
CHAPTER VI

SUMMARY

SUMMARYSumming Up :

Dispite the wider coverage of the Co-operative movement, with the beginning of the Era of planned economic development and with the increase in emphasis on industrial development and adequate provision of industrial finance was to be created in our developing economy. Even though the whole banking system which has been expanding very rapidly, the Co-operative sector of banking system as a whole has been assuming greater significance in the overall industrial finance. The co-operative sector in industrial finance was confined mainly to Agriculture sector, but the same has been extended to cover other economic activities mainly the industrial activities in the Urban sector of the economy. Prior to the expansion of urban co-operative banking sector and the nationalisation of the joint stock of banking companies in the private sector, the supply of industrial finance was the monopoly of joint stock banks. Moreover the joint stock bank were interested in supplying loans to the big industrial companies and as such the small sector of the industrial system was totally neglected, with the result that the small producers and traders were entirely dependent on private money lenders like shroffs, multanis, khatris etc. for meeting their financial needs required for carrying out their business activities. The interest rate of the unorganised sector of money market is quite,

exorbitant. The co-operative movement in both Urban & rural sector was therefore started with view to loosing the grip of money lenders and creating an alternative agency to provide credit to the urban and rural people.

Since the establishment of the urban co-operative bank in Baroda (Gujarat State) in the year 1989, the number of Urban co-operative banks increased to 1374 in the country 1988 with the increase in the number of urban co-operative_ banks the co-operative banks have been gaining the popularity among the urban population judged in terms of membership, share capital and loans etc. However, over the period under study reasonably imbalances have occurred Maharashtra, Gujarat, Karnataka are the leading states, while the rest are lagging behind in respect of the development of urban co-operative banks. In states two are finds the glaring regional disparity for example in Maharashtra State, we do not find even a single urban co-operative bank in district like Gadchiroli and Chandrapur. With the expansion of urban co-operative bank's activities the R.B.I. brought under financial ~~the~~ its perview since 1st March 1966. With the extension of RBI rules and regulation to the co-operative banking sector the urban co-operative banks have been brought on par with the other public sector banks. The urban co-operative banks have been catering to the varied growing financial needs of the different catagories of the borrowers in the growing urban sector of the economy.

To take a particular case of Maharashtra, the number of urban co-operative banks increased by 3/4th between 1961 and 1988. Considering the broad indicators of growth like membership, share capital, deposits, working capital and outstandings, the urban co-operative have recorded the tremendous growth in Maharashtra during the period of 1966 to 1988. Not only that over the period their dependence on external borrowings seems to have been considerably reduced, in other words they have been successful in generating their internal resources enough, to finance the growing economic activities in the urban sector in fact they are being confirmed with the problem of surplus deposits lying idle with them. In brief the overall performance of the urban co-operatives, co-operative bank's in Maharashtra vis-vis the urban co-operative banks in other states has been relatively much more satisfactory over the period.

In Maharashtra among its districts, Kolhapur district is supposed to be the leading district in the field of co-operative movement. In Kolhapur city and around Kolhapur the economic activities based on co-operation have been growing very rapidly. Among these various activities the financial activities organised on principles of co-operation seem to have been on the top of the others.

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The urban co-operative banks in Kolhapur district no doubt made rapid progress. This can be supported by our case studies of the progress of The Kolhapur Urban Co-operative bank, The Balbhim Co-operative bank and Commercial co-operative bank. The percentage of these banks in terms of the variable viz, i) paid up share capital ii) Reserves, iii) owned capital (1+2) iv) deposits, v) other liabilities vii) Total capital (working) and last net profit. To judge the performance of these banks in terms of their quantitative variable, the period has been made short to cover a decade ranging from 1978-79 to 1987-88. Over the decade all these have been registered quantitative growth, the quantitative growth of these variable seems to have been in accord with the changing economic scenario in and around the Kolhapur city, for quantitative indicators referred table No.

Chapter 2-I.

After having realised the Lacuna in the lendings of the urban co-operative banks and also the need for changing the scheme of priority in respect of advances to various economic activities the RBI laid down condition of 60% of their total loans to the priority sectors has listed in the circular of the RBI 9th Sept. 1983. In chapter III & IV the analysis has been diverted towards taking the stock of the changes in the advances of the 3 banks (Kolhapur Urban co-operative Bank, Balbhim Co-operative Bank and Commercial Co-operative bank) to the priority sectors over the period

of 1983 to 1988 over the six years. These urban co-operative banks have been successful in diverting their loans to the priority sectors as per the circular issued by the RBI. The outstandings of these banks increased over the period but the condition of 60% of the total loans to ~~be~~ the priority sector has been achieved by the end of the period. In the analysis one thing clearly stands out is that the loans seem to have been concentrated on certain priority sectors only namely small scale industries, transport and housing. The rate of the sectors' seem to have not been paid attention to by the urban co-operative banks. The Kolhapur Urban Co-operative banks loans have exceeded the targets, the Balhim Co-operative banks loans have reached the target by the end of the period and of the Commercial Co-operative banks loans seem to reached the target yet.

In respect of fulfilling the percentage requirement i.e. 25% of the total priority lendings or 15% of the total outstandings to the Schedule Castes Schedule Tribe borrowers. All the banks lagged far behind the another category of the weaker section which over laps the Schedule Caste, Schedule Tribe borrowings, in the first three years received more than 50% of the total outstandings while during the last three years 1985-1988 the percentage shares of the weaker section borrowers remained on the declined.

In respect of overdues according to our formula the priority sectors borrowers overdues have not been increasive if the increase with the amount outstandings, but it is true that the overdues have ~~h~~ increased more or less closely in proportion with the total outstandings of the banks. In short, these banks have tried their level best to distribute their financial resources all along the lines laid down by the x RBI.