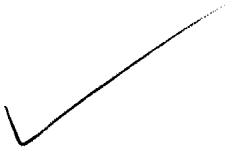

CHAPTER - III

PROFILE OF THE AJARA URBAN CO-OPERATIVE BANK LTD.

AJARA.

- 3.1 INTRODUCTION
 - 3.2 HISTORY OF THE BANK
 - 3.3 OBJECTIVES OF THE BANK
 - 3.4 LOCATION OF THE BANK
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PROFILE OF THE AJARA CO-OPERATIVE BANK LTD.,

AJARA.

3.1 INTRODUCTION :

The town Ajara situated on the ^{bank} ~~bondry~~ of Konkan and Desh and on the bank of Chitra and Hirankeshi river, is naturally beautiful but economically poor. The people of Ajara backward in all aspects due to lack of ^{employment} ~~are~~ employment and good educational facilities.

**3.2 BRIEF HISTORY OF AJARA URBAN
CO-OPERATIVE BANK LTD., AJARA :**

The Ajara Urban Co-operative Bank Ltd., Ajara has been established on 21st Oct. 1960. Before the establishment of the Ajara Urban Co-operative Bank Ltd., Ajara, there was a branch of Ichalkaranji Central Co-operative Bank which was converted into Urban Bank and the area of operation of that particular branch was restricted to only Ichalkaranji City. This was resulted into closing up the branch on 14/09/1960.

Because of that incidence the local leaders in Ajara thought over to open a new bank to get back the Urban banking facilities. Mainly

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the five yong men, namely Shri Charati K.U., Shri Deshpande M.S., Shri Walavalkar G.V., Shri Ramachandra alias Daji Topale and Shri Joshi Madhavrao came together and on 17-9-1960, took a informal meeting in a small cloth shop of Shri K.U.Charati for the purpose of establishment of new bank. The first share contribution was made by purchasing a shares of Rs. 25/-. In a short period, required statutory share capital of Rs. 20,000/- was collected. Due to the efforts of promoters of bank -

- Shri K.K.Bhusari,
- " S.U.Bhusari,
- " Late Ramachandra Babaji Kotikar.
- " Late Abdual Adam Ladaji
- " Basawani Balappa Marake
- " Dattaji Govindrao Sawant
- " Bassappa Dundappa Hukkeri
- " Gundo Bhikarji Watawe
- " Gansh Visnu Walwalkar
- " Kashinath N. Charati,
- " Late Keshav Bhikaji Topale
- " Manohar Laxman Falnikar
- " Madhav Shankar Deshpande,
- " Dnyandeo Shivaram Narvekar
- " Keshav Sitaram Parulekar
- " Late Mukund Pundlik Mhapasekar
- " Late Daji Topale.

The Deputy Registrar of Co-operative Shri Khan and Office Superintendent Shri S.K.Dewdhar sanctioned the proposal of bank and registered the name of bank on 19-10-1960. The First Board of Directors, supervision committee and Advisory Council was appointed and bye-laws were accepted on 11-11-1960. The actual working was inaugurated by a reputed leader in co-operative sector, Shri Deshbhakta Ratnappanna Kumbhar on 26th Jan. 1961. From the beginning Shri Ratnappanna Kumbhar has helped for growth and development of this bank.

Initially this bank has only Rs. 26,000/- as a share capital and Rs. 14,000/- against deposit accounts. Now the share capital and deposits increased upto Rs. 39,38,450/- and Rs.36,58,74,836/- 1994 respectively. The working capital of the bank, also increased from Rs. 1.30 lakhs in 1961 to Rs. 4,291.20 lakhs in 1994. The bank has helped to improve the economic condition of lower and middle income group, common urbanman, small marchants, serviceman, professional people etc.

3.3 OBJECTIVES OF THE BANK :

The main objectives of The Ajara Urban Co-operative Bank Ltd., Ajara - are -

- (1) To encourage thrift, selfhelp and co-operation among the members.
- (2) To accept a verious types of deposits from the members as well as from Non-members.
- (3) To give a loan or to advance a money with or without security to the members and others as permitted by the Registrar.
- (4) To draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, drafts, railway receipts, scrips and other security whether tranferrable or not.
- (5) To buy and to sell foreign exchange including foreign bank notes.
- (6) To arrange for the safe custody of valuables and documents of members and constitutents.

- (7) To open branches with the permission of Registering Authority and the Reserve Bank of India within the area of operation of the bank so as to provide banking services to the public.
- (8) To provide financial and technical assistance to small scale and cottage industries.
- (9) To act as an agent for the joint purchase of domestic and other requirements of members.
- (10) To do all such other things as are incidental and conducive to the promotion or advancement of these objects and of the business of the bank.

4.4 LOCATION OF THE BANK :

As per the bye-laws of the Bank the area of operation of the Ajara Urban Co-operative Bank Ltd., Ajara, covers Kolhapur District, Bombay City and its suburbs and with the permission of Deputy Registrar of Co-operative Societies, Poona, at such places where the bank will open its

branches, provided that in order to change the area of operation permission must be taken from the R.B.I. and Co-operative Department.

The main thing of this bank is that, it has been registered in semi-urban, hilly area but it has been opened its branches in big, developed and metropolitan City - like Bombay, Kolhapur etc.

The head office of the bank is located in Ajara town and it has opened its branches at the following places.

- (1) Uttur Branch, Tal. Ajara, Dist. Kolhapur.
- (2) Nesari Branch, Tal. Gadhinglaj, Dist. Kolhapur.
- (3) Bombay Branch, N.M. Joshi Marg, Bombay - 11
- (4) Malakapur Br., Tal. Shahuwadi, Dist. Kolhapur
- (5) Chandagad Br., Tal. Chandagad, Dist. Kolhapur
- (6) Kolhapur Branch, Pratibhanagr, Kolhapur.
- (7) Gargotti Br., Tal. Bhudargad, Dist. Kolhapur.
- (8) Kapashi Branch, Tal. Kagal, Dist. Kolhapur.
- (9) Kabnoor Branch, Tal. Hatkanangale,
Dist. Kolhapur.
- (10) Radhanagari Br., Tal. Radhanagar, Dist. Kolhapur.
- (11) Gadhinglaj Br. Tal. Gadhinglaj, Dist. Kolhapur
- (12) Kolhapur Br. Bindu Chouk, Kolhapur.

**3.4 MANAGEMENT OF THE AJARA URBAN
CO-OPERATIVE BANK LTD., ARJARA :**

The board of directors consist of 16 directors as under :-

- (1) 9 Directors to be elected from amongst the members of the Bank.
- (2) 4 seats are reserved on the board of directors i.e. - One for the member belonging to the Scheduled Caste or Scheduled Tribes, One for the members belonging to the weaker sections and two for women.
- (3) One directors is the representative of Bombay branch and one representative of the Kolhapur district branches and another one is a representative from employees of the Bank.

5 The board of directors shall be elected once in five years as per the election Rules framed by the Board. The board of directors shall hold office for a period of five years. Various committees are formed for smooth execution of the bank. Branch committees are formed for supervising and guiding the performance of branch. The bank

also receives valuable advice from lawyer and chartered accountants. The board meets one's in a week to sanction loans, day to day working and to take steps for recovery of loans etc.

Power and functions of the Board of Directors. -

- (1) To perform all acts connected with the administration of the bank and to undertake all activities and business furtherness of the aims and objective of the bank.
- (2) To consider application for membership allotment, transfer of shares and resignation.
- (3) To approve the annual Balance Sheet, statement of Profit & Loss Account and other statements for being placed before the members at the annual general meeting.
- (4) To consider applications for loans and advances and discounting of bills and the terms and conditions thereof.

- (5) To consider cases of arrears and defaults of loans overdrafts due from constituents.
- (6) To approve investment of funds in Government securities.
- (7) To fix the rate of interest on loans and deposits as per the directions of the R.B.I. issued from time to time.
- (8) To consider proposals for opening branches.
- (9) To consider proposals for creating posts of officers and junior and other staff, fix their qualifications, scales of pay and allowances.
- (10) To prepare annual budget estimates.

CHAIRMAN AND VICE CHAIRMAN :-

At the first meeting of board of directors the chairman and vice chairman are elected from director for one year. This meeting shall be held within one month from the date of the annual

general meeting. The chairman shall control over all meetings of the board. In the absence of the chairman, the Vice chairman can control over the meetings. The chairman and the vice chairman shall hold office for one year. The main functions of the chairman are - to preside over the General Meeting, Meeting of the Board of Directors, Sub-Committee Meetings and meetings of any other committee and to supervise the general work of the Bank.

Shri K.K.Bhusari was a first Chairman and founder member of the Bank. During the period under study the bank was working under the chairmanship of Shri K.V.Charati, Shri M.L.Fhalnikar, Shri M.S.Deshpande, Dr.M.G.Somshetti and Shri G.B.Watwe.

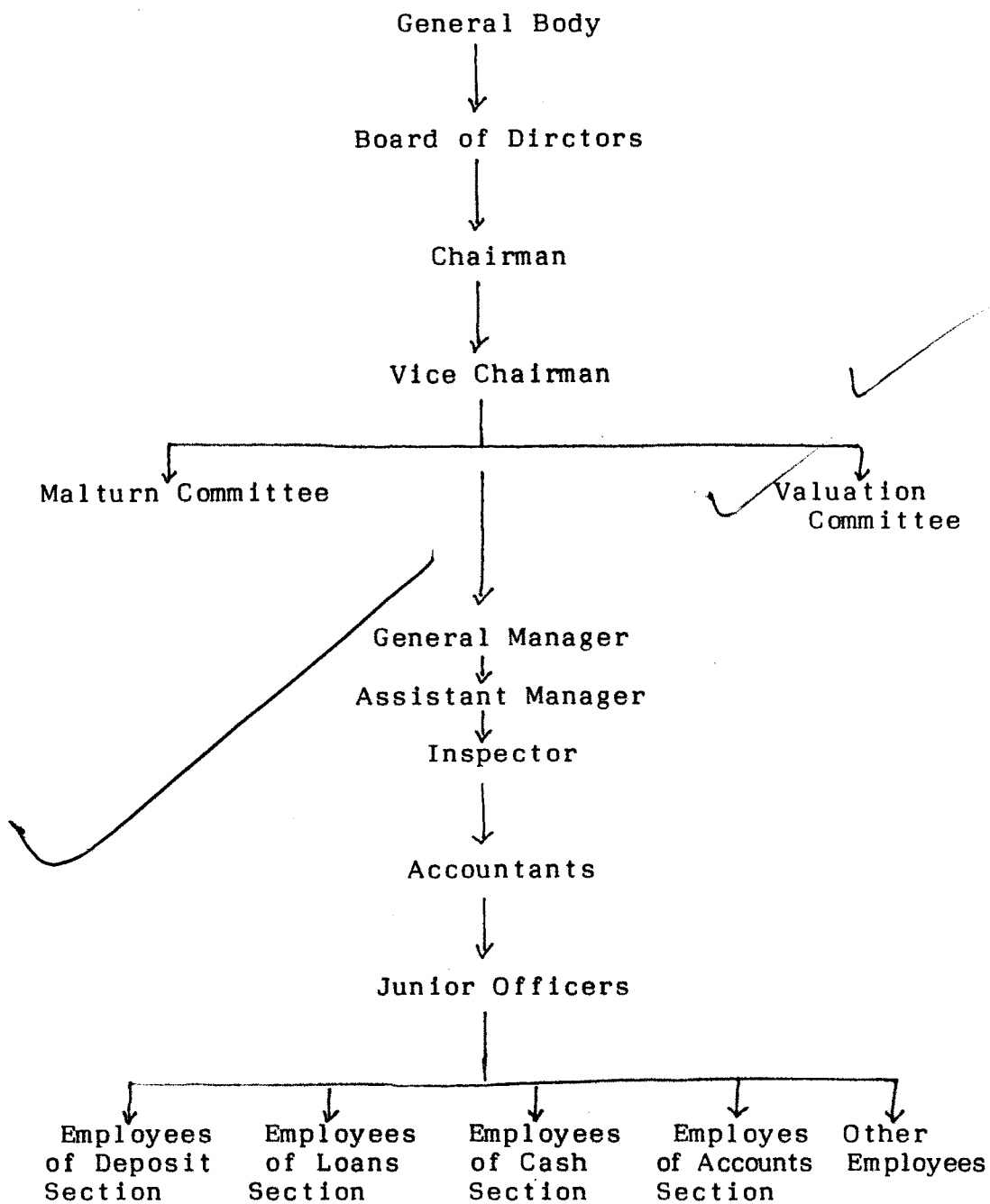
GENERAL MANAGER & OTHERS :-

For smooth running of the bank the Board of Directors appoints a General Manager. The General Manager is selected and appointed in accordance with the recruitment Rules. The first Manager of the bank was Shri A.B.Patankar, then Shri V.G.Gokhale was appointed as a Manager and then from June 1983, Shri kurunkar V.G. is promoted to the post of General Manager of Bank.

The efficiency and the success of the Bank depends upon its qualified, trained, honest, hopeful and stable employees. This bank has a good staff. At the initial stage of the Bank there were only 3 employees, i.e. The Manager Shri A.B.Patankar, his assistants Shri V.B. Dang and a peon Shri S.D.Parpolkar. Now there are 183 employees who are working very efficiently and honestly for the development of the Bank in various branches.

The following organisation chart shows the nature working of the Ajara Urban Co-operative Bank Ltd., Ajara.

TABLE NO. 3.1
 (CHART)
 Chart showing the Organisation Structure of
 The Ajara Urban Co-operative Bank Ltd.,Ajara.



GROWTH OF THE BANK :-

Growth of the bank includes, what goes on increasing the working of the Bank in respect of membership, share capital, Reserve and other Funds, Deposits, Loans and Advances, Working Capital, Net Profit and branches.

The researcher has made the detailed study of the growth and expansion of the Ajara Urban Co-operative Bank Ltd., Ajara mainly from 1989-90 to 1993-94.

The Ajara Urban Co-operative Bank Ltd., Ajara was established on 26/01/1961 and the working of the Bank also started on the same date. In the first year of establishment there were 459 members, Rs. 25,00,000 share capital and funds, Rs.94,00,000/- deposits, Loans & Advances were Rs.95,00,000 and working capital was Rs. 1,30,00,000/-. But within 33 years the bank has reaches at the top level in all these points.

MEMBERSHIP :-

The following table shows the position of membership, during the peirod of last five years i.e.from 1989-90 to 1993-94.

TABLE No. 3.2

TABLE SHOWING THE POSITION OF MEMBERSHIP

YEAR	TOTAL MEMBERSHIP	INCREASE
1989-90	6,737	439
1990-91	7,176	439
1991-92	7,382	206
1992-93	8,883	1,501
1993-94	10,531	1,648

The above table shows that the membership increased from 6737 in 1989-90 to 10531 in 1993-94. The above table also shows that the highestt increase in membership is in 1993-94.

SHARE CAPITAL :-

As per the bye-laws of the bank tthe Authorised share capital of the bank is 50,00,000 devided in to 2,00,000 shares of Rs.25/- each, in the period of study. But now the Reserve Bank of India has been given a permission to increase a Authorised Capital of the bank upto 1,00,00,000 devided into 4,00,00,000/- shares of Rs.25/- each.

The following table shows the position of paid up share capital of the Ajara Urban Co-operative Bank Ltd., Ajara.

TABLE No. 3.3
TABLE SHOWING THE POSITION OF PAID UP SHARE
CAPITAL FROM 1989-90 to 1993-94.

YEAR	PAID UP SHARE CAPITAL	INCREASES
1990	29,19,450	
1991	32,79,525	3,60,075
1992	33,48,900	69,375
1993	34,58,625	1,09,725
1994	39,38,550	4,79,825

The above table shows that the paid up capital of the bank increased during the period of five year from Rs. 29,19,450/- to Rs. 39,38,450/- during the period from 1990 to 1994.

The average increase in share capital is Rs. 2,03,800/- during the five years and the share capital recorded near about 1.35 fold increases within a period of five years.

Reserve fund & other reserves have always considered as an essential condition of prosperous business of the bank. It is an important component of working capital as it acts, as a shock absorbing cushion at the time of financial stringency.

The following table shows the position of Reserve funds and other reserves during the period of five years.

TABLE No. 3.4
TABLE SHOWING THE POSITION OF RESERVE & OTHER FUNDS

YEAR	RESEVE FUNDS & OTHER RESERVE	INCREASE
1990	1,33,40,178.36	
1991	1,67,51,086.18	34,10,907.82
1992	2,06,81,208.25	39,30,122.07
1993	2,96,64,320.19	89,83,112.19
1994	4,31,89,895.45	1,35,25,575.26

The data in the above table shows that the total amount of various funds, increased from Rs. 1,33,40,178.36 to 4,31,89,895.45 within five years.

The growth rate in reserve funds and ⁵⁻ other reserve increased from 25.57% in 1991 to 45.60% in 1994. It means reserve funds and other reserves are satisfactorily increased during the period of loss five years.

DEPOSITS :-

Deposits are one of the main sources to the banking activities, mobilisation of deposits through different novel schemes is the secret of the success of bank. The Ajara Urban Co-operative Bank Ltd., Ajara, with their innovative deposit scheme not only stimulate to those who have capacity to save, but, extract funds from those do not have to do it.

Following table shows the position of total deposits of the bank from 1990 to 1994.

TABLE No. 3.5
TABLE SHOWING TOTAL DEPOSITS OF THE BANK.
FROM 1990 TO 1994.

YEAR	TOTAL DEPOSITS	GROWTH (Increase)	% OF GROWTH
1990	21,02,03,052		
1991	24,59,03,484	3,57,00,432	16.98
1992	26,55,66,786	1,96,63,302	7.99
1993	31,65,79,800	5,10,13,014	19.20
1994	36,58,74,836	4,92,95,036	15.57

The deposits of the Ajara Urban Co-operative Bank Ltd., shows a continuous upward trend. The deposits stood Rs. 21,02,03,052 in 1990. This amount increased upto Rs. 36,58,74,836 in 1994. This increase of deposits was caused by many innovative schemes.

LOANS AND ADVANCES :-

To give a loans and advances is the most important function of the Bank and the bank gives advances to the members and non-members of various sectors for productive and non productive purposes, in the form of cash credit, over draft facilities, gold and silver ornaments, Government and other securities etc. and also gives loan to weaker sections for education, marriage, commercial purposes and small scale industrial purposes.

The following table shows the position of loans and advances of the Bank, during the period of last five years i.e. 1990 to 1994.

TABLE No. 3.6

TABLE SHOWING THE POSITION OF LOANS & ADVANCES.

YEAR	OUTSTANDING LOANS	SHARE IN THE WORKING CAPITAL
1990	13,21,28,099	56.22
1991	16,38,23,038	78.77
1992	18,60,28,270	61.42
1993	21,64,69,520	58.93
1994	24,47,34,666	57.54

The above table shows that the loans and advances increased from Rs. 13,21,28,099 in 1990 to 24,47,34,666 in 1994. The share of loan and advances in the working capital was 56.22% in 1990 and 57.54% in 1994. It is highest in 1994 i.e. 78.77%. It recorded near about 1.852 fold increase within a period of five years.

WORKING CAPITAL :-

In the Banking business working capital plays an important role, comparatively with fixed capital. The working capital shows the turnover of all financial position of the Bank. So optimum utilisation of working capital is quite essential in the Banking concern.

The following table shows the position of working capital of the Bank during the period i.e. 1990 to 1994.

TABLE NO. 3.7

TABLE SHOWING THE POSITION OF THE WORKING CAPITAL

YEAR	AMOUNT OF WORKING CAPITAL	INCREASE IN WORKING CAPITAL IN EVEN YEAR
	Rs.	Rs.
1990	23,50,12,894	
1991	27,87,62,128	4,37,49,234
1992	30,28,30,460	2,40,68,332
1993	36,73,03,038	6,44,72,578
1994	42,91,20,070	6,18,17,032

The data in the above table shows that the amount of working capital increased for Rs. 23,50,12,894 in 1990 to Rs.42,91,20,070 in 1994. It recorded near about 1.825 fold increases during the period of last five years. The bank has maintained the satisfactory growth of working capital during this period except 1991.

NET PROFIT :-

The net profit of the Bank shall be calculated as per the provision of the co-operative Act. The Bank earns the profit in the form of interest, commission and other miscellaneous receipts and it can be called as 'Surplus Fund' and surplus fund is essential for future development of the Banking Activities.

According to the satisfactory earned net profit position, the Bank declared rate of dividend to the members as per their shares holding rates. The following table shows the position of earned profit and rate of dividend declared during the period of last five years i.e. 1990 to 1994.

TABLE No. 3.8

TABLE SHOWING THE POSITION OF PROFIT AND
PERCENTAGE OF DIVIDEND DECLARED.

YEAR	PROFIT	INCREASE IN PROFIT	DIVIDEND RATE
1990	34,61,763		15%
1991	37,04,235	2,42,472	15%
1992	55,50,612	18,46,377	18%
1993	42,27,122	(-)13,23,490	18%
1994	52,37,431	10,10,309	20%

The above table shows that the amount of profit increased from Rs. 34,61,763 in 1993 to Rs. 52,37,431 in 1994. It recorded near about 1.512 fold increase.

The above table also shows that the rate of dividend increased from 15% in 1990 to 20% in 1994.

BRANCHES :-

During the period of study the Bank has not opened any branch but after 31-3-1994 the Bank has opened 2 New branches i.e. one in Bindu Chouk, Kolhapur and Second in Gadhinglaj. It means at present there are 12 branches and a head office at Ajrara.

The Bank has proposed to start its new branches at (1) Boriwali, Bombay, (2) Sangao, Tal.Kagal, (3) Turle, (4) Rankala Choupati, Kolhapur, (5) Murgud, (6) Sarud and (7) Kurundwad as soon as it receives the licence.

The overall progress of the Bank in respect of membership, share capital, reserves and other funds, deposits, loans and advances, working capital, net profit and branch offices during the period of five years is given in Table No. 3.9.

TABLE No. 3.9

TABLE SHOWING THE OVER ALL PROGRESS OF THE BANK.

(From 1990 to 1994)

YEAR	MEMBERSHIP	SHARE CAPITAL	RESERVES & OTHER FUNDS	DEPOSITS	LOANS & ADVANCES	WORKING CAPITAL	NET PROFIT BRANCHES
1990	6737	29,19,450	13340178	210203052	132128099	235012894	3461763 10
1991	7176	3279525	16751086	245903484	1638,23038	278762128	3704235 10
1992	7382	3348900	20681208	265566787	186028270	302830460	5550612 10
1993	8883	3458625	29664320	316579800	216469520	367303038	4227122 10
1994	10531		43189895	365874836	244734666	429120070	5237431 10

SOURCE - FROM ANNUAL REPORTS OF BANK.