

C H A P T E R - II

GENERAL BACKGROUND OF URBAN CO-OPERATIVE BANKS

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CHAPTER IIGENERAL BACKGROUND OF URBAN CO-OPERATIVE BANKS2.1 : INTRODUCTION -

In-fact co-operation is much older than the man himself. Right from the hunting age upto the present day the all progress and development of human beings in all spheres, social, economic, religious and political is marked by the sense of thinking, working and living together. Therefore, it is rightly said " Man is a Social Animal - Co-operation is therefore, the very soul of human existence " 1. In fact our philosophy and religion lend support to co-operative and co-existence. " Co-operation is thus older than the co-operative movement " ² Each for all and all for each is the law of human body. Likewise the society must be organised in such a way that each may work for all and all for each." We are living in a co-operative society where all collectively work and the benefits of the collective efforts are shared by all " ³ Nothing has been more contributed to the economic and social welfare of human race than the practice of co-operation only.

Co-operation was introduced in the country as a remedy for rural and urban indebtedness, it has been applied successfully in a wide range of activities such as ~~an offer~~ production, distribution banking, supply, marketing, housing, processing agency and insurance. " The co-operative movement has existed because of its ideas and it is from the pursuits of these ideas that its principles are derived and characteristic features determined " ⁴.

Practically in almost all the countries in the world co-operative activity in one form or the other is found basically every where. Our philosophy and religion support the existence of co-operative views. Economic activity has a pretty long past in India. * Economic pursuits are impossible without the active association of one's fellow beings in the form of some sort of organisation and concerted action towards predetermined goals. Co-operation thus becomes a concomitant of economic activity".⁵ Economic activity as was observed earlier, dates back in India to very ancient times. Naturally therefore, co-operation too.

After considering the significance and importance of co-operation let us discuss the exact meaning and its definition.

2:2 - CO-OPERATION : DEFINITION OBJECTIVES & FEATURES -
2.2:a)DEFINITION :

The term co-operation has been defined by various authoers in various ways. The some of the well known definitions are as follows.

H.Calvert : - " A form of organisation wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of economic interest of members " ⁶

Mr.Herrick : - " Co-operation as an act of persons voluntarily united for utilising reciprocally their own forces, resources, or both under their common management to their common profit or loss".⁷

Prof. Paul Lambert : - " A Co-operative society is an enterprise formed and directed by an association of users, applying within itself the rules of democracy and directly intended to serve both its own members and the community as a whole ".⁸

Bombay Co-op. Societies Act VII 1925 - " Whereas it is expedient further to facilitate the formation and working of co-operative societies for the promotion of thrift, self-help and mutual aid among agriculturists and other persons with common economic needs, so as to bring about better living, better business and better methods of production etc." ⁹

Thus it is clear from the above that, in a co-operative association a group of people voluntarily joins hands with aims to provide itself as also to the community at large with efficiency and equality. It has democratic footing and services objectives. It is an organisation of men rather than money, and intend to remove economic weakness of the people through mutual action. It is also clearly points out that the essence of co-operation lies in practice and not in theory but it is a harmonious combination of the theory and practice.

b) FEATURES -

From the above explanation the important features of co-operation can be stated as :

A) It is an association of persons

The Chief Feature of co-operative society is that

it is an association of persons and not an impersonal grouping of capital like a joint stock company. The emphasis is on man and not on capital he contributes. In economic co-operation, it is men that counts not money.

B) It is an Undertaking -

A co-operative undertaking not only an association *but* it is also an undertaking. A co-operative enterprise is run by members themselves at their own expense and own risk.

C) It is a Voluntary organisation -

No one is forced to join a society against his will. A co-operative enterprise is based upon a Voluntary form of organisation.

D) It is a democratic organisation -

Co-operative organisation is governed on the basis of democratic principles. Every member of society has only one vote and no more irrespective of the number of shares held by him.

E) The Keynote is service and not profit -

A co-operative enterprise is motivated by a spirit of service, its whole business mechanism is geared towards the provision of most economical service.

F) The basis of equality -

Another feature of a co-operative enterprise is that within its membership relations between man and man are governed by a rule of equality.

G) It is based on proportionality -

The distinctive feature of co-operative is **Social** economy in the method of distributing the social product. The surplus is distributed not according to share holding but according to proportion of business operation a member has effected with the society.

H) It is a Socio-Economic movement -

It aims at bringing about **revolutionary** changes in the social and economic structure by peaceful means. It is based on self-help and stands for moral uplift and honesty.

I) At the service of members and community -

Basic object of co-operative not only serve to members but also the community as a whole.

c) OBJECTIVES OF CO-OPERATIVES -

After considering the important features of co-operative it needs to examine the basic and foremost objectives of co-operatives. They are as under :

- A) Improving the economic, social and cultural situation of persons of limited resources and opportunities as well as encouraging their spirit of initiative.
- B) Increasing personal and National capital resources by the encouragement of thrift by eliminating usual and by sound use of credit.
- C) Contributing to the economy on the increased

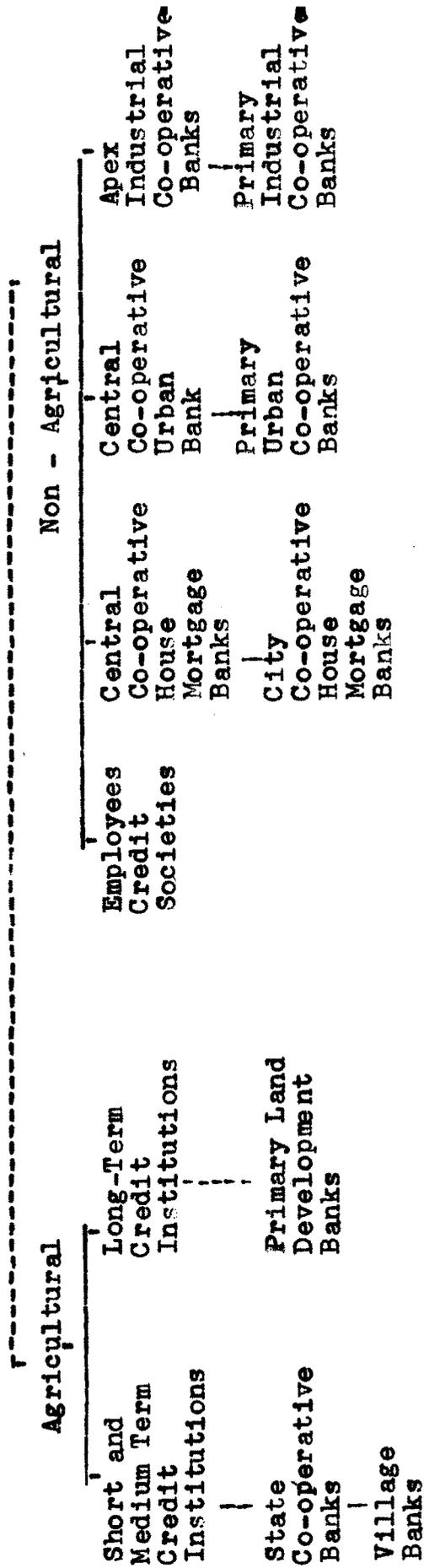
measuring of democratic control of economic activity and of an equitable distribution of surpluses.

- D) Increasing National income revenues and employment by a fuller utilisation of resources.
- E) Improving social conditions and supplementary social services in such fields as housing and were a appropriate health, education and communication.
- F) Helping to raise the level of general and technical knowledge of their members.
- G) Develop inter co-operative relationship and help the co-ordinated functioning of the personal, social and national sectors.
- G) Generally undertake such other activities or functions as are considered incidental or conducive to the attainment of the objects of the society as co-operative members for better services.
- I) Working and operation policies conducted for the weaker sectors development and for poor and proper as well as personal with particular improvement by all means for them.

2.3 CLASSIFICATION OF CO-OPERATIVE BANKS -

The co-operative banks are generally classified in the following ways :

Classification of Co-operative Banks



The agricultural credit department of Reserve Bank of India has classified the Non-agricultural Societies in to three:

- i) Urban Banks
- ii) Salary earners societies
- iii) Thrift & Credit societies.

Out of which the first type of society i.e. Urban banks is considered for our study.

2:4 URBAN CO-OPERATIVE BANKS -

According to the Study group on Credit co-operatives in the non-agricultural sectors, " any credit organisation which is registered under the State Co-operative 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 Banks"¹⁰.

The Urban co-operative banks occupy a significant place in the urban co-operative credit movement. They advance loans mainly to small traders, artisans and salary earners on personal security as well as against gold, silver etc. They also accept deposits and thus provide facilities for investment to persons of small means. They also provide banking facilities to their members and customers.

Objectives/Functions of Urban Co-operative Banks -

The important objectives of the Urban co-operative

banks are as follows-

- i) to attract deposits from members as well as non-members.
- ii) to advance loans to members.
- iii) to act as an agent for the joint purchase of domestic and other requirements of the members.
- iv) to undertake collection of bills, accepted or endorsed by members.
- v) to arrange for safe custody of valuable documents of members.
- vi) to provide other facilities as provided by commercial banks.

2:5 URBAN CO-OPERATIVE BANKS AND COMMERCIAL BANKS :-
COMPARISION -

There is no difference between the co-operative and commercial banks so far as the banking functions are concerned. The distinction is in their objectives and organisation. The Urban co-operative banks are basically organisations of persons of small means for meeting their common economic needs.

The area of operations of the Urban banks is also restricted so that it becomes a compact organisation with the members knowing each other. Though, thus every urban bank is a small organisation with an essential local character, the different banks work as parts of a single federal structure of co-operative banks with the district banks at the intermediate level and state co-operative bank at the helm as the apex bank. This federal organisation

ensures the benefits of scale of economics to the small scattered urban co-operative banks.

Co-operative banks do not work for profit alone. They give prominence to the social objectives, without compromising with the basic cannons of banking.

The most important distinguishing feature of the urban banks is their democratic management. Their committees of management are elected at fixed intervals and the voting in these elections is on the basis of 'one man, One vote' irrespective of the share holding.

" In a view of the Special and peculiar characteristics of the clientele the urban co-operative banks are required to work with a low profile of pomp and parade in comparison to the commercial banks and to lay great emphasis on extension and education of their customers who largely come from such classes as vendors, small traders and shop keepers, small industrialists and economically weaker sections of the community " ¹¹

As the customers are persons of small means it necessarily follows that the urban banks, both with reference to deposits as well as advances, are retail bankers.

2:6

HISTORICAL DEVELOPMENT OF URBAN CO-OPERATIVE
CREDIT MOVEMENT :-

The historical background and development of urban co-operative credit movement can be studied with reference to the following-

- i) Urban co-operative credit movement in the world.
- ii) Urban co-operative Banks in India.
- iii) Urban co-operative Banks in Maharashtra.
- iv) Urban co-operative Banks in Western Maharashtra.
- v) Urban co-operative Banks in Kolhapur District.

2:6:1

Urban Co-operative Credit Movement in World

Germany was the first country in the world to apply the principles of co-operation in the field of credit. The co-operative credit movement was started in Germany in the middle of the 19th Century. At that time the economic condition of Germany was extremely deplorable and the peasantry and artisans felt crushed under the heavy weight of indebtedness. The Jews ruled over the market not only buyers and sellers but money lenders as well. There was no one to turn to for help but the 'Jews'.

Herr Franz Schulze (1809-1885) took the initiative and started introducing various measures of relief. Schulze adopted the new measure for giving

relief to the people who^{were} living in the urban areas. Self help was, therefore considered to be the only way out. He had seen the all miserable conditions of the people, especially of low means, with his own eyes. In 1849 he organised a friendly society for relief in sickness. In 1850 he founded the first credit association. Two year latter, in 1852 schulze founded a society at Delitzsch, which was based on co-operative principles. He obtained required capital through the sale of shares. He published a book in 1856 which contained the principles of co-operative banking as formulated by him. " The number of banks started by him, increased rapidly and in 1859 he organised a congress of these banks. He was also responsible for securing from Prussia the first co-operative law in 1867, which latter on was made applicable to the entire country in 1889"¹². According to this law all co-operatives societies were to be organised on the basis of limited liability.

The keystone of this system of credit is the accumulation of capital. Schulze insisted that a man who joined a society must take up at least one share at a high figure. These association known also as " Peoples Bank" undertook all the activities of urban banking and commanded naturally more capital.

In short, the urban co-operative credit movement i.e. urban co-operative bank's took speed after establishing urban co-operative banks in Germany. In India Urban Co-operative Credit movement started 95 years back.

The Indian co-operative movement like its counterparts in other countries of the world has been essentially a child of distress, during the last quarter of the 19th Century. Cultivators were being exploited by money lender. The indebtedness of the farmers increased by leaps and bounds. The failure of rains and frequent famines added fuel to the fire. All these destroyed the self-sufficient economy of the villages. In this regards the government first took indirect steps to check the growing influence of the Mahajan but large success could not be achieve. The need for providing cheap credit facilities to the farmers went on becoming strong and the idea of starting co-operative credit society was hatched in 1892.

Then the Madras Government sent Sir Frederick Nicholson for studying the co-operative movement in European Countries. Nicholson's report was received in 1899 which forward reformation of urban co-operative banks in India.

The Government of India appointed in 1901 a committee to study the question of starting co-operative credit society in India. According to the recommendation of the committee, Co-operative Credit Societies Act was passed in 1904. This Act provided for the establishment of credit societies both in rural and urban areas for providing credit facilities at cheap rates to small men living in the same locality. Thus the Act recognised the

need of urban co-operative banks along with the rural credit co-operatives.

Rural societies were to be organised on the Raiffeisen Model while the Urban societies were to be established on the pattern of Schulze Delitzsch. Provision was also made in the Act for the appointment of Registrars in every province. The modern co-operative movement in India, thus may be said to have started with the passing of this Act.

The first Urban credit society was organised by a few middle class Maharashtrian families in the erstwhile Baroda State on February 5, 1889, at Baroda under the guidance of Mr. Vithal Laxman Kavathekar. In Madras the first such society was registered in October 1904 at Conjeevaram. The Betegiri co-operative Credit Society in Dharwar district was the first such society to be registered in Bombay in October 1905. and in Mysore the Bangalore City co-operative credit society was registered in December 1905. Very little attention was paid to this aspect of the movement till it attracted the attention of the Maclagan Committee in 1915 which pointed out its potentiality.

The Maclagan Committee on Co-operation pointed out as early as 1915 that " Urban Credit Societies might serve useful purpose in training the upper and middle classes to understand ordinary banking principles" .

In 1931, the Central Banking Enquiry Committee

recommended that limited liability co-operative societies, generally known as Urban banks, should be established wherever necessary facilities and conditions exist. For the benefit of these classes of the population. The duty for these urban banks should be to try to do for the small traders small merchants and the middle class population, what the commercial banks are doing for the big traders and the big merchant".¹⁴

The failure of the Swadeshi joint stock banks created an opportunity for co-operative banking to develop as a medium for mobilizing the savings of persons of modest means and helping those whom financial distress caused by high living costs, and unemployment had driven into the clutches of money lenders. The interwar period did not affect the urban credit movement as adversely as it affected the agricultural credit movement. This might be due to the fact that during the depression the fall in urban income was not as steep as the fall in rural income " Another contributory factor to the stability of the movement in Urban area was the comparatively high standard of the Managerial efficiency available in urban areas which urban co-operative could afford an account of their larger resources".¹⁵

The Reserve Bank of India in its review on the co-operative movement in India 1939-40, observed " Urban credit societies and Banks are the most important features of the urban co-operative movement in India and make up to some extent for the absence of Joint stock Banking facilities in

the small towns. Urban co-operative credit societies and banks occupy a prominent place among the agencies supplying the credit needs of the people residing in urban areas.

They advanced loans mostly to small traders, artisans (Mostly self employed) and salary earners ~~an~~ personal security as well as against gold silver an produce".¹³

This clearly indicates the role of urban co-operative banks in small towns. In this connection, the co-operative planning committee 1946 recommended that " In a view of the usefulness of the urban banks to people of small means these should be organised in all towns "¹⁶

Considering all above it can be said that urban co-operative banks and employees co-operative thrift and credit societies, are the most suitable agencies for serving the credit needs of urban middle class. The union Ministry of community Development and Co-operation decided to appoint a working group to examine the urban co-operative credit societies in the non-agricultural credit sectors and to suggest measures to ensure their sound, steady and even growth all over the country. The working group was constituted in 31st May 1963 under headed by Mr.V.P.Varde. Group submitted report on December 18 and 19, 1963 and made various recommendation for the better development of urban co-operative banks.

In recent years certain significant development have for taken place in the recognition of the status of urban co-operative banks in India. Till 1965 these institutions functioned exclusively within the ambit of the

co-operative societies Act of various States and under the sole control and supervision of the Registrar of Co-operative societies. But with the rapid growth of co-operative banking institutions it was considered necessary to bring them also within the control of a central authority. " Further the demand for the extension of the Deposit Insurance Scheme (which was introduced to commercial banks in 1962) to co-operative banks also necessitated to bring them under the control of the Reserve Bank of India.¹⁷ Accordingly, the Banking Companies Act 1949, re-commenced as the Banking Regulation Act 1949, with effect from 1st March 1966, was amended and some of the provisions were made applicable to certain types of co-operative institutions. Carrying on banking business. Thus the purview of the Banking Regulation Act and thereby under the supervisory control of the Reserve Bank of India.

It is interesting to note that the pace of progress in the organisation of urban banks was relatively swifter after 1969-70 i.e. in the Post Nationalisation period. Large number of urban co-operative banks, came to be set up after 14 major commercial banks were nationalised in 1969. The number increased from 664 in 1969 to 1206 in 1977-78 i.e. more than doubled in these 9 years. The phenomenal progress was achieved by urban co-operative banks in the year 1977-78 which showed total membership 53.12 lakhs, owned funds Rs.143 crores, deposits Rs. 627 crores and lent advances Rs. 497 crores, the aggregate working capital of Rs. 889 crores. and profit of Rs. 18 crores.

Recognising the significant growth of urban co-operative banks in recent years ~~in~~ and its impact on the socio-economic structure of urban and semi-urban areas and the vast potentialities inherent in this movement the Reserve Bank of India appointed an All India Committee on Urban co-operative banks under the chairmanship of Shri.K.Madhavdas. Most of the recommendations of the Madhavdas committee have been accepted by the Reserve Bank of India. And accordingly a positive approach for the attainment of the healthy and orderly growth of urban banks were also followed.

The urban co-operative banks went on making progress owing to their enlightened membership and higher marginal efficiency " On 30th June 1983 there were 1258 urban co-operative banks in India, ^{with} The owned funds of Rs. 281.80 crores, deposits ~~went up~~ of Rs. 1650.06 crores and outstanding loans and advances of Rs. 1425.11 crores.

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 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. Therefore it is necessary to see the performance and genuine aspects of urban co-operative banking industry in Maharashtra.

Co-operation in Maharashtra has been the pioneering sector of the co-operative movement in the country, it has remained in the fore-front since its inception. Maharashtra State had also connected link for the beginning of first urban co-operative credit society in the country at Baroda in 1889 under the guidance of Mr. Vithal Laxman Kavathekar who was a few middle class Maharashtrian Family.

After the passing of co-operative societies Act 1904, the co-operative movement in India has started with speed. 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 S.S. Talmaki the Veteran co-operator. " 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." 18

During the period of 1904-1915 number of 11 urban co-operative banks established in the 6 districts of Maharashtra i.e. Bombay 2, Pune 3, Kolhapur 2, Nagpur 2, Solapur 1, and Dhule 1. 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 recommendation and report of the various committees favourable circumstances were created for development of urban co-operative banking activity. The important committees are -

- I) Maclegan Committee in 1915
- II) Central Banking Enquiry committee 1931
- III) Reserve Bank of India in their review of
co-operative movement in India 1939-40
- IV) Co-operative planning committee 1946
- V) Varde Committee 1963
- VI) Dawry committee 1967
- VII) Joglekar Committee 1976
- VIII) Madhavdas Committee 1979
- IX) Hate Committee 1981

These committees were unanimous in their recommendations that the Urban co-operative banks, are eminently suitable for filling up the existing gaps in banking and credit needs, in urban and Semi urban areas at comparatively less cost of operation. " The Madhavadas Committee had therefore, rightly said ~~that~~ that considering the poor coverage of urban banks in some of the states for financing the small scale industrial sector there is an adequate potential for the speed to spread of urban Bank " ¹⁹ According to the Madhavdas committees recommendations recently the urban co-operative banks tried to turn their loan policy for advances to small scale industries and artisians for better development.

Factors like dynamic leadership and potential for deposit mobilisation and the urge to form co-operative institutions for self help and thrift have helped to promote urban co-operative. The progress of urban co-operative banks is very particularly impressive. Given proper planning

and direction, the performance can be further improved, enabling them to fulfill more satisfactorily the role expected of them in the total setting of the co-operative sector of the economy and the countries banking system. The scope for such improvement is tremendous. It must be noted that the fairly rapid progress of industrial and commercial development in the urban areas offers increasing scope for the development of urban co-operative movement.

Broadly speaking, the urban co-operative credit societies comprise, urban banks, urban credit societies, salary earners societies and factory workers societies. Among the urban credit societies, the societies with longest standing, largest volume of business and the best reputation for the financial soundness and efficient management are the urban banks. The urban banks in Maharashtra have shown great promise and potentialities. They have reached almost all towns and cities in the State.

The increasing emphasis on the co-operativization of economic activities offers to fresh and additional avenues of business. It is heartening to note that they are quite alive to this what they need and what they will need to cope with increasing demand for accommodation is adequate finance. The state conference of urban co-operative banks, held at Nagpur in August 1967, adopted a resolution to the effect that the Maharashtra State Cooperative Bank should take steps to ensure adequate finance to the urban banks directly. Accordingly it sanctioned during the year 1967-68

credits 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.

TABLE NO 2:1

Progress of Urban Co-operative banking in Maharashtra

TABLE NO 2:1

Particulars	As on 30.6.60	As on 30.6.67
1) No.of Banks	141	221
2) No.of Members	4,04,000	6,34,000
3) Share capital	Rs, 2,49,00,000	6,32,00,000
4) Owned funds	Rs. 4,54,00,000	9,97,00,000
5) Deposits	Rs.19,67,00,000	43,18,00,000
6) Working capital	Rs.25,22,00,000	56,76,00,000
7) Loans advances	Rs.22,93,00,000	73,53,00,000

Source- Amrut Mahostrava Smriti Granth of Shri.Veershaiv
Co-operative Bank Ltd., Kolhapur 1969 P-66

With this background there has been accelerated growth and development of urban co-operative banks in this scope and content in the state. On the lines of quantitative and qualitative progress in co-operative sector as a whole, the urban co-operative banking has remained increasingly greater and wider urban co-operative banks have become increasingly popular in Maharashtra in the banking field as effective financing agencies in co-operative sectors. Following comparative statement indicates the position of urban co-operative banks in Maharashtra and in all other

states in India

TABLE NO. 2:2

Urban co-operative Banks in Various states As on 30.6.1979

State	No. of Banks offices	Deposits Rs. crores	Loans Rs. crores
Maharashtra	348	381	246
Gujarat	270	226	157
Tamil Nadu	131	55	52
Karnataka	231	57	42
Kerala	68	26	20
Andhra Pradesh	133	18	20
West Bengal	188	13	09
Goa-Div-Daman	4	14	11
Other States and Union Territories	125	34	31

Sources: " Commerce " 31st December 1983

It is seen from the above table that the state of Maharashtra ranks first among all the states, in respect of number of banks, deposits and loans. Then Gujarat ranks second. The state of Maharashtra could achieve this position because real spirit. development of co-operative movement.

The real position of the urban co-operative banks in Maharashtra from 1961 to 1982 is also shown in the following table.



TABLE 2:3

Urban co-operative Banks in Maharashtra

(Rs in lakhs)

Item	1961	1971	1982
No. of Banks	149	250	352
Membership	433	802	1550
Paid-up Share capital	294	1102	3300
Deposits	1243	8798	66500
Loans and Advances	N.A.	15978	92000
Profit	25	160	1100
Working capital	N.A.	11823	86800

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

The table reveals that the total number of urban co-operative banks ~~went on~~ increased from 149 in 1961 to 250 in 1971 to 352 in 1982 during the period of last 21 years.

The total membership increased from 433 lakhs in 1961 to 1550 lakhs in 1982. They recorded more than three-fold increase during corresponding years.

The table points out that the paid up share capital increased from Rs. 294 lakhs in 1961 to 1102 lakhs in 1971 and to Rs. 3300 lakhs in 1982. They recorded near about more than 11 fold increase during the period of last 21 years.

The table indicates that the total deposits of the urban co-operative banks rose by Rs. 65257 lakhs, from Rs 1243 lakhs to Rs. 66,500 lakhs during 1961 to 1982. They recorded more than 5 fold increase during the last 21 years.

The table shows that the total loans and advances of the urban co-operative banks increased from Rs. 15998 lakhs in 1971 to Rs. 92000 lakhs in 1982. They recorded more than five-fold increase during the period of last 11 years.

From the table clearly shows that the profit of the urban co-operative banks increased from Rs. 25 lakhs in 1961 to Rs. 160 lakhs in 1971 and to Rs. 1100 lakhs in 1982. They recorded more than 44 fold increased during the period of last 21 years.

The table results that the working capital increased of Rs. 11823 lakhs in 1961 to Rs. 86800 lakhs in 1982. They recorded more than Seven-fold increase during the period of last 11 years.

Thus the urban co-operative banks in Maharashtra made an attempt ~~for~~ development and growth of the banking business and banking activities. Right from the beginning of the co-operative Credit movement the urban co-operative banks played dominant role in their developmnt.

The impressive performance of the urban co-operative banks can also be seen from the following table.

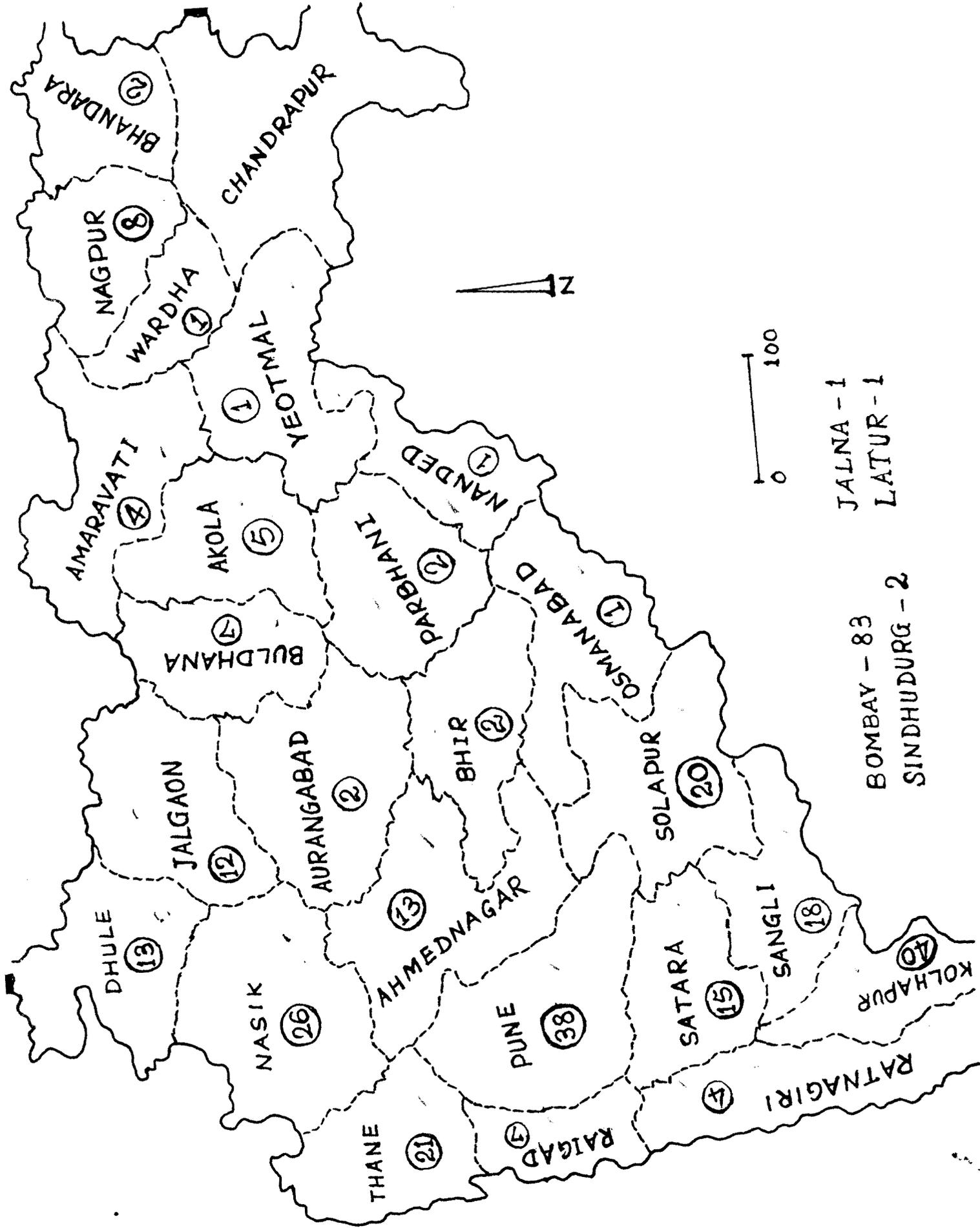
TABLE NO 2:4

Urban Co-operative Bank in Maharashtra As on 30th June 1983

No.of Reporting Banks	345	
Branch Net Work	1089	Lakhs
Membership	2586	lakhs
Staff Working	18979	(approx)
Owned funds	13023	crores
Total Deposits	1010.51	crores
Borrowings	29.04	crores
Working capital	1345.19	crores
Loans outstandings	747.90	crores
Overdues	53.33	crores
Net profit	18.35	crores

Source- SSI National Monthly for Small Scale Industries,
Magazine Vol.9, No.3 March 1984, P.12

A close look at the table also reveals ^{the} ~~that~~ recent
the overall progress and growth of urban co-operative banks
in the State recently, last year.



JALNA - 1
LATUR - 1

BOMBAY - 83
SINDHUDURG - 2

2:6:4

Urban Co-operative 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 particular is also an important part of the present study.

In Western Maharashtra there are six districts Pune, Nagpur, 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 22 districts in Maharashtra. Out of 350 urban co-operative banks in Maharashtra 130 urban co-operative banks are in Western Maharashtra. And it is important to note that Kolhapur district is the leading in six districts of Western Maharashtra in respect of membership and owned funds, number of banks and profit.

Thus the Kolhapur District is much ahead in undertaking urban co-operative banking activities in the co-operative sector.

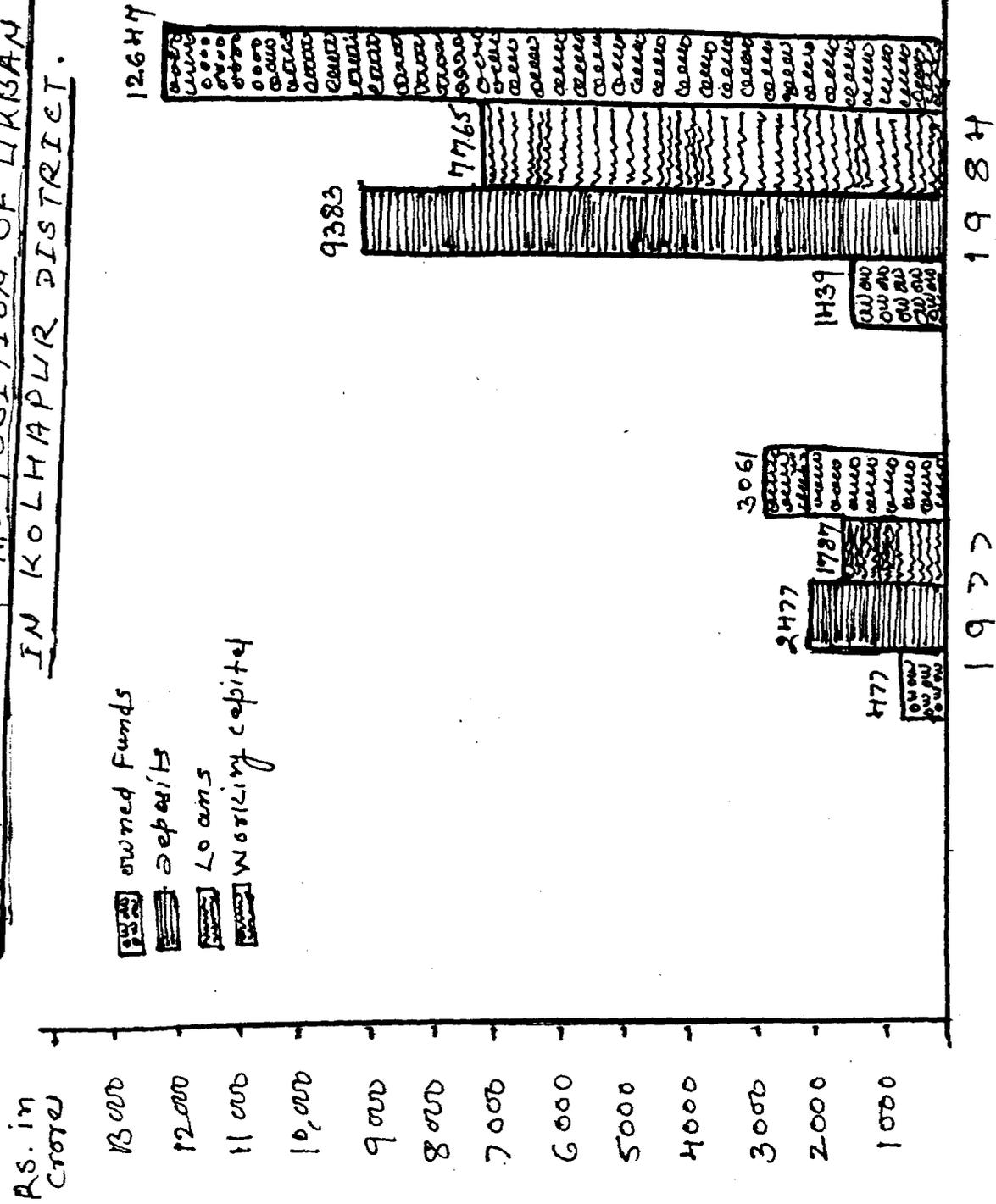
TABLE NO 2:5

Table showing the position of Urban co-operative Banks in Western Maharashtra as on 30th June 1982 (Rs. in lakhs)

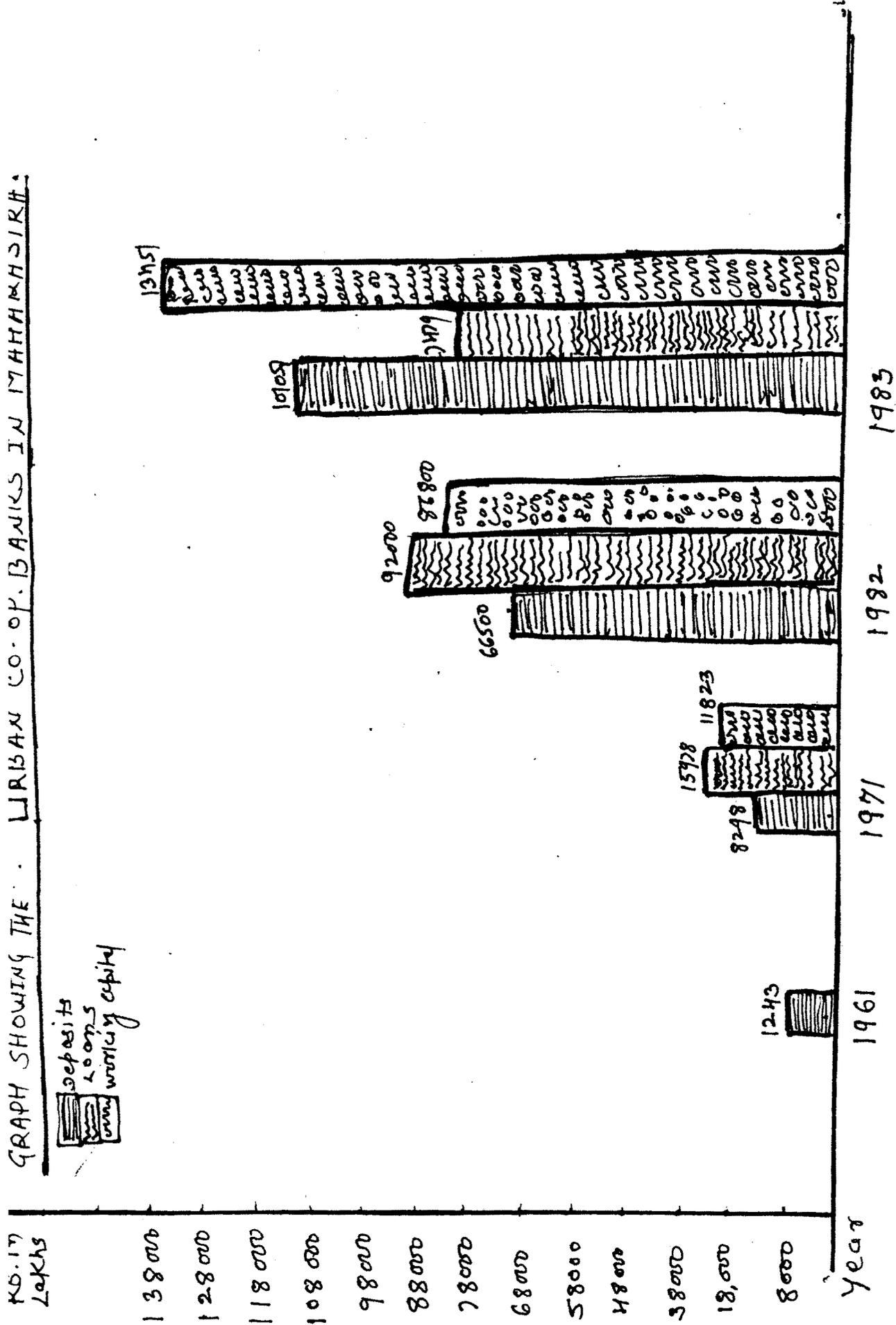
District	Membership	No. of Banks	Owned funds	Deposits	Loans outstanding	Profit
Pune	130518	38	461.46	9417.51	6745.18	112.98
Kolhapur	167653	39	602.81	6750.89	5367.04	124.37
Solapur	51223	18	216.93	2536.10	2125.30	80.47
Sangli	54209	18	219.09	3783.69	3228.72	52.36
Satara	42857	14	237.52	2512.30	2002.94	61.17
Nagar	68658	13	149.93	2304.26	2054.11	49.37

Source: Statistical Information of Urban co-op. Banks in Maharashtra - Maharashtra State Coop. Bank Ltd., Bombay. 1982.

GRAPH SHOWING THE POSITION OF URBAN CO-OP. BANKS,
IN KOLHAPUR DISTRICT.



GRAPH SHOWING THE URBAN CO-OP. BANKS IN MAHARASHTRA.



After considering the impressive performance of the Urban co-operative banks in the Maharashtra and Western Maharashtra now we will discuss the urban co-operative banks in Kolhapur District.

Kolhapur District lies in the Krishna, Panchaganga basin, It is located between 15 and 17 North latitude and 73 and 74 East longitude. It is surrounded by Satara District in the West and by Belgaum District of Karanataka State in South and east. Its major portion represents an irregular part of the south deccan plateau. Area of Kolhapur district is 8059 square kilometers. It's population according to 1981 census was It comprised of 12 Tehsils and 1098 villages.

In such a district urban co-operative credit movement started in 1913. The first Urban co-operative bank was established in Kolhapur district on 24th May 1913 at Karvir Tehsil named The Kolhapur Urban co-operative Bank. It is one of the 11 urban co-operative banks established during the period of 1905 to 1915 in India.

After introducing the urban co-operative banking movement in Kolhapur district, the performances and responses were so considerable for growth and progress of urban co-operative banking sector in Kolhapur district. Total number of 40 urban co-operative banks were established in Kolhapur district upto 1984. from 1913 to 1947 total number of 12 urban co-operative banks were established, from 1947-1966 total number of 14 urban co-operative banks

WERE established and from 1966 to 1984 total number of 14 urban co-operative banks were established in Kolhapur district.

Urban co-operative banks in Kolhapur district have made rapid progress with satisfactory results. The following table indicates the position of urban co-operative banks in Kolhapur District during the period of last 7 years That is from 1977 to 1984

TABLE NO 2:6

Urban co-operative Banks in Kolhapur District As on 30.6.77
to 30.6.1984 (Rs. in lakhs)

Items	30th June 1977	30th June 1984
Total No.of Bank Offices	37	40
Membershp	1.85	2.32
Total Deposits	2477.29	9383.04
Loans Outstanding	1787.87	7765.35
Working capital	2061.17	12647.12
Owned funds	238.94	667.29
Overdues	477.29	1439.52
Profit	55.25	163.30

Sources: Compiled from the Record of District Deputy Registrar of Co-operative societies office Kolhapur.

Above table clearly shows that the total number of urban co-operative banks increased from 37 in 1977 to 40 in 1984.

It also points out that the quantitative growth of the membership of urban co-operative banks went up from 1.85 lakhs in 1977 to 2.32 lakhs in 1984.

The above table reveals that the total deposits collected by the urban co-operative banks moved up from Rs. 2477.29 lakhs in 1977 to Rs. 93.83.04 lakhs in 1984. The average deposits per urban co-operative bank moved up from Rs. 66.95 lakhs to Rs. 234.58 lakhs in the same period. Similarly average deposits per member also increased from 1338 to Rs. 4044 in the corresponding year. This increase in the deposits has surpassed the All Maharashtra ~~deposits~~ averages for the year 1983 which was Rs. 3900 per member.

The table remarks that the loans outstanding of urban co-operative banks increased from Rs. 1787.87 in 1977 to Rs. 7765.35 in 1984. The urban co-operative banks, thus, tried to meet increasing demand for credit in Kolhapur district. The average loan advanced per urban co-operative bank and per member increased from Rs. 48.32 lakhs to Rs. 194.13 lakhs and Rs. 966 to Rs. 3347 respectively during the same period.

The table indicates that the in Kolhapur district urban co-operative banks were in a position to build up owned funds i.e. paid up share capital and reserve funds as well as other reserves increased from Rs. 238.94 lakhs in 1977 to Rs. 667.29 lakhs in 1984 making a total rise of Rs. 428.35 lakhs.

The Table significantly points out that the working capital of urban co-operative banks in Kolhapur district rose by Rs. 9585.95 lakhs, From Rs. 3061.17 lakhs

in 1977 to Rs. 12647.12 in 1984. The average working capital per urban co-operative bank rose from Rs. 82.74 lakh in 1977 to Rs. 316.18 lakhs in 1984. Moreover, it has exceeded the all Maharashtra average of working capital per urban co-operative bank, throughout the period under review.

The ^{table}~~total~~ notably shows that the overdues increased from Rs. 477.29 lakhs in 1977 to Rs. 1439.52 lakh in 1984.

The table indicates that the profit of urban co-operative banks in Kolhapur district went on increasing satisfactorily from Rs. 55.25 lakhs in 1977 to Rs. 163.30 lakhs in 1984. The average profit per urban co-operative bank rose by Rs. 2.59 lakhs, from Rs. 1.49 lakhs to Rs. 4.08 lakhs during the period of ~~last~~ 7 years. That is from 1977 to 1984.

Thus from the above explanation it is clear that Kolhapur district has made a tremendous progress in Urban banking. The financial position of each and every urban co-operative bank on 30th June 1983, in Kolhapur district is ^{also} shown in the following table.

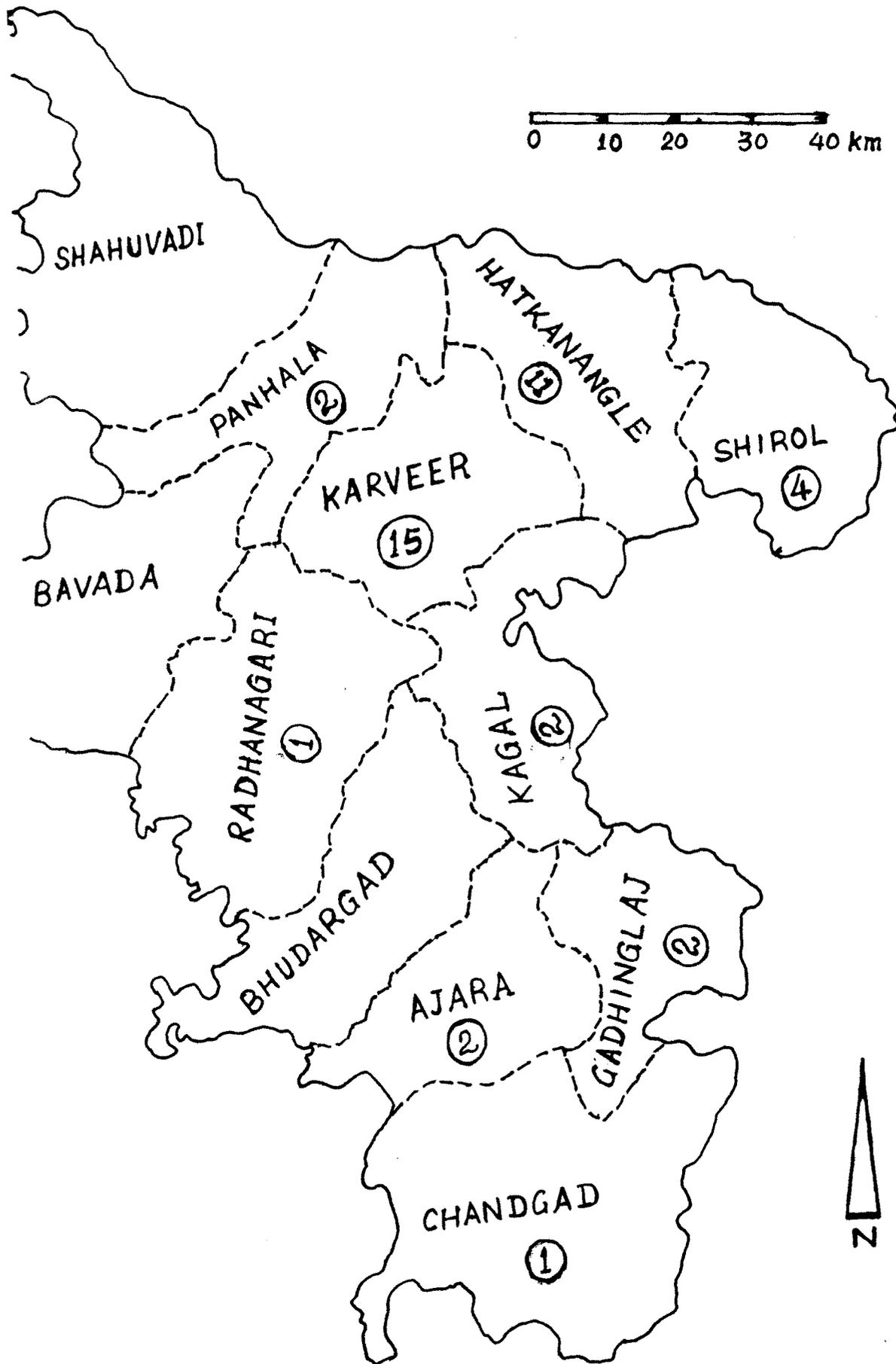
STATISTICAL INFORMATION OF

(Amount in lakhs)

Sr. No.	Name of the Bank	Estd.	of branches	Remarks
1	2	3		12
1)	Shri.Veershaiv Coop. Bank Ltd., Kolhapur	1942		
2)	Ichalkaranji Janata Sahakari Bank Ltd., Ichalkaranji.	1963		
3)	Warana Sahakari Bank Ltd., Warananagar	1966		
4)	Shri.Mahalaxmi Coop. Bank Ltd., Kolhapur	1933		
5)	Peoples Coop.Bank Ltd., Ichalkaranji.	1963		
6)	Kolhapur Janata Saha -kari Bank Ltd., Kolhapur	1960		
7)	Shri.Mahaveer Coop. Bank Ltd., Kolhapur.	1937		
8)	The Kolhapur Maratha Coop.Bank Ltd., Kolhapur	1933		
9)	The Ajara Urban Coop. Bank Ltd., Ajara.	1961		
10)	The Kolhapur Urbah Coop.Bank Ltd., Kolhapur	1913		
11)	Shri.Balbhim Coop.Bank Ltd., Kolhapur	1915		
12)	Shivaneri Sahakari Bank Ltd., Ichalkaranji	1972		
13)	The Waggaon Coop.Bank Ltd., Vadgaon.	1957		
14)	Youth Development Coop.Bank Ltd., Kolhapur	1975		
15)	Shree.Shahu Coop.Bank Ltd., Kolhapur	1927		
16)	Ichalkaranji Urban Coop. Bank Ltd., Ichalkaranji	1931		
17)	Chowdeshwari Sah.Bank Ltd., Ichalkaranji.	1981		

1	2	3	12
18)	The Ravivar Peth Coop. Bank Ltd., Kolhapur	1924	
19)	The Gadhinglaj Urban Coop. Bank Ltd., Gadhinglaj	1950	
20)	Shri. Panchaganga Nagari Sahakari Bank Ltd., Kolhapur	1972	
22)	Shri. Paisa Fund Shetki Sahakari Bank Ltd., Hupri	1950	
22)	Nutun Nagari Saha. Bank Ltd., Ichalkaranji	1971	
23)	Kolhapur Zilha Govt Servants Coop. Bank Ltd., Kolhapur	1917	
24)	The Ganesh Sah. Bank Ltd., Kurundwad	1966	
25)	The Kurundwad Urban Coop. Bank Ltd., Kurundwad	1956	
26)	The Commercial Coop. Bank Ltd., Kolhapur	1962	
27)	Kolhapur Mahila Sahakari Bank Ltd., Kolhapur	1972	
28)	The Prathmik Shikshak Sah. Bank Ltd., Kolhapur	1939	
29)	Shree Bharat Urban Coop. Bank Ltd., Jaysingpur	1970	
30)	Nagari Sahakari Bank Ltd., Kadoli.	1962	
31)	Jaysingpur Udgaon Sah Bank Ltd., Jaysingpur	1960	
32)	Rendal Sah. Bank Ltd., Rendal	1964	
33)	Ichalkaranji Mahila Sah. Bank Ltd., Ichalkaranji	1970	
34)	Shivaji Sah. Bank Ltd., Gadhinglaj.	1971	
35)	The Kagal Coop. Bank Ltd., Kagal	1917	
36)	The Ichalkaranji Kamgar Nagri Sah. Bank Ichalkaranji	1968	
37)	Kumbhi Kasakari Sah. Bank Ltd., Kuditre	1976	
38)	Janata Saha. Bank Ltd., Ajara	1969	
39)	Yashwant Sahk Bank Ltd.,		
40)			

NUMBER OF URBAN CO-OPERATIVE BANKS
IN KOLHAPUR DISTRICT



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