

“URBAN CO-OPERATIVE BANKS IN WESTERN MAHARASHTRA – ITS NEW TRENDS IN GLOBALISED WORLD”

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Abstract:

Banking system occupies the central position in Indian Financial system. It is the backbone of Indian economy. It plays an important role in mobilizing savings and channelizing them into production activities etc. In our country, the banking sector broadly consists of Scheduled Commercial Banks (SCBs) and Co-operative Banks. Further, SCBs include public sector, private sector and foreign sector banks while co-operative banks include State Co-operative Banks, District Central Co-operative Banks (DCCBs), State Cooperative Agriculture and Rural Development Banks (SCARDBs), Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) and Urban Co-operative Banks (UCBs). SCBs form the important part of the Indian financial landscape in terms of their business and outreach also.

KEYWORDS:

economy , channelizing , Co-Operative , mobilizing savings.

INTRODUCTION

After the nationalization of fourteen major commercial banks in 1969 and 6 more commercial banks in 1980, there was a shift of emphasis from industry to agriculture and the interest in banking has increased considerably. The country witnessed rapid change in the banking sector after nationalization of banks. After Banking Sector Reforms (1991) took place, the scenario has been totally changed. After reforming waves, SCBs have become more competent, more efficient and a great up gradation technologically.

I) OBJECTIVES OF THE PAPER :

Following are the main objectives of the study :

- i) To Know about Urban Schedule Banks in western Maharashtra.
- ii) To study services & new trend adopted by Urban Schedule bank.

III) METHODOLOGY :-

The present study depends on secondary data, which is collected from Indian co-operative banks, books, newspaper and websites etc.

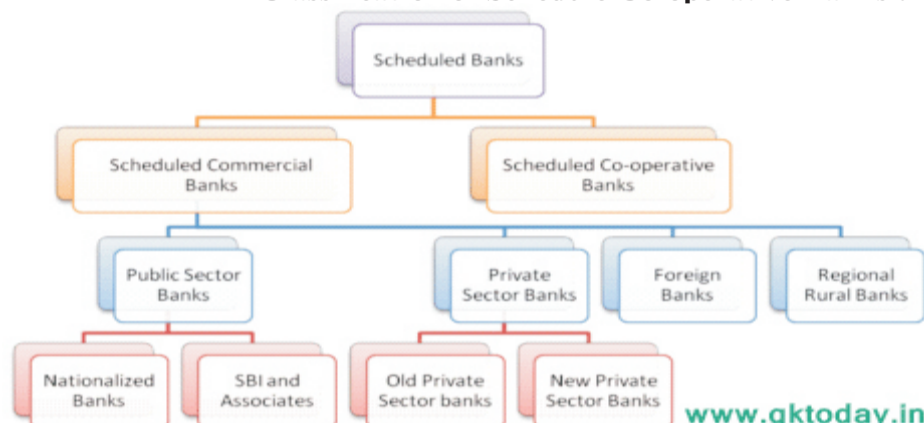
IV) HISTORY OF SCHEDULE CO-OPERATIVE BANK :-

Co-operative banks in India are more than 100 years old. They came into existence with the enactment of Co-operative Credit Societies Act, 1904. Since their inception, these banks and their affiliated agencies have been playing a significant role in the socio-economic development of the country. Co-

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operative Banks enjoyed the monopoly till 1969. They supplement the commercial banks to deepen the financial intermediation by bringing large number of small depositors/borrowers under the formal financial sector. They form an integral part of the banking system in India. They mobilize deposits and supply agricultural and rural credit by an extensive network of their outlets (branches). They have played an important role in creating banking habits among the lower and middle-income groups and in strengthening the rural credit delivery system. Though much smaller as compared to SCBs in terms of business, they constitute an important segment of Indian Financial System. Though the banking sector reforms did not leave significant impact on the functioning of cooperative banks, co-operative banks are changing their banking facilities and products as per the changing environment. They are facing various types of problems and challenges in current competitive era; even then, they are equally important for making financial inclusion a success. It is recognized that co-operative banks and SCBs are complementary to each others. Both are important for financial inclusion. More specifically, when we see the cooperative banking structure of our country, we find that State Co-operative Banks are important institutions in this structure. They control, regulate and supervise the entire cooperative movement in their concerned states. They are also known as Apex Banks. So, the evaluation and appraisal of their functioning, performance and efficiency become essential.

Classification of Schedule Co-operative Banks :



The above chart shows the classification of Schedule Co-operative Banks in India. The present study is focuses only to study of Private Schedule Co-operative banks in western Maharashtra. As on 31March,2011 the list of Schedule co-operative banks in India are of 53. Out of 53 schedule co-operative banks, 38 schedules co-operative banks are in Maharashtra. Therefore, the researcher has decided to do study of selected Schedule banks in western Maharashtra.

The urban cooperative banking system has witnessed phenomenal growth during the last one and a half decades. From 1307 urban cooperative banks (UCBs) in 1991, the number of UCBs has risen to 2105 in the year 2004. Deposits have increased by over 1100 percent from Rs. 8600 crore to over Rs.100, 000 crore, while advances have risen from Rs. 7800 crore to over Rs.65,000 i.e. by 733 percent during the above 15-year period. This growth path has been possible mainly on account of the enabling policy environment in the Post 1991 period, which encouraged setting up of new urban cooperative banks. Further, the deregulation of interest rates, as available to commercial banks, enabled the UCBs to mobilize vast deposits, which, together with the liberal licensing policy propelled the growth of UCBs in terms of numbers as also in size. This significant growth in business, which has come about in a competitive environment was largely due to the efforts and the ability of the sector to harness resources from the small depositors. Thus, while the sector has shown spectacular growth during the last decade exhibiting substantial potential for sustained growth, there are certain infirmities in the sector that have manifested in the form of weakness of some of the entities resulting in erosion of public confidence and causing concern to the regulators as also to the sector at large. There is, thus, a need to harness the benefit of rapid growth and mitigate the risk to which individual banks and the system are exposed by providing a regulatory and supervisory framework that will address the problems of the sector as also the shortcomings of dual control.

V) SCHEDULE CO-OPERATIVE BANKS IN INDIA :-

Scheduled Banks in India constitute those banks which have been included in the Second

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Schedule of Reserve Bank of India(RBI) Act, 1934. RBI in turn includes only those banks in this schedule which satisfy the criteria laid down vide section 42 (6) (a) of the Act. As on 30th June, 1999, there were 300 scheduled banks in India having a total network of 64,918 branches. The scheduled commercial banks in India comprise of State bank of India and its associates (8), nationalized banks (19), foreign banks (45), private sector banks (32), co-operative banks and regional rural banks. "Scheduled banks in India" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), or any other bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934), but does not include a co-operative bank".

VI) NEW TRENDS OR SERVICES OF SCHEDULE URBAN BANK :-

The commonly new trends adopted by various schedule urban co-operative banks in western banks are as under :-

1] Core Banking Solution

Core Banking Solution (CBS) is networking of branches, which enables Customers to operate their accounts, and avail banking services from any branch of the Bank on CBS network, regardless of where he maintains his account. The customer is no more the customer of a Branch. He becomes the Bank's Customer. Thus CBS is a step towards enhancing customer convenience through anywhere and anytime Banking. All CBS branches are inter-connected with each other. Therefore, Customers of CBS branches can avail various banking facilities from any other CBS branch located any where in the world. These services are:

To make enquiries about the balance; debit or credit entries in the account.
To obtain cash payment out of his account by tendering a cheque.
To deposit a cheque for credit into his account.
To deposit cash into the account.
To deposit cheques / cash into account of some other person who has account in a CBS branch.
To get statement of account
To transfer funds from his account to some other account – his own or of third party, provided both accounts are in CBS branches.
To obtain Demand Drafts or Banker's Cheques from any branch on CBS – amount shall be online debited to his account.
All these aim to provide convenient, efficient, and high quality banking experience to the customers, comparable to world class standards.

2] Automated Teller Machine Service:-

The Bank's 17 ATM of 14 branches of the Bank are connected to Central ATM Switch at Data Center and Customers are able to do all the transactions through any of the Branches of the Bank in Thane, Navi Mumbai & Pune. By using ATM Customer can transfer their fund from one Branch account to Other Branch account by ATM Link Process.

3] Safe Deposit Locker:-

Most of the schedule co-operative bank offers safe deposit locker system to its customer. The bank charges its commission near about Rs. 1000 per year for each locker.

4] National Electronic Fund Transfer System:-

Bank offers National Electronic Fund Transfer System (NEFT) for efficient, secured, economical and reliable system of transfer of funds from bank to bank as well as from remitter's account in our bank to the beneficiary's account in another bank with in out country as well as in Nepal. In this payment system instructions between banks are processed and settled on batch to batch basis at fixed times during the day. There is no minimum or maximum stipulated transaction value for using this facility

5] Real Time Gross Settlement System:-

Bank offers Real Time Gross Settlement System (RTGS) & National Electronic Fund Transfer System (NEFT) for efficient, secured, economical and reliable transfer of funds from bank to bank as well

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as from remitter's account in our bank to the beneficiary's account in another bank with in the country. An electronic payment system in which payment instructions between our bank and other banks are processed and settled individually and on a real time basis for transaction value of Rs 1 lac and above. Under normal circumstances the beneficiary bank's branch receives the funds in real time as soon as funds are transferred by the remitting bank.

6] Any Branch Bankinng:-

In Any Branch Banking is offering following services to it's customers. The Bank's customer having ATM card can withdraw the Cash from any ATM of the Bank. The Bank is providing the facility to withdraw / Deposit / Transfer the cash through the counter from any of Banks branches. The customer can deposit his/her cheque in any of our branch of the bank. This facility will be start shortly

7]Nomination:-

Nomination facility is available for all deposit accounts, articles in safe custody and safe deposit vaults. Nomination is available for accounts opened in individual capacity (i.e. single/joint accounts as well as accounts of a sole proprietary concern) only, i.e. not for accounts opened in representative capacity. Nomination can be done in favour of one person only. However, nomination in favour of more than one person (i.e. up-to 2 persons) is permissible in jointly operated locker accounts with common consent. Nomination can be made, cancelled or varied by the account holder anytime during his/her life time. While making nomination, cancellation or variation, witness is required and the request should be signed by all account holders. Nomination can be made in favour of a minor also.

8] SMS Banking:-

Most of the schedule co-operative bank in an attempt to fulfill the ever rising needs of banks customers, has launched SMS banking facility for it's customers. SMS Banking brings Banking to your finger tips. With SMS, you can perform a wide range of query based transactions from your mobile phone at a very low cost.

9] Transaction Alert: -

The techno based facility is introduced for the customers to inform the details of transactions on their mobile through SMS. Alerts are sent online as soon as transaction is effected on the account. Through this facility Term Deposit Maturity alerts are sent on the date of maturity.

10] Tele Banking Service :

Bank has introduced Telebanking facility for our customers and the customer can get his/her account details over the phone.

OTHER SERVICES OF THE BANK :-

1] Protection for Bank Depositors

Bank deposits up to Rs.100000.00 (Rupees One Lakh Only) in respect of each depositor are fully protected by the Deposit Insurance and Credit Guarantee Corporation under the Deposit Insurance Scheme. The Scheme covers all commercial banks (including Regional Rural Banks) operating in India and also co-operative banks in States and Union Territories to which the Scheme has been extended by the Central Government. These Banks are registered as insured banks with the Corporation.

If a Bank goes into liquidation: The Corporation will arrange to pay to every depositor directly or through the liquidator the amount due to him under the insurance scheme.

If a bank is reconstructed or amalgamated with another bank and the scheme the scheme of reconstruction or amalgamation does not entitle a depositor to get credit for the full amount of his deposit: The Corporation will arrange to pay the reconstructed bank or the amalgamated bank an amount equivalent to the shortfall between the amount due to the depositor under the insurance scheme and the amount of deposit of credit received by him under the scheme of reconstruction or amalgamation

2]Deposit Insurance and Credit Guarantee Corporation (DICGC)

DICGC is a wholly owned subsidiary of the Reserve Bank of India, Since 1962, it is engaged in providing deposit insurance for depositors of banks against loss of part or all of their deposits arising from bank failures. Deposit Insurance is compulsory as well as automatic for the bank and thus no bank can remain uninsured by the DICGC except those cooperative banks where the concerned State Governments are yet to pass the required legislation. The purpose of this brochure is to explain the deposit insurance coverage that DICGC provides

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3] SMS/Email Alerts & Email Statement :

Schedule co-operative bank provides SMS/Email Alerts, Email Statement another useful facilities for the benefit of its customers. This will provide various notifications to you on mobile or email.

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