

CHAPTER - II

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CHAPTER - II

PROFILE OF THE DCC BANK

2.1 INTRODUCTION :-

The primary co-operative credit societies in a particular area are federated into a Central Society which is called "Central Bank", or "Banking Union". The DCC Bank works as a link between Primary Co-operative Credit Societies and State Co-operative Bank. The DCC Bank occupies a position of vital importance in the co-operative credit structure. Generally membership is confined entirely to the societies but in some cases it is observed that the membership is also confined to the individuals along with societies.

2.1.1 Establishment of Sangli DCC Bank Ltd. Sangli :

The Sangli DCC Bank was established in the year 1927 on 28th March by Late. Chintamanroa Appasaheb Patwardhan, with a initial share capital of Rs.5,000/-.

The bank started functioning independently in the year 1960. The registration number of the bank is Reg.No:19169 and Reserve Bank License Number is No:RPCD-BOM-52-C dated 27 July, 1994.

The bank is now providing short term (production credit) finance to the farmers through (seven hundred fifty) Primary Agricultural Societies (PACS) in the district. The share capital of the bank is widely held by co-operative institutions spread all over the district. The bank is managed by the board of directors comprising of the personalities from various categories of co-operative sectors in Sangli district. To fulfils the needs of the farmers specially the bank has

established its various branches. The bank has 220 branches including head office in the district.

The bank provide a wide array of banking services to satisfy the changing needs of the depositors as well as the small or large borrowers. The bank has stressed an advances to trade, agricultural, rural and small scale industries.

2.2 MANAGEMENT OF THE BANK :-

2.2.1 Selection of the Board of Directors -

The Board of Directors consists of twenty seven members. The said twenty seven members are elected from different co-operative societies among the district. The following chart No.2.1 shows the category wise selection of members of the board.

Chart No: 2.1: The Board of Directors of SDCCB

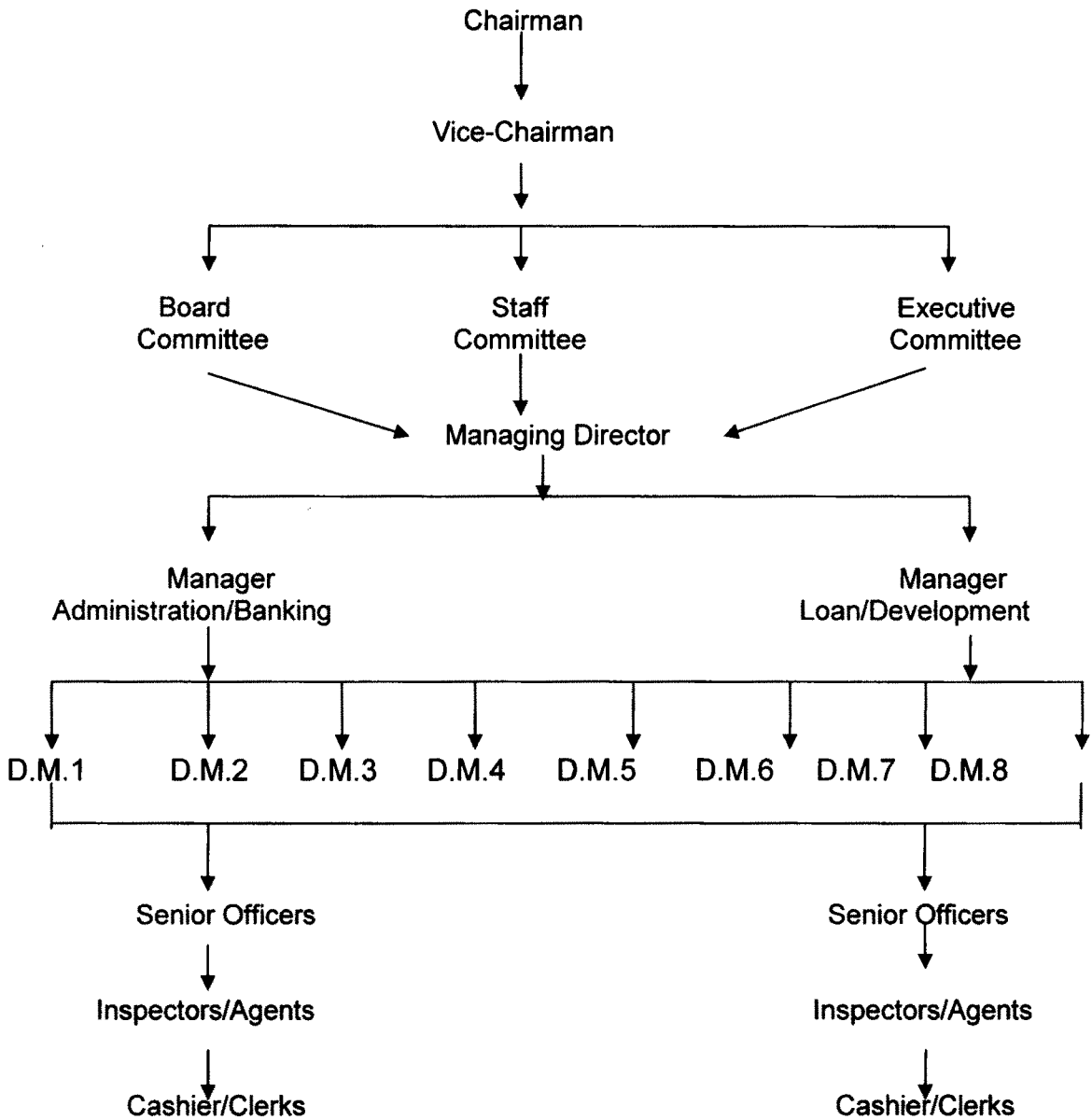
Sr. No.	Type of Co-operative Society	No. of Members
1	Primary Agriculture Credit Societies	10
2	Processing Co-operative Societies	1
3	Urban Co-operative Banks	1
4	Industrial Co-operative Societies	1
5	Marketing Co-operative Societies	1
6	Other Co-operative Societies	2
7	Individual members	1
8	Backward Class of the Society	4
9	Lady candidate	2
10	MSC Bank	1
11	District Deputy Registrar of the co-operation	1
12	Zilla Parishad	1
13	Managing Director	1
	Total	27

2.2.2 Organizational Chart of the Bank -

There is a chairman and vice-chairman at the board to be elected every year. The duration of the board is Five years. There are two sub committees, one is Executive Committee and second is Staff Committee. The Executive Committee looks after sanctioning of loans and other day today work. The Staff sub committee looks after the Management and Administration of the staff.

The Managing Director is the Chief Executive Officer of the bank and Managers, Deputy Managers, First Grade, Second Grade and Third Grade Officers, Cashier/Clerks and sub-staff are a staff pattern of the Sanlgi DCC Bank. From the following chart No.2.2 the staff pattern of the Bank will be more clear.

Chart No: 2.2
Organization Chart of the Bank



Sources : By observation

(D.M.1 - Deputy Manager Administration, D.M.2 - Deputy Manager Accounts/Banking, D.M.3 - Deputy Manager Agricultural Loans, D.M.4 - Deputy Manager General, D.M.5 - Deputy Manager Audit/Inspection/Law, D.M.6 - Deputy Manager Industrial Loans/Recovery, D.M.7 - Deputy Manager Development and Planning, D.M.8 - Deputy Manager - Other Co-operative Societies Loans.)

The MD is responsible to Board, Staff and Executive Committees. All the eight deputy managers are responsible to both Administration/Banking and Loan/Development

manager. There are also senior officers, who are responsible to all the eight deputy managers.

2.3 FUNCTIONS OF THE SANGLI DCC BANK -

To render better services to the customers and the members of the bank, the bank has introduced several deposit schemes like "Dam Duppat", "Dam Tippat", "Pension Scheme", "Recurring Deposit", "Fixed Deposit Scheme". Beside Crop loan advances to the farmers, bank provides various agricultural allied activities finance. The following are the various function is performed by the bank.

2.3.1 Accepting Deposits -

Accepting of deposit from public is an important function of the bank. Bank provides not only the safety of deposits but also convenient method for transferring funds through the use of cheques. Therefore, people prefer to keep their money with bank in the form of deposits for the convenient of all class of people, the bank accepts various kinds of deposits.

2.3.2 Advancing Loans -

The money collected through deposits is used by the banks for advancing loans to the various borrowers such as crop loan finance to the farmers through PACS, term lending to agricultural and allied activities (Lift irrigation, milk cattle, goat raring, drip irrigation, green house etc.) and bank also finance to the processing units (Sugar co-operatives and Spinning mills etc.).

2.3.3 Agency Services -

Bank perform the following agency functions to the members and non members of the bank.

- i) Bank pays insurance premium, subscription rent, electricity bill etc. on behalf of their customers.
- ii) Bank collects pension, provident fund, dividend, interest etc. on behalf of their customers.
- iii) Bank make collection of cheques and payment of cheques bills and promissory notes.
- iv) Bank act as an executive, trustee, administrator etc. on behalf of their customers.
- v) Bank collects MSEB bills, lift irrigation water bill.
- vi) Bank collect bills (Bill for Collection, Inward Bill Purchase, Inward Bill, Local Bill).
- vii) Bank issues Demand Draft for their customers.
- viii) Bank pays high school teachers, primary teachers and college staff payment.

2.3.4 Utility Services -

Bank performs the utility service of safe custody for their customers. Such as bank receives securities, documents, deed and valuable ornaments for their safety.

2.3.5 Non-Fund Based Facilities -

Bank gives guarantee on behalf of their member co-operative societies to the Government and other institutions.

Table No: 2.1
Progress of Sangli DCC Bank from 1930 to 2006

(Rupees in Lakhs)

Particulars	1930	1940	1950	1960	1970	1980	1990	2000	2001	2006
Members										
No. of Individuals	92	247	523	1370	565	414	380	364	364	363
No. of Societies	98	98	159	605	925	1198	1814	3087	3234	3770
Share capital	0.43	0.64	1.23	13.95	106.32	188.92	593.44	2575.96	3024.61	4706.31
Reserve and other provision	0.02	0.74	1.23	2.96	34.19	185.06	666.23	3731.01	4406.06	19660.22
Deposit	1.81	3.74	12.27	23.61	611.55	2697.30	15868.51	68649.01	76532.61	123206.89
Borrowing	-----	-----	-----	35.13	416.94	134.83	1560.14	7277.13	12851.05	17935.21
Investment	0.15	1.71	3.32	27.57	195.39	1433.37	5536.39	18851.03	19925.93	57563.30
Loans and Advances	1.88	2.19	3.02	111.67	911.82	1655.90	12101.33	63726.96	78512.31	104423.51
Working Capital	2.39	5.33	15.82	39.02	1219.55	3424.62	19379.29	88443	105798.22	171610.22
Branches	1	1	1+1	11	38	79	140	208	212	220
Profit	0.05	0.12	0.27	0.88	8.04	37.66	136.33	203.74	729.61	-1787.64
Dividend Rate	6%	6%	5%	4%	5%	7.50%	12%	6%	15%	0.00%

Source: Annual reports of the bank.

2.4 PROGRESS AND PERFORMANCE OF THE BANK :-

The following T.No.2.1 shows the progress and performance of SDCCB with the help of broad indicators.

The progress of the Bank is stressed with the help of deposit mobilized, loans and advances granted and net profit earned by the bank.

2.4.1 Number of Branches :

Bank has rapidly expanded progress all around in the last nearly 26 years. In 1980 bank was spread throughout villages of Sangli district in 79 branches. In the year 1990 the number of branches increased up to 140, in the year 2000 went up to 208 and today bank has 220 branches including the Head Office spread throughout villages of Sangli district, of which 107 branches including head office have been computerized for developing Management Information System and to provide prompt and better banking services to its customers and members.

2.4.2 Share capital :

In the year 1980 bank has a paid up capital amounted to Rs.188.92 lakhs. Today in the year 2005-06 the bank has a share capital of Rs.4706.31 lakhs.

The number of share holders of the bank in the year 1980 was 1612 of which 1198 were societies and 414 were individuals. In the year 2006 there were 4133 members including 3770 societies and 363 individual, Government of Maharashtra and Zill Parishad is also members of the bank.

It means that the number of member societies are increased where as the number of individual members are decreased.

2.4.3 Deposits :

Collection of deposits are one of the important sources of funds to every bank. The deposit collected by Sangli DCC Bank is utilized with the object of overall development of Sangli district. From the above table number 2.1 it is understood that the deposits of the bank increasing every year. The total deposits was Rs.2697.30 lakhs in the year 1980 and it was increase up to Rs.123206.89 lakhs.

After the economic liberalization policy by the Government bank has been facing cut through competition from other banks which adversely affects collection of deposits with facing challenges of changing in the liberal environment. Bank has created separate deposit cell in head office to increase deposits mobilizations to fulfill the economic needs of the small farmers, artisans, co-operative societies, sugar factories and members. This cell is working with new ideas, policies. The programmes are implemented to increase collection of deposits.

2.4.4 Loans and Advances:

Collection of deposits and granting loans and advances are the primary functions of every bank. Bank has provided short term, medium term and long term loans for agriculture and non-agriculture purposes.

According to Banking Regulation Act 20% of the total loans and advances must be granted to small farmers but the bank

has provided nearly 50% of total loans and advances to small farmers. Therefore it can be analyzed that bank is more interested in providing more and more assistance to poor and weaker sections of the society.

From the above table number 2.1 it appears that loans and advances of the bank has been increasing every year. The loans and advances are granted according to Credit Plan drafted by Lead Bank of Sangli district - Bank of India. Bank has successful achieved over 100% credit supply of total advances predetermined in credit plan except in the some years. Bank has failed to achieve the targeted credit supply due to unfair monsoon, draught conditions, flood condition and decreasing in the production of sugar-cane.

2.4.5 Working Capital :

From the above table number 2.1 it is clear that the amount of working capital has been constantly increasing every year. It was Rs.3424.62 in the year 1980 and increased up to Rs.171610.22 lakhs in 2006-07.

2.4.6 Net Profit :

Efficiency and financial soundness of any firm or organization is judged on the basis of net profit earned. Bank shows consistency in earnings profits in last few years. The bank has earned the highest net profit around Rs.866.46 lakhs in the year 2001-2002. But in the last three years there is a huge reduction in the profit. There was a Loss of Rs.1787.64 lakhs in the year 2005-2006.

Sangli DCC Bank was awarded "Late Vaikuntalal Mehta Award", for second best District Central Co-operative Bank in the state by Maharashtra State Co-operative Bank Associations Ltd. in the year 2002-2003 for its performance.

2.5 SOCIAL ACTIVITIES OF THE BANK :-

The bank is leading in following social activities.

2.5.1 Work in Drought Conditions -

Due to drought conditions and lack of water in the last few years grape gardens and fruit gardens are totally destroyed. Production of Sugar-Cane is reduced due to Lokari-Mava and Flood conditions. The Sangli DCC Bank has given financial assistance for various water and irrigation projects and schemes to farmers to enable them to survive their fruit gardens and other crops. The bank has also given the Fodder Loan to the farmers to survive their various types of Animals.

2.5.2 National Agricultural Insurance Scheme -

Bank has implemented insurance scheme for the selected crops with the help of the General Insurance Corporation of India Limited. Irregular Mansoon and flood conditions in the last few years adversely affects the crops. Therefore nearly Rs.71.92 lakhs been received as a part of compensation to the bank and bank has distributed the said amount to the concerned farmers.

2.5.3 Vishnu Anna Farmers Insurance Protection Scheme -

Bank has started Vishnu Anna farmers insurance protection scheme with the help of the National Insurance Corporation

of India Limited to protect the borrowers of PACS from accident. Nearly Rs. 47 lakhs has been received as a compensation to the nominees of the insured persons.

Bank has also started **Varsha Vima Yojana** with the help of the Agriculture Insurance Corporation India Limited at a trial base in the year 2005.

2.5.4 Nirmal Gram Yojana -

Bank has given direct finance to members and non members on the trial basis. The said distributed amount was Rs. 809.10 lakhs in the year 2007.

2.5.5 Self Help Group -

Bank had created self help group in the year 1999-2000, with the intention of assistance to poor and weaker sections of the society and to make them economically strong. Bank has also given training to the employees and women of the self help group.

Sangli DCC Bank was awarded as a second Best District Central Co-operative Bank at the state level by NABARD in the year 2006-2007 for the self help group and bank linkage programmes.

In short the above chapter mainly highlights the functions, management, progress and social activities of the bank. The next chapter particularly deals with the theoretical background of the study.