

SKILL DEVELOPMENT IN URBAN CO-OPERATIVE BANKS

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Abstract : Urban Co-operative Banks (UCBs) plays an important role in the financial sector of the economy. They have to face stiff competition from other banking giants and stay in the field of tough competition. Skill development plays a major role in their day to day working. This paper throws light on the problems faced by UCBs and the need of skill development in this sector

Keywords: Urban Co-operative Banks, Co-operatives, Skill development.

I. INTRODUCTION

India has a long history in the field of Co-operatives. Co-operatives have been in existence in India from 4 B.C. The renowned teacher of economics and political science, Chanakya, (BC 350 – 275) makes a reference to Cooperatives in his book on 'Arth Shastra' Craftsmen did the efforts collectively and then divided their earnings either equally, or as agreed upon among themselves in a predetermined manner. Even today majority of the population in India is associated with one Co-operative society or another. The wings of Co-operation is spread far and wide in our country.

Co-operative Societies Act of 1904 was passed as per the recommendations of Sir Edward Law Committee, appointed on the basis of the report of Sir Fredrick Nicholson. Inspired by the success of urban cooperative credit movement in Britain, Germany and Italy, the first mutual aid society 'Anyonya Sahakari Mandali' was created in the erstwhile Baroda state in 1889. However, the 1904 Act gave real impetus to the movement. First urban cooperative credit society was registered in Canjeevaram in the then Madras province in October, 1904. Some of the prominent early societies include Pioneer Urban Bank (1905), No.1 Military Accounts Mutual Help Cooperative Credit Society, Pune (1906), Cosmos, Pune (January 18, 1906), Belgaum Pioneer (1906), etc. The most prominent amongst early societies was Bombay Urban Cooperative Credit Society established on January 23, 1906.

Banks aid the economic development of the nation by acting as repositories of the savings of its countrymen. They also propel growth of the nation by extending credit facilities to the patrons. Banks play a major role in the planning of the economy.

Co-operative Banks also work in the same direction. They cater to the needs of the relatively smaller borrowers and businesses like small scale industries, personal finance and home finance in rural and urban areas. They are the choice of the weaker sections of the public. Today the operations have widened considerably.

The following tables depicts the progress made by the urban co-operative banks (UCBs) during the last 10 years, it can be clearly was observed that the performance has by and large been satisfactory. Though there has been reduction in the number of UCBs from 2004 onwards, the total banking business (deposits plus advances) of UCBs has shown steady increase signifying that the banks have been able to garner more business.

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As on March 31	No. of UCBs	Deposits (` Crore)	Advances (` Crore)
2001	1618	80840	54389
2002	1854	93069	62060
2003	1941	101546	64880
2004	1926	110256	67930
2005	1872	105021	66874
2006	1853	114060	71641
2007	1813	121391	79733
2008	1770	138496	88981
2009	1721	158733	97918
2010	1674	182862	110303
2011	1645	209949	135104

Source : Reserve Bank of India web site..

As on March 31	(In Percentage)			
	UCBs	DCCBs & State CBs	RRBs	Commercial Banks
2001	6.3	7.2	2.9	83.6
2002	6.4	7.2	3.0	83.4
2003	6.3	7.0	3.0	83.7
2004	5.8	6.6	3.1	84.5
2005	5.3	6.3	3.1	85.3
2006	4.6	5.4	2.9	87.2
2007	4.0	4.7	2.7	88.6
2008	3.7	4.1	2.7	89.5
2009	3.4	3.9	2.6	90.1
2010	3.5	3.7	2.7	90.1

Source : Reserve Bank of India web site

Regulations regarding UCBs.

The UCBs have to adhere to the norms laid by Reserve Bank of India, Banking Regulation Act, Co-operative Societies Act.

Problems faced by Urban Co-operative Banks.

The UCBs are flooded with a lot of problems. Some of them are enlisted below :

- Personal vested interests,
- Political interference,
- Breeding grounds for financial indiscipline,
- Mismanagement resulting in huge losses,
- Sharp increase in number of Nationalised and Commercial banks and branches. The Nationalised Banks enjoy Government patronage. These banks increase market competition, They also have a large net work of branch and clients
- Large number of financially unsound banks,
- Steep increase in interest expenses on deposits consequent to deregulation,
- High rate of interest on deposits and advances,
- Adverse selection of borrowers,
- Low capital base,
- Dual/Triple control,
- High exposure to real estate and other sensitive sectors,

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- Lack of professionalism,
- Low level of computerization,
- Faulty recruitment system / excess staff / poor skill, low level of operational efficiency,
- High operating costs,.
- Financial irregularities and
- Dual control,
- Lacking in Professional attitude:
- Poor Salary & Wage Structure:
- Deregulated Working Hours:
- Poor amenities/facilities provided by management:
- No scope for self-development:
- Faulty Recruitment System:
- In some UCBs the powers are centralized in the hands of a few Directors, which neutralizes the basic concept of democracy; the decisions are taken as per the will and whims of these powerful directors, mostly, in their personal interest, and not in the interest of the bank.
- It is true that elections are held at intervals but very often the same members continue to be in office for years together and sometimes office bearers' post passes from father to son or to members of the same family.
- Interference of Board Members in the working of the Bank:
- Rift in Board members:
- Political control on Bank:
- No liberty to invest in High Return Investments:
- Stringent regulatory controls:
- Govt. Debt Waiver Schemes: Facing recovery problems.
- Closure of any other UCB or Bank in the area:
- Language Problem:
- Notional loss on Investments:
- Third Party Collection Facility:
- Multiple Loan:
- Exposure Norms:
- No special provision in Co-operative Act:

The UCBs are left with no options but to improve upon their skills to expand the retain the customer base. The skill development which has to be attended is as follows :

1. Since the number of Nationalised Banks and Branches have increased, the staff of the UCBs have to shoulder additional responsibility of dividing the clients amongst themselves and then maintaining personal contact with the clients and providing them with personalised services. The Nationalised Banks are not able to reach to the small customer.
2. The Manager / Officers of the UCBs have to be trained as to proper selection of borrowers. Just to secure business, it is not advisable to go on giving loans to every customer. Proper study and application of mind has to be done. The staff have to be trained in this respect.
3. The Staff of the UCBs have to be trained to be professional in their approach towards to clients. They have to overcome the lack of Professionalism.
4. The Staff have to be trained in handling computers. Computerisation have been of great benefit to all. The staff have to be sent for training in order to handle the computers properly.
5. Poor salary structure has to be rectified. Proper qualified and trained staff should be put in place with proper salary structure.
6. Language skills have to be developed. Training on proper manners and etiquettes should be given to staff to deal with the customers.
7. The staff should be trained to valued the Investments properly and at periodical intervals.
8. The staff should be trained about prudential norms, exposure norms, government rules and regulations,

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CONCLUSION :

Market share of the UCBs have been reducing year after year. It clearly shows that the days ahead will be tough and hard for the UCBs. Development of skill is the need of the hour and if not attended thatn the UCBs will soon be history.

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