Satisfaction Of Agro-Based Enterprises with Financial Services of Commercial Banks: A Study of Nagaon District, Assam

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Abstract:
Agro-based enterprises occupy a central place in the rural economy of Nagaon district, Assam, where agriculture and allied activities support the livelihood of a large majority of the population. The growth of such enterprises including rice and food processing, dairy, fishery, sericulture, handloom and horticulture-based units depends significantly on the timely and adequate availability of institutional finance from commercial banks. This paper examines the level of satisfaction of agro-based enterprises with the financial services rendered by commercial banks operating in Nagaon district, using service-quality dimensions of tangibility, reliability, responsiveness, assurance and empathy as an analytical framework. Based on a review of relevant secondary literature on rural and MSME banking in Assam and India, and a proposed primary survey design, the paper identifies procedural delay, collateral requirements, limited financial literacy and inadequate personalised attention as recurring concerns, alongside general satisfaction with deposit and remittance services. The paper concludes with suggestions for improving credit delivery and customer engagement for agro-based enterprises in the district.

Keywords: Agro-based enterprises, commercial banks, customer satisfaction, financial services, Nagaon district, Assam, MSME credit, service quality

1. Introduction:

Agriculture and allied activities form the backbone of the economy of Assam, and this dependence is particularly pronounced in Nagaon district, where agriculture provides livelihood to a large share of the population and the district is popularly described as the "Rice Bowl of Assam."

Beyond primary cultivation, a wide range of agro-based enterprises has emerged around this agrarian base: rice mills, food and fruit processing units, dairy and poultry ventures, fishery and pisciculture enterprises, sericulture and handloom units, and horticulture-linked small businesses. Government sources note that Nagaon district offers considerable scope for the growth of agro-based industries, including pisciculture and sericulture, alongside its traditional tea, jute and sugar-mill based industries.

Commercial banks are the principal formal channel through which such enterprises access credit, deposit, remittance, insurance and advisory services. The Reserve Bank of India's priority-sector lending framework, NABARD's refinance support, and various government-sponsored credit schemes (such as MUDRA and the Credit Guarantee Fund Trust for Micro and Small Enterprises) are together intended to ease the flow of institutional credit to agriculture and agro-based micro, small and medium enterprises (MSMEs). Yet studies on MSME financing in India repeatedly point to a persistent credit gap, procedural complexity and low awareness among entrepreneurs as barriers that limit the effectiveness of these schemes.

Customer satisfaction is widely regarded in the services-marketing literature as a key indicator of how well an institution is meeting the expectations of the people it serves, and in banking this has direct implications for customer retention, deposit mobilisation and the reputation of individual branches. Since agro-based enterprises in a semi-urban and rural district such as Nagaon often operate with limited financial documentation, seasonal cash flows and heavy dependence on natural conditions such as flooding, their expectations from a bank may differ from those of urban commercial borrowers. Understanding their satisfaction with the financial services offered by commercial banks is therefore important both for the banks seeking to serve this segment better and for policymakers aiming to strengthen rural credit delivery.

This paper examines the satisfaction of agro-based enterprises operating in Nagaon district with the financial services provided by commercial banks, drawing on the established SERVQUAL dimensions of tangibility, reliability, responsiveness, assurance and empathy, which have been widely used in earlier Indian and Assam-specific banking studies.

2. Profile of Nagaon District and its Agro-Based Enterprises

Nagaon district lies in central Assam on the southern bank of the river Brahmaputra and is among the most populous districts of the state. Its economy is described in official industrial profiles as "purely agrarian in terms of natural resource endowment," with agriculture providing livelihood to roughly 78 per cent of the population; paddy is the principal crop, and recurrent flooding remains a major constraint on agricultural and allied development.

The district's agro-based industrial base includes rice milling and food processing, fishery and pisciculture, dairy and animal husbandry, sericulture, and the handloom sector, which is closely linked to the cultural life of rural households. The district also hosts niche agro-based activities such as agar (perfume) processing centred around Hojai. Despite this natural resource base, official district profiles describe Nagaon as comparatively under-industrialised, with only a small number of medium and large-scale units and a preponderance of traditional, small-scale processing activity, a pattern that increases the importance of accessible bank finance for the modernisation and expansion of agro-based micro-enterprises.

3. Statement of the Problem

Despite policy emphasis on priority-sector lending and financial inclusion, empirical studies on MSME financing in India consistently report that a large share of small enterprises remain outside the ambit of formal credit, citing collateral requirements, cumbersome documentation, limited awareness of schemes, and delays in loan sanction and disbursement as recurring obstacles. In Assam specifically, banking-service studies have found those gaps in customer-facing dimensions, particularly empathy and personalised attention, even where deposit and remittance services are viewed favourably. Agro-based enterprises in a flood-prone, largely rural district such as Nagaon may be especially exposed to such service gaps because of seasonal income patterns, smaller transaction sizes, and lower average levels of formal financial literacy. There is a need, therefore, to systematically assess how satisfied agro-based enterprises in Nagaon district are with the range of financial services offered by commercial banks, and to identify the specific service dimensions where improvement is most needed.

4. Review of Literature

The SERVQUAL framework developed by Parasuraman, Zeithaml and Berry (1985) remains the most widely applied instrument for measuring service quality and customer satisfaction across service industries, including banking, through its five dimensions of tangibility, reliability, responsiveness, assurance and empathy. Numerous Indian banking studies have adapted this framework to the commercial banking context.

A study of commercial banks in Silchar town of Assam assessed customer satisfaction across the five SERVQUAL dimensions and found that empathy consistently scored the lowest among the dimensions, pointing to a need for greater personal engagement and customer attention by bank staff, while confirming that higher perceived service quality was associated with greater customer satisfaction and loyalty. A related strand of research on rural banking in southern Assam similarly observed that customer satisfaction has tended to be a relatively neglected aspect of rural bank operations in the region, highlighting a gap between the transactional environment of rural branches and customer expectations.

In the specific context of Assam's private-sector banking, a study of employee perspectives on customer relationship management in Goalpara district found that loan facilities, ATM access and the variety of services available were the most important product-related factors for customers, while timely service delivery, trustworthy staff behaviour and procedural simplicity were identified as the leading service-related factors shaping bank–customer relationships. This underlines that, for enterprise customers in Assam, credit-related service attributes are evaluated jointly with the quality of interpersonal and procedural interaction.

Beyond Assam, comparative work on private commercial banks in Bangladesh applying the same SERVQUAL dimensions found that all five dimensions significantly and positively influenced customer satisfaction, with service quality explaining a substantial share of the variation in reported satisfaction, reinforcing the general relevance of the framework to South Asian banking contexts.

On the credit-access side, national-level assessments of MSME financing in India have highlighted a large unmet credit gap, with a substantial majority of small enterprises still relying on informal or self-financing sources rather than formal bank credit, owing to weak collateral positions, limited accounting records and low awareness of eligibility criteria under schemes such as the Credit Guarantee Fund Trust for Micro and Small Enterprises and MUDRA. A regional study of MSME financing in Odisha found that procedural complexity, lack of awareness and inadequate targeting continue to limit the effectiveness of government-backed credit schemes, even where such schemes have made measurable progress. More recent empirical work using large-scale enterprise survey data has shown that access to formal credit, and in some contexts co-funding arrangements that combine formal and informal sources, has a measurable positive association with MSME performance, underscoring the practical importance of banks' credit-delivery efficiency for enterprise-level outcomes. Sector-level assessments commissioned by development finance institutions have also pointed to structural factors such as the limited operating history of very young enterprises and the resulting difficulty for lenders in assessing creditworthiness as contributing to the addressable financing gap facing India's MSME sector, which includes a large share of agriculture-linked and agro-processing units.

Taken together, this literature suggests two broad conclusions relevant to the present study. First, satisfaction with a bank's financial services among small and agro-based enterprises is shaped jointly by the availability and simplicity of credit products and by the quality of interpersonal service dimensions, especially empathy and responsiveness. Second, the Assam-specific evidence indicates that rural and semi-urban customers, including enterprise customers, may experience comparatively lower satisfaction on the empathy and personal-attention dimensions than on the more tangible dimensions such as branch facilities or digital/remittance services a pattern this study examines specifically for agro-based enterprises in Nagaon district.

5. Research Gap

While service-quality and customer-satisfaction studies exist for general retail banking customers in parts of Assam (including Silchar and Goalpara districts), and while national studies have examined MSME credit access broadly, there is limited district-specific research that focuses exclusively on agro-based enterprises as distinct from retail or general MSME customers and their satisfaction with the full range of commercial bank financial services in Nagaon district. This study aims to address that gap by focusing specifically on this enterprise segment.

6. Objectives of the Study

a. To identify the range of financial services (credit, deposit, remittance, insurance and advisory) utilised by agro-based enterprises from commercial banks in the district.

b. To measure the level of satisfaction of agro-based enterprises with these services across the five SERVQUAL dimensions: tangibility, reliability, responsiveness, assurance and empathy.

c. To identify the major problems faced by agro-based enterprises in availing bank finance.

d. To suggest measures for improving the delivery of financial services to agro-based enterprises in Nagaon district.

7. Research Hypotheses

H0(1): There is no significant difference in the level of satisfaction of agro-based enterprises across the five service-quality dimensions (tangibility, reliability, responsiveness, assurance and empathy).

H0(2): There is no significant association between the type/scale of the agro-based enterprise and its overall satisfaction with commercial bank financial services.

H0(3): There is no significant relationship between the ease of accessing institutional credit and the overall satisfaction level of agro-based enterprises.

8. Research Methodology

8.1 Research Design

The study adopts a descriptive-cum-analytical research design, combining a review of secondary literature on rural and MSME banking in Assam and India with a proposed primary field survey of agro-based enterprises in Nagaon district.

8.2 Universe and Sampling

The universe of the study consists of agro-based enterprises (rice and food-processing units, dairy and poultry enterprises, fishery/pisciculture units, sericulture and handloom units, and horticulture-based small businesses) operating in Nagaon district and holding an account or credit facility with one or more commercial banks. A multi-stage stratified random sampling design is recommended: the district may first be stratified into revenue circles/development blocks (covering both the Nagaon town area and rural blocks such as Kaliabor, Rupahi, Dhing, Raha, Kathiatoli and Barhampur), followed by proportionate random selection of enterprises from each stratum. A sample of approximately 150 respondent-enterprises, spread across at least five commercial banks (a mix of public sector, private sector and regional rural banks operating in the district), is suggested as being adequate for the statistical tools proposed below.

8.3 Data Collection

Primary data would be collected through a structured questionnaire administered to owners/managers of agro-based enterprises, covering (a) enterprise and respondent profile, (b) type and extent of financial services used, (c) satisfaction ratings on a five-point Likert scale across the five SERVQUAL dimensions, and (d) open-ended questions on problems faced and suggestions. Secondary data would be drawn from RBI and NABARD publications, Lead Bank/District Credit Plan reports for Nagaon district, the District Industries and Commerce Centre, and published academic literature on rural and MSME banking in Assam.

8.4 Statistical Tools

Descriptive statistics (mean, standard deviation, percentage analysis), Cronbach's alpha for scale reliability, one-way ANOVA/Friedman test for comparing satisfaction across the five dimensions, chi-square test of association between enterprise type and satisfaction category, and Pearson/Spearman correlation between ease of credit access and overall satisfaction are proposed as the principal analytical tools.

9. Results and Discussion

9.1 Profile of Sample Enterprises

Category	Sub-group	Percentage of Respondents
Type of enterprise	Rice/food processing	28%
	Dairy & poultry	18%
	Fishery/pisciculture	16%
	Sericulture & handloom	20%
	Horticulture-based	18%
Scale of enterprise	Micro	62%
	Small	31%
	Medium	7%
Bank category used	Public sector bank	58%
	Private sector bank	24%
	Regional rural bank	18%

9.2 Mean Satisfaction Scores by SERVQUAL Dimension (5-point scale)

Service Quality Dimension	Mean Score	Standard Deviation	Rank
Tangibility (branch, ATM, infrastructure)	3.8	0.62	2
Reliability (accuracy, consistency of service)	3.6	0.71	3
Responsiveness (speed of loan processing)	3.1	0.85	4
Assurance (trust, staff competence)	3.7	0.68	3
Empathy (personal attention, understanding of needs)	2.8	0.79	5

Consistent with the Assam-specific literature reviewed in Section 4, the illustrative pattern shows tangibility and assurance receiving relatively higher ratings, while empathy is rated lowest, mirroring the finding that empathy is often the weakest dimension in commercial bank service delivery in Assam. Responsiveness, closely linked to loan-processing speed, also emerges as an area of relative dissatisfaction, in line with national findings on procedural delay in MSME credit delivery.

9.3 Major Problems Reported

a. Delay in sanction/disbursement of loans during peak agricultural season.

b. Collateral and guarantor requirements perceived as difficult to meet for micro-scale units.

c. Limited awareness of government-backed schemes (e.g., MUDRA, CGTMSE, NABARD refinance-linked products).

d. Insufficient customised advisory support for seasonal/flood-affected agro-enterprises.

e. Preference among some respondents for informal credit sources due to procedural simplicity, despite higher cost.

10. Findings

Based on the literature reviewed and the illustrative analytical framework presented above, the study suggests the following broad findings, to be validated through actual field data: (i) agro-based enterprises in Nagaon district are likely to report comparatively high satisfaction with the tangible and assurance-related aspects of commercial bank service, consistent with patterns observed elsewhere in Assam; (ii) responsiveness particularly the speed of loan processing and empathy are likely to emerge as the weakest dimensions, echoing both Assam-specific banking studies and the wider Indian literature on procedural delay in MSME credit; (iii) awareness of government credit-support schemes among agro-based enterprises is likely to be uneven, in line with national assessments of the MSME credit gap; and (iv) the scale of the enterprise (micro/small/medium) may be associated with differing satisfaction levels, with micro-enterprises facing comparatively greater difficulty in meeting collateral and documentation requirements.

11. Suggestions

- Banks operating in Nagaon district may consider dedicated, simplified loan windows for seasonal agro-based enterprises, timed to align disbursement with cropping and processing cycles.
- Strengthening financial literacy and scheme-awareness camps in coordination with the District Industries and Commerce Centre and NABARD could help agro-entrepreneurs better access CGTMSE- and MUDRA-linked products.
- Branch staff could be given targeted training in customer empathy and relationship management, building on the finding that trustworthy staff behaviour and procedural simplicity are valued by enterprise customers in Assam.
- Digital and doorstep banking services could be expanded to reduce the transaction burden on enterprises located in remote and flood-affected blocks of the district.
- Periodic customer-satisfaction surveys specific to agro-based enterprises could be institutionalised by Lead Banks to track service quality over time.

12. Limitations of the Study

The paper is primarily a literature-based research design and framework paper; the quantitative results presented in Section 9 are illustrative and simulated for demonstration of method, not derived from an actual completed field survey in Nagaon district. Findings and conclusions should therefore be treated as indicative hypotheses for empirical testing rather than facts, until the primary survey outlined in the methodology is carried out. The study is also confined to Nagaon district and to commercial banks; it does not cover cooperative banks, microfinance institutions or informal lenders in detail, all of which also serve agro-based enterprises in the district.

13. Conclusion

Agro-based enterprises are central to the rural economy of Nagaon district, and their access to, and satisfaction with, commercial bank financial services has a direct bearing on the pace of agro-industrial development in the district. While the review of Assam-specific and national literature suggests that commercial banks generally perform adequately on tangible infrastructure and trust-related dimensions of service, gaps in responsiveness and empathy combined with persistent structural barriers to formal credit access documented across the Indian MSME sector continue to constrain the experience of agro-based enterprise customers. A dedicated primary survey of the kind outlined in this paper, covering a representative sample of agro-based enterprises across the blocks of Nagaon district, would allow banks, Lead Bank authorities and policymakers to design more targeted interventions to improve credit delivery, service responsiveness and overall satisfaction of this important customer segment.

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