

C H A P T E R - I V

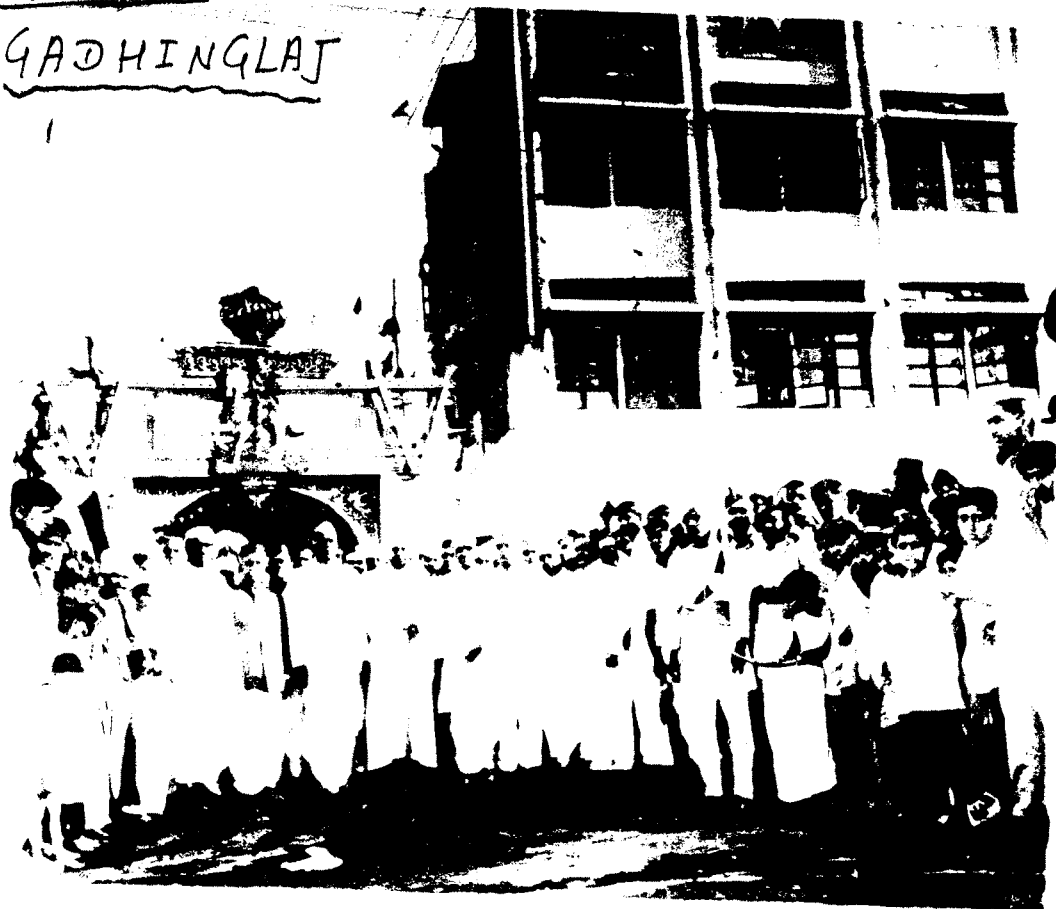
A PROFILE OF SHRI.VEERSHAIV CO-OPERATIVE

BANK LTD., KOLHAPUR.

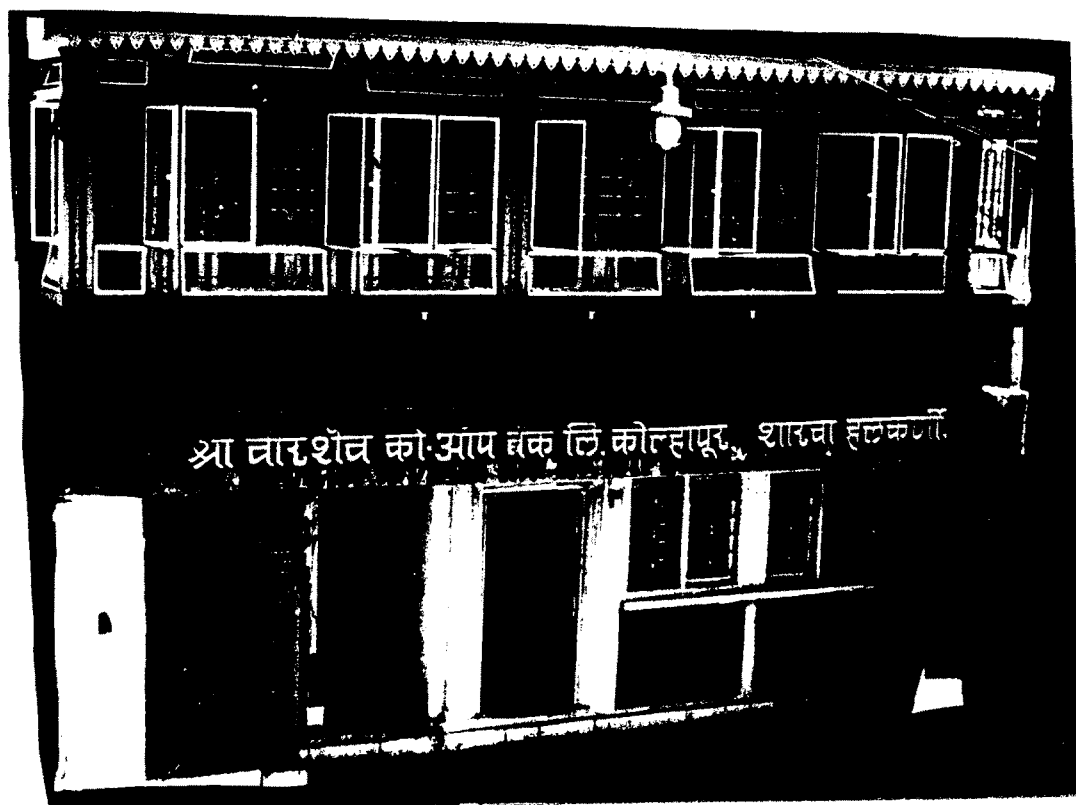
- 4:1 Introduction
- 4:2 Inception
- 4:3 Objectives of the Bank
- 4:4 Location of the Bank
- 4:5 Growth of the Bank
- 4:6 The Highlights of the Bank

BRANCH:

GADHINGLAJ



BRANCH: HALAKARNI



A PROFILE OF SHRI.VEERSHAIV CO-OPERATIVE
BANK LIMITED.,KOLHAPUR.

4:1 INTRODUCTION:-

A detailed analysis of the urban co-operative banks has already been made in earlier chapter. A brief review of the working of Shri.Veershaiv Cooperative Bank Ltd., has been presented here for the period 1972-73 to 1983-84.

4:2 INCEPTION:-

The urban co-operative banks have become increasingly popular in Kolhapur. Therefore one more urban co-operative bank was established at Kolhapur for achieving the urban co-operative banking goals.

The main source of spirit behind the established of Shri.Veershaiv Cooperative Bank Ltd., was given by Late Ravasaheb D.B.Mali. and Late Ravasaheb Swami M.G. They were well known persons. They has well experience in urban co-operative banking sector. Late M.D.Shreshthi, Shri.Ratnappa Kumbhar, Dr.N.C.Chikmath, Mahadevapanna Chougule, Virupakshanna Doijad, Shivapadanna Nashte also contributed the establishment and growth of the bank.

Then the first general meeting of Shri. Veershaiv Cooperative Bank was held on 12th February 1942. " According to the rules and regulations of Bombay Co-operative Societies Act 1925, Section 7, the bank

elected the First Board of Directors. The members of this board were earliest promoters of the bank"¹. Therefore the banking activities started with various important aims and objectives.

4:3 OBJECTIVES:-

As per bye-laws of the bank the objectives of the bank may be grouped under two broad outlines, such as

A) Objectives relating to banking functions viz., to receive money on current, savings, fixed and other term deposits, to receive for safe custody securities, ornaments and other valuables, to ~~bye~~ and sale securities of the Government of India or Government of Maharashtra or other securities, to draw accept, endorse, ~~bye~~ buy, sell and negotiate, inland bills of exchange.

B) Objects relating to general giz- To finance enterprenuers, artisans, small ~~traders~~ traders, to act as an agent for Government of Maharashtra for the purpose of distribution of industrial and other loans granted to small medium and cottage industries, forest and weaving industries, to act as an agent for the Reserve Bank of India or any other bank, to acquire land and house-hold properties in satisfaction of claims and hold properties for purpose of construction of building etc., for office and godown purposes.

For achievement of above banking objectives the bank may open their branches offices or pay offices in their area of operation. The area of operation is

Kolhapur District and registered address of the bank is at 1517 'C' Laxmipuri, Kolhapur.

4:4

LOCATION OF THE BANK : -

Shri.Veershaiv Cooperative Bank Ltd., is located in the heart of the Kolhapur Municipal city, particularly known as Laxmipuri. This area is crowded by various small and medium size automobiles, industries, transport workshops and transport agencies, machinery spare parts, hard wear, Vehical show rooms, printing press, electric equipments, medical shops, primary schools, hospitals, bakeries, Cinema theaters and other attractive commercial shops. There are very conducive circumstances for development of banking industry in Laxmipuri Kolhapur. and it is also called as Bank Road of Kolhapur.

Further the laxmipuri area also known as banking centre area in Kolhapur. Theref are various bank offices located nearer to Shri.Veershaiv Coop.Bank viz Bank of India, Canara Bank, Bank of Maharashtra, Union Bank of India, Central Bank of India, State Bank of India, The Sangli Bank Ltd., The Maharashtra State Financial Corporation, Life Insurance Corporation of India and other co-operative banks offices functioning in the laxmipuri area.

It is significant that the all leading banks nationalised and scheduled banks located in laxmipuri. It shows that the Bank has ~~related~~ ^{Selected} the very competation place for its location.

GROWTH OF THE BANK :-

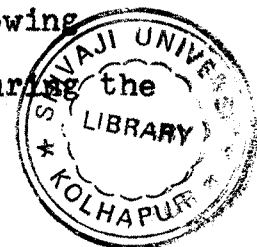
The growth of Shri.Veershaiv Coop.Bank Ltd., can be studied as under-

A) Geographical Coverage -

The bank covered Kolhapur district area for its operation. It is known as busy and centered area for banking business. Out of total 12 Tehsils of the district 6 tehsils are covered by the bank. It has also opened branch offices in famous and irrigated tehsils i.e, Gadhingla, Shirol, Hatkanagale, and Radhanagari, as well as Karvir. The bank thus, popular geographical area covered for its better banking activities and services.

B) Membership -

" The membership of the bank consists of individuals over 18 years of age and competent to contract. The bonafied persons can become members. Membership of the bank divided into two classes, viz (A) and (B)" ² The above explanation liable for A class and also B class members of the B class are excluded from the right of voting and participation in the management of the bank. A person who intends to become members of the bank is required to submit a prescribed application form alongwith the entrance fees duly attested by witnesses. The final power of admitting new members has been vested in the Board of Directors. The following chart reveals that the position of membership during the



period of last 12 years. That is from 1973 to 1984.

TABLE NO 4: 1

Table showing the position of Membership

Members	30/6/73	30/6/78	30/6/84
'A' Class Members	3667	4650	8438
'B' Class Members	4654	28048	15537

Source - Compiled from Annual Reports of the Bank -

Above table shows the growth of the membership which increased continuously from 3667 in 1973 to 4650 in 1978 and 8438 in 1984. representing a spectacular growth of 130%. The B class members also increased from 4654 in 1973 to 28,048 in 1978 but decreased 15,337 in 1984 representing a spectacular growth of 233%.

The average growth rate of A class Members increased from 164 in 1973 to 1978 to 631 in 1979 to 1984 during the period of last 12 years. And the average growth rate of B class members increased from 3899 in 1973 to 1978 but decreased 2085 in 1979 to 1984. during same period. The table points out that the growth of full pledged members i.e. (A class) increased during last 6 years but nominal members i.e. (B Class) decreased during last 6 year due to the directives of Reserve Bank of India B class membership policy changed by the banks.

C) Share Capital -

" Authorised share capital of the bank is Rs. 8,12,500 divided into 32,500 ordinary shares of Rs. 25 each "3. These shares can only be subscribed by class 'A' member. The Board of Directors enjoys direction in the allotment of shares as per the number of shares demanded or less than the demanded number or of refusing allotment of shares completely to any applicant. The following table indicates the position of share capital during the period of last 12 years.

TABLE NO 4: 2

Table showing the Position of Paid-up
Capital

U			
Items	30/6/73	30/6/78	30/6/84
Paid-up Share capital	2,11,230	3,97,080.	8,05,445

Source- Compiled from Annual Reports of the Bank.

Above table indicates that the authorised share capital of the bank of which 32,383 shares of Rs. 25/- each demanded i.e. the paid-up share capital remarkable increase during the period of last 12 years.

The share capital rose by Rs. 5,94,215/- from Rs. 2,11,230/- to Rs. 8,05,445/- during the period of 1973 to 1984.

They recorded nearabout four-fold increase within a period of 12 years.

The average growth rate of share capital is Rs. 49,518 during the corresponding years.

Similarly average share capital per member declined from Rs. 657 in 1973 to Rs. 95 in 1984. It clearly shows that the number of members increased with minimum share amount,

The main reason for such increase in share capital has been that the persons required to purchase shares for better facilities from the bank and meet the credit needs.

The growth rate of share capital rose by 14% from 88% in 1973 to 1978 to 102% in 1979 to 84 during the period of last 12 years. The latter is satisfactory.

It should be pointed out that share capital as percentage of working capital increased from 0.6% in 1978 to 0.8% in 1984 and as percentage of Loans outstanding 1 % in 1978 to 1% in 1984. This percentage did not register a satisfactory trend but rose slowly during the period of last 12 years.

D) Reserve Fund and Other Reserves -

Building up of permanent reserve fund has always been considered as an essential condition of prosperous business. It is an important component of working capital as it acts as a shock absorbing cushion

at the time of financial stringency. The following chart indicates the position of reserve fund and other reserves during the period of last 12 years.

TABLE NO 4:3

Table showing the position of Reserve Funds

Item	30/6/73	30/6/78	30/6/84
	Rs.	Rs.	Rs.
Reserve Fund and other reserves	5,91,000	34,89,000	96,38,000

Source- Compiled from Annual Reports of the Bank

The Table reveals that the growth of reserve fund over the period under review, increase from Rs. 5,91,000 in 1973 to Rs. 34,89,000 in 1978 and To Rs. 96,38,000/- in 1984. marking an increase of 1530%.

They recorded near about 16 fold increase within period of 12 years.

The average growth rate of reserve funds and other reserves is 7,54,000/- during the corresponding period.

Reserve Funds and other reserves as percentage of working capital remained constant from 1 % in 1973 to 1 % in 1984.

The bank is in a position of build-up sound reserves for better banking activities.

E) Profit and Dividend Declaration -

Earning of profit is not the main objectives of co-operative concerns. But profit in the name of surplus funds is an essential for future development of the organisation. The same principle is adopted by Shri.Veershaiv Co-operative Bank Ltd., The following chart indicates the position of earned profit during the period of last 12 years.

TABLE NO 4:4

Table showing the position of Profit and Dividend

Item	30/6/73	30/6/78	30/6/84
	Rs.	Rs.	Rs.
Net Profit	2,26,000	8,25,000	17,07,000

Source: Compiled from Annual Reports of the Bank

The table clearly shows that the earned profit increased from Rs. 2,26,000 in 1973 to Rs. 8,25,000 in 1978 and Rs. 17,07,000 in 1984.

They representing near about more than seven and half fold increase during 1973-84.

The average growth rate of earned profit is Rs. 1,23,418 during the period of last 12 years.

The net profit formed a rising proportion of working capital through out the period under review.

According to the satisfactory earned net profit position the rate of dividend declaration also increased by the bank. The dividend^{is} paid to the members as per their shares holding ratio and declared rate of dividend.

Upto 30th June 1977 the Bank could declare 9% dividend. And this rate was, however, changed from the year 1978. The Bank maintained the rate of dividend at 12 % since 1978.

F) Credit Deposit Ratio -

Loans and advances as per percentage of total deposits of the bank increased from 69% in 1973 to 63% in 1978 and 86.5% in 1984. representing a growth of 17.5% during 1973 to 1984.

It is interesting to note that the ~~14.5%~~ 14.5% of which 17.5% aggregate growth ratio remained in last two years only. Thus the bank changed its loan policy for better investments.

G) Board of Directors and Management -

The entire administration and management of the bank vests in the Board of Directors. All policy matters are obviously decided in Board of Directors meetings. Normally two meetings are held in a month at the bank office. It is worthwhile to note that directors do not accept any meeting allowance/remuneration whether they attend the meeting.

General Manager is an ex-officio member and three members are nominated and eleven members are elected totally 15 members ^{titute the} ~~consists of~~ board of directors body. Policy matters and necessary day-today operations are made through General Manager's direction to the staff members and also bank customers. Various reliable expert and senior experienced ~~persons~~ are appointed for officer cadre. The whole banking management and authority have a moto of be carefully, be sincere be prompt and be proper work must considered for better banking image.

For proper and prosperous banking business bank held a board of directors meeting. Attendance of directors to the meeting was also satisfactory. The Board of Directors have taken keen interest with heartly co-operation for implimentation of policies and banking activities.

The following table indicates the position of board of directors meeting held by the bank during the period of last 12 years.

TABLE NO 4:5

Table showing the meetings of Board of Directors

Year	Total Meeting held at bank office	Average days
1973	17	21 days each meeting
1974	15	24 days each meeting
1975	17	21 " "
1976	18	20 " "
1977	15	24 " "
1978	14	26 " "
1979	22	16 " "
1980	25	14 " "
1981	20	18 " "
1982	25	14 " "
1983	17	21 " "
1984	21	17 " "

Source- Compiled from Annual Reports of the Bank

The data in the above table show that in the year 1980 the maximum number (25) of meetings were held in 1982 And and minimum number of meeting held was 14. in the year 1978. The table also points out that minimum average days for each meeting were 14 and the maximum days were 24 during the period 1973-84.

H) Manpower -

The growth of banking business achieved has been mainly possible due to whole hearted involvement of

Table No 4:7

Table showing the management expenses and their
percentage to total income

Year	Management Expenses Amount Rs.	Increase	Decrease	Percentage to total income
1973	2,73,775	-	-	16.5%
1974	3,92,904	1,19,129	-	15.5%
1975	4,96,635	1,03,730	-	14.0%
1976	6,56,247	1,59,611	-	17 %
1977	8,92,649	2,36,402	-	19.9%
1978	9,30,542	37,982	-	17.8%
1979	10,76,943	1,46,401	-	19.4%
1980	13,93,283	3,36,338	-	22.5%
1981	16,19,325	3,26,042	-	21.6%
1982	17,45,149	1,25,824	-	18.8%
1983	22,99,258	5,54,109	-	19.1%
1984	28,55,960	5,76,702	-	18.9%

Source- Compiled from Annual Reports of the Bank.

The table reveals that the management expenses increased from Rs. 2,73,775 in 1973 to Rs. 9,30,542 in 1978 and Rs. 28,55,960 in 1984. The fact that management expenses nose contineously.

They recorded nearly more than ten-fold increase within a period of last 12 year.

The average growth rate of management expenses is Rs. 2,15,182 during the corresponding years.

to be 71

The percentage of management expenses ~~as of~~ total income reveals since 1973 upto 1980, but since 1980 same percentage declined. The it is cleared that the bank tried to maintained minimum expenses for its banking activities.

The management expenses as percentage of working capital were 3 % in 1984 as against 1 % in 1973. This percentage was more than 2.6% since the year 1978, despite the fact that working capital rose continuously.

k) Self- Dependence -

Own funds, deposits, loans, investment, working capital, profit, income, management expenditure and reserve funds etc. as on 30th June 1984 indicates that the financial position of the bank is sound. It has not any money borrowed from other. It has recently started borrowing from Maharashtra State Co-operative Bank Ltd., Bombay as per applied refinancing loans to the priority sectors under Reserve Bank of Indias directives section 12(2) bb. The bank has borrowed under these scheme and not for its banking requirements.

The ratio of deposits and owned funds in the working capital remained high ratio as 83% and 10 % respectively. It is clear from that the sound financial position of the bank creates and helped for operating its activities for better business with self-dependent own basis.

m) Loans and Advances -

Hence the leading operation of the Bank will include both for productive and unproductive purposes. The pattern of loan lending of the Bank would be usually in the form of cash credit accomodation, overdraft facilities and clean loan etc., lean operation of the Bank consists of granting loans against mortgage of immoveable property or on the surety or on the pledge of agricultural produce, industrial goods, gold and silver ornaments government securities or security of term deposits and insurance policies.

According to the bye-laws 11(57 to 95) the Bank advances ~~of~~ loans to the members for various purposes. The following table indicates that the position of loans and advances during the period of last forty two years i.e. (1942 to 1984)

Table No 4:9

Table showing the position of loans and advances

Years	Loans & Advances	Share in the Working capital
1942 to 1952	1,24,973	25 %
1953 to 1962	6,28,000	42 %
1963 to 1972	49,93,225	60 %
1973 to 1984	5,82,96,800	60%

Source-

Compiled from Annual Reports of the Bank

Above table remarks that the loans and advances rose by Rs. 5,81,81,827 from - 1,24,973 to Rs. 5,82,96,800 during 1942 to 1984. The average growth rate of loans and advances is Rs. 13,85,043 during the period of last 42 years. The share of loans and advance in the working capital also increased from 25% in 1952 to 60% in 1984. The detailed study of loans and advances is made in chapter VI.

n) Working Capital -

The working capital is one of the most significant part of the urban co-operative banking activities. Working capital indicates the turnover ^{of} ~~over~~ all financial position of the banks. The following table indicates the position of working capital of the Bank during the period of last 42 years. That is from 1942 to 1984.

Table No 4: 10

Table showing the position of working capital

Years	Working capital Amount Rs.	Increase Rs.
1942 to 1952	3,90,398	-
1953 to 1962	13,57,770	9,67,372
1963 to 1972	82,98,754	69,40,982
1973 to 1984	9,66,24,130	8,83,25,376

Source: Compiled from Annual Reports of the Bank.

Above table indicates that the working

Above table shows that the total number of eight branch offices opened by the Bank during the period of last 42 years. And also the Bank made an attempt for expansion of branches for better banking business. The detailed study of branch expansion is made in chapter VII.

4: 6 THE HIGHLIGHTS OF THE BANK:-

A) The first branch office was opened at Gadhinghaj within one year from its inception. For better banking business. Quick action ~~taken~~ by the bank, like that not any other urban co-operative banks taken action.

B) During the period of last 39 years Board of Directors were elected unanimously. There was no election held during the period of last 39 years. i.e. upto 1981.

C) In the second year of the bank it earned a profit of Rs. 134 and increased the profit every year upto the time. Therefore it stands as a highest in profit earning bank at Kolhapur District.

D) Board of Directors did not take any meeting allowance. They have a more interest with a broader view of social work and self respect as a model.

E) During the period from 1913 to 1942 was also known as ~~sernitude~~ season. There were total number of 10 urban co-operative banks. established at same time. Shri.Veershaiv Coop.Bank Ltd., was the last in its establishment. Now the bank is known as the first bank in all other urban co-operative banks established at Kolhapur.

- 4) First Board of Directors Meeting held on 21st February 1942.
- 5) First woman member of the Bank named Smt. Bayava R. R. Bhende.
- 6) First President of the Bank named late Dr. N. C. Chikamath.
- 7) First Manager of the Bank named Shri. Basagonda S. Patil.
- 8) First Fixed Depositor of the Bank named late Shri. M. D. Shreshti.
- 9) First Current Depositor of the Bank named Shri. M. B. Solapure.
- 10) First loan holder of the Bank named Shri. Babana S. Savardekar.
- 11) First Branch office of the Bank At Gadhinglaj. Dist. Kolhapur.
- 12) First own building of the Bank in Gadhinglaj.
- 13) First profit earned by the Bank of Rs. 134/-
- 14) First Dividend declaration to the member as 4.72%
- 15) First donation given to National defence fund of Rs. 5001.
- 16) First trained staff member through bank on 1951 named Shri. M. M. Sultanpure.
- 17) First amendments made in bye-laws in 1953.
- 18) First election programme enacted for Board of Directors in 1981
- 19) First urban co-operative bank in Kolhapur in the series of Financial Position.

- 20) First urban co-operative bank in the
Kolhapur district in the series of
owned funds and earning profit.

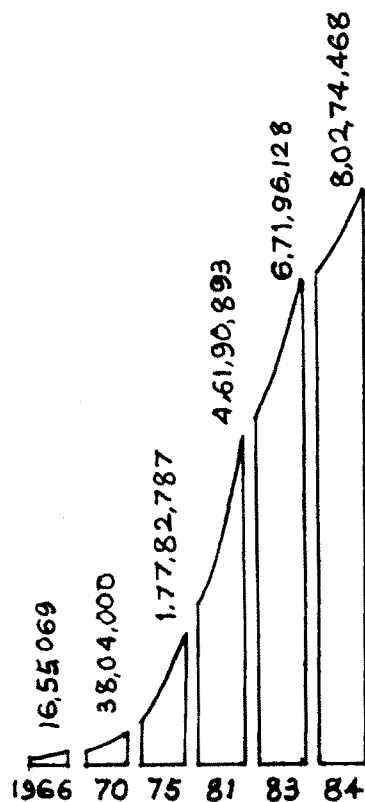
The overall growth of the Bank during the period of 1973
to 1984 can be showed with reference to the data given in
the table No 4:12,P.83...

Table showing the Y (in lakhs)

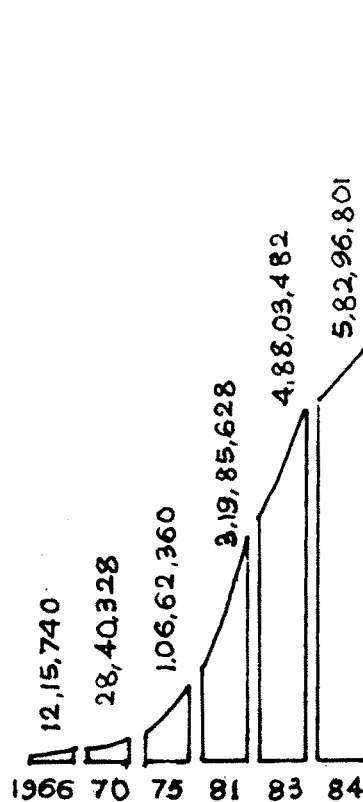
Sr. No.	Particulars	1973		1984	
1.	Membership A	3767			
	B	4654		8438	15557
2.	Paid-up share capital	2.11		8.05	
3.	Reserve Fund & other funds	5.91		96.38	
4.	Total Deposits	153.23		802.74	
5.	Total Loans & advances outstanding	105.51		582.96	
6.	Total Working capital.	171.76		966.24	
7.	Management Expenses	2.73		28.55	
8.	Profit	2.26		17.07	
9.	Rate of Dividend	9%		12%	
10.	Overdues	2.37		42.23	
11.	Branches	4		1	

Source: Compiled from Annual

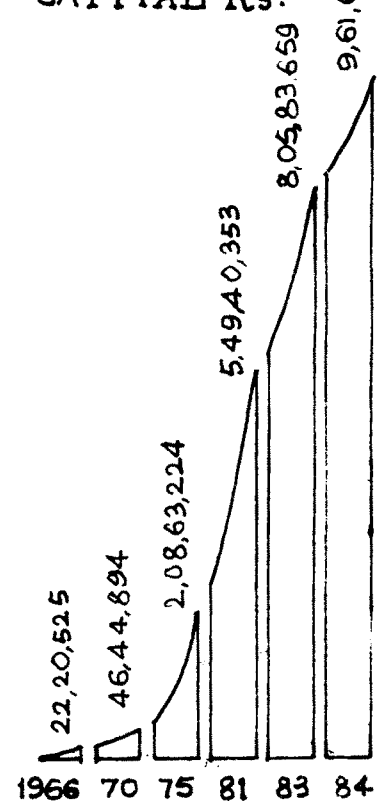
DEPOSITS Rs.



LOANS Rs.

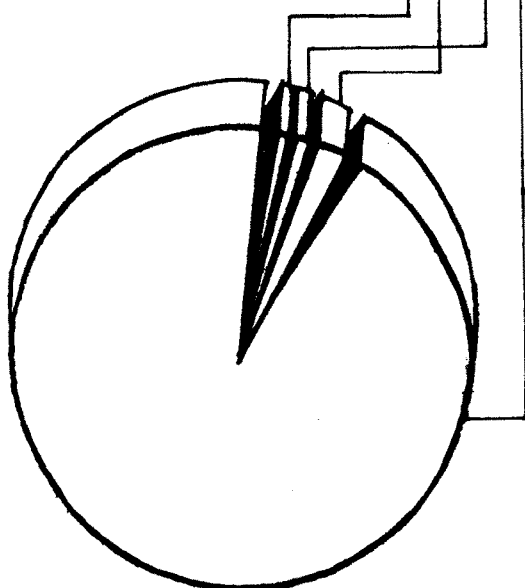


WORKING CAPITAL Rs.



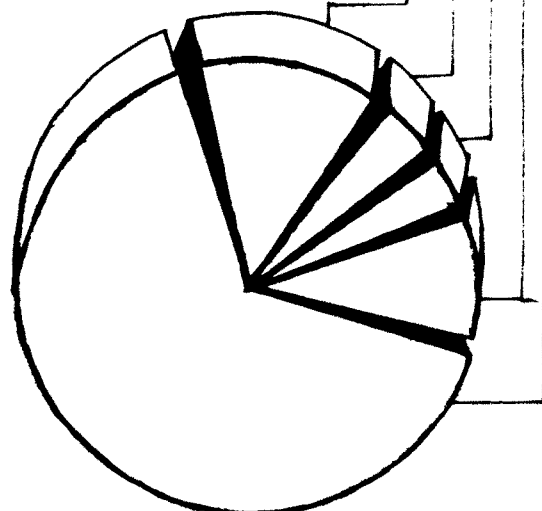
PATTERN OF INCOME Rs.

- INTEREST RECD. 1,48,59,206
- COMMISSION 59,146
- RENT AND OTHER RECEIPTS 81,752
- OTHER INCOME 55,871



PATTERN OF EXPENDITURE Rs.

- INT. PAID ON DEPOSITES 1,04,92,152
- ESTABLISHMENT EXP. 15,50,953
- PROVISIONS AND MISC. EXP. 6,30,214
- OTHER EXP. 6,74,794
- PROFIT 17,07,862



REFERENCES

- 1) Raupya Mahotsava Smruti Grantha,
Shri.Veershaiv Co-operative Bank Ltd.,
Kolhapur, 1969, P.31
- 2) Eye-laws Shri.Veershaiv Co-operative Bank
Ltd., Kolhapur, P.2
- 3) ibid p.3