

# Operational Efficiency of the Pondicherry Health Employees Co-operative Society: A Study

**P. Selvaraju**

Assistant Professor and Head, Department of Co-operative Management,  
Rajiv Gandhi Arts and Science College, Puducherry, India  
E-Mail: [mpselvaraju@gmail.com](mailto:mpselvaraju@gmail.com)

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**Abstract** - Activity in a Co-operative Spirit and in a commercial spirit has distinction. In Co-operative activity the purpose is not to earn profit but it is collective activity of the members for common purpose. No one is owner of the Co-operative activity but all are members of such activity. The urban credit co-operatives including Employees' Cooperative Banks were registered under All India Co-operative Societies Act 1912. Subsequently, urban credit co-operatives/ employees' co-operatives were organized in various parts of the country. Among the non-agricultural credit co-operatives next to the urban co-operative banks, prominent are the employees' co-operative credit societies, salary earners' co-operatives and employees' co-operative banks. This paper will argue that cooperatives present a strong alternative for playing an important role in the health-set up of the country. On this line, health care employees play a vital role in facilitating and providing medical services to people. This service may be considered as Nobel service to humanity. Further, economic viability of those people is great factor for doing their profession effectively, in order to fulfill their credit needs and banking services, formal system take place in such a healthy way. In this way, health care employees' cooperative credit societies are functioning to promote their involvement in doing health services indirectly by way of fulfilling their credit needs and which creates healthy attitude to perform duty well. The prime objective of the study is to examine the working performance of the PHECCS. This study is an Empirical Research in nature.

**Keywords:** Co-operative Credit, Employees Credit Society, Health Care Employees, Financial Services, Working performance

## I. INTRODUCTION

Activity in a Co-operative Spirit and in a commercial spirit has distinction. In Co-operative activity the purpose is not to earn profit but it is collective activity of the members for common purpose. No one is owner of the Co-operative activity but all are members of such activity. Abraham Lincoln has defined democracy as 'of the people, for the people and by the people'.

Changing the world 'people' for 'member', the Co-operative principle can be defined as a society 'of the member, for the member and by the member (Holger Bonus)'. Co-operation is something more than a series of activities. Basically, its purpose is to evolve a system of Co-operative community organization which touches upon all aspects of life.

## II. REVIEW OF LITERATURE

Limited studies were conducted to sought out and bring effectiveness in the working and operations of employees' cooperative societies. Raju&Prabhu, thus the employee co-operative societies have attained a special status and have become one of the important constituents in the co-operative systems of the country. Even though there is a progress in the growth of employees' co-operatives and urban credit movement. He found that employees' co-operative societies have to improve the ratio by earning more income and containing the cost of deposits without harming the growth of deposits, i.e., mobilizing more and more low cost deposits.

Rao&Nagayya, employees' cooperative credit societies are small and neighborhood banks, and usually cater to a different group of employees that are left out of the mainstream banking system. They are usually incorporated under local Co-operative Societies Act. The main focus to forming of these societies is to promote the saving and thrift nature among the salaried middle income community. To fulfill the credit needs of employees and their economic promotion is the value effects of the co-operatives.

Jyoti Gupta &Suman Jain, due to cooperative legislation and administration, Govt. interference has become a regular feature in the day-today administration of the cooperative institution. Some of the problem area that arise out of the applicability of the cooperatives legislative. Murray EV, this has been one of the most neglected areas in cooperatives. Job definition, work flow charts, identification of core-competencies etc. has never been attempted. A systematic recruitment strategy has not been developed and the lack of professional manpower planning which affect the growth of cooperative financial institutions.

YashavanthaDongre& Others, cooperative credit societies have been playing a distinct and import role in the banking systems of in terms of their reach for real economical promotion of the middle class communities in rural and urban areas. Cooperative societies am at fulfilling the banking requirements of neglected groups in the society.in order to promote the urban cooperative credit involves many things in an organizing form and needs professional banking practices. Without following proper banking

procedures and norms enforce by the central bank of India i.e., RBI, co-operative credit intuitions will be in dull profit business operations

### III. OBJECTIVE AND METHODOLOGY OF THE STUDY

The prime objective of the study is to examine the working performance of the PHECCS. This study is an Empirical Research in nature. Mainly the secondary data was collected from the records, registers, and financial statements of the Sample society and, Govt. institutions in connection to the Co-operatives, etc. Since, there are 81 employees' co-operative thrift and credit societies are functioning in the entire regions in UT of Puducherry like Puducherry, Karaikkal, Mahe and Yanam. Among them, 51 are listed as per the record for Puducherry alone. Considering of all four regions of the UT of Puducherry, the Pondicherry Health Employees Co-operative Credit Society is purposively selected because of its outstanding performance and only the employees' co-operative thrift credit society in India had entered into ISO certification.

### IV. EMPLOYEES CO-OPERATIVE BANKS/SOCIETIES IN INDIA

The urban credit co-operatives including Employees' Cooperative Banks were registered under All India Co-operative Societies Act 1912. Subsequently, urban credit co-operatives/ employees' co-operatives were organized in various parts of the country. Among the non-agricultural credit co-operatives next to the urban co-operative banks, prominent are the employees' co-operative credit societies, salary earners' co-operatives and employees' co-operative banks (Abdul Kuddus K.A & Zahir Hussain A.K).

The Pay Commission 1957-59 and the Staff Welfare Review Committee setup by the Ministry of Home Affairs recognized the need for employees' co-operative improvement of the economic condition. The committee said, "if the welfare of the employees is to be really effective, they must be saved from the clutches of unscrupulous creditors by providing alternative honest sources of credit. Hence, separate employees' credit co-operatives/banks were organized for different categories of workers to provide helping hand to the people such as salaried persons, economically weak, middle and lower class people, artisans, self-employed person etc., moreover the employees working in various Government, Semi-Government, Public sector understanding, banks and companies were in need of such institutions to avail credit and banking facilities (Hajela TN). The following are some of the employees' co-operatives organized for such people viz., Port Trust Employees' Co-operative Banks, LIC Employees Co-operative Bank, Circle Postal Employees' Co-operative Bank, BHEL Employees' Co-operative Bank, RBI Employees' Co-operative Bank, etc.

Health and health care need to be distinguished from each other for no better reason than that the former is often

incorrectly seen as a direct function of the latter. Health is clearly not the mere absence of disease. Good Health confers on a person or groups freedom from illness - and the ability to realize one's potential (SrinivisanR).

The cooperatives have established themselves in various segments of economy like credit and banking, fertilisers, dairy, sugar, marketing, housing, fisheries, fertilisers, handlooms, handicrafts, etc (Sanjay Kumar Verma). Of a total population of 1 028 610 328 in 2001, there were 2 069 540 health workers of which 819 475 (or 39.6%) were doctors, 630 406 (or 30.5%) were nurses and midwives, and 24 403 (or 1.2%) were dentists. Of all doctors, 77.2% were allopathic and 22.8% were ayurvedic, homeopathic or unani. Other categories of health workers were pharmacists, ancillary health professionals, and traditional and faith healers, who comprised 28.8% of the total health workforce (SudhirAnand and Victoria Fan).

This paper will argue that cooperatives present a strong alternative for playing an important role in the health-set up of the country. On this line, health care employees play a vital role in facilitating and providing medical services to people. This service may be considered as Nobel service to humanity. Further, economic viability of those people is great factor for doing their profession effectively, in order to fulfill their credit needs and banking services, formal system take place in such a healthy way. In this way, health care employees' cooperative credit societies are functioning to promote their involvement in doing health services indirectly by way of fulfilling their credit needs and which creates healthy attitude to perform duty well.

#### *A. Co-operative Movement in the Union Territory of Puducherry*

Though union territory of Puducherry joined in the Co-operative movement after the merger with Indian union in 1954 it had made a Rapid growth by achieving its desired as the co-operative has given due importance in all five year plans. The cooperative movement in Puducherry has gained momentum and this is evident from the following table.

As on 31.03.2015, there are 80 Employees' Co-operative Credit Societies in operation in the UT of Puducherry out of which, 56 in Puducherry, 21 in Karaikkal, 1 in Mahe and Yanam includes 2 under societies various sector.

During the second Five year plan, a cooperative central Bank in 1958 and a land mortgage Bank in 1960 were established, two marketing societies, one each at Puducherry and Karaikal, were started. The achievement during the Third five year plan were re-organization of rural primary societies construction of godowns development of consumer co-operative establishment of co-operative housing societies development of agriculture marketing and the organization of faring societies. During the fourth five year plan were consolidation and strengthening of the cooperative movement received special attention. During

this period, not less than 30% of the cooperative production credit went to small and marginal farmers' .Twelve lift

irrigation cooperatives were also organized to increase agricultural production.

TABLE I PROGRESS OF CO-OPERATIVE ENTERPRISES IN UT OF PUDUCHERRY

Details	(Rs.in Lakhs)						
	1981-82	1991-92	2001-02	2011-12	2012-13	2013-114	2014-15
No of societies	292	369	482	524	520	516	516
Membership (No)	1.74.451	3.38.804	3.93.256	5.97.103	5.77.097	6.60.960	6.21.780
Total working capital	233.26	15.219.10	35.584.3	1.75.389.70	1.95.435.98	2.15.151.50	2.1935.68
Share capital Paid	460.13	2.239.24	10.743.45	32.25257.46	33.313.32	35.85817	38.115.55
Propulsion(Nos)	604	8.07	9.74	12.44	12.48	1248	1248
Average working capital	38.60	1.885.00	3.657.17	14.098.85	15.659.93	17.239.70	17.59100

During the fifth Five years plan establishment of the functional link between agricultural Credit and marketing and also between Consumer co-operative and marketing societies was noteworthy. Labour Cooperatives were started in rural areas. During the Six Five plan, a cooperative Sugar mill, a cooperative spinning mill and cooperative consumer federation were set-up in Puducherry. The cooperative Diary was expanded. A junior level Cooperative training institute to impart training at various levels was established.

The seventh Five year plan concentrated on democratic management of co-operative societies, rural infrastructure for agro planning storage and common facilities, to strengthen institutional structure of cooperative at all levels. Business development plan was implemented for revitalizing the cooperative structure in the eighth Five year plan. The development programmers under the ninth Five year plan covered agricultural credit consumer weaker section and industrial cooperative education training and development of human resources. Major achievements during this plan period are the establishment of mini pasteurization plant with a capacity of 10,000 LPD expandable to 20000 LPD in the Karaikkal Co-operative processing supply & Marketing Society.

New generation of cooperative like transport labour contract society's computer societies and housing act., were established during the tenth Five year plan. Notable achievements during this plan is the Construction of oscine building of the Pondicherry sate cooperative Bank, starting of job oriented B.Ed. and Dated, courses by the Pondicherry state co-operative union. The Pondicherry co-operative Milk producers, union is vested with the responsibility of implementation of the scheme of assistance to Members of women self-help groups for purchase of mulch cows with the Government s financial assistance.

During the eleventh five plan, a sum of 13.81 cores of agricultural along with interest were waived under the agriculture Debt Waiver scheme announced by the Government of Puducherry. Similarly assistance amounting to 479.23 lakhs was extended to waive interest and penal interest on housing loans availed by 1,888 members of housing co-operative. The Pondicherry Central Co-operative processing supply & marketing society

established anew modern rice mill with milling capacity of 3MT hour at a project cost of Rs 2.06crores financial assistance of 116,00 lakhs was extended for waiver of interest and penal interest on housing loans availed by member of the Pondicherry cooperative spinning mill has taken up modernization with the financial assistance from NCDC (GoP, Annual Report).

On this line, the Pondicherry Health Employees Co-operative Credit Society (PHECCS) is registered under Pondicherry Co-operative Societies Act of 1972 and established on 29.07.1985. The PHECCS has completed its meaningful services and now stepping into 34 years towards to provide healthy financial services to their members as health employees in order to promote and make citizens healthy in UT of Puducherry. The PHECCS operates its services effectively based on the following objectives

1. To encourage thrift, self-help and co-operation among co-operatives
2. To borrow funds from the financing banks and / or others, to be utilized for the issue of loans to members for useful purpose.
3. To run a recreation club –cum-library for the benefit of the members and
4. To do such other activities as may be expedient for accomplishing or incidental or conducive to the attainment of all or any of the above objectives of the society.

## V. RESULTS AND DISCUSSION

The objective of forming the Pondicherry Health Employees Co-operative Credit Society is to fulfill the credit needs of its members and promote the thrift and credit nature, mutual and self-help nature among their members. The human integrity and their socio-economic well-beings are the key focus and indicators of Sustainable Development Goals (SDGs). In this way, the PHECCS is taking lot of efforts with various activities to uphold their performance on sustainable manner as co-operative credit (CC). All time growth of this society which indicates their healthy practices and co-operative spirit in the action and operations of the society. The foregoing exhibits and unadorned analysis are the highlights on performance of the studies unit.

### A. Membership

The conditions of eligibility for the membership of these banks are prescribed under rules and bye-laws. Any person over eighteen years of age who is component to contract, residing within the area is eligible for admission as a member. Application for the admission of members and allotment of shares shall be made to the secretary in the prescribed form. There were two categories of members viz 'A' class and 'B' class, 'A' class members had all the rights where as 'B' class members were permitted to utilize services alone the. The 'A' class membership position of the banks in presented in the following table.

TABLE II HEALTHY ENROLLMENTS OF MEMBERSHIP POSITION OF PHECCS

S. No.	Year	Members	GI	GR
1	2009-10	2266	100	0
2	2010-11	2388	105.38	5.38
3	2011-12	2511	110.81	5.15
4	2012-13	2536	111.92	1.00
5	2013-14	2562	113.06	1.03
6	2014-15	2662	117.48	3.90
7	2015-16	2705	119.37	1.62
8	2016-17	2730	120.48	0.92

Source: Annual Reports of the PHECCS

Position of membership admission in the studied unit explores that there is continuously growth in nature. Considering of about one data, the PHECCS had increase rate in their enrollment of membership.

### B. Sources of Funds of PHECCS

The resources of the Pondicherry Health Employees Co-operative Credit Society (PHECCS) include the Share Capital, Reserves, Deposits and Borrowings, owned funds include share capital and Reserves. Borrowed fund include deposits and borrowings. Each of the components of working capital is analyzed hereunder.

### C. Share Capital

TABLE III HEALTHY GROWTH OF SHARE CAPITAL

S. No.	Year	Share Capital	GI	GR
1	2009-10	205.92	100	0
2	2010-11	248.01	120.44	20.44
3	2011-12	287.19	139.47	15.80
4	2012-13	363.40	176.48	26.54
5	2013-14	423.26	205.55	16.47
6	2014-15	499.42	242.53	17.99
7	2015-16	596.11	289.49	19.36
8	2016-17	713.01	346.26	19.61

Source: Annual Reports of the PHECCS

Share capital is the basic fund of any co-operative bank. Every urban bank must adequate share capital to serve as the main foundation and a security to the depositors and other creditors. It is obligatory that every 'A' class member should hold at least one share to be a member of a co-operative society. Share capital partakes much position among owned funds.

Growth in share capital conditions of the selected PHECCS is on increasing trend during the study period. It is evidence to notice that 246.26 % growth in 2016-17 which was recorded as 20.44 % in the financial year 2009-10.



Fig. 1 Growth of Share Capital

### D. Deposits

Deposits play very important role in the mobilization of resources by the cooperative Banks. Like commercial banks the selected co-operative society also raises a large proportion of their working capital by way of deposits. Practically the selected PHECCS have adopted number of ways for tapping deposits from different sections of people. Various types of deposits were accepted by this society which comes under any one of the four major categories viz., fixed, current, and savings deposits.

TABLE IV TEMPORAL TRENDS OF THRIFT DEPOSITS

S.No.	Year	Thrift Deposits	GI	GR
1	2009-10	236.19	100	0
2	2010-11	252.58	106.94	6.94
3	2011-12	299.45	126.78	18.56
4	2012-13	346.20	146.58	15.61
5	2013-14	390.06	165.15	12.67
6	2014-15	431.52	182.70	10.63
7	2015-16	473.36	200.41	9.70
8	2016-17	604.26	255.84	27.65

Source: Annual Reports of the PHECCS

The trend of thrift deposits position of the society show an increasing trend during the study period. It was noticed that 155.84% of growth over the last eight years i.e., from the financial year 2009-10 to 2016-17.

TABLE V TRUSTING GROWTH ON FIXED DEPOSITS (FD)

S. No.	Year	FD	GI	GR
1	2009-10	2053.09	100	0
2	2010-11	2386.71	116.25	16.25
3	2011-12	2756.45	134.26	15.49
4	2012-13	3556.17	173.21	29.01
5	2013-14	477.83	23.27	-86.56
6	2014-15	5809.12	282.95	1115.73
7	2015-16	7358.05	358.39	26.66
8	2016-17	828.90	40.37	-88.73

Source: Annual Reports of the PHECCS

Fixed Deposits is one the other type of deposits of the PHECCS, the performance of this component had increasing nature on over the study period. During the financial year 2016-17 had restricted to invite the FD from the members as well as non-members. It is great evidence that members and general public have trust on its performance as indicator on its headway.

*E. Reserve Fund*

Reserve funds are that portion of profit which is set aside to meet unforeseen losses and for building of internal resources. The creation of Reserve Fund is a statutory obligation – 25% of the net profit every year is carried over to the statutory reserve fund. It is one of the constituents of owned funds and a component of the working capital. A long life institution should have more resources by virtue of its earnings and profits every year.

TABLE VI PROACTIVE ACTION OF RESERVE FUND

S. No.	Year	Reserve Fund	GI	GR
1	2009-10	2.30	100	0
2	2010-11	4.30	186.96	86.96
3	2011-12	4.62	200.87	7.44
4	2012-13	7.83	340.43	69.48
5	2013-14	8.60	373.91	9.83
6	2014-15	11.10	482.61	29.07
7	2015-16	13.86	602.61	24.86
8	2016-17	23.03	1001.30	66.16

Source: Annual Reports of the PHECCS

The condition of reserve fund of the select unit is on increasing nature. There is uplift in generating their money as reserve fund. 900 % of growth in the line, denote that the society in well enough in facing the unanticipated losses in future.

*F. Borrowing*

Borrowings is one of the major sources of working capital. In contrary to other cooperatives, the employees’ co-operatives mostly depend on deposits and their borrowings are limited. But in the case of PHECCS, its very good positive indicator that the selected study is not entered into to borrow money in any form from their apex level and other commercial banks.

*G. Loans and Advances – Recovery-Outstanding*

TABLE VII PAYMENT-RECOVERY-OUTSTANDING OF MID-TERM LOANS

S. No.	Year	Payment	GI	GR	Recovery	GI	GR	Outstanding
1	2009-10	1573.71	100	0	1448.31	100	0	2331.45
2	2010-11	2169.93	137.89	37.89	1631.83	112.67	12.67	2869.55
3	2011-12	2501.81	158.98	15.29	1975.73	136.42	21.07	3395.63
4	2012-13	3233.18	205.45	29.23	2553.10	176.28	29.22	4275.70
5	2013-14	3757.91	238.79	16.23	3004.91	207.48	17.70	5028.70
6	2014-15	4616.69	293.36	22.85	3704.09	255.75	23.27	5941.30
7	2015-16	5188.32	329.69	12.38	4289.51	296.17	15.80	6840.11
8	2016-17	6085.01	386.67	17.28	5036.94	347.78	17.42	7888.18

Source: Annual Reports of the PHECCS

From the above compiled table, it can be noted that payment made as members need. The total payments made by the society which brings good recovery. The success of any financial credit institutions depends upon their recovery position and reducing their outstanding balances. Due to state-subject and its influence of the sector by external as well as political interference force, which affect recovery performance. In this way, the selected unit of co-operative concern is taking good efforts on recovery management.

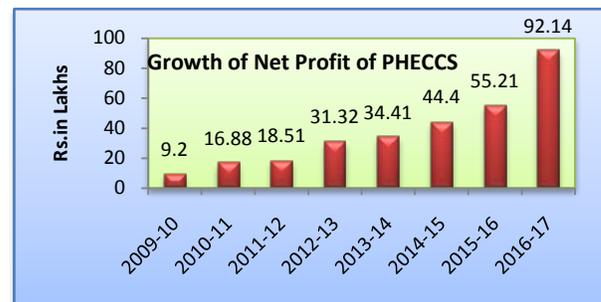


Fig. 2 Growth of Net Profit of PHECCS

TABLE VIII DETAILS OF PROFIT AND LOSS

S. No.	Year	Profit	GI	GR
1	2009-10	09.20	100	0
2	2010-11	16.88	183.48	83.48
3	2011-12	18.51	201.20	9.66
4	2012-13	31.32	340.43	69.21
5	2013-14	34.41	374.02	9.87
6	2014-15	44.40	482.61	29.03
7	2015-16	55.21	600.11	24.35
8	2016-17	92.14	1001.52	66.89

Source: Annual Reports of the PHECCS

The above table reveals that the PHECCS record its continues profits from the inception of the society. A well-defined vision and mission along with aims leads to this progress. It was very interesting to note that about 700% of the increases from 183.48 % from 2009-10 and 2016-17 respectively.

## VI. CONCLUSION

Urban credit societies and banks are most important features of the urban cooperative movement in India and make up to some extent for the absence of joint stock banking facilities in the smallest towns. Employees' co-operative credit societies occupy a predominant place among the agencies supplying the credit needs of the people and targeted people residing in urban areas. Many studies and its finding reveal that if any financial success and growth in an organized form depends on many factors. To involve many professional practices and much strategy are taking place to determine the quality of the financial credit institutions like commercial banks. On considering this factual and factors, the Pondicherry Health Employees Co-operative Credit Society (PHECCS) is having unique operations in providing financial services and making with a difference in their sustainability and survival path by following co-operatives values and ethics in this competitive world. It's all about

earning trust and values matter among members as well as general public for making better performance in dealing public money and financial services.

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