



# Chapter - 5

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# CONCLUSIONS AND SUGGESTIONS

### Conclusions of the Study

1. The performance of deposits in Veershaiv Bank is very significant among the three banks. In 2000-01, bank deposits noticed of Rs. 12852 lakh, which has increased to Rs. 18500 lakh in the year 2005-06. Deposits showed an increasing trend in the every succeeding year.
2. The performance of deposits in Parshwanath Bank is not significant like Veershaiv Bank. In Kolhapur Janata Co-op. Bank 2000-01, bank deposits noticed of Rs. 6914.24 lakh, which has increased to Rs. 12500.70 lakh in the year 2005-06.
3. Average labour deposits remarked slightly higher than Veershaiv Bank of Rs. 62.29 lakh in 2000-01, which is continuously increased and reached of Rs. 90.58 lakh during the year 2005-06. Thus, in relative terms, it showed bank deposits in Parshwanath Bank increased by 45.41 percent during the period from 2000-01 to 2005-06.
4. In Kolhapur Janata Co-op. Bank in 2000-01, bank deposits noticed of Rs. 7000 lakh, which has increased to Rs. 10400 lakh in the year 2002-03 and finally it fell to Rs. 8100 lakh in the last year.

5. The annual compound growth rates in deposits of Parshwanath Bank by 147 percent, which is higher than Kolhapur Janata Co-op. Bank and less than Veershaiv Bank. The annual compound growth rates in Veershaiv Bank has been recorded by 140.38 percent, which is less than other banks.
6. The performance of loan in Veershaiv Bank is very significant among the three banks. In 2000-01, bank loans noticed of Rs. 7625 lakh which has increased to Rs. 10913.25 lakh in the year 2005-06.
7. The performance of loan in Parshwanath Bank in 2000-01 bank loan noticed of Rs. 5081.78 lakh, which has increased to Rs. 5726.62 lakh in the study period.
8. In case of Kolhapur Janata Co-op. Bank loan there are ups and down situation during study period. In 2000-01, bank loan noticed of Rs. 5500.10 lakh which has reduced to Rs. 6200.81 lakh as compared to 2004-05. The average loan remarked Rs. 45.83 lakh in the year 2000-01, which is increased in 2005-06.
9. The annual compound growth rates in loan in various banks. It is observed from the table that the loan in Veershaiv Bank has recorded 143.48 percent, which is higher than other banks.
10. The performance of profit in this bank is very significant among the three banks in 2000-01, bank profit noticed of Rs. 11.48 lakh, which has increased to Rs. 21.98 lakh in the year 2005-06. Profit showed an increasing trend in very successfully.

11. The performance of profit in the Parshwanath Bank is very poor in 2000-01. Bank profit noticed of Rs. 33.54 lakh, which has reduced to Rs. 3.88 lakh in the year 2005-06. Profit showed reducing trend.
12. In case of Kolhapur Janata Co-op. Bank there is ups and down situation of profit during the study period. In the year 2000-01 bank profit noticed of Rs. 33.00 lakh, which has negative in 2005-06. The average labour profit shows Rs. 0.28 lakh in 2000-01. There is also noticed down and down situation like profit and finally reached at Rs. – 1.54 lakh during the year 2005-06.
13. The annual compound growth rates in profit and loss in the three banks. The performance of Veershaiv Bank is very good in the study period. The annual compound growth rates in profit of Veershaiv Bank by 7.09 percent, which is higher than Parshwanath Bank. The annual compound growth rate in Kolhapur Janata Co-op. Bank has negative, which is less than other two banks. The position of Veershaiv Bank is much better than the other two banks in the performance in the bank profit.
14. In case of Veershaiv Bank the number of labour was same as in Table 4.1. The performance of branch of bank in Veershaiv Bank in 2000-01 the branches of bank noticed 22, which has increased to 24 in the year 2005-06. Branches of bank showed an increasing trend in the study period.

15. In case of Parshwanath Bank, the number of labour is same as in Table 4.1. The performance of branches of bank in the year 2000-01 noticed 8, which has increased to 12 in the year 2005-06.
16. In case of Kolhapur Janata Co-op. Bank the performance of branch of bank increased during the study period. But the average labour of branch of bank decreased during the study period.
17. In case of Veershaiv Bank rate of interest expenditure is very significant among the three banks in the year 2000-01. Rate of interest expenditure noticed Rs. 2000.01 lakh, which has decreased to Rs. 1400.89 lakh in the year 2005-06
18. In case of Parshwanath Bank rate of Interest expenditure is Rs. 1000.40 lakh in the year 2000-01, which increased to Rs. 1300.03 lakh in the year 2005-06.
19. Average rate of interest expenditure in Kolhapur Janata Co-op. Bank was very significant in the study period of Rs. 4.16 lakh in the year 2000-01, which increased to Rs. 5.68 lakh in the year 2005-06.
20. Annual compound growth rates in the rate of interest expenditure in the three banks. It is observed from the table that the rate of interest expenditure in Veershaiv Bank has recorded 54.65 percent, which is higher than other banks. The annual compound growth rate in Kolhapur Janata Co-op. Bank has been recorded 31.72 percent which is less than other banks. The position of Veershaiv Bank is better than the other banks.

21. In case of Veershaiv Bank management expenditure was Rs. 359.76 lakh in the year 2000-01, which has increased to Rs. 473.84 lakh in the year 2005-06.
22. In case of Parshwanath Bank management expenditure was Rs. 100.27 in the year 2000-01, which increased in the year 2005-06 at Rs. 200.00 lakh. The average management expenditure was Rs. 0.90 lakh in the year 2000-01 which increased to Rs. 1.44 lakh in the year 2005-06.
23. Annual compound growth rates of management expenditure in the three banks. Growth rate of Kolhapur Janata Co-op. Bank is higher i. e. 2900.09 and growth rate of Parshwanath Bank is very low i. e. 703.21.
24. Correlation between deposits and profit in the Veershaiv Bank, Parshwanath Bank and Kolhapur Janata Co-op. Bank. It is observed from the table that the relationship between bank deposits and profit is highly negative in the above mentioned banks. In case of Veershaiv Bank, the coefficient of correlation has been notice – 0.92 between deposits in the bank and profit of the bank. Further the value of significance is also insignificant during the study period.
25. Correlation between profit and loan in the three banks. In case of Parshwanath Bank the relationship between profit and loan is highly negative as compared to the other two banks. The correlation of coefficient is noticed .370 between profit and

loans in the bank. The value of  $f$  significance is also insignificant during the study period.

26. Correlation between profit and rate of interest expenditure in the three banks. Parshwanath and Kolhapur Janata Co-op. Bank is observed from the table the relationship between profit and rate of interest expenditure is highly negative in the above mentioned banks. In case of Veershaiv Bank the coefficient of correlation has been noticed 0.639 between rates of interest expenditure in the bank.
27. Correlation between profit and management expenditure in the three banks. Parshwanath Bank and Kolhapur Janata Co-op. Banks relationship between profit and management expenditure is highly negative that is - .419 and - .889 respectively. The position of Veershaiv Bank is highly and much better i. e. .121 than the other two banks.

### **Suggestions of the Study**

On the basis of the observations, the following suggestions are made for improvement of performance of Bank.

#### **1. Need for Setting up of a Separate State Apex Bank**

There is a greater need and scope for establishment of a separate Apex Bank for assisting, guiding and controlling all co-operative banking functioning in the state.

## **2. Inculcating Thrift and Saving Habits**

As the low cost deposits in the form of savings and current deposits constitute relatively smaller portion of total deposits, the urban co-operative banks have to inculcate thrift and saving habits among the urban people, who are generally doing jobs or business by way of transforming their investment pattern behaviour. The urban co-operative banks may follow door to door campaign in order to explain the generous effects of the banks and there by to do a positive change in their behaviour.

## **3. Managerial Strategy and Attention to Training of the Staff**

the Manger of the Bank should be given some managerial power of controlling the staff, power of sanctioning loans upto a certain prescribed limit and the like which may give a Phillip to the efficiency of the work of the Manager in particular and functioning and the performance of the bank in general.

The salary and services conditions and training of the staff be brought on lines of the staff of District Central Co-operative Bank and Nationalized Commercial Banks. Extending such facilities as are enjoyed by employees of other banks is not simply desirable but rather essential a step that shall beyond all doubts. further boost up their morale.

## **4. Attracting Institutional Savings and Deposits**

As the share of institutional savings and deposits in total deposits is very meagre, the banks have to attract savings, the institution like schools, colleges, associations, trusts, etc. Such deposits will remain with

the banks relatively for longer period without attracting high level of financial risk, associated with other type of deposits like fixed deposits.

#### **5. Improved Qualitative Services to Customers**

Future shape of banking in India will largely depend upon customers demands and perceived preferences. Customer will be the driver of all changes and become the focus for all banking developments. The customer will be looking for services, which are cheaper, faster and qualitatively better. In spite of advancement in technology, banking remains a quest for relationship. Identity and personal services would continue and even increase. The electronic banking also provides wealth of knowledge about their customers, their preferences, choices, habits etc. This would in turn make it possible for banks to devise suitable market strategies at right time to augment the volume of business levels. However, these customers still seek matured relationship with their banker.

#### **6. Diversification of Loan Portfolio**

Study of the loans and advances made by banks in Kolhapur reveals that loans against machinery, term loans and cash credit forms major components of loans advanced. Other purposes of loans given for lesser or insignificant percentage at the advances made. Especially the percentage of credit for small scale and cottage industries is not only low but also is showing a declining trend under this condition prevailing in the sphere of credit dispersion. It is advisable for the banks to adopt a sufficiently wide and diversified credit policy relevant to the needs of hour and of different categories of members. In this connection,

the banks may diversify their credit towards small road transport operators, self employees, professional and small scale industries with special attention.

#### **7. Gradual Declining of Unproductive Loans**

it is revealed that the consumption purpose and repayment of prior debts predominates is the classification of loans and advances outstanding of banks in Kolhapur district of such unproductive loans are given without observing any expenditure causing inflationary and control over end use or absence of effective machinery for recovery of credit would result in overdues. The promotion of such credit should be reduced in a phased manner.

#### **8. Aloof from Local Politics**

Most of the urban banks are under local political influence, which is creating problems in connection with the recovery of overdues. Therefore, the unwanted outside interference by the local politicians must be stopped by making suitable amendments to the co-operative act.

#### **9. Stability**

The bank under study has not a single branch. One main branch of the bank is in primary stage in respect of deposit mobilisation and lending operations. Therefore, it is essential to take initiative for branch expansion; membership should be given to the farmers.

#### **10. Security**

There is only one security guard, who also works as a peon in the bank. The research feels appropriate security measures be taken by the management.

The implementation of these suggestions may required some modifications and changes in the policies and provisions of the co-operative act and Reserve Bank of India guidelines, which may contribute for still healthier and stronger growth of banks.