

## CHAPTER I

### 1. INTRODUCTION:

Maharashtra has been and continues to be a pioneer in the field of urban co-operative banking movement in India. The first Mutual Aid Society was organised as early as on 5th February 1889 at Baroda in the then Bombay province by a few middle class Maharashtrian families settled their slowly and gradually.<sup>(1)</sup> It was realised that urban credit societies were eminently suitable for mobilising the local saving and to provide financial relief to the needy people belonging to lower and middle class families. No doubt the great depression of nineteen thirties had a telling effect on the co-operative movement including the urban co-operative banks but its impact on the latter was comparatively insignificant since their clientele consisted of small traders, businessman etc.<sup>(2)</sup> Thus these banks meet the credit needs of various small, middle class people such as artisans, factory workers, salaried people in urban and semi-urban areas. It can also play a very useful part in the promotion and development of small scale industry.

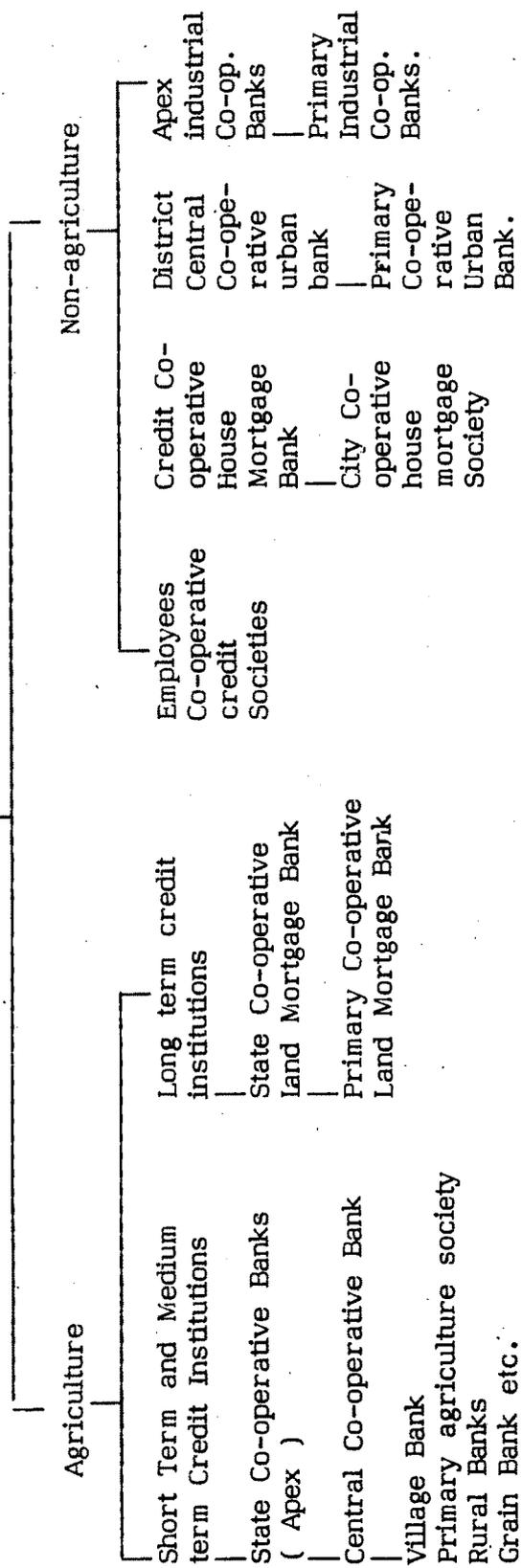
There is little difference between constitution and management of both urban credit society and banks. In fact, most of the urban banks have developed out

of urban credit society. The main distinguishing feature between the two was based on their working capital was revised in 1938, when on the recommendation of the Bhan-sali Mehta Committee, "only those urban credit societies which do banking business as defined by section 277(f) of the Indian Companies Act i.e. accepting deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order and have a paid up share capital of not less than Rs.20000 have been allowed to use the word Bank as a part of the name and to carry on various kinds of banking business as may be provided in their bye-laws.<sup>(3)</sup>

The area of operation of urban bank is restricted to a town one part of a town if highly populated. They accept all types of deposits, transact all kinds of banking business and grant small advances to middle people, artisans, traders etc. who were denied credit and banking facilities by the commercial banks.

A table showing different kinds of co-operative banks -

CO-OPERATIVE BANKS



In those days urban credit societies including the urban bank were described as non-agricultural credit society. Special encouragement was not given by the government for the organisation of non-agricultural credit society. After the failure of many commercial banks paved the way for the organisation of new urban credit societies and boom of their activities. (5)

It was then realised that urban credit societies were eminently suitable institutional agencies for collecting rural savings and to provide relief to those who were in the clutches of money lenders by providing them with financial accommodation.

Thus urban banks have been playing a very significant role in the mobilisation of savings and provision of banking facilities in the urban and semi urban areas. They also finance key sectors like small industry and even agriculture. It is important and imperative that they are recognised and given due place in the programmes of co-operative development.

On their part, urban banks should adopt modern methods of management, become self-reliant, expand their deposits, diversify the loans and assure new dimensions to fulfil the needs of our developing and growth oriented economy.

Shri Mahalaxmi Co-operative Bank Ltd., is one of the progressive urban co-operative banks in Kolhapur city. The researcher, therefore wants to study about this bank with certain aspects such as mobilisation of deposits, loans, recovery problem etc. Shri Mahalaxmi Co-operative Bank is established as a society in 1933 and in 1942. It was recognised as a bank and started banking business. Since then the bank has been working in Kolhapur City.

#### 1.2 OBJECTIVES AND SCOPE OF THE STUDY:

Fulfilment of financial needs of urban and semi urban society is the base on which urban co-operative bank has been established. Though the operating territory / area of such banks is limited; they have played a significant role in upbringing the status of the society for which they operate.

The main objective of this study is to study, to analyse and to evaluate the operations and performance of shri Mahalaxmi Co-operative Bank Ltd., Kolhapur for the period 1982 to 1987.

1. To study the mobilisation of deposits of Shri Mahalaxmi Co-operative Bank during the period under study.
2. To study and examine the pattern of loans and advances.

3. To study the recovery of loans.
4. To make necessary suggestions for efficient working.

### 1.3 METHODOLOGY OF THE STUDY:

The study is based on secondary data, published data, annual reports of the bank, oral discussions etc.

#### SOURCES OF DATA COLLECTION:

The data required for the study are collected from the following sources.

1. Annual reports of the bank and other urban co-operative bank.
2. Various pamphlets on deposit scheme of the bank.
3. Personal discussion with branch manager, clerks, accountants, cashier etc. Also oral discussion was made with the borrowers of the bank.
4. Library resources, various banks, journal reports on banking.

### 1.4 PLAN OF STUDY:

The report of this study has been divided into six chapters.

The 1st Chapter deals with introduction, objectives, scope, methodology, sources of data collection and limitations of the study.

The 2nd Chapter gives the short history, general background of the urban banks i.e. its meaning, definition, membership, loans etc. Then historical development of urban co-operative trends in India and then in Kolhapur district.

The 3rd Chapter gives a profile of Shri Mahalaxmi Co-operative Bank Ltd., and includes objectives of the Bank, its working, management etc.

The 4th Chapter deals with different schemes of deposits of Shri Mahalaxmi Co-operative Bank Ltd., and its statistical data and differential rates of interest on deposits.

The 5th chapter contains the measurement of loans and advances of the bank, its recovery position, overdues etc.

The 6th Chapter gives summary that the researcher made under the review.

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