INTRODUCTION

Genesis: The continuing library and field research work that I was required to undertake between July 1969 and January 1971 for preparing and submitting dissertation-like eight term papers at a rate of one per subject as a part of my M.Com. Degree Examination of Sardar Patel University, generated in me deep interest and love of labour to pursue advanced research work. The phenomenon of the unprecedented fast developing urban cooperative banking sector in Gujarat during the immediate post-commercial banks' nationalisation period beginning from July, 1969, attracted my attention to seize an opportunity of involving myself in the exhaustive study of the varied aspects of the institution of urban cooperative banks in our State for my doctoral research with a view to fathom and pinpoint the popular pitfalls, defects and limitations the urban cooperative banks encountered during the course of their functioning and to suggest 'modus operandi' for bridging the weaknesses as remedial measures and to focus and brief in a nut-shell the compendium steps to ensure their more successful working leading to lucrative results and better and efficient services to their clientele.

Background information about the region covered: Gujarat, for the purpose of this study means, the territory of the present Gujarat State as was constituted on May 1, 1960. The history of Gujarat is replete with frequent regional redistributions and mergers of areas constituting various political
units since the days of British advent in India. These had their impact in the field of urban cooperative banking. These changes in the political frontiers and the legislation in force in the field from time to time have been detailed at appropriate places in the text in order to present a comparable picture over the decades.

Gujarat State is situated on the West Coast of India between 20.1 and 24.7 degrees North Latitude and 68.4 and 74.4 degrees East Longitude. It is bounded by Arabian Sea on the West, West Pakistan in the North-West, Rajasthan in the North-East, Madhya Pradesh in the South-East and Maharashtra in the South. The State has according to 1971 Census, an area of 1,95,984 sq. Kms. and population of 2,66,97,475, representing 5.97 per cent and 4.87 per cent respectively of the area and population of the Indian Union.

The State is divided into 19 districts; the territories of which formerly had constituted three major regions: (a) Kutch - Kutch district, (b) Saurashtra -- Jamnagar, Junagadh, Rajkot, Surendranagar, Bhavnagar and Amreli@ districts, and (c) Gujarat--


@ This district belonged to the Baroda State until April 1949 and the former Bombay State thereafter.
Ahmedabad, Banaskantha, Bharuch, the Dangs, Gandhinagar, Kheda, Mehsana, the Panch Mahals, Sabarkantha, Surat, Vadodara and Valsad districts — each district being subdivided into talukas composed of compact blocks made by 216 towns and cities and 18275 villages situated therein.

The frontispiece map of Gujarat State provides the district boundaries along with the particulars of coverage of Urban Cooperative Banks as on June 30, 1973.

Scope and Approach: The year ended 30th June 1973 has been treated as the base year in general, for the collection and the presentation of comparable and aggregate data from all the then existing urban cooperative banks in Gujarat and elsewhere. However, the information and the data since then have also been used in the discussion and as tail pieces as demanded by the new developments to make the former self-contained.

The thesis has been divided in three parts.

Part I: It presents a historical review. The evolution of urban cooperative banks in our country/State has been conceptually and empirically reviewed at length, with intra- and inter state comparisons, in terms of the economic situation, the legal framework and their growth actual including number, membership, owned funds, borrowed funds, working capital and financial results.

Chapters 1 and 2 are meant to devote the discussion in the
pre-- and the post-- Independence years (with further suitable break-up periods within them); for, the transfer of political power from British to Indian hands on August 15, 1947, was an epoch-making turning point in the history of our country.

Part-II: It embraces the analyses of various facets of the organisation and the working of the urban cooperative banks from the management view point. It is divided into five chapters. Chapter 3 is on "Organisation and Hierarchical Structure" and is concerned with the study of the mechanics of the organisational framework: Promotion, Constitution and Composition of General Body, Board of Directors and Sub-Committees, Chairman and Vice-Chairman, Managing Director, Hon. Secretary, Chief Executive, Departmentation and Internal Communication Procedure. Chapter 4 relates to the "Personnel Management" covering Job Requirements, Recruitment, Service Records, Training, Remuneration, Housing Accommodation, Medical Aid, Other Welfare Activities, Confirmation, Promotion, Disciplinary Action, Termination of Service, Retirement, Hours of Work, Holidays and Leave, and Trade Union Activities. Chapter 5 deals with "Mobilisation of Funds" covering Introduction, Types of Funds Needed and Sources of Funds — (A) Owned Funds and (B) Borrowed Funds. Chapter 6 concentrates on "Utilisation of Funds" comprising Assets Structure, Cash on Hand, Cash with Banks, Investments in Securities, Advances, Land and Buildings, Other Assets, and Concluding Views. Chapter 7 deals with "Profitability" and
covers Introduction, Profitability Trends, Factors Affecting Profitability and Remedial Measures.

Part III: The socio-economic framework in our country has been undergoing radical changes in recent years and urban cooperative banking has been gaining new dimensions for expansion of their activities and giving fruitful hopes to artisans, small traders, entrepreneurs and self-employed persons in urban areas for providing finances. In Chapter 8 is discussed the "Prospects" for urban cooperative banks in Gujarat after presenting their Retrospect.

Suggestions in regard to the numerous facets/issues discussed in the different chapters have been made at appropriate places, where corrective action is necessary.

Methodology: A pilot inquiry regarding the global data for urban cooperative banks existed as on June 30, 1971 made with (i) the office of the Registrar, Cooperative Societies, Gujarat State, Ahmedabad, (ii) the offices of the District Registrars, Cooperative Societies, and (iii) the Gujarat State Cooperative Banks' Association, Ahmedabad, showed that there existed 163 urban cooperative banks as on June 30, 1971, in Gujarat.

I had issued (i) a twenty-five paged detailed questionnaire to 73 urban cooperative banks (Ahmedabad City 10, Ahmedabad(Rural) 2, Amreli 3, Banaskantha 2, Bharuch 5, Bhavnagar 4, Jamnagar 1, Junagadh 3, Kheda 10, Kutch 1,
Mehsana 9, Panch Mahals 6, Rajkot 3, Sabarkantha 3, Surat 2, Saurashtra 1, Vadodara 6, Valsad 2) having varied sizes, ages and financial strengths spread over all the above mentioned districts of Gujarat, (ii) a seven paged questionnaire to the remaining 90 urban cooperative banks (Ahmedabad City 14, Ahmedabad (Rural) 4, Amreli 1, Banaskantha 3, Bharuch 1, Bhavnagar 3, Junagadh 3, Kheda 20, Mehsana 8, Panch Mahals 8, Rajkot 3, Sabarkantha 5, Surat 2, Saurashtra 2, Vadodara 13, Valsad 1), and (iii) a brief letter to fifty top ranking administrators, veteran cooperators and chief executives of urban cooperative banks. Though some evinced great enthusiasm to send their replies, in the vast majority of the cases they were abnormally delayed and incomplete. For nearly two years a series of repeat and supplementary sub-questionnaires had to be sent and multiple correspondence undertaken to fill up gaps and reconcile self-contradictions. The responses were supplemented by Annual Reports, on the spot discussions on my personal contacts and itinerary, through individual and group interviews at the time of my visits to 76 urban cooperative banks (Ahmedabad City 6, Ahmedabad (Rural) 2, Amreli 2, Banaskantha 2, Bharuch 5, Bhavnagar 3, Jamnagar 1, Junagadh 5, Kheda 14, Kutch 1, Mehsana 6, Panch Mahals 5, Rajkot 5, Sabarkantha 2, Surat 2, Saurashtra 2, Vadodara 10, Valsad 3) and by special appointments or otherwise. However, I am happy to mention that I could finally, collect replies to my detailed and
brief questionnaires from 88 and 42 urban cooperative banks respectively. In addition to such interviews with 180 persons including Chairmen, Vice-Chairmen and other members of the Board of Directors, I had arranged to meet 256 members and 260 employees of the urban cooperative banks and 64 Govt. officials at various levels in the administrative hierarchy in different parts of the State in order to make an objective overall appraisal of issues to eliminate possible sectoral biases and formulate cross-checked views.

As the practices and procedures, coverage under varying bye-laws and standard of working and the knowledge of personnel, administrative and financial managements varied from bank to bank commensurate with the capacity of the members on the Board of Directors, etc.; notwithstanding my well-neigh two itinerary all over the State; some urban cooperative banks could not cater replies or records — although I am thankful that managements all over were very cooperative—to my requirements in full amplification of my questionnaires. To overcome this obstacle, in my personal itinerary, facts had to be drawn out and deduced on further personal interrogations and discussions. However, I would express — with all academic modesty but without any reservation — that the interpretation of the facts, the treatment of the subject, and the conclusions drawn, as have been done in the text, are entirely mine.
I am satisfied that I have been able to locate and draw upon most of the important unpublished and published materials relevant to the subject of my study. Original data have been collected from numerous sources, for collation, tabulation, analysis and interpretation. The sources have been enumerated in the Bibliography at the end of this thesis.

I have been obliged to use a system of codes in the footnotes since the supporting references have been often numerous. These codes have been serialised by Sections of the Bibliography. The list of abbreviations used, in the text, follow this.

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Vallabh Vidyanagar
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(Kum. G.T. Dave)