

FINANCIAL RESOURCES OF EMPLOYEES CREDIT CO-OPERATIVE SOCIETIES IN LATUR DISTRICT

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Abstract-

Loan is necessary to complete the casual requirements of the employee and Employees' credit co-operative society (ECCS) available loans without mortgage. In this study I search the financial resources of ECCS.

The data would be collected from the secondary sources (Annual reports and audit reports). The study covers the financial position, trends and progress of ECCS in Latur District. I adopted accounting and statistical techniques such as tabulation ratio etc.

In this study ECCS is not sufficient own financial Resources.

I suggest all ECCS increase the own Resources from shareholders.

Key word –

ECCS-Employees' Credit Co-operative Society, **UCB**-Urban Co-operative Banks, **NPA**-Non Performing Assets, **MSEBOECCS**- Maharashtra Electricity Board (MSEB) Official Employees credit co-operative society Udgir, dist. Latur, **ZPTCCS**- Zillah Parishad Teachers Credit Co-operative society Ahmadpur, dist. Latur

1.1 Introduction:

The Government, semi government and non government employees are get regular monthly salary holders. They are no other source of income other than own salary. Out of the reasonable monthly salary the employee has to meet his requirements. There is no sufficient balance left to fulfill the casual expenditure emergency needs. For the fulfillment of such expenditure they require loan. Loan is necessary to complete the casual requirements of the employee. Banks cannot sanction loan to employee without any mortgage and so many formalities. 'Salary' is the basic source of income and is also considered as the mortgage for loan. Employees' salary is considered as mortgage in employees' credit co-operative society (ECCS), urban co-operative banks (UCB) and nationalized banks. There are three source of loan for the employees. But employees' credit co-operative society is established for employees and main object of ECCS is fulfillment of employees' financial needs. Employees' credit co-operative society is one of the types of Non-agricultural credit co-operative societies.

The first factory workers' credit co-operative society was established at **Bhadoch**. Another factory workers' co-operative credit society was established in the year 1912. The number of Employees' credit co-operative societies in India 1946 was 639. Later on the number of ECCS has rapidly grown. Presently, there is 7211 ECCS in Maharashtra which is divided in to nine regions.

1.2 Origin of the research problem:

Presently, co-operative movement has not trustable because present time many co-operative societies, banks are insolvency and their Non Performing Assets (NPA) is more than limit. But ECCS's is best of recovery and minimum NPA maintained because all borrower are employees and they no due certificate is not issued without ECCS permission. Present time computation of ECCS's is national banks and UCB's. Problem of improvement and query of facility is the most important factor. Because ECCS is limited improvement and limited facilities provide.

1.3 Importance of the study:

The present study is most significant because it throws light on many important aspects related to ECCS functioning in Latur District. This study will come out with the listing of constraints, difficulties encountered in financial matter of the ECCS. The suggestions will be helpful for improving the overall performance of these ECCS and also will guide others. This study will be useful to improve the financial performance of the ECCS in the District, state and also country. In short, the importance of ECCS in Latur District, the researcher has selected this research topic for the purpose of the study. The research and evaluation provides impetus to identify the shortcomings and devise corrective strategies, which will lead to the growth of professionalization. The present study will certainly prove to be one of the major contributions to the area of co-operative studies.

1.4 Objectives of the study:

The objectives of present study are as follows:

1. To study in detail the Financial resources of ECCS in Latur District
2. To give suggestions and recommendations with a view to improve the functioning of ECCS.

1.5 Scope and limitations of the study:

1. The present study covers ECCS in Latur District.
2. The study is based on period of five years i.e. 2009-10 to 2013-14.

1.6 Research Methodology:

The data would be collected from the secondary as well as primary sources. The study covers the financial position, trends and progress of ECCS in Latur District.

a) Primary Data:

Primary data would collect through discussions, personal interviews and observations by attending annual general meetings and separate structured questionnaires for the office of ECCS and the members of the ECCS. The researcher would conduct an opinion survey of experts and eminent personalities associated with ECCS in Latur District.

b) Secondary Data:

Secondary data would include through various public sources; Annual reports and audit reports of ECCS in Latur, Journals and Periodicals, News papers, Annual Audit Reports and special publications by certain ECCS.

c) Techniques:

Researcher will adopt various accounting and statistical techniques such as tabulation ratio etc.

1.7 Selection of samples

The Latur district is divided in to ten Taluka for administrative purpose. There are 198 employees' credit co-operative societies in Latur district out of them the researcher has chosen two of total the ECCS, as a sample. Thus the sample comprehensively covers all characteristics and provides a good basis for the present study.

- a. Maharashtra Electricity Board (MSEB) Official Employees credit co-operative society (MSEBOECCS) Udgir, dist. Latur
- b. The Zillah Parishad Teachers Credit Co-operative society (ZPTCCS) Ahmadpur, dist. Latur

Table 1
MSEBOECCS Udgir and ZPTCCS Ahmadpur Position
As on 31st March 2014

Sr. No.	Particulars	MSEBOECCS	ZPTCCS
	Establishment	01-01-1991	24-10-1977
1	Members	230	865
2	Paid up Share Capital	10482100	38929520
3	Funds	3319293	3623539
4	Loans and Advances	24393867	198190600
5	Profit	935761	2044096
6	No. of Employees	1	Not available

Source-Related ECCS Annual Report

1.8 MEMBERSHIP

The membership of employee's credit co-operative societies is limited because member of the Societies is generally employees of the one particular institute or department. Few employees are need to money and they communicate and decide establish the employees credit co-operative society and they registered society in district co-operative registrar office. All employees right to member to ECCS. All member of ECCS few amounts contribute to share capital and they called share holder. A member has all the rights of shareholders.

The trends and progress in the membership of the sample employee's credit co-operative societies are presented in Table 2

Table 2
 Membership Position

Sr. No.	Particulars / Years	2009-10	2010-11	2011-12	2012-13	2013-14	Total	Average
1	MSEB Official Employees credit co-operative society (MSEBOECCS) Udgir, dist. Latur							
A	No. of Members	240	243	243	247	230	1203	240.6
B	Growth Rate	0	1.25	1.25	2.92	-4.17	1.25	0.31
2	Zillah Parishad Teachers Credit Co-operative society (ZPTCCS) Ahmadpur, dist. Latur.							
A	No. of Members	785	798	806	850	865	4104	820.8
B	Growth Rate	0	1.66	2.68	8.28	10.19	22.81	5.7

Source: Annual Report of Individual Societies

Base Year: 2009-2014

It can be observed from the above table that initially in the year 2009-10 MSEBOECCS was having 240 members. This number of members has increased in 2010-11 and 2013 and decrease in 2013-14 ultimately reached 230 in the year 2013-14. It can also be observed that initially the growth of membership in percent -4.17% base year to 2013-14. Thus the average number of members of MSEBOECCS over the period of 5 years span remains 240.6 and an average growth of 0.31 per cent is recorded.

It can be observed from the above table that, initially, in the year 2009-10 ZPTCCS was having 785 members. This number of members has gradually increased slowly every year and ultimately reached 865 in the year 2013-14. It can also be observed that initially the growth of membership in percent 10.19% base year to 2013-14. Thus the average number of members of ZPTCCS over the period of 5 years span remains 820.8 and an average growth of 5.7 per cent is recorded.

A comparison of these two societies reveals that the total number of members in the beginning was more in case of (785)ZPTCCS >(240)MSEBOECCS were as at the end of period under study the same situation has continued (865)ZPTCCS >(230)MSEBOECCS as well as in case of percentage average growth is concerned the growth rate of members (5.7%)ZPTCCS > (0.31%)MSEBOECCS. ZPTCCS was highest percentage of average growth and MSEBOECCS lowest percentage of average growth in above two societies.

1.9 THE FINANCIAL RESOURCES

The financial resources of a Societies consist of owned funds as well as procured funds.

1.9.1 Owned funds : - These are also called internal resources or net worth of the societies. This consists of the following:

1.9.1.1 Share capital.

1.9.1.2 Reserve funds.

1.9.2 Procured funds: -These are also called external resources or borrowed resources of the Societies. This consists of the following:

1.9.2.1 Members Deposits

The researcher has studied the financial resources position of the sample societies i.e. MSEBOECCS and ZPTCCS.

1.9.1 OWNED FUNDS

Internal sources refer to the funds contributed by the shareholders and generated in the form of profits and reserves. They constitute share capital, reserves and surpluses. Since the co-operative movement is essentially intended to promote thrift and self-reliance, greater attention should be given to generate adequate funds from internal sources viz., share capital, reserve fund and other reserves. The performance of the managements about each of these aspects is evaluated here.

1.9.1.1 SHARE CAPITAL

Share capital is one of the primary sources of internal capital in ECCS; it may be referred to as 'owned of risk capital' as the supplier of this capital is at loss or gains. Share capital occupies an important place in owned funds. Owned funds can be increased by membership.

The minimum amount of share capital at the time of registration of ECCS was fixed by the Employees credit co-operative societies. All ECCS collect the lumpsum amount per salary or per month as like 100,200,300,500,1000. This monthly contribution transfer in employees share capital.

Other source of share capital is societies are compulsory individual share capital sufficient balance (10% of loan amount) for loan amount sanction. Otherwise member deposit difference amount in societies and then societies sanction the loan.

In view of the above, the trends and progress in the position of share capital of MSEBOECCS and ZPTCCS Employees credit co-operative societies was observed. The same has been presented in Table 3

Table 3
Share Capital

Rs. In lakhs

Sr. No.	Particulars / Years	2009-10	2010-11	2011-12	2012-13	2013-14	Total	Average
1	MSEB Official Employees credit co-operative society (MSEBOECCS) Udgir, dist. Latur							
A	Share Capital	75.32	82.07	89.94	97.67	104.8	449.82	89.96
B	Growth Rate	0	8.96	19.41	29.67	39.17	97.21	24.3
2	Zillah Parishad Teachers Credit Co-operative society (ZPTCCS) Ahmadpur, dist. Latur.							
A	Share Capital	255.2	321.6	350.5	358.8	389.3	1675.33	335.07
B	Growth Rate	0	25.99	37.33	40.57	52.53	156.42	39.11

Source: Annual Report of Individual Societies

Base Year: 2009-2014

It can be observed from the above table that the MSEBOECCS Paid up capital Rs. 75.32 lakhs it has also increase slowly, steadily and continuously. As on 31st march 2014 the paid up capital of the societies was Rs. 104.82 lakhs. The average paid up capital remained at Rs. 89.96 lakhs and an average growth of 24.3 per cent was recorded.

It can be observed from the above table that the ZPTCCS Paid up capital Rs. 255.22 lakhs it has also increase slowly, steadily and continuously. As on 31st march 2014 the paid up capital of the society was Rs. 389.29 lakhs. The average paid up capital remained at Rs. 335.07 lakhs and an average growth of 39.11 per cent was recorded.

A comparison of these two ECCS's reveals that the 5 year average paid up share capital of (Rs. In lakhs) (335.07) ZPTCCS > (89.96) MSEBOECCS. In case of percentage average growth is concerned the growth of share capital (39.11%) ZPTCCS > (24.3%) MSEBOECCS. ZPTCCS was highest percentage of average growth and MSEBOECCS lowest percentage of average growth in above two societies.

1.9.1.2 Reserve Fund and Other Reserve

Reserve fund and other reserves are created by societies by setting aside some part of the profits. It includes statutory reserves and other non-statutory reserves.

The statutory reserves include Reserve Fund, Co-operative Education Fund, Reserve for Bad Debts, Reserve for Depreciation, etc. Non-Statutory reserves refer to reserves maintained according to the needs of the transactions. These include reserve for overdue interest, reserve of audit objectives, etc. The amount of contribution to these reserves has been made not according to any provisions of the act but according to the needs of the ECCS's.

The importance and purpose of reserves is to meet unforeseen losses, to supply a source of income, with may be drawn in lean years and to fortify outside confidence. Hence, the co-operative institution has to build up adequate reserves. The same practice has been followed by the Employees credit co-operative societies. The researcher has studied the trends and progress in the reserve fund of the societies under study. These are shown in Table 3.3 and Graph 3.3.

Table 3.3

Reserve fund and other reserves*Rs. In lakhs*

Sr. No.	Particulars / Years	2009-10	2010-11	2011-12	2012-13	2013-14	Total	Average
1	MSEB Official Employees credit co-operative society (MSEBOECCS) Udgir, dist. Latur							
A	Reserve	20.12	22.06	25.16	27.86	33.19	128.39	25.68
B	Growth Rate	0	9.64	25.05	38.47	64.96	138.12	34.53
2	Zillah Parishad Teachers Credit Co-operative society (ZPTCCS) Ahmadpur, dist. Latur.							
A	Reserve	26.81	29.63	32.99	35.54	37.35	162.32	32.46
B	Growth Rate	0	10.52	23.05	32.56	39.31	105.44	26.36

Source: Annual Report of Individual Societies

Base Year: 2009-2014

It can be observed from the above table that the MSEBOECCS was Reserve fund in the year of 2009-10 Rs.20.12 lakhs it has also increase continuously and reached Rs.33.19 lakhs as on 31st March 2014. Thus the average reserve fund of MSEBOECCS over the period of 5 years span remains 25.68 lakhs and an average growth of 34.53 per cent is recorded.

It can be observed from the above table that the ZPTCCS was Reserve fund in the year of 2009-10 Rs.26.81 lakhs it has also increase continuously and reached Rs.37.35 lakhs as on 31st March 2014. Thus the average reserve fund of ZPTCCS over the period of 5 years span remains 32.46 lakhs and an average growth of 26.36 per cent is recorded.

A comparison of these two societies reveals that the 5 year average Reserve fund of (Rs. In lakhs) (32.46) ZPTCCS > (25.68) MSEBOECCS as well as in case of percentage average growth is concerned the growth of Reserve fund (34.53%) MSEBOECCS > (26.36%) ZPTCCS. MSEBOECCS was highest percentage of average growth and ZPTCCS lowest percentage of average growth in above two societies.

1.9.2.1 MEMBERS DEPOSIT OF THE SOCIETIES

Employees' credit co-operative societies are not compulsory accepts deposits from public or members. Because ECCS's objective are not the accept deposits. But they can accept the deposits from members. This deposit only one type is term or fixed deposit.

These deposits make up the total deposits of societies and are liability of the societies. Table 3.4 presents the trends and progress or the total deposit of the societies under study.

Table No. 3.4

Deposits of the Societies*Rs. In lakhs*

Sr. No.	Particulars / Years	2009-10	2010-11	2011-12	2012-13	2013-14	Total	Average
1	MSEB Official Employees credit co-operative society (MSEBOECCS) Udgir, dist. Latur							
A	Deposits	60.01	52.5	21.3	38.35	54.45	226.61	45.32
B	Growth Rate	0	-12.51	-64.51	-36.09	-9.27	-122.38	-30.6
2	Zillah Parishad Teachers Credit Co-operative society (ZPTCCS) Ahmadpur dist. Latur.							
A	Deposits	0.92	0.02	0.02	0.02	0.02	1	0.2
B	Growth Rate	0	-97.83	-97.83	-97.83	-97.83	-391.32	-97.83

Source: Annual Report of Individual Societies

Base Year: 2009-2014

It can be observed from the above table that the MSEBOECCS was total deposit in the year of 2009-10 Rs.60.01 lakhs it has also increase and decrease and reached Rs.54.45 lakhs as on 31st March 2014. It can also be observed that initially the growth of deposit in percent -9.27% base year to 2013-14. Thus the average deposit of MSEBOECCS over the period of 5 years span remains 45.32 lakhs and an average growth of -30.6 per cent is recorded.

It can be observed from the above table that the ZPTCCS was total deposit in the year of 2009-10 Rs.0.92 lakhs it has also decrease in 2010-11 and amount reached Rs.0.02 lakhs as on 31st March 2014. It can also be observed that initially the growth of deposit in percent -97.83% base year to 2013-14. Thus the average deposit of ZPTCCS over the period of 5 years span remains 0.2 lakhs and an average growth of -97.83 per cent is recorded.

A comparison of these two societies reveals that the 5 year average total deposits of (Rs. In lakhs) (45.32) MSEBOECCS > (0.2) ZPTCCS as well as in case of percentage average growth is concerned the growth of total deposits (-30.6%) MSEBOECCS > (-97.83%) ZPTCCS. All ECCSs deposits growth is negative because Collection of deposits is not compulsory for ECCS's and ECCSs not aim to deposits collection.

1.10 Conclusions

From the foregoing analysis it has been noticed that the progress and trends of different parameters of the sample Employees Credit Co-operative societies in Latur District for the period under study showed a considerable growth as follows:

- A comparison of these two societies reveals that the total number of members in the beginning was more in case of (785)ZPTCCS >(240)MSEBOECCS were as at the end of period under study the same situation has continued (865)ZPTCCS >(230)MSEBOECCS as well as in case of percentage average growth is concerned the growth rate of members (5.7%)ZPTCCS > (0.31%)MSEBOECCS. ZPTCCS was highest percentage of average growth and MSEBOECCS lowest percentage of average growth in above two societies.
- A comparison of these two ECCS's reveals that the 5 year average paid up share capital of (Rs. In lakhs) (335.07) ZPTCCS > (89.96) MSEBOECCS. In case of percentage average growth is concerned the growth of share capital (39.11%) ZPTCCS > (243%) MSEBOECCS. ZPTCCS was highest percentage of average growth and MSEBOECCS lowest percentage of average growth in above two societies.
- A comparison of these two societies reveals that the 5 year average Reserve fund of (Rs. In lakhs) (32.46) ZPTCCS > (25.68) MSEBOECCS as well as in case of percentage average growth is concerned the growth of

Reserve fund (34.53%) MSEBOECCS > (26.36%) ZPTCCS. MSEBOECCS was highest percentage of average growth and ZPTCCS lowest percentage of average growth in above two societies.

- d. A comparison of these two societies reveals that the 5 year average total deposits of (Rs. In lakhs) (45.32) MSEBOECCS > (0.2) ZPTCCS as well as in case of percentage average growth is concerned the growth of total deposits (-30.6%) MSEBOECCS > (-97.83%) ZPTCCS. All ECCSs deposits growth is negative because Collection of deposits is not compulsory for ECCS's and ECCSs not aim to deposits collection.

1.11 Suggestions and Recommendation:

On the basis of observations and conclusions the researcher would like to give following suggestions and recommendations:

The Societies may adopt the recommendations suggested by the researcher. It is hoped that this study will promote further research in co-operative Societies development.

- a. Membership: The membership growth of both ECCS is satisfactory but many employees say starting of membership ECCS is not responding well. It is suggested that both the societies should try for membership growth at higher.
- b. Share capital: The average growth of the share capital of (24.3%) MSEBOECCS is lower as compared to ZPTCCS. Share capital is the foundation financial structure of the societies therefore it is suggested that both the societies should try for share capital growth rate.
- c. Reserve fund and other reserves: Average reserve fund of (26.36%) ZPTCCS is higher as compared to MSEBOECCS which is on a lower scale. Reserve fund also contributes to the net worth of the societies and therefore it is suggested both the societies try for higher growth rate for reserve fund.
- d. Total Deposits: The Deposit growth of both societies is not satisfactory. However as deposits is not the major source of funds for the ECCS but it is suggested both societies should make efforts for increase deposits. Some attractive schemes are declared to attract deposits.

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