

CHAPTER - VI

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SUMMARY AND CONCLUSIONS

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Urban co-operative Banks operate mainly in urban and semi-urban areas and provide Banking facilities to the economically weaker sections in such areas. These Banks have proved to be useful to the economically weaker sections in the society to a certain extent. This study was undertaken to study the industrial finance made by the urban co-operative Banks in Kolhapur and the legal, operational and other difficulties faced by them in granting loans and advances to the industrial sector.

**Methodology.**

With the above mentioned objectives in mind, the researcher gathered information from various sources. It was found that there were 8,416 small scale industrial units and 16 urban co-operative Banks in Kolhapur.

For the purpose of the study, the researcher thought of having a sample of 3-4 urban co-op. Banks. For this purpose, the researcher listed all the 16 banks and ranked them on the basis of the deposits as on 30th June, 1987. The first five of these Banks on the basis of deposits were listed and ranked. The third-ranked Bank, Shree Mahaveer Co-operative Bank Limited, was dropped from the list as the data available with this Bank were found to be inadequate. Remaining four Banks were selected for the purpose of the study by using progressive sampling method, and they were:

<u>S.No.</u>	<u>Name of the Bank</u>	<u>Deposits</u> (Rs.in Lakhs)	<u>Rank</u>
1.	Shree Veershaiv Co-operative Bank Limited (Veershaiv Bank)	1601.37	I
2.	Kolhapur Maratha Co-operative Bank Limited (Maratha Bank)	1294.28	II
3.	The Kolhapur Urban Co-operative Bank Limited (Kolhapur Urban Bank)	969.83	IV
4.	Kolhapur Janata Sahakari Bank Limited (Janata Bank)	877.98	V

Data were collected from the Kolhapur District Urban Co-operative Banks' Association, Annual Reports of the selected Banks, discussions with the officers of these Banks, books and periodicals, etc.

#### Data Presentation.

After going into the details of loans and advances of urban co-operative Banks in general and the legal provisions regarding industrial finance by urban co-operative Banks in particular, the researcher has presented data in two Chapters. In Chapter III of the Dissertation is given the progress made by the selected urban co-operative Banks. In Chapter IV, the researcher has presented data in various statements and he has also discussed the legal, operational and other practical difficulties faced by these Banks, while financing industrial sector. Then an evaluation of the Banks' performance is done on the basis of: (1) growth of total loans and advance vis-a-vis to SSI and cottage industries, (2) comparison of the loans and advances made by these Banks with those made by the urban co-operative Banks in the State of Maharashtra; and (3) growth of the loans and advances made to priority sector vis-a-vis to small business enterprises.

## Conclusions.

Conclusions drawn on the basis of data presentation and the evaluation thereof may be summarised thus:

1. Even though on the basis of absolute amount of outstanding as on 30th June, 1988, Veershaiv Bank occupies the first position among four Banks under study, ranking changes as follows on the basis of the annual growth rate calculated on percentage basis for the period of 15 years (1973 to 1988):

<u>Rank</u>	<u>Bank</u>
I	Maratha Bank
II	Janata Bank
III	Kolhapur Urban Bank
IV	Veershaiv Bank.

2. Percentage of loans and advances made to SSI and cottage industries to the total loans and advances made by the four Banks based on the average of percentages of loans and advances to SSI and cottage industries, the ranking comes to thus:

<u>Rank</u>	<u>Bank</u>
I	Veershaiv Bank
II	Janata Bank
III	Kolhapur Urban Bank
IV	Maratha Bank

Only the third-ranked Kolhapur Urban Bank shows an increasing trend in respect of lending to the industrial sector throughout the four years under study. All other Banks have ups and downs in

in their percentage of share of lending to industrial sector, the most prominent amongst the remaining three Banks being the first-ranked Veershaiv Bank.

3. As per guidelines issued by the Reserve Bank of India, the Urban Co-operative Banks are required to grant loans and advances to the priority sector to the extent of atleast 60% of their total loans and advances. Veershaiv Bank's performance in respect of priority sector advances is much below the desired level of 60% throughout the four years under study. Maratha Bank's performance in this respect is better than that of Veershaiv Bank. The range within which the percentage of loans to priority sector varied during the four year period in the case of each of these Banks is shown below:

<u>Sr.No.</u>	<u>Name of the Bank</u>	<u>Range of Percentage</u>
1.	Veershaiv Bank	39.23 to 49.99
2.	Maratha Bank	56.87 to 90.33
3.	Kolhapur Urban Bank	56.92 to 68.71
4.	Janata Bank	33.86 to 66.06

#### Difficulties of Urban Co-operative Banks:

Urban co-operative Banks find various legal, operational and other difficulties at the time of making loans and advances to the industry. They are summarised below:

1. Refinance from the RBI and IDBI is not easily available to the urban banks;
2. Urban co-operative Banks are found to be the poor competitor to the State Bank of India and other nationalised and commercial

Banks on various counts;

3. Urban co-operative Banks do not have specialised staff in the field of industrial finance.

A further study has to be undertaken to find out appropriate solutions to these difficulties.

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