CHAPTER - III
ORIGIN, GROWTH AND DEVELOPMENT OF SALEM URBAN CO-OPERATIVE BANK LTD., SALEM
CHAPTER - III

3.1 INTRODUCTION

3.2 ORIGIN

3.3 GENESIS AND ORIGIN OF THE SOCIETY

3.4 MEMBERS AND SHARE CAPITAL

3.5 OBJECTIONS

3.6 DEFINITIONS OF URBAN BANKS

3.7 FUNCTIONS

3.8 HISTORY OF URBAN CO-OPERATIVE BANKS IN TAMIL NADU

3.9 STRUCTURE OF THE SOCIETY

3.9a. MANAGEMENTS

3.9b. BORROWINGS

3.9c. DEPOSITS

3.9d. DETAILS OF VARIOUS DEPOSITS AS ON 31.12.2002

3.10 GROWTH OF URBAN CO-OPERATIVE BANKS

3.10a. DEPOSITS

3.10b. SHARE CAPITAL

3.10c. RESERVES

3.10d. WORKING CAPITAL

3.10e. ADVANCES

3.10f. PROFIT

3.10g. TABLE
3.11 LOCATION AND CONCENTRATION OF URBAN BANKS

3.12 GROWTH OF URBAN BANKS

3.12a DEVELOPMENT OF SALEM URBAN CO-OPERATIVE BANKS

3.12b (i) SHORT TERM LOANS

3.12b (ii) MEDIUM TERM LOANS

3.12b (iii) LONG TERM LOANS

3.12c FUNCTIONS

3.12d BRANCHES

3.12e PROFIT
3.1. INTRODUCTION

Co-operative Movement in Tamil Nadu has got a place of honour in India. Tamil Nadu is a head in providing financial help to the poor and the weaker sections of the society, successful experiments are conducted in Tamil Nadu for co-operative sector.

Now-a-days, the Urban Co-operative Banks are playing a significant role in the national economy. They have achieved remarkable success in various areas of co-operative banking. In the past poor and backward class people were exploited by petty money lenders to the extent that they were debt-bond all their lives.

With the opening of co-operative banks branches in rural areas, they have been able to back masses at grass root level and by providing soft loans to farmers and small traders co-operative banking has become a part of their lives. These poor and backward people are now not only borrowing but also depositing money in co-operative banks. These co-operative banks have inculcate the habit of saving money among the people, co-operative bank was first opened in vadodara in 1889, capital city of the State of Shrimant Sayajirao Gackwad (now Gujarat). V.L. alias Bhasaheb Kavathekar Prof. Of Economics and a close associate of late Bal Gangadhar Tilak first mooted the idea of co-operative bank.
The Urban Co-operative Credit Movement started in India with the main purpose of helping small traders, artisans, factory workers, and salaried people having limited fixed income. The purpose of the urban banks was on one side to protect them from the clutches of moneylenders and on the other to inculcate in them the habit of saving.

The RBI reviewed in 1939-40 the progress of Urban Co-operative Banks. The RBI stated in its report that the "Urban Co-operative Banks occupied a prominent place among the agencies meeting the credit needs in urban areas. They advanced loans mostly to small traders, artisans and salary earners on personal security as well as against gold, silver, land, buildings etc.

3.2. ORIGIN GROWTH AND DEVELOPMENT OF SALEM URBAN CO-OPERATIVE BANK LTD.No.25.

The Urban Co-operative Movement did not get the needed attention until 1915. It was only after Maclagan Committee 1915 referred to the potentialities of Urban Co-operative Movement as a means of training the upper and middle classes in ordinary banking principles, the movement started gaining acceptance and relevance. The failure of the joint stock banks in the country at that time also gave an impetus to the growth of Urban Co-operatives Credit Societies. Everybody realized that urban credit societies were
eminently suitable institutional agencies for collecting local saving and to provide relief to those who were in the clutches of money lenders by providing them with financial accommodation.

Another most significant development in the history of Urban Co-operative Credit Movement in the country took place in 1966. Certain provisions of the Banking Regulation Act 1949 was extended to urban banks also from March 1966 onwards. The RBI acquired control over the functioning of Urban Co-operative Banks with paid up share capital and reserves of Rs.1,00,000 and over and such urban banks are termed as "Primary Co-operative Banks" in matters such as maintenance of cash reserves and liquid assets, regulations of loans and advances, opening of new places of business and publication of audited balance sheet and profit and loss account. The statutory power of inspection of urban banks was also vested with the RBI which could exercise it either directly or through the concerned State Co-operative Bank. Power in regard to incorporation, management and winding up continued to be governed by the State Co-operative Societies Act concerned.

3.3. GENESIS AND ORIGIN OF THE SOCIETY

Salem Urban Co-operative Bank Ltd. Was registered on 01.03.1906 and started functioning from 11.03.1906. Initially it was started functioning from as Salem Urban Co-operative Society and
from the year 1948 onwards it is working as Salem Urban Co-operative Bank.

This bank was started and developed by aminent freedom fighters, Hon’ble and Sri C.Vijayaragavachariar were member of our bank from its inception. Thiru P.Venkatrao, Thiru S.Kanagasabapathi Mudaliar, Thiru D.P.Chinnakrishna Chettiar, Thiru T.M.Chinniah Pillai,M.A.,B.L., Dr.Thiru K.Ramasamy Pillai, and Thiru G.K.Subasu, were the past presidents of this bank.

As this bank started even before the inception of the Salem Central Co-operative Bank Ltd., it worked as a financing bank to many village credit societies in Salem District. After the establishment of the Salem Central Co-operative Ltd. This bank services were confined to the people in Salem Town and to the people living in 16 Kms. Radius of Salem Corporation Limit.

3.4. MEMBERS AND SHARE CAPITAL

This bank started initially with 27 members, is now having 48405 ‘A’ Class members and 76007 ‘B’ Class members. Its paid-up share capital is Rs.644.98 lakhs.
3.5. OBJECTIONS

Following are the major objectives of Urban Co-operative Banks.

1. The encourage thrift, self-help and co-operation among members.

2. To accept deposits of money from the public, repayable on demand or otherwise and withdrawal by cheque, draft, order or otherwise for the purpose of lending or investments.

3. To borrow or raise money.

4. To lend or to advance either upon or without security to members and other as permitted by the Registrar.

5. To draw, make, accept, discount, buy, sell, collect, and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, Railway receipts, warrants, certificates, scripts, and other instruments and securities whether transferable, negotiable or not.

6. To grant and issue credit, traveller cheques, and circular notes.

7. To receive all kinds of bonds, script valuable as deposits or for safe custody otherwise.

8. To provide safe deposit vaults.

9. To collect and transmit money and securities.
10. To prepare and to finance schemes for amelioration of the financial condition of the members.

11. To provide financial and technical assistance to self-employed persons for setting up their own business.

12. To promote co-operative movement in the area.

13. To promote co-operative education.

 Definitions of Urban Banks:

Urban Bank is a co-operative institution started in towns and semi-urban areas to issue credit to small scale industries and non-agriculture purpose.

Functions:

Chief functions of Urban Co-operative Banks are as under:

1. To attract deposits from members as well as non-members.

2. To advance loans to members.

3. To act as the agent for the joint purchase of domestic and other requirements of the members.

4. To undertake collection of bills, accepted or endorsed by members.

5. To arrange for the safe custody of valuable documents of members.

6. To provide other facilities as provided by commercial banks.
History for Urban Co-operative Banks in Tamil Nadu:

The State of Tamil Nadu, which was formerly called as Madras Province, takes pride in initiating the co-operative movement in this country in the sense that it was Sir Eledrick Nicholson, a Madras Civil Servant, who took the initiative to introduce the co-operative movement. During 1892 Sir Nicholson was placed on special duty by the Madras Government for the purpose of enquiring the possibility of introducing into the Madras Presidency a system of agricultural or other land banks. Mr. Nicholson's report was reviewed in 1899 by the Madras Government which thought that if a few rural banks were started for on Raifeisen lien and their working watched for a few years, they might than be in a position to make recommendations on the receipt of Mr. Nicholson's report by Government of India, the opinion of local Governments were invited. Their answers were considered in June 1901 by a committee due to the efforts of this committee discussions were referred to the local Governments. In the mean time, the Indian Famine Commission of 1901 (of which Mr. Nicholson was a member) recommended the introduction of mutual credit associations on consideration of their recommendations, the need for a special legislation was felt by the Government of India and the Co-op. Credit Act of 1904 was passed.
The State of Madras had a strong root for the growth of urban credit movement. The Madras Committee on co-operation said that, “The Madras Presidency was peculiarly congenial to the birth of Urban Credit Societies in that for many years, nidhis or indigenous financing associations had been in existence in the towns” – by Dr. S. Nakkiran.

The first Urban Co-operative Bank in Tamil Nadu was registered in Kanchipuram in the Chinglepet District of Madras Presidency on October 1904. As on June 1915, 03 non-agricultural credit societies were registered with total membership of over 22,000 and a total working capital of Rs.15 lakhs. As on June 1939, there were 10,926 agricultural credit societies and 1,131 non-agricultural credit societies functioning in the state. The committee said that “The emphasis laid on rural credit did not prevent a recognition of the fact that the interest of the smaller artisans, traders, shopkeepers, industrial employees and others in town should be protected and facilities provided for reasonable credit to them.

The committee felt that, “it will make for clearness if urban banks as such i.e., banks dealing in current accounts or at any rate banks which accept deposits generally and which, under the rules are required to maintain fluid resources are dealt with separately in the
department statistics and reports as distinct from other types of credit societies intended for employees or others”.

Urban Banks do good to the society not only by means of lending the urban population but also by means of encouraging the urban middle and lower class to save money. As they may not like to keep deposit accounts with other banks for their small accounts, they can deposits accounts with their urban banks.

3.6. STRUCTURE OF THE SOCIETY

3.6a. MANAGEMENTS:

Election to the board of management of our bank was conducted on 25.09.1996 and the new Board assumed charge on 31.10.1996 under the presidentship of Thiru B.Pondidurai.

The bank is working in its own building situated at the heart of the town. Now this bank is having 13 branches in different parts of the town. The Reserve Bank of India has issued license to open 2 branches are Attayampatty and Reddiyur.

The Bank is put under ‘A’ Class, in audit classification for the past several years. We were presented with shields and mementos on may occasion for the best performance in modification of deposits and paying interest and dividend at 14% from 1987-88. In the year 1996-97 we have obtained special permission from the Government and paid 20% dividend to mark the Golden Jubilee of our nation.
We have build a maternity ward in the Government Hospital, Salem from out of our common good fund, considerable amount was also donated to build a room in the hospital. We have donated Rs.25 lakhs and 25 thousand to the Mohan Kumaramangalam Government Hospital under “Nammakku Namme” Scheme. All the employees of the bank are donated Rs.10,500/- to the scheme. We have donated Rs.2,00,000/- to Kargil Fund and also we have donated Rs.50 thousands to Chief Minister Flood Relief Fund.

The bank provides welfare schemes to the employees of the bank. Housing Loan, Vehicle Loan and consumer loans are also issued to them. Educations also provided to their children. Uniforms are issued to the sub staff. They are also getting the maximum bonus every year.

3.6b. Borrowings:

It shall be competent to the Board of Directors to borrow money other by way of deposits or otherwise.

Deposits may be taken from members only but the security and provident fund deposits may be taken from the paid employees of the bank.

**Borrowing details as on 31.12.2001.**

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit loan from S.C.C.B.</td>
<td>Rs.5,30,00,000.00</td>
</tr>
<tr>
<td>State Government loans</td>
<td>Rs. 32,500.00</td>
</tr>
</tbody>
</table>
3.6c. Deposits:

Our various deposit schemes attracts and public. Now our deposits exceeds Rs.150 Crores. Our Thiruvilakku Deposit Scheme introduced during the year 1977 is popular among the public and Rs.9066.15 lakhs have been received under this special deposit scheme.

3.6d. Details of various deposits as on 31.12.2002:

(Rs.in Lakhs)

1. Fixed Deposits : 3892.19
2. Thiruvilakku Deposits : 9066.55
3. Saving Deposits : 1338.68
4. Current Deposits : 88.10
5. Recurring Deposits : 182.24
6. Home Safe Deposits : 24.11
7. Other Deposits : 400.31

Total : 14992.18

3.7. GROWTH OF URBAN CO-OPERATIVE BANKS

Now-a-days, the Urban Co-operative Banks are playing a significant role in the national economy. The urban banks have achieved a success in which was remarkable in various areas of co-operative banks. The urban banks have been organized to help middle class and weaker sections of the urban community. The urban banks
were expected to grow on their own accord. But, the Urban Co-operative Banks not given an encouragement by the Government.

The tremendous progress, has made by the Urban Co-operative Banking movement. The urban banking has mobilized substantial deposits from unorganized sectors from more particulars among middle – income people. At the end of the war between Moghuls and Marathas in 1732, Vadodara was with Pillaji Rao Gaekwad For 127 years it was the capital of the Gackwads. Many years Sayajirao the third was the King. He was known for his efficiency.

The total deposits of all the urban banks now stands at Rs.40,000 crores. The banks have been liberal in giving advances to small people, more particularly to small-scale industrial sector and priority sector.

In April 1966, Vadodara Municipal Corporation was formed. Before that only Ahmedabad was having corporation. Before 55 years, the population of Vadodara was 94 thousands and in 1961 it increased to 2,95,304 and in1971 to 4,66,639 and today it is more than ten lacs.

Vadodara is motherland of urban banks in Asia. In the year 1974-75, Vadodara District had 26 Urban Co-operative Banks which increased to 33 in the year 1981-82. So, 7 banks increased during the
period 1974-75 to 1981-82 which indicates 26.92% increase in the number of banks.

The number of branches during the period of 1974-75 to 1981-82 rose from 5 to 13 showing an increase of 160%. The fact proves that people want the services of urban bank.

Unemployment in urban areas could be reduced by means of encouraging self-employment schemes. A number of Mahila Banks have been organized all over India with the liberalization policy the urban banks areas have a bright future.

Traditionally, banks have been accepting 3 types of deposits from the public, namely, current, savings and fixed deposits. The efforts of solving the unemployment problem by financing the educated unemployed, self-employed and professionals besides of finance to small road, transport operators, housing societies, consumer’s stores, labour contract societies etc.

The number of banks are now getting the ‘Scheduled’ status, some of the banks have already introduced ATMS and twelve hours banking service with on-line computerization. Urban Banks has mobilized substantial deposits from unorganized sectors, more particularly from among middle-income people. Another reason may be cumbersome licensing policy of the RBI.
3.7a. Deposits:

Another indicator of progress of Urban Co-operative Bank is deposits mobilized by them. It indicates the trust, faith in the Urban Bank. In 1974-75, deposits were Rs.814.35 lacs and in 1981-82 they rose to Rs.4,334.67 lacs. Thus, the increase in deposits was Rs.3,720.32 lacs which is 456.84% increase in deposits.

In comparison to this, in the decade 1982-83 to 1991-92 deposits raised from Rs.5,713.08 lacs to 26,522.85 lacs. Thus, the increase in deposits was Rs.20,809.85 lacs i.e.365.25%. Thus, the comparison of the deposits of the two periods i.e.74-75 to 1981-82 and 1982-83 to 1991-92 shows the decrease in deposits from 456% or 364%.

3.7b. Share Capital:

Urban Banks have been accepting three types of deposits from the public, namely, current, savings and fixed deposits. Commercial Banks do not pay any interest on current deposits. Commercial Banks pay 5% interest and urban banks pay ½% interest per annum. While urban bank pay upto 7% on Savings Deposits.

Daily Saving Deposit Scheme, Deposit Insurance Scheme, compulsory saving deposits were introduced on urban banks. This scheme was very developed with deposit mobilization. Recently, the urban banks deposits higher than co-operative banks.
For instance, in backward areas with adequate financial and staff resources may be permitted to open branches outside their respective area of operations. A wide area of operation will evaluate urban banks to cater to the credit needs of a large number of salary earners, artisans and small businessmen. Hence, the area of operation should be extended according to the progress achieved by the management and the strength and financial stability of the institution and the requirement of the area.

Several Urban Banks provide banking services equal to that of certain Commercial Banks (CB). Some Urban Banks in Bombay have started understanding even foreign exchange business. Though such efficient and modern banking services. They are able to attract customers.

Urban people were very much interested in participating actively in the functioning of Urban Co-operative Banks. Therefore, they were becoming the members of urban banks which is reflected from the following details.

The share capital in 1974-75 was Rs.71.65 lacs which has gone up Rs.225.93 lacs in 1981-82 increasing by Rs.154.28 lacs, the increase is 215.32% in share capital. As against this, during the period from 1982-83 to 1991-92 share capital moved up from Rs.286.12 lacs to Rs.842.37 lacs showing an absolute increase of Rs.152.28 lacs.
which constitutes 215.32% increase in the period from 1974-75 to 1981-82 indicating on increase of 194.41% during the period.

3.7c. Reserves:

Reserves are the indicators of sound financial position of the banks. Urban Co-operative Banks in Vadodara District in the year 1974-75 had resources of Rs.55.16 lacs these increased to Rs.379.53 lacs in 1981-82. As against this, during the period 1982-83 to 1991-92 reserves increased from Rs.491.60 lacs to Rs.3471.91 lacs. Thus, while during the first period from 1974-75 to 1981-82 the reserves increased by 588% in the second period from 1982-83 to 1991-92 they exhibited a rise of 606 percent.

Another interesting point about the figures is that the Reserves, are much more than the share capital at Urban Co-operative Banks during the period.

One more fact is worth noting the share capital, Reserves and Deposits are enough as their sources. Urban Banks have not to depend on the outside borrowing. It is a remarkable achievement of the banks.

3.7d. Working Capital:

Working Capital is an important factor in the functioning of an Urban Co-operative Banks. Higher the working capital, higher the efficiency of the bank. The working capital of the Urban Co-operative
Banks in Vadodara District has shown an increasing trend, every year it is increasing. In the year 1974-75, the working capital was Rs.1028.11 lacs and in the year 1981-82 it was Rs.5,543.02 lacs. It means it has increased by Rs.4514.91 lacs. Indicating 439.15 percent increase. While in the year 1982-83 working capital of the Urban Co-operative Banks in Vadodara District was Rs.7183.93 lacs.

In the year 1991-92 it moved upto Rs.34,524.21 lacs, showing an absolute increase of Rs.27,340.28 lacs. i.e. 380 per cent. The trend of the working capital is also like that of the share capital and deposits. In the previous 8 years, it increased by 439 percent as against this in subsequent 10 years it increased by 380 percent.

3.7e. Advances:

Loan operation is a source of income to banks. Loans and Advances in 1974-75 were of the order of Rs.566.82 lacs and in 1981-82 they raised to Rs.2883.52 lacs (408 percent). On the other hand, in the decade of 1982-83 to 1991-92, advances increased from Rs.3715.74 lacs to Rs.18,374.50 lacs showing on absolute rise of Rs.14,658.76 lacs (394 per cent).

3.7f. Profit:

Profit is a result of functioning of Urban Co-operative Banks. Profit of Urban Co-operative Banks in Vadodara District stood at Rs.22.77 lacs in 1974-75 which increased of 480 percent. In another
period of 10 years from 1982-83 to 1991-92, the profit went up from Rs.154.63 lacs to Rs.723.51 lacs exhibiting an absolute rise of Rs.568.81 lacs (367 percent).

After observing the results of certain aspects of Urban Co-operative Banks in Vadodara District, it will be interesting to know the share of Vadodara District in the whole of Gujarat State.

The share of Vadodara District in Gujarat State and the percentage of share regarding number of banks, branches, deposits, share capitals, reserves, working capitals, advances and net profits are shown in Table.
Table 3.1

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Indicators</th>
<th>Vadodara District</th>
<th>Per Bank Office</th>
<th>Gujarat</th>
<th>Per Bank Office</th>
<th>Percentage of share of Vadodara District in Gujarat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of Banks</td>
<td>035</td>
<td>-</td>
<td>288</td>
<td>-</td>
<td>12.15</td>
</tr>
<tr>
<td>2</td>
<td>Number of Branches</td>
<td>034</td>
<td>-</td>
<td>325</td>
<td>-</td>
<td>10.46</td>
</tr>
<tr>
<td>3</td>
<td>Deposits (in lacs)</td>
<td>26522</td>
<td>384.00</td>
<td>259331</td>
<td>423.00</td>
<td>0.24</td>
</tr>
<tr>
<td>4</td>
<td>Share Capital (lacs)</td>
<td>842</td>
<td>12.00</td>
<td>9996</td>
<td>16.00</td>
<td>8.43</td>
</tr>
<tr>
<td>5</td>
<td>Reserves (in lacs)</td>
<td>3471</td>
<td>50.00</td>
<td>44183</td>
<td>72.00</td>
<td>7.87</td>
</tr>
<tr>
<td>6</td>
<td>Working Capital (in lacs)</td>
<td>34524</td>
<td>500.00</td>
<td>3657475</td>
<td>96.00</td>
<td>9.40</td>
</tr>
<tr>
<td>7</td>
<td>Advances (in lacs)</td>
<td>18374</td>
<td>266.00</td>
<td>215020</td>
<td>351.00</td>
<td>8.55</td>
</tr>
<tr>
<td>8</td>
<td>Net Profit (in lacs)</td>
<td>723</td>
<td>10.48</td>
<td>6505</td>
<td>10.61</td>
<td>11.12</td>
</tr>
</tbody>
</table>
As regards membership, in the year 1992 Gujarat Urban Co-operative Bank’s total membership is 2185924, out of which Vadodara District Urban Co-operative Bank’s membership is 261758 which constitute 11.97% of the total.

From the above details, it is clear that nearly in all respects of the share of Urban Co-operative Banks in Gujarat is over and above 10%. In respect of number of banks 12.15% and for branches 10.46% with respect to deposits and share capital, it is 10% and 8% respectively. About reserves, working capital, advances and net profit, 8%, 9% and 11% respectively.

3.8. LOCATION AND CONCENTRATION OF URBAN BANKS

The map of Vadodara City attached herewith, shows the concentration of Urban Co-operative Banks in certain areas, Vadodara City is spread within 90 square kilometers area. One of the south of the City, Municipal Corporation Limit ends at Jambuva Village. On the North of the City, Corporation Limit ends at Gujarat State Fertilizer Nagar. On the East of Vadodara City, Corporation Limit closes nearer to Seuasi Village and on the West of the City, Corporation Limit finishes at the National Highways No.8 Bye-pass. Vishwamitri River makes approximately two equal parts of the city. The river is shown in black colour in the map.
operative Banks in the map are shown by enriched spots. River divides the city in two equal parts, then the red spot indicates that concentration of Urban Co-operative Banks is seen only on the western side of the river.

I have included the branches also while marking the map. There are 24 Urban Co-operative Banks and 26 branches of them, total 40 banks offices are spread throughout the city. Out of 40 banks offices, only 10 banks offices are on the eastern side of the river. Thus 50% of the area of Vadodara City has only 25% of the total Urban Co-operative Bank’s Offices. On the other side, the Urban Co-operative, on the west side of the river 30 Urban are located.

Thus 75% of the Urban Bank Offices are concentrated in the remaining 50% of the city area. It shows the coverage of Urban Co-operative Banks’ Offices within the city is uneven. Even the western side, the Urban Co-operative activities appear to be more concentrated in areas like Raopura, Dandia Bazar, Mandir, Fatehpura and Wadi and very few bank offices are situated in the adjoining areas like Makarpura, Tarsali, Pratapnagar, Manjalpur etc. Besides other newly developing areas like Ajwa Road, Waghodia Road, Warshiya are also untapped by urban banks. Hence, there is full scope for starting new banks in these areas. Commercial Banks are already
functioning in the above said areas. The large area like Kareli Baug has only two urban banks where the urban banking has wide scope.

3.9. GROWTH OF URBAN BANKS

Vadodara City possesses 24 out of 35 Urban Co-operative Banks in the district which constitute 69% banks operating in Vadodara District. The deposits as on 31st March 1992 of Urban Co-operative Banks in Vadodara District stood at 26,522.85 lacs whereas Vadodara city's Urban Co-operative Banks deposits were of the order of Rs.21,628.09 lacs which constitute 81.15%. While the share capital of Urban Banks in that city as on 31st March 1992 stood at Rs.675.1 lacs, the share capital of Urban Banks Vadodara District reached the amount of Rs.842.37 lacs. i.e. 80.14% of the total. And the reserves of Vadodara City Urban Banks as on 31st March 1992, were at Rs.3330.36 lacs as against the reserves of Vadodara District which stood at Rs.3471.91 lacs showing 95.92%. Working Capital of Urban Banks of Vadodara district is Rs.34524.21 lacs on 31st March, 1992, of which Rs.28478.83 lacs was of Vadodara City which constitutes 82.49% of the total. Avances of Urban Banks of Vadodara City as on 31st March 1992 were Rs.17,346 lacs and Rs.18374.5 lacs of Vadodara.
<table>
<thead>
<tr>
<th>A Class Members</th>
<th>Paid-up share</th>
<th>Deposits</th>
<th>Reserves</th>
<th>Loans</th>
<th>Outstanding Loans</th>
<th>Working Capital</th>
<th>Over due Loans</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>34242</td>
<td>16850508</td>
<td>501424836</td>
<td>22665943</td>
<td>462042724</td>
<td>347796219</td>
<td>518325344</td>
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<td>34687</td>
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<td>1536376068</td>
<td>41005951</td>
<td>13550386</td>
</tr>
</tbody>
</table>
We issue loan to the priority sectors. We give preference to small scale and cottage industries. We advance loans to the self persons, petty traders, small business people, artisans etc., we issue loans to the Weaker Section of the Society. We also use construction loans to our members. We have loan assistance to transport operators. We issue vehicle and consumers loans also to loans and advances as on 31.12.2001.

3.9a(i) Short-term Loans:

Tangible Securities:

 Individuals : Rs.31,53,50,606.40
 Over dues : Rs. 47,63,399.75
 Bad & Doubtful Recovery : Rs. 2,68,258.00

3.9a(ii). Medium-term Loans:

Tangible Securities:

 Individuals : Rs.63,41,36,813.55
 Over dues : Rs. 3,62,12,552.80
 Bad and Doubtful Recovery : Rs. 3,78,835.00

3.9a (iii) Long Term Loans

Tangible Securities:

 Individuals : Rs. 55,45,482.00
 Over dues : Nil
 Bad and Doubtful Recovery : Nil
3.9b. Functions:

1. To grant loans to the individual and members.

2. To raising necessary funds for which the State Government Guarantee for the repayment of Principal and Interest.

3. To establish branches and sub-office.

4. To acquire immovable properties and constructions of buildings.

5. To encourage the thrift and mutual help and self-help among members.

6. To supervise and inspect utilization of loans.

7. To accepts deposits to the members and individuals.

8. To provide finance and technical assistance to the public.

9. To collect and transmit money and securities.

10. To undertake any other forms of business which the Central or State Government may specify as a form of business in which if is lawful Co-operative Banking Institutions to engage.

3.9c. Branches:

The Bank is catering to the needs of the public in sales through its net work of 12 branches situated and in and around the Salem City, the branches are:

1. Gugai, Salem-6.

3. Ponnammapet, Salem-1.


5. Udayapatty, Salem-140.


10. Ayothiapattanam, Salem-103.

11. Omalur, Salem.

12. Old Suramangalam, Salem-5.

3.9d. Profit:

The bank earned a net profit of Rs.16550; 386.36/- for the year ending 31.12.2001.