

## Chapter No. 2

# PROFILE OF THE BANK

- Business of Banking
- Co-operative Banks  
Sangli Urban Co-operative Bank <sup>Ltd</sup> Sangli
- Functions of the Bank
- Progress of the Bank
- Board of Directors
- Organizational Chart

# **PROFILE OF THE BANK**

## **BUSINESS OF BANKING**

Although a number of statutes and legal decisions both in England and India have described the function of a Banker, none of them has precisely defined 'Banking'. An attempt has however been made in formulating the definition of 'Banking' and 'Banking Company' in section (5) (1) (b) and (5) (1) (c) of the Banking Regulation Act 1949, which reads as under:

### **Section (5) (1) (b)**

"Banking means the accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise."

### **Section (5) (1) (c)**

"Banking Company means any company which transacts the business of Banking in India."

## CO-OPERATIVE BANKS

From 1<sup>st</sup> April 1966, the Co-operative Banks came under the purview of Banking Regulation Act, 1949. Thus all the co-operative banks having a paid-up capital of Rs. 1 lakh or more come under the control of Reserve Bank of India. The following are the *Four* types of co-operative banks:

1. State Co-operative Banks
2. Central Co-operative Banks
3. Rural Primary Co-operative Banks  
*4. Urban CO-OPERATIVE BANK.*

The co-operative banks in India are organized on the basis of Co-operative Movement; are registered under Co-operative Societies Act, 1912; functions under the control of RBI and also Banking Regulation Act, 1949 of having a paid-up capital of Rs. 1 lakh or more.

## Chapter No. 3

### Co- Operative Movement in India

#### Introduction

Indian co-operative movement had 150 years old history. In the world co- operative movement was started by Authors by Rochalale and Pioneers. In India co-operative movement was started 1904 Great Leader by Ventutbhai Mehta, Dhanjay Gadgli, Yashwantrao Chavan, Vasantao Dada Patil, Pandit Nehru, Vithalrao K Patil. Such leader had given hand to rural economy and co-operative movement in Indian economy.

In co-operative movement, sugar industry, cotton industry co-operative spinning mills credit co-operative society, rural and urban bank. Marketing federations, village Agro based industry, dairy, cottage labour industry given production, through co-operative movement. Late Vasantao Dada Patil and V. K. Patil the biggest Asiean would start Sugar Industry in Maharashtra in 1953-1954.

Statement of the problems of co-operative sector plays very important rule in the development of industrial finance and consumer finance. Banking companies are registered under banking regulation act 1949.

Banks accounting, auditing, loans systems, deposits system, interest rate, currency discounting bills and scope of banking activities are controlled as per the various provisions under this Act.

Banks are controlled by the RBI rules and the new Govt. policies before 1990. Banking sector was a fully controlled by the business activities and measurement of profitability became of the various problems faced by Indian Banking sector.

Government appointed the M. Narsinhman committee for doing study on the line of profitability, securing and liquidity of the banking assets. Submitting the report of the committee April 22-1998 on banking sector reforms to the union minister of Govt. of India-New Delhi.

Almost all urban co-operative banks primarily with their regular customers have who are mutual repayments of debts with interest customers also find with the responsibility to be pay with date for facility to the banker for their credit operations.

Recently since 2000 urban co-operable Banks in India suffered from the urgency importance of non-performing assets.

### **Features of co-operatives**

1. Membership is voluntary – The person who intends to take membership is under no pressure to join the co-operative organization. It is purely a voluntary institution.
2. Management is fully democratic.
3. Economics objective include economics, social and political aims.
4. The co-operative functions for the welfare of the society.
5. No place for middlemen.
6. Other features – common needs of people co-operatives also do not allow interference from outside, and they work on the principle of all for each other.

These are the main characteristic features of the co-operative systems.

In short a co-operative is enterprise associations of users applies the important rules of democracy and serve both the members and the community as a whole.

## **Role of co-operatives in Economic development**

Co-operative is of great significance particularly for economically backward countries its importance is clear from the following points

1. For people with small in backward countries this is the only self respecting method to increase their recourses and to corve all a special place for them in this competitive world.
2. Co-operatives make possible to organize recourses on the basis of mutual help and for sharing benefits by avoiding any kind of exploitations.
3. In capitalist economy, class-conflict becomes the in gradient of the system. While in co-operatives class – conflict is toned down. Entries functioning of co-operative systems is based an eliminating the cut throat competition and monopoly.
4. The co-operatives help to curb the evils of bureaucracy. In socialist countries like USSR. Czechoslovak, Poland, Hungry, where the government regulates the markets and where recourse use is determined by planning there had emerged evils of bureaucracy.
5. India lives in villages, Indian economy is specifically agro-economy and co-operation plays a significant role in India. The adopt him of co-operate of co-operative is very much essential and also it is a peaceful method to overcame the draw had of agriculture in India.
6. Co-operative can extend grate help in running small scale and cottage Industries. Though the working of cottage industries is totally different some of its aspects can be usefully applied in the some direction e.g. purchase of raw

materials market of finished goods can be under taken on co-operative basis.

7. Co-operative institutions help to promote planned economic growth of the country. The flow of credit in to agricultural credit through co-operative sector indicates the increase of recourses to agricultural sector.

#### **Financial provision to Co-Operative**

Year	Funds provided by co-operative
1984-85	Rs. 3440 Crs
1989-90	Rs.5260 Crs
1990-91	Rs. 3970 Crs
1991-92	Rs. 5800 Crs
1996-97	Rs.1700 Crs

The problems like property and inequality is solved to self help and mutual help. Co-operative is a voluntary act and not at all a compulsory things. So also according to Mr. Hough. In India co-operative development has been growing on the basis to compulsion and this has to be changed in democratize set up.

Contribution of co-operative to the national economy

Sr.No.	Particular	%
1.	Agriculture credit disbursed	58.97%
2.	Fertilizer distributed	39.5%
3.	Sugar production	59.15%
4.	Wheat procurement	36%
5.	Jute procurement	21%
6.	Milk procurement	6.59%
7.	Oil minted	50%
8.	Spindled	12%
9.	Hand looms	55%
10.	Storage faculties	61%
11.	Self employment generated for million person	12.5%

### **Origin and Structure of Urban Co-operative Banks in India**

Until recently , it was thought that any large banks are preparative less riskier more competitive and sent their customer much better than small bestow the benefits of economics of improving operational efficiently is limited only to large banks.

Urban co-operative banks are more than 100 years old. Organized firm in Germany by H. Schultz and by L. Suzette in it during 1855 to 1885. In India the first urban co-operative bank (UCB) were established on Feb 5, 1889 under the guidance of Shri V. L. Katherkar. In 1904 under the co-operative act it was given a legal status. The guiding principles of UCB have been the totally ideas of voluntary and membership equal economic participation and concern for community. As of march 2004 there were over 2100 primary urban co-operative banks (UCB) with a network of a



## Chapter 3

### 3.1 Meaning Principles and Features of Co-Operation

The concept of co-operation was originally coined by Rochelle Pioneers against capitalist's exploitation in the early period of the 19<sup>th</sup> century. The society formed some basic guiding rules. These rules later became the principles of co-operation or guidelines for conducting co-operate businesses.

Co-operative principles have been formulated on the basis of experience gained by the workers in the co-operate movement in various countries. In the words of international co-operative alliance (ICA) commission "the principles are those purchases which are essential and absolutely indispensable to the achievement of co-operate movements purpose. The growth development and success of co-operates depends finally on implementation of co-operative principles.

According to W.P. Watkins-

Co-operate principles are the ideas inherent in co-operation which determine what it is as a mode of action. They are ideas of co-operate activity to realize.

Late Prof. D. G. Karve defines –

"A co-operative principle is a way of organizing and conducting co-operative activity which is an inherent and indispensable corollary of the ideal of co-operative movement".

Definition of Co-operation

1) Prof. H. Calvert – Co-operation is a voluntary democratic organization based on equality and equity for promotion of common interests of the members"

2) Prof. Paul Limbers – A co-operative society is a enterprise formed and directed by an association of users based on rules of democracy and intended to serve members and the community as a whole”

Main Principles are 1) Open membership 2) Democratic control 3) Dividend on purchase 4) Limited interest on capital 5) cash trading 6) Promotion of education under the chairmanship of Dr. D. G. Karve international co-operative alliance appointed a commission in 1964. The commission suggested new modified set of co-operative principles which were accepted by co-operative in 1966. After two decades but in middle of 1990 due to rapid technological development heavy capital investment inter signified completion introduction of professional management and beginning of extra globalization, privatization and liberalization period. The national co-operative alliance though to amend the principles according to changed economic situations. And once again in Sep 1995 ICA adopted following revised principle for the co-operative of 21<sup>st</sup> century

1. Voluntary and open membership
2. Democratic member control.
3. Member economic participation.
4. Autonomy and independence
5. Education training and information.
6. Co-operation among co-operatives
7. Concern for community

Benefits of co-operation

1. A more equitable distribution of wealth.
2. braking up of monopolies

3. Increasing member purchasing power members and the real wages.
4. increase elimination of middlemen
5. removal of duplication of service
6. eradication of poverty
7. Mail parities distribution, production and sales etc.

These are the eradication of major benefits of co-operative organization.

Those who want to complete will remain in markets and mind it that they have to complete world situation. WTO provisions will come as a challenge as a threat and an opportunity also co-operatives must frighten their belts most capable ones will have international market of their command. Here after there will not be unfair competition which was happening earlier in many countries by giving excessive concessions to exports, so co-operative can benefits from exports to such a countries.

In the changed economic situation the co-operative have overcome action shyness and have to improve fast their productivity. Thus necessity is the mother of invention some is the principle always applicable to co-operatives in futures "To close – one can any say and conclude thus.

Thus world – wide competition and globalization are two challenges before the co-operative sector, having over pawed both let co-operative sector shine.