

**Chapter V**  
**FINDINGS, CONCLUSIONS AND**  
**SUGGESTIONS**

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### **Findings, Conclusions and Suggestions**

5.1 Introduction

5.2 Findings & Conclusions

5.3 Suggestions

## 5.1 Introduction

From the analysis of various aspects of Sahyadri Sahakari Bank Ltd., Karad, Dist. Satara many important facts and figures have been obtained. The analysis and interpretation has been made in the present study. The findings and conclusions have been presented in the first part of this chapter.

In the next part, essential suggestions based on the study have been made which would be helpful for further progress and development of Sahyadri Sahakari Bank Ltd., Karad in particular and co-operative banks in general.

## 5.2 Findings and Conclusion

### 5.2.1 General Information

1. Sahyadri Sahakari Bank Ltd., Karad has been registered as on 16<sup>th</sup> March, 1995. From the date of establishment upto year 1998 any branch of this bank has not been opened. During the period 1998 to 2006 total six branches of the bank have been opened in Karad city and nearby villages. Now total seven branches including Head Office of the bank are working.
2. Area of operation of Sahyadri Sahakari Bank Ltd., Karad was limited to Satara District only from the year of establishment upto year 1998. After 1998, the area of operation of the bank is seven districts.
3. All branches including head office are operating in rental building. Bank has created large amount for building fund. Owned building is essential for the bank.

4. Out of seven branches of the bank only three branches have been provided locker facility, remaining four branches have no locker facility.

#### 5.1.2 Financial Aspects

1. The total amount of capital and liabilities of the bank has been increased from Rs. 76.33 Lakh as on 31.3.1996 to Rs. 4214.58 Lakh as on 31.3.2006. The share of deposits in total capital and liabilities is the largest i.e. 78.02%. It is followed by Reserve fund and other reserves i.e. 9.07%. Share of paid up capital is 4.21%. Share of other Liabilities is 7.08%. However share of R.D.D. is negligible.
2. Total assets and properties of the bank has increased from Rs. 98.74 Lakh in the year 1995-96 to Rs. 4214.58 Lakh in the year 2005-06. The share of loans and advances in the total assets is the highest i.e. above 50% of total assets. Share of investment is followed by loans and advances. Share of cash in hand and cash at bank is negligible.
3. Total income of the bank has been increased from Rs. 2.57 Lakh to Rs. 395.08 Lakh during the period of eleven years. Interest received on loans and advances is the chief source of income of the bank as it covered more than 70% of total income. Share of other income and commission received is negligible.
4. The main factor of expenditure of the bank is interest paid on deposits. It covered 61.64% of the total expenditure during the year 2005-06. The share of salary and allowances, depreciation, NPA provision and other expenses

is between 3% to 8%. Share of postage and telephone is negligible i.e. below 1%.

5. It is surprising to note that percentage of overdues to total due loans has been decreased from 10.59% to 2.65% during the period of eleven years. The main reasons are: 1) The bank has followed efficient recovery policy, 2) Bank has given maximum loans on mortgage basis.
6. The percentage of profit of the bank is 12.99% during 2005-06. Bank has earned profit from the establishments i.e. from 1995-96 to 2005-06. There is only loss during the year 1996-97 due to increase in total expenditure. Profit of the bank has increased from Rs. 1.03 Lakh to Rs. 51.31 Lakh during the period of eleven years. Percentage of profit ranks between 10% to 16%.
7. The bank has transferred 25% of the profit to Reserve Fund. 24.75% amount of the profit has been spent for payment of dividend. Highest share of profit is transferred to building fund i.e. 38.97%. However the bank has not been transferred any amount to Employees Welfare Fund, Members Welfare fund, Technology Development Fund, RDD because the bank has been transferred large amount towards these funds before the year 2005-06.
8. All the branches of the bank are earning profit.
9. It is observed that deposits of the bank has shown increasing trend since the year of establishment. Deposits of the bank has been increased from Rs. 55.98 Lakh as on 31-3-1996 to Rs. 3588.58 Lakh as on 31-3-2006. Share of fixed

deposits is the highest while share of current deposits is the lowest.

10. The bank has medium term mortgage loans on large scale. Percentage of short term unsecured loans is the lowest. At the same time, percentage of long term mortgage loans is also less.
11. The bank has declared dividend from the year 1998-99. The rate of dividend was between 6% to 9%.
12. The bank has obtained audit class 'A' every year from 1995-96 to 2005-06.
13. It is surprising to note that Percentage of Net NPA was 7.20% during the year 1998-99 which has been reduced constantly after this year. The percentage of Net NPA was 0.34% during the year 2004-05. It has been reduced to 0% during the year 2005-06. The reduction in Net NPA has been made possible, the bank has been made sufficient provision for NPA as per RBI policy.
14. Bank has started computerization from the year 1998-99. All the branches of the bank are computerized upto the year 2001-02. Pigma Data collection machines, Pass Book Printer, Close Circuit Television and other modern equipments have been applied at the bank.
15. Bank has obtained membership of clearing house. Demand Draft facility for all important cities in the country, Automatic Tele-banking facility, Gold mortgage loan, Insurance Protection for borrowers etc. have been provided by the Bank.

16. Bank has applied Quality Management System since 2001-02. Head Office of the bank obtained Standard ISO-9001-2000 during the year 2002-03. Two branches of the bank have obtained Standard ISO-9001-2000 during the year 2003-04 for Quality Management.
17. Bank has started monthly internal audit for the accuracy of Annual Audit since 1997-98.
18. During the year 2002-03 RBI inspection of the bank has been done and Sahyadri Sahakari Bank Ltd., Karad has obtained Grade I
19. Bank had arranged short term training programme for employees which is given by National Institute for Banking Education and Research Pune, Kolhapur, Vaikunth Mehata National Institute, Pune

### **5.3 Suggestions**

Following suggestions would be helpful for the development of Sahyadri Sahakari Bank Ltd., Karad, Dist. Satara

- 1) Bank should have their own building which is every essential for the development of the bank.
- 2) Bank should enhance its income base from non interest income like commission, locker, rent, consultancy services in urban areas.
- 3) Bank should provide modern facilities for customers like ATM Banking, Core Banking, Debit Card, Credit Card, Internet facility.
- 4) The bank should follow the recruitment policy on the basis of merit. Qualified Staff should be appointed without political interference.
- 5) Employees should be given attractive salary which would encourage them to offer their best possible services to the bank.

- 6) Employees should be provided with better working conditions and other fringe benefits.
- 7) Sufficient and regular training facilities should be made available for the employees.
- 8) Bank should avoid delay in loan disbursement. Easy and prompt loan policy should be followed.
- 9) Bank should accept professional attitude to face the competition successfully.
- 10) There is need of professional management. Application of risk management, event management, total quality management, Human Resource Management should be made.
- 11) Efforts should be made for active participation of members. It is essential to circulate the notice and agenda of meeting to the members well in advance.
- 12) Efforts should be made by the board of directors to attend the meeting by all members.
- 13) Notice Board should be displayed in case of members who are attending the meeting less than 70% times.
- 14) There is need to change the attitude of directors and members to face the competition successfully.

Sahyadri Sahakari Bank Ltd., Karad, Dist. Satara is working efficiently. It has been applied quality management, modern technology like computerization, telebanking. Bank is making efforts to be financially competent. Bank has made many improvements in various aspects. Application of above mentioned suggestions should enable the bank for greatest development in future and should succeed in competition.