CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

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1.1 INTRODUCTION

Co-operation is the noblest idea. It transforms human life from a conflict of classes struggling for opposite interests to a friendly association in the pursuit of the common goal.

A co-operative organisation is an association of persons who have voluntarily associated together to achieve a common economic goal through a democratically controlled process. The members make equitable contribution to the capital required and accept a fair share of the risks and benefits. The co-operatives undertake activities for the promotion of socio-economic status of their members.¹

The Constitution of India envisages a new concept based on equality, liberty, equity and justice for all. As the principles of co-operation conform to the character and ideals of the new social order - Democratic Socialism - co-operation has been adopted as an instrument of the state policy of growth with justice.²

The co-operative organisations have become a part of the socio-economic movement intended to bring about socio-economic changes through peaceful means. V.L. Mehta has observed that the co-operative movement claims to be "the principal means of bringing about, in a peaceful manner, a social change of a
fundamental nature, ushering in a social order, in-exploitative, equalitarian and tolerant, that harmonises the dignity of the individual with the well-being of the community."

The most recognised definition of co-operation is that of H Calvert, an illustrious Registrar of Co-operative Societies in Punjab. He defined co-operation "as a form of organisation wherein persons voluntarily associate together as human beings on a basis of equality, for the promotion of the economic interests of themselves".

One of the first attempts by consumers to eliminate the intermediate step in distribution occurred in 1761, when a group of British weavers obtained oatmeal and weavers' needs through their own distributive agency. In 1795, an association comprising 1400 residents of Hull, England, established a flour mill to meet the needs of its members. Interest in co-operative movement mounted rapidly in England during the third decade of the 19th century, largely as a result of depressed economic and social conditions in the industrial areas.

The Rochdale Society in modern form co-operatives date from 1844 where a group of 28 impoverished weavers of Rochdale, England, founded a mutual aid society called the Rochdale Society of Equitable Pioneers. As its initial project, the society organised a grocery store, a venture that rapidly prospered. The
principles developed for the guidance of this enterprise and others organised by the Rochdale Society served with modifications in emphasis, as the basic code of the Consumer Co-operative Movement since that time. Briefly summarised, these principles are popularly known as the Rochdale principles.\textsuperscript{6}

The successful example of co-operative business provided by the Rochdale Society which also established between 1850 and 1855 a flour mill, a shoe factory and a textile plant, was quickly emulated throughout the country. By 1863, more than 400 British co-operative associations modeled after the Rochdale Society, were in operation. Thereafter the English movement grew steadily becoming the model for similar movements world-wide\textsuperscript{7}

Before the introduction of the official co-operative movement in India in 1904, steps were taken by the Government to alleviate the sufferings of the farmers by the provision of Taccavi loans. Taccavi loans for land development or improvement for long-term purposes were given under the Act of Land Improvement Loans Act of 1883. The Agricultural Banks contemplated at the time of passing the Land Improvement Loans Act, never came into existence and had no effect other than extending the system of Taccavi.\textsuperscript{8}

The main reason for the introduction of the co-operative movement in India was the failure of Taccavi Loans. The Taccavi loans issued by the Government
had many defects. The Irrigation Commission pointed out the defects, like the high rate of interest, rigidity of collection, delays in distribution and conditions relating to securities required as the reasons for the failure of Government Taccavi loans.⁹

(As the conditions of the farmers were very bad, it became necessary to improve their economic condition by providing finance suitably. As the Government finance became a failure, the Government thought of organising co-operatives.¹⁰

The farmers were under the clutches of the money-lenders. The failure of crop and famine made them resort to money-lenders. As the Taccavi loans became ineffective and inadequate, there was no institutional agency to help the farmers. The efforts undertaken to control the activities of money-lenders through the Deccan Agriculturists Relief Act 1879 and the Contract Amendment Act, 1840 failed to control the activities of money-lenders. Hence the introduction of the co-operative movement was thought of. The government also thought of co-operative credit institutions to develop agriculture and to increase agricultural production.¹¹)

The first step towards the introduction of the co-operative movement was undertaken by the Government of Madras. In 1892, the Governor of Madras, Lord
Wenlock, deputed Mr. Fredrick Nicholson on special duty to Europe, especially to Germany, to study the theory and practice of agricultural and other banks and to suggest measures by which a similar movement could be organised in India.12

In such a context, the Government of India, realising the necessity of introducing the co-operative movement, appointed a special committee under the Chairmanship of Sir Edward Law to make suitable proposals for enacting a special law for the purpose. The result was the passing of Co-operative Credit Societies Act in 1904. The Act provided for the registration of credit societies of a primary nature. The societies were classified into Urban and Rural. The state of Tamil Nadu was the pioneer in the co-operative movement in India. The first rural co-operative credit society was formed in Thirur in Chengalpattu District in 1904. The rural societies were to have unlimited liability but could not pay any dividends. All profits were to be carried to the reserve fund. There was no provision for the organisation of central institutions. Thus began the era of co-operation in Indian economy.13

Co-operative banking in India can be divided into two important areas namely agricultural and non-agricultural. The agricultural banks include State Co-operative Banks, District Central Co-operative Banks, and Primary Agricultural Credit Societies which provide short-term and medium-term loans.
On the other hand, the Central Land Mortgage Development Banks and Primary Land Mortgage Development Banks provide long-term loans.\textsuperscript{14}

The non-agricultural co-operative banks include Co-operative Urban Banks, Employees' Co-operative Banks, Industrial Co-operative Banks and Housing Co-operative Banks. At the non-agricultural co-operative banks' level, the prominent are the Co-operative Urban Banks.\textsuperscript{15}

State Co-operative Banks, Central Co-operative Banks and Land Mortgage Banks provide short-term, medium-term and long-term loans to the agriculturists. In their efforts, these agricultural banks are also helped by the Government, the Reserve Bank of India and the State Bank of India.\textsuperscript{16}

But a large number of urban people with small means and limited resources are left without any institutional agency to sanction the cheap and facile credit. They constitute the majority of the urban population and belong to various professions. There are a good number of people employed in Government departments, local bodies, mills and private businesses. They do require credit for various purposes. There are private agencies not guided by any code of conduct and they charge exorbitant rates of interest and exploit the urban people. Hence, the problem was to evolve an agency which would replace the private credit and provide credit to the urban people on easy terms of interest and repayment and
also inculcate the habit of thrift in them. Co-operation came to their rescue. Solution to the above problems was found in the form of Co-operative Urban Banks.17 In this context, the present study analyses the performance of Co-operative Urban Banks in Tirunelveli District.

1.2 STATEMENT OF THE PROBLEM

The majority of the inhabitants of the urban areas of the Tirunelveli District are Government employees, mill workers, small traders and artisans. The small traders include petty-shop owners, small road transport operators and hawkers. As finance is the crucial factor, one cannot ignore the importance of money. Finance is required not only for technical aspects but for the day-to-day requirements of the inhabitants. They need money to meet their requirements.

The commercial banks give various types of assistance to them, but it is at a high cost. Moreover commercial banks finance them to meet their needs, but they keep least public relations. The Co-operative Urban Banks come forward to assist the needy people as and when they require finance and so many structural problems are solved through the diversified functions of the Co-operative Urban Banks. In the uplift of the economic status of the urban population, the Co-operative Urban Banks play an important role.
For this, the mobilisation of resources by the banks through deposits, refinance and recovery of loans and advances is essential. Customers’ satisfaction with the services rendered by the Co-operative Urban Banks is equally important in this respect.

Hence an in-depth study is needed to evaluate the performance relating to finance, recovery and overdues. This study attempts to study the following issues.

1. The mobilisation of resources and utilisation of funds of Co-operative Urban Banks in Tirunelveli District.

2. The financial performance of Co-operative Urban Banks in Tirunelveli District and

3. The factors influencing the overdues of Co-operative Urban Banks in Tirunelveli District.

1.3 SCOPE OF THE STUDY

The present study aims at evaluating the performance of Co-operative Urban Banks in Tirunelveli District. It attempts to analyse the performance of all the six Co-operative Urban Banks at Ambasamudram, Kallidaikurichi, Veeravanallur, Nellainagar, Tirunelveli Junction and Palayamkottai in Tirunelveli District. It covers the performance of the banks in relation to mobilisation and utilisation of funds, financial performance, efficiency of the banks in recovering
loans and the management of overdues. It also covers the attitude of the customers towards the services rendered by the banks.

1.4 OBJECTIVES OF THE STUDY

The main objectives of the study are:

1. To trace the growth and working of Co-operative Urban Banks in Tirunelveli District.

2. To evaluate the performance of Co-operative Urban Banks in relation to mobilization and utilization of funds.

3. To analyse the financial performance of Co-operative Urban Banks under study.

4. To assess the banks efficiency in recovering loans and managing overdues.

5. To study the attitude of the customers towards the services rendered by the Co-operative Urban Banks and

6. To offer suitable suggestions for improvement in the working of Co-operative Urban Banks.
1.5 REVIEW OF PREVIOUS STUDIES

To study the implications of different issues of Co-operative Urban Banks and also to identify the area already investigated, the researcher has referred to important studies already undertaken.

C.R. Reddy in his article entitled, "Overdue Appraisal and Management in Banking" analysed the association between lending and recovery and found that recovery was not satisfactory due to the poor efforts of the management in recovering loans which led to less lending. As a consequence, the credit structure of co-operative banking stood diluted and the action taken against the defaulters was not timely and regressive. The main contributing factor namely socio-economic characteristics of borrowers influencing overdues had not been considered. The period of study covered 10 years from 1971-72 to 1980-81.

"Role of Co-operative Credit in increasing Farm Production" is a survey report published by the Reserve Bank of India. As pointed out in the forward to the survey by K.S. Krishnaswamy, credit made available by the co-operative societies to cultivators had been increasing rapidly under the Five Year Plans and it was considered worthwhile in finding out the impact of such credit on agricultural production as well as on the productive capacity of members of co-operative societies.
V. Tirupathi Naidu in his study “Farm Credit and Co-operatives in India”\textsuperscript{20} analysed the role of co-operation in Agricultural development and the development of Primary Agricultural Credit Societies during 1951-61 at the All India Level. This study reviewed the progress of the co-operative credit movement in India during the previous decade and it was concerned with financial soundness and business efficiency.

S. Metha in his article entitled “Financial Management in Co-operative Banks”\textsuperscript{21} stated that the short-term solvency of the bank was satisfactory because the current ratio was above standard throughout the period of study. The liquidity position of the bank needed further strengthening because the liquidity ratio had been fluctuating throughout the study period and in some years it was below standard. The study period covered eight years from 1966 to 1973.

M.V. Sasikumar in his article, “Co-operative and Decentralized Planning in Kerala”\textsuperscript{22} discussed the role of co-operatives in decentralised planning. The constrains and weaknesses of the co-operative were also been taken into account. Though the co-operative sector had developed to a great extent quantitatively, one should not forget the lack of qualitative development in certain regions and sectors of the co-operative system.
B.M. Desai and D.K. Desai in their study, "Production Credit Management in Changing Agriculture" in Baroda District of Gujarat analysed the existing credit use and the demand for additional credit policy implication for institutional credit attitudes and opinions of sample farmers and the supply of institutional credit including co-operative credit. Forty-eight farmers, residing in eight villages belonging to four Taluks in the district formed the sample size for the study.

B. Venkatappiah, in his study, "Report of the All India Rural Credit Review Committee" traced the state contribution to the share capital of co-operative banks. It was not adequate to augment the internal resources of the banks; the primary agricultural credit societies were not under strict statutory control of the Reserve Bank of India; crop loan system was not effectively introduced in some parts of the country such as Bihar, Haryana and Assam. The loan policies and procedures in co-operative banks were too liberal to check overdues without taking any action against the defaulters; the societies were still undertaking the function of financing of defaulters and due to the lack of proper verification and supervision by co-operative banks, credit had been sanctioned on the basis of falsely reported acreage by the member borrowers.

N.P. Srinivasan in his article, 'Working Capital Management of Co-operative Sugar Mills' highlighted the fact that the funds flow analysis was
an effective analytical tool to examine the working capital management of sugar mills.

D.Gorwala, in his study entitled, "All India, Rural Credit Survey Committee Report" \(^{26}\) found that a large part of the country has not been covered by the co-operatives and even in the areas where it had been covered a large section of the agricultural population had remained outside its membership; even in the areas where membership was there, the bulk of credit requirement had been met from sources other than the co-operatives. The Boards of management in most of the central co-operative banks were unwieldy in size and had a disproportionate representation of individuals, as, distinguished from societies; and the report pointed out that the formula, "one society to one village and one village to one society" had failed in India.

G.Savariah in his study, "Co-operative Finance for Weaker Section- A Case Study of Prakasam District of Andra Pradesh" \(^{27}\) examined the co-operative finance to the weaker sections of the people in the Prakasam District and assessed the extent of the flow of co-operative credit to the weaker sections and the extent of overdues.
R. Sivasubramanian and A. Vijayakumar in their study, “Financial Appraisal of Salem Co-operative Sugar Mills” recorded the financial aspects such as profitability, capital structure, fixed assets and working capital of the sugar mill.

B. Ramadoss in his article, “Financial Management Practice” analysed the need for commercial outlook, economic growth and efficient management for the success of the co-operative organisation.

N. Narayanasamy in his article, “Management Accounting in Co-operatives” analysed the reasons for the non-introduction of Management Accounting in the co-operative sector. The personnel in the Co-operative sector are trained mainly in the traditional system of accounts-keeping. Another reason was the inadequate staff strength in the accounts department in many co-operatives. He also highlighted the need for maintaining proper cost-accounting records in manufacturing concerns.

S. G. Hundekar in his article, “Growth of Urban Banks” analysed the rapid growth of urban banks in India.

The National Federation of Co-operative Urban Banks published a book entitled “Urban Co-operatives in India” which analysed the origin, growth and problems faced by the Co-operative Urban Banks.

“The Tamilnadu Co-operative Manual” published by the Government of Tamil Nadu, dealt with the origin, development and important features of Urban banks in Tamil Nadu.

S. Nakkiran in his book “Urban Co-operative Banking in India” analysed the various aspects and problems of the Urban Co-operative Banks in India.

N. Narayanasamy and S. R. Ramchandran in their article, “Profitability Performance of a District Central Co-operative Bank – A case study”, analysed the profitability performance of a bank by using various ratios.

R. N. Mishra in his article, “National Policy on Co-operatives” admitted that the co-operative credit structure was faced with problems like mounting overdues, non-viability and increasing cost of management. These problems should be sorted out by the co-operative leaders and members.

Krishna K. Tamini in his book “Co-operatives in The New Environment” explained the role of the Registrar of Co-operative Societies in South Asia. The main point being made was that the Registrar should cease to be a back-seat
driver, but should focus on his essential functions, namely, registration, dissolution
and administration of co-operative law.

Dhram Vir in his book, “Human Resources Development in Co-operatives” stated that the concept of HRD in Co-operatives meant all the
planned information, education, training, mobilisation and manpower development
activities undertaken by Co-operatives so as to create economically efficient
organisation capable of providing services required by their members.

Jacquoline Gigi Vijayalakshmi in her research study entitled “Working of the Madurai District Co-operatives Milk Producers Union Limited” concluded
that the union was beset with many problems like seasonal fluctuation in supply
of milk, the lack of adequate storage facilities, transportation problems, the
inadequacy of working capital, want of trained managerial personal and emerging
competition from indigenous milk producers. She stated that the union had failed
to rise to the expectations of the consumers.

Mahfoozur Rahman in his study “Co-operative Credit and Agricultural Development with reference to Jammu and Kashmir” analysed the working of
primary agricultural credit societies, Central co-operative Banks, State Co-operative Banks, Land development Banks and the role of nationalised banks
in the provision of agricultural finance in Jammu and Kashmir.
C.L. Dadhiah in his study, “Overdues in Farm Co-operative Credit” assessed the structure and causes of overdues and suggested measures for reducing overdues.

L.R. Rao in his study “Rural Co-operatives in Andra Pradesh” made a detailed study of co-operative movement in Andhra Pradesh and evaluated the development of rural co-operatives in Andhra Pradesh during the planning era.

Samiuddin and Mahfoozur Rahman in their book “Co-operative Sector in India” stated that the Government of India passed the Co-operatives Credit Societies Act of 1904, but it was restrictive in its scope as it permitted only primary credit societies and kept industrial co-operatives out of its purview.

“The Comprehensive Societies Act of 1912 removed many of these short-comings and served as a model for subsequent acts passed by the various State Governments when co-operative societies became a transferred subject under constitutional reforms of 1919.”

The Rural Credit Survey Committee, 1954, recommended that “the promotion of co-operatives be accepted as a part of the state policy in the development of various economic activities.”
A committee on Co-operative Law, 1955 appointed by the Government of India suggested a number of modifications in the co-operative legislation for giving effect to the concept of the State partnership and accordingly various state co-operative societies acts were amended which in turn strengthened the Government control of the co-operative institutions”.

Mahender Singh in his book “Co-operation in Asia” dealt with the various financial and marketing facilities of the industrial co-operatives and also analysed the working problems of industrial co-operatives of the Asian countries. He pointed out many of the industrial co-operatives in the developing Asian countries had limited membership and their business turnover was small.

Pranab Kumar Chakrabarti in his book, “Problems of Co-operative Development in India with special reference to West Bengal” endeavoured to outline the history of co-operative development since its inception to the present date. The author’s primary concern was with the recovery problems of co-operative overdues which were revealed to be the most important factor for the success of the co-operative movement in West Bengal.

B.Subramanyan and M.Dharma Reddy in their book “Deposit Mobilisation – A Study of Kheda District Central Co-operative Bank” analysed the effectiveness of various deposit schemes of Kheda District Central Co-operative
Bank. The authors also evaluated the trends in the deposit mobilisation of the bank.

S.Nakkiran in his book, "Co-operative Banking in India"^51 dealt with the various aspects and problems of the Co-operative Banking in India.

S.P.Kalyenkar in his book, "Crop Loans Overdues of Co-operative Finance"^52 made a study of the problem of co-operative loans overdues in Parbhani District of Maharashtra State. He analysed the loan overdues at the institute and the borrower levels and the factors responsible for non-payment of co-operative loans.

The Reserve Bank of India convened the fifth seminar of Chief Executive Officers of State Co-operative Banks and State Co-operative Land Development Banks in February 1972. There was a discussion on the need for deposit mobilisation and credit planning by Co-operative Banks."^53

G. Krishnamoorthy and P.Parameshwaran in their article, "Deposit Mobilisation by Central Co-operative Banks in Andra Pradesh"^54 reviewed the growth of deposits of Central Co-operative Banks in Andhra Pradesh.

"Developmental Role of State and Central Co-operative Banks"^55, a book published by the Reserve Bank of India, analysed the developmental Role of State
and Central Co-operatives Banks. It identified the developmental aspects of co-operative Banks such as mobilisation of resources, deployment of resources, loan policies and procedures, management and administration.

"Measurement of Efficiency in Banking Industry," an article written by V.B. Angadi stated the relationship between cost responsibilities and profitability.

S.N. Singh in his article "Present crisis in Indian Co-operative Movement" explained the current crisis in the co-operative movement such as lack of clear policy, lack of dedicated leadership and excessive Government control.

It is true that various committees and commissions have been set up from time to time to evaluate the performance of co-operative institutions. But these studies are general in character and do not contain anything substantial about the working of the Co-operative Urban Banks. Moreover, such official studies present an over all picture and do not have a critical assessment of the performance of Co-operative Urban Banks. Therefore Co-operative Urban Banks as a unit of research are yet to receive due attention. Knowledge on the working of a co-operative credit institution like that of Co-operative Urban Bank is of immense importance in order to monitor them, in an effective manner, for the cause of urban community. Hence the present study aims at an in-depth analysis of the
working of Co-operative Urban Banks in Tirunelveli District. The findings of this study may help the Government, co-operators, policy-makers and researchers for their future purposes.

1.6 METHODOLOGY AND COLLECTION OF DATA

The present study is based on primary and secondary data. The required secondary data were collected from the published and unpublished reports, documents and statements maintained by the Co-operative Urban Banks under study. Information was also collected from various offices and institutions like District Co-operative Union, State Co-operative Union, Co-operative Audit Office, Office of the Assistant Director of Statistics, Institute of Co-operative Management and libraries of various universities.

The primary data were collected from 325 customers and 12 officers of all the six Co-operative Urban Banks in Tirunelveli District by administering an interview schedule (Vide Appendix).

1.7 CONSTRUCTION OF TOOLS

With the help of the information collected and also keeping in mind the objectives of the study, the researcher constructed the interview schedule. The interview schedule was finalised and used after a pre-test.
1.8 SAMPLING DESIGN

The present study has reviewed the responses of customers who had overdues in the banks as on 31st March, 2000 and 12 officers of all the six Co-operative Urban Banks in Tirunelveli District. A random sample of 10 per cent consisting of 325 sample customers was selected for the study by applying the lottery method. Table 1.1 shows the bank-wise distribution of sample customers selected for this study.

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the Bank</th>
<th>Number of Overdues Accounts as on 31st March, 2000</th>
<th>Number of Samples Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Ambasamudram Co-operative Urban Bank</td>
<td>422</td>
<td>42</td>
</tr>
<tr>
<td>2.</td>
<td>Kallidaikurichi Co-operative Urban Bank</td>
<td>253</td>
<td>25</td>
</tr>
<tr>
<td>3.</td>
<td>Veeravanallur Co-operative Urban Bank</td>
<td>901</td>
<td>90</td>
</tr>
<tr>
<td>4.</td>
<td>Nellai Nagar Co-operative Urban Bank</td>
<td>815</td>
<td>81</td>
</tr>
<tr>
<td>5.</td>
<td>Tirunelveli Junction Co-operative Urban Bank</td>
<td>378</td>
<td>38</td>
</tr>
<tr>
<td>6.</td>
<td>Palayamkottai Co-operative Urban Bank</td>
<td>487</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3256</td>
<td>325</td>
</tr>
</tbody>
</table>
It is seen from Table 1.1 that the total number of overdues accounts as on March 31, 2000 was 3256. Hence the 10 per cent of the total overdues accounts for this study has been taken as 325.

1.9 FRAMEWORK OF ANALYSIS

For analysing the growth of the Co-operative Urban Banks under study, eight growth indicators were identified namely, membership, share capital, deposits, working capital, outstanding loans, overdues, profits and reserve fund. Percentages have been used to analyse the growth.

For evaluating the mobilisation of funds of Co-operative Urban Banks in Tirunelveli District, current deposit, savings deposit and fixed deposit were taken as resources. The compound growth rate technique has been used to find out the annual growth rates of current deposits, savings deposits and fixed deposits.

Utilisation of funds include short-term loans, medium-term loans and long-term loans. The compound growth rate technique has been followed to ascertain the annual growth rate of utilisation of funds.

Suitable ratios have been applied to assess the financial performance of Co-operative Urban Banks in Tirunelveli District.
With a view to comparing the recoveries and overdues of individual Co-operative Urban Banks with all the Co-operative Urban Banks in Tirunelveli District, "t" test has been used. Percentages have been used for comparing the age-wise classification of overdues, recovery of loans and overdues to the demand for loans and legal action for overdues.

The perceptions of the bankers on the causes for overdues have been analysed with the help of "Factor Analysis" technique.

Chi-square Test has been used to analyse the relationship between the attitude of the customers towards the services rendered by the Co-operative Urban Banks and personal factors like sex, age, marital status, educational background, occupation, income and dependents. The perceptions of the bankers of the problems faced have been analysed by applying Garrett’s Ranking Technique.

1.10 HYPOTHESES OF THE STUDY

With a view to ascertaining the relationship between the mean recovery of individual banks and the mean recovery of all the banks together, the following null hypotheses have been formulated.

1. There is no significant difference between the mean recovery of Ambasamudram Co-operative Urban Bank and the mean recovery of Co-operative Urban Banks in Tirunelveli District.
2. There is no significant difference between the mean recovery of Kallidaikurichi Co-operative Urban Bank and the mean recovery of the Co-operative Urban Banks in Tirunelveli District.

3. There is no significant difference between the mean recovery of Veeravanallur Co-operative Urban Bank and the mean recovery of the Co-operative Urban Banks in Tirunelveli District.

4. There is no significant difference between the mean recovery of Nellainagar Co-operative Urban Bank and the mean recovery of the Co-operative Urban Banks in Tirunelveli District.

5. There is no significant difference between the mean recovery of Tirunelveli Junction Co-operative Urban Bank and the mean recovery of the Co-operative Urban Banks in Tirunelveli District.

6. There is no significant difference between the mean recovery of Palayamkottai Co-operative Urban Bank and the mean recovery of the Co-operative Urban Banks in Tirunelveli District.

To find out the relationship between the mean overdues of the individual banks and the mean overdues of the Co-operative Urban Banks in Tirunelveli District, the following hypotheses have been framed.
1. There is no significant difference between the mean overdues of Ambasamudram Co-operative Urban Bank and the mean overdues of the Co-operative Urban Banks in Tirunelveli District.

2. There is no significant difference between the mean overdues of Kallidaikurichi Co-operative Urban Bank and the mean overdues of the Co-operative Urban Banks in Tirunelveli District.

3. There is no significant difference between the mean overdues of Veeravanallur Co-operative Urban Bank and the mean overdues of the Co-operative Urban Banks in Tirunelveli District.

4. There is no significant difference between the mean overdues of Nellainagar Co-operative Urban Bank and the mean overdues of the Co-operative Urban Banks in Tirunelveli District.

5. There is no significant difference between the mean overdues of Tirunelveli Junction Co-operative Urban Bank and the mean overdues of the Co-operative Urban Banks in Tirunelveli District.

6. There is no significant difference between the mean overdues of Palayamkottai Co-operative Urban Bank and the mean overdues of the Co-operative Urban Banks in Tirunelveli District.
The following hypotheses have been framed to find out the relationship between social factors and attitude of customers.

1. The sex of the customers does not influence the attitude.
2. The age of the customers does not influence the attitude.
3. The marital status of the customers does not influence the attitude.
4. The educational background of the customers does not influence the attitude.
5. The occupation of the customers does not influence the attitude.
6. The income of the customers does not influence the attitude and
7. The dependents of the customers do not influence the attitude.

1.11 OPERATIONAL DEFINITION OF CONCEPTS

Banks

Banks mean Co-operative Urban Banks in Tirunelveli District.

Year

Year means co-operative year from July 1 to June 30, upto 1990-91.

From 1991-92 onwards co-operative year means the period from April 1 to March 31 of the following year.

Society

Society means the co-operative society.
Act


'A' Class Members

Those who hold shares of Rs.10 each and have voting power in the banks.

'B' Class Members

Those who hold shares of Re.1 each and have no voting power. They are eligible only to get jewel loans.

Officers

The officers of the Co-operative Urban Banks include the Managing Director or the Special Officer in the absence of an elected body and the Secretary or Manager.

Short-term Loan

Short-term loan means a loan given for a period less than 12 months. Such loans include jewel loan, surety loan, pay security loan, small-scale industries loan and deposit loan.

Medium-term Loan

Medium-term loan means a loan given for a period from one year to below five years. Such loans include mortgage loan, artisan loan, small road and motor transport operators’ loan, staff loans and consumer loan.
**Long-term Loan**

Long-term loan is given for a period exceeding five years. Such loans include staff-housing loan, share capital loan and member-housing loan.

**Taccavi Loan**

Taccavi loan means agricultural loans.

**Overdues**

Overdues means loans which are not repaid within the due date.

**Fund**

Fund means deposits and borrowings.

**Bankers**

Bankers mean the officers of Co-operative Urban Banks in Tirunelveli District.

**HRD**

HRD means Human Resources Development.

**NABARD**

NABARD is National Bank for Agricultural and Rural Development.

**IDBI**

IDBI means Industrial Development Bank of India.

**ICICI**

ICICI means Industrial Credit and Investment Corporation of India.
RBI

RBI means Reserve Bank of India.

1.12 PERIOD OF STUDY

This study covers a period of 10 years from 1990-91 to 1999-2000.

1.13 THE CHAPTER SCHEME

The report has been organised in seven chapters.

The first chapter is entitled “Introduction and Design of the Study” It includes statement of the problem, scope of the study, objectives of the study, review of previous studies, methodology and collection of data, construction of tools, sampling design, the framework of analysis, hypotheses of the study, operational definition of concepts, period of study and the chapter scheme.

The second chapter is entitled “Co-operative Urban Banks – An Overview.” It covers the genesis of the Co-operative Urban Banking Movement, particularly in India, in Tamil Nadu and in Tirunelveli district, its area of operation, organisational structure and growth and working.

The third chapter highlights the mobilization and utilization of funds.
The fourth chapter deals with the financial performance of Co-operative Urban Banks. It covers share capital, working capital, profitability and solvency.

The fifth chapter presents the “Problems of overdues” It covers loan-wise recovery of loans, loan-wise overdues, age-wise classification of overdues, recovery of loans and overdues to the demand for loans and legal action for overdues. It also includes the perception of bankers on the causes of overdues.

The sixth chapter covers the attitude of customers towards the services rendered by the banks.

The seventh chapter presents a summary of findings, problems and suggestions based on the study and conclusion of the study.
REFERENCES


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7. Ibid.


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11. Ibid., p.3.

12. Ibid., pp.4-5.


15. Ibid., p.19.


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45. Ibid., pp.1-2


47. Ibid., p.1


