# Chapter 1

## Introduction and Research Methodology

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Chapter 1

Introduction and Research Methodology

1.1 Introduction

Cooperation is one of the most important pillars in the development of the nation and the progress of nation is impossible without the cooperation. But after introduction of NER it becomes difficult to cooperative sector banks to survive in banking sector without the support of information and communication technology. ICT is the bye-product of IT sector but due its features of speed, accuracy, efficiency, cost reduction and competitive advancements, it is essential for all types of banks to adopt it and to provide techno-based self-enabled services to its customers. Private sector banks are leading in the business strategy with the help of technology that they are profit oriented but today it is necessity of all banks to adopt this technology as a business strategy. Cooperative sector banks are service oriented and also have greater impact of management that resulted into slow adoption and development of banks; thus the researcher tried to show the present scenario of cooperative banking.

The researcher classified this chapter between two parts: first is of Introduction and second is of Research Methodology. The first part of Introduction started with Co-operative movement resulted in establishment and development of Co-operative Banks, and ends with new avenues in banking sector. The second part of this chapter included to Research Methodology which included problem statement of the research work with objectives of the research study, hypotheses of the study, justification of study, scope of the study and limitations of the study, research samples, sampling methods, statistical methods, etc. In this research the researcher focused on working terms of banking technologies that customers independently use for banking transactions without any interaction with bank employees and present scenario of E-banking services in co-operative banks in Nashik district.

1.2 Emergence of Co-operative Movement

In England, Robert Owen (1771-1858) has given an idea of ‘self-help through mutual help’ to control the exploitation of the society. During the industrial
revolution, this idea had given direction to the persons belongs from the class of exploitation. From that period, there has been always struggle for fairness, justice, freedom and equality. In 1844, 'The Rochdale Equitable Pioneers Society' was registered and established for world-wide self-help movement. These societies were competed effectively with economically more powerful money-lenders and traders.

The origin of cooperative movement was raised due to situation of crisis, exploitation and sufferings. According to Rochdale Pioneers, 'social and economic progress is impossible without cooperation'. On this basis Robo bank (Netherland) and D.G. Bank (Germany) were established. Today there is no any country which is not covered with cooperative sector and there was no area of economic activity where co-operative principles have not yet registered a mark.

1.2.1 Cooperative Movement in India

Cooperative movement in India is one of the largest movements in the world that it has been in existence for over a century and which has made tremendous progress in every aspects of the Indian economy. According to many critics, 'the movement is an utter failure and should be scrapped and the movement has done nothing to abolish poverty of the rural masses nor has to contribute to increase agricultural production, to establish better marketing conditions, better living, etc'. It has to reduce and to eliminate the rapacious money-lender from the rural area. The utter insignificance of the co-operative movement was indicated by the fact that in 1954 (exactly after 50 years of its existence) the co-operative institutions supplied just 3 % of the farmers. The All-India Rural Credit Survey Committee (1954) stated: "Co-operation has failed, but co-operation must succeed." Since then, Government and the Reserve bank have taken active interest and thus the cooperative movement has made great progress. The progress in the last four decades is much more than the progress which was achieved in the first 50 years of its emergence.

1.2.2 Co-operative Movement in Maharashtra

In Maharashtra, cooperative sector become an important weapon for solving various problems of farmers, such as lack of availability of credit for small farmers, heavy burden of money lenders, inability to repay debts due to crop loss, high rate of interest charged by the money lenders, rising cost of cultivation, etc. All the above mentioned causes are resulted in poor performance of the agricultural sector, decreasing standard of living of farmers, affects on social and economic development
of state and nation and finally also affects economic growth of the nation. Central and State Government, both have identified the importance of the cooperative sector for development of rural areas, empowerment of people and for implementation of poverty alleviation programme. Maharashtra has good political, historical, social and cultural heritage. In Western Maharashtra, the leader from Pune, Mumbai and Ahmednagar districts initiated social reforms. As a result, the first Pravara Sugar Cooperative Factory limited is established in 1949, and is also working successfully. 

1.3 Cooperative Banking and Commercial Banking

Since 1954, the co-operative credit societies are meeting increasingly the requirements of farmers. More than 60 percent of the credit needs of farmers were met by the cooperative societies. The monopoly of the money lenders, landlords were broken in the villages. Today cooperative sector covered 100 % villages and 75 % rural households and functioning over 545 thousand cooperatives at various levels. Thus cooperative banks have been recognized as an effective tool for the economic development and for improvement in the socio-economic condition of the nation.

Table 1.1

Classification between Cooperative Banks and Commercial Banks

<table>
<thead>
<tr>
<th>A) Registration</th>
<th>B) Management</th>
<th>C) Size of Banks</th>
</tr>
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<tr>
<td>Cooperative banks: These banks are registered under the <em>Cooperative Societies Act</em>. Their main regulator is the State Government or Central Government if the working is in more than one State.</td>
<td>Commercial banks: These banks are registered under the <em>Banking Regulation Act/Companies Act</em> and are regulated by RBI.</td>
<td>The size of assets/liabilities of these</td>
</tr>
</tbody>
</table>

- 4 -
banks is much \textit{smaller} than commercial banks.

<table>
<thead>
<tr>
<th>banks is \textit{larger} than cooperative banks.</th>
</tr>
</thead>
</table>

\begin{tabular}{|p{5cm}|p{5cm}|}
\hline
\textbf{D) Principle of Banks} & \\
\hline
These banks are operating on \textit{no profit no loss} principle of cooperation and it is mandatory to transfer 25% profit to Reserves and Surplus a/c & These banks are operating with \textit{profit motive} and it is mandatory to balance their profit objective with 40% of their net bank credit. \\
\hline
\end{tabular}

\begin{tabular}{|p{5cm}|p{5cm}|}
\hline
\textbf{E) Financing Pattern} & \\
\hline
Rural cooperative banks are financing to agriculturists and Urban cooperative banks are financing to tiny units, artisans and small size of trade and commerce. & These banks are financing to PSL i.e. agriculture, SSI, small business units, exporters, individual housing, education and for Govt sponsored schemes. \\
\hline
\end{tabular}

\textbf{Objectives of Co-operative banks}

The cooperative banks have been moved towards rural areas for overcoming the problems and providing the capital required through short term and long term borrowings at a reasonable rate of interest. Due to these efforts of co-operative banks made an attempt to bring about unorganized and organized parts of the Indian financial system.\textsuperscript{6} According to \textit{Dr. Mathur (1975)}, Co-operation is as a form of organization, where in persons, voluntarily associate together as a human beings on a basis of equality for the promotion of the economy with their own interest. According to this, the \textbf{objectives of Cooperative banks} are as follows\textsuperscript{7}:

1. The cooperative banking sector is the first government sponsored, supported and subsidized financial agency in India.

2. The main theme is serving on the basis of \textit{no profit and no loss}.

3. The cooperative banks have a three tier linkage structure and straight line integration, i.e. RCBs (working in villages and in rural areas), DCCBs (working on district level) and SCBs (working at state level as a mediator between DCCB and RBI).

4. The borrowings are made from RBI, NABARD and other APEX Institutions.

5. They are subject to monitory policy control and earlier their regulations were controlled by RBI, but now their control has been mostly deregulated.

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1.4 Regulatory Framework of Cooperative Banking

Under the guidance of Dr. Kavthekar V.L., mutual aid society was formed in Baroda State in 1889. Madras government took initiatives at first and deputed Sir Fredrick Nicholson in 1892. His reports were published in 1895 and 1897 which focused on starting of Rural Credit Cooperative Banks.

1.4.1 Cooperative Act, 1904

Cooperative Credit Societies act was passed in 1904 by Imperial Legislative Council. Before that cooperative societies were registered under the Cooperative Societies Act of 1860 or Indian Companies Act 1882. The act of 1904 was provided for the constitution and control of the Cooperative Credit Societies and special stress given for the development of rural areas. The main objective of this act was to encourage thrift, self-help and cooperation amongst agriculturists, artisans and persons of limited means.

1.4.2 Cooperative Act, 1912

A faster rapid growth in terms of number and activities of the cooperative societies were observed between 1906 and 1911. The act of 1904 was found insufficient to face the expanding activities because there was no provision for Central and non-credit societies. Thus new act was passed in 1912 to cover the defects of the act of 1904. This act supplemented to the act of 1904 by granting legal status to productive and distributive societies and to different forms of Central organizations. This act also differentiates rural and urban societies. As a result, the number of societies, their membership and the amount of working capital increased steadily and various new types of societies were registered i.e. marketing societies, producing societies, central banks etc.

1.4.3 Reform Act, 1919

In October 1914, the Maclagan Committee was appointed to assess the progress of the cooperative movement and the committee submitted its report in 1915. This committee noted warning on hurried expansion of the movement and recommended that the proper care should be taken for the formation of a society. It focused the moral side of the movement, emphasizing the need of audit and supervision of the cooperative departments.
According to these recommendations, Constitutional Reforms Act was passed in 1919 under the charge of a Minister in each province and much remarkable progress was achieved by several provinces as per their suitability. Some provincial governments passed their own act to facilitate multi-sided developments.

1.4.4 Banking Companies Regulation Act, 1949

After introducing this act, Cooperative Banks were managed and governed by the State Government under the provision of respective Cooperative Societies Act and Banking Companies Regulation Act, 1949. This act came into force for Cooperative Societies from March 1966 but the powers regarding establishment, incorporation and management of banks continued in the Registrar of Cooperative Societies and the Banking Companies Regulation Act 1949 vested the RBI with various statutory powers and supervision over the cooperative banks. With this cooperative banks particularly UCB were organized under dual control of RBI and respective State Government.

This Banking Companies Regulation Act, 1949 has been amended in 1983 (Bank Laws Amendment Act) and in 1991 (Banking Regulation Amendment Act). Banking Regulatory Act 1949 empowers the RBI to regulate and supervise the banking related matters. The applicability of banking laws to cooperative banks resulted in duality of control between the RBI and Registrar of Cooperative Societies/Central Registrar of Cooperative Societies.

Table 1.2

<table>
<thead>
<tr>
<th>State/Area</th>
<th>Name of Cooperative Society</th>
<th>Year of Act</th>
</tr>
</thead>
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<tr>
<td>Bombay</td>
<td>Cooperative Societies Act</td>
<td>1925</td>
</tr>
<tr>
<td>Madras</td>
<td>Cooperative Societies Act</td>
<td>1932</td>
</tr>
<tr>
<td>Bihar</td>
<td>Cooperative Societies Act</td>
<td>1935</td>
</tr>
<tr>
<td>Orissa</td>
<td>Cooperative Societies Act</td>
<td>1935</td>
</tr>
<tr>
<td>West Bengal</td>
<td>Cooperative Societies Act</td>
<td>1940</td>
</tr>
<tr>
<td>Tripura</td>
<td>Cooperative Societies Act</td>
<td>1948</td>
</tr>
<tr>
<td>Punjab</td>
<td>Cooperative Societies Act</td>
<td>1953</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>Cooperative Societies Act</td>
<td>1956</td>
</tr>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>Cooperative Societies Act</td>
<td>1956</td>
</tr>
</tbody>
</table>
1.5 Structure of Cooperative Banking

Co-operation is a state level subject thus each state has its separate ‘Co-operative Societies Act’, as *Maharashtra State Co-operative Societies Act, 1961*, regulating the working of the co-operative movement in Maharashtra. Mainly development of agriculture and allied sectors is the motto of cooperative credit structure in Maharashtra State Economy.¹⁰

Figure 1.2

Co-operative Credit Structure

Pyramid Type Co-operative Credit Structure

Figure 1.2 indicates the structure of Cooperative Credit Societies with its working areas and it is realized that;
Cooperative credit society’s form the base on which the entire structure of the cooperative credit organization is based. The cooperative credit structure in India consists of two parts; one part which is engaged in short and medium term credit and the other in long-term credit\(^1\). From the pyramid structure diagram given below, it is seen that the cooperative credit societies have a sound structure in the credit sector. In India, there are three tier structures of Cooperative Credit Societies and Cooperative banks\(^2\):

a. Apex Bank at state level which is serving to the entire state.
b. District Central Cooperative banks- district level.
c. The Primary Agricultural Cooperative Credit Societies- village level

### 1.5.1 Apex/State Cooperative Banks:

The Apex Bank or State Cooperative Bank of each state is linked with RBI which provides financial assistance to cooperative credit structure. It finances, controls and regulates the working of DCCBs in each state. The State Cooperative Banks are helping the cooperative credit movement, promoting other cooperative ventures and extending the principles of cooperation. All apex banks have been given the statues of a ‘Scheduled Bank’. It acts as a link between DCCBs and RBI from which State Cooperative Banks get finance.

The main feature of State Cooperative Banks are to serve as the balancing center in the state, organize provision of credit for credit worthy farmers, carry out banking business and leads the cooperative movement as a leader of the cooperatives in the state. The main source of working capital is the share capital, reserve funds, deposits from members, borrowing from the RBI. For healthy performance of the banks it is necessary to keep minimum level of percentage of over dues of loans. Therefore, growth rate showed that the progress achieved during the period is fluctuated.

### 1.5.2 District Central Co-operative Banks:

District Central Co-operative Banks are known as linkage between Apex bank and primary societies. These are federations of primary credit societies in a specified area, normally spreads all over a district. The membership of these banks is given to individuals and the societies. These individuals provide finance and management. Board of Directors is elected for particular period for working and for looking after the management and supervision. The central co-operative banks raise the necessary
funds from share capital, deposits from public and borrowing from the State Cooperative bank. The Central banks provide financial assistance for short-term period and for medium term period as loans to the primary societies. The Cooperative Societies Act of 1912 was made immediate result that central cooperative banks are increased in huge quantity in the whole nation. The major objective of central co-operative bank has been to provide advance loans to the primary co-operative societies in time of need so that they can fulfill the requirements of farmers. Central Co-operative banks are working as balancing centre in the district as a central financing agency, carry out banking business and organize and sanction credit to primary co-operative societies, monitor and control implementation of policies.

1.5.3 Urban Co-operative Banks

During the year 1912, there were very few cooperative banks working in the country, such as Non-Agricultural Credit Societies, Urban Co-operative Banks, Employees Credit Societies and other societies. But till the year 1912 (The cooperative societies act has passed), the progress of cooperative sector was not satisfactory. But after then they made good progress. Even after the First World-War, their progress did not slowed down. In the period of depression, the urban credit movement was not much affected. Because the incomes of banks in urban areas were comparatively more than rural areas, and it was found that they were commanding larger resources and better management. During the Second World-War these organizations made further progress. Their membership and income increased and they were able to secure good deposits. Thus they have surplus resources with them which were invested in Govt. securities.

During this period, these units in certain states also worked as Government agencies for the distribution of controlled commodities. Such co-operatives have made rapid progress since independence. “Urban Credit Societies and Banks are the most popular examples of the progress of co-operative movement in India, and they also recover the drawbacks of banking sector in the absence of joint stock banking facilities provided in smaller towns. They also capture valuable place among the agencies by providing credit needs of people living in urban areas. They provide advances and loans mostly to small traders, artisans and salary earned on personal security as well as against gold, silver and produce”.

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In short, at the top of the pyramid Apex/state Cooperative Bank is working at state level and Primary Credit Cooperative societies are working at bottom level and in between District Central Cooperative banks are working. In village when any member needs financial assistance, he has to apply at society. If the society has no funds for disposal of loan, it applies at District Central Co-operative Bank and if the DCCB has no funds, it applies at the Apex/State Bank. Thus it is seen that all are linked with one another and functioning effectively. It means the strength of the chain depends upon the strength of each of the linked units.

**Figure 1.3**

*Structure of Co-operative Credit Institutions (as on 31*\(^{st}\) *March 2009)*

<table>
<thead>
<tr>
<th>Structure of Co-operative Credit Institutions</th>
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<tbody>
<tr>
<td><strong>Urban Cooperative Banks (1813)</strong></td>
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<tr>
<td>Scheduled UCBs (53)</td>
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<tr>
<td>Multi-state Sch. ICB (25)</td>
</tr>
<tr>
<td>Multi-state Non-Sch. UCB (13)</td>
</tr>
<tr>
<td>Single State Sch. ICB (281)</td>
</tr>
<tr>
<td>Single State Non-Sch. UCB (1747)</td>
</tr>
<tr>
<td><strong>Multi District (491)</strong></td>
</tr>
<tr>
<td><strong>Single District (1256)</strong></td>
</tr>
<tr>
<td>Unit UCB (894)</td>
</tr>
<tr>
<td>Non-unit UCB (362)</td>
</tr>
<tr>
<td><strong>Rural Co-op. Credit Institutions (1,07,497)</strong></td>
</tr>
<tr>
<td>Non-scheduled UCBs (1760)</td>
</tr>
<tr>
<td>Short-term Credit Institutions (1,06,781)</td>
</tr>
<tr>
<td>SCBs (31)</td>
</tr>
<tr>
<td>DCCBs (369)</td>
</tr>
<tr>
<td>PACBs (1,06,384)</td>
</tr>
<tr>
<td><strong>Long-term Credit Institutions (716)</strong></td>
</tr>
<tr>
<td>PCARDBs (696)</td>
</tr>
<tr>
<td>SCARDBs (20)</td>
</tr>
</tbody>
</table>

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1.6 Management of Cooperative Banking

The management structure of the cooperative banks composed as under:

A. General Body consisting of general members.
B. The elected Board of Directors.
C. The Chairman of the Board

A. General Body consisting of general members: The supreme authority of cooperative banks vested in the general body which makes the bye-laws of the bank, elects the board of directors, and takes all decisions by majority of votes. It consists of all those shareholders who are eligible to vote at the general meeting of the society. This general body is the medium through which the members may control over the management of bank. General meeting is a platform where anyone can express their views and share their thoughts with discussion and criticism.

B. The elected Board of Directors: The management of Cooperative banks vests into board of directors who is elected by general body consisting of all members. Boards of Directors are representatives of the members, discharge the responsibilities entrusted to them. Members exercise control upon the board and in turn the later exercise control on behalf of the members over the management consisting of executive officials and paid staff. The directors are appointed in the general meeting of the members. The tenure of the board of directors are varies from state to state such as; Electing for each year, once in three years or each year by rotating one third of the members of the board.

C. The Chairman of the Board: Chairman of the cooperative banks is an individual office bearer has a special importance and placement in the organization. He regulates the discussions in the meetings of the Board of directors and controls the deliberations in a manner facilitating arriving at decisions. He is the leader of Board of directors and always in touch with the management. The Chairman presides over all the meetings of the board and also over the AGM and SGM. In case of equality of votes in the Board meeting, the chairman is authorized to exercise his 'Casting vote'.
1.7 Development of Cooperative Banking

After 63 years of independence, it is realized that the growth of the Indian economy is very slow. As a solution and for rapid economic development, it is necessary to accept a mixed economy as an economic system for the balanced growth of public and private sector together with a major role for cooperative societies to contribute for the progress of the Indian economy. In globalised era, it becomes necessary for developing countries like India to devote greater attention towards rural development. After the introduction of NER and adoption of NEP, fundamental changes have taken place. The major objectives of NEP are to impart a new element of dynamism to agriculture, trade and industry, to encourage foreign investment and technologies for making Indian products competitive in the international market to improve the performance of public undertaking and to influence cooperative sector.

The success of co-operative banks depends upon the activities performed in the fields of production, finance, marketing, distribution, construction, etc. Cooperatives are mainly organized and administered by those persons who have better qualification and the necessary experience needed for job. Due to the absence or experience and better qualification, many co-operative units are failed and the development through co-operation remains closed. With efficient management, proper educational qualification of workers and training is also important than the resources and business experiences. The co-operative society is a democratic body and thus each member of this society is equally important.

1.7.1 Major events in the history of Cooperative banks in various Five Year Plans

After India attained Independence on 15th August, 1947, cooperatives assumed a great significance in poverty removal and faster socio-economic growth. With the advent of the planning process, cooperatives became an integral part of the Five Year Plans. As a result, they emerged as a distinct segment in our national economy. Before launching a Five Year Plan, it was specifically stated that the success of the Plan would be judged, among other things, by the extent it was implemented through cooperative organizations.
Following table 1.3 shows Government initiatives and the major events in the history of cooperative societies in different five year plans.

**Table 1.3**

**Major events in the History of Cooperative Sector**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Event</th>
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<tbody>
<tr>
<td>First Plan</td>
<td>Recommended for <em>training of personnel's and setting up</em> of Co-operative Marketing Societies.</td>
</tr>
<tr>
<td>Second Plan</td>
<td>Laid down proposals for <em>extending co-operative activities</em> with special emphasis on the <em>warehousing</em> at the State and Central level.</td>
</tr>
<tr>
<td>Third Plan</td>
<td>Brought new areas under Co-operative societies and <em>established cooperative training College</em> at Pune and many regional centers to train the workers for the fields of sugarcane, cotton, spinning, milk.</td>
</tr>
<tr>
<td>Fourth Plan</td>
<td>Introduced <em>new programmed for high yielding crops</em> by organizing different credit societies to serve these programmers.</td>
</tr>
<tr>
<td>Fifth Plan</td>
<td>Special provisions for <em>improvement of Central Banks</em> and also recommended for establishment of <em>Farmer's Service Societies</em>.</td>
</tr>
</tbody>
</table>
| Sixth Plan | Introduced a point programme for co-operative societies and aimed at *transforming the primary village societies* to multipurpose societies;  
             a. To reconstruct the *policies for economic development* of nation.  
             b. To extend co-operative activities in *various fields of food processing, poultry farming, dairy farming, fishery*, etc.  
             c. To give necessary *training and guidance* for developing skills in the efficient personnel's. |
| Seventh Plan| Focused on *growth and expansion* of co-operative societies to ensure *public participation to achieve* its main objectives of *social justice, employment and poverty alleviation*. |
| Eighth Plan | For the emergence of national federations of cooperative societies needed a *comprehensive Central legislation* to consolidate and governing the laws. The Multi-State Cooperative Societies Act, 1984 was enacted by Parliament under Entry No. 44 of the Union List of the Constitution of India. The All-India Rural Credit Survey Committee Report, 1954 recommended an integrated approach and emphasized the *need for viable credit* cooperative societies by... |
expanding their area of operation, encouraging rural savings and diversifying business. The Committee also recommended for **Government participation in the share capital of the cooperatives**.

| Ninth plan | Cooperative has been operating in the economic areas such as credit, production, processing, marketing, input distribution, housing, dairying and textiles. In some of the areas of their activities like dairying, urban banking and housing, sugar and handlooms, the cooperatives have achieved success to an extent but there are larger areas where they have not been so successful. |
| Tenth plan | Cooperative banks has been worked in banking sector preferentially with the *shifting of commercial banks to hi-tech borrowers* and big accounts on cost considerations in the present era of liberalization, the only avenue available for rural people is the cooperative. Only 9.9% (518) Co-operative banks have to meet their credit requirements. So cooperatives will have to concentrate their attention at cost reduction and diversification of their activities. The primary level cooperative credit institutions at village level should be made healthy for effective delivery of credit. To achieve these objectives, the cooperative banks functioning in the rural areas have to be revitalized and their financial health has to be improved.¹⁸ |
| Eleventh plan | Cooperative banks focus on the *inclusive growth* of cooperative sector through concentrating on the non-farm sector activities with special reference to *generation of employment and alternative sources of income*. The cooperative banks have to keep the parameters of deposits and advanced provided for various economic activities and programs. New areas of demand for advances shall be explored, so that sustainability in the level of flow of credit can be maintained. This sector performs the vital functions of enabling productivity and income growth in the economy as a whole, and has an equally important part to play in making this growth more inclusive. The sector has to be enabled to attain an increasing level of sophistication so as to meet the requirements of globalization.¹⁹ |
Twelfth Plan (Maharashtra) Strategies of Cooperative Development

This projected level of credit appears feasible in view of the Eleventh Plan achievement. Many issues continue to confront agricultural credit, particularly in the area of financial inclusion necessary for ensuring inclusive growth. On these issues, the working group has pointed to the need for more objective assessment of credit requirements for direct and indirect financing of agriculture and also to redefine the priority lending sectors. It has suggested updating of banking services with priority to intensive use of ICT applications to track the flow of credit and transmission losses, with reference to financial inclusion. Some ongoing and emerging changes appear to hold promise of triggering off better financial inclusion for banking activities\(^\text{20}\);

1. The CB Platform provides seamless connectivity with the telecom infrastructure and brings a new architecture to access financial services.

2. The CB model, together with mobile phones, can along with post offices provide significant last mile connectivity.

3. Mandating payments through advanced channels are helping to reach financial services to those so far not reached such as wages under the National Rural Employment Guarantee Act, pension dues, etc.

4. The enormous economies of scale generated by SHG Federations (each of 150–200 SHGs) is enabling banks to give larger loans for housing and health facilities for their members. A variety of insurance services are also being made available, including life, health, livestock and weather insurance.

5. The UID project of the Govt with biometric identity may facilitate easier opening of bank accounts, although this has yet to happen.

1.7.2 Challenges faced by Cooperative Banks in India\(^\text{21}\):

1. The challenges regarding laws need the proper application of the acts of 1966 of co-operative banks but not effectively implemented.

2. The political parties interfere in cooperative bank laws changes.
3. The loan recovery is not proper adequate by cooperative bank laws systems.

4. These banks are mainly depends upon capital of Government than the contribution of shareholders.

5. The workers participation in the working is much lesser than expected.

6. It is seen that dual control of RBI and Registrar of Cooperatives societies is creating a lot of confusion in the working of Scheduled Co-operative Banks.

7. The NPA of the co-operative banks are higher than commercial banks.

8. Cooperative banks are facing infrastructural weakness and structural laws.

9. Cooperative banks have limited ability to mobilize resources.

10. These banks incurred high cost of transactions.

11. The SCBs are not able to formulate their respective policy for investment of their surplus resources due to certain restrictions.

12. Prior approval of RBI is mandatory for opening of new branches of SCBs. The SCBs are required to submit the proposal for opening of new branches through NABARD whose recommendations are mandatory.

1.8 Importance of Cooperative Banking

The cooperative banking system forms an integral part of the Indian financial system. It includes UCBs (single-tier structure-primary cooperative banks) and RCBs (two or three tier structure). Both the bank units are playing vital role by helping to the units which have weaknesses, lack of sound corporate governance, unethical lending, high level of NPA and inability to operate in a liberalized environment are either liquidated or merged with other banks. These banks operate mainly for the development of rural area.

Cooperative banks are chiefly responsible for breaking the monopoly of money lenders in providing credit to agriculturists. Cooperative banks have extensive branch network and reach out to people in remote areas. They have traditionally played an important role in creating banking habits among the lower and middle income groups and in strengthening the rural credit delivery system.
1.9 New Dimensions in Banking Sector

E-banking is a concept which enables everyone to conduct business with a bank from the comfort of home or office. E-banking does not involve any physical exchange of money, but it’s all done electronically, from one account to another, using the internet. E-banking is playing vital role in the development of banks and in financial inclusion of banking sector. Due to which various industries have entered in banking sector for providing financial support. E-banking is the major cause of the rapid growth of private sector banks in India. Banks are one of the oldest financial intermediaries in financial system. They play an important role in mobilizing deposits and disbursement of credit to various sectors of the economy. The economic reforms initiated by GoI in early 1990s have brought a sea change in operational environment in banking sector. The features of this change are;

1. Increasing sophistication of capital markets.
2. Emergence of global investments.
3. Industry consolidation.
4. Heightened focus on customer relationships.
5. Proliferations of new players entering in the market.

After introduction of NER in banking sector, various banks have established i.e. private sector banks, foreign banks, multi-national banks, etc. Entry of new banks resulted in a paradigm shift in the ways of banking in India. With the rapid growth in banking sector; customers’ hierarchy is also increased23. The growing competition, growing expectations led to increased awareness amongst banks on the role and importance of technology in banking. Most of the Private sector banks are providing electronic services, which helps them to attract the customers. But in the competition of these banks, co-operative banks are developing very slowly which is resulting in minimizing the number of customers. Many customers have closed their accounts and withdraw their deposits from co-operative banks due to lack of e-banking services. Customers want reliable and flexible services from banks, so they often search for substitute to their need. Today e-banking is the popular substitute for the customers which fulfill the needs of customers by offering online shopping, online payments and many services useful for cost and time savings and for quick transactions.
1.9.1 Impact of Globalization on banking sector:

Indian financial market is presently undergoing dynamic transformation with many new financial products and delivery systems. Banks are one of the oldest financial intermediaries in financial systems. The Indian banking industry has to re-orient its strategy towards marketing to accommodate the changes and challenges that are taking place in the present globalised scenario. The growing competition, growing expectations led to increase the awareness amongst banks\textsuperscript{24}. The arrival of foreign and private banks with their superior state of art technology based services pushed Indian banks to follow suit by using technologies so as to meet the competition and retain their customer base. During the year 2003-04, banking sector witnessed strong growth in deposits and advances and in consumer finance. This growth is coupled with growth in number of new financial products offered to meet different consumer requirements, which are according to their particular needs. Now banks are emphasizing on the customer retail marketing known as mass-marketing\textsuperscript{25}. Individual customers typically use banks for basic services such as savings and current accounts, mortgages, loans, debit/credit cards, depository services, fixed deposits and investment advisory services, etc.

Due to globalization, new generation of private sector banks and many foreign banks have entered in the market with recent innovative and techno-based useful products. Due to forced competition, PSB are also becoming more technology savvy and customer oriented. As an impact of LPG, RBI permit new banking licenses for economic reforms in banking sector and many banks are from corporate sectors increased huge competition among banking sectors. Banks are motivating customers to open new accounts in their banks and to increase number of account holders (customers). Banks have target of largest account holders and to motivate to each & every mature once to open an account and to carry financial transactions through banks.

New Bank Licensing Committee chairman Nachiket More defined that RBI is working for controlling drawbacks and removing technical problems on national level\textsuperscript{26}. RBI also permits incenses for opening their branches in rural and village and in tribal areas. RBI is also trying to adopt new policies for improving customer services and for increasing the financial transactions smoothly and safely with the
help of banks. India has achieved tremendous success in the progress of technology. Today technology is the third largest technical manpower in the world which helps to manage modern industrial economy. Areas like revenue growth market share, increased customers' satisfaction, are concern for innovations. The sources of innovations are customers, employers, consultants, business partners and competitors.

1.9.2 E-banking: A competitive strategy of banks

E-banking is the buy product from ICT which created new markets and opportunities for the banking sector in India and in this banking environment managing and satisfying the customers has become the key issue for various players in the industry. Thus the IT has emerged as a strategic resource for banks. Usage of technology by banks is due to the challenge of competition, rising consumer expectations and shrinking margins of banks which leads in reducing the transaction cost and enhancement of productivity, efficiency and customer convenience, saving time, having operational frequency and no time binding. Indian banking industry has formed suitable grounds to apply technological innovation because banking activities are easily digitalized and automated.

The banking environment all over the world is undergoing a great transformation. Only cards are provided to customers having PIN and POP and these cards are applicable in any electronic operational machine which helps in successful completion of business services. These cards are known as plastic money. The banks which are not providing e-banking services and are not fulfilling the needs of customers may lose their customers. In Maharashtra particularly in Nashik district, many co-operative banks are carrying traditional banking system and are not providing these services that they are losing their customers. Two banks have also closed their banking business and one bank is in the process of merging itself in Cosmos Cooperative Bank. These banks are running slowly only due to the policies announced by that BoD. It is also realize that very a few co-operative banks are providing these services slowly.

1.9.3 Service Centered Economy

Growing importance of services sector is the main feature of Indian Economic Development. In India the growth of service sector is more than the development of
Agriculture and Industries. In GDP of India the share of service sector is more than other sectors and it is also involved in the state level development. Service sector have nearly 60 per cent share in the GDP of the country. Services sector has created more employment opportunities and more income sources from the decade 1990 and it also developing with the growing rate of 9 per cent per annum. According to the budget of 11th Five year plan, GDP has increase at 8 to 9 per cent. According to Shankar Acharya, The development of service sector is impossible without the development of agricultural and Industrial sector in India. Today after globalization highest growth rate in the economy since last decade is performance in the manufacturing and service sector and mainly in finance, insurance real estate.

1.9.4 Types of E-banking services

Following figure 1.4 shows the various types of e-banking services;

Figure 1.4

<table>
<thead>
<tr>
<th>E-banking services</th>
<th>ATMs (Automated Teller Machine)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Debit Cards</td>
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<tr>
<td></td>
<td>Credit Cards</td>
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<tr>
<td></td>
<td>Phone Banking</td>
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<td></td>
<td>Mobile Banking</td>
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<td></td>
<td>Internet Banking</td>
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<tr>
<td></td>
<td>RTGS/EFT</td>
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<tr>
<td></td>
<td>Online Payment of Bills</td>
</tr>
</tbody>
</table>

1.9.5 Services: Operations, Delivery and Quality

After globalization, banks have introduced various techno-based services to its customers and customers are also using these services with high frequency. Due to the introduction of these services banks have to pay only 1/6th cost per transactions with compared to other non-techno based bank units. According to International Internet Banking Report, E-banking transactions need expenditure around sterling 1.07 to 0.27. As well as it need less time for completing the transactions. The overall
performance and productivity has spiraled upwards with major attention given for improvement of customer services\textsuperscript{31}. The banks are becoming competitive and technology driven. An outcome of these factors has been an expansion of their product range coupled with improvements in product operations, product delivery and product quality.

With the recent developments of ICT, majority of banking operations have been computerized by most of the banks. The process is still on for extension and upgradation of computerization by banks in India. E-banking provides a bouquet of new channels, contributed to speed, accuracy and confidentiality of customers’ transactions while enhancing customers’ convenience. Internal housekeeping is done accurately and much faster through programmed packages/software at the branch and also at centralized platforms involving several branches of a region or zone\textsuperscript{32}. The basic universal principles of banking which typically characterize banks are the principles of intermediation, liquidity, profitability, solvency and trust. Due to this banking is spread in universal under a single roof of IT. With the help of security and other qualities numbers of customers are increasing. Today E-banking is key factor for development of banking sector and national economy.

A. Benefits to Customers

1. After introduction of above e-services, banks are also introducing new banking channels such as \textit{Home Banking, Quick Banking}, etc.
2. Enhancing customer convenience through initiatives such as ‘\textit{anytime and anywhere banking and 24*7*365 days banking}’.
3. Making routine banking transactions \textit{speedier, safe and secure}.
4. Achieving integrated banking services through \textit{inter-connectivity} of branches.
5. Making banker-customer communication fast and neat and providing information service \textit{24*7*365 days} basis via call centers.
6. Carrying out \textit{non-banking services} for the customers, e.g. payment of electricity/telephone/gas bills, insurance premium and receipt if pension/interest/dividends etc.

B. Benefits to Banks

In modern age, banking services are playing an important role in the Indian Economy and Nashik District is also captured by Banks for rendering various services
to its customers. Banking services are divided into two parts- first is services rendered by public sector banks and second is services rendered by private sector banks. But all the banking services are concerned with product, place, distribution, pricing and promotion decisions in the changing socio-economic and business environment. In India all these services are rendered according to users of services, behavior of user, user’s psychology etc.

Changing financial policies brings various risks and opportunities in banking sector for bank management and regulatory and supervisory authorities. It includes cross-border transactions, lower transaction costs and the greater ease of banking activities, and from the reliance on techno-regulatory risks. Internet allows services to be provided from anywhere in the world, there is a danger position that banks will try to avoid regulation and supervision. *Why regulators are necessary?* They can require even banks that provide their services from a remote location through the internet to be licensed\(^\text{34}\). Licensing would be particularly appropriate where supervision is weak and cooperation between a virtual bank and the home supervisor is not adequate. Determining when a bank’s electronic services trigger the need for a license can be difficult, but indicators showing where banking services originate and where they are provided can help. Regulators need to establish guidelines to clarify the gray areas between these cases.

### 1.10 Importance of E-banking services

As an impact of globalization, banks have introduced various techno-based services to its customers and customers are also using various services as per their need and satisfied their wants through branches which are providing e-banking services. Today use of technological services is the basic need in the globalised era and customers are also agree to pay fees for such VAS\(^\text{35}\). With the use of less cost service system, bank employees may concentrate on various other transactions and other functions of banks and customers may fulfill their need with these services in the nearest located ATMs centers as well as with their own techno-based instruments.

1. **Integrated Internal Accounting System:** Today book-keeping in banks has made automatically, fast, accurate, and in less time. Staff can use their time in marketing and such other work after the banking hours.
ii. **MIS**: MIS meant for the middle and top management; have improved due to data classification and retrieval, integrated accounting system, communication and conferencing system and inter-connectivity of branches.

iii. Cross selling of various financial products has been made easy due to data mining and electronic marketing channels.

*Users of services*: The line of services or product planning and development, offering of the services, the pricing strategies, interest/cost charged for servicing are resulted in the promotion of services and changing psychology of actual and potential users. Today customers prefer refined service and claim for an increased rate of interest for channelizing their savings. Industrial users demand for credit facilities on liberal terms and conditions.

**Figure 1.5**

```
Prospective/Actual Users
   ↓
General Users
   ↓
Industrial Users
```

Prospective/actual users are those types of users which are presently not utilizing the services of banks but are to be expected more for future. Such expectations are promoted due to growing rate of literacy, environmental conditions, governmental regulations, sophistication in communication, innovation in education and various related factors govern for the promotion of banking services. In past, there have been greater changes in the needs and requirements of all the groups of users, during the decades 1970s and 1980s.

### 1.11 Financial Inclusion

The objective of financial inclusion is to provide access to financial services and timely and adequate credit to vulnerable groups such as weaker sections and low
income groups at affordable cost. Bank has introduced smart card banking through business correspondents as per the guidelines of RBI for providing banking facilities in un-banked villages. During the year, bank has issued smart cards and transactions undertaken in the smart card terminal is nearby 60 to 70 percent.

Financial inclusion is generally defined as the availability of banking services at an affordable cost to disadvantaged and low-income groups. According to the *Rangarajan Committee* (2008), "Financial may be defined as the process of enduring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." In India the basic tool of financial inclusion is having a saving or current account with a bank. The scope of financial inclusion includes services like opening of bank accounts, immediate credit facilities, insurance facilities, financial advisory services etc. Financial inclusion through cooperative banks can be a viable option for inclusive growth in India. By being local in nature and intricately interwoven with the local community, cooperative banks for financial inclusion. Labor costs of cooperative banks are considerably less than that of commercial banks and generally operating costs are also minimal. It is evident that cooperative banks have feasible options for inclusive growth through rural development, creating opportunities for employment, income generation.

India needs more banks and innovative banking to displace moneylenders who occupy the unbanked vacuum. More banks will mean more competition, driving banks to rural areas. The new index of financial inclusion, released by CRISIL, shows that BIMARU states and even industrialized ones like Gujarat and Maharashtra fare poorly in financial inclusion. Against a national average of 40.1, Gujarat's score was 38.6 and Maharashtra 37.5 which faring better. RBI reckons that financial inclusion can be achieved only through expansion of branch networks to rural areas. A new bank must have at least 25 per cent of its branches in rural areas. Instead, The RBI must allow innovative forms of banking, especially mobile banking that is well-placed to leverage on the electronic infrastructure being put in place by the unique identity project. It is easier for the cooperative banks to crack the psychological barrier and to create trust among its target community by improving quality of e-banking services that proves in increasing financial inclusion.
1.12 Research Methodology

For customer satisfaction and efficiency in banking transactions, banks are providing various types of e-banking services in an effective manner with the features of time saving, cost reducing and 24*7 facilities, etc. These services are benefited to the banks and to the customers. But while using these services customers are facing various types of problems and it is a challenge for the bank employees to provide effective services and to solve the problems of customers by giving satisfied solutions in quick manner. "In banking sector, it is impossible to compete with other banks when the customers of banks are not satisfied and the satisfaction level of customers is not better". The satisfaction level of customer should have to increase and banks have to adopt and to provide the recent technologies in effective manner. Many banks have established special cell and appointed a special officer for solving the problems of customers (if any while using e-banking services), but still a few customers are regretting to these services due to fear about security and privacy issue of transactions, theft and misuse of cards, absence of proper knowledge and proper information for using these services, etc.

The researcher aimed at studying the evolution and application of e-banking services, the problems faced by customers (in using e-banking services) and bank employees (in providing e-banking services) for effectiveness of e-banking services, response and perception of customers as well as bank employees at electronic banking services, and impact of these services over on the development and business of cooperative banks to suggest proper ways and means for effective use of these services and for development in the banking sector.

1.12.1 Statement of the Problem

The title of the proposed research work is, a study of “E-Banking Services provided by Co-operative Banks in Nashik District”

In Maharashtra, Cooperative Banking Act was passed in 1960, established with service motive and therefore, historically those were not profit maxi-misers. In rural finance in particular, these banks held monopoly. But After adoption of New Economic Policy (NEP) in 1991, modern customer services were initially introduced
in private sector under the pressure of global competition, to which the nationalized banks also followed. Cooperative Banks are facing keen competition with Public and Private Sector Banks including Foreign Banks that are technologically advanced. Cooperative banks are very slow in adopting new technology. Management of cooperative banks rests in the hands of rural leadership that takes time to adjust with modern technology. This is the reason, why the growth of Cooperative banks has slowed down in the NEP era.

The Public and Private Banks are offering a variety of E- Banking services. Now, by the initiative of the government and SCBs of the states are encouraging Cooperative banks to adopt modern technology in banking. A few Co-operative Banks have adopted this technology and introduced new customer services including E-Banking, whose progress is likely to be different from those who have not yet modernized.

The researcher has done her research work mainly with E-banking services with the technological and developmental attitude. A very few research work has been done on E-banking services having customers’ attitude. The researcher has focused at Co-operative banking sector which is known as backbone for rural development. But today adoption of NEP increased competition in banking sector which also increased competition amongst banking sector. A very few banks from Co-operative sector have adopted e-banking technology and large number of banks are adopting these services slowly and is also in developing process. Thus the researcher has selected this topic to study various problems shown as objectives of the study.

1.12.2 Significance of the study

Co-operative Banks are service oriented and also trying to fulfill the financial needs of customers. Today, ‘E-Banking’ is the latest customer service that plays an important role in providing most needed services to the customers. These value-added services (VAS) are time saving and profit maximizing. In absence of these services, Cooperative Banks may lose their customers to their competitors; Public and Private Sector and Foreign Banks also.

Many customers have less knowledge about using the techno-based services of banks so it becomes necessary to know how far the customers know about these
services. Many customers are facing problems or are afraid for loss of cards or misuse of cards, so they are not using the services. Many customers are using the services but are also facing the problems due to Inadequate Installation of Technology and in some areas (particularly in rural areas) there is absence of e-services. Employees of many cooperative banks are also facing the problems in adopting and providing the techno-based services, 24 hours security to the ATM centers. Customers are facing the problems due to light fluctuating and machine operating while withdrawing cash. According to C.Rangarajan, customers as well as bank employees face the problems of managerial, operational/technological, socio-cultural, etc.

This study has enlightened the prospects and problems in adopting e-banking technology in cooperative banks in Nashik District. The study is significant from the point of view of cooperative bankers, who have learnt the benefits; they could derive in enhancing their business through providing neo customer services. The new researchers will find other services that may make the progress path of cooperative banks as a topic for their research. The policy makers may find some measures through this study that will strengthen the cooperative banks in the state as well as in the nation.

### 1.12.3 Objectives of the study

This study is undertaken with the purpose of attaining following objectives:

1. To study the evolution and application of E-Banking services in Cooperative Banks.
2. To identify the response of customers and perception of bank employees at e-banking services.
3. To study the difficulties (if any) faced by customers and bank employees regarding e-banking services.
4. To know the impact of e-banking technology over on the development (with business) of Cooperative Banks.
5. To suggest various ways and means to improve these services and for development of cooperative banks in the context of e-banking.
1.12.4 Statements of Hypotheses:

Researcher has tested following statements of hypotheses through the study:
1. H₁: “E-banking Services in Co-operative banks:
   a) E-banking services in cooperative banks are slowly developing.
   b) E-banking services in cooperative banks are slowly accepted by customers and by bank employees.”
2. H₂: E-banking services have positive impact in the development of cooperative banks.
3. H₂: “Customers in need of E- Banking Service prefer Public or Private sector banks rather than co-operative Banks.”

1.12.5 Working Definition of Technical terms used

The E- Banking is a Computerized Technique used by Banks for fulfilling their transactions under Centralized Common Technology Platform (CCTP). All technological services are also provided with the help of E- Banking technology. It helps in faster and easier financial transactions independently. The use of technology is beneficial to the service providers i.e. standardize service delivery, reduce labor costs, and expands the options for provisioning of services. This study is restricted to the technology based e-banking services such as: ATMs, Debit/Credit Cards, Phone Banking, Mobile Banking, Internet Banking, RTGS/EFT, Online Bill Payments, etc.

1.12.6 Scope of the study:

The scope of the study is to observe, to define and to analyze the aspect of e-banking services, attitude of bank employees and customers towards e-banking services provided by co-operative banks in Nashik district. An attempt has made to focus on the customers’ perception and perspective of cooperative banks. This study also highlighted the causes that why co-operative banks are adopting these services slowly and developing slowly. The study involved only those co-operative banks which have adopted e-banking technology and working in Nashik District.
1.12.7 Limitations of the study

The study is limited only for those cooperative banks which are providing technology based e-banking services such as ATM, Debit/Credit cards, Phone banking, Mobile Banking, Internet Banking, RTGS/EFT, Online payment of bills, and no any other e-banking services are considered in this study.

The study is based on 20 per cent (13) co-operative banks which are providing e-banking services through their branch which are located in Nashik District. The branch units are selected as per the seniority of adoption of e-banking technology and when maximum branches have adopted this technology in same period, in this situation the branches which are providing maximum types of e-banking services to its customers are selected for the study.

The respondents are bank employees and bank customers only from co-operative bank using e-banking services.

1.13 Methodology

The research is related with E-banking facilities provided by co-operative banks. This service is of recent origin and a by-product of IT application to Banking Sector. After introduction of New Economic Reform 1991, various banks have adopted this technology very fast to modernized customer services including E-Banking Services. However, a very few co-operative banks are providing E-Banking Services to their customers. Main thrust of study is on primary as well as secondary data.

1.13.1 Sample selection

Sample selection is the major part of the research work. Purposive sampling method has been used for selection of banks and Simple random sampling method has been used for the selection of customers. The type of research is exploratory used for identification of actual problems of customers (in using these services and/or neglecting these services) and of bank employees (in providing efficient/qualitative services). This method helped to researcher in identifying the causes of the problems for neglecting e-banking services and the problems faced by customers while using these services. The main objective of this method is to provide baseline for the acceptance of e-banking services by the customers. It focused on the
situation by viewing different alternatives and find out the fresh thoughts. The main aim of using this method for research work is to identify vague problems and to suggest proper solutions on such problems.

(1) **Selection of Banks**

The researcher has selected 20 per cent (13 out of 64) cooperative banks from the total number of cooperative banks which have adopted e-banking technology as per the seniority of adoption of e-banking technology and also located in Nashik District. When maximum branches have adopted this technology in same period, in this situation the branches which are providing maximum types of e-banking services are preferred for the study. For this purpose the researcher has conducted primary investigation of cooperative banks regarding automation in branches.

(2) **Selection of customers**

According to Marshall (1996), *'selection of appropriate sampling method and of sample size depends upon the objectives of the study'*. 10 per cent sample size from the total number of customers’ (which are suing e-banking services) is selected to draw the conclusions. This sample size is quite sufficient for the research work because it is not possible to the researcher to interview with maximum customers (more than 10 percent or all customers) and it is also difficult to the researcher to draw conclusion with less than 10 percent sample size. Phone banking service is provided to all the customers who have current and saving account in the bank thus the numbers of account holders are available easily from the branches of cooperative banks. As per 10 per cent sampling, 9916 are the sample customers to whom the researcher has issued structural questionnaires, but only 7858 questionnaires are received back in which only 6885 are completely filled up and thus the researcher has used only 6885 questionnaires for this study.

Table 1.4

Sample Design

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particulars</th>
<th>Total Numbers</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Co-operative Banks in Nashik District.</td>
<td>64 banks</td>
<td>20 per cent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(13 Banks)</td>
</tr>
<tr>
<td>2</td>
<td>Customers (e-banking users) from Cooperative banks (Current + Saving Account-holders)</td>
<td>99155</td>
<td>10 per cent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(9916)</td>
</tr>
<tr>
<td></td>
<td><strong>Number of Respondents</strong></td>
<td><strong>6885</strong></td>
<td></td>
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</table>
1.13.2 Sources of data collection

Researcher has made pilot study to the final distribution of questionnaires to the targeted group. The purpose of this study is to evaluate clarity and appropriateness of the questions contained in the questionnaires.

**Primary data** has collected from the bank employees of 13 sample banks by using structured questionnaire and interview technique and oral discussion with them on phone, as necessary.

**Secondary data** has collected from RBI reports on small banks and magazines, annual reports of banks, printed cards and pamphlets, news-papers, journals and various websites.

1.13.3 Statistical tools used

Various statistical tools like percentage, average/mean, mode, index has applied for research work.

**Chapter Scheme:**

1. Introduction and Research Methodology
2. Review of Literature
3. Socio-economic Profile of Study area
4. E- Banking Services: A Theoretical Framework
5. Business Analysis of Sample Banks.
7. Findings and Recommendations.

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Appendix-
Questionnaire
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