:: CHAPTER - II ::

GENERAL BACKROUND ABOUT URBAN CO-OP. BANKS AND HISTORY OF THE GADHINGLAJ URBAN CO-OPERATIVE BANK LTD., GADHINGLAJ.

2.1 Introduction.

2.2 Urban Co-op. Bank

2.3 Main functions of Urban Co-op. Bank.

2.4 Urban Co-op. Banks in Maharashtra (including Kolhapur District).

2.5 Urban Co-op. Banks in Gadhinglaj Town.

2.6 About the Gadhinglaj Urban Co-op. Bank Ltd., Gadhinglaj.

i) Brief history.

ii) Management of the Bank.

iii) Present position of the Bank.

iv) Organisational chart of the Bank.

CHAPTER - II

GENERAL BACKGROUND ABOUT URBAN CO-OP. BANKS & HISTORY OF THE GADHINGLAJ URBAN CO-OP. BANK LTD., GADHINGLAJ.

2.1 INTRODUCTION :

The Co-op. Societies are generally classified into Agricultural Credit Societies and Non-Agricultural Credit Societies. Agricultural Credit Societies were established for rural masses. They were of Raiffeisen Model." But it was also realised that like Agricultural Credit Societies Non-Agricultural Credit Societies can be established in the urban and semi-urban areas for providing cheaper credit

SHIVAJI UNIVERSITY LIBRARY KOLHAPUR

to small traders, employees, artisans and other middle class men".[1] Non-Agricultural Credit Societies were established in urban and semi-urban area on the Schulze-Delitsch Model. They are classified into -

a) Urban banks

b) Employees Credit Societies

c) Other Credit Societies

Among Non-Agricultural Societies Urban Co.op. Banks are the most important. This banking sector has been the pioneering sector of the co-operative movement in the country. The urban co-op. banks are also known as primary credit societies or primary co-op. banks.

2.2 URBAN CO-OP. BANK :

"Urban Co-op. Bank is one which has been organised for accepting deposits from public, which are usually repayable by cheques, which carry on normal banking - industry."[2] This is the general definition of Urban Co-op. Bank. But the definition of Urban Co-op. Bank. But the definition of Urban Co-op. Bank was modified from time to time. At the beginning of urban co-op. movement most of the urban banks were organised as urban credit societies or primary credit societies. Later on, they were converted into Urban Co-op. Banks. No difference was made between urban credit societies or primary credit societies - Urban Co-op. Banks.

At the beginning of co-op. movement in India non-agricultural credit societies with owned fund of - Rs. 20,000/- were called as 'Urban Banks'. After some period non-agricultural credit societies with owned fund of Rs. 50,000/- and accepting deposits were called as Urban Banks. Later on, only those which accepted current accounts, and allowed operations on them, with cheques were defined as 'Urban Banks'."According to Mehta Bhansali Committee Report, the step was taken in 1939 to end the confusion over banking by defining co-op. bank. It was declared after 1st June, 1941 that no bank would be called as

'Urban Bank' which would not having paid up capital of Rs. 20,000/- and over and accepting deposits of money on current account otherwise subject to withdrawl by cheque, draft or order. In Madras Province urban credit societies accepting deposits on current account and maintaining fluid resources according to the standards prescribed by the Registrar of Co-op. Societies were called 'Urban Banks'."[3]

"While in Maharashtra according to Study Group on Credit Co-op. in non-agricultural credit co-op. in 1963" an urban credit society can be styled as an urban bank which includes the following features :-

a) "a credit co-op. society registered under the StateCo-op. Societies Act in urban and semi-urban area.

b) a minimum capital of Rs. 50,000/-.

c) provision of banking facilities e.g. accepting for the purpose of lending or investment of deposits from members or non-members repayable on demand or otherwise withdrawl by cheque, draft, order etc."[4]

In the year 1975, the Reserve Bank took decision for the strengthening of urban banks and advised to The Registrar not to register new urban banks without a minimum paid up capital of Rs. One Lakh. And "now urban bank or primary co-op. bank is defined as a co-op-society other than primary Agricultural Society with the following characteristics :-

a) its primary object is the transaction of banking business.

b) its paid up capital and reserves are not less than rupees One Lakh.

c) its bye-laws do not permit admission of any other co-op. society as a member except when a co-op. bank contributes to its share capital with the help of funds provided by the State."[5]

2.3 MAIN FUNCTIONS OF URBAN CO-OP. BANKS :

It has already been discussed about the definition of urban co-op. bank- Now we will discuss about the main functions of urban co-op. banks. Accepting deposits from members and non-members is the main function of urban co-op. banks. These banks always try to mobilise their deposits to a maximum by introducing attractive schemes under the directives of R.B.I. These banks are authorised to pay 1% extra interest on deposits. This helps them in deposit mobilisation efforts.

Advancing loans on security to the members for their various purposes is the another main function of these banks. But it does not mean that they are only co-operative moneylenders. They are social institutions having the responsibility of raising the standard of life of their members through growth.

These banks can undertake agency business of buying and selling of securities, debentures and essential consumer goods. These banks can undertake business such as borrowing, drawing, accepting,and discounting bills of exchange.

These banks can undertake other types of business like issue of travellers cheques, issues of letter of credit, receiving various types of bonds, scrip etc. for safe custody, services as collection of railway receipts, remittances and payment of insurance premium, collection of salaries, pension etc. as instructed by the customers.

Thus, the main function of urban co-op. banks is to encourage thirft and self help. These banks are to raise resources such as capital, reserves, deposits and borrowings. These banks are to encourage saving habits of their members. The fair interest is charged on deposits of members and non-members. These banks finance to their members for the purposes of trade, business, industry, profession, education, marriage, house construction etc. Such finance may be provided either by secured loans or by unsecured loans. On these loans fair interest is charged. The loans and advances granted by these banks are against personal security and securities such as gold and silver, fixed and other deposits, Government securities, shares, debentures, insurance policies, house etc. The object of the loans and advances is not to raise debts of members but to help them to come out of their financial difficulties and to start a new life economically. According to recent national policy

these banks have to advance 60% of their loans and advances to priority sectors and 25% of their loans and advances to weaker section of the society. For these banks 'service' is the motto and not profit. These banks offer services to their members at a reasonable cost. These banks have also provided modern banking services. Those are offered by commercial bank but in the matter of functioning of urban co-op. banks these are few points of differences.

Urban co-op. bank generally functions in the town or city or at a district place. Its area of operation is restricted to a town or city or district. Thus it becomes compact organisation with members knowing each other. Though this bank is small organisation with essential local character in exceptional cases this bank may be permitted by the R.B.I. to establish its branch in another district of the same state in which it is functioning. In case of commercial bank the area of operation is not subject to the restriction as above.

Commercial banks are owned by the public in general but urban co-op. banks are owned by their members. "Urban co-op. bank is a co-op. society carrying on the business of banking. It offers greater access to its members

for waving and borrowing facilities and at relatively cheaper cost than a traditional commercial bank."[6]
The regular members of urban co-op. bank contribute share capital of the bank and they have right to vote. The nominal members have no right to vote. They are not required to make any contribution to the share capital. Further, nominal members are for limited purpose for enabling them to stand as sureties for borrowing for short period.and that too against tangible security. The regular members irrespective of the size of share holding has right of only one vote. In case of commercial bank, a number of voting right depends upon his share holdings.

The share capital of commercial banks is generally fixed while the share capital of urban co-op. bank varies continuously due to admission of new members, grant of loans to members etc.

The important feature of urban co-op. banks is their democratic management. The Directors of the Board are elected at fixed intervals on the basis of 'one member one vote'. Their Directors are comparatively less educated and rarely possess enough knowledge of banking and management skill. However, they possess close knowledge of the situation and can estimate the problems of members and their credit worthyness.

2.4 URBAN CO-OP. BANKS IN MAHARASHTRA : (INCLUDING KOLHAPUR DISTRICT)

History helps in guiding us for the future from the mirror of the past. It is useful in evaluating the present and may serve as a guide to the future. Hence, after considering the main functions of urban co-op. banks it is also important to throw light on the urban banks in Maharashtra.

Maharashtra has played a pioneering role in the urban co-op. credit movement in India. The first urban co-op. credit society named "Anyonya Sahayakari Mandali" was established in Baroda City. "On February 9, 1889 Prof. Laxman alias Bapusaheb Kavathekar arranged a dinner at his residence in Baroda and the party ended with setting up the society Anyonya Sahayakari Mandali."[7] This society was formed with the object of promoting thrift and providing relief among the Maharashtrian families in Baroda city. The twenty one Maharashtrians became founder members with subscribing Rs. 2/- per month. It was a mutual aid society of subscribing members. Its funds were deposited in the post at bank and it had no assistances from the Government. Inspiring the experiments of this society voluntary associations were set up in Bombay Presidency without Government assistance.

The formation of co-op. societies was provided by the Co-op. Societies Act of 1904 and more particularly its amendment in 1911, enhancing its scope to formation of non-agricultural credit societies specifically. Initially, non-agricultural credit movement was confined to the salary and wages earners and middle class people. In the course of time, however, traders, and businessmen became aware of the potentialities of such institutions and showed the initiative in expanding the scope of such organisational functions as full fledged banks.

The real boost to the formation of such societies was provided by the Co-op. Societies Act of 1904. Enactment of this act gave birth to the urban banks in Maharashtra. "The oldest among urban banks is The Shamrao Vitthal Co-op. Bank Ltd., Bombay which was set up on 27th December, 1906."[8] This bank was established by the foremost founding father of co-op. movement in India, Rao Bahadur S. S. Talmaki, with the help of few dedicated workers in the field of co-operation. This bank was started to promote and encourage thirft and savings among the members particularly at a time when usurious money lenders exercised unbribed sway over the destiny of their debtors. The main purpose of starting the banks was to

provide easy credit to persons of small means at low rate of interest. "This bank was first in the country to initiate the concept of cumulative deposit in 1907, a scheme that has since been successfully adopted by all banks. The various names of recurring and thirft deposits."[9]

During the period from 1904 to 1915 the agricultural credit societies and non-agricultural credit societies were numbered to 13,882 and 602 respectively. In the same period totally 12 urban banks were established in Maharashtra of which two were in Greater Bombay, one in Dhule district, four in Pune district, two in Ahmednagar district, One in Solapur district, two in Kolhapur district. Of these two urban banks named Kolhapur Urban Co-op. Bank Ltd., Kolhapur, Shri Balbhim Co-op. Bank Ltd., Kolhapur were established in Kolhapur district on 30/9/1913 and 15/10/1915 respectively.

Due to crisis among the joint stock banks, the Government of India promoted to appoint a committee on October 8, 1914, under the Chairmanship of Sir E. D. Maclagan, Former Secretary to Government of India. This committee was appointed to suggest measures of improvement in regard to the constitution and working of central and provisional banks and the financial connection

between the various parts of the co-operative organisations.

The importance of urban co-op. banks as an institution best-suited to cater to the banking and credit needs of persons of limited means was first recognised by this committee in 1915."It pointed out that urban co-op. societies would serve the useful purpose of training the urban middle classes to understand the banking principle and practices."[10] As a result of this committee's recommendations number of societies began to increase and the failure of local joint stock banks made easy the way for the organisation of new urban credit societies. It was then realised that urban credit societies were prominently suitable institutioned agencies for collecting local savings and to provide relief to those who were in clutches of money-lenders by providing financial assistance to them.

Upto 1920 non-agricultural societies were called as parents of urban banks. Most of the urban banks formerly were urban co-op. societies. They were managed by honorary workers and part-time staff. Several urban credit societies were established after the end of first world war. They introduced a variety of measures to

mobilise deposit resources and simple banking facilities." Also under the Chelmsford Reforms Act of 1919 co-operation was made a state subject. Bombay State gave a lead by passing a separate Act for that State in 1925 and other States also followed suit."[11]

Twenty urban banks were established during the period from 1916 to 1926. Of these six were in Greater Bombay, one in Thana district, one in Ratnagiri district and three in Nasik district, one in Pune district, two in Jalgaon district, one in Sangli district, two in Satara - district, one in Ahmednagar district Kolhapur district and urban banks were established. The names of the urban banks established in Kolhapur district were Kagal Co-op. Bank Ltd., Kagal (21/7/1917) and Kolhapur Zilla Sahakari Nagari-Kanchi Sahakari Bank Ltd. Kolhapur (3/7/1917). During the period from 1927 to 1937 totally 35 banks were established in Maharashtra of which in Greater Bombay - 8, Thana district - 1, Kulaba district - 3, Ratnagiri district - 3, Dhule district - 1, Jalgaon district - 2, Pune district - 2, Sholapur district - 1, Sangli district - 4, Satara district - 2, Aurangabad district-1, Nagpur district - 1 Osmanabad district-1 and in Kolhapur district - 4 urban banks were established. The names of the urban banks established in Kolhapur district during the period from 1927 to 1937 were Shri Shahu Co-operative Bank Limited, Kolhapur

(24/3/1927), Shri Mahalaxmi Sahakari Bank Ltd., Kolhapur (10/10/1933), Kolhapur Maratha Co-op. Bank Ltd., Kolhapur (20/10/1933), Shri Mahaveer Co-op. Bank Ltd., Kolhapur (11/5/1937).

During the above period the local support received by the urban banks was very important base for their development in the urban area. Very few members of management knew the banking business. There was no agency to guide them and supervise their working. The wrong practices of borrowings from multiple agencies, the extension of the period of repayment without justification of advances against landed property crept were at the start itself. The facility for cleaning the cheques helped the urban banks to print their cheques. This became a symbol of status and deposits of urban banks nearly doubled during 1924-29.

The Government of India formed in June, 1929 Central Banking Enquiry Committee to investigate the existing condition of banking in India and also to recommend steps to meet the needs of agriculture, commerce, and industry." In 1931 this committee recommended that limited liability co-op. societies generally known as urban banks should be established for

the benefit of these classes of the population. The duty for these urban banks should be try to do for the small traders, small merchents, the middle class population what the commercial banks are doing for the big traders and the big merchants."[12] This committee felt that the urban co-op. banks should provide to the small traders, small merchants, and the middle classes. The same facilities and services as commercial were provided to big businessmen. The committee was also of view that urban banks should concentrate on short term business. They should not lock up their funds in loans on the security of landed property. They should not also tend to joint-stock companies. It made detailed recommendations relating to their management, business etc. The recommendations of this committee were accepted by the Government of India. The measures suggested for the development and regulation of banking had been tagged with the establishment of R.B.I. The suggestions were slowly carried into effect after 1935.

The co-op. banking system strengthened and widened its urban base during 1938-47. Its major source of strength was non-agricultural sector. It is continued to be far in excess of the demand on them. Provided support to the expansion of co-operative activity on a large scale

in the sphere of distribution of essential goods including agricultural inputs and marketing produce and strengthened its ties with the money market. The establishment of closer relations with R.B.I. and Co-op. Banks, for co-ordinating and guiding the activities of co-op. banks were significant developments in the future - reference.

The Second World War imposed additional strains on co-op. banking system. The co-op. banking in Maharashtra met the demands. This was possible because they could draw on their liquid funds and banks were fully responsive to the needs of the urban banks. The outbreak of the Second World War made the whole banking system. This made them conscious of the importance of sound banking policy. The better check in statements of fluid resources was made. The audit was also tightened. As a result, the financial position of urban banks improved by the end of 1940-41. The financially sound banks were allowed to grant loans on the security of immovable property within a stipulated limits.

In 1941 State Government advised the Registrar to take action in case of co-op. banks in view of wrong banking practices adopted by some banks. After thus -

ensuring the Government encouraged public and semi public institutions to deposit their surplus funds with co-operative banks. At the same time the banks increased the banking facilities which the central financing agencies and urban banks could use for bettering and widening the banking services to their customers.

Since the beginning of 1941 important developments took place. First, various steps were taken to avoid unfair competition from financing agencies. Second, the various standards of sound banking policies were made applicable to urban banks. Third, the bank resorted to a policy of developing urban banks of small traders, at taluka market centres. The growing prosperity of of the semi-urban areas the urban banks efforts to expand banking services and better their quality combined to proceed the speed of their growth. Even the Registrar proudly recommended in his administration report for 1945-46 that " some of the urban banks in cities and bigger towns were keenly competing with the joint stock banks".[13] At the same time co-operative planning committee found that the joint stock banks could not be expected to extend financial assistance to persons of small means to any appreciable extend and recovering small

loans and also they were not likely to have intimate knowledge of the standing and resources of persons of limited means. The committee, therefore, observed that " urban banks would be the most suitable agency for serving the credit needs of classes like traders, artisans, factory workers, technicians and skilled workmen like carpenters, black smiths, mechanics etc".[14]

Eighteen urban banks were stablished in Maharashtra during the years from 1938 to 1947. Of these six were in Greater Bombay one, in Kulaba District, one in Ratnagiri District, one in Dhule District, three in Nasik District, two in Jalgaon District, one in Solapur District, one in Sangli District, Two in Kolhapur district urban banks were established. The names of the banks established in Kolhapur district during the same period were Prathamik Shikshak Sahakari Bank Ltd. Kolhapur (20-10-1939), Murgud Sahakari Bank Ltd., Murgud (15-12-1947).

It is further to note that the urban co-operative banking acquired a considerable structure during pre-inde--pendance period due to four reasons. First, the failure of local joint stock banks gave impetus to the growth of urban co-operative banks. Second, urban co-operative banks were suitable institutional agencies for collecting

local saving and providing financial accommodation to those who were in the clutches of money lenders. Third, the great depression of 1930 did not hinder the - developments of urban co-operative banks mainly because the fall in the urban incomes was not as steep as the fall in rural income. Fourth, the economic boom created by the second world war, provided a continuous growth of the urban banks.

After studying the historical background of urban co-operative banks in Maharashtra prior to independance, it is considerable to look after the growth of urban co-operative banks in Maharashtra prior to independance period. The following table shows the growth of urban co-operative banks in Maharashtra State prior to independence.

TABLE No. 2-1

Table showing the growth of urban co-operative banks in Maharashtra prior to independance.

(Rs. in lakhs)

Particulars		1923-24	1928-29	1936-37	1946-47
No. of urban co-op. banks		37	66	127	125
No.of members	in lakhs	0-58	1-02	1-86	1-08
paid up Capital	Rs.	21-24	42-88	79-22	80-09
Reserve & other funds	Rs.	5-19	12-73	59-35	63-92
Owned funds	Rs.	26-43	55-61	138-57	144-01
Deposits	Rs.	87-60	168-21	323-12	801-05
Borrowings	Rs.	2-92	6-22	6-55	23-91
Working Capital	Rs.	117-05	230-03	468-23	969-56
Loans and advances out--standing	Rs.	108-18	181-43	312-95	307-95
Overdues	Rs.	6-32	17-16	43-56	21-08
Net Profit	Rs.	3-70	5-64	8-50	9-90

SOURCE : " Seven decades of innovative banking" Page No.138.

The table No. 2-1 clearly shows that the total number of urban co-operative banks in Maharashtra was increased from 37 in 1923-24, to 66 in 1928-29, to 127 in 1936-37, but the same number decreased to 125 in 1946-47. Thus number of urban co-operative banks increased by morethan 2 times with in the period from 1923-34 to 1946-47.

The table No. 2-1 also indicates that the membership of urban co-operative banks increased from 0-58 lakhs in 1923-24 to 1-02 lakh in 1928-29, to 1-86 lakhs in 1936-37 but the same was decreased to 1-08 lakhs in 1946-47. It means the membership of urban from 1923-24 to 1946-47.

The table No. 2-1 reveals that the paid-up capital which was Rs. 21-24 lakhs in 1923-24 increased to Rs. 42-88 lakhs in 1928-29, to Rs. 79-22 lakhs in 1936-37, to Rs. 80-09 lakhs in 1946-47. This means the paid-up capital was increased by 3-80 times with in the period of 23 years.

THE TABLE No. 2-1 also reveals that the reserves and other funds which were Rs. 5-19 lakhs in 1923-24, raised to Rs. 12-73 lakhs in 1928-29, to Rs. 59-35 in 1936-37, to Rs. 63-92 lakhs in 1946-47. Thus the

reserves and other funds of urban co-operative banks increased by morethan 12 times during period of 23 years.

The table No. 2-1 indicates that the owned funds which were Rs. 26-43 lakhs in 1923-24 reached to Rs. 55-61 lakhs in 1928-29, to Rs. 138-57 lakhs in 1936-37, to Rs. 144-01 lakhs in 1946-47. This means the owned funds increased by morethan 5 times during the period 23 years.

The table No. 2-1 also shows that the deposits which were Rs. 87-60 lakhs in 1923-24 remarkably raised to Rs. 168-21 lakhs in 1928-29, to Rs. 323-12 lakhs in 1936-37, to Rs. 801-05 lakhs in 1946-47. Thus the deposits of urban co-operative banks in Maharashtra increased by more than 9 times during the period from 1923-24 to 1946-47.

The table No. 2-1 also reveals that the borrowings of urban co-operative banks in Maharashtra increased from Rs. 2-92 lakhs in 1923-24, to Rs. 6-22 lakhs in 1928-29, to Rs. 6-55 lakhs in 1936-37, to Rs. 23-91 lakhs in 1946-47. This means the borrowings from 1923-24 to 1946-47 increased by more than 8 times.

The table No. 2-1 also indicates that the working capital of these banks increased from Rs. 117-05 lakhs in 1923-24, to Rs. 230-03 lakhs in 1928-29, to 468-23 lakhs

in 1936-37,to Rs. 969-56 lakhs in 1946-47. This reveals the working capital raised by more than 8 times during the period from 1923-24 to 1946-47.

The table No. 2-1 also clearly shows that the loans and advances outstanding increased from Rs. 108-18 lakhs in 1923-24, to Rs. 181-43 lakhs in 1928-29, to Rs. 312-95 lakhs in 1936-37, and the same was decreased to Rs. 307-95 lakhs in 1946-47. This reveals that the loans and advances outstanding increased by 2-84 times during 1923-24 to 1946-47.

The table No. 2-1 also indicates that the overdues of urban co-operative banks in Maharashtra, increased from Rs. 6-32 lakhs in 1923-24, to Rs. 17-16 lakhs in 1928-29, to Rs. 43-56 lakhs in 1936-37 and the same is decreased to Rs. 21-08 lakhs in 1946-47. This reveals that the overdues increased by more than 3 times during the period of 23 years from 1923-24 to 1946-47.

The table No. 2-1 also reveals that the net profit of urban co-operative banks in Maharashtra increased from Rs. 3-70 lakhs in 1923-24, to Rs. 5-64 lakhs in 1928-29, to Rs. 8-62 lakhs in 1936-37, to Rs. 9-90 lakhs in 1946-47. This indicates that the net profit increased by 2-67 times during the period from 1923-24 to 1946-47.

After considering the growth of urban co-operative banks in Maharashtra during the period from 1923-24 to 1946-47, we will consider their after independence policy.

After independence co-operation become one of the important instrument of Maharashtra state policy with that policy urban banks came to be encouraged and assisted. A survey of urban banks was conducted by the study group on credit co-operatives in Non-agriculture sector in 1963. This study group was known as Varde Committee. " This committee recommended the need for establishing new urban banks, and extending their membership, making the banks economically viable, diversifying their loan portfolio, and ensuring enhanced financial assistance from them to the small industrialists and artisans."[15]

In 1966 the urban co-operative banks were brought under Banking Regulation Act 1949, to foster their growth and also to bring them under financial discipline and regulations. In 1967 and working Group on Industrial Financing through co-operative banks was set up by the Reserve Bank under the Chairmanship of its Deputy Governer, Shri P.N. Damzy. This committee recommended that " the urban bank was the the only suitable co-operative financing agency which could successfully undertake the function of providing adequate finance to small industrial units."[16]

The development of urban co-operative banks attracted by Government and Apex bank and resulted in to rapid growth of the urban co-operative banks. At that time Apex bank declared its policy not to competing with urban co-operative banks. Mobilisation of small savings and financing to the members of limited means are also the reasons for the growth of urban co-operative banks. Taking into consideration these facts the Registrar permitted to urban co-operative banks ti finance industrial and housing sector. This resulted that number urban co-operative banks in Maharashtra state doubled during the period from 1948 to 1970. At the same time seventeen urban co-operative banks were established in Kolhapur district. Following are the names of urban co-operative banks established in Kolhapur district during 1948 to 1970.

1) Shri Veershaiv Co-operative Bank Ltd., Kolhapur (2-8-~~1950~~ 1942).
2) Gadhinglaj Urban Co-operative Bank Ltd. Gadhinglaj (13-11-1950)
3) Raviwarpeth Co-operative Bank Ltd. Kolhapur (23-1-1951)
4) Kurundwad Urban Co-operative Bank Ltd. Kurundwad (25-3-1956)
5) Wadgaon Urban Co-operative Bank Ltd. Wadgaon (12-10-57)

6) Jaysingpur-Udgaon Co-operative Bank Ltd. Jaysingpur (22-6-1960).
7) Ichalkaranji Kamgar Nagrik Sahakari Bank Ltd. Ichalkaranji (6-9-1960)
8) Ajara Urban Co-operative Bank Ltd. Ajara (19-10-1960)
9) Kolhapur Janata Sahakari Bank Ltd. Kolhapur (17-11-60)
10) Commercial Co-operative Bank Ltd., Kolhapur (18-12-61)
11) Nagari Sahakari Bank Ltd. Kodoli, (27-10-1962).
12) Ichalkaranji Janata Sahakari Bank Ltd. Ichalkaranji. (5-11-1962).
13) Peoples Co-operative Bank Ltd. Ichalkaranji (12-12-62).
14) Janata Sahakari Bank Ltd. Ajara (5-4-1963).
15) Rendal Sahakari Bank Ltd. Rendal, (17-8-1964).
16) Ganesh Sahakari Bank Ltd. Kurundwad (28-2-1966).
17) Shri Warana Sahakari Bank Ltd. Warananagar (28-2-1966).

In 1977, Madhavdas Das Committee was set up by Reserve Bank of India, under the Charmanship of Executive Director, Shri Madhavdas. This committee made a study of past performance and future potentialities of urban co-operative banks. This committee noticed that the urban banks were mainly suitable to fill existing gaps in banking and credit needs in urban and semi urban areas, comparatively less cost of operation and with their simplicity, close contact, local feel and financial

difficulties could also enjoy the confidence of local people. Therefore, " this committee recommended a preference for urban banks in opening branches in semi urban areas".[17]

The urban co-operative banks are the institutions meant for men of small means. They provide adequate credit support to the various categories of beneficieries under priority sectors. But there were some urban co-operative banks which had not bestowed adequate - attention on such lendings with the result that the level of their advances had been regularly low. It was, therefore, considered necessary to issue guidelines to all the urban co-operative banks to improve their priority sector lending. Therefore, in 1983 the standing Advisory Committee for urban co-operative banks was set up by Reserve Bank of India under the Chairmanship of Deputy Governer Dr. M.V. Hate. This committee is known as Hate Committee. The committee recommended that " the urban co-operative banks should be exhorted to achieve a target of 60% of their total advances for priority sector lending by 30th June 1985". Of the total priority sector advances at least 25% (or 15% of the total loans and advances) should have been advanced to weaker sections by the above date".[18]

It is further to note that during the period from 1971 to 1985, one hundred six urban co-operative banks were established in Maharashtra State. Of these thirty seven were in Greater Bombay, nine in Thane - district, one in Sindhudurg district, six in Nasik district, five in Dhule district, three in Jalgaon district, twenty four in Pune district, six in Ahmednagar district, seven in Solapur district, eight in Sangli district, seven in Satara district, two in Aurangabad district, one in Jalna district, one in Nanded district, two in Latur district, one in Parbhani district, five in Nagpur district, one in Bhandara district, five in Amaravati district, two in Akola district, ten in Kolhapur district.

The names of urban co-operative banks established in Kolhapur district during the period from 1971 to 1985 were -

1) Shri Bharat Urban Co-operative Bank Ltd. Jaysingpur (18-1-1971).
2) Nutan Nagari Sahakari Bank Ltd. Ichalkaranji (31-3-1971).
3) Shri Shivaji Sahakari Bank Ltd. Gadhinglaj (8-10-1971).
4) Ichalkaranji Mahila Sahakari Bank Ltd., Ichalkaranji (21-10-1971).

3078
A.

5) Shri Panchangaga Co-operative Bank Ltd. Kolhapur (10-2-1972).

6) Shri Shivneri Sahakari Bank Ltd., Ichalkaranji (18-4-1972).

7) Shri Yashwant Sahakari Bank Ltd., ~~Kolhapur~~ Kuditre. (29-6-1974).

8) Youth Development Co-operative Bank Ltd., Kolhapur (16-6-1975).

9) Choudeshwari Sahakari Bank Ltd. Ichalkaranji (7-9-1981).

10) Chandgad Urban Co-operative Bank Ltd., Chandgad (6-5-1982).

After considering the Urban co-operative banks policy after independance, it is important to throw light on the growth of urban co-operative banks, in Maharashtra after independance. The following table shows the growth of urban co-operative banks in Maharashtra from 1946-47 to 1969-70.

TABLE NO. 2-2

Table showing the growth of Urban Co-operative Bank in Maharashtra from 1946-47 to 1969-70.

(Rs. in lakhs)

Particulars		1946-47	1959-60	1969-70
No. of Urban co-op. banks.		125	141	239
No.of members	in lakhs	1-08	4-04	7-37
Paid up Capital	Rs.	80-09	248-89	804-24
Reserve & other funds	Rs.	63-92	205-46	542-00
Owned funds	Rs.	144-01	454-35	1346-24
Deposits	Rs.	801-05	1967-12	6012-76
Borrowings	Rs.	23-91	73-83	333-89
Working Capital	Rs.	969-56	2522-81	7692-89
Loans & advances outstanding	Rs.	307-95	1443-28	4838-85
Overdues	Rs.	21-08	118-23	277-14
Net Profit	Rs.	9-90	24-95	114-49

SOURCE : " Seven decades of innavative banking" Page No.416.

The table No. 2-2 indicates that the number of urban co-operative banks in Maharashtra was increased from 125 in 1946-47 to 141 in 1959-60 and to 239 in 1969-70. This indicates that the number of urban co-operative banks in Maharashtra increased by 114 during the period from 1946-47 to 1969-70.

The table No. 2-2 clearly shows that the number of members of urban co-operative banks in Maharashtra was increased from 1-08 lakh in 1946-47 to 4-04 lakhs in 1959-60, to 7-37 lakhs in 1969-70. This indicates that the number of member of urban co-operative banks in Maharashtra was increased by more than 6 times from 1946-47 to 1969-70.

The table No. 2-2 indicates that the paid up capital of urban co-operative banks in Maharashtra was increased from Rs. 80-09 lakhs in 1946-47, to Rs. 248-89 lakhs in 1959-60, to Rs. 804-24 lakhs in 1969-70. This shows that the paid up capital of urban co-operative banks in Maharashtra was increased by more than 10 times from 1946-47 to 1969-70.

The table No. 2-2 reveals that the Reserves and other funds increased from Rs. 63-92 lakhs in 1946-47, to Rs. 205-46 lakhs in 1959-60, to Rs. 542 lakhs in

1969-70. This means the Reserves and other funds increased by 6-48 times during the period from 1946-47 to 1969-70.

The table No. 2-2 shows that the Owned funds of urban co-operative banks in Maharashtra increased from Rs. 144-01 lakhs in 1946-47, to Rs. 454-35 lakhs in 1959-60, to Rs. 1346-24 lakhs in 1969-70. This shows that the owned funds of urban co-operative banks in Maharashtra increased by 9-34 times during the period from 1946-47 to 1969-70.

The table No. 2-2 indicates that the deposits of urban co-operative banks in Maharashtra increased from Rs. 801-05 lakhs in 1946-47, to Rs. 1967-12 lakhs in 1959-60, to Rs. 6012-76 lakhs in 1969-70. This reveals that the deposits of urban co-operative banks in Maharashtra increased by 7-50 times during the period from 1946-47 to 1969-70.

The table No. 2-2 reveals that the borrowings of urban co-operative banks in Maharashtra increased from Rs. 23-91 lakhs in 1946-47, to Rs. 73-83 lakhs in 1959-60, to Rs. 333-89 lakhs in 1969-70. This means borrowings of urban co-operative banks in Maharashtra increased by 13-96 times during the year from 1946-47 to 1969-70.

The table No. 2-2 shows that working capital of urban co-operative banks in Maharashtra increased from Rs. 969-56 lakhs in 1946-47, to Rs. 2522-81 lakhs in 1959-60, to Rs. 7692-89 lakhs in 1969-70. This indicates that the working capital of urban co-operative banks in Maharashtra increased by 7-93 times from 1946-47 to 1969-70.

The table No. 2-2 indicates that the loans and advances outstanding of urban co-operative banks in Maharashtra increased from Rs. 307-95 lakhs in 1946-47, to Rs. 1443-28 lakhs in 1959-60, to Rs. 4838-35 lakhs in 1969-70. This shows that the loans and advances outstanding increased by 15-71 times during period from 1946-47 to 1969-70.

The table No. 2-2 clearly shows that the Overdues of urban co-operative banks in Maharashtra increased from Rs. 21-08 lakhs in 1946-47, to Rs. 118-23 lakhs in 1959-60, to Rs. 277-14 lakhs in 1969-70. This indicates that the overdues of urban co-operative banks in Maharashtra increased by 13-14 times during the period from 1946-47 to 1969-70.

The table No. 2-2 indicates that the net profits of urban co-operative banks in Maharashtra increased from Rs. 9-90 lakhs in 1946-47, to Rs. 24-95 lakhs in 1959-60,

to Rs. 114-49 lakhs in 1969-70. This ~~xxxxxx~~ reveals that the net profits of urban co-operative banks in Maharashtra increased by 11.56 times during the period from 1946-47 to 1969-70.

After discussing about growth of urban co-operative banks in Maharashtra from 1946-47 to 1969-70, it is considerable to look after in the growth of urban co-operative banks in Maharashtra (including Kolhapur District) from 1970-71 to 1984-85. The following table shows the growth of urban co-operative banks in - Maharashtra (including Kolhapur District) from 1970-71 to 1984-85.

TABLE NO. 2-3

Table showing the growth of urban co-operative banks in Maharashtra (including Kolhapur District) from 1970-71 to 1984-85.

(Rs. in lakhs)

Particulars		1970-71	1976-77	1980-81	1984-85
No.of urban banks.		250	321	345	366
No. of members	in lakhs	8-02 (0-62)	10-86 (1-85)	16-18 (1-73)	29-24 (2-69)
Paid up capital	Rs.	1102 (55)	2844	4201 (328)	8171 (634)
Reserve & other funds	Rs.	608 (67)	1501	4329 (444)	11038 (1113)
Owned Funds	Rs.	1710 (122)	4345 (239)	8530 (772)	19209 (1747)
Deposits	Rs.	8798 (753)	20999 (2477)	65779 (5671)	159261 (12092)
Borrowings	Rs.	360 (17)	338	1666 (186)	6189 (519)
Working Capital	Rs.	10982 (964)	27748 (2061)	88704 (7192)	206491 (15424)
Loans & Advances outstanding	Rs.	6664 (565)	14589 (1788)	48008 (4016)	111230 (9505)
Overdues	Rs.	384	4465 (477)	3732 (40)	11426 (849)

SHIVAJI UNIVERSITY LIBRARY KOLHAPUR

TABLE NO. 2-3 (Contd.)

Particulars		1970-71	1976-77	1980-81	1984-85
Net Profits	Rs.	159 (14)	506 (55)	1153	2355 (181-86)

SOURCES : 1) Survarn Mahostav Smarnika of 'Raviwarpeth Co-operative Bank Ltd.," Kolhapur-1971.

2) Maharashtratil Nagari Sahakari Bankanche Rajyastriy Adhiveshan, 2nd Feb.1985.

3) Statistical Statements Relating to Operations of Urban Co-operative Banks in Maharashtra - 1984-85.

4) Office record of the District Deputy Registrar, Kolhapur.

N.B. : Bracketed figures are related to operations of Urban co-operative banks in Kolhapur.

The table No. 2-3 clearly shows that the number of urban co-operative banks in Maharashtra increased from 250 in 1970-71, to 321 in 1976-77, to 345 in 1980-81, to 366 in 1984-85. It means number of urban co-operative banks

Maharashtra increased by 116, during the period from 1970-71 to 1984-85. At the same time number of urban co-operative banks in Kolhapur district increased from 21 in 1970-71 to 37 in 1976-77, to 39 in 1980-81, to 40 in 1984-85. It means number of urban co-operative banks in Kolhapur increased by 19 during the period from 1970-71 to 1984-85.

The table No. 2-3 indicates number of members of urban co-operative banks in Maharashtra increased from 8-02 lakhs in 1970-71, to 10-86 lakhs in 1976-77, to 16-18 lakhs in 1980-81, to 29-14 lakhs in 1984-85. This means number of members of urban co-operative banks in Maharashtra increased 3.63 times during the time from 1970-71 to 1984-85. While number of members of urban co-operative banks in Kolhapur district increased from 0-62 lakhs in 1970-71 to 1-85 lakh in 1976-77 and the same is decreased to 1-73 lakh in 1980-81 but thereafter it is increased to 2-69 lakhs in 1984-85. This shows that the number of members of urban co-operative banks in Kolhapur district increased by 4-34 times during 1970-71 to 1984-85.

The table No- 2-3 reveals that the paid up capital of urban co-operative banks in Maharashtra increased from Rs. 1102 lakhs in 1970-71, to Rs. 2844 in 1976-77 , to Rs. 4201 lakhs in 1980-81, to Rs. 8171 lakhs in 1984-85.

BARR. BALASAHEB KHARDEKAR LIBRARY
SHIVAJI UNIVERSITY, KOLHAPUR

the table No. 2-3 reveals that the amount of paidup capital of urban co-operative banks in Maharashtra increased by 7-41 times during the period from 1970-71 to 1984-85. At the same time paidup capital urban co-operative banks in Kolhapur district increased from Rs. 55 lakhs in 1970-71, to Rs. 328 lakhs in 1980-81, to Rs. 634 lakhs in 1984-85. It means paidup capital of urban co-operative banks in Kolhapur increased by 11-52 times during the period from 1970-71 to 1984-85.

The table No. 2-3 indicates that the Reserve and other funds of urban co-operative banks in Maharashtra increased from Rs. 608 lakhs in 1970-71, to Rs. 1501 lakhs in 1976-77, to Rs. 4329 lakhs in 1980-81, to Rs. 11,038 lakhs in 1984-85. This reveals that the Reserve and other funds increased by 18-15 times during the period from 1970-71 to 1984-85. At the same time the Reserve and other funds of urban co-operative banks in Kolhapur district increased from Rs. 67 lakhs in 1970-71, to Rs.444 lakhs in 1976-77, to Rs. 1113 lakhs in 1984-85. This means the Reserve and other funds of urban co-operative banks in Kolhapur district increased by 16-61 times during 1970-71 to 1984-85.

The table No. 2-3 shows that Owned funds of urban co-operative banks in Maharashtra raised from

Rs. 1710 lakhs in 1970-71, to Rs. 4345 lakhs in 1976-77, to Rs. 8530 lakhs in 1980-81, to Rs. 19209 lakhs in 1984-85, This indicates that the owned funds of urban co-operative banks in Maharashtra raised by 11-23 times during the period from 1970-71 to 1984-85. The owned funds of urban co-operative banks in Kolhapur district also raised from Rs. 122 lakhs in 1970-71, to Rs. 239 lakhs in 1976-77, to Rs. 772 lakhs in 1980-81, to Rs. 1747 lakhs in 1984-85. This shows that the owned funds of urban co-operative banks in Kolhapur district also raised by 14-32 times during the period from 1970-71 to 1984-85.

The table No. 2-3 also indicates that deposits of urban co-operative banks in Maharashtra tremendously increased from Rs. 8798 lakhs in 1970-71, to Rs. 20999 lakhs in 1976-77, to Rs. 65779 lakhs in 1980-81, to Rs. 1,59,261 lakhs in 1984-85. This reveals that deposits of urban co-operative banks in Maharashtra increased by 18-10 times during the years from 1970-71 to 1984-85. Whereas the deposits of urban co-operative banks in Kolhapur district also increased from Rs. 753 lakhs in 1970-71 to Rs. 2477 lakhs in 1976-77, to Rs. 5671 lakhs in 1980-81, to Rs. 12092 lakhs in 1984-85. This indicates that the deposits of urban co-operative banks in Kolhapur district raised by 16-06 times during the years from 1970-71 to 1984-85.

The table No. 2-3 reveals that the borrowings of urban co-operative banks in Maharashtra decreased from Rs. 360 lakhs in 1970-71 to Rs. 338 lakhs in 1976-77, but thereafter the same is increased from Rs. 1666 lakhs in 1980-81, to Rs. 6189 lakhs in 1984-85. This means that the borrowings of urban co-operative banks in Maharashtra gone up by 17-19 times during 1970-71 to 1984-85. At the same time borrowings of urban co-operative banks in Kolhapur district tremendously increased from Rs. 17 lakhs in 1970-71 to Rs. 186 lakhs in 1980-81, to Rs. 519 lakhs in 1984-85. This reveals that the borrowings of urban co-operative banks in Kolhapur district increased by 30-52 times during the period from 1970-71 to 1984-85.

The table No. 2-3 indicates that the working capital of urban co-operative banks in Maharashtra increased from Rs. 10982 lakhs in 1970-71, to Rs. 27748 lakhs in 1976-77, to Rs. 88704 lakhs in 1980-81, to Rs. 206491 lakhs in 1984-85. This reveals that the working capital of these urban co-operative banks in Maharashtra raised by 18-80 times during the years from 1970-71 to 1984-85. At the same time working capital of urban co-operative banks in Kolhapur district increased from Rs. 964 lakhs,in 1970-71,to Rs. 2061 lakhs in 1976-77, to Rs. 7192 lakhs in 1980-81, to Rs. 15424 lakhs in 1984-85.

This means that the working capital of urban co-operative banks in Kolhapur district, increased by 16 times during the period from 1970-71 to 1984-85.

The table No. 2-3 shows that the loans and advances outstanding increased from Rs. 6664 lakhs in 1970-71, to Rs. 14589 lakhs in 1976-77, to Rs. 48008 lakhs in 1980-81, to Rs. 1111,230 lakhs in 1984-85. This reveals that the loans and advances outstanding raised by 16-69 times during 1970-71 to 1984-85. Whereas the loans and advances outstan--ding increased from Rs. 565 lakhs in 1970-71, to Rs. 1788 lakhs in 1876-77, to Rs. 4016 lakhs in 1980-81, to Rs. 9505 lakhs in 1984-85. This indicates that the loans and advances outstanding raised by 16-82 times during the period from 1970-71 to 1984-85.

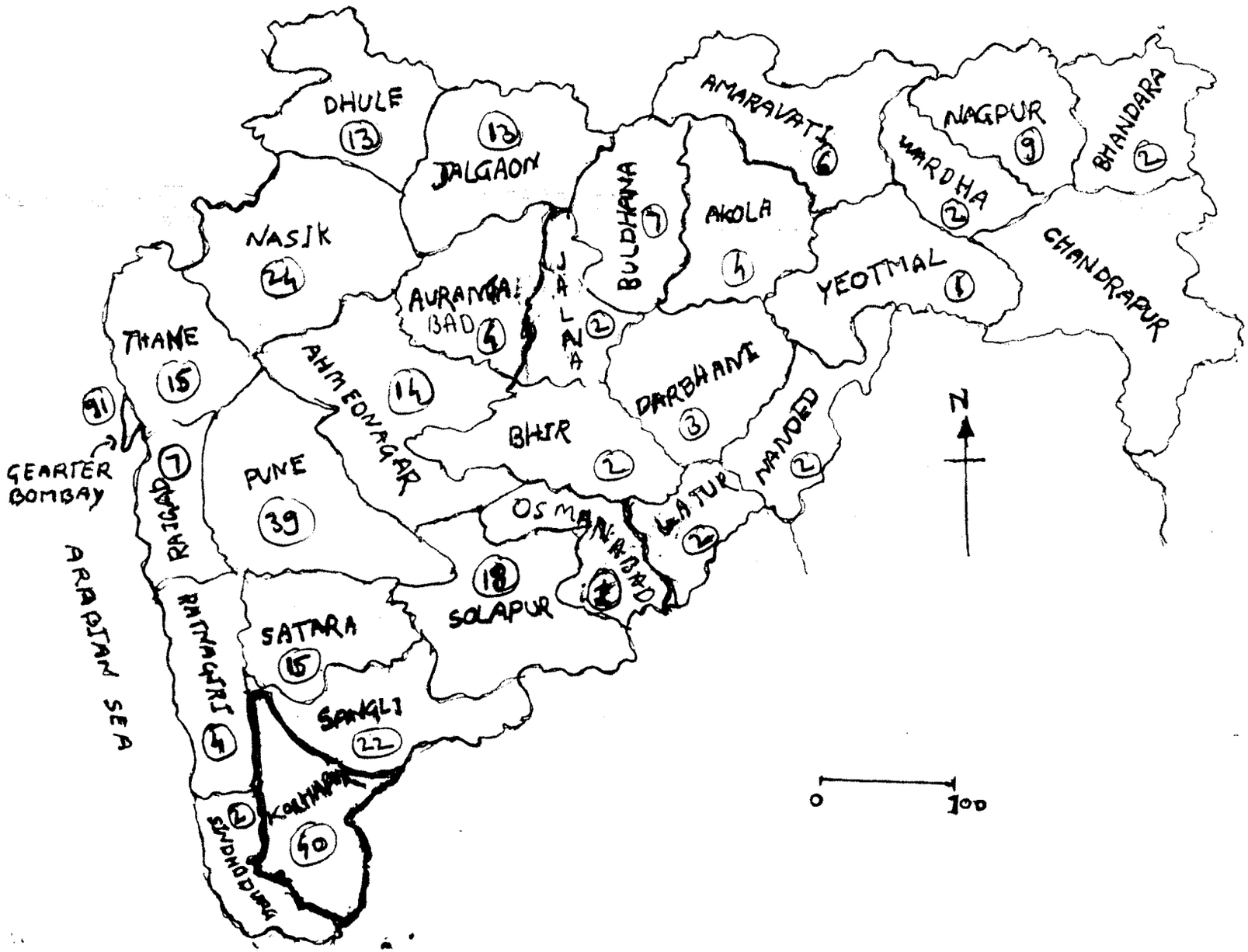
The table No. 2-3 shows that the overdues of urban co-operative banks in Maharashtra increased from Rs. 384 lakhs in 1970-71, to Rs. 4465 lakhs in 1976-77, and the same were decreased to Rs. 3722 lakhs in 1980-81, but the same were increased to Rs. 11426 lakhs in 1984-85. It reveals that the overdues of urban co-operative banks in Maharashtra increased 29-76 times during the period from 1970-71 to 1984-85. Whereas the overdues of urban co-ope--rative banks in Kolhapur district decreased from Rs. 477 lakhs in 1976-77 to Rs. 40 lakhs in 1980-81 but the same

were increased to Rs. 849 lakhs in 1984-85. This reveals that the overdues of urban co-operative banks in Kolhapur district increased by 1-78 times during the period from 1976-77 to 1984-85.

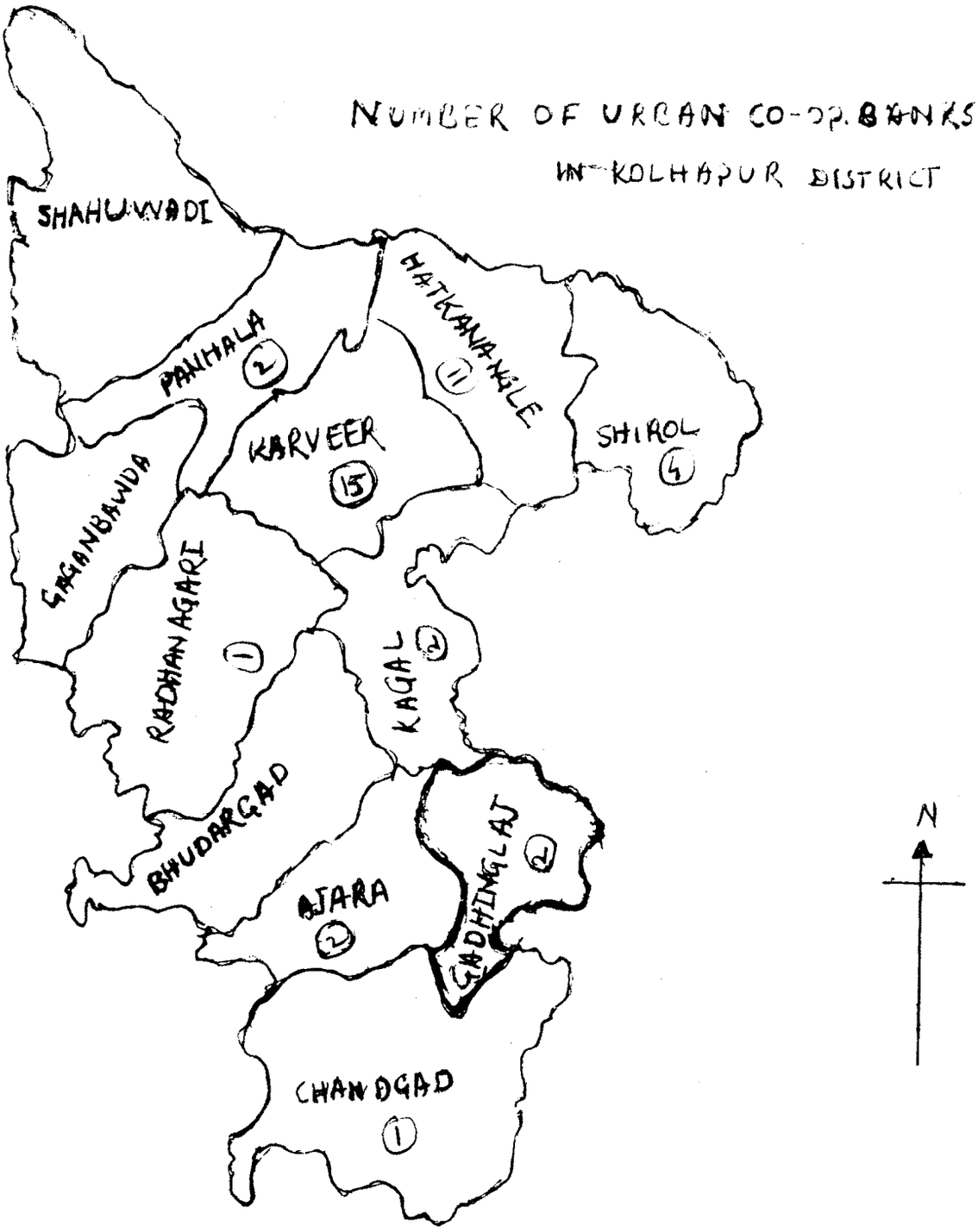
The table No. 2-3 also indicates that the net profits of urban co-operative banks in Maharashtra raised from Rs. 159 lakhs in 1970-71 to Rs. 50 lakhs in 1976-77, to Rs. 1153 lakhs in 1980-81, to Rs. 2355 lakhs in 1984-85. This reveals that the net profits of urban co-operative banks in Maharashtra raised by 14-81 times during the years from 1970-71 to 1984-85. At the same time the net profits of urban co-operative banks in Kolhapur district increased from Rs. 14 lakhs in 1970-71, to Rs. 55 lakhs in 1976-77, to Rs. 181-86 lakhs in 1984-85. This indicates that the net profits of urban co-operative banks in Kolhapur district raised by 12-99 times during the period from 1970-71 to 1984-85.

It sould be further noted that with this background the urban co-operative banking has remained increasingly greater and wider. The urban co-operative banks have become very popular in Maharashtra as effective financial co-operative organisations in the co-operative sector and Kolhapur district is also much a head in undertaking banking functions in the co-operative field.

NUMBER OF URBAN CO-OPERATIVE BANKS IN MAHARASHTRA



NUMBER OF URBAN CO-OP. BANKS
IN KOLHAPUR DISTRICT



2.5 : URBAN CO-OPERATIVE BANKS IN GADHINGLAJ TOWN :

After discussing urban co-operative banks in Maharashtra including Kolhapur district, we will discuss about urban co-operative banks in Gadhinglaj town.

Gadhinglaj town is located in southern area of Kolhapur district, in the south Maharashtra. It is situated on the state highway of Maharashtra State. It is a taluka place. It is followed by Karnataka state boundry. The Gadhinglaj town is at a distance of 21 kms. from Ajara, 40 kms. from Chandgad, 63 kms. from Belgaum City, 60 kms. from Kolhapur city, 555 kms. from Bombay City. At present Gadhinglaj town is included in the urban area. It is the marketing centre connected with marketing villeges Nesary, Halkarni, Uttur.

"Late Shri Chhatrapati Shahu Maharaj has established this Gadhinglaj gaon at a distance of 6 kms. from the historical samangad killa and at the bank of river - Hiranyakeshi. There is municipality established in 1887. The area covered by this town is 3-38 square kms. and the population according to census of 1981 is 18535." [19]

Gadhinglaj town is playing an important role in the commercial and agricultural field. The town is supported by commercial and agricultural personalities.

The town is popular in Kolhapur district inrespect of markets of gur,chilly,ground-nut. These are the gifts of river Hiranyakeshi and Ghataprabha. The market of these agricultural commodities are captured by commission agents located in the market yard. At present, there is one Sugar Factory, Four Oil Mills, One Plastic Industry, One Milk Project and other small industries, number of powerlooms in addition to the number of small retail and whole sale trade shops, Hospital, Hotels etc.

Due to the progress of these trading units, industries, the town becomes urban area, and favourable situation is created for expanding banking business in this town. To provide finance to the trading units various banks have started banking business in this town. At present there are twelve banks working in this town, of which branch of Land Development Bank is agricultural credit bank. Union Bank of India, Bank of Maharashtra, Bank of India are the branches of nationalised banks. State Bank of India, Bank of Karad are the branches of other commercial banks. Veershaiv co-operative bank Ltd., Kolhapur District,Central Co-operative Bank Ltd.(Gadhinglaj) (Gandhi Road), Kolhapur District Central Co-operative Bank Ltd., The Prathmik Shikshak Sahakari Bank Ltd., are the branches of co-operative banks and remaining. The Gadhinglaj

Urban co-operative Bank Ltd. and Shivaji Sahakari Bank Ltd. are the banks which are established in Gadhinglaj town only and who have no branches outside the Gadhinglaj town.

Of the above banks, the Gadhinglaj Urban - Co-operative Bank Ltd. is the first bank which is - established in 1950 for developing financial position of common people. This bank owned the confidence of people and helped to increase the standard of living of artisams, small traders, salary earners, and other common middle class people. This bank has developed its performance satisfactorily since 1950 because of the co-operation of the local people. There after scope of Gadhinglaj Market has become wider population which was 8546 at the end of 1951 increased to 10681 at the end of 1961, 14663 at the end of 1971. Working of the Gadhinglaj Urban Co-operative Bank Ltd., creat confidence among the people and helped to promote thrift among people and also to increase banking business in this town. At that time the situation was created for expansion of banking field in this town. There was possibilities of formation of Sugar Factory, Plastic Industry, Co-operative Milk Project, Co-operative Spinning Mill, Co-operative Housing Societies, and other industries and trading units in future. Thus

the situation created the need of another urban co-operative bank of take advantage of expansion of above businesses and industries in this area and with this background another urban bank named 'Shivaji Sahakari Bank Ltd. is established on 8th Nov. 1971, under the Presidentship of Hon. Shri S.B. Chavan of Nool, with the authorised capital of Rs. 5,00,000 divided into shares of Rs. 10 each. Shri R.G. Mandekar, Shri A.T. Chavan, Shri Y.B. Mohite, Shri D.S. Kadam, etc. are the other main co-operators for establishing' Shri Shivaji Sahakari Bank Ltd. in the Gadhinglaj town.

After considering the above background of "Shivaji Sahakari Bank Ltd" it is important to throw light on the growth of Shivaji Sahakari Bank Ltd. during the period from 1976-77 to 1985-86. The following table shows the growth the Shivaji Sahakari Bank Ltd. Gadhinglaj during the period from 1976-77 to 1985-86.

TABLE NO. 2-4

Table showing the growth of Shivaji Sahakari Bank Ltd. Gadhinglaj, during the period from 1976-77 to 1985-86.

Particulars		Year ended on 30th June			
		1977	1979	1982	1986
1. No. of members		2000	2602	4366	6061
2. Paid up Capital	Rs.	1-81	2-67	4-04	7-00
3. Reserve and other funds	Rs.	0-96	1-86	4-40	9-25
4. Owned funds	Rs.	2-77	4-53	8-44	16-25
5. Deposits	Rs.	15-44	28-38	56-32	94-18
6. Borrowings	Rs.	0-60	3-00	-	1-31
7. Working Capital	Rs.	20-12	37-67	70-70	122-30
8. Loans and advances outstanding	Rs.	13-35	21-87	41-04	78-47
9. Overdues	Rs.	1-49	2-56	12-25	10-05
10. Net Profit	Rs.	0-51	0-76	0-59	1-01

SOURCE : Complited from Annual Reports of the bank and ofice record of the Shivaji Sahakari Bank Ltd., Gadhinglaj.

The table No. 2-4 clearly indicates the number of members of Shivaji Sahakari Bank Ltd. increased from 2000 in the year 1977,to 2602 in 1979, to 4366 in 1982, to 6061 in 1986. The table No. 2-4 reveals that the numbers increased by more than 3 times during 1977 to 1986.

The table No. 2-4 indicates that paidup capital of Shivaji Sahakari Bank Ltd. raised from Rs. 1-81 lakh in 1977 to Rs. 2-67 lakhs in 1979, to Rs. 4-04 lakhs in 1982, to Rs. 7 lakhs in 1986. This means the paidup capital of Shivaji Sahakari Bank Ltd. gone up by 3-87 times during the period from 1977 to 1986.

The table No. 2-4 reveals that the Reserve and other funds increased from Rs. 0-96 lakh in 1977, to Rs. 1-86 lakhs in 1979, to Rs. 4-40 lakhs in 1982, to Rs. 9-25 lakhs in 1986. This shows that the Reserve and other funds of the bank increased by 9-64 times during period under review.

The table No. 2-4 indicates that Owned funds of Shivaji Sahakari Bank Ltd. raised from Rs. 2-77 lakhs in 1977, to Rs. 4-53 lakhs in 1979, to Rs. 8-44 lakhs in 1982, to Rs. 16-25 lakhs in 1986. This reveals that the owned funds of the bank increased by 5-87 times from 1977 to 1986.

The table No. 2-4 also reveals that deposits of Shivaji Sahakari Bank Ltd. goneup from Rs. 15-44 lakhs in 1977, to Rs. 28-38 lakhs in 1979, to Rs. 56-32 lakhs in 1982, to Rs. 94-18 lakhs in 1986. This indicates more than 6-10 times increases during the period from 1977 to 1986.

The table No. 2-4 also clearly shows that the borrowings of Shivaji Sahakari Banks Ltd., increased from Rs. 0-60 lakh to Rs. 3 lakhs in 1979 but the same is decreased to NIL balance upto 1982, thereafter it was again increased upto Rs. 1-31 lakhs in 1986.

The table No. 2-4 indicates that the working capital of Shivaji Sahakari Bank Ltd. goneup from Rs. 20-12 lakhs in 1977, to Rs. 33-67 lakhs in 1979, to Rs. 70-70 lakhs in 1984, to Rs. 122-30 lakhs in 1986. This reveals that the working capital of this bank goneup by 6-08 times during the last ten years.

The table No. 2-4 also reveals that the loans and advances outstanding increased from Rs. 13-35 lakhs in 1977, to Rs. 21-87 lakhs in 1979, to Rs. 41-04 lakhs in 1982, to Rs. 78-47 lakhs in 1986. This indicates that loans and advances of this bank raised by 5-88 times during the period under review.

The table No. 2-4 indicates the overdues of this bank increased from Rs. 1-49 lakhs in 1977, to Rs. 2-56 lakhs in 1979, to Rs. 12-25 lakhs in 1982, but the same is decreased to Rs. 10-05 lakhs in 1986. This indicates that overdues increased by 6-75 times during the period from 1977 to 1986.

The table No. 2-4 also indicates that the net profits of the bank increased from Rs. 51 thousand, to Rs. 76 thousand in 1971, but the same is decreased to Rs. 59 thousands in 1982 but the same is increased to Rs. 1-01 lakhs in 1986. This means the profits of Shivaji Sahakari Bank Ltd. increased by more than 2 times during the period under review.

2-6 : ABOUT THE GADHINGLAJ URBAN CO-OPERATIVE BANK LTD. GADHINGLAJ

After having studied urban co-operative bank in Gadhinglaj town, an attempt has been made to study about the Gadhinglaj Urban Co-operative Bank Ltd. Gadhinglaj.

2-6(i) BRIEF HISTORY :

The concept of starting,'The Gadhinglaj Urban Co-operative Bank Ltd.'was mainly by forsight outlook of Late Ravsaheb D.B. Mali. He was well experienced person in co-operative sector in Kolhapur district. "He has established many societies and co-operative banks like Mali Co-operative Society, Kolhapur, 'Servey Co-operative Society,Kolhapur, Ravivarpeth Co-operative Bank Ltd. Kolhapur, Shri Veershaiv Co-operative Bank Ltd.,Kolhapur". [20]

The Gadhinglaj Urban Co-operative Bank Ltd. is established in the year 1950, with the objectives -

i) to spread banking habits among the people in the town area.

ii) to promote habits of thrift among people and to encourage them to make savings.

iii) to provide finance to the members for their needs.

iv) To solve financial problems of weaker section of the community by giving them small loans on security.

The bank is established under the presidentship of Late Shri S.N. Daddi, Late Shri K.S. Naik, Shri N.H.Khot, Shri V.S. Kulkarni, Shri R.T. Shah and others. The bank was formed with the paidup capital of Rs. 27,720 divided into shares of Rs. 10 each, contributed by 94 members. The authorised capital was consisted of 12500 shares of Rs. 10 each.

At that time there were other three branches of banks namely, 'The Laxmi Bank Ltd.', 'The Kolhapur Bank Ltd.' and ' The Veershaiv Co-operative Bank Ltd.', making banking business in this town. But out of these three banks 'The Laxmi Bank Ltd.' and 'The Kolhapur Bank Ltd.' went into liquidation after 1951. There remained. 'The Gadhinglaj Urban Co-operative Bank Ltd. and 'Veershaiv Co-operative Bank Ltd.' but Veershaiv Co-operative Bank Ltd. is the branch of Veershaiv Co-operative Bank Ltd., which is established in Kolhapur. Thus there remained only The Gadhinglaj Urban Co-operative Bank Ltd., which is established in Gadhinglaj town only for assisting the members. It has no branches outside Gadhinglaj town.

This bank is continuously making banking business and developing rapidly. The bank has made progress under the Presindentship of Hon. Shri A.N. Ajari (from 1957 to 1964), Hon. Shri B.M. Shintre (from 1965 to 1967), Hon. Shri S.B. Kitturkar (from 1969 to 1984), Hon. Shri V.S. Bagi, (from 1984-85), Hon. advocate Shri B.G. Bhosaki (1985-86).

The Gadhinglaj Urban Co-operative Bank Ltd. is located first in the rental house owned by Shri S.N. Ghugare upto the year 1974-75, in the main market. This area is crowded by retailshops and wholesale shops. Lateron bank office has been transferred to another rental house owned by Shri R.G. Daddi upto the year 1982-83. At present bank office is located in its own building on the main road. The main road area is covered by various branches of bank viz Bank of Maharashtra, Bank of Karad, Shri Veershaiv Co-operative Bank Ltd., State Bank of India, Kolhapur district Central Co-operative Bank Ltd., office of The Life Insurance Corporation of India, Municipality, Prant Office, various retail and wholesale shops, commission agencies, small industries, hotels, lodging and boarding, hospitals etc.

2-6: ii) MANAGEMENT OF BANK :

Management is a difficult ward. It denotes not

only function but also the people who discharge it. It denotes a social position and rank as well as discipline and field of the study. All the institutions have in common. The management function, task and management work. It is the organ on which the performance and survival of the institution depends. Management is the organ of leadership, direction and decision - management. Management has to give direction to the institution. It is responsible for directing, vision and resources towards greater results and contributors. It is a function, a discipline, a task to be done.

Urban co-operative banking structure has become an integral part of our banking system in the country. Financial discipline is of crucial importance in the banking system to inspire and maintain the confidence of the investing public. The efficiency of the banking system depends, on the 'Management'. " It is generally believed that the success or failure of co-operative bank is closely linked with the charactor and ability of its Management." [21]

The Gadhinglaj Urban Co-operative Bank Ltd. is organised by the middle class persons with small means. The Democratic Management is important feature of this

bank. It is run by democratic way. This is the bank of the members, by the members and for the members. Like other co-operative bank, this bank has a general body of all members. The meeting of the general body is held every year for imforming and supplying literature about this bank and making the decisions about future plans. Annual general meeting is always held in every Febtuary to transit the following business.

1) Confirmation of the proceedings of the last annual general meeting.
2) Adoption of Annual Report with Balance Sheet, Profits and Loss A/c. of the last year ended on 30th June.
3) Declaration of dividend and allocation of Profits.
4) Disposal of any other business that may be brought before the meeting and answering of questions, if any related to the working of the bank during the year, permissible under byelaws of the bank.

Management is an organ of higher control. The Directors of Management are elected by at 5 years intervals by General Body on the basis of 'one member one vote' irrespective of shareholding. Nine elected members are

consisted in the Board of Directors. One Director is elected as 'President' and One Director is elected as 'Vice-President'. Researcher personally interviewed all the Directors and found that seven directors are from trading units and two directors are advocates.

It is further to note that this bank has humble and dedicated leadership, which always thinks of - development of the condition of its members, raising quality of their lives who are poor people and also middle class people in majority.

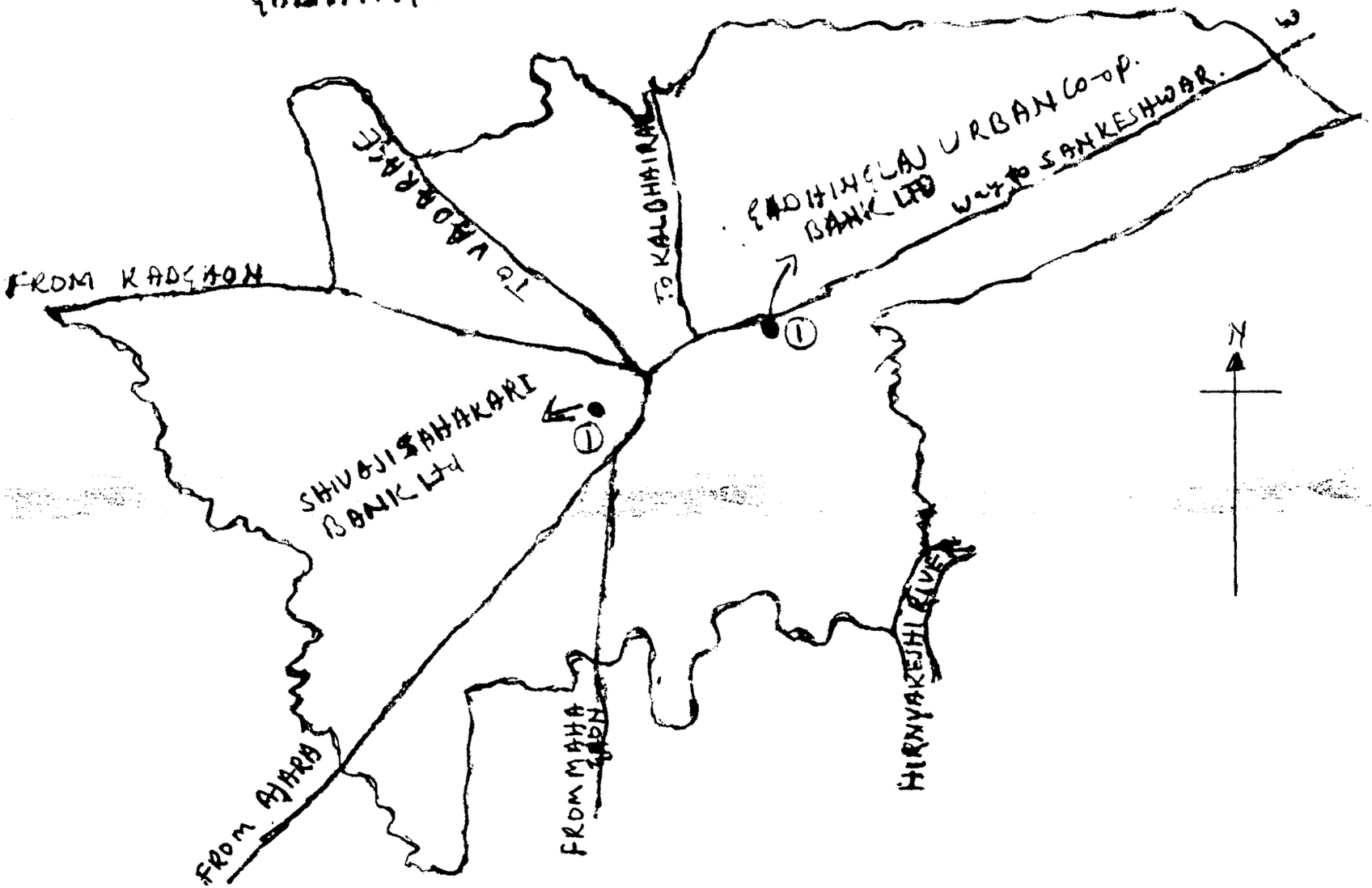
An an economic organisation it also works for profits but it gives prominence to the social objectives alongwith basic canous of banking. The bank has - traditional management. Though the final dicisions rest with General Body but the actual affairs of the bank rests with the Board of Directors. Planning for future gearing up for working of the bank to achieve the targets is also vested to the Board of Directors.

But a Board of Directors cannot possibly manage a complete bank. It has neither the time nor the ability to do that nor it is necessary that it should but it should be noted that the decision making is based on the information supplied to the top management by the middle

and base level management. Therefore, the manager is performing the middle management functions of this bank. The manager is the key person.in this bank. He regulates the business operations. He makes plans and takes steps to carryout the general policies laid down by the Board of Directors. He also plans the internal business - activities and assigns appropriate duties to the - employees who are working at buse level management to carryout policies and plans approved by the Board of Directors.

It is to be further noted that the bank reflects the co-operative features and business features in its financial transactions. A major portion of its deposits come from individual members and non-members also. - Lending policy is in favour of its members only, after considering their attention on financial management. As the bank is dealing in deposits, loans and advances, it mobilise the deposits from people and formating economical management. The bank management is always considering market competition and has given special attention for collecting deposits from people and sanctioning the loans to the needed members.

NUMBER OF URBAN CO OP BANKS IN GADHINGLAJ TOWN



2-6 : iii) PRESENT POSITION OF THE BANK :

After discussing the management of Bank, it is better to see present position of the Bank. This can be studied as under.

1) AREA OF OPERATION :

The Bank's area of operation was restricted to the Gadhinglaj Municipal area in 1950-51. The area of operation remained unchanged upto 1969-70. But it also served whole of the Gadhinglaj Taluka since from 1970-71.

2) MEMBERS :

" The members of the Bank admitted on to adult individuals, who are competent to contract and resides within the area of operation of the bank."[22] They are classified into Regular members, which are known as"A"class members and Nominal members which are known as "B" class members. In the beginning of the banking business there were only 94 members. They were all "A" class members. The bank started to serve "B" class members since from 1970-71. The following table shows the numberical trend of members of the bank for the period of 10 years from 1976-77 to 1985-86.

TABLE NO. 2-5

Table showing the numberical trend of members, during the period from 1976-77 to 1985-86.

year ended on 30th June	"A" members	"B" members	Total
1977	1492	879	2371
1979	1548	1291	2839
1982	1981	1907	3888
1986	2337	2356	4693

SOURCE : Annual Reports of the Bank from 1977 to 1986.

The above table indicates the membership of the bank registered a sharp increase in the tune with the growth of co-operative activity and wider disperal of the financial assistance to individuals. The total number of both classes members rose from 2371 at the end of 1977, to 2839 at the end of 1979, to 3888 at the end of 1982 and to 4693 at the end of 1986, indicating sharp increase of 97.93%. A class members rose continuously from 1492 at the end of 1977, to 1548 at the end of 1979, to 1981 at the end of 1982, to 2337 at the end of

1986. This showing growth of 56.34% during the last 10 years. B class members also rose from 879 at the end of 1977 to 1291 at the end of 1979, to 1907 at the end of 1982, 2356 at the end of 1986. This representing sharp growth of 168-03%.

In the decade the rate of average total members rose from 156 in 1977 to 1979, 350 in 1980 to 1982 and reduced to 201 in 1981 to 1986. The average rate of A class members rose from 18.66 in 1977 to 1979, 144-33 in 1980 to 1982, and reduced to 89 in 1981 to 1986. And also the average rate of B class members rose from 137 in 1977 to 1979, 205 in 1980 to 1982, and decreased to 112 in 1981 to 1986.

3) SHARE CAPITAL :

Mobilisation of share capital was very difficult task at the time of starting the banking business in 1950-51 due to clutches of money lenders in the market. For this purpose first leading power of bank who were also members of Board of Directors had struggled very much. The Board's policy in respect of mobilisation of share capital was guided by power and it was needed for mobilisation of resources share capital is prime element of owned fund.

The authorised capital of the bank was - Rs. 1,25,000 in shares of Rs. 10 each in 1950-51. It was raised from Rs. 1,25,000 to Rs. 3,00,000 in 1972-73, to Rs. 5,00,000 in 1976-77. At present the authorised capital consists of 20,000 shares of Rs. 25 each. The paid up capital of the bank was Rs. 27,720 in shares of Rs. 10 each in 1950-51. It was raised from Rs. 27,720 in 1950-51 to Rs. 1,24,930 in 1972-73, to Rs. 1,43,950 in 1975-76. The following table consists of the position of paidup capital during the decade from 1976-77 to 1985-86.

TABLE NO. 2-6

Table showing the amountwise trend of paidup capital during the period from 1976-77 to 1985-86.

year ended on 30th June	paid up capital (Rs.in lakhs) Rs.	paidup capital per member Rs.	Percentage of paidup capital to owned fund %	percentage of paidup capital to working capital %
1977	1-57	66	38-57	4-67
1979	2-07	73	32-70	4-16
1982	3-21	83	23-86	2-95
1986	4-61	98	14-29	1-90

SOURCE : Annual Reports of the bank from 1977 to 1986.

The table No. 2-6 clearly shows that growth of paidup capital which increased continuously from Rs.1-57 lakhs at the end of 1977 to Rs. 2-07 lakhs at the end of 1979, toRs. 3-21 lakhs at the end of 1982, to Rs. 4-61 lakhs at the end of 1986.

The table No.2.6 also indicates that the paid up capital permember increased from Rs.66 in 1977 to Rs.73 in 1979 to Rs.83 in 1982, to Rs.98 in 1986.

The average rate of growth of paid up capital stepped up from Rs.0-17 lakh in 1977 to 1979, to Rs.0-38 lakh in 1980 to 1982, but it dropped to Rs.0-35 lakh in 1983 to 1986. The paid up capital of the Bank shut up from Rs.1.57 lakhs at the end of 1977 to Rs.4.61 lakhs at the end of 1986. The paid up capital of the Bank multiplied nearly 3 times during the last deceade from 1977 to 1986.

But the table No.2.6 reveals that the percentage of paid up capital to owned fund declined from 38.57% at the end of 1977, to 32.70% at the end of 1979, to 23.86% at the end of 1982, to 14.29% at the end of 1986. Whereas the percentage of paid up capital to working capital - dropped from 4.67% at the end of 1977 to 4.16% at the end of 1979, to 2.95% at the end of 1982, to 1.90% at the end of 1986. These percentages indicate the unsatisfactory trend of the Bank's share capital. While it should be noted that the growth rate of the paid up capital stepped up to 31.93% at the end of 1979, to 104.21% at the end of 1982, to - 193.52% at the end of 1986. These noted the satisfactory percentage rates, during the year 1977 to 1986. Every admitted member required to acquire share of the Bank. This is the major cause for spectacular increase in paid up capital.

4) RESERVE &OTHER FUNDS :

Reserve & other funds are the second major element of owned fund. These are helpful to remove financial obstacles of the Bank. At present the Bank is allocating 25% of the net profit towards Reserve Fund, 25% of the net profits towards Special Reserve Fund, 15% of the net profit towards Dividend. The balance of net profit is allocating towards Building fund, Dharmaday Fund, Sanskrutik Vikas Fund,Dividend Equalisation fund, Gratuity Fund, Reserve for Doubtful Debts, Permanent increase in the Reserve & other Funds reveal financial soundness of the banking business. The following table reveals the position of Reserve & other Funds of the Bank during the period from 1976-77 to 1985-86.

TABLE NO. 2.7

Table showing the position of Reserve & other Funds during the period from 1976-77 to 1985-86.

(Rs. in Lakhs)

Year ended on 30th -	Reserves Other - fund Rs	Increase Rs.	Percentage of the Reserve & other Funds to owned fund. %	Percentage of the Reserve & other Funds - to working capital %
1977	2-50	-	61-43	7-43
1979	4-26	1-76	67-30	8-57
1982	10-24	5-98	76-14	9-44
1986	27-65	17-41	85-71	11-44

SOURCE : Compiled from Annual Report of the Bank.

The table No. 2.7 indicates that the Reserve & other Fund, which were Rs. 2-50 lakhs at the end of 1977 increased by Rs.1-76 lakhs at the end of 1979, by Rs. 5-98 lakhs at the end of 1982, by Rs.17-41 lakhs at the end of 1986. It means Reserve, & other Funds by 11-06 times at the end of 1986 as compacing to the Reserve & Other Funds of 1977.

The Table No. 2.7 also reveals that the percentage of Reserve & other Funds to owned Funds stepped up from

61.43% at the end of 1977, to 67-30% at the end of 1979, to 76-14% at the end of 1982, & to 85-71% at the end of 1986.

The percentage of Reserve & other Funds to working capital also rose from 7-43% at the end of 1977, to 8-57% at the end of 1979, to 9-44% at the end of 1982, 11-44% at the end of 1986.

4) OWNED FUNDS :

The owned funds are the total of share capital & Reserve & other Funds. The owned funds are useful to face the financial difficulties of the bank. So the large amount of owned funds, working as a shockobserving cushion of the bank. The following table showing the position of owned funds during the period from 1976-77 to 1985-86.

TABLE NO.2.8

The table showing the position of owned Funds during the period from 1976-77 to 1985-86.

(Rs. in lakhs)

Year ended on 30th - June.	Owned Funds Rs	Increase Rs	Percentage of Owned Funds to working capital %
1977	4-07	-	12-10
1979	6-33	2-26	12-73
1982	13-45	7-12	12-39
1986	32-26	18-81	13-34

SOURCE : Compiled from Annual Reports of the Bank.

The Table No. 2.8 clearly indicates that the Owned Funds which were Rs. 4-07 lakhs in 1977, increased by - Rs. 2-26 lakhs in 1979, by Rs. 7-12 lakhs in 1982, stepped up by Rs. 18-81 lakhs in 1986.

The percentage of owned Funds to working capital which was 12-10% at the end of 1977 increased to 12-73% at end of 1979, but the same percentage is decreased 12-39% at the end of 1982 & it was againt increased to 13-34% at the end of 1986.

5) DEPOSITS & OTHER ACCOUNTS :

The Bank accepts deposits from its members and also from non members. It is the main function of the Bank. Similarly deposits are main part of the resources of the Bank. " Deposits may be received under the co-operative societies Act & Rules,on such rates of interest and subject to such rules and regulations as may be approved by the Board of Directors and also subject to the directives issued by the RBI in this from time to time ".[23]

The Researcher observed that the Bank has accepted deposits mainly from individuals. The members have less capacity to save and they need accommodation from the - Bank. In a way the credit goes to the Bank which has attracted deposits from non-members while working a competitive banking business. The following table showing the position of deposits & other Accounts of the Bank and their contribution into working capital of the Bank from the year 1977 to 1986.

TABLE NO.2.9

The Table showing the position of deposits and other Accounts and their contribution in to - working capital of the Bank from the year 1977 to 1986.

(Rs. in lakhs)

Year ended on 30th - June.	Deposits & Other - Accounts. Rs.	Increase Rs.	Percentage of Deposits & other Accounts to - working capital %
1977	27-98	-	83-18
1979	41-23	13-25	82- 9
1982	85-22	43-99	78-56
1986	199-45	114-23	82-49

SOURCE : Compiled from Annual Reports of the Bank.

The table No.2.9 clearly shows that the total deposits & other Accounts which were Rs.27-98 lakhs in 1977 increased to Rs.41-23 lakhs in 1979, to Rs. 85-22 lakhs in 1982, to Rs. 199-45 lakhs in 1985-86. The deposits - increased by 7-13 times during the year from 1977-1986.

The table No.2.9 also indicate that the percentage of deposits and other accounts to working capital was - increased from 83-18% in 1977 to 82-90% in 1979 but the same percentage declined to 78-56% in 1982 & then again the same percentage increased to 82-49% in 1986.

TABLE NO. 2.10

Table showing the position of various Schemes of deposits from 1977 to 1986.

(Rs. in lakhs).

Deposits	1977		1979		1982		1986	
	Rs.	% to Total Deposit.	Rs.	% to total Deposit.	Rs.	% to Total Deposit	Rs.	% to Total Deposit.
2. Staff provident Fund and staff compulsory Deposits.	0-19	0-67	0-31	0-76	0-71	0-83	2-01	1-01
3. Saving Deposits	8-43	30-13	14-32	34-72	28-73	33-72	44-43	22-27
4. Current Deposits	0-88	3-21	2-18	5-29	1-81	2-12	2-53	1-28
5. Call Deposits	-		0-02	0-04	0-02	0-02	-	-
Total Deposits	27-97	100	41-24	100	85-22	100	199-43	100

SOURCE : A) Compiled from Office record of the Bank.

B) Percentage calculated.

TABLE NO. 2.10

wing the position of various Schemes of deposits from 1977 to 1986.

(Rs. in lakhs)

	1977		1979		1982		1986	
	Rs.	% to Total Deposit.	Rs.	% to Total Deposit	Rs.	% to Total Deposit.	Rs.	% to Total Deposit.
	13-24	47-32	12-64	30-64	22-69	28-62	42-11	21-11
	0-49	1-75	0-69	1-69	1-36	1-60	3-38	1-7
osit	4-07	14-57	5-29	12-84	7-94	9-32	10-81	5-42
	0-66	2-35	5-79	14-02	21-96	25-77	91-08	45-67
	-	-	-	-	-	-	0-81	0-41
	-	-	-	-	-	-	0-12	0-06
	-	-	-	-	-	-	0-11	0-06
	-	-	-	-	-	-	0-38	0-19
	-	-	-	-	-	-	1-66	0-82
	18-47	65-99	24-41	59-19	53-95	63-31	150-46	75-44

At present stage Bank is collecting the deposits under main schemes like term deposits, saving deposits, current deposits from the customers of the Bank.

TERM DEPOSITS :

' A Term Deposit is withdrawable after the period contracted for 24 The term deposits include the following deposits.

i) Fixed Deposits.
ii) Recurring Deposits
iii) Dainandin Bhishi Deposits
iv) Damdupatt Depposits
v) Lakshadhish Deposits
vi) Shubha Mangal Deposits
vii) Pension Deposits
viii) Certificate Deposits.
ix) Samrudhi Deposits.

Out of the above Term Deposits schemes Bank is collecting deposits under Lakshadish Deposits, Shubh - Mangal Deposits, Pension Deposits, Certificate Deposits, Schemes since 1982-83 & under samrudhi Deposits scheme since 1983-84.

The Table No.2.10 indicates that Term deposits which were Rs. 18-67 lakhs at the end of 1977, increased to Rs. 24-61 lakhs at the end of 1979, to Rs. 53-95 lakhs in 1982, to Rs. 150-46 lakhs, at the endof 1986. The -

BARR. BALASAHEB KHARDEKAR LIBRARY
SHIVAJI UNIVERSITY, KOLHAPUR

percentage of Term Deposits to Total Deposits which was 65-99% at the end of 1977, declined to 59-19% at the end of 1979, but this percentage increased to 63-31% in 1982, to 75-44% in 1986.

The table No. 2.10 also indicated that the Bank has collected Terms Deposits mainly under Fixed - Deposits scheme, Dainandin Bhishi deposits scheme, - Damdupat Deposits Scheme, The fixed deposits which were Rs. 13-24 lakhs in 1977, decreased to Rs. 12-64 lakhs in 1979, & these deposits increased to Rs. 22-69 lakhs in 1982, to Rs. 42-11 lakhs in 1986. The percentage of Fixed deposits to total deposits went on decreasing in these years from 1977 to 1986. The percentage of Fixed Deposits to Total Deposits which was 47-32% at the end of 1977 - declined to 30-64% at the end of 1979, to 26-62% at the of end of 1982, to 21-11% at the end of 1986.

The table No. 2.10 also reveals that Dainandin Bhishi deposits which were Rs. 0-49 lakh in 1977 increased to Rs. 0-69 lakh in 1979, to Rs. 1-36 lakh in 1982, Rs.3-38 lakhs in 1986. The percentage of Dainandin Bhishi Deposits to total deposits which was 14-57% at the end of 1977 - declined to 12-84% at the end of 1979, to 9-32% at the end of 1982, to 5-42% at the end of 1986.

The table No.2.10 shows that the Damdupat Deposits which was Rs. 0-66 lakh at the end of 1977 increased to - Rs.5-79 lakhs at the end of 1979, to Rs.12-96 lakhs in 1982

to Rs. 91-08 lakhs at the end of 1986.

The percentage of Damdupat Deposits to Total Deposits which was 2-38% at the end of 1977 increased to 14-02% at the end of 1979, to 25-77% at the end of 1982, to 45-67% at the end of 1986.

The table No. 2.10 also clearly shows the amount and percentages Recurring Deposits Lakshadhish Deposit, Shubhmangal Deposits, Pension Deposits, Provident Fund Deposit to Total Deposit were very poor.

SAVINGS DEPOSITS :

" A savings Account or Savings Bank Account or Savings Deposit Account is a form of demand deposit. It is subject to restrictions as to the number and amount of withdrawals permitted by the bank during any specified period "25. Saving Deposits Scheme is one of the important scheme which develop the habit and thrift among the members and non members of the Bank . A person who is a member - of this scheme receives pass book and cheque book facilities immediately on opening saving Deposit Account with the - Bank. A member of this type of deposit can withdraw the amount once or twice in a week. He has to give notice to the Bank for drawing amount beyond the limit prescribed by RBI. In the case of saving Deposit interest is allowed to pay on the minimum balance in the account during the

period from tenth of the month to the last day of each calender month.

The table No. 2.10 indicates that the Saving Deposits which were Rs. 8-43 lakhs in 1977 increased to Rs. 14-32 lakhs in 1979, to Rs. 28-73 lakhs in 1982, to Rs.44-43 lakhs in 1986. The percentage of Saving Deposits to Total Deposits which was 30-13% in 1977 increased to 34-72% in 1979, but the same percentage is decreased to 33-72% in 1979, to 22-27% in 1986.

CURRENT ACCOUNT :

" Deposits maintained in the form of a current Account are withdrawal on demand any number of times depending upon the balance or upto agreed amount" 26. A member of the current deposits scheme also receives pass book, Cheque Book facilities immediatelyon opening Current Account with the bank. This Scheme is mostly used by businessmen, Parternership firms, Professionals and other organisations, who required to operate this account frequently.

The table No. 2.10 clearly shows that the amount of current deposits which was Rs. 0-88 lakh in 1977 increased to Rs. 2-18 lakhs in 1979, but same deposits in - decreased to Rs. 1-81 lakh in 1979 and then this current deposit again increased to Rs. 2-53 lakhs in 1986.

The table No. 2.10 also indicates that the percentage current deposits to total deposit increased from 3-21% in 1977 to 5-29% in 1979 but the same - percentage in declined to 2-12% in 1982, to 1-28% in 1986.

The table No. 2.10 indicates that the Call - deposits which were Rs. 0-02 lakh in 1979 remained same in 1982 but there were balance on account of call deposit in the years 1977 and 1986.

6. RESOURCES :

Owned Funds, Deposits and borrowings of the bank are the main elements of Resources of the Bank. This - Bank has borrowed the money from other banks only in the years 1981-82, 1982-83, 1983-84 Rs.3-56 lakhs, Rs. 1-49 - lakhs, Rs. 0-13 lakh respectively .The following table showing the position of Resources during the years from 1976-77 to 1985-86.

TABLE NO. 2.11

The table showing the position of Resources of the Bank during the period from 1976-77 to 1985-86.

(Rs. in lakhs)

Year eneded on 30th - June.	Resources Rs	Increase Rs	Percentage of Resources to working capital %
1977	32-05	-	95-27
1979	47-56	15-51	95-63
1982	98-67	55-11	90-95
1986	231-71	133-04	95-83

SOURCE : Compiled from Annual Reports of the Bank.

The table No. 2.11 clearly shows that the resources of the Bank which were Rs. 32-05 lakhs in 1977 increased by Rs. 15-51 lakhs at the end of 1979, by Rs. 55-11 lakhs in 1982 by Rs. 133-04 lakhs in 1986.

The table No. 2.11 indicates that the percentage of Resources to working capital increased from 95-27% at the end of 1977, to 95-63% at the end of 1979 but the same percentage declined to 90-95% at the end of 1982 but thereafter the percentage of Resources to working capital increased to 95-83% at the end of 1986.

7. WORKING CAPITAL :

The working capital always shows the turnover of financial positi n of Urban Co-op. Banks. It is - an important part of the Urban Co-op. banking activities. The following table shows the position of working - capital of the Bank during the period from 1976-77 to 1985-86.

TABLE NO. 2.12.

The table shwowing the position working capital of the Bank during years from 1976-77 to 1985-86.

(Rs. in lakhs)

Year ended on 30th June.	Working Capital Rs	Increase	Average growth per year Rs
1977	33-64	-	20-81
1979	49-73	16-09	20-81
1982	108-48	58-75	20-81
1986	241-78	133-30	20-81

SOURCE : Compiled from Office Record of the Bank.

The table No. 2.12 clearly indicates that the working capital of the Bank which was Rs. 33-64 lakhs at end of 1977 increased by Rs. 16-09 lakhs at the end of 1979, by Rs. 58-75 lakhs at the end of 1982, Rs.133-30 lakhs at the end of 1986.

The table No. 2.12 also reveals that the average growth of working capital during the years from - 1976-77 to 1985-86 were Rs. 20-81 lakhs per year.

8. LOANS AND ADVANCES :

Lending to the members is the major function of the urban co-op.bank.The Bank sanctions the loans and advances after considering the directives issued by the RBI. The following table showing the position of loans and advances of the Bank during the years from 1976-77 to 1985-86.

TABLE NO. 2.13

Table showing the position of loans and - advances of the Bank during the period from 1976-77 to 1985-86.

(Rs. in lakhs)

Year ended on 30th June.	Loans and Advances Outstanding Rs	Percentage of loans and adv. to working capital %	Credit Deposit Ratio %
1977	19-32	57-43	69-05
1979	29-52	59-36	71-60
1982	78-63	72-48	92-27
1986	155-46	64-30	77-94

SOURCE : A) Compiled from Annual Report of the Bank.

B) Percentage calculated.

The table No. 2.13 clearly indicates that the loans and advances outstanding rose from Rs.19-32 lakhs at the end of 1977, to Rs. 29-52 lakhs at the end of - 1979, to Rs. 78-63 lakhs at the end of 1982, Rs.155-46 - lakhs at the end of 1986.

The table No. 2.13 also indicates that the - percentage of loans and advances to working capital of the Bank increased from 57-43% at the end of 1977 to 59-36% at the end of 1979, to 72-48% at the end of 1982 but the same percentage is decreased to 64-30% at the end of 1986.

The table No. 2.13 reveals that the credit deposit ratio rose from 69-05%at the end of 1977 to - 71-60% at the end of 1979, to 92-27% at the end of 1982 and declined to 77-94% at the end of 1986.

9. <u>OVERDUES</u> :

There is a general belief that loans given by the co-operative bank are not repaid in time result in high percentage of overdues. This however, does not apply to all the Urban Co-op.Banks. The following table shows the position of overdues the Bank during the period from 1976-77 to 1985-86.

TABLE NO. 2.14

The table showing the position of overdues of the Bank during the period from 1976 to 1985-86.

(Rs.in lakhs)

Year ended on 30th June.	Total Loans Advances outstanding. Rs	Total overdues. Rs	Percentage of overdues to loan and advances outstanding %
1977	19-32	0-52	2-68
1979	29-52	0-48	1-68
1982	78-63	1-78	2-26
1986	155-46	4-24	2-72

SOURCE: A) Compiled from Annual Reports of the Bank.

B) Percentage Calculated.

The table No. 2.14 shows that the overdues which were Rs. 0-52 lakhs at the end of 1977, increased to - Rs 0-48 lakhs at the end of 1979, to Rs. 1-78 lakhs at the end of 1982, to Rs. 4-24 lakhs at the end of 1986.

The table No. 2-14 also indicates that the percentage of overdues to loans and advances outstanding delined from 2-68% at the end of 1977 to 1-68% at the end of 1979, but the percentage of overdues to loans and - advances, increased to 2-26% at the end of 1982, to 2-72% at the end of 1986.

10) COST OF MANAGEMENT :

Controlling reducing cost of management is the essential feature of sound financial system. The following table showing the position of cost of management of the - Bank during the period from 1976-77 to 1985-86.

TABLE NO. 2.15

The table showing the position of cost of management of Bank during the period from 1976-77 to 1985-86.

(Rs. in lakhs)

Year ended on 30th June.	Cost of management Rs.	Percentage of cost of management to - working capital %
1977	0-71	2-09
1979	0-88	1-77
1982	1-79	1-65
1986	4-29	1-77

SOURCE : A) Compiled from Annual Reports of the Bank.

B) Percentage calculated.

The table No. 2.15 clearly shows that the cost of management which was Rs. 0-71 lakh at the end of 1977, - increased to Rs. 0-88 lakhs at the end of 1979, to Rs. 1-79 lakhs at the end of 1982, to Rs. 4-29 lakhs at the end of 1986.

The table No. 2.15 also indicates that the percentage of cost of management to working capital - declined from 2-09% at the end of 1977, to 1-77% at the end of 1979, to 1-65% at the end of 1982 but the same percentage is increased to 1-77% at the end of 1986.

11) PROFITS AND DIVIDENDS :

Earning profit is not a motto of the Urban Co-op. Banks.service is the motto of the urban co-op.banks. But the Urban Co-Op. Banks have to make profit for future - development of the Bank. The following table showing the position of profits and dividend declared by the Bank during the years from 1976-77 to 1985-86.

TABLE NO. 2.16

The table showing the position of profit and - dividend declared by the Bank during period from 1976-77 to 1985-86.

(Rs. in lakhs)

Year ended on 30th June.	Net profit Rs	Dividend Rs	Percentage of Net - Profit to working capital %	Percentage of Net profit to owned fund %
1977	0-81	0-13	2-40	19-90
1979	1-24	0-22	2-89	19-62
1982	3-43	0-35	3-16	25-52
1986	4-73	0-69	1-95	14-66

SOURCE :- A) Compiled from Annual Reports of the Bank.

B) Percentage calculated.

The table No. 2.16 clearly shows that the Net profit of the Bank which was Rs.0-81 lakh at the end of 1977, increased to Rs. 1-24 lakh at the end of 1979, to Rs. 3-43 lakhs at the end of 1982, to Rs.4-73 lakhs at end of 1986.

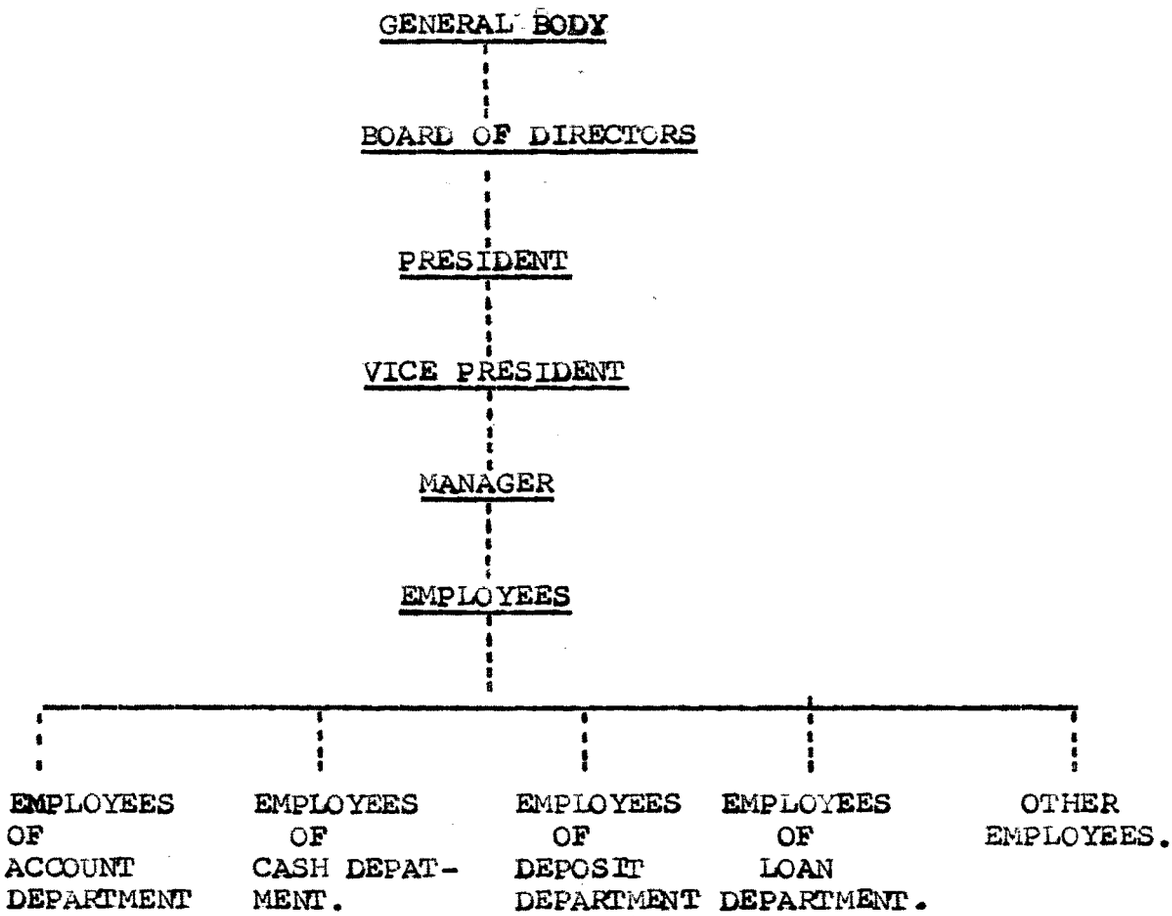
The table No. 2.16 indicates that the dividend dedleared by the Bank increased from Rs. 0-13 lakh in - 1976-77 to Rs. -022 lakh in 1978-79, to Rs. 0-35 lakh in 1981-82, to Rs. 0-69 lakh in 1985-86.

The table No. 2.16 also reveals that the percentage of Net profit to working capital increased from 2-40% - at teh end of 1977, to 2-49% at the end of 1979, to - 3-16% at the end of 1982, but the percentage of net profit to working capital declined to 1-95% at the end of 1986.

The table No. 2.16 indicates that the percentage of Net profit to owned fund decreased from 19-90% at the end of 1977, to 19-62% at the end of 1979, but the percentage of Net Profit to owned fund increased to 25-52% at the end of 1982, but the same is declined to 14-66% at the end of 1986.

2.6 IV

ORGANISATIONAL CHART OF THE BANK



REFERENCES -

1. C.B.Mamoria & R.D. Saksena — 'Co-Operation in India ' Kitab Mahal Allahabad, 1977 Page No. 359.

2. B.S.Mathur. — 'Co-Operation in India ' Sahitya Bhavan Agra, 1984 Page No. 262.

3. R.B.I. — 'Report of the Committee on Urban Co-op.Banks' 1977, Page No. 11.

4. B.S.Mathur. — 'Co-operation in India' Sahitya Bhavan Agra, 1984.

5. S.S.Sisodia. — 'Urban Co-Op. Banks in India' Inter India Publication, 1986 Page No.29.

6. S.M.Ghatpande. — 'The Role of Nigerian Co-op.Banks in Agricultural finance ' A Co-operative Journal Co-Op.Perspective ' Vol 17, No.4, Jan-March 83, Page No.35.

7. A booklet published by 'Anyonya Sahakari Mandali Co-op. Bank Ltd., Baroda, August 1986.

8. Platinum Jubilee Magazine of the Shamrao Vithal Co-op.Bank Ltd, Page No.7.

9. Abdul Kareem Khan 'Role of Urban Co-op.Banks' A Co-operative Journal Urban Credit, New Delhi Vol 3, No.2, June 1981 Page No.34.

10. R.B.I. 'Report of the committee on Urban Co.op.Banks' 1979, Page No. 26.

11. S.S.Sisodia 'Role of Urban Co-Op.Bank' Co-operation for Development 4th All India Conference of Urban Co-Op.Banks & Credit Societies, New Delhi on 25th & 26th Nov. 1986. Page No.1.

12. Hajela T.N. 'Principles, Problems, & Practice of Co-operation' Shivlal Agrawal, Agra 1973. Page No.431.

13. G.M.Laud. "Seven Decades of innovative Banking 1911-1981 " Maharashtra state Co-op.Bank Ltd., Page No. 138.

14. R.B.I. Report of the committee on Urban Co-Op.Banks' 1979, Page No. 26.

15. R.B.I. Report of the committee on Urban Co-Op.Bank's 1979, Page No. 27.

16. R.B.I. Report of the committee on Urban Co-Op.Bank's 1979, Page No. 29.

17. Urban Co.Op.Banks & Credit societies conference Magazine 3rd All India Conference of Urban Co-Op.Banks & Credit Societies New Delhi, 1984, Page No.28.

18. Urban Co-Op.Banks & Credit Societies conference Magazine 4th All India Conference of Urban Co-Op.Banks & Credit Societies, New Delhi, 1986 Page No.21.

19. Constitutional Documents of the Gadhinglaj Municipality.

20. Roupya Mahostav Smurtigranth of Shri Veershaiv Co-Op.Banks Ltd. Kolhapur 1969.

21. R.B.I. Mannual for Urban Co-Op.Banks Bombay - 1984. Page No. 3.

22. Byelaws of the Bank Page No.5.

23. Byelaws of the Bank Page No. 25.

24. R.B.I. Credit Information Review No.79, of Feb. 1986.

25. R.B.I. Credit Information Review No.79, of Feb.1986.

26. R.B.I. Credit Information Review No.79, of Feb.1986.