

Customer Satisfaction on SHG Loans - A Case Study on APCOB

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Abstract- In India, Self-Help Groups (SHGs) have emerged as one of the most effective tools for advancing rural development, women's empowerment, and financial inclusion. These organizations unite women from comparable socioeconomic situations to pool their savings and support one another financially. Women who join SHGs have access to finance options that enable them to launch small enterprises, increase their income, and become financially independent. By providing loans and financial support for income-generating activities, the Andhra Pradesh State Cooperative Bank (APCOB) significantly contributes to the growth of the Self-Help Group (SHG) movement. APCOB's initiatives help raise rural women's living standards and promote community self-sufficiency. The goal of the study "Customer Satisfaction on SHG Loans – A Study on APCOB" is to assess how satisfied SHG members are with the bank's loan services and how these services affect their social and economic growth. 53 SHG members who took loans from APCOB provided primary data for the study. To readily interpret the results, the acquired data was examined using basic statistical methods like percentages and tabular presentation. Additionally, they were pleased with the fair interest rates, prompt help from bank employees, and the helpful function of field officers. Positive benefits like increased family income, improved saving practices, business growth, and increased financial confidence were reported by numerous SHG members. The report did note several difficulties with the SHG loan procedure, though. Long paperwork, loan sanctioning delays, and the need for further financial literacy training were among the problems raised by respondents. Overall, the study shows that APCOB's SHG loan program significantly improves rural women's socioeconomic circumstances. In addition to assisting with revenue generation, APCOB promotes women's independence and self-assurance by offering easily accessible and reasonably priced financing.

Keywords: Self Help Groups, Customer Satisfaction, APCOB, Cooperative Banking, Women Empowerment.

I. INTRODUCTION

Many households in India's strongly ingrained rural socioeconomic structure make their living from agriculture and related pursuits. The accessibility of loans and savings is crucial for raising these families' cost of living. However, for a very long time, lack of paperwork, ignorance, reluctance, and fear of rejection made it impossible for rural households to approach official banks. They consequently relied largely on unofficial money lenders who imposed exorbitant rate of interest. The idea of Self-Help Groups (SHGs) developed as a community-based solution for financial needs in order to address this persistent problem. A SHG is a small group of women from similar social and economic backgrounds who gather together on a regular basis to save a set sum of money. Through domestic loans, these savings are utilized to assist members in times of need. The group eventually gains the ability to borrow bigger loans from banks as it demonstrates collaboration, unity, and financial discipline. The SHG–Bank Linkage Program is the method of connecting SHGs with banks in order to provide credit support. There is more to the SHG system than just financial assistance. Additionally, it is crucial for boosting women's self-esteem, enhancing their ability to communicate, assisting them in making decisions, and elevating their social status within the community. Women who had previously felt insecure or reliant began to assume leadership positions in SHGs, handling finances, debating village matters, and collaborating to decide how to spend the loan amounts. As a result, SHGs in rural India have developed into a powerful platform for female empowerment. The cooperative banking system and government assistance have helped the SHG movement flourish in Andhra Pradesh. The duty of offering SHG loans at reasonable interest rates has been assumed by the Andhra Pradesh State

Cooperative Bank (APCOB), District Cooperative Central Banks (DCCBs), and Primary Agricultural Cooperative Societies (PACS). These loans have helped women launch small enterprises that have improved their living conditions and household income, such as dairy farming, tailoring, kirana shops, nursery operations, and food preparation firms. Yet, customer satisfaction is a key factor in SHG loan success.

SHG members are more likely to maintain banking ties and make timely repayments if they believe that loan procedures are simple, repayment is flexible, personnel are helpful, and the loan amount is beneficial. However, they could become dissatisfied if they encounter difficulties like delays, misunderstandings, or communication breakdowns. Thus, the goal of this study is to determine how satisfied SHG participants are with the loans they receive from APCOB. In order to improve agricultural development results, the study will examine their experiences and find strategies to enhance cooperative banking services. The growing significance of SHGs in the advancement of rural livelihoods makes this study necessary.

It is anticipated that SHG loans will increase financial stability and encourage revenue-generating endeavours. However, the degree of customer happiness determines the true impact of these loans. The SHG lending model becomes robust and long-lasting if those receiving funding experience confidence and assistance. However, the efficacy of SHG lending may decrease if they have difficulties with financing, making payments, or dealing with bankers. Knowing client satisfaction makes it easier to pinpoint areas where cooperative financial institutions are doing well and those that want development. By doing cooperation networks, APCOB is essential to SHG finance. Consequently, evaluating SHG women's perspectives aids in determining how well the APCOB is carrying out its financial empowering obligations. This study will also assist governments and growth organizations in developing more effective plans for SHG women's training, company planning guidance, and administrative obstacles. As a result, the study acts as a conduit connecting financial organizations and

SHG customers, thereby increasing the efficacy and utility of the SHG system.

Role of DCCBs in Promoting Educational Awareness and Access in Rural Andhra Pradesh

District Central Cooperative Banks (DCCBs) play a crucial role in enhancing educational opportunities for students in rural Andhra Pradesh. By offering targeted educational loan schemes, these banks support students from economically weaker and semi-urban backgrounds in pursuing higher studies. They provide financial assistance to cover essential academic expenses such as tuition fees, books, and travel costs.

DCCBs simplify loan procedures and offer flexible repayment options, making education financing more accessible. This helps bridge the gap for students who may not qualify for loans from commercial banks. Moreover, these banks often align with government initiatives, strengthening their contribution to social development and youth empowerment.

Through their support for education and skill development, DCCBs contribute significantly to human capital formation and long-term economic growth in rural communities, extending their role beyond traditional agricultural financing.

Overview of Educational Loan Schemes Offered by APCOB Intermediate Level Education Loan Scheme

This scheme is designed for students aged between 15 and 20 years who are enrolled in intermediate education. The loan amount ranges from ₹50,000 to ₹2 lakh, with an interest rate of 11.5%. It covers expenses such as tuition fees, transportation, and study materials. The primary objective is to ensure that students can continue their education without financial interruptions. Parents or guardians usually act as co-applicants for this loan.

Collateral-Free Higher Education Loan Scheme

Aimed at students between 15 and 35 years, this scheme provides financial support for higher education without requiring any collateral. The maximum loan amount is ₹5 lakh, offered at an interest rate of 8%. It covers tuition and other academic-related expenses. This scheme is particularly beneficial for students from low-income

families, as it removes the barrier of providing security.

Kalalasaakaram Professional Education Scheme

This scheme caters to students aged 15 to 35 who are pursuing professional or advanced education in fields such as engineering, medicine, law, and management. Loan amounts range from ₹50,000 to ₹30 lakh, with an interest rate of 12%. It includes coverage for tuition fees, laboratory charges, and study materials. The scheme enables students to enroll in reputed institutions within India and abroad.

Deposit-Linked Education Loan Scheme

This scheme is linked to the applicant’s existing deposit accounts, such as Fixed Deposits (FD) and Recurring Deposits (RD). Students aged 5 to 35 years are eligible. Loans up to ₹1 lakh (against RD) and ₹3 lakh (against FD) are available at an interest rate of 9%. This facility allows borrowers to access funds without breaking their deposits, thereby continuing to earn interest on their savings.

Overseas Education Loan Scheme

This scheme supports students aged 18 to 35 who wish to pursue education abroad. Loan amounts range between ₹5 lakh and ₹50 lakh, with an interest rate of 12.07%. It covers tuition fees, travel costs, and living expenses. A moratorium period is provided during the course duration, and repayment begins after completion. For higher loan amounts, collateral security and a co-applicant are generally required.

indicates that students and their families largely favor options that are simple, accessible, and involve minimal financial risk. Collateral-free loans emerge as the most preferred choice, as they eliminate the need for security and are especially beneficial for individuals from low-income and rural backgrounds. Overseas education loans also show significant demand, reflecting the increasing interest among students to pursue higher studies abroad despite the higher costs involved. In contrast, schemes like the Kalalasaakaram program receive moderate preference, possibly due to limited awareness and their focus on specific professional courses. Deposit-linked loans and intermediate education loans have comparatively lower usage, as they either depend on existing savings or offer smaller financial support. Overall, the trend highlights a strong inclination toward flexible and easily obtainable loan options, while also pointing to the need for improved awareness and outreach for less-utilized schemes.

Loan Scheme	Percentage Share (%)	Interpretation
Collateral-Free Loans	35%	Most preferred due to no security requirement and easy accessibility.
Overseas Education Loans	30%	High demand reflecting growing interest in studying abroad.
Kalalasaakaram Scheme	15%	Moderate usage, possibly due to limited awareness or specific eligibility.
Deposit-Linked Loans	10%	Lower preference; may be due to dependency on existing deposits.
Intermediate Education Loans	10%	Least preferred; possibly due to lower awareness or limited loan size.

Table 1 Loan preference distribution

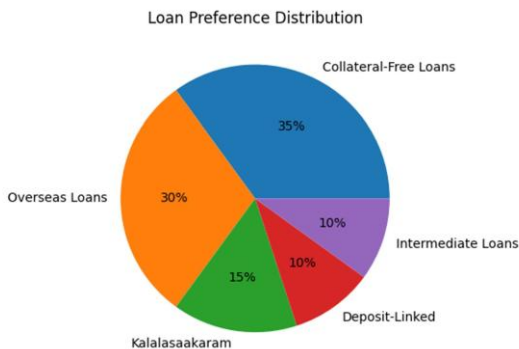


Figure 1 Loan Preference

The preference pattern of educational loan schemes

II. LITERATURE REVIEW

Researchers and development organizations in India and beyond have extensively discussed the idea of self-help groups. SHGs' primary goal is to bring together people who are facing comparable financial challenges and motivate them to assist one another through internal financing, pooled savings, and collective choice-making. This strategy makes sure that people who are typically shut out of the official

banking industry can access financial services. SHGs have their roots in the centuries-old community funding methods of rural civilizations. But when nonprofit groups like MYRADA started offering group-based microcredit in the late 1970s, the organized SHG movement started to take shape. After NABARD launched the SHG-Bank Linkage Programme in 1992, the initiative became well-known across the country. SHGs have been shown to be quite successful in guaranteeing loan payback and good budgeting habits, based on NABARD studies. The author Kabeer (2005) asserts that SHGs are tools for social transformation in addition to being financial groups. They enable women to gain self-assurance, improve their capacity for making decisions, and actively engage in both domestic and societal issues. Research has also indicated that women who participate in Self-Help Groups (SHGs) are more inclined to make investments in household renovations, schooling for their kids, and health. Additionally, studies indicate that having access to SHG loans lessens reliance on private moneylenders. According to SERP surveys conducted in Andhra Pradesh, the low interest rates and flexible repayment plans of SHGs provided economical help to a large number of families in the countryside. According to studies like Harper (2002), SHGs support women's social capital development, which enhances relationships with others, political engagement, and governance. SHGs have developed into organized systems with organizations at the village, mandal, and district levels thanks to government initiatives like NRLM and state-level livelihood missions. These organizations assist SHGs with financial management, business strategy, advertising for goods, and safety programs involvement. In addition to overseeing loans usage and giving guidance regarding livelihoods advancement, APCOB and cooperative banks are essential. Overall, research shows that SHGs support the growth of rural areas, inclusion of money, and independence. They help women advance both financially and socially, enabling them to actively contribute to the well-being of their families and the growth of their communities. The socioeconomic position of borrowers is significantly impacted by SHG loans. Improved household incomes, better educational prospects for their kids, and greater involvement in social and community activities are frequently reported by

satisfied lenders. Access to financing through SHGs increases the ability of women to make decisions in their own homes and neighbourhoods, empowering them in specifically. As a result, customer satisfaction not only shows how well loan services are provided, but it also shows how SHG members' lives have improved. There is a clear lack in the scientific literature that particularly looks at consumer satisfaction with APCOB's SHG loans, despite the substantial study on SHG effectiveness and rural financing. To sum up, Self-Help Groups (SHGs) have become an essential tool for advancing socioeconomic development and financial inclusion in rural and underprivileged areas. It is impossible to overestimate the contribution SHG loans provide to the empowerment of financially disadvantaged groups, particularly women. These loans give borrowers vital access to credit, which enables them to launch or grow revenue-generating ventures, enhancing their standard of living and reducing poverty. Customer satisfaction in SHG loan services is crucial for the long-term viability and efficacy of microfinance programs, as the literature makes abundantly evident. Furthermore, client satisfaction with SHG loans affects agricultural communities' socioeconomic fabric in addition to financial considerations. Increased happiness results in higher income for households, better child education, and greater female empowerment, all of which support comprehensive development of rural areas. This emphasizes how crucial it is to continuously assess and enhance borrower support systems, loan distribution methods, and service quality in order to optimize the advantages of SHG loan programs. There is a noticeable lack of targeted studies on consumer satisfaction with regard to APCOB's SHG loans, despite the abundance of research on SHGs and microfinance. Designing better financial products, enhancing customer service, and bolstering the neighbourhood banking system's contribution to rural financial inclusion all depend on an awareness of these characteristics.

III. OBJECTIVES OF STUDY

1. To know the process of lending SHG loans by APCOB.

2. To analyze the impact on interest rate, loan process, repayment, staff behavior on SHG loans.
3. To assess the opinion of SHG members towards availing loans from bank
4. To give suggestions for SHG loan members.

IV. RESEARCH METHODOLOGY

Research methodology forms the backbone of any systematic study, as it provides a structured approach to collect, analyze, and interpret data in a meaningful way. In the present study, a descriptive research methodology has been adopted to examine and understand the level of customer satisfaction among Self-Help Group (SHG) loan beneficiaries of Andhra Pradesh State Cooperative Bank (APCOB). The descriptive approach is particularly suitable because it focuses on portraying an accurate profile of the respondents and their experiences, without manipulating any variables.

The main objective of this methodology is to gather first-hand information regarding borrower perceptions, expectations, and satisfaction levels related to SHG loan services. This includes examining various dimensions such as interest rates, loan processing efficiency, staff behavior, repayment flexibility, and overall service quality. By doing so, the study aims to identify both strengths and areas needing improvement in the functioning of APCOB. The methodology is designed to ensure reliability, validity, and objectivity in the findings. It integrates both quantitative and qualitative approaches, allowing for a comprehensive understanding of borrower satisfaction.

4.1 Design of Research

The research design adopted for this study is descriptive in nature. Descriptive research is primarily concerned with describing the characteristics of a particular individual, group, or situation. It does not involve controlling or manipulating variables but instead focuses on observing and recording information as it naturally occurs.

In the context of this study, the descriptive design helps in capturing the opinions and satisfaction levels of SHG loan beneficiaries. It enables the researcher to systematically document borrower experiences related to various banking services offered by APCOB.

The design includes the following key aspects:

- **Identification of Variables:** The study identifies independent variables such as interest rates, loan processing time, staff interaction, and repayment terms, while the dependent variable is customer satisfaction.
- **Structured Data Collection:** A standardized questionnaire ensures consistency in responses.
- **Quantitative Measurement:** Numerical data is collected using rating scales, particularly Likert scales.
- **Pattern Recognition:** Statistical tools are used to identify trends, similarities, and variations in responses.

This design is highly beneficial as it provides a clear and organized way to interpret borrower satisfaction. It also helps in making comparisons across different categories of respondents, such as age groups, income levels, and occupations.

4.2 Method of Sampling

Sampling plays a crucial role in ensuring that the results of the study are representative of the larger population. In this research, a probability sampling method has been used, specifically simple random sampling.

Simple Random Sampling

This method ensures that every individual in the population has an equal chance of being selected. It eliminates bias and enhances the reliability of the study findings.

The process involved:

1. Preparing a list of SHG loan beneficiaries from APCOB records.
2. Assigning a unique number to each eligible respondent.

3. Selecting respondents randomly using a lottery method or random number generator.

Advantages of the Sampling Method

- Ensures fairness and unbiased selection.
- Improves representativeness of the sample.
- Reduces the chances of systematic errors.
- Easy to implement in field conditions.

Additionally, efforts were made to include respondents from diverse backgrounds, ensuring representation across different socio-economic groups, occupations, and geographic areas.

4.3 Method of Data Collection

Data collection is a critical phase of the research process. In this study, both primary and secondary data sources were used.

Primary Data Collection

Primary data was collected directly from SHG loan beneficiaries through a structured questionnaire. The questionnaire was carefully designed to capture detailed information regarding borrower experiences.

Steps in Questionnaire Design:

- Reviewing existing literature and similar studies.
- Consulting experts in banking and rural finance.
- Drafting questions that are clear, concise, and relevant.
- Pre-testing the questionnaire for accuracy and clarity.

Structure of the Questionnaire

The questionnaire consists of several sections:

1. Demographic Information

This section collects background details such as:

- Age
- Gender
- Educational qualification
- Occupation
- Monthly income

Understanding demographic factors helps in analyzing how satisfaction levels vary among different groups.

2. Interest Rate Evaluation

This section assesses borrower perceptions regarding:

- Affordability of interest rates
- Transparency in rate calculation
- Comparison with other financial institutions

3. Loan Processing Experience

This part examines:

- Ease of application process
- Time taken for loan approval
- Documentation requirements
- Clarity of procedures

4. Staff Behavior

This section evaluates:

- Friendliness and professionalism of bank staff
- Responsiveness to queries
- Support provided during loan processing

5. Repayment Terms

This includes:

- Flexibility of repayment schedules
- Convenience of payment methods
- Penalty policies
- Clarity of repayment instructions

6. Overall Satisfaction

Measured using Likert scale statements such as:

- Level of satisfaction with services
- Likelihood of recommending APCOB
- Trust in the bank

7. Feedback and Suggestions

Open-ended questions allow respondents to:

- Share personal experiences
- Highlight issues
- Suggest improvements

4.4 Sampling Design

53 SHG members who filled out a structured questionnaire were chosen using a straightforward sampling design. Every eligible member (those who have taken out at least one APCOB SHG loan and finished at least one repayment cycle) was assigned a unique number from the sampling frame, which was created from APCOB branch records listing SHG members in the chosen area. 53 members were selected without replacement using basic random sampling, also known as the lottery method or

random number generator. To maintain the final count at 53, a pre-listed alternate—the next randomly selected number—was contacted if a chosen respondent was unavailable or declined. Face-to-face administration of a pretested structured questionnaire covering demographics, loan processing and access, employee conduct, experience with repayment, perceived advantages, and general satisfaction. SHG members were guaranteed anonymity and confidentiality prior to each interview, and informed consent was acquired. To improve the timing and wording of the questions, a brief pilot study with five to eight SHG members was conducted. In order to investigate the relationships between satisfaction and important variables, the collected responses were coded and analyzed using descriptive statistics (means, percentages) and basic cross-tabulations; any noteworthy instances of non-response or replacement were recorded. In addition to providing a manageable, field-practical sample of 53 SHG members for targeted, trustworthy insight into customer satisfaction with APCOB SHG loans, this clear-cut, open and simple-random sampling technique guarantees that every eligible SHG member had an equal chance of being selected.

4.5 Research Tools and Statistical Techniques

The data collected was analysed using simple statistical and interpretative techniques. Quantitative Analysis: Data from the questionnaire responses was organized into tables, and a percentage analysis was used to interpret satisfaction levels. Charts and graphs (like bar charts and pie diagrams) were used for visual representation. Qualitative Analysis: Open-ended responses and observations were examined through thematic analysis to identify common patterns and opinions. Comparative Insights: The study compared strategies with wider direct-to-consumer benchmarks drawn from secondary data. No complex statistical models were needed, as the focus was on descriptive and diagnostic analysis rather than predictive.

The Self-Help Group (SHG) loans offered by the Andhra Pradesh State Cooperative Bank (APCOB) follow a tier-based interest structure aimed at supporting women's groups and rural development. Loans up to ₹3 lakh are charged an interest rate of around 7% per annum, while those between ₹3 lakh

and ₹5 lakh are charged 8%, and loans exceeding ₹5 lakh carry an interest rate of 9% per annum. This progressive rate system ensures affordability for smaller groups while maintaining sustainability for larger credit requirements. Overall, APCOB's SHG lending plays a key role in empowering rural communities through accessible and reasonably priced financial support.

4.6 Variables Used

The study considers customer satisfaction as the dependent variable, representing the overall perception of borrowers toward APCOB's SHG loan services. It is measured through responses reflecting satisfaction with loan terms, overall experience, and service quality. The independent variables include interest rates, loan process, staff behavior, and repayment terms, which together help identify the key aspects influencing the level of customer satisfaction among borrowers.

Variable Name	Description
Awareness Level of Educational Loans	Measures students' knowledge about loan schemes, eligibility, documentation, interest rates, and repayment terms.
Channel Exposure	Indicates how frequently students receive information through media, advertisements, and institutions.
Effectiveness of Awareness Programs	Evaluates how well awareness campaigns inform and reach students.
Individual Factors	Includes personal characteristics like age, education, and financial background influencing awareness levels.

Table 2 Variables Used

4.7 Analysis of Data

To provide a thorough picture of borrower satisfaction, the information obtained from the questionnaire will be examined using a range of descriptive statistical methods: Gender, education level, and satisfaction ratings are examples of categorical variables that will be analysed using frequency distribution and percentages. Understanding the percentage of borrowers who fit into different categories is made easier by presenting data as percentages.

- Measures of Central Tendency: The mean and median values will provide an overview of answers on continuous or ordinal scales, such as staff behaviour, loan processing time, and interest rate ratings. The average level of borrower perception for each attribute is given by these metrics.
- Graphical Representation: The data will be visually represented through the use of bar charts, pie charts, and histograms, which will make it simpler to understand and convey the main conclusions. A pie chart that displays the proportion of borrowers who are satisfied with loan processing time, for instance, can be used to rapidly highlight service strengths or shortcomings.
- Cross-tabulation: This method will be used to investigate the connection between satisfaction scores and demographic characteristics (such as age group or income level). By highlighting particular borrower demographics that may be more or less satisfied, this can direct focused service enhancements.
- Qualitative Analysis: To identify recurrent themes, issues, and recommendations, answers to open-ended questions will be subjected to thematic analysis. These qualitative insights provide borrower experiences context and supplement quantitative statistics.

V. LIMITATIONS OF THE STUDY

There are several restrictions on this research. The results might not be representative of SHGs connected with different banks because the study solely includes SHG members who borrowed through APCOB. The answers gathered from SHG members are based on personal experiences and comprehension, therefore might vary from membership to member. Both the sample size and the number of communities visited were limited by time constraints. Some women could be reluctant to provide unfavourable comments, which could affect how accurate the answers are. This research offers insightful information for enhancing SHG finance.

VI. DISCUSSIONS

6.1 Overall Satisfaction of SHG Members

The findings of the study reveal that a majority of Self-Help Group (SHG) members report a positive and satisfactory experience with the loan services provided by the Andhra Pradesh State Cooperative Bank. A major factor contributing to this satisfaction is the ease of accessing credit without the need for collateral security, which significantly reduces financial barriers for economically weaker sections. Unlike traditional banking systems that often involve complex procedures and strict requirements, the SHG-based lending model offers a more inclusive and flexible alternative. Furthermore, the supportive attitude and cooperative behavior of bank officials play a crucial role in enhancing customer satisfaction. Members feel more confident and comfortable while interacting with bank staff, which helps in building trust, strengthening institutional relationships, and encouraging continued participation in formal financial systems.

6.2 Accessibility and Convenience of Loan Facilities

The study highlights that accessibility and convenience are among the strongest aspects of SHG-linked loan services. The simplified loan application procedures, minimal documentation requirements, and reduced formalities make it easier for individuals with limited financial literacy to access financial support. The absence of strict eligibility conditions ensures that even marginalized and rural populations can participate effectively. Additionally, the group-based structure of SHGs provides a sense of security and collective responsibility, making the borrowing process less intimidating. The role of institutions like the National Bank for Agriculture and Rural Development (NABARD) has been instrumental in streamlining these processes and extending financial services to the grassroots level. This structured support system ensures that even remote communities are included in the formal banking network.

6.3 Improvement in Economic Conditions

A significant outcome observed in the study is the improvement in the economic well-being of SHG members after availing loan facilities. Many respondents have utilized the funds for productive

and income-generating activities such as small businesses, agriculture, livestock rearing, and self-employment ventures. These initiatives have contributed to an increase in household income and enhanced financial stability. In addition, members have developed a disciplined approach towards saving, which strengthens their long-term financial security. Access to timely and affordable credit has reduced their dependence on informal moneylenders who often charge high interest rates. As a result, SHG members are better equipped to manage household expenses, meet emergencies, and plan for future financial needs.

6.4 Role in Women Empowerment

The SHG movement has emerged as a powerful tool for women empowerment by promoting financial independence and self-reliance. Women who were previously dependent on family members for financial decisions are now actively participating in economic activities and contributing to household income. Participation in SHGs has enhanced their confidence, leadership abilities, and decision-making skills. Regular group meetings and interactions foster better communication, awareness, and collective problem-solving. Beyond economic benefits, this empowerment has also led to greater social recognition and improved status within the community. The transformation of women into financially independent individuals highlights the broader social impact of SHG initiatives.

6.5 Issues in Loan Processing and Documentation

Despite the numerous advantages, the study identifies certain challenges faced by SHG members in accessing loan services. One of the major concerns is the delay in loan approval and disbursement, which affects the timely utilization of funds, especially in urgent situations. Additionally, the documentation process is often perceived as complex and difficult to understand, particularly for individuals with low levels of education and financial awareness. Lack of clear guidance and communication can lead to confusion and increased dependency on intermediaries. These issues indicate the need for simplifying procedures, reducing bureaucratic delays, and improving transparency in the loan processing system.

6.6 Need for Awareness and System Improvements

The study emphasizes the importance of enhancing financial awareness among SHG members to ensure effective utilization of loan facilities. While members possess basic knowledge of savings and borrowing, there is a need for a deeper understanding of financial management, investment planning, and responsible repayment practices. Organizing regular training sessions, workshops, and awareness campaigns can significantly improve financial literacy levels. Moreover, strengthening coordination between banks and SHGs, minimizing procedural delays, and ensuring transparency in operations can enhance the overall efficiency of the system. Addressing these areas will not only improve customer satisfaction but also ensure the long-term sustainability and success of the SHG–Bank linkage model.

VII. SUGGESTIONS

7.1 Introduction of Flexible Repayment Plans

Repayment of loans is one of the most sensitive and critical aspects influencing borrower satisfaction, particularly in the case of Self-Help Group (SHG) members who largely depend on irregular and seasonal sources of income. A significant proportion of SHG members are engaged in agriculture, small-scale enterprises, daily wage labor, or informal sector activities, where income flows are not consistent throughout the year. During certain periods such as harvest seasons, income levels may be relatively high, while during off-seasons, earnings can drop drastically.

In such situations, fixed monthly repayment obligations can place considerable financial pressure on borrowers. This may lead to delayed payments, penalties, or even defaults, not necessarily due to unwillingness to repay but due to temporary financial constraints. Moreover, rigid repayment structures do not account for unexpected circumstances such as crop failures, health emergencies, or market fluctuations, which are quite common in rural economies.

A borrower-centric approach that considers the real income patterns and financial challenges of SHG members is therefore essential. Flexibility in repayment not only reduces financial stress but also

enhances the confidence of borrowers in the banking system. When borrowers feel that the institution understands and accommodates their needs, it strengthens their trust and long-term relationship with the bank. It is strongly recommended that repayment schedules be customized according to the income cycles of SHG members. Introducing flexible EMI options, seasonal repayment plans, grace periods, and moratorium facilities during low-income periods can significantly improve repayment capacity and reduce defaults. Such adaptive repayment mechanisms will enhance borrower satisfaction and ensure sustainable credit utilization.

7.2 Review and Rationalization of Interest Rates
Interest rates are a fundamental factor that directly affects the affordability and attractiveness of loan products. While APCOB offers relatively competitive interest rates compared to other financial institutions, borrower perceptions regarding fairness and transparency of these rates play a crucial role in determining overall satisfaction.

Many SHG members operate on limited financial margins, and even small variations in interest rates can have a noticeable impact on their repayment burden. Additionally, borrowers often compare rates with those offered by other banks, microfinance institutions, or informal lenders. If they perceive the rates to be high or not clearly explained, it may lead to dissatisfaction or reluctance to borrow in the future.

Furthermore, a uniform interest rate structure may not adequately reward responsible borrowers who consistently repay their loans on time. Recognizing and incentivizing such behavior can promote financial discipline and strengthen customer loyalty. It is recommended that APCOB undertake periodic reviews of its interest rate structure to ensure competitiveness and affordability. The bank can introduce incentive-based models such as interest rebates for timely repayments, reduced rates for repeat borrowers, and performance-based tiered interest systems. Such measures will encourage responsible borrowing behavior and enhance customer satisfaction.

7.3 Strengthening Financial Literacy Programs
Financial literacy is a cornerstone for the effective utilization of banking services, especially among SHG members who may have limited exposure to formal financial systems. The study indicates that while borrowers are benefiting from loan facilities, many of them lack a clear understanding of key financial concepts such as interest calculation, repayment planning, budgeting, and savings management.

This lack of awareness can lead to poor financial decisions, misuse of loan funds, and difficulties in repayment. It may also create misconceptions about banking processes, leading to unnecessary dissatisfaction or mistrust. In rural and semi-urban areas, where educational backgrounds vary widely, structured financial education becomes even more essential.

Empowering SHG members with financial knowledge not only improves their ability to manage loans effectively but also enhances their confidence in dealing with financial institutions. It contributes to their overall economic development and self-reliance. APCOB should organize regular and structured financial literacy programs tailored to the needs of SHG members. These programs should include practical training on loan management, interest calculations, budgeting techniques, savings habits, and the use of digital banking tools. Simplified teaching methods, local language communication, and real-life examples should be used to maximize understanding and impact.

7.4 Enhancing Efficiency in Loan Processing
Efficiency in loan processing is a key determinant of customer satisfaction, particularly for borrowers who depend on timely access to funds for their livelihoods. Delays in loan approval, verification, or disbursement can disrupt planned activities such as agricultural operations, business investments, or emergency expenditures.

The traditional loan processing system often involves multiple layers of verification and documentation, which can slow down the overall process. Additionally, lack of coordination or manual

handling of records may lead to inefficiencies and errors.

In the modern banking environment, customers expect faster and more transparent services. Improving operational efficiency not only enhances customer satisfaction but also increases the credibility and competitiveness of the institution. It is recommended that APCOB streamline and modernize its loan processing system through digitization and process optimization. The adoption of digital KYC verification, online application tracking, mobile banking units, and dedicated service counters for SHG members can significantly reduce processing time. Implementing time-bound service delivery standards will ensure faster access to credit and improve borrower experience.

7.5 Improving Staff Training and Customer Support

The interaction between bank staff and customers plays a vital role in shaping the overall perception of banking services. SHG members, especially those from rural backgrounds, often depend on bank employees for guidance and support throughout the loan process.

While many respondents have appreciated the assistance provided by staff, there is always scope for improvement in terms of communication clarity, responsiveness, and empathy. A lack of proper communication or a non-supportive attitude can create confusion and dissatisfaction among borrowers.

Building a strong customer relationship requires not only technical knowledge but also interpersonal skills. Staff members should be able to understand the unique challenges faced by SHG members and provide appropriate support.

APCOB should conduct regular training and development programs for its staff, focusing on customer service, communication skills, and understanding of SHG operations. Establishing dedicated customer support systems such as helplines, assistance desks, and grievance handling units will further enhance service quality and customer satisfaction.

7.6 Expansion of Digital Infrastructure

Digital transformation has become an integral part of modern banking, offering numerous benefits such as convenience, speed, and cost efficiency. However, many SHG members, particularly in rural areas, still have limited access to or familiarity with digital banking services. Dependence on physical branch visits can be time-consuming and inconvenient, especially for individuals living in remote areas. Moreover, lack of digital infrastructure can limit the efficiency of banking operations and restrict access to financial services.

Promoting digital inclusion among SHG members can significantly improve their banking experience and reduce operational challenges. APCOB should expand its digital infrastructure by introducing user-friendly mobile and online banking platforms. Conducting digital literacy programs and providing technical assistance to SHG members will encourage adoption. This will enhance accessibility, reduce transaction time, and promote financial inclusion.

7.7 Establishment of a Robust Grievance Redressal System

An effective grievance redressal mechanism is essential for maintaining customer trust and ensuring continuous improvement in service delivery. The study suggests that while borrowers may have concerns or suggestions, there is often no structured system for addressing them efficiently.

Without proper grievance handling, small issues can escalate into major dissatisfaction, affecting the overall reputation of the bank. A transparent and responsive system is necessary to ensure that customer concerns are acknowledged and resolved promptly. APCOB should establish a well-defined grievance redressal framework that includes multiple channels such as suggestion boxes, online complaint systems, and regular feedback sessions. Ensuring timely resolution and clear communication will strengthen customer trust and improve service quality.

7.8 Diversification of Loan Products and Increased Limits

The financial needs of SHG members are diverse and evolving. While existing loan products cater to basic

requirements, there is a growing demand for specialized financial products that address different aspects such as business expansion, emergencies, and insurance coverage.

Providing a limited range of loan options may restrict the growth potential of SHG members and limit their ability to meet varying financial needs. It is recommended that APCOB diversify its loan portfolio by introducing customized products such as business loans, emergency loans, and insurance-linked credit schemes. Increasing loan limits for eligible and reliable borrowers will support economic growth and encourage entrepreneurial activities among SHG members.

7.9 Promotion of SHG Development and Community Participation

The success of SHG initiatives depends not only on financial support but also on strong community involvement and capacity building. SHGs function as collective groups, and their effectiveness can be enhanced through collaboration, skill development, and market access.

Encouraging community participation and strengthening SHG networks can lead to better utilization of resources and improved socio-economic outcomes. APCOB should collaborate with local organizations, NGOs, and community leaders to promote SHG development. Conducting skill development programs, facilitating market linkages, and encouraging savings habits will enhance the sustainability and impact of SHG activities.

7.10 Ensuring Transparency and Effective Communication

Transparency and clear communication are fundamental to building trust and maintaining long-term relationships with customers. The study indicates that some borrowers lack complete clarity regarding loan terms, interest calculations, and repayment conditions.

Miscommunication or lack of information can lead to misunderstandings, dissatisfaction, and reduced confidence in the banking system. APCOB should ensure that all information related to loan services is communicated clearly and effectively. Regular

updates through meetings, printed materials, and digital platforms should be provided. Using simple language and local communication methods will help borrowers better understand financial processes and make informed decisions.

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