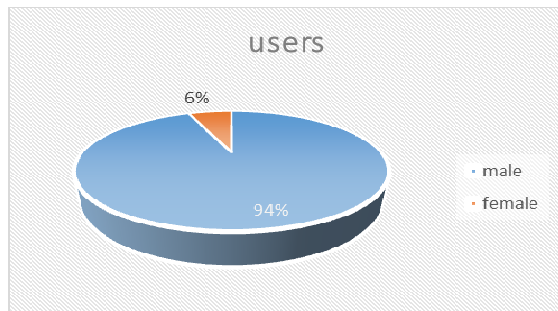


Fig. 1: Users Status

Demerits: The zafron finance is applicable to a particular section, it covers only a small section of farmers, who are only associated with the zafron production, the finance scheme has a limit & a time to get it need. The zafron scheme/loan can be applied to a specific region in Kashmir, where the said production is carried out, but what about other clusters. The scheme has hold one specific aspect, as it ignores a lot

5.2.2 ALL PURPOSE AGRO-TERM LOAN: It provides adequate and timely credit for comprehensive requirements of farmers with flexible and simple features like Purchase of assets (farm equipment, bullocks etc.); Creation of assets (orchard development, dairy development, poultry development etc.); Any other activity under agriculture, horticulture, sericulture, animal husbandry, plantation, fisheries etc.

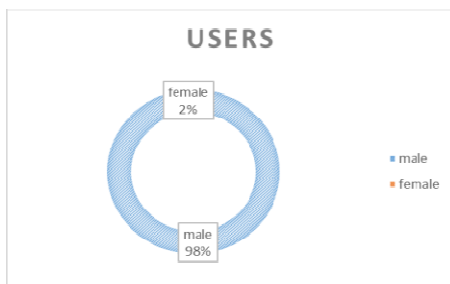


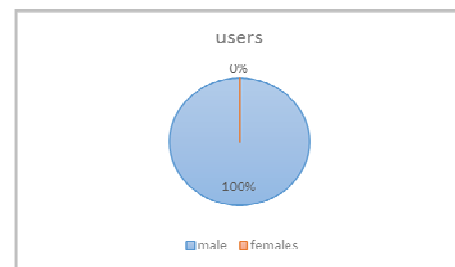
Fig. 2: Users Status

The all-purpose agro-term loan/finance is satisfactory, because it covers maximum areas of agriculture and its branches, the finance is for all those who are associated with the agriculture and allied. The finance is for the residential of semi-urban, rural areas. The maximum finance is up to Rs 1.00 lakh and p-processing charges are quite normal 0.05% of the sanctioned amount. And repayment period is 5 years. That is quite satisfactory pin point. So APAC is satisfactory.

Demerits: The agro term loan has many advantages but it lacks some fields too, the finance is quite low, max Rs1.00 lac, and as the loan covers many fields, but it has not covered urban cluster, which is quite populated. The loan has been developed to cover assets (purchase & creation) but it doesn't

have control on development and work-in-progress. The all-purpose agro term loan has its loo poles too.

5.2.3 GIRI FINANCE SCHEME: It provide adequate and hassles/free working capital finance to walnut kernel traders for taking care of the expenses involved in procuring and sales of kernels. The Giri finance scheme has full control on walnut trading; the scheme supports all those traders, who are associated with the walnut kernels trading and who previous record is quite satisfactory. The scheme has limited to quantum, the scheme or quantity of financé depends according (as per projected sales) 25% margin of sanctioned limit. The security is been divided according to limit sanctioned, the scheme has one plus point that is insurance for safeguard purposes. The scheme is wisely disbursed. 25% of sanctioned amount from May to July and rest from August to November. The scheme can be renewed/cancelled/enhanced, it depends.



Demerits: The Giri finance scheme has cover upon walnut traders, it has only focus of kernels and those who record is quite satisfactory, but freshers have minimum scope to get the scheme. The charges and quantum of finance is not satisfactory. It doesn't cover the walnut plantation and export areas. The scheme should be enhanced and modified to let it spread and attractive.

5.2.4 FRUIT ADVANCES SCHEME (APPLE): It objectives include:

a) Finance to Growers

i. Assessed on entire fruit bearing orchard owned by the grower farmer or any of his family member.

ii. Upto an individual credit limit of 1.00 lac no revenue record of land holding is required.

iii. The credit limit of Growers is to be assessed and sanctioned for a period of 3 years. The limit will get automatically renewed annually subject to satisfactory conduct of the account.

iv. Option for the grower to enter the scheme to avail the financial assistance at any of the following stages:

- Pre-harvest stage for production cost.
- Harvesting stage for picking/ packing/ grading.
- Post harvesting stage for marketing.
- For entire production & marketing cycle.

- v. The grower is not required to submit any financial statement/ balance sheet for sanction of credit facility excepting personal statement and land holding record wherever required in addition to papers under KYC norms.
 - vi. Option for additional financial assistance for carriage and cold storage of the produce as per stipulated rates.
 - vii. No collateral Security upto the loan limit of 1.00 lakh.
- b) Finance to the Traders/Arthias/Commission & Forwarding Agents
- i) The scale of finance to be assessed on the basis of number of fruit boxes marketed/ forwarded during the previous year with a reasonable increase based on average growth during the last three years.
 - ii) The average per box market price will be aligned to the actual market rates.
 - iii) Hassle free renewal of the credit limit from January onwards subject to satisfactory conduct of the account.
 - iv) Option for additional financial assistance for cold storage of the produce as per stipulated rates.

5.3 Factors Affecting the Customers' Satisfaction

There are number of factors which affect the customers' satisfaction with respect to agriculture finance scheme of J&K Bank and while evaluating the same the variables shown in table 2 are taken into consideration. Before the application of factor analysis the reliability of scale items were tested by applying cronbach's alpha. The value of all factors ranges between 0.81 to 0.91, indicates the presence of internal consistency. Further, the KMO and Bartlett's Test is used to determine the sample adequacy and strength of the relationship among variables. The large value for the KMO warrants the sample adequacy. For the data under consideration for analysis the value of Kaiser-Meyer-Olkin measure of sampling adequacy is .706. On the other hand the strength of the relationship among variables is also judged with Bartlett's test of sphericity. Bartlett's test of sphericity is used to test the null hypothesis that the variables in the population correlation matrix are uncorrelated. The observed significance level is .0000. It is small enough to reject the hypothesis. Hence, it is concluded that the strength of the relationship among variables is strong, because of the value of KMO Statistics is .706 and our null hypothesis for Bartlett's test has been rejected since P-Value is .000.

Table 2: Variables Under Consideration

S. No	Variabl e	Description
1	V1	Due attention is given the employee to all customers'
2	V2	Facilities of banks with respect to agriculture schemes are excellent

3	V3	Customers' feel safe in their transaction with the bank
4	V4	Bank offer special counter for privileged customers
5	V5	The bank understand the specific need of the customer
6	V6	Hassle-free agriculture finance schemes are given by bank
7	V7	Agriculture finance schemes are cost effective

All this provided that we can proceed with factor analysis and the result of factor analysis over seven factors shows that there are three key factors, which were determined by clubbing the similar variables, which majorly consider being most affecting the customers' perception concerning agriculture finance schemes of J&K bank.

Table 3: Total Variance Explained by Various Factors

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Tot al	% of Varia nce	Cu mul ative %	Tota l	% of Varia nce	Cu mul ative %	Tota l	% of Varia nce	Cumu lative %
1	3.345	47.786	47.786	3.345	47.786	47.786	2.668	37.998	37.998
2	1.863	26.608	74.394	1.863	26.608	74.394	2.507	35.821	73.819
3	1.041	14.877	89.271	1.041	14.877	89.271	1.082	15.452	89.271
4	0.751	10.729	100						
5	0.582	0.831	100						
6	0.101	0.153	100						
7	0.459	-0.656	100						

Extraction Method: Principal Component Analysis.

It is observed from table 3 that only three factors have Eigen value more than one, so accordingly we preceded with these factors. The total variance explained by factor 1, 2 and 3 is 37.998, 35.821 and 15.452 percent of variance, whereas the cumulative variance explained by all these factors is 89.271 percent and rest of the variance is due to the factors which are beyond the scope of the study.

Table 4: Rotated Component Matrix

	Component		
	1	2	3
V1	0.971	-0.185	-0.015
V2	0.055	0.998	0.019
V3	-0.055	0.996	-0.019

V4	0.985	0.06	-0.02
V5	8.235	0.686	-0.721
V6	0.083	-0.057	0.916
V7	0.462	-0.053	0.492

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

The table 4 shows the each statement corresponding to the highlighted factor loading is correlated with the factor corresponding to that factor loading. Higher the factor loading, stronger is the correlation between the factors and statement. On the basis of rotated component matrix the factor extraction table has been prepared which is as:

The table 5 shows the factor extraction with corresponding loading and percentage of variance. The above stated factors are in the order of degree of importance i.e. factor 1 is more important than factor 2; factor 2 is more important than factor 3. The factor 1 and 2 has 37.998%, and 35.821% of variance which is the highest variance as compared with factor 3 where % of variance is 15.452. Hence, it is found that Bank understand and offer to cater the need of privileged customers; Customer feel safe due to excellent services; and Hassle-free and cost effective are the main factors which affects the satisfaction of customers with respect to agriculture finance schemes of J&K bank.

Table 5: Factor Extractions

Factor	% of Variance	Factor Interpretation	Variables Included in the Factor	Factor Loading
F1	37.998	Bank understand and offer to cater the need of privileged customers	Due attention is given by the employee to all customers (V1) Bank offer special counter for privileged customers (V4) The bank understand the specific need of the customer (V5)	0.971 0.985 8.235
F2	35.821	Customer feel safe due to excellent services	Facilities of banks with respect to agriculture schemes are excellent (V2) Customer feel safe in their transaction with bank (V3)	0.998 0.996
F3	15.452	Hassle-free and cost effective schemes	Hassle-free agriculture finance schemes are given by bank (V6) Agriculture finance schemes are cost effective (V7)	0.916 0.492

6. CONCLUSION

The examination of various factors affecting the customers' satisfaction with respect to agriculture finance schemes of J&K bank provides that the JK Bank is serving the people of

Jammu & Kashmir from last 75 Years, the bank provides the number of schemes, and these schemes cover the overall aspect of the Agriculture & Horticulture. On the other hand, for the determination of factors affecting the customers' satisfaction, the information is collection from respondents analyzed with the help of frequencies, pie-chart and factor analysis. Majority of the respondents belonged to the age groups of 40-55 years and living in joint family. As far as level of income is concerned a major percentage of the respondents are having annual income of Rs. 1,00,000-5,00,000. The three key factors come out of factor analysis namely, Bank understand and offer to cater the need of privileged customers; Customer feel safe due to excellent services; and Hassle-free and cost effective which affects the satisfaction of customers with respect to agriculture finance schemes of J&K bank.

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