Chapter - V

Summary of Findings, Suggestions and Conclusion
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FINDINGS

1. The Urban Co-operative Banks cater to the need of the people in Urban and Semi urban areas except for agricultural purpose. The Urban Co-operative Bank all along by their traditional outlook making advances for jewel loans, mortgage loans, surety loans against deposits.

2. Members in this bank shall be of two kinds viz., ‘A’ and ‘B’ class. ‘B’ class members may get only jewel loans and will not be entitled to any other privilege of membership like ‘A’ class members in the bank.

3. There are 1800 Urban Co-operative Banks in India of which 7% CUB’s (126) is in Tamilnadu. The Salem CUB and the BHEL Employees Co-operative Credit Thrift Society at Thiruchirapalli are occupying the 62nd and 63rd rank respectively at all India level among the CUB’s.

4. The CUB’s diversify their advances from the conventional type lending to that of lending to the Small Scale Industries, Small Road Transport operators and providing working capital to assistance to
small industries, CUB by provides loans to them. It creates self
employment opportunity.

5. Only 4CUB in Tamil Nadu availed refinance from Reserve Bank of
India for providing working capital assistance to small scale
industries.

6. Co-operative movement had its origin in England in 1771 but in
India it got its momentum only in 1904.

7. According to the bye law of OUCB, Minors may also be admitted
through their legal guardian as member of OUCB. There are 4064

8. The share capital of OUCB in 1998-1999 was Rs.6.18 lakhs only
but it rose to Rs.24.42 lakhs.

9. The reserve Fund in 1999-2000 was Rs.1.48 lakhs and it increased
to Rs.57.65 lakhs in which is estimated it is to and extent of 30.9
times.

Rs.217.61 lakhs in 2005-2006.

11. The bye law provides that the Board of Directors can start and
conduct chit funds to secure savings.

12. Out of the total loan issued, Jewel Loan represent 24.59%. House
mortgage Loan was 50.38%. Guarantee Loan 8.83% and Deposit
Loan 12.37%. Jewel Loan and mortgage Loan are from part of more than 82% total loan because these loans are security oriented.

13. The average net profit earned during the study period by the a Bank is Rs. 2.00.

14. The minimum rate of Interest charged for Loan is 10% and maximum is 14%.

15. The OUCB offers at least 2% more than the interest offered by other banks for deposits.

16. There is no change in staff strength for the past 8 years though deposit and loan issued have been increased in many fold.

17. Without interruption the OUCB declares and disburse 14% during the study period.
SUGGESTIONS

In this Fifth and Last Chapter, suggestions emerging from the findings of the study as well as those offered by the President, Special, Office bearers, staff and members of Omalur Co-operative Urban bank are presented.

INCREASING THE INFRASTRUCTURE FACILITIES

The infrastructure facilities are extremely limited to the OUCB Omalur. Though deposit mobilisation and lending activities are increased in many fold, infrastructure facilities like computer are not introduced in the Bank, So, the bank should be fully computerised to increase the efficiency of the bank operations.

RECRUITMENT OF MAN POWER AND PROVISION OF PROPER TRAINING

The OUCB is understaffed one. The researcher is able to understand this problem when he visited the OUCB. The records are also show that there was no recruitment of the staff for the past 8 years. Owing to lack of manpower, the officials and employees have to face may problem to service the members.
To reduce this problem the government has to strength the personnel and it should introduce computer system of accounting. Training should be given to the existing employees.

The Government should permit to appoint more number of Apprentice trainees, so as to utilise their service for the benefit of OUCB its members.

**POLITICAL INTERVENTION**

Political Intervention with the affairs of the Bank is greater. They often intervene in day to day affairs regarding loan issue, collection and others affairs. Political Intervention is at the reason for the obstacle to the growth of OUCB.

A general consensus is needed among all political parties not to use the Bank as instrument of achieving their political ends.

**CHANGE IN LENDING AND INVESTMENT POLICY OF OUCB**

The traditional methods of lending and investment policies of OUCB should be changed. The Urban banks should invest its surplus funds in companies bonds, debentures and shares. Investment in reputed companies will yield more income at least 2% more than what the District
Central Co-operation Banks offer as interest (11%) for the surplus funds deposited by OUCB in Salem District Central Co-operative Bank, Omalur. By means of investment in bonds, Debentures and shares, the OUCB will take part in industrialization in an indirect way.

The OUCB can choose the various schemes offered by the unit Trust of India (UTI), or any other Central Government organisations. The UTI not only guarantees safety for the investments but also provides responsible return with liquidity for their investors. Only thing what the OUCB should do is obtaining prior permission from Reserve Bank of India for such investment.

The OUCB should find out innovative methods of lending for various purposes in addition to the traditional methods.

EDUCATING THE MEMBERS

Educating the member is considered to be very important. Members education is necessary to understand the aspects like repayment, values of the organisation, proper utilization of the Bank for various purposes.
CONCLUSION

The role played by the cooperative banks in the development of any economy constituted the highest. Having realised, its importance, the Reserve Bank of India had provided certain relaxations in fixing the lending and borrowing rates. Unlike the commercial banks and other financial institutions the cooperative banks are controlled both by the Reserve Bank of India and as well as by the State Governments. In this project, it was attempted to examine the lending, borrowing and investment patterns of Urban Co-operative Bank, Omalur. The collected data were analysed using the appropriate tools and techniques. The analysis of the data indicated that the performance of the bank has improved during the study period as measured in terms of the lending, borrowing and investment patterns of the bank.

Urban Co-operative Bank, Omalur performance is very much encouraging. It has been earning profit and persistently placed under ‘A’ class credit classification, yet it may take appropriate measures to enhance its sources.

It may need to devise unique strategies to attract the public and also to create more confidence in them. Yet another area is the non-farm sector which may be given more concentration to encourage self-employment venture to increase the income of the weaker sections as to
attain sustainable economic advancement in conformity with National Goals.

Suitable efforts may also be taken to reach public as to create awareness about developmental schemes available and to exploit them properly for better economic conditions.

The co-operative are necessary as to product the increases of weaker’s sections of the society. The co-operative form of organisation is democratic set up run by its members for saving the interest of themselves.

The philosophy behind co-operative is “All for each, each for all”.

The co-operative enjoys public confidence, particularly because of various Govt concessions to the Co-operatives.

Therefore all the above suggestion or a few of them which if implemented will certainly improve the performance of the bank society to a great extent and eventually it will benefit the members and society at large.