

# Progress of Urban Cooperative Banks with Respect to Western Maharashtra Division

**Dr. Sachin Vitthal Pinjari**

A. A. College Manchar, Tal. Ambegaon, Dist. Pune.

E-mail Address - [pinjari.sachin@gmail.com](mailto:pinjari.sachin@gmail.com)

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## **Abstract**

*There are three types of co-operative banks operating in our country. They are primary credit societies, central cooperative banks and state co-operative banks. These banks are organized at three levels, village or town level, district level and state level. Urban Co-operative Banks (UCBs) are found at the grassroots level of the three-tier cooperative credit structure. In this era of globalisation, urbanization is rampant in developing countries like India. More than 50 % of the total population of the country is living in the Urban or semi-Urban Areas. The main sources of income for such population are from employment and small scale businesses. The customers of Urban Co-operative Banks (UCBs) are from public and private sector employees, workers and small businessmen. The consumer class of these banks comes from a stable income group. At the end of the financial year 2016-17, it is reported that there are 180 UCBs in the Western Maharashtra Division. In Western Maharashtra Division, at the beginning of the co-operative movement, there were nominal urban co-operative banks, not only the numerical growth, but also the qualitative growth, which also required for the development of a population of poor and middle-income groups in urban areas.*

**Key Words:** Profit Trend, Co-operative Banks, Urban Area, Deposits, Loans, Members.

## **Introduction**

For many decades the co-operative sector was considered very strong. On the strength of its excellence, the region has established its position in rural and urban areas as well. However, during the current competitive, globalization and stringent government rules, the progress of the cooperative sector is limited. E.g. In Pune district, there were a total of 63 Urban cooperative banks in the year 2004-05, while in the year 2016-17, the same number has come up to 52 UCBs. In fact, the number of UCBs was expected to increase as the district increased its urbanization and development. But During this period, the strict rules and regulations enforced by the Government and Reserve Bank of India, Merger of one co-operative bank to another or other kind of bank, Irregular transactions (corruption) in the Urban Co-operative Bank's Business and due to the increasing competition in the market, this number is likely to decrease.

## Research Objectives

The following objectives are set for research.

- 2) To study the concept of 'Urban Cooperative Bank' (UCB).
- 3) To study the profit trend of UCBs from western Maharashtra region.
- 3) To draw the conclusions after analysing the data.

### Research Methodology:-

In this study secondary data from annual reports of concern banks, monthly issues and committee reports are used for the purpose of research. Tools used for the presentation of data are chart, graph, percentage, average, trend analysis etc.

### Research Scope: -

The research is limited to Western Maharashtra division of Maharashtra State and in this case, profit trend of selected UCBs between 2006-07 to 2016-17 period is observed.

### Population and sample selection: -

Population for the study is 180 UCBs from Western Maharashtra division of Maharashtra State and sample size selected is 20 UCBs out of 180 UCBs i.e. 11% sample is selected from the population

### Meaning and definition of UCB :-

The name itself indicates the meaning of Urban Cooperative Banks. In general, banking business is generally operated in the Urban or Semi-urban area on cooperative principles. Mr. P. V. Varde, who was the president of Non Agriculture Finance Committee Appointment in the year 1969, assumes that urban area was considered to be a city according to cooperative law. The co-operative Finance societies in these areas are referred to as the Urban Co-operative Banks.

The following criteria are discussed for this.

A) Apart from the primary agricultural credit co-operative society, the co-operative society is aimed at conducting bank business.

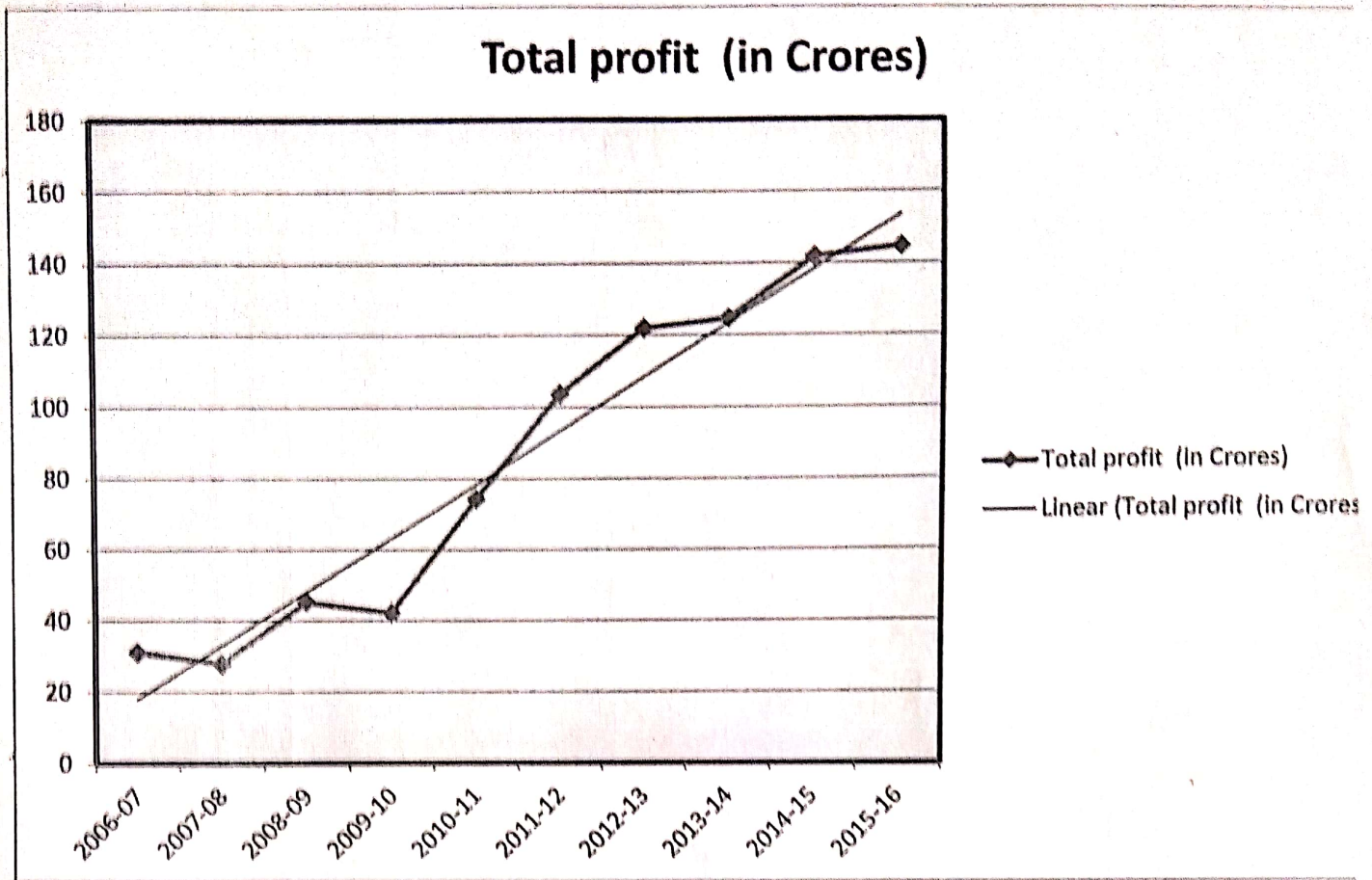
B) Whose paid up capital is more than one lakh rupees.

E) A co-operative bank, which cannot issue membership to other cooperatives, is called a co-operative bank.

In general, while reviewing the progress of Urban Co-operative Bank, we have to consider the total number of Urban Bank, profit earned over the year by these banks, total branches of

**Table Showing trend of profit of selected Urban Cooperative**

200	200	200	200	2010	201	201	201	2014	201
16.6	7.76	22.3	19.3	27.8	52.0	62.9	58.5	64.6	64.9
1.18	1.36	1.61	2.05	2.71	3.61	4.05	5	6.41	7.03
0.62	0.47	1.42	0.55	0.67	1.17	1.34	1.39	1.78	2.11
0.12	0.30	0.37	0.31	0.44	0.92	1.10	1.01	1.05	1.06
0.42	0.49	0.56	1.26	2.19	1.50	2.17	2.00	3.09	3.06
1.07	1.79	1.80	3.19	5.05	7.24	8.25	9.42	10.3	12.6
0.12	0.15	0.18	0.22	0.25	0.28	0.30	0.30	0.36	0.32
0.54	0.58	0.64	0.71	0.77	1.41	1.56	1.98	2.07	2.20
0.08	0.22	0.22	(4.8	2.11	0.34	0.79	0.42	0.51	(6.7
0.87	1.18	1.82	2.31	3.69	4.26	5.75	6.89	6.85	7.04
0.15	0.29	0.25	0.63	0.65	0.72	1.01	1.10	1.21	1.31
0.41	0.45	0.63	0.55	1.43	1.35	1.45	0.78	1.26	0.74
4.17	4.43	4.78	5.12	5.54	5.89	6.15	6.62	6.97	7.46
0.31	0.25	0.39	0.47	0.50	0.59	0.47	0.51	1.07	1.42
1.19	2.27	3.01	3.48	4.64	5.16	5.44	5.64	5.83	7.34
0.37	0.41	0.46	0.16	0.19	0.27	0.31	0.39	0.51	0.41
1.80	3.06	2.45	2.74	3.56	5.43	7.89	9.47	18.0	20.3
0.13	(1.5	1.22	0.32	2.98	(1.1	1.39	1.02	1.51	(2.8
0.85	0.73	0.82	3.30	8.70	12.1	8.90	11.1	6.90	13.2
0.12	0.11	0.15	0.19	0.24	0.48	0.69	1.07	1.50	1.67
31.1	27.8	45.1	42.1	74.1	103.	121.	124.	141	144



From the analysis of the above table, that indicates the progress of profit of Urban cooperative Banks (UCBs) in Western Maharashtra division during the financial year 2006-07 to 2015-16 that the profit of selected 20 UCBs was in total Rs.31.12 crore. In the year 2006-07 Rs. 16.6 crore Was the maximum profit earned by Janta Cooperative Bank Ltd. Pune, whereas Rs. 0.08 cr. Was the minimum profit earned by Youth Development Cooperative Bank Ltd. Kolhapur in the same year.

In the financial year 2007-08 it is observed that there was decline in the total profit of UCBs from Western Maharashtra Division and the amount of profit lessened up to Rs. 27.8 crore. It is also observed that there was a steady growth in the trend of total profit of UCBs during the period of 2008-09 to the FY 2015-16, except the year 2009-10 in which UCBs suffered the loss of Rs. 42.18 crore.

In the year 2010-11 the banks earned total profit of Rs.74.16 crore This indicates that in the year 2010-11 the total percentile growth of profit by the banks was 138.30 % that of the total profit in the year 2006-07. In the year 2011-12 the total profit was 3.33 times of the previous year and it reached up to Rs.103.60 crore.

The total profit of the UCBs was observed 291.84 % in the year 2012-13. In the subsequent year i. e. in 2014-15 there was 4.56 times increase and the amount of the profit reached to Rs. 141.82 crore. Whereas in the last year of the selected span for the research study i.e. in the year 2015-16 the total profit was increased by 364.88 percentile and reached

up to Rs. 144.60 crore. The maximum share of the profit was earned by Janta Cooperative Bank Ltd. Pune and it was Rs. 64.97 crore. in the year 2015-16 on the one hand and in the same year the maximum loss suffered by Youth Development Cooperative Bank Ltd. Kolhapur was counted around Rs. 6.76 crore On the other hand. The study also explores that during the selected span of the study Youth Development Cooperative Bank Ltd. Kolhapur and Vita Merchant Bank Sangli suffered loss for two years.

### Conclusions

1. It is observed that profit of selected urban cooperative banks from western Maharashtra division of Maharashtra state between the financial year 2006-07 to 2015-16 was increasing. In the financial year 2006-07 total profit of selected urban cooperative banks was Rs. 31.12 crore whereas in the financial year 2015-16 total profit was 144.67 crore. It shows 4.65 times increase in profit during the period of ten years.
2. In the last year of study period i.e. in the financial year 2015-16, total profit was increased by 364.88% with this increase the total profit was reached at Rs. 144.67 crore.
3. It is observed that during the period of 2006-07 to 2015-16 total profit of selected urban cooperative banks from western Maharashtra division was increased from Rs. 31.12 crore to the Rs. 144.67 crore i.e. profit trend for selected Urban cooperative banks is found to be positive or increasing.

Considering all the above conclusions drawn from analysing the data , we can conclude that the management of Urban cooperative banks from western Maharashtra division is working efficiently.

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