CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY
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"Co-operative Movement seems to offer a Philosophy, a method of approach, which would aim at social purpose without infringing too much on individual freedom."

- Jawaharlal Nehru

INTRODUCTION

In 1904 the Co-operative movement was started in India largely with a view to provide agriculturists with finance require for agricultural operations as low rates of interest. The Co-operative society has to take the place of the money-lenders and provide cheap loans to the farmers of productive purpose. Even though many types of Co-operative societies have since been started, particularly for the artisans and others, the most common form of such societies deal in rural credit.

Co-operative Banking is the biggest unit of the Co-operative movement in our country. Short term Co-operative banking structure consists of three tier system, which is uniformly followed in all major states. The constituents of Short term Co-operative Banking structure are as follows:

1. Primary Agricultural credit Co-operatives
2. District Central Co-operative Banks.
3. State Co-operative Bank or Apex bank
Apart from this we have agriculture and Rural Development banks (LDBs) and urban Co-operative Banks.

Primary Agricultural Credit Co-operatives which are operating at village level are called by different names, namely PACS, Service Co-operatives, Primary Co-operative Bank, etc. All Primary Co-operative are affiliated to the District Central Co-operative Banks and have one or more villages as their area of operation. They admit, primarily agriculturists as members and render banking and non-banking services to them. The District Central Co-operative Bank helps these primary banks/ societies in their financial operations and managerial functions.

The District Central Co-operative bank; operates in a particular district, which is its area of operation. In certain special cases two central Co-operative banks operate in the same district. Central Co-operative banks are leaders in their district in guiding the banking activities for their members. They admit all types of primary Co-operative societies and provide banking and financial services. They compete with commercial banks in mobilising deposits and have opened branches in all centers of district. Of late their operations have been modernised with inducting efficient personnel trained in various banking and financial operations.

State Co-operative bank or Apex bank is the supreme Co-operative banking institution in a state. It acts as a balancing centre for the affiliated Central Co-operative banks and raises resources. It
borrows from NABARD and lend to the Central Co-operatives to finance agricultural and non-agricultural activities.

The central Co-operative banks occupy a position of cardinal importance in the Co-operative credit structure. They are responsible for planning, organizing, directing and control of Primary Co-operative credit societies in the districts. They exist mainly for serving the affiliated primary Co-operative credit societies. They have been organized since the passing or the Co-operative societies Act of 1912 to finance the primary societies and to act as their balancing centers. They work very effectively for the success of members societies. They act liaison between primary Co-operative credit societies and state Co-operative bank. As a unit the district level, the success and efficiency of the Co-operative credit system maintained by the central Co-operative banks, decides the extent of the performance of the Co-operative lending structure. It may be still said that Co-operative banking yet remains the best answer or the most satisfactory institution for providing finance to borrowers in the rural areas of our country. An attempt is made in this study to financial appraisal of the Salem District Central Co-operative bank limited during the year between 1999-2000 and 2003-2004.

OBJECTIVE OF THE STUDY

The following are the objectives of the present study.

i. To gain knowledge about the Co-operative bank.
ii. To present the origin, growth and working of Salem District Central Co-operative Bank.

iii. To study the financial appraisal of Salem District Central Co-operative Bank.

iv. To analysis the different type of financial assistance extended by Salem District Central Co-operative Bank.

v. To offer meaningful suggestions based on the findings.

HYPOTHESIS

The central Co-operative banks occupy a position of cardinal importance in the Co-operative credit structure. They are responsible for planning, organising and control for primary co-operative credit societies in the district. There is a general belief that the agricultural development is based on influence of certain factor viz. The capital employed and net basic of general belief the following hypothesis are formulated.

i. There is no significance relationship between capital employed and net profit of the firm.

ii. There is no significance relationship between interest-income earned and working capital.

iii. There is no significance relationship between the total advances and net profit of the bank.
METHODOLOGY

The study is primarily based on Secondary data collected from annual reports, published articles, journal articles, annual action plan and the reports available with the following institutions:

i  The Head office and branches of the Salem District Central Co-operative Bank Limited.

ii  Office of the Salem District Co-operative Union, Salem.

iii  Office of the joint Registrar of Co-operative societies, Salem.

Data were collected for five years from 1999-2000 to 2003-04 on the various financial aspects of the SDCCB Ltd. Two way tables were drawn. The percentage of increase or decrease of the amount of the various parameters of growth were calculated and inferences as to the progress of the bank were drawn there from.

AREA OF COVERAGE

This study covers the Salem District Central Co-operative Bank Ltd., Salem District.

PERIOD OF STUDY

The period of coverage by this study is five years from 1999-2000 to 2003-2004. The period of study may extent according to the available data.

DATA COLLECTION

The present study is based on a secondary sources. The secondary data and other relevant particular are collected from annual report, records of the Salem District Central Co-operative Bank.
LIMITATIONS OF THE STUDY

i. The period a study is confined to relatively a shorter period of 5 years i.e. 1999-2000 to 2003-2004.

ii. The study is based on only the data collected from officials and various annual report of published records by the bank.

iii. The study covers only financial assistance provided the bank.

CHAPTER SCHEME

i. The first chapter deals with introduction, statement of problem, objective of study, methodology and period of study.

ii. The second chapter historical Background of Co-operative movement in India.

iii. The third chapter profile of the study.


v. The fifth chapter Summary of finding and conclusions.