

Meta  
Ec  
3mt  
2014

Impact Factor (GIF) : 0.376

ISSN 2249-0280

# IJMS

## INDIAN JOURNAL OF MANAGEMENT SCIENCE

Volume - IV

Issue - 1(1)

January 2014

*Special Issue*

**9<sup>th</sup> International Conference on  
"Multifacets of Business Management"  
9th, 10th & 11th January 2014**

**Organized by**

**Mahatma Gandhi Vidyamandir's  
Institute of Management & Research**  
Mumbai Agra Highway, Panchavati, Nashik M.S.

**Indexing**  
Ulrich's Directory, USA  
Cabell Publishing, USA  
Index Copernicus International, Poland  
Georgetown University Library, USA  
JournalSeek  
Global Impact Factor, Australia

**ERM**  
Publications

Impact Factor (GIF): 0.376

ISSN 2249-0280

# INDIAN JOURNAL OF MANAGEMENT SCIENCE

Volume - IV

Issue - 1(1)

January 2014

## Editor-in-Chief

Dr. V. S. More  
Ex-Dean Dept. of Commerce,  
University of Pune, Pune  
Director, Institute of Management &  
Research, Nasik (India)

## Associate Editors

Dr. Saroj Dash  
Dr. Surendra Sisodia  
Mr. Abdul Rahman

## Managing Editor

Dr. Arif Anjum (India)

## Subscription Editor

Mohammed Aatif (India)

## Frequency :

Quarterly-Four Issues Per Year

## Correspondence Address:

Indian Journal of Management Science,  
S.N.21, P.N.24, Mirza Ghalib Road, Malegaon  
Nasik, Maharashtra - 423203 (India)  
Contact: 0919764558895  
Email: infoijms@gmail.com  
Website: www.scholarshub.net

## EDITORIAL BOARD

Rohaizat bin Baharun  
Department of Management  
Faculty of Management  
Universiti Teknologi Malaysia

Yasser Mahfooz, PhD  
Department of Marketing,  
College of Business Administration,  
King Saud University, Riyadh, Saudi Arabia

Edhi Juwono  
Perbanas Economics School for Management  
Information Systems,  
Indonesia

Dr. Mu. Subrahmanian  
Professor & Head,  
Department of Management Studies,  
Naya Engineering College, Chennai

Prof. D. P. Singh  
Delhi college of engineering,  
Delhi

Dr. Nafis Alam,  
School of Business,  
University of Nottingham,  
Malaysia

Michael Sunday Agba,  
Department of Public Administration,  
Federal Polytechnic,  
Nigeria.

**Impact Factor:** The Global Impact Factor (GIF) provides quantitative and qualitative tool for ranking, evaluating and categorizing the journals for academic evaluation and excellence. This factor is used for evaluating the prestige of journals. The evaluation is carried out by Global Impact Factor, Australia.

**Disclaimer:** The views expressed in the journal are those of author(s) and not the publisher or the Editorial Board. The readers are informed, editors or the publisher do not owe any responsibility for any damage or loss to any person for the result of any action taken on the basis of the work. © The articles/papers published in the journal are subject to copyright of the publisher. No part of the publication can be copied or reproduced without the permission of the publisher in any form.

13.	Training – A Way to Manage Talent: Perspective of Indian Fertilizer Industry <i>Sunetra Kirit Khatod (Jain) &amp; Jyoti Vaysmurthy Kowjalgi (India)</i>	98-102
14.	Study of Financial Inclusion through Development of Rural Banking <i>Prof. Nikam D.M. (India)</i>	103-107
15.	Economic Facets of Indian Organized Retail Sector: An overview <i>Mrs. Kalyani Kapate &amp; Dr. Y.T.Pawar (India)</i>	108-112
16.	Challenges for Agricultural Producer Companies: A Review of Literature on Farmers' Collective Marketing Activities <i>Dr. B. B. Rayate &amp; Mr. Parikshit K. Pachorkar (India)</i>	113-116
17.	Recent Trends in Corporate Social Esponsibility <i>Dr. Sanjay D. Khairnar (India)</i>	117-120
18.	Multi Facets of Onion Marketing and Export Management <i>Prof.Dr. Thore Shivaji Dattatraya (India)</i>	121-131
19.	Utility of Advanced Softwares in Options Trading <i>Dr. Mrs. P.S. Muley &amp; Palve Shashibhushan (India)</i>	132-140
20.	Environmental Issues in Business Management <i>Dr. Y.T.Pawar (India)</i>	141-144
21.	Women Entrepreneurial Performance in India <i>Prof.Dr. Thore Shivaji Dattatraya (India)</i>	145-149
22.	How to Increase Productivity and Profitability in Women's Urban Co-Operative Banks <i>Prof. Smt. B. D. Patil (India)</i>	150-155
23.	Financial Analysis of Banking Sector of India: Special Reference to Private Sector Banks <i>Dr. S. B. Sanap (India)</i>	156-166

## HOW TO INCREASE PRODUCTIVITY AND PROFITABILITY IN WOMEN'S URBAN CO-OPERATIVE BANKS

*Prof. Smt. B. D. Patil,*

Associate Professor,  
Dept. of Economics,  
Arts, Com. & Sci. College,  
Ozar Mig Nashik, India.

### ABSTRACT

The co-operative movement in Maharashtra has played a significant role in the social and economic development of the state particularly in the rural areas. The co-operatives in Maharashtra have a political, historical, social and cultural heritage. The banking industry in India has made rapid strides after Nationalization of Banks in 1969; the business of the banks increased phenomenally. The number of account holders and number of branches increased. This is some of the indication of massive lateral expansion of banks in post Nationalization Period. Even the nature of banking moving from 'class' to 'masses'. Women co-operative societies are the means for ensuring involvement of women in process of social and economic development of the Nation. Women co-operatives are established in the Nation and their values are shared by majority of women. It is mainly through co-operative only that women can resolve their problems and grievances. Women co-operatives are considered as an important instrument for economic development to emphasize the values of self-help, responsibility, democracy, equality, honesty, awareness and caring for others.

The economic prosperity of any country depends largely upon the sustained and healthy gravity of its financial institutions. Of the various forms of co-operative activities provision of credit bank is the most important one. The Women Urban Co-operative Banking system plays an important role in the field of non-agricultural credit in the urban and semi-urban areas. The Women Urban Co-operative Banks raise deposits and give loans to their members also perform all types of banking functions. The Maharashtra is a leading state in the women co-operatives. In the process of women co-operative movement in India, Maharashtra proved its creditable and competitive role.

**Keywords:** Productivity, Profitability, Resource Management, Non Performing Assets, Ancillary Business, Cost Control, Executor and Trustee Services.

**Introduction:**

Improving profitability of banking sector has been a area of great concern to Reserve Bank of India, Government of India and others. While during the Post Nationalization Period, public sector banks and commercial banks are increasingly harping on profitability, the Women Urban Co-operative Banks are not to that extend conscious about the profitability. Since the Women Urban Co-operative Banks are almost functioning on the style of many commercial banks, and they have to survive in the competition, the need has felt in the co-operative field also that Woman Urban Co-operative Banks should give due weightage to the profitability concept.

Women Urban Co-operative Banks should be conscious about the profitability and the staff of the co-operative banks should be aware of the productivity. The performance of the financial institution is judged by its allocational and operational efficiencies. Allocational efficiency refers to the efficiently allocation of funds by an institution among competing demands. Operational efficiency refers to the difference between the rate at which funds are raised and deployed. And more and more institution and instructions come into money and capital markets, the finance system gets depended and widened and also becomes more competitive. Banking is an activity which touches the lives of millions directly and indirectly everyday and everywhere. The industry has been also sensitive and responsive to the needs of society. Banking is a system which can be proud of possessing enviable network. Literate and intelligence work force, competent management, clear regulatory frame work and a definite role in the economic life of individuals and organizations.

**Objectives of the Study:**

The study sets the following objectives:

1. To study the how to increase productivity in Women's Urban Co-operative Banks.
2. To study the how improve the profitability in Women's Urban Co-operative Banks.
3. To study the ways and means improving profitability in Women's Urban Co-op. Banks.
4. To study the long term profit planning of Women's Urban Co-operative Banks.
5. To study the Effective Consumer Services in Women's Urban Co-operative Banks.

**Research Methodology:**

The search for this paper has been done using the online databases, online journal and the RBI Report and material available on various websites have been scanned. The present study is totally based on the secondary data and the literature. All the views and relationships expressed in this paper are through the review of paper, article and the reports.

**Aware of the Productivity and Conscious about Profitability:**

Women's Urban Co-operative Banks should give due weightage to the profitability concept. It is therefore necessary that the management of Women's Urban Co-operative Banks should be aware of the productivity and conscious about the profitability. Profitability is an index of operational efficiency of any Commercial Enterprise. In the context of the unique role played by the Women's Urban Co-operative Banks, their performance has to be viewed on the basis of allocational efficiency also. The Women's Urban Co-operative Banking is one such sector of the banking system as a whole and traditionally it enjoys a benefit of paying one percent more on its deposits. While, Women's Urban Co-operative Banks have achieved a respectable growth but the profit is not commensurate with the growth rate. In planned economy, growth is linked with social justice. There are certain social compulsions such as priority sector lending, which is highest for the Women's Urban Co-operative Banks. Women's Urban Co-operative Banks can also take pride in saying that the incidence of bad and doubtful debt and writing of loans is very less in Women's Urban Co-operative Banks. These are the institutions, which are run by the self made persons and the management is democratically elected. The decision maker are, therefore may not necessarily educated.

As regard the operational efficiency, it is automatic determination by the regulatory authority. Since the lending rate and the deposit rates are decided by RBI, there is hardly any scope for the Women's Urban

co-operative Banks for manoeuvrability. In fact in every country the banks operate under over all constraints such as capital adequacy, opening of branches, maintenance of reserve, treatment of provision for loan losses etc. However, in India the regulatory authority have taken these aspect in to consideration, while, formulating and implementing various policy measures. That is one reason why co-operative banks enjoy concessional treatment.

### Improve the Profitability:

The object of the study is explore ways and means improving profitability from identifying operational areas such cash management investment, credit and ancillary business. This is to be achieved by greater cost control and profit planning. It only means managing efficiently the main items of assets and liabilities. There is hardly any scope for the management to improve the profitability by reducing liability on account of administered structure of interest rate on deposits. However, management of the assets side offers substantial scope for improving profitability.

Women's Urban Co-operative Banks have lot of scope to increase ancillary services also which mainly comprise of income from the off balance sheet items, the important of ancillary services has been increasing recent years with earning under these head becoming and important source of profit. In measuring efficiency it is incorrect to take at the business per employee. The business measured in terms of deposit to advances should be related to growth in establishment expenses. The correct indicator is amount of deposit or credit per rupee of establishment expenses. Women's Urban Co-operative Banks should also engage themselves in to evolving and appropriate strategy to move to a situation of greater cost control and improve profits. A strategy of SWOT (Strength, Weaknesses, Opportunities and Threats) is very much relevant to Women's Urban Co-operative Banks as to other business organization we must those opportunities for which they are best fitted. Weakness if any which may come in the way of effective utilization of opportunities must be overcome.

To some up, improving profitability requires augmentation of income and control over cost. This objective could be achieved by fixing targets to increase income and control expenditure in different areas of the bank. The first step towards this end is therefore identifying the areas where there is scope for improvement. This will require separation of a elements contributing towards income and expenditure, the extent of manoeuvrability available. Thirdly devise suitable system of observing monitoring and control over such segments. The scope for improving profitability for Women's Urban Co-operative Banks may be stated to lie in following 7 critical areas.

1. Resource management.
2. Cash management and investment management.
3. Credit Management.
4. Ancillary business.
5. Cost effectiveness and cost control.
6. Profit planning.
7. Budgeting and control.

Mobilization of resource of proper mix and its effective deployment. The resources of the bank mainly constituted: a) Deposits, b) Borrowing from banks, financial institution and Reserve Bank of India. c) float funds including accounts payable d) capital and reserve. The Women's Urban Co-operative Banks are required to keep Cash Reserve Ratio and statutory liquidity ratio mentioned by the other banking sector. There is hardly any scope for the banks to increase the profitability except resorting to the marketing activity and mobilizing deposits at the lesser cost. The float funds mainly consist remittances of funds between branches, demand drafts, mail transfer, and telegraphic transfer etc. The Women's Urban Co-operative Banks can reduce their cost of fund by building large reserves.

Cash is an important form of assets required to meet the liquidity needs of the customers from time to time. Like blood in the human body, cash sustains the banks. Every banker has to study his own cash requirements in the light of the customs and habits of the society, which determine the cash requirement. It is also necessary to view the cash requirement of the customers in the light of the improvement in the transport, education, industry and banking. We must slowly go from cash managed economy to credit

managed economy. In accordance with the requirement laid down in the section- 24 of the Banking Regulation Act, Women's Urban Co-operative Banks are required to keep 25% of their deposit in Government approved securities. This investment pattern is decided by the market forces i.e. RBI buying and selling pattern in open market.

**Credit management** - Banking is nothing but a skillful management of its funds. The main objective is to maximize the profit. The lending capacity of the banks is limited by the statutory requirements. The rate of interest on the lending of the priority and weaker section is determined by RBI, which is concessional. There is hardly any scope for the banks to maximize the profit within the framework of the regulatory authority. India is one of the countries, where term finance is at lower rate than the Working Capital finance. More-over, on account of large scale sickness in the SSI sector, the Non Performing Asset goes on increasing, to obviate this, RBI have introduced health code system for all type of borrowable accounts.

#### **Ancillary Business:**

The traditional banking business is that accepting deposits for the purpose of lending or investment. The banks conventionally render other corollary services such as effective standing instructions, making available banking instructions, providing pass books of accounts, issue of traveler cheques and extending documentary credits. On deposit front, alternative financial savings instruments pose stiff competition to banks deposit, while on credit front, owing to the laid down policies and the increasing role of banking system as a catalyst to the economic development called social justice, banks operate with it very little manoeuvrability. Thirdly, transmission of money was not a profitable activity, as benefits, directly attributable, to such funds transfer were not often commensurate with the cost. Therefore, banks have been looking forward towards diversifying into a wide range of financial activities not inter-associate with the banking. The outcome is to provide comprehensive range of domestic finance services.

While the trust of banking should be on non-fund based activities such as letter of credit, breakage, Bank Guarantee safe Deposit vaults, remittance collection etc., there are certain new avenues in this field which can a mass good profit. Top most banks in the world are earning profit on account of ancillary business today. Women's Urban Co-operative Banks are on threshold of keeping forward and capable of sustaining in over all banking competition. They can very well attract ancillary business by attracting Clientele by better customer service and personalized approach.

#### **Executor and Trustee Services:**

In this services look after his customer's money as an executor of the bank. Executor and the banker take over management of entire estate. The trust services apparently are unprofitable, but banks continue this work as it is not without related benefits, like spin off other services. The most important and the most quoted benefit is the level of having business generated by the trust work. Of less tangible benefits but of equal importance is the good-will benefit among the beneficiaries and the others?

#### **Long term Profit Planning, Budgeting and Control:**

The management of the Women's Urban Co-operative Banks is not much conscious about the concept of long-range profit planning. However, the budgeting and controlling exercises at the administration level are being conducted periodically. The implementation and monitoring the exercise is not up to the mark. Credit budgeting aims at projecting deployment pattern of resources quarter wise and resources are generally estimated based on anticipated deposit growth rate by monetary authority. The performance budgeting system has been operational in the few Women's Urban Co-operative Banks. The trust is more achieving performance in terms of deposit in general and lending to various sectors in particular. During the last decade major Women's Urban Co-operative Banks have begun with long range planning, generally covering a time frame of 5 years encompassing all business all business parameters. It will also be necessary to mention that practically there is no systematic long term profit planning strategy adopted by the Women's Urban Co-operative Banks. Long term profit planning is a discipline method where - by the environmental facets impinging on banks are analyzed, the resources

and external competence identified, objectives established and plans are made to achieve them. It is hard task and hence avoiding hard decision might bring the system to disrepute. Such planning system is expected to provide discipline, direction and dynamism to the decision makers.

The profitability is looked upon as indicator of operational efficiency. In view of the serious threat to profitability, it is necessary that the exercise is conducted now. Women's Urban Co-operative Banks have been subjected to planning exercise some how or other. Appreciation and the understanding of the planning can be fruitfully directed to use the concept of long term profit planning. A long term profit planning has a time span long enough to provide management with an opportunity to anticipate future problems and have a greater freedom of action to resolve them in an orderly manner.

1. It is necessary to look upon every branch a profit centre and every administrative office as cost centre.
2. Is there any scope for really enhancing revenue by reaching of funds through better recovery? An interest and staff cost takes away 80% of total expenses. Remaining areas have to be explored for the cost reduction exercise.
3. Increasing staff productivity through motivation on one hand and redeployment of existing man power. This is to be achieved in labor oriented regulations.
4. It is possible for Bank Management to take decisions like pegging the staff cost as percentage to working funds at a particular level?
5. Improve customer service and award for best performance in various functional areas would trigger off good business, and motivate other. Finally, it will result in better performance on desk. Bringing qualitative improvements as objectives of planning exercise was equally important to quantitative target setting.
6. Re-development of man- power from surplus to deficit pockets.
7. Actively Planning calling for detail cost benefits analysis of individual activities.

#### Innovation in services:

In order to understand the importance of cost effectiveness and cost control and its impact on profitability, we have to examine the major heads of income and expenditure. On income side major income is interest on advances and investments. This gives large scope for banks to achieve profit by improving operational efficiency. Priority sector and weaker section lending is determined on expenditure side interest paid on deposits is heaviest change on profit. The only scope for banks is to change the deposit mix, by mobilizing deposits at lesser costs. Second major expenditure is salaries and allowances. This is governed by extraneous factors. Banks can undertake judicious deployment of staff and judicious distribution of work. Work norm study could be undertaken system and procedure could be evolved computerization and mechanization could be expensive, but as long terms perspective it has proved that it is economical and this is the force nobody can resist or stop staff, if you want to grow in competition. Bank Management should take care by not increasing the cost on this account.

#### Effective Consumer Services:

It is necessary to see that proper services are rendered to the consumer in the banking field banking is a service business. There are different types of progressive consumer services. In general there is a feeling among the people that consumer services are not made available in time. The quality of there services is deteriorating day by day. Therefore it is necessary for the banks to take necessary steps to improve the quality of there services before there are harsh reactions from the consumers. It is necessary to improve the quality and variety of the consumer's services.

#### Humanitarian point of view regarding consumer services:

Cash transaction takes place in the banks the officers and the employees who carry on this work on human beings. The consumers with whom the dealing is done are also human beings. It is believed that psychologically a person gets satisfaction in the place where he is welcomed and the atmosphere there is pleasant. When a consumer comes to a bank, the bank employees should give him a friendly treatment and



should maintain good relations with him. Maintaining good relations proves helpful to the bank because the bank business depends upon the consumers. Consumer is not dependent on the bank. Improvement in the employee's knowledge, skill, attitude and working pattern.

### Conclusion:

The Maharashtra state is the pioneer and rank first in the growth of co-operative movement in India. Co-operative movement basically an actives with a common goal, co-operation refers to the formation of non profit economic enterprises for the benefit of there members. Co-operative movement in Maharashtra is based on the remarkable developments in co-operative societies and co-operative banks. Various institutions in the above fields are playing vital role in the process of economical, political and social development of Maharashtra. Maharashtra state is one of the leading states in the co-operative movement in India.

Presently, the UCBs occupy an important place in the Indian Financial system. However the UCBs strengthen their uniqueness and growth in the banking industry and it is required to take certain measures like for strengthening the UCBs sector substance of its growth is attendant to Professionalization of its management, inculcating good corporate governance, technology absorption and scrupulous adherence to regulatory framework. Let us hope that the urban co-operative banking sector will learn from its past experiences and adjust to new realities since banking is risky business. In future the UCBs are ready to face many challenges in the competitive environment of both Public and Private sector banks expansion activities both vertically and horizontally.

The study also shows that people have a lot of faith in the services provided by Women's Urban Co-operative Banks and this faith must be maintained in the future. Overall financial performance of Women's Urban Co-operative Banks improved. Most of the Women's Urban Co-operative Banks became weak due to lack fund management and lack of professional management. Women's Urban Co-operative Banks should proactively adopt Corporate Governance and should not wait for its imposition by statute for the development of UCB sector. For the implementation of Corporate Governance Board of Director plays very crucial and vital role. Therefore, the Board of Directors of Women's Urban Co-operative Banks should implement professional management approach. Reserve Bank of India and Government should co-operate with UCBs for their development. Women's Urban Co-operative Banks should be conscious about the profitability and the staff of the co-operative banks should be aware of the productivity.

### References:

- [1] Macmillan, 'Co-operative Banking', Macmillan Publication India.
- [2] Kulkarni S. K. (1996) 'Urban Co-operative Banks',
- [3] Walkini W. P. "Co-operative principles today and tomorrow"
- [4] The Maharashtra co-operative quarterly.
- [5] Dr. Gondhalekar Aparna, "Computerization in Banks"
- [6] Chandorkar Leela, "Women in co-operative field".
- [7] Prof. Deshmukh M. A. "How to make the consumer services effective".
- [8] Commissioner for co-operation and Registrar of co-operative societies, Maharashtra State, Pune.
- [9] RBI, 'Report on Trend and Progress of Banking in India' (2000-01 to 2010-11), RBI, Mumbai.
- [10] RBI, 'Report of the high power committee on Urban Co-operative Banks', RBI Mumbai
- [11] Dr. Jawahar Babu, 'UCBs in India Problems and Prospects'
- [12] Rao V. M. 'An Overview of Urban Co-operatives Banks in India.
- [13] [www.rbi.org.in](http://www.rbi.org.in).
- [14] [www.nabard.org](http://www.nabard.org).
- [15] [www.jstor.org](http://www.jstor.org).
- [16] [www.oijrj.org](http://www.oijrj.org)
- [17] [www.abhinavjournal.com](http://www.abhinavjournal.com)

\*\*\*\*