



Challenges Before Urban Co-Operative Banks of Maharashtra

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Abstract:- Almost 30% population of India lives in urban areas. The financial needs of the Population living in urban areas is huge. The standard of living of people in urban areas is much improved as compared to rural areas. To maintain this standard of living, a lot of infrastructure is needed. For that, a large amount of Financial instruments and capital are needed. Many financial institutions are needed to meet these financial needs. Urban Co- operative Banks are meeting the financial needs of the citizens and entrepreneurs of this type of urban areas in India. 46% of Maharashtra's population lives in urban areas. Urban Co-operative Banks are working to provide financial services to this population. There are 485 urban cooperative banks in total in 534 cities in Maharashtra.

When reviewing the urban cooperative banks in Maharashtra, the role of these urban Cooperative banks are very important. But urban cooperative banks are facing many problems. They are facing competition from many public banks and Private Banks in the city. Many banks are facing losses. It is very necessary to remove these problems of urban cooperative banks.

Keywords–Urban cooperative Banks, RBI, Challenges

Introduction:-

Co-operative sector is of unique general importance in India because along with public industry, cooperative and private industries started in India. Similarly, along with public banks, private and cooperative banks were also started. Co-operative Banks in India Most Co-operative Banks in India are found mainly in the states of Maharashtra, Karnataka and Gujarat. Considering the overall economy of India, co-operative banks have influence in rural and semi-



urban are as well as in urban and semi-urban areas. The cooperative movement in India was originally started for the development of rural areas, cooperative banks have played a very important role in the development of rural areas.

Considering the Bank Sector in Maharashtra private bank Regional Rural Bank, Small Scale Banks and Co-operative Banks are included.

Following are the categories of Sarkari Bank 1) Urban Cooperative Banks 2) Rural Cooperative Banks 3) District Central Banks.

There are two main types of co-operative banks in India as per RBI rules, first type is scheduled co-operative bankers and second type is non-scheduled Co-operative banks. The role of urban cooperative banks in the development to economy is unique. . Urban Co-operative Banks provide access to financial services to poor, middle class population living in cities. The Urban Co-operative Bank helps the people of the city to meet their wide financial needs

Objectives :-

- 1.To study the present status of urban cooperative banks in Maharashtra.
- 2.To examine the profit and loss position of urban co-operative banks in Maharashtra.
- 3.To know the challenges faced by urban co-operative banks in Maharashtra.

Research Methodology:-

As the research is analytical in nature secondary data sources have been used for this study. Statistics and information for this study have been collected through RBI Reports published articles, Journals current addresses, reference books.

Review of Literature:-

1)IndianEconomyDatta&Sundharam

IndianEconomy –RameshSingh (Marathi)-

2023thishasgiveninformationaboutIndianBankBusinessandCo-operativeBanks.

2)Changing face of the Banking Industry (2016) – Smt. In the research address of TejalKorde,theresearcherhaspresentedthefollowingproblemstotheIndiancooperativebusin ess.



3)Co-operativeBankingYesterday&Today(2016)AdityaPandharipande–Researchersinthishave presentedthe pastandpresentsituationofcooperativebanking businesses.

4)ChallengesBeforeUrban co-cooperativeBanksinIndia– DrVirenderKoundalStudyconcludepresentstatusofUrbanco-operativeBanks&ChallengesfacebyUrbanCo-operativeBanks.

5)The Maharashtra Co-operative Quarterly – 2010, BankingSector: Inclusion growth of India, R.J. SabaleElectronic copy available at: <https://ssrn.com/abstract=3860828>It is disheartening to note that nearly half of the rural households even today donot have any access to any source of funds, institutional or otherwise. Hardly onefourth of the rural households are associated with banks. Hence the major task

before banks is to bring most of those Indian banks and financial market playersto actively look at promoting such programs counseling small borrowers.

6) Future of Co-operative Credit Structure in the ChangingBanking Environment – 2016, Dr. M. L. SukhdeveWith the adoption of technology in banking operations in the banking industry.Customers expect similar facilities from the co-operative banks. In such asit situation, the Maharashtra State Co-operative Bank can play a lead role increating a common platform for technology operations and services to all itsconstituents. (Sukhdeve, 2016)

7). Maharashtra SCB growth plan rides on new schemes &technologies – MSCB website newsThe bank plans to revamp the core banking system and allied applications:Maharashtra State Cooperative Bank has rolled out an RFP for replacing itsexisting CBS and allied applications including AML, ALM, Treasury and HRMS.The proposed CBS would be an integrated application providing a holistic dashboard in a single plane. The bank Is also planning to establish 1 more ATMcentre at the Jalgaon branch soon. In future, the bank proposes to provideuniversal bill payment services to its customers and constituents through BharatBill Payment System (BBP

Data Analysis and Interpretation:-

	UCB of India	UCB Maharashtra
Scheduled Bank	52	41
Non Scheduled Bank	1510	446
Total	1562	485

The above table shows the number of urban co-operative banks in Maharashtra. There are 485 urban co-operative banks in Maharashtra out of which 52 are scheduled banks while 1510 banks are non-scheduled banks. The same table shows the number of urban co-operative banks in Maharashtra. There are total 485 urban cooperative banks in Maharashtra. Out of which 39 are scheduled banks. 446 banks are non-scheduled banks. One thing is clear from this table that 31% of the total urban co-operative banks in India are located in Maharashtra while 80% of the scheduled banks are. Urban co-operative banks are located in Maharashtra.

Status of Urban Co-Operative Bank in Maharashtra

	Year 2016	Year 2017
Urban Co-Operative Bank in Maharashtra	508	485
Member Number	7622000	9742000
Debtor Member	3114000	3146000
Societies in profit	442	417
Societies' in Loss	45	49

The above table shows the comparison between the year 2016 and the year 2017 in terms of urban cooperative banks in Maharashtra. In the year 2016, the number of urban cooperative banks was 508. In the year 2017, the number of urban cooperative banks was 485. In one year, 23 urban cooperative banks have been closed. However, in terms of the number of members, there has been an increase in the year 2017 compared to the year 2016. At the same time, there has been an increase in the number of borrower members of these banks. As shown in the above table the number of urban cooperative banks in profit in the year 2016 it was 442. But in the year 2017, they were reduced to 417. The number of banks that have

decreased is 25. In the year 2016, the number of loss-making institutions was 45 and in the year 2017, this number increased to 49. It is very worrying that the rate of losses of these urban cooperative banks is increasing.

Challenges of Urban Co-operative Banks

1) Challenges in terms of competitiveness

a) Increasing competition: - Urban co-operative banks are facing ever-increasing competition. Urban Co-operative banks are facing a large number of public banks and private banks with their growing branches.

b) Lack of pure competition: - Competition in any type of business should be pure and free but banking business is witnessing very cut throat competition. Other competing banks are willing to go to any lengths to achieve their goals. They are ready to do anything for it. But urban co-operative banks are limited because they are co-operative banks.

2) Area Challenges :-

a) Limited Area :- Urban Co-operative Banks are established only in limited areas. So their scope is very limited. So their business is limited.

b) Regional differences :- Just as 50 out of 54 urban co-operative banks in India are mainly established in five states, similarly most of the urban co-operative banks in Maharashtra are established in Mumbai thane region of konkan, Nagpur region of vidarbha and western Maharashtra.

3) Double Control :-

a) **RBI:** - Urban co-operative banks on the one hand have to deal as per RBI norms which means RBI has control over them

b) Control by Co-operative Commissioner: - UCB being a government body, it is controlled by the Co-operative Commissioner.

4) **Rising expectations of Customer:** - Now days, there is a huge speed in every financial sector and customers want every service immediately. Customer service expectations are increasing every time. Customer wants everything accurate and immediate. In case of Urban Co-operative Banks these customer expectations are increasing but to meet

the expectations of Urban Co-operative Banks are falling mainly in terms of bank service expectations and administrative service expectations.

5) Problem of Deposits: - Depositors who keep deposits in urban cooperative banks are small and short-term depositors. Due to this, these banks do not have a large opportunity to supply credit

6) Loan recovery problem:- Often there are customers of urban cooperative banks .Borrowers belong to low income or middle income group. Therefore, there is a possibility of defaulting on their loans.

7) Problems at managerial level:

a)Lack of professional management :- Urban co-operatives are small in size and cannot afford to hire highly skilled management,

b)Lack of decision-making capacity – Today we see huge competition in the banking sector, in any case it is necessary to take a decision immediately due to the lack of professional management in the urban cooperative society, such decisions are taken in the banks are not . along with these important problems faced by urban cooperative banks. There are also the traditional issues of corruption, low market share, credibility and politics. Along with these traditional problems, technology has also gained unique general importance in every field recently. In case of urban co-operative banks, there seems to be a huge lack of technology.

Conclusion and Suggestions:-

Urban co-operative banks should use proper management practices. Skilled workers should be appointed should be an affordable. Also, updated technology should be adopted. Politics should be used for the progress of the organization without turning in into a political arena, although there are some problems in front of the urban cooperative banks, the urban cooperative banks in Maharashtra are developing as compared to other states. However, Urban co-operative banks should recognize the steps of the times and make necessary changes.



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