

A STUDY ON STATE CO-OPERATIVE AGRICULTURAL & RURAL DEVELOPMENT BANKS IN INDIA

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Abstract

The co-operation imagines a grouping of person having one or more general economic requirements, who voluntarily agree to pool their resource both human and material and use them for common advantage with object of self help through an enterprise managed by them all democratic lines. The co-operation envisages a group of person having one or more common economic needs, who voluntarily agree to pool their resource both human and material and use them for mutual benefit with object of self help through an enterprise managed by them all democratic lines. The working efficiency of SCARDBs was very poor. This paper highlighted the overall working performance of state co-operative agriculture and rural development banks in India.

KEYWORDS: Economic requirement, Working performance. SCARDBs and Rural development.

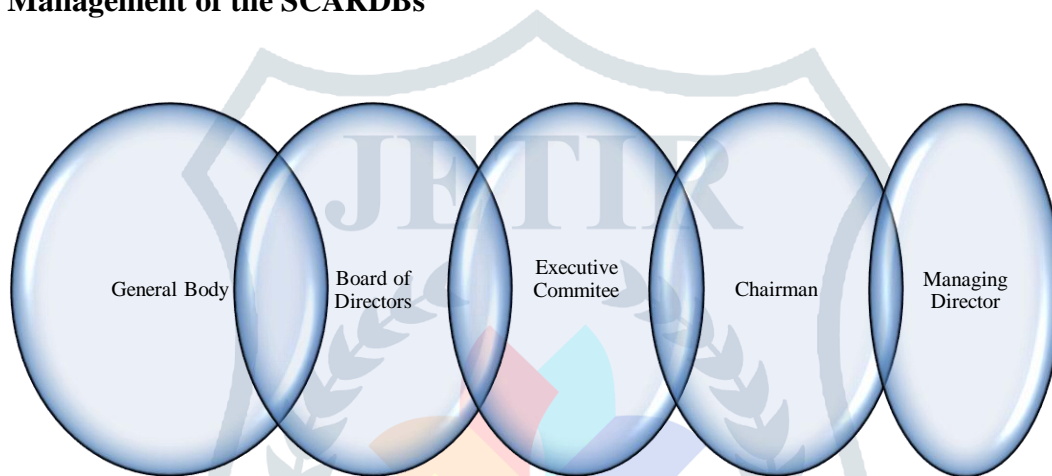
INTRODUCTION

The co-operation envisages a group of person having one or more common economic needs, who voluntarily agree to pool their resource both human and material and use them for mutual benefit with object of self help through an enterprise managed by them all democratic lines. Co-operative enables the members to put their best to attain a higher standard living for them without exploiting others. It honors human values and also provides incentives. Co-operation is a middle way between the two extremes of capitalistic economy and socialistic economy. Free enterprises of capitalistic economy is responsible for exploitation and concentration of economic wealth, whereas socialism leads to curtailment of individual freedom. The government of India, immediately after independence, realizing the important role co-operatives can play in the development of national economy, recognized them as a third economic sector. They were charged with the responsibility for taking care, the needs and aspirations of rural India with special emphasis on uplifting small and marginal farmers as well as weaker section of the society. The support received from our planners helped the co-operatives grow and play a very pivotal role in almost all sectors of Indian economy with special emphasis on agriculture and allied activities. India is now poised for second green revolution in which co-operatives are bound to play a dominant role in its success. With the advent of economic reforms in the country they need to gear up professionally and technically to face the challenges of competitiveness.

About State Co—Operative Agriculture & Rural Development**Table no. 1** SCRARDBs in India

Total Network of Outlets	24,831
Establish on	6 th October, 1960
Organizational Membership	22 (SCARDBs- 17 and SCBs-5)
Orotal Membership of Individuals	12.39 million (SCARDBs)
Nodal Ministry	Ministry of Agriculture and Farmers Welfare

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Structure of Management of the SCARDBs**Figure no. 1** Structure of Management of the SCARDBs**Mission of the SCARDBs**

1. Mission of the federation is to serve and further the interests of its member banks in meeting the credit and other financial services, needs of rural sector through providing support services in the areas of resource mobilization, business expansion, loan recovery and Human Resource Development.
2. To promote appropriate legal and policy environment congenial to their efficient and effective working through liaison and lobbying with state and central government and agencies like RBI, NABARD, NCDC, NCUI etc.

Principal activities and business of the organization

1. A significant event in the history of agriculture and rural development banking sector has been the establishment of the National and State co-operative Agriculture and Rural Development Banks' federation Limited for the promotion of the interest of the member banks.
2. Since its inception, the federation has played an important role, rendering useful services to its member banks.

Objectives of SCARDBs

1. To organize Conferences, Conventions, Seminars, Workshops etc. and to constitute Committees, Sub-Committees, Working Groups, Study Teams etc. relating to business operations and matters of common interest to members;
2. To collect statistics and to assimilate and compile them in suitable form and disseminate the knowledge and experience gathered wherefrom;
3. To arrange for the publication of periodicals, news bulletins, journals, technical guidelines and other literature and exchange of information relating to rural credit and banking useful to the member banks and others;
4. To arrange for lectures, to provide technical advice, guidance and consultancy services and to conduct studies and research on problems concerning credit, banking and other matters;
5. To promote and run center/institute for undertaking staff training and management development programme and other incidental activities including research.
6. To do all such things and take necessary steps as are incidental or conducive to the attainment of any of all the above objects and in the interest of the federation and its members.

REVIEW OF LITERATURE

Harjinder Pal Singh Saluja, et al (2012) this paper attempted to analyze the overall performance of CSCARD Bank in agricultural credit. The methodology adopted for this study is mainly through compilation of theoretical inputs, tallying them with practical, observed data and logically building a case for overall systemic reforms. An exploratory research design is followed in the present study. Empirical analysis results show that the increase in the level of agricultural loans granted by the CARD Banks positively influence development of agriculture in Chhattisgarh.

Lakshmi and Manoj (2015) the most of the co-operative banks have their own share of problems and shortcomings which in turn deter them from playing their mandated role effectively. The performance and financial viability of many co-operative banks in India being a matter of concern, the nature and extent of the exact problems that they face, their operational bottlenecks etc. need to be studied so as to formulate prudent remedial strategies. Taking the case of Kannur District Co-operative Bank (KDCB) that caters to the Kannur district in northern Kerala; this paper delves into the above issues connected with co-operative and makes some remedial strategies.

Soyeliya Usha L (2013) this study was based on some successful co-operative banks in Delhi (India). The study of the bank's performance along with the lending practices provided to the customers is herewith undertaken. The customer has taken more than one type of loan from the banks. Moreover they suggested that the bank should adopt the latest technology of the banking like ATMs, internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks. In such a situation cooperative banks operate as a balancing centre. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of

expansion and development of cooperative credit system. In brief, the cooperative banks have to act as a friend, philosopher and guide to entire cooperative structure.

OBJECTIVES OF THE STUDY

1. To examine the performance of State Co-operative Agriculture and Rural Development Banks at present position in India.
2. To suggest suitable recommendation to SCARDBs in India.

SCOPE OF THE STUDY

The co-operation envisages a group of person having one or more common economic needs, who voluntarily agree to pool their resource both human and material and use them for mutual benefit with object of self help through an enterprise managed by them all democratic lines.

FINDINGS AND SUGGESTIONS

Table no. 2 State Co-operative Agriculture & Rural Development Banks During 2012-2013 to 2014-2015

Particulars	(Amount in Millions)		
	2012-2013	2013-2014	2014-2015
Number of SCARDBs	19	19	19
(a) Branches of SCARDBs	761	754	760
Membership			
(a) Total	12145309	12794927	12389868
(b) Borrowing Members	6805130	6902166	6635673
(c) Non-Borrowing members	5340179	5892761	5754195
PAID UP SHARE CAPITAL			
(a) Total	83113.85	87852.41	90323.29
(b) Of which contributed by Government	9531.01	10768.27	16570.02
FREE RESERVES & OTHERS			
(i) SCARDB Level	285850.37	396357.99	373537.06
Deposit outstanding	95460.22	131915.85	162127.55
Borrowing outstanding	1491030.26	1439168.10	1525158.99
LOANS ADVANCED (SCARDB level)			
(a) Total amount (Long Term)	365345.32	451635.17	508995.99
(b) Loans Advance for farm sector	136669.9	160104.21	193492.02
(c) Loans Advance for Non-farm sector	30125.44	41841.26	50133.73
(d) Loans Advance for Rural Housing	95266.4	122065.99	128480.82
(e) Loans Advance for other Non-Agri purposes	103283.58	127623.71	136889.03
DCB (SCARDB Level)			
(a) Demand	911186.39	873322.76	881891.99
(b) Collection	498443.38	526968.22	496936.41
(c) Overdues	412711.69	346331.14	384955.58
(d) Recovery (%)	54.7%	60.34%	56.35%
LOANS OUTSTANDINGS			

(I) SCARDB Level	1868616.54	1821685.5	1940192.1
PROFITABILITY			
(a) No. of Banks in Profit	10	8	9
(b) No. of Banks in Loss	9	11	8
Cost of Management	28985.85	32539.39	43726.74
Staff Position	6172	5765	5499
No. of Trained Personnel	763	774	267

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Table no. 2 shows that the state co-operative agriculture & rural development banks (SCARDBs) in India. In the study period from 2012-2013 to 2014-2015 the number (19) of state co-operative agriculture and rural development banks was stable however the number of branches of SCARDBs was not stable in India. It changed every year in the study period. In 2012-2013 it was the number of 761 branches. In 2013-2014 it decreased to 754 branches but in 2014-2015 it again increased to 760 branches. The number of membership of state co-operative agricultural and rural development banks was unstable during the study period. In 2012-2013 it was 12145309. In 2013-2014 it increased from 12145309 to 12794927. The number of membership of SCARDBs decreased from 12794927 to 12389868 in 2014-2015. The number of borrowing members were also increased as well as decreased in the study period. In 2012-2013 the number of borrowing members of SCARDBs was 6805130 but it slightly increased from 6805130 to 6902166 in 2013-2014. In 2014-2015 the number of borrowing members of SCARDBs decreased from 6902166 to 6635673 in India. The number of Non-borrowing members of state co-operative agriculture and rural development banks was 5340179 in 2012-2013. In 2013-2014 the number of non-borrowing members of SCARDBs increased from 5340179 to 5892761 but it decreased from 5892761 to 5754195 in 2014-2015. The total amount of paid up share capital of SCARDBs was unstable during the study period. It was Rs. 83113.85 million in 2012-2013. The total amount of paid up share capital of SCARDBs increased from Rs. 83113.85 million to Rs. 87852.41 million and from Rs. 87852.41 million in 2014-2015. The contribution of paid up share capital of SCARDBs also increased in the study period. It was Rs.9531.01 million in 2012-2013, Rs. 10768.27 million in 2013-2014 and Rs.16570.02 million in 2014-2015. The amount of free reserves and others of SCARDBs were unstable in the study period it increased as well as decreased. The amount of deposit outstanding of SCARDBs frequently increased in the study period. It was Rs. 95460.22 million in 2012-2013, Rs. 131915.85 million in 2013-2014 and Rs. 162127.55 million in 2014-2015 respectively. The amount of borrowing outstanding of SCARDBs was unstable. It was Rs. 1491030.26 million in 2012-2013. It decreased from Rs. 1491030.26 million to Rs. 1439168.10 in 2013-2014 but it increased from Rs. 1439168.10 million to Rs. 1525158.99 million in 2014-2015. The total amount of loans advanced in SCARDBs was increasing trend in the study period. It was Rs. 365345.32 million in 2012-2013 but it was increase from Rs. 365345.32 million to Rs. 451635.17 million. It was again increase to Rs. 508995.99 million in 2014-2015 in India. The amount of demand of the SCARDBs was Rs. 911186.39 million in 2012-2013 but in 2013-2014 it was decrease to Rs. 873322.76 million. In 2014-2015 the amount demand of

SCARDBs increased from Rs. 873322.76 million. The amount of collection of SCARDBs was also unstable during the study periods. The rate of recovery of SCARDBs was unstable during the study periods. It was 54.7% (2012-2013), 60.34% (2013-2014) and 56.35% (2014-2015) respectively. The number of profit SCARDB branches was 10 (2012-2013), 8(2013-2014) and 9(2014-2015) respectively. The amount of cost management of SCARDBs was increase every year in the study period. The number of staff of SCARDBs was decreasing trend in India. it was 6172 staff in 2012-2013, 5765 (2013-2014) and 5499 (2014-2015). The number of trained personnel of SCARDBs was unstable during the study period. The number of SCARDBs and its' branches shall increase in India. The Government of India shall increase its' contribution of paid up share capital to SCARDBs. The recovery capacity of SCARDBs was very poor so it shall develop. To modernized its equipments. The profitability of SCARDBs was very poor so the co-operative sector shall take action for its remedies. The SCARDBs shall increase its efficiency.

Table no. 3 SCARDB: General Information of Loans Disbursed & Loans Outstanding

(In Lakh)

Name of SCARDBs	Loan Disbursed During 2015-2016			Loan Outstanding During 2015-2016			Profit/Loss (At Apex Bank Level) As on 31-03-2015	Profit/Loss (At Apex Bank Level) As on 31-03-2016
Gujarat	13901.92	1493.43	15395.35	53911.59	3476.4	57285.6	2406.15	2087.46
Haryana	11997.24	5103.65	17100.89	137082.48	70459.9	207542.38	-4314.61	-2570.78
Himachal Pradesh	5959.14	3554.69	9513.83	22514.8	13096.26	35611.06	958.86	1386.50
Jammu & Kashmir	710.28	600.87	1311.15	3552.30	1270.26	4822.56	-659.84	In Loss
Karnataka	27499.94	996.87	28430.64	151745.98	2189.89	153935.87	9.67	In Profit
Kerala	5031.57	148107.56	205139.13	105098.61	435947.13	541045.74	2341.18	2404.59
Pondicherry	0	1949.40	1949.4	10.09	2130.02	2140.11	-59.27	-24.04
Punjab	43035.47	13144.47	56179.94	158756.59	97338.86	256095.45	2493.34	3535.10
Rajasthan	17749.94	6619.36	24369.3	112196.28	38294.8	150491.08	369.78	522.82
Tamil Nadu	0	81298.49	81298.49	15.09	73482.05	73497.14	313.53	376.24
Tripura	126.34	173.45	299.79	529.56	1716.38	2245.94	-24.66	47.09
Uttar Pradesh	49780.02	15790.86	65570.88	294759.25	57749.65	352508.90	2000.34	1516.10
West Bengal	15722.3	3808.35	19530.65	74873.89	31834.36	106708.25	41.81	60.2
Total	243514.16	282641.45	526089.44	1115046.51	828985.96	1943930.08	-	-

(-) Indicates shows loss

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Table no. 3 shows that the SCARDBs' the loans disbursed and loans outstanding. The Kerala highly provided loans to its members followed by Tamil Nadu, Uttar Pradesh and Punjab. In the case of loans outstanding of SCARDBs the Kerala was 1st followed by Uttar Pradesh, Punjab, Haryana and Karnataka. The Punjab earned high profit during the study period followed by Kerala, Gujarat and Uttar Pradesh. The Haryana was 1st position into loss made SCARDBs branches in India during the study period. The SCARDBs shall develop its efficiency particularly in Haryana, Jammu&Kashmir, Pondicherry and Tripura.

Table no. 4 SCARDBs: General Information of Borrowing

(In Lakh)

Name of SCARDBs	Raised During 2015-2016			Others (NCDC/NHB/SCB ect)	Grand Total
	NABARD	Central Govt.	State Govt.		
Gujarat	8900.00	0.00	0.00	0.00	8900.00
Haryana	16138.93	66.88	66.88	40595.00	56867.69
Himachal Pradesh	6369.81	0.00	0.00	0.00	6369.81
Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00
Karnataka	24999.76	828.33	528.33	0.00	26356.42
Kerala	145009.10	0.00	0.00	0.00	145009.10
Pondicherry	0.00	0.00	0.00	581.76	581.76
Punjab	51808.25	0.00	0.00	0.00	51808.25
Rajasthan	20000.00	132.71	132.71	213.47	20478.89
Tamil Nadu	0.00	0.00	0.00	490.00	490.00
Tripura	0.00	0.00	0.00	0.00	0.00
Uttar Pradesh	44999.99	0.00	0.00	28.78	45028.77
West Bengal	16499.99	0.00	0.00	0.00	16499.99
Total	334725.83	1027.92	727.92	41909.01	378390.68

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Table no. 4 shows that the borrowing information of SCARDBs during 2015-2016. The Kerala more amount Rs.145009.10 Lakhs borrowed from NABARD followed by Haryana (Rs. 56867.69Lakhs), Punjab (Rs. 51808.25Lakhs), Uttar Pradesh (Rs. 45028.77Lakhs) and Karnataka (Rs. 26356.42Lakhs). The total amount of borrowing of SCARDBs was Rs. 378390.68 million. The amount of borrowing from NABARD was Rs. 334725.83 Lakhs followed by central government (Rs. 1027.92 Lakhs), State Government (Rs. 727.92 Lakhs) and others namely NCDC/NHB/SCB etc. (Rs. 41909.01 Lakhs). The central government and state government shall increase its contribution on borrowing to SCARDBs.

CONCLUSION

The co-operative mainly focused rural areas particularly agriculture sectors. The number of state co-operative agriculture and rural development banks was very poor so, it shall increase in India and also the number of branches of SCARDBs will increase in India especially in rural India. The repayment capacity of its borrowers was very poor. The working efficiency of SCARDBs was very poor. This paper highlighted the overall working performance of state co-operative agriculture and rural development banks in India.

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