

CHAPTER - VII

SUMMARY, CONCLUSIONS AND SUGGESTIONS

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CHAPTER - VIISUMMARY AND CONCLUSIONS

In this chapter an attempt is made to give a summary and conclusions on the aspects of working of Shri. Veershaiv Co-operative Bank Ltd., Kolhapur so far covered in this study. However the conclusions are based on the data so far available.

1: GENERAL :-

Urban Co-operative banks are important constituents of urban co-operative credit movement. They follow almost all the principles of co-operation. The main objectives of these banks are to meet the credit needs of various people in urban and semi urban areas and to promote the habit of savings among them. They differ with commercial banks in respect of objectives, organisation and area of operation.

Germany is the first country in the world where the foundation of urban co-operative banks has been prepared. Thereafter many other countries including India followed the path of establishing such urban banks. Accordingly in February 1989 the first urban co-operative credit society was established in Baroda. Then no. of committees and even RBI emphasised the need of establishing the urban banks in all the cities and towns for providing the banking facilities to middle class people. The real development of urban banks took place only after

the nationalisation of major 14 commercial banks.

The State-wise growth of urban banks also shows that the state of Maharashtra is the leading State among the states- Gujarat, Karnataka, Tamilnadu, etc. in respect of No. of banks, deposits, loans and advances.

From 1904 to 1981 No. of Committees recommended the need of speedy and better development of urban banks. Considering the impressive performance of urban co-operative banks in Maharashtra, it can be said that these banks have shown great promise and potentialities. Similarly these banks have reached almost all the towns and cities in the State. So far as the development of these banks in Western Maharashtra is concerned, Kolhapur is a leading district among six districts in respect of membership, owned funds, profit and no. of banks. And urban co-op banks in Kolhapur district have made rapid progress with satisfactory results upto 1984.

In the beginning Rajeshri Shahu Chhatrapati Maharaja took the initiative in starting the urban co-operative banks in Kolhapur. Then with the introduction of Co-operative credit societies. Act 1904 and 1912 number of urban banks established in Kolhapur. The Kolhapur urban co-operative Bank Ltd., was the first urban bank established in 1913. The total number of urban banks reached to 15 with 84 branches at the end of 1984. Similarly 37% of the total ~~urban~~ urban banks in Kolhapur district are concentrated

in Kolhapur city. Considering the financial position of urban co-operative banks in Kolhapur during the period 1973 to 1984 it can be concluded that Shri. Veershaiv Co-operative Bank Ltd., stands first among the all urban co-operative banks in respect of Reserve Fund, Profit, Deposits, Loans and advances and working capital.

2: DEPOSITS :-

To attract deposits from various people the Bank has introduced various deposit schemes. Totally about 14 deposit schemes are being operated by the Bank. It is examined that there is tremendous increase in deposits of Shri.Veershaiv Cooperative Bank Ltd., Kolhapur during the period of last twelve years (1973 to 1984).

Number of Deposit accounts at the end of 30th June 1973 were 8040, it increased upto 42,400 at the end of 30th June 1984, which constituted five-fold increase of deposit accounts of 30th June 1973. At the end of 1973 total deposits were, Rs. 150.23 lakhs which increased upto 802.74 lakhs at the end of June 1984. which constituted five-fold increase. From this trend it can be concluded that the Bank has succeeded in collecting deposits satisfactorily.

Comparing the total deposits of the Bank with any one of the well-known urban co-operative Banks in Kolhapur (Shri.Mahaveer Coop.Bank Ltd., Kolhapur) is selected for this purpose), it was

examined that during the period of 1973 to 1978 the average growth rate of the Bank was 43% and the rate of Shri.Mahaveer Cooperative Bank Ltd., Kolhapur during the same period was 41%. Similarly during the next six years i.e. 1979 to 1984 the average growth rate of deposits of these two banks were 66% and 57% respectively. Further, the average growth in deposit during the period of last twelve years of these two banks were Rs. 54.12 lakhs and Rs.41.37 lakhs respectively. From this it can be concluded that growth and developments in deposits of Shri. Veershaiv Cooperative Bank is rather satisfactory as compare to the deposits of Shri.Mahaveer Coop. Bank Ltd., It was observed from the discussions with the General Manager and Officers of the Bank that this success was due to the trust and faith of the members and deposit holders of the Bank. It was also observed that such a development was possible ~~because~~ because of the kind co-operation and prompt services given by the Bank employees.

Out of variety of attractive deposits of the Bank, the Dam Duppat deposit scheme recorded great success. The proportion of these deposits to the total deposits at the end of 30th June 1976 was 23% which increased upto 37% at the end of 30th June 1984. The second major portion of the deposits is fixed deposits. The proportion of it was 26% at the end of 30th June 1979 which recorded

25% at the end of 30th June 1984. The proportion of Savings deposits decreased from 28% at the end of 30th June 1973 to 19% at the end of 30th June 1984. From this it can be concluded that the Bank has succeeded in mobilising the long term deposits. The number of individual depositors of such deposits is comparatively more. Individually depositors are prominently Farmers, Businessmen, and other middle class people.

It must be noted that savings and fixed deposits play important role for the attainment of Banks objectives but unfortunately the proportion of savings and fixed deposits to the total deposits during the period 1979 to 1984 showed decline trend.

As compared to other deposits, recurring and pigmy deposits were not increased satisfactorily during the period under review. In fact pigmy deposit ~~showed~~ showed decline trend particularly from the year 1979 which was mainly due to withdrawal of pigmy dam dupat loan facility. And recurring deposits more or less remained constant during the period of last 12 years. However, the Bank can not ignore such deposits as these deposits are more important for the point of view of poor people.

Among the newly started deposit schemes, Vikas Cash Certificates proved to be more attractive to the depositors as compare to other deposit schemes like Lakshadhish Deposit scheme, and

Gratuity cum pension deposit scheme.

3: LOANS AND ADVANCES :-

The deposits so far collected through various deposit schemes are used mainly for sanctioning the loans and advances for various purposes under different types. The total outstanding loans and advances of the Bank at the end of June 1973 were Rs. 105.52 lakhs. which increased up to Rs. 582.96 lakhs at the end of June 1984, which constituted five-fold increase. Similarly number of loan accounts were 3447 at the end of June 1973 which increased upto 15,310 at the end of June 1984, constituting five-fold increase.

Comparing the position of loans and advances of this Bank with Shri.Mahaveer Cooperative Bank Ltd., Kolhapur , it was found that the outstanding loans and advances of Shri.Mahaveer Coop.Bank Ltd., were Rs.114.46 lakh at the end of June 1973 which increased upto Rs. 520.31 lakhs at the end of June 1984. Similarly the average growth rate of loans and advances of this bank was 42% during the period of 6 years (1973-78) with increased upto 61% during the period of 6 years (1979-84) On the other hand the average growth rates of the Bank during the same periods were 37% and 76% respectively. From these facts it can be concluded that outstanding loans and advances of the Bank increased satisfactorily as compared to increase in loans and advances of Shri.Mahaveer Co-operative Bank Ltd., Kolhapur during the period 1979 to 1984.

It is observed that the Bank has taken interest to sanction loans and advances liberally for improving financial position of common people. The loans are given to middle class people, employees, small farmers, businessmen, manufacturers, artisans, pedlars, hawkars stall owners, and other weaker sections of the community

Among the loans given by the Bank for various purposes. Loans for the other purposes play a significant role such types of loans were 48% of the total outstandings loans at the end of June 1979 and 60% at the end of June 1984. It is observed that most of these loans for other purposes are of consumption nature and borrowers are from different and various categories.

It is also observed that proportionately more loan was sanctioned for the trading purposes. It was 4% at the end of June 1979 which increased to upto 14% at the end of June 1984.

Both secured and unsecured loans were given by the Bank. But the proportion of secured loans in outstanding loans was 70% during the period under review. Similarly the proportion of short-term loan was also more as compare to medium term loans during the same period.

Out of the different types of loans and advances given by the Bank, loan against gold ornaments personal sureties, higher purchase loans, unsecured cash credit loans and priority sectors loans have

got large proportion in the total outstanding loans as gold ornaments 37% Hire purchase 13% and unsecured cash credit 7% at the end of June 1984. Out of these loans, loans against gold ornaments constituted the highest proportion (it was 30% in 1978) This shows that the Bank has concentrated its attention more in sanctioning loans against gold ornaments particularly during the period 1978 to 1984.

These different types of loans were not operated upto the mark, some types of loan accounts showed the continuous decline where as some other loan accounts were totally closed. Some loan accounts were being operated constantly without change during the period of last 12 years.

As per the order of the RBI under Section 17(2)(bb) the Bank is under obligation to reach the certain target regarding the finance to small scale industries and priority sectors. But it is only 4.9% at the end of June 1984.

It is also observed that there is no remarkable progress in certain loans such as secured cash credit, panchaganga hami cash credit and overdraft.

SUGGESTIONS

The researcher would like to make the following few suggestions for efficient working of the Bank.

1. It is necessary for the Bank to divert its attention towards the Fixed and Savings Deposits. Every attempt should be made to increase the proportion of such deposits in the aggregate deposits of the Bank.
2. The Bank cannot ignore Pigmy and Recurring Deposits. It is necessary that the Bank should concentrate on such deposits. Pigmy deposits can be increased by appointing honest and deserving pigmy agents and providing them incentives like bonus, loan for building construction, prizes etc.
3. The Bank should make its maximum efforts to sanction the loans for productive purpose only. Loan for consumption purpose should be given least preference or should be avoided completely.
4. As far as possible, the Bank should reduce the varieties of loans and concentrate on particular types only.
5. The Bank should take the due care while sanctioning loans. It should follow strictly the rules and regulations laid down by the RBI regarding loans and advances.
6. It is suggested that the Bank has to make an attempt to increase the proportion of loans for the priority sectors and weaker sections. Necessary change in the loan policy and effective execution

of the same is essential for the Bank.

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7. Loan applications should be carefully and scrutinised so that loans would be properly sanctioned for genuine purpose only.

8. The most important suggestion is that the Bank should establish a separate statistical department to maintain the upto-date statistical information about deposit schemes, various loans, credit worthiness of customers etc. This will definitely help in policy decisions of the Bank.

9. To the maximum extent possible, ~~the~~ the Bank should strive to provide a wide range of banking services to its customers so that all needed facilities for remittance of funds, safe deposit of valuables, etc. are available to the population in smaller centres also.

10. A system of fixing targets for deposit mobilisation for the Bank as a whole, and for each of its branches, may be introduced. The Branch Managers and other officers concerned with the mobilisation of deposits should be actively involved in reaching the targets. There should be a periodical review of the targets fixed and steps should be taken by the Bank to remove difficulties, if any, in reaching the target.

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