Banking system and the Financial Institutions play very significant role in the economy. First and foremost is in the form of catering to the need of credit for all the sections of society. The modern economies in the world have developed primarily by making best use of the credit availability in their systems. An efficient banking system must cater to the needs of high end investors by making available high amounts of capital for big projects in the industrial, infrastructure and service sectors.¹

The banks and the financial institutions also cater to another important need of the society i.e. mopping up small savings at reasonable rates with several options. The common man has the option to park his savings under a few alternatives, including the small savings schemes introduced by the government from time to time and in bank deposits in the form of savings accounts, recurring deposits and time deposits.

In addition to the above traditional role, the banks and the financial institutions also perform certain new-age functions which could not be thought of a couple of decades ago. The facility of internet banking enables a consumer to access and operate his bank account without actually visiting the bank premises. The facility of ATMs and the credit/debit cards has revolutionized the choices available with the customers. The banks also serve as alternative gateways for making payments on account of income tax and online payment of various bills like the telephone, electricity and tax. The bank customers can also invest their funds in various stocks or mutual funds straight from their bank accounts. In the modern day economy, where people
have no time to make these payments by standing in queue, the service provided by the banks is commendable.

The business of banking revolves around effective mobilization and efficient application of funds of the bank. Changes taking place in the banking business in recent years as a result of the financial sector reforms are too fast and challenging to the bankers.

**Customer Focus**

Hectic competition in the banking sector put the customers on the driver’s seat by getting their required products and services. As the business environment changes across industries, the customers’ expectations are also growing.

**Branch Banking**

Expansion of branch network is one of the means to augment business. The new generation private sector banks and foreign banks have started exploiting business potential through other strategies as well.

**Capital Adequacy Norms**

Norms stipulated by the Basel Committee on Banking regarding measures for capital augmentation and capital standards were accepted by RBI and the same have been under implementation. The main objective of capital adequacy norm is to strengthen the soundness and stability of the banking system, Capital adequacy ensures that the financial fundamentals of the banks are strong. Capital adequacy ratio is the ratio of capital fund to risk weighted assets expressed in terms of percentage.

**Corporate Governance**

Corporate Governance refers to conducting the affairs of a banking institution in such a manner that gives a fair deal to all the stakeholders, i.e..
Shareholders, bank customers, regulatory authorities, society at large and employees. Corporate governance is important for bankers as majority of them are in public sector, where they are not only competing with each other but with other players in the banking system. Corporate Governance is to create an environment to help the management to enhance the stake holder’s value.

**Insurance Business by Banks-Banc Assurance**

Banks may undertake insurance business either on risk participation basis (underwriting) or do insurance business as an agent of insurance companies on fee basis. Insurance business offers an opportunity to banks to increase fee based income thereby improving profitability. Banks may undertake insurance business (underwriting) on fulfillment of certain parameters relating to net worth, capital adequacy, continuous profit, low NPA etc.

**Universal Banking**

Universal Banking represents all kinds of activities of banking, development financing subject to compliance with statutory and other requirements prescribed by RBI, GOI and other enactment. Activities include accepting deposits, granting loans, investing in securities, credit cards, project finance, remittances, payment systems, project counseling, merchant banking, foreign exchange operations, insurance etc.

**Retail Banking**

Increase in purchasing power and emergence of strong middle class, development of retail market have increased the scope for retail banking in India.
Computerization

Another segment which tries to revamp the various sectors in general and banking sector in particular, is the introduction of computers in the functioning of the banking system. Management Information System of the banks is fully utilizing the benefits of computerization. The controlling units of the bank offices are connected to the Head Office of the bank and also amongst themselves. All types of communications are now by way of computerized output of letters, statements etc.

Electronic Banking

One of the most exciting growth phases for the banking sector is the emergence of technology-enabled business models, which led to geographic expansion, wider product offerings and newer revenue streams. Perhaps no other sector has been affected by advances in technology as much as banking. Almost all segments of the banking sector witnessed phenomenal growth.

Tele-banking

The automatic voice recorder is used for simpler queries, which will get activated for certain specific and routine queries. Manned phone terminals are provided for answering complicated queries and transactions. The customer can actually do entire non cash related banking on telephone.

Automated Teller Machines

The customer is provided with an ATM card which enables him to have his routine banking transactions done without interacting with a human teller. The card holder can withdraw money 24 hours a day on all days. Some cities are interconnected under this service so that the cardholder can withdraw cash at one city by getting access to his account in another city.
Real Time Gross Settlement (RTGS)

Under the present system whenever any person wants to make payment to another person, he draws a cheque in favour of that person and delivers it to him.

The recipient deposits the cheque in his account. He will receive the clear payment after the cheque gets cleared for payment through clearing system. If both parties maintain account in the same city, the cheque is cleared in comparatively short duration.

Automation in Cooperative Banks

The recent developments in banking technology and expansion of telecommunication network have ushered in new banking experience. Customers have benefited by way of quick and efficient service delivery. The increase in level of efficiency has been translated into higher profits for the banks. Most of the technology initiatives have been taken by new generation banks and the Public Sector Banks have also followed suits. Of late technology has penetrated into the Regional Rural banks as well. However, the cooperative banks have by and large remained in the periphery of this rapid technological development. Only a few cooperative banks have been able to adopt technology in a big way. Computerization is no doubt investment oriented and cooperative banks may not have the complete need or sources to go ahead with computerization.

1. Observations

The performance of the identified banks has been assessed based on their banking business indicators and in addition keeping in view the following basic factors:

- Retail banking
- Outsource of work
- Computerization and technology
- Credit Cards – Debit Cards
- Real Time Gross Settlements (RTGS)
The researcher hereunder records his bank wise observations on the above criterion that was applied in this study.

Category of Bank: Deposits over Rs.1000 crores:

1. COSMOS COOPERATIVE BANK LTD. PUNE
1) Membership
   The membership of the bank has recorded phenomenal growth during the study period. The growth during the year 2012 was 23.87%
2) Network of Branches
   During the study period the bank opened 69 branches which includes 39 branches of 15 banks that merged in this bank. Besides the branches the bank also opened 16 Extension counters and 116 ATM centres. The performance is praise worthy.
3) Paid up Capital & Reserves
   The paid up capital grew by Rs.257.47 lakhs while the reserves recorded growth of Rs. 788.58 lakhs which is quite satisfactory.
4) Working Capital and CRAR
   Working capital grew from Rs.2664.11 lakhs to Rs.13823.60 lakhs showing a growth of Rs.11159.49 lakhs quite healthy sign. The CRAR is also quite healthy keeping in view the RBI norm of 9%
5) Deposits with Composition
   The deposits recorded growth of Rs.9797 crores which in terms of % works out to 432.92% quite commendable. The internal composition of the no and low cost deposits remained more or less the same.
6) Growth of Advances and NPA
The growth in NPA in both absolute and percentage terms shows increase. In terms of percentage terms percentage it works out 150% which is not a healthy sign.

7) Profits and Dividends
The profit recorded an increase of Rs.106.97 crores which in terms of percentage works out to 355.85% quite a good sign. Bank should keep it up.

8) Per Employee Productivity
Per employee productivity recorded increase of Rs.5.57 crores which is commendable. The bank should continue its efforts to further improve it to set a benchmark for its competitors.

9) Per Employee Profitability
Per employee recorded increase of Rs.0.04 crores. There is scope for further improvement and the bank may explore its possibility.

Non Financial Aspects
1) Corporate Governance
The bank is following good governance practices and it should continue it.

2) Universal Banking
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is showing good progress.

3) Retail Banking
The bank has introduced several schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) Computerization
The bank has fully computerization and is reaping its fruits.
5) **Electronic Banking**  
The bank introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**  
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**  
The bank is trying to introduce best HR practices in it.

2. **Category of Bank: Deposits over Rs.500 crores to Rs.1000 crores:**

1. **JANSEVA SAHAKARI BANK LTD. PUNE**

1) **Membership**  
The membership of the bank has recorded phenomenal growth during the study period. The growth during the year study period was almost doubled.

2) **Network of Branches**  
During the study period the bank opened 8 branches. The performance is satisfactory.

3) **Paid up Capital & Reserves**  
The paid up capital grew by Rs.21.13 lakhs while the reserves recorded growth of Rs. 71.60 lakhs which is quite satisfactory.

4) **Working capital and CRAR**  
Working capital grew from Rs.39777.10 lakhs to Rs.128988.08 lakhs showing a growth of Rs.89210.98 lakhs quite healthy sign. As against prescription of RBI at 9% the CRAR of the bank as on 31.3.2012 stood at 13.88% quite satisfactory.

5) **Deposits with Composition**  
The deposits recorded growth of Rs.751.72 crores which in terms of % works out to 213.75% quite commendable. The quantum of savings
bank deposits has shown good growth showing corresponding decrease in the term deposits. The current deposits which are no cost deposits are more or less stagnant.

6) Growth of Advances and NPA
The growth in advances commensurate with the increase in deposits. The bank’s performance on NPA front is quite excellent. It has achieved 0% NPA level. Undoubtedly this is the outcome of the satisfactory improvement in the credit appraisal and post disbursement supervision over credit. Bank should continue with it to enhance its profitability.

7) Profits and Dividends
The profit recorded an increase of Rs.1064.49 lakhs which in terms of percentage works out to 472.28% quite a good sign. Bank should keep it up.

8) Per Employee Productivity
Per employee productivity recorded increase of Rs. 3.29 crores which is commendable. The bank should continue its efforts to further improve it to set a bench mark for its competitors.

9) Per Employee Profitability
Per employee recorded increase of Rs.0.024 crores. There is scope for further improvement and the bank may explore its possibility.

Non Financial aspects:

1) Corporate Governance
The bank is following good governance practices and it should continue it.

2) Universal Banking
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is showing good progress.
3) **Retail Banking**

The bank has introduced several schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) **Computerization**

The bank has fully computerization and is reaping its fruits.

5) **Electronic Banking**

The bank has its own data centre at Gultekadi market, Pune. The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**

The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**

The bank has a well equipped training college to impart training to the staff of the bank. The bank is trying to introduce best HR practices in it.

2. **VISHWESHWAR COOP. BANK LTD. PUNE**

1) **Membership**

The membership of the bank has recorded phenomenal growth during the study period. The growth during the year study period was 73.84% which is quite satisfactory.

2) **Net work of Branches**

During the study period the bank opened 6 branches. The bank has now consolidated its position and is poised for expansion.

3) **Paid up Capital & Reserves**

The paid up capital grew by Rs.21.44 lakhs while the reserves recorded growth of Rs. 59.39 lakhs which is quite satisfactory.

4) **Working Capital and CRAR**

Working capital grew from Rs.244.50 corres to Rs.939.81 lakhs showing a growth of Rs.695.31 quite healthy sign. As against prescription of RBI
at 9% the CRAR of the bank as on 31.3.2012 stood at 14.44% quite satisfactory.

5) **Deposits with Composition**
The deposits recorded growth of Rs.606.87 crores which in terms of % works out to 271.28% quite commendable. During the F.Y. 2011-11 there was a steep fall which has been attributed to slashing down the institutional deposits which were high cost deposits. The quantum of savings bank deposits has shown good growth showing corresponding decrease in the term deposits. The current deposits which are no cost deposits are more or less stagnant.

6) **Growth of Advances and NPA**
The growth in advances commensurate with the increase in deposits. The bank’s performance on NPA front is satisfactory as it shows downward trend.

7) **Profits and Dividends**
The profit recorded an increase of Rs.8.83 crores which in terms of percentage works out to 1063.85 % quite a good sign. Bank should keep it up.

8) **Per Employee Productivity**
Per employee productivity recorded increase of Rs.2.52 crores which is commendable. The bank should continue its efforts to further improve it to set a bench mark for its competitors.

9) **Per Employee Profitability**
Per employee recorded increase of Rs.0.027 crores. There is scope for further improvement and the bank may explore its possibility.

**Non Financial aspects:**

1) **Corporate Governance**
The bank is following good governance practices and it should continue it.
2) **Universal Banking**
The bank is complying with all the requirements/parameters set out by the Reserve Bank of India and the State Government and within that it is showing good progress.

3) **Retail Banking**
The bank has introduced several schemes for the newly emerged middle/higher middle class to increase their purchasing power.

4) **Computerization**
The bank has full computerization and is reaping its fruits.

5) **Electronic Banking**
The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**
The bank is trying to introduce best HR practices in it. The staff is being trained to sharpen their skills at the desk.

3. Category of bank: Deposits over Rs.250 crores to Rs.500 crores:

1. **BHAGINI NIVEDITA SAHA KARI BANK LTD. PUNE**

1) **Membership**
The membership of the bank has recorded sizable growth during the study period.

2) **Network of Branches**
During the study period the bank has opened only 2 branches.

3) **Paid up Capital & Reserves**
The paid up capital grew upto Rs.562.75 lakhs while the reserves stood at Rs. 8802 lakhs which is quite satisfactory.

4) **Working Capital and CRAR**
Working capital grew from Rs.306 lakhs to Rs.561 lakhs which is quite healthy sign. As against prescription of RBI at 9% the CRAR of the bank as on 31.3.2012 stood at 21.45% quite satisfactory.

5) **Deposits with Composition**
The deposits stood at Rs. 447 crores. The quantum of savings bank deposits has shown good growth showing corresponding decrease in the term deposits. The current deposits which are no cost deposits are more or less stagnant.

6) **Growth of Advances and NPA**
The growth in advances commensurate with the increase in deposits. The bank’s performance on NPA front is exceptionally satisfactory as it is showing 0% for couple of years. This is possible because of creation of substantial reserves.

7) **Profits and Dividends**
The profit recorded an increase of Rs.519.06 lakhs which is nearly doubled and is quite a good sign. Bank should keep it up.

8) **Per Employee Productivity**
Per employee productivity recorded increase of Rs.1.51 crores which is commendable. The bank should continue its efforts to further improve it to set a bench mark for its competitors.

9) **Per Employee Profitability**
Per employee recorded increase of Rs.0.023 crores. There is scope for further improvement and the bank may explore its possibility.

Non Financial aspects:

1) **Corporate Governance**
The bank is following good governance practices and it should continue it.
2) **Universal Banking**
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is showing good progress.

3) **Retail Banking**
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) **Computerization**
The bank has full computerization and is reaping its fruits.

5) **Electronic Banking**
The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**
The bank is trying to introduce best HR practices in it. The staff is being trained to sharpen their skills at the desk.

2. **SHIVAJIRAO BHOSALE SAHAKARI BANK LTD. PUNE**

1) **Membership**
The membership of the bank has recorded steady growth during the study period.

2) **Network of Branches**
During the study period the bank did not open a single branch.

3) **Paid up Capital & Reserves**
The paid up capital grew upto Rs.1017. lakhs while the reserves stood at Rs. 2926 lakhs which is quite satisfactory.
4) Working Capital and CRAR
Working capital grew from Rs.13410.54 lakhs to Rs.37487 lakhs which is quite healthy sign. As against prescription of RBI at 9% the CRAR of the bank as on 31.3.2012 stood at 14.35% quite satisfactory.

5) Deposits with Composition
There are ups and downs in the total deposits. Highest deposit growth was shown in 2010 at 31.39% while it was as low as minus 2.17 in the year 2005

6) Growth of Advances and NPA
The growth in advances commensurate with the increase in deposits. The bank’s performance on NPA front is not satisfactory.

7) Profits and Dividends
The profit recorded an increase of Rs.220 lakhs which is more than 100% increase. The profit posted is a good but there is ample scope for enhancing it by reducing the NPAs.

8) Per Employee Productivity
Per employee productivity recorded increase of Rs.2.25 crores which is commendable. The bank should continue its efforts to further improve it to set a bench mark for its competitors.

9) Per Employee Profitability
Per employee recorded increase of Rs. 1.59 lakhs. There is scope for further improvement and the bank may explore its possibility.

Non Financial aspects:

1) Corporate Governance
The corporate governance needs to be improved upon. The bank should approach professionally to the business decisions.

2) Universal Banking
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.
3) **Retail Banking**
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) **Computerization**
The bank has full computerization and is reaping its fruits. Its fund management needs to be strengthened.

5) **Electronic Banking**
The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**
The bank is currently following traditional approach towards HRD in respect of selection, posting, compensation etc.

**Category of bank: Deposits over Rs.100 crores to Rs.250 crores:**

1. **RAJARSHI SHAHU SAHAKARI BANK LTD. PUNE**

1) **Membership**
The membership of the bank has recorded steady growth during the study period.

2) **Network of Branches**
During the study period the bank opened 2 branches.

3) **Paid up Capital & Reserves**
The paid up capital grew upto Rs.867.34 lakhs while the reserves stood at Rs. 4294.23 lakhs which is quite satisfactory.

4) **Working Capital and CRAR**
Working capital grew from Rs.10448.62 lakhs to Rs.25155.58 lakhs which is quite healthy sign. Bank has crossed the CRAR prescribed by the Reserve Bank of India.
5) **Deposits with Composition**  
There are ups and downs in the total deposits. Highest deposit growth was shown in 2011 at 23.44% while it was as low as minus 0.5 in the year 2007. Bank has achieved success in achieving realignment in its deposit portfolio and may continue its efforts for further improvement.

6) **Growth of Advances and NPA**  
The growth in advances commensurate with the increase in deposits. The bank’s performance on NPA front is satisfactory. It should aim at further reducing it and continue its improvements in credit appraisal and supervision of credit.

7) **Profits and Dividends**  
The profit recorded an increase of Rs.6.09 crores which is more than 246.04% increase. The profit posted is a good but there is ample scope for enhancing it by reducing the NPAs.

8) **Per Employee Productivity**  
Per employee productivity recorded increase of Rs. 1.51 crores which is commendable. The bank should continue its efforts to further improve it to set a bench mark for its competitors.

9) **Per Employee Profitability**  
Per employee recorded increase of Rs. 0.023 crores. There is scope for further improvement and the bank may explore its possibility.

Non Financial aspects:

1) **Corporate Governance**  
The corporate governance is good and it can be further improved upon by bringing professionalism in its approach.

2) **Universal Banking**  
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.
3) **Retail Banking**  
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) **Computerization**  
The bank has full computerization and is reaping its fruits. Its fund management needs to be strengthened.

5) **Electronic Banking**  
The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**  
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**  
The bank is currently following traditional approach towards HRD in respect of selection, posting, compensation etc.

2. **SANT SOPANKAKA SAHAKARI BANK LTD. PUNE**

1) **Membership**  
The membership of the bank has recorded steady growth during the study period.

2) **Network of Branches**  
During the study period the bank has opened only 3 branches.

3) **Paid up Capital & Reserves**  
The paid up capital grew upto Rs.6.62 crores while the reserves stood at Rs. 10.23 crores which is quite satisfactory.

4) **Working Capital and CRAR**  
Working capital grew from Rs. 53.8 crores to Rs.200.53 crores which is quite healthy sign. Bank has crossed the CRAR prescribed by the Reserve Bank of India. As on 31.3.2012 CRAR was at 16.96%
5) Deposits with Composition
The deposit growth commensurate with the banks of its size. There is need to have realignment in composition of the deposits.

6) Growth of Advances and NPA
The growth in advances commensurate with the increase in deposits. Now the NPA rate is decreasing.

7) Profits and Dividends
The profit recorded an increase of Rs.1.39 crores which is more than 1069% increase. The profit posted is a good but there is ample scope for enhancing it by reducing the NPAs.

8) Per Employee Productivity
Per employee productivity recorded increase of Rs. 3.10 crores which is commendable. The bank should continue its efforts to further improve it to set a benchmark for its competitors.

9) Per Employee Profitability
Per employee recorded increase of Rs. 0.022 crores. There is scope for further improvement and the bank may explore its possibility.

Non Financial aspects:
1. Corporate Governance
The corporate governance is good and it can be further improved upon by bringing professionalism in its approach.

2. Universal Banking
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.

3. Retail Banking
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.
4. **Computerization**
   The bank has full computerization and is reaping its fruits. Its fund management needs to be strengthened.

5. **Electronic Banking**
   The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6. **Financial Inclusion**
   The bank is currently catering to the needs of the small and weaker section of the society.

7. **Human Resource Development**
   The bank is currently following traditional approach towards HRD in respect of selection, posting, compensation etc.

**Category of bank: Deposits over Rs.50 crores to Rs.100 crores:**

1. **SAMPADA SAHAKARI BANK LTD. Pune**
   1) **Membership**
      The membership of the bank is now stagnated.
   2) **Net work of Branches**
      During the study period the bank opened 1 branch.
   3) **Paid up Capital & Reserves**
      The paid up capital grew upto Rs.226.03 lakhs while the reserves stood at Rs. 117.58 lakhs which is quite satisfactory.
   4) **Working Capital and CRAR**
      Working capital grew from Rs. 9668.96 lakhs to Rs. 11584.80 lakhs which is quite healthy sign. Bank has crossed the CRAR prescribed by the Reserve Bank of India. As on 31.3.2012 CRAR was at 17.32%.
   5) **Deposits with Composition**
      The deposits recorded negative growth during 2003 to 2007 and growth thereafter though positive is below the growth shown by the industry. The bank has been able to realign its deposit portfolio from
cost point of view. The bank will have to augment the rate of growth of deposit else the bank will face difficulties in times to come because unless there is a minimum standard growth the very survival may be in difficulty.

6) **Growth of Advances and NPA**
The growth in advances commensurate with the increase in deposits. Though the bank has shown some improvement in reducing the NPA percentage it does not appear to be enough for sustenance.

7) **Profits and Dividends**
The profit recorded an increase of Rs.146.70 lakhs which is more than 748.46% increase. The profit posted is good.

8) **Per Employee Productivity**
Per employee productivity recorded decrease of Rs.0.12 lakhs which is deplorable. The bank should take urgent efforts to further improve it to set a bench mark for its competitors.

9) **Per Employee profitability**
Per employee recorded increase of Rs. 2.91 lakhs. There is scope for further improvement and the bank may explore its possibility.

**Non Financial aspects:**

1. **Corporate Governance**
The corporate governance is average. Needs to adopt professional approach and hunt for business growth vehemently.

2. **Universal Banking**
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.

3. **Retail Banking**
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.
4. **Computerization**
The bank needs to resort to full computerization upon studying the cost benefit.

5. **Electronic Banking**
The bank should not think of any such activity in the immediate until the foundation becomes strong.

6. **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7. **Human Resource Development**
The bank is currently following traditional approach towards HRD in respect of selection, posting, compensation etc.

2. **LOKSEVA SAHAKARI BANK LTD. PUNE**

1) **Membership**
The membership of the bank is now stagnated.

2) **Network of Branches**
During the study period the bank opened 2 branches.

3) **Paid up Capital & Reserves**
The paid up capital grew upto Rs.282.82 lakhs while the reserves stood at Rs. 735.90 lakhs which is quite satisfactory.

4) **Working Capital and CRAR**
Working capital grew from Rs.1110.85 lakhs to Rs.14989.62 lakhs which is quite healthy sign. Bank has crossed the CRAR prescribed by the Reserve Bank of India. As on 31.3.2012 CRAR was at 16.66%.

5) **Deposits with Composition**
The deposits have taken a quantum jump in the year 2010 and 2011 when the deposit growth rate was 92.8 and 69.85 respectively. The growth rate in 2012 came to normal at 25.68%. The growth is in high cost deposits and the bank will have to strive for realignment of the
high cost and low / no cost deposits else its profitability will adversely affect.

6) Growth of Advances and NPA
The growth in advances commensurate with the increase in deposits. The percentage of NPA is showing a downward trend which is a good sign.

7) Profits and Dividends
The profit recorded an increase of Rs.159 lakhs which is more than 662.5% increase. The profit posted is very good.

8) Per Employee Productivity
Per employee productivity recorded increase of Rs.7.54 lakhs which is commendable. The bank should continue its efforts to further improve it to set a bench mark for its competitors.

9) Per Employee Profitability
Per employee recorded increase of Rs. 0.65 lakhs. There is scope for further improvement and the bank may explore its possibility.

Non Financial aspects:

1) Corporate Governance
The corporate governance is good and it can be further improved upon by bringing professionalism in its approach.

2) Universal Banking
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.

3) Retail Banking
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) Computerization
The bank has full computerization and is reaping its fruits. Its fund management needs to be strengthened.
5) **Electronic Banking**
The bank has introduced all the services under electronic banking which are permitted by the Reserve Bank of India.

6) **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**
The bank is currently following traditional approach towards HRD in respect of selection, posting, compensation etc.

Category of Bank: Deposits over Rs.25 crores to Rs.50 crores:

1. **UDYAM VIKAS SAHAKARI BANK LTD. Pune**
   1) **Membership**
   The membership of the bank is now stagnated.
   2) **Network of Branches**
   The bank is in its infant stage hence no branch was opened during the study period.
   3) **Paid up Capital & Reserves**
   The paid up capital grew upto Rs.128.35 lakhs while the reserves stood at Rs. 419.10 lakhs which is quite satisfactory.
   4) **Working Capital and CRAR**
   Working capital grew from Rs. 2178.13 lakhs to Rs. 4819.13 lakhs which is quite healthy sign. Bank has crossed the CRAR prescribed by the Reserve Bank of India. As on 31.3.2012 CRAR was at 16.69%.
   5) **Deposits with Composition**
   The deposit growth is uneven. During the year 2007 and 2011 there was negative growth and for the rest of the period there were much variations. As on the 31st March 2012 the deposits stood at Rs.41.03 crores.
6) **Growth of Advances and NPA**
   The growth in advances commensurate with the increase in deposits. The percentage of NPA should be causing concern. The overdues are too high and needs to be brought down forthwith.

7) **Profits and Dividends**
   The bank’s profit fluctuated quite frequently. The bank has declared dividend throughout the study period but at varying rates.

8) **Per Employee Productivity**
   Per employee productivity recorded increase of Rs.1.28 lakhs which is much less than other cooperative banks. The bank should continue its efforts to further improve it to fall in line with other progressive banks.

9) **Per Employee Profitability**
   Per employee recorded increase of Rs. 0.38 lakhs. There is scope for further improvement and the bank may explore its possibility.

**Non Financial aspects:**

1) **Corporate Governance**
   The corporate governance needs immediate improvement.

2) **Universal Banking**
   The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.

3) **Retail Banking**
   The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) **Computerization**
   The bank should explore possibilities of use of computers without adding much burden to the bank as at this stage the bank may not afford it.
5) **Electronic Banking**
It is out of question until the bank’s business gets stabilized over at least 3 years period.

6) **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**
The bank should motivate the staff and try to step up the business level.

**Category of bank: Deposits less than Rs.25 crores:**

1. **JAI BHAVANI SAHAKARI BANK LTD. PUNE**
   1) **Membership**
   The membership of the bank is now stagnated.
   2) **Network of Branches**
   The bank is in its infant stage hence no branch was opened during the study period.
   3) **Paid up Capital & Reserves**
   The paid up capital grew up to Rs.114.42 lakhs while the reserves stood at Rs. 239.18 lakhs which cannot be considered as satisfactory, considering the 10 years period working. The other banks have shown much more progress on this front.
   4) **Working Capital and CRAR**
   The bank’s business level has been stagnated which can be concluded from the stagnation in the Working capital position. Bank has crossed the CRAR prescribed by the Reserve Bank of India. As on 31.3.2012 CRAR was at 33%
   5) **Deposits with Composition**
   There is no deposit growth during the 10 years period. It seems that the bank is heading for a serious difficulty.
6) **Growth of Advances and NPA**
The advances have naturally fallen as there is no deposit growth and the percentage of overdues though shows declining trend can be rated as high considering the business level of the bank.

7) **Profits and Dividends**
The profit level over the study period has fallen down from Rs.13.60 lakhs to Rs.5.46 lakhs. The survival appears to be at stake.

8) **Per Employee Productivity**
Per employee productivity recorded increase of Rs.0.33 lakhs which is much less than other cooperative banks. The bank should continue its efforts to further improve it to fall in line with other progressive banks.

9) **Per Employee Profitability**
Per employee recorded decrease of Rs. 0.19 lakhs. There is very little hope for the bank’s improvement unless miracle happens.

**Non Financial aspects:**

1) **Corporate Governance**
The corporate governance is too weak.

2) **Universal Banking**
The bank is complying with all the requirements /parameters set out by the Reserve Bank of India and the State Government and within that it is a good sign.

3) **Retail Banking**
The bank has few schemes for the newly emerged middle / higher middle class to increase their purchasing power.

4) **Computerization**
The bank should explore possibilities of use of computers without adding much burden to the bank as at this stage the bank may not afford it.
5) **Electronic Banking**
It is out of question until the bank’s business gets stabilized over at least 3 years period.

6) **Financial Inclusion**
The bank is currently catering to the needs of the small and weaker section of the society.

7) **Human Resource Development**
The bank should motivate the staff and try to step up the business level.

2. **Suggestions**
1) **Cosmos Cooperative Bank Ltd. Pune**
   - **Deposits:** the bank should try to realign its deposit portfolio shifting from high cost deposits to no/low cost deposits to improve its profitability further.
   - **Non Performing Assets:** Bank should contain its percentage of non performing assets which is growing. Timely steps may be taken to improve the credit appraisal and post disbursement follow up and supervision over credit.
   - **Retail Banking:** The bank may continue to introduce such innovative schemes in times to come.
   - **Electronic Banking:** The bank may continue its leadership on this score.
   - **Financial inclusion:** As the bank grows at this speed there is usually tendency that the needs of the small and weaker sections are neglected. Bank should prove to be an exception to this.

2) **JANSEVA SAHAKARI BANK LTD. PUNE**
   - **Deposits:** Bank should aim at reducing the percentage of current deposits to total deposits which is nearly constant during the study period.
• **Human Resources Development**: The bank may introduce new training programs like personality development, stress management, marketing of bank services etc.

3) **VISHWESHAR SAHAKARI BANK LTD.**

• **Deposits**: The bank should further try to reduce the high cost deposits by canvassing low and no cost deposits.

• **Non Performing Assets**: The bank’s overdues percentage is showing a reducing trend but there is scope for bringing it down to 0% by improving upon the credit appraisal and strengthening the post disbursement supervision and control over credit. It is possible for the bank.

4) **BHAGINI NIVEDITA SAHAKARI BANK LTD. PUNE**

• **Deposits**: The bank should concentrate on increasing current deposits for which attractive schemes / concessions may be thought of.

• **Non Performing Assets**: Although the bank is showing net NPA level at 0% the bank should further improve its credit appraisal as well as post disbursement supervision and control over credit.

• **Retail Banking**: The bank should come out with several schemes for the newly emerged middle / higher middle class to increase their purchasing power.

5. **SHIVAJIRAO BHOSALE SAHAKARI BANK LTD. PUNE**

• **Deposits**: This much of volatility is not desirable. The Bank should ensure that there is a steady growth in deposits and particularly there should be realignment of deposits from high cost to low cost.

• **Growth of Advances and NPA**: The NPA quantum and its percentage is needs to be brought down. Bank should improve upon the pre sanction appraisal and also the post disbursement
supervision and control over the advances. If no timely steps are initiated bank may land in difficulties.

- **Profit**: Bank can post good profit provided it improves its credit portfolio and reducing the high cost deposits.

- **Human Relations Development**: The bank should switch over to the modern concept of HRD particularly in respect of selection, compensation and extensive training. Even the board of directors be also given appropriate banking orientation for logical decisions.

6. **RAJARSHI SHAHU SAHAKARI BANK LTD. PUNE**

- **Deposits**: The bank should try to secure steady growth in its deposits. The bank is successful in ensuring realignment in its deposit portfolio from high cost to low / no cost deposits. It should continue to do so in times to come for ensuring better profitability.

- **Governance**: The bank may further improve its professional approach in dealing with the business.

- **Human Resources Development**: The bank may adopt new HR practices in recruitment, selection, training, motivation etc. It may also conduct courses in personality management, marketing of bank services, stress management etc.

7. **SANT SOPANKAKA SAHAKARI BANK LTD. PUNE**

- **Deposits**: The bank should consciously try to have realignment in the composition of deposits from high cost to low cost or no cost deposits. It will also improve its profitability. Bank should also ensure that there is a stable growth rate in deposits.

- **Non Performing Assets**: Bank’s NPAs have started showing decreasing trend. Bank has achieved 0% Net NPAs as on 31.3.2012. Bank should take steps to improve its pre sanction credit appraisal as well as strengthen its post disbursement supervision over credit.
• **Human Resource Development:** The bank should switch over to the new HRD approach in recruitment, selection, promotion, compensation so that the quality of the staff will improve and the productivity and profitability will also improve consequently.

8. **SAMPADA SAHAKARI BANK LTD. PUNE**

- **Deposits:** The deposit growth is a cause of concern. Unless timely steps are not taken there is fear that the bank may be landing in difficulty. The board may seek consultation from a banking expert and take immediate steps for deposit growth.

- **Non Performing Assets:** The bank should accord top most priority for recovery of the overdues. It should also strengthen its credit appraisal and post disbursement supervision.

9. **LOKSEVA SAHAKARI BANK LTD. PUNE**

- **Deposits:** The deposits have grown sizably in the last three years. The bank should put in conscious efforts to bring down the high cost deposits by appropriately increasing the low / no cost deposits. Bank should always keep an eye on the profitability and adjust the interest rates on deposits.

- **Non Performing Assets:** The bank should at this stage concentrate on strengthening the credit department and improve its credit appraisal and post disbursement supervision and control over credit and ensure that the NPA level does not increase.

9. **UDYAM VIKAS SAHAKARI BANK LTD.**

- **Deposits:** The deposits growth is uneven. The bank should pursue policies which will ensure that there is steady growth. Causes for negative growth be analyzed and the bank should ensure that such instances do not repeat.
• **Non Performing Assets:** The percentage of overdues to the total outstanding is quite sizable and the bank should on priority basis improve its credit appraisal system as well as post disbursement supervision over credit. This should be on the top priority agenda for the Board else the bank may come in difficulties.

• **Profitability:** The banks policies regarding rate of interest on deposits, advances, staff cost, admin. Costs etc. need to be further probed and timely action needs to be taken to improve this situation.

• **Corporate Governance:** The bank may appoint an expert and obtain his report for immediate steps to arrest the downfall. The members of the board should personally look into the recovery of stuck up advances.

• **Computerization:** Use of computer should be explored on studying the cost benefit of its use.

10. **SAMPADA SAHAKARI BANK LTD. PUNE**

• **Deposits:** The bank should give thrust to deposit mobilization and increase its business levels.

• **Non Performing Assets:** The bank should accord top priority to streamline its recovery of overdues. It should improve its credit appraisal skills and post disbursement supervision and follow up to ensure that there is no fresh addition to the overdues.

• **Corporate Governance:** The board may appoint a banking expert to find out ways and means to increase the business level. At the current level of business it is very difficult to survive in the ever increasing stiff competition.

11. **JAI BHAVANI SAHAKARI BANK LTD. PUNE**

• **Deposits:** The bank should ensure growth of its business level both deposits and advances without which very survival is at stake.
- **Corporate Governance:** The board may induct some new influential directors who will be able to chalk out an action plan for the revival of the bank. This work may be entrusted to some senior experienced banking expert.

At this stage bank should not think of anything else but to concentrate on the business growth without which very existence of the bank will in jeopardy.

3. **General Observations**

After giving the bank wise observations the researcher has summarized some general observations about the functioning of these urban cooperative banks.

1. The performance of the identified banks whose deposits base is over Rs.500 crores can be rated excellent. These banks have adopted professional approach for the business growth and are able to compete with not only the nationalized banks but also with the new generation private sector banks. Their fundamentals are strong and the staff of the banks is also capable of delivering the goods expected of them.

2. The banks with deposit base between Rs.200 to Rs.500 crores will have to improve their corporate governance, resort to greater degree of use of technology and computerization, adopt professional approach in decision making, introduction of newer products to meet the customer’s demand and constantly be on the vigil that there is no addition to NPAs, productivity and profit per employee shows increasing trend, only then they will be able to survive.
3. Banks with deposit base below Rs.200 crores will find difficulty in times to come to face the competition unless they rethink their business approach altogether.

4. One thing these banks will have to bear in mind that as the time passes there will be more number of ATMs and the electronic banking facilities that will be offered to the customers. The small banks will find difficulty for their survival. The newly educated customer will avail of banking services from a progressive bank providing all the services that he/she needs and only a nominal savings bank account and locker account will be retained with the small bank for convenience. Under such situation, if the growth of the business is not upto a certain level these small banks will find hard to survive. The managements of these small banks should read the writing on the wall and take urgent measures to face this situation. These banks will have to think of newer products and efficiency of their service should be so increased that they should be able not only to retain their existing customer base but also to attract the new customers.

4. Validation of the Hypotheses

The researcher started this research study with the following hypotheses:

H₁ The existing financial practices of urban cooperative banks are effective for better management, funds and services.

The study has revealed that only those banks which are having deposit base of Rs.200 crores and over are able to manage their funds in a better fashion, they are able to maintain the level of services to the customer at the expected level. But the bank’s having deposit base less than Rs.200 crores are finding it difficult to survive in the current stiff competition which is likely to grow in times to come. Thus, the researcher is of the view that only selected banks are able to display
their ability to effectively manage the financial practices and better funds management and other services. It means that the hypothesis No. H₁ is partially validated.

H₂ The urban cooperative banks are trying to achieve increase in productivity keeping in tune with other commercial banks.
This study has revealed that most of the banks have been able to increase their per employee productivity considerably. This was possible because of the greater use of the technology and the computerization. The banks are using business process re-engineering method and having a fresh look at their business styles, systems and procedures and are nipping out redundant work, duplicate work, which is resulting in increase in the per employee productivity. Of course, there should not be complacency and the pursuit for increasing per employee productivity should be a continuing process. Therefore, the hypothesis No. H₂ has been fully validated.

H₃ The Managements of urban cooperative banks are under close supervision of the Reserve bank of India.

Over a period of time it has been proved that the managements of the urban cooperative are not professional and they come from altogether different background. This has been revealed from the performance of these banks in the past. There are some inherent weaknesses in the working of these banks. These are primarily local banks and the local leadership plays a dominant role in the working of the bank. When there is political interference in the functioning of any financial institution naturally the things become difficult. Absence of banking expertise in the Board. During the last decade there were several frauds that surfaced in the urban cooperative banks all over India and in the state of Maharashtra this was quite high as the number
of Urban cooperative banks in the state is quite high. This has affected several crores of innocent depositors. Based on this background the Reserve Bank had to give special attention to these banks and in the process it has been keeping very close watch on the functioning of the urban cooperative banks. In a way it is very much essential in the general public interest. It has taken series of measures to strengthen the functioning of the urban cooperative banks. The first and most effective measure related to the reconstitution of the Board of directors in which there are now at least two experts in banking and finance. The RBI has gone to the extent as to who can be considered as expert. The RBI has set out per party and per group exposure limits for these banks. There is regular inspection of these banks by the Reserve Bank Inspecting officials. RBI has also given thrust to the Staff Training of these Banks. Over the past few years these RBI steps have resulted in improving the functioning of these banks. Even this aspect has been appreciated by the Reserve Bank of India and it is selectively releasing some of the controls and is giving autonomy to the deserving banks. As it is in the ultimate interest of the common man it is a right step and initiative taken by the Reserve Bank of India. Thus the hypothesis No.3 has been fully validated.

5. **Scope for Further Research**

As has been stated earlier that the banking is a dynamic concept and there are changes in the systems and procedures day in and day out. After the introduction of the advanced technology in banking sector the earlier systems have undergone sea change. In good old days banks were reluctant to finance for purchase of house property but today banks are marketing their housing loans. Even the old terminologies have also undergone change like borrower has become beneficiary. Even the banking customers mind set is also changing. The computer illiterate customers are also now using debit card / credit card.
Currently Reserve Bank of India has released a discussion paper on its web site which states that the RBI wants disincentive for use of cheques and encourage internet payment system. There are several such areas which are going to change the entire face of the banking industry. As such as and when new areas are being tapped, it paves the way for further research. The only requirement for the new researcher would be to have a thorough knowledge of information technology apart from the specialized subject selected for the research.

6. Conclusion

In spite of the expansion of the banking sector by the private and nationalized banks in every nook and corner the Urban Cooperative banks have established their place in the financial market. The main reason for this situation lies in the personalized services extended by these banks. These banks are capable of meeting the small needs of the common man in an efficient manner. As the management is local, the common man finds it easier to have access to these banks which is the greatest advantage.

Therefore, even after the adoption of the globalization, liberalization and privatization, these cooperative banks made their presence inevitable. As long as these banks continue to move with the times and resort to make optimum use of modern technology and come upto the aspirations of the common man in meeting the services they need, these Cooperative bank will continue to play a vital role in the economic development of this country.
REFERENCE