

M. Phil. Dissertation

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## C H A P T E R - I

## RESEARCH DESIGN

## 1.1 INTRODUCTION

Banks are described as dealers in credit. Mobilisation of deposits and advancing loans are the prime functions of the banks. The role of banks however is seen to be widened during the course of time. Alongwith the prime functions the banks started rendering good number of ancillary services. In the present era they are looked upon as development agencies in the economies of the nations.

The banking industry in India is no exception to this rule of changing scenario . The evolution of Indian banking in the post independence can be broadly divided into three phases ,

- ( i ) Phase of consolidation ( 1951 - 1954 )
- ( ii ) Phase of innovative banking ( 1964 - 1990 )
- ( iii ) Phase of prudential banking ( After 1991 )

One unique feature of banking system in India is that it has very important sector of co-operative banks. Co-operative banking has initially commenced in India to provide institutional credit to rural people. As per the Co-operative Societies Act 1904 co-operative credit societies were established and soon after that three tier and two tier system of co-operative credit structure came into existence. In urban areas also separate co-operative banks known as urban co-operative banks came into being.

There is a remarkable growth and development of urban co-operative banks in Maharashtra. These banks play an important role in mobilization of deposits and advancing loans to the people. This helps in the economic development of the urban community . Therefore these banks are now becoming popular in Maharashtra.

The main aim of urban co-operative banks is to inculcate habit of thrift among low and middle income groups of society and to cater their needs and to make them self reliant.

The growth and development of urban co-operative banks in Maharashtra state have reached to such a stage that separate Mahila Co-operative Banks have also been established and have made good progress . The working of urban co-operative banks is considered as worthwhile topic for research study on account of following reasons -

- (1) As compared to commercial banks the urban co-operative banks are showing better results as shown by the rate of growth of their business.
- (2) The rate of recovery is also quite satisfactory due to close relation with customers. The local touch has helped to keep the percentage of overdue loans at lower level.
- (3) Though successful in their prime business the working of urban co-operative banks has remained quite traditional. The new lines business in modern banking have not been adequately accepted by them.
- (4) Urban co-operative banks also are not seem to be managed on professional lines. The new criteria like cost effectiveness , operational efficiency , CRR , SLR , NPA etc. have attracted scanty attention in these banks.

The present study attempts to measure the performance of urban co-operative banks by considering these few dimensions of the working of the banks.

### **1.2 STATEMENT OF THE PROBLEM**

The present study is a case study of two urban co-operative banks in Kolhapur. Under the title "COMPARATIVE STUDY OF KOLHAPUR MAHILA URBAN CO-OP. BANK, KOLHAPUR AND KOLHAPUR JANATA URBAN CO-OP. BANK, KOLHAPUR".

### **1.3 OBJECTIVES OF THE STUDY**

- (1) To study and examine the nature and extent of deposits that banks have mobilised during the period under study.
- (2) To examine critically the loans and advances of both the banks in comparison with each other.
- (3) To examine the operational procedures of the banks and comparative evaluation of such procedures.
- (4) To make comparative study as to the cost effectiveness of both the banks.
- (5) To undertake comparative study to find out the other development activities in both the banks.
- (6) To make necessary suggestions for efficient workings of the banks.

#### **1.4 RESEARCH METHODOLOGY**

In view of the above stated objectives, the areas in which an investigation is carried out can be briefly outlined as follows,

##### **(I) FUNCTIONAL ROLE -**

An attempt is made to understand the role of both the banks in comparison with each other relating to mobilisation of deposits, advancing of loans and providing ancillary services.

##### **(II) OPERATIONAL EFFICIENCY -**

An enquiry is made about the physical infrastructure and house keeping of the banks. This aspect is examined both in quantitative and qualitative terms. Alongwith physical infrastructure human resources have also been studied. Again the approach has constantly been comparative among the two banks selected.

##### **(III) CUSTOMER SERVICES -**

Banks are the institutions rendering financial services to their customers. It was conventionally assumed that consumers would personally come to the banks and solicit the help. In the changing economic environment the situation has changed. The banks can no longer expect the customers to approach them personally. An era of marketing of bank services has commenced the market of financial services has become competitive. In the light of this increasing competition the banks are required to pay attention to customer services. In the present study there are enquiries made in this

direction. The responses obtained are expected to facilitate our understanding about the actual position of both the banks in this regard.

#### (IV) FINANCIAL PERFORMANCES -

The present study has this last dimension of enquiry. It is primarily to deal with the secondary data available from the annual reports from both the banks. The definite parameters of enquiry are used to understand the financial performances of both the banks in a comparative manner such as the rate of growth of business, the various ratios like credit deposit ratio, return on capital ratio, debt equity etc. All these parameters have been explained in detail in chapter IV.

#### 1.5 SCOPE OF THE STUDY

The main thrust of the study is on comparative examination of roles played by "KOLHAPUR MAHILA URBAN CO-OP. BANK, KOLHAPUR" and "KOLHAPUR JANATA URBAN CO-OP. BANK, KOLHAPUR".

Both the banks are located at Kolhapur and have standing of more than ten years. These banks have their branches in and around Kolhapur. The present study shall cover the whole area of the banks. As specified in the above objectives the present study is an attempt to evaluate the performance of the banks.

The researcher is interested to understand whether the "KOLHAPUR MAHILA URBAN CO-OP. BANK, KOLHAPUR" which is exclusively run by women has an edge over the "KOLHAPUR JANATA URBAN CO-OP.

BANK , KOLHAPUR " or whether it is confronted with some new problems because of the fact that it is Mahila Urban Co-operative Bank.

#### 1.6 SOURCES OF DATA

The present study has the data base of both primary as well as secondary data. Primary data is collected with the help of administration of questionnaire to each and every office of both the banks. Alongwith the questionnaire interviews are conducted with the top officials of the bank in branch offices as well as in the head offices of both the banks. Discussions are also held with the bank officials to solicit the required information.

Secondary data consist of critical study of annual reports of both the banks of last seven years. Secondary data is also obtained in the form of booklets prepared by the Maharashtra Urban Co-operative Banks Federation Ltd. Review of literature on working of Urban Co-operative Banks has enabled us to collect certain vital statistics.

After collecting the data it is processed suitably by using the statistical and mathematical techniques like tabulation , calculation of ratios , preparation of charts and graphs etc.



## 1.7 CHAPTER SCHEME

The present study is divided into five chapters ,

### Chapter - I

This Chapter is the introduction which includes selection of the subject , definitions , objectives , scope , statement of the problem , methodology etc.

### Chapter - II

This Chapter includes literature on urban co-operative banks such as historical background , origin of urban co-operative banks , development of urban co-operative banks etc.

### Chapter - III

This Chapter deals with critical examination of the role of " KOLHAPUR MAHILA URBAN CO-OP. BANK , KOLHAPUR " and "KOLHAPUR JANATA URBAN CO-OP. BANK , KOLHAPUR ". An extensive use of the data is made to understand the roles of both the banks.

### Chapter - IV

This Chapter deals with the evaluation of the performance of " KOLHAPUR MAHILA URBAN CO-OP. BANK , KOLHAPUR " on one hand and " KOLHAPUR JANATA URBAN CO-OP. BANK , KOLHAPUR " on the other hand. The predetermined parameters are used to carry out the evaluation in the most objective way.

## Chapter - V

This is a concluding Chapter which covers the summary , conclusions and suggestions as emerging from the earlier investigations and enquiries.

### 1.8 LIMITATIONS OF THE STUDY

Following are some of the important limitations of the present study,

- (1) At the time of collecting the data particularly the primary data certain penetrating questions were included in the questionnaire but it is unfortunate to note that to many of such questions the responses were quite general. So that the data obtained could not live to our expectations.
- (2) This study is carried out by the research scholar individually with no formal or informal support in terms of time , money or other resources. A researcher had to pay the visits to each and every branch of both the banks repeatedly. Though the approach of the bank officers towards the enquiry was positive the concerned employees seem to be hesitant while extending their co-operation. There was undue fear in their mind that disclosing the information would amount to disclosing the secret information . The researcher had tried her level best to convince the employee but was not successful completely.
- (3) As the management particularly directors are the people from the various fields of their own working they were not quite aware of the co-operative spirit behind the working of their banks. At the time of researchers encounter with them no unique features or innovative schemes could be put forth by them. Even the top officials like general managers were found to be

traditional in their approach. They are not found to be either alert or abreast of latest technologies , trends and the schemes of modern banking. Ofcourse there are few exceptions who have certainly provided valuable information to the researchers.

(4) At the time of processing the data the researcher has also confronted with some problems. It was not possible to examine some of the latest concepts which are supposed to be necessary for performance evaluation. Mentioned may be made of concepts like capital adequacy , transparency of accounts , Non performing Assets. The data available was not adequate to use these concepts in their real sense. The analysis in this direction have remained crude rather than refined . Beyond the tabulation and computation of ratios the researcher could not use any other sophisticated and mathematical techniques due to lack of proper exposure of such techniques on the part of the researcher herself.

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