CHAPTER 6

SUMMARY AND CONCLUSIONS

Before we summarise the main findings of our Study and recommend the suggestions it will be worthwhile to make a comparative study of Aligarh Zila Sahakari Bank Limited and Canara Bank.

A Comparative Study of Aligarh Zila Sahakari Bank Limited, Aligarh & Nationalised Commercial Banks

A comparative study of the working and progress of Aligarh Zila Sahakari Bank Limited, Aligarh and Canara Bank, Aligarh reveals the following important facts. Both of these banks have almost equal number of branches i.e. Canara Bank having 15 branches and Aligarh Zila Sahakari Bank Limited, Aligarh having 14 branches. However, their regions of operation differ widely. At six places namely Aligarh, Hathras, Atrouli, Akrabad, Gonda and Sikandra Rao, both these banks have their branches. It may be pointed out that Canara Bank has two branches at Aligarh city and four branches at Hathras, while Aligarh Zila Sahakari Bank Limited, Aligarh has only one branch each at Aligarh and Hathras. There are six areas in which only Aligarh Zila Sahakari Bank is working viz., Khair, Iglas, Sasni, Jattari, Kasimpur and Charra. While Canara Bank is operating at five places only viz., Vijaigarh, Kachora, Purdilnagar, Dhanipur and Bijouli.
The difference of location is quite natural, because the decision of establishing a branch is taken on the basis of the requirements of the area concerned.

Though there is progressive trend in the mobilisation of deposits of both these banks, the rate of growth is much higher in Canara Bank than in Aligarh Zila Sahakari Bank. The total deposits of Aligarh Zila Sahakari Bank were merely Rs.3.86 lacs in 1956-57 which rose to Rs.92.06 lacs in 1970-71, to Rs.160.65 lacs in 1973-79 and to Rs.344.21 lacs in 1983-84. On the contrary, the Canara Bank started its operation in Aligarh in 1971 and was having deposits of Rs.544.43 lacs at the end of December 1979 and Rs.1,913.72 lacs at the end of December 1984. It is clear that during the last six years, there was only 114.26 per cent increase in the deposits of Aligarh Zila Sahakari Bank, while the deposits of Canara Bank increased by 251.50 per cent.

So far as the advances are concerned, they have direct relationship with the amount of deposits and on this ground, the rate in growth in advances in Aligarh Zila Sahakari Bank is less than that in Canara Bank. The total amount of loans and advances in Aligarh Zila Sahakari Bank was Rs.9.70 lacs in 1955-56, which rose to Rs.166.24 lacs in 1970-71 to Rs.313.79 lacs in 1979-80 and to Rs.799.25 lacs in 1983-84, while the amount of advances of Canara Bank showed a remarkable rate of increase in 1979, its total advances being Rs.332.62 lacs in 1979 which reached to the height of Rs.1647.70 lacs in 1984.
It should be understood that the area of advances also differs widely on account of the nature and organisation of these two banks. While Aligarh Zila Sahakari Bank has granted most of its loans and advances to agriculture and allied activities, Canara Bank has sanctioned loans and advances to almost all sectors of economy, including industry, trade, export, etc.

It is surprising to note that despite the significant performance in mobilisation of deposits and granting of advances, almost all branches in Canara Bank except Hathras Branch are running at a loss continuously for the last four years while during this period Aligarh Zila Sahakari Bank has consolidated its position by continuous increase in substantial profits. The net profit of Aligarh Zila Sahakari Bank was Rs.1.06 lacs in 1979-80, which increase to Rs.3.04 lacs in 1980-81, jumped to Rs.8.07 lacs in 1981-82 and reached the record figure of Rs.15 lacs in 1982-83. However, in 1983-84, its profits were Rs.9.74 lacs. The trend of profit and loss in different branches of Canara Bank working in Aligarh District have been shown in Table No. 6.1
Table No. 6.1
Profit or Loss of Canara Bank, branchwise

(Rs. in Lacs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligarh Main</td>
<td>-0.88</td>
<td>-5.35</td>
<td>-6.60</td>
<td>-1.71</td>
</tr>
<tr>
<td>Aligarh Ram Chat Road</td>
<td>-</td>
<td>-0.36</td>
<td>-3.89</td>
<td>-4.01</td>
</tr>
<tr>
<td>Akrabad</td>
<td>-0.72</td>
<td>-1.46</td>
<td>-1.42</td>
<td>-1.33</td>
</tr>
<tr>
<td>Bijaigurh</td>
<td>-0.58</td>
<td>-0.20</td>
<td>-1.69</td>
<td>-1.08</td>
</tr>
<tr>
<td>Bijouli</td>
<td>-</td>
<td>-</td>
<td>-0.32</td>
<td>-0.67</td>
</tr>
<tr>
<td>Dhanipur</td>
<td>-</td>
<td>-0.06</td>
<td>-1.02</td>
<td>-0.38</td>
</tr>
<tr>
<td>Gonda</td>
<td>-0.96</td>
<td>-2.11</td>
<td>-3.52</td>
<td>-1.48</td>
</tr>
<tr>
<td>Hathras Main</td>
<td>-0.56</td>
<td>-1.31</td>
<td>+14.49</td>
<td>+2.66</td>
</tr>
<tr>
<td>Hathras Naya Ganj</td>
<td>-</td>
<td>+0.65</td>
<td>-1.75</td>
<td>-0.72</td>
</tr>
<tr>
<td>Kachora</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Purdilnagar</td>
<td>-0.97</td>
<td>-0.99</td>
<td>-1.57</td>
<td>-0.75</td>
</tr>
<tr>
<td>Sikandra Rao</td>
<td>-2.48</td>
<td>-3.06</td>
<td>-3.53</td>
<td>-1.56</td>
</tr>
<tr>
<td>Total</td>
<td>-7.15</td>
<td>-15.55</td>
<td>-25.31</td>
<td>-13.69</td>
</tr>
</tbody>
</table>

N.A. = Not Available.

Source: Information Collected from Divisional Office, Canara Bank.

There is significant difference in the proportion of amount under different schemes of deposit. Table No. 6.2 and 6.3 give a comparative view of the pattern of deposits of these two banks during the last four years.
### Table No. 6.2

**Trend of Deposits of Canara Bank, Aligarh**

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Account T.D.</th>
<th>Savings Account T.D.</th>
<th>Fixed Deposit T.D.</th>
<th>Total Dep.</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>51.05</td>
<td>9.38</td>
<td>158.16</td>
<td>335.22</td>
<td>61.57</td>
</tr>
<tr>
<td>1980</td>
<td>95.55</td>
<td>12.76</td>
<td>228.12</td>
<td>424.89</td>
<td>56.77</td>
</tr>
<tr>
<td>1981</td>
<td>103.43</td>
<td>11.34</td>
<td>305.58</td>
<td>542.22</td>
<td>56.71</td>
</tr>
<tr>
<td>1982</td>
<td>48.90</td>
<td>4.93</td>
<td>315.67</td>
<td>616.35</td>
<td>62.34</td>
</tr>
</tbody>
</table>

Dep. = Deposit; T.D. = Total Deposits.

Source: Information Collected from Divisional Office, Canara Bank.

### Table No. 6.3

**Trend of Deposits of Aligarh Zila Sahakari Bank Limited, Aligarh**

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Account Total</th>
<th>Savings Account Total</th>
<th>Fixed Deposit Total</th>
<th>Total Dep.</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978-79</td>
<td>43.30</td>
<td>27.26</td>
<td>67.22</td>
<td>41.34</td>
<td>49.63</td>
</tr>
<tr>
<td>1979-80</td>
<td>52.06</td>
<td>32.80</td>
<td>89.18</td>
<td>43.44</td>
<td>42.87</td>
</tr>
<tr>
<td>1980-81</td>
<td>60.40</td>
<td>27.36</td>
<td>105.35</td>
<td>47.72</td>
<td>55.02</td>
</tr>
<tr>
<td>1981-82</td>
<td>70.60</td>
<td>30.30</td>
<td>107.70</td>
<td>46.23</td>
<td>54.63</td>
</tr>
</tbody>
</table>

Dep. = Deposit;

It is evident from these Tables that in Canara Bank, fixed deposits have played a dominating role ranging from 56 per cent to 63 per cent of the total deposits, while in Aligarh Zila Sahakari Bank, saving deposits have pre-dominance ranging from 41 per cent to 49 per cent of total deposits in respective banks. In Canara Bank, current deposits have ranged from 5 per cent to 13 per cent, while in Aligarh Zila Sahakari Bank, the share of current deposits has been near about 30 per cent of the total deposits.

Summary & Main Findings

Financial Institution in India

Financial institutions are investment intermediaries which establish a link between the savers and the users of capital. In the context of a developing economy like ours, the variegated growth-oriented functions of different financial institutions can broadly be classified into four categories, namely, mobilization of savings, promotion of productive investments and regulation of their direction, raising the levels of savings and investments and other growth-oriented functions. It needs no emphasis that primary function of financial institutions remains that of acting as "go-betweens" in the saving and investment mechanism.
Until the end of the nineteenth century, money lenders and indigenous bankers were the only financial institutions in the country. In the early years of the present century, co-operative credit institutions including Land Development Banks, and commercial banks came into existence. After the great depression of thirties and onwards several private investment trusts were set up by prominent industrial magnates. To control their activities, the Government of India established Reserve Bank of India in 1935.

Since the beginning of planned development of the country in 1951, the absence of an organised and developed capital market was keenly felt. Therefore, steps were taken to fill the gaps of capital market, by establishing a number of financial development institutions. Among the notable steps taken to re-orient the structure, a growth oriented financial organisation was set up, including a viable commercial banking structure consisting of the State Bank of India assisted by its seven subsidiaries in the public sector. The major step which the Central Government introduced in July 1969 was the nationalisation of fourteen major Indian commercial banks, and a similar step was taken again in April 1980 when six other commercial banks were nationalised. Among the other developments are the introduction of a Credit Guarantee Scheme for small borrowers, Lead Bank Scheme, Differential Interest Rate Scheme, Integrated Rural Development Programme, etc.
Of the structural and policy changes listed, the most noteworthy is the setting up of special financial institutions designed to fill up the institutional gaps of our financial structure. They include the creation of the Industrial Finance Corporation of India (1948), the State Financial Corporations (1952), the National Industrial Development Corporation (1954), the Industrial Credit and Investment Corporation of India (1955), the State Development Corporations, the National Small Industries Corporation Limited (1955), the Industrial Development Bank of India (1964) which meet the credit and development needs of industries of various sizes and types, both at the All-India and State levels. Moreover, for meeting the medium and long-term credit needs of the agricultural and other allied sectors, the National Bank for Agriculture and Rural Development (1982) has been established. Similarly, schemes for provision of concessional finance to industrial projects located in the backward areas have been drawn up by many of the public financial institutions.

Broadly speaking, financial institutions may be categorised into two groups viz. - money market and capital market. A money market provides a mechanism by which short-term funds are lent out and borrowed. Such a market is composed of commercial and other types of banks and agencies, catering to the short-term capital requirements in different sectors of the country's economy and Reserve Bank of India as the apex institution of money market. Capital markets are markets in which lenders
and investors provide long-term funds. These institutions may be classified into investing institutions and development banks on the basis of the nature of their activities.

The financial institutions in India may be divided mainly into three parts - organised sector, rural co-operative sector and unorganised sector. The organised sector may again be divided into four parts namely, Reserve Bank of India, Nationalised Banking Sector, Private Banking Sector and Development Banks & other financial institutions. The nationalised banking sector may again be divided into two parts viz., State Bank Group and twenty nationalised commercial banks. Private banking sector may again be divided into two parts consisting of scheduled banks and non-scheduled banks. The scheduled banks are comprised of two organs namely Indian banks and foreign banks. Development banks can also be divided into three parts namely those financing industry consisting of Industrial Finance Corporation of India, State Financial Corporations, National Industrial Development Corporation, Industrial Credit and Investment Corporation of India, National Small Industries Corporation, State Industrial Development Corporations, Industrial Development Bank of India, Industrial Reconstruction Corporation of India, Unit Trust of India, those financing agriculture consisting of Agriculture Finance Corporation, and National Bank for Agriculture and Rural Development and other consisting of Export Import Bank of India and Housing Development Finance Corporation, Limited. Rural Co-operative Sector can also
be divided into three parts namely co-operative Banks, land
Development Banks and Regional Rural Banks. Co-operative banks
have a pyramidal shape in India, on State level State
Co-operative Banks, on district level District Co-operative Banks
and on village level Primary Agricultural Co-operative Credit
Societies. Obviously the three financial institutions have
separate entities, but there is a very close mutual relationship
among all the three types of co-operative credit institutions.
The unorganised sector can be divided in four parts, viz. money-
lenders, indigenous bankers Nidhis and Chit funds.

Co-operative Bank in India

Co-operative banking is a form of organisation where
people associate voluntarily on the basis of equality for the
promotion of their collective economic interests and which deals
in credit and satisfies all the requirements of an ideal credit.
Co-operative banking in India, which completed about eighty years
of its life in 1985, has passed through many struggles in its
endeavour to attain its objectives. The co-operative movement
in India was introduced by the State and has been developing
under its guidance and patronage. Though several attempts were
made in this direction previously, the first act on co-operation
was passed by the Government of India in 1904. The main object
of the Act was to encourage thrift, self help and co-operation
amongst, agriculturists, artisans and persons of limited means.
But it could not satisfy the needs of its promoters. Therefore, the defects of the Act of 1904 were removed by enacting the Act of 1912.

Under the Reforms Act of 1919, co-operation became a provincial subject. The Report of the Royal Commission set up in 1923 made noteworthy contributions to co-operative banking, but warned that 'if co-operation fails, there will fail the best hope of rural India.' At the end of 1921, the number of Apex banks were 7 with 1497 individual members and 4836 society members. The share capital of the bank was Rs.27.68 lacs and the working capital was Rs.2.73 crores. The number of Central Co-operative banks was 394, and the number of membership was 97727 individuals and 33204 society members. The paid up capital of the banks during this period was Rs.1.02 crores. During the same period the number of Primary Credit Societies was 87991 with 30.04 lakhs members, the working capital of those societies being Rs.32.38 crores.

From 1935 to 1939, there were three main developments. In 1935 the Reserve Bank of India was established. In 1936, an All India Conference of Registrars of Co-operative Societies emphatically stressed the need for development of long-term credit institutions. Thirdly, the concept of primary societies being organised as multi purpose co-operatives came to be increasingly accepted. The Government of India appointed in 1944 a committee known as the Agricultural Finance Sub-committee. In 1945, again
the Government of India appointed a committee known as the Co-operative Planning Committee.

Indian freedom in 1947 was the fulfilment of a long cherished dream. But the partition of the country brought in its wake countless problems. The nation accepted the concept of planned economy. The First Five Year Plan (1951-56) described co-operative forms of organisation as an indispensable instrument of planned action in a democracy. The most important survey in the field of co-operation at this time was the All India Rural Credit Survey conducted by the Committee of Directors of the Reserve Bank of India.

The Second Five Year Plan (1956-61) provided ample opportunities to co-operatives to prove their worth and the building up of cooperative sector became one of the important aims of our national policy. A number of committees were appointed during this period such as the Committee on Co-operation Credit, the working Group on Panchayats and Co-operatives, the Study Team on Co-operative Training and the Committee on Consumers Co-operatives.

The co-operative movement was further assigned an effective role during the Third Five Year Plan (1961-66). During this plan, the Government appointed a number of committees related with co-operative movement, such as the Working Group on Panchayats and Co-operatives, the committee on Taccavi Loans and Co-operative Credit, a committee on Co-operative Administration and a committee
on Co-operation. The main object of the Fourth Five Year Plan (1969-74) was growth with stability. The plan stated that, it is important for planned development to bring about growth of co-operatives in all parts of the country to ensure the co-ordinated operation of various types of co-operative organisations.

The building up of a strong and viable co-operative sector was the major objective of the national policy during the Fifth Five Year Plan (1974-79), and co-operative credit continued to hold the top priority in the co-operative movement. During the period of the Sixth Five Year Plan (1980-85), it was decided to strengthen primary village societies, to re-examine the existing co-operative policies, to re-orientate and consolidate the role of the co-operative federal organisations and development of professional manpower and appropriate professional cadres to man managerial positions.

At the time of the partition of the country, the number of State Co-operative Banks was 11, the number of Central Co-operative Banks was 446 and the number of Primary Co-operative Credit Societies was 33771. The owned capital of the same were Rs.253.58 lacs, Rs.617.70 lacs and Rs.1042.81 lacs respectively. While at the end of June 1983, the number of State Co-operative Banks was 23, Central Co-operative Banks was 340 and the Primary Co-operative Credit Societies was 0.94 lacs. The owned capital of the same was Rs.473 crores, Rs.925 crores and Rs.380 crores respectively.
The working of the co-operative banks is guided by certain fundamental principles, namely voluntary nature of the association, self help through mutual help, common welfare, democracy and human approach. Thus, co-operative banking is a special form of business organisation aiming both at the economic uplift of the members and laying a greater emphasis on the moral principles and human values.

Nationalised Financial Institution in India

Nationalised financial institutions have been called upon to play a crucial role in India by providing the much needed financial infrastructure. One of the major tasks of the financial institutions is to mobilise savings of the community and deploy them to areas, where they can be used productively. At the time of independence, the banking business in the country was completely in private sector. Therefore, the demand for nationalisation of financial institution arose from several quarters.

Nationalisation of the Reserve Bank of India in 1949 was the first step which was taken by the Government towards satisfying the above demand. The contribution of Reserve Bank of India has, indeed, been significant in the sphere of commercial banking, co-operative credit structure and of the credit institutions purveying the financial needs of different sectors particularly the industrial sector. The Reserve Bank's record
of quantitative achievements in matters of agricultural and industrial credit, too, has on the whole, been quite impressive.

The State Bank has been playing a multidimensional role and has always provided lead to others. Be it a farmer, small scale unit or village artisan or even physically handicapped, the State Bank is there everywhere. The Bank also assists large industries, which are basic for the country's progress. It increasingly finances India's foreign trade also.

The State Bank's domestic operations scaled new heights up to 1970. The Bank recorded a significantly higher growth in deposits, food credit and advances to priority sectors and other weaker sections. Important dimensions of the Bank's domestic operations were the widening of extension support and counselling services for the weaker sections, an increasingly positive response to their emerging needs and a growing involvement in the community development.

July 19, 1969 was the day when 14 major Indian scheduled commercial banks in the country, each having total deposits of Rs.50 crores or more and conducting about 35 per cent of the total commercial banking business, were nationalised. Another significant development was the nationalisation of six other commercial banks on April 15, 1970, whose demand and time liabilities in India as on the 14th day of March 1930 amounted
to not less than Rs. 200 crores. With the nationalisation of these six banks, the number of public sector banks increased to 23 (comprising the State Bank of India and its seven subsidiaries and twenty banks).

After nationalisation, there has been an appreciable consolidation of commercial banking system in our country. The number of their branches has gone up steeply. The deposits of the banks rose at an average speed. Componentwise, the time deposits registered a much faster increase vis-à-vis demand deposits. As a result, the share of time deposits in the aggregate deposits has gone up substantially. The public sector banks accounted for about nine-tenths of the marginal rise in deposits.

Extension of credit to neglected sectors of the economy is one of the principal tasks of financial institutions. To achieve this objective, the banks have drawn up schemes to extend credit to small borrowers in sectors like agriculture, small scale industry, road and water transport, retail and small business. The main thrust of priority sector credit is towards weaker sections not only in terms of providing incentives for development but also linking economic activities to a planned infrastructure.

The Integrated Rural Development Programme, in its present form, was launched in 1978-79. The programme aimed at
providing assistance to 15 million families during the sixth plan period. The Integrated Rural Developments main objectives was to raise families in the identified target groups above the 'poverty line' and to create substantial additional opportunities of employment in the rural sector.

Today, rural credit in India is being provided by three agencies viz., co-operatives banks, commercial banks and regional rural banks, but they are covering a very small portion of the total rural area of the country. There is an urgent need for ensuring better spread of banking facilities in rural and semi-urban areas. For this the Central Government is empowered, on the request of any bank called 'Sponsor Bank' to establish in a State one or more Regional Rural Banks. Each Regional Rural Bank will operate within the local limits. In the same way Lead Bank Scheme was introduced. A major step was the implementation of the two fold objectives of mobilisation of deposits on a massive scale throughout the country and of arranging loans for weaker sectors of the economy.

Aligarh Zila Sahakari Bank Limited

The Aligarh Zila Sahakari Bank Limited, Aligarh was registered at Aligarh on May 2, 1916 with registration No.21. The area of operation of the bank is confined to the whole Aligarh district comprising six tehsils. The main aim of the bank is to act as a balancing centre of finance for the
co-operative institutions of the district, receive money in different accounts and to provide advances. The progress of the bank in the beginning was very slow. At the end of 1920-21, there were only 40 individual and 57 ordinary (co-operative societies) members of the bank. The share capital of the bank was Rs.17,630, reserves were Rs.2,420, deposits were Rs.53,820, loans amounted to Rs.63,535 and working capital stood at Rs.1,42,405. The bank occupied an important position in 1936 when the 20th session of the United Provinces Co-operative Conference was held at Aligarh.

After independence, the general attitude of the Government of India towards co-operative sector has been of a supporting nature. The Government recognised that co-operative sector could play a vital role and extend its financial, moral and legitimate support. At the end of the year 1949-50, there were 55 individual members and 153 societies as members of the bank with State government as a special member. The share capital of the bank increased to Rs.57,351, reserves to Rs.34,331, deposits to Rs.2,44,651 and the working capital amounted to Rs.3,36,393.

The management of the bank will be in the hands of a general body, board of directors, executive committee, chairman & vice-chairman and secretary. But due to certain irregularities, the management of the bank was suspended on 31.3.1991 and an administrator was appointed from the same date. This arrangement continues till today.
The sources for procurement of funds in the bank are limited, such as share capital, deposits and borrowings. These sources play an important role for building up the working capital. The trend of capital formation in the beginning was very slow. The share capital of the bank which was just Rs. 5.79 lacs in 1956-57 increase to Rs. 123.30 lacs in 1983-84. The deposits have shown an increasing trend and have gone up from a small figure of Rs. 3.36 lacs in 1956-57 to Rs. 344.21 lacs in 1983-84. There is, however, a greater need of deposit mobilisation by the bank with a view to decrease its dependence on outside resources. So far as the borrowings are concerned, they have shown a mixed trend. They were just Rs. 9.96 lacs in 1956-57, but rose to Rs. 458.59 lacs in 1983-84.

Aligarh Zila Sahakari Bank advances loans both to individuals and to societies, though preference is given to the financing societies. The bank gives mainly short-term and medium-term loans. The loans and advances given by the bank which were just Rs. 9.7 lacs increased to Rs. 799.25 lacs in 1983-84.

There are a number of problems faced by the bank in lending operations. Due to these problems the bank has not been able to provide adequate credit facilities to its members. In view of the district of Aligarh being in urgent need of short and medium term finances for the speedy development of its agricultural production and for the upliftment of the weaker
sections of the society as envisaged under the 20 point programme, there is much scope for lending operations. But, due to the following reasons, the bank has not been able to finance its member societies to the desired extent:

1. Non-availability of any credit limit from the apex bank and the Reserve Bank of India due to heavy over due position, reloaning of recoveries, short fall in non-overdue cover and irregular overdrafts to individuals and firms.

2. Low quantum of deposits due to lack of faith of the public in the bank.

3. Conversion of the whole amount of share capital of transferred societies into share capital invested by the Aligarh Zila Sahkari Bank Aligarh with the U.P. Co-operative Bank, Lucknow.

4. Non-transfer of any funds by the Apex bank to this bank by way of bad debt reserves interest overdue reserves or any other reserve.

5. Ineffective Control over supervisory staff as they are the employers of the Provincial Co-operative Union.

6. Absence of moral attribute among the office bearers of societies with the result that there are false loan applications, false distribution, reloaning recoveries, maintenance of heavy cash balances and default in repayment of loans.

7. Lack of co-operation and co-ordination between the bank and the co-operative department on the one hand and the bank and the Co-operative societies on the other.

8. Non-provision of accepting of deposits of Gram Panchayat Municipality, schools and colleges and similar other semi-Government bodies.

9. Uncertainty and lack of flow of funds resulting in the non-availability of credit to the cultivators at appropriate time and in adequate quantity, the cultivators being always in doubt whether they can borrow from other sources.
10. The secretarial staff and the office bearers of the societies not being conversant with the loaning policies and procedures of the bank. In the absence of trained secretaries, the work of the bank suffers to a considerable extent.

**Canara Bank, Aligarh Region**

It was on July 1, 1906 that an eminent lawyer, Sri A. Subba Rao Pai started the 'CANARA HINDU PERMANENT FUND LIMITED' at Mangalore. The fund was renamed as 'CANARA BANK LIMITED' in 1910. It was not until 1926 that the bank undertook any expansion. The first branch outside Mangalore was opened in Karkala. Then gradually followed branches in the rural areas, neighbouring States, District Head quarters and other capital cities.

The late fifties were a period of strain for the banking institutions. The failure of many banks had shaken public confidence. Around this time, a process of consolidation of the banking structure had to be initiated. The takeover of Pandyam Bank Limited, Madurai stood out as the biggest in the South during the decade. With this, the phase of rapid expansion of Canara Bank started. On the eve of its Silver Jubilee in 1931, the bank had a network of 10. By 1969, the bank had a network of 360 and at the end of 1994, it had 1525 branches, including offshore branches.
After nationalisation, the Canara Bank emerged as one of the fastest growing banks in the country. For the period from 1960 to 1930, the period of two nationalisations, the geometric growth rate was as high as 25.00 per cent.

The bank has under it 13 lead districts. Launching of the district credit plan in all the lead districts and their follow-up has been accorded top priority. The overall position of bank advances shows that in 1931, it was just Rs.0.41 crores which increased to Rs.3.814 crores in 1934, thus showing a rapid increase in the credit of the bank.

An important development in the post nationalisation period was the coming into existence of the 'Grain Banks' under the Regional Rural Banks Act 1976. The Canara bank opened two Grain Banks in the same year. In 1931, the bank sponsored three more Grain Banks including Aligarh Grain Bank, thus the number of Grain Banks reached to five. The Canara Bank has been continuously exploring the possibilities of increasing its foreign business by establishing its first Foreign Exchange Department in 1953 at Bombay which has registered an appreciable growth in the past few years and is expected to reach to Rs.2400 crores by the end of 1935. The bank also took an initiative by setting a separate division of merchant banking at Bombay in 1933.
Canara Bank is probably one of the earliest banks in India to work according to the concept of social responsibilities. In its Golden Jubilee year 1956, the Board of Directors took a decision that the bank must launch schemes for the welfare of the public. So the bank sponsored a Fund called 'Canara Bank Jubilee Educational Fund'. The bank had to grant loans to students selected by the fund through a committee at 4 per cent interest.

The growth of commercial banks in the district of Aligarh in the post nationalization period has been impressive. Whereas at the time of nationalization of banks in 1969, there were only 14 branches of 6 banks, in 1990 there were 21 commercial banks having 72 branches. At the end of 1984, there were 164 branches of 22 commercial banks including Regional Rural Bank branches.

Canara Bank which established its first branch in Aligarh District on 24.9.1971 is at present, working as a lead bank of the district. The bank set up a Lead Bank office, the first of its kind in the Bank, and carrying out all the responsibilities entrusted to the bank. At present the Canara Bank has fifteen branches in the district and has made a rapid progress in deposits and advances. At the end of 1984, the deposits and advances of the bank were Rs.1913.72 lacs and Rs.1647.70 lacs respectively. The bank is participating under Integrated Rural Development Programme, Annual Action Plan, Special Component Plan and Urban Poor Self Employment Scheme.
Thus, Canara Bank is playing a significant role in the expansion of banking facilities in the district, mobilising deposits, granting advances according to national priorities and implementing various new schemes to fulfil its social obligations. But for fulfilling these obligations, the bank is facing certain problems which are as follows.

The growth rate and current account has fallen considerably over the last few years due to a varied number of factors e.g. credit restraints, unwillingness on the part of business community in general to keep large balances in their accounts, tight money conditions tarnished image of the bank due to frauds, stiff competition from other institutions, special rates offered by Post-offices and Corporations and restriction of paying interest on some accounts, etc. The post-nationalisation period has been one of long lamentation in regard to lowering of standards, in efficient services and indiscipline among the staff.

**General Conclusions and Suggestions to Streamline the Working of Aligarh Zila Sahakari Bank Limited, Aligarh**

The Aligarh Zila Sahakari Bank Limited, Aligarh should have made a tremendous allround progress since its inception, but it has not done this so far. The Aligarh district is an industrial as well as an agricultural centre of U.P. There is a vast scope for deposits from rural and urban areas and also
for loaning for agricultural and non-agricultural purposes. But, in view of the short and medium-term financing operations of the Zila Sahakari Bank Limited, Aligarh, it may safely be said that the bank has not been able to provide adequate finance to the extent demanded by the cultivators of this district. No doubt, the bank has raised its deposits from year to year, the deposit mobilisation position is not so good as it should have been. If the bank makes regular efforts with the help of the Department and works on the advice and instructions of the RBI, much can be achieved.

The critical study of the working of the Aligarh Zila Sahakari Bank Limited, Aligarh in the foregoing pages highlights the following positions:—

1. Regular and consistent efforts for raising the deposits should be made at all levels.

2. Implementation of recurring deposit scheme cash certificate scheme, and mutual arrangements in and outside the state for offering remittance facilities to the public be made.

3. As the Bank's financial position is not quite sound, therefore, instead of opening branch offices, the bank should open 'one man banks' i.e. pay office at Block, Tehsil and Town level. It will require less establishment expenditure. Through these pay offices, the bank can easily attract the deposits from rural areas.

4. Security of employment and encouragement to the employees should be given by way of appreciations and monetary benefits in the shape of advance increments, honoraria to the efficient and honest workers for real devotion to work. Some commission for tapping deposits over and above a certain deposit quota be given to the employees of the branches.
5. The State Government should be moved for greater State participation in the share capital of the bank to make the share capital base of the bank strong. It is heartening to note that the State Government have contributed a sum of Rs.2.5 lacs to the share capital of the bank for the first time in 1959-60.

6. Effective steps for the recovery of overdrafts should be made by appointing or promoting preferably from amongst the members of staff, at least three field officers who should keep a watch on the work of the supervisors and remain in the field to study the bottlenecks in the recovery of advances. They should see that the arbitration cases are filed in time and awards are obtained and executed properly. They should also be entrusted with the work of co-ordination between the bank and the co-operative department.

7. A 'Review Committee' should be formed for the removal of difficulties and for proper implementation of all suggestions given by the Department and the Reserve Bank of India from time to time. This committee may consist of one nominee each of the Registrar, Co-operative Societies, the RBI, the U.P. Co-operative Bank and the member societies with the Chairman of the Bank as its President. The meetings of the Review Committee should be held quarterly.

8. The Bank should open a separate 'Recovery Cell' under the direct charge and supervision of a whole time Recovery Officer who should be assisted in his work by 'Kurk Amino'.

9. The services of the supervisors should be under the direct control of the bank. They should not remain under the administrative control of the Provincial Co-operative Federation. In this way, the Bank can have better control on their work.

10. Powers of 'Kurk Amins' be given to the supervisors, where necessary, in order to facilitate the work of recovery of advances.
11. Most of the societies are not having office buildings of their own. It should be necessary for all the societies to have their offices and the Secretary of the society should be present in the office at least from 11 A.M. to 2.00 P.M. This will provide the Secretary a chance to be available to the members who come to repay their loan or want to consult him in case of need. The work of the society will also be completed daily and the members will cultivate the habit of coming to the society and participate in its working.

12. In the interest of better utilization of loans and for helping the cultivators in time, it is essential that the Secretary and Supervisors should establish closer contacts with the members and know their problems, financial position, indebtedness, programme of cultivation and their future financial requirements. Only then, proper utilization of loans and advances is possible.

13. Verification of assets and liabilities of the member societies should be made at the end of every year so as to know their financial position.

14. The borrowing rate of interest for cultivators which is 11\% for short and medium term advances at present is too high. This should be reduced.

15. Some provision of making advances to landless cultivators should be made, because after all they are farmers.

16. The staff of the bank and the societies should not indulge themselves in village politics and they should not be unduly influenced by it.

It has already been observed that the District/Central Co-operative Banks function at the district level. They act as a connecting link between the primary co-operative credit societies and the SCB. The SCB is a final link in the chain of three tier co-operative credit structure.
General Conclusions and Suggestions to Strengthen the Working of Canara Bank

To strengthen the working of Canara Bank and to enable it to render better service to its customers, the following suggestions may be given:

1. The bank should remove all constraints and ensure prompt collection of cheques which will enable it to maintain larger balances in current and savings accounts. At the same time, the complaints and grievances of the customers should be removed as early as possible so as to keep them attracted towards the bank.

2. Vigorous deposit campaigns should be launched and extension counters should be opened at various centres. Incentives like higher commission should be given to those who attract longer deposits towards the bank. Gift articles like calendars, diaries, fountain pens, etc. should be liberally distributed among the customers.

3. With a view to secure fullest co-operation of the staff, it is necessary that the grievances of the staff should be removed expeditiously and a sense of involvement may be created among them by inviting their opinions and suggestions on several matters from time to time.

4. For ensuring internal control, a register should be maintained, listing out the irregularities and responsibilities that are fixed on the departmental heads. The working of departmental heads should be checked from time to time.

5. The bank should so conduct its operations that they are in alignment with the national policies and objectives for increasing production, diffusion of economic power, reduction of their irregularities, removal of poverty, etc.

6. Bank should consider all applications for credit facilities on merit. Precautions should be taken that such facilities are not extended to an unworthy customer and they are not denied, under any circumstances, to a worthy customer for production purposes and viable schemes/units.
Suggestions for Nationalised Banks in General

The main aim of the nationalisation of commercial banks was expansion of banking facilities in rural areas, financing of agriculture, small scale & cottage industry and development of priority sector. So that they may achieve success in the fulfilment of these objectives, the following suggestions may be kept in mind:

1. In the case of cottage and small scale industries, there may be units which do not operate to their optimum capacity due to shortage of funds. Banks should make a special study of these industrial units with a view to find out the reasons on account of which they are not in a position to work to their optimum capacity. If there are any hurdles in the way of their working, the same should be removed by these banks.

2. Banks are not merely financing institutions. They have a role to play in the non-financial spheres also. In other words, they should discharge their social responsibilities. For example, they should help the affected people in times of floods, droughts, famines, cyclones, etc.

3. The banks should provide better and greater facilities to their customers with a view to attract from them larger amounts of deposits.

4. Banks should devote greater attention in providing financial facilities to the weaker sections of the society and to the hitherto unbanked areas of the district.

If the above suggestions are sincerely followed by the Aligarh Zila Sahakari Bank Limited, Aligarh and the nationalised banks, they will be able to render better service to the society. However, it is very necessary that there should be
proper co-operation and co-ordination between the working of the co-operative banks and the nationalised banks. The two systems together should work out a credit plan for the district taking into account the credit needs of the different sectors of the economy. They should work hand in hand and in a complementary and supplementary manner so that the credit target plans are successfully achieved. These two sectors of banking should evolve common procedures and appropriate methods of exchanging information on the basis of their respective experiences in the field of rural banking. They should keep in mind the following guidelines formulated by the National Credit Council for bringing about co-operation & Co-ordination in their working: -

Firstly, there should be mutual exchange of information regarding the areas and projects to be financed.

Secondly, whenever necessary, joint financing of individual projects should be undertaken.

Thirdly, Co-operative Banks should supply production finance for service units where as term finance should be supplied by the commercial banks.

Fourthly, adequate finance should be provided to co-operative processing units by commercial banks.
It is felt that rural credit operations will be much more effective if co-ordination is affected between co-operative banks and commercial banks along the lines that have been suggested above.

To sum up, Co-operative and Commercial Banks are two important segments of financial institutions working in our country. The Co-operative Banks have been assigned the role of providing necessary finance primarily to rural sector with a view to make farmers free from the grip of Sahukars and Mahajans, while Commercial Banks are expected to rejuvenate the economy in general with particular emphasis on the development of priority sector. If both these work in proper perspective with mutual co-operation and co-ordination, they will make a fruitful contributions to the economic development of the country in general and rural upliftment of India in particular.