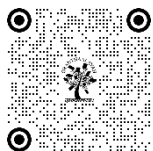


A STUDY OF THE PROGRESS OF MAHARASHTRA STATE CO-OPERATIVE BANK

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ABSTRACT

State Co-operative banks functions as the apex bank of all the co- operative banks in the state. Being the bank of all District Central Co-operative banks. State Co-operative Bank accepts deposits from its members among District central co-operative banks, individual members as well as co-operative societies. The bank also accepts deposits from Zilla Parishad, educational institutions, municipal council, etc. The State co-operative banks accept deposits on a large scale and fulfil the requirement of working capital of District Central co-operative banks.

1. INTRODUCTION

State Co-operative banks functions as the apex bank of all the co- operative banks in the state. Being the bank of all District Central Co-operative banks. State Co-operative Bank accepts deposits from its members among District central co-operative banks, individual members as well as co-operative societies. The bank also accepts deposits from Zilla Parishad, educational institutions, municipal council, etc. The State co-operative banks accept deposits on a large scale and fulfil the requirement of working capital of District Central co-operative banks.

The top most co-operative bank of the State which brings about overall and well- balanced development on the agricultural front by extending credit to farmers on the basis of cooperation is known as State co-operative bank. Its primary objective is to facilitate well-balanced development of the States co-operative movement. The bank which acts as the important link between States co- operative movement, Reserve Bank and NABARD is known as State Cooperative Bank. The top most institution of the State which provides credit to State co- operative societies is known as State Co-operative Bank.

Maharashtra State Co- operative Bank is the apex bank in Maharashtra state. In this three-tier structure, State Co-operative Bank works at the top most level and hence it is known as the Apex Bank. In 1914 the Maclagan committee had recommended the need for the establishment of a state co-operative bank. State Co-operative Banks were established to

fulfil the loan requirements of primary credit co-operative societies through central co-operative banks and to supervise, control and coordinate their work. State co-operative bank is the union of all District central co-operative Banks in the state. The State co-operative bank was established on 11th October, 1911 at Mumbai province. For every state there is one apex bank. The head office of Maharashtra State co-operative bank is at Mumbai. State co-operative banks provide loans indirectly to the farmers through District central Co-operative Bank and Primary credit co-operatives.

2. MEANING AND DEFINITION

Cooperative banks work on the principle of cooperation and are owned and operated by their members. In order to support the financial needs of a community, such as a village or a specific community, people come together to pool resources and provide banking services such as loans, savings accounts etc.

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Meaning:

The top most co-operative bank of the State which brings about overall and well- balanced development on the agricultural front by extending credit to farmers on the basis of cooperation is known as State co-operative bank. Its primary objective is to facilitate well-balanced development of the States co-operative

movement. The bank which acts as the important link between States co- operative movement, Reserve Bank and NABARD is known as State Cooperative Bank. The top most institution of the State which provides credit to State co-operative societies is known as State Co-operative Bank.

Definition:

"State Co-operative Bank is known as the apex bank of the State which provides credit supply for developing the State co-operative movement. The top institution which is entrusted with the task of collection of capital and allocating the funds to different sectors as per requirement so as to eradicate backwardness, promote development and bring about well- balanced development in the co-operative sector of the entire State is known as State Cooperative Bank". – **Shri J. P. Niyogi**

"Apex Bank refers to that institution whose range of operations is spread over the entire State of Maharashtra and its main objective is to protect the main objectives of those institutions who are its members, take care of their amenities and provide them the required services. This institution is also categorized by the Registrar". **Maharashtra Co-operative Societies Act, 1960.**

3. FUNCTIONS OF STATE CO-OPERATIVE BANK:

ACCEPTANCE OF DEPOSITS:

State Co-operative Bank accepts deposits from its members among District central co-operative banks, individual members as well as co-operative societies. The bank also accepts deposits from Zilla Parishad, educational institutions, municipal council, etc. The State co-operative banks accept deposits on a large scale and fulfil the requirement of working capital of District Central co-operative banks.

GRANTING LOANS TO CO-OPERATIVE SOCIETIES:

The State co-operative banks are required to provide loans on a large scale to District Central co-operative banks and other co-operative societies in the state. State co-operative banks also provide loans to processing co-operatives, marketing co-operatives, housing co-operatives, industrial co-operatives, etc. The loans are also provided indirectly to the farmers through primary co-operative credit societies.

SUPERVISION ON USE OF LOANS:

The state co-operative bank keeps supervision on use of loans provided to the district central co-operative bank, processing co-operative societies and Cooperative industrial societies in the state. After providing loans to co-operative institutions, to avoid misuse of loans and to have a control on the problem of heavy overdues, the State Cooperative Bank gives instructions to them. And if the need arises, then the apex bank undertakes inspection of the member co- operative societies through experts.

CO-ORDINATES THE WORKING OF COOPERATIVE INSTITUTIONS:

In the State, there are various types of cooperative institutions like Credit co-operative societies, co-operative banks, consumers co-operative societies, etc. For the development of co-operative movement, there should be coordination among these societies. State co-operative banks have to prepare guiding principles for co-operative institutions and to see that it is observed by them. Also, it has to prepare a policy framework for co-operative institutions and has to ensure that it is followed by them.

CONNECT THE CO-OPERATIVE SECTOR WITH THE MONEY MARKET:

Primary credit co-operative societies are working in villages and hence they don't come in contact with the money market. State cooperative banks invest the reserve and surplus funds of District central co-operative banks and other primary credit societies in the money market. The institutions involved in various types of short term and mid-term financial transactions are collectively known as the Money market. The co-operative sector and money market come in contact with each other only through State Cooperative Banks. State Co-operative Bank buys debentures and invests in government schemes. During the times of scarcity of funds, it procures short term loans from the money market and distributes the

same to District Central co-operative banks. The State Co-operative bank encashes bills generated through agricultural transactions in the money market. The State cooperative bank establishes contact with credit co-operative society with the money market.

PROVIDING BANKING SERVICES:

Co-operative banks are spread all over the state. The State cooperative banks through its network of branches provides various types of banking services to its customers and co-operative societies. The services include clearing the cheque and bills of exchange of co-operative banks, transfer of funds from one branch to the other branch, drawing drafts etc. The State co-operative bank also provides services such as ATM, Net banking, Tele banking, RTGS and NEFT.

PROVIDING LOANS TO RURAL INDUSTRIES:

The State co-operative banks undertake the task of providing loans for industrialization in rural areas. The development of agriculture leads to rural development. State co-operative banks provide loans to co-operative sugar factories, cooperative spinning mills, agricultural produce processing units, handloom industries and such other co-operative industries. With the objective of bringing about co-operative development of cottage industries and small-scale industries in rural areas, State co-operative banks play a major role by buying their share capital to assist them to operate in the initial stages. State cooperative banks perform the task of maintaining balance in the overall development of rural areas.

MAINTAINING BALANCE IN CREDIT SUPPLY:

The financial position of all District Central Cooperative Banks in the State is not the same. The amount of share capital and deposits also differ. In certain District Central Co-operative Banks, the demand for loans is low as compared to their share capital and deposits. Whereas in other District Central Co-operative Banks, the demand for loans is higher for agriculture especially during the harvesting season. The funds of those District Central Co-operative Banks who are in surplus are diverted to those District Central Co-operative Banks which are in deficit of funds. Similarly, State co-operative banks also divert the flow of funds to those industries where the demand is higher so as to maintain balance in supply of loans.

EXPANSION OF BRANCHES:

The head office of Maharashtra State Co-operative Bank is in Mumbai. The Regional offices and branches of the bank have been opened in various parts of the State. Banking services are being provided through these branches of the bank. The bank performs the function of distribution and recovery of the loans.

PROVIDES LEADERSHIP FOR CO-OPERATIVE MOVEMENT:

Reserve Bank of India functions as the bank of Government of India similarly State Co-operative Bank functions as the bank of the State Government. The implementation of financial policy of the Government, provides suitable directions for the development of the co-operative sector in the State and provides suggestions to the State Government for preparing policies relating to development of the State.

CO-OPERATIVE MOVEMENT IN INDIA

Co-operation occupies an important place in the Indian economy. Perhaps in no other country in the world is the co-operative movement so large and diverse as it is in India. The main areas of operation of co-operatives in India are Agricultural Credit, Supplies, Marketing and Processing, Functional Cooperatives in the fields like dairy, poultry, fisheries, fruits, vegetables, Public Distribution of essential commodities, Urban credit co-operatives and Housing co-operatives.

Co-operative movement in India is the result of a deliberate policy of the state and formation of proper governing infrastructure. The Co-operative movement today is committed to securing improvement in the quality of life of a vast majority of people.

CO-OPERATIVE MOVEMENT IN MAHARASHTRA

Maharashtra is one of the major states of India. It is also the most urbanized and industrialized state. The Co-operative Movement has a long and golden history in Maharashtra; even today it plays an important role in the economy and social life of Maharashtra. After the Co-operative Societies Act 1912, the movement passed through a new phase of re-organization like formation of co-operative financing agencies, formulation of co-operative educational schemes and organization of non-credit societies. There was overall progress during the period after Independence.

The movement spread out especially in the rural area where sugarcane was grown. The agriculturist pursued this concept of self-help and made the best use of the credit facilities given to him for increasing their production. Examples like PravaraNagar Sugar Co-operative Society inspired many to organize cooperatives in the sugar sector with long term goals in mind. The co-operatives have helped the rural and urban economy tremendously. They have been able to bring peaceful socio-economic changes and have helped institutionalize the economy to a considerable extent.

4. RESEARCH METHODOLOGY

The present study is based on the secondary data. To fulfil the objectives of the study and to test the hypothesis the researcher has collected the quantitative data from the last 5 years Annual Report of Maharashtra State Co-operative Bank. And the other necessary data has been collected from various articles, research papers, published journals and RBI Bulletin. It is mainly based on relevant literature available on the subject. More weightage is given to the concept and implementation of Subject- Maharashtra State Co-operative Bank, their problems, expectations and remedies available. For this purpose, publications and press notes were collected from the Reserve Bank of India's website.

5. SAMPLE DESIGN

In order to examine the progress of Maharashtra State Co-operative Bank, Annual reports of the bank will be studied.

6. HYPOTHESIS OF THE STUDY

- 1) Maharashtra State Co-operative shows growth during the study period.
- 2) Maharashtra Co-operative Society Act 1960 provides order and laws for development of Maharashtra State Co-operative Banks.
- 3) Maharashtra State Co-operative Bank faces a number of problems.

7. LIMITATIONS OF THE STUDY

- 1) The study is limited to the Co-operative Banking Sector, mainly- Maharashtra State Co-operative Bank.
- 2) The study is limited to tenure of 5 years, study period from 2016- 2020.
- 3) The study is limited to the progress, performance and problems of MSCB.
- 4) This study focuses on the progress of MSCB on the bases of selected parameters.

8. CONCLUSION

Ever since the co-operative movement was launched, it has been felt that there should be a strong bank at the state level to co-ordinate the activities of PACSs and DCCBs in the state. The idea of organizing a state level apex bank is based on the premise that just as the PACSs at the bottom level, which need DCCBs to finance and coordinate them and financing agencies at the scattered DCCBs also need a coordinating agency at the higher level.

The chief functions of SCB are as follows (i) to act as balancing centre for the resources of co-operatives in the state (ii) to co-ordinate the co-operative policy at the state level (iii) to form a connecting link between the money market and the RBI / NABARD and (iv) to act as financier and guide to DCCBs. The SCBs mobilize their funds through share capital, reserves, deposits and borrowings.

CONFLICT OF INTERESTS

None.

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