

**Vivekanand College, Kolhapur**  
**(Autonomous)**  
Department of Economics

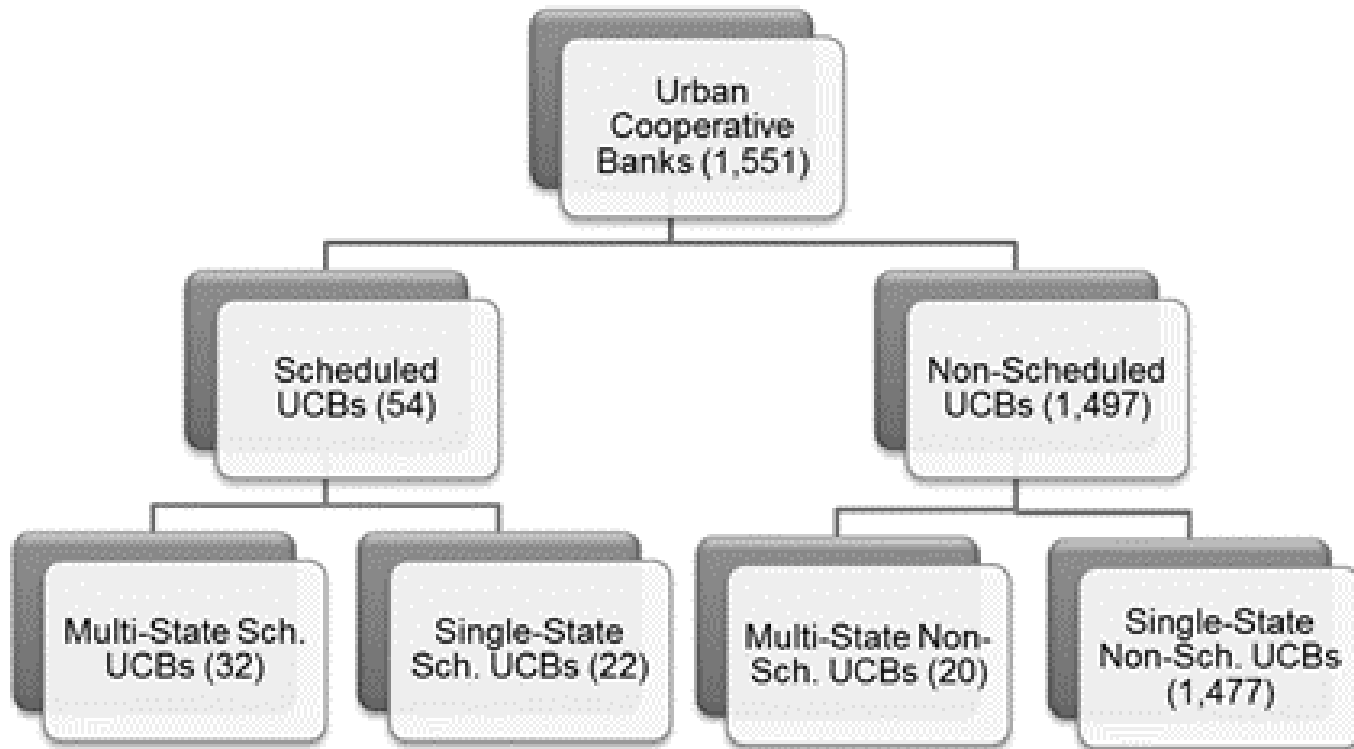
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Topic

Urban Cooperative Banks - Types, Problems



## Significance of UCBs:

- From its origins then to today, the thrust of UCBs, historically, has been to mobilise savings from the middle and low income urban groups and purvey credit to their members – many of which belonged to weaker sections.
- They constitute an important component of the non-agricultural credit cooperative structure.
- These banks generally cater to the banking needs of small traders, microenterprises, individuals, and others not adequately served by commercial banks.
- The sector also displays high degree of heterogeneity in terms of deposit/asset base, area of operation, and nature of business.

# Challenges faced by UCBs:

- Limited ability to mobilize resources.
- Low Level of recovery.
- High transaction cost.
- Administered rate of interest structure for a long time.
- Duality of control: They are regulated both by state governments and RBI.
- They are not able to formulate their respective policies for investment of their funds that include their surplus resources because of certain restrictions.
- NPA levels in UCBs are also disproportionately high.
- Rising competition, low capital base and scams have only added to the problem.



# Thank You