

Financial performance of Urban Cooperative Bank (UCB) in Lakhimpur Kheri district of U.P.

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ABSTRACT

The objective of the present study is to analyse the financial performance of Urban Cooperative Bank (UCB) in Lakhimpur Kheri district of U.P. The results of the study show that though the bank has shown reasonable growth in terms of advances and deposits but it is felt by us that it could have done much better had it not followed an over cautious approach in lending policy and would have gone for required expansion.

KEY WORDS : Financial performance, Co-operative, Average working fund

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A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks provide their members with a wide range of banking and financial services." As far as an Urban Cooperative bank, a bank operating in urban areas on the basis of co-operative principles is known as Urban Co-operative Bank. Initially UCBs were organized as credit societies in India and later converted into Urban Banks. The term Urban Co-operative Banks (UCBs) refers to primary cooperative banks located in urban and semi-urban areas. Urban Cooperative Banks were set up with the objective of promoting sustainable banking practices amongst a relatively specific target clientele viz., the middle income strata of the urban population. They

were brought under the regulatory ambit of the Reserve Bank by extending certain provisions of the Banking Regulation Act, 1949, effective from March 1, 1966. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. The origins of the urban cooperative banking movement in India can be traced to the close of nineteenth century when, inspired by the success of the experiments related to the cooperative movement in Britain and the cooperative credit movement in Germany such societies were set up in India. Cooperative societies are based on the principles of cooperation, - mutual help, democratic decision making and open membership. Cooperatives represented a new and alternative approach to organization as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organization.

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Objectives of the Urban Co-operative Bank (UCB) :

The UCBs are considered as "Small people's Bank" and they are organized for promoting thrift and co-operation among the lower and middle strata of the society. The principal objectives of the UCBs include promotion of thrift and mutual cooperation, mobilize resources, provide credit to members at reasonable rates, collect bills, cheques, drafts, arrange for