CHAPTER - IV

RESEARCH METHODOLOGY

Introduction

Women received attention of the government right from the beginning of the Indian planning. However, the shift from ‘welfare’ to ‘development’ of women took place in the Sixth Five Year Plan (1980-85). The Eighth Five Year Plan (1992-97) promised to ensure that benefits of development from different sectors do not bypass women. The ‘Rashtriya Mahila Kosh’ was set up in 1993 to meet the credit needs of poor and asset less women. The Ninth Five Year Plan (1997-02) made two significant changes in the strategy of planning for women. Firstly, “empowerment of women” became a primary objective and secondly, the plan attempted “convergence of existing services” available in both women specific and women related sectors. The Tenth Five Year Plan (2002-07) has made a major commitment towards “empowering women as the agents of socio-economic change and development”. Based on the recommendations of National Policy for Empowerment of Women, the Tenth Five Plan
suggests a three-fold strategy for empowering women through social empowerment, economic empowerment and gender justice.¹

Moreover, women in the economically active age group of 15-59 years constitute 58.40 per cent of total women population. For empowering women, this group needs to be targeted because, if a woman is economically empowered, it becomes much easier for her to become socially empowered. These women need to take part actively in education/training, employment, income generation and developmental process, decision making, etc.² Cooperatives could provide multifarious opportunities for women to engage themselves and improve their standard of living.

In order to improve the status and position of women at home and society at large, economic empowerment through income generating activities is indispensable. In this context, Mahila Co-operative Banks play a vital role in financing women to undertake income generating activities. Besides disbursing credit, Mahila Banks should act as a friend, philosopher and guide as women needs to be counselled, guided and educated, enlightened in numerous ways.

Women need credit to raise their productivity and increase their individual and family income. Women engaged in subsistence activities can use credit to make home production
more efficient and commercialise household tasks. This will bring about both direct increases in productivity and income and indirectly increase in income by releasing women’s time for income generating work. Provision of finance at reasonable rates in a timely fashion and on a regular basis to women in informal sector is the need of the hour. In this direction Mahila Co-operative Banks are doing an excellent job. Mahila Co-operative Banks have emerged as urban co-operative banks with a difference. Mahila Co-operative Banks, as they are called, are managed wholly by women and they are set up for the financial well-being and overall development of women in the society. These banks along with credit facilities have opened new avenues of employment for young women. Thus, Mahila Co-operative Banks bring a qualitative change in the lives of women. In this background it would be extremely useful to study the impact of priority sector lending by Mahila Co-operative Banks.

Recognising the objective of Mahila banks and their usefulness as development strategy, the government and RBI have taken specific steps to facilitate formation of Mahila banks. Both Madhav Das Committee (1977) and Marathe Committee (1992) on urban co-operative banks had appreciated the role and importance of Mahila banks and made favourable recommendations for
encouraging organisation of Mahila banks. According to RBI's licensing policy, there must be at least one Mahila co-operative bank in every district.

Statement of the Problem

All efforts to uplift women and make them self-reliant are going on everywhere especially in a country like India, where women were under suppression in male-dominated social system.

Credit being an 'entry point' to economic development, non-availability and non-accessibility of credit to rural women has been instrumental in aggregating gender inequalities in the rural areas. Though the transformation of 'elite or class banking' into 'mass banking' in India heralded in a developmental thrust. In this respect Mahila Co-operative Banks come to her help in strengthening her economic condition and help her to safeguard her savings, encourage to take up productive activities by lending loan or financial help. In this respect Mahila Co-operative Banks will be of immense help to women. Hence, the researcher took this study to analyse the role of Mahila Co-operative Banks in economic life of women.
Though Mahila Co-operative Banks are of recent origin and have limited resources of their own, their performance is definitely remarkable compared to other Co-operative Banks.

Capital availability, deposit accumulation, government support, loaning facilities of both Urban Co-operative Banks and Mahila Co-operative Banks are alike. It is noteworthy that the performance of Mahila Co-operative Banks is more than satisfactory though they are of recent origin. Given the required encouragement and managerial inputs to the management personnel of Mahila Co-operative Banks and with qualified and trained staff definitely their performance will be excellent.

It is against this background that an attempt has been made to study the various aspects connected with Mahila Co-operative Banks such as deposit mobilization and deployment pattern of funds, impact of bank loan on income and employment generation, utilisation and recovery and repayment of loans, in selected Mahila Co-operative Banks of Belgaum and Dharwad districts. The study is restricted to the borrowers in the priority sector of selected Mahila Co-operative Banks of Belgaum and Dharwad districts of Karnataka.
Objectives of the Study

The broad objective of the study is to study the origin, growth and progress of Mahila Co-operative Banks in Karnataka in general and that of selected Mahila banks in Belgaum and Dharwad districts in particular.

The specific objectives of the study are as follows.

1. To study the deposit mobilisation by selected Mahila Co-operative Banks in Belgaum and Dharwad districts.

2. To study the deployment pattern of funds by the selected Mahila Co-operative Banks.

3. To study the recovery and overdues of selected Mahila Co-operative Banks.

4. To analyse the impact of the bank credit on income and employment generation of sample borrowers.

5. Summary of findings, conclusions and suggestions.

Hypotheses of the Study

1. There is significant increase in income of borrowers after borrowing loan from selected Mahila Co-operative Banks.

2. There is significant increase in the mandays of employment of borrowers in post-loan period compared to pre-loan period.
3. The borrowers of selected banks have utilized the funds for the purpose for which they had borrowed.

**Methods of Data Collection**

Present empirical study is based on both primary and secondary data.

**Primary Data**

The primary data were collected from sample borrowers by canvassing a comprehensive questionnaire was specially designed for the purpose. The questionnaire before being canvassed, among 200 sample borrowers, a pilot study was conducted to comprehend utility and suitability of the questions. The method of personal interview has also been adopted for collecting necessary information.

The survey of the study conducted in the operational areas of selected Mahila Co-operative Banks in Belgaum and Dharwad districts in the months of April and May 2005. On the basis of the detailed primary data collected from the borrowers, the impact of credit assistance under priority sector, on income and employment generation of sample borrowers was assessed by comparing post-loan position with the pre-loan position.
A general schedule was addressed to all the selected Mahila Co-operative Banks in both the districts to elicit information relating to various aspects of the bank’s profile.

Secondary Data

Secondary data for the study were collected from Annual Reports and Balance Sheets of the respective banks. Secondary data were also collected from government departments, Karnataka State Co-operative Urban Banks Federation, Bangalore, Regional Institute of Co-operative Management, Bangalore, Vaikunth Mehta National Institute of Co-operative Management, Pune, National Institute of Bank Management, Pune, National Institute of Rural Development, Hyderabad, District Statistical Office of Belgaum and Dharwad districts, Office of the Registrar of Co-operative Societies of Dharwad and Belgaum districts, University Libraries, Internet, published reports in the form of articles, books, etc.

The researcher had series of discussions with Chief Executives, Chairpersons and Directors of Mahila Co-operative Banks, Officials of the Federation of Urban Co-operative Banks, Co-operative Departments of the government, etc. Such discussions provided us the general information and an insight.
into the urban co-operative credit structure in general and Mahila Co-operative Banks in particular.

Period of Study

The analysis based on secondary data is restricted to a period of eight years from 1997-98 to 2004-05. This period has been selected because except Jijamata Mahila co-operative bank all other selected banks were established in the year 1997-98. Therefore, since their inception till 2004-05 the published data were available. Hence, the study period is restricted to eight years.

Selection of the Districts

Two districts have been selected for the present study, namely, Belgaum and Dharwad districts. The Belgaum district is selected for the reason that the development of Mahila Co-operative Banks in Belgaum district has occupied the second place in the State next to Bangalore district. Secondly, the first Mahila Co-operative Bank in Karnataka, i.e., Jijamata Mahila Co-operative Bank was established in 1974 in Belgaum district. So, the researcher was interested to make an assessment of progress of Mahila Co-operative Banks in Belgaum district.

Similarly, Dharwad (undivided) district has been selected (which includes present Gadag and Haveri districts) for the study.
Further, it is interesting to note that the First Co-operative Credit Society was started in Kanaginhal of Dharwad district in 1905. The first Marketing Society was established in Hubli in the year 1915. The first Land Mortgage Bank was started in 1929 at Dharwad. So, the co-operative movement has long standing, rich heritage and glorious past in the district. Hence, the researcher has selected Dharwad district to know the extent of progress made by Mahila Co-operative Banks in the district. Moreover, the researcher hails from this area and has acquaintance with the people and surroundings.

Further, not even a single investigative study is made on the Mahila Co-operative Banks in these districts so far. Thus, these two districts offer vast scope for research study on the Mahila Co-operative Banking sector.

Profile of Belgaum District

Location

Belgaum district is a frontier of the State and is bounded on the South-west by Goa, on the west, North-west and North by the district of Ratnagiri, Kolhapur and Sangli of Maharashtra State, on the East, Bijapur district and on the South, the district of Dharwad and Uttar Kannada.
Area and Population

Total geographical area of Belgaum district is 13,415 sq. kms. The rivers, namely, Krishna, the Malaprabha and the Ghataprabha and their tributaries drain the district. The district is divided into 10 talukas. The average rainfall in the district is 808 mm. The district has a net sown area of 8,93,300 ha. As per the 2001 census, the district’s population was 42,14,505, of which 21,50,090 were male and 20,64,415 were female. Of the total population, 32,01,814 people live in rural areas and 10,12,691 in the urban areas. The density of population was 314 per sq. km. The literacy level in the district was 64.20 per cent of which 75.70 per cent were male and 52.30 per cent were female. Among different districts, Belgaum district occupies the second rank with regard to population.

Industries

There are 560 industries in the district and 54,964 persons are working in these industries. Belgaum is a commercial hub of the district and a centre for various commercial activities. This has resulted in diverse economic activities and provides tremendous scope for development.
Finance

There are 228 commercial banks, 108 Grameen, 41 urban co-operative, 10 PLD, 716 other co-operative banks in the district.

Profile of Dharwad (undivided) District

The undivided Dharwad district (which includes present Gadag and Haveri districts) has been selected for the present study. In 1997, seven new districts were created in Karnataka. By that time Gadag and Haveri were separated from Dharwad district and they became independent districts. So, at present, Dharwad district is re-organised into three districts, namely, Dharwad, Haveri and Gadag covering 5, 7, and 5 talukas respectively.

Location

Dharwad district is located in the Northern part of Karnataka State. The district had 17 talukas. It is bounded in North by Belgaum and Bijapur districts, Raichur and Bellary in the East, Chitradurga and Shimoga districts in the South and Uttar Kannada district in the West.
Area and Population

Total geographical area of Dharwad district is 13,738 sq. kms. The district has an average rainfall of 764.9 mm and net agricultural cultivable land area of 10,56,108 ha. The total population of the district was 35,032 as per 1991 census of which male population was 18,025 and female population was 17,007. Further, the urban population of the district was 22,794 and the rural population was 12,238. The literacy rate of the district of Dharwad was to the tune of 58.68 per cent. The literacy rate among the male was 71.37 per cent, while the female literacy was 45.20 per cent. The density of population was estimated to the tune of 255 persons per sq. km.

Finance

The district of Dharwad is blessed with a well organized and well knit network of banking and non-banking financial institutions. Some of the banks have instituted their zonal and Divisional offices in the district particularly in Hubli and Dharwad. With a view to serving the financial needs of the village dwellers, there exists Malaprabha Grameen Bank with a network of 40 bank branches. There exists a wide network of co-operative banking sector as well. There are 80 urban co-operative banks with District Co-operative Credit Society at Dharwad.
There are 17 primary land development banks and 87 other co-operative banks, 211 commercial banks and 123 Grameen banks in this district.

**Industries**

There are 638 industries in the district and as many as 58,181 persons are employed in these industries.

**Selection of Sample Banks**

The present study is confined to the special segment of the banking sector, i.e., Mahila Co-operative Banks which are newly emerging areas in the banking sector. The study is based on a sample survey of banks and its borrowers. As on 31st March, 1998, there were six Mahila Co-operative Banks operating in the study area, i.e., Belgaum and Dharwad districts of Karnataka. For the present study four Mahila Co-operative Banks have been selected for an in depth case study, whereas the other two banks were not working satisfactorily. Hence, we have dropped them from our study and the banks, which are functioning on satisfactory basis, were selected for the present study.

The details of selected Mahila Co-operative Banks are shown in Table 4.1.
TABLE – 4.1
Selected Mahila Co-operative Banks
of Belgaum and Dharwad Districts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the district</th>
<th>Name of the bank</th>
<th>Year of establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Belgaum</td>
<td>Jijamata Mahila Co-operative Bank, Belgaum</td>
<td>1974</td>
</tr>
<tr>
<td>2.</td>
<td>Belgaum</td>
<td>Belgaum Zilla Rani Channamma Mahila Co-operative Bank, Belgaum</td>
<td>1997</td>
</tr>
<tr>
<td>3.</td>
<td>Dharwad (undivided)</td>
<td>Soubhagya Mahila Sauharda Co-operative Bank, Gadag</td>
<td>1997</td>
</tr>
</tbody>
</table>

Profile of the Selected Mahila Co-operative Banks

A brief profile of the sample Mahila Co-operative Banks is presented in the following paragraphs.

Branches of Mahila Co-operative Banks

Sample Mahila Co-operative Banks of Belgaum district have opened branches and also have succeeded in branch banking. Both the banks in Belgaum district, namely, Jijamata and Rani Channamma banks are having one branch each. We must also appreciate the progress attained by Rani Channamma bank of Belgaum, as the bank has set up two extension counters within a short period of its establishment. The Soubhagya and
Priyadarshini banks of Dharwad district have not opened any new branches.

**Membership**

Membership is the measure of people's involvement in the co-operative institution. It is also a measure of public confidence in the bank. The membership of Mahila Co-operative Banks should normally be confined to women with a view to serving mainly the women clientele. It was observed that in all the sample banks there is an increasing trend in the membership over the period of 8 years.

**Management**

The constitution of Mahila Co-operative Banks states that all managing committee members of Mahila Co-operative Banks should be women. The President/Chairperson is invariably a woman. The objectives of Mahila Co-operative Banks focus more on women's welfare and their emancipation. So all members should be women. Men can at best become nominal members.

The success or failure of an Urban Co-operative Bank is closely linked with the character and ability of its management. The management of the Jijamata bank is in the hands of 11 managing committee members under the Chairmanship, Aswini
Bidikar. The objective of the bank is the upliftment of women by providing them financial assistance.

The Belgaum Zilla Rani Channamma Bank, came into existence with an objective of upliftment of women by assisting poor and needy and encourages thrift among women. 13 members of the Managing Committee under the Chairmanship of Ashatai P. Kore who manages the affairs of the bank.

The objective of Soubhagya Mahila co-operative bank is to assist women by providing loans to the needy and encourage thrift among members. There are 9 managing committee members under the Chairmanship of Veena A. Potanis who manages the affairs of the bank.

Encourage thrift among members and provide assistance to the poor and needy women is the objective of the Priyadarshini Mahila co-operative bank at Haveri. The managing committee of the bank comprises of 9 member including the President, Padmavati S. Jali.

**Qualification of Managing Committee Members**

We find well-qualified (graduates/post-graduates) Board of Directors in all the sample Mahila Banks but there were no
professionally qualified Directors in all the selected banks except Rani Channamma Mahila Co-operative Bank, Belgaum.

The High Power Committee (1999) recommends that there should be at all times at least two Directors with suitable banking experience or persons with relevant professional qualification for strengthening the efficiency of the bank. Therefore, the other three sample banks should have professionally qualified Directors for efficient functioning of the banks.

**Qualification of the Staff**

The educational level of staff members is very important because the survival and popularity in the competitive market vests in the competence of the staff who must be qualified, experienced, competent and adequately trained in banking and well motivated. It is the personnel who deals with customers ultimately shape the face and future of urban banks.⁴

In the selected Mahila banks majority of the staff members are graduates but it is observed that among all the banks, more number of post-graduates are found in Rani Channamma bank.
Training of the Staff Members

The Seventh Five Year Plan has emphasized the need of training for employees in all co-operatives. The Plan has embodied the following main tasks, "promoting professional management and strengthening of effective training facilities for improving operational efficiency".5

It was observed that the maximum percentage (more than 50 per cent) of trained employees were found in Rani Channamma bank, as the Board of Directors of Rani Channamma bank were well aware of the benefits of training, whereas in other sample banks the percentage of trained employees was not so satisfactory because these banks can not depute their employees for training due to the financial burden and shortage of staff members.

Sample Size and Selection of Borrowers

Of the total number of borrowers highest number of borrowers is found in priority sector. Therefore, the emphasis of the study was on priority sector. So, only those borrowers who have availed loan under priority sector were selected for the present study.

In order to evaluate the impact of bank credit on income and employment generation, 200 sample borrowers were selected from four sample banks of Belgaum and Dharwad districts. The selection
of the sample borrowers was done on random sample basis. Accordingly, 50 borrowers from each bank were selected on random sample basis, giving a good representation to different activities under priority sector. The number of borrowers in each activity in each bank is proportional to the total size of borrowers in that activity. Later on, these borrowers were classified into three broad categories, such as, activities allied to agriculture, manufacturing and service sector.

Table 4.2 shows activity-wise details of sample borrowers.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Activities allied agriculture</th>
<th>Manufacturing</th>
<th>Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jijamata</td>
<td>42</td>
<td>00</td>
<td>08</td>
<td>50</td>
</tr>
<tr>
<td>Rani Channamma</td>
<td>08</td>
<td>06</td>
<td>36</td>
<td>50</td>
</tr>
<tr>
<td>Soubhagya</td>
<td>08</td>
<td>18</td>
<td>24</td>
<td>50</td>
</tr>
<tr>
<td>Priyadarshini</td>
<td>00</td>
<td>09</td>
<td>41</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>33</td>
<td>109</td>
<td>200</td>
</tr>
</tbody>
</table>

The major activities under these three sectors were as follows.

Activities Allied to Agriculture

Dairy farming, sheep, goat and calf rearing and poultry.
Manufacturing

Manufacturing sector includes all those activities concerned with production of commodities such as home made products or food articles like papad and pickle making, masala powder preparation, preparation of jowar roti, bakery products, etc. This sector also comprises doll makers, agarbatti manufacturers, chalk piece manufacturers, garments manufacturing, silk and cotton sari weavers, brick manufacturers, tiles industry, etc.

Service Sector

It relates to the provision of services such as tea and grocery shop, pan-beeda shop, mess services, bangles business, cloth business, milk vendors, fruits and vegetable vendors, STD and coin box services, beauty parlors, transport operators, mike set and shamiyana business, DTP work, book stall, cassettes, CDs, SIM card and mobile services, gift centres, sari sellers, etc.

Reference Year

There are two reference years. The year 2005 refers to the survey period while the year 2003 refers to the selection of borrowers who had borrowed under priority sector of the selected
banks of Belgaum and Dharwad districts. The gap of two years was permitted on the ground that certain activities allied agriculture, manufacturing and service take a longer gestation period to start yielding incomes. It also ensures stabilization of income of borrowers.

**Methods of Analysis**

The statistical tools – Averages, Growth, Indices, Ratios, t-test, Sampling Techniques, Diagrams, and Graphs - have been used for collection, presentation, analysis and interpretation of data.

The methodology adopted is to compare the post-loan position of the sample borrowers was with their pre-loan position in order to assess the impact of credit on income and employment generation.

**Limitations of the Study**

1. The study is confined to two districts, namely, Belgaum and Dharwad (undivided) districts. So the interpretation holds good only for those districts, though generalization can be made for other districts.

2. The focus of the study is restricted only to the working of selected Mahila Co-operative Banks of Belgaum and Dharwad (undivided) districts and impact of bank credit on income and employment generation of the sample borrowers.
3. The information collected from the respondents is based on their memory.

4. Since the data are obtained from more than one source, there may be slight discrepancies between one source and another about the same variable of the study.

Concepts Used in the Study

1. Credit: The term 'credit' refers to the financial assistance provided by the Mahila Co-operative Banks for different purposes and against different securities.

2. Working Capital/Working Fund: Aggregate of share capital, reserve fund and other funds, deposits and borrowed fund.

3. Owned Funds: Aggregate of share capital, reserve funds and other reserves.

4. Deposit Mix: It refers to the composition of different types of deposits in total deposits mobilized by Mahila Co-operative Banks from different sources.

5. Credit Deposit Ratio: It is the ratio of credit provided to the deposits mobilized. This ratio is obtained by dividing the total credit by the total deposits mobilized.

6. Overdue: Overdue refers to the amount of credit provided by the urban co-operative banks which has become due for repayment along with interest but which has not paid by the borrowers.
7. **NPA**: Non-performing asset is defined as an advance where the payment of interest or repayment of principal or both remains unpaid for a period of more than 90 days. NPAs cease to generate income for the banks or financial institutions.

8. **Utilisation**: Utilisation of credit refers to the use of credit for the purpose for which it is originally granted.

9. **Misutilisation**: If the credit is used for purposes other than the purpose for which it is granted, it is termed as 'misutilisation' or 'diversion'.

10. **Default**: Inability of the borrower to repay loan amount within the stipulated time to the lending institution is termed as default. The erring loanee is called defaulter.

11. **Priority Sector**: Certain sectors of the economy were declared as priority sectors for the purpose of providing bank credit. The primary objective of identifying the priority sectors in the economy is to ensure requisite flow of bank credit to these sectors from time to time. Primary co-operative banks are required to meet the target of 60 per cent of their total advances under priority sector category.

12. **Incremental Income**: Incremental income is defined as the extra or net additional income that results from post-loan investment over the pre-loan investment income.
Structure of the Thesis

The thesis has been divided into nine chapters.

The First Chapter deals with status of women, women and economic development, women and co-operatives. Besides, it examines the genesis of co-operative movement. It also traces significance of Women Co-operative Banks.

The Second Chapter presents the origin and development of urban co-operative banks in general and Mahila Co-operative Banks in particular.

The Third Chapter deals with review of literature.

The Fourth Chapter highlights on methodology, objectives, hypotheses of the study, statement of the problem, survey design, methods of analysis, limitations of the study, concepts used in the study, structure of the thesis.

The Fifth Chapter analyses the financial performance of the selected Mahila Co-operative Banks, deposit mobilisation, analysis of deposit mix in the sample Mahila Co-operative Banks of Belgaum and Dharwad districts.
The Sixth Chapter focuses on deployment of resources by the selected Mahila Co-operative Banks, overdues position and percentage of NPAs to loans outstanding.

The Seventh Chapter analyses the socio-economic profile of the borrowers.

The Eighth Chapter presents the results of field survey conducted to assess the impact of bank credit of selected Mahila Co-operative Banks on income and employment generation of the borrowers.

The Last Chapter of the study contains summary of findings, conclusion and suggestions.
References


2. Ibid.

