

GROWTH OF PRIMARY CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANKS (PCARDBS) IN INDIA

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Abstract : Primary co-operative Agricultural and Rural Development banks are playing an important role in meeting the credit requirements of the rural population. Present study makes an attempt to analyses the performance of these banks in India over a period of five years 2012-13 to 2016-17. The study revealed that although there is an increase in this paper deals with the share capital, reserves, deposits, borrowings and loan outstanding.

Keywords: Credit, Rural development, Capital, Co-operative

I. INTRODUCTION:

India lives in its villages. It is a country of 5,76,000 villages and every four persons out of five are villagers and every five out of six persons depend on Agriculture and allied activities. Although, agriculture contributes only 21 per cent of Indians Gross Domestic Product, its importance in the country's economic, social and political fabric goes well beyond this indicator.

CONCEPTUAL ANALYSIS OF RURAL DEVELOPMENT:

Development may be defined as an activity of both qualitative changes in the existing systems aiming at immediate improvement of living conditions of the people or increase the potential for betterment of living conditions in future. Development ultimate means developments of men and therefore it is to be judged by What it does to him in the rural areas. A good number of people on several areas lived a life of dependency or almost complete slavery. Because of object poverty and consequent under development or social stagnation, people lose faith in them and in their potentialities for development and remind without active participation in social, economic cultural and political life. It is important to bring them out of this apathy and scepticism and to motivate them to think freely about progressive ideas. Rural development, therefore, should be viewed as a strategy designed to liberate the rural poor from the age-old bondage of degraded life and to awaken and activate the entire rural population, in the process of achieving and sharing of higher levels of production

Rural development denotes overall development of rural areas with a view to improve the quality of life the rural people. The concept is comprehensive and multidimensional in nature. It encompasses development of agricultural and allied activities, cottage and small scale industries, traditional crafts, socio economic infrastructure, rural man power and improvement in community services and facilities.

Rural development is more than agricultural development which should take into account the existing local and area wise resources and complimentary links among them. Rural development is the product of interaction between various physical, technological, economic, socio cultural, institutional and environmental factors.

NEED FOR LONG TERM FINANCE

Long term credit is of paramount importance for capital investment in agriculture. In India, where there is no much scope for increasing agricultural production by bringing more land under cultivation, efforts are to be directed towards increasing the yield from land already under cultivation. This necessitates the adoption of scientific methods of cultivation so that production potential can be pushed up. Moreover, the majority of Indian farmers have little or no savings and hence are not in a position to go in for capital intensive investment without external finance. With the introduction of co-operative movement in India, there arose the need for a specialized institution, catering exclusively to the long-term credit needs of farmers. The difficulties associated with the long-term credit like locking up of funds for long periods, risks involved in lending money for long period etc., forced the planners to have a special institution like land mortgage bank, now being called as Primary Co- operative Agriculture and Rural Development Bank (PACARD Bank). Even commercial banks and regional rural banks are lending long term loans for agriculture and allied activities. Commercial banks are able to surpass even the long experienced PACARD Banks in the disbursement of long term loans. It is mainly due to the planned programme of branch expansion, better financial position and area approach to make a positive impact on production and investment in agriculture. In spite of the quantitative achievement, the commercial banks have not been effective in transforming the credit structure of the rural masses. They have not touched even the outer fringe of the rural population, a majority of which constitutes small and marginal farmers, tenants and landless labourers. Sivaraman committee in its report estimated that only 6 percent of the 59 million farmers having land of 2 hectares and below had availed credit from commercial

banking system. This is true in even long term finance and situation is not so better even today. Thus, quantitative improvement in loans advanced by commercial banks does imply that it has helped in the rural development.

PACARD Banks with their wide network of their branches at the grass root level and vast experience in the field of rural credit in transferring modern technology to the small framers and rural artisans at minimum cost, there by bringing about rural development.

CONCEPTUAL ANALYSIS OF PACARD BANK

The rural development sector policy paper of the World Bank (1975) has observed that “rural development is a strategy designed to improve the economic and social life of a specific group of people-the rural poor. It involves extending the benefits of development to the poorest among those who seek a livelihood in the rural areas. The group includes small scale farmers, tenants and the landless.

In India, the Rural Development Bank is functioning on four tier system that is at National Level NABARD, at state level, at District level and a Taluk level. Taluk Level Bank is called PCARD Bank.

Agriculturists require long term finance to effect permanent improvement in land and to repay their past debts. Under the Land Improvement Act of 1883, loans are given by the state for productive purposes. But the amount so given is absolutely inadequate. The ordinary co-operative credit societies and central co-operative banks cannot afford to lock up their funds for long periods, nor are their resources adequate for the purpose. Commercial banks also refrain from lending for long period even for business purposes hence cannot be expected to lend for long term loans for agricultural purposes thus for improving long term loans exclusively for agriculturists, land developments banks were established.

SIGNIFICANCE OF PCARD BANKS

The organization of PCARD Banks as an independent institution to provide long term agricultural credit has been subjected to often repeated criticism on the ground that this work could be performed by the short term/medium term co-operative credit structure, the commercial banks or the government.

Agriculture needs 3 types of credit viz. short term, medium term and long term which is based on period, purpose security and creditors. Loans repayable within fifteen months, advanced for seasonal agricultural operations against personal sureties out short term borrowings of the lending institutions are termed as short term loans. Medium term loans are those which are repayable between fifteen months to five years to purchase of livestock or such agricultural machinery, life of which is of medium duration, land improvement of semi permanent nature or minor irrigation projects, issued either on the mortgage of unencumbered immovable property or against personal sureties out of specially created funds of the lending institutions. Loans repayable between five to twenty years taken for purchase of heavy agricultural machinery, private minor irrigation projects plantation land improvement, purchase of agriculture land and redemption of old debts from the long term liabilities of the lending institutions are termed as long-term agricultural loans.

In recent years the Indian Planners have adopted a new approach to the planning papers with the concepts of inclusive growth. Inclusive growth refers to the overall development of the area. Thus the role of PCARD Bank is to be view in the context of inclusive growth. Hence the PACARD Bank have to take in to account overall development of the area which includes Agriculture, village industries, technical training to artisan ,marketing of agriculture products and services like health and family welfare etc., Further Agriculture include mechanization sheep breeding, piggery diary development etc.,

II. NEED FOR THE STUDY

The co-operative edifice stands on a strong economic foundation and a sound social base. The economic logic behind formation of a co-operative and speed of cooperative movement lies in the existence of glaring inequalities in the distribution of wealth and income and the need of moderating them through the principles of cooperation. The necessity of liberating people from the tyranny of exploitative practices is the social justification for cooperatives.

III. Statement Of The Problem

Karnataka state primary cooperative Agricultural and Rural Development Banks performance in recent years working progress is wellbeing. As well as so many problems faced by the Primary Cooperative Agricultural and Rural Development Banks in Karnataka are the same other districts.

The problems and constraints faced by this sector are due to the poor recovery of loans differential rate of interest when compared to commercial and private banks restricted area of operation of the primary Agricultural Cooperative Societies, high transaction costs as well as the traditional policy of undiversified lending. The central Cooperative by being at the middle order of a three tier structure have been playing a crucial role in promoting agricultural and allied activities by providing credit facilities through primary co-operative banks they provide a strong linkage between rural based co-operative banks which do not have a close contact with the money market.

IV. OBJECTIVES

- To know the number of branches, membership and share capital of KSCARDB in Karnataka.
- To study the demand, collection and balance of PCA and RDB in Karnataka.

V. SOURCE OF DATA

The study is based on secondary data and drained from Annual Report of NABARD from various years and other books and journals. The study covers period from 2012-13 to 2016-17. Various statistical tools such as percentage and mean growth rate are used to evaluate the study.

Table 1

Number of branches, membership and Share capital of Karnataka State Co-operative Agricultural and Rural development bank

S.NO	DISTRICTS	NO OF BRANCHES	MEMBERSHIP	SHARE CAPITAL
1	Bangalore city	03	17000	24.71
2	Bangalore rural	08	77000	98.92
3	Chitradurga	09	68000	297.73
4	Kolar	11	96000	160.46
5	Shimoga	10	59000	86.37
6	Tumkur	10	87000	143.17
7	Belgaum	10	61000	127.83
8	Bijapur	11	81000	174.56
9	Dharward	17	74000	153.27
10	Karwar	11	41000	94.53
11	Chickmagalur	08	39000	127.80
12	Mangalore	08	60000	125.19
13	Hassan	08	58000	105.91
14	Kodagu	03	13000	49.61
15	Mandya	07	62000	89.83
16	Mysore	11	90000	88.35
17	Bellary	08	32000	65.76
18	Bidar	05	20000	59.40
19	Gulbarga	10	46000	101.06
20	Raichur	09	64000	157.36
	Grand total	177	11,45,000	2331.82

Source: Sahakari Soudha, department of co-operative Bangalore

Table 1 shows that number of branches, membership and share capital of the Karnataka state co-operative agriculture and rural development bank (KSCARDB) of the state level and primary co-operative agriculture and rural development bank of the taluk level numbering 177 centre to the long term credit needs in two tier credit delivery system

Table 2
Share capital and growth rate of PCARD bank in India during 2012 to 2017
 (Rs.in crores)

Year	Share capital	Growth rate in percentage
2012-2013	1386.07	0.22
2013-2014	1283.4	0.31
2014-2015	1329.53	3.59
2015-2016	1093.27	-17.77
2016-2017	1006.02	-8

Source: NABARD annual report

Table 2 shows that share capital of PCARD Bank in India in the year 2014-2015 was 1329.53 with the positive growth of 3.59 per cent, and lowest positive percent in the year 2012-2013 was 1386.07 with the growth rate of 0.22 percent. PCARD banks share capital gone down badly in the year 2015-16 was 1092.27 with the negative growth rate of -17.77 percent and somewhat recover from that decline in the next year 2016-17 was 1006.02 with the negative growth rate of -8 percent.

Table 3
Resource and growth rate of PCARD bank in India during 2012-17
 (Rs.in crores)

Year	Reserve	Growth rate in percentage
2012-2013	3552.12	0.22
2013-2014	3842.19	0.31
2014-2015	4024.03	3.59
2015-2016	2611.38	-17.77
2016-2017	1688.03	-8

Source: NABARD Annual report

Table 3 shows that reserve of PCARD Bank in India in the year 2013-2014 was 3842.19 with the positive growth of 8.17 percent in the year 2012-2013 was 3552.12 with the growth rate of 2.49 per cent. PCARD Banks Reserves gone down badly in the year 2015-2016 was 2611.38 with the negative growth rate of -35 per cent and somewhat recover from that decline in the next year 2016-17 was 1688.03 with the negative growth rate of -35.2 per cent.

Table 4
Borrowings and Growth rate of PCARD Bank in India during 2012-2017
 (Rs.in crores)

Year	Deposits	Growth rate in percentage
2012-2013	712.25	6.18
2013-2014	743.00	4.32
2014-2015	1015.70	15.81
2015-2016	1353.06	33.21
2016-2017	1252.03	-7.2

Source: NABARD Annual report

Table 4 shows the deposit of PCARD Bank in India in the year 2015-16 was 1353.06 with the positive growth of 33.21 per cent, and lowest positive percent in the year 2013-2014 was 743.00 with the growth rate of 4.32 percent. PCARD Banks deposits gone down badly in the year 2016-17 was 1252.03 with the negative growth rate of -7.2percent.

Table 5
Loans outstanding and Growth rate of PCARD Banks in India during 2012-17
(Rs.in Crores)

Year	Borrowings	Growth rate in percentage
2012-2013	14507.39	-0.30
2013-2014	14441.32	-0.46
2014-2015	16367.21	5.61
2015-2016	14265.15	-12.84
2016-2017	15530.21	9.2

Source: NABARD Annual report

Table 5 shows that borrowings of PCARD Bank in India in the year 2016-17 was 15530.21 with the positive growth of 9.2 percent, and lowest positive percent in the year 2014-15 was 16367.21 with the growth rate of 5.61 percent. PCARD Banks borrowing gone down badly in the year 2015-16 was 14265.15 with the negative growth rate of -12.84 percent and somewhat recover from the decline in the year 2016-17 was 15530.21 with the positive growth rate of 9.2 percent.

Table 6
Loans outstanding and Growth rate of PCARD Banks in India during 2012-17
(Rs.in Crores)

Year	Loan outstanding	Growth rate in percentage
2012-2013	12976.17	-1.13
2013-2014	12892.65	-0.64
2014-2015	14812.01	7.18
2015-2016	12682.35	-14.37
2016-2017	15064.22	19.2

Source: NABARD Annual report

Table 6 shows that the loan outstanding of PCARD Bank in India in the year 2016-17 was 15064.22 with the positive growth of 19.2 per cent, and lowest positive percent in the year 2014-15 was 14812.01 with the growth rate of 7.18 per cent. PCARD Banks loan outstanding gone down badly in the year 2015-16 was 12682.35 with the negative growth rate of -14.37 percent.

VI. FINDINGS

- **Share capital** of PCARD bank in India in the year 2014-15 was 13329.53 with the positive growth of 3.59 per cent, it shows that in the year 2014-15 has a resources for working capital sufficiently.
- **Reserve** of PCARD Bank in India in the year 2013-14 was 3842.19 with the positive growth rate of 8.17 per cent. In the year 2013-14 PCARD Bank has a sufficient fund for attaining various barriers.
- **Deposit** of PCARD Bank in India in the year 2015-16 was 1353.60 with the positive growth rate of 33.21 per cent, and lowest positive per cent in the year 2013 -14 was 743.00 with the growth rate of 4.32 per cent. PCARD Banks Deposit gone down badly in the year 2016-17 was 1252.03 with the negative growth rate of -7.2 per cent.
- **Borrowing** of PCARD Bank in India in the year 2016-17 was 15530.21 with the positive growth rate of 9.2 per cent, and lowest positive per cent in the year 2014 -15 was 16367.21 with the growth rate of 5.61 per cent. PCARD Banks Reserves gone down badly in the year 2015-16 was 14265.15 with the negative growth rate of -12.84 per cent and somewhat recover from the decline in the next year 2016-17 was 15530.21 with the negative growth rate of 9.2percent.
- **Loan outstanding** of PCARD Bank in India in the year 2016-17 was 15604.22 with the positive growth rate of 19.2 per cent, and lowest positive per cent in the year 2014 -15 was 14812.01 with the growth rate of 7.18 per cent. PCARD Banks loan outstanding gone down badly in the year 2015-16 was 12682.35 with the negative growth rate of -14.37 per cent.

VII. SUGGESTIONS:

- The saving habit of farmers with above 30 years of experience in agriculture should promote more saving then PCARD Bank will increase share capital.
- The PCARD Bank should increase the reserves for attain the repayment of loan outstanding without delay.
- The agricultural department in the India must offer superior quality of seeds or input to the cultivators the government must take step to market the product of the farmers by opening more regulated markets.
- The PCARD Banks should reduce to get borrowings from other banks.
- The PCARD Bank must appoint field officers to advice the farmers to repay the loan on due date. This will help the farmers to avail further loan for the growth of agriculture.
- The state government unanimously stressed that the repayment should be made quarterly or half yearly by the farmers.
- The NABARD should advice the government to drop the guarantee commission collected from the banks.
- The large farmers are advice to repay the loan to the PCARD Banks. They must understand that they are not eligible for loan waiver scheme of the government
- The PCARD BANK must encourage the farmers to adopt the modern agriculture technological to increase agricultural production
- Improving in irrigation facilities through digging of new canals and bore wells to improve agricultural productivity.
- The bank must encourage the farmers for repayment of loan on time through moral suasion.
- Adequate loan should be provided to new members and to the prompt repay of the loan
- Infrastructure facilities like construction of roads in the rural areas to improve the marketing facilities to market the product by the farmers.
- Adequate power supply should be provided to the farmers for cultivation by the government.

VIII. CONCLUSION:

Financial activities and banking sector reforms is very well. It may be stated that PCARD Banks have made a commendable progress in quantitative terms that is loans recover over the years but they are suffering from high over dues due to poor recovery and heavy accumulation losses.

An analysis of credit providing by PCARD Banks to the farmers in India over a period of years shows that there is a good progress in the advances and loans outstanding. But the growth is not uniform across all the districts. The farmers depend on the vagaries on the monsoon. If the monsoon fails they availed the loan and utility of the credit for cultivation of major crops failed. Hence they are unable to repay the loan. Ultimately the loan recovery rate is poor in the district. This is shows that socio economic conditions prevailing in the district influences the borrowing and repayment of the members. This in turn affects the probability of the banks.

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