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CHAPTER – III
PROFILE OF SHIKSHAN SEVAK SAHAKARI
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THEORETICAL REVIEW

3.1 INTRODUCTION

In the previous chapter we have discussed growth and development of the credit co-operative societies in India and in Maharashtra, where the theoretical information of performance appraisal is presented, relating to the topic. In this chapter the profile of Shikshan Sevak Sahakari Society Ltd., Sangli is presented with the help of the following.

3.2 HISTORICAL DEVELOPMENT ⁽¹⁾

The Education Officer of Sangli Sansthan late Bapusaheb Paranjape established the above society in 10th May 1933, with an intention to fulfill the financial requirements of the employees, working in education field. He himself prepared the byelaws of the society relating to the rights of Board of Directors, loan distribution system, rules for annual general meeting, election procedure, etc. While framing the byelaws of the society he had taken proper precaution for de-centralization of power on democratic principle. He also framed the rule that all the cash transactions should be done with the help of the banks.

The growth and development of the society was very limited and slow up to 1984 due to working of then Board of Directors, their style of working. In 1984, there were 1200 members and the loan disbursement figures were only in thousands. In 1984, Purogamee Panel ⁽²⁾ came into power. The new Board launched various policies for the proper

development of the society. The body made the sincere efforts to increase the membership of the society. And the historical decision taken by the board is that to fulfill the local needs of the members they established branches of the society in taluka places. It results into increase in membership very fast. In the year 2000 the membership goes up to 3900 and loan disbursement increase up to 21 crores. The historical decision was taken by the Board of Directors under the leadership of Shri. Ashok Sakale and Shri. B.M. Patil is that, they launched Sanchit Deposit Scheme to give assistance to the family members of deceased member.

The Board of Directors had launched various deposit and loan schemes for the benefit of the members. The one of the important loan scheme launched is that 'Accidental loan scheme' where the loans are given without guarantor on the spot to fulfill the urgent need of members. Transparent management, economy in expenses, member oriented activities were the foundation of the society. Considering the proper growth of the society, in the year 2001 the society became the second Salary Earners Credit Co-operative Society in the district.

The following are the milestones in the growth and development of the Shikshan Sevak Sahakari Society Ltd., Sangli.

1. Loan limit up to 3.5 lacks and installments increased from 80 to 180.
2. Decrease in rate of interest from 18% to 13.5%.
3. Payment of interest to members twice in the year.
4. For the members of the Jath taluka new Umadi branch was established.
5. Computerization of Head Office branch.
6. In October 2007 the society constructed its own building in the prime area of the Sangli city.

The Shikshan Sevak Sahakari Society Ltd., Sangli is leading credit co-operative society of the members working in education field. The members have confidence in working of

the society. All the members of the society increased their credit with the help of this society.

3.3 BRANCH EXPANSION

The performance appraisal is also judged on the basis of the branch expansion of the society. It includes the number of branches opened, the number of members enrolled and quantum of owned funds created by them. Considering this particular parameter the branch expansion of the society under study is as follows.

In Sangli district Shikshan Sevak Sahakari Society Ltd., Sangli is the only society of salary earners, who opened their branches at taluka places to meet the financial needs of the members in that area.

TABLE NO.3.1
BRANCH EXPANSION

Sr. No.	Name of the Branch	Date of Establishment
1	Sangli-Tanaji chouk	10 th May 1933
2	Tasgoaon	20 th March 1993
3	Kavathemahankal	19 th April 1993
4	Shirala	25 th April 1994
5	Palus	29 th March 1996
6	Miraj	29 th May 1996
7	Khanapur	11 th June 1996
8	Jath	11 th June 1996
9	Islampur	25 th December 1999
10	Atpadi	29 th April 2004
11	Umadi	2 nd April 2007
12	Sangli- Chandani chouk	1 st October 2007

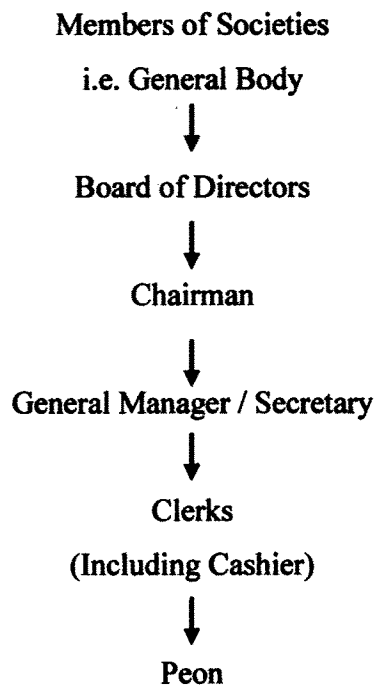
Source: Record of the society.

The Sangli district is divided in 10 talukas and the members of the society are spread through out the district. And it was not convenient for the members of Jath, Atpadi and Khanapur taluka to visit H.O. at Sangli to fulfill their financial transactions. And it is time consuming and very costly on the members point of view. So the Top Management of the society decided to decentralize the State of Affairs of the society and gradually they have started to open different branches at different places, especially important and convenient places of the district.

3.4 ORGANIZATION CHART

The organization chart ⁽³⁾ of the Shikshan Sevak Sahakari Society Ltd., Sangli is presented in the diagram no.3.1

FIGURE NO. 3.1
ORGANIZATION CHART



The supreme control of the societies vests in the general body of the shareholders. For day to day management there is a managing committee or Board of Directors whose strength varies from 5 to 12 depending upon the total membership. Now in the society there are 17 Directors as per the amendment in the bye-laws of the society.

In the society to undertake the administrative work a post of General Manager is created. The Board of Directors has given power to control the various activities of the society i.e. fund management, division of work, assignment of duties for the Managers, clerical staff and peon of the society. The General Manager is responsible to implement the decisions taken by the Board of Directors in the board meeting. The day-to-day work of the H.O. and the different branches of the society is done under the proper guidance and supervision of General Manager. He has to maintain proper communication with H.O. and their various branches.

In the society, the post of Assistance General Manager is created by the Board of Directors to assist the General Manager in performing his duty. He is also responsible to implement the decisions of the Top Management. He is the proper link between General Manager and Branch Managers.

The society established different branches in the Sangli district. The main branches have their own Branch Manager. He is responsible to undertake branch activities efficiently. The Branch Managers work as per the guidelines given by General Manager. There is a proper co-ordination and communication among Branch Manager, Assistant General Manager and General Manager. The Branch Manager has autonomy to assign the work to the branch personnel. With the help of branch employees he fulfills the objectives of the society.

The day-to-day work relating to the account keeping and record keeping, banking transactions and computer work is undertaken by the clerical staff of the society.

In the organization chart of the society the last element is the peon. The job profile of the peon is to perform the work as per the instructions of the General Manager, Branch Manager and clerical staff of the society.

3.5 ROLE OF BOARD OF DIRECTORS

As per the Co-operative Act the elections of the Credit Co-operative Society will be held in a democratic way once in the five years. The elected members work as a Board of Directors. It is the supreme authority and Top Management of the society. They take the decision regarding the overall management and administration of the society only in the Board Meeting. The policy decisions are taken by the Board of Directors in the board meeting. Some routine business transactions are also transacted at the board meeting. The important decisions taken by the Board Meeting ⁽⁴⁾ are as follows.

1. Deduction of share amount from the loan to be sanctioned.
2. Decision regarding rate of interest.
3. Decision regarding rate of dividend and rebate.
4. Provisions from accumulated reserves for various purposes.
5. Decisions regarding capital investment.
6. Decision regarding branch expansion.
7. To convey the meetings of counselor of the society.
8. The frequency of meeting depends upon the urgency of the issue.

3.6 FINANCIAL DATA OF SHIKSHAN SEVAK SAHAKARI SOCIETY LTD., SANGLI

The following table consist the financial data of 10 years ⁽⁵⁾ for the society under study where financial attributes, like membership, share capital, deposits, reserve funds, working capital, investment etc. are taken into consideration.

TABLE NO. 3.2 FINANCIAL DATA OF SHIKSHAN SEVAK SAHAKARI SOCIETY LTD., SANGLI

(Figures in Lakh)

Particulars	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Membership	3171.00	3554.00	3799.00	3968.00	4183.00	4345.00	4652.00	4804.00	4923.00	5175.00
Share Capital	252.71	300.66	365.47	434.00	518.65	621.23	723.14	819.91	910.91	1012.85
Deposits	522.86	702.05	1080.12	1665.63	2127.27	2783.99	3171.54	3831.57	4182.49	4380.02
a. Member Permanent	209.65	281.77	405.52	556.35	732.78	962.05	1131.77	1283.92	1423.29	1434.13
b. Members Term	287.90	389.62	633.26	1068.44	1349.93	1767.30	1977.19	2472.20	2671.56	2838.89
c. Members Recurring	25.31	30.66	41.34	40.84	44.56	54.64	62.58	75.45	87.64	107.00
Reserve Fund	67.70	87.61	106.79	119.17	141.00	365.03	385.94	359.08	411.48	472.21
Working Capital	1006.60	1322.87	1765.39	2440.62	3128.07	4211.66	4729.38	5382.72	5815.61	6362.21
Investments	74.46	88.06	112.30	296.70	367.63	580.97	423.34	552.35	624.31	537.76
Net Profits	47.63	55.38	66.02	80.21	95.74	122.39	131.63	156.96	152.07	160.36
Dividend Rate	16.00	16.00	16.00	16.00	16.00	16.00	15.00	15.00	13.00	12.50
Annual Expenditure	93.41	128.86	168.53	233.24	327.70	672.20	484.67	535.12	517.33	501.22
Total Income	151.04	184.25	234.55	313.46	407.38	794.59	616.30	692.09	692.09	661.59
Total Loans	693.59	977.44	1325.24	1584.03	2020.32	2706.13	2746.35	2536.75	2420.28	3178.01
a. General Loan	538.27	744.98	1014.22	1197.98	1475.69	1725.51	1677.15	1468.87	1417.82	1964.05
b. Accidental Loan	91.64	145.18	200.43	238.53	241.52	264.64	212.64	345.77	310.31	342.25
c. Medium Term Loan	33.81	46.37	67.71	79.07	222.00	397.76	374.75	375.97	333.69	364.47
d. Housing Loan	0.01	-	-	-	-	228.34	275.78	244.02	226.89	257.79
e. Secured Loan	29.84	40.89	42.87	68.83	81.10	89.87	106.01	102.10	1315.56	149.43

Source: Annual reports.

Table no. 3.2 relates to the financial information of the CCS. It relates to the membership, share capital, deposits, reserve fund, working capital, investment, loans, audit class, overdue rate, profit, capital adequacy ratio for the year 1997-98 TO 2006-07. The credit co-operative society properly concentrated the membership of the society. During the last 10 years the % of increase in membership is quite impressive. The share capital of the society is also shown remarkable growth due to increase in membership. The deposits & reserve fund of the society shows increasing trend it is quite remarkable. The working capital of the society shows increasing trend. The investment there is also increasing trend except 7th & 10th year. The profit figures of the society shows increasing trend continuously except slight decrease in the 9th year. The dividend rate of the society is quite impressive. Annual expenditure of the society shows increasing trend, this is due to branch expansion and salary of the new appointment of the employee. With increasing turnover the annual income of the society is also increased positively. Due to different classes of loan portfolio, loan disbursements also increased to a great extent.

3.7 APPRAISAL OF HUMAN RESOURCE MANAGEMENT

3.7.1 INTRODUCTION

In a service industry like banking people in credit co-operative society are the key to success and health of the CCS depends upon the quality of its human resources. Banking is essentially a 'People's business wherein improvements in quality of work and customers service depends largely on the caliber and attitudes of employees at different levels. CCSs employees have a great potential. It is in the interest of the employees, the banking industry and the country that this vast potential is fully utilize. Effective utilization of human talent is not possible without human resource development in CCSs.

3.7.2 HUMAN RESOURCE DEVELOPMENT

Meaning: ⁽⁶⁾

Human resource development is the process by which people are assisted in a continuous and planned manner to develop their job competence, personality and other capabilities.

3.7.3 NEED FOR HRD IN CREDIT CO-OPERATIVE SOCIETY

HRD is useful both to a society and to its employees in a following ways.

- a. It enables the CCS to build managerial resources of quality and leadership.
- b. It inculcates an effective culture of teamwork.
- c. It creates value systems which are conducive to growth.
- d. It motivates employees to provide prompt and innovative services to members.
- e. It creates a sense of belongings among the staff.
- f. It will help the CCS to develop and utilize the potential of workforce so as to achieve its goals.
- g. It will help to develop and maintain the quality of work life.
- h. It will improve the behavioural patterns of staff and their commitment to the society.

HRD can offer the following benefits to employees:

- i. To sharpen existing skills.
- ii. To acquire new skills.
- iii. To discover and exploit their potential.
- iv. To improve overall personality and career prospects.
- v. To perform existing and future roles effectively.
- vi. To provide job satisfaction and self-actualization.

Thus, HRD helps to make the CCS and its staff more effective and strong.

3.7.4 MANAGERIAL ROLE IN HRD

HRD is a collaborative process in which top management, the HRD personnel and the branch managers have to play their respective roles.

Role of Top Management

HRD can be initiated and institutionalized only with a deep commitment and involvement of the top executives. Top management can play the followings role ⁽⁷⁾ in HRD.

- a. Developing a climate conducive to HRD.
- b. Formulating corporate policy concerning HRD.
- c. Initiating organization development exercises.
- d. Appointing and development of HRD personnel.
- e. Evolving a top leadership style congruent with HRD.
- f. Examining performance appraisal systems.
- g. Deciding the training policy.

Human Resource ⁽⁸⁾ (HR) is the most appreciating asset to any organization and its development is the integrated approach to the man power competencies.

Human Resource Development (HRD) is the process of enabling people to make things happen. It deals with developing competency in people and creating conditions to help them apply these skills for their own benefit and for that of the organization.

HRD is a strategy of development in a continuous and planned way, the competencies of individual employees, dyadic groups, teams and the total organization to achieve organizational goals.

HRD is in the business of supporting the organization's strategies, goals and objectives; in this supportive role, HRD contributes to the organization's competitive position in the following ways:

- i. Providing key information related to the development of competitive strategies.**
- ii. Identifying and assisting in the removal of barriers to desired performance.**
- iii. Ensuring that employees have the necessary competencies to meet strategic performance demands.**

In modern management human resource development and human resource management play a vital role. In every organization, the success of the business ultimately depends upon, how the people perform their jobs assigned. The efficiency of the business largely depends upon the interest, enthusiasm, co-operation of the personnel. Under the factors of production human factor plays a vital role. Of all the resources that need to be gathered and managed in the modern organization, none is as potentially as productive as human resource. Money, machinery, materials, methods and markets, while they are much more stable and predictable, do not have the imagination, intelligence or capacity for learning that human beings possess.

Under this topic a sincere attempt is made the appraisal of performance of the credit co-operative society under study on the basis of human resource management parameter. Under human resource system a credit co-operative society should study following elements of human resource system. The elements are broadly divided into –

- a. Human Resource Acquisition
- b. Human Resource Development
- c. Rewarding
- d. Maintenance of Human Resources

3.7.5 HR POLICIES

A policy is a pre-determined, selected course of action which is established as a guide towards accepted goals and objectives.

Technological development and organizational changes have gradually made organizations realize that success depends largely on the skills and abilities of their manpower inventory. This awakening has led to the rise of Human Resources Management (HRM). Such HRM concepts as 'Commitment' to the organization and the growth in the 'Quality' movement, has led to the increased importance of training, employee development and long term education.

The main objective of HR policies is to maintain good human relations and healthy working atmosphere within the organization, thus motivating the employee to contribute his/her optimum. For the successful implementation of HR policies, various functions are to be performed.

3.7.6 NEED FOR HR POLICIES

- i. They are needed to develop a proper climate in the organization.
- ii. They are needed to mitigate any adverse consequences of liberalization and globalization.
- iii. They are needed to bring about system-wide changes.

3.7.7 IMPORTANCE OF HR POLICIES IN CREDIT CO-OPERATIVE SOCIETIES

The open-door policy has raised various challenges for the co-operative banking sector. It is a part of the banking industry and has to compete with modern banking institutions and traditional public sector giants. Credit Co-operative Societies have been bogged down by primitive technologies and poor man-power utilization strategies. Continuous application of dynamic and comprehensive HR policies is the only way for them to achieve success in the present situation.

SL Goel and BB Goel, in their book 'Administration of Personnel in Co-operatives' about the employees of co-operative sector state "If private firms have the advantage of being able to offer attractive remuneration and public sector can dangle a carrot of security, co-operatives have neither of the two attractions and are to be the third best."

It indicates the importance of HR policies and need of training in co-operative sector. To have a sound co-operative organization it needs a scientific personnel management which will co-ordinate and evaluate the effective HR policies and effective training mechanism. These are vital if the co-operatives want to meet the growing popular expectations.

To ensure existence and operational efficiency, the co-operatives must adopt modern technologies with bucketful implementation of HR policies, along with adopting a professional outlook.

The National Co-operative Union states that "The co-operatives as business units are to operate decently and compete in the market but their personnel policies are directed by the Government". This statement indicates the strong need of competent HR policies in credit co-operative societies.

“No effective study has been conducted in personnel management in credit co-operative societies, in connection with Human Resources” says Mr. Vadivelu in his book ‘Personnel Policies in Central Co-operative Banks in Tamilnadu’ adding that “Co-operative ideologies have always been opposed to any form of exploitation and have been committed to justice and fair policy”.

The HR policies in credit co-operative societies are gaining momentum due to the vast improvement in their business transactions and employee strength. It may lead to a number of issues, relating to selection of right person at the right place, effective training facilities and employee-employer relations.

3.7.8 ELEMENTS OF HUMAN RESOURCE MANAGEMENT

1. Human Resource Planning

Human resource planning is the process by which a management determines how an organization should move from its current man-power position to its desired man-power position. Through planning, a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organization and the individual receiving the maximum long-range benefit. There are four steps to human resource planning:

- i) Assessing the needs of organization**
- ii) Evaluating the current human resources**
- iii) Analyzing the future availability**
- iv) Preparing recruitment and development plans**

2. Recruitment and Selection

Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that man-power in adequate number to facilitate effective selection of an efficient working force.

Selection is the process of determining which people in the pool that has been found through recruiting will be best able to perform the available jobs. The decision to whom to offer the job is based predictors of performance. Tests, interviews and reviews of background and experience are all used to predict how well a person will be able to do the job.

3. Compensation and Reward

Compensation and rewards are common positive reinforcements. A successful HR policy can be introduced only with the support of employees who have been well paid.

4. Performance Appraisal

A systematic mechanism for performance appraisal is needed to evaluate an individual's job-skills and potential for development. It is considered as a benchmark for future promotion or demotion.

5. Training and Development

Training means to increase the knowledge, attitude, and skill of the employees for doing a particular work. It imparts an awareness of the rules and procedures to guide their behaviour.

6. Promotion

Promotion may be defined as an upward advancement of an employee in an organization from one position to another which commands better pay, status, respect, authority, working conditions and higher opportunities.

7. Transfer

Yorder and Associates have defined 'Transfer' as a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation.

8. O.D. Techniques

Many organizations make use of O.D. techniques viz., team-building, organizational mirroring, T-Group, etc. for the development of their human resource.

9. Communication

Communication takes place when the listener truly hears and understands the position and intent of the speaker. HR policies may be converted into office manuals and thus be conveyed to all levels of employees. Both, upward and downward communication is essential.

10. Counseling

It is an important HRD device to provide timely guidance to workers on problems relating to head and heart.

11. Grievance Redressal

A grievance redressal procedure is vital to all organizations, big or small. The fact that an employee has access to a judicial type of justice is reassuring; even though he / she may never need to take recourse to the same.

12. Discipline

It is a core of organizational atmosphere. P Nick Blanchard states “Discipline means the ordinary performance of duties in regular basis, with high morality and punctuality in accordance with the rules regulations of State”.

13. Industrial Relation

Poor industrial relations based on mutual distrust and fear makes execution difficult. In this scenario the trade unions are encouraged to strive for the psychological and social wellbeing of workers.

3.8 APPRAISAL OF CUSTOMER SERVICES

Banking sector is essentially service oriented industry and it has to sustain itself on its service. The survival and growth of banking sector does not depend on its size or funds. Rather it depends on its ability to provide qualitative service on a sustained basis.

In service marketing requires ⁽⁹⁾ that service organization should devote more attention on offering efficient services to the customers. As the services are invisible, they can gain confidence and goodwill through efficient and prompt customer services only. Among the service organizations customer service play an important role in marketing various types of needs of the customers. In credit co-operative society is very necessary to provide prompt, relevant and efficient customer service at reasonable cost.

Services in general are defined as any act of performance that one party can offer to another i.e. essentially intangible and does not result in the ownership of any thing. Quality in service is more difficult to evaluate.

3.8.1 ASPECTS IN CUSTOMER SERVICE

Customer service has the following critical aspects ⁽¹⁰⁾:

1. Technical Aspect

Every product/service has certain technical features. Every customer expects that the product/service purchased by them would be technically perfect and accurate. In case of bank services, technical aspect implies the arithmetical accuracy of transactions, correct remittances, accurate entries in monthly statement of account, complete details in the statement of account, timely intimation about maturity of fixed deposit; accuracy of charges, updating of pass book and legibility of entries in it, etc. represent the technical aspect of customer service.

2. Efficiency Aspect

Customers have the right to receive efficient and prompt handling of their transactions from the banker. They are willing to wait for a reasonable time but not beyond that. Time taken by bank staff in depositing cash, making payments for withdrawals, encashing a cheque, purchasing a bank draft, collection of outstation cheques, etc. are the main criteria for efficient customer service.

3. Advisory Aspect

All customers are not well-informed about banking. Many of them look to their banker for advice. They expect professional advice from the banker to serve their interests, in the best possible manner. Customer's needs and motivations are complex and they can choose better with professional advice. Bank manager and his staff should take initiative in giving advice on choice of deposit plan, choice of borrowing scheme, mode of operating accounts, etc.

4. Behavioural Aspect

Banks sell services through their employees. Therefore, the behaviour of bank staff towards customers is very significant. Such behaviour determines customers' feelings and opinion about the bank. The minimum that a customer expects is that he will be properly heard and extended normal courtesies. The treatment given to customers by bank employees is, therefore, an important determinant of customer service.

5. After-sale Service

While selling a service, bankers essentially sell a promise of future performance. A person opens an account with a bank with the hope of efficient service in future. It is only after becoming a customer of the bank that he can test the promised quality of service. The extent to which that promise is fulfilled will affect not only the future sales to the same customer but the ability to attract new customers through words of mouth publicity.

6. Customer Amenities

A bank can serve its customers better by providing proper amenities like adequate space, cleanliness, functional layout, reception counter, sitting lounge, etc. These are minor things but they have an important impact on customers.

3.8.2 CUSTOMER ORIENTED STRATEGIES

In order to develop and maintain long-lasting customer relationships and to provide excellent customer service bank may use following strategies ⁽¹¹⁾:

1. Service Standards

Some banks have developed clearly defined corporate standards for customer service in respect of each of their customer segments. These standards are communicated to

all their frontline field staff for effective implementation. Time standards for completing each service are an example of such standards. The Indian Banks Association has evolved and communicated to banks a set of 'time norms' for completing some of the common banking services.

2. Attention To Details

Quality is not a matter of accident. At every stage a deliberate effort has to be made to create the right impression on the customer. Therefore, in every mode of customer interaction attention to details is necessary. Every telephone call or letter or standing instruction or a complaint should be given due attention.

3. Courtesy

In order to attract and retain customers treating the customers well is absolutely essential. Surveys conducted have shown that one of the main reasons for shifting accounts by customers is dissatisfaction with the behaviour of the staff in a particular branch.

4. Personalized Service

A customer is not a mere statistic or a faceless entity. Customers are not just token numbers and account numbers. They are persons with feelings and emotions. They sustain banks through their patronage. Bank employees should make all efforts to identify them by name. This is a hallmark of personalized service. Some foreign banks have introduced the concept of 'personal banker' or 'Relationship officer' in selected large branches where it is difficult for the branch manager to maintain personal contact with all the important customers. Under this management the branch manager assigns a specific number of accounts to specific officers who will be providing personalized service to them. This approach may be used only by large banks on a very selective basis in India.

5. Communication

While 'Building Relationships' and ensuring 'Customer Orientation' are good slogans at the corporate level, more specific customer targets will have to be set at the branch level. For example, 'no customer is kept waiting for more than X minutes'. Communication plays a vital role in operationalizing these targets.

6. Customer Consciousness

Lofty ideal and written directives from the head office are by no means adequate for ensuring excellent service. It is essential to create a climate that encourages and regards efficiency, creativity and customer responsiveness. It involves motivating employees, treating them well, providing adequate physical facilities and training. The bank whose every staff member views the customers positively stands apart from other banks.

7. Relationship Banking

In this approach the focus is on developing long-term business relationship with customers rather than on the particular transactions. Banks plan to meet the total banking requirements of customers to obtain repeat business. The initial transaction is only the starting point for providing total customer satisfaction. For building up profitable customer relationships, it is necessary to know and understand the customer and his banking needs. Banks prepare customer profile for this purpose. After such understanding, information and guidance is provided about various schemes and facilities so that the customer can make the right choice.

8. Retention Banking

It is corollary to the relationship banking. The emphasis here is on retaining the old and existing customers. Retention banking implies the need for setting up a mechanism whereby bank staff can keep in constant touch with the customers. This may be done through personal visits, telephone calls, letters and publicity literature.

Customers remember with gratitude the support and advice they receive from their banks in times of need and reciprocate with loyalty to their bank.

It takes time, energy and efforts to retain customers and establish solid relationship with them. Nevertheless banks are finding these efforts worthwhile and profitable. Retaining a customer is often cheaper than finding a new customer.

3.8.3 CUSTOMER SATISFACTION

Customer satisfaction ⁽¹²⁾ through face-to-face interactions and looks for away to make customers feel special. This special feeling is created though pleasant surprises; unique actions or qualitative approach to service. The essence of service excellence is to delight customer and exceed his/her expectation. Service excellence concentrates on listening, empowerment, and innovation and making customers and employees part of the action. Service excellence focuses on making the service, the products and the surroundings more convenient, easier, neater and unique. Service excellence builds on excitements, relationships and trust. While a quality service approach uses some of these elements they form the heart of service excellence.

3.8.4 SUGGESTIONS TO IMPROVE CUSTOMER SERVICES

In co-operative societies to improve the customer services and to achieve customer satisfaction following points are suggested

1. The employees of the society should be polite, impersonal and helpful.
2. All customers can not be treated as equal though we believe in equity.
3. There are four emotional states which a man experiences in his interpersonal transactions. Hence, the motto of customer service must be to keep our customers in a glad emotional state.

4. Employees should be train properly in order to achieve better employee's attitudes and to boost up their morale and work efficiency.
5. Marketing concept should be introduced in the co-operative society and marketing strategies should be taught through proper training. The society should take advantage of latest development in information and computer technology to cope with several threats, pressures and competitions from foreign as well as private banks.
6. The customer-friendly rules and regulations should be framed for all types of services. The existing system should be reviewed and revised so as to make them easy, straight and simple.
7. Regular customer survey should be conducted to improve the services with a view to redesigning service styles and evolving new strategies.
8. A power should be given to the branch manager, accountant and to the man behind the counter so as to enable them to take on the spot decision.
9. For the new recruitment, induction training should be given for marketing assignments like deposit mobilization along with the people oriented attitudes.
10. Vigilance squads should be constituted for sudden inspection of the working of staff.
11. A system of reward and punishment should be introduced in order to motivate the employees.
12. Grievances handling machinery should be activated to handle complaints and grievances of the customers.
13. The credit co-operative societies should be subjected to customer service audit.

3.9 SWOT ANALYSIS

Now days, a co-operative society, undertake business activities in competitive and challenging environment. Society management must be very professional and so they have to implement strategic management. Strategic management therefore involves an analysis of the organizational factor and the environmental factors.

SWOT analysis ⁽¹³⁾ is one of the prime and primary steps in strategic management. An analysis of the Strengths (S), Weaknesses (W), Opportunities (O) and Threats (T) is carried out. Strengths and weaknesses of an enterprise can be determined by analyzing the internal environment of the enterprise it is known as self appraisal or corporate appraisal. Analysis of external environment, known as environment analysis will reveal opportunities and threats for the enterprise.

The internal environment of a co-operative society consist of factors like –

- a. Size of the co-operative society.
- b. Organization Structure of the co-operative society.
- c. History of co-operative society.
- d. Objectives and plans of co-operative society
- e. Services and area of operations of co-operative society
- f. Number of employees.
- g. Leadership styles of co-operative society managers.
- h. Financial resources of the co-operative society
- i. Controlling techniques employed by the co-operative society

The external environment encompasses economic, political, social, legal, institutional, technological and other conditions within which banks operations are conducted.

3.9.1 APPLICATION OF SWOT ANALYSIS TO SHIKSHAN SEVAK SAHAKARI SOCIETY LTD., SANGLI

SWOT technique is a modern technique of business to recognize strengths, weaknesses, opportunities and threats of business. From previous study, it is clear that the selected co-operatives in Ashta have shown satisfactory performance. Also they have to face many problems because of new policy of Government of India, i.e. liberalization, privatization and globalization (L.P.G. from 1991). The purpose of new economic policy is to create a comprehensive economy. Co-operatives have to compete with commercial banks. The pressure of environment is affecting the co-operatives.

In credit co-operative society has its own strengths and weaknesses ⁽¹⁴⁾.

3.9.2 STRENGTHS

1. The fact that the credit co-operative societies served as important segment of financial sector for such a long period of time indicates that its past is one of its strengths.
2. A major strength of co-operative societies is the nature of clientele. Wherever co-operative societies are well established, they are the first choice of lower middle class sections of populations.
3. Membership of co-operative societies gives a person much stronger sense of belonging and participation.
4. Member depositors of co-operative societies have the advantage of being exempted from tax deduction at source.
5. The officers and staff of co-operative societies are typically from within the town, the depositors and customers feel more informal and relaxed while integrating with them.

6. A very significant strength of co-operative society is that on account of their limited geographical area of operation, funds raised by them are entirely deployed in that area itself.
7. Prime location.
8. Prompt services.
9. Recovery through salary.
10. Personal relation.
11. Proper layout.
12. Dedicated staff.
13. Convenient classes of loan.

3.9.3 WEAKNESSES

1. Modern methods of accounting are not followed. This gives undue scope to malpractices and misappropriation of funds.
2. The existing system of supervision and audit is not effective to rectify the drawbacks and mistakes.
3. Weak capital base people subscription is low.
4. Absence of or inadequate technology adoption by many co-operative credit society affects their performance and competitiveness.
5. Co-operative credit societies are subject to regulatory controls of RBI and those of the Co-operative Department of the States. This dual control has bad adverse affect on the working of the bank.
6. Limitations in raising capital.
7. Faulty recruitment policy.
8. No proper customer service.
9. Employee's dissatisfaction with the salary.
10. Interference of political leader.
11. Lack of professionalization.

3.9.4 OPPORTUNITIES

1. Scope to mobilize deposits.
2. Scope to render many other banking services to customers.
3. Increase in pay scale of members.
4. Increase in demand for loans.
5. Increase in turnover.
6. 100% recovery through salary.
7. Members saving and investment is increasing.

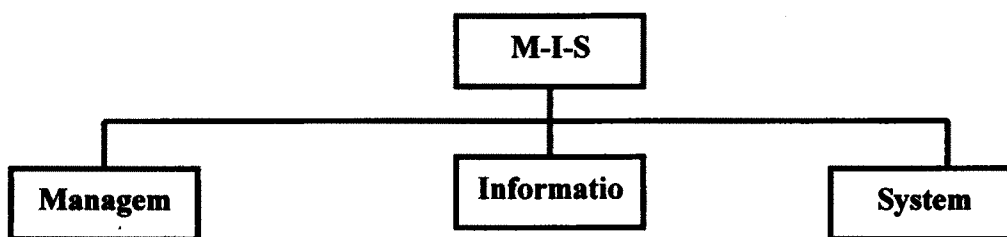
3.9.5 THREATS

1. Competition by urban co-operative banks particularly at the front of interest rates.
2. The control of credit co-operative societies by different parties is detrimental to the healthy growth of the institutions. The supply of credit is not impartial.
3. The accounting and administrative systems and procedures are not professional and standardize.
4. Growing expectations of the members.
5. Strict control of Co-operative Department.
6. New standard for NPA.
7. Lack of professionalism.

3.10 MANAGEMENT INFORMATION SYSTEM

The modern management needs new approach to solve its basic problems. The present day management needs more advance techniques for solving its basic requirements. The MIS is a new idea which is associated with men, machine, marketing and methods for collecting pertinent information from the internal and external source and processing this information for the purpose of facilitating the process of decision making of the business.

MIS ⁽¹⁵⁾ is not new; only its computerization is new, before computers MIS techniques existed to supply managers with the information that would permit them to plan and control business operations. The computer has added one or more dimensions such as speed, accuracy and increased volumes of data that permit the consideration of more alternatives in a decision-making process.



Meaning of management Information System: Information is the life blood of an organization, particularly in the case of system approach management. The (MIS) or information can be defined as the knowledge communicated by others or obtained from investigation or study. It is a system of providing needed information to each manager at the right time, in right form and relevant one which aids the understanding and stimulates the action. MIS is an organized method of providing past-present and projection information relating to internal operations and external intelligence. It supports the planning, control and operational functions of an organization by furnishing uniform information in proper time frame to help the process of decision making.

3.10.1 DEFINITION OF MIS

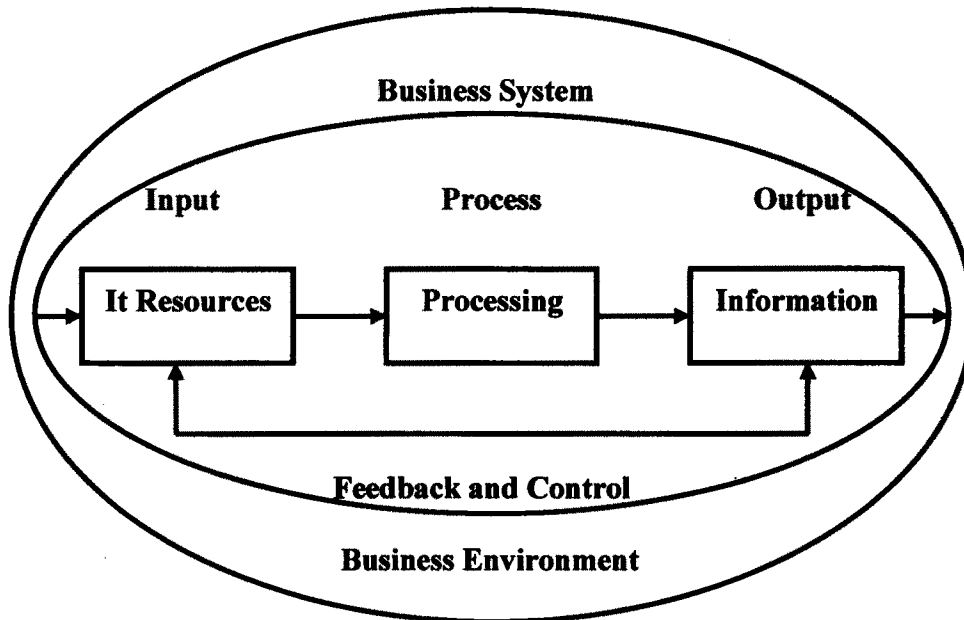
Management Information System is generally defined ⁽¹⁶⁾ as an integrated user – machine system for providing information to support operations, management and decision-making function in an Organization. The system utilizes computer hardware and software, manual procedure, models for analysis. Information is viewed as a resource

much like land, labour and capital. It must be obtained, processed, stored, manipulated and analyzed, distributed etc. An organization with a well-defined information system will generally have a competitive advantage over organization with poor MIS or NOMIS.

3.10.2 CONCLUSION

Management information systems are sets of inter-related procedures using information systems infrastructure in a business enterprise to generate and disseminated desired information. Such systems are designed to support decision making by the people associated with the enterprise in the process of attainment of its objectives. The business information systems get data and other resources of IT infrastructure as inputs from the environment and process them to satisfy the information needs of different entities associated with the business enterprise. There are systems of control over the use of IT resources and feedback system offers useful clues for increasing the benefits of information systems to business. The business information systems are sub-systems of business system and by themselves serve the function of feedback and control in business system.

FIGURE NO. 3.2
MANAGEMENT INFORMATION SYSTEM



3.10.3 INFORMATION NEEDS AT DIFFERENT LEVELS OF MANAGEMENT

Every manager in an organization performs various functions for which they require information to facilitate decision making in relation to each area of his responsibility. No doubt, there are different types of users of information available to a business Unit, the manager is the most frequent user of corporate information resource. Therefore, the main focus of the information generation process should be on the information needs of the manager.

The different level of management ⁽¹⁷⁾ needs different source of information, to explain it:

1) **Top Management:** Top managers are located in the head office of the bank. These include Chairman, Managing Director, General Manager, etc. They require information for strategic planning and management control. They are concerned with long term objectives and policies of the bank and its overall financial performance. They require information for policy decisions concerning branch expansion targets, advances to different sectors, credit deposit ratio, human resource planning, deposit mobilization schemes, customer service, profitability ratio, etc. within the limits set by the Reserve Bank of India and the Government of India. Information required by them is largely about external environment. Such information is futuristic and probabilistic. It is aggregative in nature and is required infrequently. The Top level management is associated with business planning and policy training and has no role in routine working. Top management of a bank needs information about the following:

- a) Trends in monetary policy, fiscal policy, industrial policy, export import policy of the Government.
- b) Trends in credit control measures by the Reserve Bank of India.
- c) Trends in refinance facilities from IDBI, NABARD, etc.
- d) Trends in demand for advances.
- e) Policies and practices of competing organizations e.g., development banks, National Savings Organization, Non-banking Institutions, foreign banks, etc.
- f) Political situation in the country and abroad.
- g) Social environment e.g. caste system, saving habits, living standards, etc.
- h) Economic environment consisting of per capita income, rate of inflation, balance of payments position, import-export trade, agricultural growth, industrial growth, employment level, consumption and savings rates, etc.

2) **Middle or Lower Level Management:** This level of management is associated with the responsibility of execution on the plans and policies as suggested by top management. Decision-making is, however, control to the job profile of Manager. On each level of management information are needed the top level needs external environment information. The middle order level needs summarized form of external environment information. On the other hand, information with regard to internal environment i.e. information about activities and events with the organization.

- a) Total deposits of the bank and their mix.
- b) Total advances and their distribution between conventional and priority sector.
- c) Total and average cost of profits.
- d) Total and average earnings on advances, investments, etc.
- e) Rate of recovery of advances.
- f) Credit deposit ratio
- g) CRR and SLR requirements and liquidity position.
- h) Level of customer service and public relations.
- i) Gross and net profits and average rate of return.

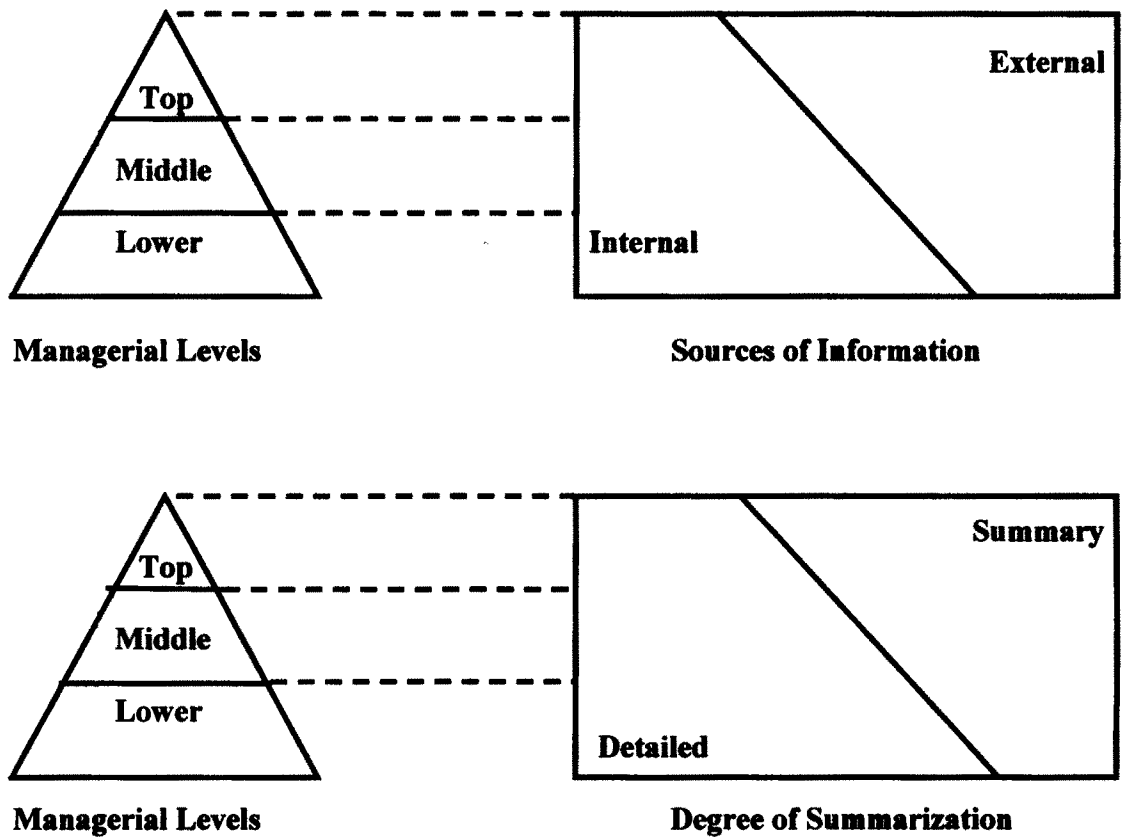
It is generally accepted that internal information should be increasingly summarized for the successive levels of management for which it is prepared. Diagram no. illustrates sources and degree of summarization of information for different level of management.

3) **Branch Level:** Management at a branch requires detailed information about day to day operations. Such information is required for planning and control of routine operations. The information is required frequently and it is largely available within the branch. Highly current information is required because a branch manger is concerned with current operating performance. The required information is collected through daily/weekly/monthly reports.

The following information is needed at the branch level:

- a) Volume and structure of deposits
- b) Volume and mix of advances
- c) Cost of deposits, establishment, stationery, lighting, premises, furniture, etc.
- d) Revenue earned on loans and advances, investments, commission on issue of drafts, collection of bills, transfer of funds, etc.’
- e) Maintenance of CRR and SLR requirements.

FIGURE NO. 3.3
SOURCES & DEGREES OF SUMMARISATION AT DIFFERENT
MANAGERIAL LEVELS



Good Quality of Information System: There are many features which are associated with good quality information. Each of these features adds value to information. The process of generation of information must focus on the quality of information by aiming at improving the degree of each attribute.

The following attributes add value to the quality of information as follows:

- 1) Prompt availability
- 2) Accuracy
- 3) Precision
- 4) Completeness
- 5) Unambiguity

1) PROMPT AVAILABILITY

Someone rightly said “Information delayed is information denied”. There are information which are needed by the user periodically thus, be available to the user as and when demanded so that the process of decision making is not disturbed. Information should be which can be updated automatically. Immediately after an event, is put in to action.

2) ACCURACY

Accuracy is the degree of the absence of error in the process of generation of information. It is an important attribute of good information. It is an important attribute of good information. Accuracy in working needs cost, therefore, it necessary to determine the acceptable levels of accuracy for each type of information.

3) PRECISION

Precision is an important virtue of good quality information. Too much of information sometimes results in dumping of important information in the heap of details that may not be required at a particular time. Excessive detail of information results in information overload causing what is now being termed as Information Fatigue Syndrome. Only precise information is respected and used by managers. Unnecessary and unwanted information are filed.

4) COMPLETENESS

It is a very good quality which should be found in every information that it should be complete and meet all the needs of the user. No one can deny that incomplete and unwanted information are always misleading and may result in wrong decisions. Therefore, it is suggested that the manager must use incomplete information with utmost care.

5) UNAMBIGUITY

Clarity of information is an important attribute of good information. Information must be unambiguous and should be communicated in such a way that it conveys the same meaning to different users.

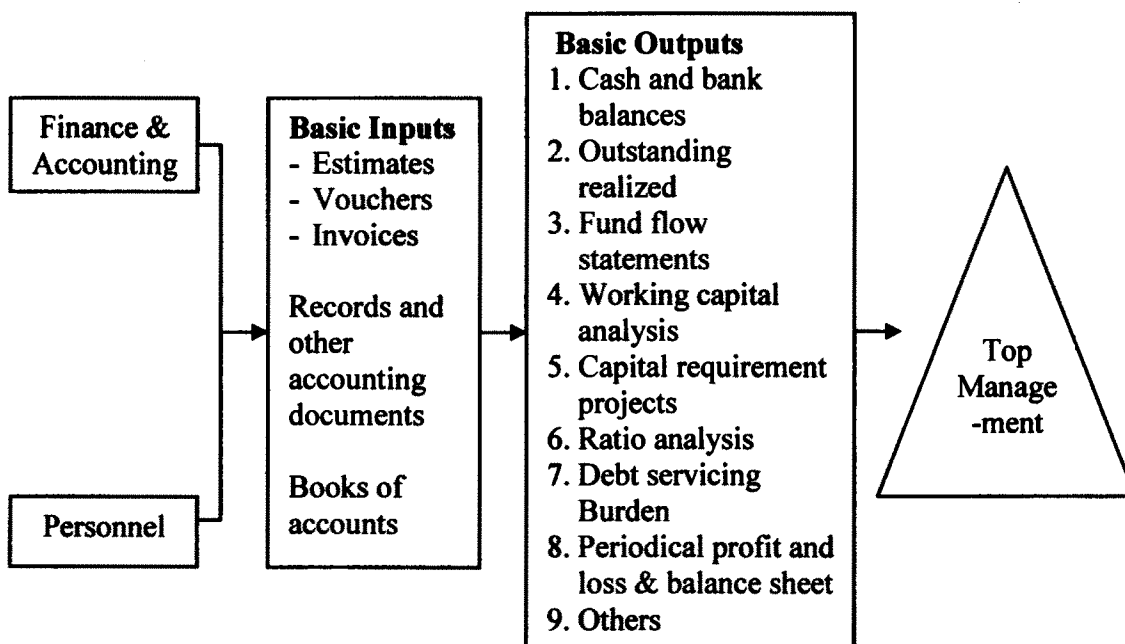
3.10.4 FINANCIAL INFORMATION SYSTEM

Even though finance and accounting act separate functions, they have been linked together in this discussion. Finance is responsible for ensuring adequate financing at low cost, while accounting deals with financial transactions and generation of standard

financial reports like profit and loss statement and balance sheet. Various transactions to be processed are billings, collection, documents payment vouchers, ledgers etc.

Financial system ⁽¹⁸⁾ in most company is the oldest and well developed. This has a significant impact on other function as the ultimate measure of most functions will be in rupee value. Thus the interfacing between various functional systems is essential.

FIGURE NO. 3.4
FINANCIAL INFORMATION SYSTEM



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