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CHAPTER - I

INTRODUCTION

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**1.1 INTRODUCTION :**

Germany is the first country of the world to organise the co-operative credit movement. The co-operative credit movement in this country arose as a need of the period.

Urban Co-operative Banks have a predominant role in assisting the weaker sections of the society. Small producers, technicians, wholesale-traders, retail traders, hawkers, skilled workers, salary earners in urban and semi-urban areas, servants etc. are financed by the urban co-operative banks on their personal credit.

Besides these, to accept deposits, to increase the saving habits of the masses, to render the banking services to our customers are the main functions of the urban co-operative banks.

The Banking Regulation Act defined, "An Urban Bank as Primary Co-operative Bank having paid up share capital and reserve of Rs. 1 lakh and above. These banks are required to obtain licence to carry on banking business to seek prior permission for opening of new offices from R.B.I. They have to maintain certain minimum cash reserves and liquid assets and submit returns prescribed under the rules formed as per the Act."

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Reserve Bank of India and Co-operative Ministry of India have more or less complete control over Urban Co-operative Banks. But the R.B.I. has no control over the co-operative credit societies. Because these co-operative societies are not rendering banking services.

As on 30th June 1988 there were 1371 urban co-operative banks with their 3064 branches in India. Out of these 380 urban co-operative banks with their 1317 branches are located in Maharashtra. There are also 894 newly permitted urban co-operative banks in India which will be established shortly. Out of these 293 are in Maharashtra. Another peculiarity of co-operative movement in Maharashtra is that there are 33 women's urban co-operative banks in India. Out of these 20 are in Maharashtra.

Urban Co-operative Banks in India and Maharashtra have shows a faster growth since last 15 to 20 years. Most of the banks are located in Maharashtra. It means there is lopsidedness in the development of the urban co-operative banks. Generally Maharashtra, Karnataka, Gujrat, Andhra Pradesh, Tamil Nadu and West Bengal account for 80% of urban co-operative banks.

There are 42 urban co-operative banks in Kolhapur district. The Kolhapur Urban Co-operative Bank was established on 24th May 1913, which happens to be the 1st and the seventh i.e. The Ichalkaranji Urban Co-operative Bank Ltd., was

established on 26th August 1930.

Urban Co-operative Banks play an important role in the development of the concerned urban areas. Hence, it is essential to study the urban co-operative banks. But it is not possible to study all the urban co-operative banks. Therefore, the Ichalkaranji Urban Co-operative Bank Ltd., Ichalkaranji is selected for the study. In connection with collection of data, the discussion, were held with the Chairman, Manager, Accountant, Directors and Executive Officers of the bank. The data is also collected from the various reports, official record and the record of District Deputy Registrar for Co-operatives.

## 1.2 Objectives of the Study :

Following are the objectives of the study :

- 1 To review the comparative progress of the urban co-operative banks in India and Maharashtra.
- 2 To review the progress of urban co-operative banks in Kolhapur District.
- 3 To briefly review the history of the Ichalkaranji Urban Co-operative Banks Ltd., upto 1992.
- 4 To examine the structure of the deposits of Ichalkaranji Urban Co-operative Bank Ltd., for 1981-1992 period.
- 5 To examine the structure of the advances of the Ichalkaranji Urban Co-operative Bank Ltd., for 1981-1992 .

- 6 To examine the trends in working expenses in the Ichalkaranji Urban Co-operative Bank Ltd.,
- 7 To examine the employment structure of the Ichalkaranji Urban Co-operative Bank Ltd.,

### **1.3 Methodology of the Study :**

The study is based mainly on secondary data. The data is collected from annual reports of the bank. Some statistical data is collected from the souvenirs of various Urban Co-operative Banks as well as of the bank under study. The data collected from the various reports and office record of the bank under study are reorganised to suit the purpose of the study. The study is related to the data for latest 12 years i.e. 1981-1992 of the Bank's working.

### **1.4 Chapter Scheme of the Study :**

The study is divided into following seven Chapters.

**Chapter First** explains the objectives and research design of the study.

In **Chapter Second** origin and the growth of the Urban Co-operative Banks is analysed. This chapter is concerned with comparative analysis of the growth of the Urban Co-operative Banks in India and Maharashtra.

**Chapter Third** deals with the progress of Urban Co-operative Banks in Kolhapur District.

In **Chapter Four** an attempt has been made to examine in detail the growth of membership, the growth of share capital, the growth of working capital, the growth of reserve and other funds, the structure of deposits collected, growth of deposits, and trends in the per depositor amount of deposits. The **Reference** period is from 1981-1982 to 1991-1992.

**Chapter Fifth** deals with, in detail, the study of the structure, trends in growth of advances, per borrower advances, purposes of advances for the period under study.

**Chapter Sixth** is related to the study of changes in the level and structure of operational expenses, the growth of profits, the structure and growth of investment of the bank on the basis of expenses, profit ratio, the trends in efficiency of the bank under study.

**Chapter Seven** deals with the major findings of the study and the suggestions for the growth of the bank under study are made on the basis of conclusions arrived at the previous chapters.