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**CHAPTER – III**

**A PROFILE AND GROWTH OF  
THE VIKAS CO-OPERATIVE BANK LTD.,  
SOLAPUR [1990-91 – 1994-95]**

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- III. OBJECTIVES OF THE VIKAS CO-OPERATIVE BANK LTD., SOLAPUR.
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## **I. ABOUT THE VIKAS CO-OPERATIVE BANK LTD., SOLAPUR**

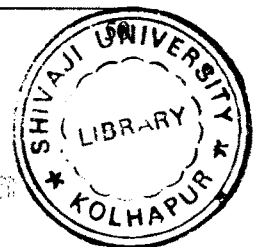
### **❖ History of the Bank :**

The Vikas Co-operative Bank Ltd., is established with kind blessing of Shri. Ramniwas Jammalal Jaju. The bank established in the year 1979, bearing registration number sur/BNK/170/79. Dated – 26/10/1979. The bank started its business after receiving license on 11/4/1980.

The bank started with the Authorised share capital of Rs. 5,00,000/- Now a days The Vikas Co-operative Bank is a leading bank in Co-operative sector in Solapur city.

The registration form of the bank was signed by the following active members.

1. Shri. Vishnudas K. Tapdiya.
2. Shri. Kamalnayan B. Kalani
3. Shri. Ramniwas J. Jaju.
4. Shri. Sohanraj P. Surana.
5. Shri Mathuradas M. Bhutada.
6. Shri. Rameshwarlal L. Karawa.
7. Shri. Harikisan J. Rathi.
8. Shri. Ramchandra R. Zawar.
9. Shri. Ramchandra V. Tumma.
10. Shri. Chanbsappa R. Degil.
11. Shri. Chandrashekhar S. Swami.
12. Shri. Sanjay R. Gham.



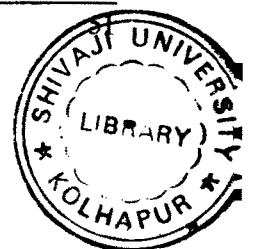
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## **II. LOCATION AND AREA OF THE OPERATION**

The Vikas Co-operative Bank Ltd., Solapur is located in the Solapur Municipal city, Particularly known as Balives, Jaju Chowk, Solapur, which is very ideal place from the business and trade point of view.

The occupied a very important place for the Bank Office building, in the heart of the city surrounded by important offices. First of all to be mentioned is the central Bus stand which is very close to the bank, the second one is that there are the Government offices which are also very close to the bank. Moreover, this place is also known as the trade center and there are many big and small business firms.

The bank is also surrounded by the local news paper office, schools and private hospitals etc. The area of operation of the bank shall be confined to the geographical limits of the Revenue Taluka of the North Solapur including Solapur city. There is a heavy competition in this populated area of the Solapur city. Due to the various banking companies, such as commercial banks, nationalized banks and other co-operative banks are around the banks, inspite of all this Vikas Co-operative Bank is still one of the most popular bank in the Solapur city.



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### **III. OBJECTIVES OF THE VIKAS CO-OPERATIVE BANK LTD.,**

#### **SOLAPUR.**

The main objectives of the Vikas Co-operative Bank as per Bye – laws of the Bank, are as follows :

- i. To attract deposits from members as well as non members.
- ii. To advance loan to members.
- iii. To act as agent for the joint purchase of domestic and other requirements of the member.
- iv. To undertake collection of bills, accepted or endorsed by members.
- v. To arrange for the safe custody of valuable documents of members.
- vi. To provide other facilities as provided by commercial banks.
- vii. Lastly – to encourage members to save money and deposit their savings in the own bank.

The main primary objective of this bank is to encourage ‘thrift’ and ‘Self held’ and to raise resources by way of deposits. Hence, the basic tenent of the bank is to encourage the savings habit of the members.

The noteworthy objective of the bank is to lend money to those who are in need of it especially to weaker section of the community. The bank

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provided loans and advances to the borrowers through various types, such as overdrafts, cash credit, hire purchase and national savings certificates.

The bank provides the instant services to the customers of the bank with respected manner and the employees of the bank establish a good relation with them. Hence, the Vikas Co-operative Bank, Solapur is attracting the number of persons and so becoming popular day by day.



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#### **IV. GROWTH OF THE VIKAS CO-OPERATIVE BANK LTD.,**

##### **SOLAPUR.**

A Profile and Growth of Vikas Co-operative Bank Ltd., (Solapur).

i. **INTRODUCTION :**

The growth of the Vikas Co-operative Bank includes what goes on increasing the working of the Bank includes the, management, membership share capital, working capital, deposit, mobilisation reserves and surplus, profit and dividend, credit deposit ratio, laons and advances, overdues and management expenses.

For the studying all these points on detail it would be appropriate to study one by one which is given in the following pages.

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**A] Management of Vikas Co-operative Bank.**

Like any other co-operative banking institution the management of Vikas Co-operative Bank Ltd., is vested in a Board of Director's who are elected by the general body consisting of all the members. The final authority in all matters rests with the general body but the actual conduct of the affairs of the bank rests with the Board of Directors of the bank.

The management of the Vikas co-operative Bank is generally vested into lards Board of Director's consisting of 14 directors, including President and Vice President and out of total seats to seats are reserved for backward classes. The directors were elected by the authorised members of the bank under the Bye – laws of 29(I). The general meeting is held usually once in a year and is the ultimate authority of the management. In all the affairs of the Bank the Board of Directors has to depend on the secretary, manager and his colleagues [Colleagues].

The Table indicates the meeting of the Board of Directors, during the period of last 5 year's.

Table No. 3.1

**Table shows the number of meetings held  
during the period 1990-91 to 1994-95.**

<b>YEAR</b>	<b>NO. OF MEETINGS</b>
1990-91	10
1991-92	12
1992-93	18
1993-94	18
1994-95	17

**Source :** Compiled from Annual Report of the Bank.

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The above table number 3.1 shows that the maximum 18 meetings were held in 1993 and 1994 and the minimum 10 meetings were held in the year 1991. It also shows that the meetings of Board of Directors in the year 1994 were increased upto 18 meetings. So it can be concluded that board meetings were held once in month and twice if necessary.

**B] Membership.**

In the growth of the bank, the most important aspect is membership. If the bank popularises day by day the membership would increase day by day. Most of the banks having two classes of members, Viz., regular and nominal members. The membership of the bank consists of individuals ever 18 years of age and competent to contract. The nominal membership was introduced with a view to enabling persons to borrow for a short and temporary period against readily realisable securities as like gold. The bank admitted as nominal members of payment of an admission fee and nominal amount. The nominal members have not given subscribe to the share capital and right of voting and participation in the Management and also not entitled to the distribution of the profits and do not have any liability in the event of the bank being covered up. The final power of admitting new nominal members has been rested in the Board of Directors.

The nominal members shall not entitled.

1. To receive a share certificate.
2. To receive audited accounts and annual reports and
3. To attend and to participate and to vote in General Meeting.





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Any other person as defined Bye-law 4 (ix) having its registered office within the area of operation of the Bank and conducting business within such area may be admitted as a regular member provided that –

1. The individual person is not member of any other primary co-operative bank.
2. The member does not of any criminal offence involving moral turpitude.
3. The person is not engaged in business competing with the business of the bank.
4. The individual is not an employee of the bank.
5. The person has subscribed to and fully paid at least one share of the bank and his application has been duly approved by the Board of Directors.

Table No.3.2

Table shows the position of the membership during the period of last 5 years i.e. from 1990-91 to 1994-95.

<b>YEAR</b>	<b>NO.OF MEMBER</b>	<b>Increase</b>	<b>Percentage</b>
1990-91	3712	--	
1991-92	3810	98	2.64
1992-93	3896	86	2.25
1993-94	4024	128	3.28
1994-95	4141	127	3.14

Source : Complied from Annual Report of the Bank.

Table No. 3.2 states that there was continuous increase in members. The percentage of members increased from 2.64% to 3.14% during the study

period i.e. 1990-91 to 1994-95. It indicates the popularity of bank, which was the result of its efficient management and capabilities of personnel, which brought financial soundness of bank.

**C] Share Capital.**

The share capital of the Bank is the basic point as per the Bye-laws describes. Authorised share capital of the bank is Rs. 75,00,000/- divided into 3,00,000/- ordinary shares of Rs. 25/- each [As per Reserve Banks rules and regulation for authorised share capital limit increased from 20,00,000/- to 75,00,000/-]

**Table No.3.3**

**Table shows the position of share capital  
during the period 1990-91 to 1994-95**

<b>YEAR</b>	<b>AUTHORISED</b>	<b>PAIDUP</b>	<b>INCREASE</b>	<b>PERCENTAGE</b>
1990-91	20,00,000	17,56,400	--	--
1991-92	30,00,000	22,05,000	4,48,600	25.52
1992-93	30,00,000	28,42,400	6,37,400	28.87
1993-94	75,00,000	34,95,300	6,52,900	22.91
1994-95	75,00,000	44,67,300	9,72,000	27.80

This table No.3.3 shows that the authorised share capital and paid up capital of the bank. The paid up capital remarkable increased during the period of last 5 years from Rs. 17,56,400 to Rs. 44,67,000/- during the period of 1990-91 to 1994-95. The percentage of paid up share capital increased from 25.52% to 27.80%.

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**D] Working Capital.**

The working capital plays an important role in the banking business, comparatively with fixed capital. The turnover of the all financial position depends upon the working capital i.e. with the help of working capital i.e. with the help of working capital it shares the turnover of the financial position of the bank. And therefore the maximum utilization of working capital is quiet essential in this banking concern.

Table No. 3.4

**Table shows the position of Working Capital**  
**During the last 5 years i.e. 1990-91 to 1994-95.**

[Rs. in Lakhs]

<b>YEARS</b>	<b>AMOUNT OF WORKING CAPITAL</b>	<b>INCREASED AMOUNT</b>	<b>PERCENTAGE</b>
1990-91	742.60	--	--
1991-92	776.87	34.27	4.61
1992-93	811.92	35.05	4.51
1993-94	966.69	154.77	19.06
1994-95	1093.41	126.72	13.10

Above Table No. 3.4 shows the position of working capital of the bank during the period i.e. 1991 to 1995. The working capital amount is increased from Rs. 742.60 lacks in the year 1991 to Rs. 1093.41 lacks in the year 1995.

The percentage of working capital increased from 4.6% for the year 1990-91 to 13.10% for the year 1994-95.



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E] **DEPOSIT GROWTH.**

The main object of the bank is to maintain faith and confidence without public faith and confidence the bank can not run satisfactorily. Deposits are one of the main source of the banking activities. This bank has attained considerable amount of source in attracting more deposits by opining new deposits types. This bank is one of the Banks, which made a lot of concentrated efforts in the growth of deposits from the people. According to the Bye-laws the Bank was collecting deposits through the various deposits – Reccuring, Vikas Lakhapati, Vikas Jivan Sathi, Sanchit Deposit , Savings, Current and fixed deposits, Pigmi deposit.

Table No.3.5

[Rs. in Lakhs]

<b>YEARS</b>	<b>DEPOSITS</b>	<b>INCREASE</b>	<b>PERCENTAGE</b>
1990-91	523.30	--	--
1991-92	525.90	2.60	0.49
1992-93	561.20	35.30	6.71
1993-94	669.18	107.98	19.24
1994-95	764.80	95.62	14.28

**Source** : Compiled from the Annual Report of the Bank.

The above table shows that the deposits of the banks were increasing constantly and satisfactorily during the last 5 years from 1991 to 1995 from Rs. 523.30 Lacks by 0.49% to Rs. 764.80 lacks by 14.28% in the year 1995.

The Bank has declared the 'Vishesh Thav Pandharvade' from dated 1<sup>st</sup> January 1996 to 15<sup>th</sup> January 1996. The bank is running smoothly in mobilising the deposits from the public.

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**F] Loans and Advances :**

The most important function of the bank is to give the loans and advances to the members and non-members of the Bank for various sectors to productive and non-productive purposes, in the forms of cash credit overdrafts facilities. Gold and silver ornaments, Government and any other securities and the clean loans etc. The bank also provides the loan to weaker sections for education, marriage, commercial purposes and for the purposes of small scale industries under the Bye-laws 11 [ 57 & 95].

The following table No.3.6 shows that the position of loans and advances of the bank during the last 5 years from 1990-91 to 1994-95.

Table No.3.6  
Table Showing the position of Loans and Advances  
for the year 1990-91 to 1994-95.

[Rs. in Lacks]

YEAR	LOANS AND ADVANCES	INCREASE
1990-91	472.65	00.00
1991-92	510.52	37.87
1992-93	556.83	46.31
1993-94	667.40	110.57
1994-95	784.38	116.98

**Source :** Compiled from the Annual Report of the Bank.

The above table shows the position of loans and advances of the bank during the last 5 years from 1990-91 to 1994-95. It shows the amount of outstanding loans and advances increased every year from Rs. 57.67 [lacks] to Rs. 89.10 [Lacks]. The percentage of loans and advances increased by 7.95%, 0.89%, 18.82% and 16.38% in the year 1991-92, 1992-93, 1993-94 & 1994-95 respectively.



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**Gj Reserve Fund and other Reserve :**

The reserve fund and other reserves have always been considered as an essential condition of prosperous business of the bank. It is an important component of the working capital as it acts as a shock absorbing cashier at the time of the financial stringency. The bank maintains three types of reserves. Viz. Statutory Reserve, Bad and Doubtful Debts and The other Reserves.

The table No. 3.7 shows the position of Reserves funds and other Reserves during the period of 5 years i.e. 1990-91 to 1994-95.

Table No. 3.7

**Table Shows the position of Reserve Funds & Other Reserves.**

**For the year 1990-91 to 1994-95**

<b>YEARS</b>	<b>RESERVE FUNDS &amp; OTHER RESERVES</b>	<b>INCREASE IN RESERVE FUNDS</b>	<b>PERCENTAGE</b>
1990-91	71,76,452=61	--	--
1991-92	88,51,347=07	16,74,894=46	23.30
1992-93	1,06,28,773=10	17,77,426=03	19.90
1993-94	1,31,71,317=57	25,42,543=53	23.92
1994-95	1,46,97,492=48	15,26,174=91	11.58

**Source :** Compiled from the Annual Report of the Bank.

The table shows that the total amounts of various funds, increased from Rs. 71,76,452=61 in 1990-91 to Rs. 1,46,97,492=48 in 1994-95, it increased near about two fold time, during the five years period. The total growth of Reserve funds and other Reserve is Rs. 75,21,039=87 during the corresponding period and there fore the bank is in a position of build up sound reserves for

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better banking activities. The growth in the Reserve fund and other reserves during the last five years is appreciable. It suggest that bank was capable to face any financial problem that will arise in future.

#### **HJ] Profit and Dividend Rate.**

There is the provision for calculating net profit of the bank under the co-operative Act. The bank earns the profit in the form of interest, commission and miscellaneous receipts. And this earning of profit is called 'Surplus Fund' The bank uses it for the appropriate purposes for the future development of the bank.

The bank declared the rate of dividend to the members as per their rates of share holding, after earning the net profit satisfactorily.

The table No. 3.8 shows the position of earned profit and the rate of dividend declared during the period of last 5 years i.e. 1990-91 to 1994-95.

**Table No. 3.8**

**Table showing the position f profit and percentage of dividend declared.**

<b>YEARS</b>	<b>PROFITS [Rs.] [Net]</b>	<b>INCREASED IN PROFITS [RS.]</b>	<b>DIVIDEND AMOUNT RATE @ 12%</b>
1990-91	13,31,430=71	--	1,70,736=00
1991-92	13,53,913=63	22,482=92	2,10,768=00
1992-93	14,25,053=47	71,139=84	2,64,600=00
1993-94	14,35,000=00	9,946=53	3,41,088=00
1994-95	16,41,696=75	2,06,696=75	4,19,436=00

**Source :** Compiled from the Annual Reports of the Bank.

The above table of profit and dividend shows that the amount of profit increased from Rs. 13,31,430=71 in 1990-91 to Rs. 1641.696-75 in 1994-95. The average growth rate of earned profit is Rs. 62053/- during the same period and it is satisfactorily to the bank.

Thus the above table shows that the amount of dividend increased from Rs. 1,70,736=00 in 1990-91 to Rs. 4,19,436=00 in 1994-95, But the amount of dividend paid @ 12% each year. This picture shows that the Vikas Co-operative Bank is surviving well in the largest network of the banking systems.

### **I] Credit Deposit Ratio.**

The credit deposit ratio is considered while studying the deposits loans and advances of the bank. The credit deposit ratio shows the relationship between the total deposits and total loans and advances. The table No. shows the position of credit deposit ratio of the bank during the period of last 5 years. i.e. from 1990-91 to 1994-95.

**Table No.3.9**  
**Table Showing the Credit Deposit Ratio**  
**For the year 1990-91 to 1994-95.**

<b>YEARS</b>	<b>TOTAL DEPOSITS</b>	<b>LOANS AND ADVANCES</b>	<b>RATIO CREDIT DEPOSIT</b>
1990-91	5,23,30,145=72	4,72,65,361=66	90.32 %
1991-92	5,25,90,471=63	5,10,52,225=94	97.07 %
1992-93	5,61,20,089=60	5,56,82,531=87	99.2 %
1993-94	6,69,18,071=71	6,67,39,700=91	99.73 %
1994-95	7,64,79,594=38	7,84,38,260=15	102.56 %

**Source :** Compiled from the Annual Reports of the Bank.

The above table shows that the loans and advances as a percentage to total deposits of the bank increased from 90.32% to 102.56% within last five years i.e. 1990-91 to 1994-95. The highest credit deposit ratio was 102.56% in the year 1994-95. and the lowest credit deposit ratio was 90.32% in the year 1990-91.



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## Jl Over Dues :

The most important thing is the recovery of already advanced loans. The most important duty of the bank is to get recovery of loans and advances, within the specified period mentioned in the bond. The amount will remain blocked up until its recovery. And therefore the recovery of loans may be taken as a principle pointer of its operational efficiency.

The table No.3.9 shows the position of the overdues of the bank during the last 5 years from 1990-91 to 1994-95.

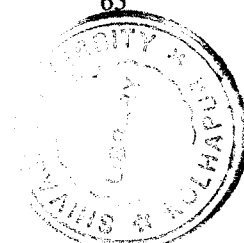
**Table No.3.9**  
**Table Showing the position of overdues**  
**For the year 1990-91 to 1994-95**

<b>YEARS</b>	<b>LOANS AND ADVANCES</b>	<b>OVERDUES AMOUNT</b>	<b>OVERDUES PERCENTAGE</b>
1990-91	4,72,65,361=66	61,53,055=35	13.01%
1991-92	5,10,52,225=94	57,67,060=97	11.28%
1992-93	5,56,82,531=87	72,74,538=34	13.06%
1993-94	6,67,39,700=91	76,27,880=26	11.43%
1994-95	7,84,38,260=15	39,10,548=70	11.36%

Source : Compiled from the Annual Reports of the Bank.

From the above table it seems that the amount of overdues increased during the study period 1990-91 to 1994-95. In the year 1990-91 the amount of overdues Rs. 61.53 [Lacks] in the year 1994-95 the amount of overdues increased Rs. 89.10 (Lacks) it shows the inefficiency of the Bank in recovering the loans and advances.

But taking into account the percentage of overdues to loans and advances, it is decreased from 13.01% in 1990-91 to 11.36% in 1994-95.



Particularly the percentage of overdues in the year 1992-93 is higher i.e. 13.06% and it shows the Banks inefficiency in recovering loans and advances. By taking in to account the percentage of overdues, the bank is efficient to recovery loans and advances.

**KJ Management Expenses. :**

In the nature of 'Management Expenses' there are some strict principles mentioned in the Bye-laws, and the main principles of the management board is that 'Maximisation of Income' and 'Minimisation of Expenses' And the management would try to reduce the operating expenses of the bank. If the management is efficient, the management expenses will be less.

The table No.3.10 indicates the position of management expenses, during the period of last 5 years.

Table No. 3.10

**Table showing the position of Management Expenses**

YEARS	MANAGEMENT EXPENSES	CHANGES IN MANAGEMENT EXPENSES	
1990-91	20,700=00	--	--
1991-92	22,852=15	2,152=15	--
1992-93	16,469=20	--	6,382=95
1993-94	7,833=50	--	8,635=70
1994-95	10,168=80	2,335=30	--

**Source :** Compiled from the Annual Reports of the Bank.

The above table remarks that the management expenses increased from Rs. 20,700/- in the year 1990-91 to Rs. 22852=15 in the year 1991-92. Then it was decreased up to Rs. 7833=50 in the year 1993=94 and then increased in management expenses in the year 1994-95 by Rs. 2355=30. The changes in management expenses shows that the bank trying to reduce it by using the various ways. This shows that the management was efficiency.