
CHAPTER - IV

GEOGRAPHICAL LOCATION OF ICHALKARANJI

CHAPTER-IV

GEOGRAPHICAL LOCATION OF ICHALKARANJI

Ichalkaranji is the biggest industrial centre producing cotton cloth on powerlooms. It is situated on latitude $16-40^{\circ}$ north and on longitude $74-32^{\circ}$ east. The town lies on the left bank of the river Panchganga about 1.6 Kms to the north of the river. It is about 30 Kms to the south east of Kolhapur city and 27 Kms to the south-west of Sangli City. Three roads branching from Kolhapur Sangli road enter the town one from west and other from north. From the south Ichalkaranji is approached by road running from Nipani and Chikodi towns of Karnataka State. Hatkanangale is the nearest railway station to Ichalkaranji which becomes important aid to transportation of industrial goods. It is just 9.6 Kms away from this town.¹

The total area under the jurisdiction of the municipal council is 2038 hectares. The town is situated in the rain shadow region and it is comparatively dry and has moderate rainfall. The range of temperature between the maximum and minimum is comparatively small. The maximum temperature in hot season is 40°C and maximum temperature in cold season rarely falls below 10°C .



4.1 HISTORICAL PERSPECTIVE OF THE ICHALKARANJI URBAN CO-OPERATIVE BANK LTD., ICHALKARANJI :

Shri Narayanrao Babasaheb Ghorpade had played an important role in development of Ichalkaranji sansthan. He is the founder of many institutions in educational as well as economic fields. The Ichalkaranji Urban Co-operative Bank (former The Ichalkaranji Central Co-operative Bank) is one of them which was established on 1st June 1930. It means that the Ichalkaranji Urban Co-operative Bank was established by Shri Narayanrao Babasaheb Ghorpade. The bank is an example of foresightedness of Narayanrao Babasaheb Ghorpade.

In his times he deliberately made efforts to develop the powerloom industry at Ichalkaranji. Day-by-day the powerloom industry at Ichalkaranji flourished. Hence, it was in need of finance to traders and industrialists. From the point of view to financing the flourishing powerloom industry the Ichalkaranji Urban Co-operative Bank at Ichalkaranji was established. In the beginning there was only one branch at Ichalkaranji. But now there are four branches of the bank ^{i.e.} at Ichalkaranji, / main branch Ichalkaranji industrial estate , Hupari and Kavathe Guland.

4.2 PROGRESS OF ICHALKARANJI URBAN CO-OPERATIVE BANK LTD., ICHALKARANJI :

4.2.1 BRANCH EXPANSION

Table 4.1 : Branch Expansion of the Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji

(on 30.6.1992)

Sr.No.	Name of Branch	Date of Registration
1	The Ichalkaranji Urban Co-op.Bank Ltd., Ichalkaranji (Main Branch)	26.8.1930
2	The Ichalkaranji Urban Co-op.Bank Ichalkaranji (Industrial Estate Branch)	01.08.1973
3	The Ichalkaranji Urban Co-op. Bank Ichalkaranji (Hupari Branch)	19.05.1981
4	The Ichalkaranji Urban Co-op.Bank Ichalkaranji (Kavathegulang Branch)	24.11.1981

Source : Official Record of the Ichalkaranji Urban Co-operative Bank Ltd.,

The members of the Ichalkaranji Urban Co-operative Banks are spread all over the district. Initially the bank has opened its first branch in the same town at the location of Industrial Estate. Because during the period of 60 years and particularly after the second world war, the powerloom industry at Ichalkaranji flourished and though the branches of various nationalised banks and number of co-operative credit societies have been situated in the town. The financial requirement of the industry was so great that the lending operations of the bank increased on the large scale. Hence,

Table 4.2 : Statement showing the progress of the Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji

Sr. No.	Years	Membership		Share Capital			Working Capital			Deposits		Percentage to working capital	
		No. of Members	Change over previous year	Share Capital (Rs.in 000)	Change over previous Year	Share capital per share holder (Rs.in 000)	Working capital (Rs.in 000)	Change over previous Year (Rs.in 000)	Working capital per share holder (Rs.in 000)	Deposits (Rs.in 000)	Change over previous year (Rs.in 000)	to working capital	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	1981	5403	-	2729200	-	504.65	45723216	-	8454.73	31123559	-	68.06	
2	1982	5914 (9.35)	506	2870600 (5.20)	141400	485.39	58783909 (28.56)	13060693	9939.78	39943934 (28.33)	8820375	67.95	
3	1983	6171 (4.34)	257	2966725 (3.34)	96125	480.75	62793794 (6.82)	4009885	10175.62	44289823 (10.87)	4345889	70.53	
4	1984	6463 (4.73)	292	3050825 (2.83)	84100	472.04	73472994 (17.00)	10679200	11368.24	54923807 (24.00)	10633984	74.75	
5	1985	6680 (3.35)	217	3114825 (2.09)	64000	466.29	76028715 (3.49)	2555721	11381.54	55573320 (1.18)	649513	73.09	
6	1986	6932 (3.77)	252	3249450 (4.30)	134625	468.76	86712200 (14.00)	10683429	12508.97	65063167 (17.07)	9489847	75.03	
7	1987	7193 (3.76)	261	3398650 (4.61)	149200	472.49	94606726 (9.10)	7894526	13152.61	74979149 (15.24)	9915982	79.25	
8	1988	7387 (2.69)	194	3636600 (7.00)	237950	492.29	131225000 (38.70)	36618274	17764.31	101636403 (35.55)	26657254	77.45	

1	2	3	4	5	6	7	8	9	10	11	12	13
9	1989	7712 (4.39)	325	3970925 (9.18)	334325	514.90	169656700 (29.25)	38431700	21999.05	125130140 (23.11)	23493737	73.75
10	1990	7894 (2.35)	182	4215200 (6.14)	2442275	533.97	18817200 (10.92)	18530500	23839.27	143041451 (14.31)	17911311	76.01
11	1991	8458 (7.14)	564	4504175 (6.85)	288975	532.53	231832500 (23.10)	43645300	27409.84	181718738 (27.03)	38677287	78.38
12	1992	8572 (2.01)	114	4598650 (2.10)	94475	536.47	248759948 (7.30)	16927448	29020.05	172772287 (-4.93)	-8946451	69.45

Source : Compiled from the Annual Reports of the Ichalkaranji Urban Co-operative Bank.

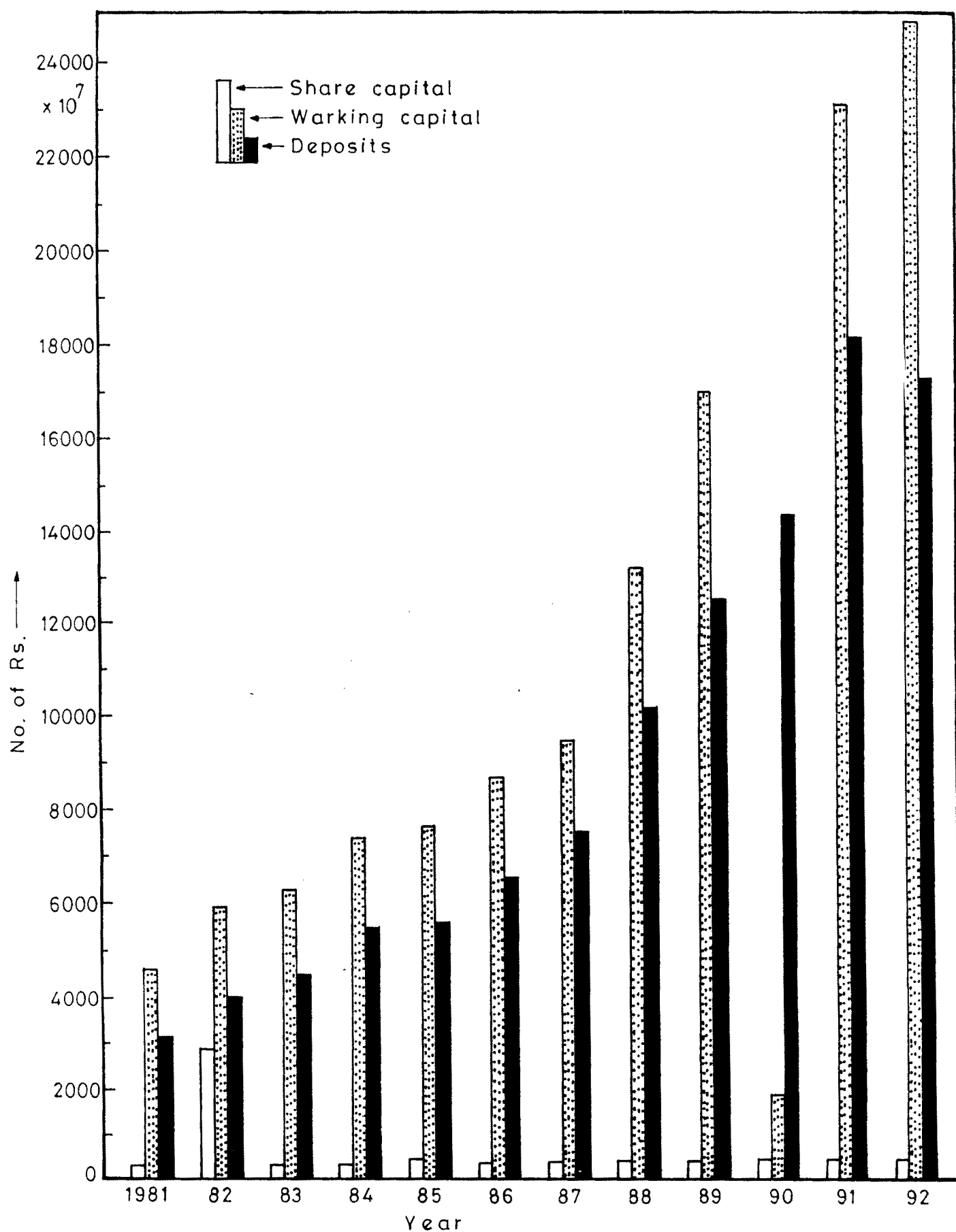


Fig. 5 Graph showing the progress of the Ichalkaranji Urban Co-operative bank Ltd., Ichalkaranji.

to split up the load of operations the management of the bank opened first branch of the bank at industrial estate at Ichalkaranji.

Further to facilitate the members as well as creditors and to reduce the distance from the bank the management took decisions to open two other branches at Hupari and Kavathegund in the same district.

4.2.2 MEMBERSHIP :

Number of share holders is the first indicator of the quantitative growth of every co-operative society. Hence, the Ichalkaranji Urban Co-operative Bank is no exception for this indicator. If we consider the growth of share holders we find that there is continuous increase in the number of share holders of the bank under study. In 1981 the number of share holders was 5408 but it has increased to 8512 in 1992. From 1981 to 1992 number of share holders has increased by 3104. This increase shows that the number of share holders has increased by 264 per year. Though the absolute number of share holders has increased during the period under study, it is clear from the Table 4.2 that, increase in the number of share holders is uneven. From 1981 to 1982 the number of share holders increased by 9.35%. This is the highest increase in number of share holders during the period under study. If we consider the yearwise



growth in number of share holder we find that, in 1982 the growth rate is greater followed by 1991. It seems from the above table that there has been continuous rise in membership of the bank under study. But the above table No.4.2 shows that, the year 1990 in which the growth of membership was the least i.e. 2.35%.

4.2.3 PAIDUP CAPITAL :

Paid up capital has important place in working of urban co-operative banks because paid up capital is the financial base of the urban co-operative banks. Day-by-day the membership, scope and branches of the urban co-operative bank are increasing. Hence, the paid up capital of the bank is also increasing.

During the period under study the paid up capital of the Ichalkaranji Urban Co-operative Bank has increased. In the year 1991 the authorised capital of the bank was Rs. 50 crores. Out of this Rs. 459865000 was paid up capital divided into 183946 shares with face value Rs. 25 each. In 1981 paid up capital of the bank was Rs. 2729200 which was divided into 5408 share holders. In 1981 on an average every share holder had purchased shares of Rs. 504.65. It means that 20 shares were purchased by every share holder. The above table No.4.2 shows that, the paid up capital has increased by 5.20% in 1982. But it has decreased

by 2.09% in 1985. In 1989 the paid up capital increased by 9.18% over the year 1988. In 1992 again it has decreased by 2.10%. Table No.4.2 shows that though the paid up capital has increased during the period under study its growth is uneven. The ratio of paid up capital to per share holder was Rs. 504.65 in 1981. Now it has increased upto Rs. 536.47. It means that the share capital per share holder is increasing.

4.2.4 WORKING CAPITAL :

Working capital includes paid up capital, reserve and other funds, deposits and other liabilities, loans taken from outsiders, branch adjustments, overdues, interest reserves, interest payable, profits etc. Working capital has an important role in the operations of the urban co-operative banks. Table 4.2 shows the position of working capital of the Ichalkaranji Urban Co-operative Bank. In 1981 working capital of the Ichalkaranji Urban Co-operative Bank is Rs. 45723216. It increased upto Rs. 58783909 in 1982. It has increased by Rs. 13060693 in 1982 over 1981. It means that, in one year working capital of the Ichalkaranji Urban Co-operative Bank increased by 28.56%.

Working capital of Ichalkaranji Urban Co-operative Bank has increased upto Rs. 62793794 in 1983 which was Rs. 58783909 in 1982. The net increase in the working capital

of the bank is Rs. 4009885. It means that, the net increase in working capital of the bank is only 6.82%. As compared to the change in working capital in the previous year i.e. from 1981 to 1982, it is very small. Again in 1984 working capital of the bank increased by Rs. 10679200. This change in working capital in relation to previous year is 17.00%. It seems from table No.4.2 that, the growth in working capital of the bank is not smooth consistent, but fluctuation rate. If we divide the period under study under two parts, we find that during the first half of the period the growth in working capital is of 89.64%. But it has decreased upto 86.67% during the second half of the period under study. During the period under study i.e. from 1981 to 1992 the working capital of the bank increased from Rs. 45723216 to Rs. 248759948. It is clear that, the increase in working capital of the bank during the period under study has been five and half times.

4.2.5 WORKING CAPITAL PER SHARE HOLDER :

From Table No.4.2 we can observe that during the period under study the membership of the bank has increased by 58.50% while working capital of the bank has increased by 444.05% during the same period. Hence, the working capital per share holder increased by 243.24%. IN 1981 the working capital per share holder was Rs. 8454.73 which increased upto Rs. 29020.05 in 1992. It means that,

the increase in working capital per share holder is upto three and half times.

4.2.6 DEPOSITS :

Deposits of the bank is the main item of the working capital. Accepting deposits is the main function of the baanks. For the successful working of the bank it has to increase the deposit mobilisation. Therefore, banks always try to increase their deposits through various attractive deposit mobilisation schemes. Generally, banks accept deposits under following four heads.

- 1 Current deposits,
- 2 Saving deposits,
- 3 Fixed/Time deposits, and
- 4 Recurring deposits.

Besides these regular deposits, occasionally bank starts other attractive deposits schemes.

Ichalkaranji city is Manchester of Maharashtra. Particularly after the second world war the powerloom industry has flourished at Ichalkaranji. Hence, financial requirement of the industry went on increasing. To meet the financial requirement of the industrial as well as other sectors in the city, various banks have established their branches in city. Consequently the competition among the banks in respect of deposit mobilisation, lending operations etc.

is increasing. But if we see Table No.4.2 we find that, from the beginning of the period under study the deposits of the bank have been increasing except for the year 1992.

In 1981 bank mobilised deposits of Rs. 31123559. Deposits have increased upto Rs. 39943934 in 1982. The net increase in deposits in a single year was of Rs. 8320375. It means that the deposits of the bank increased by 28.33% in this year. This is the indicators of peoples faith on the bank and the favourable business conditions. The bank increased its deposits by ^{Rs.4345889} in 1983. Though the increase in deposits has taken place the growth rate of deposits is quite low at 10.87% as against 28.33% in 1982.

In 1984 the net increase in deposits was Rs.10633984. This increase is by 24% over the previous year. As compared to the increase in deposits in the year 1982-83, it is greater. In the reference year the deposits mobilised by the bank have increased by greater extent because in the same year the bank launched two deposit schemes. First is "special Time Deposit" scheme and the second is "Millionaire Deposit" scheme.

In 1985 increase in deposits was not so good; because of depressionary situation in business due to drought and other unfavourable conditions adversely affecting the deposit mobilisation activities of the bank. In 1983, the total deposits mobilised by the bank were Rs. 54923807. It has

increased upto Rs. 55573320 in 1985. The net increase in deposits in reference year was Rs. 649513. It means that, the deposits increased by merely 1.18% in the reference year.

Though the deposits mobilization by the bank was lower in 1985, in 1986 the deposits of the bank increased by 17.07%. In 1985 total deposits of the bank were Rs.55573320, which increased to Rs. 65063167 in 1986. This net increase of Rs. 9489847 which is of 17.07% against 1.18% of the previous year. After the depressionary situation in the business this rise in deposits of the bank shows the increasing faith in banks among the people in the city as well as in the other adjacent villages.

In 1987 the total deposits mobilised by the bank were Rs. 74979149 against the Rs. 65063167 in 1986. The net increase in deposits was Rs. 9915982, i.e. 15.24% over the previous year.

The year 1988 is the year in which the deposits of the bank increased remarkably. During the period under study, the year 1988 is the year in which the deposits of the bank increased by 35.55%. The net increase in the deposits in the reference year was Rs.26657254.

The total deposits mobilised by the bank increased from Rs. 1016366403 in 1988 to 125130140 in 1989. The net increase in deposits was of Rs. 23493737, i.e. 23.11% over previous year.

The above table shows that, the increase in deposits mobilised by the bank is smaller in the year 1990 than the previous year 1989. In 1989 the total deposits collected by the bank were Rs. 125130140. It has increased upto Rs. 143041451 in 1990. It means that, the deposits increased in this year by 14.31%.

Again in the year 1991 the deposits mobilisation goes upto Rs. 27.03% against the previous year. But unfortunately this trend did not continue in 1992. Because due to the imposition of Income Tax Act to the bank deposits by the Central Govt. the depositors withdraw their deposits and consequently the deposits mobilised by the bank under study decreased by Rs. 8946451. In 1991 the total deposits with the bank were of Rs. 18718738. They decreased to Rs. 172772287.

4.2.7 RATIO OF DEPOSITS TO WORKING CAPITAL :

Deposits are the important factors contributing to the working capital of the bank. Table No.4.2 shows that, with the increase in deposits their share in the working capital of the bank has been increasing. In 1981 the working capital of the bank was Rs. 45723216 out of which the deposits with the bank were of Rs. 31123559. The proportion of the deposits with the bank to the working capital of the bank was of 68.06%. During the period under study the deposits

Table 4.3 : Statement showing Deposits Depositer Ratio of the Ichalkaranji Urban Co-operative Bank Ltd. Ichalkaranji

Sr.No.	Year	Total Deposits (Rs.)	Total No.of Depositer	Amount of Deposit per Depositer (Rs.)
1	1981	31123559.07	23604	1318.57
2	1982	39943934.58	24763 (4.91)	1613.04 (22.33)
3	1983	44289823.30	25841 (0.30)	1713.93 (6.25)
4	1984	54923807.45	26656 (3.15)	2060.93 (20.24)
5	1985	55573320.75	28728 (7.73)	1935.00 (6.62)
6	1986	65063166.53	30561 (6.38)	2128.96 (10.02)
7	1987	74979149.82	32512 (6.38)	2306.19 (8.32)
8	1988	101636402.60	34230 (5.28)	2969.22 (28.75)
9	1989	125130139.61	35750 (4.44)	3500.14 (17.88)
10	1990	143041452.91	37309 (4.36)	3833.96 (9.53)
11	1991	181718738.06	38984 (4.48)	4661.36 (21.58)
12	1992	172772287.62	40588 (4.11)	4256.73 (-8.69)

Source : Record from Office of the Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji

with bank went on increasing along with the percentage share in working capital of the bank. If we compare the percentage share of deposits in working capital of the bank we will find that, 1981 and 1987 are the years in which the proportion of deposits with bank to the working capital of the bank were lowest and highest respectively. In 1981 the deposits with the bank under study were 68.06% of the working capital of the bank, while in 1987 this proportion increased to 79.25%.

4.2.8 DEPOSITS-DEPOSITERS RATIO :

As shown in following Table No.4.3 it seems that during the period under study the number of depositors has increased. In 1981 the total number of depositors of the bank was 23604. It has increased upto 40588 in 1992. It means that, duringg the period under study the number of depositors has been increased by 71.95%. During these period of twelve years the number of depositors in the year 1985 has increased by 7.77% over the previous year. If we divide the period under study in two parts it seems that during the first half i.e. from 1981 to 1986 the number of depositors has been increased by 29.47%. But in second half of the period i.e. from 1987 to 1992 it has been increased by 24.84%. It means that, during the first half of the period under study the increase in number of depositors is greater than the second half of the period. If we consider the growth rate of depositor during the period under study we finds that there is 5.99% increase in number of depositors

Table 4.4 : Statement showing Deposits Structure of the Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji

Sr.No.	Year	Current Deposits (Rs.)	Saving Deposits (Rs.)	Fixed Deposits (Including) Recurring Deposits (Rs.)	Total Deposits (Rs.)
1	1981	5101385.32 (16.39)	11598684.29 (37.26)	14423489.46 (46.34)	31123559.07 (100)
2	1982	8868301.40 (22.20)	9946877.48 (24.90)	21128755.70 (52.89)	39943934.58 (100)
3	1983	10239913.78 (23.12)	9895705.77 (22.34)	24154203.75 (54.53)	44289323.30 (100)
4	1984	13073801.68 (23.80)	11205762.56 (20.40)	30644243.29 (55.79)	54923807.45 (100)
5	1985	9534811.08 (17.15)	13442664.30 (24.18)	32595844.67 (58.65)	55573320.75 (100)
6	1986	16020675.89 (24.62)	13577069.75 (20.86)	35465420.89 (54.50)	650631166.53 (100)
7	1987	18410600.19 (24.55)	17184344.06 (22.91)	39384205.57 (52.52)	74979149.82 (100)
8	1988	33042423.08 (32.51)	18100896.96 (17.80)	50493082.56 (49.68)	101636402.60 (100)
9	1989	43176944.42 (34.41)	2037878886.99 (16.48)	61574308.20 (49.20)	125130139.61 (100)
10	1990	49227950.64 (-)	22373932.25 (16.27)	70539570.02 (49.31)	143041452.91 (100)
11	1991	75422257.71 (41.50)	26979256.92 (19.84)	79317223.43 (43.64)	181718738.06 (100)
12	1992	63995274.93 (37.04)	26522347.27 (15.35)	82254665.41 (47.60)	172772287.62 (100)

Source : Compiled From the Annual Reports of the Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji

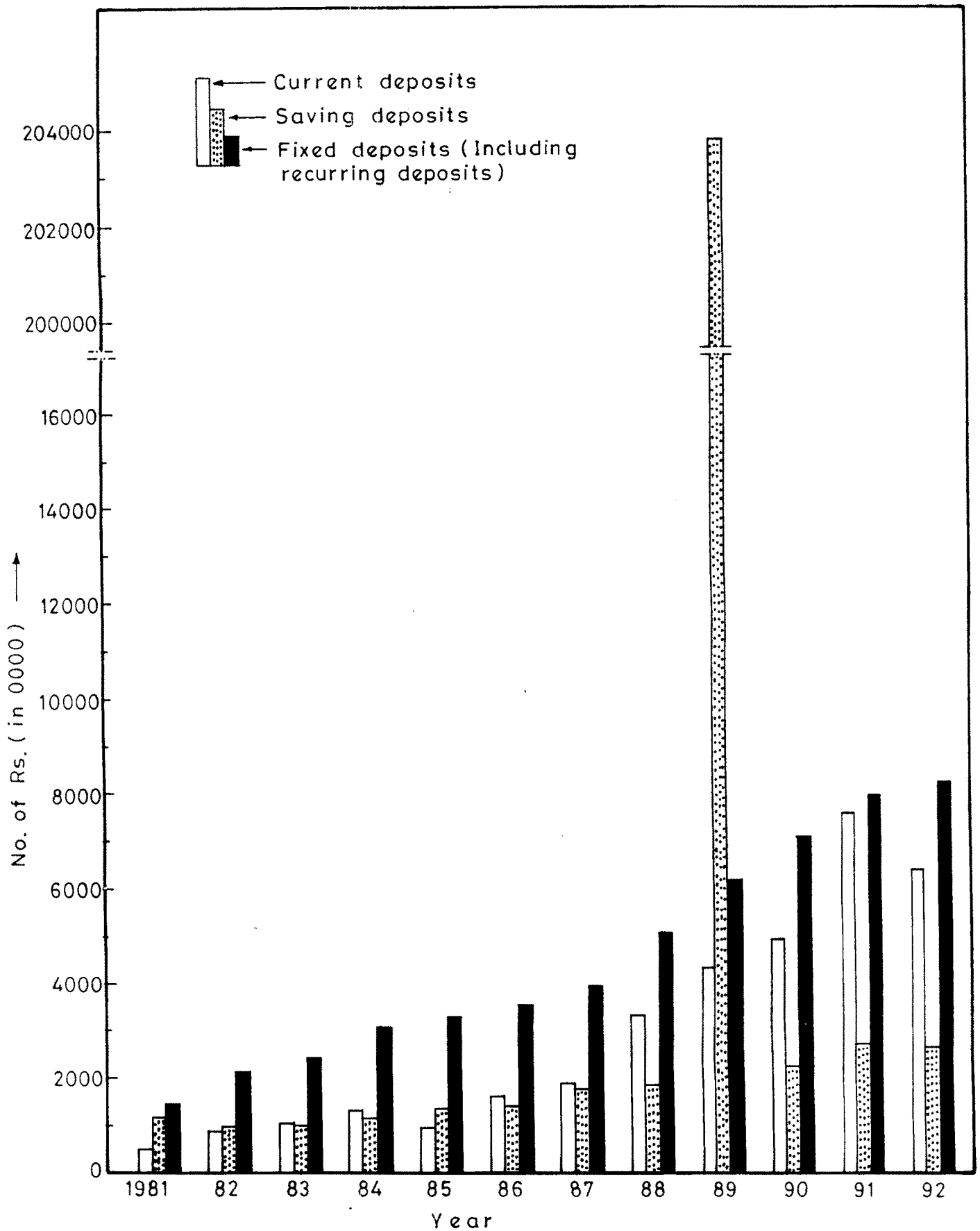


Fig.6 Graph showing deposit structure of the Ichalkaranji Urban Co-operative bank Ltd., Ichalkaranji .

per annum. There are some years like 1985, 1986, 1987 in which the growth rate is more than an average. The year 1983 is in which the growth rate in depositors is quite negligible i.e. 0.30%.

The above Table No.4.3 shows that, during the period under study the amount of deposits per depositor has been increased along with the number of depositors. In 1981 the amount of deposits per depositor was Rs. 1318.57 which is increased upto Rs. 4256.73 in 1992. It means that, during the period under study the amount of deposits per depositor has been increased. If we consider the growth in amount of deposits per depositor we find that, the amount of deposits per depositor has increased by 18.56% per annum. But there are some years like 1982, 1988 and 1991 in which the growth rate in amount of deposits per depositor is more than an average. Unfortunately in the year 1985 and 1991 the amount of deposits per depositor has been decreased over the previous year. The 1988 is the year in which the amount of deposit per depositor has been increased by highest rate i.e. 28.75%.

4.2.9 DEPOSITS STRUCTURE OF THE BANK :

In the above Table No.4.4 the deposits structure is shown. It seems from the above Table No.4.4 that, in total deposits the proportion of current deposits is the least

comparatively the proportion of fixed deposits is greater in the total deposits of the bank. If we see the current deposits we find that, the proportion of current deposits in the amount of total deposits has increased from 16.39% to 41.50% during the period under study. In the year 1991 the proportion of current deposits in the amount of total deposits was highest i.e. 41.50%.

In case of the saving deposits the proportion of such deposits in the amount ^{of} total deposits has decreased from 37.26% to 15.35% during the period under study. Except the years 1985 and 1987 there is continuous fall in proportion of saving deposits in the total deposits. Comparatively proportion of fixed deposits (including Recurring Deposits) in total deposits is greater. In the year 1981 the proportion of fixed deposits was 46.34% in the amount of total deposits. It has increased to Rs. 58.65% in 1985. The above Table No.4.4 shows that, though there is no continuous rise in the proportion of the fixed deposits in total deposits it has increased from 46.34% to 58.65% during the period under study. The year 1991 is exception for this because the proportion of the fixed deposits has fallen to 63.64%.