“A STUDY OF PERFORMANCE EVALUATION OF VITA MERCHANT CO-OPERATIVE BANK WITH SPECIAL REFERENCE TO SANGLI DISTRICT”

INTRODUCTION:

“Money makes the make go” is an old saying which is relevant even today. Money and credit provide the pivot around which all the economic activities cluster. Banks are institutions that accept the various types of deposits and use those funds for granting loans. By pooling the saving of widely scattered, economically surplus units. Banks from a vast pool of social capital formation and capital accumulation however, banks are not merely the store house of country’s wealth but they are reservoirs of resources necessary for economic development but we building of infrastructure, setting up of basic and key industries, modernization of agriculture sector, boosting domestic and international trend and so on. By discharging this function efficiently and effectively, a commercial and co-operative bank’s increases the productivity capacity of the national and there it plays a pivotal role in accelerating the pace of economic development.

History of Bank:

Banking in its simplest form is an old as authenticated history. In India, reference about banking habits and regulation exits in our scriptures and ancient texts. During the Vedic time (2000-1400 BC); money lending and ‘Rhuna’ or debit are repeatedly mentioned in the vedic literature. During the smriti period and epic age, Manu the great justice of that time spoke of Vaishs earning money through interest. He observed that “a sensible man should deposit his money with person of good family, good conduct will acquainted with the law, veracious, having money, many relatives, Wealthy and honourable.” He also takes about regulations governing credits, interest on loan to bankers, usurers, renewal of commercial papers etc. Chanakya’s Arthshastra (about 300 B.C.) is full of
factor to show that there were powerful guilds of merchant bankers in existence who received deposits, advanced loans, and carried on the other banking functions.³

A system of banks had also been devised as early as 2000 B.C. by the Babylonians. In ancient Greece and Rome, the practice of granting credit was widely prevalent. The bank of Venice, which was established in 1157, and is considered to be the most ancient bank. In Florence, ‘Monte’ was established in 1336 and a public bank was set up in 1401 in Barcelona for fulfilling the needs of merchants. The Bank of Amsterdam was set up in 1609 and most European banks at that time formed on this model.⁴ A part of modern banking begins with the goldsmiths of London in the 17th century; at that time money was held in the form of gold and silver coin. As the goldsmiths had excellent strong rooms, people started keeping in return for a fee the goldsmith used to issue receipts for the same which began to be transferred from one trade to another for settlement of debt. In this manner the trader avoided the hassle of withdrawing their coins from the goldsmith to make the payment to their creditor. The creditor in turn were saved from the necessity of having to deposit the same with the goldsmith for safe keeping.⁵

**History of Vita Merchant Co-operative Bank:**

In 1936 some merchants and lawyers in Vita city start banking business with the motive of providing financial support to merchants and ruler poor people. In primary stage bank has working only Vita city as well as rural area outside of Vita city. But after 1974 bank started branch expansion policy out of Vita city. Today the vita merchant co-operative bank working with 26 branches in Sangli, Satara, Kolhapur, and Mumbai districts. These branches are mostly working in rural area. In the financial year 2011-12 total turnover of the bank was 1,78,73,075.00 Rs. With the audit class “B” and members of the bank was 20,238.00.
Meaning of Banking:

The term, ‘Bank’ is derived from the word “Banco” which means Bench or Table. The European leaders and money lenders and money changers in the past used to exhibit on a bench or a table coins of different countries in big heaps for the purpose of different countries in big helps for the purpose of changing and lending money. A bank is regarded as an institution which attracts money on deposit for the purpose of being lend to industry or trade bankers is not merely a money trade. He lends what he has borrowed from others. Hence a banking institution is that which accepts money as deposits, repayable on demand through cheques and which earn a margin of profit by leading money.  

“Bank means which institution or company the accepting money for the purpose of leading investment from the public. This money repayable on the public demand through cheques, drafts, banking regulations act 1949.”

Types of Banks:-

The banking system is the heart of financial system. The banking system of India divided into following types:

1) Reserve Bank of India.
2) Commercial Banks.
3) Agriculture or Land development Bank.
4) Industrial Development Bank.
5) Currency Exchange Banks.
6) Co-Operative Banks.
7) Private Sector Banks etc.

Co-Operative Banks:-

Co-Operative banks are institutions formed on the principals of co-operation to extend the credit facilities to farmer, small scale industries concerns and to promote in general the habits of thrift and self-help among
the low income groups of the society Co-operative banks have today become the important agency of supplying rural finance and agriculture development. This Banking is small scale banking carried on a, ‘no profit no loss’, basis for mutual co-operation and help to Co-operative banks, originated with the enactments of the Co-operative Credit Society Act 1904. A new act passed in 1912, which provided for the establishment of the co-operative central bank by a union of primary credit societies. After 1991 number of reforms have taken place under which licensing of Urban Co-Operative Banks (UCBs) has been liberalized greatly, lending and depositing rates of all co-operative banks have been completely freed. A co-operative development funds has been set up by NABARD for improvement of managerial system.

Today co-operative banks play an important role of rural and urban development of the Indian Economy. They provide fund to agriculture sector for development of agriculture sector with low interest rate. The co-operative banks are part of Indian financial system.