



“ROLE OF DISTRICT CENTRAL CO-OPERATIVE SOCIETIES FOR PROMOTING AGRICULTURE - WITH SPECIAL REFERENCE TO RAICHUR DISTRICT CENTRAL CO-OPERATIVE BANK LIMITED, RAICHUR”

Venkatanarayana Miriyam
Assistant Professor In Commerce ,
Government Degree College, Sindhanur.



ABSTRACT

A bank is a financial institution that provides loans, advances and accepts deposits along with other financial services to its customers. There are also non-banking institutions that provide certain banking services without meeting the legal definition of a bank. Furthermore, Banks are a subset of the financial services to industry. A banking system also referred as a systematic cash management for its customers, reporting the transactions of their accounts and portfolios. It is not enough that the banking system in India should not only be the hassle free service, but it should be able to meet the new challenges posed by the technological advancements, internal and external factors. For the past few decades, Indian banking system has witnessed several marvelous achievements. In other words, the Banks are the main participants of the financial system in India which offer several financial facilities and opportunities to their customers. A bank safeguards the money, valuables and provides loans, credits and payment services, such as checking accounts, money orders, cheques, payment of bills on behalf of its customer, investment and insurance products, etc.

KEYWORDS: financial institution , provides loans, advances , cheques, payment of bills.

INTRODUCTION :

As a variety of models for co-operation and integration among finance industries have emerged some of the traditional distinctions between banks, insurance companies, and stock market. In spite of these changes, banks are playing their primary role of accepting deposits and lending funds from these deposits. Agricultural credit is considered as one of the paramount inputs for conducting agricultural development programs. In India, there is a gigantic need for proper agricultural credit providing system as the economic condition of Indian farmers is underprivileged. The prime source of agricultural credit in India was money lenders from the beginning. However, after the independence the Government adopted the institutional credit approach through various agencies like co-operative societies, cooperative banks, commercial banks, regional rural banks etc. in order to provide satisfactory credit to farmers at a cheaper rate of interest with hassle free loans and advances. With the modernization of agricultural activities during post-green revolution period the need for agricultural credit has been increased further in concurrent years. Now-a-days, the long term, medium term and short term credit needs of these institutions are also being recognizably met by National Bank for Agricultural and Rural Development (NABARD) which was established during the year 1982 having head office at Mumbai and 16 other regional offices throughout the country with the objective of promoting the health and the strength of the credit institutions which are in the vanguard of the credit delivery system mainly to the rural agricultural activities viz., cooperatives, commercial banks and regional rural banks. In brief, it is an institution for the purpose of refinancing along with the complementary work such as directing, inspecting and supervising the credit-flows to ensure agricultural and rural development.

The cooperative banking sector is one of the paramount partners of Indian banking system as the cooperative banks are forefront to reach rural India with their gigantic network of credit societies in the institutional credit framework. The cooperative sector has played a crucial role in Indian economy and recognized as an integral part of national economy. Cooperatives have been built on ideological base, economic objects with social and mutual helping approach. The cooperative covers almost 90% of villages in India and regarded as the Ideal Organizations for economically weaker sections. According to a recent study conducted by World Bank and National Council for Applied Economic Research, the Primary Agriculture Credit Societies (PACS) provided more than 30% of micro finance in India. The present study attempts to spread a ray of beam on analysis of the role of co-operative bank in agricultural finance as the cooperatives are the frontier in the field of rural agricultural credit in India. The entire rural Credit delivery mechanism was managed by the cooperative credit institutions from 1904 to 1969. The nationalization of Commercial Banks and the subsequent emergence of Regional Rural Banks during 1975 provided opportunities for the adoption of the Multi-agency Approach to rural lending mechanism. In contemporary days, the cooperative credit system delivers credit to the largest quantum of credit to rural areas which is approximately second to the credit delivered by Commercial banks.

The DCCB (District Central Cooperative Bank) has emerged as to manage credit mechanism of a single district. Moreover, the banking system would always comprise of Commercial Banks, Regional Rural Banks, Cooperative Banks and other financial agencies like SFC, MFIs, Non Formal Credit institutions and Non Banking Credit agencies. Hence, the big issue arises while acquiring market share by a DCCB which is always ticklish issue that needs to be handled carefully by the chief executive of the DCCB. With the available resources and the unique strengths of the DCCB, a market needs to be developed in appropriate, adequate and profitable direction. The focus of DCCB has to be made on a particular credit mechanism rather than on multi activities most essentially on promoting agricultural activities in the district in order to boost up the development of economy.

NEED FOR THE STUDY

"Everything else can wait, but not agriculture"

- Pandit JawaharlalNehru

According to Pandit JawaharlalNehru , Everything other than agriculture may be put into waiting for a reasonable time but agricultural growth should not be waited in order to alleviate India's poverty. In India, increase in population necessitates to maintain food self-sufficiency through both extensive agricultural activities and improvement of productivity. But in recent years, there has been growing concern about the erosion at the margins of food self-sufficiency. A gigantic challenge for sustaining food self-sufficiency is raising production with the available fixed agricultural land.

"A host of cash and noncash inputs is necessary to improve productivity, and an important one is agricultural credit" -D SUBBARAO

India is agricultural activity based country and approximately 70% of population resided in rural area out of which more than 65% of people depend upon agricultural income as their livelihood. The contribution of agriculture to National income is around 18 percent. Hence, banks are required to provide adequate finance for agricultural activities for increasing the agricultural contribution to national income thereby enabling economic development of the country. Though cooperative banks play a pivotal role in reinforcing the agricultural activities in agriculture dominated rural sector, yet the contribution of agricultural income to National income is meager. Hence, there is an immense need to study about agricultural credit provided by cooperative banks.

STATEMENT OF THE PROBLEM

Agriculture plays an essential role in the Indian economy. Over 60 percent of the rural households depend upon agricultural income as their primary means of livelihood. Finance is an important input of agriculture, which the farmers need for agricultural activities. Therefore sufficient and timely credit to the farmer is indispensable for the rehabilitation of agriculture activities such as purchase of fertilizers, implements, arranging water sources, etc.

The role of financial institutions in strengthening agriculture and economic development becomes very important. Though, the Government gives more importance for promotion of agriculture sector by providing concessional interest rates on agricultural credits along with some other benefits, yet the agriculture sector

suffers from serious problems like unscientific prices for agricultural produce. Hence, the present study attempts to identify the role of cooperative banks in promoting the agriculture. The existence of this vital research gap has prompted the researcher to undertake the research work entitled **"ROLE OF DISTRICT CENTRAL CO-OPERATIVE SOCIETIES FOR PROMOTING AGRICULTURE - WITH SPECIAL REFERENCE TO RDCC BANK (RAICHUR DISTRICT CENTRAL CO-OPERATIVE BANK LIMITED, RAICHUR)"**. Raichur is chronically drought prone and backward District in Hyderabad Karnataka region. In areas like this credit through co-operatives should be both effective and efficient. The present study is an attempt to investigate assess and analyze the role of the Raichur District Central Co-operative Bank Limited, Raichur in mobilization of deposits, recovery operations and problems of overdues etc.

OBJECTIVES OF THE STUDY:

The present study attempts get findings with the following main objectives

1. To study the history, development, significance of Co-operative movement in India and Karnataka in General.
2. To study the Management of co-operatives in India.
3. To determine the impact of agricultural finance provided by the DCCB.
4. To study the attitude of the borrowers and lending agents towards farm financing.
5. To suggest, if necessary, the appropriate measures to improve the performance of DCC banks based on findings of the study.

SCOPE OF THE STUDY

Although central co-operative banks perform a wide range of activities, the study focused mainly on credit management, more particularly on short term agricultural loans and advances, on the fact that medium term agricultural and medium term non-agricultural advances constitute insignificant share in the total advances. The present study focuses on the **"ROLE OF DISTRICT CENTRAL CO-OPERATIVE SOCIETIES FOR PROMOTING AGRICULTURE - WITH SPECIAL REFERENCE TO RDCC BANK"**.

PERIOD OF THE STUDY

The study is confined to 6 years period commencing from 2011-12 to 2016-17 pertaining to the working progress of central co-operative Banks in Karnataka and Raichur in particular.

RESEARCH METHODOLOGY

Research is a systematic study designed and carried out to provide information to solve the problem or "Research is the process of systematically obtaining accurate answer to significant and pertinent question by the use of scientific method in gathering and interpreting information" and the methods used for collecting data are called research methodology. The present research is based on primary as well as on secondary data.

COLLECTION OF DATA

Data is a collection of necessary detail to gain further information, mainly two methods used for collecting the data, those are as follows.

1. Primary Data:

Primary data is also called first hand information, the data collected for the first time for meeting the requirements of the issues on hand. Primary data collected for this present study in following ways.

- a. Personal interaction with the manager.
- b. Interview Method.

The secretary of each society was consulted in selecting members who had taken loans from the bank. The questionnaires were served to totally 100 members who had taken loans from the bank. Out of the sample taken up for the study, 50 are big farmers and remaining 50 are small farmers.

2 Secondary Data:

Secondary data is also called second hand information, because this data are already collected by someone for meeting their requirements, and this data are available in published or unpublished source. Secondary data for this study consists of;

- a. Annual reports of the bank
- b. Manual of instructions on loans and advances
- c. Books
- d. Articles and Research Papers
- e. journals

LIMITATIONS OF STUDY

The study comprises following limitations

1. Since the data are obtained from more than one source, there may be slight discrepancies between one source and other about the same variable.
2. The primary data collected through administering Questionnaires has its own limitations. The farmers might have magnified their problems in obtaining loans and repayment of loans
3. The secretaries of societies and employees of DCCB might have also overstated or understated the circumstances.

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION:

FINDINGS:

A. REGARDING BANKS PERFORMANCE

1. It is found that the RDCC Bank had maintained average 11 percent in accumulation of deposits from the public. However, the Bank has showed friendliness in lending the credits to public than collection of deposits from them. It is observed that the Bank has increased its efficiency in accumulation of deposit by 9 per cent during 2016-17.
2. It is found that the ratio of current and savings deposits of RDCC Bank to its total deposits have the minimum 37 percent. However, it has failed to sustain the same ratio in 2015-16 (i.e. 35.53 per cent) and immediately it has secured its level i.e. 37.02 in 2016-17.
3. It is found that the RDCC Bank has attracted the term and fixed deposits from the public and maintained average 61 percent in total accumulated deposits of each year.
4. It is identified that the RDCC Bank does not adopt a proper strategy in disbursement of loans and advances. It has clearly failed in its fundamental object of extending loans to needy. As an evident, it has stressed to disburse the loans and advances in 2015-16 at a negative form i.e. 3.97.
5. It is found that the farm loan trend is increasing in upward direction and the non-farm loan in downward direction. Hence, the Bank has targeted the stakeholders of agriculture and allied sector are the major segment of customer.
6. It is found that the RDCC Bank has increased percentage of lending of the short-term agricultural loans year to year and decreased the medium term loans and long term loans year by year in form of the farm loans. Hence, the short-term loans have occupied the major role in disbursement of agricultural loans and total loans.
7. It is again found that the RDCC Bank did not maintain a universal benchmark in disbursement of agricultural loans too. In case of short-term agricultural loans, the Bank has made zigzags from year to year and even witnessed negative disbursement results. It has maintained title consistency in case of medium-term agricultural loans and showed negative result in long-term disbursement policy.
8. It is found that the RDCC Bank has adopted proper recovery system in short-term agricultural loans and it maintained the average recovery rate at 82 percent in every year except 2012-13. Hence, its lending and recovery mechanism in short-term agricultural loans is appreciated.
9. It is found that the RDCC Bank has adopted best recovery system in medium-term agricultural loans in every year. Hence, the lending and the recovery system in case of medium-term agricultural loans are constant and increasing respectively.

10. It is also found that the RDCC Bank has adopted stable recovery system in long-term agricultural loans. Hence, it's lending in increasing trend and recovery system in long-term agricultural loans are increasing and increasing respectively.

B. REGARDING CUSTOMERS OPINION

1. It is found that out of 100, 56 customers have opinioned good about the services of RDCC Bank, 62 have opinioned timely disbursement of loan, 58 opinioned to limited lending, 53 that low rate of interest.
2. It is found that out of 100, 37 customers have opinioned average about the services of RDCC Bank, 25 have opinioned delay in disbursement of loan, 34 opinioned to delay lending, 21 that moderate rate of interest.
3. It is found that out of 100, only 07 customers have opinioned poor services of RDCC Bank, 13 have opinioned very delay in disbursement of loan, 08 cannot opinioned in lending, 17 that high rate of interest and only 09 cannot known.
4. It is found that out of 100, 72 have awareness about banks services and schemes and 64 have satisfied with overall performance of the bank.
5. It is found that out of 100, 28 have unawareness about banks services and schemes and 36 have dissatisfied with overall performance of the bank.

SUGGESTIONS:

1. It is suggested to accelerate the trend in collection of deposits from the public and to motivate them to save for future perspectives.
2. It is suggested that DCCB has to provide credit facilities to agricultural lease holders
3. It is suggested to utilize the term and fixed deposits at maximum level by lending and re-lending of the accumulated amount to needy and appropriate segments which are most beneficial to farmers.
4. It is suggested that the Bank has to adopt appropriate strategies in disbursement of loans and advances on need-base and demand-base disbursement.
5. It is suggested that to introduce innovative products in non-farm segment based on needs of the scattered segment of the society.
6. It is suggested to maintain moderated lending strategies and reduce the negative impacts on banking performance.
7. It is suggested to introduce new innovative products which are capable of reaching the last segment of the society to induce economic empowerment.
8. It is suggested to maintain minimal level of the negative opinions by the customers through taking immediate necessary corrective measures with utmost care in satisfying their demands.

CONCLUSION:

To be frank, The Raichur District central Cooperative Bank (RDCC Bank) has been presenting important role in the Hyderabad Karnataka Region, the region which is recognized as most backward in socio-economic and political segment of the Karnataka. No doubt, the bank has been offered vast opportunities to serve the agricultural sector in its operational area. Yet the ample of opportunities are available for bank to serve the industrial sector also.

The institutional credit increases the purchasing power of the farmers and perhaps due to this reason there is an increase in the use of modern inputs in their cultivation procedures. It acts as a morale booster to farmers in increasing the productivity which ultimately improves their overall economic growth. Hence, it is perhaps right to state that magnitude of agricultural credit and level of agricultural development move together. The present study clearly enunciates the advantages enjoyed through improved technology with the help of the cooperative bank credit for the agricultural sector in terms of increased production, increased returns and subsidiary incomes. The results further emphasized the need to enlighten the farmers about the profitability by usage of improved technology through the extensive credits. Nevertheless, the role of Credit Cooperatives is highly appreciable and witnessed in the socio-economic development of farmers.

It collects unutilized savings of the rural public and utilizes them in productive channels. The deposit mobilization of the DCCB enables the rural farmers to recycle their funds particularly in the area of credit deployment resulting

in economic empowerment. They provide attractive interest rates on deposits. The credit deployment of the DCCB was broadly categorized into two viz., farm and non-farm advances. Through PACS, the DCCB extended its credit facilities to the remote places of the district. The DCCB gets refinance from NABARD and Government. In addition to the banking services, the allied services such as crop insurance, debt relief and waivers, supply of agricultural inputs etc are provided by DCCB. To be stated frankly, the District Central Co-operative Banks are playing very crucial role in serving the rural peasants of Karnataka as a whole including Raichur District.

REFERENCES:

1. **Kelkar, V. (2010)** "Financial Inclusion for Inclusive Growth" *ASCI Journal of Management*, 39(1), 55-68.
2. **Kumar, Sabina (2008)**, Management of Non-Performing Advances– A Study of District Central Co-operative Banks of Punjab, An Unpublished Ph.D Thesis, Submitted to HP University, Shimla.
3. **Murthy (2008)**, "Rural Finance: A Remedial Measure for Rural Poor", *Vinimaya*, Vol.XXX, No.2 (July –Sept.), Pune.
4. **Dr. Bimal Jaiswal and Saloni Bhasin (2015)**, " Role of Cooperative Banks in Financial Inclusion for Inclusive Growth of India" , *International Journal of Management and Social Sciences Research (IJMSSR)*, ISSN: 2319-4421, Volume 4, No. 7, July 2015, Pp-6-18.
5. **Harikesh Maurya (2015)**, Role of Co-Operative Bank in Agriculture: A Case Study of District Mohali, Punjab" *International Journal of scientific research and management (IJSRM)*, volume-3, issue-1, ISSN (e): 2321-3418, Pp 1922-1930.
6. **Anil Kumar Soni and Dr. Harjinder Pal Singh Saluja (2012)**, "Role of Cooperative Bank in Agricultural Credit: A Study Based On Chhattisgarh".
7. **R. Uma Devi and S. R. K. Govt (2012)**, "The Role of Credit Co-Operatives in the Agricultural Development of Andhra Pradesh, India", *International Journal of Cooperative Studies*, Vol-1, No. 2, 2012, Pp-55-64.
8. **Dr. R.Uma Devi (2013)** "The Role of District Central Co-Operative Banks in the Agricultural Development of E.G. District Of Andhra Pradesh", *International Journal of Innovative Research & Development*, Vol-2, Issue-2, Ferbruary, 2013, ISSN: 2278 – 0211 (Online)Pp-101-124.
9. **Thirupathi Kanchu (2012)** "Performance Evaluation of DCCBs in India - A Study", *IRJC Asia Pacific Journal of Marketing & Management Review* Vol.1 No. 2, October 2012, ISSN 2319-2836, Pp-169-180.
10. **Barwal N. and Kumar K.(2015)**, "Conceptual Study on Human Resources Development Practices in India Services Sector" Research article *International Journal of Innovative and Applied Research*.
11. Annual reports of RDCC Bank.



Venkatanarayana Miriyam.

Assistant Professor In Commerce , Government Degree College, Sindhanur.