



**CHAPTER - III**

**PROFILE OF SHRI PANCHAGANGA**

**NAGARI SAHAKARI BANK LTD.,**

**KOLHAPUR**



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##### **3.1 Introduction**

The Kolhapur District is one of the leading district in co-operation in all over India and particularly in Maharashtra. There are 62 Urban Co-operative Banks in district out of which 'Shri Panchaganga Nagari Sahakari Bank Ltd.' is one of the leading urban bank. The bank was established on 22<sup>nd</sup> Feb. 1972 under the leadership of Dr. R. G. Kulkarni, the then chairman of promoter body, with a view to provide financial help to the needy people of Kolhapur city. All promoters body members, at that time, were the members of Rashtriya Swayamsevak Sangh (R. S. S.) and mostly from teaching profession. By collecting only Rs. 40,000/- share capital and Rs. 1,40,000/- deposits, bank started its business in small house at Gujari. Thereafter with passage of time bank opened its own Head Office and branch at Pratibhanagar. Today bank has its Four branches at Pratibhanagar, Devkar Panand (Ambai Tank), Mahadwar Road and Kawala Naka.

With lots of problems faced like competition between banks, observing rules and regulations of various laws, bank maintained its performance satisfactory. At present (upto 2004) bank has 1 crore 34 lac share capital and 55 crore deposits. All the four branches showing a good performance, credit – deposit ratio, NPA, Investments, priority sector Advances, customer service, computerisation, continuous increasing profit, 'A' class Audit classification, dividend rate, etc. in all spheres bank has one step ahead from all other banks.

The following points shows the growth and development of 'Shri Panchaganga Nagari Sahakari Bank Ltd.', Kolhapur.'

### **3.2 Location of the Bank**

The bank is located in industrial-cum-residential area of the Kolhapur city known as 'Pratibhanagar'. The area is crowded by various small and medium size automobile shops, machinery spare parts and hardware stores, medical shops, hospitals, bakeries, schools and other small shops.

The bank has its head office (H. O.) in Pratibhanagar and four branches in Kolhapur City at Pratibhanagar, Devkar Panand (Ambai Tank), Mahadwar Road and Kawala Naka. Thus at present the bank has four branches.

### **3.3 Growth of the Bank**

'Shri Panchaganga Nagari Sahakari Bank Ltd.' is registered under the No. KPR/BNK-154 dated 22/02/1972 under the Maharashtra Co-operative Societies Act.

Following various aspects show the growth and development of the bank under study.

#### **3.3.1 Geographical Coverage**

As per the limit of the bye-laws of the bank and license from Reserve Bank of India and District Deputy Registrar of co-operative societies, bank covered Kolhapur district area for its operation. Accordingly, bank has opened four branches in Kolhapur city only at Mahadwar Road, Pratibhanagar, Devkar Panand (Ambai Tank) and Kawala Naka. Each branch location is suitable for the development of banking business. However, from the year 2001-02, as per the amendment, the area of operation

extends to Sangli, Ratnagiri and Sindhudurg districts. Although the area of operation is extended, bank has opened all its branches in Kolhapur city only.

### **3.3.2 Membership**

As per the by-laws of the bank, an individual over 18 years and competent to contract and domicile in banking operating area, becomes the member of the bank. Membership of the Bank is divided into two classes viz. Regular (A class) and Nominal (B class). However for 'A Class Membership' to any person, following considerations are taken into account by the bank.

1. No any criminal charge on him as individual or partner of partnership firm.
2. His business may not be competition for Bank's business.
3. He may not be employee of the bank.
4. He may buy at least one fully paid-up share and whose share application for share is sanctioned by the board of directors.

On the other hand, 'B class membership or nominal membership' is given to the person or who is giving personal guarantee to any loan holder, or who wants short term loan on mortgage of gold, silver, insurance policy, government bonds, etc. The person has to apply for 'B class membership' in prescribed application form alongwith prescribed admission fees. Nominal members are excluded from the right of voting and participation in the management of the bank.

The membership of Regular (A Class) from 1975 to 2002 is shown in the following table

**Table No. 3.1**

**Table showing the position of membership from 1975 to 2002**

<b>Year</b>	<b>Regular Members (A Class)</b>
1975	873
1980	1440
1985	3303
1990	5111
1995	7861
2000	9454
2002	10078

Source : Compiled from Annual Reports of the Bank.

The above table shows that the membership was increased rapidly with the span of every five years. From just 873 members, it was increased to more than 10,000 members in the year 2002. Thus there is steady growth in membership of the bank. It shows that more and more persons are enjoying the services from the bank. The bank has try to provide its services to its wide spread prospective customers.

### **3.3.3 Share Capital**

Share capital serves as a main base point for any business whether it is banking or non-banking. Share capital includes authorised share capital and paid-up share capital.

The following table indicates the position of share capital from its very beginning upto March 2002.

**Table No. 3.2****Table showing the position of share capital of the bank**

(Rs in Lakhs)

<b>Year</b>	<b>Authorised Share Capital (Rs.)</b>	<b>Paid-up Capital (Rs.)</b>	<b>Increase in Paid-up Capital (Rs.)</b>
1975	5.00	1.28	--
1980	5.00	2.19	0.91
1985	15.00	8.07	05.88
1990	25.00	17.36	09.29
1995	50.00	34.44	17.08
2000	100.00	74.43	39.99
2002	500.00	99.14	24.71

Source : Compiled from Annual Reports of the Bank.

The above table clearly shows that the authorised capital of bank stood 5 lakhs in 1975. It was raised to 5 Crores in 2002. Thus within the span of 27 years bank authorised capital was increased by 100 times. From 1990 to 2000, between these 10 years bank's own capital increased by two fold, and in 2002 bank made an amendment to fix its authorised capital of Rs. 5 crores.

The paid-up share capital of the bank as shown in the table increased from Rs. 1.28 lakhs in 1975 to 99.14 lakhs at the end of March 2002. There is steady growth in the amount of paid-up share capital. It indicates that the persons required to purchase shares for better facilities from the bank and to meet the credit needs.

### 3.3.4 Reserves and Surplus

It is an important component of working capital. It acts as a shock-absorbing cushion at the time of financial difficulty. Therefore, every bank always tries to build up a permanent reserve fund. There is also restriction for banks to keep aside a certain percentage of profit each year to fight any financial difficulty arises in case of emergency.

Following table shows the position of reserves and surplus during the period 1980 to 2002.

**Table No. 3.3**

**Table showing the position of Reserves and surplus  
from 1980 to 2002**

<b>Year</b>	<b>Amount ( Rs.)</b>
1980	57,000
1985	5,87,000
1990	29,04,000
1995	73,18,000
2000	1,76,13,000
2002	2,49,71,000

Source : Compiled from Annual Reports of the Bank.

Above table reveals that the total amount of various funds increased year after year. The amount increased from Rs. 57,000 in 1980 to 2.50 Crores at the end of March 2002. Thus the bank has followed the policies and rules framed by the RBI in this regard.

### 3.3.5 Deposit Mobilisation

Deposit mobilisation is the main function of banks. Without adequate deposits bank cannot do their business properly. The bank accepts various types of deposits from the public like saving, current, fixed, etc. Bank formulates various attractive and innovative schemes to attract deposits from customers.

Following table indicates the position of deposit during the period under review.

**Table No. 3.4**

**Table showing the position of Total Deposits  
from 1975 to 2002**

(Rs. in Lakhs)		
Year	Deposits (Rs.)	Increase (+) or Decrease (-) (Rs.)
1975	8.41	--
1980	16.32	12.91 (+)
1985	148.41	132.09 (+)
1990	463.82	315.41 (+)
1995	1057.32	593.50 (+)
2000	2400.09	1342.77 (+)
2002	3821.25	1421.16 (+)

Source : Compiled from Annual Reports of the Bank.

The data in the above table shows that total deposits increased from Rs. 8.41 lakhs in 1975 to Rs. 3821.25 lakhs in 2002. It shows quite increasing trend. There is also increase in amount of total deposits. The highest increase is recorded in the year 2002 by Rs. 1421 lakhs.



### 3.5.6 Loans and Advances

This is also considered important function of the bank. Lending operations of the bank includes both for productive and non-productive purposes in terms of cash credit, mortgage, hypothecation, term loan, etc. Bank provides loans against eligible security to its customers. Bank now-a-days takes into account new policy of RBI while giving loans to members in order to keep proper balance between all sectors.

The following table shows the position of loans and advances in the bank during the period under study.

**Table No. 3.5**  
**Table showing the position of Loans and Advances**  
**from 1975 to 2002**

(Rs. in Lakhs)		
Year	Loans & Advances (Rs.)	Increase (+) or Decrease (-) (Rs.)
1975	6.71	--
1980	14.06	7.35 (+)
1985	99.06	85.00 (+)
1990	308.21	209.15 (+)
1995	802.16	493.95 (+)
2000	1728.44	926.28 (+)
2002	2796.64	1068.20 (+)

Source : Compiled from Annual Reports of the Bank.

From the above table, it is clear that amount of Loans and Advances increased year after year. There is also so much increase in 2002 of Rs. 28 crores from Rs. 17 crores in the year 2000. Because of healthy financial position bank is able to grant more loans and advances to its customer in order to meet their financial needs.

From the year 1985 bank lends more amount in terms of loans & advances to its customers because of good deposit mobilisation.

### 3.3.7 Credit-Deposit Ratio

Credit – Deposit ratio shows the relationship between deposits collected and loans and advances granted by the bank.

The following table indicates position of the bank in terms of Credit-Deposit Ratio.

**Table No. 3.6**

**Table showing the position of Credit – Deposit Ratio**

(Rs in Lakhs)

<b>Year</b>	<b>Deposits (Rs.)</b>	<b>Loans &amp; Advances (Rs.)</b>	<b>CD Ratio</b>
1975	8.41	6.71	80 %
1980	16.32	14.06	86 %
1985	148.41	99.06	67%
1990	463.82	308.21	66 %
1995	1057.32	802.18	76 %
2000	2400.09	1728.44	72 %
2002	3821.25	2796.64	73 %

Source : Compiled from Annual Reports of the bank.

The Credit-Deposit ratio in the above table indicates that the ratio is fluctuating. From 80 % in the year 1975 it comes down to 73 % in the year 2002. The rules and regulations framed by RBI, competition, etc. are the reasons for this low Credit-Deposit ratio. It also shows that the bank lends nearly 75 % deposits to its borrowers in terms of loans and advances.

### 3.3.8 Profit and Dividend Rate

Performance of a bank is firstly assessed by examining the net profit and dividend declaration. The position of these two during the period 1975 to 2002 is shown in the following table.

**Table No. 3.7**

**Table showing the position of Net profit and Rate of Dividend from 1975 to 2002**

<b>Year</b>	<b>Profit (Rs.)</b>	<b>Rate of Dividend</b>
1975	5,000	--
1980	22,000	--
1985	1,56,000	12 %
1990	3,60,000	12 %
1995	5,82,000	12 %
2000	22,32,000	15 %
2002	30,29,000	15 %

Source : Compiled from Annual Reports of the Bank.

From just Rs. 5,000 in 1975 bank reaches upto Rs. 30,29,000 in 2002. Bank by observing all the necessary norms of government authorities made good progress. From 1999-2000 there is rapid increase in amount of profit. As far as dividend rate is concerned bank follows a stable dividend policy by giving 12 % dividend to its members upto the year 1995 and thereafter it was increased upto 15 %.