Chapter 8

SUMMARY AND CONCLUSIONS
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In the previous chapters (1 to 7) review of the management of D.C.C. Banks in the State of Maharashtra has been made. The main four aspects covered were: (a) the evolution and growth of D.C.C. Banks (b) evaluation of organisation structure and management pattern of these banks (c) analysis of their operations and (d) identification and examination of problems faced by these banks.

In this chapter it is proposed to summarise the (chapterwise) findings of the study and the conclusion flowing from the study, alongwith certain suggestions made at appropriate places in the earlier chapters.

In the introductory chapter the unique position of D.C.C. Banks in co-operative credit structure has been indicated. In three tier co-operative credit structure, D.C.C. Banks are placed at the intermediate layer. These banks provide financial accommodation to village primaries, which require finance for providing it, further to their members.

HISTORY OF CO-OPERATIVE MOVEMENT

Chapter 2, reviewed the history of co-operative movement in India. The introduction of the Co-operative Societies Act, 1904 was considered as the real beginning of the co-operative movement in India. It was seen that during pre-independence period the development of co-operation in India was unplanned. After the attainment of Independence the nation has adopted the concept of
planned economy and also accepted the socialist pattern of society as its policy. As a result the co-operative movement made a rapid progress in various directions. The Government from time to time took important steps to reorganise and develop the co-operative movement.

EVOLUTION AND GROWTH OF D.C.C. BANKS

The evolution and Growth of D.C.C. Banks in India in general and Maharashtra in particular was traced in the 3rd chapter. It was noticed that the problem of development of rural economy is directly linked with the fulfillment of credit needs. The credit needs are met by institutional as well as non-institutional agencies. In most of the countries of the world an attempt has been made to develop Institutional credit through co-operatives.

The period from 1906 to 1918 may be called the period of origin of D.C.C. Banks in India. In the year 1906 such banks were registered in Uttar Pradesh as well as in C.P. and Berar (New MP) provinces. In Rajasthan in Ajmer, D.C.C. Bank started functioning in 1910. By 1929-30 there were 588 D.C.C. Banks with a membership of 1.91 lakhs in the country. There was steady growth in number and membership on the eve of independence. Inspite of the progress, the co-operative banking structure during that period continued to be weak. The Capital Structure of these banks was unsound, owned reserves were meagre. They depended heavily on apex banks. The loan operations of these banks also showed unsatisfactory features like : large proportion of advances to Individual members, unsatisfied credit needs of Primary Credit Societies, etc.
The Government of India after Independence took steps for expansion and reorganisation of Co-operative movement in general and co-operative credit structure in particular. The principle of 'one district one Central Co-operative Bank' was accepted. The D.C.C. Banks came to be regarded as leaders of co-operative movement in the district concerned. The Government participated in these institutions through grants, subsidies, share capital contribution, etc. There were favourable policies and programmes during plan period. The activities of D.C.C. Banks have grown and diversified over the years. They have been guided and controlled by Reserve Bank of India (NABARD w.e.f. 1983) and the state Government to ensure uniformity in their policies and procedures. By 1983-84 there were 349 D.C.C. Banks in India and 28 apex level state co-operative banks.

The co-operative credit movement in Maharashtra made a slow start as compared to northern India. The first primary urban credit society meant to function as Central Society was registered on January 23, 1906 at Bombay (The Bombay Urban Co-operative Credit Society Ltd.), Sponsored by late Vithaldas Thakersey and Lallubhai Samaldas. Though its operations were small it provided non-official leadership and became the parent body of the Maharashtra State Central Co-operative Bank Ltd. During 1911 to 1924 about 13 central societies classified as Urban were established at Bombay, Broach, Surat, Southern Maratha, Paradi, Dhulia, Ahmednagar, etc. As a result of reorganisation the number was reduced to 11 in 1946-47.
As a result of the reorganisation of the State of Maharashtra and the establishment of apex bank at Bombay, the number of D.C.C. Banks further rose to 23 in 1955-56.

The State of Maharashtra occupied a place of pride in the Co-operative Movement in India, particularly in the progress of D.C.C. Banks. It had 30 D.C.C. Banks by 1987 with 2150 branches (including H.O.'s) and owned fund Rs.14200 lakhs. It had a total membership of 67000 including 42000 society members.

ORGANISATIONAL STRUCTURE AND MANAGEMENT PATTERN OF D.C.C. BANKS

A study of organisational structure and Management Pattern of D.C.C. Banks in Maharashtra has been made in Chapter - 4.

Almost all the D.C.C. Banks have adopted model Bye-laws prepared by the co-operative department of the state as their constitutions.

So far as the pattern of membership of D.C.C. Banks is concerned, it was seen that in Maharashtra D.C.C. Banks have followed the pattern which consists membership of both, societies and individuals i.e. mixed type of membership. However, there is a current trend to discourage the Individual membership to maintain the Federal structure of D.C.C. Banks. Over a period of five years under study the individual membership Increased only by 2.6% i.e. Yearly by .52% approximately. On the other hand 18% increase was noticed in the memberships of co-operative societies in the same period.

The organisational pattern of D.C.C. Bank consists of three constituents : (a) General Body (b) Board of Directors and (c) Managerial Group. According to the Bye-laws the General Body of
the D.C.C. Bank consists of: (a) Individual members (b) Affiliated Societies and (c) Representative of the State Government and state co-operative bank. The General Body of the bank functions through general meetings. It was noticed that all the members of the General Body of D.C.C. Banks were not attending their respective General Meetings, only in case of Poona and Nashik division banks attendance of these meetings was more than 60% which may be considered as satisfactory. But, in case of Bombay, Amravati, Nagpur division banks the attendance was poor. It was in some cases 10% also.

Regarding participation in meetings it was seen that, members actively participated in the deliberations. But in case of Amravati and Nagpur divisions the members participation was found almost nil. Therefore, the members of Nagpur and Amravati division banks need to improve both their attendance and active participation in General Body meetings. This can be assured by: (i) Providing adequate guidance to the members and (ii) by establishing member education programme which will make them aware of their rights and duties.

According to the Bye-laws, the management of D.C.C. Bank shall be entrusted to the Board of Directors. It is the policy making and decision making body of D.C.C. Banks. The Board comprises of elected and nominated directors. The representatives of Primary Agricultural Credit Societies constitute the majority group in the board. It was seen in this respect that, no representation was given to woman director on Board of Directors of the D.C.C. Bank and similarly a person having a special
knowledge of banking, rural Economics has no place on the Board of the Bank. Therefore, there is a need to provide representation to a woman and to a director with expert knowledge.

The Board of Directors functions by regularly holding its meetings as and when necessary but at least once in a month. It was seen that, elected directors took more interest in the working of the meetings as against nominated directors (representatives of M.S.C. Bank, Zilla Parishad, CRDB, Government, etc.). The Board delegates some of its powers to various sub-committees of directors such as Executive Committee, Loan Committee, etc. The number of sub-committees formed by the D.C.C. Banks are, neither fixed nor uniform in the state. The number ranges from 2 to 15. So that there is a need to make a provision in the Bye-laws regarding constitution of minimum number and names of sub-committees so as to bring uniformity in all D.C.C. Banks. In this respect it is desirable to have 4 to 6 sub-committees like Ahmednagar D.C.C. Bank. Among other sub-committees, an executive committee was considered as an important sub-committee, for which separate provision in the Bye-laws are laid down. The executive committee was almost formed by all D.C.C. Banks in the state.

It was observed that, for the normal functioning of the D.C.C. Bank almost all types of powers which are laid down in Cooperative Societies Act, were exercised by Board of Directors. However, it was noticed that there is still a need to ensure: (a) regular periodical inspection through its inspectorial staff of all the affiliated societies of the bank, and (b) Dealing
with all cases of arrears and defaults specifically by Aurangabad division banks. The regular periodical inspection of affiliated societies can be preferably done by all D.C.C. Bank by creating a special independent cell viz. "The Audit and Inspection Department" like Ahmednagar D.C.C. Bank.

The chairman of Board of Directors occupies a key position in the organisational setup. At present, the chairman of the Bank may belong to any category of Director.

The managerial group of D.C.C. Banks consists of one Chief Executive Officer viz. managing Director/Manager, Assistant Managers and host of sub-ordinate staff. It was seen that the Chief Executive Officer is the executive authority for all decisions of board of directors and various committees. Under his guidance and supervision various functions of the D.C.C. Bank were performed through various departments viz. Accounts, Legal, Administration, etc. It was seen that the number and name of the department vary from bank to bank and the number of departments were not fixed as per the size of the bank. There was no yard stick or norms which were used for dividing the work of H.O. on functional basis. By considering these aspects, the organisational pattern at managerial level was rightly recommended by Ramkrishna Committee, 1981. But it was not actually implemented by majority of D.C.C. Banks, even though the Government had accepted it. So there is a need to implement the organisational pattern suggested by Ramkrishna Committee (details are mentioned in Chapter - 4) to bring in the uniformity in number and names of departments D.C.C. Banks and ultimately to
secure better operational efficiency in their working.

It was seen that, very few D.C.C. Banks in the state have regional offices, for example, Chandrapur D.C.C. Bank has five regional offices. In such offices, Regional officer seems to be a key person in the organisational setup. He has been provided the assistance of office staff. But, it was found that mostly, D.C.C. Banks are directly controlling the operations of branches through their machinery at H.O.

The organisational setup of branches was different in various D.C.C. Banks. It depends largely on the type and size branches. It was noticed that, different D.C.C. Banks were following different basis for categorisation of their branches. Ultimately, if the suggestions made by Ramkrishna Committee are implemented and followed in right spirit, the operational efficiency of D.C.C. Banks at H.O. and Branch level, will definitely show a better improvement to ensure the orderly functioning of these banks.

ANALYSIS OF OPERATINGS AND WORKING RESULTS

An analysis of operations alongwith working results of D.C.C. Banks in Maharashtra from six divisions has been made in Chapter-5 Section A of this chapter is devoted to analyse procurement of funds and utilisation of funds and working results are analysed in Section B and C respectively.

Funds were procured by D.C.C. Banks from various sources. These sources are : a) Share Capital, b) Deposits, c) Reserves and other funds, d) Loans from RBI/NABARD/S.C.B. and Commercial Bank, and d) Government borrowings. All these sources combined
together are called as 'Funds' in this research study.

It was seen that the share capital of D.C.C. Banks consists of mainly three classes of shares. 'A' class shares were allotted to the State Government and State Co-operative Banks, while 'B' class shares are allotted to Co-operative Societies registered under the Maharashtra State Co-operative societies Act and to individual members (residing in India) 'C' class shares were allotted. So far as share capital as a source of funds is concerned, it was noticed that, a large amount of share capital was raised by all D.C.C. Banks through co-operative societies. This was done by establishing a link between share capital of bank and borrowing societies. The share capitals of all D.C.C. Banks were also found increased in the period of study. This increase was mainly due to share capital contribution by Co-operative Societies.

D.C.C. Banks set aside some portion of profits to reserves to absorb business vicissitudes. The reserve provides a sound financial base and constant long term source of finance. Therefore, Co-operative Societies Act had rightly made it obligatory to create statutory reserve (25% of its Net Profit) and Agricultural Credit Stabilisation fund (15% of Net Profit). It was noticed that besides these two statutory reserves, additional reserves such as Bad and Doubtful Debts Reserve, Special Bad Debts Reserve, Overdue Interest Reserve, Depreciation Reserve, Other Reserves (like Dividend Equalisation Fund, Common Good Fund, etc.) were also created by D.C.C. Banks. So far as the analysis of each type of reserve and other funds is concerned, it
was seen that, over a period of five years under study the 'Bad and Doubtful Debts Reserve' and 'Other Reserve' have increased annually by Rs.14868 thousand (8.75%) and Rs.17845 thousand (9.46%) respectively. It was further noticed that 25.81% and 20.61% of the total amount of reserve and other funds between 1986-87 were solely created by Pune and Nashik division banks respectively. Whereas very low percentage 8.29% and 11.04% of the total amount of reserves were made by Nagpur and Amravati division banks. It means proper attention was given by the Pune and Nashik division banks for creating reserves which ultimately strengthened the financial base of the organisation by building up its own funds. The efforts in this direction need to be improved by Nagpur and Amravati division banks.

As per the objectives, D.C.C. Banks are required to mobilise the rural savings. Deposits were collected by D.C.C. Banks from affiliated Co-operative Societies, Individuals, Firms, Companies and from local bodies and Government Institutions. The study showed that, deposits were collected primarily through affiliated co-operative societies and from individuals. During the year 1986-87 46.30% and 42.89% of total amount of deposits of the state were collected from affiliated co-operative societies and individuals respectively. Divisionwise analysis showed that, on an average 75% of the total deposits were collected by D.C.C. Banks form Pune, Nashik and Bombay divisions (Western Maharashtra). It is clear from this that Pune, Nashik and Bombay division banks have succeeded to a very large extent in mobilising sizable deposits. On the other hand there is a need to
improve the deposit position of Nagpur, Amravati and Aurangabad division banks.

Further it was also seen that D.C.C. Bank accepts various types of deposits viz. Current Deposits, Saving Deposits, Fixed Deposits, Reserve Fund Deposits and Other Deposits (such as suspense deposits, staff provident fund deposits, staff security deposits, etc.). It was revealed that, the amount collected by fixed deposits accounts for comparatively higher share in total deposits of the state followed by saving and current deposits. Divisionwise analysis indicated that, comparatively high fixed deposits were collected by Pune and Bombay division banks whereas large saving deposits were collected by Nashik, Aurangabad, Amravati and Nagpur division banks. As far as yearly growth rate is concerned this study shows that, on an average the growth rate of deposit is 20%.

In the capital structure of D.C.C. Banks, borrowings from agencies such as RBI/NABARD/S.C.B., Government and commercial banks occupy an important place. In the composition of total funds on 30.6.87, 33.92% funds were procured by D.C.C. Banks through borrowings. Out of the various agencies, loan from RBI/NABARD/State Co-operative Bank, was considered as only and significant source of external borrowings on which all D.C.C. Banks relied mostly. Thus, deposits and borrowings, which comes under the category of borrowed funds are the main sources of procurement of funds for D.C.C. Banks.

Section B of the Chapter deals with utilisation of funds. Particularly in this section an attempt was made to study the
managerial practice and its effectiveness in channelising and its the funds in different forms of loans for various agricultural and non-agricultural purposes. Funds raised through various sources are utilised mainly for the purpose of investments and loans and advances. D.C.C. Banks are required to disburse S.T. and M.T. Credit to their affiliated co-operative societies as per their objectives.

Out of the total amount of investments, 49% amount was used for making other investments which includes shares of higher financing banks and of other co-operative institutions, shares in companies, investment of staff security deposits, investment of provident fund deposits, etc. It was seen that, investment in (a) Other trustee securities, (b) fixed deposits with institutions other than banks and (c) other investments made by D.C.C. Banks has increased and on the other hand investment in debentures of Land Development Bank (now called as Co-operative Agricultural and Rural Development Bank) showed decreasing trend.

According to Bye-laws of the D.C.C. Banks, loans shall be granted only to affiliated co-operative societies. Loans shall include various types of S.T., M.T. and L.T. loans and that to for the purposes approved by the NABARD/the co-operative departments of the State of Maharashtra and State Co-operative Bank. It was noticed during the research that D.C.C. Banks have provided major loans for short term period.

The study shows that the loans and advances given to co-operative societies were higher than loans given to individuals and others. Of the total finance on 30.6.87, 93.94% finance was
provided by D.C.C. Banks to co-operative societies. This was the right step taken by the D.C.C. Banks in tune with their objective.

The divisionwise study revealed that, Nashik division banks have provided maximum finance to co-operative societies while Bombay division banks have provided more finance to individuals and others. Maximum facilities of Cash Credit were found utilised by Pune, Nashik division, while contrary position in this respect was disclosed by Amravati and Nagpur division banks.

It was seen during the period of study that, more than 50% of total D.C.C. Banks (16 out of 30 D.C.C. Banks) had rightly neglected the issuing of consumption loans. Aurangabad division banks have completely neglected this finance. D.C.C. Banks which have issued consumption load had issued it for short term period.

It is clear from the above that almost all D.C.C. Banks utilise funds for disbursement of loans of S.T. nature to co-operative societies.

The working results of D.C.C. Banks were studied (Section C) in respect of (a) Profit or Loss (b) Dividend declared and (c) number of branches working at profit or loss.

As far as profit is concerned, it was seen that, all D.C.C. Banks have made profit during the period under study. Pune division banks were at the top while Amravati and Nagpur division banks lagged behind in respect of earning profits.

Number of D.C.C. Banks which declared dividend during the period of study, ranges form minimum 13 to maximum 17. In the year 1986-87, 17 banks have declared dividend, out of which 9
D.C.C. Banks have declared dividend constantly, majority of them come under Pune and Nashik division. It indicates that Pune and Nashik division banks were always in a position to declare dividend. While other 9 banks which had not declared dividend throughout the period of study comes under Nagpur, Aurangabad and Amravati division. Further it was seen that, maximum upto 5% dividend was declared by Nagpur, Aurangabad and Amravati division banks. While Banks from Bombay, Pune and Nashik division have declared dividend above 5% but upto 12%.

As regards working of branches was concerned, number of branches that were in losses were on the increase. It seems from the above that even though number of branches in losses are increasing the bank as a whole is in profit.

MANAGEMENT OF PERSONNEL

In the Chapter-6, an attempt has been made to study (a) the organisational setup of personnel department in D.C.C. Banks, (b) the recruitment of personnel in D.C.C. Banks, (c) their training, promotions and (d) employer-employee relations.

During this research it was noticed that, in Maharashtra almost all D.C.C. Banks have a separate department to look after policies and matters pertaining to the bank personnel and the organisational setup of personnel department these banks differs form bank to bank.

Out of four categories of employees namely - managers, officers, clerks and subordinates, it was seen that, recruitment of managers and officers is made through internal promotions. On the other hand, vacancies of clerical and subordinate staff are
filled by appointing fresh candidates.

No uniform practice in the matter of recruitment of clerks has been followed by D.C.C. Banks. It was observed that generally the practice of holding of written test and interviews was followed by D.C.C. Banks for recruitment. The minimum qualification ranges from S.S.C. to Graduation for the post of clerk. Regarding sources of recruitment viz. Employment Exchange, advertisement, direct recruitment, etc. D.C.C. Banks are following different practices. It was revealed that, the uniformity with rational procedure, in recruitment of clerks and subordinate is possible only after the implementation of Ramkrishna Committee's recommendation (details mentioned in Chapter-6) in this regard.

Regarding training of personnel it was noticed that, D.C.C. Banks never undertook any assessment of training requirements. Limited awareness was seen in most of D.C.C. Banks regarding the need for imparting training to its personnel. On job training, inservice training and deputation are the three types of training being provided by D.C.C. Banks. The proportion of trained staff to total staff is very low. No in-house training is provided to the employees of D.C.C. Banks.

The study showed that, in most of the banks the basis of promotion appears to be seniority cum merit. The promotion policy was not formulated by all D.C.C. Banks. Different qualifications and service conditions are seen as pre-requisite for promotion but none of the bank has categorically prescribed the specific
training requirement or a job knowledge as pre-requisite for promotion.

While giving promotion to higher grades no definite procedure was seen to assess the seniority-cum-merit cum suitability of the person to be promoted.

D.C.C. Banks like Bombay D.C.C. Banks, who's promotion policy is finalised in agreement with representative Unions of the banks, and found implemented willingly in a right spirit.

It was noticed that employees of every D.C.C. Bank in the state have formulated their own representative union. Mutual cooperation between union and directors of D.C.C. Bank was seen, because of which, union management relations did not pose a serious problem.

MISCELLANEOUS PROBLEMS

In the Chapter-7 the miscellaneous problems faced by the management of D.C.C. Banks, while performing banking functions, were identified and analysed. These problems mainly include: Recoveries and overdues, Bad and Doubtful Debts, Increasing Cost of Management and Audit Classification.

Adequate and timely recovery of loan is utmost needed for the sound functioning of D.C.C. Bank. For judging the recovery performance of the D.C.C. Banks the indicators considered are: percentage of Recovery to Demand, percentage of Bad and Doubtful Debts to total overdues and overdues over three years.

It was noticed during the period of study that, the percentage of recovery of principal amount of loan against demand of all D.C.C. Banks in the state of Maharashtra was decreasing.
(In 1982-83 it was 55.86% and 1986-87 it reduced up to 51.76%)

While the recovery performance of interest amount was high against the demand. The recovery of interest was around 80% of demand of interest in the period of study. It shows that all D.C.C. Banks in the state proved more efficient in recovering the amount of interest on loans and advances than the actual recovery of principal amount of loan. The overall recovery rate of principal amount of loan of all D.C.C. Banks in the state was 54% in the period of study.

According to the recovery performance, D.C.C. Banks in the state were bifurcated in two parts namely, Western Maharashtra and Eastern Maharashtra. The performance of D.C.C. Banks form Western Maharashtra i.e. from Pune, Nashik and Bombay division, was better as compared to D.C.C. Banks from Eastern Maharashtra i.e. from Nagpur, Aurangabad and Amravati division. It clearly shows the bifurcation of the state based on recovery performance.

It was noticed that maximum recovery of loans in the state was made by banks from Poona division followed by Nashik division banks.

Further, it was seen that, overdues of all D.C.C. Banks regarding all types of loans increased every year. Overdues in respect of short term loans showed the highest as compared to overdues in respect of Medium term loans and cash credits and overdrafts. During the period of study more than 75% of the total overdues belonged to S.T. loans and advances. Amravati division banks accounts for highest overdues in total S.T. overdues of the state.
As overdues are considered as main parameter in evaluating the performance of D.C.C. Banks, the position of overdues of D.C.C. Banks in 17 states of the country (where the three tier co-operative credit structure is in existence) was also considered. The study 1 shows that, the average percentage of overdues to demand of D.C.C. Banks from Maharashtra was much bigger than the average percentage that was shown by D.C.C. Banks from 17 states. This clearly indicates the seriousness of problem of overdues of D.C.C. Banks in Maharashtra. On the other hand Kerala D.C.C. Banks showed lowest overdues in the state. The basic reason reported behind this success was the close co-operation and co-ordination between officials and non-officials to have an effective campaign of recovery of overdues. The D.C.C. Banks from Maharashtra needs to make efforts in this direction.

As far as Bad and Doubtful Debts are concerned, the study shows that it arises out of overdues. More specifically the three original factors from which bad debts may arise are: long standing overdues, bad and unrealisable assets and long standing overdues with the societies under liquidation. A large amount of bad and doubtful debts was noticed against loans and advance, as compared to bad and doubtful debts against other assets. In the year 1986-87 total bad and doubtful debts form 9.02% of total overdues. No amount of bad debts against other assets were shown by Pune, Nashik and Bombay D.C.C. Banks.

Further, it was seen that Bad and Doubtful Debts against loans and advances of all D.C.C. Banks were enhanced continuously.

1. On the basis of the Statistical Information provided by NAFSCOB, Bombay.
every year. Eventhough, except Bombay division D.C.C. Banks, all
division banks had indicated rise in the amount of bad and
doubtful debts against loans and advances. In which, rise shown
by Aurangabad, Amravati and Nagpur division banks was high.
Ultimately, bad and doubtful debts since it is written off,
results into erosion of assets of D.C.C. Banks.

In the period of study the amount of dues against societies
under liquidation was found negligible (2.34% in 1986-87) as
compared to total of overdues the state.

As far as amount of overdues over three years are concerned,
it was seen that the percentage of overdue over three years to
total overdues of all D.C.C. Banks comes to around 20%. Every
year the increasing trend was noticed in overdues over three
years of all D.C.C. Banks in the state. It is clear from this
that, D.C.C. Banks are lacking behind in taking recovery steps to
clear the overdue cases in time. the lowest proportion regarding
the pending cases of overdues over three years to total overdues
was disclosed by Nashik banks.

Cost of Management indicates all the items of expenses
incurred to manage the D.C.C. Banks. The Cost of Management
consist of the salaries, rent, depreciation on fixed assets and
other expenses (such as Land charges, Postage and Telegrams,
etc.). During the period of study the increase was noticed in all
items of cost of management. But, the increase disclosed by the
item salaries and other expenses was very high.

Larger part of total cost of management is incurred on
salaries by all D.C.C. Banks in the state. The expenditure made
on salary alone contributes about 50% of the total Cost of Management during the period of study.

As the Cost of Management is an important operation cost of D.C.C. Bank, its relationship with working capital (i.e. capital employed) and the profit is examined in the context to study the efficiency of management of these banks.

The average percentage of cost of management to working capital showed by all D.C.C. Banks in Maharashtra was 3.86% during the period of study. The cost of management as a percentage of working capital was found higher (more than 6.50%) in case of Bombay and Nagpur division banks, while it was lower in case of Pune (below 2.55%), Nashik and Aurangabad (below 3.25%) division banks.

The percentage of cost of management to profit of all D.C.C. Banks in Maharashtra ranges from 794.34% to 1152.09% in the period of study. It means the cost of management of D.C.C. Banks was tremendously higher as compared to their profits. It also shows that the income earned by D.C.C. Banks was eaten by the cost of management. The divisionwise performance of D.C.C. Banks in this respect shows that the cost of management as a percentage of profit was higher, in case of Nagpur, Amravati and Aurangabad division banks, while it was found lower in case of Pune and Nashik D.C.C. Banks. Thus there is a scope to improve managerial efficiency in this respect.

Audit classification can also be considered as yardstick to measure overall efficiency of management of D.C.C. Banks. During the period of study all D.C.C. Banks from Pune, Nashik and Bombay
(except one D.C.C. Banks) division were placed in class 'A' while most of the D.C.C. Banks form Nagpur, Amravati division banks were placed in audit class B or C. In Aurangabad division 4 out of 7 were placed in A class, 2 in B class and 1 in C audit class.

As per the Bye-laws one of the objective of the D.C.C. Banks is open branches. Total branches of all D.C.C. Banks including H.O. were 2000 in the year 1982-83 and were rose up to 2547 in the year 1986-87. It shows that number of branches were increasing. Maximum number of branches were shown in Nashik and Pune division banks. Out of total 2547 branches on 30.6.87, 1344 branches belong to Pune and Nashik division. Lowest number of branches were seen in Bombay and Nagpur division banks which needs improvement in this respect.

CONCLUSION

The co-operative credit movement in Maharashtra made a slow start as compared to that in Northern India. The first primary Urban Credit Co-operative Society was registered in 1906 at Bombay. This society was converted into Bombay Central Co-operative Bank in the year 1911. During 1911-1924 about 14 central societies classified as urban were established at Bombay, Surat, Dhule, Ahmednagar, etc. As a result of the organisation the number was reduced to 11 in 1946-47. As per the recommendations of All India Rural Credit Survey Committee, 1954, 'One District one Bank" principle was followed. As a result of this recommendation, the reorganisation of the state of Maharashtra and the establishment of Apex Bank at Bombay, the number of D.C.C. Banks further rose to 23 in 1955-56. At the end
of the year 1987. 30 D.C.C. Banks were working in the state of Maharashtra. With regard to the growth of D.C.C. Banks, the cooperative movement in Maharashtra state had made rapid progress. It had 2156 branches (including H.O.) by 1987 and owned funds were Rs.14200 lakhs. It had a total membership of 67,000 including 42,000 society members.

The statistics during the period of research shows that 59.57% of the total credit needs of the state of Maharashtra are met by D.C.C. Banks alone. So far as the mobilisation of savings is concerned, 14.26% of total deposits of the state were collected by D.C.C. Banks. This speaks the distinct and important role played by D.C.C. Banks. The development and growth of cooperatives at village level to a large extend depends on the favourable policies of D.C.C. Banks.

It was revealed that Nagpur, Amravati and Aurangabad division banks are weak in their operational performance. In order to usher professionalisation in management of D.C.C. Banks, it is suggested to formulate a state level federation of D.C.C. Banks in Maharashtra. The formation of federation will directly contribute to improve the efficiency of D.C.C. Banks. The Federation of D.C.C. Banks may help to bring in uniformity and consistency in functional management of D.C.C. Banks. Through the programmes of employee training and management development a better performance can be achieved. The most important gain out of this would be sharing of experience and better feel of

2. Source : Bank of Maharashtra, Convenor, State level Bankers committee of Maharashtra.
3. It includes loans distribution for Agricultural and allied activities.
practices by the members and directors both as individuals and as authorities.

The problems such as overdues, cost of management, bad debts, etc. can further be analysed, enquired and formulated in proper micro level perspectives. This in turn may lead to ways and means to monitor and to control the banking operations as well. There is thus a need to provide proper attention to management of D.C.C. Banks as they play a unique role in nurturing the co-operative movement.

* * * * *

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APPENDIX - I

MAP SHOWING HEAD OFFICE AND BRANCHES OF DISTRICT CENTRAL CO-OPERATIVE BANKS IN MAHARASHTRA.

ON 30-6-1987 - TOTAL BRANCHES (INCLUDING H.O.) = 2547

MAHARASHTRA STATE:-

<table>
<thead>
<tr>
<th>Division</th>
<th>No. of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOMBAY DIVISION</td>
<td>194</td>
</tr>
<tr>
<td>PUNE DIVISION</td>
<td>619</td>
</tr>
<tr>
<td>AURANGABAD DIVISION</td>
<td>467</td>
</tr>
<tr>
<td>NAGPUR DIVISION</td>
<td>205</td>
</tr>
<tr>
<td>NASIK DIVISION</td>
<td>725</td>
</tr>
<tr>
<td>AMRAVATI DIVISION</td>
<td>337</td>
</tr>
</tbody>
</table>

Division Headquarters • District Headquarters • Branches shown in each division.
APPENDIX - 2

MAP SHOWING NUMBER OF BRANCHES OF POONA DISTRICT CENTRAL CO-OPERATIVE BANK LTD. POONA ON 30-6-1991

(REGION WISE) TOTAL BRANCHES - 188 (INCLUDING NO.)

* NO. OF BRANCHES IN REGION.