

* CHAPTER - VII *

SUMMARY, CONCLUSIONS AND SUGGESTIONS

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CHAPTER - VII*SUMMARY, CONCLUSIONS AND SUGGESTIONS*

In this chapter the researcher wants to give summary, conclusions of the present study and some of the important suggestions for better performance of the Bank. However, conclusions are based on the data made available for the study.

7.1 SUMMARY AND CONCLUSIONSa) GENERAL

In fact co-operation is much older than man himself. Co-operation is soul of human existence. Nothing but Co-operation has contributed on large scale to the economic and social welfare of human race than the practice of Co-operation.

Credit Co-operative movement is one of the important facts in Co-operation, in which urban co-operative banks occupy a distinguished place. Alongwith all the banking regulations, they also followed all the principles of co-operation. The ^{main} objects of the urban co-operative banks are to meet the credit needs of various people in urban and semi urban areas, and to promote the habit of saving among them.

There is not a single definition of an urban bank which is nation wide accepted. Hence the survey of urban co-operative Banks conducted by the RBI in 1961, considered that "a non agricultural credit society having minimum paid up share capital of Rs.20,000, making provision of important banking facilities, withdrawals of cheques, remittance of funds, maintenance of fluid resources, according to the prescribed standards, may be known as urban co-operative banks." They differ from commercial banks i in respect of objects, organisation and area of operation.

Next step of this study throws right flash on the historical background and its origin. It shows that urban co-operative banks have its basic foundation in Germany, which is the first country in the world in this field. There after many countries followed the path of urban co-operative banks. The origin of the

urban credit movement in India rooted at the close of nineteenth century. The first urban co-operative bank started in Baroda on 5th February 1889, under the guidance of Shri Vithal Laxman Kavthekar. The development of urban co-operative credit societies did not receive much attention until 1915, then number of committees and RBI emphasized the need of establishing the urban co-operative banks in all the cities, towns for providing facilities to middle class people. As on 30th June 1983 there were 1558 urban co-operative banks in India having owned funds amounting to Rs. 281.08 crores, deposits Rs. 1680.26 crores and outstanding loans and advances of Rs. 1425.11 crores.

Maharashtra is on lead in the urban co-operative banking business. It has made magnificent progress in respect of number of banks, deposits, loans etc.

If we consider the overall banking business in India, we will find that 1/4 of it goes to only Maharashtra. Where as Western Maharashtra is always on a lead.

As on 30th June 1983 there were 357 urban co-operative banks working smoothly in Maharashtra, having paid-up share capital amounting to Rs.56.84 crores, deposits Rs.1010.82 crores and outstanding loans Rs.747.90 crores.

Satara District is playing an lion role in respect of urban banking business in Maharashtra. Moreover Karad Tahshil is always on lead in Satara District. Urban banking business in Karad city has made rapid progress with fruitful results up to the year 1983. The Karad urban co-operative Bank Ltd., Karad is the first urban co-operative bank started at Karad and it is the first in Satara District also.

To meet the expanding financial requirements of Karad, 'The Karad Janta Sahakari Bank Ltd., Karad formed on 20th October, 1962 and made a remarkable progress during the period of 22 years.

b) PERFORMANCE OF 'THE KARAD JANTA SAHAKARI BANK LTD. KARAD

The Bank has registered its name in the forefront among the most successfully working big urban co-operative banks in Satara District. The Bank has rendered very important and useful services to all the people of the urban community in Karad by providing

credit by encouraging thrift and savings. The Bank had strongly supported development of small scale industries, business and commerce in its area of operation.

According to the size, of the Bank occupies the third position in Satara District and second position in Karad city. The Bank is going to celebrate its silver jubilee in the year 1986-87. Considering last 22 years working of the said Bank, it is seen that the Bank has been making consistently satisfactory progress in the field of mobilisation of deposits and advancing loans, working capital, membership and paid-up share capital. Especially the Bank has made remarkable progress in the area of mobilisation of deposits and advancing loans.

So far as working of the Bank is concerned, today it is the foremost bank amongst the urban co-operative banks not only in Karad city but also in Satara District.

c) DEPOSITS

Deposits are one of the chief and important elements in banking business in fulfilling the credit requirements of the members. They raise a large portion of their working capital by way of deposits. Urban banks have to collect its own sufficient resources to cope with the needs of its constituents.

From the beginning itself the Bank has tried to become self-sufficient and made concentrated efforts in mobilisation of deposits of the local people. And still Bank is striving hard for increasing the proportion of deposits in their working capital. As on 30th June 1983 the aggregate deposits of the Bank amounted to Rs.3,22,53,699.77 and working capital amounted to Rs.4,27,18,000. Thus as on 30th June 1983 the share of deposit in working capital stood at 81 %.

In the early stage the Bank has collected the deposits under the main deposit schemes like fixed deposits, saving deposits and current deposits. To strengthen banking deposits and financial position, the Bank introduced new attractive and incentive oriented schemes for the masses such as Recurring Deposits, Damdidppat, Damduppat, Damtippat, Cash Certificates, Dhanwardhni Thev Yojana, Pigmi Deposits. By observation of the performance of the deposits

of the Bank, it shows that the aggregate deposits increased from Rs. 18,43,036.82 in 1974 to Rs.3,22,699.77 in 1983. Thus there was 20 fold increase in aggregate deposits during the period under review. The average rate of growth of deposit was 40.25 %. Hence the average rate of growth never remained constant, it was always fluctuating. In fact it is essential to keep the rate of growth always in up ward direction, but in practice it was not seen. After analysing each scheme of deposit it was observed that aggregate deposits constituted as fixed deposits 54.4 %. The above performance clearly shows that the Bank has concentrated its efforts to collect maximum fixed deposits by introducing various attractive deposit schemes. While introducing various new deposit schemes, it is observed that one new scheme affected another i.e. Bakshis Thev Yojana had affected Cumulative Recurring Deposit Scheme. During the period under review, the Bank has increased its fixed deposits from Rs.10,44,472.51 to Rs.2,06,04,039.32. As on 30th June 1983, out of total fixed deposits collected by urban co-operative banks in Satara District the share of this Bank was 10.68 %, which was comparatively satisfactory. Moreover, various deposit schemes which are created by the Bank as fixed deposits, contributed their shares as an average in fixed deposits as damdidpat 34 %, damduppat 0.78 %, damtippat 0.63 %, cash certificate 0.13 %, Bakshis Thev 1.00 %, Dhanwardhni Laksha Thev 0.60 %, cumulative deposits 0.67 % and pigmi deposits 7.00 % during the period under review.

To encourage saving habit among people, the Bank allow depositors to open saving accounts. As the name indicates, these accounts are opened for the purpose of saving. During the period under review the Bank has enhanced its saving deposits by 40.96 % on an average. The analyses and study of performance of saving deposits of the Bank clearly shows that there was near about 24 fold increase in saving deposits of the Bank during the period under review. Saving deposits of the Bank increased from Rs.2,96,744.44 in 1974 to Rs.73,34,370.51 in 1983. As on 30th June 1983, out of total saving deposits collected by urban co-operative banks in Satara District, the share of this Bank was 7.9 %, which is encouragable, hence the Bank has wider scope to increase the saving deposits.

Current accounts are normally opened by businessmen. Current deposits of the Bank increased from Rs.2,85,826.37 in 1974, to Rs.43,05,807.34 in 1983. As on 30th June 1983, out of total current deposits collected by urban co-operative banks in Satara District, the share of this Bank was 49 %, which was comparatively more than any other urban co-operative banks. This observation clearly shows that, major part of membership of the Bank, is from commercial field. The average rate of growth of current deposit was 61.35 % during the period under review. Moreover the share of current deposit in aggregate deposit was 21 % during the period under review. These current deposits are purely from commercial members. Therefore there are always ups and downs in their position.

Since 1979 the Bank is receiving deposits from various co-operative societies. As on 30th June 1983 the share of co-operative societies deposits in fixed deposits constituted at 9.3 % in saving deposits 7.9 % and in current deposits 20 %.

Thus the Bank has played dynamic role in collecting deposits in Kaarad city and also in Satara District. The share of this Bank in aggregate deposits of urban co-operative banks in Satara District was 13 %.

d) ADVANCING LOANS

In the rising field of commercial and industrial, the Bank has strongly supported the concerned members and institutions with sound economic background by introducing a sound loan policy as well as it has actively supported by the Government's 20 point programme.

Advancing loans to needy and qualified persons or institutions is one of the main aims of this Bank. The lending policy of the Bank is quiet easy and simple, as well as keeping with the programme of economic development. It is production oriented and related to the repaying capacity of the borrower rather than security. Bank strictly followed sound procedure for granting loans. Bank has sanctioned loans for production purposes as well as consumption purposes.

As on 30th June 1983 loan outstanding amounted to Rs. 2,68,08,078 of the Bank, which was amounted to Rs.17,13,746.09 in 1974. The average rate of growth was 44.73 %, moreover there was 6 fold increase during the period under review.

Since from the beginning, Bank has sanctioned only short term loans and medium term loans. Share of short term in total loan was always higher i.e.93 %. Moreover the share of secured short term loans in short term loan, as an average were 79 %. And the remaining 7 % loans were sanctioned by this Bank as 'Medium term loans, during the period under review.

By considering the periodwise loans sanctioned by the Bank it is noteable to focus on purposewise loans sanctioned by the Bank. By observation it shows that as on 30th June 1983 position of purposewise loans sanctioned by the Bank were as cottage and small scale 22.81 %, professional and self employees 7.48 %, Transport 6.09 %, commercial 34.75 %, agricultural 10.03 %, house construction 11.32 %, domestic 0.60 % and other purposes 6.97 %.

Thus it clearly shows that the Bank has sanctioned loans mainly for production purposes such as : Commercial, industrial, small scale development. Bank has also sanctioned loans for consumption purposes such as for house construction, domestic purposes. It is noteable to note that the Bank has actively supported Government's lending policy, by sanctioning loans for small scale, profession and self employees as per the Government's 20 point programme.

Bank has sanctioned loans on personal guarantee, security, mortgate, pledge and hypothecation. By observation it shows that, the Bank has preferred to sanction loans against secured cash credit, goodown pledge and personal guarantee.

Overdues are breakstones in the progress path of the bank. So it is essential to focus on overdues of the Bank. It is observed that overdues of the Bank as an average were 7.18 %, during the period under review, which clearly indicates that the Bank has always taken care about recovery of loans. Hence overdues in respect of loans for agricultural purposes were little more i.e. overdues of agricultural purpose loans were 16.34 % during the period under review.

7.2 SUGGESTIONS

After considering the performance and working of 'The Karad Janta Sahakari Bank Ltd., Karad', during the period under review, the researcher would like to make following suggestions for efficient working of the Bank in future.

(1) Bank has made landmark by collecting over three ~~xxxx~~ crores rupees in the form of deposits, however Bank should set target and step forward to collect more and more deposits than present, and march to the prosperity of the Bank itself, and that of the common masses.

(2) While introducing any new deposit scheme, Bank should pay attention, that there may be no unfavourable effects on existing deposit schemes. *e.g. ?*

(3) Bank should make effective advertisement for collecting maximum deposits. *The suggestion should be more concrete*

(4) Bank should keep healthy relation with its customers and as far as possible make personal contracts in its area of operation in view of collecting deposits.

(5) While sanctioning loan proposals following points should be considered by the Bank.

(a) A survey should be made in its area of operation and a yearly programme of financing different sectors of the community should be chalk *ed* out.

(b) Preference should be given to small scale and cottage industries units, which are meant for production activities.

(c) Loans for consumption purposes should be reduced gradually.

(d) While sanctioning loans for agricultural purposes, Bank should take care about recovery of such loans.

(e) Bank should support the schemes introduced by the Government for educated unemployed.

(f) The advances should be secured by tangible security wherever possible.

(g) An advance should be given for such a purpose which will increase the level of income of the borrower and development of area.

- (6) The practice of allowing overdrafts he discouraged except as temporary resources only.
- (7) Bank should have ample scope to sanction loan proposals to qualified candidates for their higher education. ✓
- (8) Bank should fix the target for every year for deposits, loans and try to execute it strictly.
- (9) Bank should mention the analysis of various deposit schemes in its annual report. Moreover Bank should also mention purpose-wise loans in its annual report. For it Bank should attach the annexures to annual reports.
- (10) Bank should not count its 'cash credit balance' as deposit of the Bank. ?
- (11) By considering the value of time of the depositors or customers, the Bank should introduce the 'Teller System' for quick banking services.

Review

- The suggestions are too general & vague.
- The paragraph on 'overdues' is rather scrappy
- Interviews of Directors/Chairman/CEO should have been conducted and pointed questions should have been asked.
- It is a good compilation. History has been traced very well. However, in addition to compilation, researcher's analytical ability is put to test. For Ph.D. more effort on these lines is desirable

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