Chapter VI

Summary, Conclusions And Suggestions

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Chapter – VI

Summary, conclusions and Suggestions

In this chapter the researcher has tried to give summary and conclusions of the present study and has made some of the important suggestions for better performance of the Urban Co-Operative Credit Societies in Wai Taluka. These conclusions are based on the data made available for the purpose of study.

I. History and Development of U.C.C. Societies :

1. Urban Co-operative Credit Societies are established in urban, semi-urban and rural areas with very limited area of operation. They are occupying a very significant place in the development of Banking system of our nation. The main objective of the U.C.C. Societies is to meet the financial needs of their members and to inculcate the habit of saving among themselves. Interest on loans and advances given, Govt. securities and on deposits, dividend received on shares, entrance fees, etc. are the main sources of U.C.C. Societies. They differ from urban co-op. banks and commercial banks in respect of objects, organisation and area of operation.

2. The Urban Co-operative Credit movement started in Germany and then it spread all over through the world.

3. In India the first urban co-operative credit society was started in Baroda on 5th February, 1889 as 'Anyonya Sahakari Mandali'.
4. Maharashtra is the leading state in the urban co-operative credit business in India. It has made significant progress in respect of number of societies, deposits and loans.
5. Satara District is one of the leading district as far as co-operation and banking business in Maharashtra is concerned. The U.C.C. Societies in Satara District have made rapid progress with satisfactory results in last two decades.
6. In 1921, 'The Wai Taluka Traders Co-operative Credit Society' was started and it is the first U.C.C. Society in Wai Taluka. Then, after 10 years, it was converted in Urban Bank in 1931. Then after about 40 years, second U.C.C. Society i.e. Wai Taluka Group Secretary Co-op. Credit Society was established. As the name indicates, it was an Employees Co-operative Credit Society. In 1972, the third U.C.C. Society was established and it was 'Satara Sahakari sakhar Karkhana Kamgar Co-operative Credit Society. From 1972 to 1983, 10 U.C.C. Societies were established. From 1988 to 1996 another 30 U.C.C. societies were established.

7. It is remarkable that after 1921, there was only one U.C.C. Society for forty years in Wai Taluka. Secondly, from 1972 to 1982, new 9 U.C.C. Societies were established and all these societies were Employees Co-operative Credit Societies only. And after 1982 no employees co-op. credit society was established till 1994. After 1982 till now the Rural Non-Agricultura, Urban and Women Co-operative Credit Societies were established.
8. Though the first U.C.C. Society was started in 1921, the real beginning of the U.C.C. societies in Wai taluka was from 1972. And during 1972 to 1982, only Employees Co-op. Credit Societies were established and from 1982 the other types Urban, Rural non-Agri. and Women co-operative crdit societies were established. In Wai taluka not a single U.C.C. Society for backward class has been established so far.
9. The growth of the U.C.C. Societies in Taluka is uneven. 50% of the societies are in Wai city and remaining 50% are in the eastern part of the Wai Taluka from where the National Highway No.4 goes. The villages situated on the N.H.4 are comparatively big and also there is one sugar factory. Not a single society has been established in the western part of the Wai Taluka. This shows reginal imbalance in the development of U.C.C. Societies in Wai Taluka.

II. Organisational Aspects of U.C.C.Societies in Wai Taluka :

1. There is no definition available about the U.C.C. Societies by the schoalr in this field. Therefore, it is not easy to explain the meaning of the term U.C.C. Societies to the common people.
2. The process of establishing the U.C.C. Society is not much complicated. Minimum 10 people can come together and register the society after completing the required procedure.
3. The organisational structure for the U.C.C.Societies is not proper. The Chairman and the Secretary are the key-persons in the organisation. But in most of the Societies they are not paid so they don't work by taking interest.
4. In the Board of Directors many directors remain absent. They become directors only for the name. They do not take active interest in the day-to-day working of U.C.C. Societies.
5. The percentage of women in the total population is more than 50% in Wai Taluka. But there are only two societies for them. Similarly, the percentage of socio-economically backward people is also high, but unfortunately they have not registered any society for them.
6. All the U.C.C. Societies have a line-type of organisation. It includes share-holders, Board of Directors,

Chairman, Secretary, Manager, clerical and other sub-staff. At present, all the important policy matters come to the Board for decision-making. In order that the Board devotes more time towards policy matters.

7. The decisions regarding the sanction of loans is taken only in the monthly meeting of the Board of Directors. Therefore, if any number applies for a loan just after this meeting, he has to wait for a month for the decision about the sanction of loan.
8. It is essential that in the Board of Directors some Directors should be from back-ward class and women members. However, in all Employees C.C.Societies this fact is neglected. No U.C.C. Society in Wai Taluka has taken a representative of Economical Backward members in the Board of Directors.
9. Now-a-days more and more U.C.C. Societies are established every year. More U.C.C. societies are essential for the optimum mobilisation of savings and fulfilment of financial needs of the members. However, sometimes it is seen that in a small village one U.C.C. society is enough, but another society is established by the rival group and instead of healthy competition, both the societies wish and try to bring down each other by the mis-leading.
10. The day-to-day working of these societies is handled by the Manager. Secretary helps him in crutial decision-making. The clerical work is assigned to the clerks

while the collection agents collect the daily deposits from the customers.

11. There is no uniform staffing pattern in these societies. There are many societies in Wai Taluka which have only one staff member. Also the salary paid to these employees are not sufficient as compared to their work-load. Therefore, qualified and competent candidates do not attract towards these societies for the job.
12. The members of these societies seem to be indifferent about their societies. About 70% of the members remain absent in the Annual General Meeting. The selection of the Directors does not take place on the proper basis. The rules regarding selection of directors are not properly observed by most of U.C.C. Societies in Wai Taluka. There is political interference in the appointment of Directors.
13. It is observed that political leaders are more interested in establishing and running the U.C.C. Societies. Though all leaders are not bad, but they give preference for the work of their party members than the members of other parties. Thus, politics enters into the co-operation and co-operation has to suffer the criticisms from the society. Thus, Co-operation is the best way of economic upliftment of the poor and middle class people of the society. It is not bad, but the selfish and currupt members make this movement weaker and weaker.

14. Urban Co-operative Credit Societies are important sources of employment generation. In the year 1993-94, the total staff working in the U.C.C. Societies in Wai taluka is 141. However, many of these employees are not getting enough salary as compared to their work-load. Many U.C.C. Societies have only one employee and he performs all the necessary working. We can imagine his work-load, but surprisingly in many one-employee societies, the employee gets monthly salary of less than Rs.500/-.
15. There is no proper system of recruitment. Most of the staff is recruited which is familiar to the Board of Directors. No proper training is given to the employees. They learn the working themselves with the help of senior staff and perform their duties. Many of the employees are not aware of co-operative principles properly on which the Society should run.
16. Out of total 9 Employees Co-op. Credit Societies, 6 societies have no separate office for their societies. In those societies one experienced employee takes the responsibility of writing the transactions and performs his duties as and when he gets time.
17. The working time of many Rural Non-Agricultural Co-op. Credit Societies is from 8 a.m. to 10 a.m. only for two hours. Thus, after these working hours the staff is free for their other work such as farming, traditional house industry etc. Many staff members also work as

collection agents, so that they can increase their income by way of commission on collected deposits.

18. The Annual General Meeting in all the U.C.C. Societies are held in time. But the attendance of the members is very poor. In many societies, the members present in the Annual General Meeting are less than 40%. Moreover the Attendance Registers are also incomplete in many U.C.C. Societies as the names of the members and their numbers are not properly recorded.

19. There is not proper arrangement of Internal Audit in the U.C.C. Societies in Wai Taluka. Only the statutory audit is done in these societies. But this audit is not done just at the year end but many times it is delayed.

III. **Financial Aspects of the U.C.C.Societies in Wai Taluka** :

1. The various types of deposits are the most important source of funds of the U.C.C.Societies and this helps the societies to meet the financial requirements of the members at the time of their need. The amount of deposits occupies an important place in the working capital of these societies. For attracting more deposits, the U.C.C. Societies give attractive rates of interests on the various types of deposits. For strengthening the financial position, the U.C.C. societies are trying to collect maximum deposits by introducing various deposits schemes such as Savings, Fixed, Damduppat, Daily and Monthly Recurring Deposits etc.

2. It is observed that in only two Urban C.C. Societies, the facility of current deposits is available. In many of the societies, current deposits are not there because from this type of deposits, the societies do not get money to create credit for much long period and secondly, the societies do not have much liquidity as their all cash balances are put in District Central Co-op. Bank or other banks immediately every day. This affects profitability of U.C.C. societies.
3. Advancing loans to needy people residing in the area is one of the important objectives and functions of the U.C.C. Societies. Before sanctioning a loan to the new customer, he is made the member of the society first and sometimes, Fixed Deposit Account is also opened on his name with the 10% amount of his loan. This practice helps to increase the members, share capital and fixed deposits of the societies.
4. The U.C.C. Societies have sanctioned loans both for production and consumption purposes. The amount of loans and advances in aggregate deposits of the U.C.C. societies was Rs. 3,35,45,673.
5. High overdues is one of the greatest serious problems before the U.C.C. Societies in Wai Taluka. About 40% of the societies have the overdues of about more than 10%. The proper care is not taken for the recovery of the loans.

6. More than 60% of U.C.C. Societies in Wai Taluka can not pay dividend to their members because they have not adequate profit to declare the dividend. It shows that they are not financially viable.
7. Much of the Assets of the U.C.C. Societies include cash and Bank balances, investment and furniture. The capital is mainly in the form of shares. No U.C.C. Society has sold debendutres or bonds or preferencial shares to raise the capital.
8. Only to collect deposits on large scale is not proper becuase much interest will have to pay on them and it is an important item of expenditure. Therefore, whatever deposits have been collected should be invested profitably and also various types of loans should be given by taking proper care. But the researcher observed that much amount of the deposits have been kept in the form of cash and bank balances by these societies.
9. In many of the societies there is no arrangement for internal audit. Internal Audit is necessary to check the errors and control the frauds in the day-to-day working. Also there is no proper system for supervision and inspection. The directors must give surprise visits to the societies and check the workings.
10. Only two societies have kept the facility of Current Deposits for their members. If they keep current deposits, traders and businessmen will attract to the U.C.C. Societies.

11. The Assets of the U.C.C.Societies include the Cash and Bank balances, Investment, loans paid and furniture. The U.C.C. Societies have kept cash and bank balances more than requirement which is not proper. All the U.C.C. societies have not their own office buildings.
12. The liabilities of the U.C.C. Societies include capital, funds, deposits collected and the outstanding expenses. The capital of these societies has raised through the way of share capital. Many of the societies have not created various types of funds with required amount.
13. Interst received on loans advanced and on investment is the main source of income while interest paid on deposits is the main item of expenditure of the U.C.C. Society. Rent of office building, printing and stationery are also the important items of expenditure. Many of the societies run on profit but few of them can declare dividend to their members.
14. There is no proper arrangement for internal control, supervision, inspection and internal audit in these societies. Many of the societies have audit class 'B' while 25 percent of the total societies have audit class 'A'. Also there are some societies which have audit Class 'C' and 'D'.

7.2 Suggestions

After considering the overall working and performance of the U.C.C. Societies in Wai Taluka in the year

1993-94, the researcher would like to make the following suggestions for the efficient working of the U.C.C. Societies in Wai Taluka.

I. **Suggestions Regarding Organisation and Management Aspects of U.C.C. Societies in Wai Taluka**

1. In order to take active interest in the meetings by the members, it is necessary to communicate the members well in advance and state them the importance of attending the meetings. The Attendance Register should be properly maintained. The proceedings of the meetings of the Board of Directors and the Annual General Meetings, should be properly maintained.
2. Inefficient and uneffective management is one of the important weaknesses of the U.C.C. Societies. The members of the Managing Committee should take sufficient interest in the working of their societies. Meetings of the Board of Directors should be held regularly and all the members should remain present in it to discuss for the progress of these societies.
3. In most of the societies the officials like Chairman and Secretary work without any remuneration. It is suggested that they should be paid allowances for their work so that they will work with more interest.
4. No member of the Board of Directors should directly or indirectly, interfere with the internal working and operations (especially in sanction of loans) of the society, where there is no need of such interference.

5. There should be a co-ordination committee at Taluka level to discuss the problems and prospects of the U.C.C. societies. The representation of this committee should be given to the Secretaries, Depositors, Borrowers of these societies and the officers in the Co-op. Department.

6. The Co-op. Department should suggest uniform staffing pattern for the U.C.C. Societies. In this pattern some posts for the candidates of backward categories and women should be reserved as per Govt. rules. Certain pay-scales should be fixed for the various types of posts.

II. **Suggestions Regarding Financial Aspects of the U.C.C. Societies in Wai Taluka**

1. The U.C.C. Societies should concentrate on collecting deposits. They should educate the people, especially the rural people, the relating importance of thrift and savings. Societies can increase their working capital by introducing different types of savings and deposit schemes.
2. Like the Urban banks, U.C.C. Societies should come under the helping cover and control of R.B.I. in respect of safety of deposits so that people will be encouraged to keep their deposits in these societies.

3. The Deposit Insurance Corporation should cover the deposits of U.C.C. Society upto minimum Rs.30,000/- of each depositor under their scheme. Therefore, there will not be any fear about the unsafety in the minds of the depositors.
4. The immediate loans should be sacntioned by the Secretary and the Chairman immediately after due consideration in their rights.
5. Overdues is a serious problem in the U.C.C. Societies. Therefore, much care should be taken while sanctioning the loans. The directors should take personal responsibility for the recovery of loans.
6. The U.C.C. Societies should reorient their loan policies and should provide loans at reasonable rate of interest. All steps should be taken to see that loans are sanctioned without delay.
7. The loan procedure should not be complicated and time-delaying so that there will be increase in the loans and advances. The societies themselves should arrange to see that the borrower has not taken loans from other societies, instead of telling him to do this work. Societies can appoint one peon for bringing the 'No Dues Certificates' from other societies for the borrower.
8. The U.C.C. Societies should take utmost care while distributing loans, especially, the guarantee about the repayment.

9. The Directors should not favour for anybody while sanctioning him a loan. His economic conditions and attitude about the repayment of loan must be taken into consideration.
10. Nearly 40% of the profit should be transferred to the Reserve Fund. The amount of Building Fund should also be high so that societies can purchase their own office building as early as possible.
11. The U.C.C. Societies should not keep high cash and Bank balances with them without any reason. The societies should properly invest their funds on the basis of safety, liquidity and profitability.
12. The U.C.C. Societies should try to minimise their unproductive expenditure such as Tea and Refreshment expenses, Travelling expenses, Meeting expenses etc.
13. Every U.C.C. Society must have the Internal Audit for the detection of errors and prevention of frauds.
14. The U.C.C. societies should be affiliated to the District Central Co-op. Banks. The D.C.C. Banks should provide financial assistance to these societies as like the Primary Agricultural Credit Societies.

III. Suggestions Regarding Other Aspects of the U.C.C.Societies in Wai Taluka

1. Every U.C.C. Society should have separate office. Though it may be small, it shows the separate entity of the U.C.C. Society. Also there should be enough furniture

such as cup-boards, tables, chairs and counters. It facilitates to keep the records safe and also the staff can work with ease.

2. The basic objective of the co-operative movement is to serve the small and weaker sections of the Society. The U.C.C. Societies, therefore, reorient and redesign their credit policies hereafter.
3. Better service attracts the customers. The officials and the staff should behave with affection with their customers.
4. The Co-operative Department must keep proper control over the U.C.C. Societies to see that they run on the basis of co-operative principles. The officers of the Co-op. Department should give the surprise visits to check the proceedings in the societies.
5. The employees working in the U.C.C. societies all over the Taluka should come together and form a union to solve their problems.
6. The District Federation of the U.C.C. Societies has been recently started at District level. All the U.C.C. Societies should become its members and join the movement of progress through co-operation.
7. If the big and viable societies should develop beyond the minimum standards, and develop into banks accepting all types of deposits, extending the banking services, offering credit facilities including cultivators, then the credit structure would become sound one.

8. For the U.C.C. Societies to be self-reliant and to develop on sound and healthy line, utmost emphasis should be accorded to the co-operative education and training programmes.

9. Politics should be kept away from the U.C.C. Societies. The elections of these societies should be held not on the group basis but as far as possible un-opposed elsctions should be there.

10. The Government and Co-operative department should give the encouragement to the women and backward category people to form their U.C.C. Societies.

11. There are no U.C.C. Societies in many big villages in Wai Taluka. The Government should encourage the people living there to start the U.C.C. Societies.

12. The management of big commercial or any other type of organisation should encoruage their employees and workers to start their Employees Co-op. Credit Societies there.

13. It is suggested that sufficient number of U.C.C. Societies should be established in the western part of Wai Taluka.

In short, the number of U.C.C. Societies in Wai Taluka is adequate in number. But there is regional and sectional imbalance. Most of the societies are not financially viable. The management of these societies has to play a vital role in the progress of these societies. Efficient and competent staff is necessary to furnish the day-to-day working of these societies. Thus, the quantitative and qualitative development of the U.C.C. Societies depends upon the efficient and effective management and staff of these societies and also the active participation of the members. The role of Co-operative Department as a Controller and Guide is also very important.