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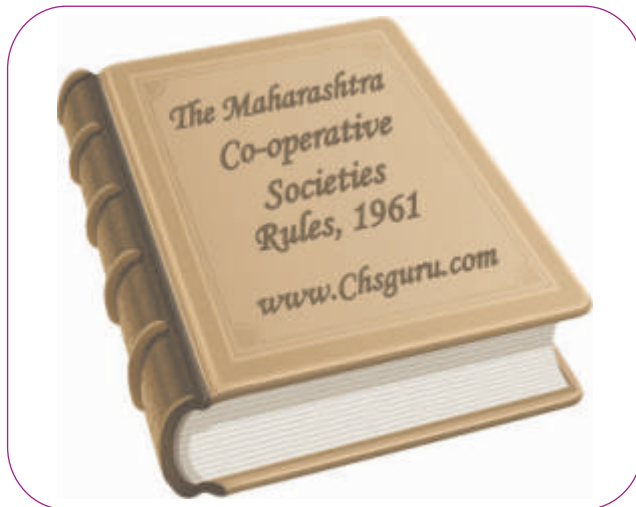
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FINANCIAL PERFORMANCE OF MSEB EMPLOYEE'S CO-OPERATIVE CREDIT SOCIETIES MAHARASHTRA STATE



ABSTRACT:-

Banking constitutes a significant sector of a dynamic financial system of a country. In India the banking system consists of Central banks, Commercial banks, Co-operative banks and foreign banks, etc., co-operative credit structure is made up of agricultural and non-agricultural credit institutions. Non-agricultural credit cooperatives include urban cooperative banks, housing cooperative banks, salary earners' cooperatives and employees' cooperative banks. Employee's Co-operative Credit Society (ECCS) occupy an essential position in the financial system of the economy in terms of their reach, volume of operations and the purpose they serve. They were the first ever attempt at micro credit dispersion in rural, semi-urban and urban area in India and are voluntary organized in a democratic setup by people having common interest and high moral values with the aim of "Thrift" and "self-help" through mutual help. This paper study the Financial Performance of ECCS as well as helps to understand the current trends & progress of ECCS.

KEY NOTES: Employee's Co-operative Credit Society, Banking Practice & trends, SHGs, MSEB.

INTRODUCTION

This research is dedicated to the presentation

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of financial profile of the area under studied. The present Maharashtra State. The Maharashtra is covers by the working area of employee's credit societies. In this research we have covered divisional wise; Geographical, historical, demographical & socio economic aspects of the area under research study with special reference to MSEB employees co-operative credit societies. Maharashtra is the second largest state of India both in terms of geographical area and population. It has 36 districts divided into six divisions. Maharashtra is a highly urbanized state with 45.2 percent of the population residing in urban areas. Development in any field comes because of Finance sector. Among the factors plays a key role in economic development. This is applicable to employee's credit co-operative societies in Maharashtra.

EMPLOYEES' CO-OPERATIVE SOCIETIES

The urban credit cooperatives including Employees' Co-operative societies were registered under Second All India Cooperative Societies Act, 1912. Subsequently, urban credit cooperatives/employees' co-operatives were organized in various parts of the country. Among the non-agricultural credit cooperatives next to the urban cooperative banks, prominent are the employees' cooperative credit societies, salary earners' cooperatives and employees' cooperative banks.

TYPES OF EMPLOYEES' SOCIETIES

There are two types of employees' cooperatives viz., Employees' thrift and credit societies and Employees' cooperative banks registered by the RCs and controlled both by cooperative department

and RBI. Employee's cooperative thrift and credit societies follow the Act, rules and byelaws of the society, whereas the employee's cooperative bank have to function not only as per the cooperative societies Act but also as per the Banking Regulation Act.

STATEMENT OF THE PROBLEM

The democratic organizational structures, the familiarity of area of their operation and consequent personalized union with customers are the distinct advantages that these institutions enjoy and the capacity of these societies improved vastly. Thus the employee co-operative societies have attained a special status and have become one of the important constituents in the co-operative systems of the country. Even though there is a progress in the growth of employees' co-operatives and urban credit movement, certain defects are noticed, they are as follows:

- There was no proper helps and guidance received by employees' co operatives due to the unavailability of federation from the commencement
- Operational problems are one of the causes for slow growth in some employees' co-operatives
- Development of urban credit and employees' co-operatives was irregular in various states.
- The co-operative societies including ECS which could not offer new strategy to meet the employees' expectations.
- The amount of deposits as well as credit per account is small and the servicing costs are obviously high. It affects the performance and profitability of the society.

The problems highlighted above calls for a thorough assessment of the employee co-operative societies' performance to review the present status and future prospects. This will also help the societies to find its strengths and weakness for further improvement and corrective actions. Keeping this point in view, the performance of the MSEB employees' co-operative societies of Maharashtra State has been analyzed in this study.

OBJECTIVE OF THE STUDY

The present study has the following objectives.

- To examine the different sources of working funds of the selected Employee Societies.
- To appraise the deployment of working funds with reference to loans and advances and investments.
- To assess the customers perception towards the working of the selected employee societies
- To evaluate the overall financial performance of the MSEB employees' societies
- To arrive at major findings and suggestions.
- 4 Methodology

METHODOLOGY

Survey method has been followed for this study. Primary and secondary information has been collected through various sources.

SAMPLING

Simple random sampling method has been followed in this study. There are number of employees' societies functioning in the Maharashtra State, of which 3 Cities were selected for this study on the basis of covering the 3 revenue divisions in Society, such as Nagpur, Wardha, Chandrapur respectively.

There are 50 employees chosen in each society. The total sample size is 150. The study covers a period of 10 years from 2002-2003 to 2011-2012.

FINDINGS

The main findings of the study are listed below as,

- Share Capital of the society
- Reserve & Surplus of ECCS
- Progress in Deposits of ECCS
- Total Loans Outstanding of ECCS

- Debt Equity Ratio:
- Net Earnings of the Employees credit co-operative societies
- Status of beneficiaries

SHARE CAPITAL OF ECCS

Employee Credit Co Operative Society had a share capital of Rs. 15.6 lac in the year. The total share capital up to 2005-06 to 2011-2012 to Rs.206.6 lac. The average share capital of the MSEB Employees Credit Co-operative society Ltd. During the period under study has been Rs. 29.5 Lac

RESERVE & SURPLUS OF ECCS

Had a reserve and surplus Rs.72.01 lac in the year 2005-06, the financial year up to 2005-06 to 2011- 2012 total Reserve and surplus Rs. 564.91. The total Average of MSEB Employees Credit Co-operative society Ltd. During the period study has been Rs. 80.70 lac.

PROGRESS IN DEPOSITS OF ECCS

The deposits of this Employees credit co-operative society in 2005-06 were Rs. 27.33 Lac .The total deposits up to 2005-06 to 2011-2012 were Rs. 365.99 Lac .The total average MSEB Employees Credit Co-operative society Ltd. During the period study has been Rs. 52.28 Lac was recorded.

TOTAL LOANS OUTSTANDING OF ECCS

The total loans outstanding of this ECC Societies in 2005-06 were Rs. 27.15 lac. Total loans outstanding of MSEB Employees Credit Co-operative society Ltd. have been during the period under study was recorded in the year up to 2005-06 to 2011- 2012 i. e. Rs. 337.4 Lac. The total average rate recorded was Rs.52.43 lac.

DEBT EQUITY RATIO

The average external debt of the society was Rs. 76.5 lac the average internal equities of the society were Rs. 163.57 lac.

NET EARNINGS

The net earnings of MSEB Employees Credit Co-operative society Ltd. in 2005-06 were Rs. 79.99 lac. The net earnings of this society have been during under study period up to 2005-06 to 2011 to 2012 were Rs. 748.52 Lac. The total average rate recorded was 106.93 Lac.

STATUS OF BENEFICIARIES AS DEPOSITORS, BORROWERS & EMPLOYEES

All beneficiaries are asked a question that whether he is depositors, borrowers & employee of the society. The table is evident that 120 (36.92%) beneficiaries are depositor & 60 (18.46) beneficiaries are borrowers & 145 (44.61%) beneficiaries are employees of the societies selected for study.

CONCLUSION & SUGGESTION

On the basis of the above findings the subsequent actions are suggested to improve the performance of the societies. ECCSs must have a vision and mission to wider their membership base. They have to attract more members / customers. They must have to shift their dependence from thrift deposits to saving deposits with premeditated strategies to reduce cost of funds. An advance is an area where the societies earn more interest income and it is one of the essential functions of the society. Therefore the ECCSs, have to enhance their loans and advances based on their working funds positions, demand for loans etc. further, the ECCSs have to train their officials and staff to handle the credit proposals. Society must review their investments and other assets periodically to avoid accumulation of idle assets. They can expand their loans under medium term and long term loans category taking all possible precautions both at pre-disbursement survey and post disbursement follow up. The society should come forward with attractive deposits schemes such as children deposits, marriage deposits etc, to attract deposits and at the same time in calculate the habit of savings in a world increasingly attracted by

consumerism. The loan portfolio of the society seemed to be restricted to consumption oriented loans. They should provide more loans for purposes such as Housing, Education, purchase of House sites etc. This is possible as the implementation of new scales of pay increased the disposable income of the members. The administrative set-up headed by the managing director has been functioning effectively. But there is scope for improvement in the areas of communication, decision making and fixing responsibility and scientific organization of departments. This will improve the efficiency and effectiveness of the organization. Banking sector is increasingly using computers in strategic planning, management control and operation control activities. The ECCSs has not made significant use of technology is evident from the fact that most of its operations are done manually. So, steps should be taken to use computers in all activities of the bank to make its operations more efficient.

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