
CHAPTER - IV

FINANCIAL RESOURCES OF AJARA URBAN
CO-OPERATIVE BANK LTD., AJARA.

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FINANCIAL RESOURCES OF AJARA URBAN CO-OPERATIVE
BANK LTD., AJARA.

4.1 INTRODUCTION :

The efficiency of every urban co-operative bank is depends upon the funds available in the bank so every bank should built up its funds by various resources, they are :-

Share Capital :

A bank can raise a fund by issuing a shares to the member of the bank. An individual may be admitted as a member if he is adult, competent to contract and resides within the area of operation of the bank.

Deposits :

Deposits \ are accpeted at any time within the limits of determined under the Co-operative Societies Act and Rules to raise a fund these deposits may be accepted on current, saving, fixed, recurring, cumulative and under any other special schemes.

Reserve Funds & Other Reserves :

Reserve funds and other reserves are also one of the main sources to raise a fund. These funds have always been considered as an essential condition of prosperous business of the bank. It is an important component of working capital.

Borrowing from Other Bank :(Loans & Advances)

Bank can borrow a fund from various banks or from Government to raise a necessary fund as per the rules and regulations stated in the bye-laws of the Bank.

4.2 SHARE CAPITAL :

As per the bye-laws, share capital is the basic point of the Bank. Authorised Share Capital of the Bank is Rs. 50,00,000/- divided into 200000 Ordinary Shares of Rs. 25/- each and these shares can only be subscribed by class "A" members. The Board of Directors enjoys direction in the allotment of shares as per the number of shares demanded or less than the demanded number of share or of refusing allotment of shares to any applicant without giving any reason. The following table shows the position of the Authorised and paid-up share capital during the

the period of last 5 years.

TABLE No.4.1
TABLE SHOWING THE POSITION OF SHARE CAPITAL

Year	Authtoised Capital Rs.	Paid-up Capital Rs.	Increase Rs.
1990	50,00,000	29,19,450	
1991	50,00,000	32,79,525	3,60,075
1992	50,00,000	33,48,900	69,375
1993	50,00,000	34,58,625	1,09,725
1994	50,00,000	39,38,450	4,79,825

Source - Annual Reports of the Bank.

The above table shows that the authorised share capital and paid-up share capital of the Bank. The paid up capital increased during the period of last 5 years from Rs. 29,19,450/- to Rs. 39,38,450/- during the period from 1990 to 1994.

The average increase in share capital is Rs. 2,03,800/- during the 5 years and the share capital recorded near about 1.35 fold increase within a period of 5 years.

The growth in share capital decreased from Rs. 3,60,075 in 1990 to Rs. 69,375 in 1991. This was due to issue of loss number of shares in that year.

4.3 RESERVE FUND & OTHER RESERVES :

Reserve funds and other reserves have always considered as an essential condition of prosperous business of the Bank. It is an important component of working capital, as it acts as a shock absorbing cushion at the time of financial stringency.

In addition to the sum prescribed under the Co-operative Societies Act, Rules and Bye-laws all admission fees, entrance fee, nominal membership fees, amount of forfeited shares, forfeited dividend and donations shall be carried to the reserve fund.

The bank maintains 17 types of reserves such as Reserve Fund, Building Fund, Reserve for Bad-debts, Divident Equivalencetion Fund, Development Fund, etc.

The following table shows the position of reserve funds and other reserve of the Bank

during the period of five years.

TABLE No. 4.2

TABLE SHOWING THE POSITION OF RESERVE FUNDS

Year	Reserve Funds and Other Reserves	Increase
1990	1,33,40,178.36	
1991	1,67,51,086.18	34,10,907.82
1992	2,06,81,208.25	39,30,122.07
1993	2,96,64,320.19	89,83,112.19
1994	4,31,89,895.45	1,35,25,575.26

Source - Compiled from the Annual Reports of the Bank

The data in the above table shows that the total amount of various funds, increased from Rs. 1,33,40,178.36 to Rs.4,31,89,895.45 with in five years.

The growth rate in reserve funds and other reserve increased from 25.57% in 1991 to 45.60% in 1994. It means reserve funds and other reserves are satisfactorily increased, during the period of last five years.

4.4 DEPOSITS :

The success of a bank will largely depend on the amount of deposits which it is able to collect. Interest should be paid regularly, yearly, half yearly or so at the rates fixed in the bye-laws or by the General Meeting/Managing Committee Meeting of the Society.

Deposits are sums obtained by a bank from members and non-members on the ordinary terms prescribed by its bye-laws or by the general meeting. Ordinarily a bank should prefer deposits since they are a proof of its own credit and are generally cheaper than loans. Deposits particularly time deposits and savings deposits are the main source of liquidity of banks. Therefore, mobilisation of deposits through different novel schemes is the secret of the success of bank. The Ajara Urban Co-operative Bank Ltd., Ajara, with its innovative deposit schemes not only stimulates to those who have the capacity to save but, extract funds from those who do not have to do it. Deposit mobilisation requires not only the creation of confidence among the people about the safety of their deposits but also assurance of higher returns on it.

The data in the following table show that there is a continuous increase in the total deposits of the Bank.

TABLE No. 4.3
TABLE SHOWING TOTAL DEPOSITS OF THE AJARA URBAN
CO-OPERATIVE BANK LTD, AJARA.
(from 30-6-1990 to 31-3-1994)

YEAR	TOTAL DEPOSITS Rs.	GROWTH Rs.	% OF GROWTH
1990	21,02,03,052		
1991	24,59,03,484	3,57,00,432	16.98
1992	26,55,66,786	1,96,63,302	7.99
1993	31,65,79,800	5,10,13,014	19.20
1994	36,58,74,836	4,92,95,036	15.57

Source - Annual Reports of the Bank.

The deposits of the Ajara Urban Co-operative Bank Ltd., Ajara showed a continuous upward trend. The deposits stood Rs. 21,02,03,052/- in 1990. This amount increased upto Rs.36,58,74,836/- in 1994. This increase of deposits was caused by many innovative schemes such as Kuber Deposits, Dhanwardhini, Dhanlaxmi, Amrutkum, Damduppat, Tippat Deposits etc.

FIXED DEPOSITS :-

A fixed deposit is the deposit of a fixed amount of money for a fixed period of time. The object of this scheme is to provide interest to the deposits. Interest on fixed deposits shall be paid yearly or such intervals as may have been agreed upon at the time of deposits. The position of fixed deposits of the Ajara Urban Co-operative Bank Ltd. is as under.


TABLE No. 4.4 

TABLE SHOWING FIXED DEPOSITS OF THE AJARA URBAN
CO-OPERATIVE BANK LTD., AJARA.

YEAR	AMOUNT Rs.	% OF TOTAL DEPOSITS
1990	14,99,58,844	71.33
1991	18,04,29,194	73.37
1992	19,37,49,247	72.95
1993	23,66,33,002	74.74
1994	26,79,04,613	73.22

Source - Annual Reports of the Bank.

The table points out that the amount in this fixed deposit scheme went on increasing satisfactorily during the period of last 5 years. There is no ups and down of this scheme.

The percentage of fixed deposits in total deposits shows fluctuation trend in last five years. But is more than 70% in every year i.e. in 1994 it is 73.22%.

SANVING DEPOSITS :-

It is a form of Demand deposits. A person whoc is the member of this scheme receives pass book and cheque book facility. A member can withdraw the amount once or twice in a week. He has to give notice to the bank for drawing amount beyond the limit presrcibed by the Reserve Bank of India. A minimum balance of Rs. 5/- should be kept in the account. Interest shall be calculated on saving account at 6% p.a.

TABLE No. 4.5

TABLE SHOWING SAVING DEPOSITS

YEAR	AMOUNT	% to TOTAL DEPOSIT
1990	5,47,76,729	26.05
1991	6,10,07,364	24.80
1992	6,87,00,360	25.86
1993	7,72,31,236	24.39
1994	9,40,22,604	25.69

Source - Annual Report of the Bank.

The above table shows that savings deposits increased from Rs. 5,47,76,729 to Rs.9,40,22,604 from 1990 to 1994. The percentage of saving deposits to total deposits in the year 1990 was 26.05%. But it decreased in the year 1994 to 25.69%. This scheme recorded near about two fold increase during a period of five years.

CURRENT DEPOSITS :-

This scheme is mostly used by businessman, partnership firms, professionals who require to operate this account frequently. In this scheme there is no limit to deposit money in any time and to withdraw the same. Interest shall be paid on this deposit according to the banking regulation. Banks allow overdraft facility on this deposit. As the current deposit are repayable on demand the banks can not use them for advancing loans. The position of current deposits of The Ajara Urban Co-operative Bank Ltd., Ajara from 30/06/1990 to 31/03/1994 is as under.

TABLE No. 4.6

TABLE SHOWING CURRENT DEPOSITS OF THE AJARA URBAN
CO-OPERATIVE BANK LTD.
From 30-06-1990 to 31-03-1994

YEAR	AMOUNT Rs.	% TO TOTAL DEPOSIT
1990	54,67,478	2.60
1991	44,66,925	1.81
1992	31,17,180	1.17
1993	27,15,562	0.85
1994	39,47,619	1.07

Source - Annual Reports of the Bank.

The above table shows that the amount of current deposits decreased from Rs. 54,67,478 in 1990 to Rs. 27,15,562 in 1992-93. But in 1994 it is increased upto Rs. 39,47,619.

The percentage of current deposits in total deposits shows decreasing trend from 2.60% in 1990 to 0.85% in 1993. But in 1994 again its increased upto 1.07%. This was due to increase in deposits by traders and businessman.

4.5 LOANS AND ADVANCES :

Loans and advances constitutes the important source in the total capital resources of the urban co-operative bank. And most of the urban co-operative banks enjoy this facility. But fartunatley, this bank has not taken any loans and advances from any source during the period under study.