

SAMARTH COOPERATIVE BANK LTD.

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ABSTRACT

Samartha Cooperative Bank Ltd is a cooperative bank in Indore. This bank was previously working as a small cooperative society established under the M.P. State Co-operative Act 1959. The Chairman Prof. Bhagwant Joshi is an ambitious person. He believes that the bank should expand its business. The vice-chairman and other board of directors also believe this strongly, but they are doubtful about the efficiency of the bank staff. At the same time, they think that the customers and members are losing their trust in the bank. The depositors are doubtful about the reliability of the bank's financial position. At the same time, the CEO Mr. Chandrakant Kulkarni who is a retired employee from a nationalized bank is well confident about the capability of the bank employees, and he is consistently trying to give solutions to the customers and members whenever they had a problem. The four-pillar strategy of the chairman and experience of the CEO along with the efficiency of the employees may lead to a successful expansion of the bank's business in the future. The CEO believes that the customers and the members are having trust in the bank.

KEYWORDS

Customer's trust, NPA, Demand deposits

Samartha Cooperative Bank Ltd. is a small cooperative bank in Indore. The bank was established 14 years ago, under the M.P. State cooperative act 1959. Previously this bank was working as a cooperative society. The cooperative society had 1500 members who used to keep deposits with the society. Looking towards the growing no. of members the directors of the society applied for a banking license from the Reserve Bank of India and also got permission from the M.P. State Government to convert the co-operative society into a bank. The bank right now is suffering from some problems. Mr. Chandrakant Kulkarni is appointed as the new CEO of the bank in the last financial year. Mr. Kulkarni is a retired bank manager who possessed 30 years of experience in the area of banking in a nationalized bank. He is quite dynamic and ambitious and focused on the development of the bank. The bank has a staff of 30 people, including 2 managers, 6 officers, 12 clerks, and other staff like marketing executives, software and hardware personnel security guard, driver, etc. The newly elected Chairman Prof. Bhagwant Joshi is planning the expansion of the banking business. He had convinced the rest of the Board of Directors. The directors are worried about the reduction in deposits in the last couple of quarters. They also had complaints from the customers regarding the service of the bank. Somewhere, these complaints threw light on the bad behavior of the employees, delays in services like the passbook printing, providing bank statements, fixed deposit receipts on time, delay and negligence in the loan sanctioning process, etc. He called upon a meeting of the employees in which Chairman Prof. Joshi was also present with the vice-chairman Mrs. Shobha Vyas. There was a mixed environment in the meeting, it was made compulsory for all the employees to attend this meeting. A short briefing about the meeting is following:

MR. CHANDRAKANT KULKARNI started with anchoring: "I welcome our hon'ble chairman and vice-chairman, and all dear employees to this very important meeting. As very soon our bank will be completing 15 years. We are not new in the field of banking now. Looking towards the glory of Samartha Cooperative Bank Ltd., we must now think about the expansion of our business."

PROF. JOSHI SAID: "I welcome all the employees of our bank to this meeting. First of all, I appreciate the hard work of all of you which has contributed to the continuity of business of our bank and helped for the growth. I want to share that we owe to our thousands of members not only the annual dividend

but also some extraordinary achievements. This might be a new thought for you and some of you may take it as an exaggeration but I and the board members with the CEO believe that the time has come when we should go for enhancement of the bank's business. I am not able to devote the whole day ever to the activities in the bank, but the feedback which I receive in the city indicates that now the stagnancy will be dangerous for our future. No matter what we are doing better but now we are thinking about growing our customer network. But this task is not an easy teacup. We will have to work on the following points first-

NEW BRANCH

We are located in the heart of the city, but still, we have traditional and old customers. We will have to open at least two branches in the other parts of the city so that new customers will be associated with us, and at the same time, the increment in advances, as well as time and demand deposits, can be attained.

TRAINING THE STAFF

The staff is required to be trained professionally. The time demands that the new banking functions like internet banking, ATM facility, and foreign letter of credit can be provided consistently to the customers. Similarly, the behavioral aspect of the employee and prompt customer service will help us to gain more trust from the members and customers.

DEBT RECOVERY AND REDUCTION IN NPA

As the reserve bank has implemented very strict norms for nonperforming assets i.e., loans that are not recovered by the bank. While going for the new advances and loans it is very important to take care of the NPA.

MODERN INFRASTRUCTURE

We are planning for the latest stylish interior for the bank's building, which will help in the smooth functioning of the banking activities, and provides comfort to all.

MRS. VYAS SAID: We all agree with the statements given by the hon'ble chairman sir. Secondly, we are lucky enough to have an experienced CEO like MR. Chandrakant Kulkarni. I want to suggest one thing it is very important to take care of the existing customers and members before we go for the expansion of business. If the present feedback is positive, certainly we will reach the zenith of the success in future. Due to some bad customer service, I think we are losing the deposits, which is not a good sign for the bank. This all may lead towards the spoiling of our reputation and hope we may disappoint the members and customers.

MR. CHANDRAKANT KULKARNI REPLIED: Respected madam, I would like to make some corrections here. Our staff is very hardworking and has immense potential. The complaints lodged by customers are sometimes fake also. Take an example of yesterday, we have a current account of Winlife Medicose, which deals in pharmaceuticals and has a sanctioned overdraft of 50 lacs. The proprietor Mr. Jain was unnecessarily arguing to pass a cheque from his accounts as the accounts had crossed the overdraft limit of Rs. 50 lacs and had a temporary overdraft of 5 lacs against the cheques in the clearing. As our Manager Mr. Ameya refused to do so, he gave us the threat that he will complain to the vice-chairman Mrs. Shobha Vyas about the bad behavior of the staff. I always found the staff very well mannered and decent to me as well as to the customers. I have personally given training to all of them on how to behave with the people and take care of the customer service. I am regularly noticing the complaints of the customers and have managed to solve them. As far as the trust of the people is concerned in the bank, we are ahead for the customer's satisfaction. We have started working with modern computers and other machines like passbook printer, new fast software and have added

some more qualified staff members to our squad. It is noteworthy that there is a remarkable increment in the positive feedback from the customers and we believe that a satisfied customer has complete trust in you. Secondly, we are having miscommunication and misperception about the reduction of the deposits, it is not so. I have the number of customers who came to the bank for opening deposits accounts (time and demand) in the last fifteen weeks.

Finally, the chairman and vice-chairman came to the conclusion that they have complete faith in the bank's CEO and all of its staff. They also stated that the CEO has the authority to make further full freedom and new actions for the bank's growth, and that management will provide all necessary assistance to the CEO. Finally, the meeting comes to a close with a vote of gratitude from the CEO to the chairman, vice-chairman, and all staff. However, the CEO's face revealed that he is concerned about the bank's future issues and further growth ideas.

QUESTIONS:

1. Do the SWOT analysis of Samarth Cooperative Bank Ltd.
2. What are the challenges in front of the CEO of the bank for expansion of the business?
3. Suggest the new strategies to the CEO of the bank for further growth and expansion of the bank business.

