
CHAPTER – II

MOVEMENT OF CO-OPERATIVE BANK

[Genes and growth of Co-op. Banks in World, India, Maharashtra, Solapur District and in Solapur city]

- 1) INTRODUCTION**
- 2) URBAN CO-OP CREDIT MOVEMENT IN WORLD**
- 3) NEED OF URBAN CO-OP BANK**
- 4) ORIGIN OF THE URBAN CO-OP BANK**
- 5) DEFINITION OF URBAN CO-OP BANK**
- 6) HISTORY OF URBAN CO-OP BANKS IN INDIA**
- 7) GROWTH OF URBAN CO-OP BANKS IN INDIA**
- 8) URBAN CO-OP BANKS IN MAHARASHTRA STATE**
- 9) URBAN CO-OP BANKS IN SOLAPUR DISTRICT**
- 10) URBAN CO-OP BANKS IN SOLAPUR CITY**

1] GENESIS AND GROWTH OF URBAN CO-OPERATIVE BANKS

INTRODUCTION :-

The word ‘Co-operation’ means to come together to work with the spirit of unity. Right from the hunting stage up to the present day all progress and development of human beings on various levels, like Social, Economic, Religious and Political is marked by the sense of thinking, working and living together. Therefore, it is rightly to be said that, “Man is a social animal” The Co-operation is the soul of human existence. No thing has been mere contributed to the economic and social welfare of human race than the practice of co-operation. The economic progress is impossible without the active association and concerted action towards predetermined goals. Development of the business depends upon the co-operation, and hence the co-operation is the soul of business concern.

After considering the significance and the importance of co-operation in social as well as economic point of view, let us discuss directly about the history of the urban co-operative banks.

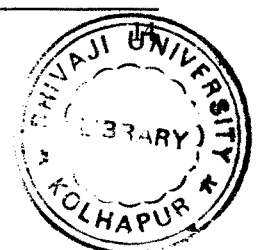
2] URBAN CO-OPERATIVE CREDIT MOVEMENT IN WORLD:

It is better to keep in memory the name of the famous country, Germany, where the first urban co-op. Credit movement was started. This is the first country in the world to apply the principles of co-operation in the field of co-operate credit.

The urban co-operative credit movement was started in Germany in the middle of the 19th century. At that time the economic condition of Germany was extremely deplorable, and the peasantry and artisans felt crushed under the heavy weight of indebtedness.

Herman Schultze was the Germany's pioneer of the urban co-operative credit societies. He took the initiative and started introducing various measures of relief. He had observed the all miserable conditions of the people, especially of low means with his own eyes. In 1849, he organised a friendly society for relief in sickness, and in 1850, he founded the first credit association.

In 1852, Schultze founded a society at Delitzsch, which was based on co-operative principles. He started number of Co-operative credit societies within a short period, and in 1859, he organised a congress of the credit societies. These all co-operative societies were to be organised on the basis of



“limited liability” under the co-operative law. Thus the German pioneer of the co-operative credit societies de-serves for the beginning of the 19th Century.

It would become an appropriate to study this comprehensive topic of co-operative movement in the whole world, by taking into consideration the following related countries.

The following are the relating countries to the co-operative credit movement.

1. France.
2. Italy.
3. Sweden.
4. Finland
5. U.S.S.R.
6. China
7. Japan
8. Canada
9. U.S.A.

1. Co-operative Credit Movement in France :

The co-operative credit movement in France was subjected to great repression in its earlier stages by the Govt. of the Second Empire, as it had almost radical and revolutionary character, it comes to be regarded as social and economic force capable of making great contribution to the development of national economy.

The co-operative credit movement beginning of the 20th century, that was the mist of suspicion and distrust by the state that hovered round the movement to clear away and the several sectors of the co-operative movement received legal recognition. Unlike in most other countries there is no special co-operative status governing the working co-operative, and co-operatives with the different objects and functions fall under the jurisdiction of separate ministeries and are governed by separate law.

In France, there are following types of co-operatives.

1. Artisans Co-operatives.
2. Fishery Co-operatives.
3. Housing Co-operatives.
4. H.L.H. Co-operative Housing Organisation.

2] CO-OPERATIVE CREDIT MOVEMENT IN ITALY :

The founders of co-operative movement in Italy were, Lougi Luzzatti and Dr. Wollemborg. Both started credit institutions on credit lines. They were born in wealthy family and well educated.

Lougi Luzzatti started these institutions on the lines of Schultze Delitsz, with recognising the modifications in that system, which were necessary to meet the needs of peoples of Italy.

The first bank was started in Million in 1866 and Lougi Luzzatti became one of the share holders. Lougi Luzzatti and Dr. Wollemborg opened “People Bank” in little village, “Casse Ruralli” in Lorregia.

3] CO-OPERATIVE MOVEMENT IN SWEDEN :

The co-operative movement in Swedon was divided into Three district part Viz., The agricultural co-op movement, consumers co-operative movement and Housing Co-operative movement.

Co-operation and Co-operative ideas were propogated by the earlist pioneers like G.K. Hamitton, University professor of Economics, Axel crook a

liberal journalist and C.E.L. Jungburg, who had been greatly influenced by the great German pioneer, Schultze Delitsch.

The Swedish co-operative movement pioneers sought a means for improving the position of the artisans in their struggle against big industry.

4] CO-OPERATIVE MOVEMENT IN FINLAND :

Finland is described as a mention of co-operators and it is one of the most advanced country out of two or three countries in the world.

The central Bank for co-operative credit was founded in 1902. It has been the stronghold of the co-operative credit system. The first cattle selling co-operative society was established in 1909.

5] CO-OPERATIVE MOVEMENT IN U.S.S.R. :

The genesis and rise of co-operative movement are greatly influenced by the historical condition, and the economic and social system in which it operates.

The Russ Japanese war gave a stimulate to the movement in the Govt. and made use of these co-operatives as a food distribution centers. On the



revolution of 1917, there were about 5400 societies of which the consumers co-operatives the largest grouped.

6] **CO-OPERATIVE MOVEMENT IN CHINA :**

Dr. Sun Yat Sen was the first Chinese leader, who had a foresight of the potentialities of the co-operative movement for the good of his country and society. He took the initiative in starting the co-operative movement in China.

Owing to his efforts the “Sanghai National Co-operative Savings Bank” was established in 1919. Thus at the end of 1944 there were 1,00,000 Co-operative societies working.

7] **CO-OPERATIVE MOVEMENT IN JAPAN :**

For a student of the Indian Co-operative Movement, a study of the co-operative Movement in Japan is sure to be instructive. The socio-economic condition in Japan in the second half of the last century were identical as like India.

India, Japan also borrowed the idea of modern co-operation from European countries.

Co-operative movement in Japan was introduced in the form of consumers co-operatives, the first of which was organised in 1879 with the object of checking the scaring prices.

In 1898, there were 346 co-operatives, most of which were credit and consumers societies. In 1923 The National Purchase co-operative Federation and The central co-operative Bank were established.

After the world war II conditions of the farmers became deplorable and the need for co-operation was felt more than ever before, there fore an all rammd development of the movement which also become more diversified.

Some developed co-operatives. Societies in Japan were as follows.

1. Agricultural Co-operative Association.
2. Fisheries Co-operative Association.
3. Forestry Co-operative Society.
4. Consumers Co-operative Society.
5. Industrial Co-operative Society.

8] **CO-OPERATIVE MOVEMENT IN CANADA :**

The first Co-operative institute was the Dominion Grange, which was organised in 1877. It established many Co-operative enterprises in Ontario and Manitoba, but none of them could achieve a permanent success. The Co-operative movement in Canada played an important part in the agricultural economy. The movement serves about 40 percent of Canadian rural population.

There were about 2500 Co-operative societies of all types in Canada, at the end of July, 1964. With a total membership of about 1.8 million. The number of societies increased at the end of 1966.

9] **CO-OPERATIVE MOVEMENT IN U.S.A. :**

The history of American Co-operation divided into four defined periods. The earliest periods. The earliest period dated from 1800 to 1870 was one of the experiment. The first attempt was made at starting Co-operative Dairying Association, in about 1810 Connecticut followed later by Co-operative marketing of grain and live stock and Co-operative supply in 1815.

The second period from 1879 to about 1890, was phase of development stimulated by the Grange. It was farmers organisation founded in 1867. It began to sponsor the organisation of Co-operatives as separate bodies after 1874. It formulated a set of rules useful for Co-operative stores based on Rochdale pioneers.

The third phase of the Co-operative development lasted from 1890 to 1920 and during this period Co-operation established itself firmly.

At the end of 1920 there were 1400 active societies.



NEED OF URBAN CO-OPERATIVE BANKS

The Urban Co-operative banks are playing very dominant role for providing the short, medium and long term credit to the agriculturist and others for various purposes. The agricultural credit societies, central Co-operative banks, State Co-operative banks and Co-operative land development banks are engaged in pooling their resources from various agencies for providing term-wise credit to the agriculturists. In there efforts these agricultural banks are also immensely helped by the Govt. The above stated banks provides credit to the organised sector of industry, trade and commerce and to big priority to proprietary business.

But a large number of urban people of small means and limited resources are left out without any institutional agencies to provide them a cheaper credit.

The small traders, artisans, hawkers and Govt. & Non Govt. employees etc. none of these come under the purview of commercial banks because they do not satisfy the standard followed by bank for financing. Hence they fulfil their need from those agencies, which do not require the standards. These agencies are purely private and not guided by any code of conducts, hence they

exorbitant rates of interest and exploit the urban people in this respect. It can be said that, this type of credit supports the people as the hangman's rope support the hanged. Hence the problem was to evolve an agency which will replace the private credit, even in the towns and provide credit to the towns men on easy term of interest and repayment.

Last but not least the joint stock banks are not interested in providing the credit to the urban middle class. This is because it is not advantages of joint stock banks in developing the business of small loans on account of the high cost of advancing and recovering them.

Hence the urban Co-operative banking system took birth to fulfil the necessities of the middle class people of the urban areas. Thus the urban Co-operative movement started in India with the chief objective of catering the banking and credit requirements of the urban middle class e.g. the small traders business man, artisan and salary earners.

ORIGIN OF THE URBAN CO-OPERATIVE BANKS

The urban Co-operative credit movement originated in Germany, when Herman Schultze started such societies for the benefit of artisans in the cities. In Italy the credit of starting such societies goes to Lougi Luzzatti encouraged by the success of the urban credit institutions in these countries.

In India, social workers began to think in terms of 'Co-operation' as a means of bringing succour to the middle classes as early as the close of the 19th century. The failure of the swadeshi "Joint stock banks" created an opportunity for Co-operative banking to develop as a medium for mobilising the savings of persons of modest means and use to finance purpose.

The inter war period did not affect the agricultural credit movement due to the high standard of the managerial efficiency available in Urban areas.

The first "Mutual Aid Society" started in Baroda on 5th February, 1889 under the guidance of Shri. Vittal Laxman Kauthekar. The first Urban Credit Co-operative society was registered in October, 1904 at Canjeevaram in Madras, by referred the Co-operative credit society Act. 1904. Simultaneously the Botegiri Co-operative credit society in Dharwad District, which was known as the undivided Bombay provinices and the Bangolore city Co-operative credit

society in Mysore state were of registered in October 1905 and December 1905 respectively.

Thus the Urban Co-operative banking came in the existence at the close of the 19th century.

DEFINITIONS OF URBAN CO-OPERATIVE BANKS

The Urban Co-operative Banks de-serve special appreciation for occupying the most distinguished place in the Co-operative credit movement in India. The non-agricultural credit sector of the Co-operative movement was comparatively free from state control participation or guidance and this is even more true in Urban Co-operative Banks for Co-operative classical form.

The urban Co-operative banks have been defined in the following ways.

A] According to Co-operative planning committee [1946] urban banks receiving deposits on current account should have :

- i] A paid up share capital of at least Rs. 20,000/-
- ii] Maintain fluid resources on the scale prescribed by the registrar of the Co-operative society.



iii] Carry to the reserve fund at least one – third of their net profit till it equals the paid up share capital and there after at least one fourth of the net profits. The reserve fund should be invested in gilt edged securities or deposited in the banks approved by the registrar and should not be used for the business of the banks.

B] According to the need for adoption of a uniform definition of an urban banks in the context of the ability of the institution to employ qualities, trained and experienced staff, the Study Group on credit Co-operative in the non-agricultural sector appointed by the Govt. of India, under the chairman ship of the late Shri. V.P.Varde, in 1963, suggested certain norms. The group recommended that Co-operative societies all in Urban and semi-urban areas having a minimum paid up share capital of Rs. 50,000/- and under taking the provisions of the banking facilities could be termed as an urban Co-operative bank.

Provision of the reserve Bank of India Act. 1934, and Banking Regulation Act. 1949, to Co-operative banks from 1st March 1966 on Urban bank is called a primary Co-operative Bank and defined as a Co-operative

society. The primary object of the transaction of the banking business the paid up share capital and resources of which are not less than Rs. 1,00,000/-.

All the urban banks were included in the list of non-agricultural credit societies up to the year 1938. However at the beginning of Co-operative movement the non-agricultural societies with an owned funds Rs. 20,000/- or more were called as urban Co-operative in non agricultural sector.

Under the chairmanship of Mr.V.P.Varde committee, has recommended that the following factors should be included in the definition of urban Co-operative banks.

- A] A credit Co-operative registered under the State Co-operative society Act in urban or semi-urban areas.
- B] A minimum paid up share capital of Rs. 50,000/- and
- C] Provision of banking facilities e.g. accepting for the lending or investing of deposits from members and non members repayable on demand or other wise and withdrawal by cheques, drafts, orders etc.,

In respect of the above recommendation of the chairman Mr. V.P.Varde committee, the limit of owned funds had been increased from Rs. 20,000/- to Rs. 50,000/-

HISTORY OF URBAN CO-OPERATIVE BANKS IN INDIA

The Indian Co-operative movement like its counter parts in other countries of the world has been essentially a child of distress, during the last quarter of the 19th Century. The indebtedness of the farmers increased by leaps and bounds. The failure of rains and often famines added fuel to fire. All these destroyed the self sufficient economy of the village. In this regards the Govt. first took indirect steps to check the growing influence of the Mahajan but large success could not be achieved. The need for providing cheep credit facilities to the farmers went on becoming strong and the idea of starting Co-operative credit society was hatched in 1892. Then the Madras Govt. sent sir Fredrick Nicholson for studying the Co-operative movement in European countries Nicholson report was received in 1899 which forward reformation of Urban Co-operatives banks in India.

The first Urban credit was organised by a few middle class Maharashtrain families in the BORODA state on February 5th 1889 at Baroda Under the guidance of Mr. Vithal Laxman Kavathekar. In Madras the first Urban credit society was registered at Canjeevaram in Oct. 1905. The Bangalore city Co-operative credit society registered in December 1905.

GROWTH OF URBAN CO-OPERATIVE BANKS IN INDIA

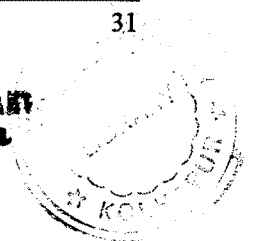
The history of Urban Co-operative banks in our country may be traced back to the organisation of the first non-agricultural credit society at Baroda, 15 years before the passing of the first Co-operative society Act.

The first Co-operative societies Act., 1904 provided for the organisation of Urban credit societies. But little attention was paid to the development of Urban movement before the Madagan committee. (1915). This committee expressed the Urban Credit society might serve a useful in framing the upper and middle Urban classes to understand ordinary banking principles.

In 1931 the central Banking Enquiry committee recommended that 'Limited Liability' co-operative societies. Generally known as Urban banks should be established whenever necessary facilities and conditions exist for the benefit of those classes of the population. We do not see any objection to special societies for salary earners if these societies are looked upon as thrift societies for collecting and investing the savings of their members. The duty of these urban banks should be to try to do for the small traders the small merchants and the middle class population what the commercial banks are doing for the traders and the big merchant'.

It is clear that the development of urban Co-operative credit societies did not receive attention until 1915 when the Madagon committee referred to the potentialities for the organisation of such societies as means of training the upper and middle level class, in ordinary banking principles. The failure of local joint stock banks in the country, at that time gave an impetus to the growth of urban co-operative credit societies. It was then realised urban credit societies eminently suitable institutional agencies for collecting local savings and provide local relief to those who were in the clutches of money lenders by providing them with financial accomodation. Thus the number of urban credit co-operatives organised in Bombay and Madras province during the period of 1919-1938. The urban credit societies which established in Bombay confined their leading operations to meet consumption needs of their members.

Later the economic boom, created by the second world war [1939-1945] provided stimulus only in number but also in size, diversifying their activities considerable. Urban co-operatives credit societies who confined their loaning operation in providing consumption credit needs the member were called upon to take up new avenue such as financing artisans, small businessmen, and small traders for productive purposes in the contact of the hesitancy of the



commercial banks of that time to meet the credit needs of these classes due to the high cost of servicing of loans. The urban usefulness of urban banks in financing artisans, small traders factory workers and urban middle classes was recognised by various committees and working groups such as the central Banking Enquiry committee [1931] the Co-operative Planning Committee [1946] the study group on credit co-operative in the Non – Agricultural sector [1963] and the working group on Industrial Financing through co-operative banks [1968] set up by the Reserve Bank of India. They viewed that urban banks were eminently suitable institutional agencies in the co-operatives sectors to cater for the credit needs of small scale industries run by individuals firms and joint stock companies.

PROGRESS DURING THE WAR PERIOD

The conditions arising out of the world war II provided a great stimulus to the urban credit movement. It attracted larger membership and deposits on account of the rise in money incomes. During the war period urban banks and credit societies had surplus resources most of which they had to invest in Government securities. Some of these institutions were also used during war time to distribute food stuffs and other essential articles at controlled price. The progress of urban co-operative credit institutions was on the whole quite satisfactory as can be seen from the following table.

Table No. 2.1
Non Agricultural credit societies in India.
[1938-39 to 1945-46]

Years	Number	Members	Capital [Rs. in lacks]	Loan & Deposits [Rs. in lacks]	Working Capital [Rs. in lacks]	Loan Issued [Rs. in lacks]
1936-39	6731	13.14	828.52	1525.73	2366.37	1441.66
1945-46	7185	16.39	1169.22	2662.80	3832.02	2051.32

Source : Co-operation in India – B.S.Mathur.

It may be observed that while the number and member ship of societies had increased only to a small extent. The financial operations of these societies had made considerable progress. The loans and deposits of these societies increased by 74.6% during this period of world war – II.



PROGRESS DURING THE PLAN PERIOD

At the beginning of the first five year plan there were 7,810 non – agricultural co-operative credit societies with a membership of 2.2 lacks. They had a share capital of Rs. 12 crores and a deposits of Rs. 35 crores out of their working capital at Rs. 57 crores, they had advanced loans amounting to Rs. 47 crores. The percentage of urban population covered by these urban credit societies was 18 percent. Coverage was highest in Kerala [42%] followed by Maharashtra [33%] Madras [28%] and Orissa and Bengal [23%] However in the remaining states only about 10% of the population was covered by the non-agricultural credit societies. The following table indicates the progress of these societies since 1950-51.

Table No. 2.2
Trends of progress of Non-Agricultural Credit Societies since the beginning of the first plan –

Years	No. of Societies	Member ship	Share Capital	Deposits	Working Capital	Loans is and advances
1950-51	7810	21.78	12.12	35.05	56.78	47.39
1955-56	10003	30.73	10.09	33.54	85.74	72.06
1960-61	11995	45.73	329.70	95.05	150.11	120.37
1965-66	13449	64.84	57.98	176.88	274.70	246.70
1973-74	17536	123.32	135.27	477.20	787.15	741.40
1976-77	20242	128.08	181.79	718.73	1182.53	910.33

Source : Co-operation in India – B.S. Mathur.

The distribution of urban co-operative banks between different states and Union Territories of India is given in following Table No.2.3

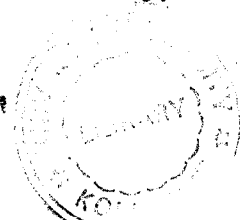


Table No. 2.3
Urban Co-operative Banks
All India Position – [As on 30-06-1981]

Sr. No.	States	30-06-1971		30-06-1981	
		No.	%	No.	%
1	Andra Pradesh	43	5.11	49	4.06
2	Assam	2	0.23	2	0.17
3	Gujrat	136	16.17	269	22.32
4	Haryana	3	0.35	3	0.25
5	Himachal Pradesh	--	--	3	0.25
6	Jammu & Kashmir	--	--	1	0.08
7	Karnataka	173	20.57	213	17.68
8	Kerala	30	3.56	50	4.15
9	Madhya Pradesh	11	1.30	25	2.07
10	Maharashtra	265	31.51	345	28.63
11	Manipur	2	0.23	4	0.33
12	Meghalaya	--	--	2	0.17
13	Orisa	9	1.07	10	0.83
14	Rajashtan	10	1.19	33	2.74
15	Tamil Nadu	110	13.07	131	10.87
16	Uttarpradesh	NA	NA	23	1.90
17	West Bengal	24	2.85	37	3.07
18	Goa Div Daman	2	0.23	4	0.33
19	Pandichary	2	0.23	1	0.08
20	Bihar	1	0.11	NA	--
21	Panjab	4	0.47	NA	--
22	Delhi	14	1.66	NA	--
	Total	841	100.00	1205	100.00

Source : Distortion in Co-operation By P.B.Kulkarni

The statistical data are related to the year 1970-71 and 1980-81 from this table it is clearly seen that the Urban Co-operative banking activity as indicated by the number of Urban Co-operative banks was mainly concentrated in the Gujarat, Karnataka, Maharashtra and Tamilnadu in both the years under

consideration. In the year 1970-71 these four states accounted for 81.33 percent of urban co-operative banks in the country where as in the year 1980-81 these states accounted for 79.49 percent of urban co-operative banks in the country, this clearly shows that, there was a great imbalance in the distribution of Urban Co-operative banks in the year 1970-71 and it has persisted even in the year 1980-81.

It we took the data for the year 1980-81, the inter-regional imbalance in the growth of Urban Co-operative bank is more early seen because even in the big states like M.P. Orissa, Rajasthan, Uttar Pradesh and West Bengal the relative position of U.C.B. seems to be very poor because these states accounted only for 7.84% of U.C.B. in India. On the other hand states like Gujarat, Karnataka, and Maharashtra account for 22.32%, 17.67% and 28.63% respectively of the total number of the Urban co-operative banks in the country.

The following table gives the state-wise distribution of the credit co-operative societies in the year 1995.

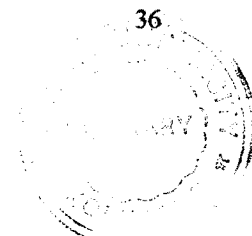


Table No. 2.4
Overall Position of Credit Co-operative Societies
All India Position as on 31/03/1995.

Sr. No.	States	No. of Societies	Membership	Paid up Capital
1	Andra Pradesh	10454	10141	28873
2	Assam	1732	--	--
3	Gujrat	11,519	7271	53953
4	Haryana	3079	2644	25731
5	Himachal Pradesh	2469	969	3356
6	Jammu & Kashmir	--	--	--
7	Karnataka	6398	8344	39311
8	Kerala	2632	13811	28334
9	Madhya Pradesh	5981	7721	25592
10	Maharashtra	36540	23666	187705
11	Manipur	322	161	2429
12	Meghalaya	241	121	949
13	Orisa	3586	4529	11325
14	Rajashtan	6183	6302	27813
15	Tamil Nadu	7056	15875	56676
16	Uttarpradesh	10350	19044	44957
17	West Bengal	12063	6349	15688
18	Goa Div Daman	381	324	2143
19	Pandichary	124	96	866
20	Bihar	7745	--	--
21	Panjab	4094	2721	20251
22	Delhi	400	314	764
	Total	133349		

Source : Co-operative Movement at a glance in Maharashtra State as on 1996

The above table No. 2.4 has given State-wise distribution of Credit Co-operative Societies as on March 1995. It would be seen that the significant progress of Co-operative Credit Societies working with paid up capital Rs. 1,87,705 [Rs. in Lacks]

URBAN CO-OPERATIVE BANKS IN MAHARASHTRA STATE

The co-operative in Maharashtra has been the pioneering sector of the co-operative movement in the country, it has remained in the fore front since its inception. Maharashtra state had also connected link for the beginning of first urban co-operative credit society in the country at Baroda in 1889 under the guidance of Mr. Vithal Laxman Kavatekar, who was a few middle class in Maharashtra family. After the passing of co-operative societies Act, 1904 the co-operative movement in India has started with speed. The first urban co-operative bank was started in Bombay on 27th December 1906. Named the Shamrao Vithal Co-operative Bank initiated by Rao Bahadar S.S. Talmaki the Neteran Co-operator.

The first credit co-operative started to initiate the concept of the cumulative deposits since 1907. This scheme was adopted by many banks. During the period of 1904-1915 eleven [11] urban co-operative banks established in the six [6] districts of the Maharashtra state i.e. Bombay 2, Pune 3, Kolhapur 2, Nagpur 2, Solapur 1, and Dhule 1, The urban banks were increased from 1915 the urban co-operative credit societies in Maharashtra state accelerated the speed within a short span of time with an impressive

progress in urban areas as well as in semi-urban areas to serve the people of middle class.

In the post-independence period, the Govt. of India has appointed several committees to recommend the Urban Co-operative banks. With the various recommendations, the co-operative credit societies were boosted during the last five decades. The urban banking societies in Maharashtra state deserve special appreciation for their impressive progress in the state economy as well as for the small scale and cottage industries.

The various important committees such as Madgaon committee [1915] the Central Banking Enquiry Committee [1931] Co-operative Planning Committee [1946] Varde Committee [1963] Dawry Committee in 1967 Madhavdas committee 1979 and the hate committee [1981] were established for the development of the Urban co-operative credit societies during the last period of post independence of our India. These all above committees had made a good headway in the development of the urban co-operative credit societies in our economy. With the effect from recommendations the urban banks tried to turn their loan policy for advances to small scale industries and artisans for better development.

The urban co-operative societies promoted with the help of dynamic leadership and potential for the deposit mobilisation and the urge to form the co-operative institutions for self-help and thrift. The progress of urban co-operative banks was very particularly impressive. Given proper planning and direction, the performance can be further improved enabling them to fulfill more satisfactorily the role expected of them in the economy. It must be noted that the fairly rapid progress of industrial and commercial development in the urban areas increasing scope for the development of the urban co-operative movement.

Broadly speaking the urban co-operative credit societies comprises urban banks, urban credit societies, salary earners societies and the factory workers societies etc. Among the urban credit societies the society with longest standing largest volume of business and the best reputation for the financial soundness and efficient management are the urban banks. The urban banks in the Maharashtra state have shown great promise and potentialities. They have reached the almost all towns and cities in the whole states.

In the Maharashtra state urban co-operative banks are the small men's banks and the banks for the economically backward class in the urban and semi

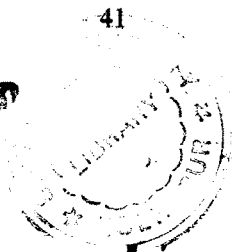


urban areas. The urban co-operative banks were established with the main object of to attract the economically backward people towards the habit of saving and to fulfill their non-productive needs and with this fulfillment of the object, the banks are mobilising the deposits from the various levels of the society by taking the people in confidence. Most of the Urban co-operative banks had made a progress with the help of self – reliability and deposit mobilisation. Due to this progress of these banks the urban co-operative banks were proved their utility still today in Maharashtra. Near about 29 years, passed to the nationalisation of the private banking companies although they have been made a good headway in the state economy. Therefore they have the independent place in Indian Banking system.

13372

A

SIR. P. A. ... LIBRARY



The following statistical data will introduce the progress of urban co-operative Banks in Maharashtra state.

Table No. 2.5
The table showing the progress of the urban co-operative banks in Maharashtra state.

SR. NO.	PARTICULARS	POSITION [January 1994]
1.	No. of Banks	381
2.	Membership	44,64,000
3.	Paid up Share Capital [in Rs.]	1,86,82,00,000
4.	Reserve Fund [in Rs.]	5,55,40,00,000
5.	Deposits [in Rs.]	46,62,98,00,000
6.	Working Capital [in Rs.]	61,76,42,00,000
7.	Loans and Advances [in Rs.]	32,27,18,00,000
8.	Loan and Advances to members [in Rs.]	17,54,000
9.	Over Dues [in Rs.]	4,57,35,00,000

Source : Sahakar Visheshank dt. On 1st January 1994.

Article by P. G. Koranne

The above table shows the impressive progress of the urban Co-operative banks in Maharashtra State. The Urban Co-operative banks made a very impressive and appreciable march of progress in the state by taking into consideration the number of banks, the deposits mobilized and loans and advances etc. in all India level of Urban Co-operative banks.

In whole India, there were total 1397 urban banks in working for the year ending 30th June 1991, out of that the 381 Urban co-operative banks were in Maharashtra only (28% of 1398 banks) In all India level, the urban co-operative banks were collected Rs. 86,60,00,000. (8660.00 Crores)deposits. The share of deposit mobilisation of Maharashtra Urban Co-operative Banks was approximately 54 percent i.e. Rs.4662.98 crores. In India total 3391 urban co-operatives banks offices (Head offices and Branch offices) were working at the end of June 30, 1991 out of these, 2300 offices was active in Maharashtra State only.

Thus, the urban Co-operative banks in Maharashtra state made an attempt for development and growth of the banking business and banking activities. Right from the beginning of the co-operative credit movement the urban co-operative banks played dominant role in their development.

The impressive performance of the urban co-operative banks can also be seen from the following table.

Table No. 2.6

Brief Review of Co-operative Movement in Maharashtra

PARTICULARS	1990	1991	1994	1995
Total Societies	97181	104620	126994	134401
Total Members [Fig in Lacks]	255	270	334	358
Paid up share Capital [Fig in Lacks]	1669	1957	2919	3394
Deposits [Fig in Lacks]	9787	11048	17931	20620
Working Capital [Fig in Lacks]	21534	24713	38331	43189
Loans Advances [Fig in Lacks]	5906	6300	9066	11898

Source : Co-operative Movement at Glance, 1996

The above Table No. 2.6 reveals that the data regarding progress in co-operative movement in Maharashtra state from the year 1990 to 1995. It clearly indicates that the number of societies are increased from 98181 in 1990 to 134401 in 1995, and also paid up share capital position on 1995 is Rs. 3394. (Rs. in Lacks) is reveals satisfactorily progress in co-operative credit sector in Maharashtra State.

URBAN CO-OPERATIVE BANKS IN SOLAPUR DISTRICT

After considering the impressive performance of the urban co-operative banks in the whole Maharashtra, now we will discuss the urban co-operative banks in Solapur District.

In Western Maharashtra, there are six district i.e. Ahmednagar, Pune, Satara, Sangli, Solapur and Kolhapur, out of six district in the speedily development of the urban co-operative banks in a short span of time.

In such a district urban co-operative credit movement started in 1912. The first urban co-operative bank was established in Pandharpur city. It was established in 1912 at Pandharpur Tahsil named the Pandharpur Urban Co-operative Bank. The bank bearing the registration No. sur/BNK/510/1912.

It is appreciable that the Solapur District has made good progress upto 1995.



Following table shows the progress of urban co-operative Bank in Solapur District as on 31/3/1995.

Table No. 2.7

Table Showing The Progress of The Urban Co-Operative Banks In Solapur District

Sr. No.	PARTICULARS	1995
1.	No. of Banks	32
2.	Membership	122841
3.	Paid up share capital	752.72 [Rs. in Lacks]
4.	Reserve and Surplus	4332.51 [Rs. in Lacks]
5.	Deposits	26133.65
6.	Loans and Advances	32189.15

Source : Record of District Deputy Registrar office of Co-operative Societies, Solapur



URBAN CO-OPERATIVE BANKS IN SOLAPUR CITY

The Urban Co-operative banks in the Solapur City comparing to the whole district are made a good headway. These urban banks were established with the objective of the profit making and to provide loans to the artisans, businessmen, small scale industries and middle class peoples of the society. Today they become very popular in the Solapur city. People of various categories are attracting to deposit their money with these urban banks. The figure of the membership is increasing day by day tremendously in the modern co-operative field of urban banks. All these banks are running good due to a good and lengthy public relations in this cutthroat competition world of banking system.

Thus the urban co-operative banks in the Solapur city have been proved that, they can manage efficiently and beneficially for a long period. In the Solapur city the urban co-operative banks are the major banks which are playing very dominant role in the economic development of the urban people. They are fulfilling the needs of the weaker and poor sections of the community in the urban as well as semi urban areas. The table No.2.8 shows the present position of urban co-operative bank in Solapur city.

Table No. 2.8
The table showing the position of urban Co-operative Banks
In Solapur city.

[Position on March 1995]

[Rs.In Lakhs]

Sr. No.	Name of the Banks	Membership	Share Capital Rs.	Deposits Rs.	Loans & Advances Rs.
1.	Laxmi Co-operative Bank	9653	64.48	2794.06	1960.50
2.	Social Urban Co-operative Bank	4426	27.87	400.04	496.80
3.	Indira[s] Mahila Bank	5918	27.48	257.42	225.89
4.	Nagari Audhyogic Co-operative Bank	12687	72.38	3116.70	2745.42
5.	Vikas Co-operative Bank	4141	44.67	764.80	784.38
6.	Solapur Merchant Co-operative Bank	8136	33.58	588.14	689.27
7.	Solapur Janata Co-operative Bank	15499	187.88	6980.23	6044.84
8.	Yashwant Co-operative Bank	4171	41.20	717.02	614.52
9.	Siddhye shwar Co-operative Bank	8254	56.28	1827.76	1537.27
10.	Mahila Co-operative Bank	6587	26.29	605.11	355.66
11.	Vyapari Co-operative Bank	4625	27.48	1063.21	9043.78

Source : Record of District Deputy Register office of Co-operative societies, Solapur.

Now a days in Solapur city there are more than 11 Urban Co-operative banks are established and running good. The first Urban Co-operative bank, namely Laxmi Co-operative Bank, established in 6th June 1929 bearing the registration No. SUR/BNK/(O)/6464) 1929. The Bank started with share capital of Rs. 320/- and earn profit in first year is Rs. 30/-.