APPENDIX FOUR

CASE STUDIES: CENTRAL COOPERATIVE BANKS
ORGANIZATION AND MANAGEMENT
THE GURGAON CENTRAL COOPERATIVE BANK LTD

The bank was established on 27th February, 1919 with its head office at Gurgaon having the whole district of Gurgaon as its area of operation (except Rewari Tehsil where a separate cooperative bank is functioning independently). The bank has four branches at each Tehsil Headquarters - Jhirka, Nuh, Ballabhgarh and Palwal, functioning respectively since 1940, 1945, 1954 and 1960. The branches of the bank are said to have been functioning quite satisfactorily in respect of loans and recoveries. The bank proposes to open its branch at Faridabad in view of immense industrial potentialities of the area providing a large scope for deposits and banking business. At present, the Faridabad area is served by the Ballabhgarh Branch, which lies at a distance of five miles from it.

Its functions are now regulated by the Reserve Bank of India under Banking Regulation Act, 1949 with effect from March 1, 1966.

MEMBERSHIP

The bank was registered with 25 members in 1919 which rose to 1603 in 1965, giving an increase of sixty-four times over a period of forty-six years. The bank is a mixed-type - consisting of societies and individuals as its members. The number and composition of the members of the bank for the last five years are given in the table below:

<table>
<thead>
<tr>
<th>Years</th>
<th>1961</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>108</td>
<td>96</td>
<td>94</td>
<td>94</td>
<td>93</td>
</tr>
<tr>
<td>Societies</td>
<td>1430</td>
<td>1440</td>
<td>1418</td>
<td>1466</td>
<td>1507</td>
</tr>
<tr>
<td>Total</td>
<td>1538</td>
<td>1536</td>
<td>152</td>
<td>1560</td>
<td>1600</td>
</tr>
</tbody>
</table>

The table shows that the membership during the five year period has increased from 1538 to 1600. The number of individual members has declined slightly due to the changed policy of their gradual elimination.
The Board of Directors

The Board of Directors is composed of the representatives of the societies and individual share-holders. The constitution of the 19-member Board of Directors is as follows:

- Individual members: 2
- Member Societies: 15
- Government nominees: 2
- Total: 19

The organisational structure of management of the bank is reflected in the following chart:

**BOARD OF DIRECTORS**

Committees
- (i) Executive Committee
- (ii) Action Committee
- (iii) Loan sub-Committee
- (iv) Standing sub-Committee

The Managing Director

The Manager

The Committees

Four committees as given in the chart above are functioning under the Board. The standing sub-Committee is to take up work as and when needed.

The Local Board

There is no Local Board for any of the branches, but for each of them a member of Board of Directors is deputed to work as Honorary Secretary of the branch.
The Managing Director

The Managing Director of the bank is a practising lawyer and a Member of the State Legislative Assembly.

Managerial Staff

The Manager of the bank is untrained, though he has got 25 years' experience to his credit. The Branch Managers are also untrained but have an experience from 5 to 7 years. The work of the Managers was reported to be good. Managerial subsidy was received for one year during the 15-year Plan Period.

GENERAL OBSERVATIONS

The management makes unanimous decisions as far as possible and in majority of the cases they are so. However, a note of dissent by the government nominees has been made in a few cases. The election of some directors is due since late.

THE BHATINDA CENTRAL COOPERATIVE BANK LTD.

The Bank was registered under the Cooperative Societies Act, 1912 on 2nd June, 1949, with a membership of 45 and its headquarters at Bhatinda. The area of its operation is the whole of Bhatinda district (except Paridkot Tehsil and NES Block, Kot Kapura). The bank has two branches at Mansa and Rampura Phul functioning respectively since 1957 and 1959. The bank intends to open two more branches each at Ramo and Brete to render services to its member societies.

MEMBERSHIP

The bank is a mixed-type having both individuals and societies as members. The composition of membership for the last five years is given in the table below.

<table>
<thead>
<tr>
<th>Years</th>
<th>1961</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>54</td>
<td>53</td>
<td>49</td>
<td>55</td>
<td>54</td>
</tr>
<tr>
<td>Societies</td>
<td>775</td>
<td>829</td>
<td>862</td>
<td>879</td>
<td>900</td>
</tr>
<tr>
<td>Total</td>
<td>829</td>
<td>882</td>
<td>911</td>
<td>934</td>
<td>954</td>
</tr>
</tbody>
</table>
The number of individual members has remained more or less constant, while the number of member-societies is on the increase. The increase in the number of member-societies during the 5-year period is to the extent of 125, giving an average of 25 members per year.

MANAGEMENT

The Board of Directors

The Board of Directors consists of 13 members, one elected by the individuals, ten by the societies and two nominated by the Government.

The Committees

The committees functioning under the Board of directors are - Executive Committee, Staff Appointment Committee, Building Committee and Loan sub-Committee.

The Local Board

There is no Local Board of Directors for branches, but an Honorary Secretary looks after them.

The Managing Director

The Managing Director of the bank is an agriculturist by occupation.

Managerial staff

The Manager of the bank is trained and has got 12 years' experience. The Branch Managers have also got experience of from 4 to 10 years, but they are untrained. It was informed that one of them is intended to be deputed for training.

GENERAL OBSERVATIONS

The over-all management of the bank appeared to be satisfactory.
THE MAHENDRAGARH CENTRAL COOPERATIVE BANK LTD.

The Bank was registered on 5th September 1954 and started functioning immediately. The progress of the bank till 1959 was slow attributable to the backwardness of the area - illiteracy, lack of means of transport and communication, lack of publicity of the movement and the generally weak financial position of the people. Moreover, there have been frequent droughts and famines in the district resulting in set-backs of the bank. During the Third Plan period, the bank made good progress.

The area of operation of the bank is the Mahendragarh district. The bank has two branches, one at Charkhi Dadri and another at Narnaul functioning respectively since 1958 and 1960. The working of these branches is satisfactory.

MEMBERSHIP

The Bank is a mixed-type having both individual and societies as its members. The following table gives details for five years (1961-1965):

<table>
<thead>
<tr>
<th>Years</th>
<th>1961</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>157</td>
<td>157</td>
<td>155</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Societies</td>
<td>466</td>
<td>528</td>
<td>598</td>
<td>628</td>
<td>652</td>
</tr>
<tr>
<td>Total</td>
<td>623</td>
<td>685</td>
<td>753</td>
<td>782</td>
<td>806</td>
</tr>
</tbody>
</table>

The number of societies has increased while that of individuals has remained constant.

MANAGEMENT

The Board of Directors

The Board of directors has a strength of 14 including two government nominees. The representation from individuals and societies is 3 and 9 respectively.

The Committees

There are two committees - The Executive Committee and the Loan Sub-Committee functioning under the Board of directors.
The Local Board

Neither there is any Local Board nor any secretary for the branches. There is one accountant in each of the branches to act as incharge of the Branch.

The Managing Director

There is a Managing Director, whose occupation could not be known.

The Managerial staff

The Manager is trained and has an experience of 8 years to his credit. The Bank was given a managerial subsidy of Rs 5,400 during the Second Plan period.

THE MOGA CENTRAL COOPERATIVE BANK LTD

The Bank was registered under the Act of 1912 on 15th April, 1922 with its headquarters at Moga. The area of operation extends to Moga and Zira Tehsils of Ferozepur district.

The progress of the bank till partition was slow, but during the last three years after independence, it has shown good progress.

The bank has opened three branches one each at Zira (on 1-7-1954), HilaSinghwala (on 18-1-1963) and Bagha Purana (on 22-8-1965). The object of opening of these branches was to make agricultural credit available to the cultivators of the area as conveniently as possible.

MEMBERSHIP

The bank is a mixed type. The composition of membership for the past five years is given below:

<table>
<thead>
<tr>
<th>MEMBERSHIP AND ITS COMPOSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Individuals</td>
</tr>
<tr>
<td>Societies</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
The increase in membership is not significant but the ratio between the individuals and societies is as usual.

**MANAGEMENT**

The Board of Directors

The Board of Directors is composed of 12 elected and 2 nominated directors. Of the elected directors, 9 directors are elected by member societies and 3 by individuals.

The Committees

There is an Executive Committee of five directors including one Government nominee. Also, there is an Industrial sub-Committee.

The Local Board

There is no local board, but a director-in-charge for each of the branches.

The Managing Director

There is a Managing Director whose occupation could not be known.

Managerial Staff

The Manager is trained and has got an experience of four years. Managerial subsidy was granted only during the Third Five Year Plan period.

**THE KARNAL CENTRAL COOPERATIVE BANK LTD.**

The Bank was started on 28th January, 1920 at Karnal, with its area of operation extending to the whole district. The bank has opened five branches one each at Kaithal (1942), Panipat (1953), Thaneswar (1953), Ladwa (1965) and Shahabad (1965).

**MEMBERSHIP AND ITS COMPOSITION**

The bank is a mixed type, having 79 individuals and 191 societies as its members.
MANAGEMENT

The Board of Directors

The Board of Directors is composed of 17 directors - 15 elected and 2 nominated. Of the elected directors, 15 are from member-societies and 2 from individuals.

The Committees

There is an Executive Committee and a Loan sub-Committee for the functioning of the bank.

The Local Board

There is no Local Board and no secretary for the management of branches. The branches are run by accountants under the supervision of directors-in-charge.

The Managing Director

There is a Managing Director who owns a cardboard factory and is also an agriculturist, virtually a land-lord.

Managerial staff

The Manager is an old experienced person without any training. The Bank was never given any managerial subsidy.

GENERAL OBSERVATIONS

The area of operation of a Central Cooperative bank generally extends to a district, but the cases show that there were some banks functioning even at the Tehsil level.

The most important feature of Central Cooperative banks is their branch expansion. Except a few banks, all have branches.