

## CHAPTER THREE

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## PROFILE OF THE ORGANIZATION

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Alike Kolhapur's famous jaggery, its cooperative movement too is wellknown throughout the country.

Back in 1913, the late Shri. Bhaskarrao Jadhav set up 'The Kolhapur Urban Cooperative Bank Limited' under the patronage of Rajarshi Shree Shahu Chhatrapati Maharaj. The Cooperative Societies' Act then in force in the erstwhile Bombay Province was made applicable to Kolhapur State also after some modifications in it. Establishment of the Urban Bank could be cited as the beginning of the statutorily regulated cooperative movement, because informal cooperative credit societies were already functioning in the State. Just as the 'Phad' system of agriculture is a typical cooperative endeavour in Kolhapur agrarian community life, 'Bhishi' (or 'Kitty') is a typical cooperative financial institution. A kitty's primary intention is to encourage the habit of saving among people; at the same time, the kitties provide needy people the money on reasonable interest against security/guarantee. Members deposit a part of their earnings into the kitty for a fixed period of five/six years together with the interest accrued thereon. Such kitties were already in operation long since in Kolhapur region. These did not have written-down rules or regulations but functioned under the supervision of the trustees nominated from among the members themselves. Now all such institutions have been brought

within the purview of the Cooperative Society's Act. Because of the presence of an already well-developed kitty system, after the establishment of the Kolhapur Urban Cooperative Bank, several other cooperative banks too came up.

### 3.1 HISTORY OF THE KOLHAPUR MARATHA COOPERATIVE BANK LIMITED, KOLHAPUR:

The Kolhapur Maratha Cooperative Bank Limited was established with the patronage of the then reigning Shrimant Chhatrapati Shree Rajaram Maharaj of the erstwhile Princely State of Kolhapur and also with the blessings of such prominent social personalities as Shree Kshatrajagadguru Maharaj of Karveer Petha, Raosaheb D.R.Bhosale, Raosaheb V.T. Patil.

The Bank applied for registration on 14.10.1933 and on 20.10.1933, the State's Joint Registrar of Cooperative Societies accepted the Bank's proposal and issued to it a registration certificate as a "cooperative banking concern" under the Cooperative Societies' Act. Following persons were the signatories to the Bank's registration application form:

1. Shri.Sadashiv Laxmanrao Patil,
2. Shri.Dattoba Ramchandra Bhosale,
3. Shri.V.G.Chavan,
4. Shri.Shreepatrao Laxmanrao Shinde,
5. Shri.Vishwanath Tukaram Patil,
6. Shri.G.K.Patil,
7. Shri.Amrutrao D.Vichare,

8. Pandurang V. Patil,
9. Shri. N. G. Shinde,
10. Shri. Narayan A. Powar,
11. Shri. Balasaheb N. Bhosale (Tirwadekar)
12. Shri. Ramrao Govind Shinde.

The first General Meeting of the Bank was held at the Maratha Boarding House on 20.10.1933, which also approved the membership applications of 12 new members, including one from Shri. Bhaskarrao Jadhav.

### 3.2 WORKING OF THE BANK:

The first official meeting of the Bank's managing body was held on 24.11.1933 at the Showroom of B.A. Desai, in which the President, the Vice-President, Secretary and other members were present. At this meeting, 35 new members also were accepted by the Bank.

The Bank's office was opened on 3.1.1934 in the premises rented from D.S. Mane ('Lipton' Mane) in the Raviwar Peth area of the city. The business hours of the Bank then were 12 noon to 4 PM, which later were changed to 7 to 10 AM for the convenience of the customers. The Bank took two more rooms on rent on 15.10.1934 to meet its expanded business.

In the beginning, R.R. Jadhav was appointed as a clerk and later, B.K. Salokhe, as a clerk-cum-peon. The Bank first opened its account with the Kolhapur Central Bank and later on shifted it to the Imperial Bank's branch in Kolhapur.

### 3.3 MANAGERIAL APPOINTMENTS:

Initially, the Bank had neither appointed a secretary nor a manager. About six years after its establishment, the Bank had registered an impressive increase in the volume of its business, which underlined the necessity of appointing a Manager. B.R.Jadhav shouldered the responsibility of the Bank's first-ever Manager. In later years, R.P.Jadhav, B.P.Patil, M.R.Shinde, A.A.Desai, V.N.Yadav, D.K.Patil and B.A.Patil have successively held the position through the years and responsibly and painstakingly fulfilled the duties of the Manager. In recent years, Shri.V.B.Salokhe, who looked after the 'Accounts' earlier, because of his hardworking nature and experience, was promoted to the position of the Manager in 1973 and is working in the same position till date to the best of his ability.

### 3.4 FINANCIAL ASSISTANCE:

Since beginning, it was the policy of the Bank that the applicants for loans must bring a clearance certificate from the village cooperative credit society or their urban cooperative credit society. Even before the introduction of the 20-Point Economic Programme by the Prime Minister Late Smt.Indira Gandhi, the Bank had adopted similar policies and given financial assistance to those Below Poverty Line and belonging to backward classes, to start small industries, to many small businessmen and dairy farmers. The Bank has also given loans to hawkers, vegetable-vendors and the educated

unemployed youngmen for starting small businesses like goods and passenger-transport, tailoring. The Bank has also helped many a poor woman for buying household utensils and articles. The Bank has further advanced loans to employed persons for purchasing consumer durables.

### 3.5 OBJECTIVES OF THE BANK:

As per the bye-laws of the Bank, its main objectives have been listed as follows:

1. To encourage people in the society to save money and to deposit their savings in the bank to create their own base capital account;
2. To induce the people to join in as members and shareholders of the Bank;
3. To enable the people to create an efficient management of the Bank;
4. To act as an agent for the joint purchase of domestic goods and other requirements of the members;
5. To undertake collection of bills drawn, accepted or endorsed by the members and the constituents;
6. To arrange for the safe-custody of valuables (ornaments, etc.) and documents of the members and the constituents;
7. To provide such other facilities as are being provided by the commercial banks.

The primary objective of the Bank is to encourage the habit of thrift and self-help and to raise the resources by

way of mobilizing the deposits. Hence, the basic aim of the Bank is to encourage the saving habit of its members.

The Bank collects deposits in the form of current-deposits and saving deposits. Current account indicates a deposit payable on demand and there are no restrictions on the number and the amount of withdrawals from this account.

Another objective of the Bank is to lend money to those who are in need of it, especially to the weaker sections of the community. The resources are farmed out by way of lending to all members. Hence, the object of cooperative lending is not to weaken the members by incurring a debt to them but to help them to get rid of their financial difficulties and to start a new economic life.

### 3.6 LOCATION OF THE BANK:

The Bank's head-office is located in the municipal city of Kolhapur at a location particularly known as Survey no.2172, in 'C' Ward, on Bhausingji Road, which is an ideal place from the viewpoint of business and trade.

The Bank has the following institutions located around it, which brings out the importance of the locality. Firstly, the Zilla Parishad, Civil Courts and government offices; secondly, the municipal corporation also is very close to the Bank's head-office. Moreover, the place is a trading centre in the heart of the city. There are many small and large business firms in the area, needing banking services. The

Bank is also surrounded by the offices of the local newspapers, schools, a government hospital and the Tahsildar's office. All these features underline the significance of the head-office's location. The population of Kolhapur City is around 4.5 lakhs. Besides its head-office branch, the Bank also has 9 branch offices in the populated areas of Kolhapur city. These branches are situated at: Rajarampuri, Shukrawarpeth, Kasba-Bavada, New Shahupuri, Ruikar Colony, Mangalwarpeth, Tembalai-naka, Vadanage and Rakala-tower.

The notable thing is that though the Bank's name contains the word 'Maratha' in keeping with the convention of the erstwhile Princely State of Kolhapur and signifying a particular caste, the Bank has its door open to the members of all castes. It is important that inspite of competition from other commercial and cooperative banks, the Kolhapur Maratha Cooperative Bank is still one of the most popular and reliable bank in the city.

### 3.7 DEVELOPMENT OF THE BANK:

Development of a bank signifies the elements that constitute the increase in the stature and business of the bank with respect to its share-capital, working-capital, reserve-fund, deposit-mobilization, loans and advances, profit-management, manpower, membership-base, and lastly, the geographical area coverage, that is, the number of branches.

### 3.7.1 Share Capital:

Share-capital base is the foundation on which a cooperative bank stands. The authorized share-capital of the Bank is Rs.2,00,00,000 divided into ordinary shares of Rs.20 each and these shares can be subscribed only by Class-A members. The Board of Directors of the Bank has the discretion in the allotment of shares, to allot the number of shares applied, to allot less than applied or to refuse the allotment altogether to any applicant without assigning any reason whatsoever.

In the year 1933, the subscribed share-capital of the Bank was Rs.1,349 while at present it stands at Rs.1,02,59,220. The main reason for such a phenomenal increase in the share capital is that the members are required to purchase shares for availing loan facilities or for meeting their credit needs from the Bank.

### 3.7.2 Working Capital and Outstanding Loans and Advances:

Working capital plays a more important role in the banking business than its fixed capital. Working capital is an indicator of the Bank's turnover and the overall financial position. Hence, an optimum utilization of the working capital is crucially important in a banking concern.

Loans and advances is a key function of banks, which are extended to the borrowers (members and non-members) in various sectors for productive and non-productive purposes. The Maratha Bank's working capital in the year 1933 was

Rs.5853, which has since then increased to Rs.32,49,46,470 in the year 1993.

### 3.7.3 Reserve Fund and Other Reserves:

Reserve Fund and Other Reserves are an important component of the working capital, because during financially stringent times, these come in helpful. These reserves are always considered as an essential condition for the continued prosperity of the business of banking. The banks maintain three types of reserves, namely, statutory reserve fund, doubtful debts and other reserves. The Maratha Bank's reserve funds in the year 1992-93 stood at Rs.2,94,14,202. It is also in a position to build up sound reserves for better banking activities.

### 3.7.4 Deposit Growth:

Deposits are one of the main sources of finance in banking activities. The Bank has considerably developed its financial base through deposit mobilization through opening its branches at different locations in the city and also in the villages around Kolhapur. The Bank collects deposits through various schemes like fixed-deposits, pigmy-deposits, recurring-deposit schemes like 'Kamadhenu', 'Gangotri', 'Lakshpati', 'Balakalyan'. etc., as also the usual methods of of saving-, current- and demand-deposit accounts.

The deposits with the Bank in the year 1933 were merely Rs.4459, which have increased to Rs.27,10,69,927 in the year 1992-93, recording a nearly 42,958.7-fold increase during last sixty years.

### 3.7.5 Profit and Dividend Rates:

The net profit of the bank is calculated as per the provisions of the Cooperative Societies' Act. The Bank earns its profit in the form of interest, commission and other miscellaneous receipts. The Bank had earned a profit of Rs.115 in the year 1933, while its profit in the year 1992-93 stood at Rs.7,62,137, enabling it to declare a dividend of 12% on the shares held by its members.

### 3.7.6 Management of the Bank:

According to the Cooperative Societies' Act, the management of the Bank is generally vested into the Board of Directors, consisting of 13 Directors, including a president and a vice-president; two each directorial positions are reserved for backward-class members and women-members. The Board of Directors is elected by the members of the bank under the provisions of its bye-laws. Nonetheless, the Board of Directors is ultimately answerable to its member-shareholders. The General Meeting of the Bank is held at least once in a year.

The elected Directors are expected to possess leadership qualities and to guide the bank's activities with assuredness and in sound, ethical banking tradition. As such, in satisfactorily fulfilling the responsibilities cast on it, the Board of Directors depends heavily on the Secretary, the Manager and also the entire manpower of the organization.

### 3.7.7 Manpower of the Bank:

The manpower resource is the most vital factor for the survival of any organization; and the prosperity of the business also depends on the performance of its manpower. The main object of the Bank is to hold the public's faith and induce a confidence without both of which, no bank can survive. The efficiency of the bank depends in turn on the efficiency of its manpower. In the Kolhapur Maratha Cooperative Bank Limited, the growth has been possible mainly because of the wholehearted devotion of its staff. Table 3.1 (on the following page) shows the Bank's personnel position as on 31.5.1993.

### 3.7.8 Membership of the Bank:

The membership of the Bank consists of individuals over 18 years old and competent to contract. Majority of the Banks have two classes of members, namely, Regular Members and Nominal Members. According to bye-law 4(ix) of the Maratha Bank, a regular member means a person who has subscribed to and fully paid atleast ten shares of the Bank.

The nominal membership was introduced with a view to enable the persons to borrow from the bank for a short period against a realizable security (e.g. gold). The nominal members neither subscribe to the share capital nor have they the right to vote nor participate in the management; consequently, they also are not entitled to a share in the distribution of profit as also do not have any liability in the event of the Bank being wound up. The power to admit

Nominal Members vests in the Board of Directors.

In the year 1933, the Maratha Bank had 117 members; now their number has gone up to 39,479 in the year 1992-93.

### 3.7.9 Geographical Area Coverage and Branches:

The Kolhapur Maratha Cooperative Bank Limited was established with the express purpose of conducting banking business in the geographical area of Kolhapur City, as per its bye-law (3). Accordingly, the Bank has opened its branches in the city as also in the nearby villages. The main objective of the Bank is to serve its members, depositors and the constituents, efficiently and effectively through its branch network. The chronology of the opening of the Maratha Bank's branches is shown below:

1. Head Office (Main Branch)	27.10.1933
2. Rajarpuri	27. 3.1971
3. Kasaba-Bavada	15. 1.1972
4. New Shahupuri	20.11.1973
5. Shukrawarpeth	12. 6.1974
6. Ruikar Vasahat	25. 8.1983
7. Mangalwarpeth	20.11.1983
8. Rankala Tower	13. 8.1985
9. Tembalai Wadi	1.10.1991
10. Vadanage Village	1. 5.1993.

It is seen from the above data that during the year 1983, the Bank has opened two branches, while it had opened one branch every year during the period 1971 to 1974. The

Bank was only one-branch operation for a long period from 1933 to 1970. The Bank's first branch outside Kolhapur City limits was opened in the village Vadanage in the year 1993. At the time of the compilation of this data, the Bank had already finalized its plans to open yet another branch at Sane Guruji Vasahat within the city limits.

The map on the following page shows the locations of the Bank's head-office and its branches.

The Maratha Bank strives to lift the economically handicapped people who are unable to mould their economic career because of their social and financial handicaps.

#### 3.7.10 Overall Progress of the Bank:

The overall progress of the Bank in respect of its share capital, working capital, reserves, deposits, loans and advances, profit, manpower and branch offices during the period of last sixty years is presented in Table 3.2 (on the following page).

Table 3.1  
Table showing the overall progress of the Bank

Particulars	Years							
	1933	1945	1955	1965	1975	1985	1993	
Share Capital (in Rs.)	1,349	32,002	1,03,370	2,02,520	4,90,980	30,41,840	1,02,59,220	
Working Capital (in Rs.)	5,853	2,97,314	3,80,990	12,22,315	88,02,653	9,13,47,848	32,49,46,470	
Deposits (in Rs.)	4,459	2,21,200	1,63,470	7,95,227	73,55,255	7,95,16,971	27,10,69,926	
Loans & Advances (in Rs.)	5,398	1,60,878	3,18,012	8,49,143	61,28,003	5,07,90,407	20,61,15,906	
Profits (in Rs.)	115	5,332	1,109	28,787	1,54,814	9,58,560	7,62,137	
Manpower (Nos.)	2	10	8	10	42	118	240	
Membership (Nos.)	117	1,107	2,741	3,682	4,790	17,221	39,479	
Branch Offices (opened)	1	1	1	1	4	3	10	

STATE BANK OF INDIA  
CENTRAL OFFICE  
MUMBAI

Chart 2.4  
Manpower distribution of the Kolhapur Maratha Coop. Bank Ltd.

Location	Managerial Staff			Non-Managerial Staff				Total		
	General Asst. Manager	Branch Manager	Senior Officer	Account-tant	Senior Clerk	Cashier	Junior Clerk		Peon Watchman	
Head Office	1	2	-	3	4	1	33	10	-	54
Main Branch	-	-	2	5	1	4	31	9	4	56
Rajarampuri	-	-	1	2	-	3	9	3	1	19
Kasaba-Bawada	-	-	1	1	-	1	9	3	1	16
Shahupuri	-	-	1	1	-	1	6	3	1	13
Shukrawarpeth	-	-	1	2	-	3	10	4	1	22
Ruikar Vasahat	-	-	1	1	-	1	5	3	1	13
Managalwarpeth	-	-	1	1	-	1	9	3	1	16
Rankala Tower	-	-	1	1	-	1	6	3	1	13
Temblai Wadi	-	-	1	1	-	1	3	3	1	10
Vadanage	-	-	1	1	-	1	2	2	1	8
<b>Total</b>	<b>1</b>	<b>2</b>	<b>11</b>	<b>19</b>	<b>5</b>	<b>18</b>	<b>123</b>	<b>46</b>	<b>13</b>	<b>240</b>