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## CHAPTER - I

### I N T R O D U C T I O N

#### 1.1 INTRODUCTION :

The concept of co-operation has been applied in almost all countries widely in the industrial and commercial fields. In India co-operative movement is supported by the Government and it is resulted in having co-operative organisations in all the fields of life. Viz. Consumers Stores, Manufacturing Co-operative Organisations, Farmers Co-operatives, Co-operative Societies of Employees Credit Co-operative Societies, Rural Co-operative Banks, and Urban Co-operative Banks.

The basic limitations to the development of commerce and industry is scarcity of finance especially in underdeveloped countries. Though after abolition of private moneylenders, commercial banks were satisfying the financial needs. But their finance was restricted to the specified purposes and the procedure for lending the money was complicated. With increasing acceptance of co-operative movement the financial institutions on the co-operative basis were developed. As a result of the limitations of commercial banks the procedure and policy of lending money to common masses was relayed by the co-operative banks.

Thus urban co-operative credit movement started to meet the needs of retail small traders, businessmen, professionals, artisans, self employed persons, transport operators, small scale, tiny industries and other priority sectors in the urban and semi-urban areas. Urban co-operative banks made the remarkable development in Maharashtra and these banks are playing very important role in mobilisation of deposits and providing loans and advances to the urban people. At present there are 366 urban co-operative banks in Maharashtra; of which 40 urban co-operative banks are established in Kolhapur District and two urban co-operative banks are established in

Gadhinglaj Taluka particularly in Gadhinglaj town.

"Urban co-operative banks occupy a prominent place among the agencies supplying the credit needs of the people residing in the urban areas. They advanced loans mostly to small traders, artisans, salary earners on personal security as well as against gold and silver on produce." said by Abdul Karim Khan, IAS<sup>1</sup>. Taking into consideration this statement, the question arised before researcher that are the urban co-operative banks established in Gadhinglaj town succeeded in providing the loans and advances to the people in the town. For this purpose the Gadhinglaj Urban Co-operative Bank Ltd. is a symbolic example of the problem that the researcher has undertaken for his study.

The Gadhinglaj Urban Coperative Bank Ltd., Gadhinglaj is established in 1950 and Shri Shivaji Sahakari Bank Ltd., Gadhinglaj is established in 1971. This means that The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj is working since last 36 years. Therefore, the researcher is interested to study the loans and advances of The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj, from 1976-77 to 1985-86.

## 1.2 OBJECTIVES OF THE STUDY :

The objectives of the present study are as follows :-

- To
- i) ~~The~~ study the growth of loans and advances of The Gadhinglaj Urban Co-operative Ltd., Gadhinglaj during the period under review.
  - ii) To study the trends of overdues of loans and advances of The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj, during the period under ~~xxxx~~ review.
  - iii) To study financing of the Bank to cash credit members in the town Gadhinglaj.
  - iv) To make necessary suggestions.

### 1.3 SCOPE OF THE STUDY :

The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj is established in the town Gadhinglaj. It has no branches outside Gadhinglaj town. The loans and advances of the bank have been studied for the period of ten years i.e. 1976-77 to 1985-86. Similarly, the term urban co-operative banks in Gadhinglaj town covers only those urban co-operative banks which have been established in Gadhinglaj town but which have no branches outside Gadhinglaj town. In other words, those urban co-operative banks which have established outside Gadhinglaj town but their branches are in Gadhinglaj town, are however, not included in the present study.

The present study is also related to the selected cash credit borrowing members, who are residents of Gadhinglaj town.

#### 1.4 RESEARCH METHODOLOGY :

For the purpose of collection of information for present study, the following methods are used :-

##### 1) PRIMARY DATA :

For the purpose of primary data, interview, questionnaires are prepared to collect information from cash credit borrowing members and Bank Manager.

##### 2) SECONDARY DATA :

The secondary data is collected from published work in the said subjects, office records of The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj and discussion with Bank Manager, Internal Auditor.

##### 3) SELECTION OF THE UNIT :

The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj is selected for the study.

##### 4) SELECTION OF PERIOD OF TIME :

The period of ten years from 1976-77 to 1985-86 is selected for the purpose of study.

5) SELECTION OF SAMPLE BORROWERS :

138 members were financed by the way of cash credit loans during the year 1985-86; of which 25% i.e. 35 respondents, who were selected for the purpose of interview are the residents of Gadhinglaj town.

While taking sample of 35 respondents care was taken by the author that at least one borrower is interviewed from each occupation.



### 1.5 SOURCES OF DATA COLLECTION :

The data required for the study are collected from the following various sources :-

1. Discussion with Bank Manager, Internal Auditor, and concerned staff.
2. Office records of the Bank.
3. Annual Reports of the Bank.
4. Questionnaire prepared for the cash credit borrowing members.
5. Questionnaire prepared for the Bank Manager.
6. Library resources - various books, journals and reports on urban co-operative banking.

1.6 LIMITATIONS OF THE STUDY-

Since the study is undertaken as a part of the fulfilment of the requirements of the Degree Course of Master of Philosophy in Commerce and Management, the researcher has limited the study to one aspect of the working of loans and advances of The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj- The period of study is also limited to ten years i.e. from 1976-77 to 1985-86, and the dissertation is required to be submitted to the University within a prescribed period of time.

The study is completed on the basis of information supplied by the executive staff of the Bank and borrowers.

### 1.7 PLAN OF THE STUDY :

The present study is divided into Chapters.

- 1) The First Chapter deals with introduction of the study. It includes objectives, scopes, methodology, selection of sample borrowers, sources of data collection, limitations, plan of the study.
- 2) The Second Chapter includes the general background of urban co-operative banks and history of the Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj. It covers definition of urban co-operative bank, main - functions of urban co-operative banks, urban banks in Maharashtra (including Kolhapur District), urban co-operative banks in Gadhinglaj town. About The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj. History, management of bank, present position of the bank and organisational chart of the bank.
- 3) The Third Chapter deals with loans and advances of the Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj. It covers loan policy, growth of loans and advances and financial assistance by the bank to priority sector.

- 4) The Fourth Chapter deals with recovery of loans. It includes nature of overdues with trend and action taken by the bank for recovery of loans.
- 5) The Fifth Chapter deals with analysis and interpretation of the data collected by the sample survey in respect of cash credit borrowing members in Gadhinglaj town.
- 6) The Last Chapter deals with summary, conclusions and suggestions

REFERENCE

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