1.0 INTRODUCTION:

The Indian co-operative movement, basically meant to the welfare of common people, is one of the largest voluntary movements in the world and the urban co-operative banks is one of its important constitutes. The Maclagan Committee on co-operation (1915) mentioned that “Urban Credit Societies might serve useful purpose in training the upper and middle classes to understand ordinary banking principles”. During the year 1931 the central banking enquiry committee recommended that “limited liability of co-operative societies, commonly known as urban banks should be established, wherever necessary facilities, exists for the benefit of middle class population. The work of the urban banks should be to do of the small traders, the merchant and the middle class population what the commercial banks are doing for the big trader and the big merchant.

The name “Urban Bank” neither implies that urban banks are in no way to supply rural credit, nor does it mean that agriculturists cannot be members of such societies. In fact, there is no hard and fast rule that the urban bank should be composed exclusively of non-agriculturists, though they generally consists exclusively of non-agriculturists.

Basically these societies are formed to serve interests of the non-agriculturists, they differ in their aims and general policy, business methods and organisation and spirit from those organized for agriculturists. The agriculturist of a village from a compact group and the members of the village bank interact on a daily and hourly contact with each other and this makes the application of the principles of unlimited liability possible. In the case of urban banks, they do not form groups, which are either compact or homogeneous enough to accept unlimited liability for each others debts. Therefore it is found convenient to adopt limited liability as a basis of organization for these urban banks. This doesn’t mean that all urban banks are organized on the limited liability basis. In fact majority of societies in the united provinces and the Punjab have unlimited liability. Generally speaking with reference
to British India, we are justified in saying that the urban bank is mainly organized on the limited liability basis.

Upto nineteen sixties, the monetary authorities of India did not bother to look into the working of urban co-operative banks. As a result, the growth was haphazard, slow and tardy. After the application of Banking Regulation ACT of 1949 from March 1st 1966 and the implementation of the recommendations of various committees of like ‘Varde’ Committee of 1963, Banking enquiry committee of 1972, Joglekar Committee of 1976, Madhav Das Committee of 1978, Narsimham Committee of 1991, Marathe Committee of 1993 etc. led to the growth in terms of the volume of their business.

Historically speaking, the origin of urban credit movement in India can be traced to the close of the nineteenth century. As result of the success of the urban credit institutions organized by Hermann Schultze in Germany and Luigi Luzzatti in Italy during the period 1855 – 1885, some middle class of Maharashtrian families were settled in the erstwhile Boroda State established a mutual aid society in Boroda on February 5th 1989 under the guidance of Shri Vithal Laxman Kavthekar. When the co-operative credit societies Act of 1904 conferred legal status on the credit societies, the first urban co-operative credit society was registered on October 1904 at Conjeevaram in Madras province. Thereafter the Betegiri co-operative credit society in Dharwad district in the undivided Bombay province and the Bangalore city Co-operative Credit Society in the erstwhile Mysore State were registered on October 1905 and December 1905 respectively. Simultaneously, several urban credit societies were setup in India during that time.

1.1 CONCEPT AND DEFINITION OF URBAN CO-OPERATIVE BANK:

Initially, most of the urban co-operative banks in India were organized as credit co-operative societies and later converted into Urban co-operative Banks. Upto about 1939, the term “Bank” was loosely used by many societies and there was hardly any distinction between the urban co-operative bank and the urban co-operative credit society. The Mehata Bhansali Committee (1939) in Bombay made an attempt for the first time to define an Urban Co-operative bank.

According to this committee, all urban credit co-operative societies having paid up share capital of Rs 20,000 and over and accepting deposits of money on
current account or otherwise subject to withdrawal by cheque, draft or order came within the category of urban co-operative banks. At the same time in Madras province, Urban credit societies acceptance deposits on current account and maintaining liquid resources as per the standards prescribed by the Registrar of co-operative societies, were called urban banks. In many provinces, this base was used for credit societies working in urban areas irrespective of the size of share capital or the nature of deposited by them.

Recognizing the need for adoption of uniform definition of an urban bank in the context of the ability of an institution to employ qualified, trained and experienced staff, the study group on credit co-operatives in the non-agricultural sector, appointed by the Government of India under the chairmanship of Shri V.P. Varde in 1963, suggested certain norms and recommended that a co-operative credit society registered under the state co-operative societies Act in urban and semi-urban areas having a minimum paid up capital of Rs 50,000 and undertaking the provision of banking facilities could be termed as an urban co-operative bank.

The above explanation indicates that there was no uniform definition of Urban co-operative bank up to 1963. However, for the first time in the co-operative banking history, a statutory definition of Urban co-operative bank had been laid down in the Banking Regulation Act, it was made applicable to the co-operative banks from March 1st 1966. As per section 5(ccv) of the banking regulation Act 1949

“An Urban Co-operative banks is called as primary Co-operative bank and defined as co-operative society, other than the primary Agricultural credit society.

1) The primary object or principal business of which is the transaction of banking business.
2) The paid up share capital and reserve of which are not less than one lakh of rupees, and
3) The bye - laws of which do not permit admissions of any other co-operative society as a member.

In addition to the above definition, the category of Primary Co-operative banks also includes salary earners societies having paid up share capital and reserves of Rs. One Lakh or more and the bye – laws of which provide for acceptance of deposits from non members.
1.2 THE NEED FOR URBAN BANKS:

Essentially, the need for urban co-operative banks arises from the fact that joint stock banks are not interested in providing credit to the urban middle class. This is because, it is not advantageous for joint stock banks in developing the business of small loans on account of the high cost of advancing and recovering them. Moreover, as joint stock banks are not likely to have under ordinary circumstances and full and intimate knowledge of the standing and resources of persons of moderate means, they will not advance loans on personal security. At this stage the man with limited means in urban areas would be driven to many lenders or similar agencies to get loans at exorbitant rate of interest. At this juncture, the following observations made by W.K.H Campbell are significant. “A very little investigation of the conditions of the salary earning class is frequently enough to reveal that, when sudden emergencies arise which make an unexpected demand on their fixed salaries, they have to barrow, that they do so on most unfavorable terms, and that a class, they are heavily, and in most cases, hopefully indebted.”

1.3 SIGNIFICANCE OF URBAN CO-OPERATIVE BANKS:

Like commercial banks, urban co-operative banks are engaged in banking business and there is no difference between these banks in their functional approach. However, urban co-operative banks with their distinctive features of working have occupied strategic position in urban and semi-urban areas, especially amongst the middle classes and weaker sections of the society.

According to the Marxist definition of middle class is “usually working professionals and often take residence in suburbia or green belt.” or ‘relatively financially stable class that generally works white collar jobs.’ Basically the urban co-operative banks are meant for the people having limited resources. They inculcate habits of Thrift, savings and mutual aid leading to better economic conditions of those who join them. They also endeavour to serve small borrowers of the community.

The importance of Urban co-operative banks in the banking system has been emphasized by the various committees which examined their working from time to time in the past. The significance of urban co-operatives banks as an institution best suited to cater to the banking and credit needs of persons having limited resources was first recognized by the Maclagan Committee on co-operation in 1915.
Apart from that, a Survey Committee of urban co-operative banks (1957-58), a study group on credit co-operative in non-agricultural sector under the chairmanship of shri V.P. Varde and Madhav Das committee appointed by the RBI in 1977, had explained the significant role played by urban co-operative banks in the Indian banking structure.

1.4 THE CHARACTERISTICS OF URBAN CO-OPERATIVE BANKS:

Infact, it is difficult to project a clear picture of urban co-operative banks in India. So as to solve this difficulty, some important features of these urban co-operative banks are mentioned below:

A) VOLUNTARY ASSOCIATION AND OPEN MEMBERSHIP:

As far as membership of urban co-operative banks are concerned, it is voluntary and remain available throughout the life, without any artificial restriction or any social, economic, political services, racial or religious discrimination to all persons who can make use of its success and are willing to accept the responsibilities of membership.

B) FORMATION, REGISTRATION AND LICENSING:

These banks are formed according to co-operative societies act on filling a bye-law and registered with registrar of co-operatives. The co-operative banking business in India, has to obtain License from Reserve Bank of India under section 22 of Bank Regulation Act 1949.

C) DEMOCRATIC CONTROL:

As far as democratic Control is concerned, the members elect the managing committee by exercising one man one vote in general meeting and they carry on banking operations on democratic principles.

D) MUTUAL BENEFITS:

The urban co-operative banks are formed to carry on banking business with a view to provide mutual benefit to their members at low cost to uplift the weaker sections of society without any outside help.

E) PRIVILEGES:

They enjoy privileges such as high rate of interest on deposit, low lending rates, exemption from payment of interest tax and tax on profits, lesser reserve ratios and statutory liquidity ratios etc.
F) INITIAL SHARE CAPITAL AND MEMBERSHIP:
To establish a new urban co-operative bank, it should have minimum Rs 5 lakhs to 30 lakhs of share capital and minimum 500 to 2000 members depending on the place of its establishment

G) DUAL CONTROL:
They are subject to dual control of the registrar of co-operative societies at the state level and RBI at the national level.

H) AREA OF OPERATION:
The area of operation is urban and semi-urban areas. They are not allowed to operate in rural areas where the population is less than 20,000.

To sum up, urban co-operative banks can be defined as primary co-operative banks formed by small businessmen, professionals, and/or employees registered under state co-operative societies act in urban and semi-urban areas, possessing the prescribed norms of capital and membership, run on co-operative principles to carry on banking business to lend to non-agricultural and allied to agricultural for productive purposes, by obtaining license from Reserve Bank of India, regulated and controlled by the Registrar of co-operative societies and also by Reserve Bank of India.

1.5 SIZE AND AREA OF OPERATION OF URBAN CO-OPERATIVE BANKS:
With regard to the size of urban bank, the Maclagan Committee considered the main principles which govern the administration of agricultural credit should be equally applicable in the case of non-agricultural credit societies. The committee rejected the formation of larger societies on the ground that they lose the co-operative character. Henry Woulf observed that there seems rather a dangerous tendency in India to overdo the smallness of societies. However, the trend of informed co-operative opinion is everywhere in India at present is in favour of size, greater volume of business, efficiency of management, better and well-paid employment and efficient staff in the sphere of agricultural credit. The Townsend Committee in Madras favoured larger size, as it considered the business of an urban was more technical than personal, that mutual knowledge among members was of little consequence when the liability was limited that the best technical knowledge was
obtained when adequate payment was made and larger the size of the urban bank, the larger were the resources available to such payment.

Essentially urban co-operative banks are conceived as small man’s banks in urban and semi urban areas mobilizing resources from the lower and middle income groups and using the same for the economic benefit of the low and middle income people within their area of operation. The basic characteristics of these banks are compactness of area of operation, co-operative character, open membership, democratic Management personalized service, local feel and familiarity, close supervision and promote recovery of credit. The area of operation of such banks has an important bearing on their functioning because a compact well defined area ensures mutual knowledge and cohesion which is necessary for maintaining the co-operative character of the institution.

1.6 STRUCTURE OF URBAN CO-OPERATIVE BANKS:

Urban co-operative banks have got a unitary structure (single tier) and not a federal structure like the agricultural banks. It is assumed that the urban banks will be affiliated to the district central co-operative banks and there was no need of organizing separate district and apex banks for primary urban co-operative banks. However, in actual practice most of the urban banks were self sufficient and they do not require any substantial borrowing from the district central co-operative banks. Wherever, they were weak and could not tap sufficient funds, they looked for help to the central co-operative banks. In fact some of the urban banks were stronger than the central co-operative banks.

1.7 PRINCIPLE OBJECTIVES OF URBAN CO-OPERATIVE BANKS:

The following are the main objectives of urban co-operative banks.

1) To borrow funds from the members or others to be utilized for loans to members for useful purposes.

2) To act as the agent for the joint purpose of domestic and other requirements of members.

3) 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 by laws in this behalf.
4) To encourage thrift self help and co-operation among the members.
5) To arrange for the safe custody of valuables and documents of members and constituents and finally.
6) To carry out instructions for periodical collections, remittances, etc of members and depositors, to act as agents for collection of the value of incoming railway receipts and parcels on behalf of members and constituents and remittances of the same.

1.8 ORGANISATION OF URBAN CO-OPERATIVE BANKS:

The members of an urban co-operative banks consists of traders, artisans and salary earners. The liability of the member is limited to the share capital subscribed by them.

The funds are obtained from admission fees, shares, deposits, loans and reserves and other funds. However, the main source of capital is the share system. In addition to this, the urban bank accept different types of deposits like savings, current, fixed, recurring etc. In case of need, they borrow from the central or provincial co-operative banks. Moreover, granting loans on personal security, they make advances on the security of agriculture produce, merchandise, life insurance policies, jewellery, government securities etc. They also provide other banking facilities the issue of drafts, bills etc. The banks inculcating habits of thrift among people of small means and making available to them funds at low rates of interest.

1.9 CLASSIFICATION OF URBAN CO-OPERATIVE BANKS:

Urban banks form the most important single group under non-agricultural credit societies. These banks are of suited both from the point of view of its resources and outlook, to finance agriculture and how it is also not well equipped to finance the artisans, petty shop keepers, labourers and professional middle class and the like, residing in urban areas, who like their counterparts in villages the agriculturists are equally in need of a special agency for financing their requirements.

The conditions in urban areas widely differ from those in villages. The agriculturists living in small villages are enabled to secure close mutual touch, persons living in cities and towns are usually scattered over an extensive area and naturally lack close association. The population again, comprises of various classes of
persons urban banks modelled on the German Schultze Delitzseh type catering to the needs of those classes are, therefore, specially formed for the purpose. Due to the cosmopolitan character of membership and lack of mutual composition of membership and lack of mutual knowledge, unlimited liability is not generally acceptable and hence option to accept either the limited or unlimited liability has been left to such banks. Though the agriculturists are not actually debarred from admission into these societies, a majorly of the member have to be non-agricultural there are different forms of urban banks mainly based an some common bond and they are classified under the following categories:

A) PEOPLES OR TOWN BANKS:

These are meant to secure the needs of all classes of persons living in a particular town or a particular locality in a town without any distinction of caste or creed. Unlike agricultural credit societies loans in these types of societies are mostly meant to non productive purpose except perhaps those granted to artisans or petty traders. These are generally made repayable in monthly instalments their needs are met by the grant of fixed loans on cash credits.

B) SALARY EARNERS SOCIETIES:

The next important class of urban banks has been the salary earners societies formed for the benefit of employees in large government or railway offices, semi government bodies like municipalities and mercantile firms or companies. The organisation of co-operative credit among salary earners is thus as boon and efforts in that direction are sure to lead a good results.

C) COMMUNAL SOCIETIES:

These are basically formed for middle class persons of the same caste or community. A majority of such persons are employed in some offices and the intelligent persons are available to conduct the affairs of the society. Since the members belong to same community, it enables close touch of the strength in some ways. Inspite of these advantages, encouragement to commercial societies has to be deprecated since the ideal of co-operative commonwealth based on equality is thereby likely to be frustrated.

D) FACTORY EMPLOYEES SOCIETIES:

These are mostly formed for mills in Mumbai and other centres. The transactions are small and the societies require outside assistance to conduct the secretarial work and also outside guidance in the conduct of their affairs. A few
enlightened employers of labour have actively encouraged the formation of co-operative societies as welfare work.

**E) SOCIETIES FOR ARTISANS AND CRAFTSMEN:**

The largest class of this type of societies is formed for hand – loom weavers. Majority of the people engaged in the weaving industry are wholly in the hands of money lenders or merchants and traders dealing in goods of the kinds produced by these people. The common practice is to supply either funds necessary for the purchase of raw materials or the raw materials themselves and to purchase finished articles at the prices dictated by the dealers. This leaves a little scope to the workers who having a running debt with the merchants are obliged to deal with them without being able to have resource to the competitive market.

Societies with a working capital of Rs. 50,000 and above are classified as banks though that nomenclature is used here wholesale in respect of all urban societies. In case of liability, the conditions in the first three groups confirm to those laid down by the committee on co-operation and hence limited liability is invariably adopted in those banks.

**1.10 FUNCTIONS OF URBAN BANKS:**

The main function of urban co-operative banks is accepting various kinds of deposits from members and non members. Deposits from members are given first preference to deposits from others. The deposits accepted by the urban co-operative banks are : current, fixed, saving, recurring, home safe, chit funds, provident fund deposit of staff and other deposits. The second function of the urban banks is to lend to members for various useful purposes. Loans are also given to non-members on the security of their deposits. They may effect receipts and payments on behalf of members and constituents. These are agency functions performed by them. Some of the urban banks also undertake the discounting of bills. For this the approval of the registrar is necessary, because the business involves serious risks. The main function of urban banks are to promote thrift by attracting deposits form members and non-members and to advance loans to members. Some urban banks also provide facilities such as remittance of funds and collection of cheques. To some extent, urban banks make up for the absence of commercial banking facilities in smaller towns.
1.11. MEMBERSHIP OF URBAN CO-OPERATIVE BANK:

Persons residing within the area of operations of an urban banks such as artisans, middle men, petty traders, professional men, and merchants can be enrolled as members, provided that they are legally competent to become members and are also otherwise fit to be admitted to membership. In big cities or towns it is very likely that other non-agricultural credit societies also operate with the result there is often overlapping of finance and membership. The conditions relating to the membership of these banks are laid down in their by-Laws. The study group has recommended that generally membership of urban co-operative banks should be open to all persons competent to contract and residing in the area of operation. The membership of these urban co-operative banks varies from state to state in India. The development of urban co-operative banks depends upon the strength of membership.

1.12 STRUCTURE OF MANAGEMENT OF URBAN CO-OPERATIVE BANKS:

The management of an urban bank is entrusted to a board of directors elected by the members. The number of directors on the board various, but it generally consists of five to nine members. In the Bombay state it is usual to provide that only one third of the directors should retire annually by rotation. In some of the banks, qualification, shares or deposits are made compulsory in order to enable the candidate to get elected to the board of management. Directors render free services, though the provision exists in the model bye – laws for payment of sitting fees. The qualification for being eligible to become member of the board is prescribed with a view to preventing persons of poor status being elected to the board and to ensure that persons having a substantial stake in the business of the bank get on its management.

With reference to big urban banks, its area is divided into several Wards corresponding to the wards of the municipality, with a view to regulating the elections and to minimise disputes and threat. Each ward is entitled to send as representative to the board of directors. In most of the bigger institutions voting is done by ballot and elections are governed by uniform set of rules suggested by the state co-operative department in the Bombay state. Each member has only one vote irrespective of the amount of shares he holds. Candidature is open to all members, the disqualification being a member default in honouring his obligations (in respect of a loan) to the bank.
or any other society operating in the area of the society. Directors carry on the work of a bank through a staff of paid employees and other sub-committees and the directors meeting is held at least once a month. Disposal of business by circulation of papers in banned.

The board of directors has the power to admit members to examine and check accounts, to sanction loans to members, to enquire into and take action in case of arrears, to defend suits or other legal proceedings, to endorse, sell, transfer, or otherwise deal with the government and other securities and to delegate their powers in this respect to two or more members from among themselves. They are also empowered to appoint field staff and fix their remuneration and take disciplinary action against delinquent member. Whenever necessary, Subsidiary rules for the conduct of business are also framed with previous permission of the co-operative department. The management of urban banks is in the hands of board of directors. It is an autonomous body. Its working is governed by the bye – laws of the bank which are based on co-operative act of the state concerned and the Banking Regulating Act. The board of directors appoint one of them as secretary or honorary managing director. He is the chief executive officer of the banks for day to day working a manager and the staff is appointed.

Co-operative banks are democratic institutions. There are three distinct levels of management of co-operative institutions namely, general body, (of members) Board of directors and the paid executives. The role and responsibilities of these organs are distinct as per the by laws of co-operative institutions by their functions are inseparable from each other. The general body is the supreme authority in the management regarding the adoption and amendment of bye - laws, election of competent persons on the board of directorsevaluation of the performance of board of directors giving guidance to board for formulation of policies approved by them within the framework of by laws and the laws. The important person in co-operative banks is the chief executive known differently as managing director, general manager or manager. He is responsible to implement the plans formulated by the board and has to appraise the board of the progress made by the bank at intervals and has to give suggestions, advice and new dimensions for following the proper policies in all matters like deployment of funds, mobilization of deposits, investments, advances, recruitment, training, man power planning, etc. Thus the chief executive being a pivot should be well versed in management, experienced and trained for the job.
1.13. PROFESSIONALIZATION OF MANAGEMENT:

In the existing urban co-operative banking sector, to maintain their overall efficiency and profitability, the management has to be more proficient. This will however, be possible only when urban co-operative banks adopt latest techniques of management and this calls for professionalization of their management. It refers to the training and development of management personnel essential for the exercise of managerial functions. Like any other co-operatives, urban banks have vital role to play in the planned development going on in the country. Professional management would ensure that of higher level of productivity, bridging about higher state of economic growth. A professional manager is more of trustee than a boss for people who have placed their trust in him. They include, shareholders, employees, customers, the government and community at large.

1.14. RESOURCE MANAGEMENT OF URBAN CO-OPERATIVE BANKS:

Management is done through an organized effort for which an organizational structure, organizational objectives, delegation of powers, procedures and review mechanism are necessary. To mobilise resources at the least cost and deploy them in such avenues as to get the maximum return from them is the objective of management.

Banks while mobilizing deposits making advances and rendering ancillary services, render customer service, good customer service consistent with efficient management of resources on sound banking principles is therefore, the key to the success of a bank. The management of resources in the urban banks involve two aspects : mobilization and deployment of funds. This received greater importance recently.

Judicious management of funds spells out the success or failure of any financial institution. The basic objective of urban co-operative banks is to build up own resources by mopping up more solving from the public and deploying them to the industries, agricultural and other sectors, economically weaker sections of the society, filling the credit gap in such a way that individual members and country at large stand to gain economically, the success of urban co-operative banks assumes greater significance.
1.15. HISTORICAL PERSPECTIVE OF URBAN CO-OPERATIVE BANKS:

The urban co-operative credit bank movement originated in Germany when Herman Schultze started such societies for the benefit of artisans in the cities. Mr. Schultze found a friendly society to provide credit for the relief in sickness, he founded in his native town the first loan society 1850. The attractive business of co-operative banks of Germany created an ideal situation for the growth of co-operative banking at an international level in the year 1949 to 1890.

Banking sector in India is taking strides in recent years under pressure of time and various emerging requirements of economic development. The banking sector as is well known consists of big nationalized banks, other scheduled commercial banks and co-operative banks (including state, district, urban co-operative banks) it is recognized that the banking facilities in this country are inadequate to mobilize the resources and savings of the community and to make available funds for development and growth in response to the demands of various sectors and areas. The urban co-operative banks which are a historical organisation and which have shown even today creditable progress of sound lines, although in certain select pockets, appears to be passing through a restless transitional period.

1.16 ORIGIN OF URBAN CO-OPERATIVE BANKS IN THE WORLD:

At present urban co-operative banks are working throughout Europe and south east Asia. They are carrying almost all functions of commercial banks and are also competing with them. Mr. Herman Schultze, a German, is considered as the father of the urban co-operative banks. In 1850, he started at Delitzsch his first loan society (Urban Co-operative Banks) to relieve the artisans and agriculturists from the group of money lenders. In 1892 another German Mr. Raiffeisen founded a loan society in the village ‘Anhansen’ known as “Village Banks”. In Italy, the credit of such societies goes to Luigi Luzzatti. In 1866 professor Luigi Luzzatti, a professor of Economics at Technical Institute of Milan, Italy started the first “Banca Popular” or “Peoples Bank”.

The Idea of co-operative banks was first discussed in Great Britan in 1870, and at conference on Banking at Bury. Mr. Ludlow Said that he saw no reason why there should not be a bank in a closed possible connection with the wholesale society. The cooperative wholesale society in England opened a loan and deposit department in 1872. Encouraged by the success of the urban credit institutions in those countries,
social workers in India began to think in terms of cooperation as a means of bringing successor to the middle classes as early as the close of the 19\textsuperscript{th} century.

1.17 ORIGIN OF CO-OPERATIVE BANKS IN INDIA:

The last two decades of the 19\textsuperscript{th} century were notable for the establishment of voluntary organizations linked with co-operative methods, which had the Indian philosophy as the base and the European experience for guidance. The Madras presidency had developed indigenous societies known as Nidhis, analogous to the friendly and building societies in Britain, while western India preferred mutual aid societies.

As early as in 1883, sir Henry Stark had advocated the introduction of the cooperative credit system in India on the European model and after years, sir Raymond west renewed the plea. The government of India had appointed in 1892, E. H. Nichalson as the special officer to study the theory and practice of cooperative movement in Europe, with special reference to the organisations of cooperative credit in Germany, and recommended the model of Raiffeisen societies. The Madras government decided to setup two village banks as an experiment, but the Bombay government was not enthusiastic about his recommendations at the same time the states like Uttar Pradesh, Punjab and Bengal started cooperative societies on the Italian model. Those were registered, in the absence of special legislation, either under the Societies Registration Act or the Companies Act.

The urban credit movement in India had its beginning in the year 1889, when the first mutual aid society was started in Baroda. With the conformant of legal status under the Co-operative Credit Societies ACT of 1904, the first urban credit society was registered in October 1904 at Conjeevaram in the Erstwhile Madras Province. A few credit societies had come up afterwards. The development of these societies received attention in 1915, when the Maclagan Committee referred to the potentialities for the organisation of such societies especially in urban localities, to meet the requirements of middle class people. Therefore, many urban credit cooperative societies were organized mostly in the erstwhile Bombay and Madras province during the period 1915 – 1938. Later during the period 1939 – 45 there was a rapid growth not only in the number of banks but also in their activities.

The urban co-operative banking sector is well developed in the states like Gujarat, Maharashtra, Karnataka and Tamil Nadu. The sustained growth of this sector
in Maharashtra over last 40 – 50 years may be due to devoted and selfless efforts made by cooperative leaders to improvement the management of this sector. During this period it is not only that these banks increased numerically but their deposits and membership went high. The fact was that their deposits of non members were much more than those of their members proved that they had secured confidence of depositing public, both rural and semi-urban. The comparison of figures of their share capital, membership, and loans advanced at the end of June 1974 with those of these banks in other parts of the country will support aforesaid statement. There is another feature which is to be noticed about this urban cooperative banking sector. Although Maharashtra claimed about 30 percent of their members, they were not evenly distributed among all parts of regions. The urban cooperative banks in India had two bad periods namely, 1948 – 49 and 1961 – 62. These banks experienced negative growth in all most all parameters of their growth during these years. This was due to partition and after effects of China war. Otherwise quantitatively the growth of urban cooperative banks during the period of 20 years (1947 to 48 and 1965 to 66) was satisfactory in all variables such as deposits, advances, working capital etc and the overall progress of urban cooperative banks in India, has been satisfactory. The growth working and operations has been substantial. The growth of number of members and paid up capital has been slow but steady and continuous.
Table No.1.1

The Growth Scenario of Urban Co-operative Banks in India. (Period No. I)

(Rs. Crs.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No of Banks</th>
<th>Membership (000)</th>
<th>Reserves</th>
<th>Deposits</th>
<th>Advances</th>
<th>Working Capital</th>
<th>Borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949-50</td>
<td>916</td>
<td>594</td>
<td>5.07</td>
<td>18.09</td>
<td>13.19</td>
<td>24.37</td>
<td>1.21</td>
</tr>
<tr>
<td>1954-55</td>
<td>1469</td>
<td>1044</td>
<td>7.87</td>
<td>28.86</td>
<td>20.25</td>
<td>39.50</td>
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<td>1959-60</td>
<td>1242</td>
<td>1797</td>
<td>17.42</td>
<td>60.70</td>
<td>57.89</td>
<td>82.05</td>
<td>N.A.</td>
</tr>
<tr>
<td>1965-66</td>
<td>936</td>
<td>1814</td>
<td>18.91</td>
<td>76.02</td>
<td>66.97</td>
<td>100.62</td>
<td>5.68</td>
</tr>
<tr>
<td>1969-70</td>
<td>1129</td>
<td>2925</td>
<td>33.08</td>
<td>140.63</td>
<td>114.86</td>
<td>184.09</td>
<td>9.58</td>
</tr>
<tr>
<td>1974-75</td>
<td>1342</td>
<td>3979</td>
<td>72.22</td>
<td>355.81</td>
<td>299.61</td>
<td>505.07</td>
<td>79.25</td>
</tr>
<tr>
<td>1979-80</td>
<td>1064</td>
<td>5369</td>
<td>148.68</td>
<td>939.97</td>
<td>689.09</td>
<td>1278.88</td>
<td>36.78</td>
</tr>
<tr>
<td>1984-85</td>
<td>1259</td>
<td>8301</td>
<td>221.54</td>
<td>2788.00</td>
<td>1314.88</td>
<td>4337.09</td>
<td>222.65</td>
</tr>
<tr>
<td>1989-90</td>
<td>1188</td>
<td>11630</td>
<td>677.73</td>
<td>7730.00</td>
<td>5041.18</td>
<td>9684.05</td>
<td>315.64</td>
</tr>
<tr>
<td>1994-95</td>
<td>1453</td>
<td>14380</td>
<td>983.15</td>
<td>9839.83</td>
<td>7359.39</td>
<td>10459.83</td>
<td>413.83</td>
</tr>
<tr>
<td>1998-99</td>
<td>1195</td>
<td>23493</td>
<td>1326.92</td>
<td>10458.58</td>
<td>8223.67</td>
<td>14099.89</td>
<td>993.67</td>
</tr>
<tr>
<td>YOY(%)</td>
<td>46.63</td>
<td>4291.21</td>
<td>29518.75</td>
<td>62676.59</td>
<td>70428.90</td>
<td>63241.82</td>
<td>87835.39</td>
</tr>
</tbody>
</table>

Source :-1) Statistical statement relating to the Co-operative movement in India. NABARD BOMBAY

Table No.1.1 reveals that progress of Urban Co-operative banks, Since 1948-49 to 1998-99, i.e. during the period of 50 years. It shows tremendous growth of all the parameters of UCB’s in India. Total No. of UCB’s was increased from 815 to 1195. It shows +46.63 growth rate. Total membership also increased from 535 thousands to 23493 thousands. It showed +4291.21 growth rate. Total reserves were risen from Rs. 4.48 crs. to Rs. 1326.92 crs., It’s growth rate was remained +29518.75. Total deposits were increased from Rs. 16.66 crs to Rs. 10458.58crs. It showed +62676.59 growth rate. During the same period total advances were risen from Rs. 11.66 crs to Rs. 8223.67crs. It’s growth rate remained +70428.90. Similarly Working Capital went up from Rs. 22.26 crs. to Rs. 14099.89 crs. It’s growth rate was found +63241.82. Total borrowings of UCB’s were also increased from Rs. 1.13 crs. to Rs. 993.67 crs., with growth rate +87835.39.
It means that during the period of 1948-49 to 1998-99 all parameters of UCB’s showed rising trend.

The growth of UCB’s during the period of 1999-2000 to 2007-2008 is shown in the table no 1.2.

Table No.1.2

Growth of UCB’s in India – (Period- II)

(Rs. crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No of Banks</th>
<th>Own funds</th>
<th>Deposits</th>
<th>Borrowings</th>
<th>Working Capital</th>
<th>Loans Advanced</th>
<th>Deposit loan Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>1784</td>
<td>9314</td>
<td>71189</td>
<td>1475</td>
<td>90301</td>
<td>45995</td>
<td>1:64</td>
</tr>
<tr>
<td>2000-01</td>
<td>1618</td>
<td>10826</td>
<td>80840</td>
<td>2069</td>
<td>103042</td>
<td>54389</td>
<td>1:67</td>
</tr>
<tr>
<td>2001-02</td>
<td>1854</td>
<td>13797</td>
<td>93069</td>
<td>N.A.</td>
<td>115596</td>
<td>62060</td>
<td>1:66</td>
</tr>
<tr>
<td>2002-03</td>
<td>1941</td>
<td>9830</td>
<td>101545</td>
<td>1590</td>
<td>111746</td>
<td>64880</td>
<td>1:63</td>
</tr>
<tr>
<td>2003-04</td>
<td>1926</td>
<td>12348</td>
<td>110256</td>
<td>1484</td>
<td>N.A.</td>
<td>67930</td>
<td>1:61</td>
</tr>
<tr>
<td>2004-05</td>
<td>1872</td>
<td>13604</td>
<td>105021</td>
<td>1782</td>
<td>N.A.</td>
<td>66874</td>
<td>1:63</td>
</tr>
<tr>
<td>2005-06</td>
<td>1853</td>
<td>13973</td>
<td>114060</td>
<td>1781</td>
<td>N.A.</td>
<td>71641</td>
<td>1:63</td>
</tr>
<tr>
<td>2006-07(P)</td>
<td>1813</td>
<td>18209</td>
<td>121391</td>
<td>2657</td>
<td>N.A.</td>
<td>79733</td>
<td>1:65</td>
</tr>
<tr>
<td>2007-08(P)</td>
<td>1770</td>
<td>19499</td>
<td>138496</td>
<td>2292</td>
<td>N.A.</td>
<td>88981</td>
<td>1:64</td>
</tr>
<tr>
<td>YOY(%)</td>
<td>0.78</td>
<td>109.35</td>
<td>94.54</td>
<td>55.38</td>
<td>23.75</td>
<td>93.45</td>
<td>-</td>
</tr>
</tbody>
</table>

* Source – 1) Indiastat .com  
             2) Reserve Bank of India (P-Provisional)

Table No. 1.2 Shows the growth perspective of UCB’s in India. During the period of 1999-2000 to 2007-08. i.e. the period of recent 8 years. Total No. of UCB’s India was decreased from 1784 to 1770. It shows – 0.78 growth rate i.e. Total No. of banks was decreased, it is due to merger of weak UCB’s in strong UCB’s or liquidation of UCB’s due to non viability. Total owned funds increased from i.e. Rs. 9314crs. to Rs. 19499crs. with +109.35 growth rate. Total deposits of UCB’s risen from Rs. 71189crs. to Rs. 138496 crs. It showed +94.54 growth rate. Total borrowings of UCB’s were risen from Rs. 1475crs. to Rs. 2292crs. It’s growth rate was found +55.38. Working Capital is increased from Rs. 90301 to Rs. 111746crs. during the period of first four years. It shows +23.75 growth rate. The total loans advanced by the UCB’s were increased from Rs. 45995crs. to Rs. 88981crs. during eight years. It’s growth rate was remained +93.45. The ratio of deposits loan ratio of UCB’s in India during these eight years was remained on an average 1:64.
It means that except total No. of UCB’s all other variables of UCB’s in India shows increasing trend during the period of 1999-2000 to 2007-2008. Thus UCB’s in India made very good progress Since its inception to up to date.

Table No.1.3

Growth trend of UCB’s In India last decade

<table>
<thead>
<tr>
<th>Items</th>
<th>2001</th>
<th>2011</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Total No of Banks</td>
<td>1618</td>
<td>1645</td>
<td>+1.67</td>
</tr>
<tr>
<td>2) Total No of Branches</td>
<td>6619</td>
<td>8145</td>
<td>+23.05</td>
</tr>
<tr>
<td>3) Total Deposits (crs)</td>
<td>80840</td>
<td>209949</td>
<td>+159.71</td>
</tr>
<tr>
<td>4) Total loans advanced (crs)</td>
<td>54389</td>
<td>135104</td>
<td>+148.40</td>
</tr>
<tr>
<td>5) Share in Banking Business</td>
<td>6.3%</td>
<td>3.5%</td>
<td>-44.44</td>
</tr>
<tr>
<td>6) Grade- 1</td>
<td>890</td>
<td>845</td>
<td>-5.05</td>
</tr>
<tr>
<td>7) Grade-2</td>
<td>307</td>
<td>502</td>
<td>+63.51</td>
</tr>
<tr>
<td>8) Grade-3</td>
<td>529</td>
<td>172</td>
<td>-67.48</td>
</tr>
<tr>
<td>9) Grade 4</td>
<td>210</td>
<td>126</td>
<td>-40</td>
</tr>
</tbody>
</table>

* Source – Daily Loksatta Pune, 24th April 2012 (Marathi)

Table No. 1.3 Shows that total no. of UCB’s was increased from 1618 to 1645, its growth rate was remained +1.67. during the period of 2001 to 2011. i.e. 11 years. Total no. of branches was risen from 6619 to 8145, its shows +23.05 growth rate. The total deposits are increased from Rs. 80840crs. to Rs. 209949crs. It’s growth rate was remained +159.71 during the same period total loans advanced were Rs. 54389 to Rs. 135104 having +148.40 growth rate. Total share of UCB’s in banking business was declined from 6.3% to 3.5% during the same period. In this period total no. of UCB’s in grade-1 were declined from 890 to 845 its shows -5.05 growth rate. Grade-2, total no. of were increased from 307 to 502, Grade-3 UCB’s were declined from 529 to 172 with -67.48 growth rate and Grade-4, total no. of UCB’s were declined from 210 to 126. It’s growth rate was remained -40. Thus the perspective of UCB’s in India, during the period of 2001 to 2011 shows rising trend in important parameters.
### Table No.1.4
Statewise perspective of UCB’s In India. (up to 2009).

<table>
<thead>
<tr>
<th>States &amp; Union Territories</th>
<th>Total no. of UCB’s</th>
<th>% to Total</th>
<th>Branches</th>
<th>% to Total</th>
<th>Total no. of ATM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.P</td>
<td>114</td>
<td>6.62</td>
<td>234</td>
<td>3.11</td>
<td>1</td>
</tr>
<tr>
<td>Assam/Northeast states</td>
<td>17</td>
<td>0.98</td>
<td>28</td>
<td>0.37</td>
<td>0</td>
</tr>
<tr>
<td>Bihar/Zharkhand</td>
<td>05</td>
<td>0.29</td>
<td>06</td>
<td>0.07</td>
<td>0</td>
</tr>
<tr>
<td>Chhatisgarh</td>
<td>13</td>
<td>0.75</td>
<td>21</td>
<td>0.27</td>
<td>1</td>
</tr>
<tr>
<td>Gujarat</td>
<td>260</td>
<td>15.10</td>
<td>886</td>
<td>11.77</td>
<td>57</td>
</tr>
<tr>
<td>J &amp; K</td>
<td>04</td>
<td>0.23</td>
<td>16</td>
<td>0.21</td>
<td>0</td>
</tr>
<tr>
<td>Karnataka</td>
<td>273</td>
<td>15.86</td>
<td>828</td>
<td>11.00</td>
<td>16</td>
</tr>
<tr>
<td>Kerala</td>
<td>60</td>
<td>3.48</td>
<td>332</td>
<td>4.41</td>
<td>0</td>
</tr>
<tr>
<td>M.P</td>
<td>55</td>
<td>3.19</td>
<td>84</td>
<td>1.11</td>
<td>0</td>
</tr>
<tr>
<td>M.S/Goa</td>
<td>583</td>
<td>33.87</td>
<td>4148</td>
<td>55.14</td>
<td>573</td>
</tr>
<tr>
<td>New Delhi</td>
<td>15</td>
<td>0.87</td>
<td>62</td>
<td>0.82</td>
<td>0</td>
</tr>
<tr>
<td>Orissa</td>
<td>13</td>
<td>0.75</td>
<td>50</td>
<td>0.66</td>
<td>4</td>
</tr>
<tr>
<td>Punjab/Hariyana/H.P</td>
<td>16</td>
<td>0.92</td>
<td>40</td>
<td>0.53</td>
<td>1</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>39</td>
<td>2.26</td>
<td>149</td>
<td>1.98</td>
<td>1</td>
</tr>
<tr>
<td>TN/Pudducherry</td>
<td>130</td>
<td>7.55</td>
<td>310</td>
<td>4.12</td>
<td>1</td>
</tr>
<tr>
<td>U.P</td>
<td>70</td>
<td>4.06</td>
<td>179</td>
<td>2.37</td>
<td>0</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>05</td>
<td>0.29</td>
<td>49</td>
<td>0.65</td>
<td>3</td>
</tr>
<tr>
<td>W.B/Sikkim</td>
<td>49</td>
<td>2.84</td>
<td>100</td>
<td>1.32</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1721</strong></td>
<td><strong>100</strong></td>
<td><strong>7522</strong></td>
<td><strong>100</strong></td>
<td><strong>659</strong></td>
</tr>
</tbody>
</table>

Source: www.rbi.org.in

The statewise picture of UCB’s in India up to 2009 reveals that Maharashtra Goa states having highest number of UCB’s are existing. It’s proportion to total no. of UCB’s in India was 33.87. Karnataka state follows the Maharashtra state and Goa in respects of total no. of UCB’s existing. They were 273 in number and it’s proportion to total was 15.86. Gujarat ranks third, Tamilnadu fourth and A.P. ranked fifth by showing total no. of UCB’s as 260, 130, 114 respectively and its proportion to total was 15.1%, 7.55% and 6.62% respectively.

In India, there was a need of growth of cooperation in cities as urgent as in the villages. The name urban bank neither implies that urban banks are in no way to supply several credit nor does it mean that agriculturists cannot be members of such societies. There is not a hard and fast rule that urban banks should be composed exclusively of non-agriculturists, though in practical life they generally consists of
exclusively of non agriculturists. The member of urban banks generally do not form groups which are either compact or homogeneous enough to accept limited liability for each others debts. Therefore, it is found convenient to adopt limited liability as the basis of organization, for these banks. As a matter of fact the majority of societies in the united provinces and the Punjab have unlimited liability. But broadly of British India, as a whole, the urban banks in general organized on the limited liability basis.

Upto 1960 the monetary authorities did not bother to look into the working of urban cooperative banks. Hence the growth was haphazard, slow and tardy. But after the application of banking regulation Act of 1949 from 1st March 1966 and the implementation of the recommendation of various committees like Vardhe Committee 1963, Davne Committee of 1967, Banking enquiry Committee of 1972, Joglekar Committee of 1976, Madhav Das Committee of 1978, Narsinham Committee of 1991, Marathe Committee of 1993 etc led to healthy growth in terms of the volume of their business.

The need for urban cooperative banking arises from the fact that joint stock banks are not interested in providing credit to the urban middle class people. This is because it is not advantageous for joint stock in developing business of small loans on account of the high cost of advancing and recovering them. The urban credit movement started in India with the chief object of catering to the banking and credit requirements of the urban middle class, e.g. The small traders or businessman, the artisans, factory workers, the salaried people with limited fixed income in urban and semi urban areas. The importance of the urban banks in helping the urban community has been pointed out by the report of the study group on credit cooperative in the non-agricultural sector (Vardhe Committee) i.e. non-agricultural credit societies cater to the banking and credit requirements of the urban middle class.

A very few studies have been conducted so far on the growth and performance and financial management of urban cooperative banks at the Maharashtra state level. No study has so far been made to study the growth performance and financial analysis of urban co-operative banks during the era of Globalization. Hence the present study is a sincere effort to fill up this gap.

In regards to the branches and availability of ATM. MS and Goa state ranks first 55.14% and 573. Gujarat ranks second 11.77% and 57, Karnataka ranks third 11% and 16. TN and Puducheri ranks fourth 4.12% and 1, AP ranks fifth 3.11% and 1.
The following diagram shows the distribution of total no. of Banks in different states in India.

Diagram 1.1

The pie diagram no. 1.1 shows the distribution of UCB’s in different states and territories of India. The 33.87% i.e. near about 34% of UCB’s are found in two states Maharashtra and Goa. Karnataka ranks second regarding the proportion distribution of UCB’s i.e. 15.86% The Gujarat state ranks third (15.10%) Tamilnadu and Pudcherri ranks fourth (7.55%). AP rank fifth (6.62%) and remaining states and territories show 21% of UCB’s.

It means that the growth of UCB’s in different states of India is remained uneven and unbalanced. There is no uniform growth of UCB’s in Indian States.

With regards to the development of urban co-operative banks of Maharashtra, it occupies a dominant position, followed by Gujrat, Karnataka and Tamilnadu states.

1.18 GROWTH OF UCB’S IN MAHARASHTRA:

In Maharashtra first urban cooperative bank named cosmos urban cooperative was established in Pune in 1906. Thereafter, six other urban cooperative banks were established up to the year 1910, then the process of foundation of UCB’S was accelerated in Maharashtra. Now a days 528 total number of UCB’S are working in the state of Maharashtra.

The table No. 1.4 reveals the growth of UCB’s in Maharashtra, Since 1947 to 1998.
Table No. 1.5
Growth scenario of UCB’s in Maharashtra

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total no of UCB’s</td>
<td>125</td>
<td>149</td>
<td>265</td>
<td>343</td>
<td>381</td>
<td>572</td>
<td>+357.60</td>
</tr>
<tr>
<td>2</td>
<td>Members (000)</td>
<td>108</td>
<td>433</td>
<td>883</td>
<td>1618</td>
<td>4464</td>
<td>5961</td>
<td>+5419.44</td>
</tr>
<tr>
<td>3</td>
<td>Share Capital (Rs. Lakhs)</td>
<td>-</td>
<td>294</td>
<td>987</td>
<td>4201</td>
<td>18632</td>
<td>50930</td>
<td>+17223.13</td>
</tr>
<tr>
<td>4</td>
<td>Own funds (Rs. Lakhs)</td>
<td>144.01</td>
<td>511</td>
<td>1502</td>
<td>8530</td>
<td>55540</td>
<td>263046</td>
<td>+182558.14</td>
</tr>
<tr>
<td>5</td>
<td>Deposits (Rs. Lakhs)</td>
<td>969.56</td>
<td>1243</td>
<td>6832</td>
<td>65779</td>
<td>466298</td>
<td>2221458</td>
<td>+229020.22</td>
</tr>
<tr>
<td>6</td>
<td>Working capital (Rs. Lakhs)</td>
<td>801.05</td>
<td>-</td>
<td>9260</td>
<td>88704</td>
<td>617642</td>
<td>2847321</td>
<td>+355348.60</td>
</tr>
<tr>
<td>7</td>
<td>Loans Advanced (Rs. Lakhs)</td>
<td>307.95</td>
<td>1671</td>
<td>5007</td>
<td>48008</td>
<td>322718</td>
<td>1497488</td>
<td>+486176.35</td>
</tr>
</tbody>
</table>

*Source –*

1) Seven decades of innovative pub by M.S.C. bank Ltd Bombay.


Table No. 1.4 Shows the growth perspective of UCB’s in Maharashtra during the period of 51 years, Since 1947 to 1998. Total no. of banks was increased 125 to 572. It was grown with the rate of +357.60. Total no. of Membership is increased from 108 thousands to 5961 thousands. It shows +5419.44 growth rate share capital is increased from Rs. 294 Lakhs to s. R50930 Lakhs. It shows +17223.13. growth rate. Own funds of UCB’s are grown from Rs. 144.01 Lakhs to Rs. 263046 Lakhs with +182558.14 growth rate. Total no. of deposits of UCB’s is increased from Rs. 969.56 to Rs. 2221458, it’s growth rate is remained +229020.22. The working capital of these banks us risen from is Rs. 801.05 Lakhs to Rs. 2847321 Lakhs with +335348.60 growth rate. Loans advanced by these banks were increased from Rs. 307.95 Lakhs to Rs. 1497488 Lakhs. It shows +486176.35 growth rate.

Thus the growth perspectives of UCB’s in the state of Maharashtra shows increasing trend in all parameters during the period of 1947 to 1998.
The Table No. 1.6

Growth Perspectives of UCB’s In Maharashtra Since, Globalisation period.

(Rs. Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total No of Banks</td>
<td>385</td>
<td>434</td>
<td>632</td>
<td>634</td>
<td>635</td>
<td>+64.93</td>
</tr>
<tr>
<td>2</td>
<td>Members (000)</td>
<td>5430</td>
<td>5391</td>
<td>5225</td>
<td>6678</td>
<td>6055</td>
<td>+11.51</td>
</tr>
<tr>
<td>3</td>
<td>Deposits</td>
<td>490682</td>
<td>1409195</td>
<td>2901642</td>
<td>5239803</td>
<td>39777615</td>
<td>+710.63</td>
</tr>
<tr>
<td>4</td>
<td>Loans Advanced</td>
<td>383518</td>
<td>1006979</td>
<td>1933663</td>
<td>3932645</td>
<td>3617766</td>
<td>+843.31</td>
</tr>
<tr>
<td>5</td>
<td>Share Capital</td>
<td>14507</td>
<td>368882</td>
<td>63561</td>
<td>154280</td>
<td>181287</td>
<td>+1149.65</td>
</tr>
<tr>
<td>6</td>
<td>Own funds</td>
<td>54740</td>
<td>165353</td>
<td>301044</td>
<td>21811</td>
<td>765126</td>
<td>+1297.75</td>
</tr>
<tr>
<td>7</td>
<td>Profits</td>
<td>7336</td>
<td>17570</td>
<td>32459</td>
<td>57680</td>
<td>65117</td>
<td>+787.63</td>
</tr>
<tr>
<td>8</td>
<td>Over dues</td>
<td>44525</td>
<td>100322</td>
<td>153396</td>
<td>586417</td>
<td>447676</td>
<td>+905.45</td>
</tr>
</tbody>
</table>


During Globalisation era, In Maharashtra state total No. of UCB’s increased from 385 to 635, Since 1991-92 to 2006-07. It shows +64.93 growth rate. Total no. of members is risen from 5430 thousands to 6055 thousands. It’s growth rate is remained +11.51. Total deposits of UCB’s are increased from Rs. 490682 to Rs. 39777615 Lakhs. It’s growth rate is found +710.63. Total loans advanced by these banks are increased from Rs. 383518 to Rs. 3617766. It is grown with +843.31. Share capital of UCB’s is risen from Rs. 14507 to 181287 it’s growth rate is remained +1149.65. Funds owned by these banks are increased from Rs. 54740 to Rs. 765126 with +1297.75 growth rate. Profit of the UCB is increased from Rs. 7336 to Rs. 65117 of Lakhs, which shows +787.63 growth rate. Overdues of the UCB’s also risen from Rs. 44525 to Rs. 447676, it shows +905.45. growth rate.

It means the during the period of globalization all the parameters of UCB’s in Maharashtra shows up ward trend.
DEV ELOPMENT SCENARIO OF URBAN CO-OPERATIVE BANKS IN MAHARASHTRA STATE:

1.19. FINANCIAL SECTOR REFORMS AND URBAN CO-OPERATIVE BANKS:

As a part of Globalization and New Economic Policy, the financial sector reforms were started in 1991. Narasimham Committee was set up in 1991 to adjust the Indian financial system more closely with the International order. Reserve Bank of India started its first wave of financial sector reforms in 1992. Financial sector reforms provided autonomy to banking sector. Globalization constitutes competition among banks by allowing new entrants and enhancing the scope of financial institution. Relaxing the lending and investment norms, Deregulation of interest rates, Rationalisation of regulatory role of RBI, Transparency in functioning of banks by prescribing norms forms income recognition, provisioning and capital adequacy. Globalization provides good opportunities to UCB for self dependent, freedom of operation and professional approach. On the basis of this background we have to review the development of UCB’s in two different regions of Maharashtra viz western Maharashtra and Marathwada. The former is economically developed region and the latter is economically backward region. Therefore, we are going to study the performance of 4 UCB’s two from western Maharashtra and two from Marathwada region. Out of these four banks one Urban Co-operative Bank is selected from each district, viz Sangli, Satara, Parbhani, and Hingoli.

1.20 OBJECTIVES OF THE PRESENT STUDY:

The present study is undertaken mainly to study the growth performance and financial analysis of urban cooperative banks in Sangli, Satara, Parbhani and Hingoli districts. The main objectives of the present study are as follows:

1) To examine the overall growth performance of urban cooperative banks in Sangli, Satara, Parbhani and Hingoli districts.

2) To make a comparative study of growth trends of urban cooperative banks in the same districts.

3) To examine the capital adequacy of urban cooperative banks in the selected districts.
4) To examine the economic viability of urban cooperative banks in the study region.
5) To examine profitability, liquidity and break – even analysis of urban cooperative banks in the selected districts.
6) To evaluate their professional view, proportion of NPA’s capital Adequacy etc. norms in order to sustain in the globalization era.

1.21 HYPOTHESIS:
1) UCB’s play a vital role in providing credit to urban middle class people.
2) Capital Structure of UCB’s is dominated by borrowed capital rather than owned capital.
3) Performance of UCB’s in economically developed districts is better than economically backward districts.

1.22 SCOPE OF THE STUDY:
This study is related to Sangli, Satara, Parbhani and Hingoli districts of Maharashtra state. One urban co-operative bank is selected from each district for the study of UCB’s in Sangli, Satara, Parbhani and Hingoli districts following banks are selected by random orderly on the basis of one bank from one is district as a convenient sampling. Two are scheduled Banks and two are non-scheduled Banks. They are as -

a. Rajarambapu Sahakari Bank Ltd. Peth Dist-Sangli. (Non-Scheduled Bank)
b. The Karad Urban Co-operative Bank Ltd. Karad Dist-Satara. (Scheduled Bank)
c. The Jintur Urban Co-operative Bank Ltd. Jintur Dist-Parbhani. (The name of this bank is changed as Sundarlal Sawaji Urban Co-op. bank Ltd. Jintur, since 2003-04). (Non-Scheduled Bank)
d. People’s Co-operative Bank Ltd. Hingoli, Dist. Hingoli. (Scheduled Bank)

These scheduled bank are included in RBI ACT 1934 II, RBI in term includes only those banks in this scheduled which satisfy the criteria leid down vied section 42(6) (a) of the ACT.
The banks included in this scheduled list should fulfill two conditions:

1. The paid capital and collected funds of bank should not be less than Rs. 5 lakhs.
2. Any activity of the bank will not adversely affect the interests of depositors.

The study period is confirmed since 1991 to 2010.

1.23 RESEARCH METHODOLOGY:

Data collection:

The present study pertains to the two different regions of Maharashtra state and covers a period since 1991. This study is based on secondary data. The secondary data about financial resources of urban cooperative banks is collected from annual reports, financial statements and official records of all the urban cooperative banks in the selected districts. The secondary data is also collected from sources like “Urban credit” published by National Federation of Urban Co-operative banks Ltd. New Delhi and Statistical Statement Relating to Operation of Urban Co-operative Banks in Maharashtra published by Maharashtra State Urban Co-operative Banks Association Ltd. Mumbai. The data compiled from published sources has constituted the basis for analysis and critical appraisal. The secondary data for urban cooperative banks in Sangli, Satara, Parbhani, and Hingoli will be collected for the period Since 1991 to 2010. The Financial data so collected is tabulated and rearranged through computer analysis to bring about uniformity.

Data Analysis:

The tools of analysis that are used include simple growth rates, Compound growth rate, Trend analysis, ratio analysis, percentages, averages, standard deviation, Regression analysis, coefficients of variation, Graphical methods etc and conclusions are drawn.

1.24 CHAPTER SCHEME:

The present study consists of seven chapters.

The first chapter deals with Introduction and research methodology. It consists of objectives, importance of urban cooperative banks, the structure of urban cooperative banks in India, size and operational area of urban cooperative banks, need and role of urban cooperative banks, classification of urban cooperative banks and
functions, membership, constitution and management and growth trend of urban cooperative banks in India and Maharashtra. The objectives of the present study, Research methodology adopted to study them and scheme of chapters is given in the first chapter.

In addition to this the review of relevant literature on the urban cooperative banks is given in second chapter.

The third chapter focuses on the Physical, social and economic profile of the study region relating to Sangli, Satara, Parbhani and Hingoli districts.

The fourth chapter deals with capital structure and lending policy of UCB’s in Sangli, Satara, Parbhani and Hingoli districts in terms of origin and development of UCB’s in these districts growth trends, no. of banks, total number of loans advanced, long and short term loans, their ratio, over dues, recovery etc. i.e. Growth perspective of the UCB’s in Study region.

The chapter fifth deals with financial performance of UCB’s in terms of sources of funds, capital structure of UCB’s, owned capital, resources, deposits, working capital, borrowings and their growth performance. i.e. financial performance of the UCB’s in study region.

The chapter sixth devoted to impact and problems of UCB’s, it covers the issue like over staffing, over dues, NPA’s and the competition problems created by globalization over a period of time.

The seventh chapter summarizes the findings of the present study and the policy measures based thereon.
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