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**CONSTITUTIONAL
FRAMEWORK**

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C H A P T E R - I I I

CONSTITUTIONAL FRAME WORK

3.1 INTRODUCTION

The business of banking is primarily concerned with supply of credit to the various sectors of the economy. Indian banking system as such is very old and consists of various types of banks such as commercial banks, public sector banks , Co-operative banks , foreign banks , private banks etc.

The role of banking in economy and the structure of banking system in India are dealt with extensively in chapter II with special emphasis on urban co-operative banking . After having this theoretical understanding of banking in general and urban co-operative banking in particular in previous chapter the attempts are made in this chapter to come down to the exact sample banks which have been considered for the purpose of collection and processing of primary as well as secondary data .

There are two urban co-operative banks which are included in the sample of present study ,

(a) Kolhapur Janata Urban Co-op Bank , Kolhapur .

(b) Kolhapur Mahila Urban Co-op Bank , Kolhapur.

Herein after referred to as Janata Bank and Mahila Bank respectively.

Both these banks belong to the same category of urban co-operative banking. These banks however are different as to their age and size Janata Bank is the general bank while Mahila Bank is a bank exclusively managed by women. The main thrust of the study as explained in chapter I calls

for this type of sample . This being a case study method, an intensive enquiry is made in to the operations and affairs of both the banks .

3.2 CONSTITUTIONAL FRAMEWORK OF THE BANKS

As both the banks fall in the same category of urban co-operative type of banks, a constitutional framework of both the banks is almost similar . The constitutional frame work is explained in the bye-laws of the banks . Both the banks seem to have adopted the model bye - laws as prescribed by Registrar of co-operatives . The following brief summary of the important provisions of bye - laws would be helpful to understand the constitution of both the banks.

3.3 ESTABLISHMENT AND THE AREA OF OPERATION

Both the banks are well established banks . Janata Bank was established in year 1960 and Mahila Bank is established in year 1972 as per the provisions of Maharashtra state Co-operative societies Act 1960 . both the banks have their head quarters in Kolhapur . In case of Janata Co-operative bank the area of its working spreads over the entire Kolhapur district, while in case of Mahila Bank the area of working spreads over kolhapur , Ratnagiri and Sindhudurga district excluding the area of Ichalkaranji Municipal council . Janata Co-operative Bank has a network of eight branches and Mahila Co-operative Banks has a network of five branches at different places in the area of their operations.

3.4 OBJECTIVES

The bye-laws of the banks describe the objectives . The objectives specified in the bye - laws reflect the prime business of banking i. e. mobilisation of deposits and advancing loans. Banks are no doubt dealers in credit, however the role of the banks in the changing economic environment needs to be extended over these traditional activities of banking. Both the banks seems to be conscious about these facts and accordingly included many anciliary and supporting services in their objectives. Both the banks have not confined themselves to the traditional activity but have attempted to act as development agents in their area of operation. The brief summary of objectives as enunciated in the bye-laws is given below ,

- (1) To promote the thrift , mutual help and spirit of co-operation among the members .
- (2) To collect deposits from the people to utilise the amount of deposits for advancing loans and making investments .Of course bank agrees to refund the amount of deposits on demand or after the expiry of the term.
- (3) To borrow the funds for the purpose of its business as per the requirements .
- (4) To advance the loans to members and others both secured and unsecured within the limits prescribed by the bye-laws .
- (5) To accept bills of exchanges , promissory notes , drafts , bills of lading , railway receipts and such other instruments for collection discounting etc.

- (6) To issue letters of credit travellers cheque , circular notes etc.
- (7) To deal in foreign exchange .
- (8) To accept shares , debentures , bonds , promissory notes and such other documents as securities and to keep these in its own custody.
- (9) To provide the safe deposit vaults to the customers .
- (10) To acquire / construct immovable properties to maintain them and to under take extension changes to such properties as per the needs .
- (11) To open the branches by taking permission from R. B. I. at different places .
- (12) To establish association , trusts to supplement the interest of the members and employees of the bank.
- (13) To device the schemes for the improvement of economic conditions of the members and also to finance such schemes.
- (14) To finance small and cottage industries and also to provide them the required technology to provide help to self employed people to take up the project and commence activities of such project.
- (15) To extend bridge loan facilities to housing finance co-operative societies on temporary and permanent basis up to the time by which a finance from Maharashtra Co-operative Housing Finance Society LIC of India and such other financial institutions is made available.
- (16) To do any other business which the central Govt. suggests co-operative banks to do it.

3.5 SOURCES OF FUNDS

The bye-laws explain the following sources of raising the funds by the banks .

SHARES

This is the major source of raising the funds . This being owned capital of banks constitutes the equity base of banks . The bye-laws of the banks provide the authorised capital and out of this authorised capital each of the bank issues required number of shares and collects the share capital. In case of Janata Bank the paid up capital stands at Rs. 1,11,11,600/- as on 1997 and in case of Mahila Bank the corresponding figure is Rs. 33,39,590/-

In addition to the above , the other major sources of raising the funds are as follows,

1. Admission fee / Entrance fee
2. Subscription
3. Deposits
4. Borrowings
5. Grants / Donations and other assistance

The banks obviously have another important source of raising the funds internally in the form of reserve funds after the successful years of their working.

3.6 MEMBERSHIP

The members are The real owners of the banks . In case of co-operative banks the members do not enjoy the voting rights in proportion to their share holding . " One man one vote " is the rule . Among the present co-operative banks the following rules are adopted for the purposes of membership.

- (a) A person who is competent to contract and residing in area of the operations of the bank is entitled to become the member .
- (b) The person stated in (a) above should have his place of business in the area of working and such person would be given membership under the following conditions .
 - (i) Such persons business should not be competitive to the business of the bank.
 - (ii) Such person should pay an admission fee and should purchase at least one share .The application for membership should be approved by Board of Directors.
- (c) Government of Maharashtra will also be the member of the bank . This is a manifestation of the Government policy of its equity participation in co-operatives.
- (d) Notwithstanding any thing contained in bye-laws no co-operative society other than Maharashtra State Co-operative Bank and District Central Co-operative bank would get the membership of the bank . Of course any member will be able to exercise his right only after the payment of the amount of membership fees or creation of interest in bank to that effect.

3.6.1 NOMINAL MEMBER

A person who is the member of the bank and is also member of undivided family, for the purpose of taking the loans for business may take such loans in the name of other members of the family by giving him nominal membership.

Bank after receiving the amount of membership will extend such a nominal membership. After the repayment of loan such a membership gets automatically terminated.

Even the bank employees can get such nominal membership as above however no co-operative society can be a nominal member. Nominal members shall not have the usual rights like attending general meeting voting at general meeting etc.

3.6.2 JOINT SHAREHOLDERS

The shares of the bank can be purchased jointly in the name of two or more members. The person whose name appears first shall have all rights of membership. In case whose name appears first is absent the next person gets such rights.

3.6.3 TRANSFER OF SHARES

The shares of the banks are transferable however the bank will have the right to reject the transfer shares on valid grounds as specified in the bye-laws.

3.6.4 TERMINATION OF THE MEMBERSHIP

A member can terminate his membership . However before such termination of membership the person should be free from all his liabilities towards the banks and he can terminate the membership only after five years.

The membership will be terminated on death , insolvency of the person , transfer of all shares , expulsion by law etc.

In case the membership is terminated by law the share become liable for forfeiture.

3.6.5 APPOINTMENT OF NOMINEE

A member can appoint his nominee by applying for it in prescribed form. If the nominee is the employee of the bank a prior approval of Board of Directors is necessary.

Bank has to pay the amount of shares and the amount of other benefits to nominee in case of death of a member within six months from the date of death . If the nominee is not previously appointed the amount of shares , dividends deposits etc. is payable to the legal heir of the member.

3.6.6 THE BANK LIEN

The bank enjoys a lien on shares of members . Also the bank has first charge on shares , dividends , deposits etc. of the members. The dues if any from the member liable to be deducted from such amount

and the remaining amount is paid to the member or his nominees.

3.7 GENERAL BODY MEETINGS

The general body is the supreme authority of the bank. The general body has all the final rights and powers . There are two types of meetings of general body.

- (a) Annual General Meeting
- (b) Extra Ordinary General Meeting

3.7.1 ANNUAL GENERAL MEETING

Annual General Meeting is to be conveyed from 14 th August or such a extended period approved by the Registrar of Co-operatives. Besides routine business important items on the agenda of Annual General Meeting includes

- (1) Distribution of annual reports , discussion on important items of annual reports and giving approval to such annual reports.
- (2) Approval to the division of profits and declaration of dividend .
- (3) Discussion on the report of Registrar of co-operative on annual audit of the bank.
- (4) Appointment of internal auditor and fixation of his remuneration.
- (5) Declaration of the results of the elections of Board of Directors in case such elections are held in that year.
- (6) Determination of ceiling on the borrowing of the bank.

3.7.2 EXTRA ORDINARY GENERAL MEETING

Extra Ordinary General Meeting can be called at any time by the president or by the majority of the directors . The Registrar of the co-operative societies can also ask for calling such meetings . Even 1/5 th of the total member or 500 members whichever is less can demand Extra Ordinary General Meeting.

The business to be transacted in Extra Ordinary General Meeting is confined to the subject mentioned in the notice of the Annual General Meeting. Such a notice of Annual General Meeting is sent 14 days in advance to all the members. In Annual General Meeting or Extra Ordinary General meeting 1/5 th of total members or 30 members whichever is less shall be the quorum. In case the quorum is not present the meeting is adjourned . When the meeting is recalled after adjournment the members present shall be the quorum for the meeting. However if such Annual General Meeting is called as per the demands of the members it must have quorum. In the absence of quorum the meeting stands cancelled.

3.8 BOARD OF DIRECTORS

As described earlier the general body is the supreme authority of banks and Board of Directors's can be described as the chief executive authority of the bank. The members of the Board of Directors are elected representatives of the members . The number of directors ranges from 13 to 15 . In order to give fair representation to all the interest groups the constitution of Board of Directors generally follows the following pattern

- (1) Out of the total elected members few members are from the areas of branches are far away from head office.
- (2) As the State Government purchases the shares one director is appointed by the state Government
- (3) Among the elected directors there should be at least two directors - one from S. C. and S. T and other from weaker section.
- (4) The Board of Directors's also include employee representative. In case the number of directors is 12 or more there shall be additional employee representative in the Board, for each lot of 10 directors . All the elected and appointed directors if any desire to may accommodate not more than two experts in the field of small and cottage industry , finance banking and co-operative.

These accommodated experts has a maximum tenure of two years on the board . Such directors do not have voting rights.

- (5) The chief officer will be ex-officio member of Board of Director
- (6) The election of the Board of Director shall be conducted after every five years.
- (7) The first Board of Director will be constituted after first Annual General meeting of bank . However the tenure of the first Board of Director will be two years which is extendable up to two more years by the resolution in Annual General Meeting and on the approval of the Registrar of the Co-operatives.

3.9 PRESIDENT AND VICE PRESIDENT

Board of Director is a representative body of the members. All the executive powers are vested in hands of Board of Directors. It has its individual leaders elected by the members of the board. They are known as president and vice president. They are elected in first meeting of Board of Director conveyed within 30 days after the general meeting. If the required meeting of the board is not conveyed within the stipulated period as stated above the Registrar of co-operatives shall have right to call such meeting. The president in his / her absence vice president shall be the chairman of all the meetings of Board of Directors.

The tenure of president and vice president shall be three years. The president shall have a casting vote. However right of such vote will not be used in the election of president or vice president.

3.9.1 RIGHTS AND DUTIES OF BOARD OF DIRECTORS

- (1) To consider the application of membership the allotment and cancel of shares, termination of membership etc.
- (2) To raise secured and unsecured loans cash credits overdrafts etc. within the borrowing limits and to accept the terms and conditions of such borrowings.
- (3) To approve the balance sheet, profit and loss accounts and the reports to present the same before Annual General Meeting.
- (4) To consider the application for loans, cash credit, bills discounting and to determine the conditions thereof.

- (5) To consider all type of overdues and to decide remedies to minimise such overdues.
- (6) To consider the changes in the conditions of advances and to approve the investments in Govt. bonds , debentures deposits etc.
- (7) To consider opening of new branches and to determine the rates of interest on deposits and loans as per the orders given by Reserve Bank of India from time to time.
- (8) To handle the legal matters and to settle the disputes of the employees .
- (9) To appoint agents , experts , consultants etc. and to determine the remuneration of such supporting agencies .
- (10) To determine the procedure of selection , appointment and promotion of employees .
- (11) To appoint Chief Officer and to fix his salary and other allowances.
- (12) To purchase / rent the land and buildings for the bank and to ,make necessary rrngrments of the required amount of money for the same .
- (13) To prepare the Annual Budget and to approve the yearly expenditure.
- (14) To accept all the types of deposits .
- (15) To make all necessary arrangements for elections of Board of Directors .
- (16) To frame the rules and regulations for mobilization of deposits , advancing of loans , T. A. and D. A. 's of directors and employees etc.

3.10 CHIEF OFFICER

Chief Officer is the Chief Executive Authority of the bank and he is appointed by Board of Director and also can be removed by the Board of Director. He has to perform his role under the general control of Board of Directors. His specified duties and responsibilities are as follows,

- (1) To implement the resolutions and decisions of general body and Board of Directors.
- (2) To convey the meetings of general body , Board of Directors and sub committees . He is required to attend all these meetings and prepare the proceedings of such meetings and sign such proceeding along with the sign of president .
- (3) To handle the correspondence of the bank and to maintain books of account registers as per the directions of Reserve Bank of India , financing agencies, Co-operative Act , and bye-laws .
- (4) To consider the application for nominal membership and to take the decisions thereof. He has also to consider the applications of membership, additional shares by putting his recommendations to be kept before Board of Director for further decisions.
- (5) To accept the application for loans to prepare a detailed note thereon and to present it before Board of Director or sub committee with his recommendations .
- (6) To make arrangement for acceptance of all types of deposits by issuing the circular , receipts , passbooks etc. to the deposit holders .
- (7) To distribute the fund and to arrange for investment of such funds.

- (8) To work as a custodian of cash , immovable properties securities and such other important documents.
- (9) To get the appointment orders of the employees from B.O.D.'s , sub committee and to implement such appointment orders. A precaution has to be taken by the numbers of employees to be appointed , their scale of salaries according to the approval of Board of Director
- (10) To distribute , to assign and to supervise the working of employee.
- (11) To take disciplinary action on the employees as per the rules and standing orders to transfer the employees as per the needs , to approve the leave application , T.A. , D.A. bills , medical bills etc.
- (12) To spend the money within the limits of approved budgets and also to invest the money according to the policies decided by Board of Directors.
- (13) To act as per the authority delegated to him by Board of Director or president and to attend the legal matters on behalf of the banks.
- (14) To sanction the loans on the security of deposits goods and Government bonds. As per the limits decided by Board of Director he has to present the statements of such loan sanctioned before the subsequent meeting of Board of Directors

3.11 PROCEDURE OF ADVANCING LOANS

As described in bye-laws the salient features regarding advancing of loan can be summarised as follows.

- (1) The bank will sanction the loans both secured and unsecured in the form of term - loans , cash credit , overdraft etc., however the bank will follow the orders of Reserve Bank of India received from time to time in this regard.
- (2) Member and even the non member person can be given loan / overdraft on the security of fixed deposits.
- (3) The Board of Directors will frame the rules of advancing loans , cash credits and overdraft in detail while framing these rules method of giving loan , the extent of unsecured loans , term and conditions of loan etc. are to be stated clearly in such rules.
- (4) Bank will have a right of recovering 2 % penalty interest on overdue loans.
- (5) A direct link is established between loan sanctioned and shares to be purchased by borrowers has to purchase certain fixed percentage of loan sanctioned worth of shares of the bank.

3.12 DEPOSIT MOBILISATION

A bank will accept the deposits within the limits prescribed by the Act and the rules thereunder. The rates of interest and conditions of accepting the deposits shall be according to the orders of Reserve Bank of India from time to time.

The bank will accept the deposits of various types such as - current , savings , fixed , recurring cumulative and other deposits under special deposit schemes.

3.13 DIVISION OF PROFITS

The net profit will be calculated according to the Co-operative Societies Act and the rules thereunder. Such net profit would be divided as per the recommendations of Board of Director. in Annual General Meeting. The board prescriptions in this regard are as follows

- (a) As per the provisions of Co-op Societies Act at least 25 % of the net profit should be transferred to general reserve.
- (b) A provision for dividend will be made as per the provisions of Co-operative Societies Act.
- (c) Out of the remaining profits certain amount will transfer to building fund and other funds as recommended in Annual General Meeting. The balance if any will be carried forward for next year.

3.14 RESERVE FUNDS

- (1) Reserve funds will include the amount to be transferred from net profit as prescribed by Co-operative Societies Act and rules and Bye-laws.

It will also includes entrance fees , fees collected from nominal members , share transfer fees amount collected on forfeiture of shares dividend on forfeited shares etc.

(2) The amount of reserve fund will be invested in Government securities or other acceptable securities or fixed deposits in Maharashtra State Co-operative and District Central Co-operative Banks.

3.15 DIVIDEND

- (1) Dividend will be paid on the last date of the co-operation year to the person who hold share in his name and whose name appears in the books of the bank.
- (2) Dividend will be paid from the head office as well as branches of the bank.
- (3) If that dividend is not received within three years from the date of declaration the amount of such dividend is forfeited and transferred to reserve fund.

Unpaid dividend will be paid provided it not forfeited.

3.16 RECORDS, BOOKS OF ACCOUNTS , AUDITS ETC.

The bank being registered institution will have its common seal in the custodian of Chief Officer. Common seal will be used in the presence of director and Chief Officer. The bank will maintain its records and books of accounts in the prescribed form by the Registrar of Co-operatives and Reserve Bank of India. If necessary Board of Directors shall maintain additional books in their record. Any member of the bank can for his own purpose can see such a records in the working hours of the bank. The financial year will be from 1 st April to 31 st March.

The audit of bank will be completed by the auditor appointed by the Registrar of Cooperatives as per section (81) of Co-operative Societies Act.

3.17 THE PRESENT STATE OF WORKING.

The banks included in the sample viz. Kolhapur Janata Urban Co-op. Bank Kolhapur and Kolhapur Mahila Urban co-op. Bank. Kolhapur are carrying on their operations as per the constitutional framework , described earlier. Though both the banks are urban cooperatives banks they differ from each other in size of their business , age and membership. Out of the two one being Mahila co-operative bank has different orientation and approach than that of the other. The researcher therefore considered it desirable and investigate both the banks independently . In the first place a suitable questionnaire is framed and administrated by paying personal visits to each and every branch of both the banks. The data and information collected is processed herein the form of tables. The arrangement of data and information in the table is deliberately presented in comparative form. This facilitates the comparative study of the different dimensions of the present working of the banks.

The tables described further mainly deals with the following aspects of the working of the banks.

- (A) Physical infrastructure and house keeping
- (B) Time requirement
- (C) Staff

(D) Deposits

(E) Loans and Advances

(F) Ancillary services and other Facilities

3.17 (A) PHYSICAL INFRASTRUCTURE AND HOUSE KEEPING

An investigation in this regard is carried out on three items , bank building , Furniture and security arrangements. The position with reference to these three item is as follows ,

TABLE NO. 3.1 BUILDING & CARPET AREA

JANATA BANK						MAHILA BANK					
NUMBER OF BRANCHES						NUMBER OF BRANCHES					
RENTED	OWNED		TOTAL			RENTED	OWNED		TOTAL		
3	6		9			6	-		6		
(33.34%)	(66.66%)		(100%)			(100%)			(100%)		
TOTAL	500	1000	1500	2000	ABOVE	TOTAL	500	1000	1500	2000	ABOVE
	TO	TO	TO	TO	3000		TO	TO	TO	TO	3000
	1000	1500	2000	3000			1000	1500	2000	3000	
9		3	1	4	1	6		4	1	1	-
(100 %)	-	(33.33%)	(11.11%)	(44.44%)	(11.11%)	(100%)	-	(66.66%)	(16.66%)	(16.66%)	

Table No. 3.1 as shown above displays the building and carpet area available for the branches of both the banks.

In Janata Bank three of their branches are to be housed in rented buildings , while six branches (including H.O.) are housed in owned buildings.

In case of Mahila Bank none of their offices seem to be housed in owned building. All the six offices are found to be in rented buildings. If we consider the age of both the banks it can be observed that during its last 38 years of working Janata Bank could come out with three buildings of its own. This has not in any way happen in case of Mahila Bank. It is always desirable and safer to have the owned buildings ofcourse the construction of old buildings is quite expensive and a separate provision has to be made in the form of building fund. Mahila Bank is required to consider this on priority basis.

If we observe the carpet area of the building available for the branches of both the banks it is revealed by the table that in case of Janata Bank out of 9 total branches (including H.O.) 3 branches have a carpet area of there building in the range from 1000 - 1500 sq. ft. One has this range from 1500 - 2000 sq. ft. while the remaining four have this i n the range of above 3000 sq. ft.

The average strength of the employees in case of this bank comes to 18 thereby the carpet area per employee seems to reasonable.

TABLE NO. 3.2

FURNITURE FIXTURES AND EQUIPMENTS

PARTICULARS	JANATA BANK								MAHILA BANK					
	BRANCHES								BRANCHES					
	1	2	3	4	5	6	8	9	1	2	3	4	5	6
FURNITURE														
TABLES	20	15	06	03	07	15	05	04	04	04	04	03	01	NEW BRANCH
CHAIRS	40	95	12	10	12	40	12	12	47	16	12	14	09	
BENCHES	04	05	02	01	03	05	02	02	03	03	02	02	02	
CUPBOARDS	15	12	04	03	01	15	03	04	02	01	02	00	03	
RACKS	04	04	03	00	05	00	01	02	00	04	03	00	01	
TOTAL	83	131	27	17	28	75	23	24	56	28	23	19	16	-

Table showing number of furniture / fixtures and equipments available with banks.

The above table shows the furniture , fixtures and equipments available with the banks. The major items are tables , chairs , cupboards , benches and racks. Considering the strength of the employees with the furniture seems to be adequate., Alongwith the tables and chairs for the employee benches are invariably found in each of the branches of both the banks. These benches are useful for the customers who are waiting.

The number of cupboards and racks available with the various branches of both the banks show that adequate provision is made for the safe maintenance of the bank records.

Janata Bank when compared with Mahila Bank in respect of availability of furniture reveals that the number of various items of furniture is more in the former than that of later. The branches of Janata Bank are found to be well furnished.

As Janata Bank uses computers in many of its branches the required computer furniture and equipments are also available. None of the Mahila Bank except H.O. uses computer and pattern of furniture available in the branches of Mahila Bank is traditional.

Banks are custodians of public funds. The security arrangements are required to be made in adequate terms. Looking at the position of the sample banks the security arrangements in both the banks can not be taken as adequate. It is surprising to note that out of total 9 branches of Janata Bank only three branches have watchmen.

3.17 (B) TIME REQUIREMENT

One way to measure the internal efficiency of banks is to understand the time required for the normal transactions of business such as opening of new account , deposits , withdrawals. Whether the bank is rendering quick services to the customers or not can be judged by considering the time Enquiry is made by the researcher in both of these directions. The data collected is presented in the following tables.

TABLE NO. 3.3**TIME TAKEN FOR OPENING A/C , DEPOSITS AND WITHDRAWALS**

TIME	JANATA BANK	MAHILA BANK
	NO. OF BRANCHES	
(a) For opening new accounts		
10 Minutes	5(62.5%)	4(80%)
10-15 Minutes	3(37.5 %)	1(20%)
15-30 Minutes		
(b) For accepting deposits and for withdrawals		
10 Minutes		2(40%)
10-15 Minutes	5(62.5%)	3 (60%)
15-30 Minutes	3(37.5%)	

This table highlights time taken for opening accounts , time for deposits and withdrawals which is an indicator of availability of services to other customers in reasonable time or otherwise. In case of opening new account 5 branches of Janata Bank take 10 minutes while three branches complete this procedure in 10 to 15 minutes to open the account.

In case of deposits and withdrawals the time required is reported to be 10 -15 minutes in five branches and 15 - 30 minutes in three branches of Janata Bank.

Mahila Banks seen to be more quick in this respect. Two branches completes this procedure in 10 minutes and other three branches take 10 - 15 minutes. If we consider all these timings Mahila Bank shows an edge over Janata Bank because it takes less time both in respect of opening new account , deposits and withdrawals.

TABLE NO. 3.4

**TIME GAP BETWEEN LOAN APPLICATION AND LOAN
SANCTION**

TIME	JANATA BANK	MAHILA BANK
	NO OF BRANCHES	
(a) less than 2 weeks	1(11.11%)	-
(b) 2-4 weeks	8(88.88%)	5(83.33 %)
(c) more than 4 weeks	-	2(16.66%)

The internal efficiency measured in terms of time gap between loan application and loan sanction is shown in this table No. 3.4 discloses that two weeks to complete the above procedure the rest eight branches required the time gap of 2 - 4 weeks. In case of Mahila Bank all five branches completes the above procedure in 2 - 4 weeks. It is therefore discernable that both the banks are working almost at same level of efficiency.

It is given to the understanding of the researcher at the time of investigation that the time gap between loan application and sanction is short if the application is given just before the meeting in which loan proposals are concerned.

3.17 (C) STAFF

The performances of the banks depends upon physical infrastructure and house keeping but these facilities are only supporting facilities. The staff of the banks when considered as human resources remains more crucial for the effectiveness and efficiency of the working of the bank. The adequacy of the staff, their behaviour are the important considerations in this regard. An attempt to understand the responses obtained are put in the form of following tables.

TABLE NO. 3.5**(I) STAFF ADEQUACY**

POSITION	JANATA BANK	MAHILA BANK
	NO. OF BRANCHES	
(a) Overstaffed		
(b) Understaffed	2(22.22 %)	1(16.66 %)
(c) Properly staffed	7(77.77 %)	5(83.33 %)

It is disclosed from the above table that in case of Janata Bank two branches are reported to be understaffed and rest seven branches are properly staffed. The situation in case of Mahila Bank in this regard shows that only one branch is understaffed which again is newly opened branch and rest five branches are properly staffed.

It is also worth noting that none of the branch is observed to be overstaffed.

TABLE NO. 3.6

(II) NO. OF EMPLOYEES

DESIGNATION	JANATA BANK BRANCHES									MAHILA BANK BRANCHES					
	1	2	3	4	5	6	7	8	9	1	2	3	4	5	6
MANAGER	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
OFFICER	5	4	2	1	1	5	-	1	-	-	-	-	-	-	-
ACCOUNTANT	-	-	-	1	1	-	-	-	-	1	-	-	-	-	-
PASSING OFFICER	-	1	1	-	1	-	-	-	-	-	1	1	1	1	-
CASHIER	-	3	1	-	-	1	1	1	1	-	1	1	1	1	1
CLERK	13	16	8	6	4	16	4	3	2	5	6	3	2	3	-
PEON	6	5	2	3	2	5	2	2	1	3	3	2	2	1	1
WATCHMAN	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
PIGMI AGENT	-	3	4	3	-	-	4	4	-	-	7	2	2	2	2
TOTAL	25	33	19	15	10	28	12	12	10	10	20	10	10	08	05

From the data in above table the important observations can be briefly stated as below -

(1) In Janata Bank there are 159 employees working in 9 offices. So the average number of employees per office comes to 18.

In case of Mahila Bank the total employees working in 6 offices are 62 of which the average comes to 10 employees per office. This obviously discloses that the size of Janata Bank is nearly double the size of Mahila Bank in terms of number of employees.

(2) If we observe the employees from their designations point of view we come to know that there are managers , officers , accountants , passing officers , cashiers , clerks , peons , watchmen and pigmi agents. All these types of employees are invariably in Janata Bank. In case of Mahila Bank officers as a separate category of employees doesn't exist.

The managers are available in all the offices of both the banks therefore there are 9 managers in Janata Bank and 6 managers in Mahila Bank. There are 18 officers in Janata Bank while in case of Mahila Bank there is no employee in this cader. There are two accountants in Janata Bank however in Mahila Bank the post of accountant is available in head office. Janata Bank has passing officers in 3 offices while in Mahila Bank there are passing officers in 4 banks.

There are 18 cashiers in Janata Bank in its various branches while in case of Mahila Bank there are 5 cashiers in its various offices.

The largest number is of the employees working as clerk in case of both the banks.

In case of Janata Bank there are 72 employees working as clerks while in case of Mahila Bank 19 employees are working as clerk.

(3) Though not regular employees it is very interesting to note that both the banks have appointed pigmi agents. The number in case of Janata Bank is 18 and in case of Mahila Bank it is 15. Pigmi agents seem to be working as barefoot bankers and effectively mobilising deposits for both the banks.

Other important feature of the working of pigmi agent is that they generally collect deposits from the people who are engaged in the informal sector of the economy.

(4) The supporting staff includes peons and watchmen . The total peons in various offices of Janata Bank are 28 while in Mahila Bank the number of peons is 9. The number seems to be unduly higher in both the banks because in a way peons are meant for rendering personal services of employees of the banks. Do the bank requires so much of peons ? Can be the pertinent question which one can raise in case of both the banks.

Like employees in other offices the bank employees are also required to work in a self dependent manner. It is surprising to note that Janata Bank doesn't have any security staff. None of the offices of Janata Bank does have even a watchman. In case of Mahila Bank the position is almost similar. The only difference is that it has a single watchman appointed in one of its offices the strength of security staff needs to be increased.

TABLE NO. 3.7

(III) EMPLOYEE BEHAVIOUR

BEHAVIOUR PATTERN TOWARDS	JANATA BANK	MAHILA BANK
	NO. OF BRANCHES	
(a) Managers and Supervisory Staff		5(83.33%)
(i) Fair	7(77.77 %)	
(ii) Average	2(22.22%)	
(iii) Below Average		1(16.66%)
(b) Colleagues		
(i) Fair	8(88.88%)	5(83.33%)
(ii) Average	1(11.11%)	1(16.66%)
(iii) Below Average		
(c) Customers		
(i) Fair	7(77.77%)	6(100%)
(ii) Average	2(22.22%)	
(iii) Below Average		

A question was asked the behaviour responses of the employees towards managerial and supervisory staff , colleagues and customers. The responses were sought in three ways fair , average and below average. The observations in this regard can be summarised as follows ,

In Janata Bank the behaviour of the employees towards managers and supervisory staff is reported as fair by 7(77.77 %) employees average by 2 (22.22 %) employees. Nobody reported it below average.

In case of Mahila Bank the corresponding figures are 5 , Nil and 1 respectively.

In Janata Bank the behaviour of the employees towards colleagues is reported as fair by 8 (88.88 %) employees average by 1 (11.11 %) employee and nobody reported below average.

In case of Mahila Bank the corresponding figures are 5 , 1 and nil respectively.

In Janata Bank the behaviour of the employees towards customers is reported as fair by 7 (77.77 %) employees average by 2 (22.22 %) employees and no body reported it below average.

In case of Mahila Bank employees of all branches are reported as fair in their dealings with customers.

It can therefore concluded that the category of ratings ' fair ' is nearly three of the rating ' average '.

The employee behaviour of the below average type is reported only in one case of the Mahila bank. The interpersonal relations of the employees seem to be fairly healthy. the relationship between employee and customer found to be reasonably good. This is also supported by the fact that there are no incidences of struggles , strikes and lockouts.

(D) DEPOSITS

The last category of the table is relating to the prime functions of banks i.e. mobilisation of deposits , advancing of loans and rendering ancillary services . The quantitative information is presented in Chapter IV. An attempt here is made by the researcher to enquire how far the communication is clear between the bank and its customers. Unless the bank gives the fair knowledge of its deposits and loan schemes to their customers the functional role of the bank is likely to remain less effective.

TABLE NO . 3.8**INFORMATION ABOUT DEPOSIT SCHEMES**

PARTICULARS	JANATA BANK	MAHILA BANK
	NO. OF BRANCHES	
(a) Preparation of Attractive Boards of Deposit schemes	5	1
(b) Display of Posters in bank premises	6	-
(c) Preparation of brochures and pamphlets	9	4
(d) Arrangement of customer meet	5	3
(e) Advbertainment	7	4
(f) Any other	-	-

Deposits are prime sources of raising the funds for the banks. In present times there is a multiplicity of financial intermediaries. Therefore mobilisation of deposits has not remained an easy task for the banks. Gone days are the days when people were turning to the doors of the banks to deposit their money. An era of marketing of bank services has come to a stay. In order to be successful on the front of the deposit mobilisation it has become quite necessary for the banks to give sufficient information about their deposit schemes to the people. The ways and means of effective communication of deposit schemes is different in different banks. We have however identified some of the common ways and means of giving the information about deposit schemes by the banks to people. At least with reference to these identified means of communication the responses are collected from all the branches of both the banks. The data in the above table discloses the following important facts,

(1) In case of Janata Bank it is observed that at above five ways of communication have been adopted to give the information about the deposit schemes. However it is observed that the weightage given to the means of communication is different.

Preparation of brochures and pamphlets has come out as the most popular way because it is used by all the branches. Next to the advertisement is used by seven branches followed by preparation of posters in banks premises by six branches, preparation of attractive

boards by five branches and arrangement for customer meet by five branches.

(2) In case of Mahila Bank the profile of way and means is narrower. It has used only for means of communication. Preparation of brochures and pamphlets and advertisement enjoy the same weightage of its use by four branches each . Next comes arrangement of customer meet used by three branches and the method of preparation of attractive boards is used only by a single branch.

If we looked at the above observation it can be said that Janata Bank is more interested than Mahila Bank to give the information about its deposit schemes.

TABLE NO. 3.9

DEPOSIT SCHEMES

TYPE OF DEPOSITS	JANATA BANK	MAHILA BANK
	NO. OF BRANCHES	
(a) Fixed	8	5
(b) Saving	8	5
(c)Recurring	8	5
(d) Current	8	5
(e) Any Other	8	5

Mahila Bank is relatively younger bank it is in fact require to pay more attention towards effective communication of deposit schemes.

As shown in the above table both the banks are seen to have adopted various types of deposit schemes . Important observation is that both the banks have introduced each of these deposit schemes in all of their offices, hence the profile of deposit schemes is almost the same for all the offices of each bank.

The second important observation is that the overall approach seems to be traditional for both the banks . It is only exceptional terms the innovative schemes of deposit have been formulated and implemented The major thrust is of the conventional type of deposit schemes such as fixed, current and recurring deposits.

Of course it has come to our observation that some adhoc schemes of deposit mobilisation were introduced such as reinvestment schemes, Shubh Laxmi schemes by Mahila Bank and Janata Bank 40 th , Dhanvridddhi by Janata Bank.

However these schemes have not been the regular feature of deposit mobilisation . Both Mahila Bank and Janata Bank have also adopted a practice of celebrating "Deposit week / Fortnight".

(E) LOANS AND ADVANCES

An enquiry was also directed towards loan and advances of both the banks. In questionnaire a separate section was provided to address various questions to solicit the information about loans and advance.

The response received reveal the following facts,

- (1) The loan application are provided to the customer by charging Rs. 5/- per set in both the banks. The information about the loan schemes is not required to be given as such information is printed on the application form itself. Of course the additional queries in this regard if at all raised by the borrower are satisfied at the time of giving the application forms to the customers.
- (2) The procedure of giving the loans included five steps as follows
 - (a) Acquiring the prescribed application form.
 - (b) Filling in the application form and arranging guarantor.
 - (c) Scrutinizing the application form.
 - (d) Sanctioning loan.
 - (e) Disbursement of loan

All these steps were invariably found in the procedure of getting the loans for both the banks. There are minor differences in the procedure of getting the loans from the Janata Bank and from the Mahila Bank for example in the case of the security of the application form was found to be completed at three different levels sanctioning of loan was entrusted to board of loan was found to be made in respective branches. In case of Mahila Bank the borrower is required to give two guarantors who are

necessarily to be the members of the bank and loans are given only to woman borrowers.

(3) It is also observed in majority of the branches of both the banks that the borrowers themselves turn to the offices of the banks both head office and branch for knowing the development of the loan proposals . The bank offices also convey the borrowers a sanctioning of loans by sending the letters in due course of time.

(4) As to the mortgages and securities the fixed properties like vechicals, plant and machinery , gold are observed to be accepted by both the banks. In addition to these Government and other securities , stock , fixed deposits are also accepted as collateral securities . It was however found that silver is not accepted as the security.

(5) Both the banks have adopted the practice of providing short term and long term loans . The duration of the short term loan is usually of one year and duration of medium term loan is of three years and that of long term loans it is five years preference is given to short term and medium term loans , Long term loans are given in exceptional circumstances .

(6) It is observed that both the banks have given loans at concessional rates of interest to weaker sections . However all the offices of both the banks have not given this data of such loans . The effectiveness of the role of the banks in this respect could not be studied in comparative terms.

(7) With reference to the procedure of recovery of loans it is reported that usual recovery of loans takes place directly at the counter of the branch .

At the level of Head office recovery committee is constituted by both the banks this committee includes members of the staff representative of DDR and especially special recovery officer. The general practice is to send the notice, to send the reminders thereon and to have recovery campaign in the form of visits to the borrowers of the overdue loans by recovery officer once or twice in the month. If all these steps remain ineffective the auction of the property which is given as a security is a last resort to recover the loan.

(F) OTHER ANCILLARY SERVICES AND FACILITIES

As mentioned earlier banks in the present times are called upon to render other ancillary services to their customers. This has become necessary in order to develop healthy relations with the customers. This "relationship banking" facilities to improve their market share.

An enquiry which the researcher has undertaken in this direction was multifaceted. Number of questions were asked to understand the extent of availability of such ancillary services and facilities.

The important observations in this regards can be summarised as follows

- (1) In both the banks the responsibility of taking insurance cover is on Head offices. No branches are expected to shoulder the responsibility of taking insurance cover.

- (2) The facility of discounting and purchasing consignment bill is available in the five offices of Janata Bank and only in one office of Mahila Bank.
- (3) There are two morning / extension counters in Janata Bank while there is no such arrangement in Mahila Bank.
- (4) The spoiled and mutilated notes are accepted in there offices of Janata Bank and in five offices of Mahila Bank.
- (5) In case of use of computers Janata Bank has computerised the operations of its operations and Mahila Banks has also computerised the operations of its four branches.
- (6) With reference to ATM's and BTM's services connection with banker and membership of SWIFT both the banks did not have any of these facilities. This obviously shows the lack of modern facilities and services with both the banks.
- (7) The facility of ' May I help you? / enquiry counter ' is available in all officers of Janata Bank. But in case of Mahila Bank this facility is available only in three offices.
- (8) It is accepted by both the banks that marketing of bank services is essential in modern times. This kind of positive response is given by all offices of both the banks.

Besides the above many other aspects were enquired into and the responses were received in the form of yes or no. The picture seems to be mixed on. If we take into consideration the above observations we can conclude that Janata Bank is ahead of Mahila Bank in respect of many ancillary services and facilities.

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