

A MINOR RESEARCH PROJECT

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ज्ञान-विज्ञान विमुक्तये

AN ANALYTICAL STUDY OF HUMAN RESOURCE DEVELOPMENT ASPECT IN THE HIMALAYA CREDIT CO-OPERATIVE SOCIETY LIMITED, NAGPUR.

(APRIL 2007 TO MARCH 2010)

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DECLARATION CERTIFICATE

I hereby declare that this Minor Research Project “An Analytical study of Human Resource Development Aspect in the Himalaya Credit Co-operative Society Limited Nagpur (April 2007 to March 2010)” is the result of my research work.

I have not submitted this project to any other University or Institution for the award of any academic purpose.

Dr. Mrs. Ranjana Sahu

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Certificate Of The Head Of The Institution

This is to certify that G.S. College of Commerce and Economics Nagpur is permanently affiliated college under Section 2(f) and 12(b) of U.G.C.. Dr. Mrs. Ranjana Sahu is regular and permanent faculty member of our college. This Minor Research Project “An Analytical Study of Human Resource Development Aspect in the Himalaya Credit Co-operative Society Limited Nagpur.(April 2007 to March 2010)” had been prepared after the approval of U.G.C.

It is also certified that this project has not been submitted to any other University or Institution for the award of any academic purpose.

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Dr. Mrs. Ranjana Sahu
Principal Investigator

PRELUDE

Mahatma Gandhi has said:

‘Suppose I have come by a fair amount of wealth – either by way of legacy, or by means of trade and industry – I must know that all that wealth does not belong to me; what belongs to me is the right to an honourable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community’.

This forms the essence of the co-operative movement which is based on the same principles of community camaraderie, mutual help, democratic decision making and open membership.

India moves towards progressively ‘Knowledge Economy’. Skills and Knowledge are the important driving forces of economic and social development of any Country. The Eleventh Five Year Plan focused on advancement of Skills and these Skills have to be relevant to the emerging inclusive economic growth of Rural India. Cooperative is one of the sectors, which renders services to the poor people and uplifts the socio-economic status of members.

A nation is said to be strong and great not with physical wealth but which has good quality of life of Human Resources. Growth of Credit Co-operative Societies both vertically and horizontally is quite essential

for sound financial health of the country and for achieving the target of inclusive growth which is impossible without human resource development. Human Resource Development of Cooperative Societies will help to create a better and economically efficient organization for achieving the desired goals of sustainable development of the nation.

India by 2020 will be having the youngest population in the world and it is heading towards knowledge economy and cashless economy posing new challenges for credit co-operative societies. Therefore it is necessary to study human resource development aspect of credit cooperative societies and the operation of Co-operative banks for successful and effective management of the available human resources to face the existing competitive market.

The use of good practices of Governance has proved to be fundamental in the success and continued existence of organizations and Co-operative Societies are no exception to it. The basic objective of cooperative organizations is to fulfill members' social economic and cultural needs. Cooperative governance represents a democratic system of management when the exercise of authority is derived from its membership.

Good Governance in cooperatives call for enlightened members, professional management, good relationship between Board and staff, application of cooperative principles and values in the right spirit alongwith strong internal capital. Good Governance in cooperative

requires transparency in decisions, services, procedures and follow up action, participation of members elected board and users, accountability to members, customers and community as whole Good governance in cooperatives involves the process of decision making and the process by which decision are implemented or not implemented. The major characteristics of good governance are participation, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follow the rule of law.

Undemocratic management, losses in business, poor resources, lack of capital, lack of transparency, low levels of member participation, centralisation of power, poor audit, ineffective reporting system and lack of professionalism are the common problems existing in the cooperative organizations which are not performing well.

A good human resource development climate and good governance is essential in cooperatives to ensure that their goal to help the members' economic, social, cultural needs and aspirations are achieved.

This study attempts to find out new facts and realities which will be very much important for the benefit of both i.e., to the organizational development & employees' improvement / development to face the future competitive market successfully and efficiently. Octapace an eight dimensional tool has been used to study the human resource development aspect in the Himalaya Credit- Co-operative Society Limited, Nagpur.

This study includes the present situation of co-operatives and their performance in India. It also throws light on the challenges faced by the co-operatives in India in this globally competitive world and the suggestions given will help the policy makers in their decision making process in future. It will also serve as an area of interest to academicians, researchers and students.

Dr. Mrs. Ranjana Sahu
Principal Investigator

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1. INTRODUCTION

"Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility."

United Nations Secretary-General, Ban Ki-Moon.

The United Nations has declared that 2012 as **the International Year of Co-operatives** and the words of Ban Ki-moon exhibit a totally different approach that 'Co-operatives Build A Better World' in the present state when selfish narrow motives may be smelt in each and every human activity. Rather than rewarding outside investors, a co-operative shares its profits amongst the members. Co-operatives give everyone an equal say.

"The International Year of Co-operatives is an opportunity for the co-operative and mutualist movement to position itself as a sustainable economic model capable of competing with other economic models in use today, which have reached their limits. People want to work together to build a better world, with greater respect for people and their environment. They are temperamentally predisposed to co-operate and the movement must seize this opportunity."

Charles Gould, Director-general, International Co-operative Alliance remarked

"The International Year of Co-operatives offers co-operatives across the world a unique opportunity. By getting involved not only will individual businesses be able to show that they are part of a global movement, they will also contribute to a step change in the awareness of co-operatives and the differences they make in every corner of the globe."

Abraham Lincoln had defined democracy as 'of the people, for the people and by the people.' In the same way, Cooperative society can be defined as a society 'of the member, for the member and by the member.' Cooperation is a vast movement which promotes voluntary associations of individuals having

common needs who combine towards the achievement of common economic, social and cultural ends. Activity in a Cooperative spirit and in a commercial spirit has distinction. In cooperative activity, the purpose is not to earn profit but is a collective activity of the members for common purpose. No one is the owner of the Cooperative activity but all are the members of such activity. Cooperative movement is a socio-economic movement and cooperative society is managed with democratic principles. (page no.4, “Cooperative Banking”, Indian Institute of Banking and Finance, Mumbai, 2010 Macmillan Publishers India Limited, Chennai.)

A Cooperative organization is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise. Since inception of the movement, there is need for creating awareness and acceptance of Human Resource Development to achieve the organizational goals and objectives.

1.1 History of Cooperatives:

The International Cooperative Alliance (ICA) in its Statement on the Cooperative Identity, in 1995, defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”

The first recorded co-operative dates back to 1750 in France, where local cheese makers in the community of Franche-Comté established a producer cheese cooperative. Within the decade, co-operatives had developed in France, United Kingdom, United States and Greece. In 1844 the Equitable Pioneers of Rochdale Society (EPRS) was formed. The Co-operative movement was started in 1844. A group of 28 weavers and other artisans in Rochdale were facing poverty due to the industrial revolution. The tradesmen decided to group together to open their own store selling food items that they couldn't afford to

buy on their own. The group based their shop ethics on a set of principles they created called the Rochdale. With the goal of social improvement, twenty-eight unemployed community members saw the opportunity to pool their limited resources and attempt cooperation for the good of the group. Even though co-operatives appeared in the century previous, Rochdale is seen as the first 'modern' cooperative since it was where the co-operative principles were developed.

In 1895, International Cooperative Alliance (ICA), a non-governmental organization was established as umbrella organisation to promote friendly and economic relations between cooperative organizations of all types, nationally and internationally. The major objective of the ICA is to promote and strengthen autonomous cooperative organizations throughout the world.

Since its creation, the ICA has been accepted by cooperators throughout the world as the final authority for defining cooperatives and for determining the underlying principles, which give motivation to cooperative enterprise. In 1895, the founding congress had 194 members; in the mid-1980s the ICA recorded a membership of about 355 million individuals; in 1999, the ICA's organizations represented 750 million people; and since 2002 it was estimated that more than 800 million people are members of worker, agriculture, banking, credit and saving, energy, industry, insurance, fisheries, tourism, housing, building, retailer, utility, social and consumer cooperatives societies (Levin, 2002; Encarta, 2005; and Wikipedia, 2006).

Co-operatives are bubbling up everywhere. There are more than 1.4 million co-operative enterprises across the world to show exactly how the co-operative model has a global impact on a local scale, are owned by their members, share their profits, give people an equal say and operate in all areas of the economy. This global co-operative sector, with a turnover of \$1.6trillion, now secures the livelihoods of 3 billion people that's half the world's population, has 1 billion members worldwide and employs over 100 million people – that's 20% more than multinational enterprises.

A co-operative is a group of people acting together to meet the common needs and aspirations of its members, sharing ownership and making decisions democratically. Co-operatives are not about making big profits for shareholders, but creating value for customers – this is what gives co-operatives a unique character. Co-operatives have local impact on a global scale.

1.2 Cooperative Democracy, Leadership and Self-reliance:

Cooperatives are ideal vehicles for democratization and economic empowerment in developing countries: they instill basic democratic values and methods, foster self-reliance through collective action; and shape relationships between institutions and civil society that encourage participation and conflict resolution. The resulting framework provides the foundation for a more secure society and for economic growth.

A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of cooperative founders, members of cooperatives believe in the ethical values of honesty, openness, social responsibility and caring for others.”

Cooperatives put their values into practice through seven commonly accepted principles, the second of which is democratic member control. Elaborating the principle of “Democratic Control”, the ICA Commission headed by Professor D.G. Karve clarified “Cooperative Societies are democratic organization.”

Cooperative members jointly set policies and make decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights (one member, one vote).

Cooperative members own their business. They provide share capital, elect a board of directors and receive the benefits of ownership through patronage refunds based on extent of their transactions with the cooperatives.

Cooperatives teach people how to resolve problems democratically and many who learn democracy in cooperative “laboratories” go on to become political leaders in their nations. In emerging democracies, Cooperative members learn entrepreneurship and marketing principles. Cooperatives enable people with limited resources to pool them so as to competitively participate in the mainstream of a nation’s economic and political life.

When the bulk of the population in a developing country is rural, investing in agricultural cooperatives is an excellent way to instill basic democratic values and empower individuals while stimulating growth in agriculture - a key building block for broadbased economic development.

The role of the leader has expanded to include coach, visionary, motivator, strategist and team builder, while setting the best direction for the organization. Effective and enlightened cooperative leadership is essential for the growth and success of cooperatives. Effective leadership is a pre-requisite not only for creating and nurturing a cooperative but also for providing a vision and inspiring and guiding both the members and the management so as to enable the cooperative to achieve its purpose. Cooperative leadership enables the manager/ leader to empower people and maximize their own potential as well as their staff’s while creating a learning culture within the workplace of people acting together whose efforts move them towards a shared vision for mutual benefit. Elected members of the board and office bearers, have not played the role expected from them and have not been responsive to the aspirations of the members in many cases.

Therefore, cooperatives have to reorient their functioning and management by creating enlightened membership and professional managers. In order to achieve this, the leadership should provide good governance and constantly be innovative in running the cooperative enterprise. It is the leadership which provides vision, initiative, motive force and dynamism to democracy and good governance. The Cooperative Leadership model delivers incredible results, such as an increase in profitability, performance and productivity as well as a

decrease in internal conflicts, problems and attrition.

The concept of “Self- Reliance” has become very important for the growth and success of cooperatives. In the present times, the cooperatives have to compete in the market economy successfully. The cooperatives can function in self reliant manner only when they will lessen their financial dependence on the Government. For this, they will have to mobilize resources from various quarters. They will have to enter into mutually - beneficial collaborations so that this can be financially rewarding for them. Some of the successful cooperatives in India like IFFCO, KRIBHCO have become self reliant. They develop their own raw materials through research.

Their business diversification has been highly rewarding for them and they have earned good profit in recent times. Dairy cooperatives in the country have a strong self-reliant character. Due to their independent character with full participation of its members, they become a strong model of self-reliance for the cooperative movement of the country.

1.3 Values and principles of the co-operatives:

A co-operative is an autonomous association of persons united voluntarily to meet their common needs and aspirations through a jointly-owned and democratically-controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others. (page no.4, “Cooperative Banking”, Indian Institute of Banking and Finance, Mumbai, 2010 Macmillan Publishers India Limited, Chennai.)

1.3.1 Values: In reality, there is no conflict between cooperative values and cooperative business. Both go together and each fulfils the other.

A Cooperative is a value-based organization. It is the presence of values in socio-economic terms, which makes a cooperative organization unique. The

basic values of cooperation are universal in nature and in application. Cooperatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity. Cooperative members believe, in the ethical values of honesty, openness, social responsibility, and caring for others just as it is there in the tradition of their founders.

1.3.2 Cooperative Principles:

Cooperative movement is a socio-economic movement and co-operative society is managed with democratic principles. The cooperative principles are guidelines by which cooperatives put their values into practice.

(Page no. 4, Co-operative Banking, Indian Institute of Banking and Finance, Macmillan Publishers India Limited, Chennai, 2011)

- **1st Principle: Voluntary and Open Membership:**

Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political, or religious discrimination. They accept their obligation to allow membership to anyone who undertakes to fulfill the duties assigned to membership. As an individual is free to join a Co-operative Society and share its economic and social advantages, on an equal footing with other members, he is in principle free to withdraw from it on just cause when he finds that he no longer has any need of its services or when the Co-operative is unable to supply the needs of the members. In a sense, the saving and loan bank or credit society may be justified in refusing to admit an applicant known not to be credit worthy or is personally unacceptable to the society on some justifiable grounds. The essential consideration that if an individual has interest in some specific field of service for which a Co-operative is formed, he should be regarded as eligible for membership.

- **2nd Principle: Democratic Member Control:**

Cooperatives are democratic organizations controlled by their members, who

actively participate in setting their policies and making decisions. The status of all its members is equal and members have equal voting rights (one member, one vote). Men and women serving as elected representatives are accountable to the members for their functional aspects and submit their results to the judgment of members. If the members are not satisfied, they have the authority and power to criticize, to object and in extreme cases to replace their officials. In a fully developed Co-operative unit, the management must rest in the hands of members and all decisions should be taken by the cooperators themselves with no external interference.

- **3rd Principle: Member Economic Participation:**

Members contribute equitably to the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperatives, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperatives; and supporting other activities approved by the membership.

- **4th Principle: Autonomy and Independence:**

Cooperatives are autonomous, self-help organization controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do on terms that ensure democratic control by their members and maintain cooperative autonomy.

- **5th Principle: Education, Training and Information:**

Cooperatives provide education and training for their members, elected representatives, managers and employees so that they can contribute to the development of their cooperatives. They inform the general public particularly young people and opinion leaders- about the nature and benefits of cooperation.

The Co-operative education must have the following inputs: knowledge improvement, acquirement of technical skills and training of co-operative conduct and behaviour. (page no. 4, Co-operative Banking, Indian Institute of Banking and Finance, Macmillan Publishers India Limited, Chennai, 2011)

- **6th Principle: Cooperation among Cooperatives:**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, regional national and international structures. In order to build an integrated cooperative system, it is necessary that cooperatives should cooperate among themselves vertically and horizontally for strengthening their organizations by way of joining together, thinking together, investing together, planning together, working together and equally distributing surplus together.

- **7th Principle: Concern for Community:**

Just as in case of company, profit making is no longer the sole objective but company also has social responsibilities towards stakeholders similarly while focusing on member needs and wishes, Cooperative works for the sustainable development of their communities through policies approved by their members. The cooperatives owe a special responsibility to ensure the sustainable economic, social and cultural development of their communities.

1.4 Role of Co-operatives in the banking system:

Today, in an era when many people feel powerless to change their lives, cooperatives represent a strong, vibrant, and viable economic alternative. Cooperatives are formed to meet peoples' mutual needs. They are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve alone.

For over 160 years now, cooperatives have been an effective way for people to exert control over their economic livelihoods. They provide a unique tool for achieving one or more economic goals in an increasingly competitive global

economy.

- (a) The essence of the co-operative character of a UCB is that there is a close identity between the owners and the customers. The founding principle of co-operative banking i.e. mutual aid, coupled with the objective to promote thrift and self help have helped to sustain the prominence of UCBs through the years. Though functioning on commercial lines, profit maximization is not the sole objective of UCBs. Rather, their primary objective is the provision of affordable banking facilities to their members and catering to their credit needs.
- (b) There is, however, one area in which UCBs play a useful role. UCBs are perceived as banks primarily intended for the small man. A large number of their borrowers are persons of small means like small traders, merchants, artisans, industrial workers, street vendors, self-employed skill technicians like carpenters, mechanics etc.
- (c) In fact the aggregate credit provided by UCBs to the priority sector constitutes 45.9 per cent of the aggregate credit provided by them.
- (d) UCBs therefore could be an important element in the programme of financial inclusion. They provide scope and potential for prosperity, self-reliance and empowerment to a vast section of the population who are left out by the commercial banking system. The potential can be best realized if the entry of new UCBs is directed towards those regions where their representation is inadequate and if their governance is strengthened and adequately supervised.

Table 1 List of Multi-State Co-operative Societies as on 31st May, 2012

S. No.	State	No. of Multi-State Co-operative Societies
	National Level Federations	20
1	Andhra Pradesh	16
2	Assam	5
3	Bihar	8
4	Chattisgarh	1

S. No.	State	No. of Multi-State Co-operative Societies
5	Chandigarh	9
6	Dadar Nagar Haveli	1
7	Delhi	62
8	Goa	4
9	Gujarat	17
10	Haryana	10
11	Himachal Pradesh	1
12	Jammu & Kashmir	1
13	Jharkand	2
14	Karnataka	15
15	Kerala	16
16	Madhya Pradesh	8
17	Maharashtra	296
18	Manipur	1
19	Meghalaya	Nil
20	Mizoram	Nil
21	Nagaland	1
22	Odisha	4
23	Punjab	3
24	Pondicherry	4
25	Rajasthan	41
26	Sikkim	Nil
27	Tamil Nadu	85
28	Uttar Pradesh	48
29	Uttaranchal	2
30	West Bengal	32
	Total 713	713

Source: Government of India, Ministry of Agriculture, (Department of Agriculture and Cooperation)

From the above table it is clear that there are total 296 Multi-state cooperative societies in Maharashtra alone, of them more than twenty are located in Nagpur. More than 40% Multistate Co-operatives of India are there in Maharashtra.

Table 2 Indian Cooperative Movement At a Glance : 2007-2008

Number of Cooperatives (All Level)		Rs. 5,95,215
»	Primary Agrl. And Credit Cooperatives	Rs. 1,50,593
»	Primary Non-Credit Cooperatives (All Types)	Rs. 4,41,125
Membership of Cooperatives (Grass root coops)		249.248 Million
»	Membership of Primary Agrl/Credit Cooperatives	183.369 Million
»	Membership Primary Non-Credit Cooperatives	65.879 Million
Share Capital (All Level & All Types)		Rs. 3,37,192.6
»	Share Capital of Primary Credit Cooperatives	Rs. 1,76,794.9
»	Share Capital of Primary Non-Credit Cooperatives	Rs. 67,250.6
»	Govt. Participation in Primary Credit Cooperatives	4.39%
Working Capital (Credit + Non Credit)		Rs. 59,74,972.4
»	Reserves	Rs. 5,46,240.7
»	Deposits	Rs. 34,85,480.4
»	Villages Covered by Cooperatives	97%
»	National Level Cooperative Federations	21
»	State Level Cooperative Federations	386
»	District Level Cooperative Federations	3,111

Agricultural Credit	2006-2007	2007-2008
Production Credit Advanced (ST+MT)		
Short -Term (ST)	Rs. 4,07,959.6	Rs. 4,73,897.5
Medium -Term (MT)	Rs. 88,167.9	Rs. 1,02,527.3
Investment Credit Advanced (LT)	Rs. 31,881.2	Rs. 20,211.0
Total Loans Advanced (ST+ MT+ LT)	Rs. 5,28,008.7	Rs. 5,96,635.8

Share of Cooperatives in National Economy

	<i>(Percentage (%))</i>
Rural Network (Villages Covered)	97
Agricultural Credit Disbursed by Cooperatives	19
Fertiliser Distributed	36
Fertiliser Production (3.169 Lakh MT) Nutrient	26.3
Sugar Produced (6.418 Million Tonnes –As on 31 March 2009)	46.6
Capacity Utilisation of Sugar Mills (As on 31 March 2009)	59.8
Wheat Procurement (6.926 Million Tonnes)	33.5
Animal Feed Production/Supply	50
Retail Fair Price Shops (Rural + Urban)	20.3
Milk Procurement to Total Production	8.19
Milk Procurement to Marketable Surplus	10.5
Ice Cream Manufacture	45

	(Percentage (%))
Oil Marketed (branded)	49
Spindleage in Cooperatives (3.534 Million)	10.3
Handlooms in Cooperatives	54
Fishermen in Cooperatives (active)	23
Rubber Procured and Marketed	18.5
Arecanut processed and marketed(3.65 lakh tonnes)	15
Salt Manufactured (18,266 Metric Tonnes)	7.6
Direct Employment Generated	1.22 Million
Self-Employment Generated for persons	15.47 Million

Source: Government of India, Ministry of Agriculture, (Department of Agriculture and Cooperation)

Thus it is clear from the above table that co-operatives have reached to 97% of the villages and have imparted employment to 16.69 Million persons. Co-operatives are generally related to agriculture production and marketing.

1.5 Co-operative movement in India:

The cooperative movement in India was formally introduced with the promulgation of Cooperative Societies' Act, 1904. Before this Act, cooperative activities like Devarai or Vanarai, Chit funds, Bhishies, Phads were prevalent in several parts of India. Cooperatives in India are a subject of States under the Constitution of India and so the laws as well as their implementation differ from state to state and make it more complicated.

Year 2012 was declared as International year of Cooperative Societies.

Anyonya Co-operative Bank Limited (ACBL) located in the city of Vadodara (formerly Baroda) in Gujarat, is the first co-operative bank in India. The Reserve Bank of India ordered the bank to stop most of its operations under Section 35 of the Banking Regulation Act, on 14 September 2007, and ACBL closed in March 2008. Its annual general meeting in September 2008 formed a committee to re-open the bank.

ACBL was established in 1889 with the name **Anyonya Sahayakari Mandali Co-operative Bank Limited**, with a primary objective of providing an

alternative to exploitation by moneylenders for Baroda's residents.

When it was started in 1889 it had just 23 members and 76 Indian rupees (Rs) of capital, which grew to Rs 873 in the first year. By 2006, it had grown up to more than 23,000 share holders and more than ten branches which are mainly located within Baroda city and some small towns surrounding it. Its administration is governed by a group of nine board directors, three of whom are elected every year for a three-year term.

India is an agrarian economy where almost 65% of the population depends on agriculture directly or indirectly. Lack of institutional finance to these agriculturists led to mounting distress and discontent and the only answer to satisfy their need was the formation of cooperatives. This was the transforming age of global as well as Indian economy with for sure lots of positive dimensions but in relation to the cooperatives there was a misconception that they may not be able to deliver in the changed globalized market conditions. In the time when we are talking about inclusive growth, Cooperatives found no place in Eighth Five Year Plan onwards. In fact Cooperatives are the vital agencies for facing the challenges posed by the globalization and they are the best channels in a democratic country like India helping in generation and utilization of social capital for further future development.

1.6 Problems and Challenges of Co-operative Banks in India:

The Co-operative Banks in India is ailing with a number of problems. Generally, due to frequent amendments in regulatory rules by Reserve Bank of India the Co-operative banks have to deposit huge security amount due to which these banks have to minimize their business circulation money.

Moreover, due to recent circumstances which lead to the closure of some co-operative banks, the RBI has imposed strict legal framework by which the business is more difficult. Now the money lending procedure which was earlier easy has become difficult.

The following are the problems and challenges faced by the Cooperatives in the 21st Century:

- Sick units: this is the major problem that the number of Cooperatives is declining and a large number of cooperatives have become sick and nonviable.
- Member-related: there is lack of awareness among members, there is no speedy exit of non-members they continue to be in the members list representing false figure of number of members, majority of the members are not active and there is lack of communication among them.
- Lack of good governance: role and responsibilities of board of director and manager is not clearly defined leading to inadequate governance.
- Lack of acceptance: the existence of cooperatives can solve many economic and social problems but there is lack of acceptance by public at large and also the policymakers fail to recognise the cooperatives as economic institutions.
- Lack of capital: cooperatives fail to make efforts for capital formation and as far as members are concerned they have right to cast just one vote irrespective of their equity and stake.
- Lack of professionalism: one of the serious problems is that cooperatives fail to attract and retain competent professionals further resulting in multiple problems.
- Loopholes and the restrictive provisions in the Act: there are loopholes and restrictive provisions in the Cooperative Societies Act which results in excessive governmental control in its tiered structure.
- Lack of cost competitiveness: cost reduction for increasing the surplus is quite necessary but this is not so in case of cooperatives as they lack cost competitiveness due to overstaffing.

- Political influence: Administered by the state the cooperatives cannot stay in isolation with the undue political influence in its management.

1.7 Present Situation of Co-operative Societies in India:

Mahatma Gandhi has said: ‘Suppose I have come by a fair amount of wealth – either by way of legacy, or by means of trade and industry – I must know that all that wealth does not belong to me; what belongs to me is the right to an honourable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community’.

This forms the essence of the co-operative movement which is based on the same principles of community camaraderie, mutual help, democratic decision making and open membership.

The Primary (Urban) Co-operative Banks popularly known as Urban Co-operative Banks (UCBs) were brought under the regulatory ambit of RBI by extending certain provisions of the Banking Regulation Act, 1949 (BR Act) effective from March 1, 1966. UCBs are at the base level of the banking system in India providing basic banking facilities to people of small means particularly urban poor. The UCB sector is unique in the sense that there is a significant degree of heterogeneity among the banks in this sector in terms of size, geographical distribution, performance and financial strength. The sector has unit banks, multi-branch UCBs operating within a state and multi-state UCBs with the area of operation in more than one state.

1.8 Evolution of the Urban Co-operative Bank Sector:

Although, India is considered to have one of the oldest community-banking movements in the world with UCBs starting way back in 1889, the real growth picked up after this sector was brought under the purview of the BR Act in 1966. The evolution may be broadly divided into three phases - the growth

phase, crisis phase and consolidation phase.

1.8.1 Growth Phase (1966-2003):

In 1966, there were about 1100 UCBs with deposits and advances of Rs.1.67 billion and Rs.1.53 billion respectively. The Reserve Bank pursued a liberal licensing policy, especially pursuant to the recommendations of the Marathe Committee, which suggested dispensing the ‘one-district, one-bank’ approach. This shifted the stance of the policy to assess the ‘need and potential’ in an area for mobilising deposits and purveying of credit for a new UCB. In 1993, before the liberalisation of the bank licensing policy, there were 1311 UCBs having deposits and advances of Rs. 111.08 billion and Rs. 87.13 billion, respectively, which increased to 1926 UCBs with deposits and advances of Rs. 1020.74 billion and Rs. 649.74 billion, respectively by end-March, 2004. This is because after the liberalisation of licensing norms in May 1993, 823 bank licences were issued up to June 2001.

1.8.2 Crisis Phase (2003-2008):

However, it was observed that nearly one-third of the newly licensed UCBs became financially unsound within a short period. In the light of the experience and the prevailing financial health of the UCB sector after the Madhavpura Mercantile Co-operative Bank episode, it was announced in the Annual Policy Statement 2004-05 that the Reserve Bank would consider issuance of fresh licences only after a comprehensive policy on UCBs, including an appropriate legal and regulatory framework for the sector, was put in place. No fresh licences have been issued thereafter for setting up new UCBs, although the existing applications received from unlicensed UCBs were disposed of.

The number of UCBs declined from 1926 as at end- March 2004 to 1770 by end- March 2008. The deposits and advances of urban banks increased only marginally during the same period from Rs.1020.74 billion and Rs. 649.74 billion to Rs. 1398.71 billion and Rs. 904.44 billion, respectively.

The Reserve Bank took several steps to strengthen the sector during this period. In order to improve the financial soundness of the UCB sector, the Reserve Bank of India has been entering into Memoranda of Understanding (MoU) with all State Governments and the Central Government since 2005. The MoUs facilitated coordination of regulatory policies and actions through the mechanism of TAFcUBs, a comprehensive set of capacity building initiatives, and measures to bring in efficiency through adoption of technology. This phase also ushered in voluntary consolidation in the sector by the merger of non-viable UCBs with financially sound and well-managed ones.

The RBI introduced the Graded Supervisory Action (GSA) framework in 2003 in lieu of classification of UCBs into Weak and Sick UCBs. Accordingly, UCBs were classified into four grades - Grade I, II, III and IV depending on their financial conditions. GSA envisaged supervisory measures to be taken with respect to UCBs classified in Grade III and IV when certain levels of CRAR, net NPA, profitability or default in CRR/SLR were breached. UCBs were subjected to supervisory action such as prohibition from expansion of Area of Operation, opening new branches, prescribing lower exposure limits and restrictions on dividend based on this classification. With the introduction of Rating Model, GSA was replaced by Supervisory Action Framework (SAF) in 2012 wherein supervisory action was initiated based on various trigger points such as CRAR, gross NPA, CD ratio, profitability and concentration of deposits. SAF was reviewed and modified in 2014 by advancing the trigger points for imposing directions and cancellation of licence.

1.8.3 Consolidation Phase (2008 onwards):

As a result of the new initiatives and sustained efforts by RBI, the number of financially weak banks in the UCB sector declined. Further, due to consolidation in the sector on account of closure and merger, the number of UCBs came down from 1770 as at end-March 2008 to 1589 as on March 31, 2014 and further to 1579 by end-March 2015. However, the deposits and

advances of urban banks increased from Rs. 1398.71 billion and Rs. 904.44 billion as of end-March 2008 to Rs. 3155.03 billion and Rs. 1996.51 billion, respectively, as on end-March 2014. Incidentally, mergers of as many as 119 UCBs have been effected till date after 2005.

1.9 Size and Complexity of Business-UCBs:

Ever since the UCBs were brought under the purview of the BR Act, 1949 with effect from March 1966, they have been growing in size, scale and complexity of business. The total deposits and advances of the UCB sector which together constitutes its business size grew from Rs. 1398.71 billion and Rs.904.44 billion as on March 2008 to Rs. 3155.03 billion and Rs 1996.51 billion as on March 2014 registering a growth of 125.6% and 120.7% respectively. However, this growth was not uniform across the UCB sector as a few UCBs grew exponentially during the period. As such, some UCBs have shown such unprecedented growth in their balance sheet size over the years, that they have acquired the size of commercial banks.

The global financial crisis of 2007 brought into debate the concept of “Too big to fail”. The world over, the debate started revolving around the size of the financial entity which might pose undue risk to the system and what additional regulatory prescriptions they might be subjected to. In the commercial banking space, this gave birth to new financial entities such as G-SIBs (Global-Systematically Important Banks) and D-SIBs (Domestic-Systematically Important Banks). Regulators also prescribed higher capital requirements for such systemically big and important financial entities. Considering that some UCBs have acquired the size akin to commercial banks, they may pose a risk to the system due to their scale and complexity of business. In view of this, the time was opportune to reflect on the appropriate size up to which a UCB may be allowed to grow without undue risk to the system. This became all the more relevant due to the weak resolution regime with respect to UCBs. In case of commercial banks, the present regulatory and legal framework provides

reasonable power to RBI for an early resolution. However, this is not true in case of UCBs, where the resolution powers lie with the State Government/ Central Government.

Considering the restricted legislative powers, the Reserve Bank has drawn up a somewhat different regulatory framework for UCBs. This recognises the limitations of the sector and is also largely consistent with the general needs of the clientele of the UCBs. However, with the growth in their balance sheets and ability to attract relatively larger borrowers, some of the UCBs now have high aspirations to compete with commercial banks and they expect RBI to provide a regulatory framework akin to that for commercial banks. Thus it becomes necessary to ensure that UCBs balance their growth ambitions commensurate with the risks that they undertake. The growth of the sector also has to be consistent with the legal framework and regulatory parameters. Keeping history in mind and the time required for resolving an issue with UCB vis-a-vis a Commercial Bank at least with regard to depositors, RBI has been wary of allowing the unrestrained growth of UCBs.

1.10 Major Co-operatives in India:

Truly remarked by Mr. Vaikunth Mehta one of the doyens of Indian Co-operative movement that “Co-operation is a vast movement which promotes voluntary associations of individuals having common needs who combine towards the achievement of common economic ends.”

India has seen huge growth in Cooperative Societies since Independence particularly in the field of agriculture dairy marketing as well as banking. Cooperative banks in India serve both the rural and urban societies. It is indeed a matter of pride that there are the greatest number of cooperatives in Maharashtra State and Asia's first cooperative sugar factory was formed in Ahmednagar district in western Maharashtra but at the same time we should also learn a lesson from Sugar Cooperatives in Maharashtra which once contributed 95% of the total sugar production is now on its death bed row

because of mismanagement and corruption. Unprofessional management, lack of foresightedness and absence of decision-making process are the major problems being faced by Credit Cooperative Societies which should be of prime concern for all. It should change the policy of "profits for the company but losses to be borne by the government" which has made a number of these operations inefficient.

- Aavin(Tamil:ஆவின்) is the trademark of the Tamil Nadu Co-operative Milk Producers' Federation Limited.
- Adarsh Co-operative Bank.
- Amul.
- Anyonya Co-operative Bank Limited.
- Horticultural Producers' Cooperative Marketing and Processing Society.
- Indian Coffee House.
- Indian Farmers Fertiliser Cooperative Limited.
- Kaira District Co-operative Milk Producers' Union.
- Karnataka Milk Federation(KMF).
- Kerala Co-operative Milk Marketing Federation (KCMMF).
- KRIBHCO.
- Pratibha Mahila Sahakari Bank.
- Sant Muktabai Sahakari Sakhar Karkhana.
- Shri Mahila Griha Udyog Lijjat Papad.
- Vasudhara Dairy.

1.11 Performance of Co-operatives in Banking Sector (2001 to 2010):

Urban Co-operative Banks (UCBs) are at the base level in the 3-Tier structure of co-operatives in India and for this reason they are referred to as Primary (Urban) Co-operative Banks. The middle and apex tiers in the co-operative structure are the District Central Co-operative Banks (DCCBs) and the State Co-operative Banks (StCBs) respectively. In view of this hierarchical structure, the DCCBs and StCBs act as higher financing agencies for UCBs. As the names indicate, the DCCBs and StCBs are restricted to the District and State for the purpose of their banking operations (area of operation). This has restricted the geographical growth beyond the District for DCCBs and beyond State for StCBs. On the other hand, the base level banks, i.e. UCBs, have no restrictions on geographical

growth. As on March 31, 2011, there were as many as 42 multi-State UCBs and this number is increasing every year. The geographical growth obviously increases the volume of banking business of UCBs. As a result a few of the UCBs have grown bigger than some of the Scheduled Commercial Banks.

The cause of concern in UCBs mostly relates to non-professional management. This in turn results in relatively weak internal control and risk management systems in the UCBs. Therefore, the incidence of failure of banks in India has been the highest in urban banking sector vis-à-vis other banking sectors.

1.12 Market Share of Urban Co-operative Banks in Total Banking Sector:

The business growth of UCBs was not, however, commensurate with the overall growth in the banking sector. There has been a gradual fall of the share of UCBs' business in the overall business of the banking sector. Despite the presence of large number of UCBs, their share in the total deposits and advances of the banking sector is insignificant and the share is reduced year after year.

Table 3 Market Share of Urban Co-operative Banks in Banking Business in Banking Sector (In Percentage)

As on March 31	UCBs	DCCBs & State CBs	RRBs	Commercial Banks
2001	6.3	7.2	2.9	83.6
2002	6.4	7.2	3.0	83.4
2003	6.3	7.0	3.0	83.7
2004	5.8	6.6	3.1	84.5
2005	5.3	6.3	3.1	85.3
2006	4.6	5.4	2.9	87.2
2007	4.0	4.7	2.7	88.6
2008	3.7	4.1	2.7	89.5
2009	3.4	3.9	2.6	90.1
2010	3.5	3.7	2.7	90.1

Source RBI publications

Above table shows that from the market share of 6.3 per cent as on March 31, 2001, it had reduced to 3.5 per cent as on March 31, 2010. This reflects to a large extent the effect of the policy of not permitting UCBs, including the healthy and

well managed ones, to open new branches for six years contributing thereby to their inability to garner their share in the growing economy.

Table 4 Market share of Urban Co-operative Banks in Banking Sector as on March 31, 2010

Urban Co-operative Banks	Rural Co-operative Banks	Regional Rural Banks	Scheduled Commercial Banks
1674 Banks	401 Banks	82 Banks	83 Banks
Share in Total Deposits (In %)			
3.5	3.7	2.7	90.1
Share in Total Loans and Advances (In %)			
2.9	3.8	2.1	91.2

Source RBI publications

Above table makes it clear, despite the fact that the UCB sector has the maximum number of entities as compared to any other group, its market share continues to be meagre. This is to be seen in the light of the fact that almost half of the UCBs are unit banks and the total number of branches of the 1674 UCBs as at March 31, 2010 is around 7900 branches as against over 77000 branches of just 83 scheduled commercial banks. Another reason may be that due to the poor capital base of UCBs, coupled with individual and group credit exposure ceilings they are not in a position to lend high value advances. The other reason could be that the clientele of these banks is mainly confined to the lower and middle strata of the society.

- **Geographic Distribution:**

The table below shows the geographic distribution of UCBs. It indicates that UCBs are concentrated in five states, namely Andhra Pradesh (6.4%), Gujarat (14.8%), Karnataka (16.9%), Maharashtra (32.8%) and Tamil Nadu (7.8%) which collectively account for 78.7 per cent of all UCBs.

Table 5 State -wise and Grade-wise Distribution of Urban Co-operative Banks as on March 31, 2011

Sl. No.	State	Grade	Grade	Grade	Grade	Total UCBs
		I	II	III	IV	
1	Andhra Pradesh	52	45	5	4	106
2	Assam	4	3	1	0	8
3	Bihar	2	1	0	0	3
4	Chhattisgarh	7	3	2	0	12
5	Gujarat	60	155	11	17	243
6	Goa	3	2	0	1	6
7	Haryana	1	4	0	2	7
8	Himachal Pradesh	3	1	0	1	5
9	Jammu & Kashmir	3	0	0	1	4
10	Jharkhand	2	0	0	0	2
11	Karnataka	112	108	35	13	268
12	Kerala	41	12	5	2	60
13	Madhya Pradesh	16	17	13	6	52
14	Maharashtra	301	105	78	55	539
15	Manipur	1	1	1	0	3
16	Meghalaya	3	0	0	0	3
17	Mizoram	0	1	0	0	1
18	New Delhi	12	1	2	0	15
19	Orissa	2	3	5	2	12
20	Puducherry	1	0	0	0	1
21	Punjab	1	3	0	0	4
22	Rajasthan	32	4	1	2	39
23	Sikkim	1	0	0	0	1
24	Tamil Nadu	107	18	1	3	129
25	Tripura	0	1	0	0	1
26	Uttarakhand	3	2	0	0	5
27	Uttar Pradesh	46	9	7	8	70
28	West Bengal	30	2	5	9	46
Total		845	502	172	126	1645

Source RBI publications

As it is clear from the above table that out of 539 total UCBs in Maharashtra 56% belong to grade I and 19% belongs to grade II as compared to 59% and 20% respectively for grade I and grade II of the nation's Co-operatives. Maharashtra state has 64% of the country's total co-operatives.

- **Capital Adequacy:**

The table below gives the state-wise distribution of UCBs in terms of capital adequacy. It will be seen that a majority of the UCBs (91.3%) now comply with the regulatory prescription of a minimum CRAR of 9 percent. Some of the UCBs which previously had a negative net worth have also reported positive CRAR by raising Tier II capital through innovative instruments like Long Term Deposits permitted by the Reserve Bank of India.

Table 6 State-wise and CRAR-wise distribution of Urban Co-operative Banks as on March 31, 2011

State/ Region	No. of UCBs with CRAR Below 3%	No. of UCBs with CRAR 3% and above but < 6%	No. of UCBs with CRAR 6% and above but < 9%	No. of UCBs with CRAR 9% and above but < 12%	No. of UCBs with CRAR >= 12%	Total No. of UCBs
Andhra Pradesh	4	1	4	5	92	106
Assam	0	0	0	3	5	8
Bihar	0	0	0	0	3	3
Chhattisgarh	0	0	0	0	12	12
Gujarat	10	5	0	4	224	243
Goa	1	0	0	2	3	6
Haryana	0	0	0	0	7	7
Himachal Pradesh	0	0	0	3	2	5
Jharkhand	0	0	0	0	2	2
Jammu & Kashmir	1	0	0	2	1	4
Karnataka	7	1	5	17	238	268
Kerala	2	1	4	32	21	60
Madhya Pradesh	2	1	1	3	45	52
Maharashtra	37	13	11	80	398	539
Manipur	0	0	0	1	2	3
Meghalaya	0	0	0	0	3	3
Mizoram	0	0	0	0	1	1
New Delhi	0	0	1	1	13	15
Orissa	2	0	1	3	6	12
Pondicherry	0	0	0	1	0	1
Punjab	0	0	0	0	4	4
Rajasthan	2	0	0	5	32	39
Sikkim	0	0	0	0	1	1

State/ Region	No. of UCBs with CRAR Below 3%	No. of UCBs with CRAR 3% and above but < 6%	No. of UCBs with CRAR 6% and above but < 9%	No. of UCBs with CRAR 9% and above but < 12%	No. of UCBs with CRAR >= 12%	Total No. of UCBs
Tamilnadu	3	1	3	22	100	129
Tripura	0	0	0	0	1	1
Uttar Pradesh	4	0	1	8	57	70
Uttarakhand	0	0	0	1	4	5
West Bengal	9	1	2	3	31	46
Grand Total	84	24	33	195	1309	1645
Per cent Share	5.2	1.5	2	11.9	79.4	100

Source RBI publications

As it is clear from the above table that out of the total of 539 urban co-operatives in Maharashtra 74% (398) urban cooperatives are with CRAR >= 12% which is a good sign.

- **Urban Co-operative Banks with Negative Networth**

Table 7 Centre-wise details of Urban Co-operative Banks having Negative Networth

S. No.	Name of the Regional Office	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
1	Ahmedabad	27	27	20	16	13
2	Bangalore	22	22	12	10	6
3	Bhopal	2	5	2	4	6
4	Bhubaneswar	3	4	3	2	2
5	Chandigarh	2	2	2	1	0
6	Chennai	0	2	3	4	2
7	Dehradun	1	1	0	0	0
8	Guwahati	1	1	1	1	0
9	Hyderabad	8	8	5	5	3
10	Jaipur	0	2	2	2	2
11	Jammu	0	0	0	0	0
12	Kolkata	9	9	9	8	3
13	Lucknow	0	4	4	6	6
14	Mumbai	52	52	33	34	32
15	Nagpur	27	27	17	16	11

S. No.	Name of the Regional Office	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
16	New Delhi	1	1	0	0	0
17	Patna	0	0	0	1	0
18	Raipur	2	2	2	1	0
19	Thiruvapuram	0	0	0	1	2
	Total	157	169	115	111	88

Source RBI publications

The table above gives details of the state-wise distribution of UCBs with negative networth. It is clear that there has been continuous reduction in banks having negative networth mainly due to up-gradation, amalgamation and liquidation.

- **Licenses Cancelled:**

This table given under gives details of banking licenses of UCBs cancelled during the last 12 years. The figures do not include the number of license applications rejected in respect of existing unlicensed banks, whose number came down from 181 in September 1999 to three as on March 31, 2011 (and two as on June 30, 2011). It may be noted that out of the 204 UCBs whose licenses were cancelled or which were merged with other UCBs since the year 2000, 100 UCBs were established after 1993 i.e. after the liberalization in grant of licenses following the recommendations of the Marathe Committee

Table 8 Details of Banking Licenses of Urban Co-operative Banks cancelled during last 12 years*.

Year ended March 31	No of licences Cancelled	No of UCBs Merged	TOTAL
2000	4	0	2
2001	0	0	0
2002	0	0	0
2003	4	0	4
2004	25	0	25
2005	5	0	5
2006	8	4	12

Year ended March 31	No of licences Cancelled	No of UCBs Merged	TOTAL
2007	22	15	37
2008	23	27	50
2009	19	22	41
2010	22	13	35
2011	2	11	13
2011(Till June 30, 2011)	4	3	7
TOTAL	136	95	231

* Provisional data as reported by Regional Offices

Source RBI publications

The above table makes it clear that total 136 licenses of non performing co-operative banks have been cancelled and 95 under performing co-operative banks were merged during twelve years which shows that government is giving due consideration to this sector so as to benefit the society.

- **Branches:**

**Table 9 State-wise Distribution of Branches of Urban Co-operative
Banks - Position as on March 31, 2011**

State/ Union Territory	Total UCBs	No. of Branches- Population Centre-wise				Total Branches	Districts Covered	Districts not covered
		A	B	C	D			
1. Andhra Pradesh	106	121	39	43	57	260	21	2
2. Assam	8	16	0	4	2	22	8	20
3. Bihar	3	4	0	0	0	4	2	36
4. Chhattisgarh	12	12	7	3	1	23	8	10
5. Goa	6	5	6	6	49	66	2	0
6. Gujarat	243	433	55	242	123	853	24	1
7. Haryana	7	1	6	10	0	17	7	13
8. Himachal Pradesh	5	0	0	1	9	10	4	8
9. Jammu & Kashmir	4	0	13	0	6	19	6	16
10. Jharkhand	2	1	0	0	1	2	2	22
11. Karnataka	268	201	129	171	334	835	30	0
12. Kerala	60	0	30	35	293	358	14	0
13. M.P.	52	43	10	18	19	90	27	23

State/ Union Territory	Total UCBs	No. of Branches- Population Centre-wise				Total Branches	Districts Covered	Districts not covered
		A	B	C	D			
14. Maharashtra	539	1677	713	941	1171	4502	36	0
15. Manipur	3	0	0	9	1	10	2	7
16. Meghalaya	3	0	0	2	4	6	3	4
17. Mizoram	1	0	0	0	1	1	1	7
18. New Delhi	15	78	0	0	0	78	1	0
19. Orissa	12	23	6	11	6	46	12	18
20. Punjab	4	12	0	6	1	19	4	16
21. Puducherry	1	0	0	1	4	5	1	4
22. Rajasthan	39	37	35	46	83	201	24	9
23. Sikkim	1	0	0	2	1	3	2	2
24. Tamilnadu	129	19	75	0	225	319	33	3
25. Tripura	1	0	0	2	0	2	1	4
26. Uttarakhand	5	0	4	10	47	61	8	5
27. U.P.	70	96	35	54	57	242	39	33
28. West Bengal	46	29	9	67	0	103	11	8
Total	1645	2808	1172	1622	2494	8157	333	271

Note:

Category-wise Population Centre:

Centre A: Population over 10 lakh. Centre B: Population five lakh and above but below 10 lakh

Centre C: Population one lakh and above but below five lakh. Centre D: Population below one lakh

Source RBI publications

The table above gives a state-wise distribution of branches of UCBs categorised by population centres. The data reveals that the UCBs are located in 28 States/Union Territories out of the total 35 States/Union Territories in the country. The seven States/Union Territories where the UCBs do not have presence included (1) Andaman & Nicobar Islands, (2) Arunachal Pradesh, (3) Chandigarh, (4) Dadra and Nagar Haveli, (5) Daman and Diu, (6) Lakshadweep, and (7) Nagaland. The UCBs located in States/Union Territories have not been evenly distributed from the angle of branch network. There are as many as 271 districts (45%) out of the total 604 districts, which are not at all covered by the UCBs' branches in the States/Union Territories, where UCBs are already functioning. There are a few States/Union Territories, (viz; Delhi, Goa, Karnataka, Kerala, and Maharashtra) where all the districts have UCBs' branches.

- **Key Points:**

The tables above present the following important points about co-operative banks in India

(a) Heterogeneity is a striking characteristic feature of the UCB structure. Almost half of all branches of UCBs, around 60 per cent of total extension counters and more than 85 per cent of ATMs of UCBs are located in Maharashtra. Of the remaining states, UCBs have a significant presence in Andhra Pradesh, Gujarat, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh and somewhat lower presence in Rajasthan and West Bengal.

(b) Even within the states in which UCBs operate, 45 per cent of districts are not covered by UCBs. There are 14 states where the un-banked districts constitute more than 50 per cent of the total districts in the state.

(c) If we consider centres within states where the population is less than 5 lakh, there are seven states viz. Assam, Bihar, Chattisgarh, Haryana, Punjab, Tripura and West Bengal where the number of branches in such centres is less than 10 per cent of the total number of branches in the state.

(d) Only 57.6 per cent of the total UCBs can be considered as sound UCBs. A sound UCB can be assumed to have the following characteristics:

- (i) A CRAR of nine per cent or more;
- (ii) Gross NPAs of less than 10 per cent of gross advances;
- (iii) Continuous record of profits in the last three years; and
- (iv) No. defaults in maintenance of CRR and SLR.

(e) A classification of UCBs by size of deposits shows that UCBs which have deposits of ₹ 100 crore or less constitute 78 per cent of the total number of UCBs but they account for only 17.7 per cent of the total deposits and only 23.8 per cent of the advances of the UCB sector. It also shows that there are only 29 UCBs which have deposits in excess of ₹ 1000 crore but they account for 39.5 per cent of the total deposits and 47.4 per cent of the total advances of the UCB sector.

(f) UCBs as a class account for only 3.5 per cent of the total deposits and only 2.9 per cent of the total advances of the banking system. Therefore, as many as 1282 UCBs, which have deposits of up to Rs.100 crore account for only 0.6 per cent of deposits and 0.7 per cent of advances of the banking system.

(g) UCBs are rated according to their financial and operative performance with Rating A reflecting the soundest UCBs and Rating D the weakest UCBs. When the ratings are related to UCBs grouped by size of deposits, the following picture emerges.

Table 10 Performance of UCBs as per Ratings

Deposit Size (in crore)	Total No. of UCBs	C & D Rated UCBs	Percentage (3) as % of (2)
(1)	(2)	(3)	(4)
Up to 10	299	185	61.9
10 – Up to 100	982	391	39.8
100 – Up to 1000	335	114	34.0
Over 1000	29	7	24.1
Total	1645	697	42.4

Source RBI publications

The details in the table above show that the UCBs with larger deposit base are relatively sounder as compared to UCBs with smaller deposit base. The proportion of UCBs falling in Ratings C and D with deposit base up to ` 10 crore is 61.9 per cent of the total UCBs with this deposit base. The proportion of UCBs in Ratings C and D reduces significantly along with the increase in deposit base of the UCBs. The overall proportion of UCBs in Ratings C and D is 42.4 per cent of the total UCBs.

(h) As a result of more vigorous action by RBI and particularly after the establishment of TAFCUBs consequent on MoUs signed with State Governments as many as 194 licences have been cancelled or UCBs merged with other UCBs and 178 unlicensed UCBs whose applications for license had been pending for several years have been issued license or their applications have been rejected. Despite this, there are at present 88 UCBs which have a negative networth with consequent erosion in depositors' funds.

1.13 Present Performance UCBs (till March 2015):

The regulatory approach to UCBs has been tailored recognising their role and mandate for providing financial services to the less privileged sections of the population. UCBs are, therefore, regulated under the less stringent BASEL I norms as opposed to BASEL II and III norms applicable to commercial banks. Although co-operatives are intended to remain small with their activities limited to their membership, a license to carry on the banking business provides the UCBs easy access to public deposits. With the liability of members (shareholders) restricted to membership shares, the owners become the users of resources predominantly contributed by non-members leading to an inherent conflict of interest that needs to be moderated through regulation and supervision.

The sector has witnessed reasonable growth over the last few years

Table 11 Growth of UCBs (Rs. In billions)

As on March 31,	Total No of UCBs	Deposits	Advances
2008	1770	1398.71	904.44
2009	1721	1570.42	962.34
2010	1674	1831.50	1124.36
2011	1645	2118.80	1364.98
2012	1618	2386.41	1577.93
2013	1606	2768.30	1810.31
2014	1589	3155.03	1996.51

Source RBI publications

The above table shows while the number of UCBs declined from 1770 in 2008 to 1589 in 2014, there was consistent growth in deposits and advances from Rs. 1398.71 billion and Rs. 904.44 billion in 2008 to Rs. 3155.03 billion and Rs. 1996.51 billion respectively in 2014, recording a CAGR of 14.52% and 14.11% respectively.

- **List of large UCBs by business/assets size:**

A comparison of the business (deposits + advances) of the top ten UCBs with the bottom ten commercial banks (excluding foreign banks)

Table 12 Deposits, Advances and Assets of top ten UCBs and bottom ten Private Sector Banks (As on March 31, 2015*) (Amount in Rs.billion)

Top 10 UCBs	Deposits	Advances	Total Assets	Bottom 10 PrSBs	Deposits	Advances	Total Assets
Saraswat Co-operative Bank Ltd.,	271.71	177.98	348.28	Karur Vysya Bank	446.90	366.91	532.13
Cosmos Co-operative Urban Bank Ltd.	158.35	111.60	190.89	Karnataka Bank	460.09	319.95	518.07
Shamrao Vithal Co-operative Bank Ltd.	124.68	79.54	144.74	Tamilnad Mercantile Bank	256.50	195.45	291.71
Abhyudaya Co-operative Bank Ltd., Mumbai	97.61	57.46	117.57	City Union Bank	240.75	180.89	277.09
Bharat Co-operative Bank Ltd., Mumbai	77.58	52.53	89.35	Ratnakar Bank	170.99	145.30	271.07
TJSB Sahakari Bank	71.80	44.08	88.01	Lakshmi Vilas Bank	219.64	165.13	247.47
Punjab & Maharashtra Co-operative Bank Ltd.	68.70	48.79	79.86	DCB Bank	126.09	105.58	161.36
Janata Sahakari Bank Ltd., Pune.	70.70	47.51	79.69	Catholic Syrian Bank	144.74	96.95	157.90
Kalupur Commercial Coop.Bank Ltd.	47.56	27.29	62.92	Dhanlaxmi Bank	123.79	81.52	145.89
NKGSB Co-operative Bank Ltd.,	53.35	36.37	61.82	Nainital Bank	53.44	25.96	59.41

Note: Top and bottom banks are based on their total asset size.

Source RBI Publications

This table shows that some of the UCBs were larger than the smaller commercial banks in terms of deposits, advances and total assets.

- **Profile of range of loans granted by UCBs:**

The profile of range of loans granted by both scheduled and non-scheduled UCBs is given as under-

Table 13 Range of loans granted by Scheduled Banks

S. No.	Range of loan	Scheduled banks (50 banks)			
		No. of account	No. of account % of total	Amount (In Rs. lakh)	Amount % of total
1	Upto Rs. 5 lakh	569855	53.02	765610.01	10.75
2	Rs. 5-10 lakh	276314	25.71	442240.67	6.21
3	Rs. 10-15 lakh	171148	15.92	267872.06	3.76
4	Rs. 15-20 lakh	14166	1.32	216793.44	3.04
5	Rs. 20-25 lakh	9308	0.87	175511.01	2.46
6	Rs. 25-50 lakh	15320	1.43	491820.30	6.90
7	Rs. 50-1 crore	8017	0.75	519059.95	7.28
8	Rs. 1-5 crore	8150	0.76	1669339.23	23.43
9	Above Rs. 5 crore	2417	0.22	2577153.95	36.17
	TOTAL	1074695	100.00	7125400.62	100.00

Source RBI publications

Table 14 Range of loans granted by Non-Scheduled Banks

S. No.	Range of loan	Non-Scheduled banks (1529 banks)			
		No. of account	No of account % of total	Amount (In Rs. lakh)	Amount % of total
1	Upto Rs. 5 lakh	5768074	93.56	5358773.33	47.46
2	Rs. 5-10 lakh	248762	4.03	1360859.24	12.05
3	Rs. 10-15 lakh	56167	0.91	632944.54	5.60
4	Rs. 15-20 lakh	27679	0.45	434317.49	3.84
5	Rs. 20-25 lakh	18072	0.29	379998.28	3.36
6	Rs. 25-50 lakh	27670	0.45	891561.46	7.90
7	Rs. 50-1 crore	11722	0.19	739277.95	6.55
8	Rs. 1-5 crore	6814	0.11	1207918.22	10.70
9	AboveRs.5 crore	436	0.01	286551.23	2.54
	TOTAL	6165396	100.00	11292201.74	100.00

Source RBI publications

As it is clear from the above table that there are diametrically opposite trends in the range of loans granted by scheduled and non- scheduled UCBs. While the

scheduled banks granted 59.6% of the total loans in the larger loan ranges of Rs.1-5 crore and above Rs. 5 crore, non-scheduled banks catered to the small loan segment upto Rs. 10 lakh in a substantial way as this segment accounted for 59.5% of loans granted .

Thus it is apparent that financial inclusion by way of credit to a larger number of small borrowers is more visible in the case of non-scheduled banks including unit banks. Also the large MS-UCBs have aligned their business models and goals with those of commercial banks while availing the concessions granted to the sector.

- **List of activities permitted to UCBs:**

A comparison of regulatory parameters prescribed for UCBs and SFBs as against the list of activities permitted to them shows an interesting result. SFBs despite having more stringent capital requirements of Rs. 100 crore networth and CRAR of 15%, are not permitted to undertake a host of activities which the UCBs are currently allowed with lesser capital requirements starting from Rs. 25.00 lakh.

Scheduled UCBs are eligible to undertake foreign exchange businesses as Authorised Dealers, category I. There is no requirement for UCBs to open 25% of their branches in unbanked rural centres. UCBs are permitted to open specialised branches, undertake intra-day short selling in Government securities, have access to LAF, membership to NDS-OM, open currency chest, provide mobile and internet banking and issue credit cards, among others.

Due to the limited capacity to raise capital, lack of corporate governance, lack of a level playing field in regulation and supervision at par with commercial banks, all products/lines of businesses were not permitted to UCBs which the commercial banks undertake.

- **Appropriate size upto which UCB may be allowed to grow:**

The deliberations on the size up to which UCBs may be allowed to grow revolved around two criteria --Capital Funds and Business Size (Deposits +

Advances).

a) Capital Funds: Those UCBs with capital funds above Rs. 500 crore may be converted into scheduled commercial banks. UCBs with capital funds in the range of Rs. 100 crore to Rs. 500 crore may be granted facilities akin to Small Finance Banks in the private sector. However, at present UCBs are permitted to undertake a host of activities which SFBs are not allowed to, with more stringent regulatory prescriptions.

b) Business Size: A threshold benchmark of a Rs. 20,000 crore business size can be considered for voluntary conversion of multi-state UCBs into scheduled commercial banks to ensure uniform regulation. This business size is appropriate as the biggest UCB should not end up being the smallest commercial bank. Further, a proper transition period should be provided to UCBs for conversion into commercial banks. UCBs not willing to convert to SCBs may be permitted to offer the services/products that they are currently offering to their clientele.

Ideally, the Reserve Bank would like the UCBs to grow in the co-operative movement space. However, due to lack of a level playing field in regulation and supervision of UCBs and the absence of full powers to RBI at par with the powers of commercial banks they may be allowed for conversion. If at all they opt for conversion, a transition period should be provided to UCBs to iron out any difficulties in the process.

- **Need to set up new UCBs:** Considering the useful role played by UCBs in catering to the needs of persons with small means, new UCBs may be set up in those regions where their representation is inadequate, provided their governance is strengthened and they are adequately supervised.

1.14 The problem of Dual Control:

(a) UCBs are governed by the respective Co-operative Societies Acts of the States in which they are registered. There are also 42 UCBs which are registered under the Multi-State Co-operative Societies Act, 2002.

(b) UCBs are also governed by the Banking Regulation Act, 1949 and Part V of the Act makes provision for the application of the Act to co-operative banks subject to certain modifications. These modifications provide that several of the powers which the Act gives to RBI for the supervision and regulation of banks are diluted or are denied to RBI when applied to UCBs. These pertain mainly to control over the Board of Directors of UCBs and their management of the affairs of the UCB.

(c) On the other hand, under the various State Co-operative Societies Acts and to a lesser extent under the Multi-State Co-operative Societies Act, the Registrars of Co-operative Societies are vested with significant powers regarding the functioning of the Boards of Directors and the Management of the UCB.

(d) As a consequence, RBI is not empowered to take unilateral action against the management of an erring UCB in case of need and it requires the assistance of the concerned Registrar of Co-operative Societies to take necessary action.

(e) This system of dual control is often claimed to have been one of the important factors responsible for the less than satisfactory performance of several UCBs. The effective regulation and supervisory control of UCBs would warrant that there should be a clearly defined control system in place whereby the co-operative character of UCBs is controlled exclusively by the Registrars of Co-operative Societies while all the banking functions of the UCB are exclusively controlled by RBI.

(f) Recognizing the conflicts created by this system of dual control, the Vision Document proposed that there should be a strong working arrangement between RBI and the State Governments / CRCS to address the difficulties caused by dual control. Consequently, beginning with 2005, RBI has entered into Memorandum of Understanding (MoUs) with all State Governments to address this problem.

Under the MoUs, State Governments have agreed to take immediate action on requisition by RBI for supersession of the Board of Directors, appointment of liquidators, initiation of action for removal of CEO / Chairman of a bank, enhancing quality of HR and IT resources on lines required by RBI, work to raise the standards of corporate governance, the institution of special audit by Chartered Accountants when necessary, the introduction of long form reports by auditors, the appointment of Chartered Accountants as Statutory Auditors in respect of larger UCBs and other matters

The role of Co-operatives in financial inclusion will increase provided the RBI should have the powers to:

- Remove from office any member of the BoM or the CEO, supersede the BoM for a period not exceeding five years and appoint an Administrator in its place
- Direct the BoM to make such changes in the Management as considered necessary.
- Direct the BoM to introduce such aspects of technology as considered necessary.
- Audit of UCB to be carried out by a Chartered Accountant to be appointed by the BoM from out of a panel of approved auditors maintained by RBI subject to rotation after four years.
- The BoM to follow a code of corporate governance to be specified by RBI. Non-fulfilment of these conditions should be sufficient reason for cancellation of the license. RBI should retain the power to relax some of these conditions as and when it considers appropriate with regard to the size of the UCB, the cost of compliance or for other valid reasons.

1.15 Profile of Himalaya Credit Co-operative Society Limited Nagpur

Himalaya Credit Co-operative society is the co-operative organization, registered as per the Cooperative rules of Government of Maharashtra Co-operation department on 18-02-1989 having registration number

NGP/CTY/RSR/CR/380/88-89.

Himalaya credit Co-operative Society started its functioning under the dynamic leadership of Shri Rajkumar Umrao Khade from 18-02-1989. Till now it has established five branches in Nagpur at – Pratapnagar, Manewada, Mankapur Hingana & Wadi Amravati Road. It is also planning to be a multi state co-operative society by opening branches in other states. Till now it has not taken any financial assistance from the government.

Its motto is “**Like a tree we must branch out and reach the world.**”

Board of directors of Himalaya Credit Co-operative Society Limited, Nagpur are as follows:

Board of Directors:

President	: Smt. Aruna P. Gavande
Vice-President	: Shri Sharad N. Jharbade
Secretary	: Shri. Sudhir A. Patankar
Joint Secretary	: Shri. Rangrao V. Kamble
Director	: Shri. Rajendra B. Dhote
Director	: Shri. Subhash S. Mankar
Director	: Shri. Bhojraj S Navange
Director	: Shri. Vilas A. Gorde
Director	: Shri. Sanjay G Gakre
Director	: Sau. Sushma D. Jharbade
Director	: Shri. Bhagvantrao M. Khandwe

Presently this bank has more than 130 employees engaged with them at various positions along with Board of Directors. Indirect loan & pigmy agents, lawyers, consultants, recovery agents, advisors etc. along with about 9500 shareholders and various savings/ current/ recurring deposit/ fixed deposits account holders are also associated with it.

At present the bank is running its business successfully and is profit making organization over the years after it came to existence since 1989. Shri Rajkumar Umrao Khade had devoted his services to flourish this organization

while discharging his duties as a founder President, Chief Promoter & Director for more than five years. From the available information it is known that Himalaya credit co-operative is also similar to other form of enterprises so far as it also aims at doing business efficiently. The form of enterprise combines the good point of capitalistic as well as socialistic form of organization.

Among the divergent economic system, the Cooperation acts as a balancing factor. This Co-operative is the form of organization in which persons associate together voluntarily as human beings on the basis of equality for the promotion of economic interest of themselves.

A co-operative society enables the members to put in their best to attain a higher standard of living for themselves, without in anyway exploiting others. It honors human values & also provides incentives.

Co- operation is thus something more than an ordinary business. Its morality applied to business, beliefs in non-capitalizing character & in forming & developing more values side with pursuit of business.

Thus the concept of Co-operative envisages a group of persons having one or more common economic needs who voluntarily agree to pool their services, use them for mutual benefit, through an organization managed by them on democratic pattern.

In Nagpur, Himalaya credit Co-operative society increased its business rapidly in 25 years and played significant role in providing credit to lower & middle income groups and in upliftment of weaker sections of the society. It contributes productively to progress of the nation & is recognized as a powerful instrument for Socio-economic transformation of society.

2. CONCEPT OF HUMAN RESOURCE MANAGEMENT

HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labour relations, and diversity and inclusion.

Michael J. Jucius has defined human resources as “a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components”.

Human resource management means management of human capital which involves intellectual capital social capital and emotional capital. Human Resource Management is a process of making the efficient and effective use of human resources so that the predetermined goals are achieved. HRM is an art of managing people at work in such a manner that they give their best to the organisation for achieving its set goals.

According to Filippo “Personnel management, or say, human resource management is the planning, organising, directing and controlling of the procurement, development, compensation, integration and separation of human resources to the end that individual, organisational and social objectives are accomplished”.

HRM is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

HRM is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to

contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives.

HRM is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. HRM is now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways. The new role of HRM involves strategic direction and HRM metrics and measurements to demonstrate value.

Human resource management is the management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labor laws. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will also serve as the company's primary liaison with the employees' representatives.

Human Resource Management is the process of people management within companies and organizations, as well as that of managing inter-personal relationships. Both of these processes are important for ensuring business growth and success. Human Resource Management is ultimately focused on the people within an organization. To be successful it requires planning, monitoring and evaluation on a regular basis. When successfully implemented and managed it will ensure that all employees will know their role, career path and feel part of an organization that is able to manage and reconcile their expectations with those of the organization and its objectives.

It includes the following elements:-

i) Staffing is a central element in HRM. This function is about ensuring that there are set procedures and policies in place to guide staffing. Having these staffing procedures and policies will help advertise and reach out to potential employees effectively. Additionally, staff involved in the interview and selection process will be able to identify suitable candidates for each role.

Interviews will be structured to ensure that both the interview process and final candidate selection are successful.

Of course, staffing does not just cover the hiring of new employees, it also covers the management of existing employees. This covers health and safety, absences, monitoring of leave, as well as disciplinary matters and even, firing. Ensuring these elements are covered will mean that a robust system is in place.

ii) Retention is another key component of HRM. It is important that employees have the opportunity to receive training to improve their career path. Alternatively, when going through a crisis in their personal life, the most effective Human Resource Department will be able to offer suggestions for support and counselling where appropriate.

iii) Remuneration and any perks associated with the package offered to employees also fall under HRD. Good HRM policies will ensure that structures are in place showing levels of pay for the various positions within the organization. Staff needs to know the career and pay route available to them. This is important, not just at the time of employment, but also as their career progresses over time.

iv) Performance management has become an increasingly key component of HRM. This is because the majority of employers now use this as a key component when considering career progression and pay increases. By having a good performance management policy and structure in place, effective targets can be set and monitored on a regular basis. These records can also be crucial if staffing levels need to be cut or disciplinary proceedings instituted.

v) HRM has the secondary and wider role of being the management of inter-personal relationships. This covers not only staff within levels or departments but also at an organizational level. The relationship between management and the staff they control is crucial to the successful working of the organization.

Within this secondary function, the objectives, as well as the outcomes, are to enable employees and the management team, to develop employees and ensure

that the relationships within the company are fulfilling for every member of staff from the ground up.

2.1 Functions of HRM:

The following are the functions of HRM:-

- a) **Managerial Functions:** It includes planning, organising, staffing, directing, leading and controlling.
- b) **Operative Functions:** The operative, also called, service functions are those which are relevant to specific department. These functions vary from department to department depending on the nature of the department. The operative functions of HRM relate to ensuring right people for right jobs at right times. These functions include procurement, development, compensation, and maintenance functions of HRM.

It is important to note that the managerial and operative functions of HRM are performed in conjunction with each other in any organisation, be large or small.

2.2 Objectives of HRM:

HRM aims at providing right person for the right job for the attainment of predetermined objectives of the organisation. This includes the following:-

- a) To help the organisation to attain its goals effectively and efficiently by providing competent and motivated employees.
- b) Effective utilization of the available human resources.
- c) To provide for the employee's job satisfaction and self-actualisation.
- d) To develop and maintain the quality of work life (QWL).
- e) To help maintain ethical policies and behaviour inside and outside the organisation.
- f) To establish and maintain cordial relations between employees and management.
- g) To match individual/group goals with organisational goals.

2.3 Scope of HRM:

The scope of HRM is vast and wide which includes all activities starting from manpower planning till employee leaves the organisation.

The National Institute of personnel Management, Calcutta has specified the scope of HRM as follows:-

a. The Labour or Personnel Aspect:

This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, lay-off and retrenchment, remuneration, incentives, productivity, etc.

b. Welfare Aspect:

It deals with working conditions, and amenities such as canteen, creches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

c. Industrial Relations Aspects:

This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary actions, settlement of disputes, etc.

2.4 Significance of Human Resource Management

Human Resources play a critical role in the development process of modern economies. **Arthur Lewis** observed “there are great differences in development between countries, which seem to have roughly equal resources so it is necessary to enquire into the difference in human behavior. A recent World Bank study of 192 countries concluded that, only 16% of economic growth is achieved by physical capital (Machinery, Building, and Physical infrastructure resources) while 20% comes from natural capital. But no less than 64% of economic growth can be attributed to human and social capital. In essence, the difference in the level of economic development of the countries is largely a reflection of the differences in the quality of their human resources.

One of the fundamental activity areas of management is the management of Human Resources. Thus in the management of five M's - Men, Machine,

Material, Method and Money, the management of Men assumes lot of significance due to the fact that; human being is the source of other resources. Without him, other resources like - Machine, Method, Material and Money become inert and their abundance has no meaning and with him, they multiply. Among other things, if a company is economically successful, it means, the management has been able to manage human resources effectively. The human resources are the active force in the process of industrialization and strategies for development should contribute particularly on their enhancement.

2.5 Need for HRM in Co-operatives:

An organization is made up of a number of people who strive to achieve the organization's goals. Human resources have a significant bearing on the profitability, efficiency and overall organizational effectiveness.

Human beings differ from one another in their basic mental abilities, skills, approaches, qualifications and also behaviour which account for their complex behaviour patterns and psychological makeup. Such difference gets multiplied when they interact with one another in a group or in an organization. This generates different styles of management, values, feelings, beliefs and opinions of the employees. They must be groomed in order to take risks, think innovatively, and handle new problems. In the competitive environment, employees of any business organization are the key factor for deciding the success of the firm, in general, and cooperatives in particular.

Indian cooperative banking movement has passed through hundred years of its existence. At the same time, human resources management has been a neglected field in cooperative banks over a period of time and poor image of cooperative bank employees in the society affects their morale.

Cooperative banks approach human resource management from the wrong perspective and their financial performance suffers as a result. Instead of focusing on how to execute strategy through the performance of the employees in many cooperative banks, the first priority is cost control.

World over, the technology driven channels such as, ATM, net banking and mobile banking have reduced walk-in-customers at the bank branches. However, in India, it is observed that the customers still find it difficult to use these technology based channels and they are more comfortable in traditional banking over the counter personally to ensure error - free and risk –free banking service. While struggling to provide better and efficient service at the counters, the staff is also confronted with various regulatory norms to mitigate risks in operations. This clearly establishes that employees of cooperative banks play a vital role in managing not only the ‘transaction’ of a customer but also future long-term relationship with them.

Ernest Dale views management as the process of getting things done through other people. Management of human resources includes guiding human resources into a dynamic liberation that attains its objectives with a high degree of motivation and morale and to the satisfaction of those concerned with it. As a matter of fact, all management is personnel management as it deals with human beings. Though, there are different functional areas of element like - Production management, Marketing management, and Financial management. All these functions are to be discharged by Human Resources. And though there is a personnel manager, all managers have to manage the functions of human resources of their departments to get effective results through and with the people. Thus, executives are unavoidably the personnel managers. In a nutshell, all managers are personnel managers and all management is essentially Human Resource Management.

3. CONCEPT OF HUMAN RESOURCE DEVELOPMENT

Human resources development lies at the heart of economic, social and environmental development. It is also a vital component for achieving internationally agreed sustainable development goals, including the Millennium Development Goals, and for expanding opportunities to all people, particularly the most vulnerable groups and individuals in society.

Human resources development has been defined as empowering people by fostering the contributory capacities that they can bring to the improvement of their own quality of life and that of their families, communities, enterprises and societies. Over the years, the concept of human resources development has evolved from solely focusing on individual capacity to also building institutional capacity at the national level, through socio-economic policies and development plan and strategies. Human resources development is, therefore, regarded as facilitating the development of national human capacities to achieve sustainable, inclusive, equitable development and, at the same time, enhance well-being of individuals.

For optimum utilization of existing physical capital, investment in human resources or capital is essential, as technical, professional and administrative people are required to make effective use of material resources.

Human resource development, in short, means investment in human capital. Human capital means people can act as capital assets which yield a stream of economic benefits over their working life.

An improvement in the mental capability, skill, and physical capacity of the people constitutes an increase in the human capital because this enables the human factor to produce more. Two types of expenditure can be called as investment in human capital. One is expenditure on education i.e., general education and technical training and the other is expenditure on the provision of health care services likes hospitals, medicines etc.

Adam Smith states, “The capacities of individuals are depended on their access to education”. Education is the important element of HRD.

3.1 Origin of HRD

The concept of HRD was formally introduced by **Leonard Nadler in 1969** in a conference organized by the American society for Training and Development. Leonard Nadler defines HRD as, "those learning experiences which are organized, for a specific time and designed to bring about the possibility of behavioral change." The term learning experience refers to purposeful or intentional learning not incidental learning.

Leonard Nadler coined this term “Human Resource Development” in his book “Developing Human Resources” in 1970. Human resource refers to the talent and energies of the workforce who contribute to the realisation of vision mission goals and values of the organisation. HRD is a process of active learning through training leading to systematic and purposeful development of individual group and thus resulting in organisational effectiveness.

According to Watkins “Human Resource Development is fostering long-term work related learning capacity at individual group and organisational level.”

3.2 Features of HRD:

- a) Systematic approach: HRD is a systematic and planned approach to achieve the desired results and pre-determined objectives of the organisation to improve the efficiency of employees.
- b) Continuous process: HRD is a continuous process for the development of all types of skills of employees so as to cope and adapt to the changing and globally competitive world.
- c) Multi-disciplinary subject: HRD is a Multi-disciplinary subject which draws inputs from behavioural science, engineering, commerce, management, economics, medicine, etc.
- d) Universal: Every organisation whether engaged in production or

distribution of goods and services needs HRD to develop the existing work force.

- e) Techniques: HRD includes various techniques and processes such as performance appraisal, training, management development, career planning, counselling, and workers' participation.

Human Resource Development is the integrated use of training, organization, and career development efforts to improve individual, group and organizational effectiveness. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change. Also, HRD ensures a match between individual and organizational needs.

Among the Indian Authors T. Venkateswara Rao worked extensively on HRD. He defines HRD in the organizational context as, "a process by which the employees of an organization are helped in a continuous, planned way to

i) Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.

ii) Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational development purpose.

iii) Develop an organizational culture in which supervisor-subordinate relationships, teamwork, and collaborations among sub-units are strong and contribute to the professional well being, motivation, and pride of employees.

This definition of HRD is limited to the organizational context. In the context of a state or nation it would differ.

HRD is a process, not merely a set of mechanisms and techniques. The mechanisms and techniques such as performance appraisal, counseling, training, and organization development interventions are used initiate, facilitate, and promote this process in a continues way. Because the process has no limit, the mechanisms may need to be examined periodically to see whether they are

promoting or hindering the process. Organizations can facilitate this process of development by planning for it, by allocating organizational resources for the purpose, and by exemplifying an HRD philosophy that values human beings and promotes their development.

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Organizations have many opportunities for human resources or employee development, both within and outside of the workplace. Human Resource Development can be formal such as in classroom training, a college course, or an organizational planned change effort. Or, Human Resource Development can be informal as in employee coaching by a manager. Healthy organizations believe in Human Resource Development and cover all of these bases.

HRD is mainly concerned with developing the skills, knowledge and competencies of people and it is people oriented concept. When we call it as a people oriented concept, the question of people be developed in the larger or national context or in the smaller organizational context? Is it different at the macro and micro level? HRD can be applied both for the national level and organizational level. But, the present study is concerned with HRD at organizational point of view.

HRD from organizational point of view is a process in which the employees of an organization are helped/ motivated to acquire and develop technical, managerial and behavioral knowledge, skills and abilities, and mould the values, beliefs, attitude and aptitude necessary to perform present and future roles by realizing

highest human potential with a view to contribute positively to the organizational, group, individual and social goals.

3.3 Concept of HRD in Cooperatives:

The significance of professionalization of Management in Cooperatives has been introduced after the globalization of Indian Economy. Sustainable Human Resource Development and Training System have development according to the present environment to promote Cooperatives both vertically and horizontally growth and created HRD Network among cooperatives to exchange information and experience.

The concept of HRD in cooperative means all the planned information, education, training, mobilization and manpower development activities undertaken by cooperatives so as to create economically efficient, organizational capable of providing services required by their members.

3.4 Need for HRD in Cooperatives:

Cooperatives have been effectively utilizing the need of the Human Resources in the following purposes. They are:

- Recruitment and Placement of Personnel.
- Personnel Development and Career Planning.
- Systems of Individual Performance measures.
- Training and Skills upgradation.

3.5 HRD Sub systems:

a) Performance Appraisal

Performance appraisal is a method of evaluating the behavior of employees in the work place, normally including both the quantitative and qualitative aspects of job performance. Performance here refers to the degree of accomplishment

of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands. Performance is always measured in terms of results. A student, for example, may exert a great deal of effort while preparing for the examination but may manage to get a poor grade. In this case the effort expended is high but performance is low. In order to find out whether an employee is worthy of continued employment or not, and if so, whether he should receive a bonus, a pay hike or a promotion, his performance needs to be evaluated from time to time. When properly conducted, performance appraisals not only make the employee know how well he is performing his job but also influence the employee's future level of effort, activities, results and task direction. Under performance appraisal, not only the performance of a worker but also his potentialities for development is evaluated.

Performance appraisal is needed in order to:-

- Provides information about the performance ranks on the basis of which decisions regarding salary fixation, confirmation, promotion, transfer and demotion are taken.
- Provides feedback about the level of achievement and behavior of subordinates.
- This information helps to review the performance of the subordinates, rectifying their performance deficiencies and to set new standards of work, if necessary.
- Provides information to counsel the subordinates.
- Provides information to diagnose deficiency in employees regarding skill, knowledge, determine training and developmental needs and to prescribe the means for employees' growth.
- Provide information for correcting placement and to prevent grievances and to set right the activities of indiscipline.

Performance appraisal aims at attaining different purposes such as

- To create and maintain a satisfactory level of performance.
- To contribute to the employee growth and development through training and management development programs.
- To help the superiors to have a proper understanding about their subordinates.
- To guide according to the changes in job with the help of continuous ranking.
- To facilitate fair and equitable compensation based on performance.
- To facilitate for testing and validating selection tests, interview techniques by comparing their scores with the performance appraisal ranks.
- To provide information for making decisions regarding lay off, retrenchment etc and to ensure organizational effectiveness through correcting employee for standard and improved performance and by suggesting the change in the employee's behavior.

b) Training and development

Every organization should provide training and develop to all employees irrespective of their qualifications, skill, suitability for the job etc. Training is something that is given not once to new employees but it has to be given continuously in every well-run establishment. Further, technological challenges and automation require updating the skills and knowledge. As such an organization has to retrain and develop the old employees. The employees also attend the training imparted to the employees of the co-operative societies every year by the registrar of co-operative societies Nagpur.

c) Career planning

Individual career planning assumed greater significance with the unparalleled growth and spread of knowledge, phenomenal increase in educational and

training facilities and widespread increase in job opportunities. Similarly organizational career planning also gained importance with the change in technology, human needs, values and aspirations, increase in organizational size, complexity and number of openings at different levels. A career is all the jobs that are held during a person's working life.

Edwin B. Filippo defined a career as a sequence of separate but related work activities that provide continuity, order and meaning to person's life.

Douglas T. Hall defined a career as "an individually perceived sequence of attitudes and behaviors associated with work related experiences and activities over the span of the person's life.

Wrether and Davis defined various terms of career planning as follows- A career path is the sequential pattern of jobs that forms a career. Career goals are the future positions one strives to reach as part of a career. Career planning is the process by which one selects career goals and the path to these goals. Career development is those personal improvements one undertakes to achieve a personal career plan. Career management is the process of designing and implementing goals, plans and strategies to enable organization to satisfy employee needs while allowing individuals to achieve their career goals.

d) Counselling

Counseling occasionally is necessary for employees related to problems related to job, career, potential, performance and work. Counseling is discussion of a problem that usually has emotional touch with an employee in order to help the employee to cope with it better. Counseling seeks to improve employee's mental health. People feel comfortable about themselves and become able to meet the demands of life when they are good in mental health.

f) Reward Mechanisms

Rewards motivate employees. The monetary and non-monetary rewards certainly create a positive HRD climate in any organization. Fair and impartial policies of promotion serve as non-monetary incentive. There is a reward system for the wards of employees who secure good marks in different exams

which also motivates the employees of the organization.

g) Organisational Development

Organisational development is concerned with the people for increasing organizational effectiveness, and it is also concerned with the improving organizational climate and culture.

h) Welfare and Quality of Work

The economic and industrial development of any nation mostly depends on satisfied labour force. In this regard the significance of labour/ employee welfare has been accepted all over the world. The need of labour/employee welfare in Indian industries was emphasized by the Royal Commission on labour/employee in its report in 1931. Since then the Government and the employers started providing welfare measures to workers. But the real efforts took place after independence. The Government made legislative measures for labour welfare and directed all the companies to give utmost importance to the welfare of the employees. As such almost all the organizations started giving priority to labour/employee welfare.

Organizations must give importance to welfare. Quality of work life is directly related to employee satisfaction resulting in customer satisfaction. In other words, the Quality of work life very much influences the quality of products to be produced. All the same, Quality of work life is very much needed for achieving the objectives of the organization.

It is found in the study that members and employees are very much satisfied and are benefited by the products of this bank(deposits and loans) thereby contributing to the positive change in their life.

i) Human Resource Information System

Communication is the lifeblood of every organization. Communication brings unity, co-operation and co-ordination among the different levels of the organization.

4. SCOPE & SIGNIFICANCE OF HUMAN RESOURCE DEVELOPMENT ASPECT IN ANY ORGANISATION

A weak organization with good and strong people can make gold out of clay and achieves success so there is need to effectively deploy the knowledge, skills, creative abilities, talents, aptitudes, attitudes, values and beliefs of an organizations work force which is done through human resource development. It also involves moulding of these aspects with the inevitable change in the organization and also outside. This process of human resource development essentially enhances the utilization value of any organization by improving the quality and competence of its workforce and thus forms the basis of differentiation among organisations. It will increase the efficiency of production process and various areas of management.

HRD assumes significance in view of the fast changing organizational environment and the need for the organization to adapt itself in order to respond to the environmental changes. The changing environmental factors include:

- a. Unprecedented increase in competition within and outside the country consequent
- b. Changing trends towards human resources management and complexities involved in it.
- c. Trends towards market economy which again results in cut-throat competition.

The success of HRD in any organization depends, to a large extent, on the existence of a favourable HRD Climate. HRD is more personnel-oriented than technology-oriented and believes that participation and communication would bring about greater commitment, efficiency, and growth of individuals.

4.1 Scope of HRD:

Human resource management (HRM) deals with procurement, development, compensation, maintenance and utilization of human resources. HRD is the most important component of HRM and deals with effective utilization of human resources through a systematic process which involves the following areas:

- a. Recruitment and selection of employees for meeting the present and future requirements of an organization.
- b. Performance appraisal of the employees.
- c. Development of employees' managerial and behavioural skills.
- d. Career planning and development programmes for the employees.
- e. Development of employees through succession planning.
- f. Workers' participation and formation of quality circles.
- g. Group dynamics.
- h. Job rotation and job enrichment.
- i. Employees' counselling.

4.2 Objectives of HRD:

Work force of any organisation is the potential followers of culture therefore human resource development facilitates an organizational environment in which the people are given foremost importance. Objectives of HRD are as follows:

a) Equity:

The basic objective of HRD is to ensure that the organization creates a culture and provides equal opportunities to all employees irrespective of caste, creed, religion and language in matters of career planning, promotion, quality of work life, training and development.

b) Employability:

Employability means the ability, skills, and competencies of an individual to seek gainful employment anywhere. So, HRD aims at improving the skills of

employees so that they can give their best.

c) Adaptability:

Change is inevitable and HRD through continuous training develops the professional skills of employees so that they can adapt themselves to organizational change.

4.3 HRD Functions:

HRD functions include the following:

- Employee training and development,
- Career planning and development,
- Succession planning,
- Performance appraisal,
- Employee's participation in management,
- Quality circles,
- Organization change and organization development.

4.4 Significance of HRD in any organization:

Human resource can be considered as internal customers and consumer is the king of any market in this market economy so their development is necessary for the following reasons:-

- a. Growth of organisation- Human resource is the most important factor and growth of organisation is interconnected and related with the development of HR. It helps in increasing the productivity and performance of organisation.
- b. Growth of employees- It helps in SWOT analysis of personnel and helps the management to utilize their strength and also enables them to improve their potentialities and performance by providing opportunities

for development.

- c. Development of work culture- Overall development of employee results in better communication healthy inter personal relation and team work. HRD develops good work culture and mutual cooperation.
- d. Reduction in liability-the trained employees understand their responsibilities in better manner and thus they avoid doing things which may harm the organisation and doing any unfair practices thus HRD helps in reducing the liability.
- e. Better Compliance- HRD also facilitates better compliance to different bodies by proper training of employees in this area.
- f. Strategic management - Human capital and its development helps in improving the company's performance so every organisation must give importance to its development for better strategic management.
- g. Change management- HRD helps in change management. Human resource must be developed to adapt to the changes in the external environment for long term survival and sustainability.
- h. To improve the competency- HRD helps in improvement of skill knowledge and competency of human resource through different training and development programmes which is beneficial to the organisation.
- i. Creation of opportunity- trained and developed personnel helps in identification of opportunities and thus the organisation may get the first mover advantage. Further these developed employees also get opportunities for their career development.
- j. Increase in commitment and job satisfaction- The trained personnel of the organisation also feel committed to the work and organisation and give their best to it. They also feel satisfied with their job and role and thus their productivity is increased which is good for the organisation as well.

4.5 Significance of Human Resource Development for Co-operatives:

In the present changing scenario it is quite essential that Co-operatives should perform better and develop in every aspect and in order to fulfil the principle of education the International Cooperative Alliance has promoted and organized cooperative education and training programmes to equip the co-operatives to the socioeconomic changes. The ICA Executive Committee has formulated Policy on HRD in Cooperatives to prepare the cooperatives for the challenges of the 21st Century. The ICA shall provide technical assistance to member organizations and cooperative training institutions in the formulation of HRD Policies and Plans. National Cooperative Union of India and Vaikunth Mehta National Institute of Cooperative Management, Pune in collaboration with ICA HRD Committee has promoted, developed and maintained GHRD network for cooperatives.

Human resource and its development are integral part behind success of any organization. In sound organization with profit motive due importance is given to their development but in Cooperatives still this important aspect is ignored. Human resource management plays a crucial role in the implementation of strategic management in cooperatives.

There is a need to adopt basic principles of human resource management, to evolve sound personnel policies encompassing proper manpower planning, recruitment and assessment which are lacking in Cooperatives.

By 2020 India will become the youngest country in the world. In other words it will become the country with the most productive and energetic human resources. This vibrant youth is both an asset and liability as providing gainful employment is the biggest challenge and utilizing their full potential will prove to be greatest asset in the form of human resources. The cooperatives are considered to be one of the strong instruments to involve the available human resources as well as explore the potentials for employment generation.

In this globally competitive world with new markets, new products, new mindsets, new competencies and innovative thinking in business engagement

and participation of this energetic and enthusiastic youth in co-operatives will solve dual purpose. On the one hand it will result in increase in production of goods and services and capital formation on the other hand it will also result in effective deployment of skills of youth.

It is equally true that this techno-savvy generation which makes extensive use of online banking, various apps, Paytm, ecommerce etc. will also help in bringing latest technology for co-operatives better performance. Productive use of capital will also help in achieving the aim of financial inclusion, will help the weaker sections that are deprived of the basic needs of life and will boost socio-economic development.

It is high time that youth should be educated about co-operative values and principles. They should be taught about co-operatives as an ethical and democratic business entity which will play a significant role for the success of co-operatives and also benefit younger generation.

HRD climate helps the employees to acquire required competencies that would enable them to execute their present or future expected roles and aids in developing their capabilities for better Organizational Performance. Therefore, it is necessary to study on human resource development in cooperatives to check whether human resource management and development in cooperatives are effective or not.

4.6 Importance of OCTAPACE in Organisation

Octapace is eight dimensional tool to study the organizational culture of any organisation.

4.6.1 Meaning of Organizational Culture

“Culture is the soul of the organization — the beliefs and values, and how they are manifested. I think of the structure as the skeleton, and as the flesh and blood. And culture is the soul that holds the thing together and gives it life force.”

Henry Mintzberg

Organizational culture is being recognized increasingly as an important determinant of organizational performance. Culture serves as one of the most effective managerial control mechanisms in organizations because performance standards are enforced by the employees rather than by top-down bureaucratic rules and regulations.

Organization culture is very important because of its impact on employee's performance and satisfaction. Culture comprises the symbolic side of an organization, and it shapes the human thought and behaviour in the system. Understanding organizational culture helps to increase the organizational effectiveness and development. It is the set of assumptions, beliefs, values and norms that are shared by members of organization which helps to reduce human variability and shape employee's behaviour in organizations over time.

Organizational culture includes ethics, values, beliefs, attitudes, norms, ethos, climate and environment. It is a multilevel concept. At the core (first level) are the values, which give a distinct identity to a group. The second level concept is climate, which can be defined as the perceived attributes of an organization and its members, groups and issues. The third level concept relates to atmosphere, which is the distinct factor that affects the development of someone or something.

4.6.2 OCTAPACE Culture:

The concept of OCTAPACE culture - an acronym for Openness, Confrontation, Trust, Authenticity, Pro-action, Autonomy, Collaboration and Experimentation gives us an eight dimensional look towards organizational culture. The OCTAPACE instrument gives us the capability to measure various dimensions of values and beliefs of the organization's employees.

OCTAPACE is an instrument that helps us to study the organizational culture, to find the critical organizational factors in organizations that account for cultural differences. OCTAPACE culture implementation increases the performance of the company. It is very essential to understand the terms in

order to improve on the eight dimensions of OCTAPACE, where

- O--- Openness** : Freedom to communicate.
- C--- Confrontation** : Facing the problems.
- T--- Trust** : Maintaining confidentiality of information shared among the company.
- A---Autonomy** : Freedom of acting and planning at one's own level.
- P--- Proaction** : Taking initiatives and advanced planning.
- A--- Authenticity** : Doing what is said.
- C--- Collaboration** : teamwork and co-operation.
- E--- Experimentation** : Trying out new and innovative methods of work.

These eight dimensions of OCTAPACE culture are essential for a strong and successful organization. A culture with OCTAPACE values has the greater chance of achieving high involvement and satisfaction, team work, growth and free flow of communication within the organization.

i) OPENNESS:-

Openness can be defined as a spontaneous expression of feelings and thoughts, and the sharing of these without defensiveness. It is the freedom to communicate, share and interact without hesitation & receiving feedback from customers and giving ideas and suggestions to team members. Openness is in both directions, receiving and giving. Both these may relate to ideas (including suggestions), feedback (including criticism), and feelings. For example, openness means receiving without reservation, and taking steps to encourage more feedback and suggestions from customers, colleagues and others. Similarly, it means giving, without hesitation, ideas, information, feedback, feelings, etc.

OUTCOME: It helps to improved implementation of systems and innovation. & free interaction among team mates and clarity in setting objectives.

ii) CONFRONTATION:-

Facing the problems and challenges boldly and not shying away. It also implies deeper analysis of interpersonal problems. All this involves taking up challenges. A better term would be confrontation and exploration(CE) i.e. facing a problem and working jointly with others to find a solution to the problem.

OUTCOME: The outcome of confrontation will be better role clarity, improved problem solving, and willingness to deal with problems and with 'difficult' employees and customers. There will be willingness of teams to discuss and resolve sensitive issues.

iii) TRUST:-

It is reflected in maintaining the confidentiality of information shared by others, and in not misusing it. It is also reflected in a sense of assurance that others will help, when such help is needed and will honour mutual commitments and obligations. Trust is also reflected in accepting what another person says at face value, and not searching for ulterior motives. Trust is an extremely important ingredient in the institution building processes.

OUTCOME: The outcome of trust includes higher empathy, timely support, reduced stress & Reduction and simplification of forms and procedures. reduced paper work, effective delegation and higher productivity.

iv) AUTHENTICITY:

Authenticity is the congruence between what one feels, says and does. It is reflected in owning up one's mistakes, and in unreserved sharing of feelings. Authenticity is closer to openness.

OUTCOME: The outcome of authenticity in an organisation is reduced distortion in communication. This can be seen in the correspondence between members in an organisation & Sharing of feelings freely to improve interpersonal communication.

v) PRO-ACTION:-

Taking initiative, preplanning and taking preventive action. Pro activity gives initiative to the person to start a new process or set a new pattern of behaviour. A person showing proactivity functions at all the three levels of feeling, thinking and action.

OUTCOME: Taking and planning actions at immediate concerns.

vi) AUTONOMY:-

Autonomy is Using and giving freedom to plan and act in one's own sphere. It means respecting and encouraging individual and role autonomy. It develops mutual respect and is likely to result in willingness to take on responsibility, individual initiative, better succession planning. The main indicator of autonomy is effective delegation in organisation and reduction in references made to senior people for approval of planned actions.

OUTCOME: Develops mutual relationships, reduce reference made to senior people.

vii) COLLABORATION:-

Collaboration is giving help to, and accepting help from others in team. It means working together (individuals and groups) to solve problems and team spirit.

OUTCOME: The outcome of collaboration includes timely help, team work, sharing of experiences, improved communication and improved resource sharing.

viii) EXPERIMENTATION:-

Experimenting means using and encouraging innovative approaches to solve problems, using feedback for improving, taking a fresh look at things and encouraging creativity.

OUTCOME: The outcome of experimenting leads to development of new product, methods, and procedures.

5. RESEARCH METHODOLOGY

This chapter describes the problem under consideration, hypothesis, objectives, methodology, sampling, scope and significance of the study and limitations of the study.

5.1 Statement of Problem

The present research project attempts to probe into the Human Resource Development climate prevalent in the Himalaya Credit Co-operative Society Limited, Nagpur in terms of General climate, OCTAPACE culture, implementation of HRD mechanisms, overall HRD climate etc.

5.2 Scope of the study

The scope of the study is limited to Himalaya Credit Co-operative Society Limited Nagpur for the period from April 2007 to March 2010 for analysis of secondary data relating to performance appraisal, training and development, reward orientation, organizational development, welfare and quality of work life, career planning counseling, human resource information system etc. Primary data will be collected from statements by administering a standard questionnaire for this purpose.

5.3 Objectives of the study:

Clearly and well defined objectives help in timely conduct of the research work so as to fulfil the very purpose. Objectives of the study are as under:

- To know about the profile of The Himalaya Credit Co-operative Society Limited, Nagpur.
- To understand the socio-economic characteristics of the sample employees.
- To find out the opinions of employees on various aspects of general climate prevailing in The Himalaya Credit Co-operative Society

Limited, Nagpur.

- To examine the OCTAPACE culture in terms of - openness, collaboration, Trust, Autonomy, Proactivity, Authenticity, confrontation, experimentation in the Himalaya Credit Co-operative Society Limited, Nagpur.
- To study the human resource development in cooperatives and to understand the issues and challenges of HRD practices in cooperatives so as to suggest measures for improving them.

5.4 Hypothesis

A hypothesis is a proposition- a tentative assumption which a researcher wants to test for its logical or empirical consequences. Working hypotheses are more useful when stated in precise and clearly defined terms. As such the manner in which research hypotheses are developed is particularly more important since they provide the focal point for research. They also affect the manner in which tests must be conducted in the analysis of data and indirectly the quality of data which is required for analysis. In most types of research, the development of working hypothesis plays an important role. Hypothesis should be very specific and limited to the piece of research in hand because it has to be tested. The role of the hypothesis is to keep the researcher by delimiting the area of research and to keep him on the right track. It sharpens his thinking and focuses attention on the more important facets of the problem. It also indicates the type of data required and the type of methods of data analysis to be used.²

The following hypothesis has been formulated for the purpose of the present study:-

Good OCTAPACE (Openness, Collaboration, Trust, Autonomy, Proactivity, Authenticity, Confrontation and Experimentation) helps in improved co-operation and co-ordination among the members of the Himalaya Credit Co-operative Society Limited, Nagpur.

5.5 Data collection:

Every type of research requires two types of data to be collected to reach up to any conclusion. These are:

a) Primary data: Primary data are those statistical data, which are collected for the first time and are original in nature. Primary data are generated when the researcher by employing Mail Questionnaire, Telephone Surveys, Personal Interviews and Observations investigates a particular problem at hand. The research performed through the study is descriptive research. A descriptive study is under taken in order to ascertain and be able to describe the characteristics of variables of interest in a situation. The purpose of choosing descriptive design is to achieve new insights into the culture, to formulate a complete and comprehensive picture of organizational culture affecting the well being of employees.

- Interviews with Board of Director, Administrative staff, and other employees at various level etc.
- A sample is taken for the study using stratified sampling method with sample size of twenty.
- The study is based on primary data collected from the staff of Himalaya Credit Co-operative Society Limited Nagpur in the form of schedule and the schedule covers the following aspects:-
 - Socio-economic profile of the respondents.
 - **OCTAPACE** culture
 - General climate

The following aspects have been examined:

- Background & business
- Operating performance
- Management systems

- Key issues in functioning
- Organizational structure
- Manpower particulars
- Recruitment & selection
- Promotion
- Future prospects

b) Secondary data: Secondary data are those data which are collected and published by one organization and subsequently treated and utilized by other organizations. Secondary data is collected from:

- (i) Official publications of Central/State government & semi-government organizations.
- (ii) Publications of Research & Financial Institutions.
- (iii) Publications of International bodies.
- (iv) Books, magazines & newspapers.
- (v) Periodicals, journals and websites.
- (vi) Other records & reports provided by the Himalaya Credit Co-operative Society Limited, Nagpur.

5.6 Significance of the study

The present study will help the management of the Himalaya Credit Co-operative Society Limited, Nagpur to understand the Human Resource Development climate prevailing in the organization and possibly exert a positive influence to improve it. The management may be motivated to evolve or modify policies in the area of performance appraisal, Training & Development, Reward orientation, organizational development, employee welfare, quality of work life etc. so as to achieve better results leading to improved performance of the corporation.

The study may be useful to the management, and the Government to improve the existing state of affairs by applicability of the suggestions offered. Hence

on the basis of facts, opinions, inferences and corroborative evidence the existing situation as well as what needs to be done by way of modifications is shown in the present study.

The research study is significant to assess the need of human resource development which is often ignored in cooperatives. The present study is useful to the policy planners in their efforts to improve the working of the present system. It is useful to the academicians and students to study the present system.

5.7 Limitations of the Study

The limitations of the research study are as follows:

- (a) Survey data is reliable and compatible over time, but is not the absolute truth every time.
- (b) This research study is carried in Nagpur district of Maharashtra State.
- (c) The scope of this study is limited to the study of Human Resource Development Aspect in the Himalaya Credit Co-operative Society Limited Nagpur.
- (d) This study is based on primary and secondary sources of data & it is difficult to get quick response from the executives.
- (e) Selection of different respondents is based on random.
- (f) Human beings have a tendency to behave artificially when they know that they are being observed or given importance. This aspect of a human being distorts the result of the research.
- (g) Errors in sampling procedures and selecting the samples and size are expected.
- (h) Important documents as minutes and resolutions of meetings & final decisions and reports may not be available.
- (i) It is difficult for a single researcher to do this study, as it takes much time and money.

6. INTERPRETATION OF THE COLLECTED DATA

In this chapter, the opinions of sample respondents about the Human Resource Development aspect prevalent in The Himalaya Credit Co-operative Society Limited, Nagpur are analysed and interpreted to come to the conclusion. The questionnaire is divided into three parts. **Part – 1:** Deals with General climate prevailing in The Himalaya Credit Co-operative Society Limited, Nagpur - while **Part - 2** Deals with OCTAPACE culture. **Part - 3** deals with HRD sub-systems that prevails in The Himalaya Credit Co-operative Society Limited, Nagpur.

The following comprehensive questions were put up in the questionnaire for getting the feedback from sample respondent i.e., the employees/ staff at various levels and branches of the said bank:-

- The top management of this organization goes out of its way to make sure that employees enjoy their work.
- The top management believes that the human resources are an extremely important resource and that they have to be treated more humanly.
- Development of the subordinates is seen as an important part of their job by the managers / officers here.
- The personnel policies in this organization facilitate employee development.
- The top management is willing to invest a considerable part of their time and other resources to ensure the development of employees.
- Senior officers / executives in this organization take active interest in their juniors and help them learn their job.
- The psychological climate in this organization is very conducive for any employee interested in developing by acquiring new knowledge and skills
- Employees in this organization are very informal and do not hesitate to discuss their problems with their supervisors.

- When an employee does good work, his supervising officer takes special care to appreciate it
- People in this organization do not have any fixed mental impressions about one another.
- Employees are not afraid to express or discuss their feelings with their superiors
- Employees are not afraid to express or discuss their feelings with their subordinates.
- People in this organization are helpful to one another
- Team spirit is of high order in this organization
- Organizations future plans are made known the managerial staff to help them develop their juniors and prepare them for future
- Managers in this organization believe that employee behavior can be changed and people can be developed at any stage of their life
- When an employee makes a mistake, his supervisors treat it with understanding and help him to learn from such mistakes rather than punishing him or discouraging him
- People trust one another in this organization
- Performance appraisal reports in this organization are based on objective assessment and adequate information and not on favoritism
- When employees are sponsored for training, they take it seriously and try to learn from the programs they attended
- Employees who return from training programs are given opportunities to try out they have learnt
- The top management of this organization makes efforts to identify and

utilize the full potential of the employees

- Employees are encouraged to take initiative and do things on their own without having to wait for instructions from superiors
- Delegation of authority to encourage juniors to develop them and make them handle higher responsibilities is quite common in this organization
- When seniors delegate authority to juniors, the latter use it as an opportunity for development
- Employees in this organization take pains to find out their strengths and weaknesses from their supervising officers or colleagues
- When problems arise people discuss these problems openly and try to solve them rather than keep accusing one another behind the back
- Employees are encouraged to experiment with new methods and try out creative ideas
- People lacking competence in doing their jobs are helped to acquire competence rather than being left unattended.
- Seniors guide their juniors and prepare them for future responsibilities / roles they are likely to take up
- Promotion decisions are based on the suitability of the promotee rather than on favoritism
- There are mechanisms in this organization to reward any good work done or any contribution made by employees
- Weaknesses of employees are communicated to them in a non - threatening way
- When behavioral feed back is given to employees, they take it seriously and use it for development

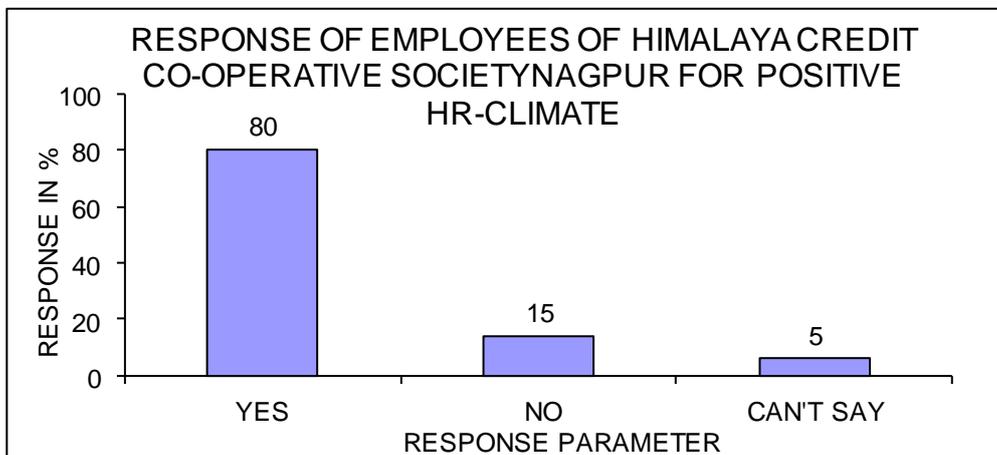
- Employees are sponsored for training programs on the basis of genuine training needs
- Career opportunities are pointed out to juniors by senior officers in this organization
- This organization ensures employee welfare to such an extent that the employees can save a lot of their mental energy for work purpose
- Job rotation in this organization facilitates employee development.

6.1 Analysis

On the basis of responses of the employees the following analysis has been done which is presented in the form of graphs given below-

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

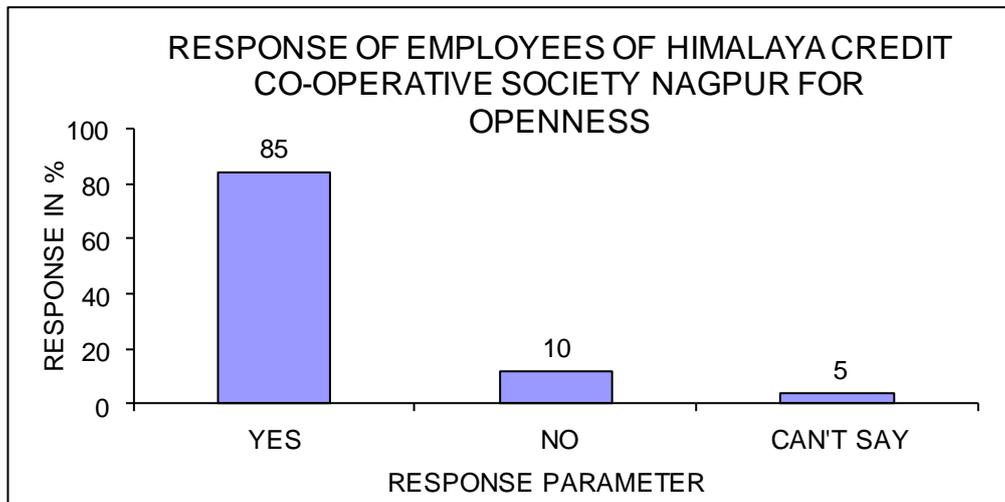
➤ (1)



As it is clear from the above graph that 80% of the respondents are of the opinion that positive human resource climate prevails in the Himalaya Credit Co-operative Society Limited Nagpur which shows the prevalence of good OCTAPACE culture in the organization.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

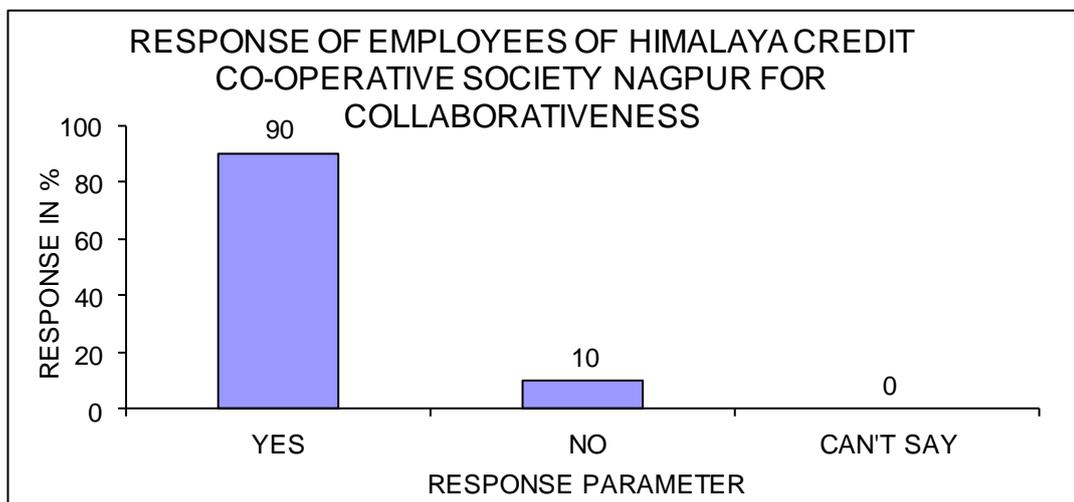
➤ (2)



As it is clear from the above graph that 85% of the respondents feel free to communicate their thoughts to their seniors and higher ups as they get good attention/ hearing and also their ideas are suitably rewarded if beneficial to the organizational success.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

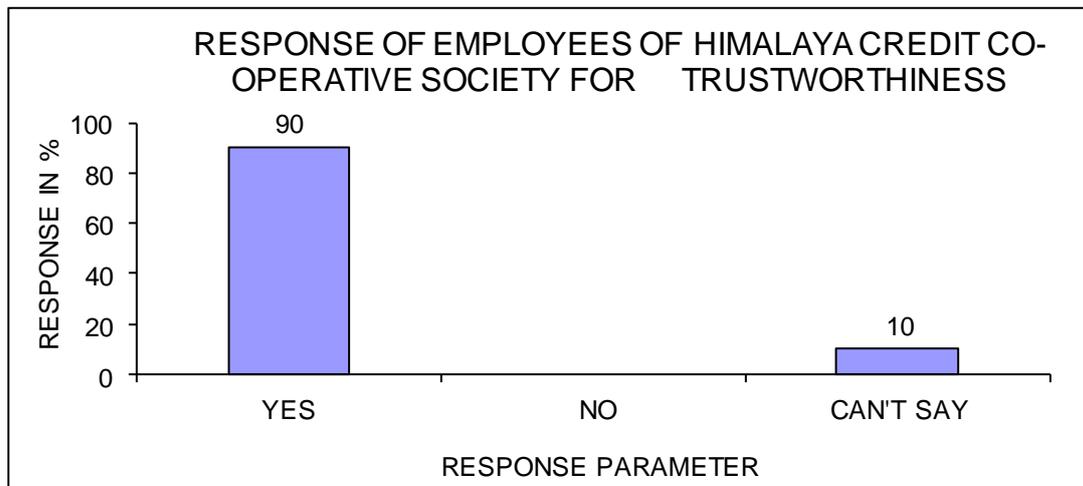
➤ (3)



The above graph depicts that 90% of the respondents are positive about the presence of collaborativeness which itself shows helping nature of seniors towards subordinates and mates prevails in the organization. Every employee is always ready to help other employees irrespective of the rank. This helps for better and efficient working of employees.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

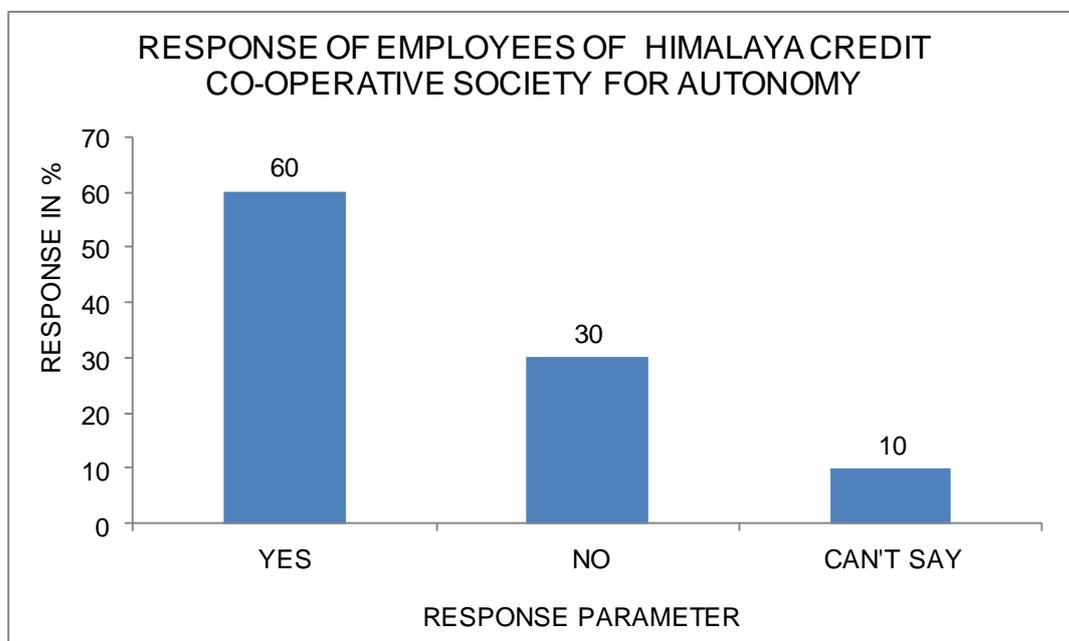
➤ (4)



The above graph makes it clear that a sense of trust prevails amongst the employees and the management which inspires and motivates the employees to work to their highest potential level.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

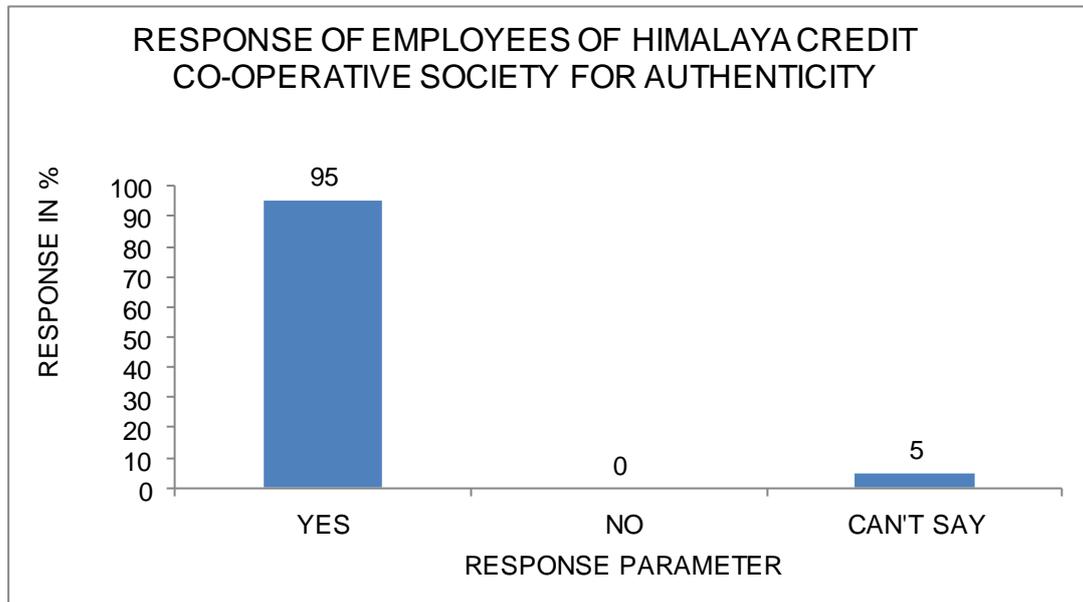
➤ (5)



The above graph shows that Organization has given restricted autonomy to the lower level employees for taking decisions else they had to take permission of management before implementing any important task/ assignment.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

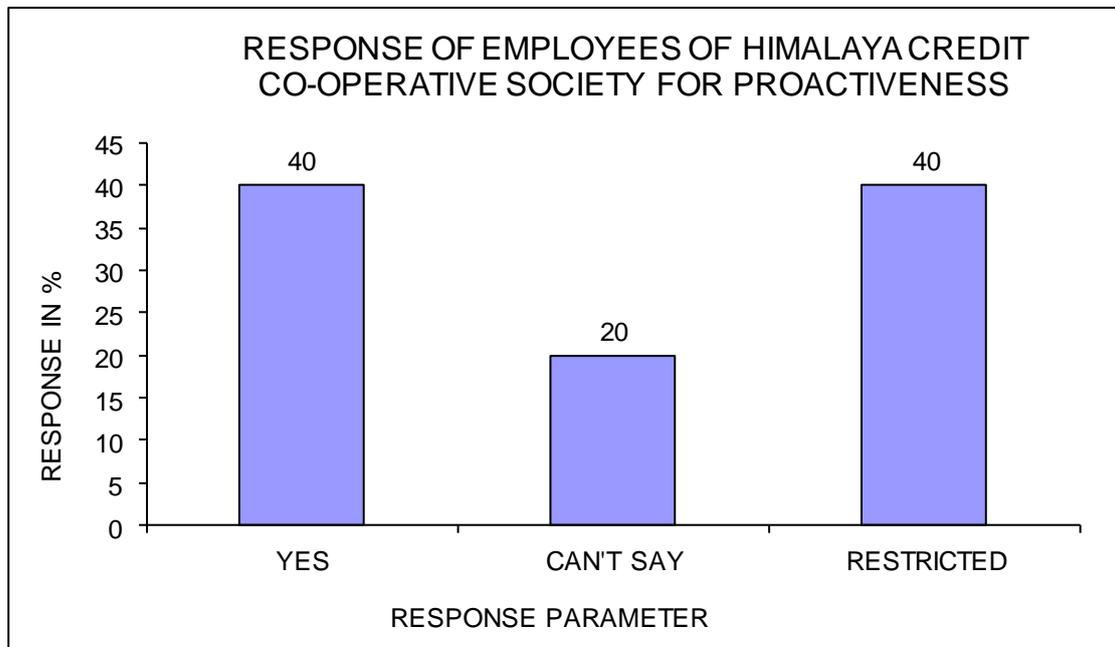
➤ (6)



As it is clear from the above graph that very high degree of Authenticity prevails in the bank's environment and among employees.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

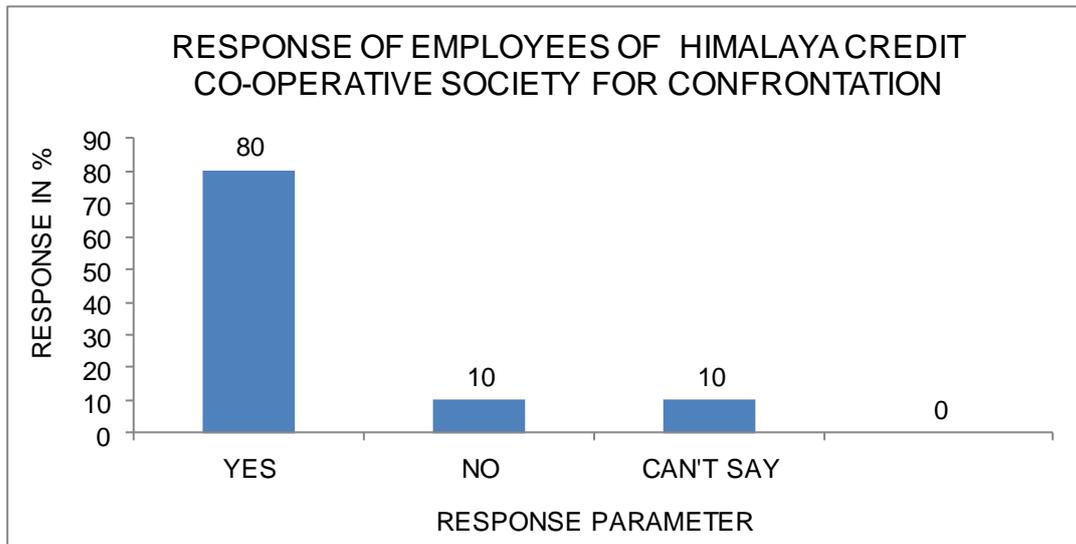
➤ (7)



The above graph shows that proactiveness exists amongst the employees but they have to act as per the rules and set frame-work of the bank.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

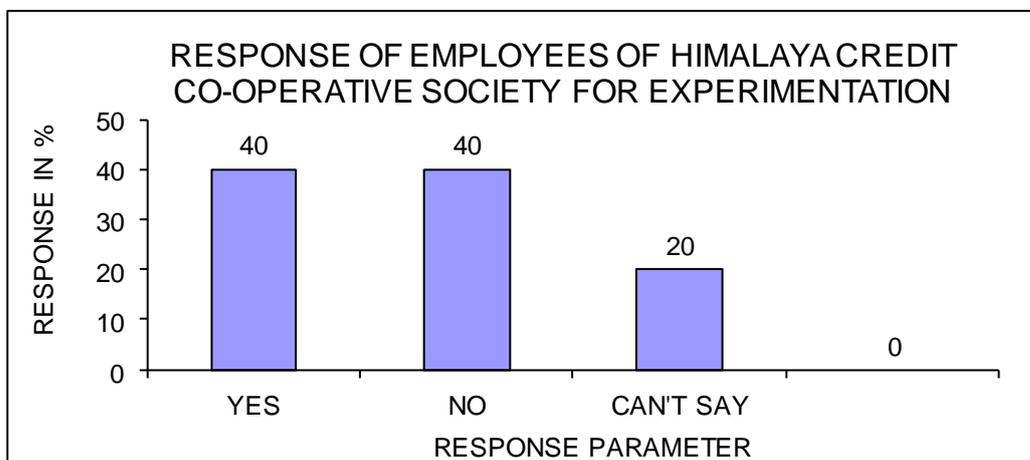
➤ (8)



Above graph gives a clear indication that confrontation by the employees for the assigned task and duties or responsibilities is being done suitably by them.

EMPLOYEES FEEDBACK IN GRAPHICAL REPRESENTATION

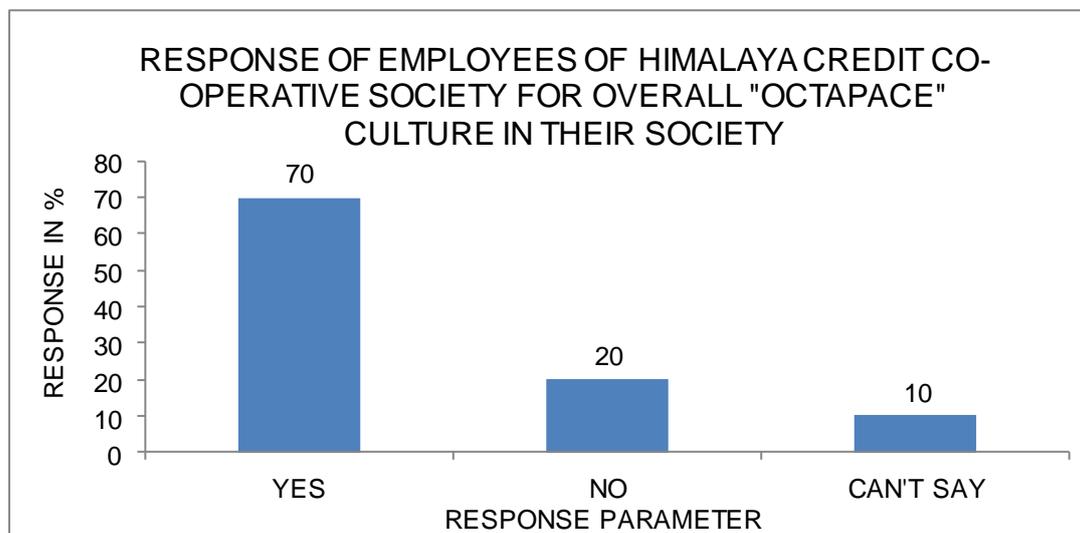
➤ (9)



As it is clear from the above chart new suggestions and innovative ideas which will benefit the organization are welcomed by the Board of Directors. The power to make final decision lies with the Board of Directors. They are the authority to allow experimentations. New ideas and suggestions are discussed in their meetings for checking the viability before experimenting the same for making good policy decisions.

EMPLOYEES FEEDBACK IN GRAPHICAL PRESENTATION

➤ (10)



As it is clear from the above chart the overall OCTAPACE culture of the Society is above average and 70% of the employees have given positive response but still there are areas for further improvement in the dimensions of proactiveness autonomy and experimentation. There is lack of flexibility and innovativeness. Employees feel that they should be given freedom to work for the benefit of organization.

Hence Hypothesis stands proved.

6.2 Interpretation of the collected data:

In this chapter, an attempt has been made to examine the general climate, OCTAPACE culture (Openness, Collaboration, Trust, Authenticity, Proactivity, Autonomy, Confrontation, Experimentation) and HRD sub-systems like - Performance appraisal, Training and development, Career planning, Counseling, Reward mechanisms, Organizational development, welfare and quality of work life, Human resource information systems etc.

6.2.1. General Climate

General climate refers to the willingness of management to help and develop its employees. It also examines whether the personnel policies are employee oriented or not. Above all, it refers to the psychological climate (whether positive or negative) that prevails in a particular organization.

6.2.2 OCTAPACE Culture

It refers to the level of openness, help or collaboration that exists in the organization. It also indicates the level of trust between superiors and subordinates. All the same, whether employees enjoy autonomy or not will be known. Above all, it reveals about the level of initiative and experimentation taken up by employees.

Some of the dimensions OCTAPACE such as experimentation, autonomy, and proactiveness are closer to the lower norms of the value which depicts that the preplanning and futuristic thinking is not there in the organization. The employees are not always given freedom to take decisions.

Trust, Authenticity, Openness, and Collaborativeness in the organization are at the higher level. This shows that there is freedom to communicate with in the organization they respect help and trust each other which specifies that there mutual understanding between them. It is reflected from the extended delegation of work and responsibility among them. Team involvement and team spirit is high and people help each other in solving out the problems.

Confrontation is at satisfactory level which specifies that employees face the problems and clarity in problem solving is also satisfactory among employees.

Experimentation is at the lower level which represents that the top management lacks to encourage employees in building their innovative thoughts, ideas and new processes which is essential in this competitive world.

6.2.3 Findings:

Following are the findings of the study of HRD climate in The Himalaya Credit Co-operative Society Limited, Nagpur. (With reference to HRD aspects like - General climate, OCTAPACE Culture, HRD sub-systems which include - Performance appraisal, training & development, organizational development, career planning, counseling, human resource information systems, employee welfare, quality of work life:-

- a) In a nut-shell the overall HR Climate is excellent as compared to other

similar status co-operative societies in the city. Only there is a need to further improve the climate by initiating/ implementing strong grievance redressal mechanism and appointing a specialist in HRD to improve the working standard, approach to work and self improvement of employees. This will create a sense of belongingness among employees and loyalty of employees will be enhanced.

- b) There is a need to raise the confidence level of the employees so as to enable them to compete in the present competitive market where highly talented, educated & trained marketing experts exist.
- c) The command over English should be improved as the employees of this bank are not conversant in English which is most important nowadays.
- d) Employees to be imparted training from the expert trainers/ motivators for personality development and confidence building for achieving better results in future.

7. CONCLUSION

An economy based on one form of business organization alone is neither desirable nor possible in modern times. The best economic order is achieved through a mixed economy. To justify their existence and fulfil their purpose, cooperatives must make a significant and unique contribution to solving some of the massive problems facing mankind today. As business organizations, cooperatives are partly private, partly public, but essentially different from both private enterprise and public enterprise. They are a "middle way", an economic sector in their own right. The distinguishing feature of cooperative business is its dual nature as economic enterprise and social organization.

Co-operatives play a very important role worldwide in poverty reduction, facilitating job creation, economic growth and social development by combating exploitation, reducing disparities, improving social conditions employment generation entrepreneurial development and gender sensitivity. It is preferably more desirable form of community-based organization.

A cooperative is a unique form of business used by people and businesses for their mutual benefit. Regardless of its purpose or membership, starting a cooperative requires considerable time, energy, commitment, and technical resources. Recognition of a common need is fundamental to the formation and successful operation of a cooperative. Potential members must devote much time and energy to developing their new business. A cooperative requires member commitment.

Cooperatives are value-based, member-based, member-owned and democratically controlled. The primary purpose of a cooperative is to satisfy the social and economic needs of its members. Cooperatives most often act by common consent and persuasion. They fail to impose strict disciplines because of their voluntary and democratic nature. Managerial decisions are moved by sympathy and relationship which is against the societies' bylaws and principles. This will result in serious repercussion in the long run. The different needs of

customers, members, patrons, and owners challenge the cooperative's board of directors and manager to make good business decisions.

Education to all those responsible for cooperatives (directors, officers, members, staff) is of paramount importance in this sector to improve the ability and quality of decision making as education makes people easy to lead, but difficult to drive; easy to govern but impossible to enslave. A cooperative without a strong component of education is in danger of losing its essential character, that is, the human and personal characteristics which distinguish it as a cooperative.

Lack of capital professional management cultural transformation and global competition are the major problems of Cooperative Societies. Governments are expected to provide a supportive policy, legal and institutional framework, provide support measures based on activities, provide oversight on terms equivalent to other forms of enterprise and social organization, adopt measures to improve access to finance for disadvantaged groups, and to promote the formalization of the informal economy. Government can contribute significantly to improving cooperative performance by facilitating access of cooperatives to support services, particularly support to cooperative human resource development by organising trainings workshops etc. Effective training is an investment in the human resource of an organization, with both immediate and long range returns.

After analysis of the feedback received from all the sample respondents following are the conclusions –

7.1 HR Climate:

Prevailing HR Climate is far better as compared to other similar establishments. Most of the employees feel that they are taken care of in a better manner by their Board of Directors, Managers and the sub-ordinates. Low interest and easy repayment facility financial help in the form of loans as per the prevailing rules are being given to the employees as and when required. Positive atmosphere and positive feeling prevails amongst most of the

employees towards influencing them to continue to work in the same organization for longer period fore-seeing the worst condition of employees in the other private and co-operative banks/institutes. Most employees opted to continue working for the same bank reason being healthy and positive HR Climate prevailing in the organization and employees at lower & middle level shares good rapport with the seniors and Board of Director. Also the share holders give respect to the employees due to their good behavior and communication with them.

7.2 OCTAPACE CULTURE:-

- a) **OPENNESS:** Employees feel free to communicate their thoughts to their seniors and higher ups as they get good attention/ hearing and also their ideas are suitably rewarded if beneficial to the organizational success.
- b) **COLLOBORATIVENESS:** helping nature of seniors towards subordinates and mates prevails in the organization. Every employee is always ready to help other employees irrespective of the rank. This helps for better and efficient working of employees.
- c) **TRUST WORTHINESS:** A sense of trust prevails amongst the employees and the management which inspires and motivates the employees to work to their highest potential level.
- d) **AUTHENTICITY:** Authenticity prevails in the bank's environment and employees.
- e) **PROACTIVENESS:** The proactiveness exists amongst the employees but they have to act as per the rules and set frame-work of the bank DDR and Registrar of co-operative societies..
- f) **AUTONOMY:** Organization has given restricted autonomy to the lower level employees for taking decisions else they had to take permission of management before implementing any important task/ assignment.
- g) **CONFRONTATION:** The confrontation by the employees for the assigned task and duties or responsibilities is being done suitably by them.

h) **EXPERIMENTATION:** As the final decision power lies with the Board of Directors for making the Policy Decisions they are the authority to allow experimentations but the new innovative suggestions are always welcomed by them and are discussed in their meetings for its viability before experimenting the same.

The main motto of the Himalaya Credit Co-operative Society Limited is----
"LIKE A TREE WE MUST BRANCH OUT AND REACH THE WORLD".
During the study it is found to be true and it is being worked upon by the employees of all the branches.

The discipline, maintenance, unity and proper management are the key to main success of Himalaya Credit Cooperative Society Limited, Nagpur. It treats all its employees as a family. This family is known as Himalaya Bank Pariwar. There is no distinction between Officers and lower ranked employee. To add to the family feeling everyone eats at a common place at a time and the departmental head also shares the table next to them. It is therefore rightly said by the Himalaya Bank's personnel that "we shall derive superior performance and whole Himalaya Bank's Core value as ONE TEAM".

Behind the success of the bank the main reason is that they recruit and select the best candidate for the job or right men for the right job. Therefore bank mainly concentrate on the selection process. There are various methods and techniques used for selecting the employees because they want the best candidate for their job. It has qualified personnel and it appoints the person who has qualified GDC & A and Post Graduate in Commerce and management.

7.3 Motivation & Morale: -

Management is an art of getting the work done through others and thereby achieving the best results. Getting the work done through others towards the accomplishment of the objectives of the organization depends upon skills of inducing the people to perform better by inspiring the employee. It may rightly be called that motivation is the most important function of the Human Resource

Development.

Motivation is thus an art of simulating the people to take desirable action. A fully developed employee would be highly motivated to work therefore in order to make the employee motivated to work and to decrease the employee turnover ratio, human resource development is absolutely mandatory.

On the other hand morale is referred to "Willingness to work". Job satisfaction and dissatisfaction creates the problem of morale among the employee. If employee is satisfied with his work, his morale will be high and if he is dissatisfied with his job his morale will be low. "Good motivation leads to high degree of morale" Therefore the top most executives of the bank pay due attention to provide motivation.

So we can say that prevalence of conducive HRD climate helps in early identification of human resource potential and skill development. There exists good HRD Climate in the organization. The managers in general showed a favourable attitude towards HRD Policies and practices of the organization. They were satisfied with the developmental policies of the top management as well as contented with their work and the organization as a whole i.e. level of job satisfaction is also good.

8. SUGGESTIONS FOR IMPROVEMENT IN HR CLIMATE FOR BETTER WORKING AND SUCCESSFUL ENVIRONMENT

Change in the organization's basic culture from a fear-based hierarchical top-downwards "tell people what to do" attitude to a 'person-centred' care-based culture where everyone respects everyone else and works co-operatively for the good of the whole is the basic requirement in the present context for building a strong foundation to get success.

8.1 Suggestions for all the Credit Cooperative Societies:

In general, the top management should promote and imbibe culture among the employees to feel free to discuss their ideas, activities and feelings about the area of their operations related to their job description. The management should encourage their subordinates to confront problems bravely without searching escape routes. The employees should be given training in developing confrontation abilities and approaches for the creative problem solving. The management should exhibit a very high level of authenticity implying that what it says, it means and what it means, it says. Accepting people at their face value and trusting their words and approach in the true spirit promotes authenticity. The culture of pro-activity resolving issues should also be promoted. The management should involve people to anticipate the problems and provide for arrangements for their resolutions well in advance so that the necessary systemic and process changes are made without compromising quality and quantity. Thus, the management should work for developing the conducive organisational culture that requires the culture of openness, collaboration, trust, pro-activity, autonomy, authenticity, confrontation and experimentation.

Keeping in view the significance of effective human resource development in cooperatives which can be achieved by following the principles of co-operatives in true sense the following suggestions may be given:

- a. HR manager should be appointed who will undertake various HRD activities evaluate HRD practices and adopt transparency in the recruitment of the staff.
- b. Workshops should be organised to give awareness to the members/Board of Director/General Public about the values and principles of cooperatives.
- c. Training should be arranged for Board of Directors/members/employees so that the principles may be implemented in the right spirit.
- d. Educational programmes should be arranged to tell about successful cooperative societies.
- e. There is a need to raise the confidence level of the employees so as to enable them to compete in the present competitive market where highly talented, educated & trained marketing experts exist.
- f. The command over English should be improved as the employees of this bank are not conversant in English which is most important nowadays.
- g. Employees to be imparted training from the expert trainers/ motivators for personality development and confidence building for achieving better results in future.

8.2 Recommendations for Himalaya Credit Cooperative Society, Nagpur:

Despite of almost flawless performance of 25 years (2013) with increased membership of 9563 from just 500 members in the beginning there are a few suggestions based on the study of the bank as it is audited with 'B' Certificate because of losses for two years and the main reason is decline in deposits though profit and loss account show decrease in expenses-

- From the findings it is evident that the Authenticity, Autonomy and Experimentation are at the lower level. Hence the management must provide adequate opportunities for the employees to enhance the

creativity of the employees for the development.

- The top management must give the employees freedom to make subordinates down hierarchy to participate in decision making as this will improve the participation of the employees and belongingness towards the job.
- Management must imbibe culture within the employees by encouraging the quality of work life and organization effectiveness and to encourage free interaction among employees.
- The organization should empower employees and encourage them to make decisions for themselves without the fear of negative repercussions along with gradual enlargement of duties.
- To promote the experimentation among the employees, the management should conduct brain storming sessions which will generate new and innovative ideas and also collaboration among employees.
- Employee satisfaction survey must be done at regular intervals to get the actual picture of work culture and also to find out the changing attitude among the employees.
- The top management should delegate and empower people lower in the hierarchy. The maximum possible autonomy should be provided so that the problems are solved at their source at the grass root level.
- The management should involve employees to think likely the problems and arrangements for their resolutions well in advance so that the necessary systemic and process changes are made without compromising quality and quantity.
- The human resource planning is done at the head office, for all other branches some flexibility should be allowed by the head office, certain decisions should be allowed to be made by the branch.

- Group discussion is not included in the process of interview and tests in the Himalaya Credit Co-operative Society Limited. So it is suggested that group discussions should be conducted for making the development of the employees. If group discussion is done the candidate may become more capable for doing his job. The employees' personality, behavior, attitude may be improved. With the help of group discussion the candidate knows about the various current affairs of the world. So by the group discussion the bank may get more suitable candidates for filling up the vacant seats.
- Discipline, unity, proper management, proper coordination, good communication is required for the continued success of bank.
- Also, if the bank provides common dress/ dress code then there will be more uniformity, equality, symphony/ harmony amongst all ranks of employees.

8.3 Ending Remarks:

“The top two obstacles encountered during the major organizational changes are communication breakdown and employees’ resistance.”

The Society for Human Resource Management (SHRM) 2007, Change Management Survey Report.

The organizational culture at Himalaya Credit Cooperative Society, Nagpur is good overall with respect to the essential dimensions required which includes pre planning, trust, free communication among employees. Some of the dimensions of OCTAPACE culture viz. Proactiveness, Autonomy and Experimentation shows lower limit.

Collaboration and trust among employees should be cultivated among employees which is essential for every organization for its effectiveness. Thus, the management should work for develop the organizational culture that requires the culture of openness, collaboration, trust, pro-activity, autonomy,

authenticity, confrontation and experimentation, which is interconnected and essential for every organization for its development.

In a nut-shell the overall HR Climate is excellent as compared to other similar status co-operative societies in the city. Only there is a need to further improve the climate by initiating/ implementing strong grievance redressal mechanism and appointing a specialist in HRD to improve the working standard, approach to work and self improvement of employees. This will create a sense of belongingness among employees and loyalty of employees will be enhanced.

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END OF REPORT



But.....it is a beginning for betterment ahead and to explore more opportunity for enhancement of OCTAPACE culture in all organizations.

Questionnaire

(To be filled by only the employees of Himalaya Cooperative Society limited, Nagpur)

In the context to your Credit Co-operative Society please state for the following questions whether.....? (Only “YES” or “NO”)

PLEASE STATE FOR THE FOLLOWING QUESTIONS WHETHER.....

1. The top management of this organization goes out of its way to make sure that employees enjoy their work. -----
2. The top management believes that the human resources are an extremely important resource and that they have to be treated more humanly. -----
3. Development of the subordinates is seen as an important part of their job by the managers / officers here. -----
4. The personnel policies in this organization facilitate employee development. -----
5. The top management is willing to invest a considerable part of their time and other resources to ensure the development of employees. -----
6. Senior officers / executives in this organization take active interest in their juniors and help them learn their job. -----
7. The psychological climate in this organization is very conducive for any employee interested in developing by acquiring new knowledge and skills. -----
8. Employees in this organization are very informal and do not hesitate to discuss their problems with their supervisors. -----
9. When an employee does good work, his supervising officer takes special care to appreciate it. -----
10. People in this organization do not have any fixed mental impressions about one another. -----

11. Employees are not afraid to express or discuss their feelings with their superiors. -----
12. Employees are not afraid to express or discuss their feelings with their subordinates. -----
13. People in this organization are helpful to one another. -----
14. Team spirit is of high order in this organization. -----
15. Organizations future plans are made known the managerial staff to help them develop their juniors and prepare them for future. -----
16. Managers in this organization believe that employee behavior can be changed and people can be developed at any stage of their life. -----
17. When an employee makes a mistake, his supervisors treat it with understanding and help him to learn from such mistakes rather than punishing him or discouraging him. -----
18. People trust one another in this organization. -----
19. Performance appraisal reports in this organization are based on objective assessment and adequate information and not on favoritism. -----
20. When employees are sponsored for training, they take it seriously and try to learn from the programs they attended. -----
21. Employees who return from training programs are given opportunities to try out they have learnt. -----
22. The top management of this organization makes efforts to identify and utilize the full potential of the employees. -----
23. Employees are encouraged to take initiative and do things on their own without having to wait for instructions from superiors. -----
24. Delegation of authority to encourage juniors to develop them and make them handle higher responsibilities is quite common in this organization. -----
25. When seniors delegate authority to juniors, the latter use it as an opportunity for development. -----
26. Employees in this organization take pains to find out their strengths and weaknesses from their supervising officers or colleagues. -----

27. When problems arise people discuss these problems openly and try to solve them rather than keep accusing one another behind the back.

28. Employees are encouraged to experiment with new methods and try out creative ideas. -----
29. People lacking competence in doing their jobs are helped to acquire competence rather than being left unattended. -----
30. Seniors guide their juniors and prepare them for future responsibilities / roles they are likely to take up. -----
31. Promotion decisions are based on the suitability of the promotee rather than on favoritism. -----
32. There are mechanisms in this organization to reward any good work done or any contribution made by employees. -----
33. Weaknesses of employees are communicated to them in a non - threatening way. -----
34. When behavioral feed back is given to employees, they take it seriously and use it for development. -----
35. Employees are sponsored for training programs on the basis of genuine training needs. -----
36. Career opportunities are pointed out to juniors by senior officers in this organization. -----
37. This organization ensures employee welfare to such an extent that the employees can save a lot of their mental energy for work purpose.

38. Job rotation in this organization facilitates employee development.

List of Cooperative Banks

State Cooperative Banks (SCBs)

List of State Cooperative Banks:

1. Andaman and Nicobar State Co-operative Bank
2. Andhra Pradesh State Co-operative Bank
3. Arunachal Pradesh State Co-operative Apex Bank
4. Assam Co-operative Apex Bank
5. Bihar State Co-operative Bank
6. Bharat Co-operative Bank
7. Chandigarh State Co-operative Bank
8. Chhattisgarh Rajya Sahakari Bank Maryadit
9. Delhi State Co-operative Bank
10. Goa State Co-operative Bank
11. Gujarat State Co-operative Bank
12. Haryana State Co-operative Apex Bank
13. Himachal Pradesh State Co-operative Bank
14. Jammu and Kashmir State Co-operative Bank
15. Jharkhand State Co-operative Bank
16. Karnataka State Co-operative Apex Bank
17. Kerala State Co-operative Bank
18. Madhya Pradesh Rajya Sahakari Bank Maryadit
19. Mogaveera Co-operative Bank
20. Maharashtra State Co-operative Bank
21. Manipur State Co-operative Bank
22. Meghalaya Co-operative Apex Bank
23. Mizoram Co-operative Apex Bank
24. Nagaland State Co-operative Bank
25. Orissa State Co-operative Bank
26. Pondichery State Co-operative Bank
27. Punjab State Co-operative Bank
28. Rajasthan State Co-operative Bank
29. Sikkim State Co-operative Bank
30. The Tamil Nadu State Apex Co-operative Bank
31. Telangana State Co-Operative Apex Bank Limited
32. Tripura State Co-operative Bank
33. Uttar Pradesh Co-operative Bank
34. Uttarakhand State Co-operative Bank
35. West Bengal State Co-operative Bank
36. Tumkur Grain Merchant's Co-operative Bank

List of Urban Cooperative Banks (UCBs) Banks in India

Scheduled

1. The Varachha co-operative Bank
2. Ahmedabad Mercantile Co-Op Bank
3. Kalapur Commercial Coop. Bank
4. Mehsana Urban Co-Op Bank
5. Nutan Nagarik Sahakari Bank
6. Rajkot Nagrik Sahakari Bank
7. Sardar Bhiladwala Pardi Peoples Coop Bank
8. Surat Peoples Coop Bank
9. Rajdhani Nagar Sahkari Bank
10. Andhra Pradesh Mahesh Co-Op Urban Bank
11. Indian Mercantile Co-operative Bank
12. Abhyudaya Co-operative Bank
13. Bassein Catholic Co-operative Bank
14. Bharat Co-operative Bank (Mumbai)
15. Bharati Sahakari Bank
16. Bombay Mercantile Co-operative Bank
17. Citizen Credit Co-operative Bank
18. Cosmos Co-operative Urban Bank
19. Dombivli Nagari Sahakari Bank
20. Goa Urban Co-operative Bank
21. Gopinath Patil Parsik Janata Sahakari Bank
22. Greater Bombay Co-operative Bank
23. Jalgaon Janata Sahakari Bank
24. Janakalyan Sahakari Bank
25. Janalaxmi Co-operative Bank
26. Janata Sahakari Bank
27. Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank

28. Kalyan Janata Sahakari Bank
29. Karad Urban Co-operative Bank
30. Mahanagar Co-operative Bank
31. Mapusa Urban Co-operative Bank of Goa
32. Nagar Urban Co-operative Bank
33. Nasik Merchant's Co-operative Bank
34. New India Co-operative Bank
35. NKGSB Co-operative Bank
36. Pravara Sahakari Bank
37. Punjab & Maharashtra Co-operative Bank
38. Rupee Co-operative Bank
39. Sangli Urban Co-operative Bank
40. Saraswat Co-operative Bank
41. Shamrao Vithal Co-operative Bank
42. Solapur Janata Sahakari Bank
43. Thane Bharat Sahakari Bank
44. The Kapole Co-operative Bank
45. TJSB Sahakari Bank
46. Zoroastrian Co-operative Bank
47. Nagpur Nagrik Sahakari Bank
48. Shikshak Sahakari Bank
49. Akola Janata Commercial Co-operative Bank
50. Akola Urban Co-operative Bank
51. Khamgaon Urban Co-operative Bank
52. MACO BANK
53. Eenadu Urban Co operative Bank
54. Rohit Kataria Co-operative Bank

As of March 2011 there existed 1592 Non-Scheduled Urban Cooperative Banks in India.

LIST OF ABBREVIATIONS

ANBC	Assessed Net Bank Credit
BoD	Board of Directors
BoM	Board of Management
BR Act	Banking Regulation Act, 1949
BRAct, 1949	Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) (AACS)
CAGR	Compounded Annual Growth Rate
CEO	Chief Executive Officer
CRAR	Capital to Risk-Weighted Assets Ratio
CRCS	Central Registrar of Co-operative Societies
CRR	Cash Reserve Ratio
DCBR	Department of Co-operative Bank Regulation
D-SIB	Domestic-Systematically Important Bank
EPN	Entry Point Norm
FSWM	Financially Sound and Well Managed
HPC	High Powered Committee
GoI	Government of India
GSA	Graded Supervisory Action
G-SIB	Global- Systematically Important Bank
IBA	Indian Banks Association
IT	Information Technology
JLA	Joint Legal Advisor
LAB	Local Area Bank
MS-UCBs	Multi-State Urban Co-operative Banks
MSCS Act	Multi-State Co-operative Societies Act, 2002
MFI	Micro Finance Institutions
MoU	Memorandum of Understanding
NAFCUB	National Federation of Urban Co-operative Banks and Credit Societies
NBFC	Non-Banking Finance Company
NPA	Non-Performing Assets
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RCS	Registrar of Co-operative Societies
SFBs	Small Finance Banks
SCBs	Scheduled Co-operative Banks
SLR	Statutory Liquidity Ratio
SAF	Supervisory Action Framework
TAFUCB	Task Force for Co-operative Urban Banks
UCBs	Urban Co-operative Banks
UO	Umbrella Organisation