PREFACE

Judicious Management of funds spells out the success or failure of any financial institution. The main objective of cooperative banks is to build up its own resources by mopping up more savings from the rural public and deploying them to the agricultural and other sectors, economically weaker sections of the community filling the credit gap in such a way that the individuals and country at large stand to gain economically. The success of the cooperative credit institutions largely depends on their financial strength. Hence, the management of funds in Central Cooperative Banks, assumes greater significance. The present study attempts to examine its effective functioning or otherwise bringing to light causes thereof and tries to suggest remedial measures. This was felt essential as no such study of its nature has been undertaken and probed to the degree that is desirable and useful by researchers so far.

The study is focussed on the financial results and practices of the central cooperative banks in Tamilnadu. From the analysis it is proposed to establish whether the central cooperative banks in Tamilnadu have been
managing their funds effectively. For the purpose of this study the following scheme is contemplated.

1. Cooperative Credit in India
2. Profile of Central Cooperative Banks
3. Mobilisation of resources
4. Deployment of resources
5. Operational constraints
6. Operational efficiency and
7. Summary of findings and suggestions.

At the time of the study, there were 18 central cooperative banks in Tamilnadu. Two central cooperative banks could not be brought under the purview of the study on the ground that one central cooperative bank is totally different in its operation from others. It does not deal with agricultural credit by virtue of its location in Madras Metropolitan city. Another central cooperative bank was bifurcated one year before the commencement of the research study. From the remaining 16 central cooperative banks four banks have been selected on the basis of performance criteria. These banks have been studied using a schedule for central cooperative banks and an interview schedule for the executives.
The areas of inquiry of this study are,

1. whether the central cooperative banks in Tamilnadu are managing their funds efficiently,

ii. Whether their financial performance is effective and

iii. if there are problems what are the reasons for these problems.

The following conclusions are drawn from the findings of the study:

1. This study on management of funds in central cooperative banks reveals that there is ample scope for improving the management of working funds.

2. Financial parameters related to operational efficiency show a poor but improving tendency.

3. An indepth study reveals that factors such as composition of owned funds, high cost deposits, directed lending programmes, administered interest rates, state policy and political interference seemed to impair the effectiveness of the management of funds of the central cooperative banks in Tamilnadu.

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