

CHAPTER NO - 4

WORKING OF THE URBAN CREDIT CO-OPERATIVES IN KHANDALA TALUKA - ANALYTICAL STUDY.

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CHAPTER NO - 4

WORKING OF THE URBAN CREDIT CO-OPERATIVES IN

KHANDALA TALUKA.

4.1 INTRODUCTION:-

Of-late, the non-agricultural co-operative credit societies have gained tremendous popularity with the common masses from both urban and the rural areas. UCCs have distinctly emerged as the Vital segment of the co-operative movement, especially in Maharashtra. It is the people's movement resulting in to ever-increasing number of such societies formed in Urban and Rural areas. It is however interesting to note that even though the societies are named as urban credit societies, they continue to operate not only in the urban, but also in the rural areas too, which is an ample testimony to the fact that these societies have become more popular with the rural population. These societies cater to the genuine credit needs for varied purposes of the rural and urban people e.g. marriage, education, medicine & medical treatment, repairs to the house property, Disbursement of loans etc. These societies, like other co-operative societies, have to face number of problems. Irrespective of surmounting problems, they have achieved a considerable progress over the years.

In Maharashtra there has been a considerable growth & development of the UCC's (Refer table No.2.4) almost in every district and Taluka, Though popular, the working of UCC s evoked the mixed reaction. There have been many cases of failure of such societies. It has been also observed that the initial enthusiasum with which these societies are formed tapered of very soon. As the working of such societies has evoked the mixed reaction it is the right time to take stock of the working of such societies, keeping in veiw the problems and the difficulties they have to encounter. This has led to the selection of the topic titled as 'Working of credit co-operative societies' for the purpose of the study.

This chapter therefore forms the major part of the present study dealing with the analytical part^{of} study of the working of Urban credit co-operative societies in Khandala Taluka of Satara District. At present there are 18 UCC s (excluding Urban banks and salary earnens societies) as on 31st March 1992. The first Urban co-op. society established in this Taluka was in the year 1982 and it was named as Shirwal Vikas Nim-Nagari Sahakari Pat Sanstha Maryadit, Shivwal, Since then the number of such societies has increased to 18.

The present study has been confined to only 8 such societies, which were in continious working for the last

three years i.e. from 1989-90 to 1991-92. The analysis and interpretation of the data is based upon scheduled questionnaire, personal interview and published annual accounts of these 18 societies.

4.2 NON-AGRICULTURAL SOCIETIES IN THE TALUKA:-

The Khandala Taluka has witnessed the co-operative movement since the beginning of the present century. The first ever co-operative society was established in the year 1918. however the Urban Credit movement was started in the Taluka very late in the year 1982. When the first ever non-agricultural credit society named as Shirwal Vikas Nim-Nagari Pat Sansta was established at Shirwal. Since then there has been steady growth of such societies in the Taluka. The following table 4.1 shows the position of Non-Agricultural credit societies in the Taluka.

TABLE 4.1
NON-AGRICULTURAL-CREDIT SOCIETIES IN THE
TALUKA - CATEGORY-WISE

As on 30 th June					
Year	Salary earners		Other Urban Credit		Total
			Co-operatives		
	No	% to total	NO	% to total	
1989	4	44.44	5	55.56	9
1990	5	38.46	8	61.54	13
1991	6	33.33	12	66.67	18
1992	7	28.00	18	72.00	25

Source :- Ibid

The above table 4.1 clearly indicates that there has been an increasing trend in the number of such societies. In the year 1989 there were 4 salary earners and 5 other urban credit societies (i.e. UCC s) in the Taluka. This number has increased to 7 and 18 respectively in the year 1992. Compared to the growth rates of Salary earners societies the growth rate of UCC s has been considerably more and shows increasing trend i.e there were UCCs 5 in 1989 where as there were 18 such societies in the year 1992 i.e. nearly 4 times increase in 4 years, this is an ample proof of the popularity such societies are gaining in the taluka.

4.3 ESTABLISHMENT:-

The present study is confined to the study of the working of 8 UCC s out of 18 such societies in the Taluka as on 31 st March 1992. The following Table 4.2 shows the year of establishment of such societies in this Taluka.

TABLE 4.2URBAN CREDIT CO-OPERATIVE SOCIETIES - ESTABLISHMENT

Sr	:	Names	:	Year of
	:		:	Registration.
1	:	2	:	3
1	:	Shirwal Vikas Nim-Nagari Pat Sansta Ltd Shirwal	:	22.10.82
	:	SVNS	:	
2	:	Shri Laxmi Nim-Nagari Sahakari Pat Purawatha	:	14.06.83
	:	Sanstha Mayradit Khandala	:	SLNK
3	:	Chh. Sumitra Raje Sahakari Nim-Nagari Pat Sansta	:	9.04.83
	:	Maryadit Khandala.	:	CSRK
4	:	Indira low-Income credit co-operative societies	:	2.11.84
	:	Ltd. Lonand.	:	ILIL
5	:	Shri.Shiv Chh. Sahakari hamal kamgar and	:	21.10.85
	:	Vyavasayaknchi pat Purvatha.	:	SCNL
	:	Sansta Marayadit Lonand.	:	
6	:	Yeshwant Nagari Sahakari Pat Sansta Maryadit	:	29.11.89
	:	BHADE	:	YNSB
7	:	Shri Saibaba Sahakari Pat Sansta Aswali	:	31.05.90
8	:	Shri Gurudatta Sahakari Pat Sansta Maryadit	:	12.2.90
	:	Aswali	:	SGNA
9	:	Ajinkya Sahakari Pat Sansta Maryadit,Bhade	:	21.9.90
10	:	Jotirling Sahakari Pat Sansta Maryadit, Tondal	:	17.12.90
11	:	Laximanrao Patil Sahakari Pat Sansta Maryadit	:	03.08.91
	:	Palshi	:	
12	:	Shri mayureshwar Sahakari Pat Sansta Maryadit,	:	3.8.91
	:	Lonand	:	
13	:	Shrikrishna Sahakari Pat Sansta Maryadit,Lonand	:	01.04.91
14	:	Madhavrao Dhayagude Sahakari Pat Sansta,Maryadit	:	07.08.91
	:	Ahire	:	
15	:	Sham-Shankar Sahakari Pat Sansta Maryadit,Koperde	:	02.09.91
16	:	Panchkroshi Sahakari Pat Sansta Maryadit,Dawadwadi	:	07.12.91
17	:	Nageshwar Sahakari Pat Sansta Maryadit,Bawada	:	26.12.91
18	:	Abika Sahakari Pat Sansta Maryadit, Shirwal	:	18.05.92.

Source:- The office of Assistant Registrar for co-operative societies
Khandala Taluka.

The above table 4.2 reveals the fact that, of 8 societies under study, One society (No.1) has been in operation for almost 10 years, 2 societies (no. 2 & 3) for 9 years, 1 society. (no.4) for eight years, another (no.5) 7 years, the remaining three (no.6,7 & 8) for three years, ever since their inception. This point out that almost all these societies have completed their working for the minimum period of three years there fore the present study has been confined to the workings of these societies for the last three years i.e. from 1989-90 to 1991-92.

4.4 MEMBERSHIP:-

Generally the membership of the Urban co-operative Banks is composed of the persons living in urban areas where as that of UCC s living in a particular area, locality, haweli Mohalla. etc. coming under the societies orbit. In fact the composition of such societies varies according to the nature and types of the societies. It is also interesting to note that the Khandala Taluka with its villages doesn't come under the category of urban area. It is mostly the rural area there fore the members of these societies are from the rural area. The size of membership and the trends in the growth of the membership reflect on the working of the societies. The size of membership of the various societies under study is shown in the following table 4.3

TABLE - 4.3
SIZE OF MEMBERSHIP

Sr	Names : societies	Years					
		1989-90		1990 - 91		1991 - 92	
		No's	% increa	No's	% incre-	No's	% increase
		: ase	:	: ase	:	:	:
1	2	3	4	5	6	7	8
1	SVNS	372	100	394	106	422	129
2	SLNK	981	100	1076	110	1355	138
3	CSRK	321	100	356	111	356	111
4	ILIL	430	100	430	100	430	100
5	SCNL	363	100	367	101	367	101
6	YNSB	463	100	663	143	838	181
7	SSNA	252	100	327	130	488	194
8	SGNA	220	100	220	100	220	100
	: Total	:3402	: 100	:3833	: 113	:4476	: 132

The office of
Source :- Assistant Registrar Co-operatives
 Khandala Taluka.

The above table 4.3 points out a steady increase in the total membership of all the societies under study. The number of total members has increased from 3402 in the year 1989-90 to 4476 in the year 1991-92. i.e. 132 percent increase. This itself speaks about the popularity of such societies in the Taluka.

The further analysis reveals the fact that though there has been an overall increasing trend in the case of two societies namely ILIL and SGNA there has been neither the increase nor the decrease in size of membership of these societies. There has been considerable increase in the membership of SSNA, (194 percent increase), YNSB (181 percent increase), SLNK (138 percent increase) and SVNS (129 percent increase). Which means these 4 societies have sound membership structure and are more popular in the taluka. The SLNK has the highest number of members (1355 in 1991-92) followed by YNSB (838) where as SGNA has the lowest number of members (220). The size of membership has it's reflection in the capital and financial structure of the society.

It has also been observed while interviewing the members, that though these societies are meant for the members other than farmers, the members of these societies composed of farmers too.

TABLE - 4.4CLASSIFICATION OF MEMBERSHIP CASTE-WISE (SC/ST)

Sr	Names	Years					
		1989-90		1990-91		1991-92	
		SC+ST	% to	SC+ST	% to total	SC+ST	% to
		Nos	total	Nos		Nos	total
1	2	3	4	5	6	7	8
1	SVNS	14	3.76	40	10.15	62	14.69
2.	SLNK	265	27.01	215	19.98	136	10.04
3	CSRK	50	15.58	20	05.62	20	05.62
4	ILIL	45	10.46	45	10.46	45	10.46
5	SCNL	11	03.03	30	08.17	30	08.17
6	YNSB	51	11.01	51	07.69	159	18.97
7	SSNA	12	04.76	137	41.90	150	30.73
8	SGNA	20	09.09	30	13.36	30	13.36
	: Total	: 468	: 13.76	: 568	: 14.82	: 632	: 14.12

Source:- I bid

The above table 4.4 shows that nearly 14% of the total members of these societies belong to schedule castes and schedule tribes. It is also heartening to note that, there is an increasing trend in the number of members (taken together of all the societies) belonging to SC & ST categories, which is a good sign as more and more people belonging to the backward classess are becoming the members of such societies.

4.5 PAID-UP SHARE CAPITAL:-

Members of such societies subscribe to the capital of such societies which constitute the owned funds. Each society is registered with an authorised share capital with the sanction from the registrar of such societies. Generally each member has to subscribe for minimum one share however, it has been observed that to become a member of the societies under study one has to subscribe for minimum 10 shares. It has also been the practice in these societies to credit 5 to 10 percent of loans sanctioned to each member to the share capital.

TABLE 4.5

SHARE CAPITAL (Paid up)

Amount Rs.

Sr	Names	Years					
		1989-90		1990-91		1991-92	
		Amount	% inc- : rease	Amount	% inc- : rease	Amount	% increase
1	2	3	4	5	6	7	8
1	; SVNS	:160830	: 100%	:190600	: 118	: 217600	: 135
2	: SLNK	:569310	: 100	:659920	: 116	: 840375	: 147
3	: CSRK	: 76835	: 100	: 89885	: 117	: 90985	: 118
4	: ILIL	: 39985	: 100	: 39985	: 100	: 44625	: 111
5	: SCNL	: 26465	: 100	: 26465	: 100	: 26465	: 100
6	: YNSB	: 35950	: 100	: 68300	: 190	: 92020	: 256
7	: SSNA	: 13650	: 100	: 31645	: 232	: 73600	: 539
8	: SGNA	: 15300	: 100	: 35600	: 232	: 35600	: 232
	: Total	:938310	: 100	:1142400	: 122	:1421270	: 151

Source:- Annual reports of the societies, 1989-90, 1990-91 & 1991-92 .

The office of the Assistant Registrar of Co-operative societies (Khandala Taluka)

The above table 4.5 shows that the share capital of all these societies shows the increasing trend. The paid-up share capital of all the societies under study was Rs. 938310 in the year 1989-90 and it increased to Rs. 1142400 in the year 1990-91 and it further increased to Rs. 1421270 in the year 1991-92 i.e. an over all increase of 151 percent. Which is because of the increasing trend noticed in the size of membership of these societies.

It is interesting to note that except SCNL there has been increasing trend in the paid-up capital of remaining societies. In the case of SCNL the paid-up capital remain the same during all these three years i.e. neither increase nor decrease. The paid-up share capital of YNSB and SGNA increased almost $2\frac{1}{2}$ times over the paid-up capital of these societies in the year 1989-90, where as that of SSNA by 5 times. In the case of SVNS and SLNK a steady growth has been noticed in their paid-up capital ever since their inception.

4.6 RESERVE - FUND:-

As per co-operative societies Act., every society is required to keep aside 25 percent of its divisible profit to a separate fund called as statutory reserve fund and such funds are held with the District central co-operative Bank (DCC B.). In addition to the statutory reserve fund various other reserves and funds are created by these societies for specific purposes e.g. Dividend equilization fund, Building fund, etc. The size of reserve fund of each society is an indication of financial strength and soundness of society.

TABLE - 4.6

RESERVES FUND's(Statuary) Figures in Rs.

Sr : Names		Years					
No :		1989-90		1990-91		1991-92	
		Amount	% inc-	Amount	% incre-	Amount	% increase
		: R	: rease	: R	: ase	: R	:

1	2	3	4	5	6	7	8

1	: SVNS	:204700	: 100	: 30905	: 151	: 35598	: 174
2	: SLNK	: 43281	: 100	: 57532	: 133	: 71186	: 164
3	: CSRK	: 332	: 100	: 344	: 104	: 344	: 104
4	: ILIL	: 441	: 100	: 452	: 102	: 452	: 102
5	: SCNL	: 367	: 100	: 367	: 100	: 367	: 100
6	: YNSB	: 2310	: 100	: 2695	: 117	: 3035	: 131
7	: SSNA	: 252	: 100	: 327	: 130	: 448	: 178
8	: SGNA	: 1090	: 100	: 220	: 100	: 220	: 100
	: Total	:67673	: 100	: 92842	: 137	: 111650	: 165

Source :- Ibid.

The above table 4.6 clearly points out that there has been an increasing trend in the statutory reserves of the societies taken together. The statutory reserves of the above 8 societies under study amounted to Rs. 67,673 in the year 1989-90 which increased to Rs. 92,842 in the year 1990-91 and it still further increased to Rs. 1,11,650 during 1991-92 i.e. an overall increase of 165 percent over 1989-90 level. The statutory reserve fund of these societies is also inclusive of entrance fees collected from the members. The size of the statutory reserve fund is largely dependent upon the profits earned by these societies. Though it is customary to transfer 25 percent of the current profits to the statutory reserve fund (SRF). It has been observed that some societies under study did not follow this, on account of lack of awareness of the legal provision.

Of the above societies, SVNS, SSNA, SLNK showed tremendous increase in their SRF. Whereas no increase or decrease has been noticed in the SRF of SCNL & SGNA on account of losses incurred by them. It has also been observed that the records of these societies were not up to date. In the case of CSRK, ILIL, YNSB a slight increase was noticed in their SRF.

It is also interesting to note that the SRF of these societies held with the DCC Bank on non refundable account, to that extent the working capital as well as loaning operations of these societies adversely affected.

TABLE - 4.7

OTHER RESERVES

Figures in Rs.

Sr : Names :		Years					
No.		1989-90		1990-91		1991-92	
		Other Reserves:	% inc- rease	Other Reserves:	% incr- ease	Other Reserve:	% increase
1	2	3	4	5	6	7	8
1	: SVNL	: 12500	: 100	: 19600	: 157	: 19600	: 157
2	: SLNK	: 62943	: 100	: 75592	: 120	: 94808	: 151
3	: CSRK	: -	: -	: -	: -	: -	: -
4	: ILIL	: 2350	: 100	: 2350	: 100	: 2350	: 100
5	: SCNL	: -	: -	: -	: -	: -	: -
6	: YNSB	: -	: -	: -	: -	: -	: -
7	: SSNA	: -	: -	: 768	: -	: 7828	: -
8	: SGNA	: -	: -	: -	: -	: -	: -
	: Total	: 77793	: 100	: 98310	: 126	:124586	: 160

Source :- Ibid.

The Table 4.7 shows the position of the other reserves of these societies. The other reserves created out of profits include building fund, Dividend equilisation fund, The Reserve for Bad and doubt full debts and other funds etc. It has been observed that the building fund and Dividend equilisation fund form the major part of other reserves of some societies Viz. SLNK, SVNL & SSNA.

The other reserves of the above 8 societies amounted to Rs.77793 in the year 1989-90 which increased to 98310 in 1990-91 and further increased to Rs.124586 in the year 1991-92 i.e. 160 percent increase over 1989-90 other reserves.

The analysis of the other reserves points out that only 4 societies had such types of reserves viz. SVNL, SLNK, ILIL & SSNA. The SCNL, YNSB & SGNA and also CSRK had no such reserves over the last three years which indicates the precarious financial position of these 4 societies. The main reason being the losses incurred by these societies. The statutory Reserve fund and other reserves taken together the financial position of SVNL and SLNK is very good and encouraging one. In the case of SSNA there were no other reserves during 89-90 but during 90-91 the other reserves stood at a meagre figure of Rs 768 but in the year 1991-92 it almost jumped to Rs 7828 a phenomenal increase over the last years figure. On enquiry

TABLE - 4.8

TOTAL RESERVES

Figures in - Rs.

Sr	Names	Years					
No.		1989-90		1990-91		1991-92	
		Total	% inc-	Total	% incr-	Total	% increase
		:Reserve	: rease	:Reserves	: ease	:Reserves	

1	2	3	4	5	6	7	8

1.	SVNL	33970	100	50505	149	55198	162
2	SLNK	106224	100	133124	125	165994	156
3	CSRK	332	100	344	104	344	104
4	ILIL	2791	100	2802	100	2802	100
5	SCNL	367	100	367	100	367	100
6	YNSB	2310	100	2695	117	3035	131
7	SSNA	252	100	1095	435	8276	3284
8	SGNA	220	100	220	100	220	100
	: Total	: 146466	: 100	: 191192	: 131	: 236236	: 161

Source:- Ibid

it was revealed that the SSNA had credited some part of the loans sanctioned to the building fund.

The table 4.8 shows the over all picture of the total reserves (statutory as well as other reserves) of all these societies. The total reserves of these societies stood at Rs 146460 during 1989-90, this increased to Rs 191152 during 1990-91 i.e 131 percent increase, and in the year 1991-92 it stood at Rs. 2,36,236 i.e 161 percent increase. However neither increase nor decrease was noticed in the total reserves of ILIL, SCNL & SGNA. If the statutory reserves taken out of the total reserves the different picture emerges, it is because the major portion of the total reserves is made up of the SRF. Which is held on non-refundable account with the DCC Bank.

4.7 WORKING CAPITAL:-

Working capital constitutes paid-up share capital, Reserves, Deposits and loans raised i.e the total funds at the disposal of a society for the lending purpose.

TABLE 4.9
WORKING-CAPITAL

Amount Rs.

Sr : Names :		Years					
		1989-90		1990-91		1991-92	
No.:	:	:	:	:	:	:	:
	:	Amount	% inc-	Amount	% inc-	Amount	% increase
	:	Rs	rease	Rs	rease	Rs	:

1	: 2	: 3	: 4	: 5	: 6	: 7	: 8

1	: SVNS	: 631395	: 100	: 673078	: 106	: 695852	: 110
2	: SLNK	:1769275	: 100	:2318047	: 131	:3276423	: 185
3	: CSRK	:272852	: 100	:356390	: 130	:295651	: 108
4	: ILIL	: 121852	: 100	:121852	: 100	: 182729	: 150
5	: SCNL	: 46800	: 100	: 36934	: 79	: 43750	: 93
6	: YNSB	: 38457	: 100	: 197816	: 514	: 203645	: 529
7	: SSNA	: 13902	: 100	: 82059	: 590	: 223734	:1609
8	: SGNA	: 16340	: 100	: 33970	: 208	: 33970	: 208

: Total		:2910873	: 100	:3820146	: 131	:4955754	: 170

Source:- Ibid

There has been the increasing trend in the working capital of these societies over the last three years as evident from the above table 4.9. In the year 1989-90 the total working capital of the 8 societies under study was Rs.2910873 which has increased to Rs. 4955754 in the year 1991-92 i.e. 170 percent increase over the working capital of 1989-90. Though the working capital of all the societies shows increasing trend there has been the decreasing trend in the case of SCNL. On the other hand there has been exceptional growth in case of SSNA & YNSB, where as in case of remaining societies a steady growth has been noticed. It follows from the above table that the working capital position of SCNL is not satisfactory. A cautions note to be mentioned here is that the working capital is composed of the loans borrowed, there fore the increased working capital may also be cause of of the loans raised on extensive scale which is not a good sign too. The phenomenal growth in working capital of SSNA & YNSB is because of increase in paid-up share capital as well as in the loans raised. The increase in working capital on account of paid-up capital and deposits may be a Wel-come note.

4.8 DEPOSITS:-

Deposits represent a most important item. The entire working and the profitability depends upon the ability of the society to attract and mobilise the deposits. Larger the size of deposits, larger would be the lending operations to meet the credit needs of the members of the society. Therefore the efficiency and effectiveness of the society is measured in terms of the deposits that the society has at its disposal. In view of mobilising and attracting more and more deposits from the members these societies launch various schemes like Monthly deposit schemes, Pigmy deposit scheme, (lokmangal, Dhanashri, Dhansanchaya, Pragati etc.), Time & term deposits etc. The societies accept the deposits on fixed & savings accounts. The interest on deposits is paid at varying rates ranging from 7 to 13.5 percent depending upon nature and type of deposit. The societies accept the deposit for the purpose of lending and therefore deposit constitutes the major source of working capital.



TABLE - 4.10

TOTAL DEPOSITS

Amount - Rs.

Sr : Names		Years					
No		1989-90		1990-91		1991-92	
		Amount	% inc-	Amount	% Inc-	Amount	% increase
		Rs	rease	Rs.	rease	Rs.	
1	2	3	4	5	6	7	8
1	SVNS	390966	100	385260	99	357884	92
2	SLNK	913962	100	1176964	129	1621165	177
3	CSRK	131240	100	135294	103	112679	86
4	ILIL	68061	100	68061	100	117046	171
5	SCNL	22992	100	12256	53	12256	53
6	YNSB	197	100	99997	-	102243	-
7	SSNA	-	-	51118	-	140033	-
8	SGNA	NA	-	NA	--	NA	--
Σ	Total	1527418	100	1928950	126	2463306	161

Source:- Ibid

The table 4.10 shows the size of deposit of all the 8 societies. The table clearly indicates the increasing trend in the total deposits of all the societies taken together which is a good sign in view of the stiff competition these societies have to face from the other commercial as well as nationalised and co-operative banks in attracting and mobilising the deposits. The total

deposit of these societies amounted to Rs.15,27,418 in the year 1989-90, this was further increased to Rs.19,28,950 in 1990-91 and still further increased to 24,63,306 i.e almost 161 percent increase in the level of deposits of 1989-90.

The further analysis of Table 4.10 shows that there has been a phenomenal increase in the total deposits of YNSB and SSNA. In the case of YNSB the total deposits were just Rs 197 in the year 1989-90, Which was initial year of establishment. But this society was able to Mop-up its deposits to the extent of Rs 99,997 in the year 1990-91 and Rs 1,02,243 in the year 1991-92, this indicates the ability of the society to mobilise the deposits from its members during 1990-91. However, compared to 1990-91 deposits there was very slight increase in the deposits of 1991-92 (i.e Rs 102243 - 99997) = 2243 increase). The tremendous increase in the deposits of 1990-91 was mainly because of the early enthusiasm on the part of the members of YNSB, being the beginning of the working of society.

In the case of SSNA, it was observed that the society was established in the year 1989-90 but it started working since 1990-91 and hence there were no deposits of the said society during 1989-90. In the year 1990-91 It was able to collect the deposits to the extent of Rs.51,118 which increased to Rs 140033 in 1991-92 almost

three times increase over the last years deposits, this reflects the ability of this society to collect more and more deposits from its members. In case of SLNK there has been steady increase in its total deposits , though an averall increase was noticed in the deposits of all the societies, a decreasing trend was noticed in case of SVNS,CSRK & SCNL. The total deposit figures of SGNA were not available because of non availability of updated records. It is also interesting to note that there has been neither the increase nor the decrease noticed in the total deposits in 1990-91 compared to that of 1989-90 of ILIL. Which was a strange thing. However in the year 1991-92 the deposits of this society amounted to Rs. 117046 which indicates the improvement in the working of the society. The deposits of SCNL not only showed the decreasing trend, it remained same in the year 1990-91 & 1991-92 which means that the performance of this society in relation to the deposit collection was not at all satisfactory. On the whole from the analysis of the total deposits of all the societies a clear picture doesnot emerge.

TABLE - 4.11

DEPOSIT CLASSIFICATION

Figures in - Rs.

Sr : Name :	Y	E	A	R	S						
No :	1989-90					1990-91				1991-92	
	Savings : Fixed	: Total	: Savings	: Fixed	: Total	: Savings	: Fixed	: Total	: Savings	: Fixed	: Total
1 : 2 : 3	: 4	: 5	: 6	: 7	: 8	: 9	: 10	: 11			
1 : SVNS : 302666 : 88300 : 390966 : 302260 : 83000 : 385260 : 268534 : 89350 : 357884 : (74.4) : (26.1) : (100) : (78.4) : (21.67) : (100) : (75.0) : (25.0) : (100)											
2 : SLNK : 497540 : 416422 : 913965 : 619192 : 557772 : 1176964 : 738583 : 882582 : 1621165 : (54.4) : (45.6) : (100) : (52.6) : (47.4) : (100) : (45.5) : (54.5) : (100)											
3 : CSRK : 59740 : 71500 : 131240 : 54294 : 81000 : 135294 : 32179 : 80500 : 112679 : (45.5) : (54.5) : (100) : (40.1) : (59.9) : (100) : (28.5) : (71.5) : (100)											
4 : ILIL : - : 68061 : 68061 : - : 68061 : 68061 : 112046 : 5000 : 117046 : (100) : (100) : (100) : (100) : (100) : (95.7) : (4.3) : (100)											
5 : SCNL : - : 22992 : 22992 : 12256 : - : 12256 : 12256 : - : 12256 : (100) : (100) : (100) : (100) : (100) : (100) : (100)											
6 : YNSB : - : 197 : 197 : 95300 : 4697 : 99997 : 100533 : 1710 : 102243 : (100) : (100) : (100) : (95.3) : (4.7) : (100) : (98.3) : (1.7) : (100)											
7 : SSNA : - : - : - : 44478 : 6640 : 51118 : 103233 : 36800 : 140033 : (100) : (100) : (100) : (87) : (13) : (100) : (76.4) : 23.6 : (100)											
8 : SGNA : - : - : N.A. : - : N.A. : - : - : - : N.A. : - : - : - : - : - : - : - : - : N.A.											

Source:- Ibid,

Note:- Figures in bracket shows percentage

The Table 4.11 shows the proportion that savings and fixed deposits bear to the total deposits of the societies and that of each society. It is observed from the above table that the percentage of savings to total deposits is 55 percent (average) where as that of fixed deposit is 45 percent. The savings deposit is consisted of daily & monthly collections through various schemes launched, on which the rate of interest is normally 6 to 8 percent. The fixed deposit consisted of time & term deposit, on which societies have to pay 12 to 14 percent interest. The societies generally charge interest at 18 percent on the loans, it is therefore apparent that the margin on fixed deposit ($18-12=6$) is less than that of savings ($18-8=10$), therefore the society should accept more deposits on savings account. The above table shows that average rate of savings deposit is 55 percent to the total deposit. If the societies encourage their members to deposit against the savings scheme the societies will earn more profit.

Except SVNS the proportion of saving to the total deposits is below the average percentage of the societies.

4.9 LOANS AND ADVANCES:-

The main objective of UCC s 'is to cater to the credit needs of their members at the reasonable rate of interest. Accepting the deposits from the members and giving loans to them to meet their domestic obligations is the main function of these societies, which is also the nature of banking operations. The difference, however, between UCCs and Urban co-operative Banks, is that the UCCs accept the deposits from their members and extend the loan facilities to the members only, Where as the other

banks accept the deposits from the members as well as the public at large and meet the credit needs of the members and other sections of the society.

The capacity to lend is largely depend upon the size of deposit these societies have at their disposal. The amount of loan available to the members varies in different societies and also in accordance with the provisions of by-laws of such societies. These societies provide loan facility to meet the genuine needs of their members which may not be otherwise met by other institutions. The societies extend the loans to their members for varied purposes like Education, Medicine, small business, repairs of property, marriage, repayment of other loans and so on. These societies provide loans to their members at the varying rates of interest i.e. from 13 percent to 18 percent. Though the amount of loan, that can be sanctioned to the members, is fixed by the by-laws, as well as these societies have to seek prior permission from the Registrar of co-operatives for giving loans beyond the limit already fixed.

The Board of directors of such societies is empowered to sanction the loans to the members. The members requiring loans have to apply in the specified forms i.e. loan application form along with the signature

of minimum two guarantors. All such applications received are put before the board of directors for consideration during the last week of every month. After scrutinising such applications and considering the purposes for which the loan is sought and the repaying capacity of the individual concerned, the loans are sanctioned by the Board. However, it has been observed that the Board has no legal right to reject the loan applications.

Generally following are the sources for the loaning operations of these societies.

1. Share Capital
2. Reserves
3. Deposits
4. Borrowing from DCC Bank.

These societies cater to the credit needs of their members in the form of loan against the securities like:

- a) Member's deposit
- b) Personal security
- c) Private property of the members.

The loans extended to the members are collected in equal instalments along with interest. If a member fails to pay any instalment the Board is empowered to serve a notice on such member. Even if the member doesnot pay off

his loan, irrespective of the notices served, the Board has to ask for the official Recovery officer as per the section 101 of co-operative societies Act, 1961 for recovery of the loans from the defaulters. Even if the recovery officer is unable to recover the loan, the society has to file a petition for the recovery of loan in the court of law.

The following Table 4.12 shows the numbers of members who have taken loans and their proportion to the total membership of each society under study.

TABLE - 4.12

LOAN TAKEN MEMBERS : NUMBER AND TREND

Figures in - Numbers									
LOAN TAKEN MEMBERS : NUMBER AND TREND									
Sr : Name :	Y	E	A	R	S				
No.:	1989-90			1990-91					
	Total : Loan tak-: % 4 to 3 : Total : Loan taken: % 7 to 6 : Total : Loan tak-: % 10 to 9	en members:	Members :	Members :	Members :	Member :	Members :	Members :	Members :
1 : 2	3	4	5	6	7	8	9	10	11
1 : SVNS :	372	145	39.0	394	300	76.1	422	293	69.4
2 : SLNK :	981	408	41.6	1076	490	45.5	1355	518	38.2
3 : CSRK :	321	145	45.1	356	160	45.0	356	06	1.6
4 : ILIL :	430*	N.A.	N.A	430*	N.A.	-	430	56	13.1
5 : SCNL :	363*	N.A.	N.A.	367*	N.A.	-	367*	N.A.	-
6 : YNSB :	463	20	4.3	663	120	18.1	838	353	42.1
7 : SSNA :	252*	-	-	327	83	25.4	488	73	15.0
8 : SGNA :	220*	-	-	220	54	24.5	220	54	24.5
:Total :	2137	718	33.5	3036	1207	34.0	4109	1353	33.0

N.A - Not available * not considered for establishing general trend i.e in total .

Source:- The office of, the Assistant Registrar of Co-operative societies (Khandala Taluka)

It follows from the above table 4.12 that during 1989-90, 718 members out of 2,317 members have taken loan from 4 societies (i.e 33.5 percent of the total). During 1990-91, 1207 members had taken loans out of 3036 members of 6 societies where as in 1991-92, 1353 out of 4109 members of 7 societies have borrowed from their respective societies,. The average percentage of loan taking members to the total membership is 33 percent. Though there has been an increasing trend in the loan taking members, the percentage, however, is more or less the same. This percentage does signify that the societies are not in a position to meet the credit needs of more members.

The further analysis of above table shows that SVNS, SLNK and YNSB were able to meet the credit needs of the larger number of their members.

Generally it has been the practice of UCC's to extend the loans to their members for meeting their domestic had genuine needs other than the agricultural needs. The members take loan for varied purposes like seed capital for business, repairs to property medical and education marriages and repayment of loan etc.

The following Table 4.13 shows the classification of members who have taken loan during the last three years according to the purposes of loans.

TABLE - 4.13

PURPOSEWISE CLASSIFICATION OF LOAN TAKEN MEMBERS

Figures in Numbers.

Sr No: Purpose of loan :		Years			: Total : Rank	
:		:-----:			:	
:		:1989-90:	1990-91 :	1991-92 :	:	
1	2	3	4	5	6	7
1	: Business	: 278	: 452	: 474	: 1204	: 1
2	: Education	: 72	: 120	: 134	: 326	: 5
3	: Marriage	: 48	: 68	: 83	: 199	: 7
4	: Medical Treatment:	152	: 193	: 216	: 561	: 2
5	: Repairs to : property	: 97	: 127	: 155	: 379	: 3
6	: Repayment of : Loan	: 55	: 155	: 167	: 377	: 4
7	: Agricultural	: 12	: 85	: 109	: 206	: 6
8	: Others	: 4	: 7	: 15	: 26	: 8
: Total		: 718	: 1207	: 1353	: 3278	:

Source:- The office of, The Registrar of co-operative
societies (Khandala Taluka)

The analysis of the above table shows that out of 718 loan taking members of the 4 societies, 278 members have taken loan for the business purpose, 152 for medical treatment. 97 for repairs to their private property and 12 members have taken loan for agricultural purpose.

During 1990-91 452 members out of 1207 loan taken members of 6 societies have taken loan for businesses, 193 for medical treatment 155 for repayment of loan. 127 for repairs and 85 for agricultural purposes.

During 1991-92 out of 1353 loan taken members of 7 societies, 474 have obtained loans for businesses, 216 for medical treatment, 167 for repayment of loan, 155 for repairs and 109 for agricultural purposes.

It therefore, seems that business, Medical treatment, repairs to private property repayment of loans and Education are the major purposes for which the members generally ask for loan from their societies. In fact, the UCCs are established for the purpose of meeting genuine credit needs of the urban people other than the agricultural purposes. However, the above table points out an increasing trend in the number of members taking loan for the purpose of agriculture. It is only because of the fact the though these societies are called as urban credit societies they have to operate in rural areas and the taluka is it self the rural area, naturally, inspite of agricultural credit societies in

operations, the members of UCCs take loans for agricultural purposes too.

It has also been observed that SLNK has extended the loan for business purpose at large, as a result of which many small business units have sprung up with in the working field of this society. The ranking of the purpose for which the loans have been given shows as under-

- | | |
|-------------------------|-----------------------|
| 1. Business. | 2. Medical treatment |
| 3. Repairs to property. | 4. Repayment of loan. |
| 5. Education. | 6. Agriculture. |
| 7. Marriage. | 8. Others. |

4.10 LOANS OUTSTANDING AND OVER DUES:-

The following Table 4.14 shows, the position of loan outstanding of the various societies under study as per their balance sheets for the year 1989-90 to 1991-92.

TABLE - 4.14

LOANS OUTSTANDING

Figures in - Rs.

Sr No	Names	Years					
		1989-90		1990-91		1991-92	
		Loans :out st.	% inc- : rease	Loans :Out st.	% inc- : rease	Loans :Out St.	% increase
1	2	3	4	5	6	7	8
1	:SVNS	: 454005	: 100	: 479802	: 106	: 464224	: 102
2	: SLNK	:1339939	: 100	:1870969	: 140	:2996484	: 224
3	: CSRK	:224833	: 100	: 314510	: 140	: 238700	: 106
4	: ILIL	: 121346	: 100	: 121346	: 100	: 138732	: 114
5	: SCNL	: 39367	: 100	: 30120	: 77	: 38174	: 97
6	: YNSB	: 26400	: 100	: 166205	: 629	: 171073	: 648
7	: SSNA	: -	: -	: 69092	: 100	: 220774	: 320
8	: SGNA	: -	: -	: 33270	: 100	: 33270	: 100
	: Total	:2203890	: 100	:3085314	: 140	:4301431	: 195

Source:-

Annual Reports of the societies

1989-90,1990-91 & 1991-92

- The offic eof the Assistant Registrar of Co-operative
societies (Khandala Taluka)

The above Table 4.14 shows that the total loans outstanding of 6 societies amounted to Rs.22,03,890 during 1989-90. It increased to Rs.30,85,314 during 1990-91 i.e. 140 percent increase over the last year. During 1991-92 it further increased to Rs 43,01,431 i.e.195 percent which is almost double, Which is not at all a good sign being the indication of increased loaning operations.

In case of YNSB and SSNA there has been phenomenal increase in the amounts of loan outstanding. In case of YNSB, the phenomenal increase was mainly because of the fact that the year 1989-90 was just the beginning of the society and hence there were very little loan distribution, compared to that of 1990-91 & 1991-92. Further it was told on the enquiry that the society had borrowed to the extent of Rs. 50000 in the year 1990-91. In case of SLNK the loans outstanding amounted to Rs.13,37,939 during 1989-90 Which further increased to Rs. 2996484 during 1991-92 i.e more than two times increase. In case of SGNA the loan outstanding figure is the same for 1990-91 and 1991-92, indicating no recovery of 1990-91 loan and no fresh loan disbursment during 1991-92.

TABLE - 4.15
LOANS OUTSTANDING AND OVER DUE

[illegible]

source - Ibid

The above table 4.15 shows the proportion of overdues to the loans outstanding.

The proportion of overdues to the loan outstanding is an indicator of effectiveness and efficiency of the credit collection policy. The above Table shows that, the total overdues amounted to Rs.3,82,425 out of the loans outstanding of Rs 22,03,890 of 6 societies during 1989-90 i.e. 17.4 percent of the loan outstanding. In the year 1990-91 the overdues were Rs. 3,92,821 against the loan outstanding of Rs. 30,85,314 i.e. 12.8 percent compare to the last years percentage of overdues to the loans outstanding has gone down during 1990-91. In 1991-92 the overdues amounted to Rs.6,00,615 against loans outstanding of Rs 43,01,431 i.e. 14 percent compare to last years percentage, it has gone up in 1991-92 but it is less than that of 1989-90. Normally the rate of overdue to the loans outstanding should be below 5 percent. In case of all the societies under study the ratio is exceptionally high except SLNK.

In case of SLNK the rate of overdue is well below the expected level indicating sound credit collection policy. In case of CSRK, ILIL, SCNL the ratio of overdue is very high indicating poor performance in relation to collection of credits.

The further analysis of the overdues reveals the fact that because of the overdues the societies find it difficult to carry on their operations. In fact, the working of some societies like SCNL, SGNA, ILIL, CSRK has come to stand still only because of overdues, interesting point to be noted is that, most of the directors themselves are the defaulters. Another interesting point which has come to the notice of the researcher, that many members take the loans from their societies with the intention of non-repayment of loans taken. Though they have repaying capacity. It has also been observed that no proper care has been taken while sanctioning the loans to the applicants with regard to the purposes for which the loans have asked for, the repaying capacity of the members etc. The directors have also not verified the purposes of loans for which the applications were received and failed to pursue the follow-up procedure, i.e. conformation of utilisation of loans with the purposes of loans obtained. The researcher has also noticed the lack of initiative on the part of Chairman, Directors and Secretary in recovery of loans given to the members. Therefore overdues is the major headache of UCCs, Which adversely affect the day to day working and operations of such societies. These societies were also not inclined to take legal actions against the defaulters and hence the overdues were always mounting up.

MEMBERS - LOAN TAKEN AND DEFAULTERS

Source:- The office of the Registrar of co operative societies (Khandala)

The table 4.16 shows the unnumber of defaulters i.e. number of members who have taken loan but failed to repay the loan resulting in to overdues. In case of SUNS a decreasing trend is noticed in number of defaulters which is a good sign. In case of SLNK too, though the number of defaulters is very slightly increasing but compare to the no's loan taken member this figure appears to be very low. However, in case of CSRK, ILIL, SCNL SGNA there has been an increasing trend noticed in the number of defaulters. The table 4.16 thus points out that overdues is the major problem of CSRK, ILIL, SCNL, YNSB, SSNA & SGNA. Therefore these societies must pay serious attention towards the recovery of loans or it won't be very long for them to pull down the shutters.

4.11 BORROWING:-

Borrowings represent the important source of funds. The main and the only source of borrowings is the DCC Bank. ie UCCs have to borrow funds only from DCC Bank. They can not raise loans or borrow funds from other financial institutions. The maximum amount of loan that can be available from DCC Bank is 10 times of capital plus reserves minus losses if any. It has also been pointed out, in the personal interviews with the Chairman that, to raise the loans from DCC Bank is not a simple job and there is always delay noticed in actual disbursement of

sanctioned loans to the society. Besides, the rate of interest at which these societies have to borrow the funds is high. In view of these factors the SVNS and SLNK never bothered themselves to borrow funds from DCC Bank - the fact revealed in the personal interviews with the Chairman of these societies.

It seems from the record of societies, only CSRK and YNSB borrowed from the DCC Bank to the extent of Rs. 10,000 and Rs.50,000 respectively during 1990-91.

Though the borrowing is the source of the funds, it has been observed that many societies were reluctant to avail of this source, some societies wished to avail of, but did not get the facility in time, and those who have borrowed the funds from DCC Bank were not regular in their repayments.

4.12 INVESTMENTS:-

Generally investment of the societies include the following items.

1. Investments in DCC Bank Shares.
2. Deposits - a.On savings Account.
(with DCC) b.On Current Account.
c.On Fixed deposit.
3. Non refundable deposit of statutory reserve fund with DCC Bank.
4. Telephone deposit.
5. Shares of a) District federation of UCCs
b) District federation of co-operative So.
6. Government Securities.

TABLE - 4.17

INVESTMENT

Sr	Name	Y E A R S												
No		-----												
:	:	1989 - 90		:	1990-91		:	1991-92						
:	:	-----												
:	:	Amount	:	% incr-	:	Amount	:	% incr:	:	Amout Rs	:	% incre-		
:	:	Rs	:	ease	:	Rs	:	ease	:		:	ase		

1	:	2	:	3	:	4	:	5	:	6	:	7	:	8

1	:	SVNS	:	139800	:	100	:	139800	:	100	:	200050	:	143.4
2	:	SLNK	:	86790	:	100	:	89846	:	103.5	:	118570	:	136.6
3	:	CSRK	:	13050	:	100	:	13200	:	101.1	:	13160	:	100.8
4	:	ILIL	:	50	:	100	:	50	:	100	:	50	:	100
5	:	SCNL	:	1250	:	100	:	1250	:	100	:	1500	:	120
6	:	YNSB	:	50	:	100	:	4850	:	9700	:	6040	:	1280
7	:	SSNA	:	-	:	-	:	-	:	-	:	100	:	-
8	:	SGNA	:	-	:	-	:	-	:	-	:	-	:	-

Source:- Annual Reports of Societies.

- The office of Assistant Registrar
of co-operative societies (Khandala)

The above Table 4.17 shows the size of investment over the last three years of the societies under study. An increasing trend has been noticed in the investments of the societies except ILIL where in the investments not only insignificant but also remained same over the last three years. High growth rate of investment was observed in case of YNSB compare to investments during 1989-90 which was the commencing year of the society. There has been stedy growth in the investments of SVNS and SLNK where as the marginal improvement was noticed in case of CSRK and SCNL. The investments of SVNS include the investment in fixed deposit wich DCC Bank to the extent of Rs.120000. As per the provisions of the co-operative Act the UCCs are required to hold their statutory reserves with the DCC Bank on non-refundable account. On such investments the DCC Bank gives the interest @ 11 to 12 percent p.a.

These societies are also asked to invest in the Government securities like Kisan Vikas Patra etc Yielding low Income.

4.13 CASH ON HAND:- The following Table 4.18 shows the cash on hand position of the society on the date of Balance sheet.

TABLE - 4.18

CASH ON HAND

Sr No	Name	Y E A R S		
		1989-90	1990-91	1991-92
		Amount Rs	Amount	Amount Rs.
1	2	3	4	5
1	SVNS	917	-	16894
2	SLNK	-	8987	-
3	CSRK	37	64	01
4	ILIL	05	05	219
5	SCNL	170	02	124
6	YNSB	2594	1502	5726
7	SSNA	N.A.	-	24
8	SGNA	N.A	150	150

Source:- Ibid

The above Table 4.18 shows cash on hand position on the date of balance sheet for the year 1989-90, 1990-91 and 1991-92. The YNSB has large amount of cash balance i.e Rs 2594, Rs. 1502, Rs 5726 respectively, which is the excess cash balance position. Considering the nature of working and operation of such societies it is not worth while to have the excess cash balance on hand which is a risky thing. Excess cash balance also means the failure on the part of the society to bank all the daily cash receipts. From the above table YNSB is running this particular risk followed by SVNS. In case of other societies it seems that the cash on hand is within the normal limit.

4.14 PROFIT OR LOSS:-

The operating efficiency of society is disclosed by the income statement i.e profit and loss account. The trading or operational results are displayed through the profit and loss account. The net profit is an index of profitability. The ability to earn profits largely depends upon.

1. Acceptance of deposits.
2. Advancing loans.
3. Investing loans.
4. Control over expenditure.

The profit and loss account tells about the

ultimate profit or loss of the society. For the creation of various types of reserves and to pay the dividends to the member there should be sufficient profits from operations. It has therefore been rightly observed the profit is the oxygen of any unit. It is therefore expected that the societies should earn sufficient profits to keep themselves in operation and satisfying their members by way of paying hand some dividends on their capital i.e return on capital. The profit or loss position of the various societies under study is revealed in the following Table 4.19.

TABLE - 4.19

PROFIT OR LOSS

Sr : Name :		Y E A R S					
No :		1989-90		1990-91		1991-92	
		Profit	Loss	Profit	Loss	Profit	Loss
		Rs	Rs	Rs	Rs	Rs	Rs
1	2	3	4	5	6	7	8
1	SVNS	25820	-	24750	-	29170	-
2	SLNK	56428	-	71106	-	183185	-
3	CSRK	4845	-	-	12930	-	36281
4	ILIL	-	5685	-	8678	-	5229
5	SCNL	-	3012	250	-	9007	-
6	YNSB	-	3828	5039	-	5136	-
7	SSNA	-	-	-	1825	19010	-
8	SGNA	-	-	-	1850	-	-

Source:- Ibid

From the above Table 4.19 it follows that only SVNS and SLNK have been earning profits during the last three years. In case of SVNS there was profit to the tune of Rs. 25820 during 1989-90. It has come down to Rs.24750 in 1990-91 but it increased to Rs 29170 in 1991-92 indicating the better operating efficiency of these society as it has been making profit during the last three years.

In case of SLNK there has been tremendous increase in the net profits e.g. 1989-90 it made profits of Rs.56428 which has increased to Rs. 183185 in 1991-92 almost three times of 1989-90's profit which is exceptionally good one. In case of other societies under study there has been the sordid picture as they are running in to losses.

During 1989-90 out of eight societies under study, the first three societies showed profits and next three societies showed losses which mean, 50 percent of the societies are running in the losses. The records of the last two societies were not available. During 1990-91 SVNS, SLNK, SCNL and YNSB showed profits where as CSRK, ILIL, SSNA and SGNA showed losses, of these CSRK which showed profit during the last year, showed loss in this year, where as SCNL and YNSB which were showing losses last year now showed the profits indicating improvement in the little bit where as that of SLNK has gone up compared to last years profit.

During 1991-92 SVNS, SLNK, SCNL, YNSB, & SSNA showed profits, where as the figures of either the profits or losses of SGNA were not available, CSRK & ILIL showed losses for the year, in case of CSRK the loss was maximum compared to last years loss, where as it made profit of Rs.4845 during 1989-90, ILIL also showed loss for the year

however, it has gone down compared to last years loss. In case of SSNA which showed a loss of Rs. 1825 in 1990-91 registered a profit of Rs. 19010 in 1991-92 indicating overall improvement in the operational efficiency.

SVNS & SLNK showed profits during all the three years where as ILIL showed the losses for all these three years, CSRK which showed profit during the first year turned in to losses for the next two years on the other hand SCNL and YNSB which showed losses during 1989-90 were able to make profits during the next two years this indicates an uneven trend in the profits or losses of the societies.

4.15 INTEREST EARNED AND PAID:-

Interest paid on deposits and borrowings and interest received on loans and investments are the two major items of profit and loss account i.e. Income and Expenditure. The societies have to pay interests at 6 to 12 percent on the varying nature of deposits, where as it charges interest @ of 13 to 18 percent on loans given, this indicates that 7 to 8 percent average margin these societies have to carry on their day to day operations, to cover the management expenses and appropriations including dividend pay outs etc. The following Table 4.20 shows the interest earned and interest paid by these societies during the last three years.

The above table 4.20 shows the ratio of interest paid to interest received of the various societies. In case of SVNS an increasing trend was noticed. e.g. during 1989-90 the percentage was 18.6 which increased to 39.2 in 1990-91 and it declined in 1991-92 to 29.0 percent which means the average ratio of interest paid to interest earned in this society is 29 percent. In case of, SLNK it was 42.0 percent, 94.0 percent in case of CSRK, 23 percent in YNSB. Taking all the societies together it seems that the average ratio of interest paid to earn is 30 percent. In case CSRK however, the amount of interest paid exceeds the amount of interest earned. Therefore what follows is that the societies in pursuit of higher margins, must mobilise more deposits and increase the lending operations.

4.16 MANAGEMENT EXPENCES:-

Next to interest paid, management expenses is the other major item of expenditure of the societies business. The management expenses include salaries and allowances, Travelling allowances, postage & Telephone, Printing, stationary, Advertising, Audit fees, commission, Depreciation Annual and Board of Directors meetings expenses other expenses. ^{The} operational efficiency can be improved by controlling the management expenses the following table 4.21 shows the ratio of management/operating expenses to total income.

TABLE - 4.21

OPERATIONAL AND MANAGEMENT EXPENSES

Sr : Name :	Y	E	A	R	S
No :					
:	1989.90	:	1990.91	:	1991.92
1 : 2 : 3 :	4	5	6	7	8 : 9 : 10 : 11
1 : SVNS : 68304	: 29492	: 43.17	: 51846	: 18269	: 35.2 : 91302 : 34954 : 38.3
2 : SLNK : 199308	: 57775	: 29.0	: 214521	: 51653	: 24.0 : 352003 : 83302 : 23.7
3 : CSRK : 47236	: 27381	: 58.0	: N.A.	: N.A.	: - : 28658 : 87081 : 303.8
4 : ILIL : N.A.	: N.A.	: -	: N.A.	: N.A.	: - : 476 : 5705 : 1198.0
5 : SCNL : N.A.	: N.A.	: -	: N.A.	: N.A.	: - : 14288 : 4522 : 31.7
6 : YNSB : 482	: 4311	: (-) 894	: 11740	: 6156	: 52.4 : 28041 : 13049 : 46.5
7 : SSNA : -	: -	: -	: 5226	: 6580	: 126.0 : 27922 : 6885 : 24.7
8 : SGNA : N.A.	: N.A.	: -	: N.A.	: N.A.	: - : N.A. : -
Total : 315420	: 118959	: 38.0	: 283333	: 82658	: 29.2 : 542690 : 235438 : 43.4

N.A. Not available
Source :- Ibid.

The above Table 4.21 shows that the average rate of management expenses to the total income of all the societies works out to be 39 percent indicating that the large portion of total income is eaten up by the operating and management expenses. If the interest paid and operating expenses considered together nearly 85 percent to 90 percent of the total income is made up of these items leaving only very insignificant margin for creating the reserves and dividend pay-outs. In case of SVNS nearly 40 percent of total income is consumed by operating expenses where as, in case of SLNK the ratio is well below the average ratio of all the societies. In case of YNSB, CSRK, ILIL and SSNA the ratio of operating expenses to the total income of these societies is very high. It is therefore necessary for all the societies to devise wage and means to control the expenses in order to earn more profits. It is because of high proportion of operating expenses to the total income, it is not possible to declare and pay dividends to their members.

4.17 DIVIDEND:-

During the last three years only SLNK & SVNS have declared and paid the dividends the other societies under study could not provided for the dividends. the dividend declared by SLNK and SVNS is as under.

Year	Dividend declared (rates)	
	SLNK	SVNS
1989-90	6	7
1990-91	8	7
1991-92	5	7

It points out that SVNS has paid the dividend for all the three years at 7 percent where as in case of SLNK uneven trend is noticed in the rates at which the dividends have been declared and paid. Normally a society can pay dividend at the maximum rate of 12 percent depending upon the working results. Barring SLNK & SVNS all other 6 societies were not able to pay dividends in view of their insufficient profits. This affects the members morale and their confidence in the working of the society.

4.18 AUDIT CLASS:-

The award of audit class to the societies is an indicator of the overall performance of the society the auditors who audit the accounts of the societies award the audit class, A.B.C & D depending upon the performance and the workings of the societies. The factors such as profits, loans outstanding, Overdues, upkeep of record & Books of accounts etc. are considered while awarding the audit class. Generally Audit Class 'A' is the indicator of better performance of the society in all respect. The following table 4.22 shows the Audit class as 8 societies during the last three years.

TABLE - 4.22

AUDIT CLASS

Sr No :	Name :	Y E A R S				

:	:	1989-90	:	1990-91	:	1991-92

1	: 2	: 3	:	4	:	5

1	: SVNS	: B	:	B	:	B
2	: SLNKA	: A	:	A	:	A
3	: CSRK	: C	:	C	:	C
4	: ILIL	: B	:	C	:	C
5	: SCNL	: B	:	C	:	C
6	: YNSB	: B	:	B	:	B
7	: SSNA	: B	:	B	:	A
8	: SGNA	: B	:	C	:	C

Source:- The office of , the Assistant Registrar
Co-operative societies (Khandala)

The above table 4.22 shows that only SLNK could get 'A' Audit class continuously for three years, SVNS, YNSB, awarded with 'B' audit class for the last three years where as 'C' Audit class was given to CSRK for all the three years In case of ILIL, & SGNA were awarded with 'B' Audit class in the first year i.e.1989-90 subsequently 'C' Audit class for the next two years. In case of SSNA 'B' Audit class was awarded in the first two years and it could gets 'A' Audit class in the last year, Thus in the year 1989-90 only one society (SLNK) belong to 'A' Audit class, 5 societies were under 'B' class, 1 society CSRK with 'C' Audit class and 'A' class, SVNS, YNSB, SSNA got 'B' class where as CSRK, ILIL, SCNL, SGNA belong to 'C' class. In the third year SLNK & SSNA again belong to 'A' class, SVNS & YNSB got B class and remaing other 4 societies got 'C' class thus only SVNS, SLNK, YNSB & SSNA faired better. The performance of other societies were not at all satisfactory.

4.19 ANNUAL GENERAL MEETING:-

Members are the backbones of the society. It is the

members interest and their initiative in the working of societies is important. The members should take keen interest in the day to day operations of the society to make a co-operative society a success. A society is as much alive as its members are. The patronage of the members is the chief requisite for the successful working of the society.

It has been general observation that the early enthusiasm with which members come together and form a society tapers off soon with the passage of time. In fact it is the major draw-back of the co-operative movement itself. The lack of interest and initiative on the part of members mars the progress of the societies and encourages some people (members) to dominate the society and exploit it for their petty purposes. It has also been general observation that in most of the societies the minimum quorum is not observed while conducting the meetings. It is because ^{of} that if the minimum quorum is not fulfilled the meeting is postponed for half an hour and immediately after that the meeting is again held for which minimum quorum is not required as per the law. The attendance to the meetings of the general body is also an indication of the extent to which the members take interest in the extent to which the members take interest in the workings of the society. The following table 4.23 shows the attendance of the members to the annual general meeting of the society over the last three years.

TABLE - 4.23
GENERAL - MEETING

Sr : Name :	Y	E	A	R	S						
No.:											
:	1989.90	:	1990.91	:	1991.92						
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From the above table 4.23 it is very much clear that the attendance of the members considering the total membership of the society is very much poor. During 1989-90 only 10 percent of the total membership of 8 societies was present. In 1990-91 the percentage was the same and in 1991-92 it came down to 7.8 percent this does suggest that the attendance of the general meeting was is very poor. The analysis of the individual societies tells the same story. The general attendance is always below 20 percent which means 80 percent members remain absent which is an indication of lack of interest in the working of the society on the part of members. It has also been observed that in some societies the proceedings of the meetings were not maintained and some cases the records were not up to date. Lack of awareness as to the rights, duties and privileges of a member is the major factor for the poor attendance and also lack of interest and initiative.

4.20 BOARD MEETING:-

The board meetings are generally held once in a month it is however interesting to note that the directors attendance to such meetings is very good and satisfactory (Refer table 4.24 given below) except in case of CSRK of which records were not available.

TABLE - 4.24BOARD OF DIRECTORS MEETINGS

Sr : Name :		Y E A R S					

No :	:	1989-90	:	1990-91	:	1991-92	:

:	:	Total Dir.:	Average	Total Dir.:	Aver-	Total Dir.:	Average
:	:	in Board	: Present	in Board	: age P.:	in Board	: Present

1 :	2 :	3	:	4	:	5	:

1 :	SVNK :	9	:	6	:	9	:
2 :	SLNK :	9	:	9	:	9	:
3 :	CSRK :	9	:	-	:	9	:
4 :	ILIL :	11	:	11	:	6	:
5 :	SCNL :	9	:	6	:	9	:
6 :	YNSB :	11	:	6	:	11	:
7 :	SSNA :	11	:	9	:	11	:
8 :	SGNA :	9	:	9	:	8	:

Source:- Proceedings of the meetings of Board of Directors of the
Societies

4.21 TRAINING AND DEVELOPMENT:-

It has been observed that most of the members of the staff of all the societies are not well qualified and also trained in their jobs infact inefficiency of management, lack of training and development facilities are the major problems of the co-operative movement. The chairman and the secretaries of all these societies have not under gone any training programmes designed for the co-operative sector. not only that the they do not aware of the provisions of co-operative Act i.e not aware of the provisions of co-operative societies Act. There is also no scientific and systematic selection of the personnel and lack of the code of conduct. The human resource development is the most neglected area besides planning, time management, co-ordination economic and financial discipline, communication and control etc, the widely neglected areas, the basic reason for which is the lack of training and development facilities.