

CHAPTER -4

*Financial inclusion through  
Urban Cooperative Banks in  
Kolhapur District*

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**CHAPTER - 4**  
**FINANCIAL INCLUSION THROUGH URBAN**  
**CO-OPERATIVE BANKS IN KOLHAPUR DISTRICT**

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## **CHAPTER -4**

### **FINANCIAL INCLUSION THROUGH URBAN CO-OPERATIVE BANKS IN KOLHAPUR DISTRICT**

#### **4 INTRODUCTION:**

The Urban Co-operative Banks (UCBs) have been playing an important role in the socio-economic development of the country by making available institutional credit at affordable cost, particularly, in the urban and semi-urban areas. Urban co-operative banks were set up with the objective of promoting sustainable banking practices amongst a relatively, specific target clientele, viz. the middle income strata of the urban population.<sup>1</sup>

The role of co-operative is very important in the financial inclusion. Financial inclusion scheme plays a very vital role in providing finance to urban and rural poor. The urban co-operative banks are one of the major areas of the financial sector. The financial sector acts as the 'Brain' of the economy. The major criterions of the selected banks for financial inclusion are as follows.<sup>2</sup>

This chapter deals with the detailed information about the borrowers and account holders. There are borrowers from various sections of the society. Some of them are from the lower strata of the society viz. SC and ST. The bank has given priority to the weaker sections of the society including self – help Groups (SHGs). The information about the deposits, loan amounts sanctioned and their classification according to the priority is mentioned in this chapter.

#### **4.1.1 HISTORY OF KOLHAPUR URBAN CO-OPERATIVE BANK (KUCB):**

Kolhapur city is a historical district in Maharashtra. Kolhapur city is known as Dakshina Kashi in Southern Maharashtra. Chhatrapati Shahu Maharaj came to the power of the erstwhile Kolhapur state on 2<sup>nd</sup> April, 1894. Chhatrapati Shahu Maharaj in Kolhapur state was yearning for social, political, Educational, Co-operative, and Economic development of his subject.

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<sup>1</sup> . Anand Sinha (2012): "*Financial Inclusion in urban co-operative banks*" in his research article, Published by – Indian co-operative. (co-operative news )-Pune.Pg.2

<sup>2</sup> Krishna (2011): "Urban co-operative Banks: Problem and Prospects" in his article, Published by (UCB-RBI), senior member RBI. Pg.-1

For the purpose, he applied the provisions of co-operative societies Act of 1912 in Kolhapur state. To free the weaker classes from the clutches of moneylenders, Shahu Maharaj asked Bhaskarrao Jadhav to take the lead for the establishment of urban credit co-operatives. With the support and inspiration of Chhatrapati Shahu Maharaj, the first urban co-operative credit society was established in Kolhapur city on 24<sup>th</sup> may 1913. Bhaskarrao Jadhav was the pioneer of this society.

The Kolhapur Urban Co-operative Bank Ltd. Kolhapur was established in Kolhapur city on 30<sup>th</sup> September 1913, Bhaskarrao Jadhav was main founder member. The bank is completing 100<sup>th</sup> year in the 2013. There are ten urban co-operative branches in Kolhapur city. To keep itself abreast, the bank has fully equipped data center and its 10 branches are connected to the data center through core banking solution. To make it more user friendly, the bank has introduced various money transfer modern services viz. Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT).

The bank has also provided the facilities like centralized clearing, at par cheque facilities and ATM BANKS to fulfill the changing needs and expectations of the customers. Due to BANKS Network, the customers can withdraw the money up to Rs.10, 000 from ATMs of 3 branches which have connectivity of bank net. The bank is consistently adapting itself to the latest technologies and introduced the services like SMS Banking, Mobile Banking, and Internet Banking etc.<sup>3</sup>

#### **4.1.2 FINANCIAL PERFORMANCE OF THE BANK:**

To fulfill the objective of financial inclusion, financial performance of the bank must be improved for the given year. An attempt is made here to examine the member, share capital, deposits, working capital, total income, total expenditure, own fund, gross profit, advances etc. in KUCB over a period of time.

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<sup>3</sup> Kolhapur District Urban co-operative Banks Ltd. Kolhapur – Annual report (2010-11).

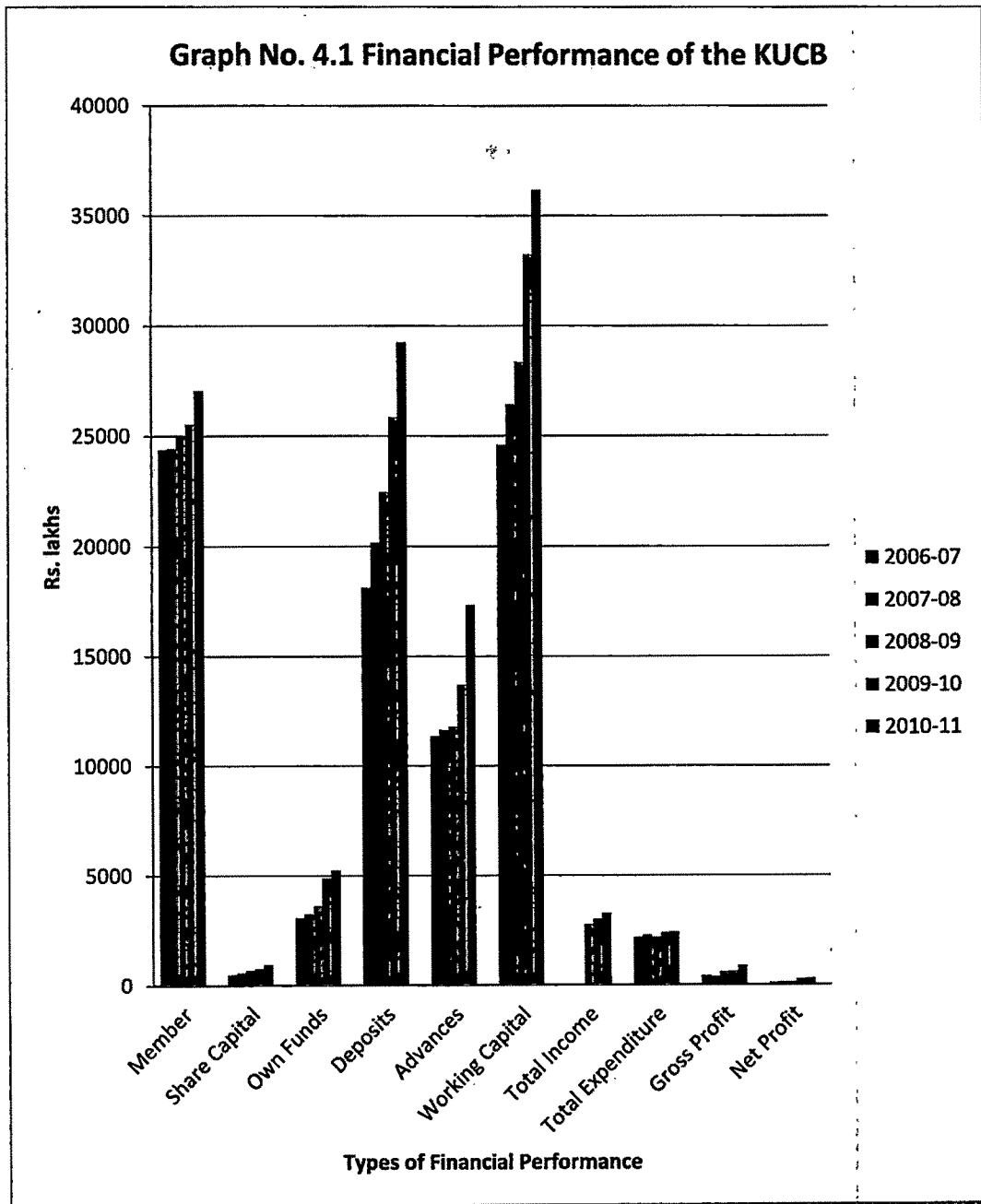
**Table No. 4.1: Financial Performance of the Bank (Rs. In Lakh)**

Sr. No.	Years	2006-07	2007-08	2008-09	2009-10	2010-11	CGR
1	Member	24374	24423	24970	25522	27049	2.6
2	Share Capital	503.85	570.17	666.18	761.48	942.22	16.7
3	Own Funds	3075.63	3262.49	3639.64	4897.05	5252.73	15.9
4	Deposits	18128.83	20184.71	22491.39	25847.81	29247.07	12.8
5	Advances	11358.51	11648.5	11784.78	13716.89	17331.1	10.6
6	Working Capital	24600.05	26417.88	28345.36	33251.82	36168.97	10.5
7	Total Income	-	-	2781.48	3031.53	3280.01	8.6
8	Total Expenditure	2184.88	2295.64	2176.53	2397.74	2407.85	2.4
9	Gross Profit	424.05	381.75	604.95	633.79	872.16	21.5
10	Net Profit	128.28	138.34	150.99	278.72	308.74	27.9

Source: The Kolhapur Urban Co-operative Bank LTD. Kolhapur Annual Report (2006-07 to 2010-11)  
 Note: 1) CGR= Compound Growth rate. 2) Only Member Figures Absolute.

The table 4.1 shows the financial performance of the bank during the study period. It is clear that the performance of the bank is not only satisfactory but also promising. Members are increased during 2009-10 and 2010-11 noticeably its CGR is 2.6 per cent. As the share capital is increased CGR is 16.7 per cent so also own funds are also increased as CGR 15.9 per cent. The increasing figures of deposits show that the goodwill of the bank is increasing day by day. The increasing amount of loan and advances every year show that bank has made better business during the study period

as CGR is 10.6 per cent. CGR is 10.5 reflects increased working capital. It is very important that net profit of the bank is more than doubled from 2006-07 to 2010-11 CGR is 27.9 per cent. Grossprofit shows the increasing trend in this study period. CGR is 21.5 per cent. The balance is maintained between total income and total expenditure as CGR is 8.6 and 2.4 per cent respectively. The figures of gross non-performing assets (NPA) indicate satisfactory financial performance of the bank. It shows that the financial inclusion of priority sector is increased during that period. The same trend is represented by graph.



**4.1.3 THE NUMBER OF BORROWERS IN THE KOLHAPUR URBAN CO-OPERATIVE BANK:**

The accepting deposits and lending loans are the two primary functions of a bank. The success of financial institution depends upon its lending. The following table represents the growth of borrowers from Kolhapur urban co-operative bank (KUCB).

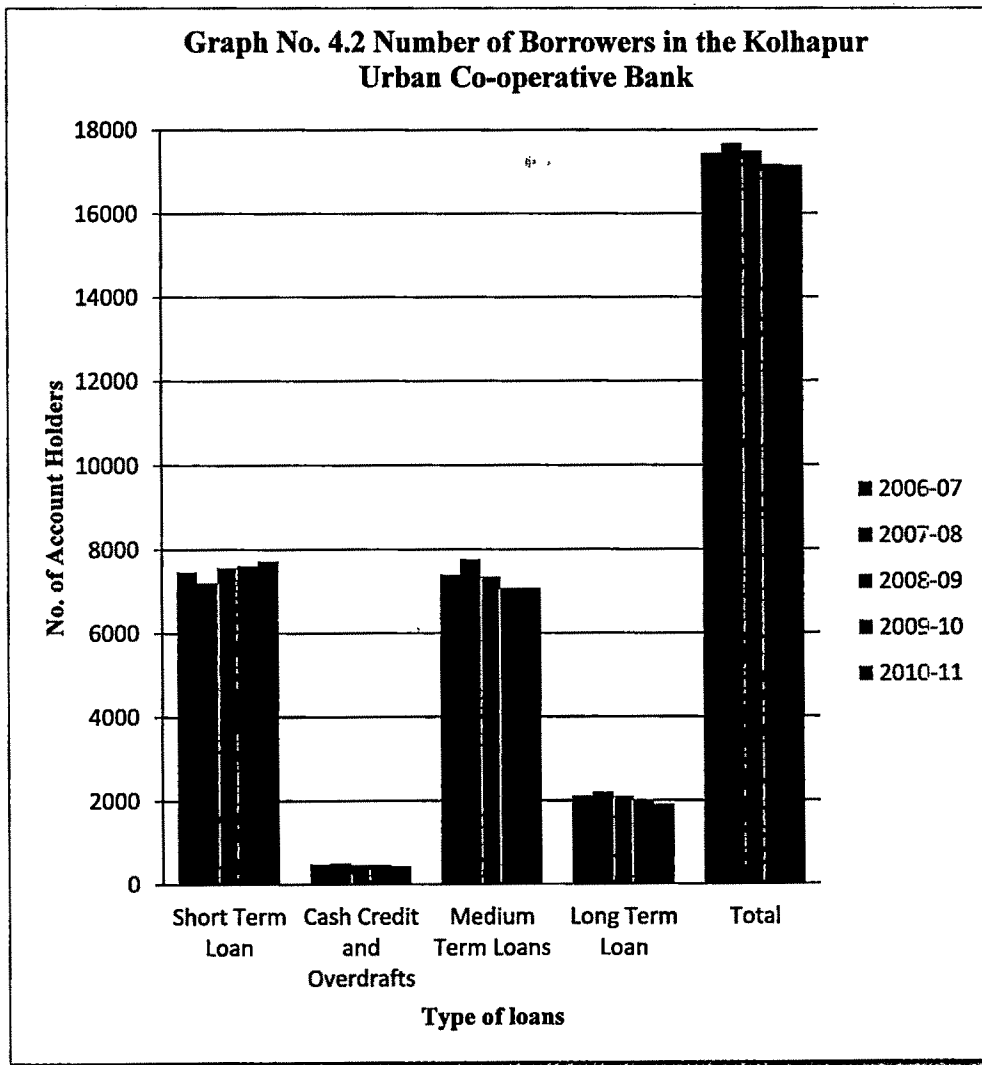
**Table: 4.2: Number of Borrowers in the Kolhapur Urban Co-operative Bank**

Sr. No.	Year	Short Term Loan	Cash Credit and Overdrafts	Medium Term Loans	Long Term Loan	Total
1	2006-07	7464 (43)	479 (3)	7395 (42)	2109 (12)	17447 (100)
2	2007-08	7205 (41)	504 (3)	7767 (44)	2196 (12)	17672 (100)
3	2008-09	7566 (43)	470 (3)	7349 (42)	2108 (12)	17493 (100)
4	2009-10	7621 (44)	463 (3)	7070 (41)	2023 (12)	17177 (100)
5	2010-11	7727 (45)	435 (3)	7078 (41)	1915 (11)	17155 (100)
	<b>CGR</b>	<b>1.3</b>	<b>-2.7</b>	<b>-1.8</b>	<b>-2.7</b>	<b>-0.6</b>
Note: 1) The data is the no of Accounts Holders, 2) The figures in bracket show percentage, 3) CGR= Compound Growth Rate. 4) Absolute figure. Source: compiled from the financial statements of KUCB.						

It is clear from table 4.2 that the number of short term borrowers was highest followed by medium term loan borrowers. The biggest proportion of short term borrowers is the indication of better performance of the bank for financial inclusion.



The growth rate of cash credit and overdrafts is steady during the given period. The medium term loan borrowers, growth has declining trend from 2008-09, but in case of long term borrowers, the trend was declining since 2009-10. The proportion of medium term and long term loans was meager. It depicts the fact that KUCB had assisted small borrowers on a large scale. The same trend is presented by graph.



#### 4.1.4 THE LOAN AMOUNT SANCTIONED:

There are two types of loans sanctioned by the bank. i.e. secured and unsecured. The success of financial institution depends upon loan amount sanctioned. The following table presents the growth of loan amount sanctioned from KUCB.

**Table: 4.3: The Loan amount Sanctioned by KUCB (Rs. in Lakh)**

Particular		Years					CGR
		2006-07	2007-08	2008-09	2009-10	2010-11	
Short Term Loans	Secured	1856.42 (15.0)	1465.76 (12.6)	1766.51 (15.0)	2336.98 (17.0)	3116.62 (18.0)	16.2
	Unsecured	30.61 (0.2)	28.48 (0.2)	29.68 (0.3)	33.67 (0.2)	28.72 (0.2)	0.4
	Total	1887.03 (15.2)	1494.24 (12.8)	1796.19 (15.2)	2370.65 (17.3)	3145.34 (18.1)	16.0
Cash Credit and Overdrafts	Secured	2479 (20.0)	2523.87 (21.7)	2436.92 (20.7)	2476.19 (18.1)	2976.74 (17.2)	3.5
	Unsecured	8.55 (0.1)	8.03 (0.1)	6.68 (0.1)	10.93 (0.1)	14.09 (0.1)	14.0
	Total	2487.55 (20.1)	2531.9 (21.7)	2443.6 (20.7)	2487.1 (18.1)	2990.8 (17.3)	3.6
Medium Term Loans	Secured	2477.03 (20.0)	2109.14 (18.1)	2170.86 (18.4)	3151.94 (23.0)	3867.44 (22.3)	13.8
	Unsecured	883.55 (7.1)	953.95 (8.2)	877.83 (7.4)	818.88 (6.0)	843.09 (4.9)	-2.4
	Total	3360.9 (27.1)	3063.1 (26.3)	3048.7 (25.9)	3970.8 (28.9)	4710.5 (27.2)	9.8
Long Term Loans	Secured	4643.29 (37.5)	4552.01 (39.1)	4492.03 (38.1)	4885.82 (35.6)	6484.13 (37.4)	7.7
	Unsecured	4.67 (0.0)	7.26 (0.1)	4.27 (0.0)	2.48 (0.0)	0.27 (0.0)	-49.2
	Total	4647.96 (37.5)	4559.27 (39.1)	4496.3 (38.2)	4888.3 (35.6)	6484.4 (37.4)	7.6
<b>Total</b>		<b>12383.4 (100.0)</b>	<b>11648.5 (100.0)</b>	<b>11784.8 (100.0)</b>	<b>13716.9 (100.0)</b>	<b>17331.1 (100.0)</b>	<b>8.7</b>

Note: 1) The figures in bracket show percentage. 2) CGR= Compound Growth rate  
Source: compiled from the financial statements of KUCB.

The maximum short term loan is sanctioned by the bank during 2006-07 to 2010-11, as CGR 16.0 per cent indicates upward trend; it is followed by medium term loan as CGR is 9.8 per cent, whereas there is 7.6 per cent CGR of long term loans. The figures of long term loan indicate fluctuation during the study period. Comparison of short term, medium term and long term loan during the study period indicates that maximum short term loan is sanctioned by the bank. It indicates good financial inclusion.

The trend in cash credit and over drafts loans show fluctuation in secured and unsecured types, though CGR of secured is 3.5 per cent and unsecured loan is 14.0 per cent in this category. KUCB has sanctioned maximum loan amount as secured short term loan, whereas minimum amount is sanctioned by the bank as unsecured short term loan. Bank has given priority to secured medium term loan during the study period as CGR is 13.8 per cent. At the same time trend of unsecured medium term loan is declining. It is -2.4 per cent. The maximum amount is sanctioned by KUCB as secured long term loan; trend shows fluctuations as CGR is 7.7 per cent. The long term loan has declining trend during the study period. KUCB has not sanctioned good amount as unsecured loan as compared with short term and medium term loan.

As compared all types of loans mentioned in the table maximum preference is given to short term loan by KUCB. It shows impressive financial inclusion.

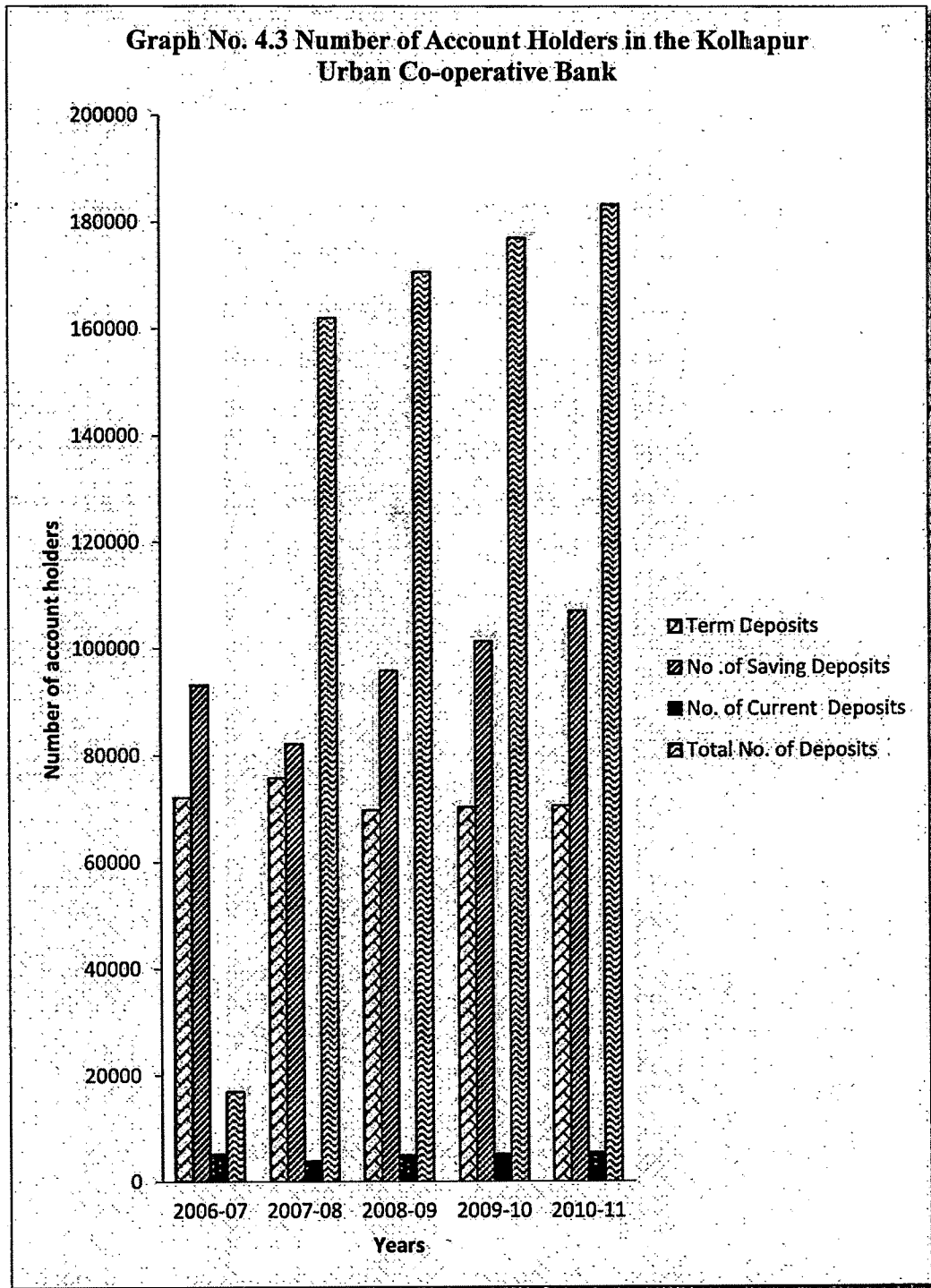
#### **4.1.5 THE NUMBER OF ACCOUNT HOLDERS IN THE KOLHAPUR URBAN CO-OPERATIVE BANK:**

The deposit amount and account holders are the two primary components of a bank. The success of urban co-operative bank depends upon its lending. Lending depends upon the amount of deposits collected by the banks. There are three types of account holders: term deposits, saving deposits, and current deposits. The following table presents the growth of account holders of KUCB.

**Table: 4.4: Number of Account Holders in the Kolhapur Urban Co-operative Bank**

Sr. No	Particulars	No. of Term Deposit Accounts	No. of Saving Deposit Accounts	No. of Current Deposit Accounts	Total No. of Deposit Accounts
1	2006-07	72014 (42.4)	93212 (54.8)	4790 (2.8)	17017 (100.0)
2	2007-08	75861 (46.8)	82247 (50.7)	4009 (2.5)	162117 (100.0)
3	2008-09	69805 (40.9)	95915 (56.2)	5081 (3.0)	170801 (100.0)
4	2009-10	70377 (39.7)	101475 (57.3)	5281 (3.0)	177133 (100.0)
5	2010-11	70668 (38.6)	107105 (58.4)	5529 (3.0)	183302 (100.0)
	<b>CGR</b>	<b>-1.12</b>	<b>5</b>	<b>5.79</b>	<b>2.42</b>
<p>Note: 1) The figures in bracket show percentage. 2) Absolute figure. Source: compiled from the financial statements of KUCB.</p>					

The table 4.4 shows that the term deposits are increased during 2007-08 and began to decrease from the succeeding year. Saving deposits are increased gradually from 2007-08 of the total deposit accounts. The saving deposit account has major share for all considered period. It represents the inclusion of small and middle income groups. At the same time there is no noticeable change in current account deposits. It is clear that saving deposits are increased from 2007-08 sharply. The same trend is represented by graph.



**4.1.6 THE DEPOSITS AMOUNT IN THE BANK:**

The table 4.5 gives information about the deposit amount with KUCB.

**Table: 4.5: The Deposit Amount in the Bank (Rs. In Lakh)**

Sr. No	Particulars	No. of Term Deposits	No. of Saving Deposits	No. of Current Deposits	Total No. of Deposits
1	2006-07	17167 (75.3)	4845 (21.3)	781 (3.4)	22793 (100)
2	2007-08	15451.3 (76.8)	3999.98 (19.9)	668.36(3.30)	20119.64 (100)
3	2008-09	17212.55 (76.7)	4558.57 (20.3)	677.11 (3.0)	222448.25 (100)
4	2009-10	18837.66 (73.0)	5975.33 (23.2)	997.11 (3.9)	25810.1 (100)
5	2010-11	20290.43 (69.4)	7369.93 (25.2)	1562.07(5.3)	29222.43 (100)
	<b>CGR</b>	<b>5.47</b>	<b>13.21</b>	<b>19.56</b>	<b>7.75</b>
<p>Note: The figures in bracket show percentage.</p> <p>Source: compiled from the financial statement of KUCB.</p>					

The deposit amount is classified as term deposit, saving deposit and current deposit. The table 4.5 shows that the KUCB collected the deposit amount more from term deposits out of three types of deposits. Even though the proportion of term deposit in the total is more in all years of the study period. The percentage share of this deposit in the total is declining on the contrary the percentage share of saving deposits in the total is increasing as there is increasing trend in the no. of saving account holder (table 4.4). It is a sign of inclusion of middle and small income group.

**PRIORITY SECTOR:**

Priority sector was properly defined in 1972, after the National Credit Council emphasized a few years back that there should be a larger involvement of the commercial bank in the priority sector.

- First of all in 1974, target of 33.33 per cent was given to the banks as share of the priority sector in the total bank credit.
- This was later revised and the recommendation of the Dr. K.S. Krishnaswamy committee and the target was raised to 40%.
- The latest working group on this segment was C.S Murthy committee in 2007, on whose recommendations; Reserve Bank of India revised the guidelines.

Reserve Bank of India revised the guidelines to define priority sector as per the recommendations made by C. S. Murthy committee in 2007. The final definition came in to existence after the recommendations of the committee of Dr. K.S. Krishnaswamy. It is: "Broadly, priority sector includes the agricultural finance, Small enterprises, Retail trade, Micro credit, Education loans and Housing loans".<sup>4</sup>

**4.1.7 THE NUMBER OF BORROWING UNITS IN PRIORITY SECTOR:**

To fulfill the objectives of financial inclusion the number of borrowers in priority sector must be increased for the given year. The attempt has made here to examine the borrowing units in priority sector in the KUCB over a period of time.

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<sup>4</sup> . C.S. Murty and K.S. Krishnasawamy (2007) recommendation committee – Priority sector Guidelines, Reserve bank of India.

Table: 4.6: No. of Borrowing Units in Priority Sector

Sr. No.	Particulars	Years					Total	CGR
		2006-07	2007-08	2008-09	2009-10	2010-11		
1	Advances for Agricultural & Activities allied to Agricultural	568 (3.76)	649.5 (4.32)	731 (4.88)	641 (4.82)	538 (4.40)	3128 (4.43)	-1.21
2	Loans & advances to cottage, Small scale industries & equipment	179 (1.18)	261 (1.73)	343 (2.29)	263 (1.98)	259 (2.12)	1305 (1.85)	7.75
3	Advances to Road & Water Transport operators for purchase vehicles	300 (1.98)	357 (2.37)	414 (2.76)	498 (3.75)	139 (1.14)	1708 (2.42)	-11.36
4	Private Retail traders	1572 (10.40)	1354 (9.00)	1136 (7.58)	748 (5.63)	402 (3.29)	5212 (7.37)	-28.26
5	Small business Enterprises	2172 (14.37)	2559 (17.00)	2945 (19.66)	3649 (27.45)	3483 (28.47)	14808 (20.95)	13.88
6	Professional & Self-employment persons	1512 (10.00)	1533.5 (10.19)	1555 (10.38)	1114 (8.38)	1365 (11.16)	7080 (10.02)	-5.11
7	Educational Loans	284 (1.88)	278 (1.85)	272 (1.82)	303 (2.28)	564 (4.61)	1701 (2.41)	15.70
8	Housing Loans	8526 (56.41)	8055 (53.53)	7584 (50.62)	6072 (45.67)	5478 (44.78)	35715 (50.54)	-11.02
9	Consumption Loans	2 (0.01)	3 (0.02)	3 (0.02)	6 (0.05)	4 (0.03)	18 (0.02)	25.38
10	<b>Total</b>	15115 (100)	15049 (100)	14983 (100)	13294 (100)	12232 (100)	70673 (100)	-5.33

Note: 1) The figures in bracket show percentage. 2) CGR= Compound Growth rate

Source: compiled from the financial statement of KUCB.

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The table 4.6 shows the performance of the KUCB for the financial inclusion of priority sector. KUCB has given priority to small business enterprises as to number of total borrowing units during the span of five years of study period are 14808. It shows the increasing trend with the CGR 13.88 per cent. Increasing trend is seen in education loans with total 1701 borrowing units as CGR is 15.70 per cent. There is fluctuating trend in consumption loans during the study period. There are 1305 borrowing units from cottage and small scale industries during the study period. Though CGR is 7.75 per cent fluctuating trend is observed during the study period.

More fluctuating trend is observed in road and water transport operators borrowing unit. Whereas fluctuating trend is seen in professional and self – employment borrowing units, its CGR is -5.11 per cent. Decreasing trend is noticed in private retail traders which are reflected by -28.26 per cent CGR. Decreasing trend is seen in housing loan borrowing units. Upward trend is noticed up to 2008 - 09 in agricultural and its allied activities but on the following year it has declined, CGR is -1.21.

After having studied, above table it shows that five units negative trend those are agriculture & activities, road and water, private retail traders, professional and self employment and housing loans. Whereas four units shows positive trend those are small scale industries, small business enterprises educational loan and consumption loans. This shows unsatisfactory inclusion of borrowing units in priority sector.

#### **4.1.8 THE NUMBER OF BORROWING UNITS OF WEAKER SECTIONS:**

The Reserve Bank of India (RBI) has included 'minority communities' in the list of 'weaker sections' for the purpose of priority-lending by banks for making them eligible to avail of banking privileges. As per the new amendment, 'minority communities' will now be entitled to take 10 per cent of the total loans from public and private sector banks, which has been mandated to the 'weaker sections'.<sup>5</sup>

As per the directions given by Reserve Bank of India, Kolhapur Urban Co-operative Bank has sanctioned loans to the people from the weaker section as mentioned in table 4.7

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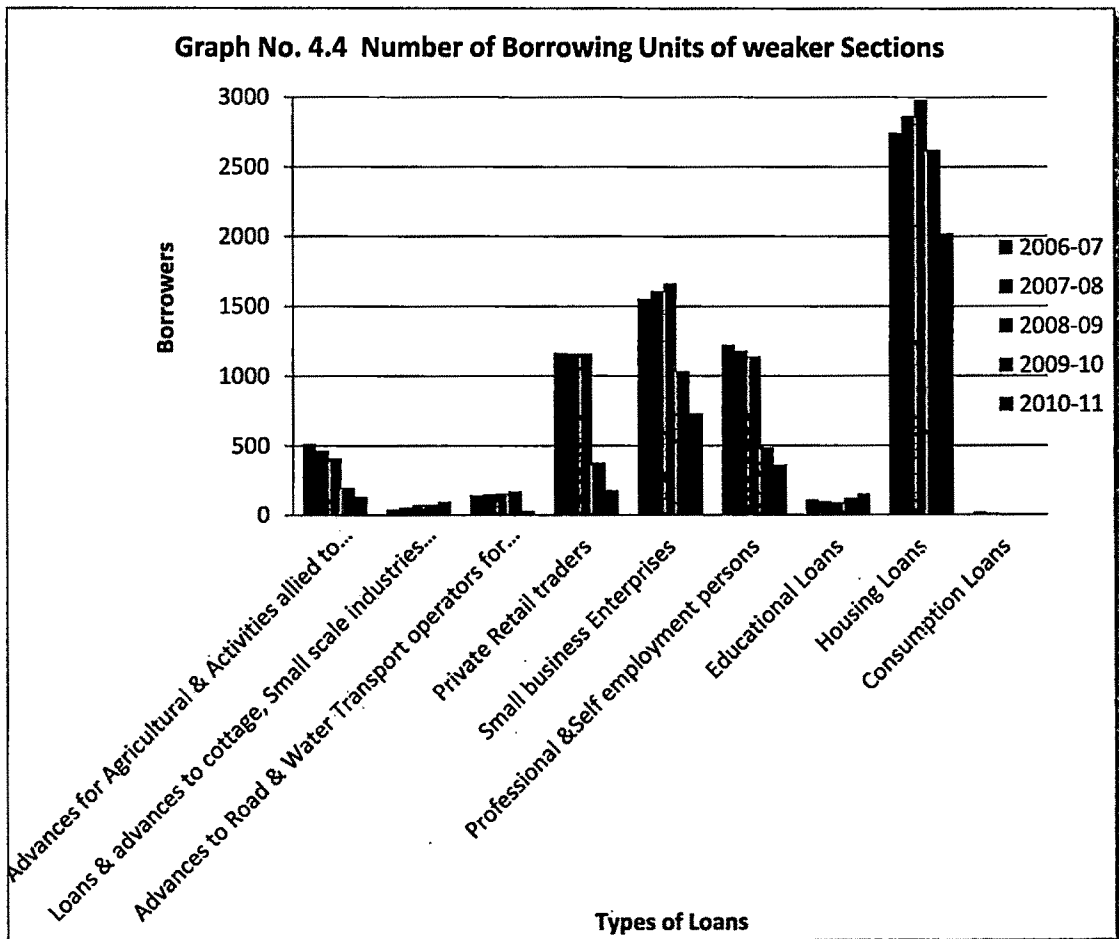
<sup>5</sup>. [http://new .oneindia.in/2007/05/21/minorities-to-come-under-weaker-sections-rbi-1179767529.html](http://new.oneindia.in/2007/05/21/minorities-to-come-under-weaker-sections-rbi-1179767529.html).

**Table: 4.7: No. of Borrowing Units of weaker Sections**

Sr. No.	Particulars	Years					Total	CGR
		2006-07	2007-08	2008-09	2009-10	2010-11		
1	Advances for Agricultural & Activities allied to Agricultural	516 (6.87)	464 (6.11)	412 (5.37)	196 (3.85)	131 (3.53)	1719 (5.44)	-30.26
2	Loans & advances to cottage, Small scale industries & equipment	39 (0.52)	56 (0.73)	72 (0.94)	75 (1.47)	94 (2.53)	336 (1.06)	22.88
3	Advances to Road & Water Transport operators for purchase vehicles	142 (1.89)	149 (1.96)	156 (2.03)	169 (3.32)	31 (0.84)	647 (2.05)	-25.31
4	Private Retail traders	1165 (15.51)	1162 (15.30)	1158 (15.09)	379 (7.45)	178 (4.80)	4042 (12.8)	-38.60
5	Small business Enterprises	1553 (20.68)	1609 (21.20)	1665 (21.70)	1033 (20.31)	735 (19.80)	6595 (20.89)	-17.63
6	Professional & Self-employment persons	1220 (16.25)	1179 (15.53)	1138 (14.83)	489 (9.61)	364 (9.81)	4390 (13.91)	-28.10
7	Educational Loans	112 (1.49)	100 (1.31)	87 (1.13)	122 (2.40)	155 (4.18)	576 (1.82)	8.91
8	Housing Loans	2745 (36.55)	2865 (37.74)	2984 (38.89)	2621 (51.53)	2022 (54.47)	13237 (41.93)	-6.76
9	Consumption Loans	18 (0.24)	9 (0.12)	0 (0.00)	2 (0.04)	2 (0.05)	31 (0.10)	-44.56
10	<b>Total</b>	7510 (100)	7591 (100)	7672 (100)	5086 (100)	3712 (100)	31571 (100)	-16.55

Note: 1) The figures in bracket show percentage. 2) CGR= Compound Growth rate  
 Source: compiled from the financial statement of KUCB.

The priority sector consists of minority communities and weaker sections of the society. Though the directions given by RBI are followed by KUCB, the trend is declining in this respect. The table clearly shows that from 2006-07 inclusion of borrowing units of weaker section is decreased every year, except the loans sanctioned to small scale industries and education loan. Increasing trend is found in case of the borrowers units from cottage and small scale industries with CGR 22.88 per cent. It is followed by educational loan units as CGR 8.97 per cent shows upward trend. Excluding these two units other units showed declining trend with minus CGR, hence total CGR is -16.55 per cent during the study period. This shows the inclusion of borrowing units from weaker section is not satisfactory. The same trend is represented by graph.



**4.1.9 THE NUMBER OF BORROWING UNITS OF PRIORITY SECTOR:  
SCHEDULED CASTE (SC):-**

The expansion of borrowing units of priority sector from scheduled caste (SC) plays an important role in financial institution. The bank has contributed greatly to the development of SC people in the recent study period.

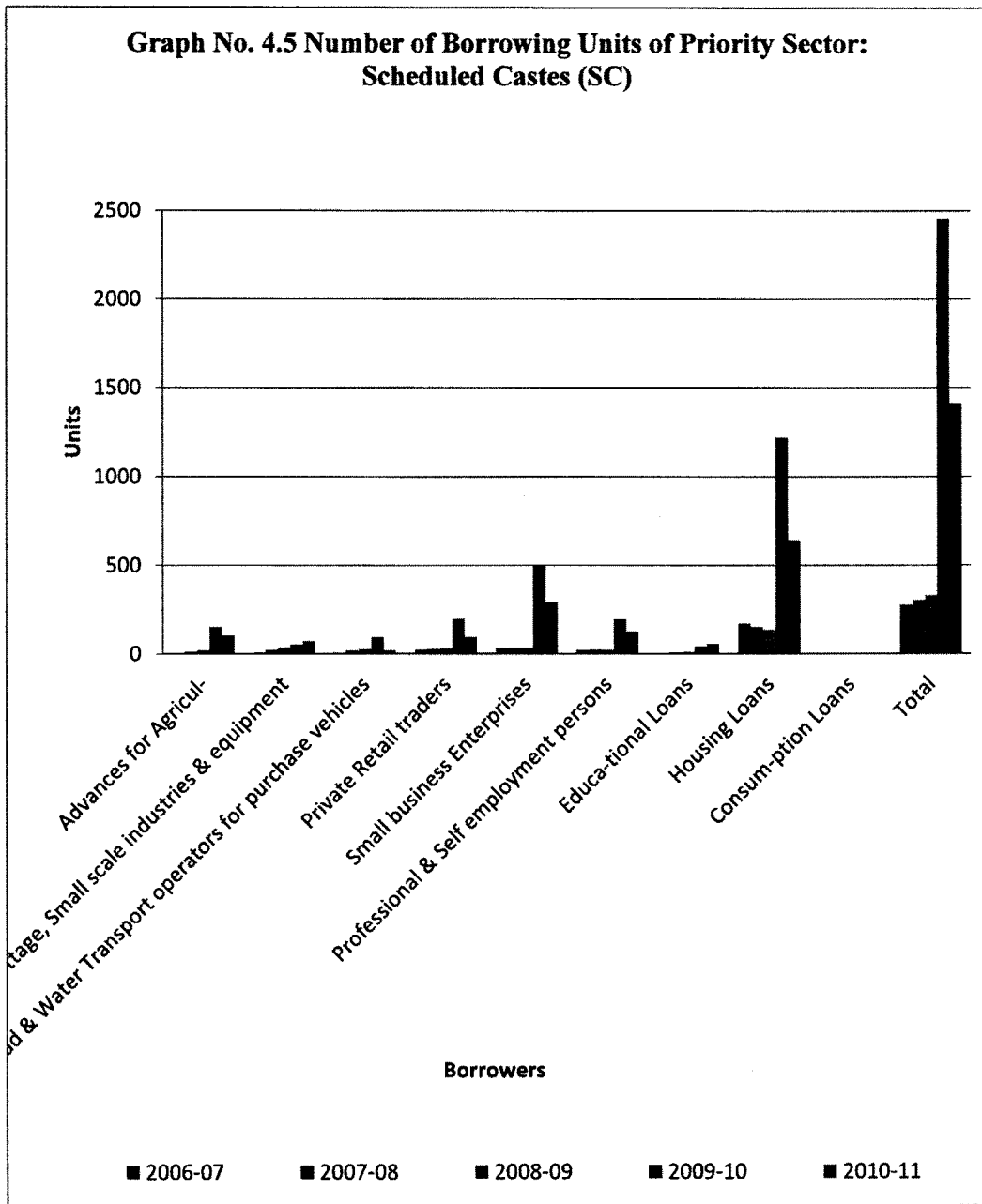
**Table: 4.8: No. of Borrowing Units of Priority Sector: Scheduled Castes (SC)**

Sr. No.	Particulars	Years					Total	CGR
		2006-07	2007-08	2008-09	2009-10	2010-11		
1	Advances for Agricultural & Activities allied to Agricultural	3	12	20	154	104	292.5	163.43
2	Loans & advances to cottage, Small scale industries & equipment	7	23	38	54	73	194.5	74.45
3	Advances to Road & Water Transport operators for purchase vehicles	8	19	29	96	21	172.5	43
4	Private Retail traders	24	30	35	199	97	384.5	60.04
5	Small business Enterprises	33	35	37	497	290	892	101.38
6	Professional & Self-employment persons	22	24	25	198	127	395.5	75.73
7	Educational Loans	6	9	11	41	57	123.5	83.6
8	Housing Loans	172	154	135	1218	644	2322.5	60.19
9	Consumption Loans	4	2	0	0	0	6	-29.29
10	<b>Total</b>	279	305	330	2457	1413	4783.5	70.45

Source: compiled from the financial statement of KUCB

Note: 1) CGR= Compound Growth rate

The Table shows that KUCB has made every attempt to boost up borrowers from scheduled caste. Ultimately the inclusion of scheduled caste borrowers is increased from 2006-07 to 2009-10, but on following year it is declined. In respect of small scale industries and educational loans the table shows upward trend. Consumption loan is decreased during 2007-08 and from the next year there was not a single account of consumption loans. The same trend is represented by graph.



**4.1.10 THE NUMBER OF BORROWING UNITS OF PRIORITY SECTOR: WOMEN:-**

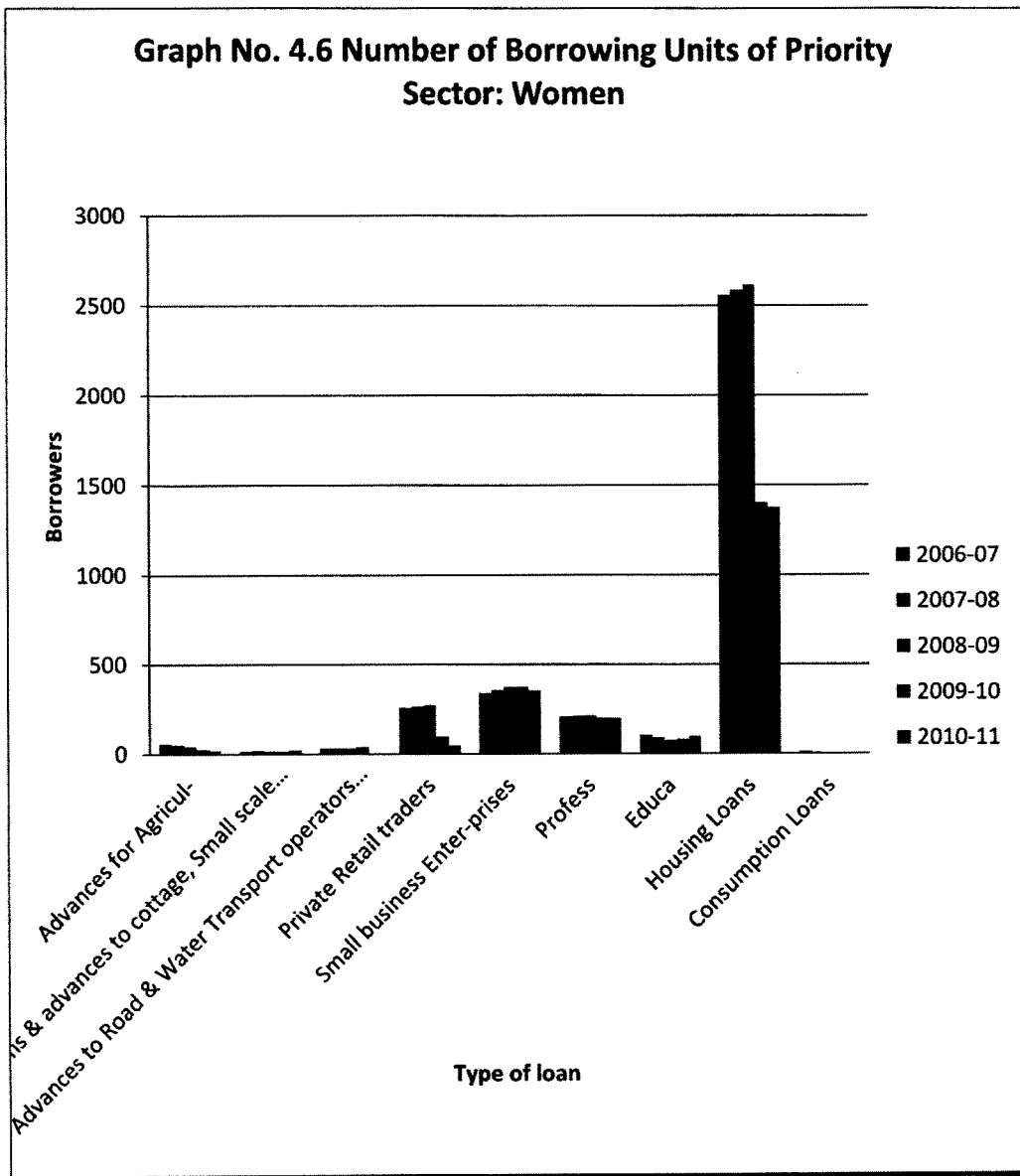
The inclusion of women in every sector is the matter of prime concern these days. To pace with the policy of empowerment of women KUCB has given at most importance to this borrowing unit.

**Table: 4.9: No. of Borrowing Units of Priority Sector: Women**

Sr. No.	Particulars	Years					Total	CGR
		2006-07	2007-08	2008-09	2009-10	2010-11		
1	Advances for Agricultural & Activities allied to Agricultural	57	51	45	24	19	196	-25.6
2	Loans & advances to cottage, Small scale industries & equipment	15	17	18	15	19	83.5	3.8
3	Advances to Road & Water Transport operators for purchase vehicles	32	32	32	39	6	141	-27
4	Private Retail traders	259	266	273	98	48	944	-35.4
5	Small business Enterprises	342	359	375	376	357	1808.5	1.3
6	Professional & Self-employment persons	209	212	215	199	200	1035	-1.5
7	Educational Loans	104	90	76	81	98	449	-2.2
8	Housing Loans	2560	2589	2618	1403	1378	10548	-16.9
9	Consumption Loans	13	7	0	0	2	21.5	-43
10	<b>Total</b>	<b>3591</b>	<b>3622</b>	<b>3652</b>	<b>2235</b>	<b>2127</b>	<b>15226.5</b>	<b>-14.2</b>

Note: 1) CGR= Compound Growth rate  
Source: compiled from the financial statement of KUCB.

The table 4.9 shows the analysis of lending to women in the priority sector. Due to the government policy of empowerment of women many women are engaged in small scale industries. The rise of self – help group during study period and awareness of women in financial activities have boost up their inclusion. Hence it is marked that during the study period financial inclusion of small enterprises run by women is increased from 2006-07 to 2009-10. At the same time cottage and small scale industries also show upward trend in this respect. The financial inclusion of professional and self-employment person has remained constant; in case of remaining sectors mentioned in the table falling trend is marked. The same trend is represented by graph.



#### **4.1.11 COMPARISON BETWEEN BORROWING UNITS OF WEAKER SECTION, SCHEDULED CASTE AND WOMEN**

Priority sector consists of economically weaker section, women and stake holders from SC units. Though the government is insisting on the more participation of women and weaker section in financial activities; it is observed that financial inclusion of SC borrowing units is more as compared with women and weaker section. This shows less inclusion of women and weaker section. As 70.45 per cent CGR of SC unit show it clearly. (See table no. 4.8) An only small scale industries unit of women and weaker section shows 3.8 per cent and 22.88 per cent CGR during the study period respectively and CGR 1.3 Per cent of small business enterprises units; show their inclusion; but compared with SC units it is almost negligible. CGR 8.91 Per cent of educational loans; show their inclusion, but compared with SC units it is almost negligible. As CGR of SC units are 74.45 per cent and 101.38 per cent in cottage small scale industries and small business enterprises financial inclusion of women and weaker section is less than that of SC units in the bank activities.

#### **4.1.12 THE NUMBER OF BORROWING UNITS OF OTHER CATEGORIZES UNDER WEAKER SECTIONS:**

The financial inclusion of people from all sector of society in borrowing is the most important factor for the banks. Priority section consists of SC, women, as well as people belonging to BPL and APL whereas economically backward classes. The following table shows the number of borrowing units from priority sector, excluding SC and women entitled as 'other categorized'.



**Table: 4.10: No of Borrowing Units of Others Categorizes Under Weaker Sections**

Sr. No.	Particulars	Years					Total	CGR
		2006-07	2007-08	2008-09	2009-10	2010-11		
1	Advances for Agricultural & Activities allied to Agricultural	456	402	347	18	8	1230.5	-67.3
2	Loans & advances to cottage, Small scale industries & equipment	17	17	16	6	2	57.5	-41.1
3	Advances to Road & Water Transport operators for purchase vehicles	102	99	95	34	4	333.5	-53
4	Private Retail traders	882	866	850	82	33	2713	-59.1
5	Small business Enterprises	1178	1216	1253	160	88	3894.5	-51.4
6	Professional & Self-employment persons	989	944	898	92	37	2959.5	-58.9
7	Educational Loans	2	1	0	0	0	3	-12.9
8	Housing Loans	13	122	231	0	0	366	-63
9	Consumption Loans	1	1	0	2	0	3.5	14.9
10	<b>Total</b>	3640	3665	3690	394	172	11561	-56.5

Note: 1) CGR= Compound Growth rate  
Source: compiled from the financial statement of KUCB.

Table 4.10 shows the analysis of the borrowing units from other categorized under weaker section. The borrowing units are mostly from economically backward section and from Below Poverty Line and some of them are from APL. Their performance is clearly reflected in the table as CGR is -56.5 during the study period. The table shows declining trend.

#### **4.1.13 USE OF INNOVATIVE PRODUCTS BY THE KUCB:**

The Reserve Bank of India urged the banks in May 2007 to scale up their financial inclusion efforts by utilizing appropriate technology. Banks have introduced many new products and systems to take advantage of technology, such as regular ATMs in urban and rural areas. The bank has also provided the facilities like centralized clearing. At par cheque facilities and ATM BANKS are introduced to fulfill the changing needs and expectation of the customers. Due to BANKS network, the customer can withdraw money from 10,000 ATMs of 3 branches across the district. The bank is consistently adapting itself to the latest technologies and introduced the services like SMS Banking, Mobile Banking, and Internet Banking etc.<sup>6</sup>

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<sup>6</sup> . The Kolhapur Urban Co-operative Bank Ltd. Kolhapur Annual Reports 2010-11.

#### **4.2.1 HISTORY OF KALLAPPANNA AWADE ICHALKARANJI JANATA SAHAKARI BANK (KAIJSB):**

Kallappanna Awade Ichalkaranji Janata Sahakari Bank Ltd., is a well-known bank in South-Eastern Maharashtra, with its inception on 7<sup>th</sup> February 1963, the bank was named as Ichalkaranji Janata Sahakari Bank Ltd., Ichalkaranji. It soon consolidated its position in the banking sector under the capable guidance and supports of Kallappanna Awade (Dada) along with the co-operation of his then colleagues considering the shortcomings of loan crusade in the contest of growing needs of the people.

RBI granted its banking license as an Urban Co-operative Bank in April 1982 and scheduled status in 2000, to give due recognition of Mr. Kallappanna Awade (Dada), the bank was renamed as “ KALLAPPANNA AWADE ICHALKARANJI JANATA SAHAKARI BANK LTD. ICHALKARANJI (SCHEDULED BANK)” in July 2007. Also recently, RBI has granted multi-state status to the bank on the merger of Navkalyan Co-operative Bank, Hubali (Karnataka State).

The massive edifice in crystal glass in the heart of Ichalkaranji city gently reminds everyone the position of the bank which holds in co-operative sector. The bank has played significant role in the development of Ichalkaranji city which is especially known as Manchester of Maharashtra, being a well-known and reputed textile city in the country. Today, the bank has carved a niche and gained credibility in the co-operative banking sector. As such, the bank has proved the slogan of the bank as “Bank weaving the minds of mankind.”

To keep itself abreast the bank has technologically upgraded itself. The bank has fully equipped data center and all its 35 branches are connected to the data center through core banking solution. To make it more user friendly, the bank has introduced various money transfer modern services viz. Real Time Gross Settlement (RTGS), and National Electronic Fund Transfer (NEFT).

The bank has also provided the facilities like centralized clearing, at par cheque facilities and ATM BANKS to fulfill the changing needs and expectation of the customers. Due to BANKS network, the customer can withdraw money from 10,000 ATMs of 35 branches across the country. The bank is consistently adapting itself to the latest technologies and introduced the services like SMS banking, Mobile banking, and Internet banking.

The bank has tied up with Bajaj Allianz for general insurance and Max New York for life insurance services. The bank has also opened windows for franking facility for customers at Kolhapur and Ichalkaranji. The bank has also started PAN card services for customers. The bank has opened a separate cell for Micro-finance to provide loan facility to SHGs and almost 702 SHGs are linked with bank.<sup>7</sup>

#### **4.2.2 Financial Performance:**

KAIJSB is concerned in monetary transaction, bank has to maintain and update a number of documents. For the successful running of a KAIJSB not only books of accounts are taken into consideration but also Member, Paid up Capital, Total Reserve, Own Funds, Deposits, Loans & Advances, Working Capital, Gross Profit, Net Profit and Per Employee Business taken into consideration. Financial performance of the bank depends upon the smooth function of the bank.

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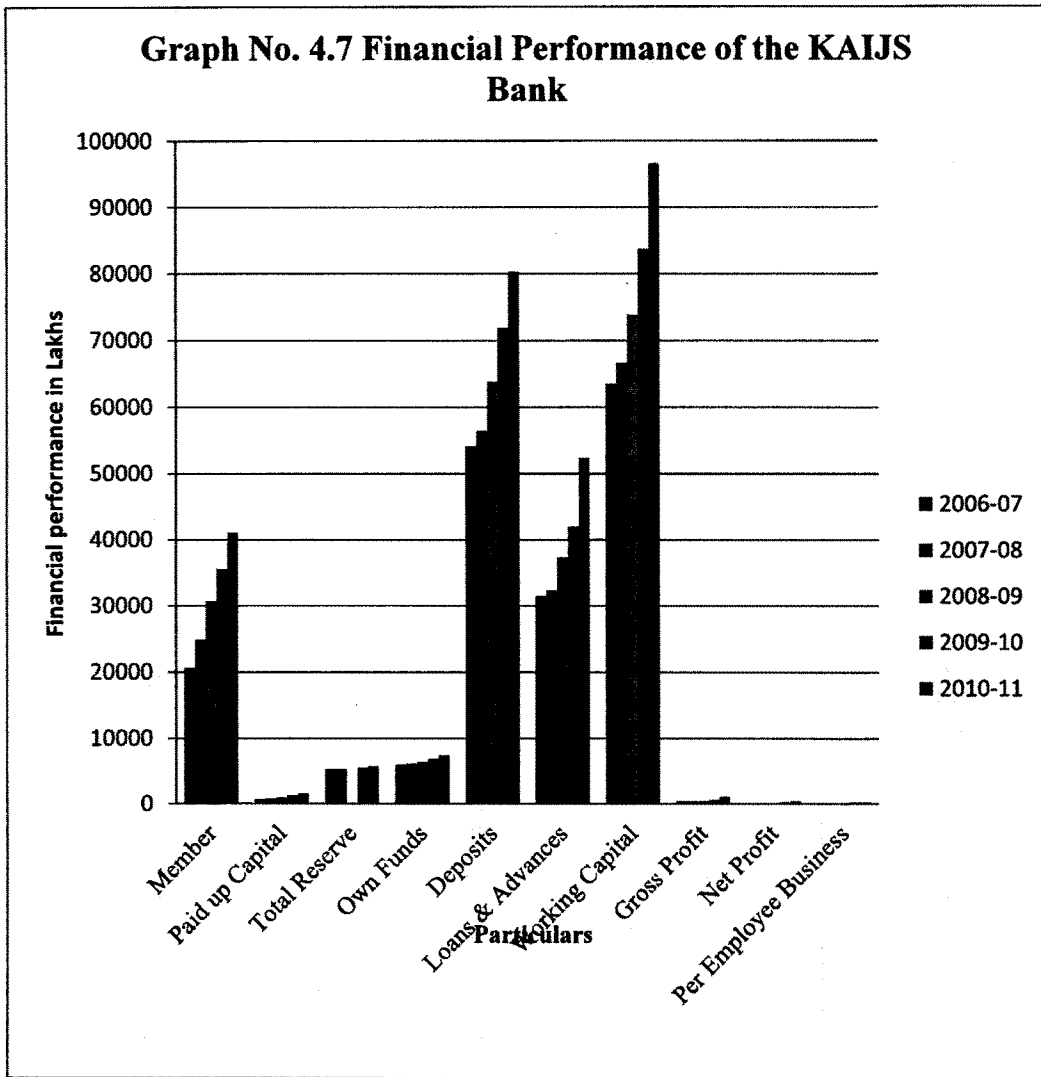
<sup>7</sup>. Kallappanna Awade Ichalkaranji Janata Sahakari Bank Ltd. Ichalkaranji Annual Reports - 2010-11.

**Table No. 4.11: Financial Performance of the Bank (Rs. In Lakh)**

Sr. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	CGR
1	Member	20688	24921	30680	35608	41158	<b>18.92</b>
2	Paid up Capital	742.40	860.17	1045.11	1332.65	1642.87	<b>22.50</b>
3	Total Reserve	5339.52	5339.52	5416.06	5585.14	5821.84	<b>2.20</b>
4	Own Funds	6030.43	6199.69	6461.17	6917.79	7464.71	<b>5.50</b>
5	Deposits	54142.69	56488.18	63832.5	71880.23	80332.88	<b>10.90</b>
6	Loans & Advances	31571.16	32299.25	37384.5	41993.96	52467.77	<b>13.60</b>
7	Working Capital	63508.43	66649.36	73894.83	83754.27	96628.09	<b>11.30</b>
8	Gross Profit	448.37	413.39	483.34	660.44	1153.47	<b>26.60</b>
9	Net Profit	107.42	179.37	180.39	319.96	505.02	<b>44.40</b>
10	Per Employee Business	216.42	209.9	222.94	261.78	315.44	<b>10.20</b>
Note: 1)CGR= Compound Growth rate 2) Absolute Figure							
Source: Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank Annual Report (2006-07 to 2010-11)							

The above table shows financial performance of the KAIJSB. Members are increased every year and it shows the inclusion of priority sector is CGR is 18.92 per cent. The figures of paid up capital and total reserve show sound financial position of the bank as CGR of paid up capital CGR is 22.50 per cent and CGR of total reserve is

2.20 per cent. Own funds and deposit amount are increased during the study period CGR is 5.50 per cent and 10.90 per cent respectively. The increasing amount of loan and advances every year show that bank has made better business during the study period as CGR is 13.60 per cent indicates it. CGR 11.30 per cent show increase in working capital. During the study period bank shows outstanding financial performance as net profit of the bank is increased five times than it was during 2006-07 its CGR is 44.40 per cent. Incase of gross profit it is increased almost three times with CGR is 26.60 per cent. Upward trend of per employee business indicates the better financial performance of the bank its CGR is 10.20 per cent. It indicates promising situation of the bank. The same trend is represented by graph.



### 4.2.3 No Frill Accounts:

The RBI has urged the banking community to introduce the no-frills account to bring a large section of under-privileged people into the banking net. The no-frills bank accounts will, therefore, be an innovative instrument to introduce the concept of banking to the under-privileged and reduce credit rationing for this section of people. The proposed no-frills account is a win-win opportunity for banks to cater to such a segment and attract profitable customers as part of their unsecured campaign. As the individual bank would have the privilege to design these no-frills accounts, the basic characteristic would involve zero or a very low balance with limited transaction facilities. Type of no frill accounts are Individual, Proprietor, Partnership, Society, Local body and others. The following table no. 4.12 shows no frill accounts of Kallappanna Awade Ichalkaranji Janata Sahakari Bank.

**Table No. 4.12: Classification of No Frill Saving Accounts of KAIJSB**

Sr. No.	Years	Individual	Proprietor	Partnership	Society	Local Body	Other	Total
1	2006-07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	2007-08	74 (100)	0.00	0.00	0.00	0.00	0.00	74 (100)
3	2008-09	108 (100)	0.00	0.00	0.00	0.00	0.00	108 (100)
4	2009-10	3561(99.92)	2 (0.06)	0.00	0.00	0.00	1(0.03)	3564 (100)
5	2010-11	202 (99.02)	0.00	0.00	2 (0.98)	0.00	0.00	204 (100)
	<b>Total</b>	<b>3945</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3950</b>
	<b>CGR</b>	<b>325.90</b>	<b>7.18</b>	<b>0.00</b>	<b>14.87</b>	<b>0.00</b>	<b>0.00</b>	<b>326.77</b>

Note: 1) The data is the No Frill Account Holders. 2) The figures in bracket show percentage.

3) CGR= Compound Growth Rate 4) Absolute Figure

Source: compiled from the financial statement of KAIJSB.

Table No. 4.12 shows the No Frill saving accounts of Kallappanna Awade Ichalkaranji Janata Sahakari Bank during the study period. Especially the facility is availed by individuals since 2007-08 that shows upward trend and the highest figures is recorded during 2009-10. This shows the financial inclusion of priority sector in the activities of bank. The No –Frill Accountstotal CGR is 326.77 per cent. It means that financial inclusion growth is high through the No Frill Saving Accounts.

#### **4.2.4 Loan activities for SHGs:**

The lending activities of the KAIJSB to SHGs are illustrated in table no. 4.13 below. It is revealed that KAIJSBhad started offering loans to SHGs from 2008-09. Loan is important factor of urban cooperative bank to make profit. Business of bank depends up on loan provided to the customer or business. There are various types of loansshort term loan, medium term loan, long term loan, personal loan, credit loan and mortgage loan. SHGs of women belong to the poor category. As the government is encouraging SHGs their inclusion in bank activities is important. The KAIJSB bank plays important role in proving loans for SHGs.

**BARR. BALASAHEB KHARDEKAR LIBRARY**  
SHIVAJI UNIVERSITY, KOLHAPUR.



**Table no.4.13: The Loan Amount Sanctioned by KAIJSB**

Sr. No.	Years	Numbers of Self-Help Groups	Loan Sanctioned	
			Rs. 50,000	Rs. 1,00,000
1	2006-07	NA	NA	NA
2	2007-08	NA	NA	NA
3	2008-09	373(53.13)	4485000(25.12)	NA
4	2009-10	159(21.06)	8120000(45.48)	NA
5	2010-11	170(21.9)	5250000(29.4)	10300000
	<b>Total</b>	<b>702 (100)</b>	<b>17855000 (100)</b>	<b>10300000</b>

Note: 1) The data is the Self-Help Groups Account Holders & Loan Sanctioned  
 2) The figures in bracket show percentage. 3) N.A. = Not Available  
 Source: compiled from the financial statement of KAIJSB.

Table No. 4.13 shows the financial inclusion of SHGs of women by Kallappanna Awade Ichalkaranji Janata Sahakari Bank. The bank started to sanction loan amounts up to Rs. 50000 to SHGs of women from 2008-09. The facility is availed by 373 SHGs of women during 2008-09 and during following years 159 SHGs of women availed this facility. To boost up the facility bank increased the loan amount up to 1 Lac during 2010-11. It means that SHGs are developing their financial status in their family through the Urban Cooperative Bank.

#### 4.2.5 Social Profile of SHGs:

The purpose of forming SHGs is to make financial services available to those who are otherwise likely to be bypassed by the formal banking system. This reduces the dependence of the members of the group on moneylenders who generally charge exorbitant rates of interest. The SHGs provide the women a launch pad to gain

confidence, skills and power to promote their interests. By making credit available, the selected bank provides opportunities to people belonging to the weaker sections to start income generating activities and empower themselves by improving their economic status. KAIJSB contributes not just to easier interaction of SHGs, but also to soother communication and facilitating equal chance of self-expression for SHGs. More preference was also given by bank to various socio-economic SHGs of women, belonging to APL and of BPL.

**Table No.4.14: Classification of APL & BPL of Self-Help Groups in KAIJSB**

Sr. No.	Years	Self- Help Groups		Total
		BPL	APL	
1	2006-07	NA	NA	NA
2	2007-08	NA	NA	NA
3	2008-09	0.00	373(100)	373(100)
4	2009-10	9(5.66)	150(94.34)	159(100)
5	2010-11	0.00	170(100)	170(100)
	<b>Total</b>	<b>9 (1.28)</b>	<b>693(98.72)</b>	<b>702 (100)</b>

Note: 1) The data is the APL & BPL Self-Help Groups 2) The figures in bracket show percentage.  
 3) APL= Above Poverty Line 4) BPL= Below Poverty Line 5)N.A.= Not Available 6) Absolute Figure  
 Source: compiled from the financial statement of KAIJSB.

The bank has provided facility of saving bank account to the self- help groups of APL and BPL. The table 4.14 shows that this facility is availed by most of the groups from APL where as there is less response from BPL groups.

#### **4.2.6 Deposits of Account holders:**

The coverage under financial inclusion can be assessed in terms of number of banks accounts. The bank account comprises all types of deposits and credit account but generally only the saving accounts have been considered more realistic measure in this regard.

There are three types of banking agencies viz. Scheduled commercial banks in public and private sectors; Regional rural banks, and co-operative banks working in Kolhapur district. They are mobilizing the saving of middle and small income groups. There are almost fifteen types of deposits accounts for individual in KAIJSB. The following table gives detail information about it.

**TableNo.4.15: Classification of deposit wise Individual accounts**

Sr. No.	Years	2006-07	2007-08	2008-09	2009-10	2010-11	CGR
1	Special Fixed Deposits	31252	26211	17664	25593	13050	-16.23
2	Bachat Peti Deposits	375	331	330	327	329	-2.7
3	Fixed Deposits	53974	55678	66270	52430	70046	4.72
4	Recurring Deposits	422	3605	3204	3024	3026	-4.13
5	Pigmi Deposits	7835	7527	7796	6177	7036	-4.04
6	Cash Certificate Deposits	4064	3441	3108	2641	270	-13.32
7	Family Pension Deposits	202	315	181	45	4	-62.43
8	Jeevan Samrudhi Yojana	22	22	0	2	0	-57.6
9	Locker key Deposits	1874	2061	2155	2281	2764	9.18
10	Saving Deposits	125767	130249	140150	134572	154839	4.59
11	Special Saving deposits	14383	15484	15755	11216	14718	-2.73
12	Current Deposits	6648	6491	8266	5819	18362	21.2
13	Credit balance cash credit	33	57	38	51	122	28.45
14	Credit balance overdraft	35	75	83	165	190	51.77
15	Matured fixed Deposits	4550	3268	3292	2523	423	-39.41
	<b>Total</b>	<b>254436</b>	<b>254815</b>	<b>268292</b>	<b>246866</b>	<b>287179</b>	<b>2.13</b>

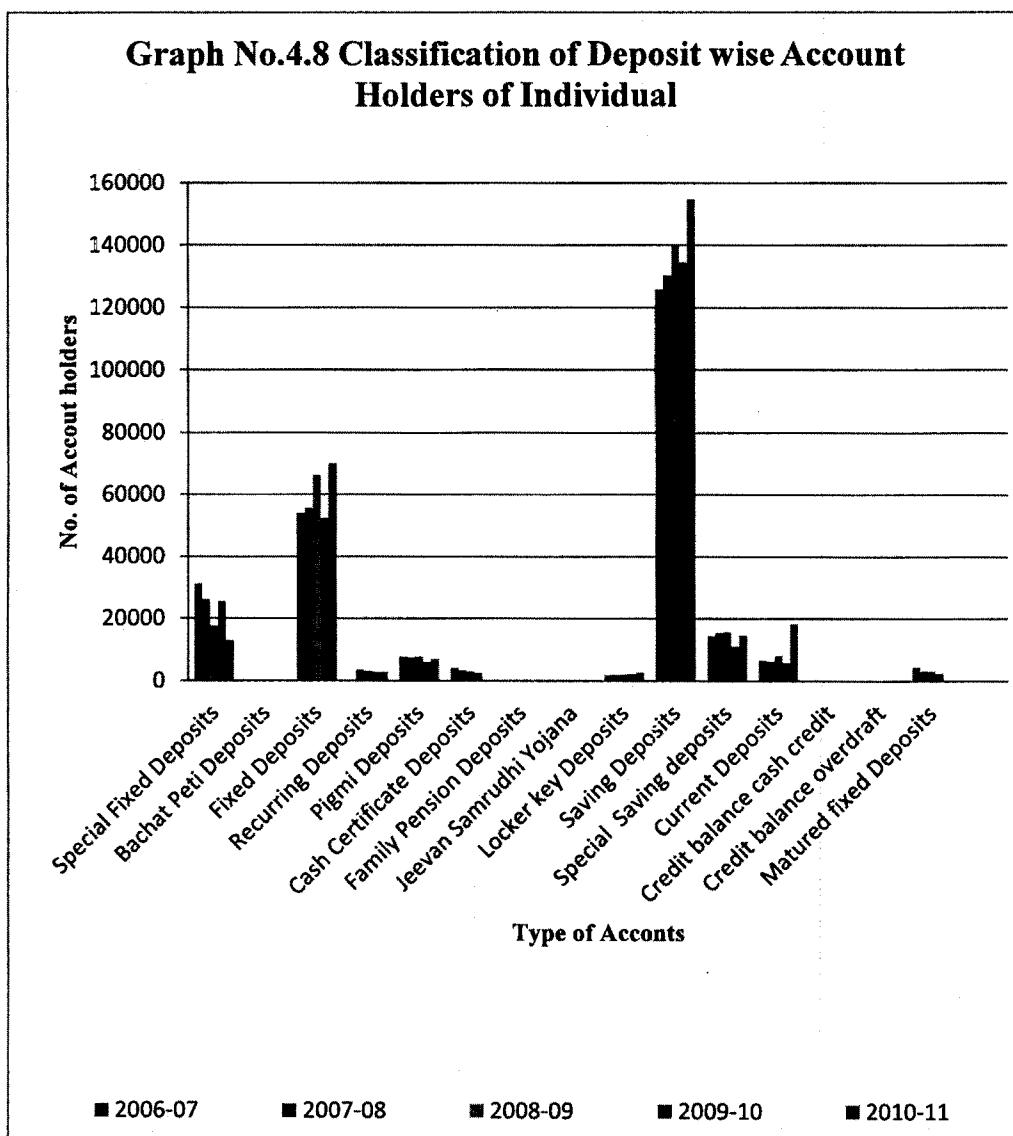
Note: 1) CGR = Compound growth rate.

Source: compiled from the financial statement of KAIJSB.

There are many types of deposit schemes in the bank. Most of the people avail the facility of individual saving deposit. The financial inclusion of the people can be shown by the number of individual account holders. The individual accounts are in the form of fixed deposits, locker key deposits, saving deposits, current deposits, credit balance cash credit and credit balance overdraft in this KAIJSB.

It is clear from the table 4.15 that fixed deposit increased during the study period as CGR 4.72 per cent. It is very important that saving deposits and current deposit of the bank increased during the study period as CGR is 4.59 per cent and CGR is 21.2 per cent respectively shows it clearly. Locker key deposit shows the increasing trend in this study period, CGR is 9.18 per cent. As the credit balance cash credit is increased with CGR 28.45 per cent, so also credit balance overdrafts are also increased as CGR 51.77 per cent.

There is less response to the individual account holders like special fixed deposit, bachat peti deposit, recurring deposit, pigmy deposit; cash certificate deposit, family pension, special saving and matured fixed deposit. It is clear that there is a rising trend in the total individual accounts with 2.13 per cent CGR. The same trend is represented by graph.



**4.2.7 Classification of deposit wise account holders of proprietor:**

There are twelve types of deposit accounts held by the proprietors in the sample bank.

**Table No. 4.16: Classification of deposit wise account holders of proprietor**

Sr. No.	Years	2006-07	2007-08	2008-09	2009-10	2010-11	CGR
1	Special Fixed Deposits	75	90	79	311	1	-52.26
2	Fixed Deposits	586	598	713	164	267	-24.92
3	Recurring Deposits	28	45	52	23	0	-51.98
4	Pigmi Deposits	13	25	56	20	26	12.33
5	Saving Deposits	127	238	232	166	64	-15.89
6	Special Saving deposits	6	8	11	4	0	-34.8
7	Current Deposits	8287	9171	8601	10378	76	-60.39
8	Credit balance cash credit	63	34	67	43	0	-55.3
9	Credit balance overdraft	60	54	54	25	0	-59.18
10	Matured fixed Deposits	5	0	1	21	0	-1.73
11	Cash Certificate Deposits	0	1	1	1	0	0
12	Locker key Deposits	0	2	1	0	0	-6.7
	<b>Total</b>	<b>9250</b>	<b>10263</b>	<b>9866</b>	<b>11155</b>	<b>434</b>	<b>-45.31</b>

Note: 1) CGR= Compound Growth rate.

Source: compiled from the financial statement of KAIJSB

The table 4.16 shows that though there are twelve types of deposits scheme in the bank. Pigmi deposit increased during the study as CGR 12.33 per cent.

There is less response from the proprietors for special fixed deposit, fixed deposit, recurring deposit, saving and special saving deposit, current deposit, credit balance cash credit, matured fixed deposit and locker key deposit. There are maximum deposits of types declining trend during the study period.

It is clear that proprietor account holders totally growth rate is declining as CGR is -45.31 per cent.

The response from the proprietors for all types of deposits is poor except pigmi deposit. These accounts are diminishing significantly. The extent of fall can be recognized by respective negative CGRs.

#### **4.2.8 Classification of Deposits partnership accounts:**

There are almost ten types of deposit accounts of partnership in KAIJSB. The following table gives detailed information about it.



**Table no. 4.17: Classification of Deposit wise partnership accounts**

Sr. No.	Years	2006-07	2007-08	2008-09	2009-10	CGR
1	Special Fixed Deposits	29	18	16	60	22.92
2	Fixed Deposits	141	56	167	66	-11.17
3	Recurring Deposits	12	11	20	12	6.16
4	Pigmi Deposits	1	2	2	17	133.96
5	Saving Deposits	19	25	15	205	93.96
6	Special Saving deposits	3	7	5	4	5.41
7	Current Deposits	1298	1238	1257	1753	9.6
8	Credit balance cash credit	12	9	9	13	2.34
9	Credit balance overdraft	15	9	9	3	-38.3
10	Matured fixed Deposits	1	0	0	16	129.74
	<b>Total</b>	<b>1531</b>	<b>1375</b>	<b>1500</b>	<b>2149</b>	<b>11.68</b>
Note: 1) CGR- Compound Growth rate						
Source: compiled from the financial statement of KAIJSB						

The table 4.17 shows the deposit accounts of partnership in ten types in the bank. Special fixed deposit is increased during the study period, as CGR is 22.92 per cent. As the recurring deposit is increased CGR 6.16 per cent, so also pigmi deposits are also increased as CGR is 133.96 per cent.

It is very important that saving deposit of the bank is more increased from 2006-07 to 2009-10, CGR is 93.96 per cent. Special saving deposit shows the increasing trend in this study period, CGR is 5.41 per cent. Current deposit and credit balance cash credit as CGR is 9.6 per cent and 2.34 per cent respectively. CGR is 129.74 per cent reflects increased matured fixed deposit.

The table shows fixed deposit and credit balance overdraft declining trend during the study period, as CGR is -11.17 per cent and -38.3 per cent respectively. It is clear that partnership accounts growth rate increasing trend during the study period, as CGR is 11.68 per cent.

#### **4.2.9 Classification of Deposits wise societies accounts:**

The bank has launched many deposits scheme to attract the customer, unlike the individual various societies also avail the different facilities of deposits. There are ten types of deposit scheme in the bank.

**Table no. 4.18: Classification of Deposit wise society accounts**

Sr. No.	Years	2006-07	2007-08	2008-09	2009-10	2010-11	CGR
1	Special Fixed Deposits	17	13	50	1694	46	98.5
2	Fixed Deposits	797	1086	1670	478	1687	7.03
3	Recurring Deposits	1	2	2	2	0	0
4	Pigmi Deposits	0	0	0	0	2	14.87
5	Saving Deposits	277	327	510	374	228	-2.52
6	Locker key Deposits	14	25	28	1	15	-26.52
7	Current Deposits	163	175	229	117	267	6.02
8	Credit balance cash credit	0	0	5	0	0	0
9	Credit balance overdraft	10	10	14	0	5	-30.85
10	Matured fixed Deposits	0	12	72	0	0	-22
	<b>Total</b>	<b>1279</b>	<b>1650</b>	<b>2580</b>	<b>2666</b>	<b>2250</b>	<b>17.46</b>

Source: compiled from the financial statement of KAIJSB. Note: 1) CGR- Compound Growth rate

Table 4.18 shows details of account holders of society according to their deposits. There are ten different types of deposits in the bank. The facility of special

fixed deposit is availed by maximum societies during the study period CGR is 98.5 per cent, followed by fixed deposits CGR is 7.03 per cent. Increasing trend is seen in case of current deposits. Pigmi deposit scheme is availed by only two societies during 2010-11.

Credit balance overdraft, locker key deposits, matured fixed deposit shows declining trend during study period as their CGR show it clearly. Rise and fall is noticed about saving deposits during the study period as CGR is -2.52 per cent. Credit balance cash credit and recurring deposit scheme are not availed by societies as CGR zero show it.

During the study period in spite of diversity in schemes good inclusion of societies is observed as CGR 17.46 per cent in case of total number of societies.

The deposit account holders like individual, society and partnership accounts increasing trend of the study period. There are three types of deposit accounts, which show good financial inclusion of the bank. The total growth rate of Proprietor account holder is declining during the study period.

#### **4.2.10 Priority Sectors Landings:**

On the basis of the recommendations of the Internal Working Group, set up by Reserve Bank of India to examine, review and recommend changes, if any, in the existing policy on priority sector lending including the segments constituting the priority sector, targets and sub-targets, etc. and the comments/suggestions received thereon from banks, financial institutions, public and the Indian Banks' Association (IBA), it has been decided to include only those sectors that impact large segments of population & the weaker sections, and which are employment-intensive, as part of the priority sector. (Master Circular on Priority Sector Lending, Reserve Bank of India, July-2011, p2.)<sup>8)</sup> The broad categories of priority sector for all urban cooperative banks are as under: agricultural & allied activities, direct loan to small scale industries, advance to water transport suppliers, private retail trade finance, small business entrepreneur, professional and self-employed person, education, housing, consumption, software advances.

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<sup>8)</sup> Master Circular on Priority Sector Lending, Reserve Bank of India, July-2011, p2.

**Table No. 4.19: Classification Sector wise of Priority Sectors (Rs. In Crore)**

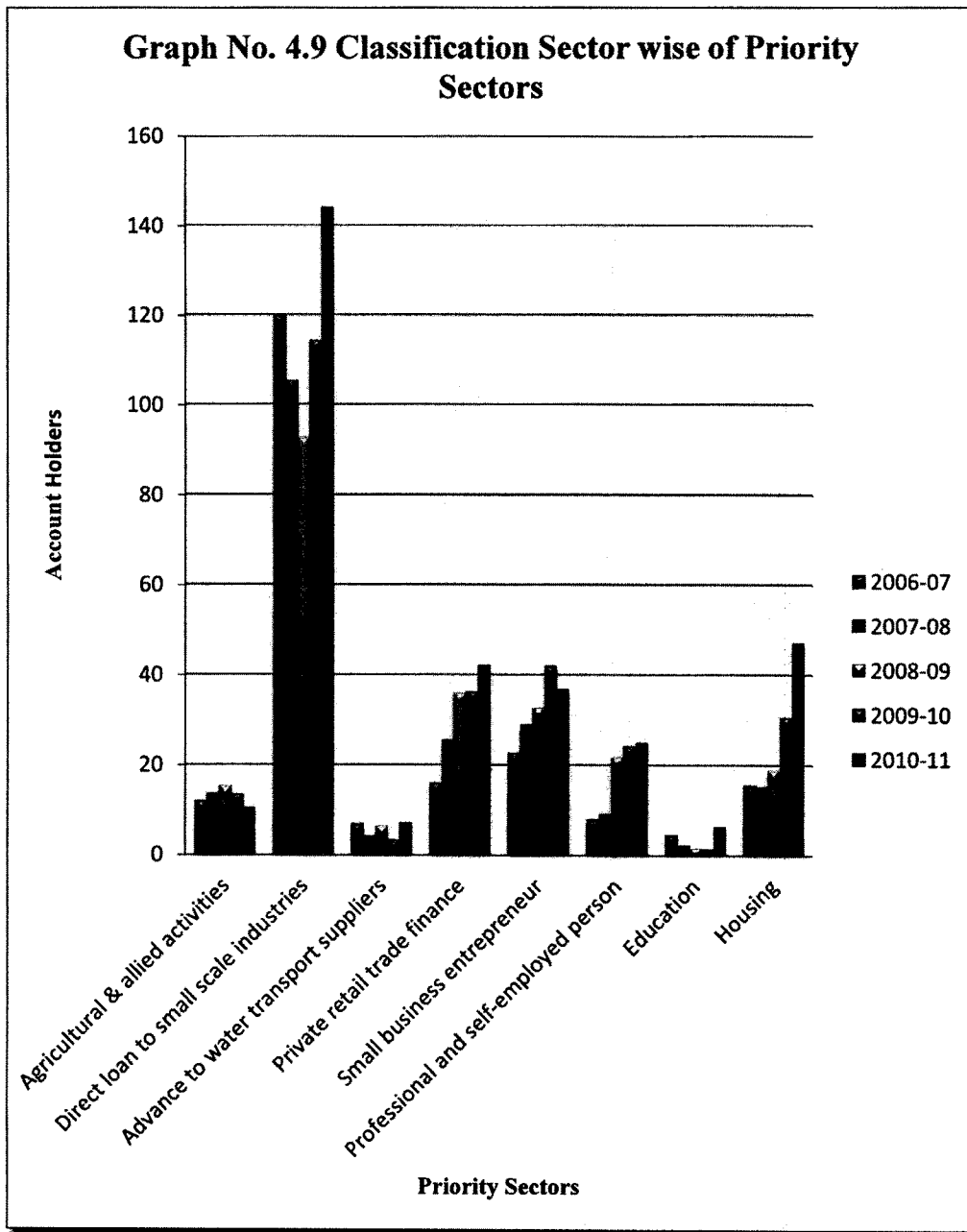
S.N.	Priority Sector	2006-07	2007-08	2008-09	2009-10	2010-11	TOTAL	CGR
1	Agricultural & allied activities	12.02 (18.45)	13.63 (20.92)	15.34 (23.54)	13.56 (20.81)	10.61 (16.28)	65.16 (100)	-2.5
2	Direct loan to small scale industries	119.90 (20.81)	105.34 (18.28)	92.68 (16.08)	114.30 (19.83)	144.06 (25.00)	576.28 (100)	4.6
3	Advance to water transport suppliers	7.04 (24.56)	4.31 (15.04)	6.59 (22.99)	3.46 (12.07)	7.26 (25.33)	28.66 (100)	-1.6
4	Private retail trade finance	16.09 (10.31)	25.54 (16.36)	36 (23.07)	36.30 (23.26)	42.15 (27.01)	156.08 (100)	25.6
5	Small business entrepreneur	22.75 (13.93)	29.02 (17.77)	32.75 (20.06)	41.99 (25.71)	36.79 (22.53)	163.03 (100)	14.2
6	Professional and self-employed person	8.1 (9.17)	9.28 (10.51)	21.76 (24.64)	24.18 (27.38)	25 (28.31)	88.32 (100)	37.9
7	Education	4.68 (28.14)	2.29 (13.77)	1.66 (9.98)	1.55 (9.32)	6.45 (38.79)	16.63 (100)	2.5
8	Housing	15.70 (12.29)	15.31 (11.99)	18.95 (14.84)	30.70 (24.04)	47.06 (36.85)	127.72 (100)	33.5
9	<b>Total Loan</b>	<b>206.28</b>	<b>204.72</b>	<b>225.73</b>	<b>266.04</b>	<b>319.38</b>	<b>1222.15</b>	<b>13.6</b>

Note: 1) The figures in bracket show percentage. 2)CGR= Compound Growth rate

Source:compiledfrom the financial statement of KAIJSB.

The table 4.19 shows the loan amounts sanctioned by the bank to the people from priority sector during the study period. Agricultural and allied activities are given importance by the bank hence from 2006-07 to 2010-11 bank has sanctioned Rs. 65.16 cores for this sector. The loan sanctioned to small scale industries shows upward trend during the study period, bank has made an attempt to boost up small business entrepreneur and private retail traders as upward trend is marked during study period. To give priority to the government policy bank has sanctioned handsome amount every year to professional and self-help groups. The loan amount

sanctioned for education and housing shows upward trend. Though loan and advances are sanctioned to the non-priority sector by the bank, the table shows that inclusion of weaker section in banking activities is increased during the study period. The same trend is represented by graph.



#### 4.2.11 Classification of priority and Non-priority sectors:

The loan distribution is two parts in the bank. There is priority sector and non-priority sector loan amount sanctioned.

Table No. 4.20: Classification of Priority and Non-priority Sectors (Rs. In Crore)

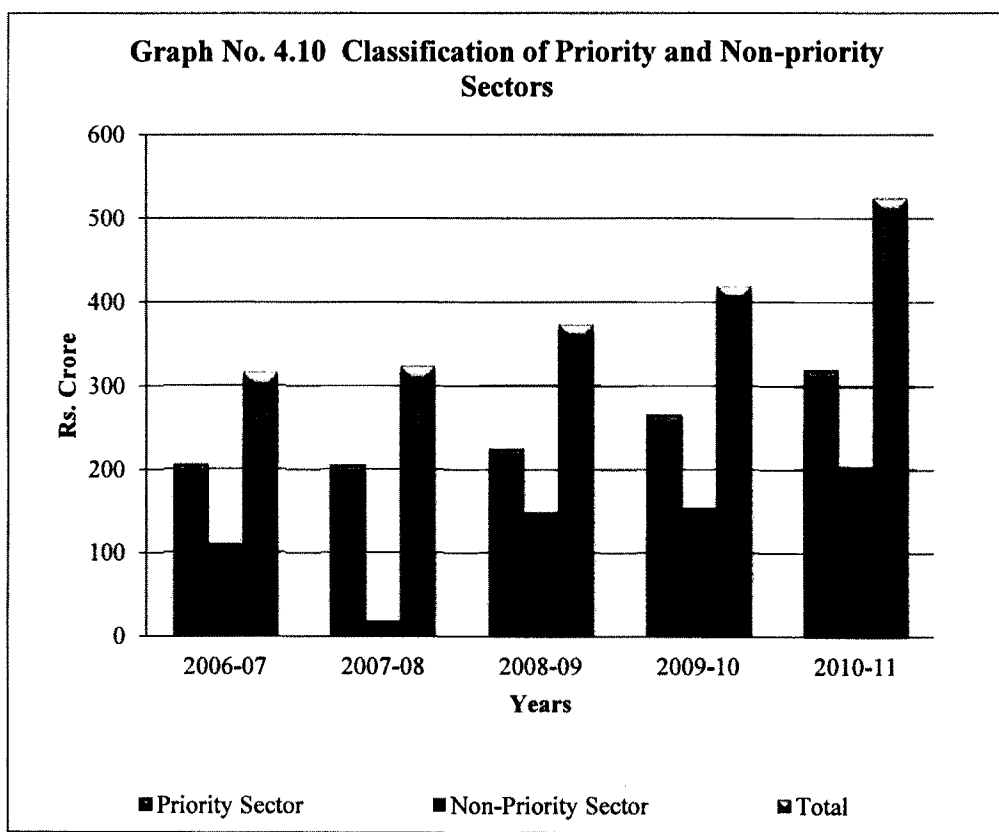
Sr. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Priority Sector	206.28 (65.34)	204.72 (63.38)	225.73 (60.38)	266.04 (63.35)	319.38 (60.87)
2	Non-Priority Sector	109.43 (34.66)	18.27 (36.62)	148.11 (39.62)	153.90 (36.65)	205.29 (39.13)
	<b>Total</b>	315.71 (100.00)	322.99 (100.00)	373.84 (100.00)	419.94 (100.00)	524.68 (100.00)

Note: 1) The figures in bracket show percentage.

Source: compiled from the financial statement of KAIJSB

The table 4.20 shows the loan amount sanctioned by the bank to the people from priority sector and non-priority sector during the study period. Maximum amount is sanctioned to priority sector during the study period it is more than 60 per cent every year. The amount sanctioned to priority sector shows increasing trend.

Above 60 per cent of priority sector loan indicates better financial inclusion. However the proportion of priority sector loans in the total is declining slowly except in the year 2009-10. This is not a healthy sign. The same trend is presented by graph.



#### 4.2.12 Priority Sector wise Account Holders:

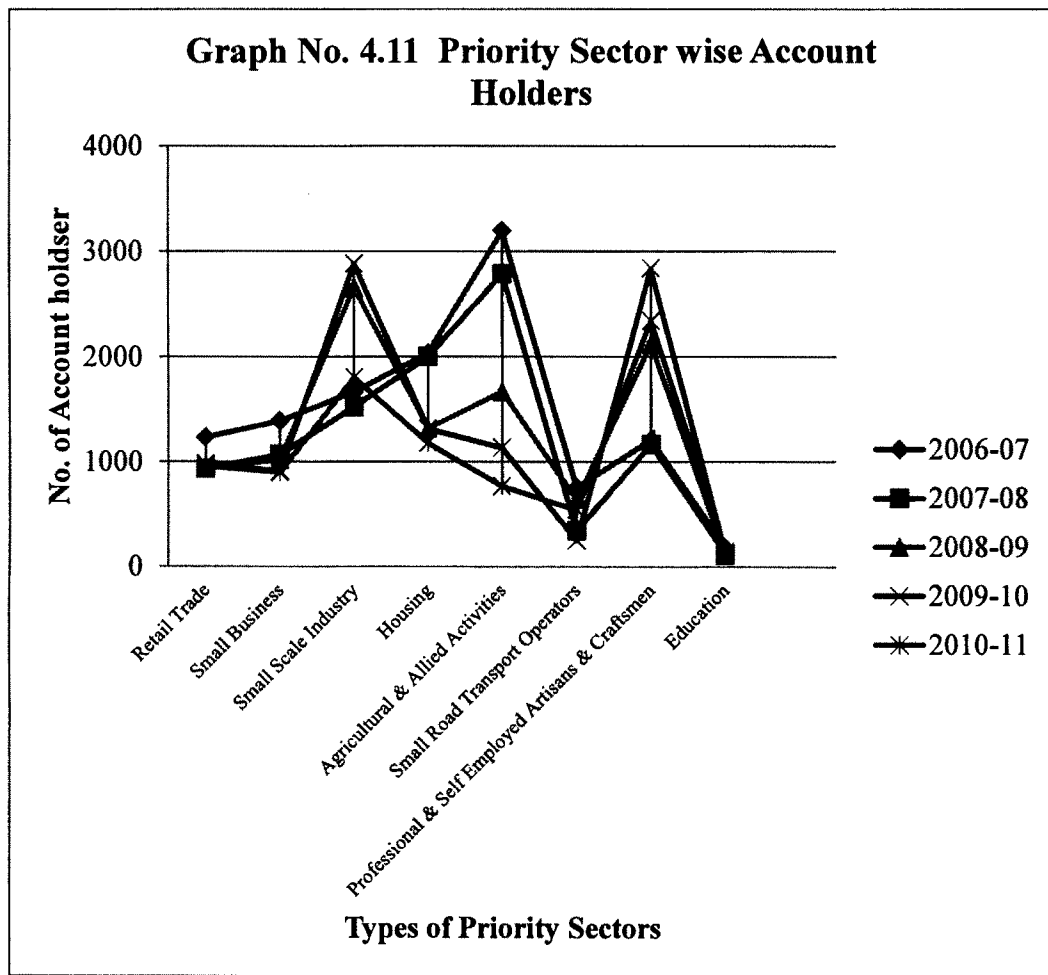
The success of financial institution depends upon its lending. The recognizing the role of UCBs in providing basic and affordable banking services in their respective area of operation, it is observed that KAIJSB plays vital role in this regard. The following table clearly illustrates fact that bank has given more importance to the account holders from priority sector.



**Table No. 4.21 Priority Sector wise Account Holders**

Sr. No.	Priority Sector	2006-07	2007-08	2008-09	2009-10	2010-11	CGR
1	Retail Trade	1232	933	944	980	956	-4.48
2	Small Business	1388	1065	1016	908	895	-9.85
3	Small Scale Industry	1667	1523	2657	2882	1804	8.28
4	Housing	2036	2002	1315	1314	1177	-14.08
5	Agricultural & Allied Activities	3193	2787	1668	1132	765	-31.33
6	Small Road Transport Operators	752	342	640	248	541	-9.34
7	Professional & Self Employed Artisans & Craftsmen	1207	1165	2120	2836	2342	24.80
8	Education	182	122	106	119	147	-4.42
9	Total Priority Sector	11657	9939	10466	10419	9627	-3.30
Note: 1) CGR= Compound Growth rate. 2) Absolute Figure Source: compiled from the financial statement of KAIJSB.							

The table 4.21 shows that bank has made good performance in case of professional and self-employed artisans and craftsmen as the upward trend indicates it clearly. The number of account holders from agricultural and allied activities sector decreased every year during the study period. The number of retail trade holders remained constant from 2007-08. There are fluctuation in CGR is 8.28 per cent in case of small scale industry during 2006-07 to 2010-11. Small road transport operators' figures fluctuate during the period. Though education is important sector the figures of account holders are not promising. Overall performance of the bank is up to the mark. The same trend is presented by graph.



**4.2.13 USE OF INNOVATIVE PRODUCTS BY THE KAIJSB:**

To pace up with the changes made by globalization bank has made every attempt to improve the banking facilities. The Reserve Bank of India urged the banks in May 2007 to scale up their financial inclusion efforts by utilizing appropriate technology. Banks have introduced many new products and systems to take advantage of technology, such as regular ATMs in urban and rural areas. The bank has also provided the facilities like centralized clearing. The Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank has fully equipped data center and 35 branches are connected to the data center through core banking solution. To make it more user friendly, the bank has introduced various money transfer modern services viz. Real Time Gross Settlement (RTGS), and National Electronic Fund Transfer (NEFT). The bank has also provided the facilities like centralized clearing, At par cheque facilities and ATM BANKS to fulfill the changing needs and expectation of the customers. Due to BANKS network, the customer can withdraw money from 10,000 ATMs of 35

branches across the country. The bank is consistently adapting itself to the latest technologies and has introduced the services like SMS Banking, Mobile Banking, and Internet Banking etc.<sup>9</sup>

**Conclusion:**

Close study of the two banks mentioned in the chapter and their functioning indicate that co-operative banks play vital role to improve the economic status of the people belonging to priority sector.

▪ **Reference:**

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- 4) **C.S. Murty and K.S. Krishnasawamy** (2007): recommendation committee – Priority sector guidelines, Reserve bank of India.
- 5) **Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank Ltd. Ichalkaranji Annual Reports -2010- 2011.**
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- 7) **Usha Thorat and Leeladhar** –reference: **Sagwan S.S.** (2008) *Financial Inclusion and self-help groups*, General Manager, NABARD. P.3
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<sup>9</sup>.Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank Ltd. Ichalkaranji Annual Reports -2010-11.