

Effective Member Relations Essential to Keep the Credit Union Spirit Alive and Kicking

By Mr. Lalit Gandhi

Chairman

Maharashtra State Coop Credit Societies Federation Ltd. Mumbai, India

# *Asian Credit Union Forum 2006*

## **Speech on effective Member Relations essential to keep Credit Unions alive and kicking**

**Speech by :- Mr. Lalit Gandhi**

**President : MAFCOCS, INDIA**

**Founder: Deposit Guarantee Corporation, India**

### **1. Introduction :**


The credit union movement in the entire world is led by people who are original activists of Credit Unions. The purpose and the object behind establishing these Credit Unions is to look after to the welfare and the well being of the members of such Credit Unions. Though profit is not the motive behind these Credit Unions, the profit, if earned, is to be distributed among all the members in proportion of their shares. Thus the Co-operative Credit Unions **are run by the members for the members and are also made up of members.**

## **Who is member ?**

A member of a Credit Union is a person who holds equity shares of the Credit Union, who is a **stake-holder** and who is also **an owner of the Credit Union**. The ultimate ownership of a Credit Union goes to the member. A member is a person who can formulate a document of Credit Union, who holds an authority to design and frame a policy for Credit Union. There are two kinds of members in Credit Union.  
(1) Regular Members – A Grade (2) Nominal / Non-regular Member – B Grade.

- (1) **Regular Member:** Those are original members who have a stake in the Credit Union, who derive voting rights. In India the regular members are classified as A Grade members.
- (2) **Nominal / Non-regular Members:** Those members do not have voting power and therefore are classified as Non-regular members. In India those are classified as B Grade members.

A loan of large amount is granted to Regular members or A grade members, whereas small amount of loan particularly consumer loan or vehicle loan is granted to Non-regular members i.e. B grade members.

**Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai**

---

**Who is member ?**

A member of a Credit Union is a person who holds equity shares of the Credit Union, who is a stake-holder and who is also an owner of the Credit Union.

There are two kinds of members in Credit Union.

(1) **Regular Member :** Those are original members who have also a stake in the Credit Union, who have voting rights. In India the regular members are classified as A Grade members.

(2) **Nominal / Non-regular Members :** These members do not have voting not power and therefore are classified as Non-regular members. In India those are called as B Grade members.

A loan of large amount is granted to Regular members or A grade members. Whereas a small amount of loan particularly a consumer loan or vehicle loan is granted to Non-regular members i.e. B grade members.

---

---

---


---

---

## **Eligibility or qualifications of member:**

As per co-operative laws and regulations existing in India a member is eligible and qualified to become a member if –

1. He is a resident in the service area of the Credit Union or his place of business is in the service area of the Credit Union.
2. He or she is competent to contract with the Credit Union as per Indian Contract Act.
3. He submits an application for membership and also pays Admission Fee and an amount equivalent to one share.
4. Application is per prescribed format or specifications recommended by the Board of Directors.
5. He is eligible to become a member of more than one Credit Unions but he can avail loan from one Credit Union only.
6. A member can become a nominal member merely by paying admission fee only. However, he does not derive any voting rights.

	Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai
<b><u>Eligibility or Qualification of Member</u></b>	
As per co-operative laws and regulations existing in India a member is eligible and qualified to become a member if .....	
1. Resident or Place of Business is in service area of the Credit Union.	
2. Competent to contract with the Credit Union as per Indian Contract Act.	
3. Submits an application for Membership and also pays admission fee equivalent to on share.	
4. Application should be per prescribed format.	
5. Eligible to become a Member of more than one Credit Unions.	
6. Become a Nominal Member merely by paying admission fee only.	

---

---

---


---

---

## **Rights of Members:**

The member of a Credit Union is de- facto owner of a Credit Union and therefore by virtue of his membership he derives following lawful rights:

1. To know the object, purpose & the role of the Credit Union, its achievements from time to time.
2. To know the balance sheet and other financial statements like Trading & Profit and Loss Account etc.
3. To know the actual amount of profit and its distribution to various Reserves.
4. To know the procedure, application, execution of the work and the conduct of the Co-operative Institution.
5. To attend a General body meeting convened by the Board of Directors of the Credit Union.
6. To question the Boards of the Credit Union to get himself fully informed satisfied of the Financial Results and various applications of funds and its financial results.
7. To question the Board in respect of the performance of the Credit Union, its failure and also to know the reasons for the same.
8. To formulate and frame policy for development of the Credit Union.
9. To contest an election convened by the body per eligibility criteria of the Credit Union.
10. To vote a person as director whom he finds most eligible and competent according to his satisfaction and expectations.
11. To check and inspect Records and Financial statements of the Credit Union.
12. To claim and declare the dividend to be credited to his own account out of profit mobilized by the Credit Union.

 <b>Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai</b>
<b><u>Rights of Members</u></b>
The member of a Credit Union is de-facto owner of a Credit Union and therefore by virtue of his membership he derives following rights:
1.To know the object, purpose & the role of the Credit Union, its achievements from time to time.
2. To know the balance sheet and other financial statements.
3. To know the actual amount of profit and its distribution to Reserves.
4. To know the procedure, application, execution of the work and the conduct of the Institution.
5. To attend a General body meeting.
6.To question the Boards of the Credit Union to get himself fully informed satisfied of the financial results and various applications of funds.
7. To question the Board in respect of the performance of the Credit Union.
8. To formulate and frame a policy about development of the Credit Union.
9. Contest an election.
10. To vote.
11. To check and inspect the records and financial statements.
12. To claim and declare the dividend to be credited to his own account out of profit mobilized by the Credit Union.

---

---


---

---


---

## 2. The Philosophy of ‘Member Relations’ in The Credit Union

The purpose of Credit Union is to meet various needs and goals of the members such as financial, social, cultural etc. The Credit Union in fact, belongs to the members who are the ‘owners’ of Credit Union. The purpose of the Credit Union is not to earn profit but to make the services available to the members at moderate rate, and if at all profit is earned, it would be distributed among the members and the members only! Some portion of profit would be retained by Credit Union as **Reserves**. Therefore the philosophy that member carries with him is –‘**This is my Credit Union**’. Since the members are owners of Credit Union the profit would be distributed among them in form of dividend. ‘**Everything that belongs to Credit Union belongs to him**’. Such feeling arises and a sense of belongingness emerges. Because of this feeling a philosophy of co-operation also emerges. A feeling of ‘Working together, Earning together, Sharing Profit together and sharing risks together becomes a part of philosophy which is a purpose behind Member Relations’. The philosophy of Members Relations is helping people to help themselves. **This is a term of co-operation.**

 Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

The purpose of the Credit Union is not to earn profit but to make the services available to the members at moderate rate, and if at all profit is earned, it would be distributed among the members and the members only!



---


---

---


---

---

---

 Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

**‘Everything that belongs to Credit Union belongs to him’.**



---


---

---

---


---

---



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

A feeling of 'Working together, Earning together, Sharing Profit together and sharing risks together becomes a part of philosophy which is a purpose behind Member Relations'.



---

---

---

---

---


### ***3. The examples of some practicable experience to be shared with audience.***

India is a socialist country where people of various cast and creed live together with different expectations, requirements, status and different needs. Despite their difference in cast and creed, customs, habits, one important common thing is they come together for social purpose. The Credit Unions in India are over 65000. The members of India alone are over 40 million.

I want to share my experience with you all who have arrived here to attend this International Seminar. I claim, our country is perhaps having largest number of Credit Unions not only in the Asian Sub-content but also in the World. The strength of Credit Union in my country with spread population **is possibly because of spirit of Member Relations in India.** The purpose of our co-operatives is not to earn profit. It is said in our co-operative movement that **'Let us help each other, Let us work together & Let us benefit each other'**. I can share my own experience and state that when I became member of our Credit Union, upon realizing benefits of the co-operative union, I established my own Credit Union as a founder President.

As a strategy, I started helping members of my credit union caring them, attending them, doing their every work. I continued working as leader of that organization which inspired me forming a District Federation of Credit Unions. I worked over night without caring my own personal problems. My purpose was to see **welfare of the members of my Credit Union who were according to me members of my own family.**

Thus over all my family increased. I entered State Federation. I took up programme for Member Relations. We constructed and developed a large co-operative movement because we found the members were attracted towards co-operative movement only because they were taking these Credit Unions of their own and where they were sure to have their demands justified. When I rose to State level, I was elected as President of Maharashtra State Federation of Co-operative Credit Unions Ltd. Mumbai, where all members were Credit Unions. I started taking care of these member unions too by attending them, by representing their demands to the Government, by fighting for them & thus earned respect. Today the Maharashtra State Federation has become the strongest entity of our country. It is the largest federation in the Asian sub-continent. The member relations helped me in achieving this success.


Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai


### Some Practical experiences

The strength of Credit Union in my country with spread population **is possibly because of spirit of Member Relations in India.**

~~The basic principle in co-operative movement that~~  
**Let's help each other,**

**Let us work together &**

**Let us benefit each other.**



---

---

---


---

---

---


---

---


Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

Worked over night without caring own personal problems. Purpose was to see welfare of the members of Credit Union who were according to members of own family.

**Took up programme for Member Relations.**



---

---

---


---

---

---


---

---


Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

Worked over night without caring own personal problems. Purpose was to see welfare of the members of Credit Union who were according to members of own family.

**By representing their demands to the Government.**



---

---

---


---

---

---

---

---


Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

Worked over night without caring own personal problems. Purpose was to see welfare of the members of Credit Union who were according to members of own family.

---

---

---

---

---

---

---

---

**Fighting with the Government for their demands.**




#### **4. What is Member Relations?**

The Member Relations i.e. M.R. is in fact the **crux for the development of Credit Union** because every member thinks that he is the owner of the Credit Union and therefore it is ultimately left to him by his own whims as he thinks he is the **king** of the Credit Union. He therefore, has an authority even to overthrow existing Board of Directors and reelect new Board per his choice. Therefore the Board of Directors who runs the Credit Union should always take care of the needs, requirements, wishes and intentions and also expectations of each and every member of the Credit Union. The process of Member Relations takes care of this requirement.

If proper attention is not given to **Member Relations**, development of Credit Union is impossible. Therefore, it should be an endeavor of the Board to keep the members happy. If the Board does not keep them happy, their loyalty would often be deteriorated. It is an experience that some members are committed to the welfare, development and well being of the Credit Union and therefore they work day and night throughout for the development of the Credit Union. While some members become members only for their own welfare.

A member is free to criticize the Credit Union as he takes it as '**his birth right**' and therefore most of members need to be educated, developed and regularly reminded of their responsibilities. The members need to be respected by the organization. They can remain happy and contented only if their purposes, requirements are taken care of. If the members are taken into confidence and their needs are well taken care off and they are encouraged for involvement and participation, their devotion can bring good response and fruitful benefits to the

**Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai**

---

**What is Member Relations ?**

The Member Relations i.e. M R is in fact the crux for the development of Credit Union because every member thinks that he is the owner of the Credit Union and therefore it is ultimately left to him by his own whims as he thinks he is the king of the Credit Union. Therefore the Board of Directors who runs the Credit Union should always take care of the needs, requirements, wishes and intentions and also expectations of each and every member of the Credit Union.

If proper attention is not given to Member Relations, development of Credit Union is impossible. If the Board does not keep them happy, their loyalty would often be deteriorated

A member is free to criticize the Credit Union as he takes it as 'his birth right' and therefore most of members need to be educated, developed and regularly reminded of their responsibilities

#### **5. The need for Member Relation**

**Importance of Science of Member Relation Management:**



Member Relations is a Public Relations Management. A member feels attached to the organization and by this feeling all the members would start working together with zeal and spirit which would give a kick start to develop in a faster way. The member person is a human being. He has feelings/ emotions and also necessities, if the organization takes care of his necessities he would feel proud of his organization and help in developing the image as well as status of the organization. A member has following needs.

- Individual Needs:-

A member is a human being and therefore has some necessities e.g. educational, financial, social, physical etc. His individual needs can be summarized in brief as follows:

- I. He requires money for education of his children.
- II. He needs to take admission for his children in a particular school as per his choice.
- III. He expects his children who have done well in their examinations to be properly rewarded.
- IV. The member feels that the Credit Union has personal and human touch and his communications and complaints would immediately be attended and responded at the right time. If the Credit Union helps those who are affected in natural calamities like floods, earthquakes, storms etc. it would boost Member Relations.
- V. A member always expects to be treated moderately, expects to be treated respectfully, expects to be rewarded properly. As a member he is satisfied and feels contented if his needs are satisfied.

- Social Needs:

A member as a Secondary requirement, requires following social needs. A member where he lives requires infrastructural facilities e.g.

- I. The street passing through colony requires a bus shed
- II. The colony requires a primary school
- III. The roads of colony where he stays require repairs
- IV. The colony requires Water Storage Tank.

...6..

...6..

## 6. The Need of Member Relations.

Since Member Relations is very important in the process of Credit Union development, the Board needs to implement various strategies to create Member Relations. The purpose of Credit Union is to look to develop, to protect and to preserve the interests of the members. Every Credit Union therefore has to implement Member Relation Development Programmes. Following can be some strategies -

1. To organize Members' Meet -:

The Credit Union has to organize quarterly Credit Union Members' Meet' The purpose of such meet would be as follows:-

- a) To resolve problems of members
- b) To accept suggestions received from the members.
- c) To improve services of the Credit Union
- d) To accept and resolve various complaints received from the members
- e) To offer certain concessions through various forms as per eligibility, standard and quality of the work.
- f) To offer certain monetary incentives in order to encourage business received from the members.

2. To implement various welfare programmes in order to maintain proper 'CARE-TAKING' Relations.
3. To undertake various welfare programmes for **senior citizens** such as Old Age Homes etc.
4. To make available certain important readable books.
5. To organise programmes for children of the members and also for Women-members.
6. To organise programmes for members who are physically handicapped, blind and mentally retarded.
7. To run Kinder Garden-schools, nursery schools and primary schools for small children.
8. To provide uniforms to poor students.
9. To provide scholarships to clever and bright students to encourage them for higher education.
10. To provide sports materials and uniforms to sportsmen members.
11. To conduct workshops in order to know the working of the Credit Union for the members.



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

### *Importance of Science of Member Relation Management*

Since Member Relations is very important in the process of Credit Union development, the Board needs to implement various strategies to create Member Relations.

#### **To Organize Members Meet:**

- a) To resolve problems of members.
- b) To accept suggestions received from the members.
- c) To improve services of the Credit Union.
- d) To accept and resolve various complaints received from the members.
- e) To offer certain concessions through various forms as per eligibility, standard and quality of the work.
- f) To offer certain monetary incentives in order to encourage business received from the members.



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

### *Importance of Science of Member Relation Management*

Since Member Relations is very important in the process of Credit Union development, the Board needs to implement various strategies to create Member Relations.

#### **To implement various welfare programmes in order to maintain proper relations.**



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

### *Importance of Science of Member Relation Management*

To undertake various welfare programmes for senior citizens.

To make available certain important readable books.



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

### *Importance of Science of Member Relation Management*

To organise programmes for children of the members and who are physically handicapped, blind and mentally retarded and also for Women-members





Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

*Importance of Science of Member Relation Management*

To run Kinder Garden-schools, nursery schools and primary schools for small children.



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

*Importance of Science of Member Relation Management*

To provide uniforms to poor students and sports materials and uniforms to sportsmen members.



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

*Importance of Science of Member Relation Management*

To provide scholarships to clever and bright students to encourage them for higher education.



Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai

## The need for Member Relations

*Importance of Science of Member Relation Management*

To conduct workshops in order to know the working of the Credit Union for the members.




### **The Role Of Chief Executive Officer & The Board to develop Member Relations**

The duty of the Board is to frame various policies to implement Member Relations Programmes. The motto of a Credit Union is to see the welfare of the members and accordingly various member relation programmes have to be launched. In a year through out month wise programmes for members can be organized.

Apart from organizing Credit Union Members Meets, Study Tours, Exhibition, Publishing magazines-periodicals, newspapers can be a part of such programmes. A balance sheet of the Credit Union, Various Publications, various notices can be exhibited on the notice board. Thus the functioning of the Credit Union can be transparent. The member of the Credit Union should be aware of his rights and liabilities and therefore, he should know the laws and legislations of the co-operation.

The role of The Chief Executive Officer is to take the policies of the Credit Union to the members and explain them various achievements of the Credit Union. The Chief Executive Officer has to bridge the gap between the board and members. He has to work as a Member Relations or Public Relations Officer. He has to play a role of accepting suggestions, complaints received from members and convey the policies, rules, regulations and the procedure of the Credit Union properly to members. He is answerable to the Board of members. The Credit Union can also appoint member welfare committee where select members of the Board and some representatives of members can sit together and design Member Relation Programmes.

**Maharashtra State Federation of Co-Op Credit Societies Ltd. Mumbai**

---


**The Role of The Board to develop Member Relations**

The motto of a Credit Union is to see the welfare of the members and accordingly various member relation programmes have to be launched.

Publishing magazines-periodicals, newspapers can be a part of such programmes.

The role of The Board is to take the policies of the Credit Union to the members and explain them various achievements of the Credit Union.

The Chief Executive Officer has to bridge the gap between the board and members.



---

---

---

---

---