

**CHAPTER – II**  
**REVIEW OF LITERATURE**

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**2.1 INTRODUCTION**

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## **2.1 INTRODUCTION:-**

Researcher has made reviews of various committees appointed by the State and Government of India. The main objective of the reviews is to understand the research gaps and methodological gaps of present study. It gives comprehensive overview of other relevant research studies. The researcher has also review the published articles, M. Phil dissertations and P.h. D. thesis etc.

## **2.2 REVIEWS OF VARIOUS COMMITTEES:-**

1. Co-operative Planning Committee (Saraiya committee), 1945, the committee stated that it is very much expensive to give small loans and to recover them. Therefore, Joint Stock Banks have no interest at all in giving loans and advances to small businessmen. On the contrary, the co-operatives banks cordial and affectionate relations with the people having lower income. Therefore, such type of co-operative banks feels trustworthy from the point of fulfilling the credit requirements of the low level income groups.
2. "Rural Banking Enquiry Committee (P. Das committee), 1950, Mr.Purshottam Das, in 1950 also stated absolute importance of Urban Co-operative Banking in the Indian Banking System. This committee expressed its view that Urban Co-operative Banks can fulfill the credit requirements of not only urban people but of the rural people also. As these types of banks and societies have lower administrative expenses, they can perform well in the small sections at taluka level also. The committee suggested that to make the banking facilities available in rural areas and to develop the banking business.
3. All India Rural Credit Review Committee (1969), Government of India had appointed the committee under the chairmanship of B.Venkatappiah. Main objective of the committee was to suggest measures for the reorganization of rural credit. The Committee found that there is marked increase in the co-operative credit between 1951-52 and 1967-68 i.e. from Rs.24 crore to 500 crore. However, there was a lag in dispersal of co-operative credit in the backward states of Assam, Bihar, Orissa, West Bengal, Rajasthan and Jammu & Kashmir. In other parts of the country too, there were weaknesses in co-operative banking system by

way of low deposits, high overdue and general lack of business, management etc. recognizing such weaknesses but the need for increased requirement of finance for agriculture in the wake of green revolution technology. The Committee suggested the following points and recommendations- a) The establishment of Agricultural Credit Board, b) Setting up of a Small Farmers Development Agency, c) Creation of Electrification Corporation for the benefit of underdeveloped areas, d) Formulation of a more active and much bigger role for ARDC, e) Adoption of various measures for ensuring the timely and adequate flow of credit for agriculture through co-operatives and through commercial banks. As per recommendations, small farmers' development agencies were set up in selected districts as well as Rural Electrification Corporation was also established in 1969. Most of the recommendations of the committee were accepted by the government and included in the Fourth Five Year Plan i.e. SFDA, MFAL, were launched with active involvement of institutional credit agencies.

4. "Committee on Problems of Urban Co-operative Banks in Maharashtra State" (Jogalekar committee), 1976, the committee has praised the Urban Co-operative Banks. "Maharashtra the working of Urban Co-operative Banks is very much satisfactory. The number of these banks is increasing day by day in the past some years and its credit go to the selfless and hardworking social workers. It shows the participation of the people in this movement the same thing is about the deposit. The deposit collected from the non-members is more than the deposit from members. It is an evidence of the fact the Urban Co-operative Banks has been qualified to the trust of the depositors in urban and rural areas."

### **2.3 REVIEW OF ARTICLES IN JOURNALS:-**

5. Patel P. (1995), in his article studied on "Viability of rural banking", he found that the low volume of business per branch and per employee and high level of credit deposit ratio were two major factors causing losses in rural banking system. He observed that relative share of non-farm sector loans in rural banks was going up. Also he was found that there were mismanagement in the recovery of loans and advances of the rural banks.

6. "Survey of Institutes of Marketing Research Bureau" which was appeared in Economics Times on May, 1993, Banks involve lot of paper work, offer limited range of facilities their officials are lazy and slow and bribes are way of life. The survey describes that bank in India are not customer friendly and fail to provide quick service. The general satisfaction of findings of the survey shows that average customers are still confident of dealing with banks. Therefore, banks have to act as friend of the customer and try to provide quick service. The survey elucidates that banks are lacking in making use of various component of marketing mix and integrated marketing approach in winning the confidence of customers.
7. Reshma B. Khatavkar and Chandrakant B.Kamble, (2012) the research article entitled on "Performance Evaluation of the RayatSevak Co-operative Bank Ltd. Satara: A Case Study of Karad Branch" The main objective of the study is to evaluate the deposits and trends of loans and advances of the bank. After the analyzed the data the researcher has observed the total deposits and loans and advances of the Karad branch increased during the study period.
8. Deepak Shah (2007) conducted a case study entitled "Evaluating Financial Health of Credit Co-operatives in Maharashtra State of India", The study conducted of Sangli and Buldana District Central Co-operative Banks regarding the financial health of credit co-operatives in Maharashtra and found NPAs or overdues as the main factors for deterioration in health of these banks. The study revealed that both these banks showed a decline in their financial health and economic viability during the late nineties as against the early nineties period.
9. Bhaskaran & Josh (2000), stated that the recovery performance of co-operative banks continues to be unsatisfactory which contributes to the growth of NPA even after the introduction of prudential regulation. They suggested legislative and policy prescriptions to make co-operative banks more efficient, productive and profitable organization in tune with competitive commercial banking.
10. Niranjandraj and Chitanbaram (2000), in their study titled, "Measuring the Performance of DCCBs" it is found that the researcher has developed models to evaluate the overall performance of co-operative banks. For the purpose of this

researcher considered 23 parameters falling into four major groups for measuring the performance of District Central Co-operative Banks and assigned appropriate weights to each parameter. The researcher suggested that performance of co-operative banks should not be measured in terms of financial/ economic achievements only but their performance as co-operative organizations (social achievements) should also be evaluated.

11. Suryan and Veluraj (2005), in their study titled, "Profitability Analysis of the Pondicherry State Co-operative Bank", he studied the profitability performance of the bank from 1999 to 2003. The researcher has used various ratio to measure the general performance of the bank like cost of management (total expenses) to working capital ratio, profit to working capital ratio, non-interest income to total income ratio, etc. They concluded that the profitability performance of the bank was impressive and bank was able to meet its obligations and norms. The cost of management and establishment expenses got reduced during the period of study which further strengthened the profitability position of the bank.
12. R K Patel, Desai C. M., (2012), studied on "Growth of Urban Co-operative Banks in India", they analyzed financial indicators such as number of UCBs, owned funds, deposits, loans etc. Also they examine the various ratios related to profitability and operational efficiency. It is found that the UCBs in India has plays a significant role in respect of overall performance during the study period.
13. Hesse Heiko, Cihak, Martin (2007), works on the role of co-operative banks in financial stability. They found that co-operative banks are more stable than commercial banks due to the lower volatility of the co-operative banks returns, which more than offsets their lower profitability and capitalisation. In this paper indicate that the co-operative banks in advance economies and emerging markets have higher Z score than commercial banks and savings banks, using the regression analysis they also find that a higher share of co-operative banks increases stability of an average bank in the same banking system.
14. Dutta Uttam and Basak Amit (2008), "Appraisal of financial performance of Urban Co-operative Banks: A Case Study" suggested that co-operative banks should improve their recovery performance adopt new system of computerized

monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

15. V. Singh. (2008), in a case study analyzed the “Financial Performance of the Rohtak Central Co-operative Bank Ltd (Haryana).” The researcher highlights the deposits, advances, investment, NPA reduction, and profitability position of the bank. He found that the aggregate deposits of the bank increased with low growth, rate and bank did not make good performance in terms of advances to the beneficiaries. The researchers also found that the bank did not reduce NPA amount of the bank.
16. Chander R. and Chandel J. K. (2010), studied “Financial Viability of an Apex Co-operative Credit Institution: A Case Study of the HARCO Bank.” Analyzed the financial efficiency & viability of the HARCO bank and found that poor performance of the bank on capital adequacy, liquidity, activity and the management efficiency parameters.
17. Anupam Parua and Lalit Kumar Joshi (2010), in his study entitled, “Trends in Performance and Profitability of Co-operative Banks: A Case Study of Vidyasagar Central Co-operative Bank Ltd; Midnapore.” They stated that the present bank facing problems of lower profitability. This lack of profitability is attributable to different reasons. Notable amongst these are slower rate in comparison with its burden ratio. This also hints at the banks inefficiency in the matter of capturing new and different channels of banking businesses. In the regime of interest rate cut, the bank with its normal banking operations is bound to suffer in terms of its profitability.
18. R. K. Patel and C. M. Desai (2012), “Financial Performance of Urban Co-operative Bank”, they stated that the UCBs sector witnessed substantial growth, possibly encouraged by the liberalized policy environment in post reform period. They suggested that the UCBs should proactively adopt corporate governance and should not wait for its imposition by statute for the development of UCBs sector. The implementation of corporate governance board of director plays very crucial and vital role. Therefore, the board of directors of UCBs should implement professional management approach.

19. Kadam N. L. (2012), studied the Performance of Sangli District Central Co-operative Bank Ltd; Sangli in respect of agriculture finance. The paper mainly focused on agriculture finance, particularly, small farmers. He also studied the problems facing by the bank in respect of administration. He suggested that to improve speedy loan sanction procedure while loans provided to agriculture sector.
20. SeemaSant and Dr. P. T. Chaudhari, (2012), Working on “A Study of the Profitability of Urban Co-operative Banks (in Greater Mumbai and Jalgaon for 5 years)”, they analyze the financial ratios are employed to measure the profitability, liquidity and credit quality performance of ten UCBs. They found that there is a significant change in trend in noticed at the onset of the global financial crises in 2007. This resulted falling in profitability, less liquidity and deteriorating credit quality performance of ten UCBs.

### **Conclusion:**

The researcher has concluded after the review of earlier studies on co-operative bank, various government committees and various articles. It was found that most of research works are related to profitability of the co-operative bank, Non-Performing Assets analysis of banks, financial viability, and the bad and doubtful debts analysis of the bank etc. The researcher has found that all studies have focused particularly on only one factor financial analysis. So in the present study the researcher has decided to study a critical analysis of financial performance of SatyavijaySahakari Bank Ltd; Kundal.

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