

Customer Satisfaction Of Chitty Business Of Kerala State Financial Enterprises Limited –With Special Reference To Kottayam District**Dr. S. Raju,**

(Research Guide)

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ABSTRACT

Kerala State Financial Enterprises (KSFE) is a Miscellaneous Non-Banking Financial Company (NBFC) and is fully owned by the Government of Kerala. KSFE is the only Chitty Company owned by the Government in the Whole of India. Chitty is the main product of KSFE. It is a unique financial product, which blends the advantages of both investment and advance. It is a risk free safe haven for the public as KSFE conducts only chitties. It is fully governed by the provisions of Chit Fund Act 1982. The instalment per month for chitties range from Rs 1000 to Rs 500000 and the usual duration of chitties are 30 months, 40 months, 50 months, 60 months and 100 months. Other schemes include Loans and Advances, Deposits schemes, fee based activities and securities. Although Chitty is in essence a loan / advance scheme, for subscribers whose chitties are not getting prized and at the same time they are in need of money, relief has been provided by two loan schemes built within the chitty scheme viz. Chitty pass book loan and new chitty loan. KSFE offers other loans / advances schemes, comparable to those given by Banks and other financial institutions, and the same includes –Gold loan scheme, Reliable customer loan, Consumer/Vehicle loan, Special car loan, New housing finance scheme, Flexy trade loan, Tax planning loan scheme, fixed deposit loan scheme, Sugama (Akshaya) overdraft scheme, Vidyadhanam education loan scheme and KSFE Haritham loan scheme. Deposit schemes include Fixed Deposit, Short Term Deposit, Sugama Deposit (Which is similar to the savings deposit in banks), Chitty security Deposit –in-Trust and Sugama security account. Fee based activities of KSFE are Western Union Money Transfer and Xpress Money Transfer. From Chitty subscribers and customers who avail loans / advances of KSFE, KSFE accepts various types of securities which include Fixed deposit with KSFE or approved banks, Banks guarantee, NRID deposits, LIC Policies, National saving certificate (NSC), Kisanvikaspatra (KVP), Chitty pass book of Non-prized chitties, Gold security, Post –dated cheques, Personal surety and property security. This study is on customer satisfaction of chitty business of KSFE with special reference to Kottayam District.

Key words: Chitty, Sugama, Prized, Subscriber, Foreman.**INTRODUCTION**

KSFE was created by the Government of Kerala on 6th November 1969. It started functioning with Thrissur city as its headquarters. It started with a capital of Rs 200000,45

employees and 10 branches. It has now eleven Regional offices at Thiruvananthapuram, Kollam, Kottayam, Ernakulam, Thrissur, Kozhikode, Kannur, Attingal, Alappuzha, Kattappana and Malappuramat present. Paid up capital is Rs 1000 Crores. Total number of employees is 6877, branches are 600, number of customers is more than 33 lakhs and annual business is Rs 28,960 Crores. The main product of KSFE is chitty. The word Chit means a written note, i.e. a small paper with something is written. Chitty or Kury is the oldest of the fund institution in India. It existed in India, especially in Southern Region in the following different forms - simplechits, pricechits and business chits. Whatever may be the name, it involves regular periodical subscriptions by a group of persons and arrange merits under which each member of the fund is entitled to the periodical collection. A chit fund is superior to other savings and credit institutions in that it is more than a saving bank to the saver and more than lender to the borrower. While the depositor in a saving institution get back only his total savings at any time, the saver in a chit fund can take the future savings as well in advance. The amount of discount shall not exceed 30% of the amount.

The Kerala State Financial Enterprises Ltd (popularly known as KSFE) continued to lead the chitty sector of the State of Kerala as market leader. The company has grown both in terms of value and volume during the year under review. KSFE established its position as leading MNBC of the Country and the market leader in chitty business in Kerala. Company's basic attempt was to transform the economic life of the people who are otherwise sidelined and ensure inclusive growth. During the last four decades of operation the company has achieved a dominant market position in areas like personal loan, gold loan, housing loan etc in addition to chitty, the flagship business of the company. The company has consistently maintained a consistently rapid pace of growth, demonstrating its ability to scale up and to leverage on its well-established brand name. For the past 5 years company has been providing a wide array of financial services touching up on the life of lakhs of Keralites, cutting across economic, social and demographic parameters. Since the extension of Chit Fund Act to Kerala the industry is now well regulated and offers equal opportunity for all. This situation is very good for healthy growth of law complainant firms. The flagship business of the company, chitty recorded very good growth this year also. KSFE chitties continued to be the most favoured savings option of Malayalees. This contributed to the business growth of the company. Multi-division chitties has spurred the small income groups and its subscriber base is increasing progressively. Such chitties would be further extended to other branches also in the ensuing financial year.

Company launched its most prestigious product for non-residents under the name of KSFE Pravasi Chitty. In the ensuing fiscal, the company would be playing a pivotal role in association with KIIFB for the betterment of the State; free float monies generated through the Pravasi chitty would be mobilized through KIIFB for investment in various projects undertaken by the Government of Kerala. KSFE Pravasi Chitty, the first technology driven chit of the company would go a long way in helping the Non-Resident Keralites in realizing their dreams by enjoying the financial benefits of chitty and the value-added benefits attached thereto and to fulfill their social responsibility by participating in the developmental activities of their home town. The company's loan schemes also staged good growth during the period under review. The loan schemes of the company have also performed well during the recent

years. The growth is mainly attributed to modifications introduced in various loan schemes. The company has also adopted new marketing strategies to ensure reach to the potential customers. Though volatility in gold prices is affecting gold loan portfolio, company could post satisfactory performance in this front during the year under review.

The company is facing stiff competition from commercial banks and NBFCs in retail loan segment and it is a threat for its advance portfolio particularly to gold loan and personal loan schemes. The company has to train its staff well to meet the customer expectations and to improve the loan portfolio. Company has already taken efforts in this direction. The recent changes introduced in housing loan scheme, backed with good advertisement are giving good results.

SCOPE OF THE STUDY

The present study has been made to identify the customer satisfaction of chitty business of KSFE Ltd in Kottayam District.

REVIEW OF LITERATURE

Reviews of literature related to the topic .A review of various studies on Chit funds are given.

Srinivas and Higuchi (1966) in their work “A continuum of informality of Credit : What can informal Lenders teach us ? “ observed that Chit funds,credit societies and people’s organization have been grouped under the category “ Mutual Credit Suppliers’ because the demand and supply of the credit is mutual- that there is a give and take process involved.Participants typically support each other for creditneeds in mutually .The money supplied or saved by some participants in lent and borrowed by some other participants and equally distributed.The central idea of mutual credit suppliers is that they encourage savings from the participants.

Nayar (1984) in his work “ A study on Non-Banking Financial Intermediaries ‘ Pointed out that Chit Funds have come to stay as a unique non-banking financial intermediary in India specially in South India.He also pointed out that the rationale of an Auction Chitty or Business Chitty is that the borrowers and lenders meet to fix the rate of interest and since there is more than one borrower competing for the same amount, a competitive rate of interest is offered.

The Report of the study commissioned by the Asian Development Bank (1989) lauded Chit Funds as the only system for both saving and borrowing effected under mutual help with dignity,coring over other savings,credit and investment options being so flexible in operation.Their strengths,Weaknesses and potential therefore deserve serious study on par with the rest of the more conspicuous denizens of the financial domain.

Jose.K.G (1990) in his study “ Rural Transformation in Kerala: A Case study with Reference to Three Panchayats” revealed that in all the three Panchayats,(namely Thazhava,Pananchery and Muttill) ,191 persons out of 228 (84%) surveyed had savings in the form of Kuri.The Kuri amount when obtained was generally utilized for house construction,purchase of land,marriage etc..

Joseph M.A.(1992) in his study Chit schemes : Relevance and scope as savings /investment Alternatives evaluated various savings/ investment schemes available in comparison to the Chit schemes.It showed that Chit schemes can be treated as the best investment alternative available.The rate of return on Chit was calculated by dividing the annual dividend by the annual net subscription.The study showed that the rate of return calculated for a chit was much more than the rate of return applicable to the various investment alternatives.

Radhakrishnan (1995) in his paper Chit Fund : A poor man's Credit Institution argued that Chit Funds and Nidhis have not received the attention they deserved in the schemes of reforms.The paper included certain measures of reforms to enable Chit funds to grow on sound and healthy lines,including the introduction of credit rating for all incorporated Chit Funds Companies.

OBJECTIVES OF THE STUDY

This study aims at the following objectives:

- 1) To evaluate the customer services of KSFE Ltd.
- 2) To find out the extent of subscriber's satisfaction of chitty business in KSFE Ltd
- 3) To evaluate the services of office staff in KSFE Ltd.

METHODOLOGY

Both primary and secondary data were used for the study.The primary data were collected from the sample customers using the structured questionnaire.The secondary data were collected from KSFE reports,records ,books,periodicals and the internet.The sample size is 150 respondents.All data collected have been classified,sorted and tabulated for giving more apprehensions.Sample statistical tools like Percentage,Ranking,Chi-squareetc are used for analysing the study.

ANALYSIS AND INTERPRETATION

The KSFE emerged as a hope and relief investing public whose main outlook was security coupled with profit.KSFE is the only Govt undertaking which conduct chitty business very efficiently in Kerala.The Respondents were quiet Co-operative with their replies to the various questions.They were strong in their opinion regarding the current services and functioning of the KSFE Ltd.For the study a sample survey was conducted on 150 chitty subscribers of Kottayam District

From the following tableit is founded that majority of respondents are middle aged i.e.85% comes under the age group of 40-60 yearsand the balance 15%comes under the age group of 20-40 and 60-80 years

EDUCATIONAL QUALIFICATION

Respondents are classified into four such as under graduates, graduates,post graduates and others .Table 1 shows that 50% of the respondents are graduates, 25% are Post graduates, 15% are under graduates and remaining 10% are in other Professional qualifications.

TABLE1: EDUCATIONAL QUALIFICATION OF RESPONDENTS

Sl No	Particulars	Numbers	Percentage
1	Undergraduates	23	15
2	Graduates	75	50
3	Post-Graduates	37	25
4	Others	15	10
TOTAL		150	100

Source: Primary data

OCCUPATION OF RESPONDENTS

For the purpose of study respondents are classified on the basis of their occupation i.e. .Agriculture, Employment, Profession, Business and others.Table 2 reveals that 31% of the respondents areBusiness, 34% areemployed, 10% engaged in Agriculture,19% engaged in Profession and remaining 6% comes under the group of others.

TABLE 2: OCCUPATION OF RESPONDENTS

Sl No	Particulars	Numbers	Percentage
1	Agriculture	15	10
2	Profession	28	19
3	Business	47	31
4	Employment	51	34
5	Others	09	06
TOTAL		80	100

Source: Primary data

INCOME WISE CLASSIFICATION OF RESPONDENTS

The income wise classification of respondents reveals that monthly income of 6% of respondents is below Rs 10000/-.The monthly income of 25% respondents is in between Rs 10000-20000 and 50% of respondents is between Rs 20000-30000 per month and 19 % is above Rs30000.This Table shows that majority of respondents fall under the income group of Rs 20000-30000

MONTHLY INCOME OF RESPONDENTS

Sl NO	Particulars	Numbers	Percentage
1	Below Rs 10000	09	06
2	Rs 10000-20000	38	25
3	Rs 20000-30000	75	50
4	Above Rs 30000	28	19
TOTAL		150	100

Source: Primary data

MONTHLY INSTALMENT

The type of chitty is identified by its monthly and duration. This Table shows that 50% of subscribers join chittis of 2500-5000 monthly instalment, 25% of chitty subscribe monthly instalment of Rs 5000-7500. 15% prefer chitties having monthly instalment of above Rs 7500 and remaining 10% less than Rs 2500/-

TABLE 3: MONTHLY INSTALMENT PREFERRED BY RESPONDENTS

Sl No	Particulars	Numbers	Percentage
1	Less than 2500	15	10
2	2500-5000	75	50
3	5000-7500	38	25
4	Above 7500	22	15
TOTAL		150	100

Source: Primary data

TABLE 4: DURATION OF CHITTY

There are chitties having different maturity period. The following table shows different maturity and number of subscribers.

Sl No	Particulars	Numbers	Percentage
1	Less than 30 months	15	10
2	30-60 months	23	15
3	60-90 months	28	18
4	Above 90 months	84	57
TOTAL		150	100

Source: Primary data

SECURITY FOR GETTING PRIZE MONEY

Every Subscriber has to furnish security getting Prize money for KSFE. Subscribers offer different type of security. Most of the subscribers given personal security.

TABLE 5: SECURITY FOR GETTING PRIZE MONEY

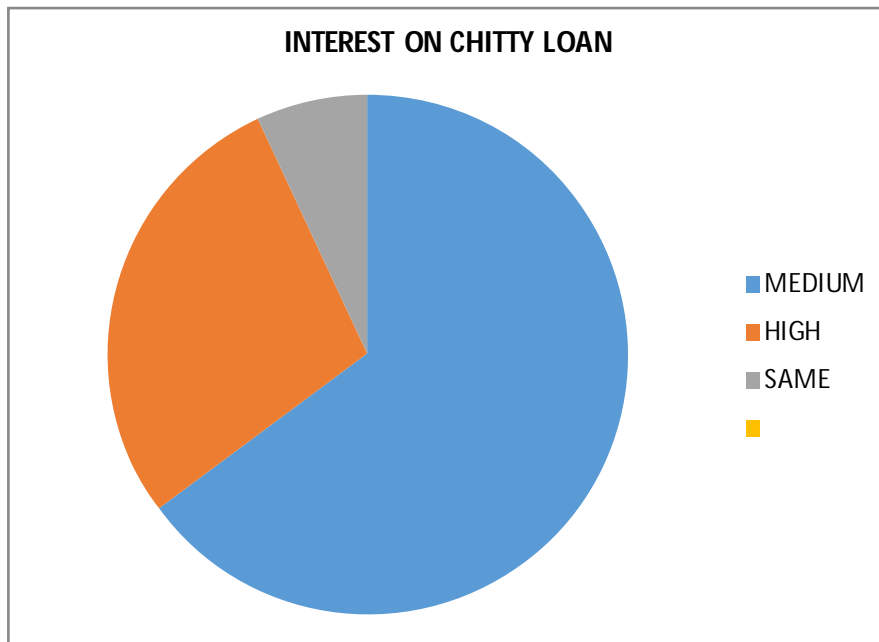
SL NO	Particulars	Numbers	Percentage
1	Personal security	84	56
2	FD receipt	32	21
3	Pass book	13	09
4	Property	21	14
TOTAL		150	100

TABLE: 6: REASONS FOR JOINING KSFE CHITTY

Sl No	Particulars	Rank of Respondents						Ranks
		No .1	No.2	No.3	No.4	No.5	Total points	
1	GOVT UNDERTAKING	60	24	17	24	24	278	1
2	CHITTY LOAN FACILITY	30	45	28	24	23	259	2
3	SMALL & HIGH DENOMINATION	23	26	51	28	23	239	3
4	PERMANANCY NATURE	20	32	30	44	24	230	4
5	GOOD CUSTOMER SERVICE	17	23	24	30	56	194	5
TOTAL		150	150	150	150	150		

CHART : 1

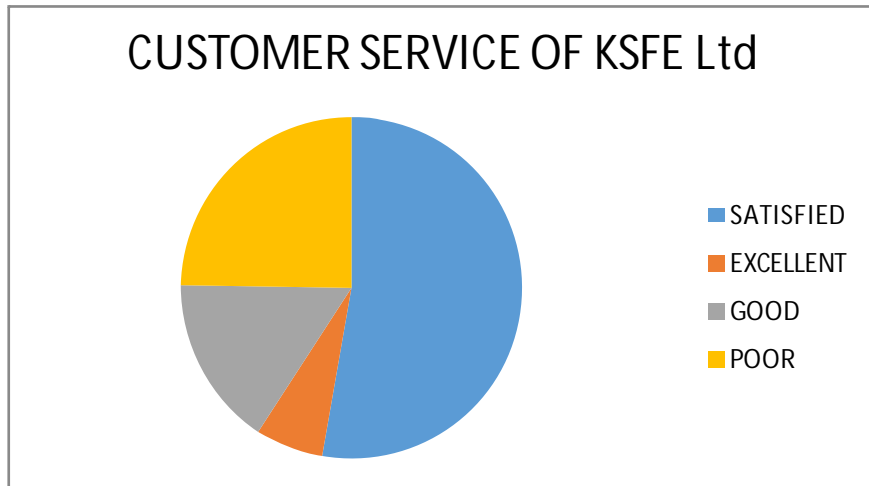
This Chart shows that 65% of respondents thinks that the interest for Chitty loan is medium when compared to interest for other loans while 28% feel that interest is high but 7% is of the opinion that the interest is same others.



OPINION REGARDING CUSTOMER SERVICE OF KSFE

From the Chart 2 ,it is clear that out of 80 respondents ,49% are satisfied with the services of KSFE ,23% and 15% of respondents having poor and good opinions respectively .While only 6% have excellent opinion about customer service of KSFE.

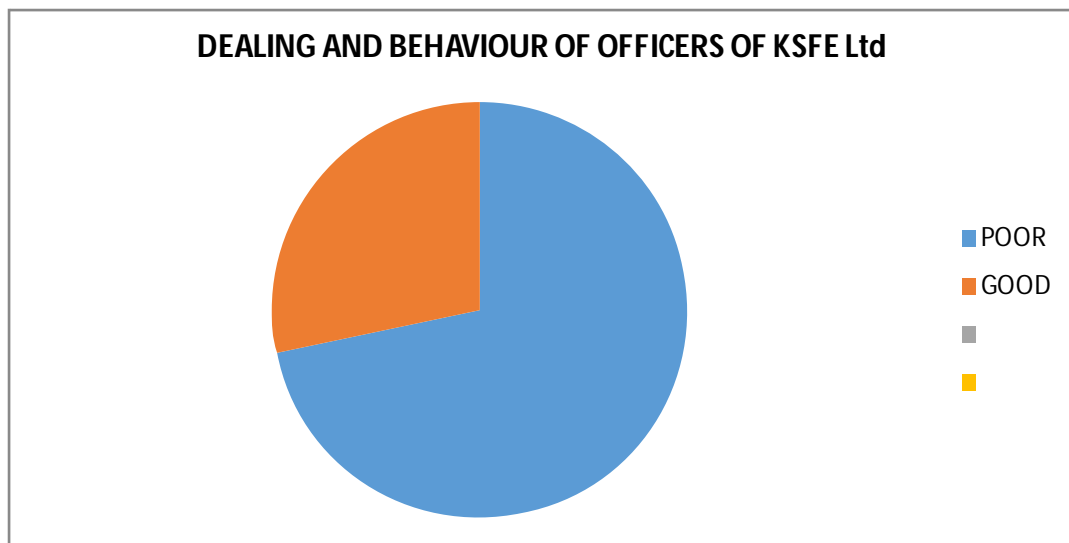
CHART 2



OPINION REGARDING THE SERVICE OF OFFICE STAFF OF KSFE

The approaches of office staff towards subscribers to a great extent influence the overall business. When the respondents were asked about their opinion regarding the dealing and behaviour of office staff of the company .Out of 150 subscribers 59% reported that the performance was satisfactory, 28% reported that the performance of the office staff was poor ,only 13 % of the respondents revealed that the dealing of officers are good.

CHART 3: DEALING AND BEHAVIOUR OF OFFICERS OF KSFE Ltd

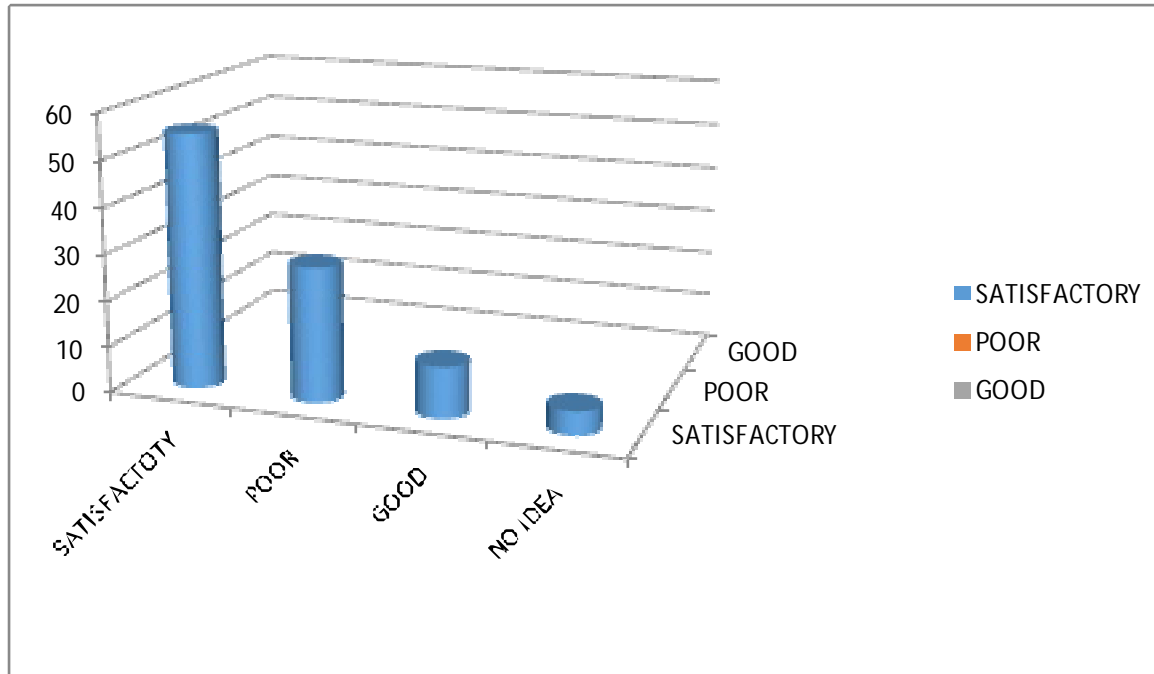


OPINION REGARDING THE FUNCTION OF KSFE Ltd

From this Chart it is clear that the opinion about the functioning of KSFE .55% of the respondents are of the opinion that the functioning of KSFE is satisfactory and 29% says that

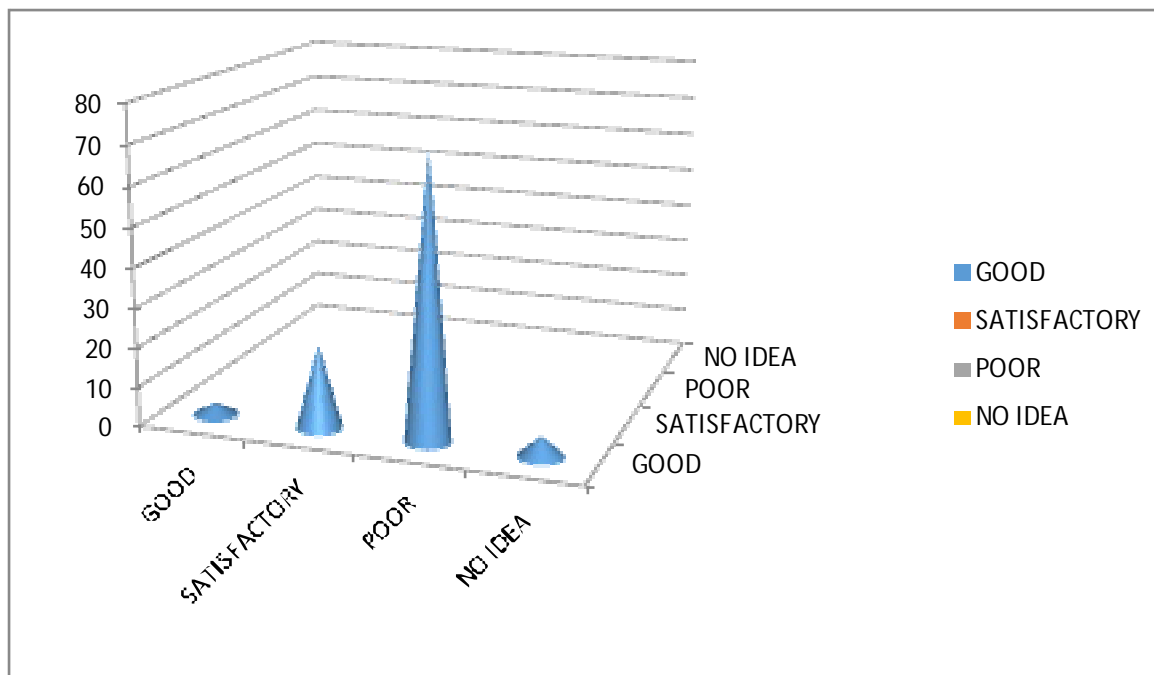
the functioning is poor and 11% are of the opinion that the functioning is good while the remaining 5% have no idea about the functioning of KSFE.

CHART 4: OPINION REGARDING THE FUNCTION OF KSFE



OPINION ABOUT THE SERVICES OF AGENTS

An attempt has also made to know the opinion of respondents regarding the service of agents even through their role is very poor. From the chart 5 we can understand that many of the respondents 71% of the opinion that the services of agents are very poor. But 21% and 3% are of the opinion that these services are satisfactory and good respectively. The remaining 5% have no idea regarding the services of agents.



FINDINGS

- ❖ Around 75% of the respondents are graduates and post graduates.
- ❖ It is found that around 65% of subscribers consist of employees and businessmen.
- ❖ The income level of majority of respondents is in between 20000 to 30000. Most of the subscribers are middle class people.
- ❖ Majority of the subscribers for 50 month chitty having monthly instalment of Rs 2500 then the sale is Rs 100000.
- ❖ Around 57% of subscribers furnish personal surety for getting prize money.
- ❖ The main reason for joining KSFE chitty is the fact that it is a Govt. undertaking

RECOMMENDATIONS

- ❖ KSFE should simplify the excess legal formalities.
- ❖ The rigid security for getting prize money is to be normalized.
- ❖ KSFE should boost up the services of agents.
- ❖ It has to implement measures for providing better customer service.
- ❖ It has to reduce the interest for chitty loan to a considerable level.
- ❖ KSFE has to open more branches in rural areas and increase propaganda about its dedicated services.

CONCLUSION

The KSFE with its vast possibilities and expansions has definitely got a brightening future. Being unique venture in India, the KSFE has become one of the few public undertakings in the state which has made profit from the very start.

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