



“ROLE OF SOLAPUR DCC BANK FOR UPLIFTMENT OF AGRICULTURAL SECTOR THROUGH CROP LOAN”

Reshama Hanif Shaikh

Research Student , Mauli Mahavidyalay, Wadala.



ABSTRACT

Co-operative banks in India have covered a long way since the enactment of the Agriculture Credit Co-operative societies Act in 1904. The century old Co-operative banking structure is reviewed as an important instrument of banking access to the rural masses and thus a vehicle for democratization of the Indian financial system. In India there are two sources of providing Agricultural credit such as institutional and non- institutional. In institutional source DCCBs play an important role in providing Agricultural credit. DCC Bank is a cooperative banking network established in India to serve cooperatives and rural areas. DCC Banks are playing very crucial and significant role providing crop loan which needed by the framers and upliftment of agricultural sector through crop loan. The bank helps not only to increase the productivity it also helps to expand the economy of the country.

KEYWORDS: Agricultural Finance, SDCCB, Crop Loan, Crop Loan Recovery.

INTRODUCTION:

Finance is an essential element for every productive activity. Agriculture is no exception for that. Agricultural credit is needed for Productive activities as well as non productive purposes. In India there are two sources of providing Agricultural credit such as institutional and non- institutional. In institutional source DCCBs play an important role in providing Agricultural credit. DCC Bank is a cooperative banking network established in India to serve cooperatives and rural areas. It was established to provide banking to rural hinterland for agriculture sector with the branches primarily established at rural and semi-urban areas.

At present solapur district are having 1154 villages and 13 talukas. The Solapur District Central Co-operative Bank Ltd; Solapur came into exists on 1918 and started functions from the same date. The area of operation of the bank expands to the whole district. The Solapur DCC Bank play important role with a huge network of its 220 branches in the district. Indian farmers are very poor and they are need of agricultural credit short term, medium term and long term. DCC Banks are playing very crucial and significant role providing crop loan which needed by the framers.

OBJECTIVES

- 1) To study the Crop Loan provided by Solapur DCC Bank.
- 2) To study the role of solapur DCC bank in Agricultural sector.
- 3) To study the recovery of Crop Loan.

RESEARCH METHODOLOGY

This is done in the Solapur District Central Co-Operative Bank only. It cannot be generalized to other bank. The present study is a secondary data based study. The necessary secondary data has been collected from Annual reports of the Sollpur district central co-operative bank and Journals, Magazines, Books and

some Ph.D thesis related to the research study. The collected secondary data has been classified, tabulated in the light of objectives and processed by suitable statistical tools like percentage method and simple growth rate. The time Period of study is limited for 5 years from 2010-2010 to 2014-2015.

CONCEPT OF CROP LOAN

Crop loan is a short term credit and is generally gained from primary credit co-operative Society of a village or also from commercial bank. The period of crop loan is about one year except for sugarcane for which the period is 18 months. The criteria for granting crop loan, is Cost of cultivation. In cost of cultivation, direct paid-out costs are only considered they include items, like seeds, manures, fertilizers, pesticides, diesel/electricity, hired labour, etc. It is expected that all direct costs to be incurred by the farmer should be covered and accordingly he should get sufficient credit. Since crop loan is for one season and its recovery is made in one installment after the harvest of the crop. Crop loan is an annual requirement and farmer has to get fresh loan for new crop season every time. Therefore, he has to repay the earlier loan with interest within limited time. Since this loan is required every season and every year, the procedure of taking this loan is simple and convenient and it is made available by the District Central Co-operative Banks through the village Co-operative Credit Society. So the farmer gets his loan in the village itself.

The eligibility for crop loan an Individual farmer, registered partnership firms, companies, registered farming co-operative societies who own/ possess agricultural land as owner, registered tenants or share croppers with recorded rights are eligible for finance.

The **scale of finance** for different crops in a district is fixed every year by District Level Technical Committee. The District Central Co-operative Bank in the District acts as the Convener of this committee and all major banks in the District, State Agriculture Department officials, leading farmers, Lead District Managers, etc., act as its members. This committee which is a sub-committee of the District Central Co-operative meets once in a year and fixes the scale of finance for each crop raised in the District. As per RBI guidelines, each Bank Branch is necessary to display the scale of finance in Branch premises.

CROP LOAN ISSUED BY SOLAPUR DCC BANK

Crop loan is normally needed for short periods of a few months to meet current expenses and facilitate production. For instance, the Indian farmer needs credit for short periods for the purchase of manure and seeds, for meeting the expenses of transportation and harvesting, cultivation, for the payment of land revenue and for the maintenance of his family till the crops are sold after the harvest. Crop loan are normally repaid fully after the harvest and they are recoverable out of the sale proceeds of the crops concerned.

The repayment period of Crop loans is one year that may be extended up to 18 months. Such short term loans should normally be repayable after the sale of harvested crop. Short term credit which will enable the farmer to store his produce and wait for a better price is also necessary for the efficient marketing of farm products.

Short term loans are provided on the basis of securities only. In some States such as Madhya Pradesh, Kerala and Orissa such crop loans are being provided on mortgage of land. In Bihar and West Bengal a member can borrow on surely basis but has to offer mortgage security for crop loans if the loan amount exceeded. In Maharashtra crop loans are provided to farmer on the basis of mortgage of land.

The SDCCB has given Crop loans for agricultural purposes are shown in table no.1

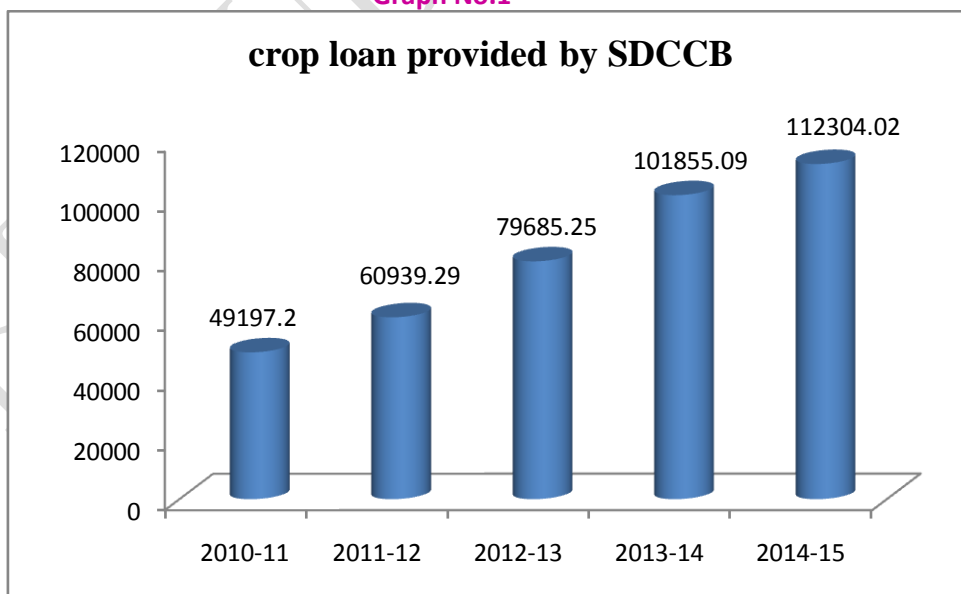
**Table No. 1 Crop loan provided by SDCCB
(In Lakh)**

Sr. No.	Years	Crop loan	Growth rate change over previous year.
1	2010-11	49197.20 (12.18)	
2	2011-12	60939.29 (15.08)	23.87
3	2012-13	79685.25 (19.73)	30.76
5	2013-14	101855.09 (25.21)	27.82
6	2014-15	112304.02 (27.80)	10.25
	Total	403980.85	

Sources: Annual Reports of SDCCB from 2010-11 to 2014-15.

Table no.1 reveals that in the year 2010-11 SDCCB provided 49197.20 lakh crop loan to the farmers through PACS. Crop loan are very important for the farmers to fulfill their working capital need at the time of cultivation. The crop loans are providing for various crops. SDCCB provided 60939.29 lakh and 79685.25 lakh in the year 2011-12 and 2012-13 to the farmers through PACS. During the study period in 2013-14 and 2014-15 out of total SDCCB provided 25.21 percent and 27.80 percent crop loan to the farmer through PACS. According to the above table year by year increased percentage of provided crop loan by Solapur DCC Bank to the farmers through PACS.

Graph No.1



RECOVERY OF CROP LOAN

The important segment of the credit cycle has to recover the loans and advances so that the recovered amount may be recycled. The major problem in agricultural credit is poor recovery of agricultural loans,

leading to non-recycling of funds which is major constraint plagued co-operatives in discharging their role efficiently in providing the requirement credit support for rural development. The repayment of loan with interest by the borrower is necessary for the transaction of credit system. It is also necessary for the credit institutions to recover its loans and advances within time. If the loans and advances cannot be recovered timely, then it creates difficulties to the institutions to doing their business.

Solapur district climatically falls in the rain shadow Zone. The annual growth rate is the district is very low. Some villages in the Solapur district get the water for crops due to Ujani Dam.the remaining sector in the district are depending on rainfall. The recovery of loans will be decreased if there is no sufficient rainfall and it increased when there are sufficient rainfalls.

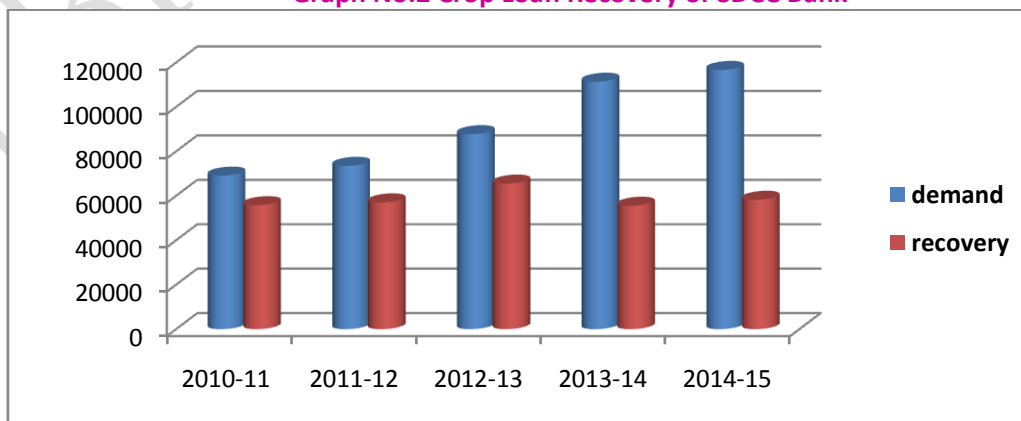
Table no. 2 Crop Loan Recovery of SDCC Bank
(Rs. in lakhs)

Sr.No.	years	Demand	Recovery	Overdues	Recovery percentage
1	2010-11	69088.78	55782.64	13306.14	80.74
2	2011-12	73504.75	57041.29	130546.04	77.60
3	2012-13	87747.86	65489.70	153237.56	74.63
4	2013-14	111355.70	55524.54	166880.24	49.61
5	2014-15	116650.55	58213.00	174863.55	49.90

Sources: Annual Reports of SDCCB from 2010-11 to 2014-15.

Above Table reveals that During the year 2010-11 recoverable short term crop loan amount was Rs.69088.78 lakh, out of these Rs.55782.64 lakh i.e. 80.74 percent recovered by Solapur DCC Bank. In that year there were sufficient rainfall and farmers also were getting sufficient income from farming so that’s why the SDCCB recovered 80.74 percent crop loan amount. But in the year 2011-12 and 2013-14 there was decreased in recovery percentage due to drought fall. Last two years recoverable percentage also decreased it was only 49.61 percent and 49.90 percent. The recovery of loan is essential for the smooth and efficient working of DCC Bank. Effective recovery of loans is the backbone of any financial institutions.

Graph No.2 Crop Loan Recovery of SDCC Bank



CONCLUSION

The working of Solapur DCC Bank has the entire Solapur District with 220 branches. There are eleven Tahsils. In each tahsil the SDCCB opened its branches for providing services to the farmers in rural area. Year by year increased percentage of provided crop loan by Solapur DCC Bank to the farmers through PACS. During the study period Solapur DCC Bank provided total Rs. 403980.85 lakh. Crop loan is very helpful to the farmers for agricultural implements, machines and livestock for purchase of seeds, cultivation, fertilizers, manure etc and for stocks of foods and clothing to maintain the farmer and his family during the period of production. The bank has good position in loan distribution but not well in recovery. Effective recovery of loans is the backbone of any financial institutions. The branch needs to improve the recovery percentage of the crop loan. A core conclusion of this paper is that the farmers are crop loan using to increase their income and as well as increase their standard of living. SDCC Bank playing a very crucial role in upliftment of agricultural sector through crop loan.

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