Chapter - II

Objectives, Research Methodology and Hypothesis of the Study
CHAPTER II

OBJECTIVES, RESEARCH METHODOLOGY AND HYPOTHESES OF THE STUDY

2.1 INTRODUCTION

The Co-operative banks have a history of almost 100 years. The Co-operative banks are an important constituent of the Indian Financial System, judging by the role assigned to them, the expectations they are supposed to fulfill, their number, and the number of offices they operate. The co-operative movement originated in the West, but the importance that such banks have assumed in India is rarely paralleled anywhere else in the world. Their role in rural financing continues to be important even today, and their business in the urban areas also has increased phenomenally in recent years mainly due to the sharp increase in the number of primary co-operative banks.

Banks play an important role in development of Indian economy. After liberalization, the banking industry underwent major changes. The economic reforms totally have changed the banking sector. RBI permitted new banks to be started in the private sector as per the recommendation of Narasimham committee. The Indian banking industry was dominated by public sector banks. But now the situations have changed. New generation banks with use of technology and professional management have gained a reasonable position in the banking industry. In this paper we look at the type of banks, their role and functioning, Establishment and Role of India's Central Bank - RBI and the recent banking reforms.
While the co-operative banks in rural areas mainly finance agricultural based activities including farming, cattle, milk, hatchery, personal finance etc. along with some small scale industries and self-employment driven activities, the co-operative banks in urban areas mainly finance various categories of people for self-employment, industries, small scale units, home finance, consumer finance, personal finance, etc.

Some of the co-operative banks are quite forward looking and have developed sufficient core competencies to challenge state and private sector banks.

According to NAFCUB the total deposits & lending of Co-operative Banks is much more than Old Private Sector Banks & also the New Private Sector Banks. This exponential growth of Co-operative Banks is attributed mainly to their much better local reach, personal interaction with customers, and their ability to catch the nerve of the local clientele.

2.2 WOMEN AND POVERTY

More than 1 billion people in the world today, the great majority of whom are women, live in unacceptable conditions of poverty, mostly in the developing countries. Poverty has various causes, including structural ones. Poverty is a complex, multidimensional problem, with origins in both the national and international domains. The globalization of the world's economy and the deepening interdependence among nations present challenges and opportunities for sustained economic growth and development, as well as risks and uncertainties for the future of the world economy.
Transformations in the world economy are profoundly changing the parameters of social development in all countries. One significant trend has been the increased poverty of women, the extent of which varies from region to region. The gender disparities in economic power sharing are also an important contributing factor to the poverty of women. Migration and consequent changes in family structures have placed additional burdens on women, especially those who provide for several dependants.

The application of gender analysis to a wide range of policies and programmes is therefore critical to poverty reduction strategies. In order to eradicate poverty and achieve sustainable development, women and men must participate fully and equally in the formulation of macro economic and social policies and strategies for the eradication of poverty.

The eradication of poverty cannot be accomplished through anti-poverty programmes alone but will require democratic participation and changes in economic structures in order to ensure access for all women to resources, opportunities and public services.

Poverty has various manifestations, including lack of income and productive resources sufficient to ensure a sustainable livelihood; hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increasing morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion.

It is also characterized by lack of participation in decision making and in civil, social and cultural life. It occurs in all countries – as mass poverty in
many developing countries and as pockets of poverty amidst wealth in developed countries.

In the past decade the number of women living in poverty has increased disproportionately to the number of men, particularly in the developing countries.

The risk of falling into poverty is greater for women than for men, particularly in old age, where social security systems are based on the principles of continuous remunerated employment. In some cases, women do not fulfill this requirement because of interruptions in their work, due to the unbalanced distribution of remunerated and unremunerated work. Moreover, older women also face greater obstacles to labour-market re-entry.

Women's poverty is directly related to the absence of economic opportunities and autonomy, lack of access to economic resources, including credit, land ownership and inheritance, lack of access to education and support services and their minimal participation in the decision making process. Poverty can also force women into situations in which they are vulnerable to sexual exploitation.

In addition to economic factors, the rigidity of socially ascribed gender roles and women's limited access to power, education, training and productive resources as well as other emerging factors that may lead to insecurity for families are also responsible.

Women contribute to the economy and to combating poverty through both remunerated and unremunerated work at home, in the community and
in the workplace. The empowerment of women is a critical factor in the eradication of poverty.

Particularly in developing countries, the productive capacity of women should be increased through access to capital, resources, credit, land, technology, information, technical assistance and training so as to raise their income and improve nutrition, education, health care and status within the household. The release of women's productive potential is pivotal/crucial to breaking the cycle of poverty so that women can share fully in the benefits of development and in the products of their own labour.

2.3 WOMEN AND GLOBALIZATION

In early 1990s the Indian economy had witnessed dramatic policy changes. The idea behind the new economic model known as Liberalization, Privatization and Globalization in India (LPG), was to make the Indian economy one of the fastest growing economies in the world. An array of reforms was initiated with regard to industrial, trade and social sector to make the economy more competitive. The economic changes initiated have had a dramatic effect on the overall growth of the economy. It also heralded the integration of the Indian economy into the global economy.

The mixed impact of globalization on Women is:

❖ Trade openness increases share of women's paid employment but they are also the first to lose their jobs when economic crunches occur.
Women predominate informal sub-contracting, which is on the rise, but this is associated with low wage and poor working conditions.

Women also predominate home, part and tele work that accommodates family care obligations but these jobs are precarious and poorly paid.

Women are getting a substantial proportion (nearly 20%) of relocated software services in the region – in India. All it takes a smaller amount of capital to start up businesses in remote processing work, women find new opportunities in self employment as sub contractors of global corporations.

Women are now having possibilities of flexible location and flexible hours, through tele-working or with the use of neighbourhood centres. It also allows women to have new forms of business; such as selling telephone services and internet services through internet and telephone kiosks or cellular phones. There are examples of such initiatives in India and in Bangladesh.

These potentials become really only when the policy makers can create an enabling environment of:

- Access to infrastructure such as adequate connectivity and low cost telephones.
- Industrial innovations, such as tele-centres or internet kiosks that facilitate commercial and affordable use of new technologies.
An adequate pool of skilled women workers with literacy in English and computing, in order to be employed in the new economy or be self-employed e.g. as an entrepreneur of telephone shops or internet kiosks.

Access to business information and the skill to identify market niche.

2.4 NEED & IMPORTANCE OF THE STUDY

The researcher has selected the said topic of research in order to study the role of Mahila Nagari Sahakari Banks Ltd. Working in the economy in empowerment of women for various reasons.

1. The objects for which women cooperative banks are established whether it is really achieved or not?

2. Whether the women are offered financial assistance for the employment opportunities or to establish their own business houses.

3. What are the various problems faced by the such type of banks, especially in granting loans and its recovery.

4. Any special concession whether has been offered by the Government and RBI to these banks is a matter of study.

5. How these banks are being managed and functioning in the economy.
The researcher has selected the geographical area of two regions in Maharashtra: One is developed Western Maharashtra and the other is less developed Marathawada. The researcher has selected Pune city from Western Maharashtra and Nanded from Marathawada. This is a deliberate attempt made by the researcher in order to study the problems in two different extremes. However as stated earlier the problems of women entrepreneurs and members are uniform all over the state. But in order to analyze the functioning of these banks in two varied region may put forth some suggestions for the growth of these banks in balanced manner and shall help to proceed in right direction. Accordingly this attempt has been made by the researcher.

**Market share of UCBs**

As on March 31, 2009 there were 1853 UCBs, 55 scheduled commercial banks, 15 Regional Rural Banks (RRBs) and 130 Rural Cooperative Banks (including 31 State Cooperative Banks and 367 District Cooperative Banks) in India. An analysis of market share of various bank groups indicates that the share of UCBs in total bank deposits is relatively low. Nevertheless, their market share grew steadily from 3.3% in 1990-91 to a high of 6.6% in 1999-2000, and on 31st March 2009 the share stood at 9.7%.\(^1\)

### 2.5 OBJECTIVES OF THE STUDY

The cooperative movement in general and cooperative banks in particular has come of age and is now by and large well established. These
banks are mopping up the savings of the community and using it for financing particularly the small entrepreneurs and middle class people. These cooperative banks have off late crossed the state borders and there are few multi state cooperative banks. Considering the reach of these banks the researcher has considered appropriate to study the structure, organization and management of the banks. During this decade number of urban cooperative banks particularly in the State of Maharashtra have been under shadow and the confidence of the stake holders and the depositors has been shaken. This has reflected on the weaknesses of the managements of these banks. It is on this back drop the researcher proposes to study the management of these banks in greater detail.

For quite some time there are few women's bank which have been established to cater to the needs of the women entrepreneurs and to provide a special banking institution wherein the women's will receive priority in meeting their all banking requirements. Since these banks have been created for specific purpose of extending helping hand to the women it has now become relevant to assess realistically whether the objectives for which these women banks have been established are fulfilled or otherwise. For this purpose the researcher has proposed analyze the performance of the two identified banks in Pune and Nanded District of the State of Maharashtra. For this purpose the growth of these banks for over the past five years has been analyzed in this study and meaningful conclusions have been drawn.
Objectives of the Study

a. To study the structure, organization and management of the Mahila Nagari Sahakari Banks.

b. To analyze the role played by Mahila Nagari Sahakari Banks for economic upliftment of the women members and account holders.

c. To study the overall growth of these banks.

d. To study the problems of identified Mahila Nagari Sahakari Banks.

e. To provide possible and practical solution/s for the problems of Mahila Nagari Sahakari Banks.

2.6 SCOPE OF THE STUDY

The scope of the study is related to the Mahila Nagari Sahakari Banks. The period of the study is 2004-05 to 2008-09. The geographical area under the study is Pune and Nanded cities. The two cities represent two extremes in Maharashtra. Pune city is the developed metro from Western Maharashtra and Nanded city represents the area from less developed Marathawada Region.

2.7 RESEARCH METHODOLOGY

The study is based on both types of data i.e. primary data and secondary data is utilized.

Primary Data

- Personal interviews: The researcher has interviewed the key personnel in the management of these identified banks, cross
section of the customers of these banks availing varied services from the banks.

❖ A well designed questionnaires have been used to collect the information from customers, employees and authorities of these banks.

Secondary Data Collection

❖ Previous published references both in the form of books, journals, periodicals, magazines, and web sites, have been studied.

❖ The annual reports of the banks.

Sampling Stages

In the first stage the heads of the Mahila Sahakari Banks have been interviewed to have first hand information about these banks and to know their branch network, customer base, types of services rendered by these banks which will be forming the basis for formulating a questionnaire.

In the second phase a well designed questionnaire will be administered to the randomly identified branch managers, other staff and a cross section of the customers of these banks from both the genders.

Sample Size

Keeping in view the sizes of these banks the researcher has undertaken interviews of all the heads of the identified Banks, 25% of the
branch heads, 15% of the staff of the bank and 10% customers who visited the bank on the date of interviews of the staff.

Table No. 2.1: Sample Size

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Bank</th>
<th>No. of Branches selected. Total branches figure is given in the Bracket *</th>
<th>No. of branches identified &amp; % to total branches</th>
<th>No. of staff</th>
<th>No. of staff identified &amp; % age of the staff</th>
<th>Customers who visited the Bank on the date of visit</th>
<th>No. of customers identified for interview % of the customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bhagini Nivedita</td>
<td>4 (12)</td>
<td>25%</td>
<td>30</td>
<td>15%</td>
<td>60</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>Bhagyalaxmi</td>
<td>3 (10)</td>
<td>25%</td>
<td>10</td>
<td>15%</td>
<td>30</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>Jijamata Mahila Bank</td>
<td>3 (10)</td>
<td>25%</td>
<td>10</td>
<td>15%</td>
<td>50</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10</td>
<td>50</td>
<td>140</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Including Head Office

2.8 FINANCIAL DATA ANALYSIS TOOLS

The purpose of the data analysis and interpretation phase is to transform the data collected into credible evidence about the development of the intervention and its performance.

Analysis can help answer some key questions

Has the program made a difference?

❖ How big is this difference or change in knowledge, attitudes, or behavior?

This process usually includes the following steps:

❖ Organizing the data for analysis (data preparation)
❖ Describing the data
Interpreting the data (assessing the findings against the adopted evaluation criteria)

Where quantitative data have been collected, statistical analysis can:
- help measure the degree of change that has taken place
- allow an assessment to be made about the consistency of data

Where qualitative data have been collected, interpretation is more difficult.
- Here, it is important to group similar responses into categories and identify common patterns that can help derive meaning from what may seem unrelated and diffuse responses.
- This is particularly important when trying to assess the outcomes of focus groups and interviews.

It may be helpful to use several of the following 5 evaluation criteria as the basis for organizing and analyzing data:

- **Relevance**: Does the intervention address an existing need? (Were the outcomes achieved aligned to current priorities in prevention? Is the outcome the best one for the target group.)
- **Effectiveness**: Did the Intervention achieve what it was set out to achieve?
- **Efficiency**: Did the intervention achieve maximum results with given resources?
- **Results/Impact**: Have there been any changes in the target group as a result of the intervention?
❖ **Sustainability:** Will the outcomes continue after the intervention has ceased?

The researcher has kept all these aspects in mind and has used the requisite tools to analyze the data collected and to present it with a view to facilitate its easy understanding.

Financial statements are usually the final output of a company's accounting operations. These statements contain information relating to the revenues, expenses, assets, liabilities and retained earnings of the business. Business owners often pay close attention to this information since the statements can provide detailed information about the company's operational performance. Many business owners and managers use specific analysis tools to closely review their company's financial statements for decision-making purposes.

**Financial Ratios**

A traditional financial statement analysis tool is financial ratios. These ratios take information from the company's financial statements and calculate economic indicators for comparison to another company or the industry standard. Financial ratios include liquidity, asset turnover, financial leverage and profitability calculations. Liquidity ratios calculate the company's ability to meet short-term financial obligations. Asset turnover ratios indicate how well the company uses its assets to generate profits. Financial leverage ratios calculate the long-term solvency of a company. Profitability ratios help companies determine how much profit they are generating from the sale of
various goods or services. The researcher has used this tool to analyze the various financial indicators.

**Horizontal Analysis**

A horizontal financial statement analysis compares current financial statements to a previous year's financial information. Banking companies often conduct this analysis by putting several years of financial statements in a side-by-side comparison format. This enables business owners and managers to review the same month over several years to determine if revenues, expenses, assets or liabilities have increased, decreased or stayed the same. Banking companies can also use a horizontal analysis to compare changes in amounts or a percentage change when comparing financial statements.

**Vertical Analysis**

A vertical financial statement analysis is conducted using common size financial statements. A common size financial statement shows each item on a financial statement in a percentage figure for each statement line item. A vertical analysis gives managers a different option for reviewing financial information; managers may be more comfortable looking at percentages rather than dollar amounts. The percentage figure represents how individual line-item amounts compare to the aggregate total of the financial statements. For example: business owners or managers may wish to know what percentage office supplies were out of the total expenses reported on the
financial statements date income statement. A common size statement would divide financial statements total office supplies expense by the total expenses listed on financial statements income statement. This percentage is then listed where the office supplies expense amount would be on the financial statement.

**Trend Percentage Analysis**

A trend percentage analysis is an enhanced horizontal analysis technique. Trend percentage analyses help companies identify consistent revenues or expenses from past accounting periods. These trends can help managers make business decisions regarding future operations. Banking companies will use a specific financial statement as a base year for comparing all future financial statements. Changes for each future time period are expressed as a percentage when compared to the base financial statement. Companies can conduct a trend percentage analysis at various times of the year or use different financial statements as the base during this comparison process.

The collected information has been analyzed and interpreted by various techniques such as tabular and graphical presentation, percentages, comparative analysis of Asset classification etc.
2.9 HYPOTHESES

1. Mahila Nagari Sahakari Banks have helped in providing financial assistance to women which has resulted in the development of women entrepreneurs.
2. Mahila Nagari Sahakari banks are properly managed by women.
3. Mahila Nagari Sahakari Banks have provided base for social justice.
4. These banks require special assistance from R.B.I. / Apex Bank.

2.10 CHAPTER SCHEME

The study is presented through VIII chapters which are as under:

Chapter I Introduction

Chapter II Objectives, Research Methodology and Hypotheses of the Study

Chapter III Review of literature

Chapter IV a) Profile of Pune & Nanded District:

b) Profiles of
1) Bhagini Nivedita Sahakari Bank Ltd. Pune
2) Jijamata Mahila Sahakari Bank Ltd. Pune
3) Bhagylaxmi Mahila Sahakari Bank Ltd. Nanded

Chapter V a) Analysis and working and performance of Mahila Nagari Sahakari Banks in Pune & Nanded District.

b) Role of Mahila Urban Cooperative Banks in Empowerment of women and the poor

Chapter VI Comparison of the Mahila Nagari Sahakari Banks in Pune and Nanded city

73
2.11 LIMITATIONS OF THE STUDY

The study is related to overall working of Mahila Nagari Sahakari Banks. However, for the purpose of collection of data and effective interaction with the managements of the identified banks has restricted to Pune and Nanded city. The time period is for five years that is from 2004-05 to 2008-09. However the conclusions drawn will be uniformly applicable with little bit of modification depending upon the special consideration if required, for all the Mahila Nagari Sahakari Banks working in Maharashtra.

1 Dr. H. N. Kunden, (June 2009) Progress of UCBs in Pune District, Pub. Pune District UCB Association Ltd.