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# An Empirical Study of Management of Co-operative Banks in Pune District

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**Abstract**

A Co-operative is basically economic organization with the constructive attitude towards the community. Co-operative is generally formed by the people who combine relatively poor sections of society. Economic benefits derived from co-operative work therefore, help to improve socio-economic conditions of members. A co-operative banking sector functioning in the spirit can also help to reduce social tensions in the people as enable to work in union & on the basis of equality.

Co-operative banking sector plays a crucial role in the development of nation and economy of any viable nation. This research paper examines the management of co-operative banking sector in Pune district. Data was collected by using primary data collection and via questionnaire. Data was analyzed by applying various statistical test. The result of the study shows that the operational efficiency of some the co-operative bank have suffered considerably owing to inefficient management and the attendance in the general body meeting was very poor.

**Introduction**

Co-operation is one of the economic virtues of the last century. Co-operative makes everyone's life, directly or indirectly co-operation is collective principle based on the alternative view & transforms life to a friendly association for common good & it is an association of people working together towards a common end & tend to take farming, better business & better living & signifies a new social philosophy & an outlook on life the constructive & co-operative approach of mankind. The co-operative sector of Maharashtra state has been playing an important role in the process of economic growth & social development.

The Pune district is one of the leading districts in socio-economic and cultural Maharashtra. The co-operative movement is deep-rooted in Pune district. The growth of co-operative banks is considerable due to the need & utility in the society. The small investors & weak people are attracted to these banks to fulfill their needs. The growth field of finance & management attracted the researcher to study this new challenge in a field.

**Statement of problem**

Management of co-operative banks is inefficient & has become essential to increasing financial wealth of common man.

**Significance of the study**

The issue of co-operation can be traced as far back as the beginning of human civilization. Co-operation as a subject has attracted the attention of social scientists, economists, sociologists, politicians, biologists, & co-operation also are one of

inception as a form of business organisation in the middle of the nineteenth century. Beginning with as an association of individuals for “self help through mutual aid” the co-operative methods now likes increasingly applied to agricultural & industrial production as well as to social welfare & educational activities. Co-operatives have been used as an instrument of all round development of economy in India & in many parts of the world & also preparing a ground for the nourishment of Democratic socialism. The co-operative method has been accepted as indispensable instrument democratic planning & as an important medium for regeneration of the socio economic life. The co-operative societies, bank has utile role to play as most useful medium for democratization of economic planning.

### Choice of topic

The co-operatives have become an inevitable the socio economic life of the working class people in India. The researcher being interested in the co-operative movement study in India was having many categories of banks before him for study. However apart from the growing important role of the co-operative type organization being played in many economic aspects, it is contribution in the co-operative banks in India has been of really significant important. This has prompted the researcher to choose for his study the critical management of co-operative banks.

### Review of Literature

D.H.N.Kundan (1999) say that twenty first century will always be remembered among other thing for the changes. Which have been introduced in Indian banking and financial system. Study conducted by Dr.J.P.Bhosale (2005) states that co-operative sector plays crucial role in the development of rural area as well as urban area. Hajela J. N. (1995) say that The success and Survival of any cooperative bank is basically depend upon quantum of deposit mobilization and disposal of loans. Dr. R. P. Gupta (2003) says that cooperative banking sector play a significant role in nation's economy.

The results of the present study can be helpful directly or indirectly to the personal and bodies concerned. Top management of these cooperative banks can review their policies and make improvements to ensure better organizational climate. Results can also be helpful to policy making bodies. They can ensure better implementation of management, policies etc. Since all part of society, Society will be largely benefited. Better management climate leads to better banking environment for all the segments of society.

### Objective of the Study

The researcher is a lecturer & residing at Junnar taluka. He is well familiar with Pune district & it is also convenient for him to study the subject, hence he intentionally selected this area for research work. There were 60 co-operative banks in the Pune district (at the end of 31<sup>st</sup> Dec., 2014)

The Present study covers the following objectives :

1. To know the overall history of co-operative movement in India & abroad.
2. To evaluate the need & importance of co-operative banks in India & in the state of Maharashtra.
3. To analyze & examine financial position of co-operative banks.
4. To study the causes of financial problems faced by management in each co-operative banks.



5. To suggest measures for improving the management efficiency of the co-operative banks.

### Statement of Hypothesis

In the light of the above objective the following hypothesis has been tested in this study.

$H_1$  : The management of the co-operative banks in Pune district is satisfactory.

$H_0$  : The management of the co-operative banks in Pune district is not satisfactory.

$H_1$  : Co-operative banking sector have provide better services to member & society.

$H_0$  : Co-operative banks sector have failed in providing better banking services to both member & society.

### Research Methodology

The data for the study has been collected from all the possible sources primary & secondary.

a) **Primary Data:** To collect the required primary data following technique of data collection were used.

### Questionnaire

Primary data is first level data fresh & authentic for the purpose of research study. Primary data is collected from the information's of selected cooperative banks of Pune district. Two types of informants the bank managers & clerks were interviewed with the questionnaires. Self-designed questionnaires were used for evaluating management of co-operative banks. Data was collected on a summated or Likert type scales. It is a 4 point scale.

b) **Secondary data** was collected from relevant journals, books, government and cooperative reports, different government departments and organizations, websites, online journals, articles and books. More specifically published sources of Maharashtra cooperative ministry report were referred.

### Scope of the Research Study

The present study deals with the empirical analysis of management aspects of the co-operative banks.

### Likely contribution of the Research

Since no research has been done on this subject, the researcher is sure that the work will be useful for the development of management of co-operative banks. It will focus on the problem faced by the banks; present study shall throw light on management of co-operative banks.

### Selection of Sample

There are 60 co-operative banks in the Pune district at the end of the 31<sup>st</sup> Dec. 2014.

Sr.No.	Bank	Population	Sample	Percentage
1	Cooperative Bank	60	10	16.67

There are 60 co-operative banks in Pune district working in 13 talukas & Pune city as on 31<sup>st</sup> Dec. 2014 out of them 10 co-operative banks have been selected from Pune district for detailed enquiry.

### Limitation of the Study

The present study has following limitations  
 This research study is related only with the co-operative banks.  
 The findings depend on the ability of respondents.  
 The focus of the study is limited only to management & services of co-operative banks.  
 The study considers only management aspect of the co-operative banks.  
 Filled up questionnaires were collected from only 10 managers & 10 Junior / Senior clerks of co-operative banks.  
 One of the limitations of the study is area research in the present selected co-operative banks from Pune district have been taken for collection of data.  
 Though the study relates only Pune district of co-operative banks. The study is useful to draw out some findings & make suggestions.

### Analysis of Techniques

To analyze the data collected with primary & secondary data for the present study. The question is asked to managers & Junior / Senior clerks of co-operative banks & the responses given by them. To check the responses were appropriate or not the techniques of predicative statistics 'F' test and regression are technique used.

### Analysis & Interpretation of Primary Data

The questionnaire with four options is given to Bank managers & Junior & senior clerks to response with strongly disagree, disagree, agree & strongly agree & information is collected from co-operative banks. To see the difference between management & basic services of co-operative banks.

SUMMARY OUTPUT	
<i>Regression Statistics</i>	
Multiple R	0.221309
R Square	0.048978
Adjusted R Square	-0.0699
Standard Error	4.943812
Observations	10

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	10.06981	10.06981	0.412	0.538909
Residual	8	195.5302	24.44127		
Total	9	205.6			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	28.29044	10.26132	2.756999	0.024789	4.6278	51.95307	4.6278	51.95307
X Variable 1	0.210665	0.328205	0.641872	0.538909	0.54618	0.967507	-0.54618	0.967507

The 'F' ratio table show for 1 degrees of freedom for smaller mean square variance



and 8 degrees of freedom for greater mean square variance critical value of  $F=238.89$  at 0.05 level of significance. The computed value of  $F$ , i.e. 0.412 is much less than both the critical values of ' $F$ ' at 0.05 levels of significance. Hence it is not significant. Consequently, we have to reject the ( $H_1$ ) research hypothesis and accept the null hypothesis ( $H_0$ ) i.e. The management of the co-operative banks in Pune district is not satisfactory and Co-operative banks have failed in providing banking better services to both member & society.

#### Important Conclusions

Conclusions got from primary & secondary data analyze are as follows.

The researcher found that in number of co-operative banks full time staff for the bank was not appointed.

The researcher found that at Annual General Meeting of the members attendance of the member was very poor.

The researcher found that the operational efficiency of some the co-operative banks have suffered considerably owing to inefficient management. One of the biggest obstacles to the growth of the co-operative movement is the shortage of trained & reliable managerial personnel.

#### Important Suggestion

The area of research can be extended from level to state level. It can rather be extend to national level by other researchers significance can be added to the results by some researcher by taking larger sample of managers from large no of cooperative banks.

After the empirical study of the management of co-operative banks the following important recommendations are suggested.

It should be made mandatory on the part of the co-operative banks to appoint the full time staff to take care of the bank work.

To improve the efficiency of the bank it is imperative to appoint trained & fulltime paid secondary.

The training programmes must be started for employees & directors by co-operative department in which subjects like book keeping & accountancy, co-operative law, RBI Act, Banking should be included.

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