

## CHAPTER - IV ##

Summary and Conclusions

A. Summary :

From the analysis made of the SECCS under Study the following main summary can be drawn :

In Maharashtra more so in Western Maharashtra and all large cities and towns in the State, the Urban Cooperative Banks are well developed to meet the local needs of industry, trade, commerce, self entrepreneurs and the service sector.

The S.E.C.S.S. are well developed in the large educational institutions at all levels - Primary Schools, Colleges and also at University Level. The large educational institutions have since the early 1970s set up SECCS to help prompt Savings and thrift among its employees and provide credit at less cost and in time and convenience is also seen.

SECCS develop the spirit of cooperation among the employees and encourage managerial and leadership skills among the teachers and non-teaching staff in educational set-up.

In Maharashtra, since October 1994, the Maharashtra Urban Cooperative Banks Federation (MUCBF) has set up its own State level Apex Body under the 'Multi-State Cooperative Societies' Act" in the name of "Apex Co-operative Bank for Urban Co-operative Banks in Maharashtra and Goa". The Reserve Bank of India has also given approval for the same.

In October 1994, there were 392 Urban Co-operative Banks in Maharashtra, with total assets of Rs. 2,300 Crores. The SECCS also come the purview of the Maharashtra State Urban Cooperative Bank Federation.

In Maharashtra in 1991, the SECCS were 6117, Region wise Bombay Region had 30.27 percent of these Societies, followed by Pune 20.94 percent while Kolhapur District had 3.42 percent of the Societies. Total membership of SECCS in Maharashtra there was 2697 lakhs, Share Capital Rs. 338.34 crores, Deposits Rs. 223.75 Cr, and Loans Advanced were Rs. 555.33 Cr.

The SSVESECCS, Ltd, Kolhapur is of recent origin, having being formed in 1977 only. Within a short span of a decade of so, the

SECCS under study was in a position to get Audit Classification consistently of 'A' for a continuous period, which speaks well of its financial operations.

The initiation of the society was done with great vision and fore sight by the Chairman & Founder President of the Sanstha Hon.Dr. Late Bapuji Salukhe himself. The first Board of Directors was committed and efficient and the office staff had working and efficient.

The financial working of the SECCS under study reveals that,

4.1 Share Capital of the society increased from Rs. 24 thousand in 1977-78 to Rs. 58.79 lakhs in 1987-88 and further to Rs. 204.75 lakhs in 1991-92. Rise in Share Capital contribution is mainly due to more growth of employees along with more loan sanctions and also due to conversion of some percentage of dividend into share Capital Formation. Share capital collection is done in a structural pattern and members contribute monthly to share capital on Salary earning capacity. Monthly share Capital contribution

of each member has also been periodically increased by the Society to mobilise more share capital.

4.2 The SECCS under study started its compulsory Fixed Deposit Scheme in 1982-83 to mobilise and attract deposits from the members to encourage Savings and thrift of the members. The compulsory drive did succeed and the fixed deposits mobilised increased from Rs. 1.52 lakhs in 83-84 to Rs. 43.46 in 89-90, Rs. 42.08 lakhs in 90-91 and were Rs. 38.25 lakhs in 91-92.

4.3 To provide timely and adequate credit to its members, preferably through one single agency only the Society under study took the step to take clean - cash Credit from the KDCC Bank Ltd, Kolhapur, from 1979-80 onwards. The monthly share capital contribution were becoming inadequate to meet loan demands of each month and hence reliance on Cash Credit from the DCC Bank was undertaken. Extent of cash Credit taken increased year

to year and this also lead to provision of loans to all who needed loan assistance. Such a growth did lead to higher cost of interest for lending purpose.

- 4.4 With growth in share capital formation, rise in fixed deposit mobilisation and recourse to cash credit availability from the DCC Bank Ltd., it became very obvious that the extent and magnitude of loan assistance sanctioned by the SECCS under study would also increase. The total loans advanced by the Society increased from Rs. 73 lakhs in 77-78, to Rs. 2.14 lakh in 80-81, Rs.560.75 lakhs in 90-91 and were Rs. 589.44 lakhs in 1991-92 normal loan advanced increased from Rs. 72 lakhs in 77-78 to Rs. 554.70 lakhs in 90-91 and were Rs. 579.89 lakhs in 91-92 forming the bulk of total loans, while the emergency loans given were lesser.

With the growth in loans advanced we also find that the maximum amount of loan sanctioned by the society to a individual member has also increased from Rs. 3000/-

in 77-78 to Rs. 50 thousand in 1991-92  
The equated monthly instalments of repayments have also been increased to provide relief to borrowers. In addition the Emergency Loans are also sanctioned to the needy in case of emergency needs. Rate of interest charged was pegged at 16.5 per cent upto 1991-92. The increase in the limit of loan sanctioned has made the SECCS a single agency to provide a big loan to the salary earner of the society.

4.5 With more financial turnover of the society the Gross Profit of the Society also increased during the period under Review. The SECCS under study divided to its gross profits in the following main ways as per the provision of the Maharashtra State Co-op Societies Act.

- a) Distribution in the form of dividend (some percentage) to members in cash payments.
- b) Some percentage of dividend of each member being converted into his/her

share capital contribution.

- c) Some percentage of Profit kept in reserve Funds with KDCC Bank Ltd, Kolhapur.
- d) Gross Profits kept in form of welfare oriented funds for welfare of the members at large.
- e) Building Funds set up.
- f) Distribution of Profits amongst members in the form of Gift Articles in a few years. However, dividend payment in cash was major form of distribution of Gross Profits, along with Reserve Fund growth with KDCC Bank Ltd.

Gross Profits of the SECCS under study increased from Rs. 200 only in 77-78 to Rs. 3.53 Lakhs in 85-86, Rs. 20.77 lakhs in 90-91 and was Rs. 13.81 lakhs in 1991-92.

Dividend payment in cash increased from Rs. .75 lakhs in 82-83 to Rs. 1.51 lakhs in

in 86-87, to Rs. 5.19 lakhs in 90-91 and was Rs. 3.45 lakhs in 1991-92.

The SECCS under study developed total Reserve Fund with KDCC Bank Ltd, Kolhapur to the extent of Rs. 23.52 lakhs by 1991-92. This trend has increased the financial viability and assets of the society.

In addition to the statutory Reserve Fund, the SECCS under study has also developed Building Fund, Charitable Fund, Education Fund, Old Loans Recovery Fund, Member Welfare Fund also to which substantial contribution was made.

4.6 The Investment Portfolio of the SECCS also shows that the society has been successful in developing a t external investment portfolio. The investment in KDCC Bank Shares, and creation of Special Reserve Fund wherein non-refundable deposits are kept is a good development in financial accountability. Investment in KDCC Bank shares started in 1981-82 and has been a

Rs. 10 lakhs per year since 1990-92.  
In addition Special Reserve Fund also  
has been grown.

4.7 In the management structure of the SSVSSECCS  
Ltd, Kolhapur it was found that in the  
composition of Board of Directors

a. Regional Representation as well.

as

b. Staff Category wise Representation was  
adequately made.

Such a Policy was a deliberate attempt to  
make the decision making more decentralise d  
and more close to each member - category -  
service wise as well as district wise.

In the composition of the Directors  
one Director invariably came from each  
District where the Sanstha had its Colleges  
and Schools. In this way this Director  
Could maintain good close contact with the  
members of his District. In addition to  
help him in his District management the  
District Management Committee was also

framed and the main function of this Committee was as follows :-

- a. Develop new membership in the District
- b. Mobilise share capital and look into monthly share capital collections.
- c. In that prompt recovery of Loans is undertaken in the District.
- d. Keep the members in the District educated and informed and help them in their needs so that speedy and timely dispersal of loan sanction is made possible. This format of management in the real sense did develop decentralised decision making in this cooperative Credit Society.

In addition it was also found that adequate representation was given to all types of employees of the Sanstha in the composition of the Board of Directors. Thus there was a proper mix of Principals of Colleges, Head Masters of the Schools, School Teachers, non - Teaching Staff and other class IV

employees in the Board of Directors. This vertical composition also made the Board of Directors, decentralised and accountable to each section of the employees in the Sanstha. Such a composition ultimately increases member loyalty in the long run.

In addition the office staff and the Secretary of the SECCS under Society were found to be hard working and efficient. The Society has developed its own office and has adequate space and sufficient staff to look into day to day management in a satisfactory manner.

B. Conclusions of the Study :

From the above summary and based on the review of the working of the SECCS under study one can draw the following main conclusions.

1. The vision and keen foresight of the founder father of the Sanstha Late Hon. Dr. Bapuji Salunkhe has played a major

role in the inception and early growth of the SSVESECCS Ltd, Kolhapur.

2. In the initial growth period, the proper development on sound base was mainly done, due to the hard work of the Promoter Board of Directors and here the role of the then Chief Promoter, Secretary of the Sanstha, First Vice-Chairman, Principal A.K.Salunkhe needs Special mention.
3. The rationale for giving District wise representation in the composition of Board of Directors was well intentioned. In addition decentralised decision making was really possible due to the working of the District Management Committee.
4. Structured Pattern wherein adequate representation to each grade of teachers as well as non-teachers in the Management in the long run will help to increase the member loyalty and also make the Directors more accountable to the grade which they represent.

5. The SECCS has by taken the Clean Cash Credit enhanced its Loan Advancement Capacity over its growth period. This has increased the quantum of loan amount given also. In this way the society has become the most easily accessible of the institutions to provide Single agency Credit of substantial amount to the Salary Earners of the Sanstha.

6. In the drive for increased Deposit Mobilisation it was found that on their own the members were not keen to keep their savings in the form of Deposits with the Society. Only when the terms of deposits were made more attractive and when the Deposits were made compulsory was it found that Deposits have increased with the Society.

Actually through members education more voluntary Deposits have to increase.

7. The Society has done well to develop adequate external investment portfolio

which increases the financial viability  
of the Society with the DCC Bank Ltd.

8. Welfare Funds have proved to be useful  
to the members. However, it is suggested  
that the some Group Insurance Scheme can  
also be started.

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