

\* CHAPTER - I \*

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

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\* CHAPTER - I \*

\* INTRODUCTION \*

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:: CHAPTER - I ::- I N T R O D U C T I O N -1.1 SELECTION OF THE PROBLEM -

Like Germany and Italy the Urban Co-operative Credit movement started in India for catering to the banking and credit needs of Urban middle classes. i.e. traders, businessmen, artisans, factory workers, salaried people with fixed incomes in Urban and semi Urban areas. Along with this development amongst the people the habit of thirft and saving is also expected. It also provides opportunities for investment and thus helps the lower class to cope up in critical situation.

In the same way there is remarkable growth and development of Urban Co-operative banks in Maharashtra. These banks play an important role in mobilisation of deposits and financing advances and loans to Urban people. This helps in the economic development of Urban community. That's why these banks are becoming popular in Maharashtra.

Since from 30th June 1983, there are 353 primary urban co-operative banks working in Maharashtra.

The Karad Janta Sahakari Bank Ltd., Karad has been operating since last twenty years in Karad city. Therefore the researcher selects this bank as a symbolical example for examining the performance of the working of urban co-operative banks in Karad city district Satara.

1.2 DEFINITION OF PROBLEM

## (a) Approach to the Problem -

Accepting deposits from the people, who want to invest their money in banking business, those who want to save money from their earnings and those who want to

make their business transaction through banks and advancing loans to proper persons for proper purpose of urban area, are the main objectives of urban banks. Creation of credit is also another function of urban banks. And it is also clear that the success of bank's depends upon the maximum collection of deposits and use of these deposits for advancing loans by creation of credit. The balance between these two functions is also very important.

Hence the question stands before us - Are the urban co-operative banks in Karad city becoming successful, in maximum mobilisation of deposits and advancing ? Specially 'The Karad Janta Sahakari Bank Ltd., Karad' is the main example of the problem. 'Whole sale agricultural Market' and 'Cloth Market' are the two ideal features of Karad city. Businessmen related with these markets need banking facilities as well as finance for expansion of their business. This situation gives birth to the problem whether these urban co-operative banks are fulfilling these needs, is the main approach of the problem. This is to be studied and examined with reference to working of 'The Karad Janta Sahakari Bank Ltd., Karad' during the specified period.

(b) Statement of the Problem -

The term 'Working of Urban Co-operative Bank' has wider scope. But with reference to this problem, the term 'Working of Urban Co-operative Bank' has limited scope like mobilisation of deposits, advancing of loans.

1.3 SIGNIFICANCE OF THE PROBLEM

This research will help to urban co-operative banks as guide line for collecting maximum deposits, the proportion that must be maintained between fixed, saving and current deposits, and how to use these deposits for creation of credit and loans. This research study will be useful for understanding the problems like to whom the preference should be given for loans and to what purposes.

Especially 'The Karad Janta Sahakari Bank Ltd., Karad' will have a chance for self assessment with reference to this problem, as well as other urban co-operative banks of Karad city. They will understand their drawbacks in conducting banking business, understand at present where they are ? and where they have to go, as well as how to reach that specific target ? Which policy they have to maintain for expansion and progress of the bank ? Which new policies they have to follow for markable expansion, like granting loans to students for their higher education, advancing to priority sector etc.. Lastly, this study will help to increase the efficiency of working 'The Karad Janta Sahakari Bank Ltd, Karad' for achieving their goals. In the same way it will help the other urban banks in Karad city.

#### 1.4 SCOPE OF THE PROBLEM

By considering 'The Karad Janta Sahakari Bank Ltd., Karad' as the symbolical example, the present research study deals with the specific topics like advancing loans and mobilisation of deposits. The above aspects of the Bank have been studied for the period of 10 years i.e. 1973 - 74 to 1982 - 83 similarly the term urban co-operative banks in Karad city covers only those urban co-operative banks which have been established in Karad and their branches in outside the Karad area. In other words those urban co-operative banks established in out of Karad city area but their branches in Karad are however not included in the present study. However, there is no any such branch in Karad city. Hence 'The Karad Janta Sahakari Bank Ltd., Karad with its all branches in outside area is considered for our study.

#### 1.5 AIMS AND OBJECTS

The main objectives of the present study are as follows.

- (1) To study and examine the nature and extent of deposits that the Bank has mobilised during the period under study.

- (2) To study the loans and advances of the Bank.
- (3) To make necessary suggestions for effective working of said urban Bank.

#### 1.6 LIMITATIONS OF THE STUDY

Since the study is undertaken as a part of the fulfilment of the requirement of the degree course of master of Philosophy in Commerce, the researcher has limited it to working of urban co-operative banks in Karad city. Moreover the present study has undertaken the detail study of 'The Karad Janta Sahakari Bank Ltd., Karad only.

The dissertation is required to be submitted to the University within a limited period. Therefore the researcher has delimited his study to certain aspects of the Bank like mobilisation of deposits and advancing loans.

Similarly the study is delimited for ten years and the working of the Bank from 1973-74 to 1982-83 . The necessary details on certain matters like purposewise loans, are not made available.

#### 1.7 METHODOLOGY

This study is mainly based on the secondary data i.e. Annual Reports of the Bank, and wherever necessary personal discussion with Bank officials about certain matters on urban co-operative banks are also take in to account.

#### 1.8 SOURCES OF DATA COLLECTION

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

- i) Published annual reports of the Bank and other urban co-operative banks in Karad.
- ii) Discussion with Bank Manager and concerned staff of the Bank.

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- iii) Various pamphlets and published matters on urban banks.
  - iv) Library resources :- Various books, Journals and Reports on banking.

#### 1.9 CHAPTER SCHEME

The present study is divided into seven chapters.

The first chapter is the introduction which states selection of the subject, definition, significance, scope aims and object of the problem, Limitations of the problem and methodology.

The second chapter includes the general background of urban co-operative banks. It covers need of urban co-operative banks, historical background and origin of urban co-operative banks. Historical development of urban co-operative banks in the world, India, Maharashtra and Satara district.

The Third Chapter goes with the development and banking business of urban co-operative banks in Karad city.

The fourth chapter deals with the working of The Karad Janta Sahakari Bank Ltd., Karad .

The fifth chapter deals with the working of the Bank with reference to mobilisation of deposits during the period 1973-74 to 1982-83.

The next i.e. sixth chapter covers the details about advancing loans of the Bank during the period under review.

The concluding chapter covers the summary, conclusions and suggestions.