

ROLE OF MANVI PATTANA SOUHARDA SAHAKARI BANK LTD, IN THE ECONOMIC AND FINANCIAL DEVELOPMENT OF HYDERABAD KARNATAKA REGION – A Case study

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ABSTRACT:-

Money is the greatest invention of man and is the pivot around which the whole economic science rotates. It has acquired so much importance that the modern economy is described as money economy. At present we cannot think of an economy without money because an economy without money cannot function as effectively, efficiently and smoothly as a money economy. Money has overcome all the difficulties of barter: it has made possible tremendous saving of time and trouble in marshalling of productive facilities and in the distribution of the output of industry to final consumers. It has brought about rapid economic progress by facilitating specialisation and division of labour, technological progress, large scale production of goods and extension of various forms of business and financial organisation. Thus, money has been serving the various needs of man. With the passage of time, its forms and functions have changed to a great extent. Before we discuss the forms and functions of money, let us discuss the condition of exchange that were existing before the introduction of money and banking.

Co-operative Banking sector plays very important role in economic development. Economic development is a process of upward change, whereby the real per capita income of a country increases over a long period of time through growth and development of business enterprises. In short economic development is a process to increase the real or per capital income of the country involves initiating and constituting change in the structure of business and society. This change is accompanied by growth and increased output, which allows more wealth to be divided by the various participants. So Co-operative Banking serve as catalysts (ie Agent) in the process of industrialization and economic growth and innovations plays a key role in economic development.

Key words:- Bank, banking, Finance, souharda, sahakari, economic, co-operative societies act, Rtg.

INTRODUCTION:

“Cooperatives should play significant role in the implementation of development schemes- Shri Radha Mohan”

In India, the first Cooperative Societies Act, 1904 was enacted to facilitate formulation of primary credit cooperative societies. Subsequently, visualizing the need for the formation of other type of societies including federal societies, the Cooperative Societies Act, 1912 was enacted. The Government of India through the Cooperative Societies Act, 1919 transferred the subject of “Cooperative Societies” to the then provincial governments and subsequently the provincial governments enacted their own Cooperative

Societies Acts to promote growth of the cooperatives. The status of “Cooperative Societies” as a provincial subject was maintained in the Cooperative Societies Act, 1935.

To facilitate the organization and functioning of the cooperative societies having jurisdiction in more than one province, the Government of India enacted Multi-Unit Cooperative Societies Act, 1942. The Act of 1942 was repealed by the enactment of Multi-State Cooperative Societies Act, 1984 which has since been replaced by the Multi State Cooperative Societies Act, 2002. In the pre-independence era, the policy of the Government by and large was of *laissez faire* towards the cooperatives and the Government did not encourage an active role for their promotion and development. After independence in the year 1947, the advent of planned economic development ushered in a new era for the cooperatives.

The cooperative movement in our country has witnessed substantial growth in many diverse areas of the economy. With a network of about 6.10 lakh cooperative societies and a membership of about 249.20 million, the cooperative movement in India has emerged as one of the largest in the world. The agricultural credit advanced through cooperatives recorded a sizeable increase from a meagre Rs. 214.35 crore in 1960-61 to Rs. 86185 crore in 2011-12 with about 17% share in total institutional agricultural credit. The share of cooperatives in fertilizer distribution is 36% and in sugar production nearly 39.7%. The cooperatives also make procurement of wheat at 24.8%. The handlooms contribute 54% and 20.3% of the retail fair price shops are in the cooperative sector. The cooperative sector provides direct and self-employment to about 17.80 million people in the country and playing a significant role in improving the socio-economic conditions of the weaker sections of society through cooperatives in fisheries, labour, handloom sectors and women cooperatives. Dairy cooperatives through ‘White Revolution’ have enabled the country to achieve self-sufficiency in milk production. Housing cooperatives are contributing to the construction of housing units for economically weaker sections and low income groups at affordable rates. Through fair price shops, cooperatives are supplying essential commodities to the weaker sections of society at concessional rates. Thus the cooperatives are contributing substantially in our efforts for achieving inclusive development.

It has however been experienced that in spite of considerable numerical expansion of cooperatives in different sectors of the economy in the country, their performance in qualitative terms has not been up to the desired level. Therefore, the Government of India has taken various measures for promoting and developing the Cooperative sector in the country. These include, inter-alia, framing of the National Policy on Cooperatives, enactment of a progressive legislation of the Multi-State Cooperative Societies (MSCS) Act, 2002, assistance to cooperative education and training, assistance through National Cooperative Development Corporation (NCDC) for development of cooperatives, implementation of recommendations of the Prof. Vaidyanathan Committee to strengthen rural cooperative credit structure and recent enactment of the Constitution (97th Amendment) Act, 2011 for development of Cooperative sector in the country. Money lending in one form or the other has evolved along with the history of mankind. Even in the ancient times there are references to the moneylenders. Shakespeare also referred to “Shylocks” who made unreasonable demands in case the loans were not repaid in time along with interest. Indian history is also replete with the instances referring to indigenous money lending “sahukars” and “zamindars” involved in the business of money lending by mortgaging the land and property of the borrowers.

Towards the beginning of the 20th century with the onset of modern industry in the country, the need for the government regulated Co-operative banking system was felt. And therefore, immediately after independence, many new Co-operative banks came up in various parts of the country.

A Co-operative bank is a type of financial intermediary and a type of bank. It is also known as business banking. It is a bank that provides checking accounts, saving accounts and that accepts time deposits. Co-operative banks engage in recreation an significant part in the development of Economic growth in Hyderabad Karnataka Region. Development of economic involve savings in a range of sector of the development of economy. Co-operative Banks mobilize investments from the common people and mobilize investments for investments in co-operative societies. Besides standard financial achieve organization services for the clients. The financial institutions purchase and sell shares, formulate rental fee expenditure, obtain contribution money and accumulate value finances for the administration departments. Consequently these financial institutions investment time and power of community who are demanding.

It has brought about rapid economic progress by facilitating specialisation and division of labour, technological progress, large scale production of goods and extension of various forms of business and financial organisation Thus, money has been serving the various needs of man. With the passage of time, its forms and functions have changed to a great extent. Before we discuss the forms and functions of money, let us discuss the condition of exchange that were existing before the introduction of money and banking.

Even establishment of co-operative Banks and financial institutions plays a prime role in the pace of economic development of a country. Thus banks are key to the creation of Business and Industries. They play a vital role for the economic development of Hyderabad Karnataka in the following ways.

- Augmenting the meeting local demand.
- Formation of capital
- Balanced Regional development
- Generates Employment opportunities
- Improvement of per capital income
- Improving of standard of living
- National Self-reliance
- Planning production of money market
- Backward and forward linkages
- Dispersal by Economic power.
- Technology in banking industry
- Create competitive market in Business or industrial segments.
- Involvement in social welfare.
- Increasing in productivity.

STATEMENT OF THE PROBLEM

The MPSS BANK LTD oldest bank and a premier in terms of balance sheet size, number of branches, market capitalization and profits is today going through a momentous phase of change and transformation. Twenty Three year old Co-operative sector bank today stirring out of its public sector legacy and moving with an ability to give the private and foreign banks a run for their money. The bank is entering into many new businesses with strategic tie-ups like custodial services, Bank share, mobile banking, advisory services, structured products etc. each one of these has a huge potential for growth. The bank is forging ahead with cutting edge technology and innovative new banking models, to expand its rural banking across Hyderabad Karnataka Region. Today the bank is the largest provider of financial assistance for the development of Hyderabad Karnataka Region. Taking all these aspects into account, the topic of this

study ROLE OF MANVI PATTANA SOUHARDA SAHAKARI BANK LTD, IN THE ECONOMIC DEVELOPMENT OF HYDERABAD KARNATAKA REGION – Case study “ assume a special significance to know the impact of all these measures in the economic development of Hyderabad Karnataka Region.

Though money plays a very significant role in a capitalist economy as well as in a socialist economy, it cannot be the root-cause of all economic progress. Money is only an instrument by which economic progress can be achieved but it is not the controlling instrument. Economic progress is the result of inventions and innovations, development of transport and communication, development of science and technology at this region. But it should be noted that all these would be impossible without the use of money.

OBJECTIVES OF THE STUDY

1. To study the various measures adopted by ManviPattanaSouhardaSahakari Bank Ltd., for the economic and financial development of Hyderabad Karnataka Region.
2. To analyse the impact of these measures on the beneficiaries in particular.
3. To assess the overall situation of industrial development of Hyderabad Karnataka Region.
4. To study resources position available in the Hyderabad Karnataka Region for further growth of the region.

MANVI PATTANA SOUHARDA SAHAKARI BANK LTD

ManviPattanaSouhardaSahakari Bank was started in 1995 and has established itself as a leading financial service provider in Hyderabad Karnataka Region. The bank has consistently performed well and has reached an annual turnover of over Rs. 500 Crores. It has one of the highest productivity per employee and the lowest NPA in Karnataka. Mr ThimmaiahShetty, the founder of the bank has always adopted the leading technology to enable customers to avail best possible banking services. The bank offers a world-class infrastructure for its customers to conduct their banking transactions. The bank provides ATM facilities for its customers, who can draw money in any of the ATMs across India. Several facilities such as e-stamping, RTGS/NEFT are offered to its customers.

PRODUCTS AND SERVICES

Bank offers a variety of deposits to suit the specific needs of its customers. The following are the deposits offered.

- Saving Bank Account
- Fixed Deposit
- Varamahalaxmi Deposit
- GouriGanesha Deposits
- Senior Citizen Deposit
- Recurring deposits
- Security deposit

- Members Family Welfare Recurring Deposit
- Members Family welfare fixed deposits
- LakshadishwarrRecurring Deposit
- Pigmy Deposit

Bank provides financial assistance to meet varies needs of its customers. The following are the loan offered by the bank.

Vehicle Loan

Overdraft Loan Accounts

Business Loan

Mortgage Loan

Salary Loan

Pledge Loan

Warehouse Receipt Loan

Small Scale Industry Loan

Godown Construction Loan

Lift Irrigation Loan

Housing Loan

Loan on NSC/IVP/KVP

Loan on Pigmy

Loan on Deposits

Loan on Micro Finance



OTHER SERVICES

- Agriculture/Rural Banking
- ATM Services
- Internet Banking
- Mobile Banking
- International Banking
- Safe Deposit Locker
- E-Pay
- E-Stamping

VALUES:

- Excellence in customer service
- Profit orientation
- Belonging commitment to bank
- Fairness in all dealings and relations
- Risk taking and innovative
- Team playing
- Learning and renewal
- Integrity
- Transparency and discipline in policies and systems

LIST OF MPSSBANK BRANCHES IN HYDERABAD KARNATAKA REGION

1. ManviPattanaSouhardaSahakari Bank Ltd., Manvi (HO)
2. ManviPattanaSouhardaSahakari Bank Ltd., Gangavathi
3. ManviPattanaSouhardaSahakari Bank Ltd., Hospet
4. ManviPattanaSouhardaSahakari Bank Ltd., Raichur
5. ManviPattanaSouhardaSahakari Bank Ltd., Karatagi
6. ManviPattanaSouhardaSahakari Bank Ltd., Lingasuguru
7. ManviPattanaSouhardaSahakari Bank Ltd., Bellary
8. ManviPattanaSouhardaSahakari Bank Ltd., Koppal
9. ManviPattanaSouhardaSahakari Bank Ltd., HagariBommanahalli
10. ManviPattanaSouhardaSahakari Bank Ltd., Siraguppa

Hyderabad Karnataka Region and Economic Development:

Economic development is a process of increasing the real national income of the country over the period of time. It implies improvement in the material welfare of the masses by bringing about a change in the existing pattern of their standard of living. It aims at improving the quality of life of the people by generating employment and raising the productivity by enmeshing the use of modern technology and by supplying the essential commodities necessary for comfortable living. It relates to the activity of developing and conserving the available resources in land, men and material for enhancing the quality of life of the community. Economic development is thus a process of development resulting in the advancement of community towards the attainment of certain specific goals.

The objectives of economic development are:

- a. Rise in national and per capita income of Hyderabad Karnataka Region.
- b. Improvement in the skill, efficiency and earning power of labors.
- c. Better organization of production.
- d. Development of social overheads.
- e. Growth of financial institutions.

- f. Rise in the standard of education and expectation of life.
- g. Greater leisure and recreational facilities.
- h. Widening the mental horizon of the people.
- i. Removal of unemployment and poverty.
- j. Reducing inequalities of income and wealth distribution.
- k. Bringing about a total change in the socio economic scenario in the Hyderabad Karnataka Region.

DETERMINANTS OF ECONOMIC DEVELOPMENT:

Economic development is a highly complex phenomenon. It is influenced by a number of factors. Not only economic development but also non-economic development determines the process of development in any country. The determinants of economic development may there for be classified into two broad categories:

1. Economic determinants.
2. Non- economic determinants.

The non-economic factors may be further classified into

- Social determinants
- Political determinants
- Other determinants

ECONOMIC FACTORS:

1. AVAILABILITY OF NATURAL RESOURCES:
2. CAPITAL FORMATION:
3. CAPITAL – OUTPUT RATIO:
4. TECHNOLOGY AND RESEARCH:
5. DYNAMIC ENTREPRENEURSHIP:
6. RATE OF GROWTH OF POPULATION:
7. SOCIAL OVERHEADS:

Role Played By the ManviPattanaSouhardaSahakari Bank in the Economic Development of Hyderabad Karnataka Region.

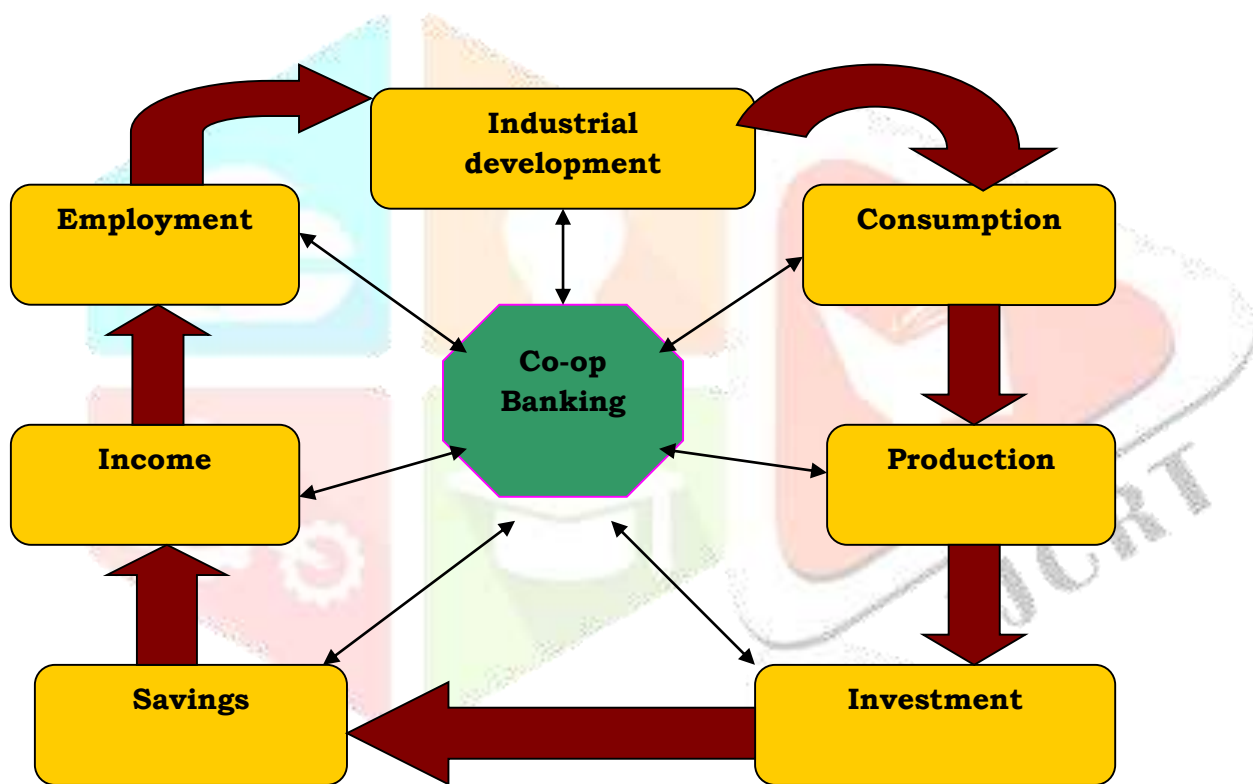
In India, the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. Internationally, the financial inclusion has been viewed in a much wider perspective. Having a current account / savings account on its own, is not regarded as an accurate indicator of financial inclusion. 'Financial Inclusion' efforts should offer at a minimum, access to a range of

financial services including savings, long and short term credit, insurance, pensions, mortgages, money transfers, etc. and all this at a reasonable cost.

ECONOMIC DEVELOPMENT:

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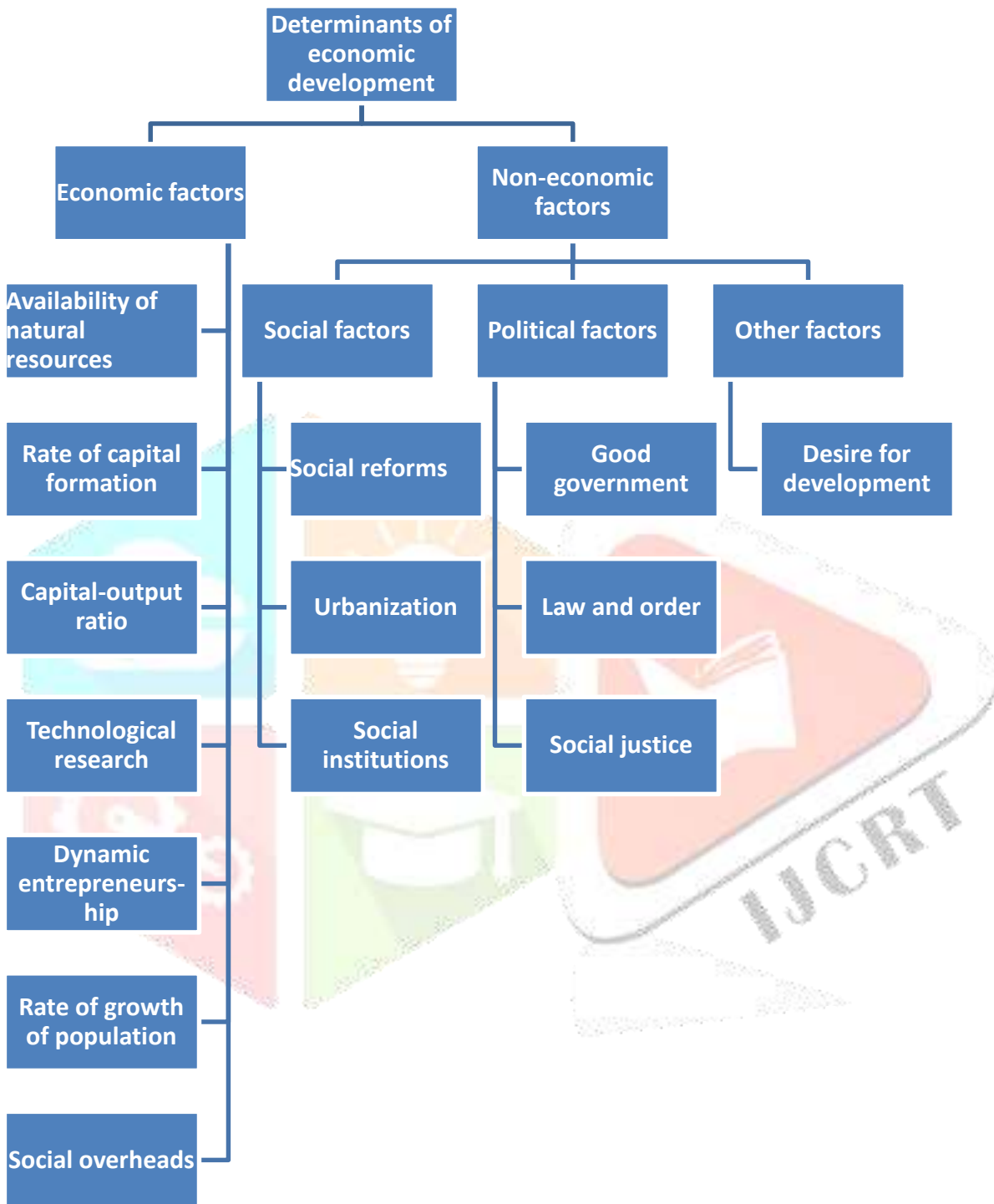
Chart 5.1: “Co-operative Banking system and economic development”



DETERMINANTS OF ECONOMIC DEVELOPMENT:

Economic development is a highly complex phenomenon. It is influenced by a number of factors. Not only economic development but also non-economic development determines the process of development in any country. The determinants of economic development may there for be classified into two broad categories:

Chart 5.2: “Determinants of economic development in Hyderabad Karnataka Region”



Financial Position of ManviPattanaSouhardaSahakari Bank Ltd as on 31.03.2018

MANVI PATTANA SOUHARDA SAHAKARI BANK NI. HO MANVI			
COMPARITIVE FINANCIAL POSITION AS ON 31.03.2018			
			RUPEES IN LAKHS

S.NO.	PARTICULARS	AS ON 31.03.2017	AS ON 31.03.2018	GROWTH VALUE	PERCENTGE GROWTH %
1	SHARE CAPITAL	817.53	920.97	103.44	13%
2	DEPOSIT	20,064.92	24,019.83	3954.91	20%
3	INVESTMENTS	6,775.76	9,385.31	2609.55	39%
4	LOANS & ADVANCES	13,547.67	16,156.75	2609.08	20%
5	RESERVES & PROVISIONS	1,125.30	1,345.99	220.69	20%
6	TOTAL BUSINESS	33,612.59	40,176.58	6563.99	20%
7	PROFIT	310.42	466.64	156.22	50%
8	TOTAL MEMBERS	17,795.00	21,153	3358	20%
9	NPA	2.89	2.90	0.01	0%
10	CRAR	12.80%	16.30%	3.50	27%
11	NO OF BANK STAFF	104	126	22	20%
PRIORITY SECTOR LOANS AS ON 31ST MARCH 2018					
		Rupees in lakhs	Percentate		
1	TOTAL LOANS AND ADVANCES	16,156.75			
2	PRIORITY SECTOR LOANS	10,202.84	63%		

3	Weaker section Advance				
	(SC/ST, Women, Small & Marginal Former & Micro credit & SHG etc)	2,254.81	14%		
4	OF WHICH WEAKER SECTION	NUMBER	Rs. in Lakhs		
5	LOAN TO WOMEN	6,444	1,737.83		
6	LOAN TO SHG	215	211.53		
TOTAL NUMBER OF A/C HOLDERS AS ON 31ST MARCH 2018					
7	TOTAL DEPOSIT A/CS	42,403			
	TOTAL LOAN ACCOUNTS	10,226			
8	MOBILE BANKING APPLICATION				
	IMPS TRANSACTION UPTO Rs.2.00 LAKHS				
	1) BALANCE ENQUIRY 2) MINI STATEMENT 3) CHEQUE BOOK REQUEST				
	4) FUND TRANSFER WITHIN BNK 5) LINKAGE OF MULTIPLE ACCOUNT				
	6)STATEMENT REQUEST 7) ATM LOCATER				
	OPENING OF NEW BRANCH AT DEVADURGA				
	THANKS TO ALL CUSTOMER				

FINDINGS AND SUGGESTIONS

After undertaking the study, the following findings were made about the usage of financing schemes of the ManviPattanaSouhardaSahakari Bank Ltd.,:

1. The customers had used multiple sources for financing their enterprises. Most of the respondents had relied on their own funds for financing SMEs and bank financing. Private financial institutions came third in the preference.

2. Obtaining adequate finance was the biggest obstacle faced by SMEs in their growth followed by burden of heavy taxes on them. Easy financing schemes should be provided. Rates of taxes should also be decreased; it will help in the growth of SMEs in India.
3. ManviPattanaSouhardaSahakari Bank Ltd., was the most popular source of SME financing. The reason was low rates of interest which gives them capital at low cost. The service fees and bank charges were also less which results in low cost of financing than the other sources.
4. Most of the firms were taking loans for fulfilling their frequent needs for the capital. They took credit for the flooring of inventory and working capital and to increase the size of production. They had taken loans for technological up gradation also as SMEs require capital to upgrade their technologies which is changing at a very fast phase.
5. The most preferred benefit of these schemes was low rates of interest as government is charging very less rates in comparison to other sources. These schemes offer attractive financing conditions and easy access also.
6. The most common problem faced by Customers in raising finance was the delay made in sanctioning the loan.
7. The most common reason given by the banks for rejecting an application was that the customers could not provide enough guarantees. Banks reject an application because they believed that it was not a profitable venture. An application also got rejected because of poor credit history as banks lie on the past performance of enterprises before granting any loan.
8. Most of the customers get demotivated for applying for finance from these Loans because of the lengthy process involved and because they were turned down before. Some of the Cusotomers did not apply for loan from these Loans as too much of documentation was required. The time to obtain the approval for loan and documentation involved demotivated the customers.
9. Most of the customers think that Co-operative sector banks schemes of financing were better than that of Govt banks financing schemes .The Co-operative banks use latest technology and provide better service. Moreover, the time involved for obtaining loan was also comparatively less.
10. Most of the respondents were satisfied with the interest rate charged, amount of loan sanctioned and service fees Respondents showed their dissatisfaction regarding time to obtain the approval, behavior of the bank staff.

SUGGESTIONS

In the light of the observations and findings of the study, it is but fitting and proper to put forward the following recommendations to improve the performance effectiveness of ManviPattanasouhardasahakari bank ltd. Hyderabad Karnataka Economic development is a highly complex phenomenon. It is influenced by a number of factors. Not only economic development but also non-economic development determines the process of development in a Region. The determinants of economic development may there for be classified into two broad categories: Economic determinants. Non- economic determinants. The non-economic factors may be further classified into Social determinants Political determinants other determinants

1. The re-orientation program, workshops and seminars should be organized at district level to provide latest information to the small and medium scale industries about the various small and medium scale industries financing schemes MPSSB LTD.
2. Product innovations in banks have set the rule of the game “Innovate or perish”. The same rule applies to small and medium scale customer segment. At present, there is a vast gap between requirements of the small and medium scale industries customer and availability of suitable/matching products and services in the MPSSB LTD .
3. The conventional credit appraisal systems are heavily dependent on financial statements and miss the softer strengths inherent in the business. Banks may adopt a balanced score card model for credit assessments. Small and medium scale industries not under which risk weights may be assigned to (i) managerial, technical and commercial competence of the customers (ii) quality of trade references from suppliers/buyers.
4. The appraisal system is to be made more realistic and transparent. The applicant and if required, his consultant, should be briefed on the objective procedures which bank applies to arrive at decisions so as to educate them to understand the requirements of bank and to prepare credit proposals in a scientific manner. Hyderabad Karnataka Region Economic development is a process of increasing the real national income of the country over the period of time. It implies improvement in the material welfare of the masses by bringing about a change in the existing pattern of their standard of living. It aims at improving the quality of life of the people by generating employment and raising the productivity by enchasing the use of modern technology and by supplying the essential commodities necessary for comfortable living. It relates to the activity of developing and conserving the available resources in land, men and material for enhancing the quality of life of the community. Economic development is thus a process of development resulting in the advancement of community towards the attainment of certain specific goals.
5. As most of the small and medium scale customers are proprietorship type of customers, it is essential for the banks to closely focus on the non-financial parameters also during appraisal
6. The process followed in sanctioning the loan and documentation required is cumbersome; hence it is suggested to make the process easier.
7. Small entrepreneurs should make feasibility studies before they finalize their projects. They should undertake only such projects which are technically, operationally and economically and financially viable.
8. The problem that the small and medium scale customers face while acquiring funds from MPSSB LTD is that their financial systems lack transparency. Credit Ratings can benefit both the parties. The credit ratings will giveMPSSB ratings an easy access to the financial information of small and medium scale industries that highlight the unit's strength and weaknesses, making it easy for them to take a decision while lending.
9. Most small and medium scale industries customers have to make several small payments through cash, bankers' cheques or drafts. Banks may capitalize on emerging electronic payment and settlement systems such as ECS, RTGS, etc., to offer customized and cost effective retail payment/remittance solutions or cash management services to the small and medium scale industries customers.

CONCLUSION

Now the Bank is looking forward with confidence to excel itself in all areas of banking in the days to come. It is reasonable to think that the fruits of liberalization coupled with the changes in the internal

structure and a new Dynamism in management would take the Bank to greater heights in performance. True to its tradition.MPSSBANK has a strong commitment to fulfil the aims and objectives of customers. It still considers the customer as 'Master'. It murmurs silently with a feeling of self satisfaction. At the time of nationalization the socio-economic objectives were explicitly laid down and the banks were asked to contribute to the maximum possible extend towards economic and social development of Hyderabad Karnataka Region. It was realized that the traditional banking ethics were not compatible with the needs of economic development and that balanced development was not possible without strengthening the hold of co-operative I banks in the backward and neglected areas. Various developments taking place in HK Region and economy are influencing Indian co-operative banking in a major way. The major contributors towards the economic development is banking sector by way of financing major projects like construction of building, laying down roads, etc. as well as major projects like providing finance to small scale industries, partnership firms, cottage industries, poor artisans, etc. MPSSB LTD being a leading co-operative sector bank also initiated a number of measures to respond to the changes taking place in the economy and banking. Launching of various services in itself is no business objective; successful positioning and resultant positive response from the consumers determine the extent of success of the services that ultimately leads to economic development. Because the role of commercial banks in the economic development involves a great amount of invisible delivery, monitoring and further planning to improve them became a very challenging task. Examination and analysis of various aspects of this challenging task, therefore is an important exercise, which this study attempts to undertake.

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