Chapter VII

SUMMING UP FINALE
Modern civilisation is linked with the principle of Co operation because without Co operation there is no scope for social and economic progress. Co operation aims at living, thinking and working together for peace and prosperity of the society and for solving many socio-economic problems of the country. Indian Co operative Credit System is classified into two categories i.e., Rural Co operative Banks and Primary Co operative Banks. In turn Rural Banking structure has been sub divided into short term and long term credit. In respect of short term credit the two tier system with State Co operative Banks at apex level and Primary Agricultural Credit Societies at the village level and the three tier system with State Co operative Banks at apex level, Central Co operative Banks at District level and Primary Agricultural Credit Societies at village level. Regarding the long term credit the unitary structure with apex Banks (SCARDB) and its branches at the bottom level and federal structure with apex Banks at state level (SCARDB) and Primary Co operative Agricultural and Rural Development Banks (PCARDB) at village level are in vogue. Primary (Urban) Co operative Banks are independent in nature and function under the control of the Reserve Bank of India and State Governments. Urban Co operative Banking structure constitutes a very important segment of the Co operative Banking sector.

Among the divergent economic and political systems, Co operation acts as a balancing factor. Co operation is a system of social organisation based on the principles of unity, economy, democracy, equality and liberty. The co-operative movement is believed to be an outcome of the exploited measures of early Capitalism that had grown with Industrial Revolution in Europe. However co
operative movement started in different societies with the varying urges of the people. Co-operative movement at the regional, national and international levels is based on the principle: "Combination is Strength; Isolation is Weakness" or one for all and all for one.

A cooperative organisation is essentially a member driven agency. Hence every member compulsorily is required to have a stake in its management process. This cannot be achieved without the members having a stake in the capital of the institution. With this objective in view there is a unique system of share linking to borrowings in vogue in the co-operative credit institutions in general and urban co-operative banks in particular. Every borrower who is a member is required to contribute a particular proportion of loan amount towards capital contribution. Under the existing RBI policy subject to relaxation in respect of certain categories of loans, the following ratio of share linking to borrowing is prescribed:

a) Every borrower is required to contribute 2.5 per cent of the loan amount towards share capital if it is a secured advance.

b) Every borrower is required to contribute 5 per cent of the loan amount towards share capital if it is an unsecured advance.

However nominal members irrespective of the size of the loan amount pay only a nominal admission fee do not contribute to the share capital.

The first milestone in the Co-operative Movement in India was the enactment of Co-operative Societies Act 1904. Though the Urban Co-operative Movement in India was spearheaded in 1899 when a society called Anyonya Sahakari Mandal was registered at Baroda. The registration is said to be the origin of urban credit
movement in India. In 1905 the first urban credit society on liability basis was registered in at Mysore. The movement gathered momentum after the release of the Report of Maclagan Committee and the subject of cooperation has been transferred from Central Government to the Provincial Governments. Before Independence, the distribution of co-operatives in the country was quite inequitable. Some of the regions in the country did not have any trace of co-operative movement. However, as time passed by, people realised the virtues of co-operation and with the Government's initiative and support, the co-operative movement spread throughout the length and breadth of the country.

After Independence, the Government of India initiated many measures to organise and develop co-operatives in the country. All the Five Year Plans have given significant weightage to co-operative movement in the country. Nevertheless, the co-operative system has not developed in India as envisaged because of certain inherent defects within the system and also because of political interference. The failure of commercial Banks during 1913–17 created an opportunity for the cooperative system to develop a medium for mobilising savings of persons of modest means and helping those whose financial distress due to high living cost and unemployment had driven them into the clutches of money lenders. In other words, when Commercial Banks did not come forward to help the urban middle and lower income classes, it was felt necessary to organise Urban Co-operative Banks.

In the year 1949, the Central Government enacted a law to regulate the Banking companies in the country. After 1949, the non-agricultural credit societies are named as urban co-operative Banks and called the Primary Co-operative Banks in the
Banking Regulation Act 1949 applicable to the Co-operative Societies. Primary Co-operative Banks include Salary Earners Co-operative Societies and Employees Credit Societies also. The entire management of the Urban Co-operative Bank will be in the hands of the Board of Directors elected by its members. The Urban Co-operative Banks function in a city or town membership of which is of two types viz. A class members have a voting right and the B class members without a voting right treated as associate/nominal members. An urban Bank must raise adequate share capital to serve as the main foundation in the society to the depositors and other creditors. As per the norms of the Reserve Bank of India and according to the Reports of the Committees constituted from time to time with reference to the development of Primary Co-operative Banks, the members of these Banks must possess shares and have some stake in the functioning of the Banks.

The urban co-operative movement in India was the first attempt for micro credit dispensation in semi urban areas. These Banks have been governed by the respective State Governments under the provisions of Co-operative Societies Act. Later on with the increasing demand for extension of deposit insurance in Co-operative Banks, they were brought under the purview of the Banking Regulation Act, 1994. These Banks came under the Banking Regulation Act with effect from 1st March 1996.

The Madhava Das Committee Report in 1997 and Marathe Committee Report in 1992 are very comprehensive and growth oriented in nature. The timing of the
submission of the Marathe Committee Report has coincided with the Government s acceptance of the Narasimham Committee Report thus creating a conducive climate for the RBI s acceptance of its recommendations The Marathe Committee (1992) has recommended standards of viability which are to be achieved within three years in respect of the Primary Co-operative Banks in urban and semi-urban areas of the country

The National and State Federation of Co-operative Banks are constantly propagating enactment of more liberal co-operative laws on the mode of Model Co-operative Societies Act 1991 drafted by the Planning Commission and the Government of India. There is already a distinct change in the attitude of the authorities in this respect.

The Co-operative Banks have the added strength of local leaders and members who could promote possible support for their development. New Mahila Co-operative Banks which are coming up in many parts of the country are motivated by the drive for economic empowerment of women.

Progress of the Urban Co-operative Banks

Though UCBs were set up in India in the early 20th century, their development has witnessed different trends only during different decades. It is essential to know the trend of development in the pre and post-independence eras. There was a phenomenal growth in the number of non-agricultural credit societies.
from 1451 in 1918 to 1530 in 1938. The development of Banks in respect of membership was slow during the years 1948-49 and 1964-65.

The progress of the UCBs after enacting Banking Regulation Act 1966 showed a steady growth. At present, 1936 Primary Co-operative Banks with 6308 branches are functioning in India as on 31st March 1999. The Urban Co-operative Banks have also led to the development of 117 exclusive Mahila Banks. The Urban Co-operative Banks have so far mobilised Rs 50,000 crore deposits, which compare very well with the level of State Co-operative Banks and Central Co-operative Banks. The five States Andhra Pradesh, Gujarat, Karnataka, Maharashtra, and Tamil Nadu account for 78.97 per cent of the total PCBs in the country. Maharashtra alone has 616 Banks accounting for 31.8 per cent of the total PCBs in the country.

The State of Andhra Pradesh is better placed in the Indian Co-operative credit system. There are 137 Urban Co-operative Banks on 31st March 1999. Initially, there were only 46 Primary Co-operative Banks at the time of the formation of AP in 1956. Later the PCBs increased in multitude and were 50 in 1966-67. The growth rate in respect of number of PCBs is very slow till 1998. But the overall Banking business of primary Co-operative Banks has increased at a faster rate. Andhra Pradesh occupies 6.67 per cent in respect of number of Banks, 4.95 per cent with reference to membership, and 4.36 per cent in respect of share capital and 3.14 per cent in respect of loans and 2.78 per cent in respect of working capital when compared with the Urban Co-operative Banks in India.
Profile of Chittoor District

Andhra Pradesh has 23 Districts of which Chittoor is situated in the southern up of the State. The District comprises an area of 15,152 sq km which is 5.51 per cent of the total area of the State. The District is divided into three Revenue divisions - Chittoor, Madanapalle and Tirupati. The District has a population of 35.04 Lakhs which is 5 per cent of the total population of Andhra Pradesh. The climate of the District is dry and healthy. Five CTBs are functioning in the District. Tirupati is the important pilgrim town not only in the District but also in A P, India and the world over. Tirupati town abounds in preachers, pioneers and promoters to promote financial operations and because of their efforts, the CTB came into existence in the early 20th century on 22.2.1918.

Chittoor is the administrative centre of the District. The CTB was started on 22.4.1907. The District witnessed rapid increase in a population which in turn led to the growth of CTBs. In Chittoor District, Srikalahasti, the abode of Srikalahasteeswara is another important pilgrim centre near Tirupati. The rich conditions and potentiality of the town led to setting up of an Urban Co-operative Bank on 9.8.1921. The CTB in Madanapalle was started on 10.2.1923. Kuppam town is situated at the southern most tip in Chittoor District of Andhra Pradesh. It is a multilingual area as it is situated on the borders with Karnataka and Tamil Nadu. The population has increased at a slower rate and Kuppam is still a Panchayat due to its rural characteristics and limited population. But the CTB was started at Kuppam on 18.1.1932 to meet the Banking needs of business community and rural public in general.
Leadership styles

Dynamic and effective leadership is one major contributing factor for a successful organisation. The functioning of leadership styles is a relatively consistent concept of behaviour that characterises a leader. The successful organisation has one major attribute that distinguishes itself from an unsuccessful organisation. The discussions of various leadership theories and styles give a lucid picture of leadership qualities, but there is no clear cut conclusion that a particular style is the only best one because leadership is a complex phenomenon which defies all concepts and theories.

The role of a co-operative leader is to see that the co-operative Bank succeeds in economic activity on the basic principle of Co operation. A co-operative is an economic democracy leadership an element which makes the democracy dynamic. Where there is no leadership there is no movement. In the absence of professionalisation of management especially at the base level of the co-operative structure, co-operative leadership becomes a key factor for the growth and efficiency of the co-operatives.

Many members have forgotten that the co-operative is their own as there is no chance for them to vote or to stand for election. Owing to a lack of exposure for leaders of CTBs, they are unaware of the happenings and achievements of their counterparts in other Banks of other Districts and States.
Majority of the leaders of Urban Co-operative Banks in the District are middle aged and similar observations were also made in some earlier studies. On the other hand, a few studies have pointed out seniority in age as an important factor in determining leadership. But on the contrary, majority of youngsters have become co-operative leaders followed by middle-aged persons. Fifty per cent of the leaders of the CTBs have studied up to school level and the other half have studied higher than Intermediate course. That of the co-operative leaders are agriculturists is a well-established fact and most of the co-operative leaders of CTBs in Chittoor District are involved in some business or profession.

Co-operative leadership has established a high socio-economic status and the incumbents constitute an overwhelming majority of co-operative leaders. Social participation mostly in the form of association with local bodies or other organisations is not the case of leaders of CTBs in Chittoor District. Co-operative set-up has established a strong relationship between the co-operative leaders and political leaders and the ruling parties. It can be understood from the present study that the co-operative leaders particularly in the CTBs of Chittoor District possess leadership styles of trait and situational theories.

**Democratic Management**

A Co-operative requires collective support to flourish since it is an association for mutual help without profit motive. The actual management however demands a more favourable shift in the behaviour and attitude of people entrusted with the task of organising and using co-operative resources in a democratic manner to justify the
Continuous relevance of the system to social utility. In fact, a leader must be a good servant but not a bad master. One of the special features of Urban Co-operative Banks is that they have at long tradition of co-operative democracy.

The concept of democratic management which is one of the fundamental principles of co-operatives is based on the premise that one member should have one vote only irrespective of number of shares. The problem of co-operative democracy is of reconciling or balancing efficiency and accountability with autonomy of management. Elections are an essential feature of democracy. Democracy without elections is meaningless. Preservation and upkeep of democracy require capturing the spirit of co-operative, its culture, its discipline and above all its ethos.

Majority of the co-operative leaders of CTBs in Chittoor District attend the Board meetings regularly participating in discussions and according to them they are given sufficient time for discussion and decisions are taken on the opinion of the majority. They possess a knowledge of by-laws but they are not interested to update it. The majority opinion with reference to the purpose of a co-operative is to do service and it is meant for mutual help. According to them profit earning is the main difference between the private enterprise and the Co-operative enterprise. In their view the ultimate authority of the Banks vests in the Board of Directors who are liable to members only. The powers of General Body according to the Co-operative leaders are - a) to amend by-laws, b) to approve budget and c) to elect the Board of Management. Most of the leaders are visisting the Banks to attend Board meetings and to enquire about the activities. They are also vigilant on the utilisation of loans, inspection of account books and taking personal interest in improving the Bank by
educating the members about their rights and privileges. As far as the autonomy of Co-operative Bank is concerned the leaders do not favour Government's intervention but half of them favour contribution of capital from the Government. Though they are affiliated to political parties they are willing to keep politics away from the Bank operations.

The success of the co-operative movement depends on the sound constructive leadership and enlightened membership which open the gates of success to the co-operative democratic institutions. In the age of Democracy the co-operative effort and the co-operative movement spur the economic progress of the country.

Progress of CTBs in Chittoor District

The CTB is essentially a member driven institution. Hence every member should have a stake in its management. This cannot be done unless he/she has a stake in the capital of the institution. With this object in view there is a unique system of share linking to borrowing in vogue in co-operative credit institutions in general and Urban Co-operative Banks in particular.

Tirupati CTB has a share capital of Rs 21.85 crores. Chittoor CTB has Rs 7.59 crores. Srikalahasti CTB has Rs 0.45 crores. Madanapalle CTB has Rs 0.30 crores and Kuppam CTB's capital is Rs 0.16 crores in 1999. In the case of membership Tirupati CTB occupies first position with 1,41,908 members in 1999 followed by Chittoor CTB with 21,080 members, Srikalahasti CTB with 8,605 members and Kuppam CTB with 4,135 members and Madanapalle CTB with 3,381
The growth rates of membership and share capital show that Kuppam CTB has a higher linear growth rate at 18.13 per cent followed by Srikalahasti CTB at 17.05 per cent. Both Madanapalle and Chittoor CTBs have a moderate growth rate in share capital whereas the least growth rate at 0.57 per cent is shown by the Tirupati CTB. It is noticed that Kuppam CTB has a higher growth rate in share capital and number of members whereas Madanapalle CTB has a higher growth rate in share capital per member. There is a significant difference between the Banks in linear growth rate with respect to owned funds and its growth which is significant.

The total deposits position in 1999 shows that Tirupati CTB occupies first place with Rs 51.31 crores followed by Chittoor Bank with Rs 48.9 crores and Srikalahasti CTB with Rs 7.59 crores. Madanapalle CTB with Rs 7.02 crores and Kuppam CTB with Rs 3.6 crores. The growth rate in respect of deposits is linear. The highest linear growth rate is observed in Madanapalle CTB at 8.78 per cent followed by Tirupati CTB at 6.59 per cent with respect to the ratio of deposits to owned funds.

A sharp growth in the working capital is noticed in Tirupati CTB from 1997 to 1999. The working capital grew from Rs 29.93 crores to Rs 54.40 crores during the period. In Chittoor CTB the amount has increased from Rs 7.8 crores in 1988 to Rs 23.33 crores in 1997. But its working capital stood at Rs 51.06 crores in 1999. Srikalahasti CTB has Rs 8.24 crores of working capital, followed by Madanapalle CTB with Rs 7.46 crores and Kuppam CTB with Rs 4.03 crores in 1999. The variable capital in the CTBs in Chittoor District also reveals linear growth in respect of working capital.
Regarding cash to deposit ratio, Kuppam CTB tops at 24.77 per cent in 1996. In the remaining period, the Bank has maintained top place in respect of cash to deposit ratio. Srikalahasti CTB occupies the second place. Tirupati, Madanapalle, and Chittoor CTBs have approximately viable positions in the variable cash to deposit ratio. The growth rates also reveal that Kuppam CTB has the highest growth rate at 41.48 per cent followed by Madanapalle and Srikalahasti CTBs. Srikalahasti CTB indicates a non-linear growth rate in respect of cash balance and it is not significant.

Growth rates of loans and advances show that Kuppam CTB has the highest growth rate at 50.56 per cent followed by Srikalahasti and Tirupati CTBs. There is an equal linear growth rate in Chittoor and Madanapalle CTBs. Growth rate of overdue reveals that Kuppam CTB is at 27.27 per cent followed by Srikalahasti, Madanapalle, Chittoor, and Tirupati CTBs at 25.92, 20.01, 15.45, and 13.06 per cent respectively. It is inferred that Kuppam CTB is the highest in regard to amount overdue and loans outstanding followed by Srikalahasti CTB.

Loans and advances to working capital ratio reveal that Madanapalle and Tirupati CTBs are utilising the funds to the maximum level when compared with the ratios of Chittoor, Srikalahasti, and Kuppam CTBs. In respect of growth rate of total assets, Madanapalle CTB stands at 18.11 per cent followed by Kuppam at 16.68 per cent, Srikalahasti at 13.28 per cent, Chittoor at 11.9 per cent, and Tirupati at 11.12 per cent. There is a linear growth with regard to the factors of loans and advances and total assets in respect of all the Banks. While considering the ratio of loans outstanding to total assets in, we find that Srikalahasti CTB has a growth rate at 0.22.
per cent. The other Banks show negative values stating that there is no linear growth rate with respect to the ratio.

**Total reserves to loans outstanding relationship** is measured in the form of a ratio. It is observed that Kuppam CTB has the maximum growth rate at 11.32 per cent followed by Chittoor CTB at 6.78 per cent, Sríkalahasti CTB at 4.72 per cent and Tirupati CTB at 4.22 per cent whereas Madanapalle CTB shows a negative growth rate at -1.71 per cent. The ratio of total investment to total assets reveals that the Madanapalle CTB tops at 7.31 per cent followed by Kuppam and Tirupati CTBs. Kuppam CTB stands first with respect to the ratio of owned funds to loans outstanding at 9.18 per cent followed by Chittoor CTB at 6.36 per cent. A negative growth rate is found in the CTBs of Madanapalle, Tirupati and Sríkalahasti.

Though the growth rate of deposits has increased in CTBs of Chittoor District the ratio of Time Deposits to Total Deposits is more and Demand Deposits is less in most of the study period. It leads to an increase in cost of funds and the position is analysed from the side of sources of funds. In the process of application of funds a significant linear growth rate is observed among the CTBs during the study period of 1988-1999. But the ratio of loans to working capital has decreased and the ratio of investments to working capital has increased which position leads to decrease in the income of CTBs.

Regarding the viability all the five Banks of the District are viable in respect of all the variables like the number of members, reserves, share capital, owned funds, deposits, working capital, loans and advances loans and advances to working...
but Tirupati CTB tops in viability followed by Srikalahasti CTB. Regarding the variable loans and advances to working capital, the viability ratio of Chittoor Madanapalle and Kuppam CTBs is less than unity.

**Profitability Performance**

The operational efficiency of Resources Management of the CTBs in Chittoor District is evaluated by analysing the ratios related to profitability, liquidity and business efficiency. The advantage claimed by the ratio analysis over the other techniques of financial analysis is that it facilitates the easy comparison of related figures and yields significant inferences. The composition of income Table reveals that Tirupati CTB has a steady growth in total income from Rs. 1.82 crores in 1988 to Rs. 9.22 crores in 1999 except in 1992. A gradual growth in the income of Chittoor CTB is noticed from Rs. 1.09 crores in 1988 to Rs. 8.67 crores in 1999 except in 1993. It is observed that the income of Srikalahasti CTB has increased from Rs. 0.16 crore to 1.33 crore during the study period except in 1992 and 1994. A continuous growth of income is noticed in Madanapalle CTB from Rs. 0.09 crores to Rs. 1.19 crores during the study period. The amount of income increased from Rs. 0.08 crores in 1988 to Rs. 0.54 crores in 1999 (except in 1992) in respect of Kuppam CTB. When overall income growth rate is observed, Srikalahasti CTB shows the highest growth rate of 127.21 per cent followed by Madanapalle CTB with a growth rate of 119.28 per cent. Kuppam CTB with 53.64 per cent, Chittoor CTB with 14.23 per cent, and Tirupati CTB with 12.41 per cent respectively.
The composition of total expenses of Tirupati CTB is very high with Rs 8.39 crores in 1999 followed by Chittoor with Rs 6.88 crores, Srikalahasti CTB with Rs 1.12 crores, Madanapalle CTB with Rs 0.85 crores and Kuppam CTB with Rs 0.44 crores. All Banks show a linear growth rate in components of total expenses. The total expenses of Tirupati CTB showed the highest growth rate at 76.58 per cent followed by Chittoor CTB with 63.54 per cent, Srikalahasti CTB with 104.96 per cent, Madanapalle CTB with 84.75 per cent and Kuppam CTB with 42.49 per cent.

The net profit position of the said Banks reveals that the Tirupati CTB has earned Rs 83.66 lakhs in 1999, Chittoor CTB Rs 109.69 lakhs, Srikalahasti a net profit of Rs 13.26 lakhs, Madanapalle CTB Rs 15.49 lakhs and Kuppam CTB of Rs 8.56 lakhs. Though the overall business of Tirupati CTB is more than that of Chittoor CTB, the net profit earned by Tirupati CTB is less when compared with Chittoor CTB. The same position can be observed in the case of Srikalahasti and Madanapalle CTBs in 1999. The net profit of Srikalahasti CTB is less than the net profit of Madanapalle CTB though the business of Srikalahasti CTB is more in volume when compared with Madanapalle CTB. One reason for this position appears to be that there is more expenditure towards establishment and contingent charges in Tirupati and Srikalahasti CTBs.
The analysis of some of the profitability ratios is summed up in the following remarks

When the correlation between net profit to total assets and interest spread to total assets is observed, Srikalahasti CTB is showing a correlation at 0.815 higher than other Banks. The same is revealed from $R^2$ value. When regression analysis variation is tested with respect to unexplained variance using ANOVA, all the Banks show significance at 5% level.

The correlation ratio of net profit to total assets and interest expenses to total assets reveals that Srikalahasti CTB has a lower rate of correlation at 0.038 whereas Tirupati CTB has a rate of correlation at 0.402 higher than other Banks. The same is also observed in $R^2$ values. The relationship between ratios of all the Banks has occurred by chance. This exposes the weak relationship.

The correlation between net profit to total asset and interest income to total assets explains that the Kuppam CTB shows the highest correlation at 0.63 followed by Tirupati CTB at 0.58, Madanapalle CTB at 0.33 and Srikalahasti CTB at 0.13 and the lowest in Chittoor CTB at 0.05. The same position is revealed by $R^2$ value of Kuppam CTB at 0.40 followed by Tirupati CTB at 0.33 this indicates that existence of good relationship between the ratios in the Banks is not accidental.

In respect of correlation between establishment and contingent expenses to total assets and net profit to total assets, it is observed that Chittoor CTB has more correlation of 0.616 between the ratio. When compared with other Banks, the $R^2$
value also shows same results which means there exists a weak relation between establishment and contingent expenses and net profit because the F values are not significant.

With respect to marginal efficiency (net profit to working capital ratio) the Kuppam CTB stands first, Chittoor Srikalahasti and Madanapalle CTBs are operating at equal level and Tirupati CTB at low level.

SUGGESTIONS FOR THE BETTER WORKING OF THE CTBs

In the light of the findings and conclusions as noted above the following suggestions are offered for the better working of the CTBs in general and CTBs of Chittoor District in particular:

1. Non official Co operative leaders must also keep themselves abreast with the developments in Banking industry in order to make constructive contributions at the deliberations of Board meetings.

2. Self discipline is obligatory. An important facet of a good official and non official leadership in the days to come would be the ability to ward off the influences of political pressures and other extraneous factors in the activities of the CTBs.

3. A Co operative official should implement the strategies updated information technology and internet to establish a precise image of Banks. The net work for Indian Co operatives Co op net of NCUI may also be created with the
collaboration / assistance of ICA communications department

The complete

statistics and data relating to Indian co-operative movement study reports

Governance Council and other documents can be made available on the NCUI website.

4 Co-operatives may use E-commerce for business sharing, maintaining bank relations and conducting bank transactions. If the E-commerce route is adopted in business operations by the institutions in the co-operative sector vast business opportunities could be tapped and the members and the society at large would be benefited.

5 New leadership roles demand new leadership skills with respect to building up of a shared vision. When more people come to share a vision it becomes enlarged and more realistic. When people have a visionary leader he no longer rests on their shoulders for ever. Stepping into the third Millennium absence of shared vision tantamount to a step into darkness. When the leader nurtures his own vision people may say that it is their vision also. But when shared vision develops it enlarges into My vision and Our vision.

6 A shared vision has less chances for failure. Many of the best ideas and ideals in any organisation never get into practice. One reason is that the new insight and initiative often conflicts with established model of the past. The leadership task of challenging assumptions without invoking defensiveness requires reflection and enquiry. Most leaders are skilled in articulating their views and presenting them persuasively but unsuccessful in implementation.
7. We all know that leaders should help the members to develop the right vision. But the actual skill by which leaders are supposed to achieve this is not well understood. Experience shows that successful leaders often are System Thinkers to a considerable extent. They focus on day to day events and more on underlying trends and changes. One of the most significant developments in management science is the gradual coalescence of managerial systems, taking it as a field of study and practice.

8. Preservation and upkeep of democracy requires capturing the spirit of cooperation, its culture, discipline, and above all its ethos. This cannot be achieved unless there is a dynamic and highly motivated leadership.

9. In the mind of the average member, the image of a Cooperative leader is that of a contributor to success, a service-minded individual, non-corrupt, and a holder of responsibility, non-authoritarian, and non-political in nature.

10. Democratic management should help the Bank function on democratic lines and strengthen it by improving members' participation. The management should improve their overall performance by adopting appropriate strategies in members' participation and develop good governance and responsible management to suit the present economic environment.

11. Comprehensive software package should be designed and developed to meet the technology needs of Cooperative Town Banks and to automate various Banking...
12 Reforms in the personal administration of CTBs. The management has to adopt cost reducing strategies and increase the employee productivity techniques.

13 Depoliticisation and de Red Tapism is essential for CTBs to survive as economically self-reliant institutions.

14 Encouragement to more dedicated, involved, sincere and efficient group of people to run the Banks and who command a better level of integrity and honesty in the management of funds. A leader of CTB has to be scrupulous not to take any step which could affect the financial strength of the Bank. Today at the critical time of ongoing financial sector reforms there is no place for weak and selfish institutions and I have no doubt that a compromising co-operative leadership will only create weak and unstable institutions degenerating the co-operative system.

15 The CTBs have to adopt themselves to the changing conditions. Risk is inherent in the activities of Banks and as such they have to undertake damage control measures. The Banks have to manage their activities in such a manner that their efficiency does not suffer at the cost of members’ interest.

16 Because of globalisation and liberalisation trends in economic reforms, Urban Co-operative Banks are on an cut throat competition. Hence CTBs should capitalise on the liberalisation policy and spruce their operational and managerial skills. The present co-operative leaders should be trained and motivated to manage their Banks more efficiently and competitively without having the spirit co-operation.
The CTBs should manage their funds in a judicious manner by formulating feasible strategies in the areas of deposit mobilisation, cash management, investment, assets and liabilities management. Though not a familiar concept in urban Banking at present, it is the prime agenda to be accomplished in the fast changing economic world.

It was felt that the stipulation of Rs. 50 crores as minimum owned funds for Banks to be registered under Multi State Co-operative Societies Act is highly impractical. It is ideal to implement that at least 10 per cent of the Urban Co-operative Banks associated with owned funds of Rs. 10 crores and above should be allowed to establish their branches in other States also.

Emphasis should continue on the improvement of professional skills through continued stress. If professional status for co-operative management internal as well as external is assured, then it will satisfy most of the characteristics of the men at the helm in future. Society is getting aware of the trends of co-operative management as a profession.

At present, the Reserve Bank of India is giving freedom to the financial institutions in respect of administrative control ceiling on interest rates for deposits and advances, restriction on flow of funds, investment, deployment of credit in various sectors. The CTBs have to make use of the opportunities available to them due to the policy of liberalisation and develop their business with possible innovations.
21 The avowed objectives of any co-operative system can be achieved only when it has a broad based membership with a strong base of share capital. So the CTBs have to take a membership drive into the cross section of the society.

22 As per norms the savings deposits should constitute 35 per cent, current deposits 15 per cent, and time deposits 50 per cent stake in the total deposits. But actual position of CTBs in Chittoor District reveals that time deposits constitute 80 per cent of total deposits and demand deposits constitute less than 20 per cent only. The combination of deposits increases cost of funds. There is much scope to convince the retail traders and other institutional customers to open current accounts in the Banks to avail of the various services.

23 The CTBs should dispense with unnecessary formalities and procedures in the sanction and disbursement of loans and make things simpler so that even a common man can have easy access to the CTBs' services.

24 For improving the profitability position the Banks have to undertake an aggressive marketing of retail Banking particularly in consumer loans, car loans, housing loans, cash credit loans, working capital loans and other types the return in which is expected to be high besides prompt recovery of loans.

25 The present product range of Banks has to be widened by introducing new loan schemes to meet the changing needs of customers. The credit policy of the CTBs should be more purposeful and need based.
26 To check the interest cost what is desired is to improve the quality of deposit related services. Customers do not mind to opt for a lower interest rate on deposits if the overall quality of services and attitude of staff are satisfactory along with security of deposits.

27 The CTBs should have short term as well as long term planning and thereby reduce the proportion of non earning assets. The liquid assets, particularly the cash balance should be kept to the actual requirement. The long term planning also enables the CTBs to deploy their resources more profitably.

28 Tirupati CTB has an extensive jurisdiction and maximum membership. To cover a wider area branch banking is introduced which leads to an increase in establishment expenses. The membership growth leads to increase in establishment charges. Hence the profitability ratio dips. To avoid this situation the Bank should encourage more Demand Deposits facilitating cash credit loans and business loans.

29 In recent times the inflow of funds is more and the CTBs are not in a position to manage the sources of funds to yield more profit. They are not deploying the working capital as per norms. To avoid this situation the loan amount is to be increased and loans have to be granted as per customers requirements liberally keeping an eye on their repayment capacity.

30 To develop the Co operative spirit among women the CTBs should promote Self Help Groups for women. This concept will develop monetary support from
NABARD as well as improved recovery position of loans and advances particularly loans for domestic purpose cottage and tiny sector projects.

31 The observation viability position of the CTBs reveals that Chittoor Madumalle and Kuppam CTBs are not viable in respect of the variables ratio of loans and advances to working capital. The situation indicates poor deployment of funds in the profitable investment by these Banks. Therefore, it is suggested that these three Banks should adopt a profitable lending policy to utilise the available resources to the maximum extent.

32 Banking is a service industry and therefore without complete involvement, cooperation and dedication of the personnel, nothing purposeful can be achieved. Therefore, the CTBs should motivate the personnel at different levels to contribute their mite with dedication to the success of the organisation. The CTBs can also depute their personnel to the training programmes or refresher courses conducted periodically by the National Institute of Bank Management so that the personnel will be kept abreast with the latest developments in Banking, Bank Management and Banking Services.

The implementation of these suggestions and recommendations will have a far-reaching effect on the Urban Banks making them a formidable force in the urban Banking sector in the years to come. The co-operative identity and values lend themselves readily to the vision of leadership and to the concept of collective learning. In the global scheme of the third Millennium, co-operative organisations will become more relevant and successful if they realise the vision of right leadership.
QUESTIONNAIRE FOR DIRECTORS/RESPONDENTS
FORMAT TO ELICIT INFORMATION FROM THE RESPONDENTS / QUESTIONNAIRE FOR DIRECTORS

1 Name
2 Address
3 Male/Female
4 Age
5 SC/ST/Others
6 Educational level
7 Occupation
8 Economic status

<table>
<thead>
<tr>
<th>(a)</th>
<th>Land owned</th>
<th>(b)</th>
<th>Annual income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 50 cents</td>
<td>(i)</td>
<td>15,001 to Rs 25,000</td>
</tr>
<tr>
<td>2</td>
<td>50 cents to 1 acre</td>
<td>(ii)</td>
<td>25,001 to Rs 35,000</td>
</tr>
<tr>
<td>3</td>
<td>Above 1 acre - 2 acres</td>
<td>(iii)</td>
<td>Above Rs 35,000</td>
</tr>
<tr>
<td>4</td>
<td>Above 2 acre - 3 acres</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Above 3 acres</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9 Year of joining the Bank

10 Reasons for joining the Bank
To avail of credit facilities / Influence of certain individuals / Motivated by family members / Motivated by Board members / Own decision / Others (Specify)

11 When were you first elected to the Board (Year)

12 Specify the factor that influenced you to compete for election

13 Number of years since you are a member of the Board
14 Are you associated with the activities of more than one co-operative Bank? 

Yes / No

If yes, give details

15 Do you have membership in other cultural / local bodies?

Yes / No

If Yes, specify

16 Which of the following factors helped you in achieving your present position?

Education & Training / Social Service / your Caste / Family Background / Political affiliation / Occupation / Initiative taken to improve the bank / Others

17 PARTICIPATION IN DECISION-MAKING

a) Attendance at Board meeting

Regular / Casual /Absent

If No, state the reason

Distance / Lack of Time / Lack of interest / Illness / Out of Station / No Notice

b) Do you participate in the deliberations of the Board meetings?

Yes / No

c) Do you get enough opportunity and time to express your views at the Board meeting?

Yes / No

If No, state the hindering factor

d) How are the decisions at the Board meeting taken?

Unanimous / Majority

e) Do you visit the Bank to collect information regarding the functioning of the Bank?

Yes / No
a. Number of shares held
   - At the beginning
   - At present

b. Do you deposit your savings with the Bank?
   - Yes / No

   If No: Specify the reason
   - Unsecure/Low quality of service / Low rate of interest / Residence far away from the Bank / other reasons

c. Had you availed any loan from the Bank?
   - Yes / No

   If yes
   (i) Amount borrowed
   (ii) Year of borrowing
   (iii) Amount repaid

   If No: Specify the reason
   - Delay in sanction / Inadequate amount / Adequate owned funds / Unplanned repaying schedule / Availability of loans from other agencies on easy terms / Others

d. Do you avail loans from institutions other than your cooperative Bank?
   - Yes / No

   If Yes: reasons for borrowing from other sources
   (i)
   (ii)

e. Do you give any security for loans taken by you?
   - Yes / No

f. State the sources for your borrowings: Other than your cooperative Bank
   - Friends / Relatives / Money lenders / Commercial Banks

g. Did you persuade anyone to join your Bank?
   - Yes / No

h. Did you participate in the deposit mobilization campaign?
   - Yes / No
KNOWLEDGE OF STRUCTURE AND WORKING OF ONE'S OWN BANK

a. Do you know what a by-law is?  
   Yes/No

b. Have you read the by-law of your Bank?  
   Yes/No

c. Are you not interested in going through the by-law?  
   Yes/No

d. Can you list at least 3 objects of your Bank?  
   Yes/No

If yes:

(i) Loans to petty traders with lower rate of interest

(ii) To procure small savings from poor people as deposits

(iii) To provide banking facilities

e. List out at least 3 sources of funds of your Bank

   (i)

   (ii)

   (iii)

f. How does your Bank conduct elections?  
   Panel/Open

g. How is the surplus of your Bank distributed?  

h. Who manages your Cooperative Bank?  

   Members/Government president/No liability

i. To whom is the managing committee liable?  

20 KNOWLEDGE OF COOPERATION

a. What is the purpose of Co operation?

b. Who framed the by-law?

Government/B O D
President/Members

President/Members

c. To whom does the Co operative belong?

d. What is the difference Between Co operative enterprise and private Business?

Government/B O D
President/Members

f. With whom does the ultimate authority of the co operative rest?

Government / B O D
President/Members

g. Can you list at least two powers of the General Body?

Yes/No

If Yes

(i)

(ii)

h. Who are eligible for attending the General Body meeting?

i. State the basis on which the voting rights of the members at the General Body meeting is determined

j. Who appoints the Managing Committee?

Government/President/ Members
21 MEMBER IDENTIFICATION

a  To whom does your local co-operative belong?
   President/ B O D / Government / Members

b Are you interested in knowing the affairs of your Bank?
   Yes/No

   Do you think that it is necessary that members should repay their loans promptly?
   Yes/No

d Are you vigilant on the utilisation of loans availed from the Bank by a fellow member?
   Yes/No

e Do you inspect the books and accounts of the Bank?
   Yes/No

f Do you favour writing off of debts?
   Yes/No

Do you take personal interest in improving the performance of the Bank?
   Yes/No

Do you consider it necessary to educate the ordinary members of their rights, duties and privileges?
   Yes/No

22 MEMBER SATISFACTION

a Does the Bank meet your entire credit requirements?
   Yes/No

   If no specify the other sources
   Commercial banks / private
   Money Lenders / Friends / Relatives / Owned fund

b Does the Bank provide the credit in time?
   Yes/NO
<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>c</td>
<td>Does the Bank your Requirements (other than credit)?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If No How do you meet your requirements specify</td>
<td>(i) (ii)</td>
</tr>
<tr>
<td>d</td>
<td>Do you except any additional Services?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>e</td>
<td>Does your Bank provide attractive returns on your deposits?</td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>Are you satisfied with services of the paid executives?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>g</td>
<td>Are you satisfied with the present procedure of conducting elections?</td>
<td></td>
</tr>
<tr>
<td>j</td>
<td>Did you vote in the last election?</td>
<td>Yes/No</td>
</tr>
<tr>
<td></td>
<td>If No state the reason</td>
<td>Distance/Lack of time / No interest/Illness/No notice / out of station</td>
</tr>
<tr>
<td>k</td>
<td>Do you favour liquidation of the Bank?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If Yes state the reason</td>
<td></td>
</tr>
</tbody>
</table>

**23 AUTONOMY OF CO OPERATIVES**

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Do you favour government intervention in the affairs of the Bank?</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Do you favour political Intervention?</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Do you favour contribution of capital by the Government?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Question</td>
<td>Yes/No</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>d</td>
<td>Do you favour nomination by the Government on the Board?</td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Shall we keep politics away from a co-operative Bank?</td>
<td></td>
</tr>
</tbody>
</table>

24 Purpose of visit to your Bank

- To avail credit/To attend General Body Meeting and Board meeting
- To enquire about the activities to avail other services

25 Approximate distance from your residence to your Bank's office premises
