

CHAPTER - III

**PROGRESS OF THE SELECTED URBAN
CO-OPERATIVE BANKS IN
KOLHAPUR CITY**

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in this Chapter is presented the historical background and beginning of the four selected urban co-operative Banks in Kolhapur city and their progress upto 1988.

The city of Kolhapur is located in southern Maharashtra and it is the district headquarters. Its population is 3.41 lakhs according to the 1981 census. There are three industrial areas in and around Kolhapur city. Udyamnagar is one such industrial area and it is situated in the heart of the city. Two industrial estates have been developed outside Kolhapur city area. They are: (i) MIDC, Shirol, which is on Pune-Bangalore Road, and (ii) MIDC, Gokul-Shirgaon, which also is on Pune-Bangalore Road, but towards Bangalore. As on 31st March 1988, there were as many as 8,416 Small Scale Industrial Units registered with the District Industries Centre, Kolhapur. A feature noteworthy of Kolhapur industrial scene is the almost total absence of big industrial units. There are only two limited companies, a few more private limited companies, a co-operative sugar mill, District Co-operative Marketing Federation (Shetkari Sahakari Sangh Limited), District Milk Federation, one consumers' co-operative stores and a producers' co-operative in the engineering field. Kolhapur District Central Co-operative Bank Limited, Kolhapur, is the Central Bank of the Co-operatives in the District. As on 30th June 1988, there were 16 urban co-operative Banks in Kolhapur city.

Selected Banks : Historical Background.

Out of the four selected urban co-operative Banks, the first to be established was "Kolhapur Urban Co-operative Bank Limited, Kolhapur". It was, however, established first as an urban co-operative society in 1913 under the Co-operative Societies' Act, 1912, which was made applicable to the then Kolhapur State by the then Maharaja, i.e. late Rajarshi Chhatrapati Shahu Maharaj. This society was later on converted into the present urban co-operative Bank. Shree Balbheem Urban Co-operative Bank (1915) and Raviwar Peth Co-operative Bank (1924) followed. The three remaining urban co-operative Banks selected for this study were established in the years shown against their names:

1. The Kolhapur Maratha Co-operative Bank Limited, Kolhapur (1933)
2. Shree Veershaiv Co-operative Bank Limited, Kolhapur (1942)
3. Kolhapur Janata Sahakari Bank Limited, Kolhapur (1960).

These Banks are henceforth called as (1) Kolhapur Urban Bank, (2) Maratha Bank, (3) Veershaiv Bank, and (4) Janata Bank, respectively.

The progress of the four selected Banks is presented in the following sequence:

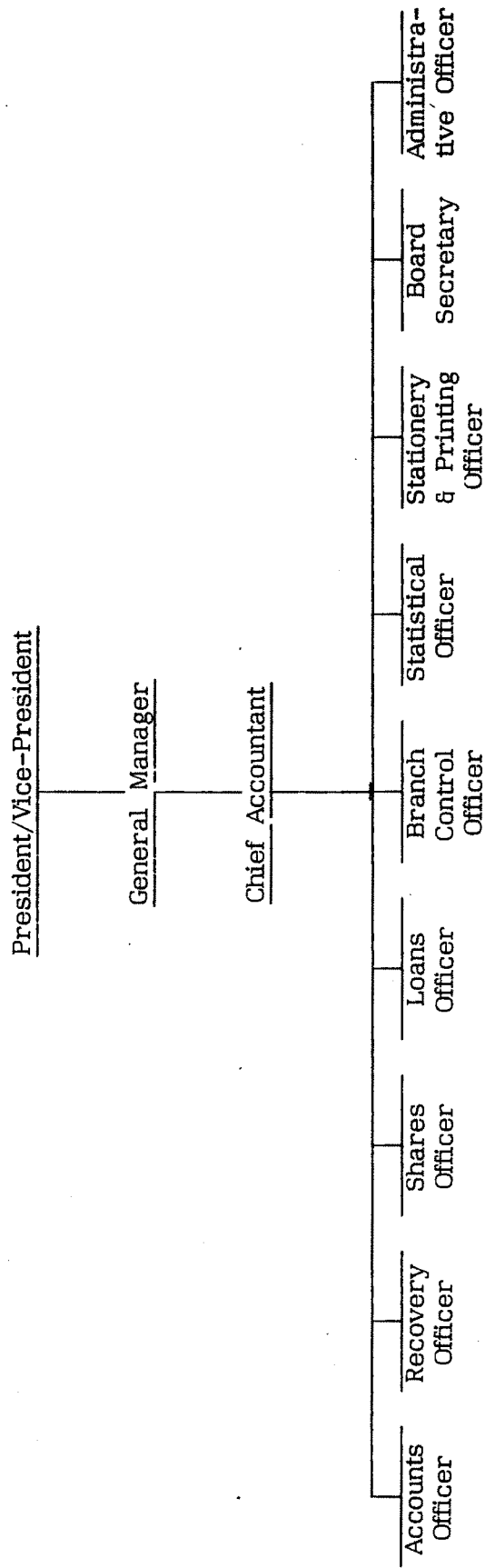
1. Veershaiv Bank (1601.37),
2. Maratha Bank (1294.28)
3. Kolhapur Urban Bank (1039.42)
4. Janata Bank (969.83).

The figures shown in the brackets are those of the deposits of the respective Banks in Lakhs of Rupees. as on 30th June 1987. Thus, the sequence followed is on the basis of the ranking of the Banks as per their deposits as on 30th June 1987.

The Organization Charts of each of these four Banks follow in the subsequent pages.

Also given in the subsequent pages are the statements showing the progress made by each of these Banks during recent years, i.e. 1973, 1978, 1983, 1986, 1987 and 1988. The data presented in these statements is derived with the help of certain key figures from the records of the respective Banks.

CHART NO.3.1.1 : Organization Structure of Veershaiv Bank.



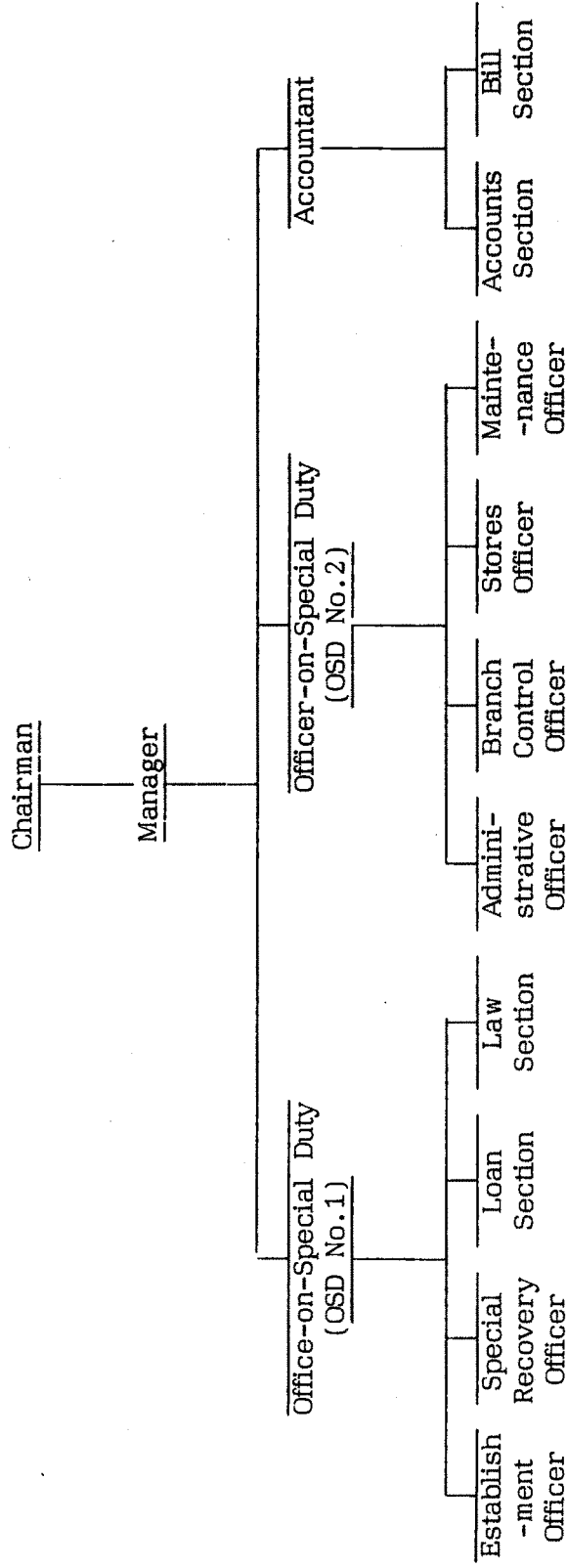
VEERSHAIV BANK.

TABLE No.3.1 : Statement showing Progress of Veershaiv Bank.

Particulars	(Year ending 30th June)					
	1973	1978	1983	1986	1987	1988
Members (Number)	3,767	4,650	8,439	10,629	10,864	10,948
Share Capital (Rs. in Lakhs)	2.11	3.95	8.05	16.13	19.89	23.76
Reserves and Surplus (Rs. in Lakhs)	5.91	34.89	81.10	132.72	156.98	181.31
Deposits (Rs. in Lakhs)	153.23	271.07	671.96	1,320.06	1,601.37	1,985.41
Loans and Advances (Outstanding) (Rs. in Lakhs)	105.51	169.39	488.04	861.18	1,056.18	1,327.15
Net Profit (Rs. in Lakhs)	2.26	8.75	14.29	24.30	26.86	19.05
Dividend (%)	9%	12%	12%	15%	15%	15%
Audit Class	A	A	A	A	A	A

Source: Office Records of the Bank.

CHART NO.3.2 : : Organization Structure of Maratha Bank.



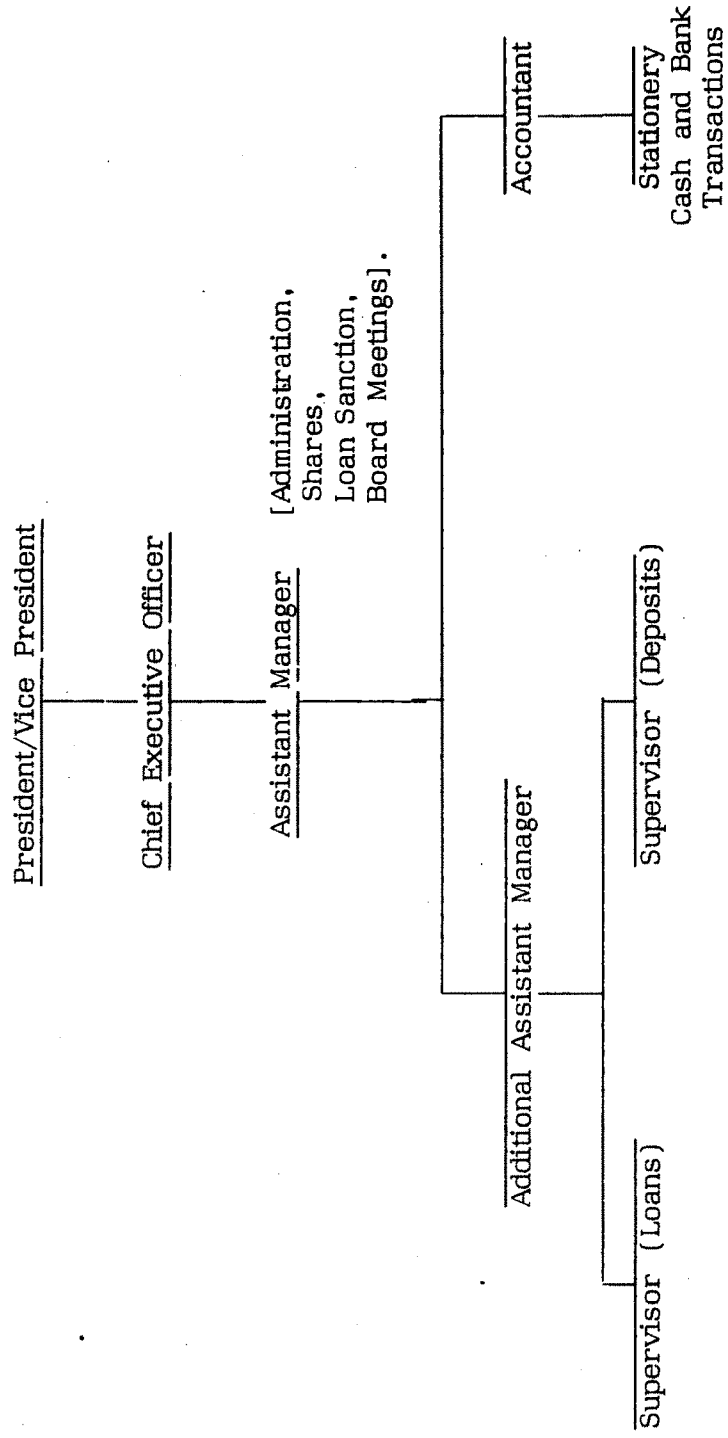
MARATHA BANK.

TABLE No.3.2 : Statement showing Progress of Maratha Bank.

Particulars	(Year ending 30th June)					
	1973	1978	1983	1986	1987	1988
• Members (Number)	4,627	6,104	14,889	18,288	18,991	20,462
Share Capital (Rs. in Lakhs)	4.94	6.99	22.07	38.00	47.47	49.97
Reserves and Surplus (Rs. in Lakhs)	3.21	10.15	31.91	61.64	77.40	103.31
Deposits (Rs. in Lakhs)	43.85	144.85	507.42	1,035.31	1,294.28	1,542.19
Loans and Advances (Outstanding) (Rs. in Lakhs)	35.17	84.49	377.54	682.74	956.44	1,211.31
Net Profit (Rs. in Lakhs)	1.71	2.65	8.70	12.13	22.54	21.84
Dividend (%)	9%	9%	12%	12%	12%	12%
Audit Class	A	A	A	A	A	A

Source: Office Records of the Bank.

CHART NO.3.3.3 : Organization Structure of Kolhapur Urban Bank.



KOLHAPUR URBAN BANK.

TABLE NO.3.3 : Statement showing Progress of Kolhapur Urban Bank.

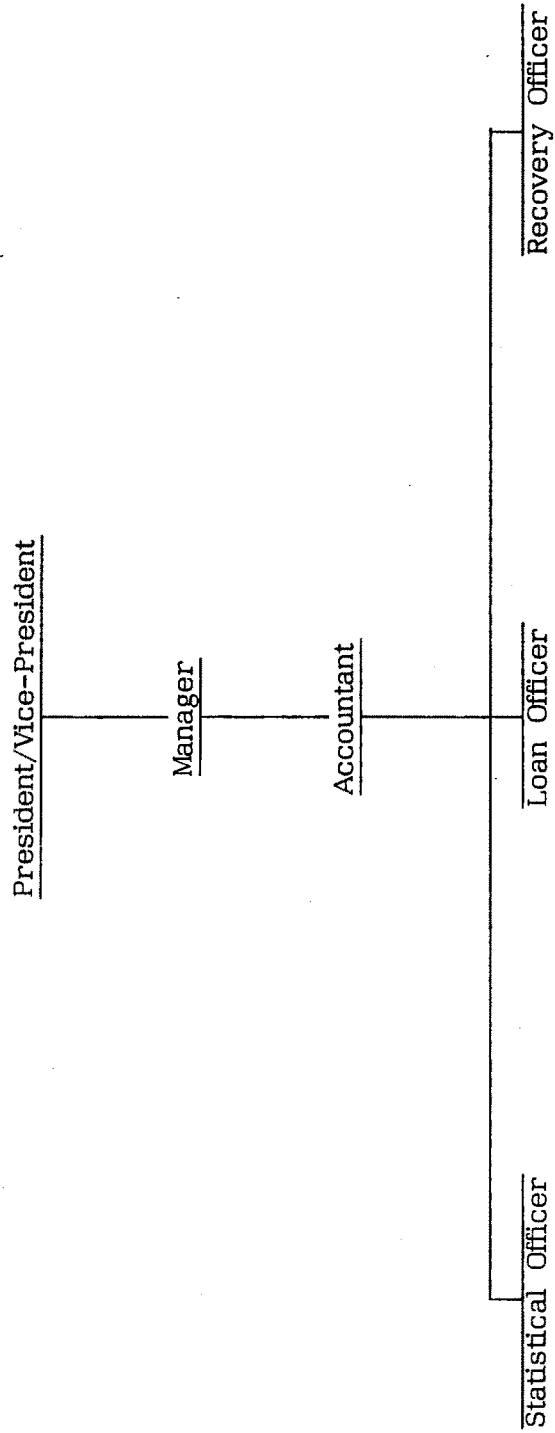
Particulars	(Year ending 30th June)					
	1973	1978	1983	1986	1987	1988
Members (Number)	8,293	9,549	11,922	12,711	12,962	13,247
Share Capital (Rs. in Lakhs)	2.72	4.75	16.19	26.21	31.12	37.30
Reserves and Surplus (Rs. in Lakhs)	8.32	20.41	56.58	45.32	49.25	54.59
Deposits (Rs. in Lakhs)	60.71	154.74	461.82	801.52	969.83	1,142.79
Loans and Advances (Outstanding) (Rs. in Lakhs)	46.09	98.71	326.37	493.61	659.81	744.44
Net Profit (Rs. in Lakhs)	1.15	2.19	7.23	11.92	18.96	18.76
Dividend (%)	9%	12%	12%	12%	12%	12%
Audit Class	A	A	A	A	A	A

Source: Office records of the Bank.

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CHART NO.3.4 : Organization Structure of Janata Bank



JANATA BANK.

TABLE NO.3.4 : Statement showing Progress of Janata Bank.

Particulars	(Year ending 30th June)					
	1973	1978	1983	1986	1988	
Members (Number)	2,277	5,237	8,805	10,235	11,773	12,496
Share Capital (Rs. in Lakhs)	3.09	5.98	12.30	19.29	20.45	26.24
Reserves and Surplus (Rs. in Lakhs)	1.78	6.26	16.15	27.47	32.00	37.39
Deposits (Rs. in Lakhs)	41.58	102.25	417.57	715.10	877.98	1,068.30
Loans and Advances (Outstanding) (Rs. in Lakhs)	26.79	68.75	337.94	492.12	562.62	761.63
Net Profit (Rs. in Lakhs)	0.30	1.11	2.55	4.08	4.83	5.81
Dividend (%)	9%	12%	12%	12%	12%	12%
Audit Class	A	A	A	A	A	A

Source: Unice Records of the Bank.

Organization of the Banks.

Organization structures of the four selected urban Banks differ from one another. In Veershaiv Bank and Janata Bank, Chief Accountant and Accountant respectively find the next important place after General Manager and Manager. Kolhapur Urban Bank and Maratha Bank do not give such a prominent position to the Accountants. Lending function seems to be carried out by the Manager/Chief Executive Officer with the help of some Assistants.

Progress of the Banks.

Progress made by these Banks may be judged from various angles. The four parameters used for the purpose of this study are:-

- a) Share Capital and Reserves,
- b) Deposits,
- c) Loans and Advances,
- d) Changes in the Profitability Ratios.

(a) Growth in Share Capital and Reserves.

Particulars	(Rs. in Lakhs)				
	1973	1988	Absolute Change	Percentage Change	Average Yearly Change
	Rs.	Rs.	Rs.		
i] <u>Veershaiv Bank</u>					
Share Capital	2.11	23.76	21.65	1026.06	68.40
Reserve Fund	5.91	181.31	175.40	2967.85	197.85
ii] <u>Maratha Bank</u>					
Share Capital	4.94	49.97	45.03	911.53	60.76
Reserve Fund	3.21	103.31	100.10	3118.38	207.89
iii] <u>Kolhapur Urban Bank</u>					
Share Capital	2.72	37.30	34.58	1271.32	84.75
Reserve Fund	8.32	54.59	46.27	556.12	37.07
iv] <u>Janata Bank</u>					
Share Capital	3.09	26.24	23.15	749.19	49.94
Reserve Fund	1.78	37.39	35.61	2000.56	133.37

Absolute change in respect of Share Capital is the highest in case of Maratha Bank while the percentage change is at the highest in case of Kolhapur Urban Bank. In respect of reserves, absolute increase is at the highest in case of Veershaiv Bank while the percentage is at the highest in case of Kolhapur Urban Bank.

(b) Growth in Deposits.

(Rs.in Lakhs)					
Particulars	1973	1988	Absolute Change	Percentage Change	Average Yearly Change
	Rs.	Rs.	Rs.		
i] <u>Veershaiv Bank</u>					
Deposits	153.23	1985.41	1832.18	1195.70	79.71
ii] <u>Maratha Bank</u>					
Deposits	43.85	1542.19	1498.34	3416.96	227.79
iii] <u>Kolhapur Urban Bank</u>					
Deposits	60.71	1142.79	1082.08	1782.37	118.82
iv] <u>Janata Bank</u>					
Deposits	41.58	1068.30	1026.72	2411.27	160.75

Maratha Bank stands first in respect of growth in deposits followed by Janata Bank. The third position is occupied by Kolhapur Urban Bank in this regard and the fourth position by Veershaiv Bank with lowest annual growth rate in deposits of 79.71%.

(c) Growth in Loans and Advances.

Particulars	(Rs.in Lakhs)				
	1973	1988	Absolute Change	Percentage Change	Average Yearly Change
	Rs.	Rs.	Rs.		
i] <u>Veershaiv Bank</u>					
Loans and Advances	105.51	1327.15	1221.64	1157.84	77.18
ii] <u>Maratha Bank</u>					
Loans and Advances	35.17	1211.31	1176.14	3344.15	222.94
iii] <u>Kolhapur Urban Bank</u>					
Loans and Advances	46.09	744.44	698.35	1515.18	101.01
iv] <u>Janata Bank</u>					
Loans and Advances	26.79	761.63	734.84	2442.96	182.86

Maratha Bank (222.94% annual growth rate) stands first with regard to the growth in loans and advances. It is followed by Janata Bank (182.86% annual growth rate), Kolhapur Urban Bank (101.01% annual growth rate) and Veershaiv Bank (77.18% annual growth rate). This ranking is similar to that in respect of the growth of deposits.

(d) Changes in the Profitability Ratios.

Particulars	1973	1988
i] <u>Veershaiv Bank</u>		
Net Profit to Owned Capital	28.17%	9.28%
Net Profit to Loans and Advances	2.14%	1.43%
ii] <u>Maratha Bank</u>		
Net Profit to Owned Capital	20.98%	14.24%
Net Profit to Loans and Advances	4.86%	1.80%
iii] <u>Kolhapur Urban Bank</u>		
Net Profit to Owned Capital	10.41%	20.41%
Net Profit to Loans and Advances	2.49%	2.52%
iv] <u>Janata Bank</u>		
Net Profit to Owned Capital	6.16%	9.13%
Net Profit to Loans and Advances	1.11%	0.76%

As seen from the above, only two profitability ratios, i.e. Net Profit to Owned Capital (i.e. share capital plus reserves) and Net Profit to Loans and Advances outstandings, are calculated.

Kolhapur Urban Bank shows improvement in respect of both these ratios when 1973 and 1988 ratios are compared. Net Profit to Owned Capital of Janata Bank has improved between 1973 and 1988. However, Janata Bank's ratio of Net Profit to Loans and Advances outstanding has declined during the same period. Maratha Bank and Veer-

shaiv Bank show a deteriorating position in respect of profitability when 1973 and 1988 figures are compared.

Conclusion.

Maratha Bank and Janata Bank have shown a tremendous growth rate with regard to both Deposits and Loans and Advances. Kolhapur Urban Bank stands third in the line with Veershaiv Bank occupying the last position. It must be noted here that Veershaiv Bank stands first with regard to both Deposits and Loans and Advances in absolute figures as on 30th June 1987 and also on 30th June 1988. In respect of Profitability, Kolhapur Urban Bank, Janata Bank, Maratha Bank and Veershaiv Bank occupy the rankings in that order. Maratha Bank, Veershaiv Bank, Janata Bank and Kolhapur Urban Bank occupy the first to the fourth ranks respectively in respect of growth in Share Capital and Reserves. All these Banks have, throughout the period of this study, declared dividend to their members and their Audit Class is "A" throughout this period.

In short, working of all these Banks can be said to be satisfactory and their management fairly good.

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