

A STUDY ON OPERATIONAL EFFICIENCY OF THE CO-OPERATIVE URBAN BANKS IN ERODE DISTRICT

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Introduction

Urban co-operative banks hold a very significant position in the Indian Banking sector. Competent management is pre-requisite for the success of any organization. In today's highly competitive global business environmental, there is an urgent need of professional management for the successful handling and managing the affairs of the co-operative banks. As well educated and enlightened membership, selfless and dedicated, foresighted board of directors, well experienced and trained personal are the real asses of any co-operative organization and ritually a size-qua- non for the growth and development of co-operative organization. There is a need for the introduction of compliments into the self training institute in order to increase the efficiency of training, teaching and also to create computer awareness. It is hope that the state government will not delay acceptance of the recommendation made by the RBI. In view of the financial sector reforms and de-regulation, urban co-operative banking sector should be immediately freed from restrictive provisions of co-operative Acts as to make them self reliant and self supporting.

The Government is adding to their responsibility of these institutions by entrusting them with the work of distributing several commodities the Government is seeking its participation in the performance of some national tasks like procurement of food grains. The Reserve Bank of India now contributes a lot for the promotion of healthy co-operative movement through its several activities such as supervision research, training facilities etc. as a result now there is more co-operation and co-ordination among different constituents of the co-operative structure.

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Features of Urban Co-operative bank

5. A credit co-operative registered under the state co-operative societies act in urban and semi urban areas.
6. With a minimum paid up capital of Rs.50,000.
7. Provisions of banking facilities. The accepting for the purpose of leading or investment of deposits from members and non members repayable on demands or otherwise and withdrawer by cheque and demand draft etc.

Objectives and functions of urban co-operative banks

1. To attract depositors from members as well as non-members.
2. To advance loan to members.
3. To act as an agent for the joint purchase of domestic and other requirements of the members.
4. To provide additional facilities as afforded by commercial banks.

Area of operation

The area of operation of an urban co-operative Bank is usually restricted by its bye-laws to a municipal area or a town. In some case it exceeds this geographical area.

- Membership
- Management
- Resources
- Deposits
- Borrowings
- Lending Operations

Banking and other facilities

Apart from advancing loans to their member most urban co-operative banks provide them with various other banking facilities such as withdrawals of deposits by cheques, arrange for the remittances of funds from one centre to another and collect money due to their customers such as pay and pensions of government servants. An attempt has been made in this study to evaluate the performance of co-operative urban banks in Erode district of TN. India.

Statement of the Problem

The co-operative credit institutions have been facing innumerable outstanding problems..

Competition is another vital force that constitutes the problem more acute.

However co-operative urban banks have an edge over others in terms of their nearness with the customers.

It is necessary for them to provide efficient services and also win the confidence of the shareholders, depositors and common public .

These problems inspired the researcher to undertake the present study on assessing the functioning and overdue of co-operative urban banks in Erode District of Tamilnadu State in India.

Objectives of the Study

1. To review structure and functioning of the co-operative urban banks in Erode District of Tamilnadu.
2. To access the profitability and solvency position of the selected sample units.
3. To make a comparative analysis of the performance of co-operative urban banks in selected sample units of Tamilnadu.
4. To provide suggestions form the findings of the current study.

Scope of the Study

Erode district are being considered famous for handloom textile industries and mineral deposits respectively. Erode is well known for marketing of textile products of Handloom, power loom and Readymade Garments ,agro products.

Stated modestly, this study is undertaken to analyze the overdue ofurban co-operatives banks in the Erode District.

Research Methodology

Source of Data

Secondary data shall be collected through various sources. Primarily the secondary data shall be gathered through financial statements of the respective banks. Audit reports of the respective co-operative urban banks and published reports of the IBA (Indian Banks Association), NAFCUB (National Federation of Co-operative Urban Bank) are also another source. The profit & loss accounts and Balance sheets of selected urban co-operative banks shall be presented in condensed forms.

In the analysis phased of the study, utilization of various accounting and statistical techniques shall be deployed.

Limitations of the Study

Through an attempt has been made to analyze the growth, profitability, liquidity position and operational efficiency of the UCBs in Erode & Salem Districts in depth the study from the following limitations.

1. Among 132 UCBs in Tamilnadu, spreading all over the districts only 3 UCBs have been selected from the Erode districts for he present study considering the time & other constraints. Hence the findings of present study may not be generalized such for the co-operative urban banks in general.
2. Only secondary data are used for the purpose of this study and they were collected annual reports and other available records at the UCB in Erode District. It carries all the limitations inherent with secondary data financial information.

3. The period of study is limited to 10 years.
4. The study mainly focusing on only the growth liquidity and profitability of the selected UCB.

Review of Literature

The performance of co-operative urban banks also becomes the subject matter of a number of studies and considerable body of knowledge has been will upon them. Some important studies are reviewed here.

Dr. A Subbiah&P.Rajihta (2004) conducted a study entitled the progress of Urban Co-operative Bank In India, and stated that there is a steady increase in the amount of owned funds, deposits, borrowings, working capital and loans outstanding etc. It is clear that the progress of UCB in India under study with regard to deposit mobilization, working capital and loan outstanding in commendable.

AmitShivastava conducted a study entitled recovery of advance a big problem for the urban co-operative banks in June 2005. Urban co-operative banks allow advance for the purpose of purchase of implementation and raw materials, payment of prior debt, ceremonial purposes, educational purpose, medical expenses, budgeting purchasing and purchase of seeds, manure or agriculture implements etc, the highlighted the problem of recovery.

Conclusion

The above studies analyze the working progress and the credit management by the co-operative urban banks in various states. Review of these studies reveals that no serious attempt has been made to analyze the growth liquidity and profitability of the co-operative urban banks and that too in the state of Tamilnadu. The present study is carried out with the main purpose of fill this research gap and to find out the major concerns regarding the growth, liquidity, profitability and operational efficiency of co-operative urban banks in Erode and Salem District.

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