



Original Article

**A STUDY OF CUSTOMER SATISFACTION TOWARDS BUSINESS LOAN IN A
LAXMI KRUPA PRASAN MULTI-STATE CO-OPERATIVE BANK PANDHARPUR,
TAHSIL**

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Manuscript ID:

IJAAR-B130320

ISSN: 2347-7075

Impact Factor – 8.141

Volume - 13

Issue - 3

January – February 2026

Pp. 104 - 109

Submitted: 15 Jan.2026

Revised: 23 Jan. 2026

Accepted: 10 Feb. 2026

Published: 28 Feb. 2026

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Quick Response Code:



Website: <https://ijaar.co.in/>



DOI: 10.5281/zenodo.20321661

DOI Link:

<https://doi.org/10.5281/zenodo.20321661>



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Abstract:

Customer satisfaction plays a vital role in the growth and sustainability of co-operative banks, particularly in the area of business loans. The present study titled “A Study of Customer Satisfaction towards Business Loan in Laxmi Krupa Prasan Multi-State Co-operative Bank, Pandharpur Tahsil” aims to examine the level of satisfaction among business loan customers and to identify the factors influencing their perceptions. The study focuses on key aspects such as loan processing procedures, interest rates, repayment terms, customer service, documentation requirements, and overall banking experience. The research is based on primary data collected through a structured questionnaire administered to selected business loan borrowers of the bank in Pandharpur tahsil. Secondary data were gathered from bank records, reports, journals, and relevant websites. Simple statistical tools such as percentages, tables, and charts were used for data analysis and interpretation.

The findings of the study reveal that a majority of customers are satisfied with the bank’s business loan services, especially regarding staff cooperation, quick loan processing, and flexible repayment facilities. However, some customers expressed concerns about interest rates, documentation complexity, and limited awareness of loan schemes. The study highlights the importance of improving transparency, simplifying procedures, and enhancing customer communication to increase satisfaction levels.

The study concludes that Laxmi Krupa Prasan Multi-State Co-operative Bank has a positive impact on local business development in Pandharpur tahsil. By addressing the identified gaps and strengthening customer-centric approaches, the bank can further enhance customer satisfaction and loyalty in the competitive banking environment

Keywords: *Customer Satisfaction, Business Loan, Co-operative Bank, Loan Services, Banking Sector, Credit Facilities, Interest Rate, Loan Processing, Service Quality, Customer Experience, Pandharpur Tahsil, Financial Services*

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How to cite this article:

Mr. Prasad Jadhav. (2026). A Study Of Customer Satisfaction Towards Business Loan In A Laxmi Krupa Prasan Multi-State Co-Operative Bank Pandharpur, Tahsil. International Journal of Advance and Applied Research, 13(3), 104 - 109. <https://doi.org/10.5281/zenodo.20321661>

Introduction:

Customer satisfaction has become a crucial factor in the success and sustainability of banking institutions in the modern competitive financial

environment. Co-operative banks play an important role in providing financial support to small traders, self-employed persons, and small and medium enterprises, especially in semi-urban and rural areas.



Business loans offered by co-operative banks help entrepreneurs meet their working capital and investment needs at affordable interest rates. Laxmi Krupa Prasan Multi-State Co-operative Bank, Pandharpur Tahsil, has been actively involved in providing business loans to support local economic development. Understanding customer satisfaction towards these loans is essential to improve service quality, retain customers, and strengthen trust in the banking system. Factors such as loan processing time, interest rate, repayment flexibility, staff behaviour, and documentation requirements significantly influence customer satisfaction. This study attempts to analyse the level of satisfaction of business loan customers of the bank. It also highlights the areas where the bank performs well and where improvements are required to enhance customer experience.

Objectives of the Study:

1. To evaluate the level of customer satisfaction towards business loan services offered by Laxmi Krupa Prasan Multi-State Co-operative Bank, Pandharpur Tahsil.
2. To study the factors influencing customer satisfaction such as interest rates, loan processing time, repayment facilities, and staff cooperation.
3. To analyse customers' perceptions regarding transparency and fairness in business loan procedures.
4. To examine the effectiveness and quality of customer service provided by bank employees.

Scope of the Study:

Geographical Scope :The geographical scope of the study is confined to **Pandharpur Tahsil** in Maharashtra. The research focuses on business loan customers of **Laxmi Krupa Prasan Multi-State Co-operative Bank** operating within this tahsil.

1. **Periodical Scope:** The periodical scope of the study covers a **specific time period during which data was collected**, typically one financial year (for example, **2023–24** or the year specified by the researcher).
2. **Topical Scope:** The topical scope of the study is limited to **customer satisfaction towards business loan services** provided by the bank. The focus remains strictly on business loan-related services.

Limitations of the Study:

1. **Geographical Limitations:** The study is geographically limited to Pandharpur Tahsil only. It includes only business loan customers of Laxmi Krupa Prasan Multi-State Co-operative Bank operating within this area
2. **Periodical Limitations:** The study is confined to a **specific period of time**, generally one financial year or the period during which the survey was conducted. Customer satisfaction levels may change over time due to policy changes, interest rate revisions, or economic conditions.
3. **Topical Limitations:** The study is limited only to **customer satisfaction towards business loan services** of the bank. Other banking services such as savings accounts, fixed deposits, personal loans, and digital banking services are excluded.

Research Methodology:

1. **Sources of Data:** The study uses both primary and secondary data. Primary data is collected from business loan customers through a structured questionnaire, while secondary data is obtained from books, journals, bank records, reports, and websites related to cooperative banking and customer satisfaction.



2. Research Design: A descriptive research design is adopted for the study. It helps in understanding and describing customer satisfaction levels, opinions, and problems related to business loan services without manipulating any variables.

3. Type of Research: The study is applied and analytical in nature, focusing on solving practical banking problems. It is also quantitative research, as numerical data is collected and analysed using percentages, tables, and charts.

Review of Literature:

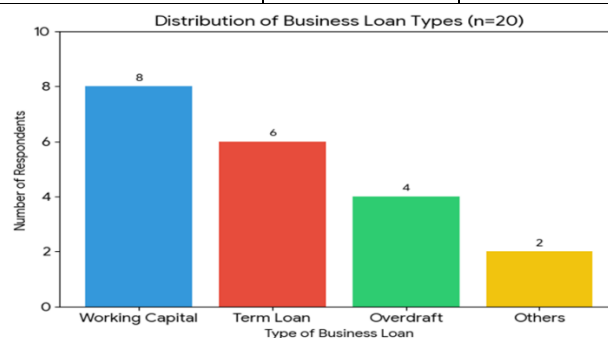
- Arya and Thapa (2019)** conducted a study on customer satisfaction in cooperative banks and found that factors such as interest rates, staff behaviour, and loan processing time significantly influence customer satisfaction. The study highlighted that cooperative banks play a vital role in supporting small business borrowers.
- Suresh and Hebbar (2021)** reviewed various studies on customer satisfaction towards cooperative banks and concluded that transparency in loan procedures and efficient customer service are key determinants of satisfaction. Their study emphasized the need for improving service quality to retain customers.
- Sakariya and Trivedi (2020)** analysed lending practices of cooperative banks and observed that simple documentation and flexible repayment facilities increase customer satisfaction towards business loans. The study also pointed out delays in loan processing as a major issue faced by customers.
- Patil (2022)** studied customer satisfaction towards loan services of cooperative banks in Maharashtra and found that most customers were satisfied with interest rates and personal attention provided by bank staff. However, the

study suggested that banks should reduce procedural complexities to improve customer experience.

Data and Interpretation:

Table 1: Business Loan Distribution

Loan Type	Number of Respondents	Percentage
Working Capital	8	40%
Term Loan	6	30%
Overdraft	4	20%
Others (Equipment/LAP)	2	10%
Total	20	100%



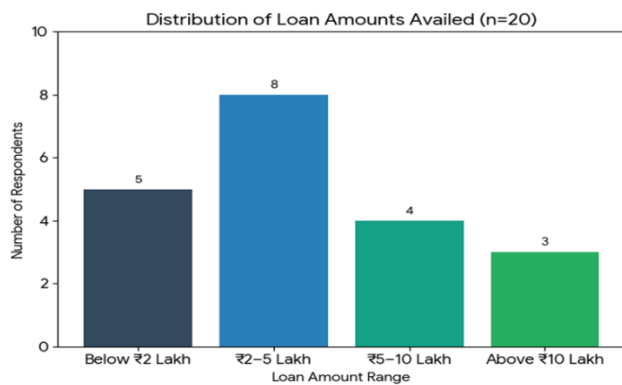
The table and histogram show that **40% of respondents have availed Working Capital loans**, indicating high demand for day-to-day business financing.

Term loans account for 30%, while **overdraft facilities (20%)** and **other loan types (10%)** are comparatively less preferred.

This suggests that short-term liquidity needs dominate among business loan customers.

Table No. 2: Loan Amount Distribution Table

Loan Amount Range	Number of Respondents	Percentage
Below ₹2 Lakh	5	25%
₹2–5 Lakh	8	40%
₹5–10 Lakh	4	20%
Above ₹10 Lakh	3	15%
Total	20	100%



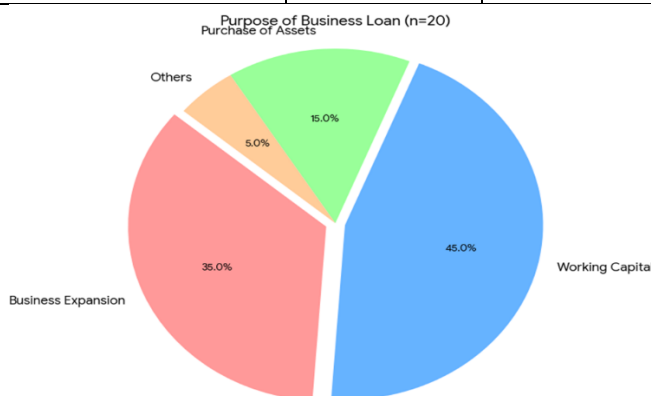
□ **Most Frequent Range:** The majority of respondents (8 out of 20) opted for a loan between **₹2 Lakh and ₹5 Lakh**, indicating a preference for mid-range financing.

□ **Entry-Level Loans:** 25% of respondents availed loans below **₹2 Lakh**, which typically caters to micro-businesses or immediate small-scale needs.

□ **High-Value Loans:** 15% of the respondents took loans exceeding **₹10 Lakh**, suggesting a segment of businesses involved in more capital-intensive operations or significant expansion projects.

Table No. 3: Purpose of Loan Distribution Table

Purpose of Loan	Number of Respondents	Percentage
Business Expansion	7	35%
Working Capital	9	45%
Purchase of Assets	3	15%
Others	1	5%
Total	20	100%



□ **Operational Focus:** 45% of businesses prioritize **Working Capital**, which is essential for

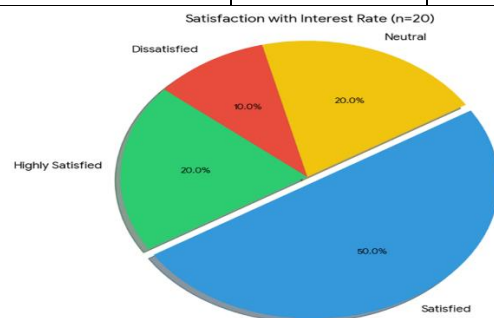
maintaining inventory, paying salaries, and general operational expenses.

□ **Growth Orientation:** With 35% of respondents seeking loans for **Business Expansion**, there is a clear trend toward scaling operations and entering new markets.

□ **Asset Investment:** A smaller segment (15%) is focused on long-term stability through the **Purchase of Assets**, such as machinery or equipment.

Table No. 4: Satisfaction with Interest Rate Table

Satisfaction Level	Number of Respondents	Percentage
Highly Satisfied	4	20%
Satisfied	10	50%
Neutral	4	20%
Dissatisfied	2	10%
Total	20	100%



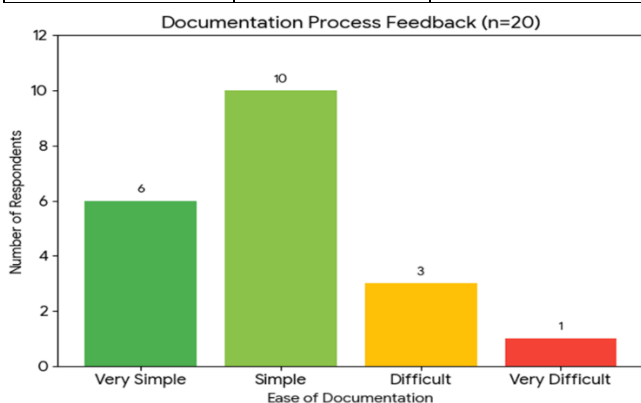
The largest segment of the chart (50%) consists of respondents who are **Satisfied**. This indicates that for half of the group, the interest rates are perceived as fair and aligned with the value they receive from the loan. When added to the 20% who are **Highly Satisfied**, it shows a strong consensus that the cost of capital is manageable and competitive. 20% of respondents remain **Neutral**. This group is neither impressed nor frustrated. In business terms, these respondents likely view interest rates as a "fixed utility cost"—something that is necessary but doesn't significantly impact their overall feeling toward the financial institution.



Only **10%** (2 out of 20) expressed being **Dissatisfied**. This is a very low friction rate. It suggests that while a small minority may find the rates high—perhaps due to lower credit scores or specific high-risk loan types—there is no widespread outcry against the current interest structures.

Table No. 5: Documentation Process Distribution Table

Ease of Documentation	Number of Respondents	Percentage
Very Simple	6	30%
Simple	10	50%
Difficult	3	15%
Very Difficult	1	5%
Total	20	100%



The data indicates that the majority of respondents find the documentation process for business loans to be user-friendly. Specifically, **80%** of the participants categorized the process as either **Simple** or **Very Simple**, suggesting that the lending procedures are streamlined and efficient.

- **Ease of Access:** With 50% of respondents selecting "Simple," it is evident that the paperwork and requirements are generally well-managed by financial institutions.
- **Minimal Friction:** Only a small fraction (20%) experienced difficulty, which may be attributed to specific complex loan structures or individual business compliance issues.

- **Efficiency:** The high percentage of "Very Simple" and "Simple" responses points toward a digital-friendly or well-assisted documentation environment that minimizes the time-to-loan for businesses.

Findings:

1. The study shows that Working Capital loans are the most preferred (40%), indicating strong demand for day-to-day business financing. Term loans (30%) are moderately used, while overdraft and other loans are less popular, showing limited long-term or specialized borrowing.
2. Most respondents (40%) availed loans in the ₹2–5 lakh range, indicating preference for mid-range financing. Smaller loans below ₹2 lakh are common among micro-businesses, while high-value loans are availed by fewer customers.
3. A majority of customers (45%) used loans for working capital needs, while 35% borrowed for business expansion. This shows a strong operational and growth-oriented approach among borrowers.
4. About 70% of respondents are satisfied or highly satisfied with the interest rates, indicating competitive and acceptable pricing. Very few customers expressed dissatisfaction, showing low resistance to current rates.
5. The documentation process is perceived as user-friendly, with 80% of respondents rating it as Simple or Very Simple. This reflects efficient procedures and effective staff assistance.

Suggestions:

1. The bank should continue strengthening working capital loan schemes. Awareness about term loans and overdraft facilities can be



increased to encourage balanced credit utilization.

2. The bank should design flexible loan products in the ₹2–5 lakh range. Customized schemes for both micro-enterprises and large borrowers can further improve loan outreach.
3. The bank should offer specialized loan products for working capital and expansion. Advisory support for asset purchase loans can help customers plan long-term investments.
4. The bank should maintain competitive interest rates and offer concessions to loyal customers. Clear communication on interest calculation can further reduce neutral or dissatisfied responses.
5. The bank should continue simplifying documentation procedures. Additional support should be provided to customers facing difficulties, especially in complex loan cases.

Conclusion:

The present study on customer satisfaction towards business loans at Laxmi Krupa Prasan

Multi-State Co-operative Bank, Pandharpur Tahsil, reveals that the bank plays a significant role in supporting local business activities. The majority of customers are satisfied with key aspects such as interest rates, loan amount, loan purpose fulfilment, and documentation procedures. The preference for working capital loans indicates that businesses mainly rely on the bank for meeting day-to-day operational needs. Customer satisfaction with staff behaviour and service quality reflects the cooperative and customer-friendly approach of the bank. However, a small proportion of customers face difficulties related to documentation and loan processing time, indicating scope for further improvement. Overall, the study concludes that the bank's business loan services are effective and reliable, and with minor improvements in procedures and customer guidance, the bank can further enhance customer satisfaction and strengthen its relationship with business loan customers.