CHAPTER I
ORIGIN, NEED, STRUCTURE AND DEVELOPMENT OF COOPERATIVE BANKING IN INDIA
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1.1 INTRODUCTION

Cooperation is the best art in the world. Indian Cooperative Movement has completed 100 years of its very active role in the socio-economic development of people of India. This movement, over the years, has made significant contribution in various sectors of Indian economy like agricultural credit, fertilizers, sugar, dairy, handlooms, fisheries and housing. India has the largest network of cooperative institutions with a dominant presence in rural sector.

The cooperative credit movement in India was started as a defensive mechanism against the moneylenders who were charging exorbitant rates of interest. Therefore, Government decided to develop cooperatives as an institutional agency to tackle the problem of indebtedness. Accordingly, on the recommendations of a committee appointed by the Government of India under the Chairmanship of Sir Edward Law, the first Cooperative Societies Act was introduced on 25th March 1904, providing for the Primary Cooperative Credit Societies. However, with the passage of the Cooperative Societies Act of 1912, the defects of the 1904 Act was removed and it was made applicable to all types of the societies – credit and non-credit. The Act provided for formation of producers and distributive societies and central organizations like cooperative unions and central cooperative banks.

Central Cooperative Banks means the principal cooperative society in a district of a state. Its primary object is providing finance to other cooperative societies in that district.

When the Cooperative Societies Act was passed in 1904, there was no provision for the formation of central banks. The sponsors of the cooperative movement expected that the rural credit societies would be able to attract substantial deposits from the members and well function in village community and their savings would be available to meet the needs of the needy people in the villages. It was also contemplated that any deficiency in the funds would be made good by loan from the Government. But these expectations of the promoters did not materialise. The
isolated and poorly managed societies failed. In the first instance, to collect the funds from the more persons, and secondly the financial arrangements failed to meet their growing requirements. Therefore, the Cooperative Societies Act was amended in 1912 with a view to permit the registrations of central societies.

1.2 MEANING OF THE TERMS COOPERATIVE, COOPERATIVE SOCIETY, AND COOPERATIVE MOVEMENT

The term Co-operative means the act of working together for a common purpose. A Co-operative Society is an association for the purpose of joint activity conducted always in an unselfish spirit on such terms that all members may share in its rewards in proportion to the degree in which they make use of their association.

Activity in a Co-operative spirit and in a commercial spirit has distinction. In Co-operative activity the purpose is not to earn profit but is a collective of the members for common purpose. No one is the owner of the Co-operative activity but all are the members of such activity. Abraham Lincoln had defined democracy as 'of the people, for the people and by the people'. Changing the word 'people' for 'member', the Co-operative principle can be defined as a society 'of the member, for the member and by the member'.

A ‘Co-operative’ is a system of social organization based on the principles of unity, economy, democracy, equality and liberty. A ‘Co-operative society’ is formed and directed by an association of users, applying itself the rules of democracy and directly intended to serve both its own members and community as a whole.

Co-operative movement is a socio-economic movement and Co-operative and Co-operative society is managed with democratic principles.

Co-operation is something more than a series of activities. Basically, its purpose is to evolve a system of Co-operative community organization which touches upon all aspects of life.

A Co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Co-operatives based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, Co-operative
members believe in the ethical values of honesty, openness, social responsibility and caring for others.

One of the doyens of Indian Co-operative movement, Mr. Vaikunthlal Mehta defined the term Co-operation as, “Co-operation is a vast movement which promotes voluntary associations of individuals having common needs who combine towards the achievement of common economic ends.

1.3 FEATURES OF COOPERATIVE UNDERTAKING

The co-operative form of undertaking can be easily understood if we focus our attention on the following four dimensions i.e. ownership, aim, control and attitude to the market.

1. Ownership: Basically, Co-operative is based on private individuals and persons coming together as members to form a collective, joint or social ownership. No one can claim individual rights to any part of the asset of a Co-operative, but every one can take advantage of it by joining that particular Co-operative. The principle is that the capital should serve for all but not dominate any one.

2. Aim: The aim of Co-operative is always to serve the members as favourably as possible and to serve them at cost without profit. Unlike private undertakings, a Co-operative cannot tend to earn profit if it wants to keep its Co-operative character.

3. Control: The Co-operative is intended to be controlled by its member users in a democratic way.

4. Coordination: The word Co-operation necessarily means the exclusion of internal competition. Co-operatives are meant for undertaking activities in coordination with its constituents for rendering services.

5. Open Membership: The principle of open membership is observed in Co-operation. No one is denied membership on discrimination of caste, creed, gender, economic or financial position etc. It is like equality before the principle; the principle obviously is of Co-operation.

6. Democratic Control: It is often called ‘one man, one vote’ and is one of the foundation stones of the Co-operative concept. In a Co-operative organization, all members are put on an equal footing, irrespective of the number of shares they may own or possess.
7. Distribution of Surplus (Dividend): It expresses the non-profit Co-operative character of the Co-operative enterprises. The object of the principle is simply to divide the surplus among members in proportion to their business done through the Co-operative and not based on their investment made in it.

8. Political and Religious Neutrality: The idea behind this principle is that Co-operative form of enterprises has come into being to serve the interests of its members by improving their economic standard, but certainly not to serve members of political or religious group.

9. Promotion of Education: The principle of education had widespread application through the world Co-operative movement. Education is the only thing that improves the social and cultural values of any society. Even rise in financial condition does not bring this effect if education level is not increased. The net surplus of the societies should provide the means for promoting education.

1.4 FUNDAMENTALS OF COOPERATION

Following are some important fundamentals of cooperation:

1. Membership: Those who make appropriate use of services of Co-operative Society should become its members. The individual should be free to join a Co-operative and share its economic and social advantages on an equal footing with other members. At the same time, the member should be free also to withdraw from a Co-operative when he finds that he no longer has any need of its services or when the Co-operative is unable to supply the needs of the members. In a sense, the saving and loan bank or credit society may be justified in refusing to admit an applicant known not to be credit worthy. The essential consideration that if an individual has interest in some specific field of service for which a Co-operative is formed, he should be regarded as eligible for membership. Then if he applies, he is admitted unless he is personally unacceptable to the society on some justifiable grounds. Co-operation can maintain its proper character as a voluntary movement offering to share its benefits with all who need them. Co-operative societies accept their obligation to allow membership to anyone who undertakes to fulfil the duties assigned to membership.

As an individual is free to join a Co-operative Society, he is also free to withdraw from it. Co-operative Society in the interest of whole body of its members must have the right and must take power in its rules to terminate an individual membership on just cause.
2. **Democratic Administration**: The primary and dominant purpose of Co-operative Society is to promote the interest of its members. Those who manage affairs of the society and in particular conduct its day-to-day business must be chosen directly or indirectly by the members and enjoy their confidence. It follows that the administrators and managers are accountable to the members for their functional aspects and submit results to the judgment of the members. If the members are not satisfied, they have the authority and power to criticize, to object, and in extreme cases to replace their officials. The General Body of the member is the supreme authority in all respects. The management Committee appointed by the members has to function in a democratic way and is accountable to the society.

In the Co-operative Society, the status of all members is equal and all have equal opportunities of participating in decisions and expressing views on policy. Therefore, each member has one vote and only one vote.

In a fully developed Co-operative unit, the management must rest in the hands of the members and the Co-operators themselves should take all decisions with no external interference.

3. **Interest on Capital**: The Co-operatives have three major sources of capital,

(a) The members own share capital,

(b) Capital owned by Co-operative societies in the form of reserves and special funds on which individual members have no claim and

(c) Loan capital that includes external borrowings from banks or government or Co-operative institutions and savings deposited by members over and above their share holding.

Out of the said three sources, interest is not payable on the reserves maintained by the society. In the case of borrowings, the interest rates are as prevailing in the market or fixed by the regularity authority. It is, therefore, the first category i.e. share capital, which is subjected to fixed and limited rate of return in the form of dividend. Actually, there is no Co-operative principle that makes it mandatory to pay return on the capital. The view about return on capital is that if return is paid on share capital, the rate should be limited. The return on share capital should not harm the principle of "no profit" in Co-operative fundamental. The concept of ‘return on investment’ that prevails in commercial sense should not be reflected here.
There are four different types of situations prevailing with regard to payment of return or dividend on share capital. They are:

(a) Return is not at all payable on the share capital. This practice does not conflict with any essential principle of Co-operation.

(b) Return is paid but at a rate which is kept deliberately below the rate regarded as fair at any given time in the open market so that it is not in conflict with Co-operative principles.

(c) A limit is applied but only for a definite period and raised or lowered in relation with the bank rates or some other rates, which are generally regarded as a fair level in the prevailing market conditions. This limit is equivalent to fair return on capital.

(d) When Co-operative organizations feel obliged to include in the policy to pay interest on shares, it should be with intention to include the members to invest their money in the Co-operative rather than invest elsewhere. This is sometimes requiring as the activity needs capital at many times and can not be run only on principles.

On the other hand, members generally place their savings in the care of society for the sake of security, much more than for any additional income in the form of interest.

4. Disposal of Surplus (Savings): The equitable sharing of surplus or savings resulting in the activities undertaken by the Co-operatives has raised many options based on different considerations. Firstly, proper balance between the interest of the individual members and those of the society as a whole needs to be maintained. Secondly, to do justice between one individual members and another, the Co-operatives have to keep the following facts in mind while taking a decision on the method of distribution of surplus.

(a) Co-operatives societies can offer their members to purchase goods from it at prices nearer to the cost that no margin remains large enough to be worth so distributing.

(b) As business prudence, a portion of its surplus is transferred to reserves. Increase in reserves is a powerful factor in financial stability of any Co-operative society.

(c) The societies often devote a portion of their net surplus or savings to the provision to be used for services of common enjoyment of their members. These services should be more useful to them than the equivalent in cash, because the members could not have these services economically as individuals.
5. **Co-operative Education:** The Co-operative education must have the following inputs viz.

(a) Knowledge improvement,

(b) Acquisition of technical skills and

(c) Training in Co-operative conducts the behaviour.

### 1.5 PRINCIPLES OF COOPERATION

The Co-operative principles are guidelines by which Co-operatives put their values into practice. These principles are as under:

1. **Voluntary and Open Membership**

   Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership. This is without gender, social, political, or religious discrimination. The phrase 'open to all persons able to use their services' conveys the meaning. However, the Co-operatives for specific purposes can only effectively serve a particular type of member or a limited number of members. For example, a fishing Co-operative is meant for fishermen, labour Co-operative is meant to employ only limited number of labourers, etc. The phrase 'willing to accept the responsibilities of membership' clearly expresses the fact that the members have positive obligations towards the promotion and development of their society. The obligations may include the right such as to vote, to take part in the meetings, to utilize the services of Co-operatives and provide equity as and when need arises. The Co-operatives should also reach out to all evident population groups and minorities able to benefit from Co-operative enterprise. The basis for this involvement should not be charity; it should be the result of a careful practical and innovative of the possibilities for Co-operative action.

2. **Democratic Member Control**

   Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary Co-operative societies the voting should be based on the doctrine of ‘one man one vote’. In the case of secondary and federal societies, the voting pattern may be based on the proportional system of voting so as to take care of the diverse interest of the society and the size of membership in such federal or secondary societies.
3. Economic Participation of Member

Members contribute to democratically controlled capital of their Co-operatives. At least part of that capital the common property of the Co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surplus for developing their Co-operative, possibly by setting up reserves, part of which at least would be indivisible benefiting members in proportion their transactions with the Co-operative and supporting other activities approved by the members. The members are required to invest in the share in order to benefit from membership. The Co-operatives may require capital more than what they can save from their economic activities. Co-operative may have to make fresh demand for making further investments. When the Co-operatives activities results in creating surplus, the members have the right and the obligation to decide how those surpluses should be allocated.

4. Autonomy and Independence

Co-operatives are autonomous, self help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their Co-operative autonomy.

The Co-operatives are very much affected by their relationship with the State Government that determines the autonomy principle addresses the essential need for Co-operatives to be autonomous in their dealings with Governments.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers and employees so that they can contribute effectively to the development of their Co-operatives. They inform the general public, particularly young people and opinion leaders, about the natures and benefits of Co-operation. Education and training are important because they provide excellent opportunities whereby Co-operative leaders can understand the needs of their membership. The Co-operatives have a particular responsibility to educate young people and leaders about the “nature and benefits” of Co-operation.
6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, regional and national structures. Co-operatives can maximize their impact through practical, rigorous collaboration with other Co-operatives either at national or global level. Co-operatives must recognize the possibilities of more joint business ventures and must enter into such venture in a practical manner carefully protecting the interest of the members.

7. Concern for Community

While focusing on members need and wishes, Co-operatives work for the sustainable development of their communities, though policies approved by their members. The Co-operatives owe a special responsibility to ensure that the developments of their communities economically, socially and culturally are sustained.

The above mentioned principles, at third phase, were adopted in September 1995 at the International Co-operative Alliance (ICA) held at Manchester. These principles are taken in the Multi-State Co-operative Societies Act, 2002 also as a First Schedule to the Act; Section 3(g) of the said Act defines the word “Co-operative principles” to mean as given in the First Schedule of the Act.

1.6 STRUCTURE OF COOPERATIVE BANKING

Co-operative banking sector plays an important role by providing financial intermediation service to agricultural and allied activities, small-scale industries and self-employed workers. These institutions are considered as a potential instrument to bring people from different areas under the formal banking network. The network of co-operative banks is widespread across different part of country.

The rural co-operatives are divided into short term and long-term structures. The structure of short-term co-operatives sector comprises of State Co-operative Banks (SCB s) operating as apex level institutions in each state, District Central Co-operative Banks (DCCBs) operating at district level and the primary Agricultural Credit Societies (PACs) operating at grass root level. Similarly, the long-term co-operatives are the State Co-operative agriculture and Rural Development Banks (SCARDBs) at state level and Primary Co-operative Agricultural and Rural Development Banks (PCARDB s) operating at district/block level.
Chart No. 1.1

Structure of Cooperative Credit Institutions in India
(As at end-March 2013)

(Source: Report on Trend and Progress of Banking in India 2012-13, RBI)

Note: 1. Figures in brackets indicate the number of institutions at end March 2013 for UCBs and at end March 2012 for rural cooperatives.

Chart No. 1.1 shows the structure of cooperative credit institutions in India. The cooperative Credit Institutions, both in the short and long-term structures, have an inevitable role in disbursement of rural credit. Out of the total number of rural cooperatives, short-term cooperatives constituted a majority while only one per cent of the total cooperatives operating in the country were long term in nature. As at end March 2013, total 95156 credit cooperative were functioning in the short and long-term structure.

As at end March 2013, total 95156 credit cooperative were functioning in the short and long-term structure. Out of the total cooperative banks, 93550 were rural cooperative banks whereas 1606 were urban cooperative banks. Its percentage to total was 98.29% and 1.71% respectively.

During the same period, out of total UCBs, there were 51 scheduled UCBs and 1555 non-scheduled UCBs i.e. 3.27% and 96.73% respectively. Non-scheduled UCBs were bifurcated in single state and multi state. There were 1534 single-state and 21 multi-state non-scheduled UCBs in India and its percentage to total were 98.63% and
1.36% respectively. As at end of March 2013, scheduled multi state banks were 25 (41.01%) and scheduled single state were 26 (50.99%) respectively.

Out of total rural cooperatives, 717 i.e. 0.76% provided long-term assistance and 92833 i.e. 99.24% provided short-term assistance. 20 SCARDBs and 697 PCARDBs were providing financial assistance for long-term rural cooperative banks.

92833 short-term rural cooperatives acquired 99.23% portion of the total rural cooperatives. Out of total short-term cooperatives, 31 (0.03%) SCBs at State level, 370 (0.41%) DCCBs at district level, and 92432 (99.56%) PACS at root level were set for rural credit delivery system in India at end of March 2013.

Government is expanding the rural credit cooperative network for the development of rural area and for strengthening the financial health of rural sector.

1.7 A PROFILE OF RURAL COOPERATIVE BANKS

Table No. 1.1 indicates that short-term rural cooperatives have weakened over the years in providing agriculture credit due to various factors. It resulted in the decline in the share of these institutions in total agricultural credit from 64% in 1992-93 to around 17% in 2011-12. It also indicates that SCBs and DCCBs were heavily dependent on deposits for resources whereas borrowings constituted a major part of total asset in case of PACS, SCARDBs and PCARDBs.

In the rural cooperatives, the short-term credit cooperatives occupy a significant position in providing credit to agricultural sector. The share of short-term credit cooperatives includes State Cooperative Banks (SCBs), District Central Cooperative Banks (DCCBs), and Primary agriculture Credit Societies (PACS), continued to above 90% of the total assets of rural cooperative credit institutions at end March 2012. At the same time, long-term credit cooperatives constituted remaining 10% of total asset.
Table No. 1.1
Profile of Rural Cooperatives
(As at end-March 2012)

(Amount in Rs. billion)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>Short term</th>
<th>Long term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>SCBs</td>
<td>DCCBs</td>
</tr>
<tr>
<td>A.</td>
<td>No. of Cooperatives</td>
<td>31</td>
<td>370</td>
</tr>
<tr>
<td>B.</td>
<td>Balance Sheet</td>
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<td></td>
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<tr>
<td></td>
<td>Indicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Owned Funds</td>
<td>145</td>
<td>359</td>
</tr>
<tr>
<td>2.</td>
<td>Deposits</td>
<td>867</td>
<td>1768</td>
</tr>
<tr>
<td>3.</td>
<td>Borrowings</td>
<td>427</td>
<td>505</td>
</tr>
<tr>
<td>4.</td>
<td>Loans and Advances</td>
<td>756</td>
<td>1448</td>
</tr>
<tr>
<td>5.</td>
<td>Total Liabilities/Assets</td>
<td>1479</td>
<td>2573</td>
</tr>
<tr>
<td>C.</td>
<td>Financial Performance</td>
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<td></td>
</tr>
<tr>
<td>1.</td>
<td>Institutions in Profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Number</td>
<td></td>
<td>28</td>
<td>318</td>
</tr>
<tr>
<td>b. Amount of Profit</td>
<td></td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>2.</td>
<td>Institutions in Loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Number</td>
<td></td>
<td>3</td>
<td>52</td>
</tr>
<tr>
<td>b. Amount of Loss</td>
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<td>3</td>
</tr>
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<td>3.</td>
<td>Overall Profit/Loss</td>
<td>5</td>
<td>14</td>
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<tr>
<td>D.</td>
<td>Non-performing Assets</td>
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<tr>
<td>1.</td>
<td>Amount</td>
<td>52</td>
<td>154</td>
</tr>
<tr>
<td>2.</td>
<td>As % of loan outstanding</td>
<td></td>
<td>6.8</td>
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<tr>
<td>E.</td>
<td>Recovery of Loans to Demand Ratio (%)</td>
<td></td>
<td>96</td>
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</tbody>
</table>

(Source: Report on Trend and Progress of Banking in India 2012-13, RBI)

1.8 DISTRICT CENTRAL COOPERATIVE BANKS

The District Central Cooperative Banks (DCCBs) occupy a position of cardinal importance in three-tier credit structure. They came into existence due to the failure of PACS to collect the required resources of village community on one hand and to inspire the habit of thrift and saving among the members to provide strong capital
base. The PACS could not meet the credit requirement of their members. Hence, the need was felt to provide parental help to primaries. In Uttar Pradesh, the primary cooperative credit society worked as central bank in 1906. The first central bank was started at Ajmer in 1911. However, the second cooperative societies Act of 1912 paved the way for the registration of district central cooperative banks with an objective of providing financial assistance to primary societies.

As per the Montague- Chemsford Reform, 1919, certain central subjects were handed over to provinces in India. When cooperation became the provincial subject, each State enacted its own cooperative societies Act and took keen interest in the expansion of cooperative movement. These banks constituted an integral part of the three-tier cooperative credit system. The policy of organizing a central cooperative bank for each district originated from a recommendation of Maclagan Committee on cooperation in India in 1915. Thus, the origin of DCCBs took place during the period 1906 to 1918 in various parts of the country.

The DCCB was started as a federation of primary cooperatives in the district level to tap the required finance from the members and other well to do people and from higher financing institutions in the form of borrowing, in order to fulfil the credit needs of the affiliated societies. During the period of world’s depression i.e., from 1919 to 1929, there was a rapid expansion of cooperative banking system in the country. The number of DCCBs increased from 233 in 1919-20 to 588 in 1929-30, while their membership increased from Rs. 1.22 lakhs to Rs. 1.91 lakhs. The total working capital also increased from Rs. 6.43 crores to Rs.30.90 crores during the same period. As at end March 2012, there are 370 DCCBs in Cooperative Credit Institutions of India.

1.7.1 PROGRESS OF DCCBS

There were 380 DCCBs in 1960-61, which decreased to 353 in 1986-87 due to the amalgamation of non-viable DCCBs. The share capital, deposit and working capital showed a rapid progress since 1960-61. As a result, the share capital, deposit and working capital increased from Rs. 37.93 crores, Rs. 110.59 crores and Rs. 299.73 crores during the year 1960-61. During 1986-87, these figures were Rs. 575.06 crores, Rs.6051.64 crores and Rs. 10458.33 crores respectively. As at end March 2012, the share capital, deposits, and reserves were Rs. 79 billion, Rs. 1651 billion, and Rs. 163 billion respectively.
1.7.2 OBJECTIVES OF DCCBS

The main objectives of the DCCBs are:

1. To meet the short, medium term and fulfil the credit requirement of PACS and other affiliated cooperative societies in the district.
2. To collect deposits and arrange funds for lending.
3. To act as balancing centre for the surplus funds of the societies.
4. To arrange supervision and inspection of borrowing societies
5. To provide a safe place for investing the resources of primary societies.
6. To develop and extend banking services in the area of operation
7. To undertake such work which will promote the cause of cooperation in the district
8. To implement the credit policy and programmes of both Government and NABARD and to provide various banking facilities to the members as well as to the other customers.

1.7.3 STRUCTURE OF DCCBS

The Central Cooperative Banks adopt federal structure in many of the States i.e., primary societies at the bottom, middle level and apex level banks at the district and state level. In bigger states like Uttar Pradesh, Bihar, Andhra Pradesh, Karnataka, Tamilnadu, etc., the federal structure has been followed. In States like Goa, Delhi, Pondicherry, the unitary structure consist of apex bank with branches has been followed. The basic consideration behind federal structure is that all the units with in a particular business structure should act in union and in an integrated fashion. It is necessary to establish effective inter-cooperative relationship between various units of federal structure. That is why the International Cooperative Alliance (ICA) has recommended “cooperation among cooperatives” as a new principle for the growth of “cooperative movements through interrelations”.

In unitary structure the problems of inter-cooperation relationship is not visible, since the entire business and decision making power is concentrated at the level of principal institution and the branches have subordinate segments of the unit. Under the federal structure, the organization structure is concentrated in the constituent units at primary level and flows to the higher-level institutions. Actually, the higher-level federation that is central banks are expected to function through their affiliated units by establishing effective business links with them on reciprocal basis. In Maharashtra, the state cooperative bank was having its branches throughout the State for the first time. Subsequently, the central cooperative banks were started at the
district level instead of having the branches of apex bank. The federal structure is much helpful and suitable to Indian condition to the extent, they train the local leadership at various level of institution i.e., primary, middle and apex level.

Three tier structure viz., primary societies, DCCBs and SCBs play vital role in cooperative banking structure. DCCBs occupy a crucial importance at the intermediary level of federal structure.

There has been another argument with regard to direct finance for crop loan to DCCBs from NABARD refinance to reduce the interest rate for the benefit of ultimate borrower.

1.7.4 TYPES OF DCCBS

The DCCBs are classified as given below:

1. **Banks whose membership confined to individuals**: At present, there are no such banks in India. The Maclagan Committee was of the opinion that such bank should not be registered under Cooperative Societies Act.

2. **Banks whose membership is confined to societies only**: The banks whose membership is confined to primary societies are permitted to become members of the DCCBs. The Maclagan Committee was in favour of admitting societies only as members. Under this type of bank, the primary societies are the members who are also the borrowers of the bank. These types of banks preserve the cooperative character.

3. **Banks whose membership consists of both individuals and societies**: This is mixed type having both individuals and societies as members. Under this type, certain proportion of representation of individual membership in the board of management is given. There is a possibility to get experts with adequate knowledge and experience in management from both rural and urban areas. At present, in many DCCBs in India, primary societies and individuals are found as members. However, the cooperative Societies Acts of many States does not permit individuals to become ‘A’ class members. The all India Rural Credit Survey Committee approved the admission of individual agriculturist as purely transitional arrangements pending establishment of cooperative societies in the area concern.

1.7.5 AREA OF OPERATION OF DCCBS

For the successful working of a central cooperative bank, it is important to have a suitable area of operation to attain adequate staff, meet the overheads and build up a strong reserve fund. In 1915, the Maclagan Committee stated; “a central bank
should cover as large an area as it is compatible with convenience and efficiency. Although it may commence on a large scale, it cannot expect ultimately to work at a profit unless it has a considerable capital either at once or within a reasonable times, with at least 200 to 250 societies. Subject so far as possible to administrative divisions and to avoid the creation of banks intended permanently to deal with any area exceeding a district.”

Reserve Bank Standing Advisory Committee on Agricultural Credit and all India Rural Credit Survey Committee has expressed their view that their view that there should be one district as area of operation for a DCC Bank. The norm for the area of operation of a central cooperative bank would be most convenient to enable the bank to become a strong and powerful unit and to discharge its responsibilities towards the lower tiers in the cooperative credit structure sufficiently.

1.7.6 MEMBERSHIP OF DCCBS
The membership of DCC Bank consists of:

a. Primary Agricultural Credit Societies and other type of cooperatives viz., weavers societies, cooperative urban banks, employees thrift and credit societies, marketing cooperatives, consumer cooperatives, milk production cooperatives, cooperative sugar factories, cooperative spinning mills, etc. working in the district.

b. Government
c. Individuals

In the initial stage, individuals were admitted as members. At present concerned State Cooperative Societies Act, do not permit the individuals to become members in the federal cooperatives like SCBs and DCCBs. In Maharashtra, there are still number of individual as members in DCCBs and in some States, the individuals are still more in numbers. However, they were given the restricted powers in the Board of Management.

1.7.8 MANAGEMENT OF DCCBS

The management of the central bank vests in a Board of directors elected by the General Body. The Board of Directors elects the Chairman and Vice Chairman. The term of office for the directors is 5 years in many States in India. The following Committees normally appointed among any of the directors to undertake various works of the bank:

1. Executive Committee
2. Loan Sub Committee
3. Purchase Committee
4. Staff committee
5. Building Committee

The duties and the responsibilities of the Board of Directors are:
1. To sanction the loan applications
2. To prepare the annual reports
3. To appoint the employees required for the bank.
4. To consider for investments of bank's funds and
5. To approve the monthly receipts and charges

The general Body of the bank is having supreme authority. General Body attends approval of the annual report of the bank, election of Board of Directors, approval report and the major decision-making. As per the Cooperative Societies Act and rules, the General Body Meeting has to be conducted once in a year.

In some of the States, the Managing Directors (MDs) are appointed other by the Registrar of Cooperative Societies or by the board of Management. He will be the Chief Executive and look into the interest of cooperative department and the bank as per the concerned Cooperative Societies Act, Rules and Byelaws. In Tamilnadu, in addition to the MD, a Chief Executive Officer at the addition to the cadre of Deputy Registrar is appointed in each DCOB. He will look in to the recovery of loans with the assistance of field level Officers working under his control.

1.9 DISTRICT COOPERATIVE BANKS AT ALL INDIA LEVEL

Even though, there was a progress of cooperatives during the war period, the weakness found before the First Five Year plan. In some of the states like Punjab, Bihar, Madhya Pradesh, Orissa, Himachal Pradesh and Andhra Pradesh there was an excess number of DCCBs and banking unions. Due to this, a number of affiliated societies were very limited and not able to give adequate business to each central bank. Further, in states like Rajasthan, there was no uniformity in organizing DCCBs. The area of operation of few banks was having more than a district. Hence, the need was felt to reorganize such DCCBs all over India.

In order to rationalize and strengthen the central financing agencies, the all India Rural Credit Survey Committee draw Agricultural Credit (1952) to ensure a minimum working capital of Rs. 20 to 25 lakhs in each DCCB and to ensure one DCCB for one district. This during the first plan period (1950-51 to 1954-55), the
states began to reorganize and amalgamate the central cooperative banks. The same process continued in second plan period also. The formulation of one DCCB in each district was adopted throughout the country to maintain uniformity and viability. Due to the reorganization and amalgamation, the number of DCCBs falls from 505 in 1950-51 to 478 in 1955-56 and 380 in 1960-62. For instance, in Bihar the number of central banks, which stood at 35 in 1960-61, were brought down to 28 by 1965-66, in Punjab from 34 to 31, in Rajasthan from 28 to 26 and in West Bengal from 29 to 21. In Maharashtra, as at end March 2012, the number of DCCBs stood at 31. Out of that, 30 DCCBs acquired the profits of Rs. 3635 million.
Table No. 1.2
District Central Cooperative Banks at All India Level
From 2002-03 to 2011-12 (As on 31st March)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>MAIN ITEMS</th>
<th>2002-03 (31.3.03)</th>
<th>2003-04 (31.3.04)</th>
<th>2004-05 (31.3.05)</th>
<th>2005-06 (31.3.06)</th>
<th>2006-07 (31.3.07)</th>
<th>2007-08 (31.3.08)</th>
<th>2008-09 (31.3.09)</th>
<th>2009-10 (31.3.10)</th>
<th>2010-11 (31.3.11)</th>
<th>2011-12 (31.3.12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NO. OF D.C.C. BANKS</td>
<td>366</td>
<td>366</td>
<td>368</td>
<td>368</td>
<td>370</td>
<td>371</td>
<td>372</td>
<td>373</td>
<td>372</td>
<td>371</td>
</tr>
<tr>
<td>2</td>
<td>NO. OF/offices INCLG. HO</td>
<td>12956</td>
<td>12893</td>
<td>12858</td>
<td>12891</td>
<td>13091</td>
<td>13151</td>
<td>13233</td>
<td>13238</td>
<td>13327</td>
<td>13495</td>
</tr>
<tr>
<td>3</td>
<td>TOTAL MEMBERSHIP (NO.)</td>
<td>2183731</td>
<td>2149071</td>
<td>2145876</td>
<td>2267850</td>
<td>3264849</td>
<td>3396881</td>
<td>3528802</td>
<td>3975660</td>
<td>3146070</td>
<td>3659385</td>
</tr>
<tr>
<td>a.</td>
<td>Cooperatives</td>
<td>415686</td>
<td>457856</td>
<td>473010</td>
<td>474758</td>
<td>469246</td>
<td>471031</td>
<td>697346</td>
<td>973624</td>
<td>630451</td>
<td>805000</td>
</tr>
<tr>
<td>b.</td>
<td>Individuals</td>
<td>1768045</td>
<td>1691215</td>
<td>1672866</td>
<td>1793092</td>
<td>2795603</td>
<td>2925850</td>
<td>2831456</td>
<td>3002036</td>
<td>2515619</td>
<td>2854385</td>
</tr>
<tr>
<td>4</td>
<td>PAID UP CAPITAL</td>
<td>357680</td>
<td>381003</td>
<td>411547</td>
<td>451147</td>
<td>509813</td>
<td>582923</td>
<td>607141</td>
<td>777653</td>
<td>725768</td>
<td>818892</td>
</tr>
<tr>
<td>a.</td>
<td>Of which Govt.</td>
<td>52086</td>
<td>54224</td>
<td>62476</td>
<td>76989</td>
<td>103117</td>
<td>113928</td>
<td>132614</td>
<td>241902</td>
<td>132021</td>
<td>131461</td>
</tr>
<tr>
<td>5</td>
<td>TOTAL RESERVES</td>
<td>967591</td>
<td>1120824</td>
<td>126286</td>
<td>1408294</td>
<td>1550512</td>
<td>1645373</td>
<td>1780801</td>
<td>2013296</td>
<td>2069202</td>
<td>2292034</td>
</tr>
<tr>
<td>a.</td>
<td>Statutory</td>
<td>97522</td>
<td>112895</td>
<td>132347</td>
<td>158938</td>
<td>178337</td>
<td>199790</td>
<td>217438</td>
<td>289378</td>
<td>302611</td>
<td>355772</td>
</tr>
<tr>
<td>b.</td>
<td>A.C.S. Fund</td>
<td>55504</td>
<td>65926</td>
<td>73114</td>
<td>83965</td>
<td>95082</td>
<td>118588</td>
<td>112684</td>
<td>140841</td>
<td>155822</td>
<td>209046</td>
</tr>
<tr>
<td>6</td>
<td>TOTAL DEPOSITS</td>
<td>7239443</td>
<td>7688452</td>
<td>8049350</td>
<td>8665222</td>
<td>9218136</td>
<td>10599372</td>
<td>12372182</td>
<td>14630314</td>
<td>16130882</td>
<td>17582238</td>
</tr>
<tr>
<td>a.</td>
<td>Cooperatives</td>
<td>2708598</td>
<td>2763401</td>
<td>2826417</td>
<td>2883807</td>
<td>2969601</td>
<td>3616267</td>
<td>4142858</td>
<td>4911773</td>
<td>4966909</td>
<td>5443946</td>
</tr>
<tr>
<td>b.</td>
<td>Individuals</td>
<td>4070996</td>
<td>4392602</td>
<td>4628419</td>
<td>5100848</td>
<td>5512075</td>
<td>6177296</td>
<td>723187</td>
<td>8439585</td>
<td>9691859</td>
<td>10718040</td>
</tr>
<tr>
<td>c.</td>
<td>Local Bodies &amp; Others</td>
<td>459849</td>
<td>532449</td>
<td>594514</td>
<td>680567</td>
<td>736460</td>
<td>805809</td>
<td>996127</td>
<td>1278956</td>
<td>1472114</td>
<td>1520252</td>
</tr>
<tr>
<td>7</td>
<td>TOTAL BORROWINGS</td>
<td>1923847</td>
<td>2112810</td>
<td>2155710</td>
<td>2320213</td>
<td>2794060</td>
<td>3053334</td>
<td>2847764</td>
<td>3035483</td>
<td>3910116</td>
<td>5048131</td>
</tr>
<tr>
<td>8</td>
<td>WORKING CAPITAL</td>
<td>10909239</td>
<td>11890531</td>
<td>12263289</td>
<td>13124185</td>
<td>14608363</td>
<td>16813752</td>
<td>18403787</td>
<td>20691844</td>
<td>23543070</td>
<td>25730623</td>
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<tr>
<td>9</td>
<td>INVESTMENTS</td>
<td>3113877</td>
<td>3567729</td>
<td>3478322</td>
<td>3712739</td>
<td>4079112</td>
<td>4824662</td>
<td>6104124</td>
<td>7562446</td>
<td>7562446</td>
<td>9021081</td>
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</table>
### Origin, Need, Structure And Development of Cooperative Banking in India

<table>
<thead>
<tr>
<th></th>
<th>TOTAL LOANS ISSUED</th>
<th>TOTAL LOANS OUTSTANDINGS</th>
<th>TOTAL DEMAND</th>
<th>TOTAL COLLECTION</th>
<th>BALANCE (OVERDUES)</th>
<th>PERCENTAGE OF OVERDS. / DEMAND</th>
<th>PERT. OF COST OF MANANT. / WC</th>
<th>COST OF MANAGEMENT</th>
<th>NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>a. SHORT TERM</td>
<td>4977550</td>
<td>521241</td>
<td>6041849</td>
<td>7670381</td>
<td>8722909</td>
<td>8802869</td>
<td>11052929</td>
<td>13775717</td>
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<tr>
<td></td>
<td>b. MEDIUM TERM &amp; OTHERS</td>
<td>4294113</td>
<td>4576771</td>
<td>5227999</td>
<td>5824336</td>
<td>6829065</td>
<td>6889387</td>
<td>8825879</td>
<td>10595808</td>
</tr>
<tr>
<td></td>
<td></td>
<td>683437</td>
<td>944470</td>
<td>814450</td>
<td>1846045</td>
<td>1893844</td>
<td>1913482</td>
<td>1135578</td>
<td>3179909</td>
</tr>
<tr>
<td>11</td>
<td>a. SHORT TERM</td>
<td>5282006</td>
<td>6155483</td>
<td>6548656</td>
<td>8545975</td>
<td>9597423</td>
<td>9720682</td>
<td>10499715</td>
<td>12279548</td>
</tr>
<tr>
<td></td>
<td>b. MEDIUM TERM &amp; OTHERS</td>
<td>3671269</td>
<td>4351191</td>
<td>5027524</td>
<td>5922924</td>
<td>4472563</td>
<td>6626357</td>
<td>7672615</td>
<td>9101926</td>
</tr>
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<td></td>
<td></td>
<td>1610737</td>
<td>2071472</td>
<td>2197465</td>
<td>3518451</td>
<td>3674499</td>
<td>5248119</td>
<td>2529467</td>
<td>4606933</td>
</tr>
<tr>
<td>12</td>
<td>TOTAL DEMAND</td>
<td>4614306</td>
<td>5485797</td>
<td>5722694</td>
<td>6494337</td>
<td>7412146</td>
<td>8088960</td>
<td>8889616</td>
<td>10611864</td>
</tr>
<tr>
<td>13</td>
<td>TOTAL COLLECTION</td>
<td>2887134</td>
<td>3682622</td>
<td>3903087</td>
<td>4355755</td>
<td>4658268</td>
<td>5444608</td>
<td>6513284</td>
<td>7706922</td>
</tr>
<tr>
<td>14</td>
<td>BALANCE (OVERDUES)</td>
<td>1727172</td>
<td>1803175</td>
<td>1813607</td>
<td>218582</td>
<td>2753878</td>
<td>2644352</td>
<td>2376332</td>
<td>2904942</td>
</tr>
<tr>
<td>15</td>
<td>PERCENTAGE OF OVERDS. / DEMAND</td>
<td>37.40</td>
<td>36.90</td>
<td>32.87</td>
<td>31.69</td>
<td>32.93</td>
<td>36.53</td>
<td>32.69</td>
<td>26.73</td>
</tr>
<tr>
<td>16</td>
<td>PERT. OF COST OF MANANT. / WC</td>
<td>2.98</td>
<td>2.82</td>
<td>3.00</td>
<td>2.30</td>
<td>2.59</td>
<td>2.23</td>
<td>2.30</td>
<td>2.14</td>
</tr>
<tr>
<td>17</td>
<td>COST OF MANAGEMENT</td>
<td>323702</td>
<td>334579</td>
<td>368012</td>
<td>301304</td>
<td>377984</td>
<td>374876</td>
<td>422724</td>
<td>443737</td>
</tr>
<tr>
<td>18</td>
<td>NUMBER OF EMPLOYEES</td>
<td>110078</td>
<td>110058</td>
<td>109124</td>
<td>105885</td>
<td>91768</td>
<td>90035</td>
<td>89259</td>
<td>87554</td>
</tr>
</tbody>
</table>

(Source: NAFBSCOB Report, 2012)
1.10 FINANCIAL PERFORMANCE OF DISTRICT CENTRAL COOPERATIVE BANKS IN INDIA

Table No.1.3 presented the overall financial performance of DCCBs deteriorated during 2012-13 in India with their net profits declining substantially. It provides the comparative statistics regarding financial performance of DCCBs during 2010-11 and 2011-12.

DCCBs reported better performance in terms of net profit in 2011-12 as compared to 2010-11. The improvement was facilitated by an increase in interest income, which was due to tune of upward trend observed in case of SCBs. Interest income constituted about 94% of the total income. Operating expenses on staff and other heads continued to be higher in case of DCCBs as compared with SCBs, due to a large network of banks.

The income generated from interest during 2010-11 was Rs. 179 billion, it rose to Rs. 216 billion during 2011-12. In addition, the percentage variation was from 12.1% to 21% during this period. It reported the increase of 20.67% over the base year.

Table No. 1.3

Financial Performance of District Central Cooperative Banks
(Amount in Rs. billion)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>As during</th>
<th>Percentage Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2010-11</td>
<td>2011-12</td>
</tr>
<tr>
<td>A</td>
<td>Income (i + ii)</td>
<td>191 (100.0)</td>
<td>230 (100.0)</td>
</tr>
<tr>
<td>i.</td>
<td>Interest Income</td>
<td>179 (93.6)</td>
<td>216 (94.2)</td>
</tr>
<tr>
<td>ii.</td>
<td>Other Income</td>
<td>12 (6.4)</td>
<td>13 (5.8)</td>
</tr>
<tr>
<td>B</td>
<td>Expenditure (i+ii +iii)</td>
<td>181 (100.0)</td>
<td>216 (100.0)</td>
</tr>
<tr>
<td>i.</td>
<td>Interest Expended</td>
<td>113 (62.3)</td>
<td>136 (62.9)</td>
</tr>
<tr>
<td>ii.</td>
<td>Provisions &amp; Contingencies</td>
<td>21 (11.6)</td>
<td>24 (11.1)</td>
</tr>
<tr>
<td>iii.</td>
<td>Operating Expenses</td>
<td>47 (26.1)</td>
<td>56 (26.0)</td>
</tr>
<tr>
<td>of which wage bill</td>
<td>31 (17.3)</td>
<td>33 (15.4)</td>
<td>19.3</td>
</tr>
<tr>
<td>C</td>
<td>Profits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td>Operating Profits</td>
<td>31</td>
<td>38</td>
</tr>
<tr>
<td>ii.</td>
<td>Net Profits</td>
<td>10</td>
<td>14</td>
</tr>
</tbody>
</table>
1. Figures in brackets are percentages to total income/expenditure.

The source of other income was increased from Rs. 12 billion to Rs. 13 billion. Its share in the total income was heavily increased from 7.7% to 20.3%.

Expenditure mainly consists of interest expended, provisions and contingencies, and operating expenses. Interest expended was increased from Rs. 113 billion to Rs. 136 billion during 2010-11 to 2011-12. It was the increase of 20.35% over base year. However, its share in total expenditure indicated slight increase.

The expenditure on provisions & contingencies also increased from Rs. 21 billion to Rs. 24 billion presenting a slight decline in its share in total expenditure. The operating expenses showed increase from Rs. 47 billion to 56 billion during 2010-11 to 2011-12. It presented the growth of 19.14% in operating expenses over base year.

During 2010-11 to 2011-12, the DCCBs all over India showed growth in operating profits as well as net profit. Operating profits were increased from Rs. 31 billion to Rs. 38 billion. It was the decline of 22.58% over base year. And net profit were increased from Rs. 10 billion to Rs. 14 billion i.e. decrease of 40% over base year at DCCBs all over India.

1.11 LIABILITIES AND ASSETS OF DCCBs IN INDIA

Table No. 1.4 indicates the comparative statistics of liabilities and assets of District Central Cooperative Banks during the period 2009-10 and 2010-11. District Central Cooperative Banks (DCCBs) witnessed near stable growth in their balance sheet in 2011-12 which was almost the same as that in the preceding year. Capital of DCCBs at all India was Rs. 80 billion as at the end of March 2011. It increased to Rs. 90 billion at the end of March 2012. The total increase in the percentage of capital was 12.5%.

Reserves of DCCB at all India were Rs. 251 billion in the year 2010. It rose to Rs. 260 billion during 2012. The total increase in the percentage of reserve was 7.17% over base year.

In the year 2011, deposits of DCC Banks were Rs. 1680 billion and it showed increase to Rs. 1842 billion during 2012. It indicates the increase in deposits of 9.64% over base year.
Table No. 1.4

Liabilities and Assets of District Central Cooperative Banks

(Amount in Rs. billion)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>As at End of March</th>
<th>Percentage Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>A Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Capital</td>
<td>80 (3.1)</td>
<td>90 (3.1)</td>
</tr>
<tr>
<td>2</td>
<td>Reserves</td>
<td>251 (9.7)</td>
<td>269 (9.2)</td>
</tr>
<tr>
<td>3</td>
<td>Deposits</td>
<td>1680 (65.2)</td>
<td>1842 (62.7)</td>
</tr>
<tr>
<td>4</td>
<td>Borrowings</td>
<td>425 (16.5)</td>
<td>508 (17.3)</td>
</tr>
<tr>
<td>5</td>
<td>Other Liabilities</td>
<td>143 (5.5)</td>
<td>229 (7.8)</td>
</tr>
<tr>
<td>B Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Cash and Bank Balance</td>
<td>188 (7.3)</td>
<td>200 (6.8)</td>
</tr>
<tr>
<td>2</td>
<td>Investments</td>
<td>861 (33.4)</td>
<td>932 (31.7)</td>
</tr>
<tr>
<td>3</td>
<td>Loans and Advances</td>
<td>1318 (51.1)</td>
<td>1579 (53.8)</td>
</tr>
<tr>
<td>4</td>
<td>Other Assets</td>
<td>211 (8.2)</td>
<td>226 (7.7)</td>
</tr>
<tr>
<td>Total (Liabilities/Assets)</td>
<td>2578 (100.0)</td>
<td>2937 (100.0)</td>
<td>14.4</td>
</tr>
</tbody>
</table>

(Source: Report on Trend and Progress of Banking in India 2012-13, RBI)

Note: 1. Figures in brackets are percentages to total assets/liabilities.

Similarly, there is increase in borrowings, which was from Rs. 425 billion to Rs. 508 billion during 2011 to 2012 respectively. It indicated the growth of 19.52% over base year.

Other liabilities were Rs. 143 billion during 2011, which were increased by Rs. 86 billion during the year 2012. It presented the growth of 60.13% over base year 2011-12.

The scenario of assets also presents the steady growth during the study period 2010-11 to 2011-12. In the year 2010-11, the cash and bank balance was Rs. 188 billion, it increased to Rs. 200 billion presenting 6.38% growth over base year.
Investments reported the increasing trend by presenting the increase of 8.23% over base year. Loans and advances were Rs. 1318 billion during 2010-11 and it increased to Rs. 1579 billion, and presented the growth of 19.80% over base year. The other assets were Rs. 211 billion which was increased by Rs. 15 billion during 2011-12, presenting the growth of 7.1% over base year.

The liabilities and assets of DCCBs all over India showed continuously increasing trend.

1.12 SOUNDNESS INDICATORS OF DCCBs IN INDIA

The asset quality of DCCBs improved in 2011-12 with the NPA ratio showing a decline. This is broadly in line with the direction observed in the case of SCBs. However, DCCBs recovery ratio recorded some improvement in 2011-12 but was significantly lower than the ratio of SCBs underscoring the wider gap between expected and actual recovery in the case of DCCBs.

Table No. 1.5 indicates the soundness indicators of District Central Cooperative Banks during 2010-11 and 2011-12. The total NPA of DCCBs during 2011 and 2012 were increased from Rs. 148 billion to Rs. 154 billion, and showed percentage variation from -9.5 to 4.0.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>As at end March</th>
<th>Percentage Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total NPA (i+ ii+ iii)</td>
<td>148</td>
<td>154</td>
</tr>
<tr>
<td>1</td>
<td>Sub-Standard</td>
<td>59 (39.9)</td>
<td>60 (39.0)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-19.1</td>
</tr>
<tr>
<td></td>
<td>Doubtful</td>
<td>62 (41.9)</td>
<td>68 (44.2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-3.5</td>
</tr>
<tr>
<td></td>
<td>Loss</td>
<td>27 (18.2)</td>
<td>26 (16.8)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>Percentage of NPA to Loans</td>
<td>11.2</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>Recovery to Demand Ratio (%)</td>
<td>79.1</td>
<td>81.9</td>
</tr>
</tbody>
</table>

(Source: Report on Trend and Progress of Banking in India 2012-13, RBI)

The sub-standard assets constitutes the major portion of NPAs. It was decreased from Rs. 59 billion to Rs. 60 billion during 2011 and 2012 respectively. Its share to total NPAs was also raised from -19.1% to 1.7% respectively.
The doubtful assets slightly increased from Rs. 64.8 billion to Rs. 65.0 billion during 2011 to 2012. Its percentage to total NPAs was 41.9% and 44.2% respectively. Loss assets also showed decrease from Rs. 27 billion in 2010-11 to Rs. 26 billion in 2011-12. Its share with total NPAs were 18.2% and 16.8% respectively. It showed the 3.70% decrease over base year.

NPA to loans ratio presented the major decrease as 11.2% in 2010-11 and 9.7% in 2011-12. In addition, recovery to demand ratio showed the increase from 79.1% to 81.9% in 2010-11 and 2011-12 respectively.

It presented a continued improvement in recent years partly reflecting the strengthened prudential norms and regulations implemented for these institutions. The recovery ratio of DCCBs showed a moderate increase, while the NPA ratio recorded a decline during the period 2010-11 and 2011-12.

1.13 WORKING RESULTS (PROFITS/LOSSES) OF DCCBs IN INDIA – Region & State Wise

In 2010-11, out of 370 DCCBs, 322 DCCBs reported the profit of Rs. 14299 million whereas in 2011-12, out of 370 DCCBs, 318 DCCBs reported the profit of Rs. 17135 million. DCCBs reported the increase of 19.83% in the profits all over India in 2011-12 over previous year.

In 2010-11, out of 370 DCCBs all over India, 48 DCCBs reported the loss of Rs. 4530 million, whereas in 2011-12, 52 DCCBs reported loss of Rs.3194 million. There is decline of in the losses of DCCBs all over India during 2011-12.

In 2010-11, in Maharashtra, out of 31 DCCBs, 30 DCCBs reported the profit of Rs. 3635 million, whereas in 2011-12, out of 31 DCCBs, 30 DCCBs reported the profit of Rs. 4508 million. It showed the increase in profits of DCCBs of Maharashtra.

In Maharashtra, during 2010-110, out of 31 DCBs, one DCCBs reported loss of Rs. 137 million, whereas in 2011-12, only 1 DCCB reported the loss of Rs. 68 million. The major reasons for such huge losses were bankruptcy, inefficiency of management and various frauds.

In 2010-11, Maharashtra acquired 8.38 % share in total DCCBs all over India, 9.31 % share in number of profit making DCCBs, 25.42% share for profit, 2.08% share in number of losses making DCCBs, 3.02% share for losses.

In 2011-12, Maharashtra acquired 8.38 % share in total DCCBs all over India, 9.43 % share in number of profit making DCCBs, 26.30% share for profit, 1.92% share in number of losses making DCCBs, 2.12% share for losses.
Table No. 1.6
Working Results (Profit/Losses) of DCCBs in India – Region & State Wise
(As at End of March)

(Amount in million)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Region/State</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of reporting DCCBs</td>
<td>Profit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No. of DCCBs</td>
<td>Amt.</td>
</tr>
<tr>
<td>1</td>
<td>Haryana</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Himachal Pradesh</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Jammu and Kashmir</td>
<td>3</td>
<td>--</td>
</tr>
<tr>
<td>4</td>
<td>Punjab</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>5</td>
<td>Rajasthan</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>6</td>
<td>Bihar</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>7</td>
<td>Jharkhand</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Orissa</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>9</td>
<td>West Bengal</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>10</td>
<td>Central Region</td>
<td>104</td>
<td>89</td>
</tr>
<tr>
<td>11</td>
<td>Chattisgarh</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>Madhya Pradesh</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>13</td>
<td>Uttar Pradesh</td>
<td>50</td>
<td>35</td>
</tr>
<tr>
<td>14</td>
<td>Uttarakhand</td>
<td>10</td>
<td>10</td>
</tr>
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</table>
### Origin, Need, Structure And Development of Cooperative Banking in India

<table>
<thead>
<tr>
<th>Western Region</th>
<th>49</th>
<th>48</th>
<th>5779</th>
<th>1</th>
<th>137</th>
<th>49</th>
<th>48</th>
<th>6653</th>
<th>1</th>
<th>68</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 Gujarat</td>
<td>18</td>
<td>18</td>
<td>2145</td>
<td>--</td>
<td>--</td>
<td>18</td>
<td>18</td>
<td>2145</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>15 Maharashtra</td>
<td>31</td>
<td>30</td>
<td>3635</td>
<td>1</td>
<td>137</td>
<td>31</td>
<td>30</td>
<td>4508</td>
<td>1</td>
<td>68</td>
</tr>
<tr>
<td>Southern Region</td>
<td>80</td>
<td>74</td>
<td>3465</td>
<td>6</td>
<td>339</td>
<td>80</td>
<td>72</td>
<td>4105</td>
<td>8</td>
<td>181</td>
</tr>
<tr>
<td>16 Andhra Pradesh</td>
<td>22</td>
<td>21</td>
<td>516</td>
<td>1</td>
<td>52</td>
<td>22</td>
<td>18</td>
<td>613</td>
<td>4</td>
<td>60</td>
</tr>
<tr>
<td>17 Karnataka</td>
<td>21</td>
<td>18</td>
<td>851</td>
<td>3</td>
<td>53</td>
<td>21</td>
<td>18</td>
<td>851</td>
<td>3</td>
<td>53</td>
</tr>
<tr>
<td>18 Kerala</td>
<td>14</td>
<td>12</td>
<td>399</td>
<td>2</td>
<td>235</td>
<td>14</td>
<td>13</td>
<td>428</td>
<td>1</td>
<td>68</td>
</tr>
<tr>
<td>19 Tamil Nadu</td>
<td>23</td>
<td>23</td>
<td>1699</td>
<td>--</td>
<td>--</td>
<td>23</td>
<td>23</td>
<td>2213</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>All India</strong></td>
<td>370</td>
<td>322</td>
<td>14299</td>
<td>48</td>
<td>4530</td>
<td>370</td>
<td>318</td>
<td>17135</td>
<td>52</td>
<td>3194</td>
</tr>
</tbody>
</table>

(Source: Report on Trend and Progress of Banking in India 2012-13, RBI)
1.14 WORKING RESULTS (NPA) OF DCCBs – Region & State Wise

Table No. 1.7 depicts the comparative statistics related to NPA to loans to ratio and recovery ratio during 2011 and 2012.

In the year 2011, the NPA to loans ratio was 11.2% at DCCBs all over India and it was 13.3% at DCCBs of Maharashtra. During the same period, the recovery ratio was 79.1% at DCCBs all over India and 68.8% at DCCBs of Maharashtra.

In the year 2012, the NPA to loans ratio was 9.7% at DCCBs all over India whereas it was 12.6% at DCCBs of Maharashtra. During the same period, the recovery ratio was 81.9% at all over India and 67.6% at DCCBs of Maharashtra.

There was an improvement in the financial health of DCCBs at the aggregate level. Region wise performance suggests that DCCBs in the southern and northern regions were financially stronger in terms of low NPAs and a high recovery ratio. The financial health of DCCBs in the central, eastern and western regions appeared to be relatively less strong. However, the gap across regions in terms of both these indicators has narrowed significantly over the years indicating an improvement of DCCBs as an entity.

The major indicator of the health of cooperatives such as NPA ratio continued to be higher for DCCBs than it was for SCBs. Further, the recovery ratio of DCCBs remained much lower than that of SCBs. However, there was the decline in the NPA ratio and the rise in the recovery ratio. The financial soundness indicators of DCCBs remained generally much weaker than that of SCBs.
Table No. 1.7
Working Results of DCCB s – Region & State Wise (NPA)
(Amount in billion)

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Region/ State</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>NPA to Loans ratio (%)</td>
<td>Recovery Ratio (%)</td>
</tr>
<tr>
<td></td>
<td>Northern Region</td>
<td>3.4</td>
<td>83.3</td>
</tr>
<tr>
<td>1</td>
<td>Haryana</td>
<td>3.8</td>
<td>68.5</td>
</tr>
<tr>
<td>2</td>
<td>Himachal Pradesh</td>
<td>8.5</td>
<td>85.7</td>
</tr>
<tr>
<td>3</td>
<td>Jammu and Kashmir</td>
<td>22.5</td>
<td>58.7</td>
</tr>
<tr>
<td>4</td>
<td>Punjab</td>
<td>6.0</td>
<td>92.8</td>
</tr>
<tr>
<td>5</td>
<td>Rajasthan</td>
<td>6.8</td>
<td>87.5</td>
</tr>
<tr>
<td></td>
<td>Eastern Region</td>
<td>11.7</td>
<td>74.1</td>
</tr>
<tr>
<td>6</td>
<td>Bihar</td>
<td>54.5</td>
<td>50.7</td>
</tr>
<tr>
<td>7</td>
<td>Jharkhand</td>
<td>47.9</td>
<td>31.6</td>
</tr>
<tr>
<td>8</td>
<td>Orissa</td>
<td>13.5</td>
<td>70.8</td>
</tr>
<tr>
<td>9</td>
<td>West Bengal</td>
<td>NA</td>
<td>86.5</td>
</tr>
<tr>
<td></td>
<td>Central Region</td>
<td>19.4</td>
<td>70.2</td>
</tr>
<tr>
<td>10</td>
<td>Chattisgarh</td>
<td>21.8</td>
<td>74.4</td>
</tr>
<tr>
<td>11</td>
<td>Madhya Pradesh</td>
<td>16.6</td>
<td>70.5</td>
</tr>
<tr>
<td>12</td>
<td>Uttar Pradesh</td>
<td>25.1</td>
<td>65.2</td>
</tr>
<tr>
<td>13</td>
<td>Uttarakhand</td>
<td>12.0</td>
<td>88.1</td>
</tr>
<tr>
<td></td>
<td>Western Region</td>
<td>13.2</td>
<td>73.3</td>
</tr>
<tr>
<td>14</td>
<td>Gujarat</td>
<td>12.7</td>
<td>86.0</td>
</tr>
<tr>
<td>15</td>
<td>Maharashtra</td>
<td>13.3</td>
<td>68.8</td>
</tr>
<tr>
<td></td>
<td>Southern Region</td>
<td>9.5</td>
<td>86.5</td>
</tr>
<tr>
<td>16</td>
<td>Andhra Pradesh</td>
<td>9.9</td>
<td>84.9</td>
</tr>
<tr>
<td>17</td>
<td>Karnataka</td>
<td>8.4</td>
<td>87.9</td>
</tr>
<tr>
<td>18</td>
<td>Kerala</td>
<td>9.7</td>
<td>86.4</td>
</tr>
<tr>
<td>19</td>
<td>Tamil Nadu</td>
<td>9.5</td>
<td>87.4</td>
</tr>
<tr>
<td></td>
<td>All – India</td>
<td>11.2</td>
<td>79.1</td>
</tr>
</tbody>
</table>

(Source: Report on Trend and Progress of Banking in India, 2012-13, RBI)
1.15 DISTRICT CENTRAL COOPERATIVE BANKS IN MAHARASHTRA

Following is the list of district central cooperative banks in Maharashtra as on 31st March 2012:

Table No. 1.8

List of District Central Cooperative Banks

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>NAME OF DCCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NASIK DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>2</td>
<td>AHMEDNAGAR DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>3</td>
<td>AKOLA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>4</td>
<td>AMRAVATI DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>5</td>
<td>AURANGABAD DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>6</td>
<td>BEED DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>7</td>
<td>BHANDARA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>8</td>
<td>BULDHANA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>9</td>
<td>CHANDRAPUR DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>10</td>
<td>DHULE &amp; NANDURBAR DISTRICT CENTRAL COO. BANK LTD.</td>
</tr>
<tr>
<td>11</td>
<td>GADCHIROLI DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>12</td>
<td>GONDIA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>13</td>
<td>JALANA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>14</td>
<td>JALGAON DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>15</td>
<td>KOLHAPUR DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>16</td>
<td>LATUR DISTRICT CENTRAL COOPERATIVE BANKS LTD.</td>
</tr>
<tr>
<td>17</td>
<td>MUMBAI DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>18</td>
<td>NAGPUR DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>19</td>
<td>NANDED DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>20</td>
<td>OSMANABAD DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>21</td>
<td>PARBHANI DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>22</td>
<td>PUNE DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>23</td>
<td>RAIGAD DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>24</td>
<td>RATNAGIRI DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>25</td>
<td>SANGLI DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>26</td>
<td>SATARA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>27</td>
<td>SHOLAPUR DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>28</td>
<td>SINDHUDURG DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>29</td>
<td>SOLAPUR DISTRICT INDUSTRIAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>30</td>
<td>THANE DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>31</td>
<td>WARDHA DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
<tr>
<td>32</td>
<td>YAVATMAL DISTRICT CENTRAL COOPERATIVE BANK LTD.</td>
</tr>
</tbody>
</table>

(Source: www.nafscob.org.in)
1.16 STATISTICS OF DISTRICT CENTRAL COOPERATIVE BANKS IN MAHARASHTRA

Table No. 1.9 shows the detail information regarding District Central Cooperative Banks in Maharashtra from the year 1961 to 2010.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks (No.)</td>
<td>35</td>
<td>35</td>
<td>26</td>
<td>30</td>
<td>30</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Branches (including H.O.)</td>
<td>N.A.</td>
<td>867</td>
<td>1703</td>
<td>3147</td>
<td>3718</td>
<td>3687</td>
<td>3699</td>
</tr>
<tr>
<td>Total Members</td>
<td>57</td>
<td>55</td>
<td>62</td>
<td>84</td>
<td>144</td>
<td>142</td>
<td>148</td>
</tr>
<tr>
<td>Of which Cooperative Societies</td>
<td>22</td>
<td>30</td>
<td>36</td>
<td>60</td>
<td>85</td>
<td>101</td>
<td>103</td>
</tr>
<tr>
<td>Of which individuals others</td>
<td>35</td>
<td>25</td>
<td>26</td>
<td>24</td>
<td>29</td>
<td>41</td>
<td>45</td>
</tr>
<tr>
<td>Share Capital</td>
<td>653</td>
<td>2515</td>
<td>4563</td>
<td>18896</td>
<td>68315</td>
<td>136209</td>
<td>149865</td>
</tr>
<tr>
<td>Of which Government</td>
<td>199</td>
<td>669</td>
<td>806</td>
<td>774</td>
<td>785</td>
<td>1485</td>
<td>1356</td>
</tr>
<tr>
<td>Owned Funds</td>
<td>820</td>
<td>3474</td>
<td>10206</td>
<td>37587</td>
<td>240999</td>
<td>718918</td>
<td>764870</td>
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<tr>
<td>Deposits</td>
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<td>11323</td>
<td>58814</td>
<td>319940</td>
<td>1786285</td>
<td>3806208</td>
<td>4427845</td>
</tr>
<tr>
<td>Borrowing Outstanding</td>
<td>2465</td>
<td>8055</td>
<td>9355</td>
<td>91107</td>
<td>244574</td>
<td>290242</td>
<td>195630</td>
</tr>
<tr>
<td>Working Capital</td>
<td>6093</td>
<td>23637</td>
<td>83526</td>
<td>483492</td>
<td>2427842</td>
<td>5140250</td>
<td>5736367</td>
</tr>
<tr>
<td>Term Loan Advanced</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans advanced during the year</td>
<td>5125</td>
<td>12084</td>
<td>27870</td>
<td>119196</td>
<td>2020830</td>
<td>1433599</td>
<td>1946326</td>
</tr>
<tr>
<td>Of which SAO</td>
<td>N.A.</td>
<td>9531</td>
<td>19692</td>
<td>56359</td>
<td>695461</td>
<td>318042</td>
<td>704295</td>
</tr>
<tr>
<td>Loans Outstanding (Total)</td>
<td>4361</td>
<td>17846</td>
<td>49427</td>
<td>307836</td>
<td>1358906</td>
<td>2268264</td>
<td>2510030</td>
</tr>
<tr>
<td>Of which SAO</td>
<td>N.A.</td>
<td>17846</td>
<td>49427</td>
<td>307836</td>
<td>1358906</td>
<td>2268264</td>
<td>2510030</td>
</tr>
<tr>
<td>Others</td>
<td>N.A.</td>
<td>6765</td>
<td>23253</td>
<td>22711</td>
<td>1000056</td>
<td>118430</td>
<td>139310</td>
</tr>
<tr>
<td>From Societies</td>
<td>6265</td>
<td>17676</td>
<td>47701</td>
<td>283188</td>
<td>1243056</td>
<td>540967</td>
<td>545927</td>
</tr>
<tr>
<td>From Individuals</td>
<td>96</td>
<td>170</td>
<td>1726</td>
<td>24648</td>
<td>115850</td>
<td>227228</td>
<td>311689</td>
</tr>
</tbody>
</table>
1.17 LATUR DISTRICT CENTRAL CO-OPERATIVE BANK LTD., LATUR

Latur District Central Cooperative Bank is pioneer of all cooperative societies and centre of development of the cooperative movement at Latur district. Since the formation of Latur district i.e. 16th August, 1982, Latur has made appreciable and eye-catching progress in politics, education, industries, farming, and cooperative sector. LDCC Bank has the lion's share in the overall development and upward progress of Latur district.

From 17th August, 1984, LDCC has started its separate functioning after the division from Osmanabad District Central Cooperative Bank. LDCC Bank is operating its business activities as per the Banking Business License No. RPCD/01 dated 08.12.2009 issued by Reserve Bank of India.

District Bank is a central point of economic development of rural economy. It has important role in rural economy. LDCC Bank provides timely information regarding agriculture and non-agriculture loans to member societies.

Bank has started 176 Farmers' clubs with the assistance of NABARD at the end of March 2011 for creating awareness regarding modern farming and exchange of sophisticated technologies among farmers. These societies provide guidance to increase production and productivity, to enhance savings from increased income, and to make regular repayment of bank loan, etc.

Bank has provided working capital to five cooperative sugar factories for boosting the production of sugar production and for getting the proper rate to the

### Table: Demand (Principal) and Recovery

<table>
<thead>
<tr>
<th></th>
<th>N.A.</th>
<th>13295</th>
<th>36391</th>
<th>162528</th>
<th>15947</th>
<th>1077073</th>
<th>1167544</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recovery</strong></td>
<td>N.A.</td>
<td>8842</td>
<td>21843</td>
<td>110712</td>
<td>505334</td>
<td>634401</td>
<td>808432</td>
</tr>
<tr>
<td><strong>Percentage of recovery to Demand</strong></td>
<td>N.A.</td>
<td>66.5</td>
<td>60</td>
<td>68.1</td>
<td>70.6</td>
<td>58.9</td>
<td>69.2</td>
</tr>
<tr>
<td><strong>Loans overdue</strong></td>
<td>460</td>
<td>4452</td>
<td>14452</td>
<td>56151</td>
<td>201613</td>
<td>732756</td>
<td>524760</td>
</tr>
<tr>
<td><strong>Percentage of overdue to Outstanding</strong></td>
<td>10.5</td>
<td>24.9</td>
<td>29.2</td>
<td>18.2</td>
<td>14.8</td>
<td>32.3</td>
<td>20.9</td>
</tr>
<tr>
<td><strong>No. of Banks in Profit</strong></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>22</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td><strong>Amount of Profit</strong></td>
<td>50</td>
<td>140</td>
<td>376</td>
<td>1714</td>
<td>9579</td>
<td>15216</td>
<td>17337</td>
</tr>
<tr>
<td><strong>No. of Banks in loss</strong></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>8</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td><strong>Amount of Loss</strong></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>13097</td>
<td>149186</td>
<td>146433</td>
<td></td>
</tr>
</tbody>
</table>
sugarcane. It has also started 188 Farmers' Clubs at the end March 2013 with the help of NABARD for advanced farming technology exchange. With the help of these clubs, guidance is provided on various matters like increase in productivity and production, increase in savings, regular repayment of bank loan, etc.

As the LDCC is Lead Bank, it has provided loan for working capital to two industries of Latur district and some industries outside the district for the establishment of industries.

This loan disbursement results in raising the standard of living of ultimate beneficiaries in economic terms. The aim of LDCC Bank is to achieve the economic growth and progress of the district.

The criterion of measuring economic growth of any bank is loan recovery. NABARD's and State Bank's revised loan limits, RBI's Non Performing Assets (NPAs) criteria are important aspects of loan recovery. Beside these, the loan limits of banks, rate of interest are related matters with NPA.

LDCC Bank has prepared a planned programme for the maximum loan recovery by consultation with authorities of member cooperative societies, members, and debtors. LDCC Bank's loan recovery percentage was at the end of March 2011 - 84.97%, June 2011 - 90.73%, March 2012 - 84.62%, June 2012 - 93.21%, March 2013 - 93.28%. Due to prompt loan recovery, the NPA ratio is zero per cent at current years.

LDCC Bank is taking all the efforts for making the cooperative movement people oriented and active. Bank has achieved eye-catching progress in deposits collection, loan disbursement, loan recovery, etc.

1.17.1 SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR 2012-13

Following are the significant accounting policies of LDCC Bank, Latur for the accounting year 2012-13:

1. ACCOUNTING CONVENTION

The financial statements are prepared on the going concern and historical cost basis except as otherwise stated and conform to the statutory provisions and practices prevailing in the country.

2. FOREIGN EXCHANGE TRANSACTIONS

The bank does not deal in such type of transactions hence this need not be commended upon.
3. AS – 13: INVESTMENT

I. Investments are grouped and shown in Balance Sheet under the following three groups:
   a) Term deposits in Apex Co-operative Bank and Nationalized Bank.
   b) Shares in Apex Bank
   c) Shares in other Institutions

II. The Investment portfolio of the Bank is classified as held to maturity category.

III. Valuation
   a) Investments classified under this category are valued at the year end at the acquisition cost except where the acquisition cost is more than the face value, in that case the premium is amortized on constant yield method.
   b) In case of investments in shares in other institutions, diminution in value is fully provided for each investment individually.

IV. Prudential Norms
   c) Investment in shares in MSCB is valued at carrying cost even though there are no dividends since few years as there are no accumulated losses in the books of MSCB.

4. TRANSACTIONS RELATING TO DERIVATIVES

The bank has not entered into any derivative transaction.

5. AS 6 and 10: FIXED ASSETS AND DEPRECIATION

FIXED ASSETS

I. Premises of the bank are freehold premises. Land and building purchased or allotted are capitalized on the basis of agreements and physical possession.

II. Certain premises are built or being built on leasehold land. Land and building purchased are capitalized on the basis of lease deed and possession.

III. Other fixed assets are capitalized on the date put to use.

IV. Fixed assets are accounted on Historical Cost Basis.

V. The fixed assets include a sum of Rs. 1,27,71,011 which is W.I.P. of land and building. No depreciation is provided on W.I.P.

DEPRECIATION

Fixed assets are depreciated at the rates as prescribe by the circular No. 95/Treasury/f28/188/200/-06 of the Maharashtra State Co-operative Bank dated 08-07-2005, on Straight Line Method. Depreciation on additions to fixed assets during the financial year is provided at 100% and 50% of the rate of depreciation.

No depreciation is provided in the year of Sale / disposal on all fixed assets.
No depreciation is provided or Depreciation is provided to the extent the value of asset become nil.

6. ADVANCES

1. In terms of the guidelines of the Reserve Bank of India, advances are classified as ‘Performing and Non Performing’ assets based on recovery of Principal/interest and advances are classified as Non-Performing Asset with the required period of delinquency norms. Non-Performing advances are categorized as Sub Standard, doubtful and Loss assets for computing provisions requirements.

2. Provisions on Standard Advances are shown under the head “Other Liabilities”.

3. Provisions on advances are made as per the RBI guidelines as under:
   i) **Standard Assets**: 0.40 percent of the outstanding performing advances and interest thereon.
   
   ii) **Sub Standard Assets**: 10% of the outstanding advances. However, in the case of sub-standard assets which is identified ab-initio as unsecured exposure provision @ 100% of the outstanding balance is made.

   iii) **Doubtful Assets**: 20% to 100% of the secured portion of advances, depending upon the period for which the asset has remained doubtful and 100% of the unsecured portion of the outstanding advances.

   iv) **Loss Assets**: 100% of the outstanding advances.

7. AS - 9 : REVENUE RECOGNITION

i) In case of non-performing assets income is recognized on accrual basis however matching provision is made for the same by changing the profit and loss account.

ii) Interest on advances classified as sub-standard, doubtful or loss assets is recognized on realization.

iii) Dividends received from shares of Cooperative Institutions are accounted for as and when received.

iv) In the case of interest receivable from MSC Bank the same is accounted for as and when received.

v) In the case of interest receivable (interest subvention) for NABARD Bank, the same is accounted for on receipt basis and not on accrual basis.

vi) In the case of suit filed accounts legal expenses, are charged to the profit and loss account. Similarly, at the time of recovery of legal expenses, in respect of such suit filed accounts, the amount recovered is accounted as income.
vii) Premium on insurance policies taken by the banking respect of the Housing Loan is charged in the year of payment.

viii) In case of advances given to the performing non-agriculture borrowers, the interest is credited to interest account and debited to the borrowers account.

ix) In respect of other income such as locker rent, commission, etc. is credited to profit and loss account on accrual basis. However matching provision is made for non-collected locker rent, commission after passage of one year from the date of credit to Profit and Loss Account,

x) All other income/expenditure have been generally recognized on accrual basis except few items like electricity, telephone charges, rentals, property taxes at branch level which are accounted for on cash basis.

8. AS – 15 : EMPLOYEE / RETIREMENT BENEFITS

i) The bank has opted for group gratuity with the LIC. Annual contributions are made as per the actuarial valuation arrived at by the LIC. Expenses recognized for the year is Rs. 379.90 lakhs.

ii) Short term employee benefits are recognized as expenses at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

iii) The Bank’s contribution to Provident Fund and family Pension Fund are charged to Profit and Loss Account. Contribution on Provident/Pension Fund is made by the bank @ 12% on Basic and DA.

iv) Employees’ benefits under leave encashment are accounted on cash basis upto current year. However, bank has rendered a staff leave encashment policy managed by LIC and provided Rs. 50 lakhs to this fund.

9. AS – 17: SEGMENT REPORTING

The bank has treated the entire operations as a single reportable segment, secondary segment is not considered necessary due to operations in only one District, and hence no disclosure is made.

10. AS – 18: RELATED PARTY DISCLOSURE

The bank has identified following as related party:

i) Key management personal Mr. S.T.Wagh (Managing Director) 01.04.2012 to 31-05-2012

The transaction with the related party is as follows:

Remuneration to Managing Director Rs. 1,30,442/-
ii) Key Management Personal Mr. H. J. Jadhav (Managing Director) 01-01-2013 to 31-03-2013.

The transaction with the related party is as follows:

Remuneration to Managing Director Rs. 1,53,347/-

11. AS-20 : EARNING PER SHARE

Being a co-operative bank AS - 20 “Earning per share” is not applicable to the bank.

12. PROVISION FOR TAXATION

During the F.Y. 2012-13 bank has paid Income Tax for financial year 2009-10 and 2011-12 Rs. 200 lakhs and Rs. 324.35 lakhs respectively. Also bank has paid Advance Income Tax of Rs. 278.10 lakhs for current year.

13. NET PROFIT

The Net Profit is arrived at after -

i) Provisions on advances

ii) The Net profit is arrived after debiting the previous year tax implications and current year Income tax Provisions as assessed by the bank.

14. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

All known Contingent liabilities are provided as per the requirement.

1.17.2 BRANCHES OF LDCC BANK, LATUR

LDCC Bank, Latur has 109 branches, 3 extension counters attached to its various branches and a Head Office as on 31st March 2013.

Table No. 1.10

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Location of Branch</th>
<th>No. of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Latur Taluka (02382)</td>
<td>28 (24)</td>
</tr>
<tr>
<td>2.</td>
<td>Renapur Taluka (02382)</td>
<td>06 (5)</td>
</tr>
<tr>
<td>3.</td>
<td>Ausa Taluka (02383)</td>
<td>15 (13)</td>
</tr>
<tr>
<td>4.</td>
<td>Nilanga Taluka (02384)</td>
<td>14 (12)</td>
</tr>
<tr>
<td>5.</td>
<td>Shirur Anantpal Taluka (02384)</td>
<td>08 (7)</td>
</tr>
<tr>
<td>6.</td>
<td>Ahmedpur Taluka (02381)</td>
<td>10 (9)</td>
</tr>
<tr>
<td>7.</td>
<td>Chakur Taluka (02381)</td>
<td>10 (9)</td>
</tr>
<tr>
<td>8.</td>
<td>Udgir Taluka (02385)</td>
<td>12 (11)</td>
</tr>
<tr>
<td>9.</td>
<td>Deoni Taluka (02385)</td>
<td>07 (6)</td>
</tr>
</tbody>
</table>
Table no. 1.10 presents that LDCC Bank, Latur has total 112 branches and 1 Head Office. Majority of the branches are located at Latur taluka, Ausa taluka, Nilanga taluka, and Udgir taluka i.e. 28 (24%), 15(13%), 14(12%), 12(11%) respectively. LDCC Bank has established the branches as per the agriculture and rural requirement of that particular taluka.

1.17.3 STAFF OF LDCC BANK, LATUR FOR THE YEAR 2012-13

LDCC Bank, Latur has various designations in their organizational structure. During the year 2012-13, total 557 employees were rendering the services for the bank. 91 employees were working at Head Office and 466 employees were working at various branches of bank.

Table No. 1.11
Staff of LDCC Bank, Latur for the year 2012-13

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Designation</th>
<th>Head Office</th>
<th>Branch</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Managing Director</td>
<td>01</td>
<td>--</td>
<td>01</td>
</tr>
<tr>
<td>2</td>
<td>General Manager</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>3</td>
<td>Manager</td>
<td>03</td>
<td>--</td>
<td>03</td>
</tr>
<tr>
<td>4</td>
<td>Assistant Manager</td>
<td>04</td>
<td>09</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>Banking Officer</td>
<td>18</td>
<td>50</td>
<td>68</td>
</tr>
<tr>
<td>6</td>
<td>Junior Banking Officer</td>
<td>26</td>
<td>193</td>
<td>219</td>
</tr>
<tr>
<td>7</td>
<td>Clerk</td>
<td>16</td>
<td>119</td>
<td>135</td>
</tr>
<tr>
<td>8</td>
<td>Subgrade</td>
<td>23</td>
<td>95</td>
<td>118</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>91</td>
<td>466</td>
<td>557</td>
</tr>
</tbody>
</table>

1.17.4 SCHEMES RENDERED BY LDCC BANK

Modernisation of agriculture is necessary to achieve maximum increase in agriculture production in the rural sector. For this purpose, farmers are required to use improved Hybrid seeds, fertilizers, pesticides and latest modern agriculture technology. For procuring these inputs financial assistance plays a significant role. LDCC Bank, Latur is rendering financial facilities for the agriculture and non-agriculture schemes.
LDCC Bank, Latur grants financial assistance for the following agriculture and non-agriculture schemes:

**1.17.4.1 SCHEMES FOR AGRICULTURE**

LDCC Bank provides finance to the eligible candidates for the government-sponsored scheme. The government sponsored schemes are available for the economically backward classes, below poverty line beneficiaries, rural artisans, the beneficiaries under Swarn Jayanti Gram Swarojgar Yojna and Self Help Groups, etc.

**Chart No. 1.2**

**AGRICULTURE LOAN SCHEME**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Agriculture Loan Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shubh Mangal Loan Scheme</td>
</tr>
<tr>
<td>2</td>
<td>Higher Education Loan Scheme</td>
</tr>
<tr>
<td>3</td>
<td>Tractor Loan Scheme</td>
</tr>
<tr>
<td>4</td>
<td>Electric Motor Pipe Line Loan</td>
</tr>
<tr>
<td>5</td>
<td>Milk Cattle (Dairy Development Scheme)</td>
</tr>
<tr>
<td>6</td>
<td>Sprinkler Loan Scheme</td>
</tr>
<tr>
<td>7</td>
<td>Drip Irrigation Scheme</td>
</tr>
<tr>
<td>8</td>
<td>Cane Harvester Scheme</td>
</tr>
<tr>
<td>9</td>
<td>Farm Mechanisation Scheme</td>
</tr>
<tr>
<td>10</td>
<td>Draksh Mandap Loan Scheme</td>
</tr>
<tr>
<td>11</td>
<td>Pledge Loan Against Agri Commodities Scheme</td>
</tr>
</tbody>
</table>

1. **SHUBH MANGAL LOAN SCHEME**

One of the major reasons of farmers’ suicides is heavy expenditure on daughters’ marriages. Hence, for discharging the social responsibility, LDCC has started the Shubh Mangal Loan Scheme. Medium Term Loans are provided to farmers of Latur district on the mortgage of farming land at low rate of interest. This new scheme received tremendous response by farmers. Upto the end March 2013 from starting of this scheme, Rs. 15.36 Crores were disbursed to 3086 members. And the loan outstanding was Rs. 3.84 up to end March 2013.
1. **Rate of Interest**: 1.1 11.50 % P.A. (For society & Members).
   
   2. 1% concession in rate of interest if the bride is handicapped

2. **Period**: 6 Years
   
   1 Year moratorium period
   
   (5 yearly instalments)

3. **Eligibility**: Rs.5000 per acre for dry land (unirrigated)
   
   Rs.10,000 per acre for wet land (irrigated)
   
   Loan is for the purpose of conducting the marriage of the daughter of the farmer. Loan is sanctioned to the farmers through the respective PACS.

4. **Documents**: 1. Prescribed application form
   
   2. The daughter of the farmer should be more than 18 years (age proof document mandatory)
   
   3. 7/12 extract, 8 A, declaration with sign & stamp
   
   4. No dues certificate of concern area branches
   
   5. Society resolution & branch recommendation

### 2. HIGHER EDUCATION LOAN SCHEME

This scheme provides the loan facility to the pupils of farmers for higher education. The selection of pupils should be on merit basis or through entrance tests at the educational institutions. This scheme is started in the year 2009 and loan facility is specially provided for medical and engineering graduation or post graduation, MBA, etc. Upto March 2013, loan of Rs. 199.42 lakhs is sanctioned to 114 farmers. The amount of loan outstanding is Rs. 102.55 lakhs.

1. **Rate of Interest**: 1. For Society 12 % P.A.
   
   2. For Society Members 13 % P.A

2. **Period**: 1. Higher Edu. Loan 8 Years with 4 Year moratorium period (4 yearly instalments)
   
   2. PG FOR 10 Years with - 4 Year moratorium period (6 yearly instalments)

3. **Eligibility**: 1. Rs.25000 per acre for dry land (unirrigated)
   
   2. Rs.50000 per acre for wet land (irrigated)
   
   3. Loan is sanctioned only for the students who got
admission for Engineering Medicine, and Management studies through Entrance Examination like CAT, TOEFEL, AIEEE, CET etc.

4. Loan is sanctioned in the name of the farmer through the Society.

5. Rs.5,00,000 for Education within India/Rs.15,00,000 for Education outside India

6. Tuition Fees as per the Educational Institution

Maximum Limit: Tuition fee as per the Institution Prospectus or the ceiling
Amount stipulated for the land holdings or the ceiling
Amount defined for the Education whichever is lower.

4. Documents:
1. Prescribed application form
2. 7/12 extract, 8 A, declaration with sign & stamp
3. No dues certificate of concern area branches, Society resolution & branch recommendation

3. TRACTOR LOAN SCHEME

1. Rate of Interest:
   1. For society 11% P.A.
   2. For members 13% P.A.

2. Period:
   1. 9 years
   2. In yearly 9 instalments
   3. In Half yearly 18 instalments

3. Eligibility:
   1. Min. Land area 5 acres of wet land + 5 acres of dry land or 15 acres of dry land
   2. Total land area 4 hectares (wet/irrigated land 2 hectares) or dry/unirrigated land 6 hectares

4. Documents:
   1. Prescribed application form
   2. 7/12 extract, 8 A, declaration with sign & stamp
   3. No dues certificate of concern area branches, society resolution & branch recommendation
   4. Quotation
   5. Own contribution 25% bank loan 75% purchase for Head, trailer, other accessory
6. Borrower should be a member of the Sugar Factory holding shares (mandatory)
7. Based on the invoice price given by the borrower.
8. Invoice Price of the Tractor is Project cost.
9. No minimum and maximum limit

4. ELECTRIC MOTOR PIPE LINE LOAN SCHEME

1. Rate of Interest : 1. For society 10.5 % P.A.
                     2. For members 12.5 % P.A.
2. Period          : 7 years in yearly instalments
3. Eligibility     : 1. Minimum Land area 5 acres of wet/ irrigated land
                     2. below Rs.50000/- 10 % own contribution & 90 % bank loan
                     3. above Rs.50000/- 20 % own contribution & 80 % bank loan
4. Documents       : 1. Prescribed application form
                     2. 7/12 extract, 8 A, declaration with sign & stamp
                     3. No dues certificate of concern area branches,
                        Society resolution & branch recommendation
                     4. Quotation
                     5. Borrower should be submit from bank appointment
                        engineers plan, estimate.

5. CASH CREDIT PLEDGE SCHEME (MILK CATTLE)

1. Rate of Interest  : 12.50 %
2. Period           : 1 Year
3. Eligibility      : Sanction against sugar stock
                     2. Promissory note / Adhesive stamp
                     3. Joint & several liability of BoD
                     4. Pledge deed.
6. SPRINKLER LOAN SCHEME

1. **Rate of Interest**
   - For Society 9 % P.A.
   - For Members 11 % P. A.

2. **Period**
   - 3 Year - in yearly instalments.

3. **Eligibility**
   - Minimum Land area 2.5 acres of wet land/ irrigated land
   - Own contribution 15% of the Invoice Price
   - Net Bank loan 85 %

4. **Documents**
   - Prescribed application form
   - 7/12 extract, 8 A, declaration with sign & stamp
   - No dues certificate of concern area branches, Society resolution & branch recommendation

7. DRIP IRRIGATION LOAN SCHEME

1. **Rate of Interest**
   - For society 12 % P.A.
   - For members 14 % P.A.

2. **Period**
   - 5 Year in yearly instalments

3. **Eligibility**
   - Minimum Land area 5 acres of wet land / irrigated land
   - One Drip Irrigation set for 1 hectare (2.5 acres) of wet land
   - Maximum amount restricted to Rs.55,000 per set or invoice price whichever is less
   - Own contribution 25% of the Invoice Price
   - Bank net loan 75 %

4. **Documents**
   - Prescribed application form
   - 7/12 extract, 8 A, declaration with sign & stamp
   - No dues certificate of concern area branches, Society resolution & branch recommendation
   - Borrower should also be a member of Sugarcane Factory by having shares.
8. CANE HARVESTER LOAN SCHEME

1. Rate of Interest : 1. For society 12 % P.A.
                      2. For members 12.50 % P.A
2. Period : 5 Year - In yearly instalments
                2. Invoice Price of the Sugarcane Harvester
                3. No minimum and maximum limit
                4. Own contribution/ Margin: 10% of the Invoice Price from borrower.
                5. Sugarcane factory contribution of 15% of the Invoice Price.
                6. 75 % bank net loan
4. Documents : 1. Prescribed application form
               2. 7/12 extract, 8 A, declaration with sign & stamp
               3. No dues certificate of concern area branches, Society resolution & branch recommendation
               4. Borrower should also be a member of Sugarcane Factory.
               5. Guarantee letter from the Sugarcane factory to recover from the working bill payable to the borrower and remit to Bank.

9. FARM MECHANISATION LOAN SCHEME

1. Scheme Details : Loan for the purpose of purchase Low HP (12 to 27 HP) Tractors and Power Tiller equipment.
2. Rate of Interest : 1. For society 11 % P.A.
                      2. For members 13 % P.A.
3. Period : 7 Year- In Half yearly instalments
4. Eligibility : 1. Minimum Land area: 3 Hec. of land (of which Minimum 1 hectar should be wet land (irrigated)+ 2 hectares of dry land(un irrigated)) OR 5 hectares of dry land / un irrigated
               2. Own contribution/ margin 25% of the Invoice Price
3. 75 % bank net loan

5. Documents : 1. Prescribed application form
2. 7/12 extract, 8 A, declaration with sign & stamp
3. No dues certificate of concern area branches, Society resolution & branch recommendation
4. Borrower should also be a member of Sugarcane Factory.

10. DRAKSHA MANDAP LOAN SCHEME

1. Scheme Details : Loan sanctioned for construction of mandap (erection of pillars, wire netting and other related activities), drip set erection and for cultivation of grapes

2. Rate of Interest : 1. For society 12 % P.A.
2. For members 14 % P.A.


4. Eligibility : 1. Minimum Land area 10 acres of wet land (irrigated)
2. For Direct cultivation Rs. 467500/- per hectare
3. For Dongrige Root cultivation Rs. 495000/- per hectare
4. For Winery cultivation Rs. 317000/- per hectare
5. The scale of finance includes DRIP set of Rs. 50,000 per hectare
6. 95% of the total project cost or the above limit whichever is lower.

5. Documents : 1. Prescribed application form
2. 7/12 extract, 8 A, declaration with sign & stamp
3. No dues certificate of concern area branches, Society resolution & branch recommendation

11. PLEDGE LOAN AGAINST AGRI COMMODITIES (GodamMal Taran Yojna)

1. Scheme Details : Loan is given against pledge of agriculture commodities (oil seeds, black gram, green gram, wheat, Soya been etc.) grown by the farmer members and stored in the PACS godown
2. Rate of Interest :  1. For society 8 % P.A  
2. For members 8 % P.A  

3. Period :  180 days recover loan with interest  

4. Eligibility :  1. The godown should be owned by PACS  
2. PACS should enter into agreement with the bank to store the commodities on behalf of the members.  
3. Goods to be stored under lock. The key in possession of the branch.  
4. Maintenance of the godown is the responsibility of PACS  
5. Value of the commodities stored determined by the market price prevailing at the time of keeping the goods in the godown.  
6. Loan amount restricted to 75% of the market price of the respective commodities  
7. No minimum and maximum limit  
8. Goods under pledge stored in the godown of PACS  

5. Documents :  1. Prescribed application form  
2. 7/12 extract, 8 A, declaration with sign & stamp  
3. No dues certificate of concern area branches, Society resolution & branch recommendation  

1.17.4.2 SCHEMES FOR NON-AGRICULTURE  
LDCC Bank has provided various loan schemes to non-agricultural societies for the all-round progress of needy people. Such types of loans are also beneficial for raising the income of bank. Bank has made investment of its own capital in non-agricultural loan intentionally. Loan to salary earners, short-term loan to pensioners, loan for construction or home purchasing are 100% secured. Bank has lions share in the establishment of cooperative sugar factories, processing units, industries centres at Latur. Due to the non-agricultural loans, there is increase in income and profit of bank.
Chart 1.3
NON-AGRICULTURE LOAN SCHEME

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Non Agriculture Loan Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Salary Earners Societies Loan Scheme</td>
</tr>
<tr>
<td>2</td>
<td>Labour Societies – Higher Education Loan Scheme</td>
</tr>
<tr>
<td>3</td>
<td>Pensioner Loan Scheme</td>
</tr>
<tr>
<td>4</td>
<td>Housing Loan Scheme</td>
</tr>
<tr>
<td>5</td>
<td>Cash Credit Pledge Scheme (Sugar Factories)</td>
</tr>
<tr>
<td>6</td>
<td>Cash Credit Hypothecation Scheme (Sugar Factories)</td>
</tr>
<tr>
<td>7</td>
<td>Pre Season Loan Scheme (Sugar Factories)</td>
</tr>
<tr>
<td>8</td>
<td>Short Term Loan Scheme (Sugar Factories)</td>
</tr>
<tr>
<td>9</td>
<td>Medium Term Loan Scheme (Sugar Factories)</td>
</tr>
</tbody>
</table>

1. **SALARY EARNERS LOAN SCHEME**

1. **Rate of Interest** : 12.50 %
2. **Period** : 1 Year
3. **Eligibility** : Repayment capacity / salary / service
4. **Documents**
   1. Society application form
   2. Resolutions
   3. Society bye-laws
   4. Recent balance sheet guarantee of drawing & disbursement authority under section 49 (2) of MSC Act 1961
5. Recent Salary Sheet of society members
6. Loan demand list of society members
7. Society Audit Report
8. Joint & several liabilities of BoD
9. Promissory note / Adhesive stamp
10. Guarantee letter of society 49 (1) under MSC Act 1961
11. Branch Recommendation Letter

2. **LABOUR SOCIETIES – HIGHER EDUCATION LOAN SCHEME**

1. **Rate of Interest**
   1. For Society 12 % P.A.
   2. For Society Members 13 % P.A.
2. **Period** : Higher Education Loan 8 Years- 4 Year moratorium
period (4 yearly installments)
PG FOR 10 Years with - 4 Year moratorium period
(6 yearly installments)

3. Eligibility:
   - Rs.25000 per acre for dry land (un irrigated)
   - Rs.50000 per acre for wet land (irrigated)
Loan is sanctioned only for the students who got admission for Engineering Medicine, and Management studies through Entrance Examination like CAT, TOEFEL, AIEEE, CET etc.
Loan is sanctioned in the name of the farmer through the Society.
- Rs.5,00,000 for Education within India/Rs.15,00,000 for Education outside India
- Tuition Fees as per the Educational Institution

Maximum Limit:
- Tuition fee as per the Institution Prospectus or the ceiling
- Amount stipulated for the land holdings or the ceiling
- Amount defined for the Education whichever is lower

4. Documents:
   1. Prescribed application form
   2. 7/12 extract, 8 A, declaration with sign & stamp
   3. No dues certificate of concern area branches, Society resolution & branch recommendation

3. PENSIONERS LOAN SCHEME

   Short term Loan Scheme is continued for fulfilling the economic needs of pensioners. Loans are provided on the security of their pension. This scheme is utilized by large number of pensioners. At the end March 2013, pension loan is sanctioned to 2522 pensioners of Rs. 1708.91 lakhs, and outstanding amount is Rs. 291.65 lakhs.

   1. Rate of Interest: 12.50 %
   2. Period: 2 Years
   3. Eligibility:
      1. Against monthly pension
      2. Upto 70 years age only
4. Documents
1. Bank application form
2. Photo identity / address proof
4. Co-borrowers repayment guarantee
5. Age limit upto 70 yrs.
6. Branch Recommendation Letter

4. HOUSING LOAN SCHEME
Home Loan Scheme provides loan facility to salary earners for purchasing flat, or home construction. In the year 2012-13, the pension scheme is sanctioned to 27 beneficiaries and the loan outstanding was Rs. 165.53 lakhs.

1. Rate of Interest : 11.50 %
2. Period : 15 TO 20 YEAR
3. Eligibility : Only for salary earner members
4. Documents
   1. Bank Application form
   2. Photo identity / Address proof
   3. Registry of plot
   4. Plan estimate
   5. Construction permission of Nagar Parishad /Gram Panchayat
   6. Search report for 13 years
   7. Guarantee of drawing & disbursement authority under section 49 (2) for repayment
   8. Salary sheet
   9. Mortgage of property

5. CASH CREDIT PLEDGE SCHEME (SUGAR FACTORIES)
1. Rate of Interest : 12.50 %
2. Period : 1 Year
3. Eligibility : Sanction against sugar stock
4. Documents
   1. Latest financial position / balance sheet
   2. Promissory note / Adhesive stamp
   3. Joint & several liability of BoD
   4. Pledge deed
6. CASH CREDIT HYPOTHECATION SCHEME (SUGAR FACTORIES)

1. Rate of Interest : 13.50 %
2. Period : 1 Year
3. Eligibility : Sanction against sugar stock
4. Documents :
   1. Latest financial position / balance sheet
   2. Promissory note / Adhesive stamp
   3. Joint & several liability of BoD
   4. Hypothecation Deed

7. PRE SEASONAL LOAN SCHEME (SUGAR FACTORIES)

1. Rate of Interest : 13.50 %
2. Period : 6 Months
3. Eligibility : H & T Expenses on Sugar Stock
4. Documents :
   1. Latest financial position / balance sheet
   2. Promissory note / Adhesive stamp
   3. Joint & several liability of BoD
   4. Mortgage on property of sugar factory

8. SHORT TERM LOAN SCHEME (SUGAR FACTORIES)

1. Rate of Interest : 13.50 %
2. Period : 1 Year
3. Eligibility : Pre seasonal expenses on sugar stock
4. Documents :
   1. Latest financial position / balance sheet
   2. Promissory note / Adhesive stamp
   3. Joint & several liability of BoD
   4. Mortgage on property of sugar factory

9. MEDIUM TERM LOAN SCHEME (SUGAR FACTORIES)

1. Rate of Interest : 11.00 %
2. Period : Upto 7 Year
3. Eligibility : Project erection
4. Documents :
   1. Latest financial position / balance sheet
   2. Dpr of the institute
In banking sector, employee training is an important and inevitable matter. Training enhances accuracy, skill and speed in working of employees. Training becomes unavoidable due to the new concepts and changes in the banking business. It becomes important to have the knowledgeable officers and employees in the bank. Therefore, employees are sent to various training programme.

LDCC Bank has started its own training center at Head Office from 5th April 2010. In the year 2012-13, all the staff members have provided training in the training center started by LDCC Bank. Along with this, 107 banking officers are trained through HDCM, DCB, and DCM.

18 Banking Officers are sent to Vaikunthlal Mehta Cooperative Institute, Pune, NABARD, Reserve Bank of India and Myrada-Gulbarga for enhancing the knowledge of officers.

In banking business, the needs of hour are accuracy and prompt services. Therefore, bank has computerized its total 112 branches. In the head office, there is a separate section of computer. In addition, all the tasks are performed on computer. All the branches are connected to head office with the help of network for the purpose of data transfer and collection. Bank has completed the task of computerization of 112 branches at the end of March 2013.

As per the directions of NABARD, LDCC Bank started CBS system and provided Core Banking facility to its customers at the end of December 2012. At present, all the branches of LDCC Bank become online under Core Banking System. In near future, bank is going to provide the latest banking facilities like RTGS/NEFT, ATM, etc.
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