



Chapter I

Introduction & Research Methodology

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Chapter – I Introduction & Research Methodology

1.1 Introduction :-

CO-operation is a World –Wide movement. It was introduced in India in early years of this century in the wake up of famines which had result in economic hardship and an alarming increase in the indebtedness of the farmers to the moneylender's co-operative credit on easy terms appeared to be the best means of getting the farmers out of the vicious circle of indebtedness and poverty. The idea was free the farmers from the necessity of hacking to borrow money on usurious rates of interest from village money lenders Co-operation in its modest form ,was started in India with the enactment of the co-operative Societies Act 1904. It aimed at providing cheap credit to the agriculturists.

Co-operative Societies may be divided into various classes according to their function. These classes are...

1. Credit co-operative
 - a. Agricultural credit co-operatives
 - b. Non Agricultural credit co-operatives
2. Co-operative Marketing

3. Co-operative processing
4. Co-operative farming
5. *Consumers Co-operatives*
6. Industrial co-operatives
7. Housing co-operatives
8. Dairy Co-operatives
9. Other forms of co-operatives

Let us see about the co-operative credit i.e.co-operative Banking.

1.2 Co-operative Banking

Co-operative banks in India are more than 100 years old. These banks came into existence with the enactment of the agricultural credit Co-operative Societies Act in 1904. Co-operative banks form an integral part of the banking system in India. These banks operate mainly for the benefit of rural areas particularly the agricultural sector. Co-operative banks mobilize deposits and supply agricultural and rural credit with a wider outreach. They are the main source of institutional credit to the farmers.

Co-operative banks are responsible for breaking the monopoly of money lenders in providing credit to agriculturists. They have also been an important instrument for various development for various development schemes, particularly subsidy based programme for the poor. Co-Operative banks operate for non agricultural sector also but their role is small .

Though much smaller as compared to scheduled commercial Banks constitute an important segment of the Indian banking system. They have an extensive branch network and reach out to people in remote areas. They played an important role in creating banking habits among the lower and middle income groups and in strengthening the rural credit delivery system.

Unfortunately financial reforms have not impacted the functioning of Co-operative banks. This was brought out clearly in the following observation of the Reserve Bank of India. 'Since the introduction of reforms, there has been very little perceptible improvement in either stability or efficiency of co-operative banks in

Particular, the asset quality and profitability of scheduled urban Co-operative banks showed some deterioration in the reforms

period. Positive impact of reforms as have been witnessed in the case of commercial banking sector may take longer to get manifested for co-operative banks given the late start of the reforms process in the sector.”

The financial reforms process initiated in 1991 have tried to achieve regulatory convergence among various financial intermediaries in view of their systematic importance. Therefore the basic objectives and instruments of reforms for state co-operatives banks have been the same as for State Co-Operatives Banks. However given the special characteristics of co-operative banks they have been extended certain dispensation in term of pace and Sequencing of reforms.

1.2.1 Definition:-

The co-operative banking is defined by various authorities.

(a) According to Laud G.M.

“A Co-operative bank is a mutual society formed Composed and Governed by working people them selves for encouraging regular saving and grating small loans on easy terms of interest and repayment”

(b) H. Calvert has defined,

“A CO-operative as a form of organization where persons voluntarily associate together as human beings on the basis of quality for the promotion of economic interests of themselves:

1.2.2 Objectives Of Co-Operative Banks :-

Co-operative banks operate with a view to attaining the objectives mentioned below

1. The prime objectives of making available loans at concessional rates to needy members.
2. Co-operative banks try to bring about the most effective use of the loans they advance. For this purpose the loans are advanced only for productive purpose.
3. Increases the number of members and draw on the source of funds outside the society to finance the productive activities of its members.
4. The aim of co-operatives bank is also to reduce the risks in lending by a careful Handling of its activities.

5. When Small farmers easily receive co-operative loans, they are motivated to invest the borrowed funds in productive ventures with a view to increasing their incomes.

1.2.3 Features of Co-operative Banks:

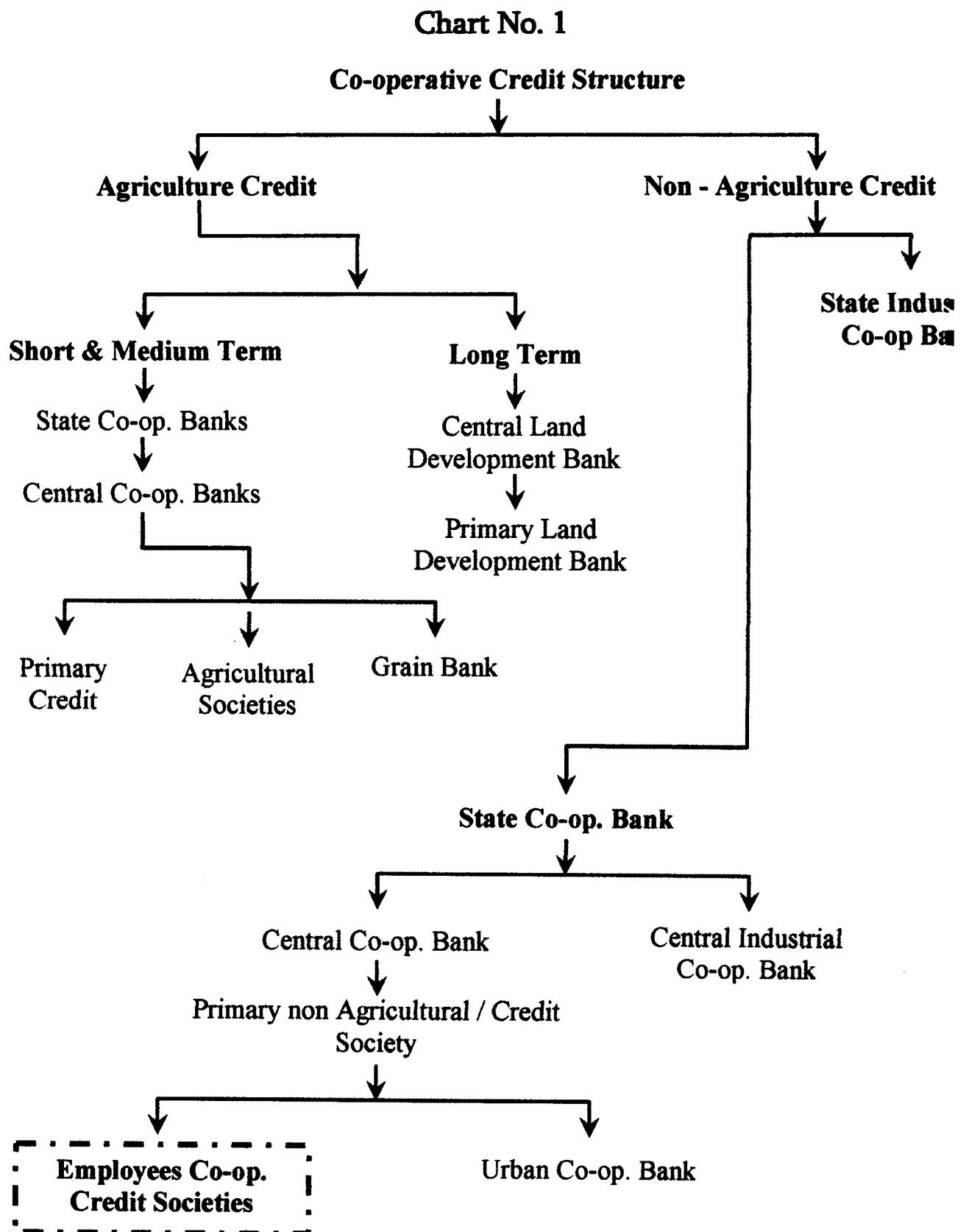
1. Co-operatives Banks are organized and managed on the principles of co-operation, Self-help and mutual help. They function with the rule of "One members one vote " Function on "no profit no loss" basis. But co-operative banks do not pursue the goal of profit maximization .
2. Co-operative Banks Performs all the main banking functions of deposit Mobilization supply of credit and provision of remittance facilities.
3. Co-operatives banks provide credit specially to agriculture related product. However Co-operative banks now provide housing loans also.
4. Co-operative banks are perhaps the first government sponsored, government supported and government subsidised financial agency in India. They get financial and other help

from the Reserve Bank of India, NABARD, Central Government and State Governments.

5. Co-operative banks do banking business mainly in the agriculture and rural sector however UCBs, SCBs and CCBs operate in semi Urban, Urban and metropolitan area also. The agricultural and non-agricultural business of these banks has grow over the years. The co-operative banks demonstrate a shift from rural to urban.
6. Co-operative banks belong to the money market as well as to the capital market.
7. Primary agricultural credits societies provide short term and medium term loans.
8. Co-operative banks are financial intermediaries only.

1.3 Co-Operative Credit Structure /Types Of Co-Operative Banks

The Co-operative credit structure as it stands today is just like a pyramid with a broad base spread over almost all the village in India . All these units from the blocks of an integrated system and all these Small and big units performs different credit function the number of these institutions is big and coverage is very wide. The chart shows the clear structure



The co-operative banking structure in India comprises urban co-operative banks and rural co-operative credits institutions

★ Urban Co-Operative Banks :-

UCBs consist of a single tier viz primary co-operative banks commonly referred to as urban co-operative banks.

★ Rural Co-Operatives

The rural co-operative credit structure has traditionally been bifurcated into two parallel wings viz short-term and long terms

A. Short-Term Rural Co-Operatives

These credit institutions have a federal three tier structure at the apex of the system is a state co-operatives banks in each state, at the middle or district level there are central co-operative bank, at the lowest or village level are the primary agricultural credit societies. The smaller states and union territories have a two tier structure with state co-operatives banks directly meeting the credit requirement of primary agricultural credit societies .

a. State Co-Operative Bank

The SCBs is the highest agency of the three-tier co-operatives credit structure in a state. It serves as a link between RBI and the

CCBs and PACs. The RBI provides credit to lower level co-operatives through the SCB. This function of the RBI has now been taken over by the NABARD. The SCBs also acts as a balancing centre for CCBs in the sense that Surplus funds of some CCBs are made available to other needy CCBs. The SCB exercises general control and supervision over CCBs and PACs.

b. Central Co-Operative Banks

These banks act as a link between the PACs. The Main task of CCBs is to lend money to affiliated village primary societies. The CCBs are expected to attract deposits from the general public.

c. Primary Agricultural Credit Societies

These societies form the basic unit of the co-operatives credit system in India. These voluntary societies based on the principle of 'one man one vote' have posed challenge to the exploitative practices of the village moneylenders. The farmers and other small time borrowers come in direct contact with these societies. The success of the co-operatic credit movement depend largely on the strength of these village level societies there are around one lakh such societies in the country at present.

A Major objective of PACs is to serve the needs of weaker section of the society. For this purpose the people with limited means particularly scheduled castes and scheduled tribes are encouraged to become members of these Societies. Government has Promoted multi-purpose societies in tribal areas for the benefit of people living there.

B. Long-Term Rural Co-Operatives.

Generally these co-operatives have two tiers, Vi2 State co-operative agriculture and rural development banks at the state level and primary co-operative agriculture and rural development banks at the taluka of tehsil level .However some states have a unitary structure with the state level banks operating through their own branches three states have a mixed structure incorporation both unitary and federal system.

1.4 Urban Co-operatives Bank

Urban Co-operative credit sector constitutes a very important segment of the co-operative movement. The sector comprises of the primary co-operative banks and non-agricultural credit society including salary earners, thrift lend to the member. These banks take

care mainly to the banking and credit needs of the lower and middle classes of people comprising small entrepreneurs artisans and small traders etc.

The potentiality of these banks in mobilization of resources is indeed great. As per RBI Directives 60% of credit supply is channels towards priority sector and rest of the investment have been made in the state co-operative banks and other government securities etc. concentration of urban co-operative bank's is more in few states namely Maharashtra ,Gujarat Karnataka and Tamilnadu. The concentration of urban co-operative bank in a few states has resulted in regional imbalance .The performance of the Urban co-operative Banks are very good and they are also declared as Scheduled bank by RBI.

1.4.1 Brief History of Urban Co-operative Banks in India

The term urban co-operatives banks through not formally defined. Primary Co-operative banks located in urban and semi-Urban areas. These banks, till 1996 were allowed to lend money only for non-agricultural purpose. This destination does not hold today. These banks were traditionally centered around communities,

localities work place groups. They essentially lent to small borrowers and businesses. Today ,their scope of operations has widened considerably .

The Origins of the Urban Co-operative banking movement in India can be traced to the close of nineteenth century. When, inspired by the success of the experiments related to the co-operative movement in Britan and Co-operative credit movement Germany such Societies were set up in India Co-operation, Mutual help, democratic decision making and open membership .co-operatives represented a new and alternative approach to organization as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organization.

1.4.1.1.The Beginings:

The first known mutual aid society in India was probably the 'Anyonya sahakari Mandali' organized in the erstwhile princely state of Boroda in 1889 under the guidance of Vithal Laxman also Known as Bhausageb Kavthekar. Urban CO-operative credit societies in their formative phase came to be organized on a community basis to meet the consumption oriented credit needs of their members. Salary

earners societies inculcating habits of thrift and self help played a significant role in popularising the movement especially amongst the middle class as well as organized labour. From its origins then to today UCBs has been to mobilise savings from the middle and low income urban groups and purvey credit to their members many of which belonged to weaker sections .

The enactment of Co-operative credit societies act 1904 however gave the the real impetus to the movements. The first Urban credit society was registered in Kanjivaram in the erstwhile Madras province in October 1904. Amongst the Prominent credit societies were the pioneer urban in Bombay (November 11,1905)The no.1 Military Account Mutual Help Co-oprative Credit Society In Poona (January 9,1906),Cosmos In Poona (January 18,1906),Gokak Urban (February 15,1906)and Belgaum pioneer (February 9,1906)in the Belgaum Districts the kanakavli-Math co-operative credit society and varavade weavers urban credit Society (March13,1906),in the south Ratnagiri (Now sindhudurg)District.The most prominest amongst the early credit societies was the Bombay Urban Co-

operative credit society Sponsored by Vithaldas Thackersey and Lallubhai samalda established on 23rd , January 1906 .

The CO-operative credit Societies Act 1904 was amended in 1912 with a view to broad basing it to enable organization of non credit societies .The Maclgan committee of 1915 was appointed to review their performance and suggest measures for strengthening them. The committee observed that such institution were eminently suited to cater to the needs of the lower and middle income society and would inculcate the principles of banking amongst the middle classes. The committee also fell that the urban co-operative credit movement was more viable than agricultural credit societies The recommendations of the committee went a long way in establishing the urban co-operative credit movement in its own right.

In the present day context ,it is of interest to recall that during the banking crisis of 1913-14, when no fewer 57 joint stock banks collapsed, there was a flight of deposits from joint stock banks to co-operative Urban banks. Maclagl committee chronicled event thus "As a matter of fact, the crisis had a contrary effect and in most provinces, there was a movement to withdraw deposits from non -co-operative

and place them in co-operative institution, the distinction between two classes of security being well appreciated and a preference being given to the latter owing partly to the local character and publicity of co-operative institutions but mainly, we think to the connection of Government with co-operative movement.”

1.4.1.2 Under State Purview

The constitutional reforms which led to the passing of the Government of India Act in 1919, transferred the subject of “Co-operation” from Government of India to the provincial Governments. The Government of Bombay passed the first State co-operative societies Act in 1925. which not only gave the movement its size and shape but was a pace setter of co-operative activities and stressed the basic concept of thrift, self help and mutual aid. Other states followed this marked the beginning of the second phase in the history of co-operative credit institutions.

There was the general realization that urban banks have an important role to play in economic construction. This was asserted by a host of committees. The Indian central banking Enquiry committee (1931) felt that Urban banks have a duty to help the small business

and middle class people. The Mehtabhansali committee (1939), recommended that those societies which had fulfilled the criteria of banking should be allowed to work as banks and recommended an association for these banks. The co-operative planning committee (1946) went on record to say that urban banks have been the best agencies for small people in whom joint stock banks are not generally interested. The Rural Banking Enquiry Committee (1950) impressed by the low cost of establishment and operations recommended the establishment of such banks even in places smaller than taluka towns.

The first study of urban co-operative banks was taken up by RBI in the year 1958 -59. The report published in 1961 acknowledged the widespread and financially sound framework of urban co-operative banks, emphasized the need to establish Primary Urban Co-operative Banks in new centers and suggested that state governments lend active support to their development. In 1963 Varde Committee recommended that such banks should be organised at all urban centers with a population of one lakh or more and not by any single community or caste. The committee introduced the concept of

minimum capital requirements and the criteria of population for defining the urban centre where UCBs were incorporated.

1.4.1.3 Duality of control

However Concerns regarding the professionalism of urban Co-operative banks gave rise to the view that they should be better regulated. Large co-operative Banks with paid up share capital and reserves of Rs. one lakh were brought under the preview of the Banking Regulation Act 1949 with effect from 1st March 1966 and within the ambit of the reserve Banks supervision. This marked the beginning of an era of duality of control over these banks. Banking related functions were to be governed by RBI and Registration, Management audit and liquidation etc. governed by State Governments as per the provision of respective state Acts. In 1968 UCBs were extended the benefits of 'Deposits Insurance' .

Towards the late 1960 s there was much debate regarding the promotion of the small scale industries. UCBs came to be seen as important players in this context. The working Groups on Industrial Financing though Co-operatives Banks, attended to broaden the scope of activities of urban co-operative banks by recommending that

these banks should finance the small and cottage industries. This was reiterated by the banking Commission (1969) .

The Mohandas committee (1979) evaluated the role played by Urban Co-Operative Banks in greater details and drew a roadmap for their future role recommending support from RBI and Government in the establishment of such banks in backward areas and prescribing viability standards.

The Hate Working Group (1981) desired better utilisation of banks surplus funds and that the percentage of the Cash Reserve Ration(CRR)and the Statutory Liquidity Ratio of these banks should be brought at par with commercial banks in a phased manner. While the Marathe committee (1992)redefined the viability norms and ushered in the era of liberalization the Madhavarao Committee (1999) focused on consolidation control of sickness, better professional standards in urban co-operative banks and sought to align the urban banking movement with commercial banks.

A feature of the urban banking movement has been its heterogeneous character and its uneven geographical spread with most banks concentrated in the states of Gujrat, Karnataka,

Maharashtra and Tamilnadu. While most banks are unit banks without any branch network. Some of the large banks have established their presence in many states when at their multistate banking was allowed in 1985. Some of these banks are also authorized dealers in foreign exchange.

1.4.2 Functions of Urban Co-operative Banks:

The main function of co-operative Urban banks are –

1. To mobilise saving in urban and semi-urban areas from members and non-members and provide them all Kinds of banking services.
2. To arrange resources in the shape of share capital, deposits and borrowings from the concerned district central co-operative bank for the purpose of lending .
3. To provide credit on reasonable terms to the urban middle class people i.e. Small traders, artisans and other weaker section. It aims at to rescue the small traders from the exploitation of money lenders and other agencies which leads to price rise in an indirect way .

4. To encourage thrifts self help and co-operation among the urban middle class people.
5. To arrange for the safe custody of valuable documents of members

The urban co-operative banks is also named as primary co-operative bank and its include.

- a) Urban Co-operative Bank (i.e. formed by traders and professionals)
- b) Women Co-operative Bank
- c) Salary Earners Co-Operative Bank.

1.5 Salary Earners Co- Operative Bank

Salary earners co-operative banks coming under the category of urban co-operative Banks.

Salary Earners co-operative Banks is the financial organization of salaried employees under a common institution .

A Salary earners co-operative Banks is formed, composed and governed by salaried peoples themselves for encouraging regular saving and granting small loans on easy terms of interest and repayment .

The SECBs are also known as “Employees Co-Operatives Banks” these bank are formed by the salary earners to meet their common economic requirement.

Employees from the same organization may from such type of bank subject to statutory norms. The name of these banks itself suggested that the scope of working relates to ‘Salary Earners ‘ only. It means membership of these banks is allowed to ‘Salary Earners’ Only. So these banks are mostly working for the welfare of their members. SECBs are paying greater attention towards raising deposits from member and Non-members and giving loans to their members. RBI has classified ‘SECBS’ under the UCBs category ,so there is limit on loan transaction. It means that loans mostly restricted to members and there is also restriction on the amount of loans. Hence there is no wider scope for granting loans to members and non –member also. Generally these banks do not have the serious problem of over-dues or recovery of loans because of the loan installments are directly deducted from the monthly salaries of the respected employees. These banks have been working as a sound entity in the field of co-operative banking and have been performing their role in a particular

segments. Mostly loans are granted to member against their salaries and treated as 'Unsecured Loans'. These banks are member driven entities. The managing committee as well as staff are responsible for the collection of overdues. One feature of the SECBs is that their members get a Fixed monthly income in the form of salary through their conditions of work may be different .

The term 'Salary Earners' has been used here denote classes of people who are employed in central government, state government, State government statutory and municipal corporations, zilla parishads and educational institutions. The SECBs are banks of Salary earners so it is necessary to consider the features of salary earners to understand the General and Economic Position.

The following are the features of salary Earners.

1. Fixed salary income .
2. Periodic increments .
3. Provided fund or pension facility.
4. Income related to efficiency of experience.
5. No chance of sudden rise or fall in income.
6. Income inadequate to satisfy needs of capital nature.

7. Low value of share.
8. Limited liability of members.
9. Monthly subscription from employees salaries and conversion of such subscription into a the refund.
10. Loans against salaries i.e. members or loans takes have required to maintain 'current monthly salary in loan proposal while taking a loan .
11. Membership is usually confined to permanent employees.
12. Mutual service and democratic management.
13. Regional concentration.
14. Lowest NPAs.

1.5.1.Objectives of The SECBs

The of UCBs and SEBs are similar It is essentially to study the objectives of the SECBs which are given as follows

1. To encourage thrift self help and co-operation among the members.
2. To accept deposits of money from the members and non-members.
3. To borrow or raise money.

4. To lend or to advance money as per the bye laws to members
i.e. salary earners at reasonable rate of interest.
5. To draw, make, accept, discount, endorse, collect, buy, sell or
to endorse and to deal in land bills of exchange and other
negotiable instruments and other securities whether
transferable or negotiable or not.
6. To provide 'Safe Deposits Value' and 'Services' for safe
custody of documents, securities, shares and other valuables
and ornaments etc. as per rules and regulations laid down by
the Board of Directors of the Banks.
7. To undertake on commission such as insurance premium,
electricity bills, gas bills, telephone bills and other works for
providing services to the members and non-members.
8. To take over any Co-operative institution wholly or partially
or manage with prior permission of the 'State Co-operative
Department'.
9. To provide financial and technical assistance to businessmen
and small scale industries to some extent.

10. To invest money or funds of the banks not require for lending. These funds must be invested with due care and no speculative investment should ever be considered.
11. To Open branches extension counter with the permission of the registrar and by obtaining license from the RBI within the area of operation of the bank.
12. To prevent members falling in to permanent indebtedness and assist them financially in times of difficulty and help to them to get out of debt.
13. To do any legal business with a view to achieve objectives of the bank.

1.5.2 Need Of Salary Earners Co-Operative Banks

Following are the needs of SECBs.

1. There is probably no class in any country in the in the world which is not faced by some difficulties which could be mitigated or overcome by combination though they are very difficult to meet so long as he stands alone. A very little investigation of the condition of the salary earning classes in frequently enough to reveal the fact that when sudden

emergencies arise which make an unexpected demand on their fixed salaries they have to borrow that they do on most unfavorable terms and that as a class they are heavily indebted. Hence to meet financial emergencies of salary class the SECBs are essential.

2. Some members savings is nothing or very low but they gets loan on the basis of their membership in the SECBs.
3. Salary earners groups can not be allowed to accept unlimited liability and for the same reasons credit needs to be restricted so SECBs are more suitable to provide loans to their member at the prescribed limit.
4. These banks are creating regular sense of saving among their member through monthly subscription so for monthly savings from salary earners SECBs is very essential.
5. SECBs essential to protect the interest of salaried class and there banks are working as per co-operative guidelines.
6. Nationalized banks do no sanction loan on personal security. The salary earners have no security other than personal

security. But the SECBs are basically provides loans and advances against salaries.

1.5.3 List of Salary Earners Co-Operative Banks In Maharashtra

Still in Maharashtra there are only 24 salary earners co-operative banks. These banks shows follows.

Table No.1.1.

List of SECBs In Maharashtra

Sr. No.	Name of the Banks	Date of commencement
1.	Defence Accountants Co-Operative Banks Ltd. Pune.	1906
2.	Pune Muncipal Servents Co-Operative Bank Ltd. Pune.	1914
3.	The Government Servent Co-Operative Bank Ltd. Kolhapur	1917
4.	Ahmednager District Primary Teachers Co-Operative Bank Ltd. Ahmednager	1919

5.	The Nashik District Co-Operative And Parishad Employees Bank Ltd. Nashik	1920
6.	Dhule And Nandurbar District Government Servent Co-Operative Bank Ltd. Dhule.	1921
7.	The Income Tax Department Co-Operative Bank Ltd. Mumbai	1926
8.	The Maharashtra Mantralaya And Allied Officer Co-Operative Bank Ltd. Mumbai	1929
9.	Novel Dockyard Co-Operative Bank Ltd. Mumbai	1931
10.	The Mumbai Municipality Employees Co-Operative Bank Ltd. Nagpur.	1932
11.	Nagpur Municipality Employees Co-Operative Bank Ltd. Nagpur	1934
12.	Shriram Cotton Co-Operative Bank Ltd. Mumbai	1939
13.	The Primary Teachers Co-Operative Bank Ltd. Kolhapur.	1948
14.	The Rayat Sevak Co-Operative Bank Ltd. Satara.	1940
15.	Primary Teachers Co-Operative Bank Ltd.Satara	1948

16.	Premier Automobiles Employees Co-Operative Bank Ltd. Mumbai	1949
17.	The Municipal Co-Operative Bank Ltd. Mumbai	1952
18.	The Air Corporation Employees Co-Operative Bank Ltd. Sangli	1952
19.	Sangli District Primary Teachers Co-Operative Bank Ltd. Sangli	1952
20.	Walchandnager Co-Operative Workers Bank Ltd. Walchandnager. Dist. Pune	1960
21.	State Transport Co-Operative Bank Ltd. Mumbai	1953
22.	Insurance Workers Co-Operative Bank Ltd. Mumbai	1960
23.	Wardha Zilla Parishad Employees Co-Operative Bank Ltd. Wardha	1967
24.	The Amaravati Zilla Parishad Teachers Co-Operative Bank Ltd. Amaravati	1976

From the above chart we can say in Maharashtra quantity of Salary Earners Co-Operative Banks are very low as compare to other co-operatives banks.

1.6 Research Methodology

1.6.1 Introduction

Urban Co-Operative Banks have been playing a very vital role in the banking sector of the country. Salary Earners Banks treated as a urban co-operative bank. Among the salary earners banks 'The Rayat Sevak Co-operative Bank Ltd.Satara' plays a important role in 'Rayat Shikshan Sanstha'. The main objectives of the 'Rayat Sevak Co-Operative Bank' are to meet the various financial needs of teacher and other rayat employees, improve their living standard and to inculcate the savings habit among them. This bank mainly advance loans to the members for housing, children education and for purchasing vehicles. The bank also gives secured loans to the non-members.

Still co-operative banks fails in his performance because competition increase in banking field and foreign banks entering in our country. Hence now co-operative banks have to plan new strategies and accept new challenges for improve their efficiency.

The bank has to frame its lending policies in accordance with the directives of the Government, Reserve Bank Of India, NABARD,

Co-Operative Department, Maharashtra State Co-Operative Bank. Such policies have to be executed by the 'Rayat Sevak Co-Operative Bank'.

The 'Rayat Sevak Co-Operative Bank Ltd. Satara' is having 20 branches and its head office at Satara. It has been playing an important role for the last 50 years. I selected this bank with a view to assessing its performance by using various techniques of financial analysis.

1.6. 2. Objectives Of The Study

The main objectives of the present study are as follows.

1. To study the history and development of Rayat Sevak Co-Operative Bank Ltd. Satara.
2. To study the financial position of the bank and Sangli and Vita branch.
3. To evaluate the past and present performance of the bank.
4. To study the management and challenger of the bank.
5. To recommend a suitable suggestion to the bank for improving their efficiency.

1.6.3. Methodology

The primary and secondary data required for the present study.

Data collected from the following source.

1. Primary Data:-

Primary data may be collected through observation questionnaires interviews and discussion with concerned officers and employees of the bank.

2. Secondary Data:-

2 Secondary data includes annual reports, audit reports and rewards of the bank.

3 **Library sources :-** The various books, journals and reports on banking.

The data collected through primary and secondary sources were processed and analyzed with the help of tables and graphs

1.6.4 Significance Of The Study

The financial analysis shows the strength and weaknesses of the bank. The study will know the financial position of the bank. The study will provided to the Rayat Sevak Co-Operative Bank Ltd.

Satara an opportunity for its self assessment. It will also help in improving the efficiency and overall working of the bank.

1.6.5. Scope And Limitation Of The Study

The Rayat Sevak Co-Operative Bank Ltd. Satara has been working for the last 67 years. This bank is having 20 branches in all over Maharashtra. The head office of the bank is situated at Satara. The financial position of the bank is studied for a period of last 5 years i.e. from 2002 -03 to 2006-07. The Rayat Sevak Co-Operative Bank Ltd. Satara as the head office and its Sangli and Vita branches are taken for the purpose of the study.

This study is confirm to The Rayat Sevak Co-Operative Bank Ltd. Satara. Sangli And Vita Branches.

1.6.6. Chapter Scheme.

★ CHAPTER I

❖ Introduction And Research Methodology

It is an introductory chapter in nature and deals with Co-Operative Banking, Urban Banking, Salary Earners Banking etc and it deals with review of literature. Importance and objective of the study, and research methodology, scope, time period, limitations and such other related aspects.

★ CHAPTER – II

❖ Profile Of The Rayat Sevak Co-Operative Bank..

In this chapter whole profile of the bank is included.

★ CHAPTER –III

❖ Therotical Background

It includes therotical background of the management. It helps to gives the idea about management.

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★ CHAPTER –IV

❖ Analysis and Interpretation:-

This chapter divided in two part i.e. first part in management of the bank and second is challenges before the bank.

I. Management of The Rayat Sevak Co-operative Bank.

This chapter deals with the management functions of Rayat Sevak Co-operative Bank. i.e. planning, organizing, staffing, directing, motivating, communicating, leadership and controlling.

II. Challenges Before Rayat Sevak Co-operative Bank.

This chapter deals with the challenges before the bank.

★ CHAPTER –V

❖ Conclusion and suggestion.

With the help of data collected and observations conclusion and suggestion are explained in this chapter.
