

CHAPTER –II

“A PROFILE OF THE KOLHAPUR URBAN CO-OPERATIVE BANK LTD., KOLHAPUR”

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CHAPTER – II

“A PROFILE OF THE KOLHAPUR URBAN CO- OPERATIVE BANK LTD., KOLHAPUR”.

A PROFILE OF THE KOLHAPUR URBAN CO- OPERATIVE BANK LTD., KOLHAPUR:-

Before going through the history of the Kolhapur Urban Co-operative Bank Ltd. Kolhapur, it is very interesting to know the history of Kolhapur city, which is situated for southern part of Maharashtra. First we will see the history of the Kolhapur city.

2.1 HISTORY OF THE CITY:-

Kolhapur known as ‘Dakshin Kashi’ is an ancient land having the mentioned in Padma Puran. It was then known as “Karveer” The Kolhapur district lies in southern part of Maharashtra and is spread through ranges of Sahyadri.

The geographical spread of the Kolhapur district is of 7685 sq meters. The city of Kolhapur which is district place is located on National Highway No.4 (N.H.4). The administration of the district is governed through four Revenue sub divisions, 12 Tahasils and 12 Panchayat Samitee Block. The population of the Kolhapur District as per census more than 35 to 40 lakhs.

The sources of irrigation of agricultural lands are dug wells, lakes, lift irrigation, tub wells, bunds, percolation takes and rivers. There are in all 443 bank branches of which

K.D.C.C. Bank alone has 204 branches, 17 nationalized banks out of total 20 public banks and 3 from SBI group, 63 UCB's are working in the district Bank of India is a lead Bank of the district. Kolhapur Jilha Nagari Bank's Sahakari Association, Kolhapur is acting as spokes-man of all Urban Co-operative Banks in the district. It is a friend, philosopher and guides of the Urban Co-operative Banking in the district. There are many private sector scheduled commercial banks are working in the district.

There were 630 Urban Co-operative Banks in the year 2000 as against 369 in 1986 in Maharashtra State.

2.2 HISTORY OF THE BANK :-

The Kolhapur Urban Co-operative Bank Ltd., Kolhapur is established with kind blessings of Shrimant Chatrapati Shahu Maharaj in 1913. In 1912 'All India Co-operative Society Act has passed and this new act had applied to Kolhapur city by Chhatrapati Shahu Maharaj. The Kolhapur Urban Co-operative society is the first society which established in 24/5/1913.

Bhaskarao Jadhav had worked in Kolhapur Municipal who was influenced by Chh. Shahu Maharaj's intellectual thoughts and his social work.

Bhaskarao Jadhav had been miserable condition of poor people, as well as their suffering from Savakar / sophisticated people so the Urban Co-operative Society has established in the Kolhapur municipal by Bhaskarao Jadhav.

Although this institution has established in 24/5/1913 its work had started in 30/9/1913 which is the date of registration. There is humorous reason behind it and that is there was no availability of stationary and there was no appointment of staff.

2.3 LOCATION OF THE BANK :-

The Kolhapur Urban Co-operative Bank Ltd., Kolhapur is located in the Kolhapur municipal city, particularly known as 514 'D' Ward Gabgaves, Kolhapur which is very ideal place from the point of view of business and trade.

The bank has the following structures around it which brings many of the importance of locality. The Municipal Corporation is very close to the bank. There are Zilla Parishad, Court, Mahalaxmi Temple, Rankala Bus Stop, Kumbhar Galli (Ganpati stechu makers) and Government offices which are also close to the bank and moreover this place is trade center, heart of the city and there are many small and big business from small industries from the point of view of the banking business.

The bank is also surrounded by the Tahsildar Office, Schools and Government hospital, local News Paper's offices, Kapil Thirth Market and Shivaji Market. All these features tend to up lift the significance of the Banks Head Office. The population of Kolhapur city is about 4 lakhs and is well spread out, the bank is having one head office and nine branches in the most populated areas of the Kolhapur city.

The bank has Nine branches situated at the 1) Shahupuri (Head Office) 2) Rajarampuri 3) New Shahupuri 4) Market Yard, 5) Nagala Park, 6) Khasbag, 7) Uchagaon, 8) Gokul Shirgaon, 9) Subhas Road. The bank has 9 branches including Head Office. The number of employees has raised from 169 in 2001 to 170 in 2006. It has developed on line computerization with latest furniture. Tele-banking facility at head office, 3 branches has been computerized. Rajarampuri branch has also Tele-Banking facility Khasbag branch keeps open in the morning time at Sunday. Computerized branches serve one hour extra. The notable thing is that, in spite of, heavy competition the Kolhapur Urban Bank Ltd., Kolhapur is still one of the most popular and reliant banks.

2.4 GROWTH OF THE BANK:-

Introduction:-

Growth of the Bank include that grows on increasing the working of the bank in respect of Geographical area membership management, share capital reserve fund and other surplus, deposit mobilization, working capital, profit and dividend declaration, credit deposit ratio, overdue loans and advances.

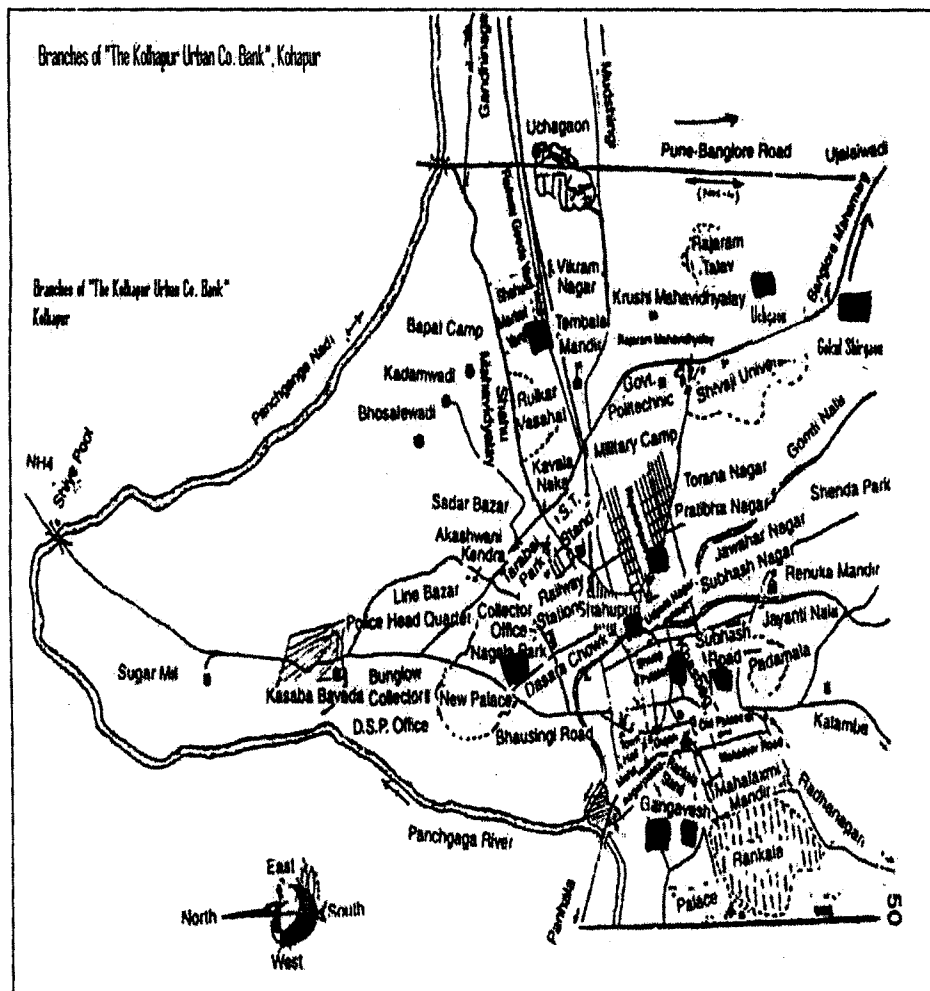
The Researcher has made the detailed study of growth of the Kolhapur Urban Co-operative Bank Ltd., Kolhapur which is given in the following pages.

2.5 GEOGRAPHICAL AREA:- 77

The Kolhapur Urban Co-operative Bank Ltd., Kolhapur was established in particular area for the business work in the Kolhapur city as per the Bye-Laws(3), and all the branches (9 branches) are opened in the Kolhapur city.

The following map show the Head Office and branches of the Bank situated in the Kolhapur city.

Graph/Map No. 2.1



2.6 MEMBERSHIP :- ✓

The following Table reveals that the position of the members during the period of 5 years that is from 2000-01 to 2005-06

Table 2.1

TABLE SHOWING THE POSITION OF MEMBERSHIP

Year	Regular Members	Nominal Members	Total Members	Increase
2001-02	22,018	6,716	28,734	-
2002-03	23,058	8,044	31,102	2,368
2003-04	23,365	7,645	31,010	-92
2004-05	23,707	8,748	32,455	1,445
2005-06	24,019	9,993	34,012	1,657

(Source: Compiled from Annual Reports of the bank)

The above table shows that the membership increased from 28,734 in 2001-02 to 31,102 in the year 2002-03 and the next year it is decreased in 2003-04 from 31,102 in 2002-03 to 31,010 in 2003-04(-92) and then after the member are increased from in 2004-05 32,455 to 34,012 in 2005-06. in the year 2005-06 that is the highest increase in membership of the bank.

2.7 SHARE CAPITAL:-

The following table shows the position of the Authorized and Paid-up Share capital during the period of last 5 year. That is from 2001-02 to 2005-2006:

Table No. 2.2

TABLE SHOWING THE POSITION OF PAID-UP SHARE CAPITAL

Year	Authorized Capital	Paid-up Capital	Increase
2001-02	5,00,00,000	2,92,68,700	-
2002-03	5,00,00,000	3,19,38,420	26,69,700
2003-04	5,00,00,000	3,51,65,300	32,26,900
2004-05	5,00,00,000	3,95,90,780	44,25,480
2005-06	5,00,00,000	4,33,56,020	37,65,240

(Source: Compiled from Annual Reports of the bank)

The above table shows that the paid-up share capital remarkably increased during the period of last 5 years. The main reason for such an increase in share capital has been that the persons required to purchase shares for better facilities from the bank and meet the credit needs. And the above table shows that the Authorized share Capital is Constant.

2.8 WORKING CAPITAL:-

The working capital is one of the most significant part of the Urban Co-operative Banking activities. Working Capital indicates the turnover of all financial position of the bank. The following table indicates the position of working capital of the bank during the period under study.

Table No.2.3

TABLE SHOWING THE POSITION OF THE WORKING CAPITAL

Year	WORKING CAPITAL	INCREASE IN WORKING CAPITAL
2001-02	15935.57	-
2002-03	18223.33	2287.76
2003-04	20054.97	1821.64
2004-05	21296.77	1241.80
2005-06	23007.34	1710.57

(Source: Compiled from annual reports of the bank)

Above table indicates that the working capital increased from Rs.15935.57 in 2001-02 to 1710.57 in the year 2005-06. The bank has maintained satisfactory growth of working capital during the period under study i.e. from 2001-02 to 2005-06.

2.9 DEPOSIT GROWTH:-

Deposits are one of the main sources of the Banking activities

Following table shows the position of growth of deposits, during the period of last 5 years from 2001-02 to 2005-06.

Table No. 2.4

TABLE SHOWING THE POSITION OF DEPOSITS GROWTH

Year	Deposits Rs.	Increase in Deposits Rs.	Deposits share in the Working Capital %
2001-02	13408.73	-	84.14%
2002-03	15197.74	1789.01	83.39%
2003-04	16520.04	1322.30	82.37%
2004-05	17367.71	847.67	81.55%
2005-06	18520.35	1152.64	80.49%

(Source: Compiled from Annual Reports of the bank)

The above table shows that the total deposits increased from Rs. 13408.73 in 2001-02 to 18520.35 during 2005-06.

The Share of the total deposit in total working capital is moveable and up's and down yet Bank has maintained the growth of deposits share in the working capital above 80%.

2.10 LOANS AND ADVANCES:-

According to the Bye-laws the Bank advances and loans to the members for various purposes. The following table indicate the position of loans and advances during the period under study i.e 2001.02-2005-06.

Table No. 2.5

TABLE SHOWING THE POSITION OF LOANS AND ADVANCES

Year	Loans and Advances	Share in the Working Capital
2001-02	8621.21	54.10%
2002-03	8600.25	47.19%
2003-04	892.34	44.43%
2004-05	9474.06	44.48%
2005-06	10078.37	43.80%

(Source: Compiled from annual reports of the bank)

The above table shows that the loans and advances increased from Rs.8621.21 in 2001-02 to Rs.10078.37 in the year 2005-06. The share of loans and advances in the working capital decreased i.e. from 54% to 43%.

The lending policy, classification loans and types of loans and advances are discussed in the next Chapter.

2.11 RESERVE FUND AND OTHER RESERVES:-

Building up of permanent reserve fund has always been considered as an essential condition of prosperous business. It is an important component of working capital as it acts as a stock absorbing Cushion at the time of financial stringency. The following table shows the position of Reserve and other Reserves.

Table No. 2.6

TABLE SHOWING THE POSITION OF RSEVE FUND

Year	Reserve Fund and other Reserve	Increase in Reserve Fund
2001-02	1450.42	--
2002-03	1738.40	287.98
2003-04	2317.26	578.86
2004-05	2464.55	147.29
2005-06	2844.55	380.00

(Source: Compiled from annual reports of the bank)

The table reveals that the growth of reserve fund over the period under review, increased from 1450.42 in 2001-02 to 2844.55 in 2005-06.

The bank is in a position to build up sound reserves for better banking activities.

2.12 PROFIT AND DIVIDEND RATE:-

Earning of profit is not the main objectives of Co-operative concerns. But profit in the name surplus funds is an essential for future development of the organization. The same principle is adopted by the Kolhapur Urban Co-operative Bank Ltd., Kolhapur.

The following table indicates the position of earned profit during the period under study.

Table No. 2.7

TABLE SHOWING THE POSITION OF PROFIT AND DIVIDEND

Year	Showing the Position of Net Profit (Rs. In Lakhs)	Profit and Dividend divided Rate
2001-02	169.17	15%
2002-03	183.04	15%
2003-04	94.84	15%
2004-05	104.35	12%
2005-06	121.26	9%

(Source: Compiled from annual reports of the bank)

The above table clearly shows that there is variation in the increase of Net Profit of the Bank. But in the year 2003-04 there is decrease in Net Profit s. 94.84. This is due to Slackness in the business.

Yet the bank has declared the 15% dividend and later the dividend rate are decreases.

2.13 MANPOWER:-

The main object of the bank is to maintain the public faith and confidence without which the Bank cannot run. The efficiency of the Bank, business is mainly depending upon the prompt staff members. The growth of the Banking business has been mainly possible due to whole hearted involvement of staff off all categories.

The following table indicates the strength of staff of the Bank during the period of last 5 years.

Table No. 2.8

TABLE SHOWING THE MANPOWER OF THE BANK

Year	Staff (In No.)
2001-02	169
2002-03	167
2003-04	162
2004-05	170
2005-06	168

(Source: Compiled from annual reports of the bank)

The above table shows that there is no large changes in the number of staff. The staff number are constant.

2.14 OVERDUES:-

Recovery of Loans may be taken as principle pointer of its operational efficiency advancing of loan is not important but the Recovery of already advanced loan is important. Whatever the Bank advances, its first and fore most duty is to get recovery of loan, within the specified period mentioned in the Bond.

The following table shows the position of overdue of the Bank during the last five year.

Table No. 2.9

TABLE SHOWING THE POSITION OF OVERDUES

Year	Loans and Advances	Overdue Rs.	Overdue %
2001-02	8621.21	607.30	7.00%
2002-03	8600.25	841.87	9.78%
2003-04	8912.34	877.00	9.84%
2004-05	9474.06	944.70	9.97%
2005-06	10078.37	1101.70	10.93%

(Source: Compiled from annual reports of the bank)

The above table shows that the Overdue increased Rs. 607.30 in 2001-02 to Rs. 1101.70 in 2005-06. The overdue ratio increased per year so it is dangerous.

The above table shows that the over dues continuously increased from 2001-02 to 2005-06.

2.15 NON PERFORMING ASSETS :

An asset becomes non-performing when it ceases to generate income for the financial institute. If a loan given by bank fails to fetch a return in the form of Interest realized from the borrowers then performing i.e. non yielding any income to the bank.

Table No.2.10

**N.P.A of The Kolhapur Urban Co-operative Bank Ltd.,
Kolhapur**

Year	2001-02	2002-03	2003-04	2004-05	2005-06
% of Net NPA with Loans	12.46%	13.69%	9.38%	4.55%	4.19%
No. of NPA accounts	2433	2513	2101	1890	1850

(Source: Compiled from annual reports of the bank).

Interpretation :

The table shows decreasing trend in the N.P.A. Of The Kolhapur Urban Co-operative Bank Ltd., Kolhapur, percentage of Net N.P.A with loan is 12.46% in 2001-2002, it decreased up to 4.19% in 2005-2006. Number of N.P.A Account is 2433 in 2001-02, decreasing up to 1850 in 2005-2006.

Decrease in N.P.A is the result of good recovery of bank. As compared to previous year percentage of Net N.P.A with loans and No. of N.P.A A/c decreased. Bank has adopted a good recovery system. So N.P.A of The Kolhapur Urban Co-operative Bank Ltd., Kolhapur decreased.

2.16 BRANCH OFFICE :-

The Bank opened all branch offices in the particular area for operation, in the Kolhapur city only. The main objective of the bank is to serve the members and depositors and constituents efficiently and effectively by serving them at their very door through the branch offices. The following table shows the position of branch office.

Table No. 2.11

TABLE SHOWING THE BRANCH OFFICES

Sr. No	Location of the Branch	Opening Date	Office Type
1	Gokul Shirgaon Branch	26-03-1997	Branch Office
2	Khasbag Branch	19-04-1988	Branch Office
3	Kolhapur Urban Co.op.Branch Ltd., (Gangawesh)	11-06-1913	Head Office
4	Main Branch (Gangawesh)	11-06-1913	Branch Office
5	Market Yard Branch	17-05-1979	Branch Office
6	Nagala Park	25-07-1984	Branch Office
7	New Shahupuri Branch	10-06-1973	Branch Office
8	Rajampuri Branch	22-05-1964	Branch Office
9	Subhash Road Branch	26-03-1997	Branch Office
10	Uchgaon Branch	24-10-1993	Branch Office

The above table shows that a total number of 9 Branch offices and one Head office was opened by the Bank.

2.17 OVERALL PROGRESS OF THE BANK:-

The overall progress of the Bank in respect of Membership, Share Capital, Working Capital, Deposits, Loans and Advances, Profit, Manpower, Branches during the period of 5 Year (2001-02 to 2005-06) is given table no. 2.12.

Table No 2.12

**TABLE SHOWING THE OVERALL PROGRESS OF THE BANK
(2001-02 TO 2005-06)**

Sr. No	Particulars	2002	2003	2004	2005	2006
1	Membership	28,734	31102	31010	32455	34.012
2	Share Capital(paid up)	2,92,68,700	3,19,38,420	3,51,65,300	3,95,90,780	4,33,56,020
3	Working Capital	15935.57	18223.33	20054.97	21296.77	23007.34
4	Deposits	13408.73	15197.74	16520.04	17367.71	18520.35
5	Loans & Advances	8621.21	8600.25	8912.34	9474.06	10078.37
6	Profit	169.17	183.04	94.84	104.35	121.26
7	Manpower	169	167	162	170	168
8	Branch	9	9	9	9	9

(Source: Compiled from office record of the Bank Growth of the Bank (2001- 2006))

2.18 ORGANISATIONAL SET-UP OF THE BANK :-

The Kolhapur Urban Co-operative Bank Ltd., Kolhapur has organized its set-up for an efficient handling of its business, particularly the lending operations. The traditional security oriented approach is giving away to the new scientific purpose oriented and need based approach in suitable cases. The role of the Bank is no longer regarded merely as a supplier of credit on usual business terms, but also a development agency.

A proper organizational set-up in banking institution from the top level at which important financial and policy decisions are taken down to the level at which these decisions are implemental is, therefore of vital importance.

Chart no.2.2

Chart showing the organization set-up of the Bank.

