

A dissertation report on
Service quality dimension impact on customer
satisfaction in regional rural bank in Orissa

*Submitted in partial fulfilment of the requirements for the degree of
Master of Business Administration (MBA)*

By

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Under the Supervision

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SCHOOL OF MANAGEMENT NATIONAL INSTITUTE OF
TECHNOLOGY-ROURKELA

2015



SCHOOL OF MANAGEMENT NATIONAL INSTITUTE OF
TECHNOLOGY-ROURKELA

CERTIFICATE OF ORIGINALITY

This to certify that the project entitled “**Service quality dimension impact on customer satisfaction in regional rural bank in Orissa**” submitted by Akuthota Sankar Rao bearing roll number 313sm1016 for the partial fulfilment of the requirements for the degree of Master of Business Administration embodies the genuine work done under his supervision.

Date:

SHANKAR Rao

Place: ROURKELA

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School Of Management

NIT Rourkela, Odisha

DECLARATION

“I, Akuthota Sankar Rao, hereby declare that this project report entitled **“Service quality dimension impact on customer satisfaction in regional rural bank in Orissa”**, submitted by me, under the guidance of Dr. Rajeev Kumar panda, Assistant Professor, School of management, NIT Rourkela is my own and has not been submitted to any other University or Institute or published earlier”.

AKUTHOTA SANKAR RAO

313SM1016

Place: Rourkela

ACKNOWLEDGMENTS

“It is not possible to prepare a project report without the assistance & encouragement of other people. This one is certainly no exception.”

On the very outset of this report, I would like to extend my sincere & heartfelt obligation towards all the personages who have helped me in this endeavour. Without their active guidance, help, cooperation & encouragement, I would not have made headway in the project.

I am extremely thankful and pay my gratitude to my faculty Dr. Rajeev Kumar Panda for his valuable guidance and support on completion of this project.

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I extend my gratitude to National Institute of Technology, Rourkela for giving me this opportunity.

I also acknowledge with a deep sense of reverence, my gratitude towards my parents and member of my family, who has always supported me morally as well as economically.

At last but not least gratitude goes to all of my friends who directly or indirectly helped me to complete this project report.

Any omission in this brief acknowledgement does not mean lack of gratitude.

Thanking You

Akuthota Sankar Rao

Roll No: 313sm1016

Place: Rourkela

Date:

EXECUTIVE SUMMARY

Customer satisfaction occurs when customers' expectations are met. This study examined the factors that are critical in improving customer satisfaction in branch Utkal regional rural bank in Rourkela, India. Convenient random sampling techniques was used to select 250 respondents from two branches of Utkal Grameen Bank Rourkela, Orissa and structured questionnaire was administered to collect data. Descriptive statistics and regression model were employed in the data analysis. The results showed that there was active youth involvement in the activities of Utkal Grameen bank, some customers were literate and some were illiterate and most of the patrons of the bank were males. In general, customers were satisfied with the services provided by the bank. The results of the multiple regression analysis indicated that customer satisfaction depends on attention to customer complaints by the staff of the bank, accessibility of the bank to customers, tidiness and cleanliness of banking environment, speed of service delivery and knowledge base of the staff of the bank. These factors were found to have positive effects on customer satisfaction.

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Chapter 1

Introduction

Regional Rural Banks: Regional Rural Banks were set up under the Regional Rural Banks Act, 1976 with a view to developing the rural economy by providing credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. Being local level institutions, RRBs together with commercial and co-operative banks, were assigned a critical role to play in the delivery of agriculture and rural credit. The equity of the RRBs was contributed by the Central Government, concerned State Government and the sponsor bank in the proportion of 50:15:35. As of March 31, 2009, there were 86 RRBs having a total of 15,107 branches. The function of financial regulation over RRBs is exercised by Reserve Bank and the supervisory powers have been vested with NABARD. CRAR norms are not applicable to RRBs. However, the income recognition, asset classification and provisioning norms as applicable to commercial banks are applicable to RRBs.

Establishment of RRBs

6. The Narasimham Working Group (1975) conceptualized the creation of RRBs in 1975 as a new set of regionally oriented rural banks, which would combine the local feel and familiarity of rural problems characteristic of cooperatives with the professionalism and large resource base of commercial banks. Regional Rural Banks (RRBs) were established under the Regional Rural Banks Act, 1976 to create an alternative channel to the cooperative credit structure and to ensure sufficient institutional credit for the rural and agriculture sector. RRBs are jointly owned by the Government of India, the concerned State government and sponsor banks, with the issued capital shared in the proportion of 50 percent, 15 percent and 35 percent, respectively. As per the provisions of the Regional Rural Banks Act, 1976 the authorized capital of each RRB is Rs. 5 crore and the issued capital is a maximum of Rs. 1 crore.

7. From a modest beginning of 6 RRBs with 17 branches covering 12 districts in December, 1975 the number of RRBs increased to 196 RRBs with 14,446 branches in 1991 operating in 518 districts across the country. After a phase of consolidation starting from September, 2005, the number of RRBs was reduced from 196 to 82. In the current phase of consolidation which began in October, 2012 by amalgamation of RRBs across sponsor banks within a State, the number of RRBs has further reduced to 61 RRBs as on date with over 18000 branches in 638 districts.

Reforms in the RRB Sector have taken place in three phases:

First Phase: 1993-2000

8. Based on the recommendations of the Narasimham Committee Report (1992), reforms were initiated in 1993 with a view to improve the financial health and operational viability of RRBs. Various measures including recapitalization, rationalization of branch network, providing better access to non-fund business, expanding avenues of investment and advances, upgrading the level of technology and taking up select RRBs for comprehensive restructuring were taken. Further, they were permitted to lend to non-target group borrowers up to 60 per cent of new loans. From January, 1995 the investment avenues for RRBs were broadened to improve the operational efficiency and profitability. In December, 1996 the investment policy was further liberalised, to accord parity with commercial banks, permitting RRBs to invest in shares and debentures of corporate and units of Mutual Funds with a ceiling up to 5% of the incremental deposits of the bank during the previous year. Prudential accounting norms of income recognition, asset classification, provisioning and exposure, were implemented during this period to provide durability to the reform process. In April, 2000, RRBs were allowed to apply for permission to maintain non-resident accounts in rupees.

Second Phase: 2004-2010

9. The next Phase of reforms started in 2004-05 with the structural consolidation of RRBs by amalgamation of RRBs of the same sponsor bank within a State. Capital support aggregating Rs. 1796 crore was provided during the period 2007-08 to 2009-10 as part of this process. In October, 2004, RRBs were permitted to undertake insurance business without risk participation and in May, 2007 they were allowed to take up corporate agency business for distribution of all types of insurance products without risk participation. In December, 2005, to further extend support to RRBs for accelerating the flow of credit to the rural areas, the resource base of RRBs was expanded to include lines of credit from sponsor banks; they were also permitted to access the term money markets and CBLO/Repo markets. Issuance of credit/debit cards, setting up of ATMs, opening of currency chests, undertaking government business, as subagents, were allowed to enhance business opportunities. In March, 2006, RRBs were permitted to apply for AD-Category II licence to undertake non-trade related current account transactions for certain specified purposes to further enhance the scope of business. In June, 2007 to increase their exposure to foreign exchange business they were

allowed to accept FCNR deposits. RRBs were also allowed to participate in consortium lending with sponsor banks, DFIs and other banks within the area of operation. The capital adequacy standards were introduced in December, 2007 in the context of financial stability and RRBs were required to disclose the level of CRAR in their balance sheets.

Third Phase: 2010 onwards

10. Based on the recommendations of Dr. K. Chakrabarty Committee (2010), 40 RRBs have been taken up for recapitalization to enable them to achieve and sustain a CRAR of 9%. In November, 2010 the branch licensing policy was liberalized which allowed RRBs to open branches in Tier 3 to Tier 6 centres (with population of up to 49,999 as per 2001 Census) without prior approval from the Reserve Bank, subject to certain conditions. This policy was further liberalized in August, 2013 to also include Tier 2 centres. The second phase of consolidation commenced from October, 2012 with amalgamation of RRBs across sponsor banks within a State.

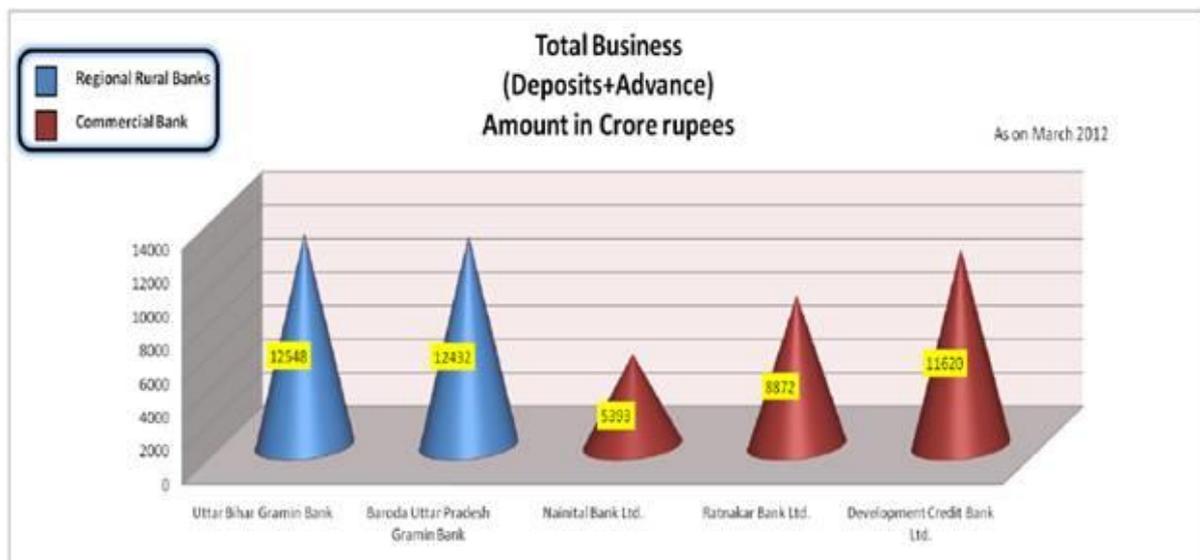
Performance of RRBs Post Amalgamation:

11. It can be seen from the data on performance of RRBs post amalgamation that there has been consistent progress in the operations of RRBs.

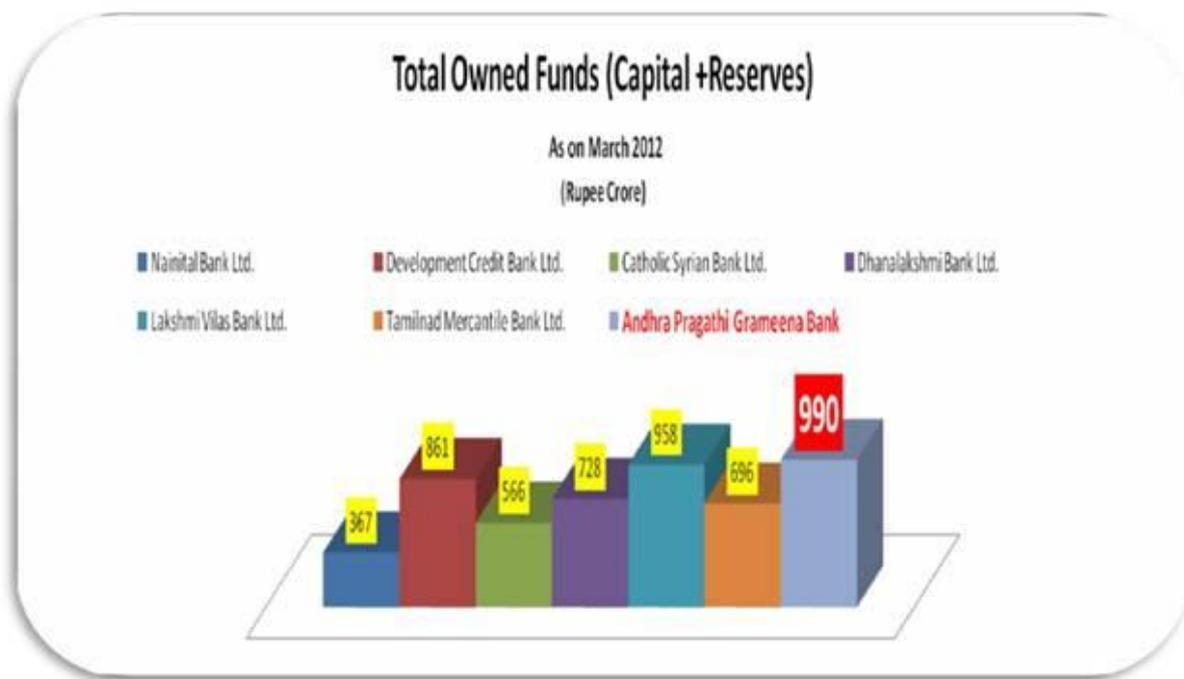
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13(P)
No of RRBs	133	96	90	86	82	82	82	64
No of branches	14489	14563	14790	15524	15475	16024	16914	17867
Net profit (cr)	617	625	1027	1335	1884	1785	1886	2384
Profit/loss making RRBs	111/22	81/15	82/8	80/6	79/3	75/7	79/3	63/1
Deposits (cr)	71329	83144	99093	120189	145035	166232	186336	211457
Loans &	38520	47326	57568	65609	79157	94715	113035	133098

Advances (cr)								
CD ratio (%)	55.7	58.3	59.5	56.4	57.6	59.51	63.3	66.13
Share of CASA in deposits (%)	59.14	61.21	59.63	58.35	57.90	60.35	58.51	57
Share of PSA in total	81	82.2	82.9	83.4	82.2	83.5	80	86
Share of agri adv to total (%)	54.2	56.6	56.3	55.1	54.8	55.7	53	63
Gross NPA (%)	7.3	6.55	6.1	4.2	3.72	3.75	5.03	5.65
Net NPA %		3.46	3.36	1.81	1.62	2.05	2.98	3.40
Source: Reports on Trend and Progress of Banking in India and NABARD								

Post amalgamation, in terms of total business 2 RRBs are larger than some private sector commercial banks as can be seen from the graph below.



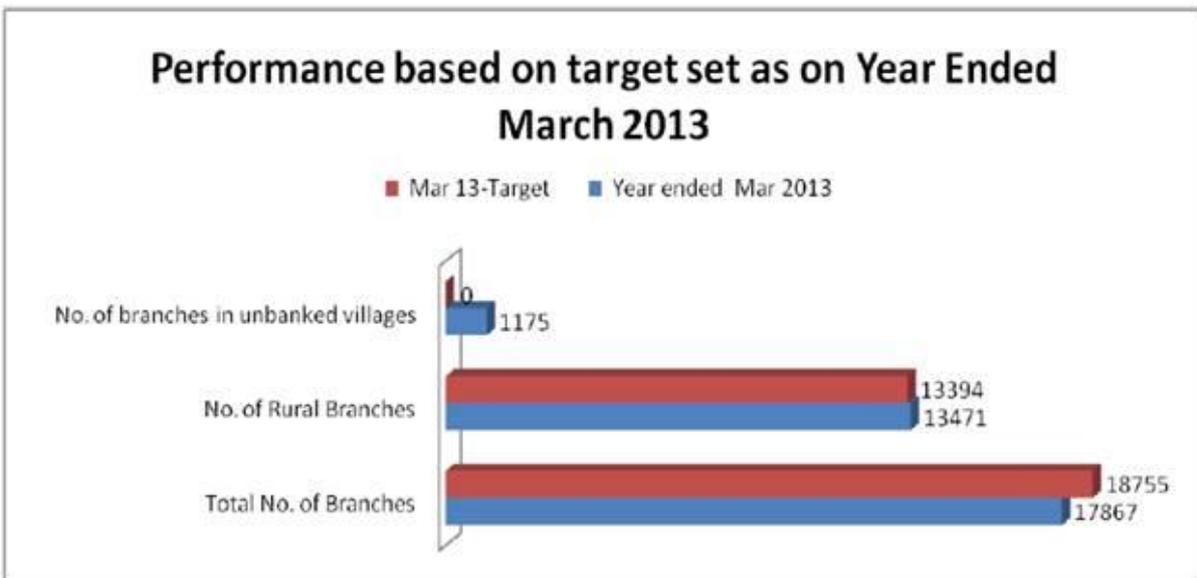
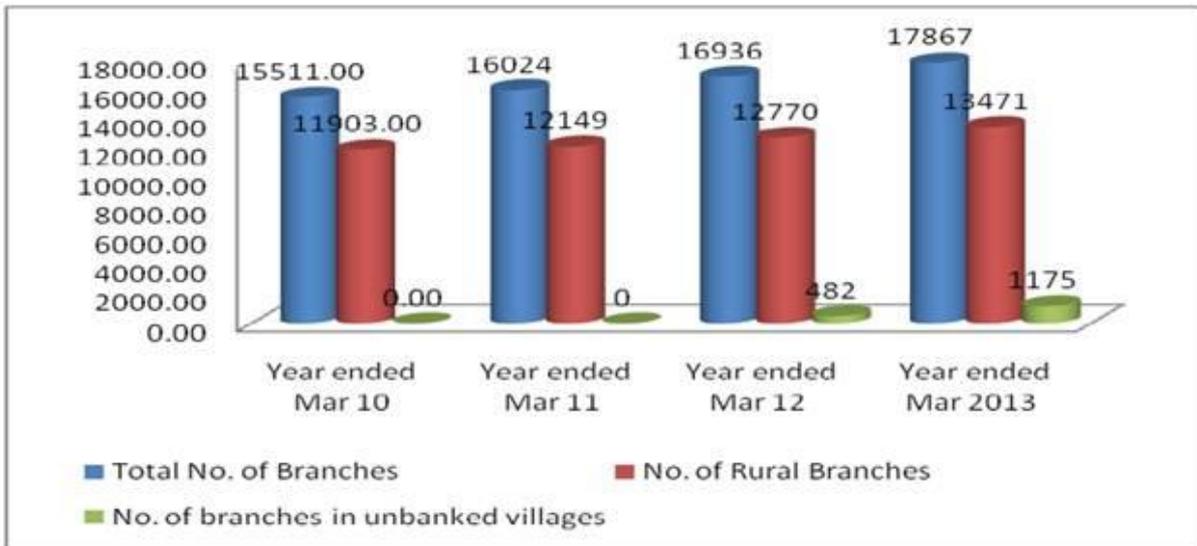
In terms of owned funds Andhra Pragathi Grameena Bank is much larger than some of the private sector commercial banks.



Financial Inclusion by RRBs:

In order to achieve the objective of universal financial inclusion, RRBs have been directed to use a combination of strategies, which include (a) provision of basic banking products; (b) introduction of the Business Correspondent/Business Facilitator (BF) model; (c) adoption of the relaxed regulatory Know Your Customer (KYC) guidelines; (d) enhanced use of technology; and (e) setting up financial literacy centres in districts to achieve greater outreach. Though the share of RRBs in aggregate deposits and gross bank credit is only around 2.5 to 3 per cent, they play a critical role in financial inclusion. RRBs are required to prepare Financial Inclusion Plans which are to be integrated with their business plans. The major highlights of their performance under the first FIP for the period April, 2010-March, 2013 are as under.

1. Banking Outreach



The number of rural branches has increased by 15%. The self-set FIP targets have almost been met. At the same time number of branches in unbanked villages has grown from 0 in 2011 to 1175 as on year ended March, 2013. However, they could not completely full fill their targets of opening up the total number of branches. The target was set around 18,755 branches while they were able to open close to 17,867 branches only as on year ended March 2013.

2. Type of Banking Outlets- Based on Size of Population

a. Population > 2000



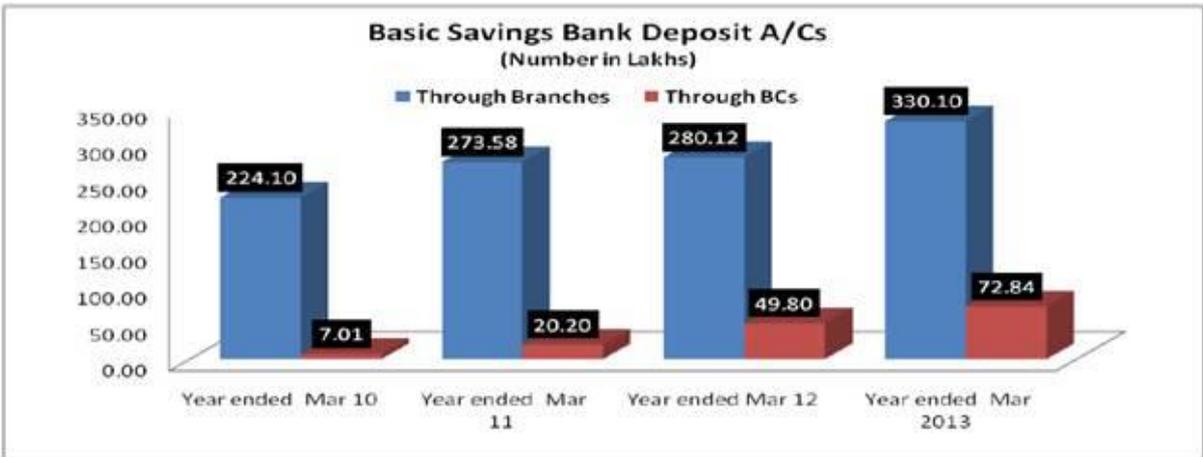
The total number of banking outlets can be viewed in terms of Bank Branches, Business Correspondents (BCs) and Other Modes. For villages with population of more than 2,000 there has been a considerable increase in the number of BCs. There was a steep rise from mere 703 BC outlets (year ended March, 2010) to close to 19,000 BC outlets (year ended March, 2012).

b. Population < 2000

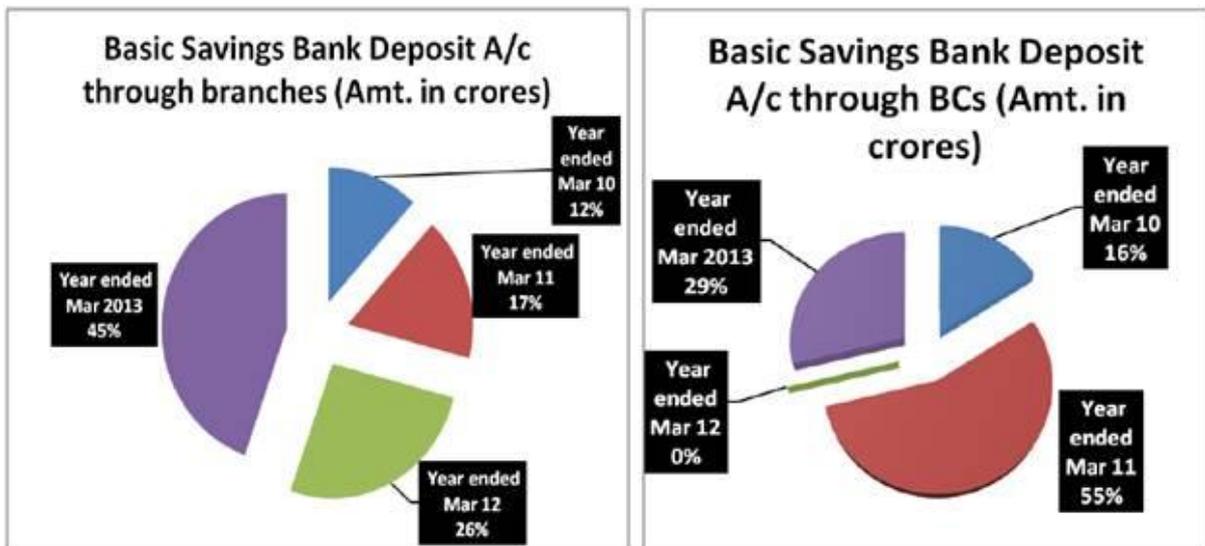


For villages with population less than 2000, the number of BCs registered a sharp growth. However, the RRBs failed in achieving the set target for BC outlets for the year ended March, 2013.

3. Basic Savings Bank Deposit Account



It is observed that most of the Basic Savings Bank Deposit Accounts (BSBDA) were opened through branches. The number of accounts opened through branches stood at 330.10 lakh, while only 72.84 lakh accounts were opened through BCs (year ended March 2013).

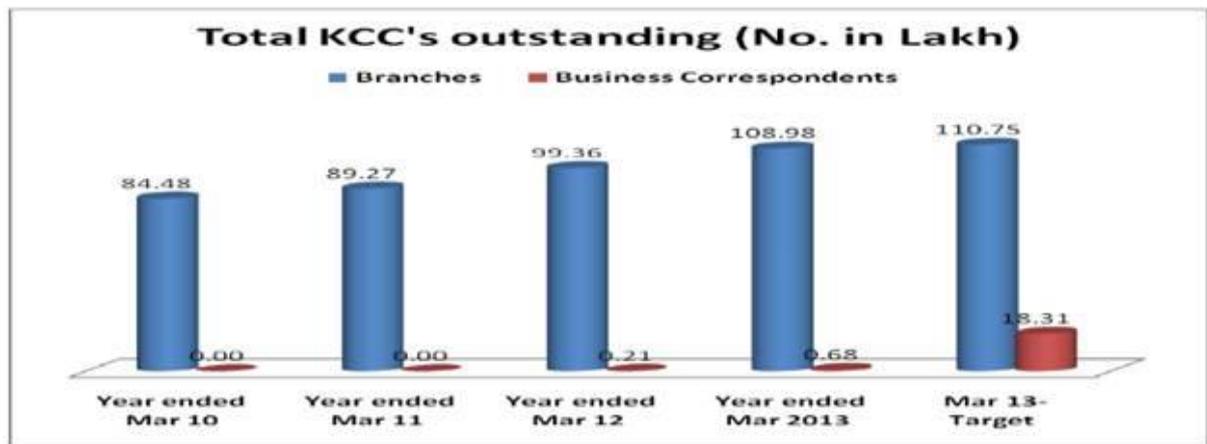


The graphs show the amount mobilized each year (in percentage) in Basic Savings Bank Deposit Account (BSBDA) through branches and BCs. In the year 2012, there was a sharp fall in the amount mobilized through BCs but it has again picked up in 2013.



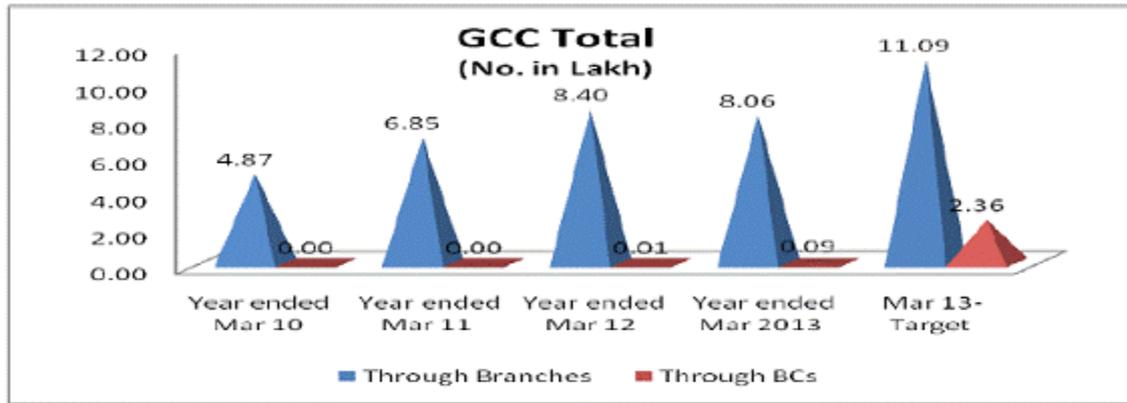
The total number of Basic Savings Bank Deposit Accounts has increased considerably. From around 230 lakh accounts (year ended March, 2010) to more than 400 lakh accounts (year ended March, 2013), the growth rate has been equal to 74%.

4. Kisan Credit Cards



The branches were successful in achieving their target number of KCCs (year ended March, 2013). No KCCs were sourced through the BCs for the years ended 2010 and 2011.

5. General Credit Cards



The BC is utilized to externalize part of the credit cycle. He has to work towards spreading awareness of the availability of the bank’s products and services. BCs can be better leveraged by the RRB branches. They are in need of greater handholding and necessarily of close and continuous supervision.

Though there has been reasonable progress with regard to extending the penetration of banking services and opening of basic bank accounts, the number of transactions through the ICT based BC outlets are poor. During the period of the next 3 year Financial Inclusion Plan i.e. 2013-16 RRBs should endeavour to leverage technology to the optimum. Technology enables the bank to transcend the barriers of geography and to provide services at the borrower’s doorstep. Though the initial cost is high over time it pays for itself. Regional Rural Banks should through financial innovation try to focus on mezzanine finance, on the creation of customised products linked to the income streams of the poor borrowers and geared to meet the specific needs of the rural clientele. Mobile technology can be harnessed to improve access and usage of banking services.

The Codes and RRBs

All banks offer the same products with variants but what distinguishes and sets apart and gives the competitive edge to a bank is the quality of customer service extended by the bank.

The Codes are the RRBs mandate, adopted by RRBs with the specific approval of the Board of Directors. RRBs must take full ownership of these Codes and facilitate their adoption ensuring complete adherence.

RRBs have undergone a sea change. They are now almost treated on par with other commercial banks. The customers of the RRBS are illiterate and poor; there is also an

asymmetry of information. Hence the adoption of standards of behaviour and codes of conduct framed by BCSBI for dealing with customers is an imperative.

At one point we are all customers of banks. What are the ingredients of treating customers fairly? .Transparency, proper disclosure, non-discriminatory and non-exploitative pricing, building a robust and responsive grievance redress mechanism within the bank and also making the customer aware of redresser available through the Banking Ombudsman Scheme. Transparency does not mean bombarding the illiterate customer with humungous amount of information which she is neither able to understand or use. It merely means no hidden charges. The customer must up front understand what she is letting herself in for; the terms and conditions of the contract should be clearly understood.

The codes need to be clearly understood and fairly implemented by Regional Rural Banks. Banks are commercial establishments. They are not philanthropic organizations. However, they enjoy great leverage and an oligopolistic position simply as the borrower in the rural areas may lack choice which his urban counterpart enjoys. This casts a much greater responsibility upon the RRBs. Knowledge and general awareness about the Codes of the BCSBI needs to be increased. Just this morning, Mr Mahajan shared with me that despite valiant attempts knowledge of and appreciation of the BCSBI codes was spreading very slowly and this was a cause of concern. The Chairmen of the RRBs must appreciate that the poor borrower who comes to the door step of the Bank is highly unlikely to meet the Chairman of the bank. For him the frontline manager is the Bank. The frontline manager needs to be sensitized to the importance of the Code of Bank's Commitment to Customers. He must understand and believe in them. This affirmation will then translate to increased sensitivity and in empathetic behaviour towards the special niche clientele of the RRBs. The pay off in terms not just of profitability but in terms of job satisfaction assuredly, will be tremendous.

To close with a few clear messages for easy recall:

- Please ensure that all the RRB staff are aware of, clearly understand and commit to the BCSBI Codes.
- The Codes are evident in precept and practice and in the actual business of the Banks
- Customer empowerment occurs as knowledge and awareness of customer rights is enhanced.

Chapter 2

Company and Product Profile

Utkal Grameen Bank (UGB) (Oriya): is a Regional Rural Bank established on 1 November 2012 with the merger of Rushikulya Gramya Bank and Utkal Gramya Bank in terms of provisions of Regional Rural Banks Act 1976. The bank is sponsored by State Bank of India & is jointly owned by the Government of India, Government of Orissa and SBI.

The shareholders of the Bank are Govt. of India (50%), State Bank of India (35%) and Govt. of Orissa (15%). The Bank is operating in 17 districts of Orissa State with its Head Office at Bolangir. Besides, the bank has seven Regional Offices in western and southern Orissa.

Ownership:

Government of India: 50% Government of Andhra Pradesh: 15% State Bank of India: 35%

History:

The bank was established on 1 November 2012 as an amalgamation of the Rushikulya and Utkal RRBs. At the time of amalgamation, Rushikulya bank had only 87 branches.^[3] It subsequently grew to a network of 426 branches, of which 360 are in remote rural areas. Apart from the Head Office at Bolangir, the bank has opened regional offices at Sambalpur, Rayagada, Bargarh, Bhawanipatna, Jeypore and Berhampur.

Presently, the Bank operates in 17 districts of Western and Southern Orissa, covering 63% of the geographical area and 48% of the total population of Odisha State.

Performance:

The bank made a profit of Rs 9.01 Crore in the year 2011-12. The bank had a CD ratio of 59.5% at the time of amalgamation.

Board of directors:

The bank's affairs are conducted by a Board of Directors consisting of the following persons:-

- P. B. Divekar, Chairman
- Dr M. Muthukumar, IAS, Govt of Orisha
- P. K. Biswal, Director & Additional Secretary
- N C Pani, DGM, NABARD
- N. A. Sharma, DGM, SBI
- P S Venkateswaran, RBI

Deposit products offered by APGVB:

SAVINGS BANK ACCOUNT

The facility of Savings Bank Account is meant for cultivating the habit of saving by the individuals for their future needs. The transactions in the SB Account should be of non-business and non-commercial nature.

Product features:

Eligibility

Individuals (singly or jointly), Professionals in their individual names, Clubs, Associations, Charitable trusts, Religious Institutions, Government bodies (established under specific Acts) can be eligible to open the Savings Bank Account.

Rate of Interest - 4% p.a.

Nomination facility - available.

Cheque Book facility - available

(For minimum balance and service charges for not maintaining minimum balance, refer Service Charges) Standing instructions from the customers - executed.

The facility of Savings Bank Account is meant for cultivating the habit of saving by the individuals for their future needs. The transactions in the SB Account should be of non-business and non-commercial nature.

Product features:

Eligibility

Individuals (singly or jointly), Professionals in their individual names, Clubs, Associations, Charitable trusts, Religious Institutions, Government bodies (established under specific Acts) can be eligible to open the Savings Bank Account.

Rate of Interest - 4% p.a.

Nomination facility - available.

Cheque Book facility - available

(For minimum balance and service charges for not maintaining minimum balance, refer Service Charges)

Standing instructions from the customers - executed.

CURRENT ACCOUNT:

Convenient for business people, traders etc., to have Current Account. Withdrawals and deposits can be made in Current Account any number of times. Current Account is not

for saving or earning interest unlike Savings Bank. Convenience of the customer in parking his liquid funds for any time withdrawal, is the primary objective

Product features:

Eligibility

An individual who has attained majority (singly or jointly), HUL, all legal business entities and companies, other bodies like Clubs, Trusts, Government Departments etc. Rate of Interest – No interest (as per RBI directives)

Nomination facility - available.

Cheque Book facility - available

(For minimum balance and service charges for not maintaining minimum balance, refer Service Charges)

Standing instructions from the customers - executed.

Convenient for business people, traders etc., to have Current Account. Withdraws and deposits can be made in Current Account any number of times. Current Account is not for saving or earning interest unlike Savings Bank. Convenience of the customer in parking his liquid funds for any time withdrawal, is the primary objective

Product features:

Eligibility

An individual who has attained majority (singly or jointly), HUL, all legal business entities and companies, other bodies like Clubs, Trusts, Government Departments etc.

Rate of Interest – No interest (as per RBI directives)

Nomination facility - available.

Cheque Book facility - available

(For minimum balance and service charges for not maintaining minimum balance, refer Service Charges)

Standing instructions from the customers - executed.

INTEREST RATES

Si No	Segment	Interest Rates	
1		Crop Loans including Agr. Gold Loans, KCC, RMGs	
A	Crop Loans (Disbursed during the subvention period)	a). Up to Rs 3.00 lacs	7.00%
	b). Above Rs 3.00 Lacs	14.00%	
B	After Subvention period(After due date)	14.00%	
2	Agricultural Term Loans	a) Up to Rs 50,000/-	13.00%
	b) Above Rs 50,000/-	14.00%	
3	Allied Agri. Term Loans	a) Up to Rs 50,000/-	13.00%
	b) Above Rs.50,000/-	14.00%	
4	ISB-Cash Credits, Term Loans and composite Term Loans including Transport Operators	a) Up to Rs. 2,00,000/-	14.00%
	b) Above Rs 2,00,000/-	15.00%	
5	Self Help Groups	a) Direct to Groups	14.00%
	b) Through MACS/VOs	15.00%	
6	Gold Loans- Personal Purpose	15.00%	
7	Consumer Durable Loans and Personal Loans	17.00%	
8	Mortgage Loans	15.50%	
9	Housing Loans up to Rs.20 Lacs	11.25%	
	Housing Loans above Rs.20 Lacs	12.00%	
	For repairs and Up gradation (Max Rs 2 Lacs)	14.00%	
10	Education Loans	a) Up to Rs 2,00,000/-	12.00%
	b) Above Rs 2,00,000/- to Rs 4,00,000/-	13.00%	
	c) Above Rs 4,00,000/-	14.00%	
11	Demand Loans (Loans against NSC/KVP/LIC Policies etc.)	15.00%	
12	Vehicle Loans	Irrespective of Old or New Vehicles	15.00%
13	Small and Medium Enterprises (SME) Loans	a) Up to Rs 10,00,000/-	14.00%

b) Above Rs 10,00,000/-		15.00%	
14	Clean Overdraft	18.50%	
15	General Purpose Credit Cards (G.C.C)	Maximum limit of Rs 25000/-	14.00%
16	Swarnajayanti Grama Swarojgar Yojana (SGSY)	For any limit	14.00%
17	Solar off Grid Units	11.00%	
18	SB-cum-OD	For Over draft balance	14.00%
		For Credit Balances	4.00%

REVISION OF INTEREST RATES ON DEPOSITS

REVISION OF INTEREST RATES ON DEPOSITS

Interest rates on our Special Deposit	Special Product	Scheme Duration	Principal amount/Unit Amount (Rs)	Revised Rate from 01.12.2014	Maturity Value (Amount in Rs)
---------------------------------------	-----------------	-----------------	-----------------------------------	------------------------------	-------------------------------

Products:

with effect

from

01.12.2014

S.No

	General Public	Senior Citizen	General Public	Senior Citizen
1	Vikas 18	18 Months	18000 (In multiples)	9.25 9.75 20646 20798
2	VikasDh anaVarsh a	36 Months	500000 (Multiple s)	9.00 9.50 653025 662669
36 Months	100000	9.00	9.50	130605 132534
	Below 500000 (Maturity value for			
3	Vikas Senior	- 12 to <36 months	124100 #	9.75 # 1000 (monthly INT)

Vikas Senior	- 36 to 120 months	127300	#	9.50	#	1000	
4	Vikas 51 months	60	51000	9.00	9.50	79586	81555
5	VikasPatra months	36	766	9.00	9.50	1000	1015
6	Vikas RD 2000 months	60	2025 per month	9.00	9.50	100210	101993
			RD-36 months				
			STDR-24 months				
7	Vikas RD 1000 months	60	1015 per month	9.00	9.50	50230	51123
			RD-36 months				
			STDR-24 months				
8	Vikas Double months	96	25000 (As an example)	9.00	9.50	50953	50554 (90months)

Revised ROI %(w.e.f. 01-12-2014)

S.No.	Deposit period	Rate of Interest
1	7 days to 90 days	7.50
2.	91 days to 180 days	8.50
3.	181 days to less than 1 year	8.60
4.	1year to less than 2 years	9.25
5.	2years to less than 3 years	9.25
6.	3years to 10 years	9.00

FEE BASED SERVICES OFFERED BY THE BANK

Snow

- 1 All our branches provide Core Banking facility (CBS)
- 2 Lockers facility
- 3 DDCP (Demand Drafts and Cheques Purchase) facility
- 4 Collection of Outstation Cheques
- 5 Issue of Demand Drafts on our Branches
- 6 Issue of Bank Guarantees
- 7 Issue of Solvency Certificate
- 8 NEFT & RTGS facility
- 9 ATM Debit Card & Kisan Credit card facility

Chapter 3

Review of Literature

There are various studies focused on retail banking in India and in order to strengthen the present study few studies have been reviewed. In a very competitive complex and dynamic environment, in banking system, the smallest difference in services along with increasing customer's demand will lead to large transfers in industry. Traditional banks are largely as customer-centric banks also the fundamentals of relationship marketing, which focus on customer loyalty as its main objective. (Beerli 2004,253). In previous years the country's banking industry, due to various problems of economic, social, governmental and the most important of all the excess of demand over supply, the customer orientation and its components has been neglected. During the 1980s marketing research became aware of the potential of relationship marketing and shifted focus to the development and maintenance of long term marketing relationships. Therefore, the traditional product-oriented bank became more and more customer oriented, focusing on protecting and retaining actual customers' loyalty as the main source of competitive advantage. Traditional financial services providers have to work even harder to retain customers that they once took for granted. Since customers have more choice and more control, long lasting and strong relationships with them are critical to achieve and maintain competitive advantages and, as a consequence, earnings. However, due to the similarity of the offers of many financial services, loyal customers have a huge value, since they are likely to spend and buy more, spread positive word-of-mouth, resist competitors' offers, wait for a product to become available and recommend the service provider to other potential customers. Furthermore, the increasingly competitive environment prevailing in the global market and rapid advances in customer intelligence technologies have led retail banks to look for new business and marketing models for realizing intelligence-driven customer transactions and experiences.

Nowadays great attention is paid to all the bank-customer touch-points, aiming to optimise the interaction, towards affecting specific customer behaviour variables (satisfaction, loyalty, etc.). The concept of customer loyalty is not at all a new concept in the market; it was since from so many centuries, In past ancient Roman Empire had often used the loyalty of their army even Napoleon Bonaparte, the most feared French commander of the early nineteenth century, achieved extraordinary results through the unrelenting loyalty of the soldiers under his command. Coming to the technical, civilized world of 21st century, marketers trying to capture market share with the help of a loyal customer base. Customer loyalty has been universally recognized as a valuable asset in competitive markets (Srivastva, Shervani & Fahey, 2000) Importance to creating a loyal customer arises from that it costs more to create a new customer than to retain an existing one. For example, the cost of creating a new customer is five times more than that of retaining an existing customer (Reichheld, 1996).

Banks need to be distinguished from each other for no better reason than that the former is often incorrectly seen as a direct function of the latter (Srinivasan, 2010). In India banking systems are complex and regulated by Reserve Bank of India; i.e., customer care, quality, insurance and legal issues, etc., often interact. Banking sector is one of India's largest service sectors, which can be viewed as a glass half empty or half full. The Indian banking sector's positive point is lot of alternatives for getting low cost services. The challenges the sector faces are substantial: the need to improve physical infrastructure, poor awareness about services provided by the Regional rural banks and insufficient manpower for providing better services to rural customers.

Under the Indian Constitution, RRB's are recognized by the law and they have legal significance. The Regional Rural Banks Act, 1976 Act No. 21 of 1976 [9 February 1976]. Banking services are under the national subject but Regional rural banks are providing the services to their customers under the three main bodies 1. State bank of India (35%) 2. State govt (15%) 3. Central Govt (50%). The 12th five-year plan (2012–17) aims to customised the services to different category of customers and develop the infrastructure of regional rural banks with cooperation of state and central banks. The Indian Banking sector is classified into five major categories i.e., State Bank of India and its Associates, Nationalised Banks, Private Sector Banks, Foreign Banks, Regional Rural Banks. The sector is large and well established. Ironically, India has one of the largest banking sectors in the world, and recently, Indian Govt. started a program “Pradhan Mantri Jan-Dhan Yojana” and the main objective of this program is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. This deep penetration at affordable cost is possible only with effective use of technology. The services sector, with around 64% contribution to the gross domestic product (GDP), has made rapid strides in the last few years and emerged as the economy's largest and fastest-growing sector (Economic Survey, 2014-2015).

Service quality has become an important topic in relationship to profit, cost saving and market share (Devlin and Dong, 1994). Health and economic development are so closely related that it is impossible to achieve one without the other. While the economic development in India has gained momentum over the past few decades, its banking system is at a crossroad (Ramani and Dileep, 2006). Research links service quality to customer satisfaction (Taylor and Baker, 1994) and purchaser intentions (Zeithaml *et al.*, 1996). Researchers suggest that customer service quality perception is a key determinant in the banking sectors (regional rural banks) success owing to its primary role in achieving customer satisfaction and banks profitability (Donabedian,

1996). Thus, our main objective is to analyse perceived service quality, customer satisfaction in odissa regional rural banks

In today's highly competitive banking sectors managers need to measure their financial and non-financial performance to improve function and increase their competitiveness. Service quality therefore interests service marketing researchers. Superior service quality helps differentiate itself from its competition, gain a sustainable competitive advantage and enhance efficiency. Many empirical studies have investigated the relationships among service quality, customer satisfaction in many service sectors. Grönroos (1984) defined service quality as a perceived judgment resulting from an evaluation process where customers compare their service expectations with what they perceive to have received. Dabholkar (1995) suggested that service quality and satisfaction experience are situation specific and if a consumers are cognitive oriented then they will perceive the relationship as service quality causing satisfaction, whereas if a consumers are affective oriented then they will perceive the relationship as satisfaction causing service quality. There is ample evidence that service quality affects perceived value, customer satisfaction and behaviour intentions including word of mouth, loyalty, personal recommendation and willingness to spend/ deposit more in banks (Baker and Crompton, 2000).

Literature review

Premium service quality enables banking sector managers to differentiate the banks and gain a sustainable competitive advantage and enhance efficiency (Olorunniwo *et al.*, 2006). Gronroos (1984) defined perceived quality as evaluation process, where the consumer compares his/her expectations with his/her service perceptions. Eleuch (2011) showed that banking sector service quality perception is a judgment about whether the service performed for a customer and was the most appropriate to produce the best result that could be reasonably expected by the customer. According to O'Connor *et al.*, (1994), the customer perspective is increasingly being viewed as a meaningful banks services quality indicator that represents the most important perspective. According to Aagja and Garg (2010) banks service quality is the discrepancy between customer perceptions and their expectations about banks offering such services. Some studies on customer perception conducted in developing countries show that customers are able to assess and evaluate service structure, process and outcome (Haddad *et al.*, 1998; Andale, 2001; Baltussen *et al.*, 2002).

Anbori *et al.*, (2010) and that service quality improvements were required to achieve high quality services in the private banks to increase loyalty among customers. Peer and Mpinganjira (2011) found that service quality is an important factor in ensuring customers overall satisfaction

and loyalty towards a banking front stage employees. Manimay (2014) suggest that providing effective training to clerks, attenders, managers and other front end support staff on interpersonal skills and effective communication leads to in customer satisfaction. There is growing evidence that perceived service quality is the most important variable that influences customer perceptions and intention to adopt more services (Zeithaml *et al.*, 1996). According to (Parasuraman *et al.*, 1991) service quality attributes are not expected to be equally important across service industries. Including importance weights in the service quality measurement scales, therefore, is important.

Banking sector service quality perception

Service quality is generally viewed as an outcome, especially in banking sector. According to Bitner and Hubbert (1994, p.77) service quality is “the consumer’s overall impression of the relative inferiority/superiority of the organization and its services”. Service quality assessments are not one-dimensional (Choi *et. al.*, 2004) and are defined as how well the service meets or exceeds customer expectations on a consistent basis (Parasuraman *et al.*, 1985). Service consistency varies between regions and sectors. Unlike product quality, service quality is hard to define and measure as inter-relationships between user expectation and the impact on specific features in service such as intangibility, inseparability, heterogeneity and perishability (Parasuraman *et al.*, 1985; Zeithaml *et al.*, 2006). The Service Quality Gaps Model and SERVQUAL scales proposed by Parasuraman *et al.*, (1985, 1988) are widely accepted tools for measuring service quality (Sohail, 2003; Ladhari, 2008). Hardeep and Madhu (2012) find that perceived quality and loyalty have positive influence on brand equity in healthcare sector. In healthcare, the two tools are also popular for assessing service quality in various categories such as an acute care hospital, independent dental offices, AIDS service agencies, with physicians and nurses and hospitals (Taner and Antony, 2006). Perceived quality is the consumer’s evaluative judgment regarding superior service performance (Zeithaml, 2000). Thus, perceptions provide the basic measurement tool in which individuals evaluate product or service attractiveness and/or desirability.

Chapter 4

Objectives and Scope of the project

The project delineates the issues on customers' care and quality of services in rural banking, particularly, with respect to the Regional Rural Banks, which were established as a special rural financial institution in 1975, with a view to provide banking facilities at the door steps of the rural people.

- Highlight perception of customers about the service quality offered by the RRB branches (Utkal Grameen Bank) in Rourkela Steel city.
- Measure the effectiveness of different factors affecting the service quality of the Regional rural banks in Rourkela steel city.

Scope of the project:

In the context of government's present objective of financial inclusion of all sections of societies, wherein, every household should have a bank account, the objective would be successful only if the banks can ensure hassle free transactions to the common man. In this regard the RRBs are to play a major role. Unless these banks are able to satisfy their existing customers fully, they cannot expect to retain its customers and that would discourage the fresher's to open a bank account. Our results may not be generalised to all banks. Our small sample may not represent the population, so, in future, research can be conducted with a larger sample to facilitate a robust examination of service quality perception and loyalty. Future studies can also be conducted to identify each dimension's relative importance. Extending this study can include the service providers' perspective to understand these issues in private hospitals. Extending this study and model to other sectors are other directions.

Chapter 5
Research Methodology

The success of any analysis mostly depends on the methodology on which it is carried out. The present study was aimed the service quality dimension impact on customer satisfaction in regional rural banks in Orissa. This chapter deals with different steps starting from identification of the problem to gathering and organizing the data.

Objective:

The objective of the present study is to analyse perception of customers about the service quality offered by the RRB branches (Utkal Grameen Bank) in Rourkela Steel city ,Orissa and To Measure the effectiveness of different factors affecting the service quality of the Regional rural banks in Rourkela steel city. An extensive survey comprising of a questionnaire of 29 questions relating to the objective identified has been carried out.

Type of research:

The present study is a descriptive study in which the data is analysed by using the SPSS S/W.

Research question:

The Research questions that are covered by the present research are as follows: “the factors which are influences the customer satisfaction on service quality of regional rural banks”

Research hypothesis development:

In order to analyse the analyse perception of customers about the service quality offered by the RRB branches, following hypothesis have been proposed.

Hypothesis:

Null hypothesis: There is a no service quality dimensions impact on customer satisfaction in Regional rural banks.

Null Hypothesis, $H_0: x \neq 0$ (no relationship)

Ha (Alternate hypothesis): There is a service quality dimensions impact on customer satisfaction on regional rural banks services.

Alternative Hypothesis, $H_a: x = 0$ (strong relationship)

Research population:

The target population in this study was customers of the regional rural banks exists in the Rourkela steel city, Orissa (i.e, Utkal grameen bank), and the sample size is 250

Selection of the Study Area:

The area for the present study has been selected as Utkal Grameen bank Rourkela steel city, Orissa. Being Orissa's largest regional rural bank.

Selection of Sample:

A sample size of 250 from a total of hundreds of customers is taken. The sample unit is Utkal Grameen Bank, One of the regional rural bank in India and the sample area as Rourkela steel city.

Sampling method:

The sampling technique used in the research is, ‘non probability convenient sampling’ in which questionnaires were distributed among customers of Utkal grameen bank according to convenience. Convenience sampling refers to the collection of information from members of population who are conveniently available to provide the information. This sampling method is most often used during the exploratory phase of research project and is the best way of collecting basic information quickly and efficiently (Sekaran, 2009).

Therefore, in this study, questionnaires were distributed to the participants based on convenience, who were easily available and willing to participate in survey.

Collection of Data:

The present study is descriptive in nature where the original data that is, the primary data is collected by means of structured questionnaire and discussions with the respondents. Some data is also collected through secondary sources comprising of the analysis of existing documents such as: Annual Reports of Utkal Grameen bank, services offered by Utkal grameen bank, Internet; Govt. Publication etc.

A questionnaire was developed to measure the factors found to service quality dimensions on customer satisfaction of Utkal regional rural bank. In the first part, some demographic data like age, gender, income and education of the customer of the bank were gathered. The questionnaire is comprised of forty two 42 questions and five (5) factors define the overall customer satisfaction on different determinants of service quality. Respondents had to indicate their level of agreement with each statement. This was done with an five-point Likert-scale ranging from one to five, with one being “ Strongly Agree”, three being a neutral score and five being “Strongly disagree”. Refer Annexure I, five influencing factors were measured: Reliability, empathy, tangibility, assurance, and responsiveness.

Justification for using questionnaire

In this study “questionnaire” has been used for primary data collection which has been distributed among the customers of the Utkal grameen bank. The reasons of using this approach has been that personally administered questionnaires offers many advantages. Any doubts in mind of respondents can be clarified. A higher response rate can be ensured by using self-administered questionnaires. Anonymity of respondent is also high. Therefore it is best suited for this study where behaviour of the respondents can be easily measured.

Analysis Techniques:

A total of 280 questionnaires were distributed among the customers of the Utkal grameen bank; out of which 250 were properly filled and returned. This gives a response rate of 89.82%. All the responses were then decoded. After the data entry into SPSS version 20, results were then analysed.

After collecting the data from the primary sources, the data is analysed with the help of Reliability test, Factor Analysis, and Multiple Regression Analysis. In order to understand whether the questions in the questionnaire all reliably measure the same latent variable Cronbach's alpha, measure of internal consistency ("reliability"), has been analysed. A lot of statistical tests (e.g. t-test) require that data are normally distributed and therefore data are verified if this assumption is violated. Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. Factor analysis can also be used to generate hypotheses regarding causal mechanisms or to screen variables for subsequent analysis (for example, to identify collinearity prior to performing a linear regression analysis).

Limitations:

There were certain limitations while conducting the study. Since the study was carried out only of the customers of the Utkal Grameen Bank, Rourkela with a limited sample size of 250 customers and hence, the findings are not conclusive for the Utkal grameen bank as a whole. It was a time consuming exercise due to difficulty in extracting information from all customers. Moreover, some customers were reluctant to reveal the complete information.

CHAPTER 6
DATA ANALYSIS AND INTERPRETATION

6.1 Introduction

In this section the results of the different analysis are presented. The first part elaborates on the Demographic analysis. The second part deals with the descriptive statistics which gives an impression how the several factors are perceived by the consumer satisfaction on the factors that effecting the performance of the regional rural banks. Next, the results of the analysis techniques are presented. Third, suggestions and recommendations from the respondents as well have been summarized to improve performance of the services in the regional rural banks.

Demographic Analysis:

Table 6: Response Profile

Variable	Description	Frequency	Percentage (%)
Gender	Male	192	76.8
	Female	58	23.2
Age	20 -29	24	9.6
	30 -39	58	23.2
	40 -49	121	20
	50 -59	47	48.4
education	Illiterate	46	18.4
	10th standard	25	10
	Intermediate	84	33.6
	Graduation	62	24.8
	Post-graduation	33	13.2
income	10k-20k	89	35.6
	20k-30k	103	41.2
	30k-40k	45	18
	40k+	13	5.2

GENDER: 250 out of 280 customers took part in the research which results in a response rate of 89.2%. Of the 250 respondents 58 were female and 192 were male. The results gained revealed that majority of customers in Utkal Grameen bank are male (76.8%).

AGE: The respondents ranged in age from 20 to 60 years. The mean score for respondents' age is 46 years. The demographic attribute of age has importance through linkages with individual experience and personal accumulated knowledge. The majority of the customers are middle age people and that to formers only.

EDUCATION: 250 out of 280 customers took part in the research which results in a response rate of 89.2%. Of the 250 respondents around 20% of the customers are illiterate and remaining customers are having minimum knowledge about the banking operations and working process.

INCOME: 250 out of 280 customers took part in the research which results in a response rate of 89.2%. Of the 250 respondents 80% of the customers are low income people and their income level is in between 10k to 30k.

Reliability: It has been found that Cronbach's alpha is 0.927, which indicates strong **internal consistency** among factors. This means that 92.7% of the variability in composite score is considered to be internally reliable variance.

Reliability Statistics

Cronbach's Alpha	N of Items
.927	29

Factor Analysis: The construct validity was determined using principal components analysis with Varimax rotation method. The sample adequacy for extraction of the factors was confirmed through Kaiser Meyer-Olkin (KMO) test and Bartlett's test of sphericity was performed. The generated score of KMO was highly significant Bartlett's test of sphericity supported the appropriateness of using factor analysis to explore the underlying structure of analyzing the effective implementation of logistics on development of retailer's business.

The KMO measures the **sampling adequacy** which should be greater than 0.5 for a satisfactory factor analysis to precede the further calculation. If any pair of variables has a value less than this, consider dropping one of them from the analysis. Looking at the table below, the KMO measure is 0.836. Fiedel (2005) says that in general over 300 cases for

sampling analysis is probably adequate. There is universal agreement that factor analysis is inappropriate when sample size is below 50. Kaiser (1974) recommend 0.5 as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.836
Bartlett's Test of Sphericity	Approx. Chi-Square	4768.536
	Df	406
	Sig.	.000

The exploratory factor analysis extracted four factors which accounted for 51.1 of variance in the data. Most of factor loading were greater than 0.50 implying a reasonably high correlation between extracted factors and their individual items. The four factors are labelled as follows: F1: Reliability (V12, V13, V14, V15, V16), F2: Assurance (V27, V26, V6, V10, V1, V29), F3: Tangibility (V7, V36, V37, V38, V39), F4: Empathy (V19, V20, V21, V9, V42).F5: Responsiveness (VV31, V32, V33) Here V1, V2, V3, V4, V5, V6, V7, V8, V9, V10, V11 ...V42 are variables associated with that factors.

.Communalities

	Initial	Extraction
V1	1.000	.560
V6	1.000	.685
V7	1.000	.638
V9	1.000	.631
V10	1.000	.663
V12	1.000	.769
V13	1.000	.688
V14	1.000	.746
V15	1.000	.618
V16	1.000	.755
V17	1.000	.696
V19	1.000	.715
V20	1.000	.766
V21	1.000	.652
V22	1.000	.737
V26	1.000	.680

V27	1.000	.808
V28	1.000	.684
V29	1.000	.543
V31	1.000	.716
V32	1.000	.589
V33	1.000	.683
V35	1.000	.618
V36	1.000	.705
V37	1.000	.714
V38	1.000	.648
V39	1.000	.609
V40	1.000	.701
V42	1.000	.561

Extraction Method: Principal

Component Analysis.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.062	34.695	34.695	10.062	34.695	34.695	4.14	14.275	14.275
2	3.238	11.166	45.861	3.238	11.166	45.861	4.118	14.202	28.477
3	2.006	6.918	52.779	2.006	6.918	52.779	3.371	11.626	40.102
4	1.698	5.855	58.634	1.698	5.855	58.634	3.186	10.986	51.088
5	1.444	4.981	63.615	1.444	4.981	63.615	2.392	8.25	59.338
6	1.13	3.897	67.512	1.13	3.897	67.512	2.37	8.174	67.512
7	0.989	3.409	70.921						
8	0.899	3.099	74.019						
9	0.745	2.569	76.588						
10	0.732	2.525	79.114						

11	0.609	2.099	81.213					
12	0.549	1.893	83.106					
13	0.522	1.801	84.907					
14	0.493	1.701	86.608					
15	0.478	1.649	88.257					
16	0.426	1.47	89.727					
17	0.38	1.31	91.036					
18	0.373	1.288	92.324					
19	0.329	1.134	93.458					
20	0.301	1.039	94.497					
21	0.28	0.966	95.463					
22	0.255	0.879	96.342					
23	0.227	0.784	97.126					
24	0.189	0.651	97.776					
25	0.172	0.592	98.368					
26	0.156	0.539	98.908					
27	0.117	0.404	99.312					
28	0.104	0.36	99.672					
29	0.095	0.328	100					

Extraction Method: Principal Component Analysis.

Communalities - This is the proportion of each variable's variance that can be explained by the factors (e.g., the underlying latent continua). It is also noted as h^2 and can be defined as the sum of squared factor loadings for the variables.

Initial - With principal factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. For example, if you regressed items 14 through 24 on item 13, the squared multiple correlation coefficients would be .564.

Extraction - The values in this column indicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the common factor space, while variables with low values are not well represented. (In this example, we don't have any particularly low values.) They are the

reproduced variances from the factors that you have extracted. You can find these values on the diagonal of the reproduced correlation matrix.

Factor - The initial number of factors is the same as the number of variables used in the factor analysis. However, not all 12 factors will be retained. In this example, only the first three factors will be retained (as we requested).

Initial Eigenvalues - Eigenvalues are the variances of the factors. Because we conducted our factor analysis on the correlation matrix, the variables are standardized, which means that each variable has a variance of 1, and the total variance is equal to the number of variables used in the analysis, in this case, 12.

Total - This column contains the eigenvalues. The first factor will always account for the most variance (and hence have the highest eigenvalue), and the next factor will account for as much of the left over variance as it can, and so on. Hence, each successive factor will account for less and less variance.

% of Variance - This column contains the percent of total variance accounted for by each factor.

Cumulative % - This column contains the cumulative percentage of variance accounted for by the current and all preceding factors. For example, the third row shows a value of 68.313. This means that the first three factors together account for 68.313% of the total variance.

Extraction Sums of Squared Loadings - The number of rows in this panel of the table correspond to the number of factors retained. In this example, we requested that three factors be retained, so there are three rows, one for each retained factor. The values in this panel of the table are calculated in the same way as the values in the left panel, except that here the values are based on the common variance. The values in this panel of the table will always be lower than the values in the left panel of the table, because they are based on the common variance, which is always smaller than the total variance.

Rotation Sums of Squared Loadings - The values in this panel of the table represent the distribution of the variance after the varimax rotation. Varimax rotation tries to maximize the variance of each of the factors, so the total amount of variance accounted for is redistributed over the three extracted factors.

Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
V27	.861					
V6	.666					
V26	.659					
V10	.646					
V1	.558					
V29	.510					
V12		.818				
V13		.775				
V14		.768				
V16		.653				
V15		.636				
V37			.790			
V36			.764			
V39			.625			
V38			.590			
V7			.585			
V19				.753		
V20				.720		
V42				.661		
V21				.627		
V9				.541		
V31					.781	
V33					.660	
V32					.619	
V40						.694
V17						.691
V22						.651

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Rotated Factor Matrix –

This table contains the rotated factor loadings (factor pattern matrix), which represent both how the variables are weighted for each factor but also the correlation between the variables and the factor. Because these are correlations, possible values range from -1 to +1. On the **/format** subcommand, we used the option **blank (.30)**, which tells SPSS not to print any of the correlations that are .3 or less. This makes the output easier to read by removing the clutter of low correlations that are probably not meaningful anyway.

For orthogonal rotations, such as varimax, the factor pattern and factor structure matrices are the same.

Factor - The columns under this heading are the rotated factors that have been extracted. As you can see by the footnote provided by SPSS (a.), three factors were extracted (the three factors that we requested). These are the factors that analysts are most interested in and try to name. For example, the first factor might be called "instructor competence" because items like "instructor well prepare" and "instructor competence" load highly on it. The second factor might be called "relating to students" because items like "instructor is sensitive to students" and "instructor allows me to ask questions" load highly on it. The third factor has to do with comparisons to other instructors and courses.

Component Transformation Matrix

Component	1	2	3	4	5	6
1	.512	.497	.436	.369	.295	.277
2	.468	-.561	.209	-.488	.431	.005
3	.346	-.193	-.245	.524	.094	-.706
4	.318	.193	-.838	-.110	.184	.336
5	-.385	-.444	-.055	.527	.459	.404
6	-.387	.408	-.023	-.246	.689	-.385

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Regression:

A stepwise multiple regression analysis was conducted to determine the most effective predictors of effective implementation of logistics in AMUL. The four variables of logistics were specified as the independent variable with development of business as the dependent variable. Preliminary analyses were conducted to examine the assumptions underlying a regression model. Test of Durbin-Watson valued to 1.894, as it lies within an acceptable range of 1.5 to 2.5, it was assumed that multi co linearity considerations were met and we could analyse the data using regression.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.834 ^a	.695	.682	.210	1.894

a. Predictors: (Constant), responsiveness, empathy, Tangibility, assurance, reliability

b. Dependent Variable: output

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.197	5	7.639	24.006	.000 ^b
	Residual	77.647	244	.318		
	Total	115.844	249			

a. Dependent Variable: output

b. Predictors: (Constant), responsiveness, empathy, Tangibility, assurance, reliability

As depicted by table II, only four predictor variables were found to be of significant in explaining the development of business. The predictor variables of flexibility, time, responsiveness, accountability explained about 69.5% of the variance in the QWL. Table III revealed that the F-statistics (58.118) and the corresponding p-value which is highly significant (0.000) or lower than the alpha value of 0.05. This indicates that the slope of the

estimated linear regression model line is not equal to zero confirming that there is linear relationship between development of business and the four predictor variables of effective implementation of logistics.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.956	.281		3.405	.001
reliability	.156	.081	.142	1.927	.001
assurance	.247	.057	.314	4.301	.000
Tangibility	.120	.068	.121	1.772	.000
empathy	.035	.059	.040	.592	.000
responsiveness	.126	.066	.120	1.910	.000

a. Dependent Variable: output

In table IV, the largest beta coefficient value is of flexibility, thus denoting that it makes the strongest significant contribution in explaining the development of business when the variance explained by all other predictor variables in the model is controlled. The beta coefficient value for responsiveness is the smallest indicating that it made the least contribution

Customer Satisfaction =0.956+0.156 RELIABILITY +0.247 ASSURANCE +0.120 TANGIBILITY +0.035 EMPATHY +0.126 RESPONSIVENESS.

Chapter 7 – Observations:

Findings:

Even though Utkal Grameen bank had a rapid expansion of branch network and increase in volume customers, but the study found various problems that are the basic objective of RRBs was to provide credit facilities to poor and weaker sections of society, i.e., to small and marginal farmers and other weaker sections. But they were originally having limited scope to invest their surplus funds freely to poor and weaker sections people. The Regional rural banks are having very limited area of operations compared to other private and public sector banks. Public perception on Utkal Grameen bank was that this bank is only for poor people not for the others those who are deposits huge amount in banks. So customers are switch to other banks because of their interest rates on deposits, and lack of facilities. Bank front end employees are not responding properly to their customer's problems.

For customers to remain loyal to patronising the services provided by the bank, the staff of the bank should pay particular attention to complaints by customers. The banking halls should be clean and tidy at all times and delivery of services by staff of the bank should be faster vis-a-vis the status quo. The knowledge base of the staff should also be enhanced by organizing workshops and seminars as well as allowing them to take short courses in banking activities.

Our study suggests that the government should encourage and support banks to take appropriate steps in rural developments and the policies whatever Utkal Grameen bank is implemented that are not useful for weaker and remote areas of the Orissa state.

Our study found that the front end staff not having the computer knowledgeable to solve customers' problems immediately and employees are not giving prior importance to customer's problems and not coming in time to the office. The project explains that the employees are not professionally dressed like private banks employees. The physical equipment's (fire alarm, dustbin and etc.) are not maintained properly. Employees taken too much time to give/ sanction a loan to their customers. They are not maintained proper technical equipment's. Finally, the customers are not satisfied tangibility and empathy factors. If the government and Utkal Grameen bank concentrate on these issues, then the bank will retain their existing employees and as well as attract new customers.

Chapter 8

Conclusions

CONCLUSION: The findings of the study based on the results of the regression study showed that customer satisfaction depends on attention to customer complaints by the staff of the bank, accessibility of the bank to customers, tidiness and cleanliness of the banking environment, speed of service delivery and knowledge base of the staff of the bank. It therefore follows that if banks using the study area as a yard stick are to retain their customers by providing excellent services, they need to pay much attention to these variables since unlike tangible products where the product can be examined, touched and feel to determine its quality, service has unique characteristics and from the regression analysis, it is these variables that prove to be significant in determining the quality of service for customers to get satisfied.

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QUESTIONNAIRE

		Strongly Disagree	Disagree	Undecided	Agree	Strongly agree
	Question	1	2	3	4	5
1	Satisfied with the Deliver service at promised time.					
2	Satisfied with the Interested in solving problem.					
3	Satisfied with the Perform service right first time.					
4	Satisfied with the Follows the promised time.					
5	Satisfied with the Maintain error free records.					
6	Satisfied with the Sympathetic and reassuring towards customers problem.					
7	Satisfied with the Online reliability.					
8	Satisfied with the Reliable information to customer.					
9	Satisfied with the Consistent performance throughout the year.					
10	Satisfied with the Bank having up-to-date equipment.					
11	Satisfied with the Professional layout of the bank.					
12	Satisfied with the Bank employees' dress and					

	appearance.					
13	Satisfied with the Appearance of physical facilities of the bank.					
14	Satisfied with the Reliability of bank's staff.					
15	Satisfied with the Timely service.					
16	Satisfied with the Dependability of the bank.					
17	Satisfied with the Customer support.					
18	Satisfied with the Less waiting time.					
19	Satisfied with the Quick location.					
20	Satisfied with the Easy communication.					
21	Satisfied with the Responding towards customer.					
22	Satisfied with the Prompt Services.					
23	Satisfied with the Willing to help customers.					
24	Satisfied with the Ethical behaviour of employees					
25	Satisfied with the Grievances handling.					
26	Satisfied with the Operating Hours.					
27	Satisfied with the Confidentiality of transactions.					
28	Satisfied with the Customers of excellent banks will feel safe in transactions.					

29	Satisfied with the Employees of excellent banks will be consistently courteous with customers.					
30	Satisfied with the Employees of excellent banks will have the knowledge to answer customer's questions.					
31	Satisfied with the When excellent banks promise to do something by a certain time, they do.					
32	Satisfied with the When a customer has a problem, excellent banks will show a sincere interest in solving it.					
33	Satisfied with the Excellent banks will perform the service right the first time.					
34	Satisfied with the Excellent banks will provide the service at the time they promise to do so.					
35	Satisfied with the Excellent banks will insist on error free records.					
36	Satisfied with the The bank can provide customers the services as promised.					
37	Satisfied with the Staffs are knowledgeable to solve customers' problems.					
38	Satisfied with the Staffs have the enthusiasm to understand customer needs.					
39	Satisfied with the Staffs consider customer needs in the first place.					

40	Satisfied with the Individual attention given by staff					
41	Satisfied with the Convenient operating hours					
42	Satisfied with the Employees give Personal attention					
43	Satisfied with the Staff giving customers best interest at heart					
44	Satisfied with the Employees are polite.					
45	Satisfied with the Friendliness of employees					
46	Satisfied with the Consistently courteous with customers.					
	Question	1	2	3	4	5
47	Satisfied with the Employee Professionally Dressed.					
48	Satisfied with the Availability of Equipment.					
49	Satisfied with the Visual Appearing Layout.					
50	Satisfied with the Attractive printed materials.					
51	Satisfied with the Sufficient staffs are available to provide customer banking services					
52	Satisfied with the The bank's facilities & Design is comfortable.					
53	Satisfied with the Environment of the Bank (Staff's Attitude).					

54	Satisfied with the Fire Alarm, Extinguisher.					
55	Satisfied with the Locker Facility.					
56	Satisfied with the Dustbin Availability.					