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“MOBILIZATION OF DEPOSITS IN URBAN CO-OPERATIVE BANK” A CASE STUDY OF THE SURPUR URBAN CO-OPERATIVE BANK SHORAPUR



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INTRODUCTION:

Co-Operation is the very basis of civilization. The interdependence and mutual help among human being have been the essential of social life. History tells that man cannot successfully live himself and for himself alone. He is dependent on other. In modern society also the spirit of association is essential to human progress. Therefore working together is as old as human society. The central principle of the co-operative is “each for all and all for each”. The co-operative movement is now a part of our national culture. After independence co-operative movement has developed in all sector of social and economic development with tremendous success. The co-operative societies are an important constituent of the Indian financial system. Their business in urban areas has increased phenomenally in recent years mainly due to sharp increase in the number of co-operative societies.

While co-operative societies in the rural areas mainly finance agricultural based activities. The problem for the present day is mobilization of deposits in the co-operative societies. The urban co-operative banks which are nearer to rural areas having to make a dent in mobilization of resources which improves the financial health of the co-operative societies and develops the habits of thrift and savings among the people.



Objectives of the Study :

- 1) To review the progress and performance of urban co-operative bank in Shorapur.
- 2) To know the various functions rendered by the urban co-operative bank in Shorapur.
- 3) To study the granting of loans by urban co-operative bank through various innovative schemes.
- 4) To study the methods and procedures followed by them in mobilization of deposits.
- 5) To offer suitable suggestions based on findings.

Methodology of the Study :

This study is purely based on secondary data. The information is collected from books, journals, websites and annual reports.

Mobilisation of deposits :

Finance is the life blood of any business activity – there cannot be any individual or trading activity without the use of finance. For any business activity to sustain finance has simply to be injected or invested. Investment in the business activity is in the form of capital formation, shares, deposits etc. Banks heavily depends on the deposits made by their customers known as depositors. In the fiercely competitive banking scenario, it is the higher rate of interest on deposits that attracts the customers to their fold. Banks offer two different types of deposits. Demand deposits and time deposits. Demand deposits are deposits that are repayable on demand. They are more of operative accounts such as savings bank account, current account etc. Time deposits are offered from maturity ranging from 15 days to 120 months. The another most popular and innovative deposit that has made inroads in various urban co-operative banks is the pigmy deposit scheme. Bank deposit means entrusting ones money to a bank on the condition that it may be withdrawn by depositers demand or often notice of specified days may be laid down in the rules of bank. Like commercial banks co-operative banks also mobilize resources by way of deposits. Co-operative societies are also allowed to attract deposits from members of the bank. In many states, states Government made laws under which the local Government bodies like Municipality and Panchayat must have banking transactions only with co-operative societies. The RBI has given certain concession to the co-operative bank in attracting more deposits. Co-operative banks are permitted to offer slightly a highest rate of interest to their deposits than the commercial banks. The interest concession varies according to the level and type of co-operative societies. The RBI has also liberalized the norms for the branch banking of the co-operative society. As per the majority of co-operative society are spread towards the rural areas they mop up, the rural surprises and creates new source of finance which are need for the economy. By attracting deposits from rural areas and from weaker sections in the urban areas the co-operative societies take the banking services to the needed section of population who are otherwise neglected by other banking institutions. The various deposit schemes of urban co-operative banks are current account, savings account, fixed or term deposits monthly interest income deposit scheme. Cash certificates, recurring deposits, Pigmy deposits and Yashaswini nidhi deposit.

Profile of surpur urban co-operating bank and data interpretation.

Urban co-operative bank office at Shorapur made its humble beginning on 5th may 1990 amidst other giant commercial societies functioning in the command area. The society is operating in two district of Karnataka State Kalaburgi and Yadagiri.



Table showing deposits :

Years	Total deposits
2009-10	25504647.90
2010-11	30356293.50
2011-12	34422607.60
2012-13	37316169.39
2013-14	40887854.39

The above table clearly shows that deposits of the Surpur Urban Co-operative bank Shorapur is showing upward trend.

Functions of Co-operative banks :

- 1) Co-operative society performs all the main banking functions of deposit mobilization. Supply of credit and provisions of remittance facility.
- 2) Co-operative society provides limited banking products and is functionally specialist in agricultural related products.
- 3) Urban Co-operative banks provide working capital loans and term loans as well.
- 4) They are extending housing loans also.

Table showing loans and advances of the bank :

Years	Loans & advances Rsin lakhs	Growth in %
2010-11	23992278.00	-
2011-12	31700061.25	8%
2012-13	38359338.35	7%
2013-14	35825151.35	4%
2014-15	40866791.35	4%

The above table shows that the loans and advance of the bank shows upward trend except in the years 2013. But overall trend in loans and advances in the upward trend.

Table showing working capital of the bank :

Years	Working Capital Rs. In Lakhs
2010-11	1137004.41
2011-12	397036.69
2012-13	611862.63
2013-14	2219435.75
2104-15	3692239.75

Working capital of the urban co-operative bank Sholapur is showing upward trend.

CONCLUSIONS:

- 1) The urban co-operative societies are extending great service through various activities such as accepting of deposits, granting of credit facilities to small businessman, agriculturist, Government employers etc.
- 2) The co-operative movement which has become a part of everyday life of the people plays a dominant role in the welfare of the community at large.
- 3) The growth of deposits in the urban co-operative societies is quite satisfactory particularly in view of keen competition from commercial banks.
- 4) A system of fixing a target for deposit mobilization for the society as a whole and for each of its branches may be introduced.
- 5) In order to mobilize funds effectively and profitably, the society should operate through more branches to be opened newly.
- 6) The most important is that society should establish a separate, statistical department to maintain up to date statistical information about deposit schemes which will help policy decision of the society.

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