

CHAPTER - IV

CONCLUSIONS AND SUGGESTIONS

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In Maharashtra, more so in Western Maharashtra and all large cities in the State, the Urban Co-operative Banking Structure is well developed to meet to local banking needs of industry, trade, commerce and the service sector.

The Salary Earners' Co-operative Credit Societies are well-developed in the educational institutional structure in Maharashtra at all levels - primary, secondary, college and university level and have shown good, satisfactory results also. These co-operatives encourage mutual aid and develop the habit of thrift and savings and also improve the managerial and decision-making skills of their members.

In Maharashtra, since October, 1994, the Maharashtra Urban Co-operative Banks Federation (MUCEF) has set-up its own state-level Apex body, under the Multi-State Co-operative 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 Salary Earners' Co-operative Credit Societies also come under the purview of the Maharashtra State Urban Co-operative Banks Federation.

In Maharashtra in 1991, the number of Salary Earners' Co-operative Credit Societies was 6,117, Region-wise Bombay region had 30.27 per cent, Pune 20.94 per cent and Kolhapur district had 3.43 per cent of these societies. Total membership of these co-operative credit societies was 2,697 lakhs, share capital Rs. 33,834 lakhs, Deposit mobilisation Rs. 22,385 lakhs and loan advancements Rs. 55,533 lakhs.

The Shivaji University Post-Graduate Department Teachers Co-operative Credit Society, Ltd., Kolhapur is of recent origin being established in February, 1979. Within a short period, this co-operative credit society has become financially viable and is in audit classification 'A' category since 1980 onwards. In 1991-92, the SUPGDT Co-operative Credit Society Ltd., Kolhapur had a total

membership of 156 members, total share capital of Rs. 13.96 lakhs, loan advances of Rs. 17.31 lakhs and profits of Rs. 1.58 lakhs.

The co-operative credit society under study, worked basically on the basis of non-dependence on the District Central Co-operative Bank as far as loan advancements to its members was concerned. Hence, it was possible for the co-operative credit society to lend finance at a cheaper rate of interest. The maximum amount of loan advances has also grown upto a maximum limit of Rs. 50,000 per applicant in 1994-95, but this increase has been in a phased manner, dependent on the growth of the 'own resources' of the society only.

The Salary Earners' Co-operative Credit Society under study, in addition to loans to members in times of needs, has also mobilised their deposits, started a Member Benevolent Fund, provided food-grains and pulses to the members, and has built-up its reserve funds also. In addition, dividend payments, have been done and on the whole its performance has been satisfactory.

Gross profits earned by the SUPGDT Co-operative Credit Society Limited, Kolhapur increased from Rs. 1,587/- in 1979-80 to Rs. 32,004/- in 1985-86 and were Rs. 1.51 lakhs in 1991-92. Per capita profit earned increased from Rs. 20.08 in 1979-80 to nearly Rs. 1,006.41 in 1991-92. Since 1985-86, the rate of increase of gross profits has been faster.

Of the gross profits, of the society, it is observed that the SUPGDT Co-operative Credit Society has built-up adequate Reserve Funds, which has increased its financial asset holdings and has made it financially stronger. Dividend payments, were made mainly in cash form and some percent of them is not being ploughed back in the form of conversion of this payment into share capital contribution. In 1991-92, the percentage of dividend payment in cash, has been 10 per cent of gross profits. However, the establishment of Members Welfare Fund is a good novel idea. Total Reserve Funds of the society have increased from Rs. 393 in 1979-80 to Rs. 8,000 in 1985-86 and to Rs. 39,427 in 1991-92. Dividend payments have increased more rapidly from Rs. 520/- in 1979-80 to Rs. 23,000/- in 1985-86 and to Rs. 1.12 lakhs in 1991-92.

Distribution of food-grains and pulses at whole-sale post-harvest prices has been another service provided by the SUPGDT Co-operative Credit Society to its members. This service was popular upto 1989-90. However after, that the scheme of 'self-purchase' is followed, and the principle of 'common-purchase', given up.

B) SUGGESTIONS :

1. The society's policy of phased increase in maximum amount of per member loan sanction limit has to be continued, as the co-operative credit society is working on the sound financial principle of 'dependence on own-internal resources for loan advance policy'.

2. However, while being non-dependent on the District Central Co-operative Bank, the Salary Earners' Co-operative Credit Society under study will have to develop better drive to attract member deposits. In addition, it will also will have to plough back, the cash payments of dividend payments made to members - as additional share capital contribution, or some fixed deposits back to the society to increase and augment its own internal sources of revenue.

3. It is the appropriate time, for the Salary Earners' Co-operative Credit Society under study to develop the Hire-Purchase Loan Scheme, for its members, in association with the Co-operative Departmental Stores or Shetkari Bazar which is well established in Kolhapur city.

4. The researcher in the course of the interview conducted of the twenty-five members of the society, found that nearly 90 per cent of the respondents were not in favour of 'panel type of elections' which was witnessed in the latest election year of the society. Taking this membership view, into account, it is recommended that as far as possible such panel elections be avoided.

5. The leadership principle followed by the 'core-group' of teachers who formed the Salary Earners' Co-operative Credit Society in late 1970's has been successful and they have at regular intervals infused new management cadre into the management. This principle has proved successful and should continue. Co-ordinated, collective decision-making, through discussions has brought credibility to the management of this teachers' co-operative credit society and hence the same principle should continue in future.