

# CHAPTER 10

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### **THE EPILOGUE**

**10.1** The present study has attempted a scrutiny of the leadership in the urban cooperative bank (UCBs). The investigation is a study of all the 18 UCBs in Kolhapur city. For the purpose of analysis, information of all these 18 banks regarding persons on Board of Directors, Chairmen and Vice-chairmen, their traits, tenure, stickiness, mobility behaviour of leadership and their working results since the inception were collected and processed.

**10.2** In 2000-01, the number of UCBs in India stood at 2,038. Unbalanced growth in respect of UCBs is found in India. Four states- Maharashtra, Gujarat, Karnataka and Tamil Nadu- covered 75 per cent of the primary cooperative banks in the country. There is heavy concentration of the urban cooperative banks in western region with 49.07 per cent of the total banks followed by 34.10 per cent in the southern region. It means that these two regions together covered 83.17 per cent of the banks. Maharashtra leads among all the states. By 2001, Maharashtra's share in the grand total of banks moved up to 31.16 per cent. Eventhough Maharashtra state has outstanding performance in the growth of PCBs, the growth is spatially uneven. It could be noted that the development of PCBs in Maharashtra has remained largely restricted to the western Maharashtra and as such; the picture is very much skewed over the state. Kolhapur, Nasik, Pune and Mumbai divisions together command 67.38 per cent of the banks i.e., nearly two-thirds of the state total. Pune with 63 banks is in the vanguard closely followed by Kolhapur with 60 banks, including 18 banks located in Kolhapur city. Concentration is heavier

in Karveer and Hatkanagale talukas of Kolhapur district. Nearly 64 per cent are found in these two regions.

**10.3** The birth and progress of cooperative movement in India as a whole was a phenomenon piloted and nurtured largely by the government. It provided the initial as well as later leadership, which concentrated mainly on the credit aspect. Gradually, the educated middle class people came in the forefront as non-official leaders and worked with intense conviction about the cooperative activity. Almost till middle of the twentieth century, the leadership remained away from the political arena, it was politically neutral.

In post-independence period, non-official leadership grew rapidly in credit as well as non-credit areas. Sooner came the realisation that cooperatives could be used as a source of economic and political strength and a ladder for political upliftment. As a result, cooperative movement became increasingly politicised. Now cooperation and politics have become practically inseparable both for the organisations and the leaders. Leadership in urban cooperative banks in Kolhapur district sprung up largely from the class of non-officials and has less overtones of politics. The vanguards in UCBs of Kolhapur district in general and Kolhapur city in particular were largely from trade, business and industry, had mostly education at the most upto secondary level and took up to founding of the UCBs when in thirties and forties of their life. Maratha community dominated the group of pioneers and the UCBs in general had the caste foundations. Most of the pioneers were local persons and males, female pioneers made their debut in nineteen seventies. Compared to the district situation, Kolhapur city picture was better in degree eventhough characteristics remained by and large similar. Importantly, there was no

dearth of leadership. With spread of education, more educated leadership had started coming forth in Kolhapur city. Newly established banks over last three decades or so have manifest entry in increasing numbers of more educated, younger and female leadership in the arena of the UCBs in Kolhapur city. The banks have been mostly detached from political linkages, exceptions apart.

**10.4** The present study has attempted a scrutiny of the first and second order leadership in the Urban Cooperative Banks of Kolhapur city. The leadership in general has been provided mostly by the middle-aged persons falling between the range of 30 to 50 years. The UCBs, floated and managed by specific castes, attempted to build the leadership from within the dominating castes. The study reveals clear domination of the Marathas. Leadership of the banks had sprung up largely from the less educated sections of the society. It is interesting to note that, the business class leads in the BODs. Majority of the directors, chairmen and vice-chairmen were from Kolhapur city proper. The role of women was conspicuous by absence in management. The female leadership is a recent trend in the field of the UCBs in Kolhapur city. The characteristics of the first order of leadership and the second order of leadership remained by and large similar.

**10.5** The analysis, on the whole, brings out a tendency towards concentration of power in few hands. As such, in case of each bank there is a band of chosen few which is active in managing and monitoring the affairs of the bank. They can be considered as providing leadership to the bank whatever be their ultimate motive. It is not clear however as to whether their initiative and active participation was motivated by cooperative spirit or not. Much of the impression is that they have used cooperative as a convenient

organizational form for their activity; cooperative spirit was relegated to the background.

**10.6** For understanding the phenomenon of stickiness among the directors as a whole of the 18 UCBs under investigation, light was thrown from different angles by using various statistical tools. Intensity of stickiness and thereby ordering of the banks by way of decreasing extent of stickiness differed to some extent with reference to each of the technique used. All the same, certain results were common as can be classified as follows:

- (1) Maximum stickiness:** Youth Development.
- (2) Minimum stickiness:** Balbheem (barring Satyashodhak)
- (3) High stickiness:** Commercial, Kolhapur Janata, Kolhapur Urban, Parshwanath, Veershaiv, Mahaveer, Kolhapur Mahila, Panchaganga, Ravi.
- (4) Low stickiness:** Kolhapur Maratha, Mahalaxmi, Shripataraodada, Government Servants, Shahu, Prathamik Shikshak, Balbheem, Satyashodhak,

**10.7** Referring to the tenure of the chairmen, Ravi and Youth Development had the greatest stickiness followed by Mahaveer, Veershaiv, Commercial and Kolhapur Mahila.

In respect of the vice-chairmen, Youth Development, Mahaveer, Commercial and Veershaiv were the first four in decreasing order of stickiness.

Considering the analysis of directors, chairmen and vice-chairmen in consolidated fashion, Youth Development, Commercial, Ravi, Veershaiv,

Kolhapur Janata and Mahaveer happened to be the first six of the decreasing hierarchy of overall stickiness.

**10.8** In the light of the three-fold categorization of the leadership as-(1) Linear, (2) Exclusive and (3) Non-Linear, the analysis of pattern of leadership in UCBs in Kolhapur City reveals the fact that largely, i.e. 77 per cent, of the chairmen were from the group of non-linear leadership. It is not a healthy sign of good leadership. A few banks representing exclusive leadership could stand for better growth and development due to dedication, devotion and discipline of earlier leaders. Linear type of leadership had the second highest position accounting for 14 per cent of the total.

**10.9** Leadership profile can be analysed through important working result of the banks. All the UCBs in Kolhapur city over their life time did reveal commendable growth rates most often in double digits. This result can well be linked as an important causal factor to the enlightened, devoted, visionary leadership of the banks from time to time. All the 18 UCBs sailed through their long or short time span quite safely and, of importance, in spite of long existence, there is not a single casualty. As such, most of the credit of the long life of the banks goes to its able leadership over the years. Good leadership makes good institutions. The UCBs of Kolhapur city is a case in point and bears testimony to this kind of association.

**10.10** The analysis has revealed a new aspect of the bank leadership. Stickiness of leadership was found to be a universal phenomenon with all the banks. However, there was difference of degree. On linking this phenomenon with the financial performance, it was vividly revealed that the two variables were, by and large, inversely related. Higher the stickiness, lower the performance and lower the stickiness, better the performance. This inference

should be an eye-opener for the stickier persons in all the banks in the best interest of the organisation.

**10.11** Urban Cooperative Banks are one of the vital segments of the banking industry of the country. The future of cooperation seems to be at state in the new economic policy launched by the government of India in 1991. Financial reforms have brought a radical change in the modus operandy of banks. Liberalisation and deregulation of interest rates, prudential norms, capital adequacy, assets-liability management as also risk-management and autonomy in functioning of cooperative banks have become buzzwords of the nineties. New private banks were allowed to enter the industry and their performance so far has been commendable. Now private banks that began operations (UTI Banks Ltd., ICICI Banks., HDFC Banks Ltd., IDBI Banks Ltd., etc.) provide services to rich individuals. The present competitive banking has created many challenges before UCBs such as dual control of the RBI and registrar of cooperative societies, lack of qualified staff, limited area of operation, problem of recoveries of over dues, lack of adequate infrastructure, lack of proper support form the government, lack of professional management, etc. Effective leadership is a sine qua non to face these challenges.

**10.12** The successful story of the UCBs in Kolhapur city is the unique example for other UCBs operating in the country. The farsighted decisions taken by some cooperative leaders with regard to identifying new locations for opening bank branches, changes brought about in the management system, introducing new products for customers, improvement in the performance of the banks in the light of psychodemographic dimensions, computerisation, etc. are contributing factors for the successful stories.

Parshwanath, Youth Development, Panchaganga banks can well be pinpointed in this connection. Dynamic leadership is the main contributing factor for the success of these banks. The stickiness of leadership may be for longer or shorter period. The ultimate result depends on the qualities of a leader. If the leader is dedicated, devoted, high-visioned and selfless, then the stickiness of such leaders is conducive to the growth of an organisation. The stickiness of leader with lower qualities and / or goals of self-interest result into slow growth of the banks.

**10.13** The analysis on the whole reveals the fact that the long tenured, dedicated and devoted persons can very well enlighten the new directors from time to time and stimulate them to rise to that coveted position through work and devotion. Thus their example serves as offspring of the future leadership. Such a kind of leaders are recognised as architects of the organisation. The followers have to follow in their footsteps with a similar approach for sustainable development of the organisation.