

## CHAPTER II

### GENESIS AND GROWTH OF URBAN CO-OP. BANKS :-

- 2.1 - Need of Urban Co-Op. Banks.
- 2.2 - Origin of Urban Co-Op. Banks.
- 2.3 - Definition of Urban Co-Op. Banks.
- 2.4 - Objects and functions of Urban Co-Op. Banks.
- 2.5 - Role of Urban Co-Op. Banks.
- 2.6 - History, Growth and Development of Urban Co-Op. Banks in India.
- 2.7 - Growth and development of Urban Co-op. Banks in Maharashtra State.
- 2.8 - Growth and development of Urban Co-op. Banks in Kolhapur District.
- 2.9 - Growth and development of Urban Co-op. Banks in Ajara Taluka and Ajara Town.

## 2.1 NEED OF URBAN CO-OPERATIVE BANKS :

Indian economy is a mixed economy mainly consisted of two sectors, private and public. The third sector is being under rapid progress and has been proved faithful to serve a social purpose, which is co-operative. Co-operation has been intrinsically interwoven in the fabrics of socio-economic fields in India. As a matter of fact, co-operative movement has been developed nearly in all fields, for instance in agriculture, production, processing, export and services etc.

At present, to meet short term agricultural credit and medium term agricultural credit, co-operative banks namely, Primary Agricultural Credit Societies, Central Co-operative Banks, State Co-operative Banks (Apex Bank), based on threetier structure are immensely working, - simulteniously, long-term agricultural credit required is catered by Primary Co-operative Land Development Banks and State Co-operative Land Development Banks, through two-tier structure. The abovementioned agricultural co-operative Banks are working to set free the farmers from extortion of usurers, to reduce burden of rural indebtness, to eradicate rural poverty and to reduce unemployment.

The organised sector of industry and trade is being financed by commercial banks namely, 20 Nationalised Banks, scheduled and non-scheduled Banks, various financial institutions like, Industrial Development Bank of India, Export-Import Bank of India, Industrial Reconstruction Bank of India, Industrial Credit and Investment Corporation of India Ltd., State Financial Corporation, Life Insurance Corporation, Unit Trust of India etc. All these banks are guided, helped and controlled by the Reserve Bank of India, and also assisted by the State Bank of India, National Bank for Agricultural and Rural Development and Government of India.

However, a large number of Urban and Semi-urban people are left without any institutional finance agency. Urban and Semi-urban population consists of low and middle income classes, small traders, artisans, townsmen, factory workers, employees in Government Offices, local bodies, colleges, schools, mills, private enterprises, grinders, hawkers, ferriwalas, and who reside in towns and cities. These people are the part and parcel of urban life. They require credit for purchasing domestic goods like cooker, refrigerator, radio, Television set, dwelling house, repairs to dwelling house, to make expenditure <sup>at</sup> the time of marriage, birth, death, sickness and for charitable ceremonies. They also require consumption as well as productive loans also.

Urban people with <sup>a</sup> limited means are unable to offer any tangible security other than their own - personal security. They do not satisfy the standards followed by the commercial banks, thus they do not come under the purview of commercial banks. They also do not get credit from agricultural co-operative banks, which are meant for agricultural purposes. Therefore, urban men have obtained credit from moneylenders, who have exploited these people. The circumstances needed an agency which will provide cheap and adequate credit and extricate the urban people from the clutches of the usurers. The solution is found in urban co-operative Banks.

To meet credit requirement of people residing in urban and semi-urban areas, to provide relief to urban population from the extortion of moneylenders, to inculcate the habit of thrift in them, the non-agricultural societies such as - Urban Co-operative Banks, salary Earners - Societies, Other special type of societies have been established. In non-agricultural credit societies, Urban Co-operative Banks are playing a vital role in urban financing.

## 2.2 ORIGIN OF URBAN CO-OPERATIVE BANKS :

The co-operative movement was first started in England. The beginning of co-operation may be placed in 1844, with the opening of store by Rochdale Pioneers in Toad Lane.<sup>1</sup> The credit of starting consumer cooperatives goes to Rochdale Pioneers, while the co-operative dealing in short-term and long-term agricultural and non-agricultural credit are modelled on German Land, in 1850. The chief promoters of co-operative banking were, Herr F.W. Raiffeisen and Herr. Schulze. Rural credit societies were established on Raiffeisen model and urban co-operative societies were modelled on Schulze-Delitsch type.

Mr. Herr Schulze, the Mayor of Delitzsch in Germany was the Pioneer of co-operative Urban banks in the world. He loved his countrymen who were in poverty. He realised that to eradicate the evils of poverty of his countrymen, it was essential to provide them cheap and adequate credit. He came to the conclusion that no one could help them unless they organised themselves on the basis of self-help through mutual help. Schulze, therefore, founded a Friendly Society in 1849 for relief in sickness. For provision of credit he founded in his native town his first loan society in 1850. The schulze type societies raised funds by issuing share capital, accepting deposits and by means of rediscounts by an outside bank. Only members were given loan and

facility of discounting a trade bill of exchange. Membership was restricted to artisans and petty traders only. Most important security was the personal pledge of members.<sup>2</sup>

It is well known fact that first co-operative urban bank was started in Baroda, as far back as in 1889. Mr. Laxman alias Bapusaheb Kavathekar was a Chief Promoter of the Society named, " Anyonya Sahakar Mandali ". This society was subsequently converted into " Anyonya Sahakari Mandali Co-operative Bank Ltd". The society was started with only 23 members. The bank was started with a view to promote thrift among the members. The members of this bank moved up from 23 in 1889 to 12,317 as on 30/6/1981; while owned funds of the bank were of the order of Rs. 63,48,898 and the deposits were in the tune of - Rs. 7,35,22,420 as on 30/6/1981. This shows the capacity of the cooperative bank to attract deposits from public whose confidence it has been won to the maximum extent possible. This is the only an instance of pioneering organisation in the urban credit.<sup>3</sup> In India, the co-operative forms of organisation have been assigned a significant role in all the five year plans. Urban co-operative banks are serving well in urban area, having an excellent future.

### 2.3 DEFINITION OF URBAN CO-OPERATIVE BANK :

Generally, Urban Co-op. Bank is one which has been organised for accepting deposits from public, -

repayable by cheques and which carry on banking business.

Upto the year 1938, all the urban banks were included in the list of non-agricultural societies. However, at the beginning of co-operative movement the non-agricultural societies with an owned funds of Rs. 20,000 or more were called as urban co-op. banks. Then the study Group on Credit Co-operatives in Non-Agricultural sector under the Chairmanship of Mr.V.P. Varde, has recommended that the following features should be include<sup>d</sup> into the definition of urban co-operative Bank :

- (a) a Credit Co-operative, registered under the State co-operative Societies Act in Urban or Semi-Urban areas.
- (b) a minimum paid-up share capital of Rs.50,000 and
- (c) Provision of banking facilities e.g. accepting for the purpose of lending or investment of deposits from members and non-members, repayable on demand or otherwise and withdrawal by cheques draft, order etc.

According to the recommendations of the Varde Committee the limit of owned funds had been increased from Rs. 20,000 to Rs. 50,000/-

The qualifications of urban banks were -  
 prescribed for non-agricultural societies to be an urban bank in the RBI Act 1934, under section 2 which are as below - " Primary Co-operative bank means, a co-operative society other than a Primary Agricultural Co-operative Society of which primary object or Principle business is -

- (a) the transaction of banking business.
- (b) the paid-up share capital and reserves of which are not less than Rs. 1 Lakh;
- (c) the byelaw of which do not permit admission of any other co-op. society as a member "

According to the above definition of Primary Co-operative Bank, the byelaw of a Primary Co-op. Bank should not contain provision for admission of the other co-op. society as a member and should transact banking business having a paid-up share capital of Rs. 1 lakh or more.

Then Madhav Das Committee had recommended certain norms of viability for existing UCBS as well as for new UCBS. RBI has accepted those norms in the year 1979. At present these norms are revised by RBI due to the - escalation in establishment costs and revision made in the rates of interest on deposits and advances. Now the norms relating to initial capital and membership for new UCBS are as follows -



TABLE NO.2.1

**TABLE SHOWING NORMS OF INITIAL CAPITAL AND**  
**MEMBERSHIP FOR NEW UCB....**

Sr. No.	Particulars	Ant. in Lakhs.				
		Metropolitan area with a population of 25 lakhs	Urban area with a population of 10 lakhs	Urban area with a population of 5 Lakh	Semi-Urban area with a population of 1 Lakh	Semi-Urban area with a population of between 10,000 to 1 Lakh.
1)	Share Capital	10	6	4	3	1.50
2)	Initial Membership (Actual number)	2,000	1500	1000	700	400

(Source : RBI circular No. UED P SIO 104/UB  
4-85/86 dated 26/5/86).

As shown in Table No.2.1 a new urban co-operative bank can be registered if it has a minimum Share Capital of Rs. 1.50 lakhs and initial membership of 400 for Semi-Urban area having a population between 10,000 to 1 lakh.

**2.4 OBJECTS AND FUNCTIONS OF URBAN CO-OP BANKS :**

**(a) OBJECTIVES OF URBAN CO-OP BANKS :**

The basic objectives of UCBS are as under :

- (1) to borrow funds from the members as well as from non-members to be utilised for loans to members and nominal members for useful purposes.

- (2) to act as an agent for the joint purchase of domestic and other requirements of members.
- (3) to encourage thrift, self help and co-operation among the members.
- (4) to undertake collection of bills drawn, accepted or endorsed by members and constituents and to discount cheques and bills of approved members subject to rules and byelaws in this behalf.
- (5) to arrange for the safe custody of valuables and documents of members and constituents.
- (6) to carry out instructions for periodical collections, remittances etc. of members and depositors.
- (7) to act as an agent for collection of the value of incoming Railway Receipts and parcels on behalf of members and constituents and remittance of the same.
- (8) to provide other facilities provided by commercial banks.

(b) FUNCTIONS OF URBAN CO-OP. BANKS :

The main functions of Urban Co-operative Banks are enumerated below :-

- (1) These banks mobilise the savings from urban, semi-urban pockets of the country by accepting various kinds of deposits from members and non-members. Deposits are classified as current, saving, fixed, recurring, home safe, chit fund, provident fund deposits from staff, Pigmai deposits etc. They adopt new deposit schemes having differential rate of interests keeping RBI restrictions to attract

the urban depositors such as Dam Dupatt, Dam Didpatt, Dam Tippiat, Kuber Deposits, Kamdhenu Deposits, Dhanvardhini deposit scheme etc.

- (2) The UCBS cater the credit needs of members for various useful purposes. They provide loans to non-members also on securities including their deposits. Loans and advances are given to members on the securities like gold, silver, jewels, immovable property, personal security, Government securities, fixed deposits, commercial goods, life insurance policies, etc. They provide only small and medium term loans and advances. Urban banks are allowed to provide finance for purchase of consumer durables like T.V., refrigerators, two vehicles, etc. to individuals who are not already regular members of the bank by admitting such borrower as a nominal member. They serve the lower and middle income group people. They provide consumption loans as well as productive loans for small scale, cottage and other tiny industries.
- (3) These banks may undertake purchase and supply agency of domestic durable goods such as T.V., radio, refrigerators, cookers, blankets etc, for their members.
- (4) They undertake collection of bills of exchange on behalf of approved members on commission basis.
- (5) They may act as an agent for collection of transport

receipts on behalf of their members and effect receipts and payments on behalf of members and constituents.

- (6) These banks promote saving habits of urban people by providing them attractive customer services, facility of safe deposit custody, personalised and familiar services.
- (7) These banks encourage self-help, mutual help and co-operation among their members by observing co-operative principles and promote qualities of economy among members and make them industrious and educate the staff and members by providing essential training facilities.
- (8) These banks observe the directions received time to time from RBI and co-op. department, and send periodical statements regarding their financial position in prescribed forms to RBI, lead bank and to co-op. department.

#### 2.5 ROLE OF URBAN CO-OP. BANKS :

Co-operative Banking is an instrument to change the socio-economic environment in the country. Among the co-operative banking role of UCBS in mobilising urban savings and deployment of the same according to national priority has been note-worthy. They can play an important role in important role in achieving the objectives of the seventh Five Year Plan. The working of UCBS shows that they have established a good reputation and standing in their areas and

they compete successfully both in providing efficient bank services and tapping deposits with commercial banks.<sup>4</sup>

They provide loans on personal guarantee and against security to urban people consisting artisans, carpenters, blacksmith, motor drivers, ex-servicemen, mechanics, hawkers and common men. They can play a vital role in eradication of poverty and alter poor condition of weaker section especially SCS, STS etc.

The urban banks are purely local banks who meet the needs of small people in their area of operation. The survey conducted by the MSC Bank Ltd., has revealed that more than 80% of the loans given by these banks are less than Rs.5,000 each.<sup>5</sup> UCBS give assistance to small traders, tiny and small industries, tribals, poor people etc.

Shrimati Indira Gandhi has appreciated the role of co-operative sector in India she said " no other instrument so potentially powerful and full of social purpose as the co-op. sector "

The Varde Committee has pointed out the following role to be played by UCBS :-

- (1) First and foremost they can organise and bring together middle and working classes in urban and semi-urban area and inculcate in them the habit of thrift and self help and acquaint them elements of ordinary bank principles.
- (2) The mobilisation of savings by UCBS and the consequent

drawings of urban reserves into apex and UCBS which are in need of to finance rural industrial and other functional co-operatives which can contribute to general economic development.

- (3) By providing credit, on reasonable terms to the middle classes, they can rescue them from the exploitation of money lenders.
- (4) By financing individual industrialist and artisan working in urban areas, they can make a significant contribution to industrial development.
- (5) They can make certain essential banking facilities such as remittance of funds etc; available in areas which may not be considered suitable for commercial banking and to person who may not be able to get such facilities from commercial banks.
- (6) They can provide intelligent, experienced and active leadership to cooperative movement including the central and apex co-operative banks which in view of their - federal character draw their directors from member institutions.

Dr. P. D. Ojha, Deputy Governor, RBI, Speaking on the silver Jubilee Celebration of the Janata Sahakari Bank Ltd. Sangali on 8/11/1986 said -

" having recognised the important role of the urban co-op. Banks in the economic uplift of small and weaker sections and their distinctive feature like " local fee " familiarity, co-operative character, democratic management, open membership and personalised services, the RBI had

extended special concessions such as statutory cash reserve, and liquidity requirements, higher deposit rates, refinance facilities for small scale and tiny units which were not available to commercial banks #<sup>6</sup>

Since, Urban banks have got unitary (single) - structure, they had not received much assistance relating to finance managerial etc. like agricultural credit banks without much help of Government these banks have developed on their own efforts. Even, they require to borrow from other banks at a very low rate, as they have got their owned funds. They took help from District Central Co-op. Banks and Central Co-op. Banks. In fact some of the UCBS are stronger than the Central Co-op. Banks. Demand for separate apex Bank for the UCBS was strongly voiced in Maharashtra and also supported by The Central Banking Inquiry Committee and Madhavdas Committee also. In fact, RBI has played negligible role before passing the Banking Regulation Act 1965 to these co-operative societies. But after appointing various committees and survey of UCBS in India it is playing a good role for furtherance of these banks. The RBI has allowed certain special concessions to UCBS for instance, low rate of cash reserve which is 3% of deposit liabilities against 10% in case of commercial banks; concession in liquidity requirement, 25% as against 37.5% in the case of commercial banks, higher deposit and lending rates, refinance facility for advancing small-scale and cottage industries. RBI has started fixing norms for viable, UCBS since 1971. These RBI concessions have helped the UCBS in improving their operations.

Moreover, in an increasing urban population, UCBS have an ample scope in our country.

## 2.6 HISTORY, GROWTH AND DEVELOPMENT OF URBAN CO-OPERATIVE BANKS IN INDIA :

Co-operative Movement in India was started to rescue the farmers from the clutches of moneylenders, to eradicate the poverty of rural masses and to provide cheap and adequate credit to agriculture sector. Government of India had entrusted this task to Sir Frederik Nicholson in 1882. He studied the working of agricultural banks in Europe, Egypt, Germany and reported that " every village must find Raifeisen ". At the same time Mr. Duperne of the Indian Civil service published a book named - " People's bank for Northern India ". Then Sir Edward Law Committee had studied and favoured the co-operative societies in India. On this background Government of India passed the co-operative credit societies Act 1904. But importance was not given by the Government to the organisation of non-agricultural credit societies. To incorporate the non-agricultural credit societies<sup>eti</sup> and other types of - organisations in co-operative field the Act of 1904 amended and new act of 1912 was passed.

As already mentioned, before passing of the first co-operative credit societies Act of 1904, the first non-agricultural credit society was established at Baroda. Then the first credit society was registered in October 1904 at Conjeevaran in Madras Province. Simultaneously credit societies were registered in pharwar, Bombay and Bangalore city. In fact urban co-operative societies were started in



the country as early as in 1922 and since then they made good progress.

In those days all the urban credit societies including urban banks were described as non-agricultural credit societies. Special encouragement was not given by Government, for the organisation of these societies. They were expected to grow themselves without assistance from the state. This had undermined the seriousness of urban poverty and misery.<sup>7</sup>

In 1914, MacLagan Committee was appointed to take a review of the co-operative movement. As a matter of fact the recommendations of MacLagan Committee have proved useful and valuable till present for healthy development of co-operative movement in India. The seed of urban co-operative movement was sown by the MacLagan Committee. The Committee said that "Urban Co-operative Societies might serve useful purpose in training the upper and middle classes to understand ordinary banking principles."<sup>8</sup> It created a favourable climate and social leaders took interest in development of urban co-operative societies.

During banking crisis which existed during 1913 nearly 87 commercial banks failed. These failures paved way of organisation of new urban credit societies. The committee rightly pointed that "the failure of Swadeshi stock banks created an opportunity for co-operative banks to develop as a medium for mobilising savings of persons of modest means and helping those whom financial distress c

PROGRESS MADE BY NON-AGRICULTURAL CREDIT CO-OPERATIVE SOCIETIES FROM 1938-39 to 1973-74

Sr. No.	Y E A R	No. of Societies (Actual)	Membership in lakhs	Share Capital crores	Deposits crores	Loans Advanced crores	Working Capital crores
1.	30-6-1939	6,731	13.14	8.28	19.38	14.41	23.66
2.	30-6-1946	7,185	16.39	11.69	26.62	20.51	38.32
3.	30-6-1951	8,810	21.78	12.12	35.05	47.39	56.78
4.	30-6-1961	11,995	45.73	32.97	95.05	130.37	150.11
5.	30-6-1966	13,449	64.84	57.98	176.88	246.70	178.88
6.	30-6-1968	13,965	75.93	72.59	213.41	335.51	213.41
7.	30-6-1973	16,771	100.00	123.79	421.28	694.40	-
8.	30-6-1974	17,536	120.00	135.28	477.20	787.14	-

( Source- The co-operation in India -  
- C.R. Memoria ).

by high living costs and unemployment had derived into the clutches of moneylenders.<sup>9</sup> During this banking crisis and after first war the progress of urban cooperative societies was not slowed down. Government of India passed a new Act in 1925 to absorb and boost new development in cooperative movement.

The economic depression of 1930, did not affect severally the development of urban cooperative movement, Because the fall in urban incomes was not as steep as the fall in rural incomes.<sup>10</sup> The high standard of managerial efficiency of urban banks also came to their help and their progress has been steady with no ups and downs as has been the case with agricultural societies. On the other hand boom conditions arised due to second world war which provided great stimulus to urban credit movement, and membership as well as deposits and working capital of non-agricultural societies increased. This will be clear clear from following discussion.

As shown in table No.2.2 the number of non-agricultural credit societies was increased from 6731 in 1938-39 to - 17536 in 1973-74. The membership was moved-up from 13.14 lakhs to 120 lakhs during the same period. The share capital Deposits and Loans advanced in the year 1938-39 were in order of Rs. 8.28 crores, Rs. 19.38 crores and Rs. 14.41 crores respectively; increased over to Rs. 135.28 crores, Rs. 477.20 crores and 787.14 crores respectively; in 1973-74.

The following committees were appointed and their valuable suggestions stood as an ideal before the successful co-op. movement in our country.

- (1) The Sub-committee under chairmanship of Prof. D. R. Gadgil in 1944.
- (2) The co-operative planning committee called Sariya committee in 1944.
- (3) The Central Banking enquiry committee.
- (4) V.L. Mehta committee 1960.
- (5) National Development Council-Policy Resolution in 1958.
- (6) The study group on credit co-op. in the non-agricultural sector 1963.
- (7) R. N. Mirdha Committee 1964.
- (8) Expert Committee under the Chairmanship of Prof. M. L. Dantwala 1964
- (9) Working group on Industrial Finance through Co-op. banks P. N. Damry Committee 1967.
- (10) All India Conference on Urban Credit Co-operatives.
- (11) Madhavdas Committee 1979.
- (12) Conference held at Delhi in Nov. 1986. "The national federation of UCBs & Credit Societies".
- (13) Jogalekar Committee 1986.

After independence, the growth and development of urban co-op. Banks is noteworthy. These banks have made considerable progress in their financial position. In order to bring financial discipline and control over these banks the Banking Regulation Act 1949 was applied to the Co-operative banks in 1966. This stood a landmark in the growth of

urban co-op. movement in India.

The number of urban co-operative banks (excluding salary Earners Societies which have been earlier classified as Primary Co-op. Banks) which were 403 as on 1-3-1966, when the Banking Regulation Act, 1949 was extended to the co-operative Banks have been increased to over 1407 in 1974 and to 1359 banks by 30-6-1987.

The progress of urban co-operative banks after application of Banking Regulation Act 1949 to co-operative societies has been reviewed in the following paragraphs:

**TABLE NO. 2.3**  
**PROGRESS OF URBAN CO-OP. BANKS IN INDIA**  
**FROM 1967-68 TO 1976-77**

Sr. No.	Year	No. of Urban Banks Actual	Member-ship in lakhs	Owned funds in crores	Deposits in crores	Loans outstanding in crores
1)	1967-68	1127	27.14	16.45	110.04	76.78
2)	1971-72	1213	32.75	28.64	213.15	174.61
3)	1973-74	1286	37.06	37.65	257.82	314.13
4)	1976-77	1407	56.15	56.09	502.54	548.00

(Sources : (1) Principles, Problems and Practices of cooperation Hajela T.N.

(2) R.B.I. Report.

(3) Co-operation in India  
- C.B. Memoria.)

As per above table No.2.3 number of UCBS increased from 1127 in 1967-68 to 1407 in 1976-77, and membership which stood 27.14 lakhs in 1967-68, increased over to 56.75 lakhs in 1976-77. The owned funds, Deposits, Loans outstanding which were Rs. 16.45 crores, Rs. 110.04 crores and Rs.76.78 crores respectively, stood at Rs. 56.09 crores, 502.54 crores and 548 crores respectively in 1976-77.

However the increase is mainly due to attaining status of primary banks by urban co-operative societies under the Banking Regulation Act, 1949. This fact helped to improve the number of these banks. The UCBS had adopted a diversified loan portfolio and several efforts were made by them for attracting urban savings. The important fact was that, confidence of common men over these banks automatically raised as the banks came under control of RBI.

TABLE NO.2.4 SHOWING

PROGRESS OF PRIMARY URBAN CO-OP BANKS FROM  
1983-84 TO 1986-87, CO-OP. YEAR JULY-JUNE...

Amount in Crores.

Heads	1983-84	1984-85	1985-86	1986-87
(1) No. of PUCBS (Actual) (includes salary Earnings societies figures for which are given in - brackets) .	1310 (101)	1331 (102)	1346 (99)	1359 (97)
(2) No. of offices of PUCBS	2751 (232)	2897 (236)	3031 (245)	3059 (249)
(a) As on 31-12-86				(a)

Heads	1983-84	1984-85	1985-86	1986-87
(3) Deposits as t on 27/12/87	2659	3255	3939	4413
(4) Loans out- standing t 27-2-87	2103	2524	3046	3509

Source  
(Ref:- RBI bulletin in Oct.1987 Supplement to  
Report on Trends and Progress of Banking  
in India 1986-87 ).

One can observe the progress of PUCBs from table No.2.4. The number of PUCBs increased from 1310 at the end of 1983-84 to 1359 at the end of 1986-87. There were 2751 offices of PUCBs as on 30/6/84<sup>4</sup> operating in the country increased to 3059 offices as on 31/12/1986. The deposits mobilised by the PUCBs rose from 2659 crores on 30/6/84 to 4413 crores as at 27/2/1987. During these three years period the deposits were increased by 66%. The loans - outstanding of PUCBs raised from 2103 crores in 1983-84 to 3509 crores as on 27/2/1987.

John D'silva, Managing Director, Abhyudaya Co-Op. Bank Ltd., Bombay in his review of progress of Urban Co-Op. Banking in India (1977-87) expressed. The owned funds of the banks increased from Rs.114 crores to over Rs. 780 crores during the period 1977-87 maintaining an overall annual growth rate of about 22% The working capital stood around

Rs. 7000 crores as on 30/6/1987 as against Rs. 700/- crores on 30/6/1977. The annual growth rate during the decade - (1977-87) of deposits was ranged between 17.15% to 34.69%. The average annual growth rate of loans and advances was about 23%. He has mentioned one significant feature in the mobilisation of deposits by the urban banks is that a bulk of the deposits (about 60%) come from small depositors depositing amount up to Rs. 5,000<sup>11</sup>

Many reasons are responsible for growth of urban co-operative movement. Some of the reasons are mentioned below :-

- (1) The good results are due to the efforts and services of enthusiastic and capable non-officials and co-operative leadership in the country.
- (2) The valuable recommendations of various committees appointed to study the PUCBs e.g. Varde Committee, Madhavdas Committee etc;.
- (3) PUCBs had adopted a system of nominal membership for granting of petty loans against security of Gold, Silver immovable property etc.
- (4) As a result of moneylenders Act the scope of co-operative institutional financial arrangement is widened.
- (5) The application of Banking Regulation Act 1949 to co-operative societies with effect from 1-3-1966 has resulted in financial discipline and efficient working.
- (6) The PUCBs are permitted to give extra interest rates of 2% (now it is 1%) on the deposits than commercial



- banks, so they attracted more savings from urban men.
- (7) The PUCBS have adopted a diversified loan portfolio. They lend for consumption purposes as well as for productive purposes. Their loaning business was extended to small scale and cottage industries to which the refinance facility is available.
  - (8) With their managerial efficiency and continuous efforts in deposit mobilisation, they were mostly dependent on their owned funds and the borrowings from state co-op. banks and District co-op Banks were very minor.
  - (9) A noteworthy feature of these banks is that the transactions are in local language and documents are maintained in the local language. This attracts the minds of common men.<sup>12</sup>
  - (10) The members of PUCBs belong to lower and middle class, generally not well educated and having no banking habits. On such background the PUCBs can play role than commercial banks. The dynamic leadership and their urge for co-operative help, personal touch with members and local feelings all these factors contributed towards growth and development of PUCBS. They have succeeded in keeping overdues at a minimum.
  - (11) The potentiality of the urban banks have<sup>S</sup> received further recognition, when RBI has set up a full fledged urban Banks deptt. in Feb.1984, to look after the working of these institutions.
  - (12) Branch expansion at various urban centres also have been attracted more urban savings and branches have

TABLE- 2.5

in India  
URBAN CO-OPERATIVE BANKS AS ON 30/6/1972.

Sr. No.	State/Union Territory	No.	Members in 000s	Share Capital in lakhs	Reserves in lakhs	Deposits in lakhs	Other Borrowings in lakhs	Loans Issued in lakhs	Loans overdue in lakhs	Loans outstanding % in lakhs
1.	Maharashtra	270	853	1,167	681	9513	465	1,72,94	433	7039 6.15
2.	Mysore	211	228	353	277	2012	306	4443	260	2120 12.26
3.	Gujarat	188	412	594	343	5280	391	8136	156	4183 3.7
4.	TamilNadu	136	990	276	236	1720	72	2018	158	1665 9.5
5.	Andra Pradesh	132	153	124	68	637	46	487	120	623 19.26
6.	West Bengal	115	122	74	63	482	2	273	87	365 23.83
		1052	86.72%	2758	84.21%	2588	90.36%	1668	92%	19644 92%
7.	Kerala	53	296	101	54	592	60	733	98	558 17.88
8.	States having Urban banks above 10 banks and below 20 banks. Himachal Pradesh, MP. Orissa, Punjab, Rajasthan, Delhi.	88	109	124	56	665	25	570	65	580 11.20
9.	States with the banks below 10. Assam, Goa, Haryana, Manipur, Pondecherry.	20	112	51	27	414	16	364	33	330 10.00
	TOTAL :-	1213	3275	2864	1805	2,13,15	1383	34318	1410	17463 8.00

played a significant role in loaning business of these banks.

While there has been significant progress in the development of the urban cooperative banking in all over the country, still there is imbalance in the development of the urban cooperative movement. Urban co-op Banks have been unevenly developed in the all over the country. For instance the position of UCBs in India as on 30/6/1977 is shown in Table No.2.5. There were 1213 UCBs in India mostly located in six states namely, Maharashtra, Mysore, Gujarat, Tamil-Nadu, Andra Pradesh and West Bengal. while six states were having UBs between the range of 10 to 20 and other five states were having below 10 UCBs. That means 86.72% of total UCBs in the country are mainly confined to abovementioned six states. These six states have operated above 90% of the operations of UCBs in India.

This position has not been altered. The sixth Indian Co-op. Congress said " the development of existing UCBs is uneven and outside the state of Maharashtra, Gujarat Madras, Andra, Mysore, M.P., they have not made any headway. In certain large region including important st-ates like <sup>U.P.</sup> their position is particularly insignificant. Even where UCBs exist, their membership consists of only a small portion of the total population in towns<sup>13</sup>

Presently, the movement is mostly confined to the four states viz. Maharashtra, Gujarat, Karnataka and -

Tamilnadu, as 78% of the banks are situated in these states. Even in Maharashtra the growth of Urban Banks is uneven. It is more significant in Western Maharashtra and Bombay nearly 92% of UCBs are centered. While Maharashtra (3.6%) Konkan (5.7%) and in Vidharbha (8.10%) have only 16% of total UCBs located in Maharashtra. Greater Bombay has one urban centre per 20,500 population while Maharashtra has one Urban Centre per 38,000 population.<sup>14</sup> It means in Maharashtra UCB movement is less developed in the regions namely, Marathwada <sup>and</sup> Vidharbha.

To conclude, the PUCBs in India are playing an effective role in achieving the objects of the five year plans in our country. They are serving well to the lower and middle income group people and self employed people in urban and semi-urban area. Still they have miles to go. It is expected that the deposits of the PUCBs would reach about Rs.7000 crores by 1990 and their lending would increase to Rs.6000 crores by 1990.<sup>15</sup>

## 2.7 GROWTH AND DEVELOPMENT OF URBAN CO-OPERATIVE BANKS IN MAHARASHTRA STATE :

The Urban Co-operative Movement in our country had its origin in Maharashtra State, when the first mutual aid society was organised by a few enterprising Maharashtrian families in 1889 at Baroda. Since then Maharashtra State has become an outstanding example in development of Urban Co-operative Banks among all other states in India. Some of the

key statistical indicators may help to illustrate the prominence of Maharashtra in urban banking. Out of 1363 banks with 3064 branches in India, as many as 384 banks with 1317 branches are located in Maharashtra alone. Nearly 28% of urban banks with 43% of their branches in the country are located in Maharashtra 48 banks out of 100 top urban banks in the country are also located in this state.<sup>16</sup> There are 31 UCBs with working capital of Rs.25 crores and above, in the country of these 19 are in Maharashtra, 10 in Gujarat, one in Karnataka, 1 in Goa <sup>and in</sup> Maharashtra 11 are in BOMBAY.  
↑

Never the less, two UCBs are dealing in foreign exchange and 18 banks are allowed to maintain non-resident (External) accounts in the state of Maharashtra. The urban banks are playing a vital role with their familiar services and with local feel. They are catering the credit needs of urban men mainly consisted of small businessmen, artisan, small traders, retailers, merchants, hawkers, salaried persons, professionals, students for educational purpose, small cinema theaters, grinding mills and especially low and middle income group. As per RBI directions, their loans and advances portfolio will provide 60% of loans and advances to priority sector and 25% to weaker section. This policy will definitely meet the need of urban men with small means. The UCBs in Maharashtra are playing a crucial role in development of industry, commerce and making people banking minded and industrious. The performance and progress has been reviewed with available statistical data as below :-

TABLE SHOWING POSITION OF URBAN CO-OP. BANKS IN MAHARASHTRA FOR THE PERIOD FROM 1945-46 to 1959-60.

Sr.No1	Particulars	(Amt in Crores)				
		1945-46	1947-48	1949-50	1951-52	1953-54
1)	No. of UCBS. (Actual)	96	118	170	184	200
2)	Membership (in lakhs)	0.91	1.16	1.86	2.2	3.75
3)	Owned funds	1.14	1.50	2.32	3.87	4.24
4)	Working capital	8.8	10.14	13.96	15.88	21.60
5)	Loans outstanding	1.90	3.79	6.03	7.18	11.36
6)	Deposits	NA	6.08	11.09	NA	NA
						29.97 (Advanced)
						19.67

( Source - Urban Co-operative Banking in India  
- S. Nakkiran.

As per Table No.2.6, the number of urban co-op. Banks in Maharashtra were increased from 96 in 1945-46 to 200 in 1953-54, but decreased upto 141 in 1959-60. The decrease may be due to consolidation of urban banks and to some extent dormant banks would have been closed. However, the financial position of these banks was improved Membership was moved from 0.91 lakhs in 1945-46 to 4.04 lakhs in 1959-60. The amounts of owned funds, working capital, loans outstanding were stood at Rs- 1.14 crores, Rs.8.8 crores, Rs.1.90 crores respectively in 1945-46, increased over to Rs.4.54 crores, Rs.25.23 crores, Rs.29.97 crores ( Loans Advanced ) respectively in 1959-60. The mobilisation of deposits of these banks stood at Rs.6.08 crores in 1947-48 increased upto Rs.19.67 crores in 1959-60.

The increase was mainly due to the fact that in 1951-52 a large number of banks had adopted a system of nominal membership for grant of petty loans against a security of Gold and Silver. Some of them were started a safe Deposit Vaults. On the other hand due to money lenders Act, Urban people moved up towards urban co-op. Banks for catering their credit needs. These factors stood responsible to increase the working of UCBs. Then State Government has passed Maharashtra Co-operative Societies Act in 1960 which is applied from 26th Jan., 1962. Up-till-now 36 Amendements to this Act have been made, the major amendements were made in 1969 and 1986 respectively.

TABLE SHOWING COMPARATIVE FINANCE POSITION OF UCBS IN MAHARASHTRA FROM 30/6/1961 to 30/6/1986

(Amount in Lakhs)

Sr.No.	I t e m	1961	1971	1983	1984	1985	1986
1.	Number (Actual)	149	250	335	361	376	378
2.	Reporting Banks	149	250	335	360	366	360
3.	Membership (in 000)	433	802	1429	2667	2924	3287
4.	Share Capital	294	1102	3084	NA	8171	9665
5.	Owned funds	511	1710	7007	15853	19209	23209
6.	Deposits	1243	8798	62339	126702	159261	201156
7.	Outstanding borrowings	NA	474	1327	NA	4501	5500
8.	Working Capital	NA	11823	82639	164758	206491	259126
9.	Loans Outstanding	1671	6664	44254	91189	113106	143570
10.	Loans overdue	133	384	3690	8843	11426	14542
11.	Banks in profit	NA	229	316	NA	NA	333
12.	Banks in loss	NA	15	7	NA	NA	27
13.	Amount of Profit	25	160	1046	NA	2355	2837
14.	% of overdues to loans outstanding	7.95	5.76	8.33	9.69	10.10	10.12



ii) Statistical statements relating to operations of coo in

- The MSCBA Ltd Bombay (1985-86) •

Table No.2.7 indicates a significant progress made by UCBs in the state of Maharashtra. The number of UCBS in Maharashtra increased from 149 in 1961 to 378 in 1987. During the year 1985-86 the number of branches rose from 940 to 1037 at the end of the year. The membership stood at 3,287 thousands ( Regular and Nominal Both ) in 1986 against 433 thousands in 1961. While the share capital and Reserve and owned funds of UCB which were Rs.805 lakhs in 1961 increased to Rs.10091 lakhs in 1981 and to Rs.32873 lakhs in 1986.

The percentage of owned funds ( including share capital ) to working capital stood at 12.69 in 1986. Total Deposits which were Rs.1243 lakhs in 1961 rose to Rs.62339 lakhs in 1981 and to Rs.201156 lakhs in 1986. During the year 1986 total deposits were increased by Rs.41896 lakhs which was 26.31 % over previous year. The Deposits were the main source of the working capital of UCBs. Percentage of deposits to working capital has varied from 74% to 80% during the period 1971 to 1986.

The UCBs in Maharashtra have advanced loans for small scale Industries, Small Transport operators, Retail Trade, Agricultural and allied activities, wholesale Trade, loans to professionals, self employed, for educational purpose House purpose etc. Loans and advances outstanding which were Rs.6664 lakhs in 1961, rose to Rs.44254 lakhs in 1981 and to Rs.143570 lakhs in 1986.

The percentage of loans overdue to loans outstanding which was 7.95% in 1961 show a fall to 5.76% in 1971 but raised to 8.33% in 1981 and to 10.12% in 1986. It means these banks have kept their overdues at a minimum. This shows the managerial efficiency of these banks.

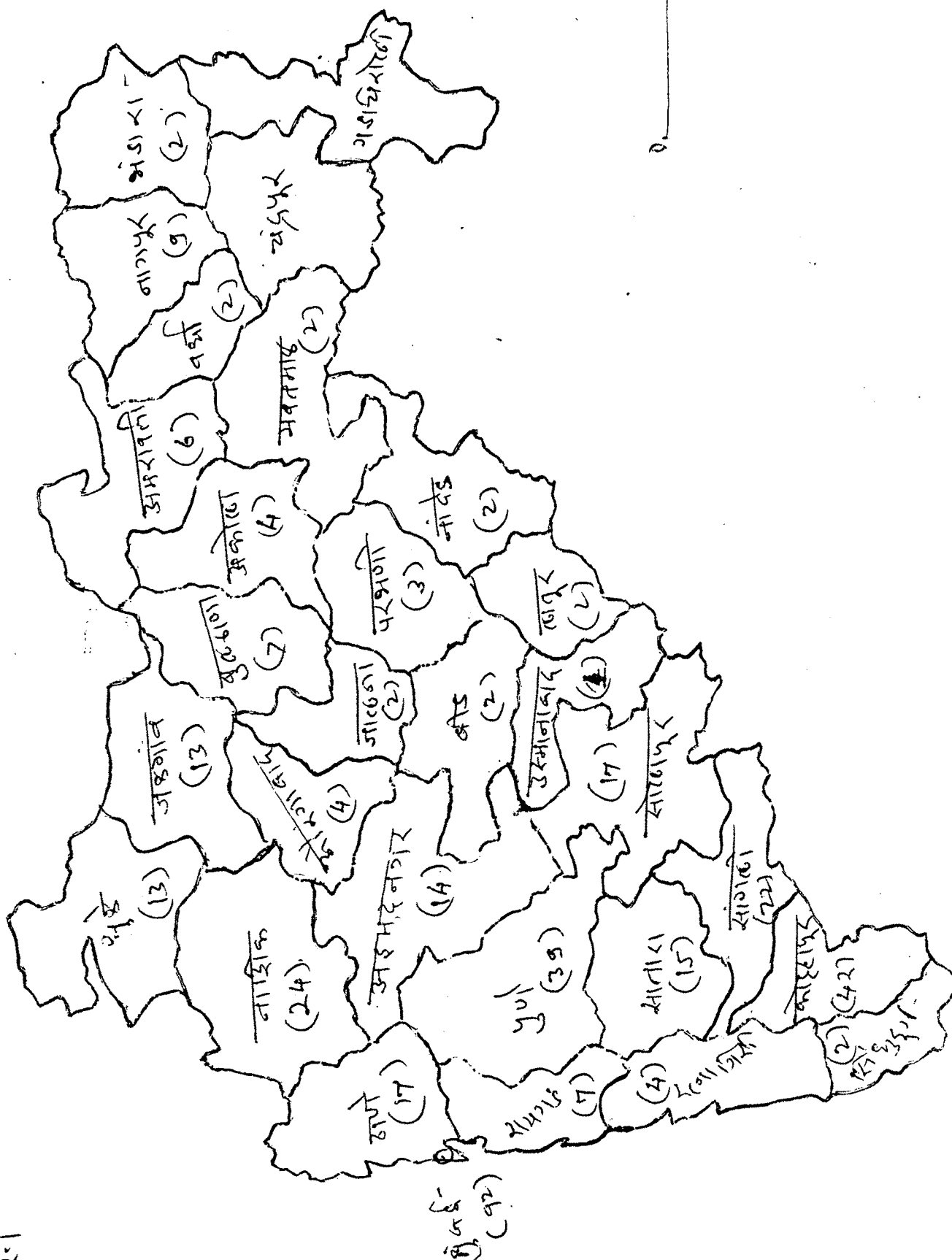
With the help of non-officials co-operative character co-operative leadership and internal staff 333 banks out of 378 banks in 1986 ( means nearly 88% banks ) were in profit. However, there were 27 banks in 1986, which were stood in lo<sup>s</sup>s.

The UCBs in Maharashtra have made a signifant progress. The Jogalekar committee has remarked rightly that " The Urban Banks from Maharashtra shown the higher degree of efficiency and there is rapid development in number of members, share capital, deposits, loans and profits, So it proves that banks have succeeded in capturing the faith of the public. The devotion of leaders is main cause behind it ".

Therefore, the progress made by UCBs in Maharashtra was mainly due to efforts taken by co-operative leaders, managers and non-official, official staff. The non-official leadership was the main factor which made Maharashtra to stand in the fore<sup>g</sup>front of other states. " the value of competent management has shown convincingly in Maharashtra, when Urban Banks <sup>fine</sup> good record owes much to the efforts of philanthrophic financiers like the late Sir Lalubhai Samaldas, and his son late Shri.Vaikunth L.Mehta, Shri.R.G. Saraiya and many others."17

Map No. 21

5 (92)



The performance of these banks is satisfactory. They are financially sound, their working capital contains very low proportion of borrowings from other banks. They will definitely shoulder the responsibility of economic, social development of our country.

However, the development of Urban Co-op. Banking in Maharashtra is still uneven within the states. For instances In 1974 there were 246 Urban Banks ( 28% of total in India ) in Maharashtra. Out of 246 UCBS in Maharashtra as many as 2/3 UCBS were located in seven districts especially in Bombay (25 banks), Kolhapur, Nashik, Sangli, Solapur, Pune and Jalagaon. Other six districts, namely, Osmanabad, Vardha, Yavatmal, Amarawati, Nanded, Bhandara had only one urban bank. While Chandrapur District has no urban bank.<sup>18</sup>

As shown in the Map No.2.1 ( showing UCBS in Maharashtra State ). There were 369 UCBS in Maharashtra as on 30-6-1986. The UCBS are spread over unevenly in 30 districts of the Maharashtra State. The number of UCBS located in six administrative Divisions of Maharashtra State is as below :-

Sr.No.	Admn. Division	No.of UCBS as on 30-6-1986.
1.	Pune Division	135
2.	Masik Division	64
3.	Greater Bombay	92
4.	Aurangabad Division (Marathwada).	16
5.	Vidharbha Division (Nagpur & Amaravati)	32
6.	Konkan Division.	<u>30</u>
Total...		<u>369</u> ==

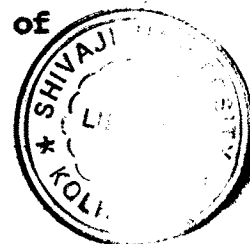
It is clear that Pune, Nasik Division and Bombay has 78.86% of total UCBS in Maharashtra State. Marathwada Division is less developed as it has only 16 UCBS (4.34%) out of 369 UCBS in the State; Vidharbha Division has only 32 UCBS (8.67%) out of 369 UCBS and Konkan has 30 UCBS (8.13%) out of 369 UCBS in Maharashtra. Chandrapur and Gadchiroli Districts have no UCB; till present.

It means the growth of UCBS is more significant in the Western Maharashtra and Bombay, while Marathwada, Konkan and Vidharbha regions are less developed. Vardha committee has pointed out that " while in Western Maharashtra, almost every urban area has a UCB, the UCB Movement in Vidharbha and Marathwada regions is relatively underdeveloped".

The efforts are essential to establish at least one urban co-op. Bank at each urban centre. In consideration with the uneven growth of UCBS, RBI has issued a new licencing policy of new UCBS as on 22-10-1986. Hence forth it has been decided that the new UCB will be allowed to establish only in those districts which are at present completely devoid of urban banking facilities.

## 2.8 GROWTH AND DEVELOPMENT OF URBAN CO-OPERATIVE BANKS IN KOLHAPUR DISTRICT :

In the progress of Maharashtra State in the field of co-operative Banking Kolhapur District is playing a prominent role. The co-operative movement in Kolhapur District has taken deep roots. It was started by the blessings of



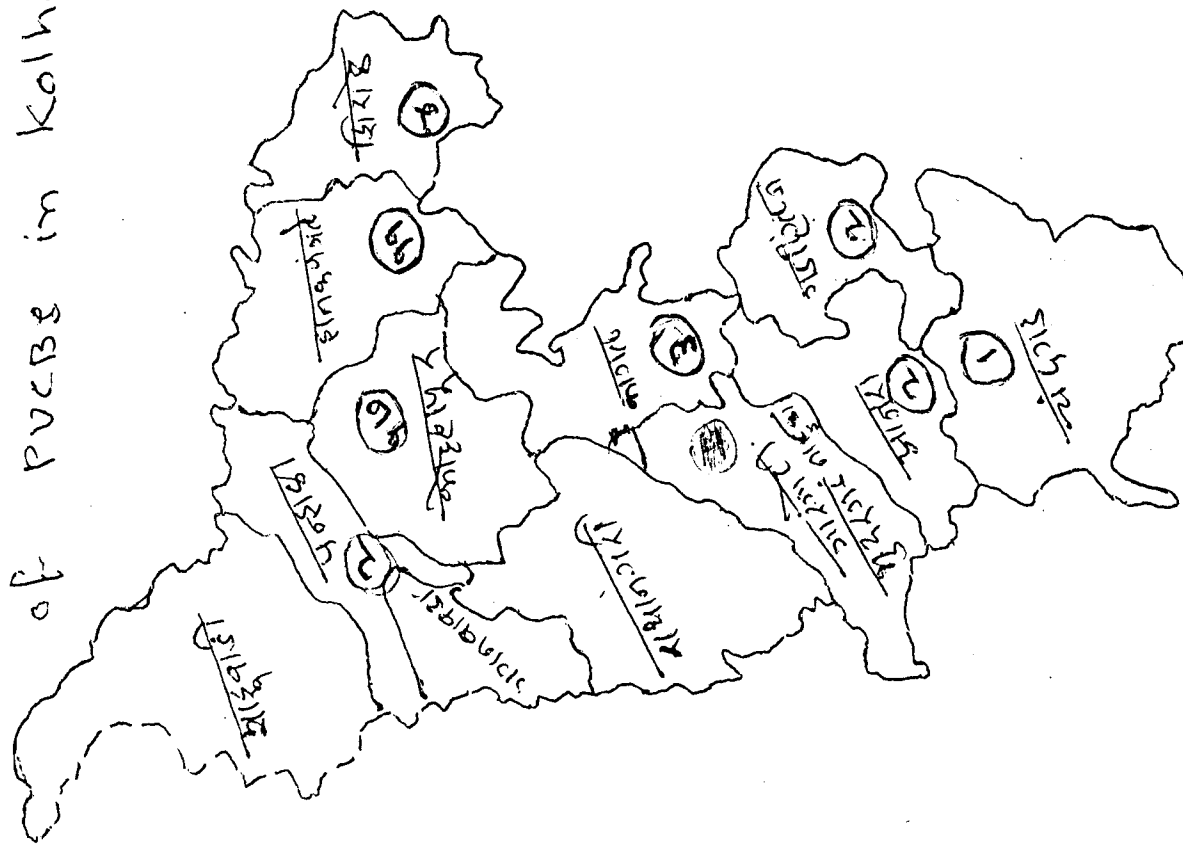
Chhatrapati Shahu Marahraja of Kolhapur. Now the co-operative movement has been developed in various fields for instance, agricultural, non-agricultural credit, sugar industry, cotton spinning Mills, fertilizers, Engineering, Industrial, Marketing etc. The co-operative institutions working in this district have extended their area of operation in metropolitan cities like Pune, Bombay.

Kolhapur District has 12 Tahsils with 1098 villages. Approximately 100% villages have covered by co-operative movement. The non-agricultural credit co-operative Institutions containing Urban, Co-operative Bank, Urban Co-operative Societies , Salary Earners societies, Bhisis, Mill hand and factory workers societies are working to their fullest strength.

Between the years 1901 to 1920 there were only four urban co-operative banks in Kolhapur District. Now the number has reached to 42. These banks are functioning to promote the co-operation, self help and mutual help among the people. The main function of the UCB, Urban Co-operative Societies, salary Earness societies, is to promote qualities of economy and co-operation among the members and also to make them industrious. They also augment the saving habits of the people by way of making the banking facilities easily available. They give loans to members on the securities like gold, immovable property, Government securities, consumer goods etc. They also provide loans to the artisans and small traders.<sup>19</sup>

ap showing Number of PVCB in Kolhapur District as on 30/6/19

MAP No. 2-2.





Urban co-operative Banks in Kolhapur District are playing important role in providing efficient banking facilities to urban people. Their clientele, consist of mainly small traders, small businessmen, salaried persons, factory workers, tiny-industrialists, transport operators, cinema industries, retailers, merchants, artisans etc. They are tapping urban savings from the urban middle class and always they try to uplift the men of limited means, residing in their area of operation.

There are 42 PUCBS ( including salary earness societies ) in Kolhapur district. The position of PUCBS in 12 Tahils of Kolhapur district has been shown in the map No.2.2. It shows that as on 30/6/1986 out of 42 PUCBS, 17 PUCBS are located in Karveer Tahsil and 11 UCBS are located in Hatkangale Tahsil. Shirol Tahsil has four PUCBS, while Panhala, Kagal, Ajara, Gadhinglaj Tahsil have 2 PUCBS each. Chandgad Tahsil has only one UCB. Bhudargad, Shahuwadi, Radhanagari and Gaganbawada Tahsils have no PUCB till present 37 out of 42 PUCBS in Kolhapur District have "A" audit class. As per the date of registration, Kolhapur Urban co-op. Bank Ltd., KOLHAPUR is the first UCB in Kolhapur which had registered on 30/9/1913.

The following Table No.2.8 shows the number of UCBS in Kolhapur district during the last 7 decades.

Table No. 2.8

Showing number of PUCBS in Kolhapur District from  
1901 to 1986.

Sr.No.				Date	Number of UCBS.
1.	1901	to	1910		Nil.
2.	1911	to	1920		4
3.	1921	to	1930		6
4.	1931	to	1940		10
5.	1941	to	1950		14
6.	1951	to	1960		20
7.	1961	to	1970		29
8.	1971	to	1980		39
9.	1981	to	1986		42

( Source - Deputy Registrar, Kolhapur of Co-op. Societies )

As shown above there were four UCBs in the begining of nineteenth century. It is of considerable importance that more PUCBS (22) have established after passing of the Maharashtra Co-op. Societies Act, 1960. Most recently on 06/05/1982, Chandgad UCB Ltd., Chandgad has registered. It is a conversion of Urban co-op. Society in to UCB.

SHOWING PROGRESS OF PUCBS IN KOLHAPUR DISTRICT FROM 30/6/1977 to 30/6/1986.

R. in '000

Sr.No.	Heads	1977	1978	1979	1980	1981	1982	1983	1984	1985	* 1986
1.	Number (Actual)	37	37	38	38	39	40	40	42	42	42
2.	Reporting banks	37	37	38	39	40	40	40	40	40	41
3.	Membership (Actual)	1,16,805	1,20,821	1,32,981	1,38,639	1,60,815	2,04,750	2,45,042	2,68,912	2,68,912	3,96,531
4.	Share Capital	20,254	21,762	24,538	27,381	32,790	43,797	52,649	63,368	63,368	76,988
5.	Reserve fund & other reserves	22,856	28,720	35,011	40,744	44,386	78,390	94,601	1,11,281	1,11,281	1,29,333
6.	Deposits	NA	NA	NA	NA	NA	8,02,258	9,80,651	12,06,203	12,06,203	15,14,675
7.	Working Capital	3,04,313	3,57,256	4,38,275	5,24,625	7,19,226	11,47,487	12,82,111	15,42,434	15,42,434	19,53,342
8.	Loan Outstanding	NA	NA	NA	NA	NA	6,45,948	7,86,454	9,50,300	9,50,300	11,61,951
9.	Loan overdue	NA	NA	NA	NA	NA	56,234	68,960	78,880	78,880	96,721

( Source - District Deputy Registrar of Co-op Societies, Kolhapur

\* Statistical statements relating to operations of UCBS

in Maharashtra (1985-86) ).

Progress made by the PUCBS in Kolhapur district has been shown in Table No.2.9. There are 42 PUCBS in Kolhapur district as against 37 in 1977. Only 3 PUCBS have been added during 1977 to 1986. Membership of UCBS which was 1,16,805 in 1977, increased to 3,96,531 in 1986. Share capital and Reserve fund and other reserves were of Rs.206321 thousands in 1986 against Rs.43110 thousands in 1977. It means during 1977 to 1986 owned funds and share capital of the UCBS rose by 3.3/4 times. Percentage of owned funds to working capital during the period ranged between 10.29 to 15.00 Total deposits of these banks increased from Rs.8022 lakhs in 1983 to Rs.15146.75 lakhs in 1986. The growth rate of deposits in the year 1985-86 was 25.57%.

The UCBS in Kolhapur Districts had mostly relied on their owned funds and deposits as the percentage of owned funds and deposits to working capital stood 82.14% in 1986.

Total loans and advances outstanding increased from Rs.645948 thousands in 1983 to Rs.1161951 thousands in 1986. Percentage of overdues to Loans outstanding was 8.32 in 1986, It means these banks have kept overdues to the minimum.

Moreover, out of 100 top urban co-op. Banks as per their working capital in India as on 30-6-1987 there were six UCBS in Kolhapur District namely Ichalkaranji Janata Sahakari Bank Ltd., Ichalkaranji, Shri. Veershaiv co-op. Bank Ltd., Kolhapur, Shri. Warna Sahakari Bank Ltd., Warnanagar, Kolhapur Maratha Co-op. Bank Ltd., Kolhapur,

Ajara Urban Co-op. Bank Ltd., Ajara ( selected for present study ), and Kolhapur Urban Co-op. Bank Ltd., Kolhapur.

The credit for the growth of urban co-op. Banking in India goes to intelligent, experienced and active co-operative leadership in the district. The banks have helped to cultivate the banking habits, self help into their members. These banks are established in Urban and semi-urban areas but actually serving mostly rural parts of the district. They have helped to eradicate the evils of urban and rural poverty also. The increase in deposits, working capital and loans and advances shows that the banks are winning the confidence of public gradually. They are meant for a common man in urban area and more closer than commercial banks. Therefore, it was said that if one wants to have a glimpse of the Urban banking development one may visit Kolhapur city, where there are urban banks (offering ) stiff competition with commercial banks for the collection of deposits.

Hence PUCBS in Kolhapur are working efficiently under the guidance and supervision of RBI and District Deputy Registrar of co-op. Societies, Kolhapur.

## 2.9 GROWTH AND DEVELOPMENT OF URBAN CO-OP. BANKS IN AJARA TALUKA AND AJARA TOWN :

### (A) INTRODUCTION :

Late Shri.Narayan Abasaheb Ghorpade, Santhanik of

Ajara and Ichalkaranji Jahangiri had opened a branch of Ichalkaranji Central Co-op. Bank at Ajara in 1944. Due to some technical difficulties the said bank was closed in 1960. Thereafter the local leadership in Ajara succeeded to open the Ajara Urban Co-op. Bank in 1961. Under the intellectual <sup>i</sup>fficial and non-official leadership the Ajara Bank has made a good progress. Membership of the Ajara Bank increased from 459 in 1961 to 5081 in 1986. Share capital and Reserves Fund and other reserves which were Rs.25,000 in 1961 increased to Rs.57.93 lakhs in 1986. The Bank has mobilised deposits of Rs.796.08 lakhs in 1986 against Rs.94000 in 1961. Loans and advances are increased from Rs.95000 in 1961 to Rs.491.63 lakhs in 1986. It has made a profit of Rs.8.34 lakhs in 1986; with its eight branches.

The Ajara Urban Co-op. Bank stood 84th Bank in top hundred banks in India and fourth Bank in Kolhapur District. It is a first bank in Kolhapur district which is allowed to open accounts of non-residents. During the last 27 years the bank has got 'A' audit class.

In order to break the Shackles of the rural poverty and to make farmers and workers self-reliant, local leadership in Ajara opened the Janata Sahakari Bank in 1963. During the period of 25 years, of the Janata Bank, has made a good progress. It's membership is increased from 450 in 1961 to 4634 in 1986. Share capital and Reserves which were Rs.488 in 1963 increased to Rs.9.84 lakhs in 1986. Deposits of the bank stood at Rs.238.89 lakhs in 1986 as against

1.	Number (Actual)	2	2	2	2	2	2	2	2	2	2
2.	Membership (in Actual) AB (Regular JB members)	3202 2024 1178	3720 2336 1384	3920 2429 1491	5272 3243 2029	5705 3541 2164	6553 3814 2739	7487 4131 3356	8228 4593 3635	8734 4780 3954	9715 5081 4634
3.	Share Capital AB JB	7.50 4.48 3.02	9.19 5.83 3.36	10.73 7.07 3.66	14.09 9.68 4.41	16.52 11.19 5.33	19.92 13.18 6.74	22.57 14.13 8.44	26.61 16.62 9.99	29.08 17.13 11.95	33.37 18.69 14.68
4.	Reserve Fund & other reserves AB JB	7.47 5.02 2.45	8.74 5.89 2.85	10.30 6.97 3.33	12.36 8.49 3.87	12.09 7.79 4.30	19.73 14.61 5.12	26.04 20.18 5.86	31.24 24.60 6.64	40.96 32.79 8.17	49.08 39.24 9.84
5.	Deposits AB JB	106.51 86.30 20.21	126.71 102.71 24.80	155.81 128.64 27.17	242.32 194.99 47.33	338.34 265.84 72.50	417.20 324.66 92.54	502.05 383.09 118.96	653.38 501.21 152.17	803.72 620.00 183.72	1034.97 796.08 238.89
6.	Loans outstanding AB JB	73.59 53.03 20.56	97.19 72.08 25.11	117.51 87.80 29.71	166.52 128.99 37.53	245.28 186.15 59.13	324.04 236.96 87.08	372.26 255.16 117.10	490.85 343.95 146.90	584.76 419.85 164.91	690.40 491.63 198.77
7.	Working Capital AB JB	122.36 101.17 21.19	157.19 123.42 33.77	197.25 153.27 43.98	289.70 229.61 60.09	406.12 314.06 92.06	549.04 390.45 158.59	634.80 468.09 166.71	830.29 616.89 213.40	1025.30 776.01 249.29	1302.88 1000.09 302.79
8.	Net Profit AB JB	1.69 1.25 0.44	2.21 1.71 0.50	2.47 1.95 0.52	2.47 2.06 0.41	6.28 5.51 0.77	5.75 5.53 0.22	5.23 4.53 0.70	8.59 7.32 1.27	10.03 8.26 1.77	10.79 8.34 2.45
9.	Branches AB JB	4 1	4 1	4 2	6 2	6 2	7 4	8 4	8 4	8 4	8 4

(Source - Annual Reports of the two Banks)



Rs.64,682 in 1963. Loans and advances are increased from Rs.10,280 in 1963 to Rs.198.77 lakhs in 1986. The Bank has made <sup>Rs.</sup>2.45 lakhs profit during the year 1986 with its four branches.

(B) GROWTH AND DEVELOPMENT OF THE TWO BANKS :

At present, only two urban co-op. Banks i.e. The Ajara Urban Co-op. Bank and Janata Sahakari Bank Ltd., Ajara are working in Ajara Taluka and Ajara Town. Table No.2.10 shows bankwise financial position of Urban co-op. Banks in Ajara Taluka. The Ajara Bank has eight Branches, ( One of which is at Bombay) in 1986 as against four in 1977. While Janata Sahakari Bank has four branches on 30-6-1986 as against one branch in 1977. It shows that the Ajara Bank has started more branches than the Janata Bank. Membership of these two banks which was 3,202 in 1977 rose to 9715 in 1986. The share capital and reserves of the two banks increased from Rs.14.97 lakhs in 1977 to Rs.82.45 lakhs in 1986. Deposits, loans outstanding and working capital were increased from Rs.106.51 lakhs, 73.59 lakhs, Rs.101.17 lakhs respectively to Rs.1034.97 lakhs, Rs.690.40 lakhs and to Rs.1302.88 lakhs respectively during the year 1986. Both the banks net profit, which was Rs.1.69 lakhs in 1977, enhanced to Rs.10.79 lakhs in 1986.

During the decade ( 1977 to 1986 ) membership of the UCBS in Ajara Taluka become tripled; share capital and reserves are increased by six times. Deposits and loans and advances

outstandings have rose tremendously. There is also a rapid growth in the working capital. The share of share capital and Reserves and deposits in the working capital is 85.76% in 1986.

The detailed study about these two banks is done in further chapter No.III, while explaining the profile of both the banks.

. . .

## R E F E R E N C E S

### CHAPTER : II

1. Prof.D.R.Gadgil : " Writing and Speeches of Prof.  
D.R.Gadgil on co-operation,  
Gokhale Institute of Politics  
and Economics, Pune-4" Orient  
Longman Ltd.,  
New Delhi, 1975  
Page No.5.
2. B.N.Choubey : "Principles and Practices of  
Co-op. Banking in India "  
Asia Publishing House,  
Bombay., 1968  
Page No.233.

3. S.S.Ghatpande : " Urban Co-op. Banks role and  
development in India with  
reference to Gujarat "  
Co-operative Perspective  
July-Sept., 1983 Vol-18  
Page No.2.
  
4. C.B.Memoria. : "Co-operation in India "  
Kitab Mahal, Allahabad,  
Page No-365.
  
5. M.G.Chandrachud : "Urban Co-op. Banks need RBI  
help"  
The Maharashtra Co-op. Quarterly  
Vol.LXX-4, April, 1987  
Page No.206.
  
6. Ibid : Page No-208.
  
- 7.S.Nakkiran : " Urban Co-operative Banking in  
India ".  
Rainbow Publications Coimbatore-30,  
Nov., 1982 Page No.1.
  
8. B.N.Choubey : " Principles and Practices of  
Co-op. Banking in India "  
Asia Publishing House,  
Bombay, 1968  
Page No-258.

- 9.S.Nakkiran : " Urban Co-operative Banking  
in India ",  
Rainbow Publications,  
Coimbatore-30, Nov., 1982  
Page No.3.
- 10.T.N.Majela : " Principles, problems and  
Practices of Co-operation ".  
Shiv Lal Agarawala and co.  
Agra, 1975.  
Page-35.
- 11.John D'silva : "Progress of Urban Co-op. Banks  
in India " (1977-87) statement of  
John D'Silva, M.D.Abhyudaya Co-op.  
Bank Ltd., Bombay.
- 12.S.S.Ghatpande : " Urban Co-op. Banks role and  
development in India with reference  
to Gujarat ".  
Co-operative Perspective  
July-Sept., 1983  
Page - 78.
- 13.S.Nakkiran : " Urban Co-operative Banking in  
India "  
Rainbow Publications,  
Coimbatore-30, Nov., 1982  
Page-5.

14. Shri. Omprakash Devada. : " Nagari Banka, Karya, Samasya " Sahakari Vishwa Aug., 1987, Page No-23.
15. John D'Silva : "Progress of Urban Co-op. Banking in India " (1977-87) Statement of M.D. John D'Silva, M.D. Abhudaya Co-op. Bank Ltd., Bombay. Page-3.
16. Dr. P.D. Ojha : Address by Dr. P.D. Ojha, Deputy Governor RBI on Seminar of Urban Co-op. Banks in Maharashtra held on 20/11/1987 at Pune, Page No-2.
17. S. Nakkiran : " Urban Co-op. Banking in India ", Rainbow Publications Coimbatore-30, Nov., 1982 Page-8.
18. Dr. C.D. Date : " Nagari Sahakari Banks Reserve Bankeche Dhoran " Sahakari Jagat, Feb., 1975 Page-17.
19. Socio-economic Review of district - statistical abstract of Kolhapur district - 1981-82, page-5 office records of district co-op. statistical Department Kolhapur.

20.C.B.Indule

: " Co-operative Banking in India".

Continental Prakashan

Pune-2, 1968.

Page-12.

. . . . .