

CHAPTER - I

RESEARCH METHODOLOGY

1.1 INTRODUCTION

1.2 MEANING & DEFINITION

1.3 STATEMENT OF THE STUDY

1.4 OBJECTIVE OF THE STUDY

1.5 HYPOTHESIS

1.6 SIGNIFICANCE

1.7 METHODOLOGY

1.8 SCOPE & LIMITATION OF THE STUDY

1.9 CHAPTER SCHEME



Thus the urban co-operative banks are the leading banks in banking sector. The urban co-operative banks are becoming very popular now a days by its nature of services rendering to the consumers of the society. The urban banks are providing loans and advances to the weak section of the community to fulfill their needs of living.

The urban co-operative banks made the remarkable development in the Maharashtra and these banks are playing very important role in the mobilization of deposits. The people of various classes are attracting to the banks to invest their money under various deposits schemes. These urban banks are giving attracting interest rates on the deposit schemes. These banks are spreading their hands of co-operation towards the people who are in need of financial requirements for the urban and semi urban people, the urban banks are giving more importance to their demand of money, to loans and advances and security toward their investments. At present there are 381 urban co-operative banks in Maharashtra state out of 30 urban bank established in Sangli district. (2005)

The co-operative banks have got vital place in India, particularly in Maharashtra urban co-operative banks have made good head way. "The Ashta People's co-operative bank Ltd. Ashta" is one of the leading urban co-operative bank in Ashta city due to its impressive progress in the urban and semi urban areas.

This bank provides credit facilitating and mobilization of deposits from individual and institution. The people of various categories in the community are attracting to this bank to deposit their money. The bank is giving attracting interest

1) In world

The co-operative movement was started in Germany in the middle of 19th century. At the time the economic condition of Germany were extremely deplorable. Mr. Herr Franz schulze (1809 to 1885) took the initiative and started introducing various measures of relief. mr. schulze adopted measures for giving relief to the people who used to live in the urban areas. he had seen the miserable condition of the people with his own eyes. In 1849 he organized a friendly society for relief in sickness. In 1850 he formed the first credit Association. Two years later, in 1852. schulze formed a society at delitzsch which was based on co-operative principles. he secured capital through the sale of shares. he published a book in 1856 which contained the principles of co-operative Banking as formulated by him.

The number of banks were started by him. In 1959, he organized a congress of these banks. He was also responsible for securing from Prussia the first co-operative Law in 1867. which latter on was made applicable to the entire country in 1889. On the basis of this act all co-operative societies were to be organized.

In Brief the co-operative credit Movement started in Germany & then it spread over the world.

legislative measures were taken to consolidate the development & growth of urban co-operative Banks. In 1966, The Banking Regulation Act of 1949 was made applicable to urban co-operative banks.

It is clearly seen that the spread of urban co-operative Bank not uniform in all the state. Most of the banks are concentrated in Maharashtra, Gujarat, Tamilnadu & Karnataka even in Maharashtra . These are mainly located in western region. This unbalanced. Development has been mainly due Lack of initiative on the part of co-operative Leadership & state co-operative department.

3) In Maharashtra

Co-operative in Maharashtra has been to the pioneering sector of the co-operative movement in India. The first urban co-operative credit society named 'Anyonya Sahakari Mandal' was established in Baroda city on 5th Feb. 1889. Under the guidance of Mr. Vitthal L. Kavthekar in middle class Maharashtrian family.

After passing of co-operative societies act 1904, the co-operative movement in Maharashtra took speeds No-1. Defense Accounts co-operative Bank Ltd, Pune was the first urban co-operative Bank in Maharashtra formed by the employees of the defence dept on 9th Jan. 1906 The second urban co-operative Bank was formed in Maharashtra in Pune under the title cosmos co-operative Bank Ltd. Pune on 8th Jan 1906. The Third urban co-operative bank was formed in Sholapur district at Barshi under title Barsi central urban bank

“A mutual society formed, composed and governed by working people themselves for encouraging regulator saving and granting small loans on easy terms of interest and repayment.”

A co-operative banks promotes economic activity and provides banking facility and services to the rural people. Thrift and savings is the falcrum of the working of co-operative banks. Co-operative lending is the means to promote thrift & savings and services. **profit is the not the chief motto.** Personalization of credit is the special feature of co-operative banking. The significant role of co-operative banks in the agricultural economy.

The co-operative banks teach the agriculturist to borrow at the right time, in right amount, for right purpose and repay on the right dates. The co-operative banks do not hesitate in accepting non members as their customers. Thus they spread the message of co-operative principles and extend their benefits to the wider section of the population.

Since the organization of these bank is democratic in nature.

Co-Operative Credit Structure :-

The present co-operative banking system is divided into two categories :

- 1) Agricultural co-operative banks.

- 2) Non-Agricultural co-operative banks.

Agricultural co-operative banks provide credit facilities to agricultural sector & non agricultural co-operative banks provide loan facilities to other than agricultural sector such as trader, artisans, workers in urban areas. Into three categories namely urban co-operative banks, employees credit co-operative societies & Industrial co-operative Bank.

Introduction of co-operative Banks :-

The Urban co-operative credit movement started in India with the main purpose of helping small traders, artisans, factory workers salaried people having limited fixed income. The purpose of the Urban banks was on one side to protect them from the clutches of money lenders & on the other to inculcate in them the habit of saving.

The Reserve Bank of India (RBI) reviewed in 1939-40 the progress of Urban co-operative Banks. The RBI stated in its report that the "Urban co-operative Banks occupied a prominent Place among the agencies meeting the credit needs in Urban areas. They advanced loans mostly to small traders, artisans & salary earners on personal security as well as against gold, silver, land & Buildings etc."

Chief functions of Urban co-operative Banks are as Under :

- 1) To accept deposits from members & Non-members,
- 2) To advance loans to its members.
- 3) To collect the bills accepted or endorsed by their members.
- 4) To provide remittance facilities.
- 5) To arrange the safe Deposit voltas service to its members.

Definition of urban co-operative Bank :-

Urban co-operative bank has now been defined by the Banking Regulation Act, as one which has been organized for accepting, for the purpose of lending or investment, of deposits of money from the public repayable on demand or otherwise and with drawable by cheque, draft, order or otherwise.

The organised Banking in India comprises two distinct sectors viz the commercial Banking sector, and the co-operative bank & societies each sector having a separate set up and objective. The commercial Banking sector covers the public & private sector banks consisting of Indian foreign scheduled & non scheduled banks. The co-operative credit sector is composed of the state co-operative Bank of the state head quarters the district central co-operative bank at district level & the urban co-operative bank & non agricultural credit societies in urban centers & towns & agricultural credit societies in the villages.

1.3 STATEMENT OF THE STUDY :-

It is true that several credit survey committee and Banking committee have evaluated the performance of The Ashta People's Co-operative Bank Ltd, Ashta from time to time and suggested for remedial actions. but not much research has been done in the financial management. Hence it is necessary to conduct studies in the area of management

The Urban Co-operative Banks occupy vital important in Co-operative credit structure. The Ashta People's Co-operative Bank Ltd, Ashta plays an important role in the

Co-operative Bank is facing the various financial problems and what necessary action can be taken for solution.

RESEARCH METHODOLOGY

Subject :

“The financial management of The Ashta people’s co-operative Bank Ltd, Ashta.”

1.7 Scope & Limitation :-

Scope :

I have selected “The Ashta people’s co-operative Bank Ltd Ashta.” for the present study. Study is for 10 years i.e. from 1996 to 2005.

The Ashta people’s co-operative bank Ltd, Ashta has been working for last 48 years. This bank is having 16 branches including Head office. They are working at village, Taluka and district levels. The head office of the bank is situated in Ashta. The financial position of the Bank is studied for the period of Last 10 years i.e. 1996 to 2005.

The Ashta people’s co-operative bank Ltd, Ashta as the head office and its branches are taken for the purpose of study.

The various techniques of financial analysis viz. ratio analysis and trend ratio are used for analysis and interpretation of financial statement.

1) Primary Data :-

The primary data are those which are collected fresh and first time and thus happen to be original in character.

In this study the primary data is collected by using the different methods like interviews and discussion of Directors, members, chief. Executive officer, managers, and clerk of the bank.

2) Secondary Data:-

Secondary data means they are already available i.e. the data which have already been collected and analyzed by someone else secondary data may either be the published or unpublished data.

In this study I have selected/ used the following sources of secondary data.

Annual Report of the Bank

Balance – sheet of the Bank.

R.B.I. – Bulletin.

1.9 Chapter – Scheme :

In this there are five chapters are included i.e.

- 1) Introduction and Research Design.
- 2) Profile of the Bank.
- 3) Theoretical Background
- 4) Analysis and Interpretation of the study.
- 5) Conclusion and suggestion.

Bibliography