

CHAPTER - VI

SUMMARY, CONCLUSIONS AND SUGGESTIONS.

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Chapter-I :

1) An urban co-operative bank as a co-operative society (other than PACCS) : (i) the primary object of which is the transaction of banking business, (ii) the paid-up capital and reserves of which are not below Rs. 1 lakh and (iii) the bye-laws of which do not permit admission of any other co-operative society as a member.

2) During pre-independence period since 1905, urban banks continuously grew in number owing to following factors : (i) The failure of local joint stock banks. (ii) Urban credit societies were eminently suitable institutional agencies for collecting local savings and providing financial accommodation to those who were in the clutches of money lenders. (iii) Even the great depression of thirties did not hinder the development of urban banks. (iv) The economic boom created by the second world war provided a stimulus to the growth of urban banks.

3) The role of the R.B.I. during the period from 1951 to 1964 was by and large passive in case of urban banking development.

4) Shift in role of the R.B.I. took place from the March 1, 1966 after the application of the Banking Regulation Act 1949 to co-operative banks. The control of the R.B.I. has not only improved the working of the urban banks but also enhanced the image of the urban banks among the public depositors.

5) During the planned period diversification of loans portfolio, provision of credit at reasonable rates to small borrowers, high priority accorded for financing of weaker section of the community, good performance in the matter of recovery of loans, mainly caused urban co-operative banks to grow not only in number but also in size.

6) Out of the total 1281 banks in the country, as many as 996 were found in only 4 States of Maharashtra, Gujarat, Karnataka and Tamilnadu. This shows that there is a heavy concentration of these institutions only in a few packets.

7) Large portion of the advances of all the urban co-operative banks in the country has gone to priority sector.

8) Urban co-operative banking sector is a very strong significant component of the Indian co-operative movement. They are self reliant and are functioning with their own resources. They have built sizeable funds. They have generated a fair amount of surplus in their business.

Charter-II :

1) Mahila Co-operative Bank is working for women, owned by women, and run by women. This bank has implemented many schemes for the upliftment of the women from weaker sections.

2) The women are encouraged to utilize their hidden powers and expose them in industry and trade. She is helped to become self-sufficient which, in turn, reduces her dependence on others to some extent. Consequently herself confidence grows.

3) Mahila Co-operative Bank is local institution with its clients as its members and having intimate contact with them. It is in a better position to appreciate the

needs of the members and to adjust its policies and procedures to such needs with a greater degree of flexibility.

4) Like any other co-operative banks, Mahila Co-operative Bank is administered by Board of Directors.

5) The area of operation of the Mahila Co-operative Bank is confined to whole Kolhapur District, except Ichalkaranji City comes under the jurisdiction of the Bank.

6) Only women can be the members of the Mahila Co-operative Bank. The conditions of eligibility for membership of these banks are prescribed under rules and bye-laws, such as small traders, artisans, merchants, and professional classes etc.

7) The principle functions of the Mahila Co-operative Bank are to promote thrift to advance loans on personal security or on mortgage of house property, on pledge of gold and silver, produce, merchandise, Government securities, fixed deposit receipts, life insurance policies etc.

Chapter-III :

1) The performance of Mahila Co-operative Bank is evaluated in fulfilling its objectives, viz. (i) promotion of thrift (ii) financial soundness, (iii) provision of credit facilities and (iv) Magnitude of overdues.

2) The performance of Mahila Co-operative Bank in extending its membership coverage was fairly satisfactory in as much as growth index of its membership continuously increased from 100 to 537 by more than 5 times during the period 1973-74 to 1984-85.

3) The magnitude of share capital is mainly determined by size of membership coverage and level of loans and advances. Continuous upward trends in membership coverage and level of advances caused the share capital collection of Mahila Co-operative Bank to increase from Rs. 0.36 lakhs to Rs.6.17 lakhs by about 17 times during the period under review. Share capital collection slightly declined only during 1977-78 owing to resignation of members consequent upon political reasons.

4) The performance of Mahila Co-operative Bank in building up of its reserve fund was, by and large, satisfactory in as much as reserve fund exhibited a continuous upward trend throughout the entire period. Yearly growth rate in reserve fund was not only positive but also continued to remain substantial owing to perceptible profits.

5) Mahila Co-operative Bank showed a fairly satisfactory performance in mobilizing local resources and augmenting its deposits as aggregate deposit resources rapidly increased

from merely Rs. 1.45 lakhs to Rs. 68.35 lakhs by more than 47 times during the period under consideration.

Close and continuous contact of Mahila Co-operative Bank with its local members, various innovative deposit schemes such as Shubha Laxmi (Pigmy) deposit scheme, double amount deposit scheme etc. establishment of new branch at Haladi and attractive interest rates on deposits with upward variations in them were important factors causing aggregate deposits to increase at a rapid rate.

6) Composition of aggregate deposits reveals that Shubha Laxmi deposits, double amount deposits and savings deposits were more popular among the women in as much as they continued to form large portions of aggregate deposits during the reference period. Although amount of recurring deposits exhibited an upward trend, its proportion to aggregate deposits continued to remain below 7% during entire period. Call deposits were insignificant in amount accounting for less than 0.5% of aggregate deposits.

7) Analysis of working capital implies that the performance of Mahila Co-operative Bank in improving its financial soundness was satisfactory. Moreover, Mahila Co-operative Bank was, by and large, self-reliant without

recourse to borrowing from higher financing agency to a significant extent.

8) Aggregate loans and advances of Mahila Co-operative Bank exhibited an upward trend in that their amount rapidly increased from Rs. 1.53 lakhs in 1975-76 to Rs. 54.25 lakhs in 1984-85 by more than 37 times. Medium term loans formed a sizeable portion accounting for more than 60% of aggregate loans and advances; while short-term loans constituted relatively small part accounting for less than 40% of aggregate loans during the period from 1975-76 to 1984-85.

9) From the analysis of optimum level of advances and actual advances of Mahila Co-operative Bank, it may be inferred that Mahila Co-operative Bank was equally aggressive in increasing both aggregate deposit resources as well as provision of credit facilities.

10) The performance of Mahila Co-operative Bank in respect of diversification of loans portfolio was, to some extent, satisfactory as on June 30, 1985 as compared to earlier period.

11) There was not proper diversification of its lending in terms of security and size.

12) The performance of Mahila Co-operative Bank in respect of overdues during the period from 1978-79 to 1984-86 was not satisfactory in as much as it faced a serious problem of mounting overdues. Magnitude of overdues showed following features :

- i) Amount of overdues continued to remain large.
- ii) Amount of overdues and its proportion to loans outstanding rapidly increased respectively from Rs. 1.16 lakhs to Rs. 21.48 lakhs by more than 18 times and from 14.34% to 39.61% during the period.
- iii) Amounts of overdues between 2 years and 3 years as well as over 3 years exhibited a continuous upward trend.

Chapter-IV:

1) Income of the Mahila Co-operative Bank, Kolhapur and its growth index exhibited an upward trend in that both the former and the latter persistently increased respectively

from Rs. 0.2 lakh to Rs. 10.31 lakhs and from 1000 to 4645 by more than 46 times during the period from 1975-76 to 1984-85.

2) Interest from loans and deposit is the major source of income for Mahila Co-operative Bank in as much as its proportion to total income continued to remain more than 95 percent during the period under review.

3) Expenditure rose rapidly from Rs. 0.27 lakh in 1975-76 to Rs. 11.32 lakhs in 1984-85 by more than 41 times.

4) Interest on deposits and loans and salary fund and provident fund formed significant parts of total expenditure in as much as their proportions to total expenditure continued to remain respectively more than 47 percent and 18 percent in the years 1980-81 and 1984-85.

Profit was continuously accrued to Mahila Co-operative Bank during the period 1977-78 to 1983-84 in that it rapidly rose from Rs. 1235 to Rs. 15701. During remaining years, loss was incurred.

Chapter-V :

1) Impact of loans and advances supplied by Mahila Co-operative Bank, Kolhapur on income of the borrowers belonging

to weaker sections of the society is estimated with the help of the primary data and relevant information collected through a questionnaire canvassed among the selected borrowers.

2) Out of 133 female borrowers belonging to weaker sections, 33.33 or 44 borrowers have been selected by simple random sample method.

3) The main objectives of this chapter are :

- i) To analyse cost structure and revenue of such business as sewing business, milking business, vegetable business, bangle business, etc. of the sample borrowers.
- ii) To measure financial feasibility of loans and advances to weaker section.
- iii) To ascertain impact of loans on income of borrowers.

4) 50 percent sample borrowers are literate and 50 percent borrowers are illiterate.

5) The major beneficiaries of loans and advances are the females belonging to Maratha, Muslims and Scheduled castes as they together form about 84 percent of the total number of sample borrowers.

6) About 32 percent sample borrowers have families of upto 4 members; while remaining 68 percent borrowers belong to families comprising more than 4 members.

7) In case of 85 percent sample borrowers, family income is upto Rs. 1000 and in case of remaining 15 percent family income is above Rs. 1000.

8) About 95 percent sample borrowers secured loans and advances upto Rs. 3000 and remaining 5 percent obtained loans above Rs. 3000.

9) A period of one month is chosen for analysis owing to : (i) All borrowers obtained loans for a period of either 20 months or 24 months. Moreover, these loans were utilised in such business yielding revenue immediately (ii) instalment in repaying loans are related to a period of one month.

10) In case of sewing business, per borrower monthly net-income of Rs. 235.25 exceeded the average monthly instalment of loan repayment (Rs. 71.83). Therefore, loans and advances supplied by Mahila Co-operative Bank to weaker sections for sewing business are financially feasible. Moreover, such loans created an additional source of income

for families. This implies that these loans produced positive impact on their incomes.

11) The loans and advances supplied by Mahila Co-operative Bank to sample borrower for the purchase of dairy animals are financially feasible in as much as, per-borrower monthly net income of Rs. 353.37 was greater than average monthly instalment of loan repayment. Impact of such loans on incomes of borrower was by and large positive.

12) In case of vegetable business, monthly net income per borrower of Rs. 1497.04 for more exceeded average monthly instalment of loan repayment. Therefore, loans and advances granted by Mahila Co-operative Bank to weaker sections for vegetable business are, undoubtedly, financially more feasible as compared to the loans for other business. Naturally, these loans and advances produced strong positive impact on incomes of borrowers.

13) The impact of loans and advances on incomes of the sample borrowers engaging in bangle business was positive in as much as average monthly net-income per-borrower of Rs. 611.45 was greater than average monthly instalment of loan repayment (Rs. 73.20). These loans are also financially feasible.

14) In case of retail trade, average monthly instalment of Rs. 129.94 in loan repayment was smaller than monthly average net income of Rs. 1013.39. Therefore, loans for retail trade are not only financially feasible but also have strong positive impact on incomes of borrowers belonging to weaker sections.

Suggestions :

1) Owing to resignation of some members consequent upon political reasons, share capital collection slightly declined during 1977-78. Therefore, politics in management may be avoided to make smooth progress of the Mahila Co-operative Bank.

2) Mahila Co-operative Bank faced a serious problem of mounting overdues during the period from 1978-79 to 1984-85 as amount of overdues continued to remain large.

Therefore, in order to arrest mounting overdues, effective measures such as supervision on utilization of loans, continuous contact with borrowers, etc. may be pressed into service.

3) In few years, rate of growth of expenditure exceeded that of income resulting in incurring loss. Therefore, measures may be taken to hold in check unnecessary expenditures. Moreover, income may be increased so as to accrue profits to the Bank.

4) The loans and advances supplied by Mahila Co-operative Bank to sample borrowers belonging to weaker sections for dairy business, sewing business, vegetable business, bangle business and retail trade, are financially feasible. Moreover, loans and advances produced strong positive impact on incomes of borrowers as these created additional source of income for families. This implies that there is wide scope for Mahila Bank to increase such loans and advances. Therefore, Loans and advances to weaker sections may be increased.