

## **CHAPTER-IV**

### **SUMMARY AND CONCLUSIONS**

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This dissertation tries to study the contribution of an Urban Co-operative Bank to the development of small scale industries and trade with particular reference to Solapur Janata Sahakari Bank in a metropolitan city of Solapur in Western Maharashtra. The Urban cooperative credit movement in India in general and in Maharashtra in particular has been playing important role for the development of small scale industries and trading community particularly since independence. The dominance of Maharashtra State (as stated in Table No.1.2) in the cooperative movement as a whole and also cooperative banks in particular (as stated in Table No. 1.4) clearly states that today urban cooperative banks are helping for raising standards of living of trading community through their progressive financial policies in Solapur district. We have selected only one bank for the present research work i.e. Solapur Janata Sahakari Bank Limited, Solapur, which was started 25 years back.

#### OBJECTIVES :-

- 1) To take brief review of 'Urban Co-operative credit movement in Maharashtra in general and Urban Co-operative Bank in particular'.
- 2) To highlight the salient feature of Urban cooperative banks in Solapur district with particular reference to

Solapur Janata Sahakari Bank Limited, Solapur.

- 3) To study the progress and performance of Solapur Janata Sahakari Bank Limited, Solapur under study.
- 4) To analyse the contribution made by the Solapur Janata Sahakari Bank to the development of small scale industries and trade in Solapur town.
- 5) To suggest some policy implications for increasing the role of Solapur Janata Sahakari Bank in the development of small scale industries and trade in weaker section of the urban community.

**METHODOLOGY :-**

1. The data available from the office of Solapur Janata Sahakari Bank was used to study the performance of the Bank.
2. One hundred beneficieries in industry and trade sector was randomly selected to study the impact of Bank.
3. The interviews of those beneficieries were held with the help of opinion survey type unstructured schedule.
4. The said interview schedule contains the aspects such as identification, financial position of the trade and business of the respondent, credit gap and the problems faced by them etc.

After this introductory in first chapter, Chapter two deals with the profiles of Solapur Janata Sahakari Bank. It's performance and progress dealt with in respect of membership,

working capital, funds and investment, deposit mobilisation, loans and advances, branchwise position, performance, etc. It is clear from the above profiles that the Solapur Janata Sahakari Bank is progressing well with its strong economic foundation and administrative control.

More particularly a special mention must be made about the painstaking effort, selfless service of the personalities Sarvashri Dhundiraj Date, D.B. alias Annasaheb Bhagwat, Dr.P.G.Valsangakar, C.V.Jakkal, D.R.Abhyankar, Govardhandas Bhutada, K.M.Basawanti, B.G.Munale, I.R.Agarwal, Motilal Bakale, D.N.Tulpule, Uddhavrao Kulkarni etc. Moreover, the branchwise performance shows that out of 15 branches (including main branch of Navi peth) five branches are situated in rural areas and remaining 10 branches are located in city area. Our findings say that (as stated in Table No. 2.8) the deposit mobilisation function of the rural branches is inadequate and unsatisfactory e.g. in absolute figures the deposits of Omerga branch has increased from 40.10 lakhs in 1984-85 to 90.44 lakhs in 1988-89. The poorest performance is in the case of Madha branch which shows 9.39 lakhs deposits in 1984-85 which has increased hardly by 50.29 lakhs in 1988-89.

The profitability and the turnover of the bank depends upon loans and advances given by each branch to each customer. Three branches such as Navi Peth, Mangalwar peth and Pachha peth branch have been showing increasing amount

of loans and advances. In absolute figures loans and advances of Navi Peth branch increased from more than 1.68 crores in 1984-85 to nearly 6.79 crores in 1988-89. The loaning business of Pachha peth branch also shows increasing trends from 2.05 crores to 3.30 crores in this period under study. Though Barshi branch comes under urban area, its performance is not satisfactory from the both deposits as well as loan business till the 1985-86. Thereafter it's loaning business tremendously increased and it reached to 2.28 crores in 1988-89. It is also observed the loaning business of the branches such as Bijapur Road, Ujjani Nagar and Madha branch is inadequate.

Further, we tried to measure the image of each branch as stated in Table No.2.10. It is clear that -

- 1) The Navi peth branch being the main branch under the direct contact and communication of Head Office has top image. Because the three indicators i.e. deposits, loans and advances and profit have the highest percentage share throughout the period under study.
- 2) As it is clear from the table and graph excluding Main branch of Navi peth the image of three branches i.e. Mangalwar peth, Sadar Bazar and Pachha peth branch is brighter than other branches.
- 3) The two branches of Railway line and South Kasaba have potential to show their better performance e.g. the deposit indicator of Railway line branch was 8.88, 6.67 and 8.80 per cent in the period of 85-86, 86-87 and 87-88 respectively.

Moreover, the deposit indicator of South Kasaba branch was 8.57 and 8.71 percent to the total deposits of the bank in 87-88 and 88-89 respectively.

4) It is our opinion that the Barshi branch has more scope to progress further and to show its brighter image. Because the two indicators of deposits and loans are more or less near to each other and this position remains constant throughout the period under study. It implies that the Barshi branch is successful in both mobilising the deposits and getting new business of loans and advances. This may not be the case of other branches of Solapur Janata Bank e.g. the deposit indicator of Sadar Bazar branch for the year 1984-85 was 14.72 percent whereas loan indicator was 8.94% to the total of the bank only. Moreover, in case of Pachha peth branch the loan indicator is always greater than deposit indicator throughout the period under study.

Thus the profiles of Solapur Sahakari bank clearly indicate that the Solapur Janata Sahakari bank is prospering bank not only in the city of Solapur but also in the district.

In view of the guidelines given by Reserve Bank of India in respect of Urban bank's contribution for the development of small scale industries and trade, Chapter No.3 tries to analyse the role played by the Solapur Janata Sahakari Bank. The findings are given in Table No.3.4 and 3.5 .

1) Out of total amount of loans outstanding it is observed that the loans given for small scale industries and

wholesale trading is in the highest proportion throughout the period of five years (from 1984-85 to 1988-89) e.g. in 1984-85 338 account holders had outstanding loans of Rs. 271.83 lakhs (30% of the total) which increased to Rs.336.89 lakhs (31.7%) in 1985-86, 546.89 lakhs (31.96%) in 1987-88. The loans for wholesale trading was 262.72 lakhs (29%) in 1984-85, it decreased to 244.47 lakhs (23.82%) in 1985-86, 342.91 lakhs (23.85%) in 1986-87, 376.28 lakhs (22.02%) in 1987-88 and 455.76 lakhs (21.63%) in 1988-89.

2) The other purposes for loans and advances include self-employment, transport operations, retail trade, education, agriculture and allied activities, ceremonial and consumption etc. The average outstanding loans per account-holder under different purposes (see Table No. 3.5) throws light on different dimension of the bank's contribution in this field. The average outstanding loans per account holder for the purpose of small scale and cottage industries goes on continuously increasing throughout the period under study i.e. from 80,423 in 1984-85 to Rs.1,16,785 in 1988-89. The loans given for wholesale traders shows increase at higher rate. The role of other purposes is flexible.

Regarding the priority and weaker section lending activities of the bank, we observed, "The priority sector lending of Janata bank is inadequate according to 25% norms of Reserve Bank of India e.g. The Solapur Janata Bank's lendings to weaker section formed 12%, 14.5%, 11.8%, 9.55%

and 10.18% of the priority sector lendings in the year 1983-84, 1984-85, 1985-86, 1986-87 and 1987-88 respectively. On the other hand, the Janata Bank has more or less reached the R.B.I. target of 60% norms of priority sector lendings. Thus, it can be concluded that the progress of Janata Bank in industrial loan, priority sector lending is commendable. However, the bank has yet to fulfil the target of weaker section lendings."

Our small case study of hundred sample beneficieries throws more light on the Bank's role.

Out of one hundred beneficieries 25 beneficieries are small manufacturers who had taken loan for the manufacturing activities such as pickles, papads, chilee and turmeric powder, industrial fabrication, aluminium utensils, dal mill, hoteling, four wheel service centre, production of chemical paint, stone crushing, printing and binding, dhoti and gray lock cloth production etc. The remaining 75 beneficieries had taken loan for trading activities such as provision stores, wholesale and retail cloth shop, Ayurvedic medicine shop, bakery production, machinery electrical spares, juice bars, general stores, industrial tools production etc. Moreover, the total sample of 100 beneficieries is again classified into priority and weaker section loans. It is clear that out of one hundred beneficieries 93 beneficieries are in the category of priority sector, out of which 23 beneficieries come under the weaker section according to



the norms of Reserve Bank of India.

Further, as stated in Table No.3.8, the purposewise classification of the sample study indicates that the purpose of loans include small scale industries, wholesale traders, retail traders and self-employed. It is our findings, the total number of 100 beneficieries had taken loan of the amount of Rs.1,40,27,000/- . This comes to the average amount of Rs.1,40,270 per beneficiery. The average amount of loan per beneficieries in case of small scale industries is 2,75,200 and 55,625; 2,92,500; 13,241 and 31,076 in case of small business enterprises, wholesale trader, retail trader and self-employed respectively. Thus it is clear that the Janata Bank is playing very prominent role in the development of small scale industries, trading activities and self-employment activities as well. Moreover, as stated in Table No.3.9 out of one hundred beneficieries maximum number of 23 beneficieries had taken loan between 10,000 to 20,000 Rupees each. As the amount of loan goes on increasing crossing to lakhs of Rupees, the number of beneficieries goes on decreasing. Only 13 beneficieries had taken loan between 25,000 to 50,000 rupees each. Fourteen beneficieries had taken loan between Rs.1,50,000 to 2,00,000.

Thus, the Solapur Janata Sahakari Bank has been helping to the lowest strata of the industrial and trading community. These micro level findings have important implications which can prove the tremendous role played by the Solapur Janata Sahakari Bank in the industrial and commercial development of the Solapur city.