

CHAPTER TWO

Profiles of Selected
Urban Co-operative
Banks.

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2.1 Urban Cooperative Banks

Introduction : The banking sector in India, as is well known, consists of big nationalised banks, other scheduled commercial banks and co-operative banks (including state, district co-operative and urban co-operative banks). Among the non-agricultural credit societies urban co-operative banks occupy an important place. E.M. Hough observed " Urban banks form the most important single group under non-agricultural credit societies "¹ They cater to the credit needs of people residing in urban areas. They advance loans mostly to the small traders, artisans, factory workers and salary earners on personal security as well as against gold, silver and produce. They accept deposits of various types and thereby afford facilities for investment to persons of small means. The urban co-operative banks provide support to urban people as village co-operative credit societies provide services to their members. In this context G.S. Kamat observed " An Urban Co-operative Bank is thus conceived as almost as urban counter-part of a village co-operative credit society."²

Definition :

According to the Study Group on Credit Co-operatives in the Non-Agricultural Sector " any credit organisation which is registered under the State Cooperative Societies Act, which has a minimum paid up capital of Rs. 50,000 and which provides banking facilities to its members and customers in urban and

semi-urban areas can be considered as an urban co-operative bank."³

2.2 History and development of Urban Co-operative Banks

In India

Germany was the first country in the world to apply the principles of co-operation in the field of credit. In India Urban Co-operative credit movement was started 100 years back.

The first Urban Credit Society was organised by a few middle-class Maharashtrian families in the Baroda State on February 5, 1889 at Baroda, under the guidance of Mr. Vithal Laxman Kavathekar and in Madras the first such society was registered in October 1904 at Conjeevaram.

Co-operative Societies Act of 1904 facilitated establishment of Urban Co-operative Banks and the subsequent expert committees like the Mc Clagan Committee (1915), Central Banking Enquiry Committee (1931), Co-operative Planning Committee (1946), Varde Committee (1963) have, from time-to-time, made valuable recommendations for their growth and development on sound lines. In 1966, the Urban Cooperative Banks were brought within the purview of the Banking Regulation Act of 1949 (as applicable to the co-operative banks). Since then, as a result of greater control and better direction to the Urban Co-operative Banks, one notices rapid development and increase in number of Urban Co-operative Banks. On 30th June 1987, there were 1340 Urban

cooperative banks in India, with the owned funds of Rs. 780 crores, deposits went up of Rs. 4300 crores and outstanding loans and advances of Rs. 3900 crores. The annual growth rate recorded by the urban banks during the period (1977 to 1987) ranged between 17.15% to 34.69% . The growth rate in the year 1983-84 was 33.33% as compared with a growth rate of 18.2% in the case of commercial banks. If the present trends of growth are maintained by the urban cooperative banks, it is expected that the deposits of the banks would reach about Rs.7,000 crores by 1990 and their lendings would be around Rs.6,000 crores by that year.⁴

It is gratifying to note that 80 % of total Urban Co-operative Banks in India concentrated in four States namely Maharashtra, Gujarat, Karnataka and Tamil-Nadu. Out of these four States, Maharashtra enjoys a prominent position commanding a share of 27.6% of urban banks, 61.2% of their deposits and 52.5% of advances of all urban co-operative banks in the country. Thus, it is clear that Maharashtra State is the leading State in Urban Co-operative Banking industry in a whole country. It is, therefore, necessary to see the performance and genuine aspects of Urban Co-operative Banking industry in Maharashtra

2.3 Urban Co-operative Banks in Maharashtra

The first urban co-operative bank was started in Bombay on 27th December, 1906, named the Shamrao Vithal

Co-operative Bank, initiated by Rao Bahadur. In this context Abdul Kareem Khan observed " This bank was first in the country to initiate the concept of cumulative deposits in 1907, a scheme that has since been successfully adopted by all banks under various names of Recurring and Thrift Deposits"⁵

During the period of 1904 to 1915 number of 11 urban co-operative banks established in the 6 districts of Maharashtra. i.e., Bombay (2), Pune (3), Kolhapur(2), Solapur (1), Dhule (1) and Nagpur (2). The number started more increasing from 1915. Considerable enthusiastic beginning of the urban co-operative banks in Maharashtra also went on increasing trends within short span of time. The State conference of urban co-operative banks held at Nagpur in August 1967, adopted a resolution to the effect that the Maharashtra State Co-operative Bank should take steps to ensure adequate finance to the urban banks directly. Accordingly, it sanctioned during the year 1967-68 credit amounting to Rs. 88.80 lakhs to 19 urban banks. Such provision of finance should prove a stimulus to urban banks to expand their business further. Progress of Urban Co-operative Banks in Maharashtra is shown in tale 2.1

2.4 Urban Cooperative Banks in Western Maharashtra

After studying the development of urban co-operative banks in the whole Maharashtra in general, the study of these banks in Western Maharashtra, in

Table 2.1 : Progress of Urban Co-operative Banks in Maharashtra

Sr. No.	Particulars	1961 (a)	1971 (a)	1982 (a)	1984 (b)	1985 (b)
1.	Total Urban Banks.	149	250	352	371	376
2.	No. of Branches (Excluding H.O.)	N.A.	N.A.	N.A.	820	940
3.	Total No. of members (including nominal members) in lakhs	4.33	8.02	15.50	26.66	29.74
4.	Share Capital (Rs. in crores)	2.94	11.02	33.00	69.60	81.71
5.	Total Deposits (Rs. in crores)	12.43	87.98	665.00	1267.02	1592.61
6.	Total Loans outstanding (Rs. in crores)	N.A.	159.78	920.00	911.90	1112.30
7.	Total working Capital (Rs. in crores)	N.A.	11.23	868.00	1647.58	2064.91
8.	Total Profit in year (Rs. in crores)	0.25	1.60	11.00	20.05	23.55

Source : a) Co-operative Movement at Glance in Maharashtra 1982, Co-operative Department, Government of Maharashtra P.10

b) 'Statistical Statements Relating to Urban Co-operative Banks in Maharashtra' The Maharashtra State Co-operative Bank's Association Ltd., Bombay. 1984-85 P.No. 1

particular, is also an important part of the present study.

In Western Maharashtra, there are six districts viz Pune, Ahmednagar, Satara, Sangli, Solapur and Kolhapur. So far as development of urban co-operative banks is concerned these districts are leading one as compared to other 23 districts in Maharashtra. Out of 376 urban co-operative banks in Maharashtra, nearly 150 urban co-operative banks are in Western Maharashtra.

The position of Urban Co-operative Banks in Western Maharashtra as on 30th June 1985, is shown in Table 2.2.

2.5 Urban Co-operative Banks in Satara District

After considering the impressive progress of the Urban Co-operative Banks in Maharashtra and Western Maharashtra, now we will consider the progress of the urban co-operative banks in Satara District. The first urban co-operative bank was established at Karad (i.e. Karad Urban Co-operative Bank Ltd., Karad) district Satara on 24th January, 1917. This bank is oldest not only in Satara district but in entire Kolhapur Region (including Kolhapur, Sangli and Satara districts). During the period of 80 years (1917 to 1987), Urban co-operative banks were made very considerable progress in Satara District. There are 15 urban co-operative banks in Satara district as on 30 the June, 1983. Position of

Table : 2.2 : Urban Co-operative Banks in Western Maharashtra

Name of the District	No. of Urban Banks		Membership		Owned Funds		Deposits		Loans and Advanced outstanding					
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984				
1. Pune	39	39	1435	1777	1892	1142	1283	1678	12279	15118	18556	9219	10972	13767
2. Kolhapur	42	42	1979	2285	2452	1252	1490	1751	8351	10032	12113	6599	8046	9664
3. Solapur	18	18	527	5934	642	441	546	682	3131	3889	4984	2456	3116	3772
4. Sangli	19	21	601	708	800	493	601	720	4455	5404	7019	3821	4822	5692
5. Satara	14	14	522	576	643	539	652	819	2923	3335	4188	2386	2858	3317
6. Ahmednagar	2	4	50	80	97	23	32	38	85	111	165	59	84	96

Source : ' Statistical Statements Relating to Urban Co-operative Banks in Maharashtra ' The Maharashtra State Co-operative Banks' Association Ltd., Bombay 1984-85 P.1

Table : 2.3 Position of Urban Co-operative Banks in Satara District as on 30.6.1985
(Rs. in lakhs)

Sr. No.	Name of the Bank	Date of Registration	No. of Br.s	Total No. of staff excluding H.O.	Member-ship	Paidup share Capital	Reserve Funds	Total Deposits	Loans & Advances	Profit/Loss for the year.
1.	Karad Urban Co-operative Bank Ltd., Karad	24.01.1917	7	96	7238	12.30	108.42	880.56	611.14	5.19
2.	Koregaon Peoples' Sahakari Bank Ltd., Koregaon.	04.12.1929	-	19	2547	9.68	17.54	148.15	110.39	3.32
3.	Wai Urban Co-operative Bank Ltd., Wai	06.08.1930	2	34	3438	5.00	23.62	276.08	136.16	6.63
4.	Rayat Sevak Co-operative Bank Ltd., Satara	16.08.1940	4	57	9626	159.12	23.68	345.38	433.06	23.06
5.	Mahabaleshwar Urban Co-operative Bank Ltd.	07.04.1935	-	15	3830	4.42	3.90	49.97	39.15	1.15
6.	Prathamik Shikshak Sahakari Bank Ltd., Satara	17.04.1948	8	112	7835	72.45	11.29	348.65	442.60	4.23
7.	Phaltan Urban Co-operative Bank Ltd.	30.12.1951	-	9	2026	2.96	0.62	21.72	16.53	0.43
8.	Janata Sahakari Bank Ltd., Satara	07.03.1963	5	130	15253	25.56	21.45	559.71	489.62	8.01

Contd.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11
9.	Krishna Sahakari Bank Ltd. Rethare Budrak	29.05.1971	5	123	19005	4.07	135.83	856.73	449.53	33.00
10.	Pritisangam Sahakari Bank Ltd., Karad	03.07.1973	-	9	3110	3.42	2.70	44.84	33.29	0.90
11.	Yeshwant Sahakari Bank Ltd, Phaltan	12.06.1975	-	7	2248	4.97	3.01	46.46	26.97	1.08
12.	Shrimant Malojiraje Sahakari Bank Ltd., Phaltan.	20.07.1975	-	11	3197	6.78	3.62	45.79	41.40	1.38
13.	Mayani Urban Co-operative Bank Ltd., Mayani	16.12.1976	-	7	3838	6.10	2.14	26.14	21.52	1.07
14.	Karad Janata Sahakari Bank Ltd.	22.10.1982	4	68	6020	14.77	53.60	526.93	458.26	13.63
15.	Sainik Sahakari Bank Ltd., Satara.	22.06.1984	1	22	1220	5.83	0.08	11.31	7.60	0.05

Sources :- Statistical Statements Relating to Operations of Urban Co-operative Banks in Maharashtra ; The Maharashtra State Co-operative Bank's Association Ltd., Bombay. 10th September 1986, pp 23-24.

Urban Co-operative Banks in Satara District is shown in Table No.2.3

Position of Urban Co-operative Banks Under Study with Compared to all Urban Banks in Satara District.

There are 15 Urban Co-operative Banks in Satara District, of which, Rayat Sevak Co-operative Bank Ltd., Prathamik Shikshak Sahakari Bank Ltd., Janata Sahakari Bank Ltd., Karad Urban Co-operative Bank Ltd., and Krishna Sahakari Bank Ltd. are leading Urban Co-operative banks and 4 banks out of 15 urban banks are working in Satara city. 4 Urban banks under study played very significant role in the provision of financial assistance to Low and Middle Income Group people, particularly in urban and semiurban areas. Position of urban banks under study with compared to all other urban banks is shown in Table 2.4.

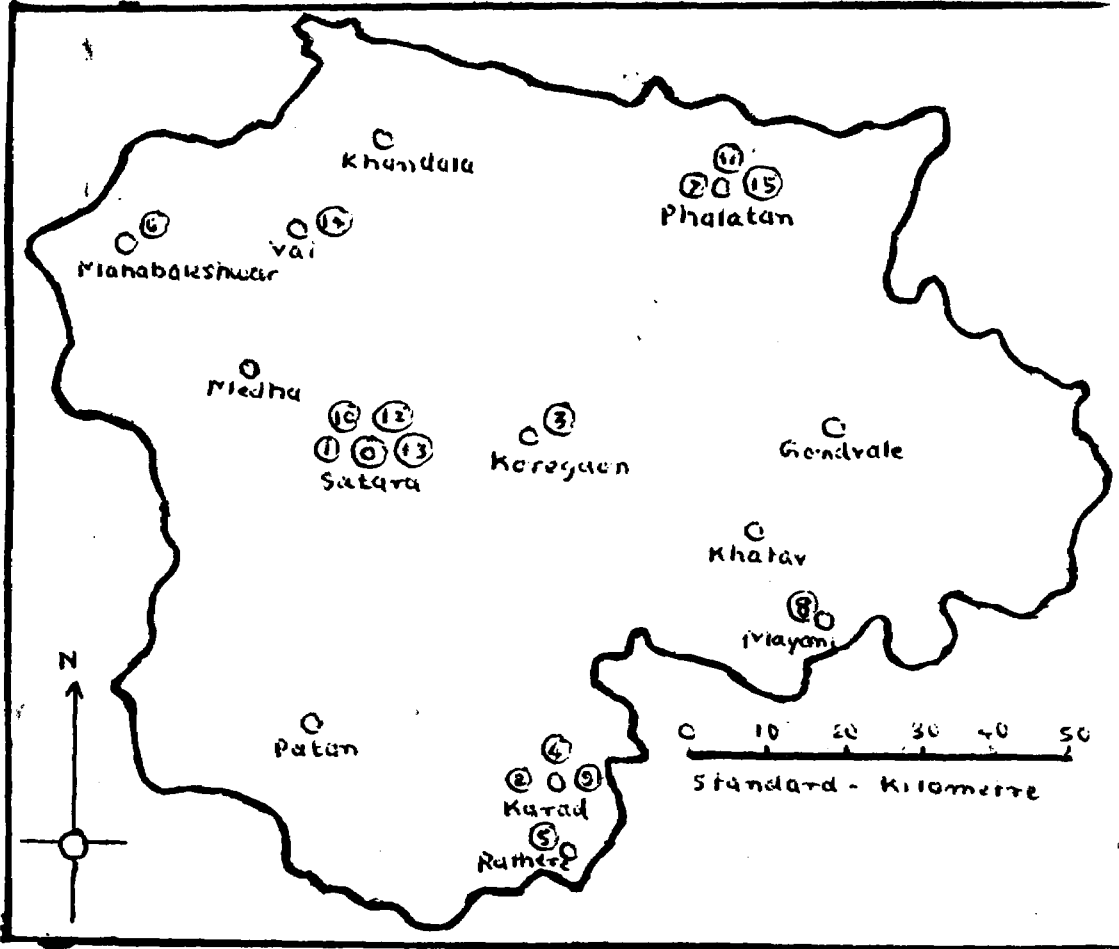
Table 2.4 : Position of Urban Co-operative Banks Under Study
Rs. in lakhs

Particulars	No. of Banks	No. of Br.s	Total No. of Staff	Member-ship	Paidup Shares Capital	Total Deposit	Loans & Advance	Profit/Loss
Total Urban Co-op. Banks	15	35	615	90431	247.43	4188.12	2316.82	103.13
Urban Co-op. Banks under study	4	20	352	35934	272.96	1265.05	1322.88	35.35
Percentage	27	57	57	40	80	30	39	35

Source :- Statistical statements relating to operation of Urban Co-operative banks in Maharashtra 1984-85

Table 2.4 indicated that urban co-operative banks under study had 57 percent^{of} branches in total branches, 57 percent of employees in total employees and 40% members of total members. They had 80% share capital of total paid up share capital. They held 30% deposits and granted 39% loans and advances of total loans and advances. They earned 35% profit of total profits. They had very prominent position in all urban banks in Satara district and hence their study meant the study of entire urban banks in Satara district. Therefore, reasearcher selected only six urban Co-operative Banks for study, instead of 15 Urban Co-operative Banks in Satara district.

2.1 MAP SHOWING URBAN CO-OPERATIVE BANKS IN SATARA DISTRICT.



Source :- 'Our Satara District III: Standard'
Maharashtra Government Publication, Pune.

- 1) Janata Sahakari Bank Ltd., Satara
- 2) Karad Janata Sahakari Bank Ltd.
- 3) Koregaon Peoples' Sahakari Bank Ltd.
- 4) Karad Urban Co-operative Bank Ltd.
- 5) Krishna Sahakari Bank Ltd., Rethare Budruk.
- 6) Mahabaleshwar Urban Co-operative Bank Ltd.
- 7) Phaltan Urban Co-operative Bank Ltd.
- 8) Mayani Urban Co-operative Bank Ltd.
- 9) Pritisangam Sahakari Bank Ltd., Karad
- 10) Rayat Sevak Sahakari Bank Ltd., Satara
- 11) Shrimant Malojiraje Sahakari Bank Ltd., Phaltan
- 12) Sainik Sahakari Bank Ltd., Satara
- 13) Prathamik Shikshak Sahakari Bank Ltd., Satara
- 14) Wai Urban Co-operative Bank Ltd.
- 15) Yeshwant Sahakari Bank Ltd., Phaltan

2.6 The Rayat Sevak Co-operative Bank Ltd., Satara.

The Rayat Sevak Co-operative Bank Ltd., Satara, is a sister branch of well known educational institution i.e., 'Rayat Shikshan Sanstha', Satara, founded by late Dr. Karmaveer Bhauroo Patil. It occupies a significant position in the Sanstha World as it renders its honourable services to 10,765 employees working as teachers, lecturers, clerks, peons etc. in 435 branches such as schools and colleges spread all over Maharashtra. Rayat Sevak Co-operative Bank and the Rayat Shikshan Sanstha are inter-dependent endeavours to promote each others development.

Late Dr. Karmaveer Bhauroo Patil, the founder of the Rayat Shikshan Sanstha, with a view to inculcate the phenomenal promotion of the co-operative principles and impulses among its employees established first the Rayat Sevak Co-operative Credit Society in 1940. The other factor that materialised this credit society was that the employees should raise their own fund to meet their financial needs and be appreciably independent. This credit Society assumed the regular form of the Bank in 1969 and, since then it has been endeavouring to render its services to promote the development of its members.

Objectives

Main objectives are as follows :

- 1) to inculcate the phenomenal promotion of the co-operative principles amongst the members;

- 2) to encourage thrift, self-help and co-operation amongst the members;
- 3) to meet financial needs of the members;
- 4) to improve social, cultural and economical wellbeing of its members.

Management - General Body

The supreme control of the Bank vests in the General Body of the shareholders. General Body consists of 10,765 members, which meets at least once in a year. The General Body cannot, however, interfere with the actions of the Board of Directors in respect of matters delegated to it under the bye-laws.

Board of Directors

The executive management of the affairs of the Bank is vested in a Board of Directors. The Board of Directors consists of not more than 16 members as follows :-

- a) Thirteen representatives elected from members i.e., from General Body;
- b) One representative of Satara D.C.C. Bank;
- c) One representative of Rayat Shikshan Sanstha,
- d) One representative of employees' of the Bank

The members of the Board of Directors other than nominees of D.C.C. Bank and Sanstha are elected by the General Body for the period of five years from amongst the members.

The Chairman and Vice-chairman are elected from the Board of Directors. The chairman or in his absence the Vice-

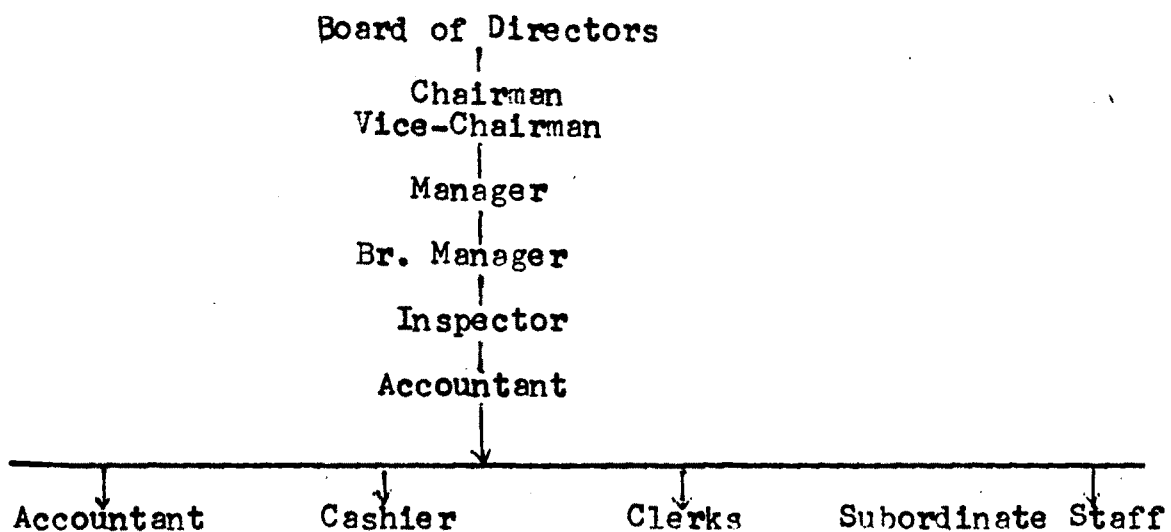
chairman presides over all meetings of the General Body of the Rayat Sevak Co-operative Bank or the Board of Management. Board of Directors meets twice in a month for the purpose of approval of loans applications received from the members.

Manager

Manager is incharge of the administration of the Bank. He is responsible for the executive administration of the Bank and for carrying on its day-to-day work. He delegates some of his authority and responsibility to Office Assistants. He also controls the activities of all branches of the Bank.

Organisation Structure

Organisation structure of the Bank is shown in Figure 2.2



Share Capital : Authorised capital of the Bank is Rs. 50 crores divided into 10 lakh shares of Rs. 50 each and paid up capital is Rs. 2.75 crores.

Financial Operations

Financial Operations of the Bank consisted of deposits, loans, reserve funds, investment, working capital, profit and dividend. Financial operations are shown in Table 2.5.

Table 2.5 Financial Operations of the Rayat Sevak Co-operative Bank Ltd., Satara.

Year	Rs. in lakhs						
	Depo- sits	Loans	Reser- ves	Invest- ment	Workin- g capi- tal	Profit	Dividend per-cent
1982-83	2.09	3.00	0.12	0.53	4.08	0.13	10
1983-84	3.23	3.96	0.15	0.80	4.35	0.18	10
1984-85	3.45	4.33	0.23	1.13	5.38	0.23	12
1985-86	3.47	6.65	0.32	0.93	7.37	0.37	12
1986-87	4.28	7.75	0.50	1.33	8.57	0.40	12
1987-88	4.79	8.25	0.61	1.47	8.96	0.42	12

Source : Annual Report of the Bank 1987-88

An overview of the operations of the R.S.C. Bank (Table 2.5) reveals that deposits, loans and profits recorded a steady increase during 1982-83 to 1987-88. Deposits and loans increased twice, while reserve fund increased five times and profit three times. However, rate of dividend was same since four years, due to the restriction of R.B.I on declaration of dividend. Investments showed a three-fold rise.

Functions :- Functions of the Bank are accepting various types of deposits, granting various types of loans and providing banking facilities to its members.

Thus, Rayat Sevak Co-operative Bank is working for the welfare and well-being of its members and assisting for the development of Rayat Shikshan Sanstha, Satara.

2.7 Prathamik Shikshak Sahakari Bank Ltd., Satara

This bank is one of the oldest urban co-operative banks in the Satara City. It was established on 17th April 1948 at Satara with the main purpose of solving the financial difficulties of primary teachers working at the different places in the Satara district except Karad and Patan talukas. This bank is obtained Banking Licence No M.H. 810 P form R.B.I. on dated 29th December 1936. Prathamik Shikshak Sahakari Bank Ltd. has nine branches working at different places in Satara District.

Objectives The main objectives of the Bank are :

1. to encourage thrift, self-help and co-operative amongst the members;
2. to attract deposits from members and non-members;
3. to lend money to members at reasonable rate of interest;
4. to assist members and depositors to keep aside some portion of their income for future
5. to provide safety lockers to the members as well as non-members;
6. to serve for the benefit and welfare of the primary teachers working in Satara District.

Management - General Body

General Body of Members is the apex in all matters relating to the administration and management of the Bank, General Body is consisted of 5381 members, which meets at least once a year. General Body elects 20 directors and the Chairman of the bank amongst the members. The special feature of this bank is that Chairman of the bank is not elected by the Board of Directors but elected directly from the General Body of the members, like American President.

Board of Directors

The executive management of the affairs of the Bank is vested in a Board of Directors. The Board of Directors consisted of not more than 26 members as follows:

- 1) Twenty representatives are elected from twenty constitu-
-tes of the Bank.
- 2) Chairman of the bank and one backward class director
are elected directly from the members of General body.
- 3) One representative from Z.P. Satara (District
Education Officer)
- 4) One representative of D.C.C. Bank, Satara.
- 5) Two representatives of the employees of bank.

The members of the Board of Directors other than the representatives of Z.P. Satara and D.C.C. Bank, are elected by the General Body for a period of five years from amongst the members. Board of Directors' service

conditions and regulations are governed by the Maharashtra Co-operative Societies Rules 1960, as amended from time to time.

Chairman

The Chairman presides over the meetings of the Board of Directors and controls over all the affairs of the Bank.

Manager

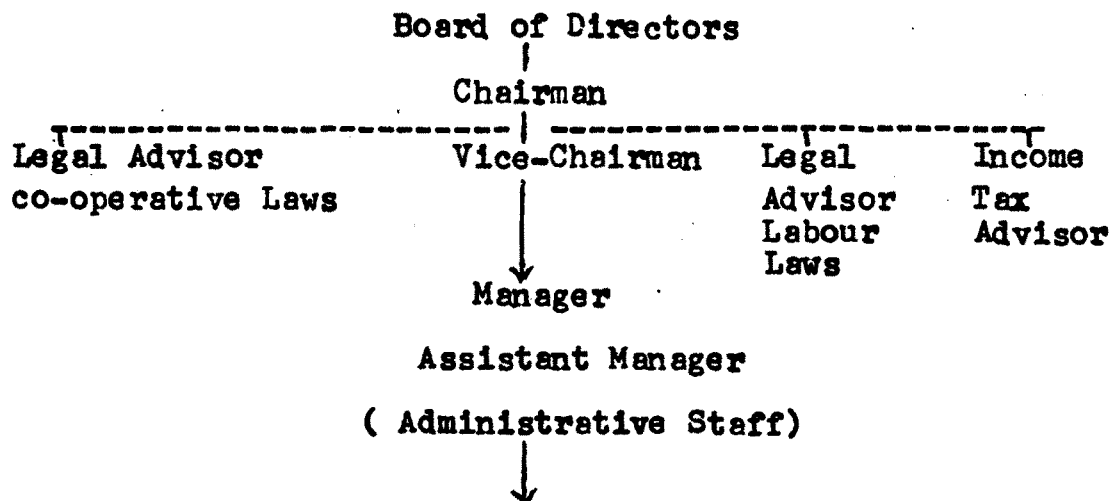
Manager is responsible for the executive administration of the bank and for carrying on its day-to-day work.

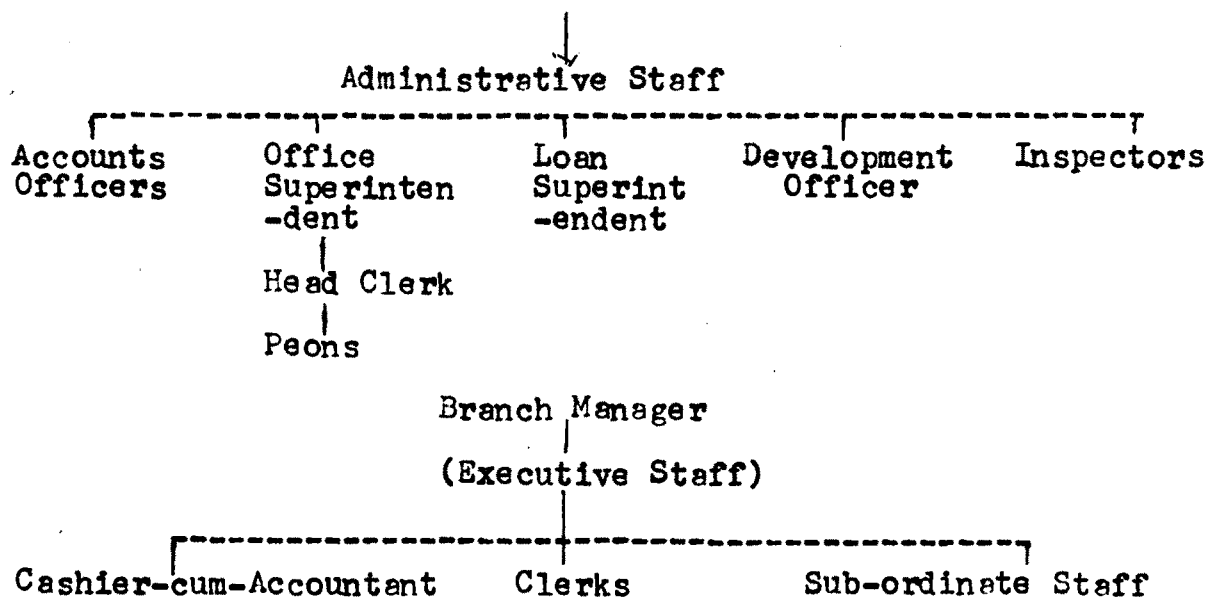
Assistant Manager

Assistant Manager is appointed by the Board of Directors. He is the incharge of the administration of the bank. He may delegate some of his duties to Office Assistants. He controls all departments of the Bank.

Organisation Structure

Organisation Structure of the Bank is shown in below Figure 2.3





Share Capital

Authorised capital of the bank is Rs.1,00,00,000 consisted of 10,00,000 shares of Rs. 10 each and paid-up capital is Rs. 89,13,030. Working capital of the bank is Rs. 27,50,334 at the end of 30th June, 1987.

Financial Performance

Table 2.6

Financial Performance of Prathamik Shikshak Sahakari Bank Ltd., Satara.

Year	Rs. in Lakhs					
	Deposits	Loans	Reserve	Invest- -ment	Profit	Dividend percent
1982-83	195.08	275.88	4.64	47.40	1.39	1.60
1983-84	264.94	381.99	5.13	63.38	3.57	3.60
1984-85	357.73	442.20	6.25	85.30	4.23	4.50
1985-86	425.79	557.15	7.66	108.90	7.37	7.00
1986-87	606.55	715.02	10.03	130.87	10.39	9.00
1987-88	745.78	895.28	18.71	162.19	13.24	9.50

Source : Annual Report of the Bank 1987-88

Table 2.4 reveals such of banks deposits,

loans and investment recorded a steady increase during 1982-83 to 1987-88. While the deposits and reserves increased four times, loans and advances and investment showed a three fold rise but profit increased nearly ten times. However rate of dividend increased only by six times. Thus, this bank is making all round progress very rapidly.

2.3 The Janata Sahakari Bank Ltd., Satara

The Janata Sahakari Bank was set-up on 7th March, 1963 at Satara City, under the bright leadership of late Shamanna Shanbhag, with the main purpose of providing financial assistance to the business community of Satara city. The Bank is authorised to operate in the entire Satara district.

Objectives

The objectives of the Bank are :

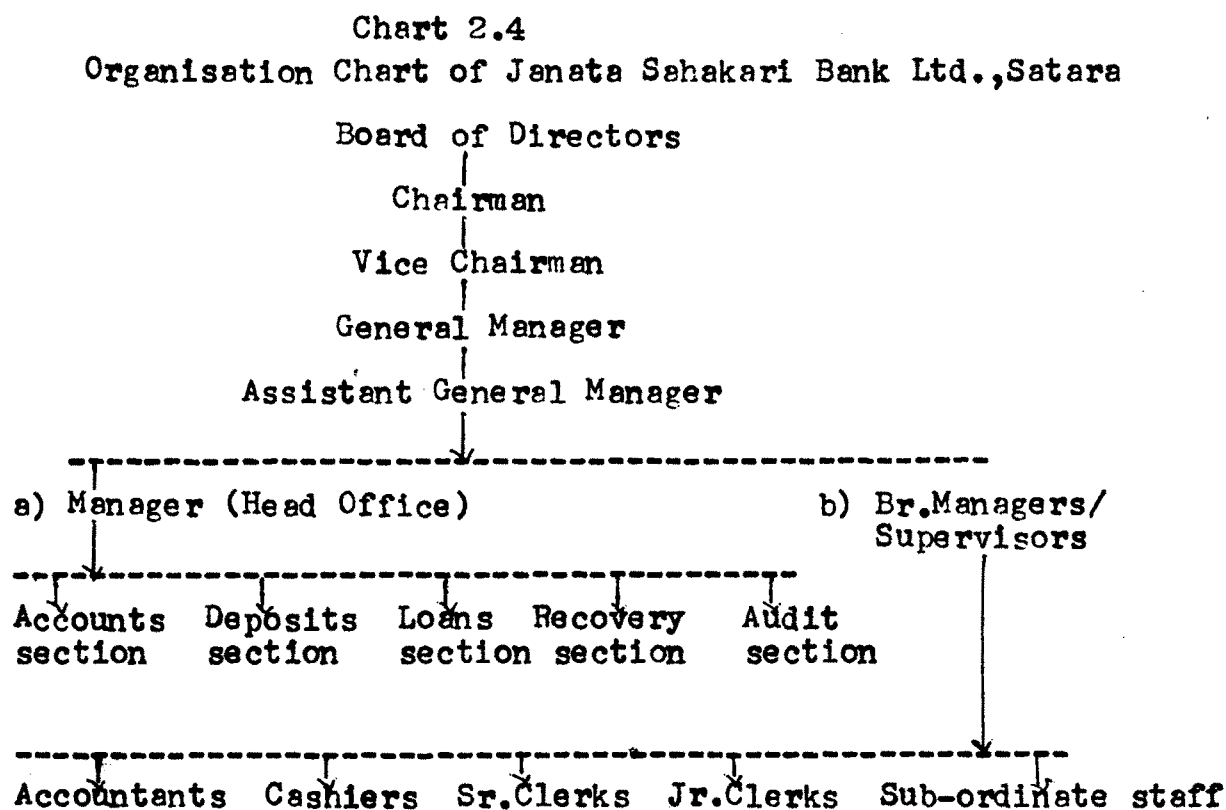
- a) to solve the financial difficulties of the members;
- b) to attract deposits from members and non-members;
- c) to advance loans to members.
- d) to provide banking facilities to its members as provided by other commercial banks.

Management

At present, General Body of J.S. Bank consisted of 19646 members. General Body elects 14 directors, out of its members on the Board of Directors. Then Board of Directors elect from them a Chairman and Vice-chairman. General Manager, Assistant General Manager, and Branch Managers are being appointed by the Board of Directors. General Manager

is accountable for carrying on bank's day-to-day work. He has to convene the meetings of the Board of Directors and other sub-committees.

Organisation Chart



Financial Results

Table 2.7

Financial results of Janata Sahakari Bank Ltd.

Year	Rs. in lakhs.			
	Deposits	Loans	Net Profit	Dividend (per-cent)
1982-83	320.14	261.87	6.11	4
1983-84	425.18	372.49	5.64	8
1984-85	559.71	439.62	3.00	8
1985-86	728.31	565.88	13.60	9
1986-87	413.63	699.19	17.19	10
1987-88	1118.60	847.39	18.10	18

Source : information provided by the bank.

Table 2.5 shows that deposits, loans and net profit increased near about three times during 1982-83 to 1987-88. Whereas rate of dividend was recorded a steady increase during last four years. In 1987-88, however, the rate of dividend increased sharply and stood at 18 percent. This indicated the liberal dividend policy followed by the bank.

2.9 The Sainik Sahakari Bank Ltd., Satara

In India, there is acute problem of welfare and rehabilitation of Ex-servicemen. Government of India is trying to solve the problems of Ex-servicemen. However, Government alone will not be able to solve all the problems of rehabilitation of Ex-servicemen, particularly personal guidance, loans on personal security etc. The problem was, therefore, carefully considered by Lt. Col. R.D. Nikam(Retd) and it was then decided to have a Sainik Bank on co-operative lines for solving the problems related to welfare and rehabilitation of Ex-servicemen. Under the bright leadership of Lt. Col. R.D. Nikam(Retd), Sainik Sahakari Bank Ltd. was set-up on 23rd January, 1985 at Satara city. The organisation of Ex-servicemen of Satara District has achieved the aim of Sainik Bank, after constant efforts of eight years for it. This Sainik Bank is the first and one of its type in our country.

Objectives : The objectives of the Bank are :

- 1) to rehabilitate the Ex-servicemen;
- 2) to encourage thrift and self-help among the Ex-servicemen;
- 3) to stabilise Ex-servicemen after their retirements;

- 3) to stabilise Ex-servicemen after their retirements;
- 4) to establish and maintain healthy relations with general public as a bankers; and
- 5) to improve social, cultural and economical wellbeing of its members.

Management - General Body

The ultimate authority in all matters relating to the administration of the Bank is the General Body of Members, which meets at least once in a year. Members of General Body were 840 in the beginning of the bank but now there are 2460 members of the bank. The General Body cannot, however, interfere with the actions of the Board of Directors in respect of matters delegated to it under the bye-laws.

Board of Directors

At present, this bank is at the stage of its inception and hence Board of Directors is not elected by the General Body of Members but it has been nominated as Provisional Board by the Registrar of Cooperative Societies, as under

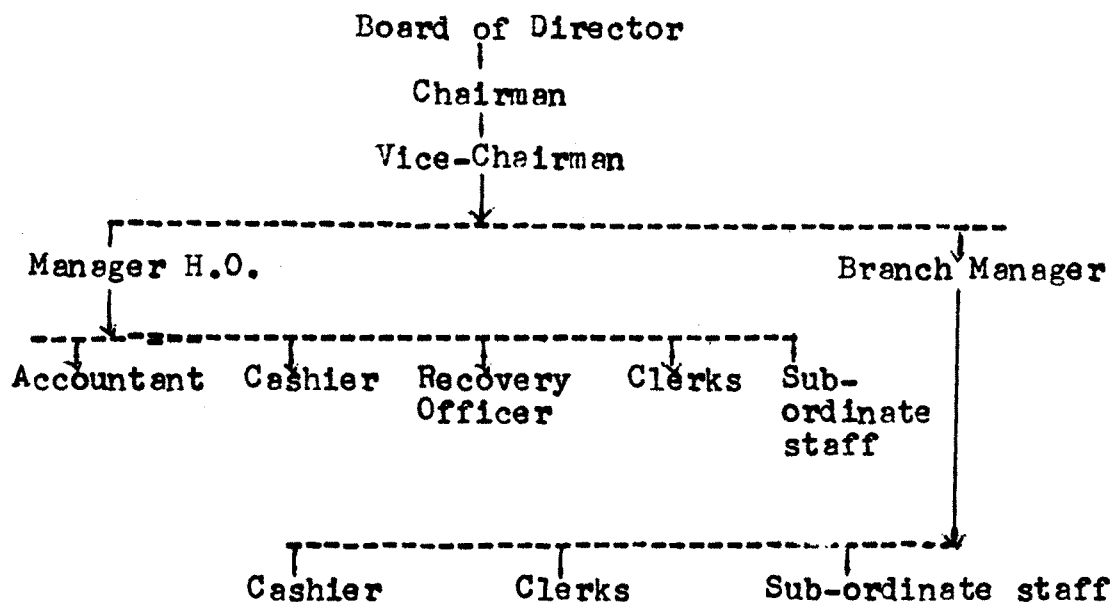
- 1) Lt. Col. R.D. Nisam (Retd) Chairman
- 2) Lt. Col. S.B. Bhambete (Retd) Vice-Chairman
- 3) Six directors including one Ex-Officio-director.

All members of the Board of Directors have been advising and spending their valuable time for the Bank without any remuneration from the Bank.

Organisation Chart

Chart 2.5

Organisation Chart of Sainik Sahakari Bank Ltd., Satara



Share Capital

Authorised Share Capital of the Bank is Rs.25 lakhs. Subscribed and Paid-up Share Capital are Rs. 8.20 lakhs and 1.50 lakhs respectively. Working Capital is Rs. 1.60 lakhs by the end of October 1987.

Sources of Funds

The Bank raised its funds by the various sources as follows :

- 1) By issue of shares
- 2) Entrance fees
- 3) Subscriptions
- 4) Deposits of all types
- 5) Loans, overdrafts and advances from other banks
- 6) Donations, Grants and subsidies.

Financial Performance

Financial performance of the Bank is shown in Table 2.8

Table 2.8

Deposits, Loans and Profit of Sainik Sahakari Bank Ltd., Satara, during 1984-85 to 1987-88.

Year	Rs. in lakhs		
	Deposits	Loans	Net Profit
1984-85	11.31	7.60	0.05
1985-86	53.82	52.59	0.20
1986-87	111.95	98.40	1.86
1987-88	157.40	129.35	5.40

Source : Financial records of the bank.

Table 2.8 reveals that bank's deposits and loans increased very speedily. During four years deposits increased fourteen times, while loans increased seventeen times. The profits remained more or less static in the first two years and thereafter showed a steep rise up Rs. 1.86 lakhs in 1986-87, however, the profits increased very rapidly Rs. 5.40 lakhs in 1987-88.

Functions

Deposits : The bank collects various types of deposits from members and non-members. The bank is succeeded to collect deposits of Rs. 1.58 crores upto the end of financial year 1987-88.

Loans The bank has, so far, given loans and advances to the amount of Rs. 1.30 crores to 1380 needy Ex-servicemen and demands for loans and advances are being increased day-by-day.

Banking Transactions

The bank makes all types of banking business with all sectors of public, like collecting deposits, granting loans, issuing cheques and drafts, collection of bills etc.

In short, the Bank will serve first for the benefits and welfare of Ex-servicemen and will try to establish and maintain good relations with general public as a Banker. About the future of the bank, the Chairman of the bank Lt. Col. R.D. Nikam(Retd.) said " The management of the bank have great hopes to obtain a support to the bank from all sides, and thereby this small bank will be, oneday, in near future, an Apex Bank of Ex-servicemen / Servicemen in our country. "

2.10 The Karad Urban Co-operative Bank Ltd. Branch Satara.

The Karad Urban Cooperative Bank was established on 24th January 1917 at Karad, in Satara district with the main purpose of solving the financial difficulties of urban people, particularly small traders, artisans, small businessmen etc. The bank has seven branches, working different places in Satara district. It had opened a branch at Satara

in the year 1967. The main objectives of the bank are similar to the objectives of other urban co-operative banks i.e., accepting deposits, granting loans and providing banking facilities.

Management

At present, the General Body consists of 6925 members. It elects 15 directors out ^{of} its members on Board of Directors. Branch activities are controlled by Local Advisory Committee. This committee consisted of 22 members.

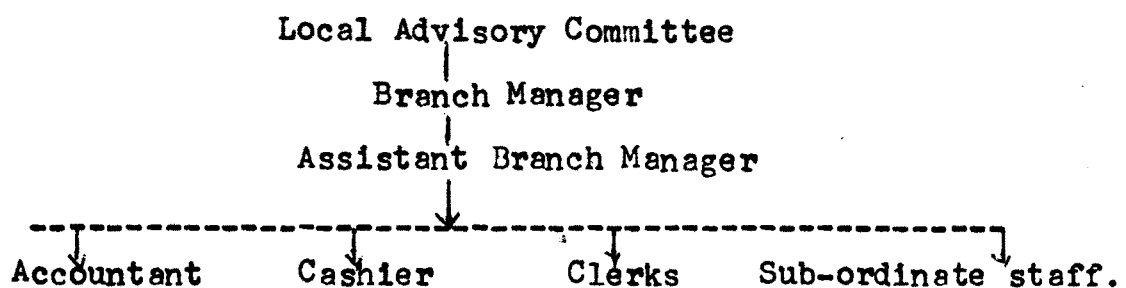
Branch Manager

Branch Manager is the incharge of the bank and is responsible for carrying on day-to-day work of the bank. However, Branch Manager must work according to the directions given by the Head Office.

Organisation Structure

Chart 2.6

Organisation Chart of K.U.C.B. Ltd., Br. Satara



Financial Results

Financial results of K.U.C. Bank Ltd., Satara Branch is shown in Table 2.9

Table 2.9
Financial Results of K.U.C. Bank, Satara Br.

Year	Rs. in lakhs			
	Deposits Rs. in Lakhs	Loans Rs. in Lakhs	Profit(H.O.) Rs. in Lakhs	Dividend(H.O.) percent
1983-84	73.06	30.53	5.43	12
1984-85	80.10	25.29	5.19	12
1985-86	110.39	66.97	5.73	12
1986-87	141.32	100.01	6.06	15

Source - Annual Report of 1986-87.

Table 2.9 reveals that deposits of the Satara Branch increased steadily over the four years. But loans and advances increased more than three times during 1983-84 to 1986-87. While profits of H.O. remained constant in the first three years and suddenly increased in the year 1986-87. Similarly rate of dividend also remained same in the first three years and increased sharply from 12 percent to 15 percent in 1986-87.

2.11 S.T. Co-operative Bank Ltd., Br. Satara

S.T. Co-operative Bank Ltd., Bombay, had established its branch at Satara in the year 1978, with the main purpose of providing loans and advances to S.T. employees in Satara District or Division.

Local Advisory Committee

The operational authority of the bank is in the hands of Members of Local Advisory Committee. The Local Advisory Committee cannot, however, interfere with the actions of the Branch Manager in respect of matters delegated to him under the bye-laws.

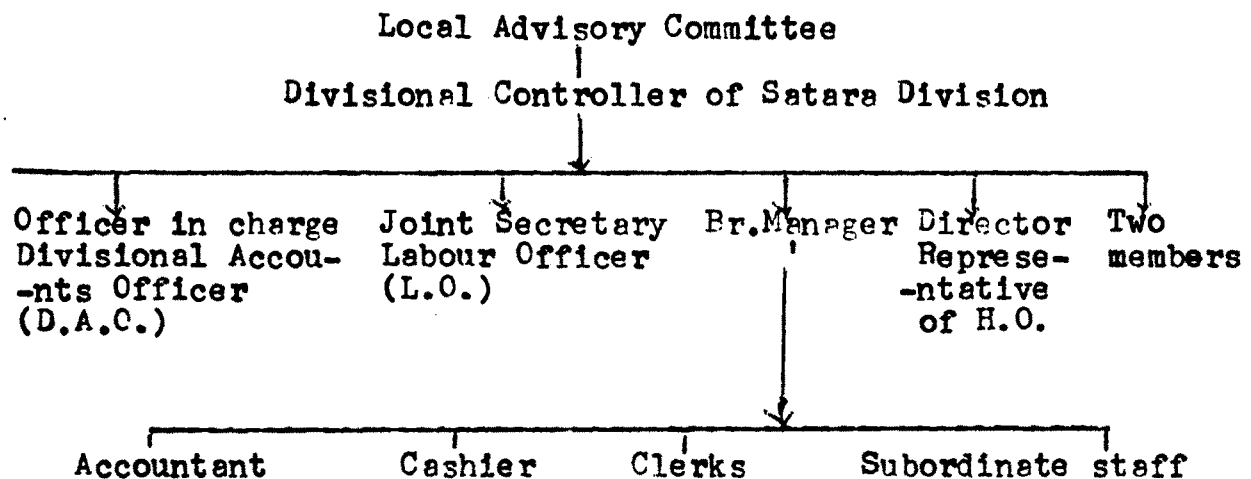
Branch Manager

Branch Manager is responsible for executive administration of the Bank and for carrying on its day-to-day work. He has to send the annual and other returns due to the Registrar of Co-operative Societies, Satara, and arrange for checking the stock as often as possible.

Organisation Structure

Chart 2.7

Organisation Chart of the S.T.C.B. Ltd., Br. Satara



Functions

S.T. Co-operative Bank accepts various types of deposits from members and non-members and provides loans and advances to its members only. It grants short-term and long-term loans to its members. The Bank provides other banking facilities except draft facility to its members. Main function of the bank is to provide financial assistance to S.T. employees of Satara Division.

Operational Results

Table 2.10

Operational Results of S.T. Co-operative Bank Ltd.,
Branch Satara

Year	Rs. in lakhs				
	Deposits	Loans	Profits	Divident H.O. percent	
1983-84	37.53	32.91	4.01	9	
1984-85	51.37	48.52	4.91	10	
1985-86	57.91	54.74	6.59	11	
1986-87	60.74	59.02	7.45	12	
1987-88	71.29	67.35	8.39	13	

Source : 34th Annual Report of S.T.Co-operative Bank Ltd., Bombay and financial records of Satara Branch.

An overview of the operations of the S.T.C.Bank (Table 2.10) shows that its deposits, advances and profits recorded a steady increase during 1983-84 to 1987-88. Deposits increased nearly twice, while loans and profits increased more than two times. Rate of dividend also increased steadily during the five years.

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