



REVIEW OF RESEARCH

ISSN: 2249-894X

IMPACT FACTOR : 5.2331(UIF)

VOLUME - 7 | ISSUE - 6 | MARCH - 2018



DEVELOPMENT OF BANKING SECTOR IN KOLHAPUR DISTRICT.

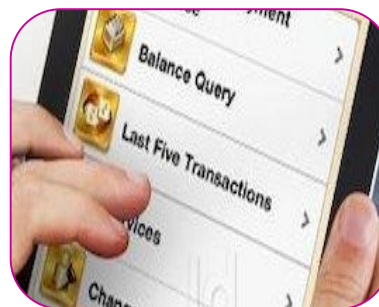
Ms. Reena Ranjit Ranade

Assistant Professor ,

KIT'S Institute of Management Education & Research, Kolhapur.

ABSTRACT

Banking sector is a lifeline of an economy. Banking contributes to economic development of the society. Banking sector has been now widely spread in the country. Today branches of banks have been widely reached to all corners of the country. The present paper focuses on the development of banking sector in Kolhapur district. Development of banking is studied in terms of increase in bank branches, total deposits, total advances, advances to agricultural sector, and weaker sector advances. The district shows overall development which reflects financial health of the society.



KEYWORDS : *banking, deposits, advances, economic development.*

1. INTRODUCTION:

Banking is an industry that handles cash, credit and other financial transactions. *Banks* provide a safe place to store extra cash and credit. Banking plays a significant role in Indian Economy. Indian banking system not only reached the metropolitans but also have reached even remote corners of the country. The banks help in mobilizing savings through network of branch banking. The ultimate savings of people result in capital formation which is basis of economic development. The banks also finance the industrial sector. Banking In India originated in the last decade of the 18th century. The largest and oldest bank in India is State Bank Of India and originated as Bank of Calcutta in June 1806. The Indian Banking sector is classified into scheduled and non-scheduled banks. The scheduled banks are classified into nationalized banks, state bank of India and its associates, Regional Rural banks, foreign banks and other private sector banks.

2. OBJECTIVES:

The objectives of this research paper are as follows:

- To study history of banking in Kolhapur district.
- To study the growth of banking in terms of deposits and advances.
- To study the credit offered by banks to different sectors.

3. RESEARCH METHODOLOGY:

The present study is descriptive in nature. The data used for the study is secondary in nature and has been collected from various reputed journals, Reports on banking in Kolhapur district, and websites. The study period have been considered for past five years from March 2012 to March 2016.

4. HISTORY OF BANKING IN KOLHAPUR DISTRICT:

The princely state of Kolhapur was introduced to modern banking at the turn of the 20th Century, with the establishment of the State Bank of Kolhapur to look after the State's treasury interests. The co-operative Bhishis prevalent in the state then, to an extent, meet the general public's needs of arising small loan and safeguarding savings. The Bhishi's primary aim is to encourage the habit of saving among people, at the same time, these provides ready cash in times of need against the security of present and future savings. It did not have any written rules and regulations but functioned under the supervision of the trustees nominated from among the members themselves. The Indian Co-operative Societies Act of 1912, after some modifications in it, was promulgated in the Princely State of Kolhapur also. In 1913, Bhaskarrao Jadhve, Kolhapur Town's one-time municipal administrator, goaded on by Shri Shahu Maharaj, took the initiative in setting up 'The Kolhapur Urban Co-operative Bank Limited' by registering it as a Co-operative Credit Society under the newly promulgated Act. The presence of an already developed Bhishi system accelerated the evaluation of Co-operative Credit Societies and Cooperative Banks in the State. Meanwhile, informal large Bhishis changed into registered Co-operative Credit Societies and a few large credit societies changed into Co-operative Banks. Later on, the State itself promoted the establishment of the Kolhapur Bank Limited, as a joint-stock bank, for meeting the growing commercial banking needs of the trading community. The bank, however, went into liquidation soon after the States merge into the Union of India, as more and more Commercial Banks entered its protected turf. Kolhapur district thus has an almost century-old history of multi-faceted, dynamic and future oriented banking.

5. BANKING ACTIVITIES IN KOLHAPUR DISTRICT:

Kolhapur district is one of the 36 districts in Maharashtra. Kolhapur district is the southernmost district of Maharashtra. The district is under Lead Bank Stewardship of Bank of India, a prominent Nationalized Bank in the country. There are 23 Nationalized Banks and 8 public sector /Private Scheduled Banks with 289 Branches of which 182 branches have been allotted specific service Area covering 1145 villages. The Kolhapur Jilha Madhyavati Sahakari Bank Ltd. Occupying major share of rural finance in cooperative sector. They have 191 branch network in the district. Maharashtra State Cooperative. The financial position of the District branch of MSCARDB has continued to remain critical owing to the poor recovery performance. Beside there are 60 Urban Coop Banks and 2161 cooperative societies (patsanstha) contributes to the development of district. In addition to above new generation Banks viz, HDFC, ICICI, Axis, Federal Bank, City Union Bank, Karur Vaishya Bank, Bandhan Bank, Yes Bank, have also opened their branches at Kolhapur.

6. DATA ANALYSIS:

In Kolhapur district growth has been recorded in the banking sector. In Kolhapur district banking business is widely spread. There is increase in number of branches by all banks, growth in deposits, advances, priority sector lending, agricultural advances, advances to weaker sector have also been recorded for past five years.

6.1 Growth of Bank Branches:

Banks have opened number of branches in the Kolhapur district as the banking business is growing in this region.

Table 1
Growth of Bank Branches

Sr.No.	Year	Number of Branches
1	2012	495
2	2013	510
3	2014	566
4	2015	566
5	2016	599

(Source: Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 1 shows that from the year 2012 to 2016 there is significant growth in the number of branches in Kolhapur district.

6.2 Growth in deposits:

Banks in Kolhapur district recorded growth in total deposits .

Table 2
Growth in deposits

Sr.No.	Year (Position as on)	Total Deposits (Rs.in Crores)
1	31/03/2012	10937.15
2	31/03/2013	11362.28
3	31/03/2014	15099.61
4	31/03/2015	17193.82
5	31/03/2016	19390.96

(Source:Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 2 shows that from the year 2012 to 2016 there is growth in terms of deposits by the banks. Total deposits have been increased from 10937.15 crores to 19390.96 crores for the past five years.

6.3 Growth in Advances:

A loan and *advance* is a financial facility provided by the *banks* and financial institutions to help their customers in financial need.

Table 3
Growth in advances

Sr.No.	Year (Position as on)	Total Advances (Rs.in Crores)
1	31/03/2012	9071.69
2	31/03/2013	9491.36
3	31/03/2014	11849.15
4	31/03/2015	12875.85
5	31/03/2016	15768.60

(Source: Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 3 shows that there is significant growth in total advances from the year 2012 to 2016. Advances have been increased from 9071.69 crores to 15768.60 .Advances provided by the banks contribute to economic development of the district.

6.4 Credit Deposit ratio

Credit-Deposit ratio, popularly known as CD ratio is the ratio of how much a bank leads out of the deposits it has mobilized.CD ratio helps in assessing a bank's liquidity and indicates its health.

Table 4
Credit Deposit Ratio

Sr.No.	Year (Position as on)	Credit ratio	Deposit
1	31/03/2012	83%	
2	31/03/2013	84%	
3	31/03/2014	78%	
4	31/03/2015	75%	

5	31/03/2016	81%
---	------------	-----

(Source: Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 4 shows that CD ratio varies from 83% to 81% from the year 2012 to 2016. 81% CD ratio for the year implies that for every Rs.100 of deposits banks are lending as much as Rs.81. CD ratio over past five years reveals that there is higher lending by banks with respect to deposits.

6.5 Priority Sector Lending:

Priority Sector Lending is an arrangement for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections.

Table 5
Priority Sector Lending

Sr.No.	Year (Position as on)	Priority Sector Advances (Rs.in Crores)
1	31/03/2012	5837.30
2	31/03/2013	5488.84
3	31/03/2014	4218.98
4	31/03/2015	5181.01
5	31/03/2016	5124.64

(Source: Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 5 shows that lending to priority sector has been decreased from year 2012 to 2016 but in the year 2016 it is 5124.64 crores, The increase in lending by banks shows that banks have been made provisions for priority sector.

6.6 Agricultural Advances

Agriculture Sector of Indian Economy is one of the most significant part of Indian economy. Agricultural advances have been given particularly for the development of agriculture sector.

Table 6
Agricultural Advances

Sr.No.	Year (Position as on)	Agricultural Advances (Rs.in Crores)
1	31/03/2012	3016.35
2	31/03/2013	2137.79
3	31/03/2014	2618.11
4	31/03/2015	2888.80
5	31/03/2016	2934.30

(Source: Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 6 shows that agricultural advances have been decreased from 3016.35 crores to 2618.11 crores from the year 2012 to 2014. In the year 2016 again advances to agriculture sector increased to 2934.30 crores. Agriculture advances improves this sector of the economy significantly.

6.7 Advances to weaker sector

The weaker section of society are the socially backward communities or the people belonging to economically low income group. The advances made to artisans, village and cottage industries where individual credit limit does not exceed Rs.1 Lakh is classified to weaker section category. Loans to Self help group, loans to people with disabilities are covered under advances to weaker sector.

Table 7
Advances to Weaker Sector

Sr.No.	Year (Position as on)	Advances to weaker sector (Rs.in Crores)
1	31/03/2012	613.85
2	31/03/2013	761.37
3	31/03/2014	464.80
4	31/03/2015	718.10
5	31/03/2016	967.31

(Source: Annual Credit plan 2013-14 to 2017-18 Kolhapur District)

Table 7 shows that advances to weaker sector have been increased from Rs.613.85 crores to 967.31 crores which shows increase in advances to weaker sector for their development.

7. FINDINGS:

There is development of banking sector in Kolhapur district which is found to be as follows:

1. There is 21% increase in bank branches from year 2012 to 2016 in Kolhapur district.
2. There is 77.29% increase in terms of deposits from year 2012 to 2016 in Kolhapur district.
3. There is 73.82% increase in terms of advances from year 2012 to 2016 in Kolhapur district.
4. CD ratio in the year 2016 is 81%. CD ratio over past five years reveals that there is higher lending by banks with respect to deposits.
5. Priority Sector lending in the year 2016 is 5124.64 crores, The increase in lending by banks shows that banks have been made provisions for priority sector.
6. Agricultural advances in the district have been increased by 1.6% in the year 2016 as compared in the year 2015.
7. Advances to weaker sector have been increased to 34.71% in the year 2016 as compared in the year 2015.

8. CONCLUSION:

The development of banking is widely spread over the last five years. There is significant growth in bank branches as banking business is widely spread in different parts of the district. Branches of all banks have been reached to all parts of the district. The growth in total deposits of the district is remarkable as it reflects economic development in the district. Advances to priority sector, agriculture sector, weaker sectors in the district also promotes these sectors in the region which contributes overall development of the banking and economy in the Kolhapur district.

REFERENCES:

1. Patil Bahubali Nemagoude(2006) "Human Resource development practices in the cooperative banks in Kolhapur district. A study in social work. Ph.D Thesis Shivaji University, Kolhapur, Published.
2. Annual Credit Plan: 2013-2014 Under service Area Approach Kolhapur District.
3. Annual Credit Plan: 2014-2015 Under service Area Approach Kolhapur District.
4. Annual Credit Plan: 2015-2016 Under service Area Approach Kolhapur District.
5. Annual Credit Plan : 2016-2017 Under service Area Approach Kolhapur District
6. Annual Credit Plan : 2017-2018 Under service Area Approach Kolhapur District
7. www. the balance.com
8. www.quora.com
9. www.wikipedia.org
10. www.shodhganga.inflibnet.ac.in
11. www.gktoday.in