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FINANCIAL PERFORMANCE EVALUATION OF EMPLOYEES CO-OPERATIVE CREDIT SOCIETIES IN SOUTH GOA

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Abstract:-In Goa, the formal institutionalized Co-operative movement in Goa began with the establishment of the first Co-operative on November 17, 1962. On the same day, post of the Registrar of Co-operative Societies was created and subsequently, the Co-operative Department was set up. The Maharashtra Co-operative Societies Act of 1960 was modified to a certain extent and was made applicable to the Union territory of Goa, Daman and Diu. Since 1962, the number and types of Co-operative Societies have significantly increased. By the end of 2004-05, there was 2148 Societies with a total membership of 8, 00,116. The largest numbers of Co-operatives are found in housing sector followed by the Credit Co-operatives. In 2005, there were 366 Urban Credit Societies. At present there are about 63 Employees Co-operative Credit Societies in South Goa district of Goa.

Though there has been quantitative growth of Employees Co-operative Credit Societies its qualitative performance is far from satisfactory.

The scope of the study is limited only to the Employees Co-operative Credit Societies and not to the entire Co-operative Sector. Further, this study concentrates only on South district of Goa and not on entire State. Moreover, study is confined to only 16 societies selected from 5 Talukas of South Goa district.

Keywords:Employees Co-operative Credit Societies, Quantitative Growth, Qualitative performance.

INTRODUCTION :-

The term co-operation is derived from the Latin word “co-operari”. The word “co” means “with” and “operari” means “to work”. Thus co-operation means working together. The modern co-operative movement originated with the setting up of a Co-operative Society at 31 Toad Lane, Rochdale, Manchester, England on 24th October 1844 by the Rochdale Pioneers. Since then there is significant growth of co-operative movement world war.

In India co-operatives the first mutual society was set up in 1889 by V.L. Kavathekar in the Princely state of Shrimant Sayajirao Gaekwad. However, the formal the co-operative society started in India with the enactment of the Co-operative Credit Societies Act in 1904. In Goa, the formal institutionalized Co-operative movement in Goa began with the establishment of the first Co-operative on November 17, 1962. On the same day, post of the Registrar of Co-operative Societies was created and subsequently, the Co-operative Department was set up. The Maharashtra Co-operative Societies Act of 1960 was modified to a certain extent and was made applicable to the Union territory of Goa, Daman and Diu. Since 1962, the number and types of Co-operative Societies have significantly increased. By the end of 2004-05, there was 2148 Societies with a total membership of 8, 00,116. The largest numbers of Co-operatives are found in housing sector followed by the Credit Co-operatives. In 2005, there were 366 Urban Credit Societies. At present there are about 63 Employees Co-operative Credit Societies in South Goa district of Goa.

STATEMENT OF PROBLEM

The term Co-operative Society o Co-operation is defined differently by different experts. Some of the widely cited

definitions of the co-operations are:

The Recommendation No. 127 of the International Labour Organisation Conference, 1966 defines Co-operatives as “an association of persons who voluntarily joined together to achieve a common end through the formation of democratically controlled organisation, making equitable contribution to the capital required and accepting a fair share of risks and benefits of the undertakings which the members actively participate”. The International Co-operative Alliance (ICA) in 1995 defined Co-operatives as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprises” (ICA, 1995).

In 1995 the International Co-operative Alliance (ICA) enunciated seven principles of co-operation:

- 1st principle: Voluntary and Open Membership
- 2nd principle: Democratic Member Control
- 3rd principle: Member Economic Participation
- 4th principle: Autonomy and Independence
- 5th principle: Education, Training and Information
- 6th principle: Co-operation among Co-operatives
- 7th principle: Concern for Community

EMPLOYEES CO-OPERATIVE CREDIT SOCIETY refers to a non-agricultural credit society that is involved in banking business of 'accepting deposits for the purpose of lending from the members'. It does not have a banking license from the RBI and it is promoted by the employees of a particular organization or institution.

OBJECTIVES OF THE STUDY

1. To study the Co-operative Credit Societies in Goa in general and in South Goa in particular.
2. To access the financial performance of the Employees Co-operative Credit Societies in South Goa.
3. To make recommendations and suggestions for improving performance of the Employees Co-operative Credit Societies in South Goa.

SCOPE OF THE STUDY

The scope of the study is limited only to the Employees Co-operative Credit Societies and not to the entire Co-operative Sector. Further, this study concentrates only on South district of Goa and not on entire State. Moreover, study is confirmed to only 16 societies selected from 5 Talukas of South Goa district.

HYPOTHESIS OF THE STUDY

Though there has been quantitative growth of Employees Co-operative Credit Societies its qualitative performance is far from satisfactory.

RESEARCH METHODOLOGY

The Financial Analysis is done by using ratio analysis. The study used various ratios like: Share Capital to Total Assets, Reserve fund to Total Assets, Deposits to Total Assets, Working fund to Total Assets, Investment to Total Assets, Loans & Advances to Total Assets, Other assets to Total Assets, Interest Income to Total Assets; Total Income to Total Assets; Interest Expenses to Total Assets; Non Interest Expenses to Total Assets; Total Expenses to Total Assets; Profit to Total Assets; and spread to Total Assets.

The ratio analysis uses multiple ratios to evaluate the performance. These multiple ratios give multiple results. For instance, some Employees Societies may do well on certain aspects but may fair poor on other aspects and hence do not reveal correct picture about their performance. To overcome this shortfall, based on these ratios the ranking of the Employees Credit Co-operative is done and based on the basis of ranked scored rank marks are allotted for each indicator by using formula $N+1$ -Rank. In second stage these marks scored are then aggregated to identify the best and worst performers among Employees Co-operative Credit Societies.

LIMITATION OF THE STUDY

1. Study concentrates only on South Goa and not the entire State. Hence, study lacks comprehensive outlook.
2. No comparative study is made between South Goa and other regions of the country and states.
3. Sample of 16 societies are considered due to time and resource constraints.

4. Due to lack of time and resources convenient random sampling technique is used.
5. Study deals only with Employees Co-operative Credit Societies.

EMPLOYEES' CO-OPERATIVE CREDIT SOCIETY

The need for co-operative credit societies among salaried classes and particularly in the lower income groups cannot be over-emphasized. The pay commission, 1957-59 and the Staff Welfare Review Committee set up by the Ministry of Home Affairs recognized the need as real one. If the welfare of the employees is to be really effective, they must be saved from the clutches of unscrupulous creditors by providing alternative honest sources of credit.

Separate Employees' Credit Co-operative Societies have been organized for different categories of workers. Even in the same undertaking there are credit societies for each department or section. Such societies have been organized by railway workers, Posts and Telegraphs department, government secretariats, etc. they have also been organized by workers in big as well as in small factories.

OBJECTIVES AND FUNCTIONS

The main objects of an Employees Credit Societies are as under:

- (1) To encourage thrift, self-help and co-operation among the members;
- (2) To attract deposits from members and non-members;
- (3) To lend money to members at reasonable rate of interest;
- (4) To invest money or funds of the society not required for lending;
- (5) To carry on non-credit functions, such as running a consumer store, etc.

MEMBERSHIP

The size of an employees' co-operative credit society shows considerable variations. The average membership ranged between 100 to 1,000. The membership of the society is naturally dependent on the size of the institution whose employees it serves. In some of the societies membership is open to confirmed employees. In Bihar and Tamil Nadu, the average membership is more than 600, while in Madhya Pradesh, Orissa and Rajasthan it was more than 100 and in Himachal Pradesh, it was less than this figure.

MANAGEMENT

The supreme control of the societies vests in the general body of the shareholders. For day today management there is a managing committee or a board of directors whose strength varies from 5 to 12 depending upon the total membership. In some of the institutional societies the head of the institution is ex-officio president of the managing committee.

The association of these senior officials has contributed in no small measure to the success of many societies. Their presence definitely acts as a deterring influence on excessive borrowings and they can also help to control spend-thrift behavior of members. It has, however, been noticed that where head or a senior officer presides over a meeting there is hardly any free or frank discussion resolution are passed in a routine way, though his presence attracts a larger attendance at a meeting. Such a system of management where ordinary members do not take any active interest or part can hardly be called truly co-operative and does not inculcate in the members the sense of responsibility and self reliance which is the bad-rock of co-operative philosophy. It is highly imperative that an ordinary employee should manage the co-operative society and not by its figureheads.

In some societies on the request of the management, the Registrar of Co-operative nominates persons, on the management. However, in most cases such nominees do not have the time or the interest to look after the working of the society. The study group has recommended that in no case the Registrar of Co-operative societies of the state Government should nominate the directors on the Boards of Employees Co-operative Credit Societies.

RESOURCES

Like the urban banks, the working capital of the employees' co-operative credit societies also consist of owned funds and borrowings. The building up of a strong capital bases through owned funds is essential for the security of the society to enable it to raise outside borrowings. The value of a share in employees' societies is normally Rs.10, 50 or 100. Deposits constitute the most important sources of the working capital. There is a compulsory deposit funds created through thrift deposits in many of the Employees Co-operative Credit Societies.

LOAN OPERATIONS

The main object of Employees, Co-operative Credit societies is to encourage thrift as well as to meet the genuine needs of its members for loans at reasonable rates of interest. The work of these societies is comparatively simple as they generally have adequate resources to meet the demands for the loans and recovery is more or less ensured as it can be affected by deductions from pay slips of the loanees by the management.

The amount of loan available to members varies considerable in the different Employees 'Co-operative Credit Societies even in the same states. Normally it is related to a certain multiple of the pay of a member and to the share capital contributed by him subject to a ceiling. The installments in which repayment is to be made also vary to a considerable extent from society to society. The rate of interest charged by these societies on the loans also varies from the state to state. The loans are given on personal security of the borrowers and surety.

The Employees 'Co-operative Credit Societies were envisaged to encourage savings and thrifts amongst the members but in practice some of them have simply degenerated into institutions providing a facile credit. The ease with which members can borrow from these societies has encouraged extravagant habits in the members and members are found to be borrowing beyond their means. The recent inflationary tendencies have come as a bolt from the blue for these societies. The members today have started borrowings even for their daily requirements and for balancing their monthly budgets. This tendency is fraught with danger and unless it is curbed the future of Employee Co-operative Credit Societies cannot be said to be promising. It is, therefore, very necessary that opinion should be created against such extravagance. The members should be impressed that these societies are primarily intended to promote thrift and loans are advanced by them only in periods of emergency

NON-CREDIT ACTIVITIES

Besides providing credit facilities some of the non agricultural credit societies also provided other essential commodities. It was largely during the period of control and rationing that these societies venture to undertake non-credit activities. Some of the societies are running consumer stores while others undertake joint purchase of consumer goods on behalf of the members on an agency basis. The study group has stated that it would be advisable for employees to set up separate co-operative consumer stores which could be assisted under the various schemes of the government. Employees co-operative credit societies can, however, effectively help their members in obtaining essential supplies and at the same time give support to the consumer co-operative stores in several ways, for e.g., (1) by granting loans to members for placing and arrangement with the consumer co-operative stores under which an authorization may be given to a member to purchase consumer goods on credit, the amount being debited against him as a loan by the credit society to be repaid in convenient installments.

WELFARE ACTIVITIES

The bye-laws of some the Employees' Co-operative Credit Societies also provide for the undertaking of welfare work for their members and the families of the members. The study group came across several societies which were declaring maximum dividends and had funds which they could use advantageously for the benefit of their members. The study group has strongly recommended that a part of the profit of the Employees' Co-operative Credit Societies should be set aside for specific welfare activities.

ASSISTANCE AND FACILITIES

The Employees' Co-operative Credit Societies are generally well run and to a large extent depend upon their own resources. However, in the initial stages particularly, they may run into difficulties. It would, therefore, be desirable for the employers to extent certain assistance and facilities to the societies which are organised for the welfare of their employees. The study group on credit co-operatives in the non-agricultural sector has suggested that the following facilities to be available to them by the employers.

- 1) Employees' Co-operative Credit Societies should be recognized as an essential part of the welfare activities of the undertaking and a sympathetic and helpful attitude towards its formation and running should be adopted.
- 2) Adequate furnished accommodation should be provided by the employer together with the free electricity and the water, etc., to the Employees' Co-operative Credit Societies.
- 3) For an initial period of three years some clerical assistance may be made available or managerial subsidy may be provided
- 4) A working capital loan up to Rs. 15,000 free of interest may be given to new societies if necessary. This may be recovered in a period of 10 years.
- 5) Assistance should be given in making deduction from the pay sheets of members for share capital, thrift deposits and installments of loans, etc. no commission should be charged for such assistance. Recoveries may be handed over by cheque rather than as liquid cash to the societies where they so desire.
- 6) The managing committee members, members of sub-committees, etc., should be allowed necessary facilities to absent

themselves for attending society meeting etc., or to undertake tours on benefit of the societies.

PRESENT POSITION

As on 30th June, 2011, there were 1, 28,506 Employees' Co-operative Credit Societies with a membership of 178.9 lakhs. Their owned funds, deposits and working capital amounted to Rs. 1318 crores, Rs.1325 crores and Rs.3960 crores respectively. During 2010 these societies advanced short-term loans of Rs.458 crores and medium term loans of Rs.606 crores.

REASONS FOR BETTER PERFORMANCE:

Employees' Co-operative Credit Movement has shown better results as compared to Agricultural credit societies mostly because of the following reasons:

- 1) Better and efficient management;
- 2) Enlightened leadership;
- 3) Educated membership;
- 4) Well paid and trained staff;
- 5) Administrative arrangement for recovery of loans;
- 6) Operational efficiency;
- 7) Dynamic policy in advancing loans;
- 8) Low overdues;
- 9) Viability of societies;
- 10) Diversification of their activities.

SOME MACRO PROBLEMS

Though the Employees' Co-operative Movement has made a striking progress, lately they have started facing certain problems and certain defects have been observed in their working. Some of the problems facing these societies are given below

1) PROBLEM OF DORMANCY: One of the most disquieting features in the working of non-agricultural credit societies has been the rising number of dormant societies.

2) UNEVEN DEVELOPMENT: The urban credit movement has not developed evenly in all the states. Maharashtra alone had 3,416 societies while in 6 other states the number of these societies exceeded 1,000 each. In states like Orissa, Jammu and Kashmir and Bihar the progress of non-agricultural credit movement was not satisfactory. In Jammu and Kashmir only one percent of the urban population has come within the co-operative fold while in Bihar this percentage was 7.

3) NO APEX FEDERATION: At present these societies are affiliated to the central co-operative bank. They have no federation at the all India level and State level. In important states such federation can be setup.

4) ADMINISTRATIVE PROBLEM: In some of the institutions having a large membership the calling and management of a general meeting assumes the proportion of problem. In some of the societies the average attendance at the general meeting is very poor, and societies are dominated by a few individuals, another problem relates to the election of the Board of Directors. The Mirdha Committee on co-operation recommended that the time lag between one election and another should be at least two years and preferable three years. This recommendation was based on the assumption that the directors who have acquired experience will be available to the society for a reasonable period of time. Side by side the question of the directors counting for a longer time also needs consideration

5) FINANCIAL PROBLEMS: The question of resources always assumes importance in a banking institution. Though most of the urban banks have sufficient owned funds, there is a considerable scope for increase them. The study group has recommended that the urban co-operative banks should have a minimum share capital of Rs.50,000 out of which Rs.25,000 may be contributed by the state government, some of the urban banks are facing competition from the joint stock banks in the matter of attracting deposits. As these banks do not have any federation they feel difficulty in borrowing also. The central co-operative banks do not provide sufficient finance to urban co-operatives bank.

6) OPERATIONAL PROBLEMS: The operational problem of urban co-operative bank consists in their loaning policies and practices. It has been noticed that some of these banks are advancing loans which are not productive in nature. Though these banks are getting their deposits at low rate of interest, they advance loans at exorbitant rates. Since these societies have adequate resources and some of the banks are even facing the problem of surplus funds, a tendency in over-borrowing and over-indebtedness is witnessed. Another important weakness of this loaning programme is that they do not provide funds to small

scale industries.

DATA ANALYSIS

The financial analysis of the data is done by using ratio analysis. The ratios used are Share Capital to Total Assets, Reserve Fund to Total Assets, Deposits to Total Assets, Other Liabilities to Total Assets, Cash in Hand to Total Assets, Investment to Total Assets, Members Loans to Total Assets, Other Assets to Total Assets, Interest Income to Total Assets, Non Interest Income to Total Assets, Interest Expenses to Total Assets, Noninterest Expenses to Total Assets, Profit to Total Assets And Spread to Total Assets.

Multiple ratios used, gives multiple results and hence in second stage we give ranking to the society on each of the indicators and then based on the scores marks are allotted by using a formula $N+1-RANK$. The marks scored for each of the indicator of performance are then aggregated to derive composite score. Based on composite scores the ranking is given to the Employees Co-operative Societies in the sample.

SHARE CAPITAL

Owned fund is composed of two components Share Capital and Reserves. The ratio that captures the performance of the Employees Credit Societies in mobilizing share capital from its members is the Ratio of Share Capital to Total Assets.

The highest ratio of share Capital to Total Assets ratio is observed in case of The Oriental Insurance Employees Co-operative Credit Society (0.248), followed by Cancona Taluka Electricity Department Employees Co-operative Credit Society (0.124), at the second position and Chowgule Costi Mines Employees Co-operative Credit Society (0.122) at third place. Among the worst performers top is occupied by the Rivona Aided High School Employees Co-operative Credit Society (0.062), followed by Union High School Employees Co-operative Credit Society (0.068), and Shree Mallikaarjun Vidhyalaya High School Employees Co-operative Credit Society (0.072) at 2nd and 3rd position respectively.

RESERVE FUND

Buildings up of a strong permanent reserve fund have always been stressed ever since the commencement of the co-operative movement in India. The reserve fund is meant to meet unforeseen losses and also to serve as an important assets and security in borrowings and hence forms an important element in the working capital of the society.

The ratio of Reserve Fund to Total Assets fluctuates between 0.001 to 0.120. The top three Societies with the highest ratio are: 1. Shree Mallikaarjun Vidhyalaya High School Employees Co-operative Credit Society (0.120), 2. Vidhya Vikas Mandal Employees Co-operative Credit Society (0.104) 3. Rivona Aided High School Employees Co-operative Credit Society (0.080) and the worst performers are: 1. The Oriental Insurance Employees Co-operative Credit Society (0.001), 2. Marmagoa Municipal Council Employees Co-operative Credit Society (0.031), 3. Kale Government Farm Employees Co-operative Credit Society (0.044).

DEPOSITS

Deposits raised locally have always been considered as an ideal method for raising the capital required by the co-operative societies. This deposits do not merely imply the presence of thrift among the members, as they as well signify a living interest on their part in the management of the societies.

The highest ratio of Deposit to Total Assets ratio is observed in case of 1. Union High School Employees Co-operative Credit Society (0.298), 2. Rivona High School Employees Co-operative Credit Society (0.284), 3. Kale Government Farm Employees Co-operative Credit Society (0.252). Among the worst performers top spot is occupied by the Oriental Insurance Employees Co-operative Credit Society (0.000), followed by Marmagoa Municipal Council Employees Co-operative Credit Society (0.002), and Mallikaarjun Vidhyalaya High School Employees Co-operative Credit Society (0.155) at 2nd and 3rd position respectively.

LOANS AND ADVANCES

These societies emerge to fulfill the need of the members for credit, hence, loans and advances form an important function of the employee's Co-operative Credit Societies. At present an Employees Co-operatives Credit Societies advance two types of loan:

1. Short term loan for a period of 12 months to the members of the society and others who are in need.
2. Medium term loans from 1-3 years to the members of the society and others who are in 'need'.

The ratio of Loan and Advances to Total Assets fluctuates between high of 0.803 to 0.299. The highest ratio is found in case of Canacona Taluka Electricity Department Employees Co-operative Credit Society (0.299) at first place followed by

Union High School Employees Co-operative Credit Society (0.327), and Vidhya Vikas Mandal Employees Co-operative Credit Society (0.411) at 2nd and 3rd position respectively.

Among the worst performers lowest ratio is seen in case of the Marmugoa Municipal Council Employees Co-operative Credit Society (0.803) followed by Kale Government farm Employees Co-operative Credit Society (0.502) and the Oriental Insurance Employees Co-operative Credit Society (0.499) at 1st, 2nd and 3rd position respectively.

PROFIT

One of the major objectives of the co-operative enterprise is service to the community and not maximization of profits. However, to provide continuous services to the members the co-operatives has to earn a positive rate of returns on its investment.

The analysis of data shows that the almost all societies in the sample are making profit. Among the profit making societies top three are 1. Mallikaarjun Vidhyalaya High School Employees Co-operative Credit Society (0.101), 2. Vidhya Vikas Mandal Employees Co-operative Credit Society (0.086), and 3. The Oriental Insurance Employees Co-operative Credit Society (0.059). Out of sixteen about 8 societies are making losses. The top three loss making societies are 1. Chowgule Costi Mines Employees Co-operative Credit Society (0.019), 2. Marmugoa Municipal Council Employees Co-operative Credit Society (0.020) and third position is shared by two societies i.e. Rivona Aided High School and Union High School Employees Co-operative Credit Society (0.027).

INTEREST INCOME

Interest income represents income from advancement of loans. In banking institutions like the Employees Corporative Credit Societies it has important place it is the income that is derived by performing basic function as a society.

The top three societies with the highest ratio are 1. Chowgule Costi Mines Employees Co-operative Credit Society (0.148), 2. Marmugoa Municipal Council Employees Co-operative Credit Society (0.102) and 3. Canacona Taluka Electricity Department Employees Co-operative Credit Society (0.075) and the worst performers are 1. Rivona Aided High School Employees Co-operative Credit Society (0.042), 2. Kale Government Farm Employees Co-operative Credit Society (0.045) and 3. Union High School Employees Co-operative Credit Society (0.049).

NON INTERET INCOME

Noninterest income represents income which earn not from the advancement of loans. In banking institutions like the Employees Corporative Credit Societies it has important place it is the income that is derived by performing basic function as a society.

The highest ratio of non interest income is 1. Rivona Aided High School Employees Co-operative Credit Society (0.007), 2. Mallikaarjun Vidhyalaya High School Employees Co-operative Credit Society (0.004) and 3. Chowgule Costi Mines Employees Co-operative Credit Society (0.002). Among the worst performers lowest ratio is seen in case of the Kale Government Farm Employees Co-operative Credit Society (0.000) and at second position Marmugoa Municipal Council Employees Co-operative Credit Society (0.002). It has noted that others which are not mentioned in best or worst performers are getting equal marks in order to their contribution in noninterest income is concern.

Income represents earning of the societies. In case of banking institutions like Employees Co-operative Credit Societies income comprises of the interest income and non-interest income. However, a major part of the income comes from interest income. The contribution of the non-interest income in most of the societies is nil or insignificant.

INTEREST EXPENSE

The top three societies with the highest ratio are 1. Marmugoa Municipal Council Employees Co-operative Credit Society (0.077), 2. Canacona Taluka Electricity Department Employees Co-operative Credit Society (0.049) and 3. Kale Government Farm Employees Co-operative Credit Society (0.030).

Among the worst three performers are 1. The Oriental Insurance Employees Co-operative Credit Society (0.000), 2. Vidhya Vikas Mandal Employees Co-operative Credit Society (0.077) and 3. Mallikaarjun Vidhyalaya High School Employees Co-operative Credit Society (0.024).

The expenditure of the Employees Co-operative Credit Societies comprises of interest expenses and operational expenses. The major components of the operational expenditure are administrative expenditure. The expense on wage and provisioning for Non-performing assets is nil in case of all the societies because most of them do not employ any employee to manage its day to day operations and also overdue are negligible as the recovery of loans are made through salary deductions.

SPREAD

Spread is difference between interest income and interest expenses. It represents net income from Deposit and loaning

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policies of the Societies. The performance of the Employees' Co-operative Credit Societies is determined by the spread. In this study we use the ratio of Spread to Total Assets to measure efficiency of the Employees' Co-operative Credit Societies in mobilization and deployment of funds.

The highest ratio Spread to Total Assets is observed in case of 1.Chowgule Costi Mines Employees Co-operative Credit Society (0.104), 2. The Oriental Insurance Employees Co-operative Credit Society (0.068) and 3. Chadrabaga Tukoba Naik Employees Co-operative Credit Society (0.045). Among the worst performers the top slot is occupied by 1.Kale Government Farm Employees Co-operative Credit Society (0.015),2. Rivona Aided High School Employees Co-operative Credit Society (0.016) and 3. Union High School Employees Co-operative Credit Society (0.023).

When multiple ratios are used to assess the performance of the operating units and compare them with one another based on these ratio we get a rather confusing picture. This confusion is harmonized to get overall picture we aggregate the ranks scored by the operational unit and based on the marks are allotted. The society that carries the highest marks is considered as the best in overall performance followed by the societies with successive lowest scores. In this study, overall performance of the Employees' Co-operative Credit Societies is judged by the considering their performance on ratios; (Refer Table No. II

TABLE NO. I: - RATIOS OF EMPLOYEES COOPERATIVE CREDIT SOCIETIES IN SOUTH GOA

NAME OF THE SOCIETY	SHARE CAPITAL	RESERVE FUND	DEPOSITS	OTHER LIABILITIES	PROFITS	CASH IN HAND	CASH AT BANK	INVESTMENTS	MEMBERS LOAN	FIXED ASSETS	CURRENT ASSETS	TOTAL ASSETS	INTEREST INCOME	NON INTEREST INCOME	INTEREST ON EXPENDITURE	NON INTEREST EXPENDITURE	SPREAD
RIVONA AIDED SCHOOL	0.062	0.080	0.284	0.040	0.027	0.000	0.048	0.007	0.447	0.004	0.000	1.000	0.042	0.007	0.025	0.006	0.016
MARMUGAO MUNICIPAL COUNCIL	0.096	0.031	0.002	0.005	0.020	0.000	0.008	0.028	0.803	0.000	0.007	1.000	0.102	0.001	0.077	0.012	0.025
VIDHYA VIKAS MANDAL	0.096	0.104	0.240	0.003	0.086	0.000	0.002	0.058	0.411	0.000	0.000	1.000	0.055	0.000	0.022	0.027	0.033
MALIKARJUN VIDHYALAYA HIGH SCHOOL	0.072	0.120	0.155	0.021	0.101	0.000	0.007	0.068	0.452	0.003	0.000	1.000	0.053	0.004	0.024	0.011	0.029
CANACONA TALUKA ELECTRICITY DEPARTMENT	0.124	0.045	0.077	0.017	0.035	0.000	0.015	0.433	0.299	0.000	0.000	1.000	0.075	0.000	0.049	0.009	0.027
CHOWGULE COSTI MINES	0.122	0.068	0.106	0.065	0.019	0.001	0.010	0.070	0.472	0.059	0.008	1.000	0.148	0.002	0.044	0.018	0.104
KALE GOVT FARM	0.082	0.044	0.252	0.025	0.030	0.000	0.027	0.034	0.502	0.001	0.003	1.000	0.045	0.000	0.030	0.016	0.015
UNION HIGH SCHOOL	0.068	0.047	0.298	0.036	0.027	0.000	0.033	0.154	0.327	0.000	0.009	1.000	0.049	0.004	0.026	0.011	0.023
THE ORIENTAL INSURANCE	0.248	0.001	0.000	0.006	0.059	0.000	0.188	0.000	0.499	0.000	0.000	1.000	0.068	0.000	0.000	0.005	0.068
THE LEELA BEACH	0.108	0.060	0.157	0.024	0.045	0.000	0.038	0.095	0.468	0.007	0.003	1.000	0.071	0.002	0.033	0.013	0.038
SALCETE TALUKA TEACHERS	0.108	0.060	0.157	0.024	0.045	0.000	0.038	0.095	0.468	0.007	0.003	1.000	0.071	0.002	0.033	0.013	0.038
VMSB-GMPL OFFICERS	0.112	0.058	0.145	0.022	0.047	0.000	0.036	0.104	0.470	0.008	0.003	1.000	0.074	0.002	0.034	0.014	0.040
KATYANI BANESHWAR VIDHALAYA	0.114	0.061	0.159	0.024	0.049	0.000	0.039	0.111	0.437	0.009	0.003	1.000	0.071	0.002	0.029	0.014	0.042
GOVT. HIGHER SECONDARY AND HIGH SCHOOL	0.116	0.056	0.151	0.026	0.046	0.000	0.043	0.116	0.439	0.009	0.003	1.000	0.072	0.002	0.030	0.012	0.042
MAJORDA BEACH RESORT	0.120	0.050	0.150	0.027	0.040	0.000	0.047	0.121	0.438	0.010	0.004	1.000	0.074	0.002	0.031	0.013	0.044
CHANDRABHAGA TUKOBA NAIK	0.120	0.051	0.157	0.028	0.041	0.000	0.050	0.090	0.452	0.011	0.004	1.000	0.074	0.002	0.029	0.013	0.045

SOURCE: - CALCULATED FROM BALANCESHEETS OF RESPECTIVE EMPLOYEES CO-OPERATIVE CREDIT SOCIETIES IN SOUTH GOA

TABLE NO.II: - RATIOS OF EMPLOYEES COOPERATIVE CREDIT SOCIETIES IN SOUTH GOA

Name of the Societies	Share Capital	Reserve Fund	Deposits	Other Liabilities	Profits	Investments	Members loan	Interest Income	Non Interest Income	Interest Expenditure	Non Interest Expenditure	Spread
Rivona Aided H/School	13	3	2	2	12	14	7	12	1	11	9	13
Marmugao Municipality	9	14	13	12	13	13	13	2	4	1	6	11
Vidhya Vikas Mandal	9	2	4	13	2	11	3	8	5	13	1	8
Malikarjun High School	11	1	7	9	1	10	8	9	2	12	7	9
Canacona Electricity Dept.	2	12	12	10	10	1	1	3	5	2	8	10
Chowgule Costi Mines	3	4	11	1	14	9	10	1	3	3	2	1
Kale Govt. Farm	10	13	3	7	11	12	12	11	5	7	3	14
Union High School	12	11	1	3	12	2	2	10	2	10	7	12
The Oriental Insurance	1	15	14	11	3	15	11	7	4	14	10	2
The Leela Beach	8	6	6	8	7	7	9	6	3	5	5	7
Salcete Taluka Teachers Society	8	6	6	8	7	7	9	6	3	5	5	7
VMSB-GMPL Officers	7	7	10	9	5	6	10	4	3	4	4	6
Katyan i Baneshwar H/S	6	5	5	8	4	5	4	6	3	8	4	5
Govt. Hr. Sec and High School	5	8	8	6	6	4	6	5	3	7	6	5
Majorda Beach Resort	4	10	9	5	9	3	5	4	3	6	5	4
CTN Hr. Sec	4	9	6	4	8	8	8	4	3	9	5	3

SOURCE: - CALCULATED FROM BALANCESHEETS OF RESPECTIVE EMPLOYEES CO-OPERATIVE CREDIT SOCIETIES IN SOUTH GOA

TABLE NO.II.A:- AGGREGATE SCORES OF EMPLOYEES CO-OPERATIVE CREDIT SOCIETIES IN SOUTH GOA

NAME OF THE SOCIETY	SHARE CAPITAL	RESERVE FUND	DEPOSITS	OTHER LIABILITIES	PROFITS	CASH IN HAND	CASH AT BANK	INVESTMENTS	MEMBERS LOAN	FIXED ASSETS	CURRENT ASSETS	TOTAL ASSETS	INTEREST INCOME	NON INTEREST INCOME	INTEREST EXPENDITURE	NON INTEREST EXPENDITURE	SPREAD	FINAL RANKING SCORES
RIVONA AIDED SCHOOL	13	3	2	2	12	2	3	14	7	7	6	1	12	1	11	9	13	118
MARMUGAO MUNICIPAL COUNCIL	9	14	13	12	13	2	13	13	10	3	1	2	4	1	6	11	140	
VIDHYA VIKAS MANDAL	9	2	4	13	2	2	15	11	3	10	6	1	8	5	13	1	8	113
MALIKAARJUN VIDHYALAYA HIGH SCHOOL	11	1	7	9	1	2	14	10	8	8	6	1	9	2	12	7	9	117
CANACONA TALUKA ELECTRICITY DEPARTMENT	2	12	12	10	10	2	11	1	1	10	6	1	3	5	2	8	10	106
CHOWGULE COSTI MINES	3	4	11	1	14	1	12	9	10	1	2	1	1	3	3	2	1	79
KALE GOVT.FARM	10	13	3	7	11	2	10	12	12	9	5	1	11	5	7	3	14	135
UNION HIGH SCHOOL	12	11	1	3	12	2	9	2	2	10	1	1	10	2	10	7	12	107
THE ORIENTAL INSURANCE	1	15	14	11	3	2	1	15	11	10	6	1	7	4	14	10	2	127
THE LEELA BEACH	8	6	6	8	7	2	7	7	9	6	5	1	6	3	5	5	7	98
SALCETE TALUKA TEACHERS	8	6	6	8	7	2	7	7	9	6	5	1	6	3	5	5	7	98
VMSB-GMPL OFFICERS	7	7	10	9	5	2	8	6	10	5	5	1	4	3	4	4	6	96
KATYANI BANESHWAR VIDHALAYA	6	5	5	8	4	2	6	5	4	4	5	1	6	3	8	4	5	81
GOVT. HIGHER SECONDARY AND HIGH SCHOOL	5	8	8	6	6	2	5	4	6	4	5	1	5	3	7	6	5	86
MAJORDA BEACH RESORT	4	10	9	5	9	2	4	3	5	3	4	1	4	3	6	5	4	81
CHANDRABHAGA TUKOBA NAIK	4	9	6	4	8	2	2	8	8	2	4	1	4	3	9	5	3	82

SOURCE: - CALCULATED FROM BALANCESHEETS OF RESPECTIVE EMPLOYEES CO-OPERATIVE CREDIT SOCIETIES IN SOUTH GOA

SUMMARY OF FINDINGS AND SUGGESTIONS

FINDINGS:

Data analysis of selected 16 Employees' Co-operative Credit Societies in South Goa draws the following broad conclusion:

1. Almost all the societies in the sample are making net profit and hence financial performance measured in terms of

profitability in quite satisfactory.

2.The ratio of Share Capital to Total Assets Fluctuate between low of 6.2 percent to 24.8 percent which is quite good if we compare it to other class of Credit Co-operative like Urban or Rural Credit Co-operative Societies.

3.The Reserve Fund of the Employees Co-operative Credit Societies is very low. It is between high of 12 percent and low of 1 percent. Low Reserve Fund indicates low non- performing Assets and consequent low provisioning, which is the strength of these Credit Societies.

4.Deposits of the Employees Co-operative Credit Societies have fluctuated between high of 29.8 percent to low of 2 percent of Total Assets. All the Total Assets and induce members to increase their deposits with the society.

5.Owned Fund of the Employees Co-operative Credit Societies is quite satisfactory. Owned Fund indicates financial stability of the society, presently the ratio fluctuates between 17.2 to 65.5 percent of Total Assets. This ratio is somewhat closer to Capital Adequacy ratio fixed for Commercial and Co-operative Bank by the Reserve Bank of India. At present Reserve Bank of India stipulation fixes this ratio at 9 percent considering the fact, the Owned Fund to Total Assets ratio is quite satisfactory.

6.Borrowing negatively impact the performance of Credit Societies because cost of Borrowed Fund is much higher than the Owned Fund or Deposits. It is very heartening to see that not a single Society in the Sample is Borrowing Funds from upper tier Co-operative Credit Societies.

7.Investments of the most of the Employees Co-operative Credit Societies are very low which is good sign is because returns on the investments are lower than those of Loans and Advances.

8.Interest income fluctuations between low of 8% and high of 14.7% where as Interest Expenses 3% to 8%. This is good sign it indicates that Spread i.e. difference between Interest Income and Interest Expenses is quite broad.

9.Non Interest Income of these Societies is almost nil. The societies have to make efforts to increase this income. However considering environment in what they operate there is very little scope for increasing their category of Income.

10.Non- Interest Expenses of these Societies is very low because none of these Societies have employee on its role. The day to day functions of these Societies are performed by the members on honorary basis.

11.Overall performance of the Employees' Co-operative Credit Societies in South Goa is quite satisfactory.

The top performer in the sample is the Chowgule Costi Mines Employees Co-operative Society Ltd. and the worst performer is Marmugao Municipal Council Employees Co-operative Society Ltd.

SUGGESTIONS:

After analysing data and performance of the various Employees' Co-operative Credit Societies in South Goa, We put forward some the following some important suggestions for better performance of the Employees' Co-operative Credit Society in South Goa they are:-

- 1.The Societies should be open to all classes of Employees and no distinction be made on the basis of category or grade.
- 2.Elections to Board of Directors may be held once in 3 years or each year by rotation for 1/3 of the Board.
- 3.The Registrar of Co-operative Societies of the State Government should not nominate Directors.
- 4.Societies should introduce a compulsory Thrift, Deposit Fund which may be constituted by Deduction from pay at special rates. Recovery of loan should be done strictly through salary deduction only.
- 5.Societies should encourage savings and augment their capital by introducing different types of Savings and Deposit Scheme.
- 6.Societies should re-orient their Loan Policies and should provide Loan at reasonable rate of interest. All steps should be taken to see that Loans are sanction without delay.
- 7.Employees should make provide managerial assistance to these Societies for their smooth functioning.
- 8.Employees Co-operative Credit Societies should not only rely on advancing of credit only but should make an effort to encourage thrift among the members.
- 9.Employees Co-operative Credit Societies should increase their non-interest income by venturing into non-credit activities for the benefit of the members.
- 10.Investment yield lower returns to the societies hence investment should be reduced to the minimum.
- 11.Annual General Body meeting should be held regularly.

CONCLUSION

Co-operative Movement has made rapid strides and progress in a developing economy like India. The need for its expansion in the country has grown so much that it has been given place of pride in the new 20 point programme of our late Prime Minister late Mrs. Indira Gandhi. Every sector of our economy now needs to be run on Co-operative line because the fruits that people have enjoy during the period of emergency have made the government realise that it is only through evolving an efficient Co-operative mechanism and developing Co-operative movement, that the nation can be achieve the desired goals as envisaged in the plans.

The Employees Co-operative Credit Society have an undisputedly role in the present Co-operative Credit Structure. In view there of it is extremely vital that more focused attention is paid to the long as well as short term viability and sustainability of their operation. The implementation of prudential norms will bring further pressure on the already fragile

operations of the Employees Co-operative Credit Society.

The Employees Co-operative Credit Societies in South Goa therefore, need to focus on both qualitative and quantitative core banking performances, where they are far behind all India figures. In the area of the deposits not only must the pace of accretion be stepped up, but also efforts should be put towards canvassing low cost deposits from Member Co-operative societies, local bodies and individual customers. For this, they need to develop aggressive marketing outlook, improve service standard and most of all utilize the good offices of the District Registrar to canvass the accounts of Co-operative societies in the district. For increasing the Deposits volumes, The Employees Co-operative Credit Societies in South Goa may explore the possibility of providing monetary incentives to the President / Secretaries of members societies by the way of Commission for convincing low cost individual Deposits.

As regards credit, The Employees Co-operative Credit Societies should diversify their loan portfolio from traditional low interest loan or non farm sector as also retail loans like Consumer durables, Vehicles loan, advances against gold or silver etc. Concentrated efforts in the area of recovery through development of core terms would yield good results and directly impact their profits positively.

Banking has undergone a paradigm shift with ongoing de-regulation and entry of new players. In the prevailing competitive environment, the bank needs to focus sharply on skill development, higher professionalism, & technology up gradation and come out with other market driven initiatives.

The Co-operatives today are confronted by a scenario in which the apathy of members towards the affairs of co-operatives is a definite reality. The members appear to be indifferent towards the Co-operatives as result of which the factor of centralization becomes dominant. Constant attempts are made to throttle democracy in the functioning of Co-operatives. As a result, Co-operatives are not able to emerge as strong and vibrant member- driven institutions. If members are able to actively participate in the affairs of CO-operatives, the effective leadership can also emerge which can enable a Co-operative to march ahead. However, it is generally seen that strong and visionary leadership is not able to emerge in the case of Indian (as well as Goan) Co-operatives, as a result of which the Co-operatives are not able to formulate strong operational strategies.

Members can participate in Co-operatives only when they understand that the affairs of Co-operatives are conducted through strong democratic process. Co-operatives must gauge the opinion of the members on a regular and sustained basis. This will make the members aware of their importance in the functioning of Co-operatives.

In this study (Performance – Evaluation of the Employees Co-operative Credit Societies in South Goa) we found that almost all the societies in the sample are making net profit and hence financial performance are measured in terms of profitability in quite satisfactory and the Borrowing negatively impact of the performance of Credit Societies because cost of Borrowed Fund is much higher than Owed Fund or Deposits. It is very heartening to see that not a single Society in the Sample is Borrowing Funds from upper tier Co-operative Credit Societies.

To sum up, the Co-operative Movement must aim at higher (superior) goal and objective in the era of economic liberalisation.

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