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Status of Urban Co-Operative Banks in India

Siddhartha S Vishwam[1], Dr. B. S. Chandrashekar[2]

[1]*Research Scholar, DOS in Economics and Co-operation, University of Mysore, Manasagangothri, Mysore*
[2]*Assistant Professor, DOS in Economics and Co-operation, Maharaja's College, University of Mysore, Mysore*

Abstract: Co-operative banks are organized and managed on the principle of co-operative, Urban Co-operative Banks (UCBs) occupies an important place among the Non-agricultural credit society. The origin of the UCBs banking movement in India can be traced to the of 19th century when, inspired by the success of the experiments related to the co-operative movement in Britain and the co-operative credit movement in Germany such societies were setup in India. Co-operative societies are based on the principles of co-operatives, mutual help, democratic decision making and open membership. The present study analyzed the financial performance of UCBs in India as well as Karnataka. Secondary data is used for the present study and the data analyzed by using statistical tools, One-way ANOVA, and Mean, Standard Deviation, Co-efficient Variation.
Keywords: Urban Co-operative Banks (UCBs), Branches, Share Capital, Deposits, Working Capital, Loans and Advances, ATMs.

I.   INTRODUCTION

The first co-operative credit societies act was passed in 1904. This act provides establishment of credit societies both in urban and semi- urban areas. For providing credit services to common man, the act recognized the need of urban co-operative banks along with the rural credit co-operatives, rural societies were to be organized on the Raifession model while the urban societies were to be established on the pattern of Herman Schulze.

The urban co-operative banks held a important position in the field of co-operative sector and are very significant component in the States in India. As urban credit system has a strong resource base. Today, the presence of urban co-operative banks an immense felt-need in the area of business operations in the present day banking business; describing them as , friend-of poor and the borrower as friend of urban co-operative banks.

The first urban co-operative society was established in India, which is known an " Annyona Sahakari Mandali" located in Boroda on 5th February 1889 under the guidance of Vithal Laxman also known as Bhausaheb Kathekar. Urban co-operative banks functioned in the country. They mobilized deposit from the public and extended credit facilities for specified purpose their lending opinions include provision of credit facilities to small traders, business persons, artisans, factory workers, and salaried people with a limited income person.

Urban Co-operative Banks referred as Primary Co-operative Banks in the banking Regulation Act 1949 play an important role in meeting the growing credit needs of urban and semi-urban areas of the country. The UCBs not formally defined, refers to urban semi urban areas. These banks, till 1996 were allowed to lend money only non- agricultural purposes. This distinction does not hold today. These banks were traditionally centered on communities, localities work place groups. They essentially lent to small borrowers and business. Today their scope of operations has widened considerably over the years primary UCBs have registered a significant growth in number, size and volume of business handled. As on the 2016 there were 1574 number of UCBs and Scheduled banks are 52, and Non-scheduled banks are 1522.

A.   Objective of the Study
1)   To study the status of Urban Co-operative Banks in India.
2)   To identify the financial performance of Urban Co-operative Banks India and Karnataka.

B.   Methodology of the Study
The present study is based on secondary data. The secondary data collected from Reserve Bank of India (RBI), Report on progress of Banking in India. Karnataka State Urban Banks Federation Ltd, Journals, for the Period of 2012 to 2016. The data analysis carried on by using statistical tools, One-way ANOVA, and Mean, Standard Deviation, Co-efficient Variation.

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Table-1 Distribution of UCBs in India   (Amount in Rupees Million)

Sl. No	States	No. of UCBs	Branches	Deposits	Advances	Districts with UCBs	Districts without UCBs	ATMs
1	Haryana	7	26	8,098.0	4,079.1	9	13	12
2	Himachal Pradesh	5	17	6,981.5	4,540.9	6	6	8
3	Jammu and Kashmir	4	25	5,050.2	2,425.8	7	15	0
4	Punjab	4	22	11,849.1	5,661.9	7	15	4
5	Rajasthan	37	218	68,907.5	38,056.6	28	5	23
6	Chandigarh	0	0	0.0	0.0	0	1	0
7	Delhi	15	97	35,756.3	32,289.2	11	0	23
8	Arunachal Pradesh	0	0	0.00	0.0	0	20	0
9	Assam	8	28	7,002.3	5,006.7	6	27	0
10	Manipur	3	10	4,283.6	1,879.0	2	7	2
11	Meghalaya	3	8	1,718.0	682.1	3	8	0
12	Mizoram	1	1	424.9	277.0	1	7	0
13	Nagaland	0	0	0.00	0.0	0	11	0
14	Tripura	1	3	340.1	197.4	2	6	0
15	Bihar	3	10	2,016.5	1,582.3	4	34	2
16	Jharkhand	2	5	658.7	634.3	2	22	0
17	Odisha	9	37	10,709.4	6,161.9	11	19	0
18	Sikkim	1	5	300.3	141.0	2	2	0
19	West Bengal	43	110	41,764.0	20,279.5	13	7	9
20	Andaman and Nicobar	0	0	0.00	0.0	0	3	0
21	Chhattisgarh	12	27	6,485.8	5,098.1	9	18	2
22	Madhya Pradesh	51	109	26,722.2	13,252.7	27	24	13
23	Uttar Pradesh	67	271	67,932.9	37,477.5	46	29	65
24	Uttarakhand	5	103	37.047.4	17,589.2	9	4	48
25	Goa	6	105	37,764.1	22,974.8	2	0	40
26	Gujarat	224	1,066	424,891.2	270,206.5	32	1	247
27	Maharashtra	508	5,628	2,449,938.7	1,538,659.4	36	0	2,178
28	Dadra and Nagar Haveli	0	0	0.00	0.0	0	1	0
29	Daman and Diu	0	2	205.1	126.9	1	1	1
30	Andhra Pradesh	48	189	66,176.9	48,564.2	13	0	20
31	Karnataka	265	1,020	325,404.1	200,979.6	30	0	166
32	Kerala	60	440	131,036.4	77,024.7	14	0	34
33	Tamil Nadu	129	321	89,366.5	57,726.9	32	0	12
34	Telangana	52	182	51,301.6	35,414.6	19	12	52
35	Lakshadweep	0	0	0.00	0.0	0	1	0
36	Puducherry	1	6	1,660.3	1,135.3	1	3	0
	Total	1,574	10,091	3,921,793.6	2,450,125.2	385	322	2,961

Source: Reserve Bank of India, Annual Reports 2016, Government of India

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In this table-1 show that distribution of UCBs in India during the 2016. It provides status of inter-states of UCBs in India. The number of UCBs, Branches, Deposits, Advances, District with UCBs, and UCBs without UCBs are functioning under UCBs in India. The distribution total of 1574 UCBs are working across the country with total of 10,091 branches. The Deposits and Advances 3,921,793.6 & 2,450,152.2 respectively, The District with UCBs(322) and District without UCBs(238) and ATMs (2,961) Rs. in Million in working under the UCBs in India.

Table-2 Descriptive Statistics of Distribution of UCBs in India

Sl. No.	Category	Minimum	Maximum	Total	Mean	Std. D
1	Division	1	6	6	3.388889	1.824872
2	UCBs	0	508	1574	43.72222	99.41532
3	Branches	0	440	2384	66.22222	105.4173
4	Deposits	0	2449939	3921794	108938.7	410980
5	Advances	0	1538659	2450125	68059.03	258152.4
6	Districts with UCBs	0	46	385	10.69444	12.36774
7	Districts without UCBs	0	34	322	8.944444	9.60043
8	ATM	0	247	785	21.80556	49.43383

Table: 2 show that the descriptive statistic of UCBs in India during the 2016. In this table also reveals that Mean, Standard Deviation, Minimum and Maximum for the UCBs in India. The mean for the UCBs, branches, deposits, 43.72, 66.22, 108938.7 in respectively and also shows the minimum and maximum for the UCBs in India. The Standard Deviation for the UCBs is 99.41, Branches is 105.41, Deposits of 410980, Advances of 258152.4, Districts with UCBs 12.36, and Without UCBs is 9.60 and ATMs 49.43 in study year.

Table-3 Result of ANOVA

Sl. No	Variables	Results		F. Value	Sig.
1	UCBs	Between Groups	90007.653	2.11	0.092
		Within Groups	255911.569		
2	Branches	Between Groups	7180899.863	1.76	0.150
		Within Groups	24388471.776		
3	Deposits	Between Groups	7180899.863	1.76	0.151
		Within Groups	24388471.776		
4	Advances	Between Groups	532347074795.873	1.77	0.418
		Within Groups	1800146905873.863		
5	Districts with UCBS	Between Groups	1517.613	2.37	1.063
		Within Groups	3836.026		
6	Districts Without UCBs	Between Groups	1314.725	4.12	0.006
		Within Groups	1911.164		
7	ATM	Between Groups	989027.974	1.64	0.179
		Within Groups	3613756.776		

Table-3 shows the output/results of the ANOVA analysis. One-way ANOVA analysis has been carried out to find whether there are any statistically significant differences in the means of the group. From the above results it can be said that of the seven variables two variables are statistically significant while other five remaining variables are statically insignificant. UCBs are statistically significant at 10% level with F. Value of 2.11 (P=0.092). District without UCBs are statistically significant with (P-Value of 0.006) which means the mean of UCBs over states of India is significantly different.

The branches and ATMs are statistically insignificant which means there are no differences, in the mean number of branches and

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ATMs over the regions of India. Similarly the deposits and advances are also statistically insignificant which means there are no difference in the mean amount of deposits and advances across the regions of India. The Districts with UCBs is also statistically insignificant which means there is no difference in the mean number of Districts with UCBs over the regions of India.

Table No- 4 Growth of Urban Co-operative Banks in India

(Amount in Rs. Crores)

Year	No. of UCBs	Deposits	Loans& Advances
2012	1618	238600	158000
2013	1606	276900	181000
2014	1589	315503	199651
2015	1579	355134	224302
2016	1574	392179	245013
Mean	1593.2	315663.2	201593.2
SD	18.49	60938.41	34384.55
CV	1.16	19.3	17.05

Source: Reserve Bank of India 2012 to 2016, Report on Progress of Banking in India

Graph- 4 Growth of Urban Co-operative Banks in India
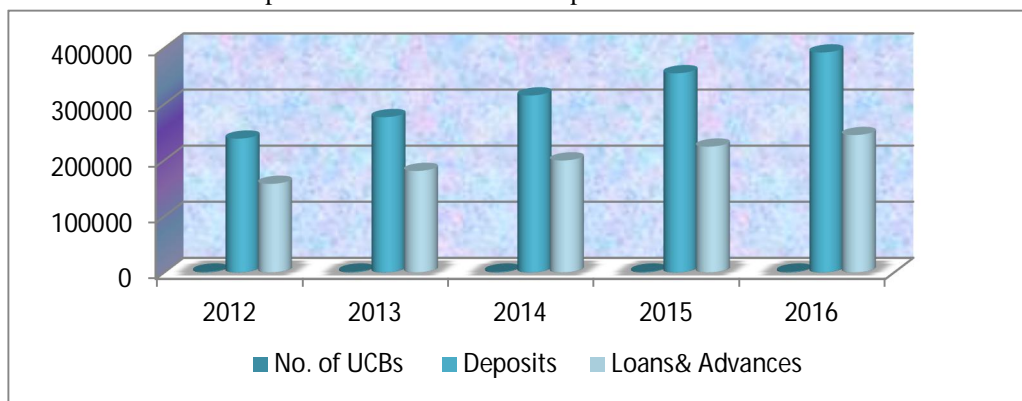
The above table and graph indicates that shows the growth of UCBs in India during the period between 2012 to 2016. It is clearly from the number of UCBs was about 1618 crore in 2012, which has decreased to 1574 in 2016. The Deposits of this bank was about Rs. 238600 crore in 2012, which has increased to Rs.392179 crore in 2016. And loans and advances during 2012 to 2016. It is clearly was about Rs. 158000 crore in 2012, which has increased to Rs. 245013 crore in 2016.

Table No-5 Financial Performance of Urban Co-operative Banks in Karnataka

Year	Share Capital	Reserves	Deposits	Working Capital	Loans& Advances
2012	663.24	1905.25	16835.56	20008.97	11516.71
2013	746.04	2427.68	20179.71	22953.01	10687.97
2014	831.68	2639.03	23396.5	28296.12	15435.84
2015	944.92	2659.91	26111.95	30750	17336.09
2016	1079.3	3058.34	29976.78	34892.63	18989.7
Mean	853.04	2538.04	23300.10	27380.15	14793.26
SD	163.99	420.82	5099.53	5970.05	3608.26
CV	19.22	16.58	21.88	21.8	24.39

Source: Karnataka state co-operative urban Banks federation Ltd.

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Graph- 5 Financial Status of UCBs in Karnataka
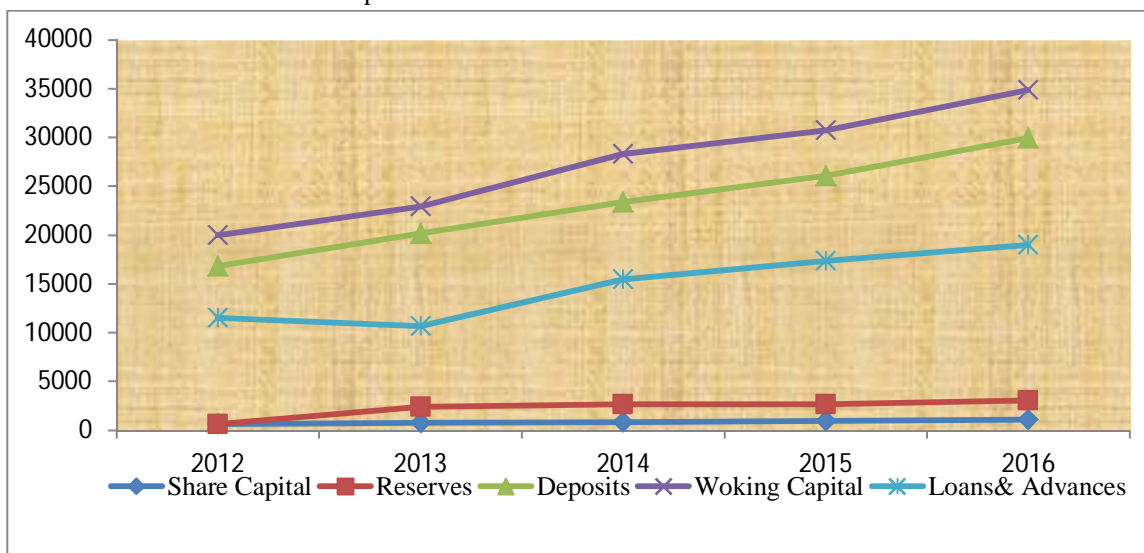
The above table and graph shows that the financial performance of UCBs in Karnataka during the period between 2012 to 2016. It is clearly from the share capital was about Rs.663.24 crore in 2012, which has increased to Rs. 1079.3 crore in 2016 respectively. The reserve was about Rs. 1905.25 crore in 2012, which has increased to 3058.34 in 2016. And deposits were about Rs.16835.56 Crore in 2012 which has increased to Rs.29976.78 Crore in 2016, respectively. The working capital was Rs. 20008.97 Crore in 2012, which has increased to 34892.63 crore in 2016. And the loans and advances was About Rs.11516.71 crore in 2012, which has increased to 18989.7 crore in 2016.

II.   CONCLUSION

The Urban Co-operative Banks sector is an important constituent of multi-agency banking system operation in the country. It provides financial helps to the members and non-members in urban and semi-urban areas. At, present their scope of operations has widened considerably over the years primary UCBs have registered a significant growth in number, size and volume of business handled. As on 2016 there were 1574 number of UCBs and Scheduled banks are 52, and Non-scheduled banks are 1522 in India. The UCBs working in Karnataka such as share capital, reserves, deposits, working capital, loans and advances are also positive impact on urban and semi-urban areas.

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