Review of Literature

The review of literature is an important aspect in research work which strengthens the formulation of hypothesis, pinpoints the problems and provides solutions. After formulation of the problem, researcher has to conduct an extensive survey of available literature related to the problem under investigation. For this purpose researcher has to go through books, journals, articles, periodicals, newspapers etc. This will enable the researcher in preparing the gist of the past work concerning his topic of research.

An attempt has been made to review some relevant literature by the researcher as a preliminary to the present study.

*“Co-operative banks in changing banking scenario”- NABARD.

Due to stiff competition for other payers in the rural credit, co-operative banks are facing serious challenges at this juncture. The enhanced role of the banking sector in Indian economy and the increasing levels of competition have placed numerous demands on co-operatives. Globalization has also resulted in improved risk management practices, the co-operative banks shall have to shoulder greater responsibilities. The co-operative banks have to face the latest challenge in the form of technology adoption.

*In the book “Management of Urban co-operative Bank” written by Dr. Partho Pratim Roy the author reviewed that, Banking has always been the major vehicle for any nation’s economic development with the liberation economy, a paradigm shift has taken place in Indian Banking to help the countries liberalized economy perform as per global standards. Urban co-operative banks which are functionally more akin to commercial banks than to their co-operative banks which are functionally more akin to commercial banks than to their co-operative counterparts, have considerably been affected by the super cyclonic winds of change. For this USB’s must recognize, accept and translate latest information and communication technology into useful applications for their business development.

*“Co-operative Banking – Innovations and Developments” Feb (2009) edited by Alessandro carretta, paola schwizer and vittorio Boscia.- In this book, the writers revealed that, since the 19th Century, co-operative banks have been considered central players in economic and
social development both at microeconomic and macroeconomic levels, maintaining their traditional competitive power and strength in local markets the current debate deals with the validity of the co-operative business model in the new environment characterized by an increased level of competition which has influenced the volume, quality and price of financial services and squeezed banks profitability.

*“Indian Co- Operatives”- edited by T.P. Rajmanohar and V. Balaji. In this book the authors mentioned that co-operative banks are based on co-operative principles. They accept deposits from the public for the purpose of lending and repay it on demand or otherwise. The purpose of starting co-operative banks is to provide credit to the poor farmers and to liberate them from the money lenders.

*In the book “Co-operative banks in India- functioning and reforms” written by Amit Basak, July 2010, reviewed that co-operative banks are an integral part of the Indian financial system. They comprise urban co-operative banks and rural co-operative credit institutions. Co-operative banks in India are more than 100 years old. Co-operative banks mobilize savings from the middle and lower income groups and purvey credit to small borrower. Co-operative banks constitute an important segment of the Indian banking system. They have traditionally played an important role in creating banking habits among the lower and middle income groups and in strengthening in the rural credit delivery system.

*In the year 1991 Kulkarni P.B. revealed that after independence co-operative movement was accepted by state policy as a major element of the strategy for socio economic development of the entire economy with greater emphasis on rural development.

*In the year 1998 Javir et.al. Said that the advances extended by Thane Grameena Bank Maharashtra for a period 1987 to 1995. The outstanding advances had increased from Rs. 0.82 Lakhs to 178.38 Laks and also recovery position was found to be increasing. So the bank had disbursed its credit to various sectors effectively.
Singhal considered (in 1998) two types of overdues, willful default and those beyond the control of borrower. Their study mentioned a need on the part of co-operatives to coordinate refinancing for borrowers with overdues beyond their control.

In the year 2000 Bhaskaran and Josh concluded that the recovery performance of co-operative credit institutions continues to be unsatisfactory which contributes to the growth of NPA even after the introduction of prudential regulations. They suggested that make co-operative credit institution more efficient profitable in tune with competitive commercial banking.

In April 2000 Katar Singh revealed that the institutional credit at village level emerged with the passing of co-operative credit societies Act 1904 with the object to decrease the rural indebtedness and to accelerate the growth of economic development in the country.

In June 2000 Dr. Dodkjejey M.D. said that a co-operative is an autonomous association of person united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. It stands for the principles of “All for each and each for all”

In the year 2000 Debabrata Das examined that the loans provided by Arunachal Pradesh State Co-operative Apex Bank played an important role in improving the economic conditions of the borrowers in rural area of India and enabled the borrowers to raise their living standards.

A profile by National Resource Centre (2005) revealed that the co-operative movement in India consisting of 5.04 lakhs of different types of co-operatives with their total membership of 2091 lakhs and with working capital of Rs. 2,27,112 crore (1998-99) has been considered to be the largest co-operative movement in the whole world.

In the year 2005 Satish studied the characteristics that distinguish commercial bank and co-operative sector borrowers. Data was collected in 2002 from a sample of 160 farm
households in Punjab in India. He revealed that co-operative borrowers were mainly small and marginal farmers with limited land and capital. Bank borrowers on the other amounts of capital.

*In Jan 2007 Heiko Hesse and Hartin Cihak in their paper reviewed that co-operative banks are an important part of many financial systems. In a number of countries they are among the largest financial institutions when considered as a group. Moreover, the share of co-operative banks has been increasing in recent years. The market share of co-operative banks in terms of total banking sector assets increased from about 9% in 1990’s to about 14% in 2004.

*Miss. Swapna Kharade (Jan 2009) in her article concluded that the co-operative banks should manage their funds by increasing profitability at the same time adhering to competition. They have to try to reduce the NPA to the minimum or nil position.

*Dr. Mrs. S. S. Kulkarni (2009) said that co-operative is the base of rural development. It should be sustained and developed in the balanced form in any part of the country.

*Shri. H. V. Ambawade in his article (2009 April) concluded that the profit figure of all banks shows decreasing trend. The productivity per employee is less. The top and branch management should prepare proper profit planning. The bank management should develop profession attitude towards investment decision.

*In the year 2009, June K. G. Shrivastav suggested in his article that urban co-operative credit societies should be less dependent on the banks for increasing their working capital. In view of this, expansion of urban co-operative movement is very important.

*Shri. Patil S. M. (Oct. 2009) in his article said that after analyzing the performance of state co-operative banks, in India it is observed that the progress and financial position of the short term co-operative credit institutions is negative the total loans outstanding and overdue have decreased.
*A study group in Nov. 2009 by Prof. Kaushal A. Bhatt, Disha Shah, and Meena Shah opined that MICR (Magnetic Ink Character Recognition) clearing is advantageous among all types of account holder. Irrespective of the location of bank branch, account holders can be assured that their cheques would get processes through MICR.

*In the 2009, Ramu, concluded in his article that, the urban co-operative banking system has come a long way since 1904 when the first USB was started at Kancheepuram in Tamil Nadu. USB’s remain not for profit owned and controlled by the members who use their services. Today, UCB’s are compelled to maintain superior asset quality in the competitive market for their survival.

*In the year 2009 (Dec.) Mr. Jeru Rajendra Dhanappa examined in his article that heterogeneity is a striking characteristic feature of urban co-operative banking in India. The business of UCB’s in India has highly concentrated in the five major states; proper government policy can encourage and relocate the UCB sector.

*In Sept 2010 Francesca Battaglia opined that, co-operative banks are small financial institutions providing financial services in several local geographical areas. Their performance is strongly influenced by the economic conditions of their local markets.

*In RBI Report (2010, Oct) said that authorized dealer category I urban co-operative banks fulfilling the norms for AD-I license have been allowed to participate in the exchange traded currency option market of a designated exchange recognized by the SEBI only as clients.

*In RBI report (2010) declared that keeping in view the growth in business of primary urban co-operative banks over the years; it has been decided to enhance the limits on unsecured loans and advances, granted by UCB’s complying with a CRAR norm of 9%. The loans granted by UCB to its members should not exceed 10% of its total assets.
*In 2010, RBI declared that, well managed and financially sound UCB’s allowed to open branches counters in their approved area of operation beyond the current annual ceiling of 10 per cent and upgrade extension counters which are in operation for more than three years.

* In its report (Jan. 2011), RBI explained that compliance with know your customer norms would continue to be the responsibility of UCB’s. Because the objective is to extend savings and loan facilities to the un-banked population.

*In the year 2011, April Prof. U. M. Shah, in his article said that co-operation banks being community based organizations provide effective checks and balances in their functioning. They capable in meeting challenges of production, employment generation and technology transfer particularly in the rural sector.

*RBI in its report (2011) declared that, with a view to mitigating the difficulties faced by the members in collection of account payee cheques, at that time primary co-operative banks may consider collecting account payee cheques drawn for an account not exceeding Rs. 50000/- to the account of their customers.

*In seminar (2011) on economic and social development of women through co-operatives, it was recommended that, the products of self help groups organized by urban co-operative banks may be sold by co-operative consumer stores. Women co-operative banks may be provided necessary financial support.

*Dr. B. S. Salunkhe (2011) in his article concluded that, co-operatives have contributed to the progress of Indian economy in multifarious ways. Co-operative organizations should reframe their business activities in terms of buying and selling policies, technology and efficiency of the organizations.

*In Oct. 2011, T.M. Padmanabhan, A Shanthi, revealed in their article that Kisan credit card scheme has come to stay as a boon to farmers in rural areas, and it is being operationalised
successfully in our country by the farmers, bankers, particularly the co-operative banks which are the traditional lenders towards crop loan.

*D. Thomaj Victor Raja and R. Chandramohan (Oct. 2011) in their article concluded that in the case of financial inclusionary attitude the select DCCB’s have been rendering good services to the women community by providing loans in promoting new enterprises of the study area.

*In the year 2011, K. K. Ammannaya, in his article ‘Banking growth in Karnataka’ opined that increasing branch network and financial inclusion of all individuals in the banking tasks requiring full attention in the banking field in Karnataka which will helps in acceleration in its economic growth.

*RBI in its report (Nov. 2011) declared that based on the representations received from urban co-operative banks, it has been decided that to permit Tier – I UCBs to extend individual housing loans up to a maximum of Rs. 30 lakh per beneficiary and Tier II UCBs to extend individual housing loans up to a maximum of Rs. 10 lakh per beneficiary, and maximum repayment period is 15 to 20 years.

*RBI in its report (Oct 2011) declared that it has been decided to permit scheduled USB’s satisfying certain criteria to provide internet banking facility to their customers. Accordingly scheduled UCBs having minimum network of Rs. 100 crore, CRAR at least 10% and net NPA less that 5% and have earned net profit continuously in the last three financial years are eligible to offer internet banking facility to their customers.