

# CHAPTER 4

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### REVIEW OF LITERATURE AND RESEARCH METHODOLOGY

The focus of this study is on the leadership aspect of the urban cooperative banks as seen in Kolhapur city of Maharashtra state. Before delving into the primary data pertaining to the subject of investigation, it would be in the fitness of things to explore the treaded paths in this context by early researchers. This would help in highlighting the significance of this study *per se*. The step thereafter would be to outline the research methodology adopted for data generation and analysis.

#### 4.1 REVIEW OF LITERATURE

There is a plethora of literature available on various aspects of cooperative movement in India. Scanning of the same has revealed that relatively less is discussed about cooperative leadership in general and scantily about cooperative leadership in urban cooperative banks in particular. A brief account of the major studies follows.

D.G. Karve (1963) studied 'Pattern of Cooperative Leadership in India'. He was of the opinion that the earliest cooperatives were small credit societies with unlimited liability of members for common debts. At the district and state level many among the urban leaders rendered constructive and selfless service to the credit cooperatives.

W.P. Watkins (1963) described the functions, qualities and qualification of leaders. He maintained that the function of a leader was to show his fellow

cooperators the way ahead, convincing neighbours to form a cooperative organization, guide them the process of getting it established and launched in business and to create confidence among the members. He laid down courage, judgment, intelligence, sympathy, respect for others, imagination, morality, etc. as the qualities needed in a leader.

C. Dinesh (1970) did a comparative study of cooperative leadership and management in two districts of two states, viz. Dharwad (Karnataka) and Kolhapur (Maharashtra). The main objectives were:

- (a) to study the evolution of cooperative leadership in the districts;
- (b) to study the structure (nature and character) of present leadership and
- (c) to analyse the role played by the leadership in actual operations of cooperative institutions.

The study tried to focus its attention on some of the basic factors like caste, income, age, educational qualifications and political affiliations, etc. involved in the evolution of cooperative leadership in the two selected districts. He concluded that the development and growth of cooperative movement narrated a story of changing pattern of cooperative leadership. The socio-political forces influenced the operations of cooperative institutions more than the principles and ideology of cooperation. Caste and income were the two major determinants of cooperative leadership. The democratic principles adopted by the cooperatives had been responsible for sacrificing professional and technical efficiency. Leader-Manager relationship was the most ticklish problem of the cooperative sector. At present cooperative institutions do not work merely as economic institutions but socio-economic institutions. A particular type of leadership is most effective in a particular situation, at the same time it is most destructive in some other situations.

A study by P.A. Guruswamy and R. Chinnaiyan (1970) also established that cooperative leader was a person of higher age, caste, and economic status, some education, good contacts with cooperative officials, a considerable amount of political influence and a high degree of participation in general meeting of the society.

S.R. Mehta and J.C. Bhatia's study (1972) pertained to three villages in a Community Development Block of Rupar. Four cooperative societies were covered. The study revealed that majority of the cooperative leaders were senior in age, had higher caste status as well as higher economic status in terms of land-holding and occupation and were either illiterate or just literate.

The contribution of D. R. Gadgil (1975) in the analysis of cooperative leadership is worth nothing. He had delivered a lecture on socio-economic factors underlying leadership problems in cooperative organizations. He was of the opinion that there was lack of emphasis in India on training and education of non-official leaders. He also reviewed the nature of cooperative banking in Maharashtra. Contributions to the development of cooperative organizations by early leaders have been well acknowledged and discussed.

The survey of leadership in rural cooperatives of Cannanore District (Kerala) by N. Mohanan (1975) has supported several earlier observations on cooperative leadership. Middle and upper middle-aged leaders dominated the same. Educational status of the leaders was low. A significant proportion of them were not solely engaged in farming. Interlocking of leadership was a common feature. Perceptions of leaders on a few aspects of cooperation were also ascertained. On ranking of the factors, which were pace-setters to become leaders of cooperatives, party affiliation turned out to be a strong factor to reckon with, other important factors being personality traits and organizing ability.

A similar survey on cooperative leadership at village level by M. Kutumbarao (1976) has also reinforced the earlier thinking that the traditional factors like caste; economic position, family background and political status influenced the pattern of leadership at village level. Cooperative leadership lacked dedication, initiative, drive and competitive spirit. Competition for leadership was almost absent. The younger generation was almost kept out of the fold of leadership. The knowledge of the principles and philosophy of cooperation, cooperative credit mechanism, supremacy of general body, etc. was poor among leaders.

Mahipal and S.C. Rai (1976) attempted to find out the differences, if any, in the socio-psychological characteristics of leaders of the efficient and non-efficient multipurpose cooperative societies in a block of Delhi. Their study pointed out, among others, that there was no significant difference between the socio-economic status of the leaders of the efficient and the non-efficient groups of the societies.

As a part of his doctoral study on 'Cooperative Democracy in Action', Krishnaswamy (1976) has enquired into the profile of cooperative leadership in credit cooperatives at all levels in a state. The reference period was 1963-64 to 1966-67. He noticed that, by and large, high caste, educated, wealthier, middle and old aged agriculturists with larger holdings and higher stake in societies became the members of the committees of cooperatives. In most cases, the same persons were re-elected until they themselves retired. Democracy existed in a formal constitution only; what was found to work in practice was very nominal. He also examined the relationship between personal characteristics of members and their participation in democratic process and established that characteristics like education, social participation, knowledge of cooperation, participation in

business, democratic participation, and others like illiteracy, caste hierarchy, occupational heterogeneity and socio-economic disparity retarded democratic participation of the members.

A case study on cooperative leadership in eighties was done by M. K. Rao. // The study undertaken in Krishna District of Andhra Pradesh covered 80 societies consisting of 40 agricultural credit societies and 40 other societies of primary level. For the study of personal and socio-economic characteristics, 640 leaders (including 80 presidents and 560 directors) were covered. For assessing the quality of leaders, 240 leaders (consisting of 80 presidents and 160 directors) were personally interviewed. The major findings were: majority of the cooperative leaders were males and middle-aged, belonged to all classes, were educated upto primary to secondary levels, were cultivators, artisans and agricultural labourers, owned either a mixed or pucca house, had at least one more asset other than land and house, had social participation in the form of association with local bodies and political parties either as members or office-bearers and were new to their positions. Furthermore, most of the presidents (90 per cent) belonged to only two occupational groups, viz., cultivators and artisans. The directors belonged to almost all the important occupational groups in the villages: cultivators, artisans, agricultural labourers, petty traders, service people and a few professionals.

R. R. Doshi (1989) in his article 'Cooperative Sugar Factories in Kolhapur District' stated that, there was a concentration of chairmanship and vice-chairmanship in the hands of a few persons. He also examined the tenure of the members of the board of directors and concluded that some directors enjoyed their directorship for more than 20 years. Stickiness of leadership was a noteworthy feature.

NHR Hynnietua (1990) examined the trends in the growth of cooperatives. He observed that education and awareness through mass media like T. V., radio and cooperative member-education would certainly help to bring up the desired leadership.

R.S. Deshpande (1990) in his seminar paper 'Role of Leadership in Cooperative Institution Building' stated that the development of cooperative movement was uneven in different states. The non-official cooperators, the technocrats and technical officers and officers of the cooperative departments played the role of leaders in cooperatives in different states. The success of cooperatives would depend on the effective coordination, motivation and efforts put in by them.

The researcher herself (1992) studied leadership in urban cooperative banks in Kolhapur City by selecting four urban cooperative banks. Parameters, such as, caste, age occupation, education and location were applied. Stickiness of leadership was vividly visualized.

The book 'Catalyzing Cooperation Design of Self Governing Organizations' by Tushar Shah (1996) dealt with 'Leadership Culture and Cooperation; Lessons from the Field Olpad, Surat District'. The purpose of the field research was to learn about why South Gujarat had successful cooperatives. He concluded that successful leaders catalyzed collective action by providing assurance that all or a large enough proportion of the group members would behave in a manner that ensured its success. In the absence of a credible leader, it would be difficult for each member to predict whether the remaining members were likely to participate or not in the cooperative strategy. The experience with cooperative leadership in Surat district helped the author to prepare a model to characterize the interaction between a leader and the community.

B.S. Baviskar (1996) wrote an article on 'Leadership, Democracy and Development: Cooperatives in Kolhapur District'. The author examined the contribution of four leaders: Tatyasaheb Kore, Ratnappa Kumbhar, S.R. Patil and Anandrao Patil Chuyekar.

Collections of papers read at the Seminars on Leadership Programme for Urban Directors of Cooperative Banks at Mysore (2000) and Programme on Effective Leadership and Management Style for Chairmen and Board of Directors of Cooperative Banks (2001) are available. The focus of deliberations was on development of women leadership in cooperatives, role of leadership in cooperative movement and cooperative leadership and cooperative administration.

M.V. Namjoshi and C. Dinesh (1975) reviewed individual books and reports relating to individual sub sectors in cooperation. They noticed that unlike in the field of credit and marketing, the number of books in the fields like cooperative labour, contract societies, cooperative housing, urban cooperative banks, etc. were quite limited. If the list in the Bibliography entitled 'In the Wake of Freedom India's Tryst with Cooperatives' by L.C. Jain and Karen Welho, containing more than 150 references is perused, literature on cooperative leadership is scanty.

It is evident from this review of literature on cooperative leadership that this area has been only marginally touched by the researchers and not at all by the cooperators. If it is accepted that the success of any organization depends on the quality of its leadership, then studies in cooperation have to increasingly concentrate on the issues of leadership while evaluating the performance of the cooperatives of any kind. This has remained a much-neglected avenue.

Further to this, it has become crystal clear through the review that investigations relating to leadership in urban cooperative banks are conspicuous by absence, the sole exception being the one by the author herself done a decade ago for a limited number of UCBs in Kolhapur city. Briefly, the subject of cooperative leadership at large has remained neglected by the researchers. Moreover, studies of leadership in urban cooperative banks are almost non-existent, or if at all, they are miniscule in extent. Thus, there is a void in this area of knowledge.

The merit of the present study lies in that it attempts to fill in this big void by examining the multi-dimensional scenario of the leadership in the urban cooperative banks. The investigation covers all the 18 UCBs established in Kolhapur city and looks into the leadership traits over the life span of all banks. It thus provides an evolutionary picture while attempting inter-bank comparisons.

## **4.2 RESEARCH FRAMEWORK**

### **4.2.1 Choice of UCBs in Kolhapur City**

Finance is the lifeblood of any industry. Without finance, development of any sector is not possible. To cater to the needs of agriculturists and rural people, institutional agencies were developed in India by adopting the multi-agency approach. The government recognized the utility of cooperative organizations for relieving rural people from the clutches of private agencies. Therefore, agricultural credit cooperatives were started almost a century ago. It was soon realized that cooperation is the best solution for townsmen in respect of credit as well as other aspects of their business. Commercial banks restricted themselves to finance industry, trade and commerce. The urban middle class, small businessmen, weaker sections and women, were deprived of the services of organized financial institutions so that they depended considerably on money-

lenders to meet their most of money demands. Urban cooperative banks were expected to provide relief to such population. Small traders, businessmen, artisans and self-employed people could borrow from such banks and pursue their productive activity. Urban banks not only lend money to urban population but also develop the habit of thrift among the urban middle and lower classes.

Unlike the agricultural credit societies, the government did not take lead for establishment of urban cooperative banks. They were expected to grow on their own. This approach of the government made urban banks to find out their own vanguards. In India, in 2000-01, there were 2,038 UCBs spread over different states. Maharashtra was in the forefront with 635 out of 2,038 UCBs, constituting 31.2 per cent of the total banks in India.

In Maharashtra, the contribution of Kolhapur District is significant. It had 60 UCBs in 2000-01. Pune district with 63 banks was in the vanguard, closely followed by Kolhapur with 60 banks. Kolhapur District, which has the potential of surpassing sooner the leading district of Pune has been picked up for in-depth study. Naturally, it should draw the attention of any researcher to assess the nature of leadership behind this phenomenon. Of all the factors, leadership is a significant element responsible for amazing growth of the UCBs in Kolhapur District.

The leadership can be compared to a teacher who moulds the thoughts and behaviour of the students. Efficiency of management of the UCB depends upon the quality of its leadership. Given this as the necessary requirements of leadership in cooperative banking, it is worthwhile to get empirical evidence as to how in actual practice the leadership emerged and functioned. This would help in judging how far the reality concurs with the ideals expected of leaders. The present investigation is a step in this direction.

In Kolhapur District, Chhatrapati Shahu Maharaj sowed the seeds of cooperative activities. As one of the outcomes, the first urban cooperative credit society was established in the erstwhile princely state of Kolhapur on 24 May, 1913. Tatyasaheb Mohite was in the forefront in establishing The Shetkari Sahakari Sangh in 1940. Cooperative sugar factories, spinning mills and milk dairies were also initiated by the political leaders after Independence. Besides the political figures, the leadership came from trading community, the professionals and agriculturists. Most of the leadership has come from the dominant class of the Marathas and hailing largely from the families of the elites and educated.

Out of the eighteen UCBs in Kolhapur city, Kolhapur Urban, Balbheem, Government Servant's, Ravi, Shahu, Mahalaxmi, Primary Teacher's and Parshwanath were initially established as Urban Credit Cooperatives and later on at the opportune time were converted into urban cooperative banks. The remaining Maratha, Mahaveer, Veershaiv, Janata, Commercial, Panchaganga, Mahila, Youth Development, Shripatraodada Bondre and Satyashodhak banks made their debut straightway from a higher level in the organizational hierarchy and emerged as urban cooperative banks. This is a revelation of the confidence in the minds of the pioneers regarding successful running of such institutions. This has helped these banks to grow in future with leaps and bounds.

It is heartening to know the some of the UCBs in Kolhapur District. Their growth is spread over almost nine decades. Moreover, there are rare cases of bank closures. Loss - making too is a sporadic phenomenon. Given this kind of a scenario, there exists a strong case to enquire into the secrets behind the bright career of the UCBs in Kolhapur district. Leadership appears to be the core factor behind the achievements. No effort has been made so far to delve into this forceful element shaping the course and fortunes of the UCBs, by using a variety

of parameters. The present work has endeavoured to investigate this by a penetration into the leadership of the UCBs in Kolhapur city since the time of their birth.

#### **4.2.2 Objectives**

The study aims at collating data on the leadership in the UCBs in Kolhapur city with special reference to the following aspects:

- 1 factors leading to emergence;
- 2 socio-economic-educational backgrounds;
- 3 leader-follower characteristics;
- 4 quality and changing characteristics over time;
- 5 mobilizations of funds and outlook in business operations;
- 6 choices of the team and involvement into the affairs of the UCBs;
- 7 stickiness found at the first and the second positions;
- 8 leadership of the second order: composition of the Board of Directors and longevity of the incumbents;
- 9 efforts to mould the next generation to shoulder the responsibilities in the course of time;
- 10 distortions in post-Independence period;

By analyses and wherever possible by quantifying data over long period, it is proposed to highlight the leadership qualities that can be considered useful for building up successful financial institutions. An integrated character-mix will be developed as a touch-stone for an objective inter-bank comparison.

#### **4.2.3 Hypothesis**

Motivated, prudent, visionary and enlightened leadership is the leading factor in the emergence, growth and success of the UCBs in Kolhapur city, though there may be some other concomitant factors contributing to the results.

#### 4.2.4 Methodology

##### 4.2.4.1 The Universe of the Study

As the investigation is deeper in penetration, it is restricted to the empirical study of the following 18 UCBs, presently functioning in Kolhapur city and all of which are the members of the Kolhapur District Urban Cooperative Banks Association Ltd., Kolhapur:

**TABLE - 4.1**  
**TOTAL UCBs WORKING IN KOLHAPUR CITY**

<b>Sr. No.</b>	<b>Name of the UCBs</b>	<b>Year of establishment</b>
<b>1</b>	<b>2</b>	<b>3</b>
1	The Kolhapur Urban Cooperative Bank Ltd.	24-05-1913
2	Shri Balbheem Cooperative Bank Ltd.	17-10-1915
3	The Kolhapur Zillah Govt. Servants Cooperative Bank Ltd.	03-07-1917
4	The Raviwar Pet Bank Ltd.	22-08-1924
5	Shree Shahu Cooperative Bank Ltd.	24-03-1927
6	Shree Mahalaxmi Cooperative Bank Ltd.	10-10-1933
7	The Kolhapur Maratha Cooperative Bank Ltd.	20-10-1933
8	Shree Mahaveer Cooperative Bank Ltd.	11-05-1937
9	The Prathamik Shikshak Sahakari Bank Ltd.	12-10-1939
10	Shree Veershaiv Cooperative Bank Ltd.	21-02-1942
11	Kolhapur Janata Sahakari Bank Ltd.	17-11-1960
12	The Commercial Cooperative Bank Ltd.	26-12-1961
13	Shree Panchaganga Nagari Sahakari Bank Ltd.	22-02-1972
14	Kolhapur Mahila Sahakari Bank Ltd.	19-05-1972
15	Youth Development Cooperative Bank Ltd.	16-06-1975
16	Parshwanath Cooperative Bank Ltd.	24-08-1983
17	Shripataraodada Sahakari Bank Ltd.	15-05-1995
18	Satyashodhak Cooperative Bank Ltd.	29-01-1997

**Note:** Since all the 18 banks in the city are covered, the sample is cent percent.

#### **4.2.4.2 Period of study**

The banks have different establishment years. All the same, data for each bank is collected since its inception. However, terminal year for all the banks is uniformly 2000-01, for the purpose of present investigation.

#### **4.2.4.3 Sources of Data**

The investigation is largely based on the data collected from the Annual Reports of the 18 banks, which are selected for the study. Reports of various committees and publications of the RBI and also Reports of the Maharashtra Urban Co-operative Bank's Federation and All-India Urban Cooperative Bank's Federation are used. Primary data is collected from the individual banks by scanning their official records, dialogue with the present incumbents and using questionnaires for the present and living former incumbents. Personal interviews too are conducted for eliciting details specific to each institution.

##### **4.2.4.3.1 Limitations of the study**

The whole study is based on field surveys as also information as available from the official records of the UCBs. Annual reports of some of the banks for the years mentioned below were not available:

- a. The Kolhapur Urban Cooperative Bank - 1913-14 to 1950-51
- b. Shree Balbheem Cooperative Bank - 1946-47 to 1959-60
- c. Shree Shahu Cooperative Bank - 1928-29 to 1933-34
- d. Kolhapur Maratha Cooperative Bank- 1951-52 and 1952-53

Consequently, the analyses has been done by omitting these years of the respective banks

#### **4.2.4.4 Analysis of Data**

The lists of the personnel occupying positions on boards of directors and other high offices were collected, and frequency distribution by persons was noted with reference to the been employed at places to judge the overall position of each bank and for the sake of inter-bank comparison. Quantitative techniques like simple growth rate, compound growth rate, mode, median, coefficient of correlation, standard deviation, coefficient of variation, etc. have also been used.

#### **4.2.5 Plan of study**

#### **4.2.6 Plan of study**

The opening chapter provides a general backdrop of urban cooperative banking including definition, membership, area of operation, management structure and sources of finance. It also explains the various functions performed by the UCBs.

Second chapter casts a glance at the overall scenario of urban cooperative banking at national and Maharashtra State level as also in Kolhapur district.

Third chapter deals with the concept of leadership, leadership styles and qualities of a good leader. It also explains the profile of cooperative leadership.

Review of literature and outlining of research framework are the contents of the fourth chapter.

Fifth chapter confines to a cursory review of growth of leadership both at macro and micro level. It delves into cooperative leadership in India during pre and post- independence periods followed by cooperative leadership in Maharashtra and Kolhapur District. Further, it throws light on the nature of leadership in urban cooperative banks of Kolhapur District by applying various parameters such as vocation, caste, education, age group, original place and

gender. Thereafter a similar account of the pioneer leaders of all the 18 UCBs in Kolhapur city has been done by comparing the city scenario with the district one.

Sixth chapter reviews the personnel of the key body –Board of Directors of each bank by classifying them as the first order of leadership comprising chairmen and vice-chairmen of the banks; and the second order of leadership comprising the directors on the board.

Seventh chapter examines the stickiness of leadership in all the 18 UCBs in the city. The study is presented with reference to three aspects:

- a) representation on the Board of Directors;
- b) occupation of the office of the Chairmen and
- c) holding of the office of the Vice-chairmen.

Eighth chapter investigates into three types of leadership:

- a) Exclusive
- b) Linear
- c) Non-linear.

In the light of the three-fold categorization of the leadership, empirical analysis of the leadership in the UCBs of Kolhapur city has been attempted. The statistical details of the directors, vice-chairmen and chairmen of all the 18 UCBs in the city collected from the field survey are quantified and further processed by using suitable quantitative techniques.

Ninth chapter reveals the performance position of banks vividly. Working figures of all the 18 UCBs relating to their membership, share-capital, working-capital, deposits, loans outstanding and profits earned are treated here as manifestation of enlightened leadership. On the basis of the results in this context, linkage between leadership and performance has been established. This exercise has facilitated ranking of the banks.

The last chapter is in the nature of an epilogue to the study.

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