

CHAPTER IV

LEADERSHIP AS MANIFEST THROUGH WORKING FIGURES

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Leadership profile of the selected four urban cooperative banks can be analysed from different angles. One of the dimensions is to go through important working results of the bank. Since the banks function within the cooperative framework, growth in membership and share capital become their foundation. Open membership is the sacrosanct principle of every cooperative organization. Here, growth of membership and consequently, that of the share capital reflects the attitudes and policies of the persons in power of the bank. Further, growth of deposits, extent of working capital, loans outstanding and profits earned are certainly influenced by the directions given to the bank by its chairmen and directors from time to time. People's confidence in the bank depend largely on the personalities who steer the activities of the bank. And it is through building this confidence that banks grow financially. Therefore, working figures of the 4 sampled UCBs relating to their membership, share capital, working capital, deposits, loans outstanding and profits earned are treated here as manifestations of useful leadership of the banks. With this angle, detailed analysis follows. It is based with respect to the absolute number of the variable, its index number, decadal simple growthrate and decadal compound growthrate. Inter-bank

comparison would reveal the merits of a specific bank.

4.1 MEMBERSHIP

Cooperative institutions thrive on the increasing membership. The extent to which new members are to be admitted depends on the policies adopted by the bank leadership. Hence, larger number and higher rates of growth of the membership are indicative of the more progressive attitude of the helmsmen. The position of the four banks in question in this respect can be better known with the help of Table 4.1 (on the following page).

Broadly, it is expected that with the advancement in the age of the bank, its membership should also grow, so that older the bank, more should be the membership. Details from Table 4.1, however, do not correspond to this expectation. Referring to the absolute number of the members in 1990-91, it is noticed that Maratha Bank recorded the highest number (28,605) and almost double that of the Kolhapur Bank, even though it is younger by 20 years than the Kolhapur Bank. Mahaveer and Veershaiv Banks are younger than Maratha Bank only by 4 and 9 years, respectively, but they have not shown the enthusiasm similar to Maratha Bank. In registering new members, Mahaveer and Veershaiv Banks have lagged behind the other two banks, perhaps for the apparent reason that they have been careful enough in giving

Table 4.1

Growth of membership of the four leading UCBs in Kolhapur city

Name of the UCB	Growth of membership in terms of	1920-21	1930-31	1940-41	1950-51	1960-61	1970-71	1980-81	1990-91
1. Kolhapur (Estd.1913)	(a) Absolute Figure	1,072	2,006	2,898	2,962	3,966	7,262	11,251	11,495
	(b) Index number	100.00	187.13	270.34	276.31	369.96	677.43	1,049.53	1,361.47
	(c) Simple growthrate		8.71	4.45	0.22	3.39	8.31	5.49	2.90
	(d) Compound growthrate		6.47	3.75	0.22	2.96	6.24	4.48	2.64
2. Maratha (Estd.1933)	(a) Absolute Figure			656	2,596	2,874	4,439	13,501	28,605
	(b) Index number			100.00	395.12	438.11	676.68	2,058.08	4,360.52
	(c) Simple growthrate				29.50	1.09	5.45	20.41	11.19
	(d) Compound growthrate				14.73	1.04	4.44	11.77	7.80
3. Mahaveer (Estd.1937)	(a) Absolute Figure			443	916	1,469	2,844	4,643	11,781
	(b) Index number			100.00	206.77	331.30	641.99	1,048.08	2,659.37
	(c) Simple growthrate				10.68	6.04	9.36	6.33	15.37
	(d) Compound growthrate				7.53	4.84	6.83	5.02	9.76
4. Veershaiva (Estd.1942)	(a) Absolute Figure				691	1,082	2,382	6,796	11,965
	(b) Index number				100.00	156.38	344.72	683.50	1,601.30
	(c) Simple growthrate					5.66	12.01	18.53	6.28
	(d) Compound growthrate					4.59	8.21	11.05	5.00

Note: Simple and compound growth rates given in each column are for the decade ending with that year.

Source: Compiled on the basis of the data collected from the Annual Reports of the banks.

membership to the persons of specific castes only. Maratha Bank too has maintained a similar attitude. Then, its conspicuous performance can be attributed to the domination of Maratha community in the city population. Restriction of membership to specific castes is a general policy followed by the leaders throughout the life of the bank and therefore there is a perpetuation of leadership from specific caste in each bank.

As regards the tendency in the growth, it is by periodical leaps and bounds. The average annual simple and compound growth rates were significant for the 'forties, 'seventies and 'eighties in case of Maratha Bank, 'forties and 'eighties in case of Mahaveer Bank and 'sixties and 'seventies in case of Veershaiva Bank. Kolhapur Bank had relatively steady growth, as revealed by the two kinds of growth rates. Overall trend revealed by the growth rates is decreasing in case of all banks, except Veershaiva Bank, which exhibits an increasing trend.

4.2 SHARE CAPITAL

Growth in share capital is generally positively correlated to growth in membership; however, it may or may not be proportionate. Such has been the experience with the four banks. The aggregate amount of share capital has directly followed the membership number, and accordingly, by the figures of 1990-91, Maratha Bank is much on the top and

Table 4.2

Growth of share-capital of the four leading UCBs in Kolhapur city

Name of the UCB	Growth of share-capital in terms of	1920-21	1930-31	1940-41	1950-51	1960-61	1970-71	1980-81	1990-91
1. Kolhapur (Estd.1913)	(a) Rs.in lakhs	0.10	0.20	0.35	0.86	1.75	2.00	10.80	50.04
	(b) Index number	100.00	200.00	350.00	860.00	1,750.00	2,000.00	10,800.00	50,040.00
	(c) Simple growthrate		10.00	7.50	14.57	10.35	1.43	44.00	36.33
	(d) Compound growthrate		7.18	5.76	9.41	7.36	1.34	18.37	16.57
2. Maratha (Estd.1933)	(a) Rs.in lakhs			0.16	0.94	1.23	3.14	11.98	86.54
	(b) Index number			100.00	587.50	768.75	1,962.50	7,487.50	54,087.50
	(c) Simple growthrate				48.75	3.09	15.53	28.15	62.24
	(d) Compound growthrate				19.37	2.73	9.83	14.33	21.86
3. Mahaveer (Estd.1937)	(a) Rs.in lakhs			0.26	0.67	0.98	3.00	12.09	41.49
	(b) Index number			100.00	257.69	376.92	1,153.85	4,650.00	15,957.69
	(c) Simple growthrate				15.77	4.63	20.61	30.30	24.32
	(d) Compound growthrate				9.93	3.88	11.84	14.96	13.12
4. Veerashaiva (Estd.1942)	(a) Rs.in lakhs				0.47	0.62	1.73	6.06	27.18
	(b) Index number				100.00	131.91	369.09	1,289.36	5,782.30
	(c) Simple growthrate					3.19	17.90	25.03	34.85
	(d) Compound growthrate					2.81	10.81	13.36	16.19

Note: As per Table 4.1.

Source: As per Table 4.1.

then follow Kolhapur, Mahaveer and Veershaiva Banks, as seen from Table 4.2 (on the preceding page). Here, though Mahaveer and Veershaiva Banks had nearly equal membership in 1990-91, the gap between their share capital is much bigger.

Furthermore, membership of all the banks swelled considerably during 'seventies and 'eighties and so the share capital. This means that all the banks were on their toes to add to their members and the capital base. It is a revelation of the pragmatic approach of the bank leadership adopted for strengthening of their capital base.

Figures of the average annual simple and compound growth rates for the 'seventies and 'eighties are quite impressive compared to those for all the earlier decades. Therefore, between 1971-91, the leaders of all the four banks have shown much enthusiasm in broadening the base of the bank by persons and by capital.

4.3 WORKING CAPITAL

The volume of working capital generated indicates the expanse of the banking business. This feature is a reflection of the confidence of the public in the bank, generated by the leaders through their own standing in the society as also by their varied policies and plans for the bank.

Table 4.3

Growth of working-capital of the four leading UCBs in Kolhapur city

Name of the UCB	Growth of work. capital in terms of	1920-21	1930-31	1940-41	1950-51	1960-61	1970-71	1980-81	1990-91
1. Kolhapur (Estd.1913)	(a) Rs.in lakhs	1.09	2.94	3.68	6.11	10.73	48.12	410.46	2,466.00
	(b) Index number	100.00	269.72	337.61	560.55	984.40	4,414.68	27,656.88	226,238.53
	(c) Simple growthrate		16.97	2.52	6.60	7.56	34.85	75.30	50.08
	(d) Compound growthrate		10.43	2.27	5.20	5.79	16.19	23.91	19.64
2. Maratha (Estd.1933)	(a) Rs.in lakhs			1.53	6.62	6.77	28.73	381.21	2,851.45
	(b) Index number			100.00	432.68	442.48	1,877.78	24,915.69	186,369.28
	(c) Simple growthrate				33.27	0.23	32.44	128.69	64.80
	(d) Compound growthrate				15.78	0.22	15.55	29.50	22.29
3. Mahaveer (Estd.1937)	(a) Rs.in lakhs			1.80	6.34	16.30	155.21	544.81	2,478.36
	(b) Index number			100.00	352.22	905.56	8622.78	30,267.22	137,686.66 ⁸
	(c) Simple growthrate				25.22	15.71	85.22	25.10	35.49
	(d) Compound growthrate				13.42	9.90	25.28	13.38	16.36
4. Veershaiva (Estd.1942)	(a) Rs.in lakhs				3.85	12.06	51.35	547.53	3,870.83
	(b) Index number				100.00	313.25	1,333.77	14,221.56	100,541.03
	(c) Simple growthrate					21.32	32.58	96.63	60.70
	(d) Compound growthrate					12.10	15.59	26.70	21.60

Note: As per Table 4.1.

Source: As per Table 4.1.

In this context, data of Table 4.3 (on the preceding page) surprisingly brings out that in 1990-91, the youngest of the four banks, Veershaiva Bank, had surpassed the remaining three banks in accumulating aggregate working capital over the two decades 1971-91. Maratha Bank was second in order, whereas Mahaveer and Kolhapur Banks followed in third and fourth place quite closely. A common feature with all the banks was that they registered significantly high growth rates in their working capital during the last two decades. Thus, the period after 1970 appears to be one in which the bank leadership became quite aware of expanding the bank business for its better prospects.

4.4 DEPOSITS

Growth of deposits is an index of people's increasing confidence in the bank. It appears from Table 4.4 (on the following page) that all the banks became alert regarding enhancement of bank deposits, particularly since 'sixties. But of importance, as before, specific efforts appear to have been done during 'seventies and 'eighties, as could be perceived by the absolute figures as also the simple and compound growth rates. In the endeavour of deposit mobilization the leaders of Veershaiva Bank have, again, surpassed the other banks. Sequence of the remaining banks, as per 1990-91 figures, is Maratha, Kolhapur and Mahaveer; all of them have a narrow difference.

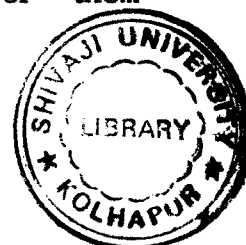


Table 4.4

Growth of deposits of the four leading UCBs in Kolhapur city

Name of the UCB	Growth of deposits in terms of	1920-21	1930-31	1940-41	1950-51	1960-61	1970-71	1980-81	1990-91
1. Kolhapur (Estd.1913)	(a) Rs.in lakhs	0.83	1.97	1.87	3.35	6.22	37.15	330.05	2,080.55
	(b) Index number	100.00	237.35	225.30	403.61	749.40	4,475.90	39,765.06	250,668.67
	(c) Simple growthrate		13.73	-0.51	7.91	8.57	49.73	78.84	53.04
	(d) Compound growthrate		9.03	-0.52	6.00	6.38	19.57	24.41	20.22
2. Maratha (Estd.1933)	(a) Rs.in lakhs			1.15	4.56	3.84	21.57	335.25	2,440.30
	(b) Index number			100.00	396.52	333.91	1,875.65	29,152.17	212,200.00
	(c) Simple growthrate				29.65	-1.58	46.17	145.42	62.80
	(d) Compound growthrate				14.77	-1.70	18.84	31.57	21.96
3. Mahaveer (Estd.1937)	(a) Rs.in lakhs			1.45	4.79	13.55	140.36	450.10	2,263.61
	(b) Index number			100.00	330.34	934.48	9,680.00	31,041.38	156,111.03
	(c) Simple growthrate				23.03	18.29	93.59	22.07	40.29
	(d) Compound growthrate				12.69	10.96	26.34	12.36	17.53
4. Veersnaiva (Estd.1942)	(a) Rs.in lakhs				2.86	9.88	42.80	461.91	3,369.30
	(b) Index number				100.00	345.45	1,496.50	16,150.50	117,807.69
	(c) Simple growthrate					24.55	33.32	97.92	62.94
	(d) Compound growthrate					13.20	15.79	26.86	21.98

Note: As per Table 4.1.

Source: As per Table 4.1.

4.5 OUTSTANDING LOANS

Loans are a major source of income for the bank. Providing attractive and convenient loan programmes for the potential borrowers requires special skills on the part of the bank. The bank leadership has frequently to review the loan position and float suitable modifications and novelties from time to time. Table 4.5 (on the following page) indicates by in 1990-91, Veershaiva Bank lent the largest amount and then came in order, Maratha, Kolhapur and Mahaveer Banks. All the banks appear to have done efforts to increase their lendings since the 'sixties, but with tremendous increase in the deposits, share capital and working capital during 1971-91, lendings too spurted at very high rates as revealed by simple and compound growth rates.

Considering absolute amount of lending is one way of judging the performance. But the real comparison is the one based on credit-deposit ratio. From Tables 4.4 and 4.5, C-D ratios for 1990-91 in case of Kolhapur, Maratha, Mahaveer and Veershaiva Banks were 71.24, 79.76, 80.55 and 72.04, respectively. Here, one knows the bank's enterprising acumen. Larger the proportion of C-D, greater the chances of profitability. From this point of view, Mahaveer Bank appeared to be most enterprising, closely followed by Maratha Bank. Veershaiva and Kolhapur Banks were a little far away from the other two banks, but were closer. These two banks

Table 4.5

Growth of loan-outstandings of the four leading UCBs in Kolhapur city

Name of the UCB	Growth of outstandings in terms of	1920-21	1930-31	1940-41	1950-51	1960-61	1970-71	1980-81	1990-91
1. Kolhapur (Estd.1913)	(a) Rs.in lakhs	0.70	2.09	2.22	4.68	7.70	34.31	215.87	1,482.32
	(b) Index number	100.00	298.57	317.14	668.57	1,100.00	4,901.43	30,838.57	211,760.00
	(c) Simple growthrate		19.86	0.62	11.08	6.45	34.56	52.92	58.67
	(d) Compound growthrate		11.56	0.61	7.74	5.11	16.12	20.19	21.25
2. Maratha (Estd.1933)	(a) Rs.in lakhs			1.13	5.48	4.47	19.47	226.67	1,946.39
	(b) Index number			100.00	484.96	395.58	1,723.00	20,059.29	172,246.90
	(c) Simple growthrate				38.50	-1.84	33.56	106.42	75.87
	(d) Compound growthrate				17.10	-2.02	15.85	27.82	23.99
3. Mahaveer (Estd.1937)	(a) Rs.in lakhs			1.26	4.32	8.59	78.29	361.24	1,823.36
	(b) Index number			100.00	342.86	681.75	6,213.49	28,669.84	144,711.11
	(c) Simple growthrate				24.29	9.88	81.14	36.14	40.48
	(d) Compound growthrate				13.11	7.12	24.73	16.52	17.57
4. Veershaiva (Estd.1942)	(a) Rs.in lakhs				1.25	5.02	33.24	319.86	2,427.09
	(b) Index number				100.00	401.60	2,659.20	25,588.80	194,167.20
	(c) Simple growthrate					30.16	56.22	86.23	65.88
	(d) Compound growthrate					14.92	20.81	25.41	22.47

Note: As per Table 4.1.

Source: As per Table 4.1.

were rather cautious in their investment programmes.

4.6 NET PROFIT

Net profit is the final outcome of the banking activity; almost a culmination of the policies of the banks relating to membership, share capital, deposits and loans. And, therefore, the credit of the achievement should be given to the bank leadership. The volume of profit is one indicator of the leadership's success. Perusal of Table 4.6 (on the following page) brings out that during 1971-91, Veershaiva Bank did the best of the business; Kolhapur Bank stood second. Compared to these two banks, Maratha was nearabout half way and Mahaveer at the quite low step of the ladder.

There is another dimension to this. Better to measure net profit as percentage to the working capital. Results gained from Tables 4.3 and 4.6 are as follows: Kolhapur - 1.72 per cent, Maratha - 0.87 per cent, Mahaveer - 0.43 per cent, Veershaiva - 1.13 per cent. These figures are indicative of the profitability of each bank. They alter the sequence established by the absolute figures. Here, the sequence will be Kolhapur, Veershaiva, Maratha and Mahaveer. Thus, Kolhapur and Veershaiva Banks were more conscious about a good profitability ratio. Mahaveer Bank people did not give enough attention to this aspect.

Table 4.6

Growth of net profits of the four leading UCBs in Kolhapur city

Name of the UCB	Growth of net profits in terms of	1920-21	1930-31	1940-41	1950-51	1960-61	1970-71	1980-81	1990-91
1. Kolhapur (Estd.1913)	(a) Rs.in lakhs	0.01	0.08	0.05	0.06	0.24	1.26	5.92	42.37
	(b) Index number	100.00	800.00	500.00	600.00	2,400.00	12,600.00	59,200.00	423,700.00
	(c) Simple growthrate		70.00	-3.75	2.00	30.00	42.50	36.98	61.57
	(d) Compound growthrate		23.11	-4.59	1.84	14.87	18.04	16.73	21.75
2. Maratha (Estd.1933)	(a) Rs.in lakhs			0.05	0.10	0.19	0.50	5.34	24.71
	(b) Index number			100.00	200.00	380.00	1,000.00	10,680.00	49,420.00
	(c) Simple growthrate				10.00	9.00	16.32	96.80	36.27
	(d) Compound growthrate				7.18	6.63	10.16	26.72	16.56
3. Mahaveer (Estd.1937)	(a) Rs.in lakhs			0.05	0.10	0.20	1.84	3.29	10.78
	(b) Index number			100.00	200.00	400.00	3,680.00	6,580.00	21,560.00
	(c) Simple growthrate				10.00	10.00	82.00	7.88	22.77
	(d) Compound growthrate				7.18	7.18	24.85	5.98	12.60
4. Veershaiva (Estd.1942)	(a) Rs.in lakhs				0.08	0.22	1.01	7.99	43.74
	(b) Index number				100.00	275.00	1,262.50	9,987.50	54,675.00
	(c) Simple growthrate					17.50	35.91	69.11	44.74
	(d) Compound growthrate					10.65	16.46	22.98	18.53

Note: As per Table 4.1.

Source: As per Table 4.1.

4.7 CONCLUSION

Working results of the bank directly reflect the enthusiasm, alertness and business acumen of the leaders of the bank. The overall position of the leadership in this respect can be well-judged in a consolidated manner and at a glance from Table 4.7 (on the following page). The banks have been ranked with respect to each parameter discussed in the previous pages. Then the ranks are given scores like 4 for first rank and then declining consecutively for the lower ranks. The picture will be as in Table 4.7.

It can be noticed that each bank had some strong and weak positions compared to other banks. But one thing is vividly seen. Maratha Bank maintained quite a high position in all respects, except the profitability and hence, in the overall score, it could be well high. Veershaiva finished second mainly due to its performance in working capital, deposits and profitability. Last rank was occupied equally by Kolhapur and Mahaveer. The former lost ground due to working capital, deposits and C-D ratio. Mahaveer remained low almost everywhere, excepting C-D ratio.

In sum, leadership of Maratha and Veershaiva banks comes out with good performance compared to that in the remaining two banks in question.

Table 4.7
Relative position of the four leading UCBs based
on their working results

UCB	Member- ship	Share capital	Working capital	Deposits	Credit- Deposit ratio	Profit- Working capital ratio	Total Score
1. Kolhapur	3	3	1	1	1	4	13
2. Maratha	4	4	3	3	3	2	19
3. Mahaveer	2	2	2	2	4	1	13
4. Veershaiva	1	1	4	4	2	3	15