6.1: SUMMARY

The co-operative credit movement of Kolhapur district owes its inspiration to The Kolhapur Urban Co-operative Bank (Erstwhile known as Kolhapur Urban Credit Society) formed on 24.5.1913 by late Shri. Bhaskarrao Jadhav who was inspired by the social philosophy of Shri. Shahu Chhatrapati Maharaj. Since then UCBs have been playing an important role in meeting the growing credit needs of urban, semi-urban and rural areas of the district and in relieving the common people from clutches of private money-lenders. The weaker section of the society has also been served by UCBs in district. There were 60 UCBs registered in Kolhapur district, however out of these, 6 UCBs were merged with other banks and as on 31st March 2012 there remained 54 UCBs in the district. Presently these UCBs have been operating through total branch network of 413 in the district apart from 43 branches opened in other districts. Presently 149 branches of public sector banks, 59 branches of scheduled banks, 207 branches of District Co-Operative Banks, 216 branches of Maharashtra State Co-Operative Agricultural and Rural Bank, Maharashtra State Financial Corporation (MSFC) and private sector banks like ICICI, IDBI and AXIS Bank constitute the banking environment of Kolhapur district.

Since 1991, several reforms have been introduced in financial system. The market-driven economy, through deployment of more capital, advanced technology and skilled human resources, has posed stiff and increasing competition to banking institutions.

Because of severe competition and inability to comply with the RBI norms, the UCBs with faulty policies and mismanagement have either liquidated or merged in other big banks. The number of UCBs in India has reduced from 1872 in 2005 to 1618 in 2012 and in Maharashtra from 650 in 2000 to 539 in 2012 and in Kolhapur district from 60 in 2005 to 54 in 2012. Around 60 percent UCBs in Maharashtra are located in Mumbai, Pune and Kolhapur district and Maharashtra’s share in mergers of UCBs was 61 percent while that of Gujarat was just 8 percent as on 31st March, 2012. As per recent statistics, the share of UCBs in total banking business was just 3.5 percent as on end-March 2012 (it was 6.3 percent in 2001) as against 90.10 percent of commercial banks.
The closure and merger of UCBs shook the trust of shareholders and deposits in UCBs and created confusion and feeling of insecurity in the minds of depositors. The deposits reduced and it was a great challenge before UCBs to restore confidence among shareholders and depositors and increase the capital and deposit-base.

The recent past has also increased the difficulties of UCBs. The sub-prime scam created crisis in world economy in 2007-08. It was followed by successive unpleasant events like collapse of Lehman Brothers in USA, crude oil price-hike, disbursement crisis occurred in Greece and Euro-zone, political turbulence in Middle-East Asia, and North Africa, earthquake in Japan, unstable political situation in oil-producing Gulf countries, further worsened the world economy. It affected almost all economies of the world. Though cautious steps taken by Government of India and RBI could save our economy from direct effect of those world phenomena, the sluggishness in industrial production, increasing inflation, frequent changes in Repo and Reverse Repo rates, imposition of income tax on UCBs profit, volatility in G-Sec. market posed a trail of challenges before UCBs. Complying with norms of CRAR, SLR, NPA provisioning, Net Worth, deposit mobilization, exploring sources of non-banking income, restoring confidence among depositors and strengthening reliability and credibility in the eyes of society, adopting professional approach, meeting customers’ expectations by availing a plethora of ICT-enabled services, enhancing competitiveness to encounter growing competition with nationalized, commercial, private and foreign sector banks, reducing operating cost, expanding banking business and maintaining liquidity and profitability are some the challenges that the UCBs in Kolhapur district have been facing as others elsewhere. The review of earlier studies on UCBs in general and UCBs in Kolhapur district in particular revealed the research gap in respect of the time period covered and the central theme of the present study.

On this background the researcher had undertaken the study of survival and growth strategies of UCBs operating in Kolhapur district and captioned the study as ‘Strategy for Survival and Growth of Urban Co-operative Banks in Kolhapur District’ and attempted to find answers to the following pertinent research questions.

- Which challenges, the UCBs in Kolhapur district, had to face during the study period?
• How were the problems/challenges perceived by the management of UCBs in the district and how were they met out?
• Which survival and growth strategies were evolved and implemented by UCBs in Kolhapur district?
• How the survival and growth strategies had affected the financial performance of UCBs in Kolhapur district?
• To what extent, the survival and growth strategies were correlated with the performance indicators of UCBs as envisaged by CAMEL rating?
• Which of the sample UCBs had achieved spectacular growth in the study period?
• Which prominent problems they have still been encountering?
• What changes have they made in their operational policies adhering to the norms introduced from time to time by regulatory agencies?

The study aimed at fulfilling the following objectives. (a) taking review of evolution, growth and development of urban co-operative banks in Kolhapur district, (b) studying the challenges posed before urban co-operative banks during study period and the attitude of their management to encounter them, (c) evaluating the financial performance of selected urban co-operative banks in Kolhapur district as per CAMEL rating, (d) analyzing survival and growth strategies of selected urban co-operative banks in Kolhapur district with special reference to expansion, product development, marketing, performance improvement, ICT-enabled customer services, modernization, human resources, social responsibility and corporate governance, (e) examining the impact of survival and growth strategies on financial performance of selected urban co-operative banks in Kolhapur district during 2007-08 to 2012-13.

Corresponding to the above-mentioned objectives the null hypotheses were statistically tested at five percent level of significance relating to performance of UCBs under each parameter of CAMEL and as regards association of strategies and performance of sample UCBs chosen from Kolhapur district.

The study focused on the analyzing the strategies evolved and implemented by UCBs in Kolhapur district and its outcome in terms of their financial performance. Out of 54 UCBs, 14 UCBs were selected representing 7 talukas out of 12 talukas of the district. Out of 14 UCBs 9 represented urban areas and 5 represented rural areas of the district.
The registration of UCBs in any of the taluka of Kolhapur district and standing in market for not less than 10 years were the criteria of sample selection.

The study was a blend of primary and secondary data regarding various aspects of strategic management were collected from Chief Executive Officers (CEOs) and Chairmen of selected UCBs through a well-structured questionnaire, which was revised in the light of difficulties brought forward by pilot study. The published annual reports of UCBs were the chief source of secondary data which were verified against the office records of the concerned banks as per need. The study covered the period of six consecutive years from 2007-08 to 2012-13

In order to meet the objectives of the study the data were grouped into two main parts, one relating to survival and growth strategies of sample UCBs and the other relating to their financial performance. As relates the first part of the study, in all 9 strategies were analyzed, namely Expansion Strategy (S₁), Product Development Strategy (S₂), Marketing Strategy (S₃), Performance Improvement Strategy (S₄), New Customer Services Strategy (S₅), Modernization Strategy (S₆), Human Resources Strategy (S₇), Social Responsibilities Strategy (S₈), and Corporate Governance Strategy (S₉). Out of those, S₁, S₂ and S₃ were given the weightage of 5, and S₄, S₅ and S₆ were given the weightage of 4 while S₇, S₈ and S₉ were given the weightage of 3. Accordingly the weighted average score (WAS) was computed for each UCB and the mean Survival and Growth Strategy Index (SGSI) was arrived at.

In the second part of the study, the data relating to financial performance were computed by using 18 ratios grouped under five main parameters of CAMEL rating namely Capital Adequacy (C), Asset Quality (A), Management Efficiency (M), Earnings Quality (E) and Liquidity (L)

Under each of the above parameter, the ranks were allotted to individual UCBs based on their performance and the Group Average Ranks (GAR) were computed. In the same line, the Composite Group Average Rank (CGAR) was computed incorporating above-mentioned five parameters. The best performance of UCB is reflected in its lowest rank. Higher the rank, the worst is the performance among the group.

In order to examine the impact of strategies on the financial performance of UCBs in Kolhapur district, the SGSI, the independent variable, was compared with performance
under Capital Adequacy, Asset Quality Management Efficiency, Earnings Quality and Liquidity parameters.

Beforehand, the perceived severity of challenges by management of UCBs and their attitude and strategic intent were analyzed.

The statistical tool of Karl Pearson’s Correlation Coefficient ($r$) was employed to know the degree of correlation between SGSI and mean performance under each of the parameters of CAMEL and ‘$t$’ test was used to test the null hypothesis designed to check the association between SGSI and performance of sample UCBs. Further, Kruskal Wallis ‘$H$’ test was used to test the hypothesis designed to know the significant difference between group performance ranks (GPR) under each parameter of CAMEL. The descriptive statistics (Sigma and Coefficient of Variance) explained the degree of variability in each sub-parameter of financial performance covered under five main parameters of CAMEL.

**6.2: FINDINGS OF THE STUDY**

The findings of the study are presented as follows:

**6.2.1: Formulation and Implementation of Survival and Growth Strategy**

The study examined the strategies evolved and implemented by 14 UCBs selected from Kolhapur district. Initially, the factors like standing of UCBs in rural and urban areas of the district, degree of computerization in them, age, experience and education profile of their Chairmen and CEOs, their opinion about the current market conditions etc. i.e have been reviewed, which revealed that:

(1) The Kolhapur Urban Co-operative Bank was the pioneer of co-operative credit in Kolhapur district. 50 percent UCBs have been operating in Kolhapur district for above 50 years. Kagal Urban Co-operative Bank was found as the oldest among all having the market-standing of 96 years while the latest one having the least standing in the market was Parshwanath Co-operative Bank. 28. 57 percent UCBs in the district had the presence in the district between 25 to 50 years, whereas only 21. 43 percent had the presence below 25 years. (Table No. 4.7.1)

(2) Location-wise distribution of selected UCBs showed that majority of them (57.14 percent) are located in rural areas whereas 42.86 percent are located in urban areas.
(3) As revealed by Table 4.7.3 there was no female working either as CEO or holding the office of Chairperson of the Board of UCBs in the district. Further, the age profile showed that 42.86 percent of Chairmen and 78.57 CEOs were falling between age group of 36 to 50 years and 28.57 percent Chairmen are graduates as against 35.71 percent graduate CEOs. The post-graduation was completed by majority of CEOs (64.29 percent) while only 21.43 percent Chairmen had done it. Furthermore, 78.57 CEOs had acquired add-on qualification such as Special Certificate/ Diploma/Degree Course in Co-operation/ Banking. 57.14 percent CEOs and 42.86 Chairmen had the experience between 10 to 20 years and 50 percent Chairmen had been connected with the local politics as an activist of a local political leader. (Table No. 4.7.3)

(4) Analyzing the prevailing market conditions and visualizing the potential opportunities and threats for the bank is utterly essential before evolving the strategies. Therefore, an attempt was made to understand as to how the management of UCBs in Kolhapur district views the developments in the banking market. It revealed that 50 percent CEOs regarded the prevailing market conditions as highly competitive while 35.71 percent of them viewed it as conducive for growth. It is important to note that nobody had regarded the prevailing market conditions as discouraging. (Table No. 4.7.4)

(5) The majority of CEOs’ opined that their UCBs had made the significant growth in deposit mobilization, increase in membership and borrowers and recovery percentage during 2007-08 to 2012-13 but lagged behind in branch expansion. (Table No. 4.7.5)

(6) The analysis of computerization of banking transactions carried out by UCBs in Kolhapur district (Table 4.7.6) revealed that all UCBs in the district have fully computerized the transactions like ‘bills collection’, ‘general account transactions’ and ‘payment systems.’ had been fully computerized in all UCBs while other transactions had been computerized to the tune of 85 to 95 percent. 64 percent UCBs have launched their websites which they update regularly. (Table No. 4.7.6) (Table No. 4.7.7)
(7) The analysis of CEOs’ perceived severity of challenges before UCBs revealed that ‘Increasing competition by other UCBs, private and public sector banks’, ‘difficulty in compliance of Prudential Norms imposed by RBI’, sluggish recovery and increasing litigations’ and ‘Inability to offer IT-enabled services to customers’ were most critical challenges. ‘Difficulty in marketing new deposit and loan products in the competitive environment’, ‘adopting professionalism and improving governance’ and ‘stringent control and inadequate government support and reducing high operating cost’ were regarded as moderately severe challenges while ‘small size and limited area of operation restricting enhancing capital base’, ‘restoring trust and confidence among depositors’ and ‘exploring sources of non-baking income’ were viewed as less severe challenges. (Table No. 4.7.8)

(8) CEOs of all UCBs used ‘Experts’ Advice’ and ‘Personal Judgement’ for analyzing market environment and visualizing the potential challenges before UCBs. No UCB in Kolhapur district was found to have used the modern and scientific environment analysis techniques of SWOT and Delphi. (Table No. 4.7.9)

(9) The analysis of whether CEOs had adopted the scientific attitude towards and followed the scientific way for formulating and executing strategies as usually done in corporate sector brought the fact in the limelight that not a single UCB in Kolhapur district had so far followed the true and scientific way of Strategic Management. Most of them had failed to develop and revise their own Vision and Mission Statement compatible to current situation. Majority of UCBs in the district preferred to formulate short term objectives than long term ones and no UCB had so far followed the practice of developing a set of alternative strategies before finalizing one. (Table No. 4.7.10)

(10) The UCBs in Kolhapur district regularly measured their monetary performance and took corrective actions as and when called for. (Table No. 4.7.10)

(11) The analysis of Expansion Strategy of UCBs revealed that only Kallappanna Awade Ichalkaranji Co-operative Bank had opened more number of branches in the native and
other districts of Maharashtra and also in other states. It was followed by Virshaiv Bank, Ajara Bank and Warana Bank. (Table No. 4.8.1)

(12) Rendal Bank, Nandani Bank, Kumbhi-Kasari Bank and Sanmati Bank had failed to expand their business outside their native district and out of Maharashtra state. Kagal Bank did not expand through branch network outside the native district though it had the presence in baking business of over 96 years. It is quite disturbing. (Table No. 4.8.1)

(13) Jaysingpur Bank topped the list as regards growth in depositors and borrowers during the study period, which was followed by Kallappanna Awade Bank. However, Ajara Bank, Sanmati Bank and Nandani Bank had failed to increase their depositors and borrowers during 2007-08 to 2012-13. (Table No. 4.8.1)

(14) Kallappanna Awade Bank was found to have topped the list in respect of expansion strategy while seven UCBs (50 percent) had lagged behind in formulating and executing expansion strategy. They are: Kagal Bank, Gadhinglaj Bank, The Commercial Bank, Rendal Bank, Kumbhi-Kasari Bank, Sanmati Bank and Nandani Bank. (Table No. 4.8.1)

(15) As revealed by table 4.8.2 Kumbhi-Kasari Bank and Nadani Bank were found to have developed more ‘deposit and loan products’ than other banks in the district. Kumbhi-Kasari Bank had launched the Dasara/Diwali Thev Yojana and Lakhpati Thev Yojana (The deposit products) and Kumbhi Niwara Karj Yojana (The housing loan) and also given ½ percent extra interest to Senior Citizen and 2 percent rebate for bio-annual repayment of agro-loan. Nandani Bank had launched Deep Laxmi Thev Yojana and Lok Mitra Thev Yojana (Deposit Products) and Housing Loan and Agro-Development Loan and also given ½ percent extra interest to Senior Citizen. (Table No. 4.8.2)

Out of 14, 12 UCBs (85.71 percent) have not evolved the new and innovative deposit and loan products. However the efforts of Warana Bank (Warana Bond, Home Loan, Education Loan), Ajara Bank (Samrudhi Thev Yojana, Amrut Kumbh Thev Yojana and Suvarna Mahotsavi Thev Yojana) and Rendal Bank (Dhan Laxmi Term Deposit
Scheme, Suvarna Thev Yojana and 2 percent rebate for in-time repayment of loan to all types of loan accounts) in product development are worth-mentioning. (Table No. 4.8.2)

(16) Parshwanath Bank, Jaysingpur Bank, The Commercial Bank, Gadhinglaj Bank, Sanmati Bank and Kallappanna Awade Bank showed less interest in product development strategy. (Table No. 4.8.2)

(17) It was found in Table 4.8.3 that Kallappanna Awade Bank led in the formulation of marketing strategy. It was followed by Nandani Bank. Kallappanna Awade Bank had successfully implemented the strategy of selling at least 3 to 4 products to the same customer (i.e cross selling) It has been selling the LIC and GIC policies to their customers. The bank has tied up with Self Help Groups (SHGs) in Kolhapur district to whom it provides loan at low lending rate and against soft terms. The bank attracts customers through effective advertisement.

Nandani Bank was found to have increased its sales through cross-selling and selling SBI Life Policy and attracts customers through advertisement and personal visit. (Table No. 4.8.3)

(18) Kagal Bank, Jaysingpur Bank, Warana Bank and Kubmhi-Kasari Bank seemed to have not taken efforts to increase customers and sales because they are affiliated to Sugar Factories. Being so, they get a ready-made set of customers.

It was found that Jaysingpur Bank had done nothing in respect of formulating marketing strategy. (Table No. 4.8.3)

(19) Kagal Bank, Virshaiv Bank and Gadhinglaj Bank had shown dismal picture in respect of formulation and execution of marketing strategy. On the whole, 12 UCBs (85.71 percent) had not fully moved towards development of marketing strategy. (Table No. 4.8.3)

(20) In case of Performance Improvement Strategy, Warana Bank had done a very good job. It has successfully cut down the variable and operating cost, and developed the additional revenue generating activities such as Light Bill Collection, Locker Service and Pan Card Service etc. Not only that, the bank takes periodic review of recovery of loans.
and has brought down Gross NPA to 3 percent and Net NPA to 0 percent. (Table No. 4.8.4)

(21) Kallappanna Awade Bank, Kagal Bank, Jaysingpur Bank and Ajara Bank too had done well in respect of Performance Improvement Strategy. Kallappanna Awade Bank had curtailed the variable cost, telephone, postage, power and stationery expenditure and earns additional income through Franking Service and Pan-Card Service and kept NPAs under control. Kagal Bank, Jaysingpur Bank and Ajara Bank were also found to have gone for cost control, NPA control and development additional sources of income.

Out of 14, 3 UCBs (21.43 percent) namely Gadhinglaj Bank, Nandani Bank, Parshwanath Bank and Annasaheb Chougule were the laggards in respect of formulation of appropriate performance improvement strategy. (Table No. 4.8.4)

(22) Kallappanna Awade Bank, Jaysingpur Bank and Parshwanath Bank were found to have topped the list in respect of ICT-enabled Customer Service Strategy. However, Kallappanna Awade Bank was the star performer in this regard. (Table No. 4.8.5)

Out of 14, 12 UCBs (85.71 percent) had lagged behind in respect of rightly formulating the ICT-enabled Customer Service Strategy. Rendal Bank has not at all taken interest in providing ICT-enabled Customer Services.

(23) All UCBs in Kolhapur district were found to have adopted the modernization strategy as well as revealed by Table 4.8.6. The UCBs in Kolhapur district had adequate number of computers, licensed software, trained operators, data monitoring and data analysis system.

Kallappanna Awade Bank and Sanmati Bank, both in Ickhalkaranji city, have led this strategy with the highest score. It was followed by Virshaiv Bank, Annasaheb Chougule Bank, Ajara Bank, The Commercial Bank and Parshwanath Bank. Kagal and Rendal Bank are also on the way to have full-fledged computerization. (Table No. 4.8.6)

(24) 11 UCBs (78.57 percent) had evolved the good HR strategy. All UCBs were found to have been providing training to their work-force to update and equip them with latest
technology in banking. All UCBs had adequate staff, none was found either over-manned or under-manned. (Table No. 4.8.7)

However, Special Retention Policy was evolved only by Kallappanna Awade Bank and Warana Bank and Virshaiv Bank was found the only bank that gives Performance Driven Incentives to its employees.

(25) Ajara Bank, The Commercial Bank and Rendal Bank had, however, lagged behind in respect of development of HR Strategy. (Table No. 4.8.7)

(26) No UCB was found to have developed effective Social Responsibility Strategy as shown by Table 4.8.8. Kallappanna Awade Bank had topped the list in the group as regards Social Responsibility Strategy. It was followed by Kagal and Rendal Banks.

Virshaiv Bank, Gadhinglaj Bank, Kumbhi-Kasari Bank and Parshwanath Bank had not evolved definite Social Responsibility Strategy. (Table No. 4.8.8)

(27) As revealed by Table 4.8.9 almost all UCBs have been moving towards implementing the Corporate Governance Strategy. Out of 14, 11 UCBs (78.57 percent) had followed the general rules of corporate governance in respect of appointment of directors democratically, no loan disbursement to directors or their relatives, appointment of directors having technical knowledge, their actual participation in decision-making process, involvement in loan recovery operations and non-interference in routine work of UCBs. (Table No. 4.8.9)

(28) Among all, Kallappanna Awade Bank was found to have the highest mean Survival and Growth Strategy Index (SGSI) It was followed by Warana Bank as shown by Table 4.9. Gadhinglaj Bank and The Commercial Bank had shown the poor SGSI.

Out of 14, only one UCB (i.e. Kallappanna Awade Bank) had the outstanding mean SGSI. Two UCBs (14.29 percent) had the highest and 3 UCBs (21.43 percent) had fairly high SGSI.

Fifty percent UCBs in Kolhapur district had moderate SGSI while only one UCB (i.e. Gadhingalaj Bank) had the lowest SGSI. (Table No. 4.9)
(29) There exists no association between SGSI and UCBs’ standing in the market, CEO’s education, their age group and tenure. Irrespective of the market standing of UCBs and demographic variables of CEOs (i.e. age, education and tenure) the strategies were evolved. (Table No. 4.8.10) (Table No. 4.8.10 (A))

6.2.2: Financial performance of UCBs

The study analyzed the financial performance of sample UCBs for the period of 2007-08 to 2012-13 by using 18 ratios grouped under five parameters of CAMEL, which revealed the following facts.

(30) Capital Adequacy:

Capital Adequacy Ratio (CAR), Debt Equity Ratio (DER) and Advances to Assets Ratio (AAR) described the capital adequacy position of sample UCBs in Kolhapur district. Table 5.1.1 revealed that all UCBs had maintained their CAR much above the Basel Accord-II mandate of 9 percent, throughout the study period. This indeed ensured higher safety against bankruptcy. It is quite noteworthy that CAR was maintained between minimum of 10.91 percent to maximum of 18.40 percent. The mean CAR of all 14 UCBs was found to be 14.16 percent. Among 14 sample UCBs, Rendal Urban Co-operative Bank showed the highest mean CAR of 15.99 percent and the lowest mean CAR of 12.17 was shown by Kallppanna Awade Ichalkaranji Urban Co-operative Bank.

Lower Debt-Equity Ratio ensures higher safety to depositors and creditors. Nandani Urban Co-operative Bank topped the list with the lowest mean debt-equity ratio (DER) and Kallappanna Awade Bank lagged behind on DER front (21.47 percent) as revealed by Table 5.1.2. Out of 14, 11 UCBs (78.57 percent) had mean DER below 10 percent which meant the best protection to their depositors.

Table 5.1.3 exhibited the UCBs’ aggressiveness in lending as measured by Advances to Assets Ratio (AAR) in which it was found that AAR had ranged between minimum of 0.60 percent (Jaysingpur- Udgaon UCB, 2009-10) and maximum of 17.10 percent (Nandani UCB, 2007-08).

The mean AAR of 2.07 percent of all UCBs revealed that UCBs in Kolhapur district had disbursed loans and advances more than double the deposits mobilized by them during the study period. Three UCBs (21.43 percent) namely Kagal-Udgaon Bank, Parshwanath Bank and Gadhinglaj Bank had been very aggressive in lending as reflected
by their AAR of 3.21, 2.34 and 2.01 percent respectively. The most aggressive lending
was done by Nandani UCB as revealed by its mean AAR of 6.50 percent.

The Group Average Rank (GAR) of three sub-parameters of CAR, DER and
AAR revealed satisfactory capital adequacy position of UCBs in Kolhapur district.
Among 14 sample UCBs, Nandani UCB led with the lowest group average of 3 followed
by Gadhindlag Bank (GAR: 4.67) and Annasaheb Chougule UCBs (GAR: 5) whereas
Kallappanna Awade Ichalkaranji Sahakari Bank lagged behind on the front of capital
adequacy as revealed by its GAR of 10.

However, the Kruskal Wallis ‘H’ test revealed no significant difference between
the sample UCBs of Kolhapur district in Capital Adequacy.

(31) Asset Quality:

Net NPAs to Total Assets Ratio (NNTAR), Net NPAs to Total Advance Ratio
(NNTADR) and Percentage Change in Net NPAs Ratio (PCNNR) signified the Asset
Quality of sample UCBs in Kolhapur district.

Table 5.2.1 described the Net NPAs to Total Assets Ratio position of UCBs. It
was found that the said ratio had ranged between minimum of zero percent to maximum
of 31.40 percent. Nandani Bank showed the highest NNTAR of 31.40 percent in the year
2007-08, however thereafter it reduced it to zero percent since 2010-11 to 2012-13.

It was found that all UCBs in Kolhapur district had succeeded in reducing the net
NPAs in their total assets during the study period.

Out of 14, ten UCBs had higher NNTAR in the beginning year (2007-08) they
reduced it in subsequent years and reached to the lowest one in 2012-13. Nandani Bank
reduced it from 31.40 percent to zero percent, Gadhindlag Bank reduced it from 14.61 to
zero percent, Kumbhi-Kasari Bank from 11.67 to 0.86 percent, Parshwanath Bank from
11.42 to 0.64 percent, Rendal Bank from 10.10 to zero percent, Ajara Bank from 10.09 to
zero percent, Commercial Bank from 9.36 to 0.19 percent, Kallappanna Awade
Ichalkaranji Bank from 7.84 to 1.68 percent Annasaheb Chougule Bank from 7.67 to 5.03
percent Sanmati Bank from 7.55 percent to zero percent and Warana Bank from 5.21 to
0.36 percent This may be viewed as a very good achievement towards improving asset
quality.
Jaysingpur Bank led with the lowest mean ratio of 0.10 percent which was followed by Kagal Bank (0.21 percent) and Virshaiv Bank (1.09 percent) while Nandani Bank, Annasaheb Chougule Bank and Kumbhi-Kasari Bank showed the highest NNTAR of 6.24 percent, 5.37 percent and 5.01 percent respectively.

78.57 percent UCBs (11 out of 14) showed NNTAR Ratio below 5 percent which meant that good asset quality had been maintained by majority of UCBs in Kolhapur district during period under scrutiny.

Net NPAs to Total Advances Ratio (NNTADR), the second dimension of measurement of asset quality, was also led by Jaysingpur Bank (Mean Ratio: zero percent, Rank: 1) The ratio ranged between maximum of 18.37 percent to the minimum of 0 percent. It was found that all UCBs in Kolhapur district had reduced the percentage of net NPAs in their total advances during the study period. Nandani Bank reduced it from 18.37 percent to 0 percent, Gadchinglaj Bank from 7.05 to 0 percent, Kumbhi-Kasari Bank from 6.94 to 0.50 percent, Rendal Bank from 6.91 to 0 percent, Ajara Bank from 6.56 to 0 percent, Commercial Bank from 5.68 to 0.12 percent, Kallappanna Awade Bank from 5.55 to 0.93 percent and Sanmati Bank from 4.06 to 0 percent. This reflected the rigorous efforts of UCBs taken to recover the debts.

As regards percentage change in net NPAs, Nandani Bank was found to have reduced it very rigorously as denoted by mean ratio of -3.674. It was followed by Gadchinglaj Bank (-1.41), Rendal Bank (-1.382) and Ajara Bank (-1.312). Out of 14, 6 UCBs (42.86 percent) had aggressively reduced the net NPA percentage during the study period.

No significant difference was reflected by Kruskal Wallis ‘H’ test in the above three sub-parameters of Asset Quality of UCBs in Kolhapur district during the period of study.

(32) Management Efficiency

The efficiency of management is reflected in its ability to convert the deposits into lucrative advances, earning higher return on net worth, and utilizing the available human resources efficiently to expand the business and to generate more profit. It was therefore measured against the four important dimensions such as Total Advances to
Total Deposits Ratio (TATDR), Business per Employee (BPE), Profit Per Employee (PPE) and Return on Net Worth (RONW).

Total Assets to Total Deposits Ratio (TATDR) measured the management’s ability in converting the deposits into profitable advances. As revealed by Table 5.3.1, TATDR had ranged between the maximum of 72.99 (Gadhinglaj Bank) percent to the minimum of 24.58 percent (Parshwanath Bank).

Gadhinglaj Bank had led the group with mean TATDR of 68.82 percent while Parshwanath Bank had lagged converted very least deposits in advances as revealed by its mean TATDR of 39.23 percent only. On an average, the UCBs in Kolhapur district had converted 58.72 percent of their deposits in advances.

64.29 percent UCBs in Kolhapur district had the highest mean TATDR over 60 percent, which may be regarded as satisfactory.

Business Per Employee was found having moved between maximum of Rs. 557.81 lakh to the minimum of Rs. 102.63 lakh during the study period and the average BPE of UCBs in Kolhapur district was Rs. 219.36 lakh.

Kagal Bank had the highest mean BPE of Rs. 340.77 lakh while Randal Bank showed the lowest mean BPE of Rs. 133.33 lakh as revealed by Table 5.3.2. Nine UCBs out of 14 (64.29 percent) had earned more than Rs. 200 lakh and only Kagal Bank had it above Rs. 300 lakh. It meant that majority of UCBs in the district had been able to use their human resources in generating business.

Table 5.3.3 described as to how efficiently the UCBs had used their human resources in generating profit in terms of Profit Per Employee ratio. PPE moved in the range of Rs. 27.06 lakh (Kallappanna Awade Bank, 2012-13) to 0.01 lakh (Parshwanath, 2009-10) during the study period. Kallappanna Awade Bank was found to have shown the star performance in respect of PPE as reflected in the highest mean PPE of 18.52 lakh. Though Kagal Bank (PPE: Rs. 2.13 lakh) and Ajara Bank (PPE: Rs. 1.86 lakh) had got the second and the third ranks in PPE, there was a very wide gap between Kallappanna Awade Bank and those banks. Though overall average PPE of all UCBs was found to be 2.18 lakh, out of 14, 10 UCBs in the district had mean PPE below one lakh which was not at all satisfactory.
To measure the profitability of UCBs, Return on Net Worth Ratio was employed which was found to have ranged between the highest of 259.62 percent (Kallappanna Awade Bank) to the lowest of 0.03 percent (Parshwanath Bank).

Kallappanna Awade Bank had the highest mean RONW of 250 percent whereas Nandani Bank had it just 1.11 percent and the mean RONW for all banks was found to be 22.54 percent.

Majority of UCBs in Kolhapur district (85.71 percent) were presented very dismal picture as regards RONW as it was below 10 percent.

Group Average Ratio revealed that Kallappanna Awade Bank, Sanmati Bank and Kagal Bank were the star performers and Annsaheb Chougule Bank, Nandani Bank and Parshwanath Bank were the worst performers as regards Management Efficiency.

Though the performance of UCBs in Kolhapur district in the above-mentioned four ratios, statistical test revealed no significant difference between their performances.

(33) Earnings Quality

Earnings quality of UCBs was measured by employing four ratios namely Percentage Change in NPA (PCNPA), Net Interest Margin (NIM), Net Profit to Average Assets Ratio (NPAAR) and Cost of Deposits Ratio.

Table 5.4.1 described the trend in percentage change in NPA, which displayed that the ratio had ranged between the maximum of 378.65 percent (Kumbhi-Kasari Bank, 2011-12) to the minimum of 92.68 percent (Parshwanath Bank, 2009-10).

Parshwanath Bank revealed the highest mean PCNPA of 563.69 percent and Rendal Bank showed the said the lowest mean ratio of 17.35 percent.

PCNPA of 57.14 percent UCBs in Kolhapur district was found below 40 percent.

The average Net Interest Margin (NIM) as displayed by Table 5.4.2 was found to be Rs. 886.20 lakh and the highest NIM was Rs. 4366.18 lakh (Commercial Bank, 2012-13) and the lowest was just Rs. 1.8 lakh (Jaysingpur Bank, 2010-11).

The commercial Bank showed the highest mean NIM of Rs. 3655.91 lakh whereas Jaysingpur Bank had it Rs. 2.90 lakh. The majority of UCBs in Kolhapur district (71.43 percent) had Net Interest Margin, also known as Spread, over Rs. 100 lakh.
Efficiency of UCBs in utilization of assets was measured by Net Profit to Average Assets Ratio (NPAAR) the trend whereof was presented in Table 5.4.3. The NPAAR was found to have ranged between the highest of 24.25 percent (Kallappanna Awade Bank, 2007-08) to the lowest of just 0.01 percent (Parshwanath Bank, 2009-10).

Kallappanna Awade Bank was found as the star performer as reflected by mean NPAAR of 19.44 percent. The lowest mean NPAAR of 0.71 percent was found in respect of Parshwanath Bank.

92.86 percent UCBs in Kolhapur district were found to have mean NPAAR below 5 percent, which was very poor.

The analysis of Cost of Deposits ratio showed at what cost the UCBs had mobilized deposits during the study period. Table 5.4.4 described the position of cost of deposits position of sample UCBs.

The cost of deposits ratio of UCBs in Kolhapur district was found to have moved in the range of 11.91 percent (Sanmati Bank, 2008-09) to 0.59 percent (Kagal Bank, 2012-13).

Jaysingpur Bank led the group with the lowest mean Cost of Deposits Ratio of 4.74 percent whereas it was the highest of Sanmati Bank (9.35 percent).

85.71 percent UCBs in Kolhapur district showed the lowest cost of deposits between 5 to 10 percent, which may be regarded good.

Group Average Ratio (GAR) revealed Kagal Bank, Jaysingpur Bank and Kallappanna Awade Bank as the best performers while Waran Bank, Gadhinglaj Bank, Annasaheb Chougule Bank as the worst performers as regards Earnings Quality. (Table No. 5.4.1)

**(34) Liquidity**

Liquid Assets to Demand Deposits Ratio (LADDR), Liquid Assets to Total Deposits Ratio (LATDR), Liquid Assets to Total Assets Ratio (LATAR) and G-Sec. to Total Assets Ratio (GSTAR) measured the liquidity of UCBs in Kolhapur district during the period of 2007-08 to 2012-13.

Table 5.5.1 revealed that Liquid Assets to Total Deposits Ratio (LATDR) had ranged between the minimum of 0.36 percent (Kallappanna Awade Bank) to the maximum of 1975.87 percent (Jaysingpur Bank) during the study period.
Annasaheb Chougule Bank was found to have the highest mean LADDR of 973.84 percent and Kagal Bank was found to have the lowest mean LADDR of 2.58 percent.

Majority UCBs in Kolhapur district (78.57 percent) had mean LADDR below 50 percent and the overall average LADDR of all UCBs was found to be 140.38 percent. It projected the satisfactory position in respect of Liquid Assets to Demand Deposits Ratio.

Liquid Assets to Total Deposits Ratio (LATDR) ranged between the highest of 5.82 percent (Commercial Bank, 2007-08) to the lowest of 0.04 percent (Kallappanna Awade Bank, 2012-13) as presented by Table 5.5.2.

The commercial Bank exhibited the highest mean LATDR (5.01 percent) while Parshwanath Bank had it the lowest, just 0.25 percent.

It was quite disturbing that 92.86 percent UCBs in Kolhapur district had Liquid Assets to Total Deposits Ratio (LATDR) below 1 percent.

Liquid Assets to Total Assets Deposit Ratio (LATDR) was found to have ranged between the highest of 14.18 percent (Commercial Bank, 2007-07) to the lowest of 0.11 percent (Annasaheb bank, 2009-10 and Kallappanna Awade Bank, 2012-13) as shown by Table 5.5.3.

The average LATDR of all UCBs during the study period was found 1.92 percent and The Commercial Bank led the group with the highest mean LATDR of 11.33 percent whereas Kagal Bank lagged behind with mean LATDR of 0.77 percent.

LATDR of 13 UCBs out of 14 (92.86 percent) were found below 5 percent which portrayed the dismal picture as regards liquid assets component in their total assets.

G-Sec. to Total Assets (GSTAR) had ranged between the highest of 0.94 (Parshwanath Bank) percent to the lowest of 0.10 percent (Rendal Bank) as shown in Table 5.5.4.

Parshwanath Bank showed the highest mean GSTAR of 0.81 percent but Nandani Bank showed it just 0.40 percent. Majority UCBs in Kolhapur district had GSTAR above 0.50 percent, which was satisfactory. The overall average GSTAR of all UCBs was found to be 0.55.
The result of Composite Rank of UCBs in Kolhapur district revealed that:

(35) Jaysingpur Bank Ajara Bank, The Commercial Bank, Kagal Bank, Gadhinglaj Bank and Sanmati Bank were found Fundamentally Strong. Virshaiv Bank Kallappanna Awade Bank, Nandani Bank, Rendal Bank Warana Bank and Kumbhi-Kasari Bank were having some underlying weaknesses which may be rectified. Annasaheb Chougule Bank and Parshwanath Bank were found to be problem banks.

(36) Jaysingpur Bank had fundamental strength in Capital Adequacy, Asset Quality, Liquidity though it lagged behind in Management Efficiency and Earnings Quality. Kagal Bank showed the fundamental strength in respect of Capital Adequacy, Asset Quality, Management Efficiency and Earnings Quality, though lagged behind Liquidity.

(37) Virshaiv Bank lagged in all parameters except Asset Quality. Kallappanna Awade Bank was found to have somewhat lagged behind in respect of Asset Quality and Liquidity while Warana Bank in respect of Management Efficiency and Earnings Quality. Kumbhi-Kasari Bank was found to have lagged behind in Capital Adequacy, Management Efficiency and Liquidity fronts. Nandani Bank lagged behind in Management Efficiency and Earnings Quality.

(38) Annasaheb Chougule Bank had the sever problem in respect of Asset Quality, Management Efficiency and Liquidity whereas Parshwanath Bank had critical problem relating to Management Efficiency and Liquidity.

In order to know the correlation between each main parameter of CAMEL and the survival and growth strategies of UCBs, the statistical tool of Karl Pearson’s Correlation Coefficient (denoted by ‘r’) was employed and further the Students’ ‘t’ test was used to examine the association between Survival and Growth Strategies (as denoted by SGSI) and each main parameter of CAMEL.

The result of hypotheses testing revealed that:

(39) There was high degree positive correlation between Strategies and Capital Adequacy (0.64) and Strategies and Management Efficiency (0.61) whereas low degree negative
correlation was found between Strategies and Asset Quality of UCBs (-0.18), Strategies and Earnings Quality (-0.005) and Strategies and Liquidity (-0.12).

(40) The association was found between Strategies and Capital Adequacy (‘t’ value: 2.92) and Strategies and Management Efficiency (‘t’ value: 2.67) whereas no association was found between Strategies of UCBs and their performance under Asset Quality (‘t’ value: 0.63), Earnings Quality (‘t’ value: 0.017) and Liquidity (‘t’ value: 0.42).

6.3: CONCLUSIONS

The above findings of the study led to conclude that:

(1) UCBs in Kolhapur district had the substantial experience of doing banking business in both the rural as well as urban areas of Kolhapur district. They had played a lion’s share in inculcating the savings habit among rural masses and middle and lower classes living in urban areas of the district. The journey of UCBs started 100 years ago (May 1913) in Kolhapur district and their presence for the longer period and efforts to reach the banking services to the common men of the society is quite appreciable.

(2) Majority of UCBs in Kolhapur district has got well-educated and substantially experienced leadership and management. However, the CEOs are more educated and experienced than Chairmen. This signifies that the leadership of UCBs in Kolhapur district has gone in young hands.

(3) The majority CEOs described the prevailing market conditions as ‘highly competitive’ and as such they focused on ‘survival’ and ‘growth’ aspects of their UCBs. This showed that the management of UCBs in Kolhapur district had right view towards happenings in banking business and had prepared their mindset to evolve generic strategies to attain the basic objectives of survival and growth.

(4) The majority of UCBs had moved towards computerization of their banking transactions and upload their information on websites to ensure transparency.
(5) The management of UCBs in Kolhapur district regarded ‘Increasing competition by other UCBs, private and public sector banks’, ‘difficulty in compliance of Prudential Norms imposed by RBI’, ‘sluggish recovery and increasing litigations’ and ‘Inability to offer IT-enabled services to customers’ as the severe challenges.

(6) This is quite disappointing that despite the good educational background, the CEOs of UCBs in the district are not resorting to use of scientific techniques of environmental analysis.

(7) The management of UCBs in Kolhapur district lacked the strategic intent, practice of scientific analysis of market environment and application of phases of Strategic Management as done by corporate world. Despite the good educational background and substantial experience CEOs had failed to follow the methodical way of strategy formulation and implementation.

(8) UCBs having financial might, political patronage and long-term vision had excelled in expansion of banking business in and out of Kolhapur district. The long presence of UCBs in the market has nothing to do with evolving expansion strategy.

(9) Fifty percent of UCBs in the district had lagged behind in formulating right expansion strategy.

(10) Majority of UCBs in Kolhapur district had not strived to develop innovative deposit and loan products.

(11) Majority UCBs in the district had not developed effective marketing strategy in order to shoot up their income from banking operations.

(12) Majority of UCBs had executed successfully, the Performance Improvement Strategy which is reflected in their constructive achievement of cost control, NPA control
and development of sources of non-banking income. These efforts of UCBs are appreciable.

(13) As regards developing full-fledged ICT-enabled Customer Services, majority of UCBs in Kolhapur district have revealed quite miserable picture. This has weakened their competitiveness. Customers displeasing feeling may detach them from the bank.

(14) UCBs in Kolhapur district had adopted the modernization strategy in letter and spirit. All of them (100 percent) have adequately modernized their operations.

(15) The majority UCBs (78.57 percent) had evolved good HR strategy. This has certainly helped them to implement the modernization strategy. The focus given by all UCBs on training of employees would go along way in improving their overall performance. However, majority of them (85.71 percent) didn’t evolve Retention Policy and had no system of giving Performance Driven Incentives to employees. This had somewhat hindered the growth business per employee (BPE) and profit per employee (PPE)

(16) No UCB has so far developed the effective Social Responsibility Strategy. It is somewhat harmful in long run. Because the continuous rapport with the different groups of the society would always be beneficial to the bank.

(17) It is indeed a welcome step that the general principles of Corporate Governance have been followed by all UCBs in Kolhapur district. No loan standing in the name of directors or their near and dear ones and least interference had helped UCBs in Kolhapur district to evolve and execute the essential survival and growth strategies.

(18) Majority of UCBs in Kolhapur district have evolved working strategies for their survival and growth in competitive environment and location of UCB (i.e. Rural or Urban) did not make any difference in evolving and implementing Survival and Growth Strategy.
(19) All UCBs had maintained Capital Adequacy Ratio (CAR) much above the Basel Accord-II mandate of 9 percent, throughout the study period and thus ensured higher safety against bankruptcy. Such a hedge against going bankrupt in future is quite appreciable.

(20) Majority of UCBs in Kolhapur district had maintained the desirable level of Debt-Equity Ratio and provided good protection to their depositors. This would go long in restitution of depositors’ trust and confidence in urban co-operatives.

(21) All UCBs in the district had disbursed loans and advances more than double the deposits mobilized by them during the study period. Nandani Bank was found to have done the most aggressive lending, followed by Kagal-Udgaon Bank, Parshwanath Bank and Gadhinglaj Bank. This indicated that UCBs in Kolhapur district had made their mindset to do aggressive banking business and to laser-focus on core banking business.

(22) Though some UCBs had led on front of Capital Adequacy parameter and some big UCBs had lagged behind, statistically there was no difference in performance of all UCBs in Kolhapur district as regards Capital Adequacy.

Capital risk represents the risk that a bank may become insolvent and fail. Capital risk is closely tied to financial leverage, asset quality and a bank’s overall risk profile and hence the more the risk is taken the greater is the amount of capital required. UCBs operating with high risk are expected to have greater capital than banks with low risk. Capital Adequacy is one the major indicators of financial health of banks and the satisfactory level of Capital Adequacy led to conclude that UCBs in Kolhapur district had maintained a suitable risk management framework oriented towards their requirements. This has improved their financial health and credibility. It would save them from the adverse effects of banking and financial sector crisis.

(23) UCBs in Kolhapur district had taken very rigorous efforts to recover the debt from defaulting borrowers and strived to meet prudential norms. The UCBs had succeeded in
reducing the net NPAs in their total assets. This had helped them to keep NPAs under control and improve the quality of assets.

It seems that UCBs in Kolhapur district had established an appropriate internal system to eliminate the tendency to delay or postpone the identification of NPAs, especially in respect of high value accounts. Statistically the performance of UCBs in Kolhapur district as regards improving Asset Quality didn’t differ.

(24) Majority UCBs in Kolhapur district (64.29 percent) had good ability to convert their deposits into high earning advances which had helped them to expand the business during the study period and successfully utilized their human resources in generating more business. However, they had failed to efficiently utilize their human resources in generating profits. Majority of UCBs in Kolhapur district (85.71 percent) had failed to earn substantial returns on net worth.

Kallappanna Awade Bank, Sanmati Bank and Kagal Bank had efficiently managed their assets and human resources whereas Annasaheb Chougule Bank, Nandani Bank and Parshwanath Bank failed in it. The managements of ill-performed UCBs have to evolve operational strategies for efficient utilization of their deposits and human resources.

(25) Majority UCBs in Kolhapur district had succeeded in reducing their NPAs and sufficiently improved Spread (Net Interest Margin) but failed to earn sufficient profit on assets. They had mobilized the deposits at the reasonable cost, which is quite appreciable on the background of competitive environment.

Kagal Bank, Jaisingpur Bank and Kallappanna Awade Bank performed very appreciably on front of Earnings Quality while Warana Bank, Gadhinglaj Bank, Annasaheb Chougule Bank had presented dismal picture in this regard. The laggard UCBs need to take concrete steps to enhance their earnings.

(26) Majority UCBs in Kolhapur district had poor ability to meet the demand from demand deposits in particular fiscal year but their ability to provide enough liquidity to their depositors was very poor, which needs immediate booster-efforts.
(27) Only 7 percent UCBs in the district had sound liquidity position and provide assured protection their depositors, which is quite worrisome.

(28) Only six UCBs (42.86 percent) in Kolhapur district had very sound financial position while six other UCBs had some rectifiable underlying weaknesses and two UCBs were problem banks. The big UCBs in the district like Kallappanna Awade Bank and Warana Bank had lagged behind due to some fundamental weaknesses.

(29) It was worth-mentioning that UCBs located in rural areas of Kolhapur district had performed well at par with UCBs located in urban areas.

(30) The problem UCBs as revealed by composite CAMEL rank need concrete steps to revive in near future which would help them to survive and grow.

(31) UCBs in Kolhapur district need to formulate and implement the Survival and Growth Strategies in a more scientific way that should affect the performance positively.

(32) In the light of the 97th Amendment, which was promulgated with an intention to grant more autonomy, it would be somewhat easy for UCBs to gear up growth but the Directors of UCBs must become the active participants and contributors towards it. Moreover Chartered Accountants too will have to play a significant role in ensuring transparency in the operations of UCBs. The amendments brought about in respect of working of UCBs would go a long way in improving their overall working and financial health however UCBs have to blend their survival and growth strategies compatible to these amendments.

Hereafter only the members having subscribed over minimum of Rs. 2000/- and kept deposits of over Rs. 10,000/- will get the status of active member of UCBs and will enjoy the voting rights. Likewise for becoming the director of UCB one has to subscribe Rs. 5000/- and keep deposit of Rs. 50,000/- Not only that, the directors must attend at
least one AGM in 5 years. These changes would help UCBs to enhance their capital base and solicit the constructive contribution from members and directors.

**6.4: SUGGESTIONS**

In the light of above-mentioned findings and conclusions of the study, it is suggested that:

1. There is a need to orient the Chairmen and CEOs of UCBs in Kolhapur district about the basics of Strategic Management and its application well adaptable to features of co-operative banking.

2. The skill of using the scientific techniques of environmental analysis like SWOT and Delphi may be acquired by CEOs under the guidance of experts in this field.

3. The well devised Expansion Strategy may reinforce the roots of UCBs.

4. UCBs should take efforts to develop the innovative deposit and loan products so that the people in society be attracted towards them. Especially for small savers, salary-earners, working-women and pensioners the attractive deposits schemes may be evolved. Likewise, for the small amount of loans (petty loans) some novel products may be evolved.

5. In the present day market, it is important to retain existing customers and obtain new ones. In view of the competitive marketing environment UCBs would not afford the loss of even a single customer. Hence, they should develop the effective marketing strategy.

6. Gadhinglaj Bank, Nandani Bank, Parshwanath Bank and Annasaheb Chougule should strive for rigorous cost control, recovery management and exploration of sources of non-banking income.

7. In order to enhance their competitiveness, the UCBs in the district should provide the ICT-enabled services to their customers such as ATM, SMS Banking, Mobile Banking, RTGS/EFT, At Par Cheque, Core Banking and On-line Money Transfer.
youths and businessmen has a craze and necessity of using such services. If an UCB seems to be not providing these modern banking services they are likely to be detached from the bank. Hence, to keep them affiliated to the bank and to bring the bank at par with other private sector banks, at least in respect of customer services, such a type of modern banking services should be provided.

For that the provision of funds may be made systematically without harming the stakeholders’ interest.

(8) UCBs in Kolhapur district should develop the rapport with the local community through different community-oriented programmes such as medical camps (free eye-check up, blood group check up and the like), sponsoring tournaments, blood donation camps, felicitating achievers in academics and professional examinations, adopting poor but studious students for education purpose etc. Women folk may be tapped through women-specific programmes. This would be helpful to brighten the image of UCBs in the eyes of society and would do mouth-to-mouth publicity of the bank, which is the most constructive.

(9) UCBs have to take efforts to restore and reorient the faith of local community in cooperative credit system in general and in UCBs in particular. For that more security to deposits has to ensured and emerging credit needs have to be met out.

(10) Virshaiv Bank should improve on capital risk-taking and utilization of assets and human resources for expanding the business and profit. Even it has to pay attention to maintenance of liquidity which is its grey area.

(11) Kallappanna Awade bank may rectify its asset quality by fast reducing its NPAs and improve its liquid position by increasing the component of liquid assets in total assets.

(12) Rendal Bank has to improve on return on net worth and liquidity. The investment in G-Sec. instruments may be enhanced and the liquid assets component may be increased.
(13) Warana Bank should take efforts to obtain performing loan accounts and distribute more loans or at least invest the idle deposits in lucrative money market instruments for short period. Further, the bank has to formulate strategy of optimum utilization of its workforce for generating more profit. The bank should also evolve the measures to cut down cost on obtaining deposits.

(14) Kumbhi-Kasari Bank has to take care to improve on CAR. Further the bank should take special efforts to utilize their employees optimally in expanding business and generating profit. The bank has to minimize the cost on mobilizing deposits and as such their interest policy be revised. Even the poor liquidity is also a matter of concern for the bank, hence the liquid assets component has to be enhanced in its total assets.

(15) Nandani Bank should improve its recovery management so that its NPAs be reduced. Further, to improve on liquidity, the bank has to utilize its workforce in an efficient manner and ensure more return on its net worth. The investment in G-Sec. instruments may be increased from its current level. The bank has to be very cautious about enhancing the Spread, the difference between interest given and interest obtained.

(16) Annasaheb Chougule Bank should take immediate and rigorous steps towards improving its asset quality, management efficiency and liquidity which are almost at danger level. It may do it by making recovery mechanism more active, utilizing its employees efficiently and increasing liquid assets component.

(17) Parshwanath Bank should focus its attention on improving its management efficiency and liquidity which has been the alarming dangers. It may be done by converting more deposits into lucrative loan accounts on one hand and enhancing liquid asset component in its total deposits on the other. Further the policy may be evolved to efficiently utilize employees in generating more profit.

(18) Especially the growth strategies may be so formulated that their tangible reflection should be seen in the financial health of UCBs.
(19) Compatible to 97th amendment, the UCBs in Kolhapur district should formulate their strategies ensuring more transparency in their operations and accountability.