INTRODUCTION:

Finance is the backbone of every economic activity. Among the Financing agencies, the co-operative banks occupy a key position. The co-operative banks which have made significant progress are useful not only for mobilizing urban saving for financing and helping people of small means in urban and semi-Urban areas, particularly small scale industrialists. The important role that co-operative bank have to play in financing the small scale and the cottage industries has been emphasized by many experts in the field from time to time. Despite the assistance to the industrialists, the small scale industrialists, even today; find it difficult to obtain adequate and timely finance. This has been a serious obstacle in the progress and smooth running of the small scale industries. The importance of the small scale industries in the progress of nation needs hardly to be stressed. The co-operative banks are considered most suitable agency to cater to financing as well as banking needs of them. Co-operative banks are relatively more self-reliant as to their resources; they are now in need of finance to lend to small scale industries as expected.

Agriculture Credit Societies were organised on a large scale in the British India after the enactment of the Co-operative Credit Societies Act 1904. This led to spread of co-operative movement across the country.

The Act provided organisation of only rural urban credit societies. There was no provision for organisation of non-credit societies, nor for federal bodies or the banks. Even primary societies faced difficulties in procuring funds for their activities.

Government of India re-examined the whole issue and enacted Co-operative Societies Act, 1912, which in turn provided for registration
of Federal Societies, Central banks and non-credit societies. In 1914 Government of India decided to take a review and stock of the progress of the movement so as to find out whether it is going in the desired direction as well as it ” deserves any further encouragements.

Government of India appointed Maclagan Committee in 1914 to address above mentioned issue. Maclagan Committee’s main recommendation was that since the Co-operative movement is moving in right direction as per Government policy, it deserves further encouragement by way of organising Central Banks at district level and provincial Banks for each province. In the year 1919, “Cooperation” become a transferred subject and came purview of provincial Governments. Bombay Government took lead and enacted “Bombay Co-operative Societies Act 1925”.

After independence and reorganisation of erstwhile Bombay State into Maharastra and Gujarat, Maharashatra Government enacted its own “Maharashtra Cooperative Societies ACT 1960”

Which is now applicable to all the Co-operative Societies in the state including Urban Co-operative Banks. To mitigate the problems faced from time to time this act was amended several times.

Banks are social organizations rendering financial services to present customers as well as prospective customers. A part from basic functions of accepting deposits and giving loans and advances, Banks provide a wide range of Services such as:

i. Safe deposit locker facility

ii. Remittance of funds – banks draft, mail transfers, telegraphic transfers.
iii. Carrying out standing instructions such payment of insurance premium, rent, taxes, electricity charges etc.

iv. Collection of dividend, interest, pension etc on behalf of customers.

v. Personal tax assistance for preparing income tax, sales tax and wealth tax return etc.

vi. Credit cards, debit cards, travellers cheques, Gift cheque etc.

vii. Consultancy services.
   a. Any time money through ATM machines.
   b. Any time anywhere, any branch transactions through core banking solutions.
   c. Internet banking, mobile banking, 24 hours banking etc.