



GROWTH AND PROGRESS OF THE URBAN COOPERATIVE BANKS IN INDIA

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ABSTRACT:

The point of this paper is to examine development and advancement of urban co-agent banks in India. It is inferred that the eventual fate of agreeable banks in India is testing a direct result of the opposition from open segment banks and private area banks. Open area banks and private segment banks are focusing on real development exercises both vertically and evenly. The development of agreeable banks relies upon straightforwardness in charge and activity, administration, client driven arrangements, innovation upgradation and productivity.



Keywords: Agreeable bank, Urban Cooperative bank, development and advancement of urban co-agent bank

INTRODUCTION

The cooperative development has a long history in India. Agreeable social orders were set up in India towards the end of the nineteenth century drawing motivation from the accomplishment of tests identified with the helpful development in Britain and the helpful credit development in Germany. Since origin, the UCBs have been assuming an essential job in the financial improvement of the nation by making accessible institutional credit at moderate expense, especially, in the urban and semi-urban regions.

The expansion of the banking regulation act, 1949 to agreeable social orders, with impact from first march, 1966, brought the helpful banks inside the ambit of the Reserve Bank's control and supervision. Correspondingly, store protection cover was additionally reached out by DICGC to the co-agent banks. While there has been a continuous development in the UCB business over the period, with stores developing from Rs 167 Crore to Rs 2,12,031 Crore and advances developing

from Rs. 153 Crore to Rs. 1,36,341 Crore amid the period 1966 to 2011, the development of UCBs in the aggregate keeping money business has not been similar with the general development of the managing an account segment. Notwithstanding their vast number, UCBs establish a little piece of the overall industry with 3.5 percent (as of march 31 2010) of the aggregate keeping money sector. The urban co-agent banks (UCBS) were brought under the arrangements of the banking regulation act, 1949 w.e.f. Walk 1, 1966, and certain arrangements (not all) of the act were made relevant to them.

The act, along these lines, for the restricted motivation behind its materialness to existing co-agent banks and co-agent social orders changed over into banks is known as "Banking Regulation Act, 1949 (As Applicable to Co-Agent Societies)" or in short as "BR act, 1949 (AACS)" the reserve bank of India was vested with forces under the BR act, 1949 (AACS) to control and administer UCBS. Be that as it may, the control and supervision by the reserve bank are limited to specific elements of the UCBS. These capacities incorporate activation of stores, conceding of advances and advances, ventures with the end goal of statutory liquidity, and other saving money capacities. The rest of the elements of the UCBS are managed and administered by the central or state governments through the multi-state co-agent societies act, 2002 or the state co-agent societies act of the state concerned.

GROWTH OF URBAN CO-OPERATIVE BANKING SECTOR

Urban Co-agent Banks (UCBs) are at the base dimension in the 3-Tier structure of co-agents in India and thus they are alluded to as Primary (Urban) Co-agent Banks. The center and zenith levels in the co-agent structure are the District Central Co-agent Banks (DCCBs) and the State Co-agent Banks (SCBs) separately. In perspective of this various leveled structure, the DCCBs and StCBs go about as higher financing offices for UCBs. As the names demonstrate, the DCCBs and SCBs are limited to the Districts and States with the end goal of their managing an account activities (region of operation). This has confined the topographical development past District for DCCBs and past State for StCBs.

Then again, the base dimension banks, i.e. UCBs, have no limitations on topographical development. As on March 31, 2013, there were upwards of 42 multi-State UCBs and this number is expanding each year. The land development clearly expands the volume of keeping money business of UCBs. Accordingly a couple of the UCBs have become greater than a portion of the Scheduled Commercial Banks.

The reason for worry in UCBs generally identifies with non-proficient administration. This thus results in generally powerless inside control and hazard the executives frameworks in the UCBs. In this manner, the frequency of disappointment of banks in India has been the most astounding in urban keeping money part versus other managing an account areas.

Keeping this worry in view, the Reserve Bank has been assessing the execution of UCBs every now and then through departmental audits, inner working gatherings and boards of trustees comprising of outer specialists. The last such board of trustees was comprised under the

chairmanship of Shri K. Madhava Rao (IAS) in 1999 to audit the execution of Urban Co-agent Banks and recommend vital measures to reinforce them.

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