

CHAPTER - III

PERFORMANCE OF KOLHAPUR MAHILA CO-OPERATIVE
BANK LTD., KOLHAPUR.

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Co-operative urban banking in India is one of a fairly widespread, financially sound, expanding and useful framework of banking institutions.¹ Moreover, urban banks play useful role in mobilising deposits and financing the sector of small borrowers.² In view of the above consideration, an attempt is made in this chapter to evaluate the performance of Mahila Co-operative Bank, Kolhapur from the point of view of achieving its objectives such as promotion of credit facilities etc. In the first section, the achievement of Mahila Co-operative Bank is assessed on the basis of following indicators :

- 1) Membership coverage.
- 2) Collection of share capital.
- 3) Level of reserve funds.
- 4) Mobilisation of deposits.
- 5) Level of working capital and financial soundness.

The second section is devoted to assess the achievement in regard to provision of credit facilities.

Table 3.1
Growth in Membership

Year	Membership	Growth Index	Percentage change over previous year
1973-74	1400	100.00	-
1974-75	1657	118.36	+ 18.36
1975-76	2002	143.00	+ 20.82
1976-77	2593	185.21	+ 29.52
1977-78	2619	187.07	+ 1.00
1978-79	2943	210.21	+ 12.37
1979-80	3394	242.43	+ 15.32
1980-81	3713	265.21	+ 9.40
1981-82	4784	341.71	+ 28.84
1982-83	6564	468.86	+ 37.21
1983-84	7363	525.93	+ 12.17
1984-85	7524	537.43	+ 2.19

Source : Annual Reports of Kolhapur Mahila Co-operative Bank Ltd., Kolhapur.

The last section highlights the magnitude of overdues and trends in it.

SECTION-I

1) Membership Coverage :

Membership represents the extent to which coverage is attained. In fact, membership is a measure of peoples' involvement. A large membership adds to its strength of activities. This is because, the larger the number of members, the larger is the quantum of owned funds to give more financial strength to function more effectively by expanding increased services.

Membership of Mahila Co-operative Bank exhibited, by and large, upward trend in that it persistently increased from 1,400 to 7,524 during the period from 1973-74 to 1984-85 (Table 3.1). Therefore, its growth index continuously rose from 100 to 537.43 during the same period. It implies that Mahila Co-operative Bank has expanded its membership coverage to considerable extent.

However, yearly percentage change in membership was not uniform during the period under review. Membership rapidly increased in the year 1982-83; while it slowly increased in the year 1977-78 (Table 3.1). Membership of Mahila Co-operative Bank slightly increased from 2,593 to 2,619 by 1 percent during the year 1977-78 in as much as many members resigned their membership of the bank owing to political reason.³

Yearly growth rate in membership was highest at the level of 37.21% owing to establishment of new branch at Haladi on 25th September, 1983.

Membership of Mahila Co-operative Bank increased more than five times during the period of reference as its growth index increased from 100 to 537.43 (Table 3.1).

Aforesaid analysis reveals that performance of Mahila Bank in regard to membership coverage was fairly satisfactory during the period under review.

2) Collection of Share Capital ;

Initially the authorised capital of Mahila Co-operative Bank was to the extent of Rs. 5 lakhs. It continued to remain at the level of Rs. 5 lakhs upto

1981-82. However, authorised capital was stepped upto Rs. 10 lakhs since 1982-83.

Share capital constitutes important component of owned funds of Mahila Co-operative Bank. The magnitude

Table 3.2

Growth in Share Capital

Year	Share Capital in Rs.	Growth Index	Percentage change over previous year
1972-73	36,668	100.00	-
1973-74	54,180	147.76	+ 47.76
1974-75	76,160	207.70	+ 40.57
1975-76	89,110	243.02	+ 17.01
1976-77	96,210	262.38	+ 7.96
1977-78	95,200	259.63	(-) 1.04
1978-79	96,400	262.90	+ 1.26
1979-80	1,00,910	275.20	+ 4.68
1980-81	1,61,450	440.30	+ 59.99
1981-82	3,14,210	856.90	+ 94.62
1982-83	4,43,050	1,208.27	+ 41.00
1983-84	5,36,230	1,462.39	+ 21.03
1984-85	6,17,500	1,684.03	+ 15.15

Source : Annual Reports of Kolhapur Mahila
Co-operative Bank Ltd., Kolhapur.

of share capital is determined by two factors.

- 1) Size of the membership.
- 2) Level of loans and advances.

In order to become a member, a person has to contribute a certain minimum amount equivalent to the value of a share to share capital. Naturally expansion in membership coverage leads to increase in share capital.

Similarly, share holding is linked with borrowing in that it is necessary for borrower to contribute a certain part of loan amount to share capital of bank. Therefore, level of advances is an important factor in influencing the magnitude of share capital.

Share capital of Mahila Cooperative Bank and its growth index exhibited upward trend during the period under review with the exception of the year 1977-78. Share capital rose from Rs. 0.36 lakhs to Rs. 6.17 lakhs during the same period (Table 3.2). Consequently, its growth index increased from 100 to 1,684 during the same period. In other words, share capital increased about 17 times. Upward trends in both membership coverage and loans and advance caused share capital to increase at rapid rate.



Share capital declined in the year 1977-78 only from Rs. 0.96 lakhs to Rs. 0.95 lakhs. Consequently growth index declined by 1.04 percentage point. This decline in share capital may be attributed to some extent, to resignation of some members of Mahila Bank during the same year.

In the case of share capital, yearly growth rate was not uniform in as much as it was highest in the year 1981-82 accounting for 94.62% while it was negative in the year 1977-78 accounting for 1.04% (Table 3.2).

3) Level of Reserve Funds :

Mahila Co-operative Bank, Kolhapur maintains three types of funds :

1. Reserve Fund,
2. Building Fund and
3. Divident Equity Fund.

In addition to the collection of share capital, Mahila Bank has also strengthened its reserves by appropriations from profits. The present practice of deploying profits to various funds is as follows :

25% of net profits is contributed to reserve fund,
 25% of net profits to building fund,
 6% of net profits to dividend and
 5% of net profit to Dividened Equity Fund.

Table 3.3

Growth in Reserve Fund

Year	Reserve Fund in Rs.	Percentage change over previous year
1972-73	959	-
1973-74	1249	+ 30.24
1974-75	2113	+ 69.15
1975-76	2623	+ 24.14
1976-77	3958	+ 50.89
1977-78	6282	+ 58.72
1978-79	10319	+ 64.26
1979-80	15280	+ 48.08
1980-81	20705	+ 35.50
1981-82	36035	+ 74.04
1982-83	82929	+130.13
1983-84	198362	+139.19
1984-85	233892	+ 43.12

Source : Annual Reports of Kolhapur
 Mahila Co-operative Bank
 Ltd., Kolhapur.

Owing to deployment of profit in the above manner, reserve fund of Mahila Co-operative Bank, exhibited a continuous upward trend throught the entire period. Reserve fund persistently went on increasing from Rs. 0.02 lakhs in 1974-75 to Rs. 2.84 lakhs in 1984-85 (Table 3.3). Yearly growth rate in reserve fund was not only positive but also substantial owing to perceptible profits. Reserve fund rapidly increased mainly during the period 1981-82 to 1983-84 in as much as yearly growth rate in it contributed to remain above 74% (Table 3.3).

Total funds comprising reserve fund, building fund and dividend equity fund showed a upward trend during the period since 1976-77 (Table 3.4). Total funds of Mahila Co-operative Bank contineously increased from Rs. 0.04 lakhs in 1976-77 to Rs. 4.48 lakhs in 1984-85. Moreover, yearly growth rate in total reserve fund continued to be more than 29% (Table 3.4) during the same period.

However, total fund declined in the year 1975-76. As a result, yearly growth rate was negative during the same year owing to fall in the dead stock fund at zero level which constituted a considerable part total fund during previous years (Table 3.5).

Table 3.4Trends in Total Fund(Reserve Fund + Building Fund + Divident
Equity Fund)

Year	Total Funds in Rs.	Percentage change over previous year
1972-73	959	-
1973-74	2310	+ 140.87
1974-75	2830	+ 22.51
1975-76	2623	(-) 7.31
1976-77	3958	+ 50.89
1977-78	7412	+ 87.26
1978-79	12989	+ 88.73
1979-80	20345	+ 56.63
1980-81	34207	+ 68.13
1981-82	53281	+ 55.76
1982-83	191027	+ 258.53
1983-84	348005	+ 82.17
1984-85	448317	+ 28.82

Source : Annual Reports of Kolhapur Mahila
Co-operative Bank Ltd., Kolhapur.

Table 3.5Composition of Total Funds

Year	Reserve Fund in Rs.	Building Fund in Rs.	Divident Equity Fund in Rs.	Total Fund in Rs.
1972-73	959 (100.00)	-	-	959 (100.00)
1973-74	1249 (45.07)	1061* (45.93)	-	2310 (100.00)
1974-75	2113 (74.66)	717* (25.34)	-	2830 (100.00)
1975-76	2623 (100.00)	-	-	2623 (100.00)
1976-77	3958 (100.00)	-	-	3958 (100.00)
1977-78	6282 (84.75)	1130 (12.25)	-	7412 (100.00)
1978-79	10319 (79.44)	2670 (20.56)	-	12989 (100.00)
1979-80	15280 (75.10)	5065 (24.90)	-	20345 (100.00)
1980-81	20705 (60.53)	8767 (25.63)	4734 (13.84)	34206 (100.00)
1981-82	36035 (67.63)	17246 (32.37)	-	53281 (100.00)
1982-83	82929 (43.41)	101814 (53.30)	6284 (3.29)	191207 (100.00)
1983-84	198362 (57.00)	141850 (40.76)	7792 (2.24)	348004 (100.00)
1984-85	283892 (63.32)	155261 (34.63)	9165 (2.05)	448318 (100.00)

1) *Denote dead stock fund.

2) Figures in parentheses denote percentage to total.

Source : Annual Reports of Kolhapur Mahila
Cooperative Bank Ltd., Kolhapur.

Mahila Co-operative Bank, Kolhapur started building fund from 1977-78 (Table 3.5). The latter was augmented out of profit. Building fund showed an upward trend in that it rapidly increased from Rs. 1130 in 1977-78 to Rs. 1.5 lakhs in 1984-85. Naturally, proportion of building fund to total fund perceptibly rose from 15.25% to 53.30% during the period from 1977-78 to 1982-83 (Table 3.5). However, during subsequent period of 2 years since 1983-84, it rapidly declined to 34.63% owing to substantial increase in the proportion of reserve fund to total fund during the same period.

Mahila Bank started dividend equity fund since 1980-81. It formed a small part of total fund. Moreover, proportion of dividend equity fund to total fund exhibited continuous downward trend in that it declined from 13.84% in 1980-81 to merely 2% in 1984-85 (Table 3.5). Dividend equity fund was not substantial as very ^{small} part equivalent to 5% of net profit was kept in this fund.

Reserve fund formed a sizeable proportion of total fund during the entire period under review as its proportion to total fund continued to remain above 50% with the exception of the year 1982-83 (Table 3.5).

4) Mobilization of Deposits :

The performance of Mahila Co-operative Bank ⁿis regard to mobilization of deposits is fairly satisfactory. Deposit mobilization required not only creation of confidence among the people in safety of their deposits but also assurance of higher returns. The total deposits of Mahila Co-operative Bank continuously increased (with the exception of the year 1981-82) from Rs. 1.45 lakhs to Rs. 68.35 lakhs during the period 1975-76 to 1984-85 (Table 3.6) consequently, its growth index showed an upward trend as it rapidly rose from 100 to 4712.56 during the same period.

Total deposits and its growth index declined only during the year 1981-82 by 13.54 percentage points. It is very difficult to ascertain factors causing total deposits to fall.

Yearly growth rate in total deposits was not uniform during the entire period in as much as it was at highest level of 109.99% in 1980-81, while it was at lowest level of 16.51% in 1984-85 (Table 3.6).

Many factors such as interest rates, innovative deposit schemes, public confidence upon the bank, efforts of the bank influence deposit mobilization. Owing to following factors, total deposits of Mahila Co-operative Bank exhibited upward trend.

- 1) Mahila Co-operative Bank had a close and continuous contact with members and non-members. Naturally, through contact, it created a confidence in the minds of depositors.
- 2) Mahila-Co-operative Bank started various innovative deposit schemes such as Shubha Laxmi Deposit Scheme, recurring deposit scheme and double amount deposit scheme etc. These various schemes resulted in increasing total deposits at a rapid rate.
- 3) Mahila Co-operative Bank also opened a new Branch consequently through it, it was able to attract more deposits.
- 4) Mahila Co-operative Bank was allowed by R.B.I. to pay 1% higher interest rate than that of commercial banks. This incentive

Table 3.6Trends in Total Deposits

Year	Total Deposits in Rs.	Growth Index	Percentage change over previous year
1975-76	145034	100.00	-
1976-77	283376	195.38	+ 95.38
1977-78	435534	300.30	+ 53.70
1978-79	836068	576.46	+ 47.91
1979-80	1405088	968.80	+ 68.06
1980-81	2950518	2034.36	+ 109.99
1981-82	2551115	1758.98	(-) 13.54
1982-83	4023124	2773.92	+ 57.70
1983-84	5866275	4044.76	+ 45.81
1984-85	6834821	4712.56	+ 16.51

Source : Annual Reports of Kolhapur
Mahila Co-operative Bank Ltd.,
Kolhapur.

led the public to deposit their amounts with Mahila Co-operative Bank.

Composition of Deposits :

Total deposits of Mahila Co-operative Bank comprise various types of deposits. These are as follows :

1. Double amount deposits.
2. Time deposits.
3. Recurring Deposits.
4. Call deposits
5. Shubha Laxmi Deposits.
6. Saving deposits
7. Daily saving deposits.
8. Special savings
9. Current Accounts.

Innovative deposit schemes such as Shubha Laxmi deposits (or Pigmy deposits) Recurring deposits, saving deposits etc. are suited to the habits and needs of the women of the area. It is, therefore, pertinent to discuss important features of these deposit schemes.

Shubha Laxmi deposits :

This type of deposits is highly suited in promoting habits of thrift among women.

1) Every day very small amount equivalent to Re.1/- or any multiple of it may be deposited in the Shubha Laxmi deposit account.

2) Any woman can open this account at any time.

3) Shubha Laxmi deposit account has considerable flexibility in regard to its operations. This account can be temporarily closed down when it is difficult for women to deposit particular daily amount due to unavoidable reasons. It can be reopened when it is convenient for women to deposit daily amount.

4) Collection of Shubha Laxmi deposit is very convenient for depositors. Servant or agent of the bank with pass book daily visits homes of depositors. Hence it is very useful and convenient, particularly for women.

5) Depositor can withdraw entire amount before maturity. However, no interest is paid on the amount.

6) Depositors can obtain loans and advances on the security of Shubha Laxmi deposit.

Recurring Deposits :

Recurring deposits are highly useful in promoting savings.

1) Certain monthly instalment equivalent to Rs.5/- or Rs. 10/- and any multiple of it can be deposited in this type of account.

2) Attractive interest rates are paid on recurring deposits. Moreover, entire amount of deposit is paid after completion of maturity period. Maturity period ranges from 1 year to 5 years.

3) Credit facilities are available from bank on the security of recurring deposits.

4) Depositor can deposit future monthly instalments for his convenience.

5) This account can be opened either independently or jointly.

Saving Deposits :

Mahila Co-operative Bank started this account in order to promote small savings. This type of deposits has following features :

1) A person cannot open more than one account in his or her name.

2) A person cannot deposit more than Rs. 25,000/- in his or her account as no interest is paid on the amount above the maximum ceiling of Rs. 25,000/-.

3) Minimum amount of Rs. 5/- is necessary to open this account.

4) Depositors are allowed to withdraw amounts from this deposits twice in every week.

5) Credit facilities are available from bank on the security of such deposits.

Composition of deposits of Mahila Co-operative Bank is presented in the Table No. 3.7.

1) Time deposits formed a sizeable part of total deposits as proportion of time deposits to total deposits continued to remain above 32% during the period from 1973-74 to 1981-82 (Table 3.7). However, it rapidly declined to 11.11% during the subsequent period.

Absolute amount of time deposits persistently rose from Rs. 0.19 lakhs in 1973-74 to Rs. 12.43 lakhs in 1980-81.

Year	: Current Account	: Total Deposits
1	Rs. 10	Rs. 11
1973-74	-	23,600 (100.00)
1974-75	340 (00.43)	80,633 (100.00)
1975-76	1,888 (1.30)	1,45,034 (100.00)
1976-77	4,418 (1.56)	2,83,376 (100.00)
1977-78	2) 18,561 (4.26)	4,35,534 (100.00)
1978-79	3) 24,440 (2.92)	8,36,068 (100.00)
1979-80	5) 16,569 (1.18)	14,05,088 (100.00)
1980-81	6) 31,472 (1.07)	29,50,518 (100.00)
1981-82	4) 14,960 (00.59)	25,51,115 (100.00)
1982-83	1) 31,397 (00.78)	40,23,124 (100.00)
1983-84	8) 29,448 (00.5)	58,66,275 (100.00)
1984-85	3) 1,18,743 (1.74)	68,34,821 (100.00)

However, during subsequent period, amounts of time deposits slowly declined to Rs. 7.59 lakhs with the exception of the year 1983-84 (Table 3.7).

2) Mahila Co-operative Bank started accepting double amount deposit since 1981-82. Double amount deposit showed a continuous upward trend in that it rose from Rs. 2.38 lakhs to Rs. 13.75 lakhs during the short period from 1981-82 to 1984-85 (Table 3.7). Consequently, its proportion to total deposits rapidly increased from 9.34% to 20.13% during the same period. The proportion of double amount deposit to total exceeded that of time deposits during 1984-85. This analysis implies growing popularity of this type of deposits among women during recent period. Important feature of this type of deposits is that amount deposited becomes automatically double with completion of maturity period. Maturity period for double amount deposit was the period of 72 months or 6 years in 1984-85. However, this maturity period was made shorter to 70 months and 11 days in 1984-85 in order to attract more savings (Table 3.10). Naturally shorter maturity period led to rapid increase in double amount deposit in 1984-85.

3) Recurring deposits of Mahila Co-operative Bank showed an upward trend throughout the entire period under

review. Recurring deposits rose from merely Rs. 275 in 1974-75 to Rs. 2.78 lakhs in 1984-85. However recurring deposits accounting for less than 7% during the same period (Table 3.7). The proportion of recurring deposits to total continued to remain in the range of 1.5% and 6.6% during the period since 1975-76 (Table 3.7).

Various monthly instalments and their respective resultant amounts to be obtained after various maturity periods are shown in the Table No. 3.8.

4) Amount of call deposits continued to remain very small amounting to less than Rs. 15,000. Therefore, call deposits were insignificant accounting for less than 0.5% of total deposit (Table 3.7). In regard to call deposits, urban banks have been prohibited from offering an interest rate exceeding half per cent to the general public.⁴

5) Mahila Co-operative Bank started Pigmy deposit scheme from 1975-76. However, it was converted into Shubha Laxmi Deposit Scheme in 1978-79. During the period of 3 years since 1975-76, pigmy deposits fromed about 12% to 38% of total deposits (3.7).

Shubha Laxmi deposit scheme has been very popular among women in as much as deposits under this scheme continuously increased from Rs. 1.49 lakhs to Rs. 20.15 lakhs during the period 1978-79. to 1984-85. Along with other facilities such as daily acceptance of deposits in very small amounts through agents, comparatively higher interest rates also contributed to the growth of Shubha Laxmi deposits.

Various daily instalments and their respective resultant amounts to be obtained after completion of various maturity periods are shown in Table No. 3.9. Amounts to be obtained after maturity are very attractive. The proportion of Shubha Laxmi deposits to total deposits continued to remain in the range between 15% and 33% (Table 3.7).

6) Saving deposits constituted a large part of total deposits during entire period under review. Its proportion to total deposits continued to remain in the range of 20% and 54% during the same period. Interest rates on these deposits are governed by directives issued by the R.B.I. from time to time since 1974. Owing to upward variation in interest rates on deposits, during the period

Table 3.8

Recurring Deposits and Interest
Rates during the year 1984-85.

Monthly Instal- ment in Rs.	Amount to be obtained after Maturity in Rs.				
	12 Months	24 Months	36 Months	48 Months	61 Months
5	62.50	130	205	285	385
10	125.00	260	410	570	770
20	250.00	520	820	1140	1540
25	312.50	650	1025	1425	1925
50	625.00	1300	2050	2850	3850
100	1250.00	2600	4100	5700	7700

Source : Pass Book of the Recurring
Deposit Account.

Table 3.9Shuba Laxmi Deposit and Interest
rate during 1984-85

Daily Instal- ment in Rs.	Amount to be obtained after <u>the Maturity period of</u>		
	1 year	3 years	5 years
1	375	1260	2100
2	750	2520	4200
3	1125	3780	6300
5	1875	6300	10500
10	3650	12600	21000

Source : Pass Book of Shubh Laxmi
Deposit Account.

Table 3.10Interest Rates on Deposits

Period	Interest Rates			
	1975-76	1977-78	1981-82	1984-85
1) From 15 days to 45 days	3	3.5	4	4
2) 46 days to 90 days	3.5	4	5	5
3) 91 days to less than 6 months	5.5	5	6	7
4) 6 months to less than 9 months	6	5.5	7	8
5) 9 months to less than 1 year	8.5	6	8	9
6) One year to less than 24 months	9	7	9	9.5
7) 24 months to 36 months	10	10	10	10
8) Above 36 months	10	8.5	11	11
9) Above 60 months	11	10	12	12
10) Double amount deposit	-	-	72 months	72 months 11 days

Source : Annual Reports of Kolhapur Mahila Co-operative Bank Ltd., Kolhapur.

since 1981-82, the proportion of saving deposits to total deposits exhibited an upward trend in that the latter rose from 22% to 27.66%. Amount of saving deposits also increased from Rs. 5.65 lakhs in 1981-82 to Rs. 18.9 lakhs in 1984-85 (Table 3.7).

7) Amount of daily savings deposit continued to remain insignificant during entire period. Consequently its proportion to total deposits remained below 1% during the period 1979-80 to 1984-85.

8) Amount of special savings continuously went on increasing during the period of reference. It rose from Rs.0.07 lakhs in 1977-78 to Rs. 3.79 lakhs in 1984-85. Special savings formed a small part of total deposits as its proportion to total remained in the range of 1.66% and 7.63% during the period 1977-78 to 1984-85.

9) Current deposits had two features :

- a) Amount of current deposits remained at low level.
- b) Amount of current deposits exhibited neither upward nor downward trend. On contrary, it showed a fluctuating trend.

Its proportion to total deposits continued to remain less than 4.26% during the entire period under review.

Considering aforesaid analysis of deposits, it may be concluded that performance of Mahila Co-operative Bank in regard to mobilization of resources and augmentation of deposit was fairly satisfactory.

5) Level of Working Capital and Financial Soundness :

The capital structure of Mahila Co-operative Bank consists of owned funds and borrowed funds. Share capital and reserves form the owned funds; while deposits and loans from outside including from District Central Co-operative Bank form the borrowed funds. The sum total is the working capital.

The working capital exhibited an upward trend during the period 1975-76 to 1980-81 in that it increased from Rs. 2.72 lakhs to Rs. 33.63 lakhs. However, working capital as well as its growth index declined by 0.73% during the year 1981-82 owing to a large decline in deposits which formed sizeable part of it. During subsequent period,

level of working capital as well as its growth indeed rose respectively from Rs. 33.42 lakhs to 82.35 lakhs and from 1228 to 3027 (Table 3.11). Therefore, working capital of Mahila Co-operative Bank increased more than 30 times during the period 1975-76 to 1984-85.

Table 3.11

Trends in Working Capital

Year	Working Capital in Rs.	Growth Index	Percentage change over previous year
1975-76	272066	100.00	-
1976-77	436026	160.26	+ 60.26
1977-78	623219	229.07	+ 42.94
1978-79	1044538	383.93	+ 67.60
1979-80	1708450	627.95	+ 63.56
1980-81	3366748	1237.47	+ 97.06
1981-82	3342236	1228.46	(-) 00.73
1982-83	5032715	1849.81	+ 50.58
1983-84	7062590	2595.91	+ 40.33
1984-85	8235435	3026.99	+ 16.61

Source : Annual Reports of Kolhapur Mahila Co-operative Bank Ltd., Kolhapur.

Composition of Working Capital :

Working capital consists of (1) Borrowed Funds and (2) Owned funds.

1) Borrowed Funds :

Borrowed funds formed a major source of working capital. However, borrowing component of borrowed funds constituted a very small part. In some years, borrowings of Mahila Co-operative Bank was zero. Consequently, proportion of borrowings to working capital continued to remain insignificant accounting for less than 6% (Table 3.12) during the period from 1980-81 to 1984-85.

Deposits constituted a major part of borrowed funds. Deposits accounted for 87.64% of working capital in 1980-81. Table 3.12 reveals that average proportion of deposits to working capital accounted for more than 80% during the period 1980-81 to 1984-85.

2) Owned Funds :

Reserves formed a small part of working capital as the proportion of the former to the latter continued to remain less than 6%. Similarly, share capital constituted

Table 3.12

Composition of Working Capital

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
I) Share Capital	161450 (4.80)	314210 (9.40)	443050 (8.80)	536230 (7.59)	617500 (7.50)
II) Reserves	34206 (1.02)	53281 (1.59)	191027 (3.80)	348004 (4.92)	448318 (5.44)
III) Deposits	2950518 (87.64)	2551115 (76.33)	4023124 (79.94)	5866275 (83.06)	6834821 (82.99)
IV) Borrowings	-	192000 (5.74)	143619 (2.85)	-	-
V) All Other Liabilities	220574 (6.55)	231630 (6.93)	231895 (4.61)	312081 (4.42)	334796 (4.07)
Total (I+II+III+IV+V)	3366748 (100.00)	3342236 (100.00)	5032715 (100.00)	7062590 (100.00)	8235435 (100.00)

Figures in brackets are percentage of total.

a small part of working capital accounting for less than 10% during the same period.

Eventhough owned funds comprising share capital and reserves remained at a low level, the proportion of owned funds to working capital exhibited a continuous upward trend in that it persistently increased from 5.82% in 1980-81 to 12.94% in 1984-85 (Table 3.12). On the contrary, the proportion of borrowed funds to working capital showed a downward trend particularly during the period 1980-81 to 1982-83. It implies that performance of Mahila Co-operative Bank in improving its financial soundness was satisfactory. Moreover, Mahila Co-operative Bank was, by and large, self-reliant without recourse to borrowing from higher financing agency to a significant extent.

Section-II

Mahila Co-operative Bank maintains cash in hand to meet the demands of the depositors. The cash reserves to be maintained are fixed by the Registrar of Co-operative Societies. Under the provisions of Banking Regulation Act, Mahila Bank has to keep a proportion of demand and time liabilities as liquid resources. Moreover, a certain proportion of resources is kept in the form of call deposits with Kolhapur District Central Co-operative Bank., State Bank of India and Bank of India.

Apart from call deposits, Mahila Co-operative Bank invests its surplus funds in fixed deposits of Kolhapur District Central Co-operative Bank and in share of Co-operative Societies. Such investment of funds is of great value to the K.D.C.C. in providing credit facilities (short-term) to farmers through primary Agricultural Co-operative Credit Societies. Thus Mahila Bank indirectly helps to promote agricultural production.

Investment of Mahila Co-operative Bank exhibited an upward trend during the period 1975-76 to 1980-81 in as much as it rapidly increased from Rs. 0.10 lakhs to Rs.8.0

Table 3.13Trend in Investment

Year	Amount of Investment in Rs.	Percentage change over previous year
1975-76	10100	-
1976-77	50100	+ 396.04
1977-78	75100	+ 49.90
1978-79	125100	+ 66.58
1979-80	300100	+ 139.89
1980-81	800100	+ 166.61
1981-82	592600	(-) 25.93
1982-83	652600	+ 10.12
1983-84	1477600	+ 126.44
1984-85	N.A.	-

Source : Annual Reports of the Bank.

(Table 3.13). Yearly growth, rate in investment continued to remain above 50% during the same period. However, investment steeply declined from Rs. 8.0 lakhs to Rs. 5.92 lakhs by 26% during the year 1981-82 owing to mainly large decrease in deposit resources from Rs. 29.5 lakhs to Rs. 25.5 lakhs by 13.54% during the same year (Table 3.13 and 3.6). During the period since 1982-83, investment rose from Rs. 5.92 lakhs to Rs. 14.77 lakhs owing to large accretion of deposits with Mahila Co-operative Bank.

Provision of Credit facilities :

The resources of Mahila Co-operative Bank are mostly investment in the form of loans and advances. Lending policy of Mahila Co-operative Bank is laid down by its bye laws or rules framed by it under its bye-laws. Subject to the provisions of bye-laws, the management enjoys a wide discretion in the matter of working out the details of its lending policy. In order to frame its lending policy, Mahila Co-operative Bank takes into consideration two factors (i) available resources and (ii) period for which resources are likely to be available.

Loans are granted for the following purposes by Mahila Co-operative Bank :

- 1) Working capital/block capital of small scale and cottage industries.
- 2) Professional and selfemployed.
- 3) Transport operators.
- 4) Working capital for retail trade and wholesale trade.
- 5) Consumption purposes.
- 6) Ceremonial expenses.
- 7) Discharge of prior debt.
- 8) Development or acquisition of house property.
- 9) Agricultural and Allied activities.
- 10) Education expenses.
- 11) Others.

Total loans supplied for above purposes by Mahila Co-operative Bank are presented in (Table 3.14). Total loans and advances of Mahila Co-operative Bank exhibited an upward trend throughout entire period under review. Total loans and growth index peristently rose respectively from Rs. 1.53 lakhs to Rs. 54.25 lakhs and from 100 to 3733 during the period 1975-76 to 1984-85. Total loans increased more than 37 times during the period of reference.

Table 3.14

Growth of Total Loans supplied
by Mahila Co-operative Bank
Ltd., Kolhapur

Year	Amount of Total loans in Rs.	Growth Index	Percentage change over previous year
1975-76	153340	100	-
1976-77	288201	187.95	+ 87.95
1977-78	416531	271.64	+ 44.53
1978-79	811321	529.10	+ 94.78
1979-80	1255995	819.09	+ 54.81
1980-81	2340566	1526.39	+ 86.35
1981-82	2547946	1661.63	+ 8.86
1982-83	3140771	2048.24	+ 23.27
1983-84	4547829	2965.85	+ 44.80
1984-85	5424632	3733.29	+ 25.88

Source : Annual Reports of the Bank.

Yearly growth rate in total advances continued to remain positive during the same period. However, yearly growth rate in advances was lowest in 1981-82 accounting for merely 8.86% owing to a large decline in deposit resources of Mahila Co-operative Bank during the same period. Excluding the year 1981-82 yearly growth rate in loans and advances continued to remain above 23% during the period under review.

Composition of total loans :

Mahila Co-operative Bank makes both short-term as well as Medium term loans and advances. Short-term loans are advanced for the period of 20 months; while medium term loans are advanced for the period of 24 months (2 years). Loans are advanced for maximum period of 3 years. Provision, however, exists in the co-operative Societies Act/Rule for extension of the period upto 5 years with the permission of the Registrar.

Total loans supplied by Mahila Co-operative Bank consisted of short-term and medium term loans during the period from 1975-76 to 1984-85 (Table 3.15). Medium term loans showed an upward trend throughout the entire period

Table 3.15Supply of Total Loans of Mahila
Co-operative Bank Ltd., Kolhapur

Year	Short term loans		Medium term loans		Total Amount in Rs.
	Amount in Rs.	% of Total	Amount in Rs.	% of Total	
1975-76	47378	30.90	105962	69.10	153340
1976-77	65810	22.83	222391	77.17	288201
1977-78	60784	14.59	355747	85.41	416531
1978-79	144702	17.84	666619	82.16	811321
1979-80	450884	35.90	805111	64.10	1255995
1980-81	646420	27.62	1694146	72.38	2340566
1981-82	791325	31.06	1756651	68.94	2547946
1982-83	912418	29.05	2228353	70.95	3140771
1983-84	1719206	37.80	2828623	62.20	4547829
1984-85	1408041	25.96	4016591	74.04	5424632

Source : Annual Reports of the Bank.



under review, similarly, short term loans continuously rose during the same period except in the year 1977-78 (Table 3.15). Medium term loans increased from Rs. 1.06 lakhs in 1975-76 to Rs. 40.16 lakhs in 1984-85. Short term loans also rose from Rs. 0.47 lakhs to Rs. 14.08 lakhs during the same period. Table reveals that large part of total loans supplied by Mahila Co-operative Bank consisted of Medium term loans and advances during the entire period in as much as the proportion of the medium term loans to total loans remained, by and large, above 60% throughout the entire period. On the contrary, short term loans and advances constituted comparatively, small part of total loans and advances in relation to medium term loans. The proportion of short term loans to total loans continued to remain less than 40% during the entire period (Table 3.15). In brief, the proportions of short term and medium term loans to total loans continued to remain in the range of respectively 14.59% to 37.80% and 62.2% to 85.41%.

Optimum Level of Advances and
Actual Advances of Mahila
Co-operative Bank :

The extent of loans and advances granted by Mahila Co-operative Bank in relation to its resources is given in table 3.16.

Table 3.16

Optimum Level of Advances of And Actual
Advances of Mahila Co-operative Bank

Year	Loans and Advances in Rs.	Owned Funds in Rs.	Deposits in Rs.	Borrow- ings in Rs.	Credit Deposit Ratio 2 as % of 4	Optimum* level of loans and advances in Rs.
1.	2.	3.	4.	5.	6.	7.
1975-76	153340	91733	145034	-	105.73	170323
1976-77	288201	100168	283376	-	101.70	273489
1977-78	416531	101482	435534	-	95.64	380985
1978-79	811321	106709	836068	15000	97.04	880279
1979-80	1255946	116190	1405088	28935	89.39	1099639
1980-81	2340566	182155	2950518	-	79.33	2201979
1981-82	2547946	350255	2551115	192000	99.87	2240472
1982-83	3140771	525979	4023124	143619	78.07	3354290
1983-84	4547824	734592	5866275	-	77.52	4657336
1984-85	5424632	901392	6834821	-	79.37	5460419

* In accordance with norms fixed by the R.B.I. the optimum amount of loans and advances is calculated at 75 percent of owned funds + 70 percent of deposit resources + 100 percent of borrowings.

Source : Annual Reports and Records of
Mahila Co-operative Bank Ltd.,
Kolhapur.

It is observed that the deposits of Mahila Co-operative Bank rose by more than 47 times from 1.45 lakhs to Rs. 68.35 lakhs during the period 1975-76 to 1984-85, but the loans and advances increased by more than 37 times from Rs. 1.5 lakhs to Rs. 54.25 lakhs during the same period. It may also be seen ^{co-}operative bank was more than 77% during the 10 years period from 1975-76 to 1984-85 (Table 3.16).

In order to ascertain efficiency of Mahila Co-operative Bank in regard to utilization of its resources, optimum level of loans and advances has been estimated. The optimum amount of loans and advances in a year is calculated at 75 per cent of owned funds plus 70 per cent of deposit resources plus 100 per cent of borrowings.⁵ The aggregative loans and advances of Mahila Co-operative Banks exceeded the optimum level during the periods from 1976-77 to 1977-78 and from 1979-80 to 1981-82. However, during the period from 1982-83 to 1984-85, aggregate loans and advances were less than optimum level. But the gap between the optimum level of advances and actual advances was not sizeable during any year in as much as it accounted for less than 5.3% of the total deposits.

Similarly, in the years 1975-76 and 1976-77 total loans remained below optimum level. But gap between the optimum level of advances and actual advances was not large as it accounted for less than 8.25% of aggregate deposits.

From this it may be inferred that Mahila Co-operative Bank was equally aggressive in increasing both deposit resources as well as provision of credit facilities.

Purposewise Classification
of Advances :

Purposewise classification of advances is given in table No. 3.17. Mahila Co-operative Bank advances loans for variety of purposes. Most of the loans given by Mahila Co-operative Bank were for development or acquisition of house property which accounted for 46.87% of the total loans and advances outstanding at the end of June 1983 (Table 3.17). The advances for ceremonial expenses were also sizable in as much as they formed 20.15% of the total loans outstanding at the end of June 1983. The loans and advances given to professionals and self-employed constituted 13.16% of the total loan outstanding at the end of June 1983.

Table 3.17

Purposewise Classification of
Outstanding Loans

Purpose	At the end of June 1983		At the end of June 1985	
	No. of A/c.	Amount of outstand- ing loans in lakhs	No. of A/c.	Amount of outstand- ing loans in Rs. lakhs
1) Cottage and small scale industries	-	-	15 (0.54)	1.27 (2.34)
2) Professionals and self-employed	223 (10.90)	5.42 (13.16)	101 (3.63)	3.65 (6.73)
3) Transport operators	-	- (0.43)	12 (0.43)	1.31 (2.41)
4) Trade Retail	-	-	40 (1.44)	1.85 (3.41)
5) Wholesale Trade	-	-	15 (0.54)	2.09 (3.85)
6) Education	-	-	4 (0.14)	1.97 (3.63)
7) Ceremonial	527 (25.77)	8.30 (20.15)	91 (3.27)	1.38 (2.54)
8) Consumption	-	-	1019 (36.61)	13.03 (24.02)
9) Repayment of debt	-	-	820 (29.46)	5.77 (10.64)
10) Development or acquisition of house property	669 (32.71)	19.31 (46.87)	116 (4.17)	7.95 (14.65)
11) Agriculture and allied activities	-	-	7 (0.25)	0.62 (1.14)
12) Others	626 (30.61)	8.17 (19.83)	543 (19.51)	13.36 (24.63)
Total :	2045 (100.00)	41.20 (100.00)	2783 (100.00)	54.25 (100.00)

It may be seen that Mahila Co-operative Bank diversified its loan portfolio during the year 1984-85 as it advanced loans for all purposes. During the year 1984-85, about one fourth ($\frac{1}{4}$) of the total loans went for consumption purpose as the proportion of loans for consumption to total loans out standing accounted for 24% at the end of June, 1985. Loans for housing (construction/repairs), repayment of debt were also significant in as much as the former and the latter respectively accounted for 14.65% and 10.64% of the total loans and advances outstanding at the end of June, 1985.

Loans for agricultural and allied activities were insignificant as they formed 1.14% of total loans outstanding.

The share of professionals and self-employed in total loans sharply declined from 10.9% at the end of June 1983 to 6.9% at the end of June 1985. The advances to small scale industries formed 2.34% of the total loans outstanding. Retail trade and wholesale trade had more or less equal share in total advances outstanding at the end of June 1985.

Above analysis reveals that the performance of Mahila Co-operative Bank in respect of diversification of loan portfolio was to some extent satisfactory.

Securitywise Classification
of Loans :

While Co-operative Bank grants loans and advance against various kinds of securities like mortgage of immovable properties, pledge of pmerchandise, gold and silver ornaments, fixed deposits, Shubha Laxmi deposits (i.e. pigmy), agricultural produce, Government and other trustee securities etc. There is no rule regarding the duration of loans against various types of securities. Bye laws of Mahila Co-operative Bank prescribed the maximum amount of loan that can be granted against each type of security. Prevailing practice of fixing maximum amount of loan against each type of security is given in table 3.18.

Table 3.18Securitywise Scales of Advances

Type of Security	Scale of loan in term of percentage of value of secu- rity.	Period for loan
Gold	50.00	1 year
Fixed deposit	80.00	1 year
Recurring deposit	80.00	1 year
Shubha Laxmi deposit	80.00	1 year
Cash Credit	60.00	11 months
Over Draft	80.00	11 months
Immovable Property	50.00	2 years

Securitywise classification of short term loans is given in table No. 3.19.

1) Unsecured short-term loans were insignificant during the period 1980-81 to 1984-85 as they accounted for less than 1% of the total short-term loans.

2) Loans against gold ornament exhibited an upward trend in that they continuously rose from Rs. 1.21 lakhs in

Table 3.12

Securitywise Classification of Short-term Loans

Year	Unsecured Short-term loans in Rs.	Hypothecation and Cash Credit in Rs.	Overdraft in Rs.	Gold security advances in Rs.	Shubha Laxmi deposit security advances in Rs.	Time Deposit and Double amount deposit security advance in Rs.	Total Short-term loans in Rs.
1980-81	4376 (0.68)	238340 (36.87)	63604 (9.84)	121394 (18.78)	54320 (8.40)	164386 (25.43)	646420 (100.00)
1981-82	4926 (0.62)	205182 (25.83)	80195 (10.13)	180631 (23.11)	99139 (13.44)	221252 (27.10)	791325 (100.00)
1982-83	5246 (0.57)	186752 (20.47)	139614 (15.30)	210880 (22.83)	122657 (12.53)	247269 (27.96)	912418 (100.00)
1983-84	4818 (0.28)	587079 (34.15)	106995 (6.22)	300036 (17.45)	316449 (18.41)	403829 (23.49)	1719206 (100.00)
1984-85	4791 (0.34)	360864 (25.63)	110967 (7.88)	348048 (24.72)	312864 (22.22)	270507 (19.21)	1408041 (100.00)

Figures in parentheses denote percentage to total.

Source : Annual Report of Mahila Bank.

1980-81 to Rs. 3.5 lakhs in 1984-85. The proportion of gold security advances to total short-term loans persistently increased from 18.78% to 24.72% except in the year 1983-84.

3) Short-term advances against Shubha Laxmi deposit and their proportion to total showed an upward trend in as much as the former and the latter respectively rose from Rs. 0.5 lakh to 3 lakhs and from 8.4% to 22.22% during the period 1980-81 to 1984-85.

4) Loans against time deposits and double amount deposits formed a considerable part of total loans accounting for 25% in the year 1980-81. However, the proportion of this type of loans to total continuously declined from 27% in 1982-83 to 19.21% in 1984-85.

5) Loans against overdraft formed a small part of total loans in as much as such loans accounted for less than 15.3% of total loans during the period.

6) Loans against hypothecation and cash credit were also significant in as much as the proportion of such loans to total remained in the range of 20% and 37% during the period 1980-81 to 1984-85.

Table 3.20Securitywise Classification
of Medium-term Loans

Year	Secured Medium term advances in Rs.	Unsecured Medium term advances in Rs.	Hypothecation in Rs.	Total Medium term Loans in Rs.
1980-81	1140973 (67.35)	275020 (16.23)	278153 (16.42)	1694146 (100.00)
1981-82	1259746 (71.71)	277038 (17.77)	219867 (12.52)	1756651 (100.00)
1982-83	1440050 (64.62)	546729 (24.54)	241574 (10.84)	2228353 (100.00)
1983-84	1589912 (56.21)	1238711 (43.79)	-	2828623 (100.00)
1984-85	2409343 (59.98)	1303156 (32.44)	304092 (7.58)	4016591 (100.00)

Figures in parentheses denote proportion to total.

Source : Annual Reports of Mahila Bank.

Securitywise classification of medium-term loans is given in table 3.20. The table reveals that amount of secured medium-term advances persistently rose from Rs.11.4 lakhs in 1980-81 to Rs. 24 lakhs in 1984-85. This type of loans formed a sizable part of total medium-term loans accounting for more than 55% during the same period.

As compared to secured advances, unsecured medium-term advances continued to remain at a low level. Consequently, such advances accounted for less than 44% of total advances during the period under review.

Medium-term advances against hypothecation formed a small part of total medium-term advances. The proportion of such loans to total continued to remain less than 17% during the same period.

Amountwise Classification of
Outstanding Loans :

Size wise distribution of outstanding loans reveals that about 20.59% of the borrowers had taken loans upto Rs. 500 each, although their share of the borrowing formed 6.04% of the total loans outstanding at the end of June 1983

Table 3.21Amountwise Classification
of Outstanding Loans

Categories	At the end of June 1983		At the end of June 1985	
	No. of A/c.	Amount in Rs. lakhs	No. of A/c.	Amount in Rs. lakhs
1. Rs. 500 and Less	421 (20.59)	2.49 (6.04)	445 (15.99)	0.93 (1.71)
2. Between Rs. 501 and Rs. 1000	830 (40.59)	13.03 (31.63)	726 (26.09)	5.45 (10.05)
3. Between Rs.1001 and Rs. 5000	322 (15.75)	3.65 (8.86)	1168 (41.97)	24.57 (45.29)
4. Between Rs.5001 and Rs. 10000	404 (19.76)	12.96 (31.46)	229 (8.23)	8.11 (14.95)
5. Between Rs.10001 and Rs. 25000	65 (3.18)	7.77 (18.86)	201 (7.22)	9.12 (16.81)
6. Between Rs.25001 and Rs.50000	33 (1.61)	1.30 (3.15)	12 (0.43)	4.00 (7.37)
7. Above Rs.50000	-	-	2 (0.07)	2.07 (3.81)
Total :	2045 (100.00)	41.20 (100.00)	2783 (100.00)	54.25 (100.00)

Figures in parentheses denote their respective percentage of total.

Source : Records of the Mahila Bank,
Kolhapur.

(Table 3.21). The proportion the borrowers with loans upto Rs. 500 to total borrowers and their share in total declined respectively to 15.99% and 1.71% at the end of June 1985.

Those who borrowed between Rs. 501 and Rs. 1000 formed 40.59% in number and obtained 31.63% of the total loans at the end of June, 1983. In this case also the proportion of borrowers having loans between Rs. 501 and Rs. 1000 to total and their respective share deteriorated to respectively 26.09% and 10.05% at the end of June 1985.

The proportion of borrowers having loans between Rs. 1001 and Rs. 5000 to total borrowers and their share in total loans rose respectively from 15.85% to 41.97% and from 8.86% to 45.29% during the period 1983 to 1985.

Those who borrowed between Rs. 5001 and Rs. 10000 formed 19.76% of total borrowers but accounted for a sizeable portion at 31.46% of the total loans at the end of June 1983. The proportion of borrowers with such size of loans to total borrowers and their share in total loans went down respectively to 8.23% and 14.95% at the end of June 1985.

About 3% of those borrowing between Rs. 10001 and Rs. 25000 availed of 18.86% at total loans and advances at

the end of June 1983. At the end of June 1985, 7.22% of borrowers with such size of loans obtained 16.81% of total loans and advances.

Hardly 0.43% of borrowers who took loans between Rs. 25001 and Rs. 50000 accounted for 7.37% of the total loans at the end of June 1985. Similarly, 0.07% of borrowers who got loans exceeding Rs. 50000 accounted for 3.81% of total loans at the end of June 1985 (Table 3.21).

Section-III

Trends in overdues :

It is observed that mounting overdues result in large reduction of borrowing capacity of the banks which, in turn, produce adverse impact on lending capacity. It is, therefore, necessary for the bank to keep magnitude of overdues within the limit for its smooth functioning.

Magnitude of overdues of Mahila Co-operative Bank exhibited an upward trend during the period 1978-79 to 1984-85. Amount of overdues and its growth index continuously rose respectively, from Rs. 1.16 lakhs to Rs. 21.48

Table 3.22Trends in Overdues

Year	Amount of overdues in Rs.	Growth Index	Percentage change over previous year
1978-79	116267	100	-
1979-80	159500	137.18	+ 37.18
1980-81	319000	274.37	+100.01
1981-82	423900	364.59	+ 32.88
1982-83	1175000	1010.60	+177.19
1983-84	1180000	1014.90	+ 0.42
1984-85	2148974	1848.31	+ 82.12

Source : Records of Mahila
Co-operative Bank, Kolhapur

Table 3.23Proportion of Overdues to
Outstanding Loans

Year	Outstanding Loans in Rs.	Overdues in Rs.	Percentage of 3 to 2
1.	2.	3.	4.
1978-79	810321	116267	14.34
1979-80	1256835	159500	12.60
1980-81	2340566	319000	13.60
1981-82	2569000	423900	16.50
1982-83	4120000	1175000	28.50
1983-84	4097000	1180000	28.80
1984-85	5425000	2148974	39.61

Source : Records of Mahila Co-operative
Bank, Kolhapur.

lakhs and from 100 to 1848 during the same period (Table 3.22). Amount of overdues increased by more than 18 times during the short period of 6 years from 1978-79 to 1984-85.

Yearly growth rate in overdues was very high in the years 1980-81, 1982-83 and 1984-85. Magnitude of overdues rose very slightly only in the year 1983-84 as yearly growth rate was less than 1%.

Both overdues as well as amount of outstanding loans of Mahila Co-operative Bank exhibited an upward trend throughout the period 1978-79 to 1984-85. But overdues rose more rapidly as compared to loans outstanding during the period since 1979-80 consequently, proportion of overdues to loans outstanding exhibited a continuous upward trend (Table 3.23). Overdues as a percentage escalated from 12.6% in 1979-80 to 39.61% in 1984-85. Proportion of overdues to loans outstanding rapidly increased in 1984-85.

Periodwise Classification
of Overdues :

Periodwise classification of overdues is presented in table No. 3.24. Amount of overdues upto 1 year formed about 44% of the total overdues at the end of June 1982. Amount of overdues upto 1 year declined from Rs. 1.88 lakhs

Table 3.24

Periodwise classification of overdues

Period	At the end of June 1982		At the end of June 1983		At the end of June 1985	
	Amount in Rs. lakhs	Percentage to Total	Amount in Rs. lakhs	Percentage to Total	Amount in Rs. lakhs	Percentage to Total
1. Upto 1 year.	1.88	44.34	1.40	11.91	6.13	28.54
2. Between 1 year and 2 years	1.44	33.96	3.77	32.08	2.12	9.37
3. Between 2 years and 3 years	0.54	12.73	1.95	16.60	6.95	32.36
4. Over 3 years	0.38	8.96	4.63	39.40	6.28	29.24
Total (I+II+III+IV)	4.24	100.00	11.75	100.00	21.48	100.00

Source : Records of Mahila Co-operative Bank, Kolhapur.

to Rs. 1.4 lakhs at the end of June 1983 and then it rapidly increased to Rs. 6.13 lakhs at the end of June 1985. The proportion of this kind of overdues to total overdues exhibited a fluctuating trend in that it rapidly declined to 11.9% at the end of June 1983 and then rapidly increased to 28.54% at the end of June 1985.

Although amount of overdues between 1 year and 2 years followed a fluctuating trend, its proportion to total overdues exhibited a downward trend as it continuously declined from 34% to 9.87% during the same period.

Amount of overdues between 2 years and 3 years as well as its proportion to total overdues exhibited an upward trend in that the former and the latter continuously rose respectively from Rs. 0.54 lakhs to Rs. 6.95 lakhs and from 12.73% to 32.36%.

Amount of overdues over 3 years also continuously went on rising from Rs. 0.38 lakhs at the end of June 1982 to Rs. 6.28 lakhs at the end of June 1985, its proportion to total overdues rapidly rose from 8.96% at the end of June 1983. At the end of June 1985, though the proportion

declined, it still remained at the significant level of 29.24%.

Analysis of overdues reveals that Mahila Co-operative Bank faced a serious problem of mounting overdues during recent period. Performance of Mahila Co-operative Bank in the case of overdues was far from satisfactory during recent period owing to the following facts :

- 1) Magnitude of overdues was not only large but also it rose continuously.
- 2) Amounts of overdues between 2 years and 3 years as well as over 3 years exhibited a continuous upward trend.

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