

## Chapter - 4

### GROWTH OF AGRICULTURAL CREDIT IN KERALA: SHORT AND LONG-TERM CO-OPERATIVE CREDIT STRUCTURE

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#### **4.1. Introduction**

The previous chapter has discussed about the second part of primary data analysis based on the perception of borrowers on Co-operative agricultural credit. The present chapter is going through the secondary data analysis of first and second objectives concerned with growth of Co-operative Agricultural Credit in Kerala. The growth of agricultural credit

in both Short-Term and Long-Term Co-operative Credit Structure are given here.

The analytical results of the following points are discussed here:

- 4.1 Growth of institutional financing in Indian agriculture
- 4.2 Growth of institutional financing in the Agricultural sector of Kerala
- 4.3 Progress of Co-operative Banks in Kerala
- 4.4 Profit Position of Co-operative Banks in Short and Long-Term Co-operative Credit
- 4.5 Number of Branches of Credit Co-operative Banks working in District and Lower Level of Kerala
- 4.6 Growth of Agricultural Credit in Short-Term Co-operative Credit Structure in Kerala
- 4.7 Growth of Agricultural Credit in Long-Term Co-operative Credit Structure in Kerala

#### **4.2. Growth of institutional financing in Indian agriculture**

It includes the growth of total agricultural credit in India. It comprised of ground level credit issued by multi-agency in India (2006-07 to 2015-16), agricultural credit issued for production and investment credit in India (2006-07 to 2015-16) and agency wise issue of Kisan Credit Cards in India (2006-07 to 2011-12).

The analytical results are given under the following heads:

#### 4.2.1. Agency wise annual flow of ground level credit for Agriculture in India

Agriculture is the backbone of Indian economy and its growth depends on timely credit at affordable cost to borrowers. There are three main institutions functioning well in seeking Short-Term credit requirement of borrowers in India and it includes Commercial Bank, Regional Rural Bank and Co-operative Banks. Commercial Banks are working under the second schedule of RBI Act of 1934, RRBs are as per the RRB Act of 1975 and Co-operative Banks are working as per Co-operative Societies Act of 1904. Table 4.1 has given the ground level credit flow for agriculture in India for 2006-07 to 2015-16 and also the Compound Annual Growth Rate (CAGR) during this period.

**Table 4.1. Agency wise disbursement of ground level credit for agriculture in India (2006-07 to 2015-16) (amount in crores)**

AGENCY	COMMERCIAL BANKS		REGIONAL RURAL BANKS		COOPERATIVE BANKS		TOTAL
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	
Year	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	
2006-07	42480	18.5	20435	8.9	166485	72.6	229400
2007-08	48258	27.6	25312	14.5	101088	57.9	174658
2008-09	45966	15.2	26765	8.9	228951	75.9	301682
2009-10	63497	16.5	35217	9.2	285800	74.3	384514
2010-11	70105	15.7	43968	9.8	332706	74.5	446779
2011-12	368616	72.1	54450	10.7	87963	17.2	511029
2012-13	432491	71.2	63681	10.5	111203	18.3	607375
2013-14	527506	72.2	82653	11.3	119964	16.4	730123
2014-15	604376	71.5	102483	12.1	138469	16.4	845328
2015-16 *	604668	68.9	119261	13.6	153295	17.5	877224
<b>CAGR (%)</b>	<b>39.4</b>		<b>24.7</b>		<b>-1.0</b>		<b>18.3</b>

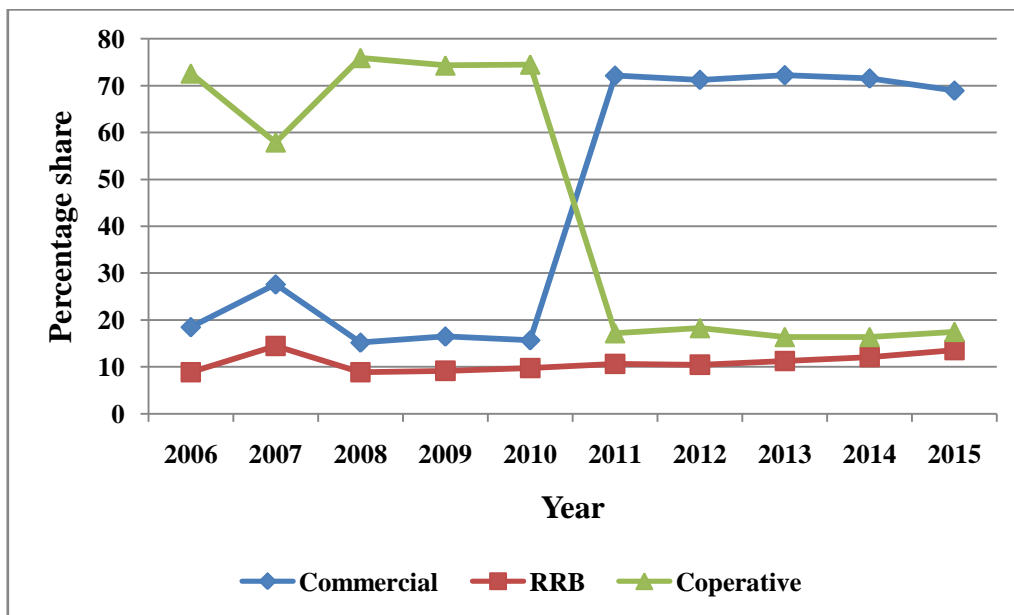
Source: NABARD Annual Report 2011-12, 2015-16 (<http://www.nabard.org>);

\* Provisional

Agency wise disbursement of ground level credit for agriculture in India during the period 2006-07 to 2015-16 is given in Table 4.1. Table 4.1 shows that, the percentage of credit dispersed by commercial bank, RRB and cooperative banks are also given in the above Table. Total amount disbursed through agricultural credit in India is increased from 2,29,400 crores to 8,77,224 crores during the period 2006-07 to 2015-16. Compound annual growth rate in the case of total disbursement is 18.3 percent.

It shows that the amount disbursed by commercial banks has increased from 42,480 crores to 6,04,668 crores during the period 2006-07 to 2015-16. Compound annual growth rate in the case of commercial bank is 39.4 per cent that also reveals the increase in the amount of ground level disbursement of agricultural credit. Amount disbursed to RRB also increased from 20435 crores to 1,19,261 crores with CAGR of 24.7 percent.

However, the growth rate in the case of cooperative banks is decreased from 1,66,485 crores to 1,53,295. After 2011, RBI decided to improve the agricultural credit in India, so Commercial Banks used this opportunity by increasing their share of agricultural credit through Agricultural Gold Loan (AGL) than actual agricultural credit. Compound annual growth rate is -1.0% which also shows the decrease in the disbursement of agricultural credit.



**Fig. 4.1. Trend in percentage share of Agency wise disbursement of ground level credit for agriculture in India**

Trend in percentage share of Agency wise disbursement of ground level credit for agriculture in India is presented in Fig. 4.1 also shows that in the case of RRB the percentage share of agricultural credit compared to the total agricultural credit disbursement in India is almost steady during the period 2006-07 to 2015-16. In the case of commercial bank, it increased drastically in the 2011 whereas Cooperative banks show a drastic decrease during this period. This is because in the year 2012-13, the Government of India increased the target of agricultural credit from 4.75 lakh crores to 5.75 lack crores, then the banks had tried to increase their agricultural credit. The Commercial Banks accepted this opportunity to improve the issue of agricultural credit through Agricultural Gold Loan than pure Agricultural Credit

#### 4.2.2. Category Wise Ground level disbursement of Agricultural Credit in India

There are three types of agriculture credits based on duration in India. Crop loan/Short-Term loan is issued for the cultivation of crops like paddy and vegetables. It is based on the period from sowing of the seeds to harvesting. So it is for a period of less than 3 years. Term loan /Medium-Term and Lhort-Term loan are issued for a period of more than three years up to 12 years. This is for land renovation, irrigational facility, technical facility (MT) and for plantation sector like Rubber, Cashew, Cocoa, Coffee, Tea, Pepper etc. Table 4.2 gives the details regarding ground level disbursement of agricultural credit in India based on different category for the year 2006-07 to 2015-2016.

**Table 4.2. Category Wise issue Agricultural Credit in India (2006-07 to 2015-16) (Amount in Crores)**

Year	CROP LOAN (ST)			TERM LOAN (MT + LT)			TOTAL	
	Amount	AGR	Share (%)	Amount	AGR	Share (%)	Amount	AGR
2006-07	138455		60.4	90945		39.6	229400	
2007-08	181393	31.01	71.2	73265	-19.44	28.8	254658	11.01
2008-09	210461	16.02	69.7	91447	24.82	30.3	301908	18.55
2009-10	276656	31.45	71.9	107858	17.95	28.1	384514	27.36
2010-11	335550	21.29	71.7	132741	23.07	28.3	468291	21.79
2011-12	396158	18.06	77.5	114871	-13.46	22.5	511029	9.13
2012-13	473500	19.52	78.0	133875	16.54	22.0	607375	18.85
2013-14	548435	15.83	75.1	181688	35.71	24.9	730123	20.21
2014-15	635412	15.86	75.2	209916	15.54	24.8	845328	15.78
2015-16 *	705443	11.02	80.4	171780	-18.17	19.6	877223	3.77
<b>CAGR</b>	<b>22.6</b>			<b>8.3</b>			<b>18.3</b>	

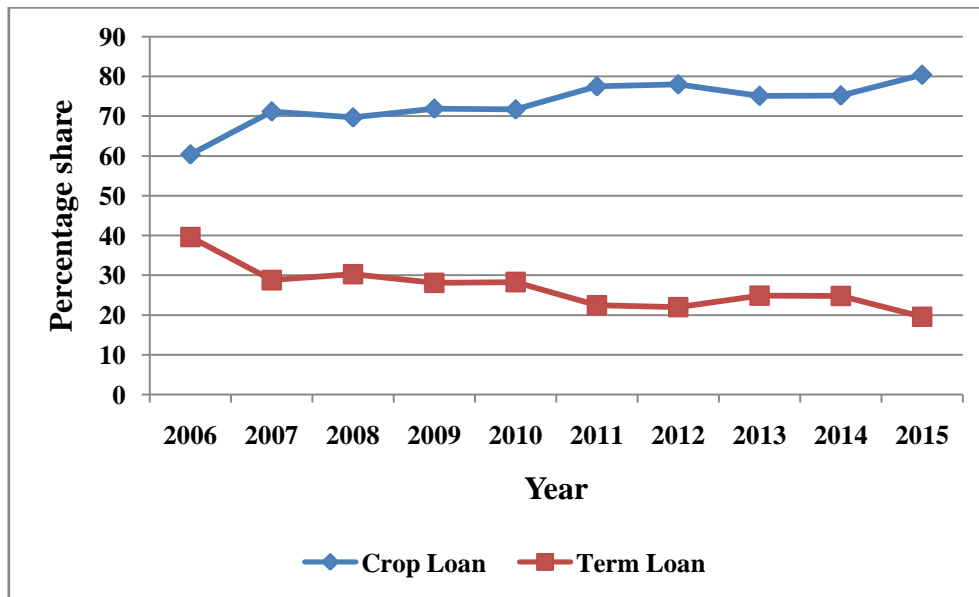
Source: NABARD Annual Report 2011-12, 2015-16 (<http://www.nabard.org>);

\* Provisional

Category wise disbursement of agricultural credit in India for a period of 10 years along with Annual Growth Rate and Compound Annual Growth Rate has given in Table 4.2. Percentage wise disbursement of agricultural credit in different category is also given in the above table. This Compound Annual Growth Rate is from the highest per cent increase of crop loan from 60.4 per cent to 80.4 per cent from 2006-07 to 2015-16. Term loan has shown only a cold touch in Indian agricultural sector not only in amount but also in trend. It's Compound Annual Growth Rate is only 8.3 per cent for 10 years.

It is because most of the borrowers in India depend on Short-Term Crops than other, because this will provide return within short span of time than Plantation sector and they have no more money to circulate up to a period of 12 years for plantation crops. Annual growth rates for crop loan issued in India from 2006-07 to 2015-16 shows a positive trend than term loan. The negative growth of Term-Loan in the year 2007-08 (-19.44%) and 2011-12 (-13.46%) has reduced the annual growth rate of total agricultural credit in India.

While comparing the results of Table 4.1 and Table 4.2, it is clear that, Co-operative Banks in India are issuing more term loan than Commercial Banks and Regional Rural Banks. That's why these affected the trend of annual growth rate of agricultural credit in India.



**Fig. 4.2. Trend in percentage share of category wise disbursement of agriculture in India**

Trend in percentage share of category wise disbursement of ground level credit for agriculture in India for a period of 10 years from 2006-07 to 2015-16 has given in Fig 4.2. The picture also depicts the trend in percentage share of two type of loan for agriculture viz Crop Loan/ST loan and Term loan/MT+LT loan in India. Crop loan and Term loan in India has shown an increasing trend at two extreme levels from 2006 to 2015. But while comparing two types of loans in percentage, Corp Loan/ST loans show a drastic increase than Term loan (MT+LT). It is because of the demand for Crop loan is more in India than Term Loan.

#### **4.2.3. Agency wise issue of KISAN Credit Card (KCC) in India**

There are three main agencies issuing KCC for agriculture in India. It includes Co-operative Banks, Regional Rural Banks, and Commercial Banks. KCC is one of the Short-Term agricultural credits which are



circulating in India with peculiarity of depositing the loan amount in the account of borrower and providing a card i.e. KCC for withdrawing the amount as per his agricultural needs. Table 4.3 describes the agency wise issue of KCC in India for a period of 6 years from 2006-07 to 2011-12.

**Table 4.3. Agency Wise Issue of KISAN Credit Card in India (2006-07 to 2011-12) (Amount in Million)**

Banks	Cooperative Bank		Regional Rural Banks		Commercial Banks		Total	
	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2006-07	2.29		1.41		4.81		8.51	
2007-08	2.09	-8.73	1.77	25.53	4.61	-4.16	8.47	-0.47
2008-09	1.34	-35.89	1.42	-19.77	5.83	26.46	8.59	1.42
2009-10	1.75	30.60	1.95	37.32	5.31	-8.92	9.01	4.89
2010-11	2.81	60.57	1.77	-9.23	5.58	5.08	10.16	12.76
2011-12 *	2.96	5.34	1.99	12.43	5.12	-8.24	10.07	-0.89
<b>CAGR (%)</b>	<b>6.6</b>		<b>9.0</b>		<b>1.6</b>		<b>4.3</b>	

Source: NABARD Annual Report 2011-12, (<http://www.nabard.org>); \* Provisional

Agency wise issue of KCC annually in India in percentages, annual growth rate and compound annual growth rate is given in Table 4.3. Growth in issue of KCC in India is increased from 8.51 to 10.07 million. The CAGR of KCC issue is 4.3 percent. While looking into the components of the overall annual growth rate, shows that, RRBs are issuing more KCC (9%) and Co-operative Banks succeeding it (6.6%). CAGR of Commercial Banks is very low in issue of KCC in India (1.6%) when compared to the ground level credit flow in India (34.9% in Table 1). Co-operative Banks are in the third of issuing agricultural credit negative growth rate (as per Table 4.1) but it shows good growth rate in

issuing of KCC for agriculture in India. While looking into the amount wise growth in issuing of KCC in India, RRB shows drastic increase from 1.41 to 1.99 million than Co-operative Banks (2.29 to 2.96 million). But in the case of Commercial Banks, not much growth was observed during this period (4.81 million and ending at 5.12 million). Annual growth rate in issue of KCC in India by three main banks are not given a good trend. Co-operative Banks shows a high variation in this category than other Commercial Banks and Regional Rural Banks. This leads to a major deviation in the annual growth rate of total issue of KCC in India.

The status of agricultural credit in India shows that, in the multi agency approach of agricultural credit, Co-operative Banks are in the top up to the year 2011. After that, Commercial Banks (39.4%) hold its position by issuing more AGL than pure agricultural credit. Crop loan (22.6%) shows good and positive trend than Term loan (8.3%) in India. In the case of issue of KCC loans, RRBs (9%) shows good progress and Co-operative Banks (6.6%) succeeded it than Commercial Banks (1.6%).

### **4.3. Growth of institutional financing to Agricultural sector in Kerala**

It includes the growth of agricultural credit issued by multi-agencies in Kerala. The major head covered over here are; the amount of Kisan Credit Card advances in Kerala (2010), production and investment credit to agricultural sector of Kerala (2002-03 to 2012-13), amount of credit cumulated under Debt Waiver and Debt Relief Scheme in Kerala (2010) and agency wise issue of total agricultural credit in Kerala (2002-03 to 2012-13). The results are given in the following heads.

### 4.3.1. The Kisan Credit Card Scheme (KCC) in Kerala

The KCC scheme in India has been introduced in the year 1998-99. The KCC loan is also circulating among the borrowers of Kerala and their KCC needs are met by three main agencies. There are three main agencies issuing KCC for agricultural sector in Kerala. It includes Private sector and Public sector banks (Commercial Banks) and Co-operative Banks. Details regarding amount and number wise issue of KCC loans in Kerala by Private, Commercial and Co-operative Banks in Kerala as on 31<sup>st</sup> March 2010 are given in Table 4.4.

**Table 4.4. Number and amount of KCC loan in Kerala as on 31st March 2010 (Amount in lakhs)**

Banks	During the year (2010)		Since inception (1998-99)		Outstanding	
	Number	Amount	Number	Amount	Number	Amount
Pvt. Sector banks	9616 (3.2%)	32493.91 (15.3%)	87252 (2.8%)	158962.37 (13.8%)	45605 (2.7%)	122855.83 (25.8%)
Commercial banks	114952 (38.0%)	82129.47 (38.7%)	1392324 (45.3%)	529826.35 (46.0%)	425695 (25.6%)	180055.12 (37.8%)
Co-operative banks	177717 (58.8%)	97449.83 (46.0%)	1595738 (51.9%)	463264.68 (40.2%)	1191591 (71.7%)	173207.31 (36.4%)
<b>Total</b>	<b>302285</b>	<b>212073.21</b>	<b>3075314</b>	<b>1152053.4</b>	<b>1662891</b>	<b>476118.26</b>

*Note: Values in the brackets are percentage of each bank on total*

*Source: Economic Review 2010*

Number and amount wise issue of KCC for agricultural sector in Kerala by Private, Commercial and Co-operative Banks along with their proportion on total issue of KCC in the year 2010 is given in Table 4.4. Total amount of KCC in Kerala shows that, 11,52,053.4 lakhs in its

inception to 4,76,118.26 (outstanding as per 2010 including 212073.21 lakhs in 2010) with number of KCC 30,75,314 from inception to 16,62,891 in 2010 (302285 in 2010 included). The number of KCC loan after twelve years (1998-99 to 2010) is decreasing. For private sector banks, amount of KCC in its inception is Rs.15,896.27 lakhs and its outstanding amount along with 2010 issue is 1,22,855.83 lakhs and its number is 87,252 to 45,605 (9616 as per 2010 included). For Commercial Banks, its inception the amount of KCC issue is Rs.5,29,826.35 lakhs and outstanding Rs. 1,80,055.12 lakhs with 2010 issue of 82,129.47 lakhs. The number of KCC for Commercial Banks from inception is 13,92,324 to 4,25,695 (1,14,952 in 2010 included). While looking in to the Co-operative Banks amount of KCC in its inception it is 4,63,264.68 lakhs to 1,73,207.31 including 97,449.83 lakhs in 2010 and its number include 15,95,738 to 11,91,591 (1,77,717 in 2010 included). The highest number of KCC loans in Kerala issued by Co-operative Banks (58.8%) than Private sector (3.2%) and Public Sector banks (38.0%). Co-operative Banks (46.3%) hold highest percentage in the amount of KCC loan in Kerala than the other two. But considering the number of KCC loan in Kerala from 1998-99 to the year 2010, it shows a decreasing trend concerned to each bank.

#### **4.3.2. Production and Investment Credit to Agricultural sector in Kerala**

Production credit is for crop cultivation and it is under the category of Short-Term agricultural credit for a period of one year. Investment credit is mainly for loans issued for plantation sector and it is a Medium Term (MT) and Long Term (LT) credit agricultural credit. Table 4.5

depicts the details regarding the amount wise flow of production and investment credit in the agricultural sector of Kerala for a period of eleven years from 2002-03 to 2012-13

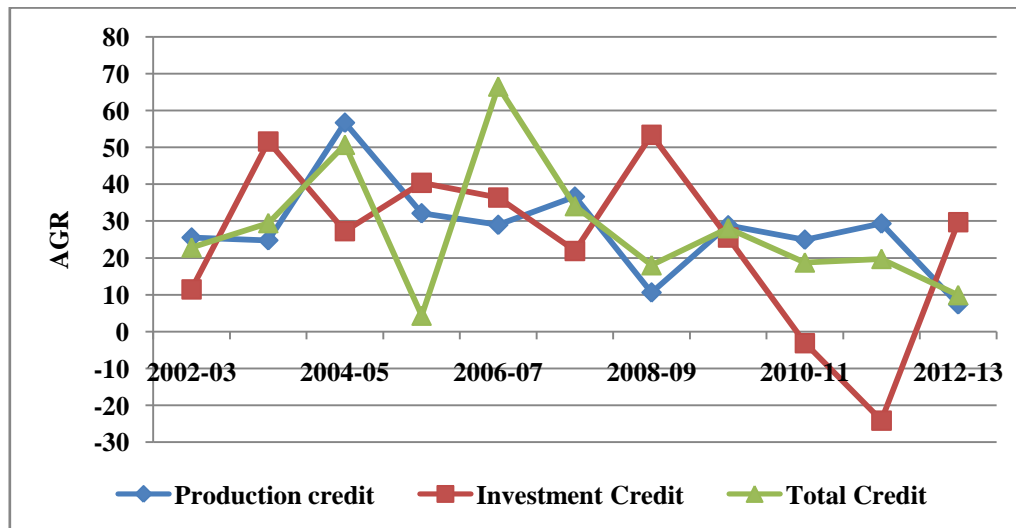
**Table 4.5. Production and Investment Credit to Agricultural sector in Kerala (2002-03 to 2012-13) (Rs. in crores)**

Year	Production credit		Investment Credit		Total Credit	
	Amount	AGR	Amount	AGR	Amount	AGR
2001-2002	2311		550		2861	
2002-2003	2901	25.53	613	11.45	3514	22.82
2003-2004	3620	24.78	929	51.55	4549	29.45
2004-2005	5672	56.69	1182	27.23	6854	50.67
2005-2006	7493	32.11	1659	40.36	7152	4.35
2006-2007	9664	28.97	2262	36.35	11906	66.47
2007-2008	13203	36.62	2757	21.88	15960	34.05
2008-2009	14605	10.62	4228	53.36	18836	18.02
2009-2010	18817	28.84	5307	25.52	24124	28.07
2010-2011	23512	24.95	5141	-3.13	28653	18.77
2011-2012	30405	29.32	3901	-24.12	34306	19.73
2012-2013	32651	7.39	5059	29.68	37710	9.92
<b>CAGR (%)</b>	<b>30.3</b>		<b>24.8</b>		<b>29.4</b>	

Source: *Economic Review 2007, 2009, 2015*

The AGR and CAGR of Production and Investment credit to agricultural sector in Kerala for a period of eleven years from 2002-03 to 2012-13 has been given in Table 4.5. Total credit to Kerala's agricultural sector increased from 2861 to 37,710 crores and the Compound Annual Growth Rate is 29.4 per cent and this is from the great share of growth of production credit 30.3 per cent and 24.8 per cent Investment credit. it is

because, borrowers in Kerala is depending more on Short-term agriculture like crop cultivation than plantation sector. Production credit has increased from 2311 crores from 2002-03 to 32651 crores in 2012-13. Investment credit has increased from 550 crores to 5059 crores. From the figures it can be concluded that, the investment credit is increasing drastically even it has only limited amount than production credit. Annual growth rate of production credit shows a stable positive trend except the year 2008-09 and 2012-13. Investment credit in Kerala shows stable positive change from the year 2002-03 to 2009-10 after that it shows a deep negative growth rate for two years and came to big growth. The total agricultural credit in Kerala shows positive growth rate except the year 2005-06 (production credit decreased by 24.58 per cent and investment credit increased by 13.13 percent) and 2012-13 (production credit decreased by 21.93 per cent and investment credit increased by 5.56 percent).



**Fig. 4.3. Trend in Annual Growth Rate of Production and Investment credit along with total credit issued in Kerala**

The graphical representation in previous page shows the trend of total production, investment credit and also the total agricultural credit as per AGR is given in the fig 4.3. Both production and investment credit has shown a zigzag trend as per the above graph. The total investment credit has shown a negative AGR after the year 2010-11. This has affected the decline of Co-operative Banks in the total agricultural credit of Kerala in the year 2010-11. The production credit has shown good position than Investment credit but it is declining in the last year.

#### **4.3.3. Debt Waiver and Debt Relief Schemes in Kerala**

Debt Waiver/Loan Waiver Scheme includes the full amount of loan waived due to loss to agricultural or property due to natural calamities. Debt Relief Scheme is for those who are dragged out of loan period and also committed default in loan repayment including agriculture. In this case banks allow One Time Settlement system to make repayment and avoiding the penal interest. Both schemes are loss to banks.

The South Malabar and North Malabar Gramin Bank in Kerala are now called as Kerala Gramin Bank. Table 4.6 in next page depicts the details regarding the amount and number of loan waived under the Category of Small Borrowers, Marginal Borrowers and Other Borrowers in Regional Rural Banks, Co-operative Banks and Commercial Banks in the year 2010

**Table 4.6. Cumulative Position of Debt Waiver and Debt Relief by RRBs, Cooperative Banks and Commercial Banks as per Year 2010 (Rs in Lakhs)**

Banks	No. of accounts			Amount crystallised for DW/DR		
	SF/MF	OF	TOTAL	SF/MF	OF	TOTAL
SMGB	53523	226	53749	15888.32	77.5	15965.82
NMGB	73162	909	74071	20256.13	212.68	20469.29
KSCB	597577	2580	600157	91909.13	682.52	92591.65
KSCARDB	126723	3642	130365	18294.49	664.26	18958.75
Commercial Banks	352563	17158	369721	95217.01	7324.44	102541.45
<b>Total RRBs, Cooperative, Commercial Banks</b>	<b>1203548</b>	<b>24515</b>	<b>1228063</b>	<b>241565.56</b>	<b>8961.4</b>	<b>250526.96</b>

Source: Economic Review 2010

Cumulative position of Debt Waiver (DW) and Debt Relief (DR) by RRBs, Co-operative Banks and Commercial Banks in number of accounts and amount as per Small Borrowers, Marginal Borrowers and Other Borrowers as per year 2010 is given in Table 4.6. As per the above table, total amount under DW/DR scheme is 2,50,526.96 lakhs and 1203548 number of accounts (SF+MF+OF) Co-operative Banks are in the top who waived loan under DW/DR scheme and it is 1,11,550.4 lakhs (KSCB+KSCARDB) than Commercial Banks (102541.45 lakhs) and RRBs of 36,425.11 lakhs (SMGB+NMGB). Number of accounts under DW/DR schemes is more in Co-operative Banks of 30,522 numbers (KSCB+KSCARDB) than Commercial Banks of 369721 numbers and RRBs of 1,27,820 numbers (SMGB+NMGB). It can conclude that Co-operative Banks are bearing huge amount of loss in agricultural credit in Kerala, because the Co-operative Banks are more affected through



DW/DR schemes. The amount of reimbursement under these two schemes is not guaranteed.

#### 4.3.4. Disbursement of fund by NABARD to different Banks under ADWDR Scheme in Kerala

NABARD is distributing the fund in order to compensate the loss of those banks that followed Agricultural Debt Waiver and Debt Relief Schemes (ADWDR) in Kerala. NABARD has distributed fund to compensate loss out of ADWDR schemes to RRBS and Co-operative Banks given in the year 2010. Table 4.7 has describing the details regarding the total amount claimed by RRBs and Co-operative Banks under ADWDR schemes and amount disbursement by NABARD in 2010.

**Table 4.7 NABARD-Agency wise details of releases made under ADWDR scheme**

Agency	Claim		Disbursement		Settlement of claims (%)
	Amount	Share (%)	Amount	Share (%)	
SMGB	15965.8	10.8	1960.99	1.3	12.28
NMGB	20469.3	13.8	20455.6	13.9	99.93
KSCB	92591.7	62.6	91786.8	62.4	99.13
KSCARDB	18958.8	12.8	18899.7	12.8	99.69
<b>TOTAL</b>	<b>147986</b>	<b>100</b>	<b>147103</b>	<b>100</b>	<b>99.4</b>

Source: Economic Review 2010

Agency wise disbursement of fund which is claimed by RRBs and Co-operative Banks under ADWDR scheme by NABARD is given in Table 4.7. Here RRBs includes South and North Malabar Gramin Bank and Co-operative Banks includes Kerala State Co-operative Banks and Kerala State Agricultural and Rural Development Banks. Here the

highest amount of loss was hold by Co-operative Banks and the amount claimed for this in the year 2010 is rupees 1,11,550.5 (KSCB+KSCARDB) lakhs and amount disbursed by NABARD is of rupees 1,10,686.5 lakhs (KSCB+KSCARDB). In the case of RRBs, they claimed rupees 36,435.1 (SMGB+NMGB) lakhs and disbursed rupees 22,416.59 lakhs (SMGB+NMGB).

Both banks utilized the disbursed amount at 100 percent. The balance portion of loss is met from their own fund 14,018.52 lakhs by RRBs 863.9 lakhs by Cooperative Banks. Regional Rural Banks claimed 24.6 per cent but received only 24.2 percent. In the case of Co-operative Banks, they have claimed 75.4 percent, but received only 75.2 percent. Here the loss percentage out of ADWDR scheme is more for RRBs than Co-operative Banks.

#### **4.3.5. Agency wise annual credit flow to agricultural sector in Kerala**

The credit needs of Kerala's agricultural sector have been met by multiple agencies. The agencies are Commercial Banks, Regional Rural Banks, Co-operative Banks and Kerala Financial Corporation. Plenty of loans are available for agricultural sector of Kerala but its return is very low. Because agriculture is one of the priority sector and issuing of credit is essential.

The agency wise disbursement of agricultural credit in Kerala from the year 2002-2013 to 2012-13 is given in Table 4.8.

**Table 4.8 Agency Wise Annual Total Credit Flow to Agriculture in Kerala during the period 2002-03 to 2012-13 (Rupees in Crores)**

Year	Commercial bank		RRB		Cooperatives including KSCARDB		KFC		Total Credit	
	Agrl. Advance	Total advance	Agrl. Advance	Total advance	Agrl. Advance	Total advance	Agrl. Advance	Total advance	Agrl. Advance	Total advance
2002-03	1914	6703	408	628	1192	3138	0	94	3514	10563
2003-04	2579	8847	755	1108	1215	3539	0	102	4549	13596
2004-05	3884	11871	1066	1473	1904	4975	0.36	68	6854	18387
2005-06	4988	14159	1290	1797	2873	7097	1.13	250	9152	23303
2006-07	6618	17181	1690	2186	3598	8310	0	47	11906	27724
2007-08	9924	20294	1931	2544	4105	9681	0	138	15960	32657
2008-09	11796	23691	2081	3083	4941	12748	18	199	18836	39721
2009-10	14741	29753	3090	4303	6292	17103	1	333	24124	51492
2010-11	18857	34281	2785	4573	7008	20297	3	539	28653	59690
2011-12	23889	40159	2807	4484	8367	24720	0	390	35063	69753
2012-13	25780	43135	3373	5352	8557	28163	0	232	37710	76882
<b>CAGR</b>	<b>29.70</b>	<b>20.46</b>	<b>23.52</b>	<b>23.90</b>	<b>21.79</b>	<b>24.54</b>	<b>-</b>	<b>9.46</b>	<b>26.78</b>	<b>21.96</b>

Source: *Economic Review 2007, 2009, 2015*

The Compound Annual Growth Rate in agricultural credit by multi agencies of Kerala is given in the above Table 4.8. The agricultural credit issued by Commercial Banks shows highest growth (29.70%) and Co-operative Banks is in the third position. The agricultural credit offered by Commercial Banks is in higher percentages than its growth in the total advances. But, while looking into the achievement of each individual bank on total credit, Co-operative Banks are good (25.54%). The Kerala Finance Corporation shows only nominal role in issuing credit to Kerala's agricultural sector. Commercial Banks and Regional Rural Banks in Kerala are issuing more credit to agricultural sector than Co-operative Banks.

### 4.3.6. Proportion of Multi agencies in the total Agricultural Credit of Kerala

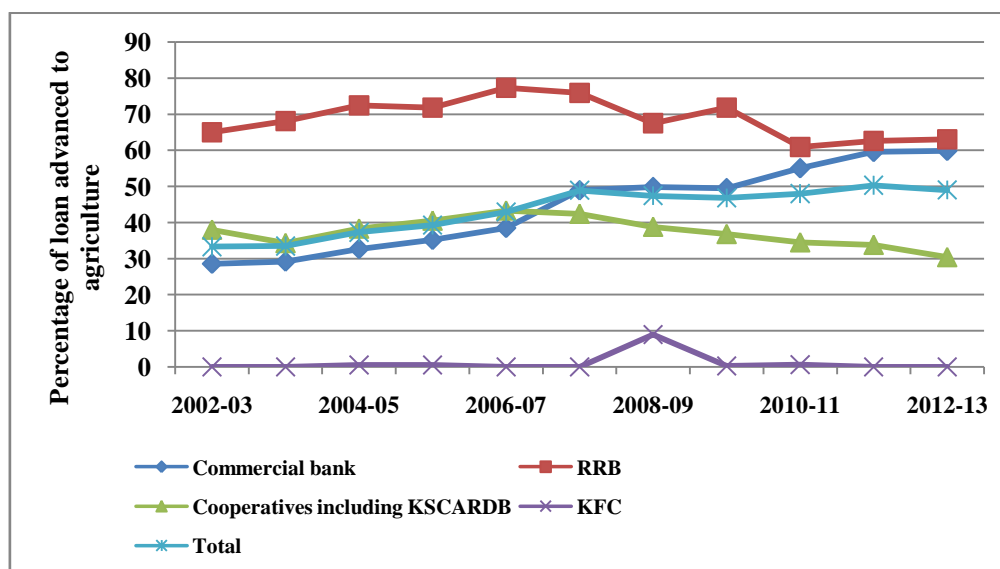
Institutional financing plays an inevitable role in the total agricultural credit of Kerala. The main institutions include, Commercial Banks, Regional Rural Banks, Co-operative Banks under both Short and Long-Term Co-operative Credit Structure and the Kerala Financial Corporation. The percentage of agricultural credit on total agricultural credit of Kerala by each institution for a period of eleven years from 2002-03 to 2012-13 is given in the Table 4.9.

**Table 4.9 Percentage of loan advanced to agricultural among the total loan advanced by different Agency in Kerala during the period 2002-03 to 2012-13 (Amount in Percentage)**

Agency Year	Commercial Banks	RRB	Cooperatives including KSCARDB	KFC	Total
2002-03	28.6	65.0	38.0	0.0	33.3
2003-04	29.2	68.1	34.3	0.0	33.5
2004-05	32.7	72.4	38.3	0.5	37.3
2005-06	35.2	71.8	40.5	0.5	39.3
2006-07	38.5	77.3	43.3	0.0	42.9
2007-08	48.9	75.9	42.4	0.0	48.9
2008-09	49.8	67.5	38.8	9.0	47.4
2009-10	49.5	71.8	36.8	0.3	46.8
2010-11	55.0	60.9	34.5	0.6	48.0
2011-12	59.5	62.6	33.8	0.0	50.3
2012-13	59.8	63.0	30.4	0.0	49.0

Source: *Economic Review 2007, 2009, 2015*

As per the Table 4.9, has given the proportion of total agricultural credit by Commercial Banks, Co-operative Banks, Regional Rural Banks and Kerala State Financial Corporation. The Share of Regional Rural Banks on total agricultural credit of Kerala is reducing from the year 2002-2013. Even though, it is preserving its position as a topper in the proportion of total agricultural credit in Kerala. While comparing the portion of Commercial Banks and Co-operative Banks on total agricultural credit, Co-operative goes downward than Commercial Banks. The Commercial Banks shows good growth rate than the other three institutions. In the case of Kerala State Financial Corporation, its proportion is only nominal, because the Government of Kerala will give advance (Taccavi loans) only at the time of any disaster like flood, earthquake etc. This is only for preserving the agricultural sector of Kerala and the borrowers.



**Fig. 4.4. Trend of agricultural credit of Commercial Banks, Regional Rural Banks, Co-operative Banks and Kerala Financial Corporation as a percentage of total credit in Kerala.**

As per the above diagram, there is a trend in reduction in agricultural credit by the Commercial Banks, Regional Rural Banks and Co-operative Banks in Kerala; the Government of Kerala has overcome this by issuing of loan through Kerala State Financial Corporation. It is only in the supporting hand and this is happened in the year 2008-09. Here the agricultural credit issued by Commercial banks has only shown good positive trend than the Co-operative Banks and Regional Rural Banks.

The Co-operative Banks have 46.3 per cent of Kisan Credit Card issue in Kerala than the other two. Production credit (30.3%) shows good growth rate than the investment credit (24.8%) in Kerala. The higher amount of Debt Relief/Debt Waiver schemes (including agricultural credit) in Kerala is accepted by Co-operative Banks than Commercial banks and Regional Rural Banks. But Co-operative Bank had good reimbursement than Regional Rural Banks, so Regional Rural Banks incurred more loss out of these two schemes.

In the case of total agricultural credit of Kerala, Commercial Banks (29.70%) and Regional Rural Banks (23.52%) are issuing more than Co-operative Banks (21.79%). The Regional Rural Banks plays a good role in the total agricultural credit of Kerala, but its growth rate from 2002-03 to the year 2012-13 is not up the share of Commercial Banks. But in the case of total advances of Kerala, Co-operative Banks (24.54%) shows good trend than the other two.

#### **4.4. Progress of Co-operative Banks in Kerala**

This head depicts the details regarding progress of Co-operative Movements in Kerala for a period of ten years from 2002-03 to 2011-12, physical achievements of Co-operative Banks in the agricultural advances in Kerala (2015), progress of Co-operative Banks under Short-Term Co-operative Credit Structure (common period of ten years from 2002-03 to 2011-12) and progress of Co-operative Banks in the Long-Term Co-operative Credit Structure (a period of ten years from 2002-03 to 2011-12). The details are given in the following heads:

##### **4.4.1. Progress of Co-operative Movement in Kerala**

Progress of Co-operative movement in Kerala is based on the achievement of Co-operative Banks in the field of number of societies working, their membership, share capital, working capital, total amount of deposits and amount of loan advanced.

Table 4.10 depicts the details regarding the achievements of Co-operative Banks as on 31 March 2010.

**Table 4.10. Progress of co-operative movements in Kerala as on 31/3/2010**

Year	No. of societies (actual)		Membership (in Lakhs)		Share Capital (rs.in Crores)		Working Capital (rs.in Crores)		Deposits (Rs.in Crores)		Loans Advanced (Rs. In Crores)	
	Number	AGR	Number	AGR	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2002-03	12337		335		1282		33108		18457		14997	
2003-04	12445	0.88	355	5.97	1383	7.88	38625	16.66	23438	26.99	18858	25.75
2004-05	12612	1.34	344	-3.10	1388	0.36	38625	0.00	22749	-2.94	21375	13.35
2005-06	12818	1.63	344	0.00	1980	42.65	50671	31.19	28631	25.86	24906	16.52
2006-07	13044	1.76	291	-15.41	1652	-16.57	52581	3.77	31676	10.64	29158	17.07
2007-08	13197	1.17	357	22.68	1602	-3.03	56670	7.78	38576	21.78	34269	17.53
2008-09	13362	1.25	370	3.64	1739	8.55	64008	12.95	45914	19.02	39107	14.12
2009-10	13372	0.07	420	13.51	1875	7.82	83499	30.45	58582	27.59	57994	48.30
2010-11	13479	0.80	470	11.90	2175	16.00	89372	7.03	71440	21.95	72564	25.12
2011-12	13766	2.13	349	-25.74	2554	17.43	98685	10.42	80951	13.31	84821	16.89
<b>CAGR (%)</b>	<b>1.4</b>		<b>0.5</b>		<b>9.0</b>		<b>14.6</b>		<b>20.3</b>		<b>24.2</b>	

*Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.*



Details regarding the progress of Co-operative Movements in Kerala based on different components and their AGR and CAGR is given in Table 4.10. Annual growth rate in the number of societies shows positive trend up to the year 2008-09, after it is reducing and its compound annual growth rate is only 1.4 percent. In the case of membership, annual growth rate shows negative trend in the year 2006-07 (-15.4%) and in the year 2011-12 (-25.74%) and its compound annual growth rate is very less at 0.5 percent. Share capital shows negative trend in annual growth rate in the year 2006-07 and 2007-08 and its Compound annual growth rate is 9 percent. Out of this total share capital, working capital shows positive annual growth rate with high per cent Compound Annual Growth Rate of 14.6 percent. Total amount of deposits and loans advanced has shown the stable positive annual growth rate with Compound Annual Growth Rate of 20.3 per cent and 24.2 percent. Loan advanced is more than the amount of deposits accepted by Co-operative Banks in Kerala. In the year 2004-05, the annual growth rate of deposits shows negative trend and its loan amount reduced automatically. Because banks are issuing loans on the basis of amount of deposits they have. It can be concluded that, Co-operative Movement in Kerala shows a good progress from the year 2002-03 to 2011-12.

#### **4.4.2. Physical achievements of Co-operative Banks in Agricultural credit of Kerala**

Physical achievements of Co-operative Banks performing for agricultural sector in Kerala consists of its achievements in Short-Term, Medium-Term and Long-Term agricultural credit in Kerala under short-

term and long-term credit structure and facilitating services to borrowers like sale of fertilizers, sale of consumer goods at reasonable price and storage and marketing of agricultural produce. Table 4.11 has given the details regarding the achievement of these components under the head Co-operation during the year 2015.

**Table 4.11 Physical Achievements under  
Co-operation during the year 2015 (Rs in Crores)**

Item	Achievement
Short Term (Agriculture)	8201.61
Medium Term (Agriculture)	5150.64
Long Term (Agriculture)	208.68
Retail Sale of Fertilizers	1238.12
Retail Sale of Consumer Goods	521.77
Agriculture produce marketed	477.24
Storage in Co-operative Banks	61994.5

Source: *Economic Review 2015*

Physical achievements Co-operative Banks working under agricultural credit and accessory services to borrowers in Kerala for the year 2015 is given in Table 4.11. Agricultural credit Co-operative Banks issued 13,560.93 crores as the agricultural advances in the year 2015. Out of this amount, more is distributed for Short-Term agricultural credit of rupees 8201.61. It can be concluded that, Primary Agricultural Credit Societies (PACS) are working effectively than Primary Cooperative Agricultural and Rural Development Banks (PCARDBs) in Kerala, because PACS are under the category of Co-operative Banks in Short-term credit structure. Co-operative Banks in Kerala have done more help

to the borrowers through selling their agricultural produce at rupees 1,238.12 crores, storage facility of rupees 61,994.5 crores, for marketing at rupees 477.24 crores and sale of consumer goods at reasonable prices at festival seasons at rupees 521.77 crores.

#### **4.4.3. Progress of Co-operative Banks under Short Term Cooperative Credit Structure (STCCS)**

Co-operative Banks under STCCS consists of the Kerala State Co-operative Bank as apex institution to control and supervise the District Co-operative Bank in 14 districts of Kerala and Primary Agricultural Credit Societies in the village level. The progress of Co-operative Banks under the Short-Term Co-operative Credit Structure of Kerala is given in the following heads.

##### **4.4.3.A. Progress of Kerala State Co-operative Banks (KSCBs)**

The progress of Kerala State Co-operative Banks depends on its achievements under total Working Capital, Deposits, Loans advanced and Borrowings. Working capital means the amount kept for meeting the day to day expenses of bank; the deposits are the amount received from public or members for their savings, loans are advanced to the members for getting proper return to bank and borrowings from the other banks to meet cash deficiency.

Table 4.12 has shown the details regarding the progress of Kerala State Co-operative Banks for a period of 12 years from 2002-03 to 2013-14.

**Table 4.12 Progress of Kerala State Cooperative Bank**

Year	Working Capital		Deposits		Loans advanced		Borrowings	
	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2002-03	2502		2327		1260		88	
2003-04	2671	6.75	2427	4.30	1258	-0.16	164	86.36
2004-05	2869	7.41	2407	-0.82	2137	69.87	376	129.27
2005-06	3409	18.82	2869	19.19	2046	-4.26	425	13.03
2006-07	3597	5.51	2901	1.12	1791	-12.46	546	28.47
2007-08	4728	31.44	3831	32.06	2240	25.07	725	32.78
2008-09	4901	3.66	4593	19.89	2387	6.56	237	-67.31
2009-10	6829	39.34	6649	44.76	2343	-1.84	108	-54.43
2010-11	5523	-19.12	5205	-21.72	3397	44.99	94	-12.96
2011-12	7648	38.48	5904	13.43	3457	1.77	1384	1372.34
2012-13#	7570	-1.02	6128	3.79	3375	-2.37	995	-28.11
2013-14#	8762	15.75	7702	25.69	6580	94.96	207	-79.20
<b>CAGR (%)</b>	<b>13.4</b>		<b>12.7</b>		<b>18.0</b>		<b>8.9</b>	

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum. #- Provisional

Details regarding the annual growth rate and compound AGR of working capital, deposits, loan advanced and borrowings of KSCB from the year 2002-03 to 2013-14 is given in Table 4.12. The CAGR of Working Capital (13.4%), Deposits (12.7%), Loan advanced (18%) shows a good trend than Borrowings (8.9%). When comparing the AGR of these four components, annual growth rate of borrowings shows decreasing trend, it means that, KSCB has achieved good financial stability from the year 2008-09. Out of the CAGR results, bank has

advanced more loans from its own fund (5.3%). All these resulted that, KSCB shows a good progress in its banking activities from the year 2002-03 to 2013-14.

#### 4.4.3.B. Progress of District Co-operative Banks (DCBs) in Kerala

The progress of DCBs is depending up on the growth in its working capital, deposits, loans advanced and borrowings from other bank. The progress of DCBs through the CAGR and AGR of its working capital, deposits, loans advanced and borrowings for a period twelve years form 2002-03 to 2013-14 is given in Table 4.13

**Table 4.13. Progress of District Co-Operative Bank during the period 2002-03 to 2013-14**

Year	Working Capital		Deposits		Loans Advanced		Borrowings	
	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2002-03	6638		5072		2932		617	
2003-04	7219	8.75	6305	24.31	3862	31.72	511	-17.18
2004-05	7920	9.71	6666	5.73	5012	29.78	640	25.24
2005-06	9558	20.68	8277	24.17	5500	9.74	810	26.56
2006-07	10942	14.48	9247	11.72	7340	33.45	1197	47.78
2007-08	13220	20.82	11497	24.33	8516	16.02	1272	6.27
2008-09	15830	19.74	13677	18.96	10043	17.93	1338	5.19
2009-10	19544	23.46	16766	22.59	12714	26.60	1172	-12.41
2010-11	22629	15.78	19061	13.69	17459	37.32	2295	95.82
2011-12	25874	14.34	22414	17.59	29741	70.35	2404	4.75
2012-13#	28529	10.26	24472	9.18	26753	-10.05	3353	39.48
2013-14#	35488	24.39	32342	32.16	25066	-6.31	1890	-43.63
<b>CAGR</b>	<b>16.46</b>		<b>18.34</b>		<b>21.54</b>		<b>10.71</b>	

Source: Statistical Hand Book 2002-03 To 2014-15, Statistics Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.# Provisional

The Annual Growth Rate and Compound Annual Growth Rate of working capital, deposits, loans and borrowings of District Co-operative Banks in Kerala are given in the above Table 4.13. The Compound Annual Growth Rate of all the four components shows an upward trend and the Annual Growth Rate of working capital and deposits shows also upward trend than loans and borrowings. From the Annual Growth Rate and Compound Annual Growth Rate, it can be conclude that, the District Co-operative Banks have achieved good progress in its workings. It has enlightened a stable growth in preserving good working capital (16.46%) and deposits (18.34%). The bank has given extra loans (3.2%) than deposit back up and also used its own fund than the borrowings (10.71%).

#### **4.4.3.C. Progress of Primary Agricultural Credit Societies (PACS) in Kerala**

Needy people in the rural areas are focusing more on the Primary Agricultural Credit Societies. This institution has a social perception and helping mentality and helps the borrowers to bridge the gap in their financial needs. The direct access of borrowers for agricultural credit is more in Primary Agricultural Credit Societies, so its progress is very essential.

The progress of Primary Agricultural Credit Societies in its number of societies, membership, share capital, working capital, deposits and loans advanced for a period of 2002-2011 is given in Table 4.14.

**Table 4.14. Progress of primary Agricultural credit Societies 2002-2011**

Year	No. of societies (actual)		Membership (in Thousands)		Share Capital (rs.in Crores)		Working Capital (rs.inCrores)		Deposits (Rs.in Crores)		Loans Advanced (Rs. In Crores)	
	Number	AGR	Number	AGR	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2002-03	1638.0		1354.1		459		11726		8018		7183	
2003-04	1648.0	0.6	1432	5.8	449	-2.2	13658	16.5	9724	21.3	8123	13.1
2004-05	1597.0	-3.1	1486.3	3.8	468	4.2	17871	30.8	11598	19.3	9991	23.0
2005-06	1587.0	-0.6	1634.2	10.0	457	-2.4	18826	5.3	12657	9.1	11616	16.3
2006-07	1591.0	0.3	1665	1.9	468	2.4	21722	15.4	13942	10.2	13744	18.3
2007-08	1593.0	0.1	1722	3.4	498	6.4	20884	-3.9	16278	16.8	11577	-15.8
2008-09	1602.0	0.6	1750.2	1.6	533	7.0	24951	19.5	18860	15.9	12435	7.4
2009-10	1597.0	-0.3	1922.3	9.8	582	9.2	34232	37.2	25151	33.4	15746	26.6
2010-11	1598.0	0.1	2186	13.7	552	-5.2	36003	5.2	33099	31.6	35023	122.4
2011-12	1598.0	0.0	1948	-10.9	555	0.5	34895	-3.1	35421	7.0	21555	-38.5
<b>CAGR (%)</b>	<b>-0.27</b>		<b>4.12</b>		<b>2.13</b>		<b>12.88</b>		<b>17.95</b>		<b>12.99</b>	

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

The Compound and Annual Growth Rate of the four components leads to the progress of PACS in Kerala are given in the Table 4.14. Here the CAGR is more for the Deposits (17.95%), but the growth of loan (12.99%) is not up to this. Its working capital has a good floating growth rate (12.88%) than the share capital (2.13). Its share capital is derived from its members who have availed membership. Annual Growth Rate of deposits for a period of ten years from 2002-03 to 2011-12 has shown a positive trend. The progress of PACS is not good, because the loan is not increasing up to the amount of deposit it has accepted. Its share capital is not increasing as per the increase in its membership (4.12%). Its number of societies has reduced from 1638 to 1598 and it is because of loss background from its operations.

#### **4.4.4. Progress of Co-operative Banks under Long Term Cooperative Credit Structure (LTCCS) in Kerala**

The Long-Term Co-operative Credit Structure of Kerala comprised Kerala State Co-operative Agricultural Rural Development Bank in the top to control the lower level institution in each taluk; working as Primary Co-operative Agricultural and Rural Development Bank. The progress of banks under Long-Term Co-operative Credit Structure in Kerala is given in the following sub heads.

##### **4.4.4.A. Progress of Kerala State Co-operative Agricultural and Rural Development Bank (KSCARDBs)**

The back-up of working capital, deposits, loans and borrowings of KSCARDB leads to decide its progress line. Table 4.15 has given the



details of Compound and Annual Growth Rate of Working capital, Deposits, Loans advanced and Borrowings of KSCARDB for a period from 2002-03 to 2013-14.

**Table 4.15 Progress of Kerala State C-operative Agricultural and Rural Development Banks Ltd.**

Year	Working Capital		Deposits		Loans Advanced		Borrowings	
	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2002-03	2342		16		293		1833	
2003-04	2053	-12.34	17	6.25	2686	816.72	1951	6.44
2004-05	2458	19.73	19	11.76	3329	23.94	1895	-2.87
2005-06	2583	5.09	22	15.79	431	-87.05	1963	3.59
2006-07	2090	-19.09	24	9.09	511	18.56	1964	0.05
2007-08	2622	25.45	27	12.50	471	-7.83	1914	-2.55
2008-09	2712	3.43	30	11.11	563	19.53	1951	1.93
2009-10	2068	-23.75	32	6.67	689	22.38	299	-84.67
2010-11	3088	49.32	31	-3.13	890	29.17	2128	611.71
2011-12	3545	14.80	35	12.90	1265	42.13	2453	15.27
2012-13	4165	17.49	139	297.14	1537	21.50	2839	15.74
2013-14	4715	13.21	204	46.76	1953	27.07	3171	11.69
<b>CAGR</b>	<b>6.57</b>		<b>26.04</b>		<b>18.82</b>		<b>5.11</b>	

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-operative Societies Kerala, Trivandrum. #- Provisional

Compound and Annual Growth Rate of working capital, deposits, loans and borrowings of Kerala State C-operative Agricultural and Rural Development Banks is given in the above Table 4.15. The Compound

Annual Growth Rate shows a positive growth to the four categories. Compared to the growth in deposits (26.04%), its loans and advances (26.04%) to members are insufficient. At the same time, it has a capacity to maintain the business from its own fund than borrowings (5.11%) the borrowings are very lower. It is due the extra working capital background of Kerala State C-operative Agricultural and Rural Development Banks. While looking into the annual growth rate of these four components, 2002-03 to 2013-14 the working capital shows a stable position, deposits goes down after a huge hike in 2013-14, loan is in swing position and borrowing is reduced. Through the Annual Growth Rate and Compound Annual Growth Rate results, the Kerala State C-operative Agricultural and Rural Development Banks has not achieved good progress in its working after twelve years.

#### **4.4.4. B. Progress of Primary Co-operative Agricultural and Rural Development Banks (PCARDBs)**

The Primary Co-operative Agricultural and Rural Development Banks are maintaining a direct link with the borrowers in Long-Term credit. The progress of Primary Co-operative Agricultural and Rural Development Banks is essential to maintain the last and the most accessible link of Long-Term credit among it borrowers.

The progress of Primary Co-operative Agricultural and Rural Development Banks in its membership, share capital, working capital, deposits, loans and borrowings from 2002-03 to 2011-12 is given in Table 4.16

**Table 4.16 Progress of Primary Co-operative Agricultural and Rural Development Bank 2002-2011**

Year	Membership (in Thousands)		Share Capital (rs.in Crores)		Working Capital (rs.inCrores)		Deposits (Rs.in Crores)		Loans Advanced (Rs. In Crores)		Borrowings (Rs. In Crores)	
	Number	AGR	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR	Amount	AGR
2002-03	90.0		120		2126		1.9		348		1362	
2003-04	90.4	0.4	127	5.8	2138	0.6	1.5	-21.1	396	13.8	1269	-6.8
2004-05	94.4	4.4	123	-3.1	3045	42.4	0.7	-53.3	382	-3.5	1346	6.1
2005-06	98.0	3.8	130	5.7	3528	15.9	0.3	-57.1	559	46.3	1544	14.7
2006-07	104.0	6.1	146	12.3	2346	-33.5	0.6	100.0	652	16.6	1708	10.6
2007-08	105.0	1.0	139	-4.8	2588	10.3	0.7	16.7	589	-9.7	1658	-2.9
2008-09	111.0	5.7	140	0.7	2590	0.1	0.8	14.3	700	18.8	1713	3.3
2009-10	113.0	1.8	163	16.4	2925	12.9	1.5	87.5	796	13.7	2061	20.3
2010-11	115.0	1.8	157	-3.7	2721	-7.0	1.2	-20.0	929	16.7	2037	-1.2
2011-12	117.0	1.7	160	1.9	2778	2.1	2.7	125.0	1103	18.7	2039	0.1
<b>CAGR (%)</b>	<b>2.96</b>		<b>3.25</b>		<b>3.02</b>		<b>3.98</b>		<b>13.68</b>		<b>4.59</b>	

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

Progress of PCARDBs in Compound and Annual Growth Rate is given in the Table 4.16. The CAGR is more for Loan advanced (13.68%), but its deposits shows very low growth rate (3.98%). Both share capital and working capital shows almost similar growth rate. Growth rate of borrowings is low (4.59%). The membership shows a positive AGR than the others. The progress of PCARDB for the period of 2002-03 to 2011-12 is showing good. Because, its share capital has increased as per the membership, shown reduced borrowings, has (9.7%) extra increase in its loans than deposits.

The progress of Co-operative movements in Kerala shows a positive trend. Physical achievements of Co-operative Banks in the agricultural credit of Kerala, shows good progress. In the case of progress of Co-operative Banks under two credit structures, it can be concluded that, both shows good progress in their movement in Kerala. The apex bank of KSCB under STCCS shows good progress and positive trend than the apex bank under LTCCS. The PCARDBs under Long Term Co-operative Credit Structure shows good progress than the PACS working as lower level institution working under LTCCS in Kerala.

#### **4.5. Profit Position of Co-operative Banks in Short and Long-Term Co-operative Credit Structure in Kerala**

Co-operative Banks are institutions working with an objective of social service. They have more responsibility to the society in which it exists than any other institutions working for lending money. In order to cope up with the emerging social changes and needs of the society, each institution must make a buffer zone. So Co-operative Banks are also

working with profit objective. The profit position of banks working under STCCS and LTCCS in the state of Kerala is given in the following heads.

#### 4.5.1. Profit earned by two apex institutions in the STCCS and LTCCS in Kerala

Table 4.17 has given the details regarding the profit position of two apex banks working under the Short-Term and Long-Term Co-operative Credit Structure in Kerala for a period of twelve years from 2002-03 to 2013-14.

**Table 4.17 Profit earned by KSCB and KSCARDBs in Kerala (2002-03 to 2013-14)**

Year	Profit of KSCB (in crores)	Profit KSCARDB (in crores)
2002-03	6	10
2003-04	5	11
2004-05	4	13
2005-06	(-3)	14
2006-07	(-29)	14
2007-08	(-18)	16
2008-09	20	17
2009-10	(-19)	18
2010-11	(-66)	17
2011-12	(-101)	20
2012-13#	53	21
2013-14#	(-64)	21
<b>CAGR(%)</b>		<b>6.98</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-operative Societies Kerala, Trivandrum. #- Provisional

The table 4.17 has given the Compound Annual Growth Rate achieved by Kerala State Co-operative Banks and Kerala State Co-

operative Agricultural and Rural Development Banks from 2002-03 to 2013-14. Even though both are working with service motive, the apex bank under LTCCS shows good profit position (6.98%) than the apex bank under STCCS. From the figures itself, it can say that, the annual increase in the profit of KSCARDB is better than KSCB. Because these banks is dealing the term loans and it is more profitable.

#### 4.5.2. Profit Position of District Co-operative Banks in Kerala

The profit position of District Co-operative Banks in the study area of Kottayam, Palakkad and Kozhikode and also the overall profitability in Kerala for a period of twelve years from the year 2002-03 to 2013-14 is given in the Table 4.18

**Table 4.18. Profit/Loss (Rs. In Lakhs)  
Position of DCBs in Kerala during 2002-03 to 2013-14**

Districts/Year	KTM	PKD	KZD	Kerala
2002-03	277.48	64.92	5.64	2651.01
2003-04	-	122.40	74.39	3775.98
2004-05	148.71	147.01	116.34	6106.54
2005-06	2038.27	142.90	201.41	6747.90
2006-07	805.59	143.52	102.04	5172.25
2007-08	407.75	151.33	106.00	8165.06
2008-09	351.06	168.53	125.32	2173.63
2009-10	-68.02	180.93	125.32	9378.85
2010-11	-943.11	187.93	632.43	-
2011-12	-678.62	24.25	712.41	2524.31
2012-13#	-176.90	57.08	1063.00	688.91
2013-14#	398.93	122.42	1385.00	11145.33
<b>CAGR(%)</b>	<b>3.36</b>	<b>5.94</b>	<b>64.90</b>	<b>13.95</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum. #- Provisional

From the Table 4.18, the Compound Annual Growth Rate of profit position of DCBs in Kerala shows positive growth rate (13.95%) and among the three districts, the DCB working in the district of Kozhikode (64.9%) have shared the major portion of profit of DCBs working Kerala. The growth rate of profit of DCBs in Kottayam (3.36%) for twelve years shows a very low progress than the profit earned by DCBs working in other two districts.

#### 4.5.3. Profit position of Primary Agricultural Credit Societies working in Kerala

The PACS have direct contact with the borrowers than DCBs. So it has more ability to earn profit than DCBs and KSCB working in the State. The profit earned by PACS in all over Kerala and also in the study area like Kottayam, Palakkad and Kozhikode for a period of ten years from 2002-03 to 2011-12 is given in the Table 4.19

**Table 4.19. Profit/Loss (Rs. In Lakks) Position of PACSs in Kerala during 2002-03 to 2011-12**

Year/ Districts	KTM	PKD	KZD	Kerala
2002-03	-337816	3424	-48256	-969578
2003-04	-205951	69274	-107005	-1066842
2004-05	-218886	42424	6626	-841118
2005-06	-398454	-34230	24688	-2050065
2006-07	-307313	54300	63454	-552730
2007-08	-213459	27233	107366	-845948
2008-09	-338830	45685	5623	-1173741
2009-10	-300184	24104	86918	-892786
2010-11	-466487	104975	89238	-2161499
2011-12	118240	204976	86918	-78156
<b>CAGR(%)</b>	-	<b>57.27</b>	-	<b>24.41</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

The Table 4.19 has given the Compound Annual Growth Rate of profit earned by Primary Agricultural Credit Societies working in Kerala and also in the study area from 2002-03 to 2011-12. There is good progress in the profit (24.4%) earned by PACS in Kerala. But in the case of districts in the study area, the PACS working in the district of Palakkad (57.27%) shows good growth rate in its profit earned annually than the other two districts. So the major portion of profit earned by PACS in the total Kerala is shared by PACS in Palakkad. The PACS working in the district of Palakkad has good profit making capacity than the other two.

#### **4.5.4. Profit earned by Primary Co-operative Agricultural and Rural Development Banks in Kerala**

The Primary Co-operative Agricultural and Rural Development Banks have good and direct contact with the borrowers in the banks working in the Long-Term Co-operative Credit Structure of Kerala. So it has the capacity to make more profit by reducing the loan overdues than its apex bank of Kerala State Co-operative Agricultural and Rural Development Banks in Kerala. The profit earned by Primary Co-operative Agricultural and Rural Development Banks working in Kerala also in the study area from the year 2002-03 to 2011-12 is given in the Table 4.20



**Table 4.20. Profit/Loss (Rs. In Lakhs) Position of PCARDBs in Kerala during 2002-03 to 2011-12**

Districts/Year	KTM	PKD	KZD	Kerala
2002-03	2897	-105790	-46192	-510159
2003-04	399021	-67951	-27540	-188095
2004-05	230263	-18018	-654390	-881736
2005-06	6583	-75423	-89768	-788882
2006-07	231434	52201	-76827	-542106
2007-08	231170	-73145	-311569	-820672
2008-09	231792	-1619	-311569	-610652
2009-10	231278	75430	-311569	-230134
2010-11	8951	17922	-237448	-961607
2011-12	8114	-43070	-278399	-529206
<b>CAGR(%)</b>	<b>12.12</b>	<b>-9.50</b>	<b>22.09</b>	<b>0.41</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

The above Table 4.20 has given the Compound Annual Growth Rate in the total profit earned by PCARDBs for a period of ten years in Kerala and also in the sample districts. It shows only a very low CAGR on total profit (0.41%) earned by PCARDBs in Kerala. But in the case of sample districts, the banks in Kozhikode (22.09%) are making more profit than the other two districts. The PCARDBs working in Palakkad (-9.50%) is inefficient in making profit than the other two districts.

From the results under profit position of banks working under STCCS and LTCCS in Kerala, it can be concluded that, in the case of apex institution; Kerala State Co-operative Agricultural and Rural Development Banks (6.98%) is better than KSCB. In the case of lower level institution, PACS (24.42%) under STCCS is far better than PCARDBs (0.41%) in LTCCS. In the case of district which occupied more profit under Co-operative Banks, the district of Kozhikode is better in the case of DCBs (64.9%) and PCARDBs (22%) working than Palakkad and Kottayam.

#### **4.6. Number of branches of Co-operative Banks working in the District and Lower levels of Kerala**

The apex banks are working in the top of the state, so they are controlling the lower level of state banks through its concerned lower level institutions. So the need of branches is a blender. But in the case of District Co-operative Banks, Primary Agricultural Credit Societies and Primary Co-operative Agricultural and Rural Development Banks, the concept of its branch is essential. Otherwise the banks cannot spread and control their services all over Kerala. The details regarding the total number of branches of District Co-operative Banks, Primary Agricultural Credit Societies and Primary Co-operative Agricultural and Rural Development Banks working in Kerala is given in the following heads.

##### **4.6.1. Total number of DCB branches in Kerala**

The details regarding the total number of branches including the head of District Co-operative Banks in the study area and also in Kerala for the period 2002-03 to 2013-14 is given in Table 4.21

**Table 4.21. Number of Branches including Head of DCBs in the Study Area and also in Kerala during 2002-03 to 2013-14**

Year	KTM			PKD			KZD			Kerala	
	Number	AGR	% on Kerala	Number	AGR	% on Kerala	Number	AGR	% on Kerala	Number	AGR
2002-03	45		9.1	27		5.4	37		7.4	497	
2003-04	45	0.0	8.7	28	3.7	5.4	37	0.0	7.2	515	3.6
2004-05	45	0.0	8.1	28	0.0	5.0	40	8.1	7.2	556	8.0
2005-06	55	22.2	8.9	29	3.6	4.7	43	7.5	6.9	621	11.7
2006-07	54	-1.8	8.5	29	0.0	4.6	43	0.0	6.8	634	2.1
2007-08	55	1.9	8.4	37	27.6	5.6	43	0.0	6.6	655	3.3
2008-09	55	0.0	8.3	38	2.7	5.7	43	0.0	6.5	666	1.7
2009-10	55	0.0	8.2	39	2.6	5.8	44	2.3	6.5	674	1.2
2010-11	55	0.0	8.0	42	7.7	6.1	44	0.0	6.4	687	1.9
2011-12	55	0.0	7.9	44	4.8	6.3	44	0.0	6.3	699	1.7
2012-13#	59	7.3	8.3	44	0.0	6.2	48	9.1	6.8	711	1.7
2013-14#	59	0.0	8.1	44	0.0	6.1	50	4.2	6.9	726	2.1
<b>CAGR(%)</b>	<b>2.49</b>	<b>-</b>	<b>-</b>	<b>4.54</b>	<b>-</b>	<b>-</b>	<b>2.78</b>	<b>-</b>	<b>-</b>	<b>3.51</b>	<b>-</b>

Source: Statistical Hand Book 2002-03 To 2014-15, Statistics Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.# Provisional

The Table 4.21 gives the Compound Annual Growth Rate of branches of DCBs working in the study area as well as in Kerala. The CAGR for increase in the number of branches from 2002-03 to 2013-14 shows positive trend. But it is very low in the district of Kottayam (2.49%) compared to the other two districts. The growth in the number of branches for a period of twelve years shows high trend in the district of Palakkad (4.54%) because, it shows good positive annual growth in the

number of branches than the other two. The annual increase in the number of branches of DCBs working in Kozhikode shows a stable trend. All these leads to the Compound Annual Growth rate of 3.51 per cent in Kerala. While looking into the share of branches in total Kerala, the district of Kottayam holds the majority.

#### 4.6.2. Number of branches of PACS in Kerala

The growth in the number of branches PACS in the study area as well as in Kerala for a period of ten years from 2002-03 to 2011-12 is given in the Table 4.22

**Table 4.22. Number of Branches of PACSs in the Study Area and also in Kerala during 2002-03 to 2011-12**

Year	KTM			PKD			KZD			Kerala	
	Number	AGR	% on Kerala	Number	AGR	% on Kerala	Number	AGR	% on Kerala	Number	AGR
2002-03	139.0		8.5	92.0		5.6	103.0		6.3	1638.0	
2003-04	140.0	0.7	8.5	91.0	-1.1	5.5	104.0	1.0	6.3	1648.0	0.6
2004-05	140.0	0.0	8.8	94.0	3.3	5.9	105.0	1.0	6.6	1597.0	-3.1
2005-06	140.0	0.0	8.8	95.0	1.1	6.0	105.0	0.0	6.6	1587.0	-0.6
2006-07	139.0	-0.7	8.7	96.0	1.1	6.0	102.0	-2.9	6.4	1591.0	0.3
2007-08	139.0	0.0	8.7	96.0	0.0	6.0	102.0	0.0	6.4	1597.0	0.4
2008-09	140.0	0.7	8.7	96.0	0.0	6.0	103.0	1.0	6.4	1602.0	0.3
2009-10	139.0	-0.7	8.7	96.0	0.0	6.0	100.0	-2.9	6.3	1597.0	-0.3
2010-11	139.0	0.0	8.7	96.0	0.0	6.0	100.0	0.0	6.3	1598.0	0.1
2011-12	139.0	0.0	8.7	96.0	0.0	6.0	102.0	2.0	6.4	1598.0	0.0
<b>CAGR(%)</b>	-			<b>0.47%</b>			<b>-0.11%</b>			<b>-0.27%</b>	

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

The CAGR of the number of branches of PACS working in the study area as well as in Kerala are given in table 4.22. The Compound Annual Growth Rate is positive only in the district of Palakkad (0.47%). But the district of Kottayam holds more number of PACS branches of Kerala and the annual growth rate of branches is negative. The number of branches of Kerala is in maximum, so it shows a negative growth rate.

#### 4.6.3. Number of PCARDBS working in Kerala

The number of branches of lower level Land Development Banks in study area and also in Kerala from 2002-03 to 2011-12 is given in Table 4.23

**Table 4.23. Number of Branches of PCARDBs in the Study Area and also in Kerala during 2002-03 to 2011-12**

Year	KTM			PKD			KZD			Kerala	
	Number	AGR	% on Kerala	Number	AGR	% on Kerala	Number	AGR	% on Kerala	Number	AGR
2002-03	5.0		8.5	5.0		8.5	3.0		5.1	59.0	
2003-04	5.0	0.0	8.5	5.0	0.0	8.5	3.0	0.0	5.1	59.0	0.0
2004-05	5.0	0.0	8.9	5.0	0.0	8.9	3.0	0.0	5.4	56.0	-5.1
2005-06	4.0	-20.0	7.0	5.0	0.0	8.8	3.0	0.0	5.3	57.0	1.8
2006-07	4.0	0.0	6.9	5.0	0.0	8.6	3.0	0.0	5.2	58.0	1.8
2007-08	4.0	0.0	6.9	5.0	0.0	8.6	3.0	0.0	5.2	58.0	0.0
2008-09	4.0	0.0	6.9	5.0	0.0	8.6	3.0	0.0	5.2	58.0	0.0
2009-10	4.0	0.0	6.9	5.0	0.0	8.6	3.0	0.0	5.2	58.0	0.0
2010-11	4.0	0.0	6.9	5.0	0.0	8.6	3.0	0.0	5.2	58.0	0.0
2011-12	6.0	50.0	9.1	5.0	0.0	7.6	3.0	0.0	4.5	66.0	13.8
<b>CAGR(%)</b>	<b>2.5</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>1.25</b>	<b>-</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

The CAGR of number of branches of PCARDBs working in Kerala and in the district covered under study for a period of ten years is given in Table 4.23. As per the CAGR, growth rate in number of branches of PCARDBs is only in the district of Kottayam (2.5%). This is reflected in the CAGR of branches of PCARDBs in Kerala. As per the percentage on total branches PCARDBs in Kerala, the DCBs and its branches in Kottayam and Palakkad holds the majority.

After analyzing the results based on progress in the number of branches of DCB, PACS and PCARDBs working in Kerala, only the DCBs (3.51%) has shown the increase than other two. While looking in to the district wise comparison based on the increase in the number of branches, the DCBs (4.54%) and PACS (0.27%) in Palakkad has shown increase in the number of branches annually.

#### **4.7. Growth rate of Agricultural Credit in Short-Term Co-operative Credit Structure in Kerala**

This head depicts the details regarding the trend of agricultural credit advanced by Co-operative Banks in Short-Term Co-operative Credit Structure of Kerala. It includes the short-term, Medium-Term and Long-Term agricultural credit advanced, outstanding and overdue of Kerala State Co-operative Bank, District Co-operative Bank and Primary Agricultural Credit Societies in Kerala. The analytical results regarding the trend of agricultural credit advanced by banks under STCCS in Kerala are given in the following heads:

#### 4.7.1. Short-Term agricultural credit by Kerala State Co-operative Bank in Kerala

It includes the total amount of agricultural credit advanced by the apex bank in STCCS in Kerala. The CAGR of Short-Term agricultural credit advanced, outstanding and total loan in Kerala by KSCB for a period of twelve years from 2002-03 to 2013-14 is given in the Table 4.24.

**Table 4.24. Short Term agricultural loan advanced, loan outstanding total loan advanced by KSCB (Rs. in Crore)**

Year	Short term Agricultural loan		Total loan advanced
	Advanced	Outstanding	
2002-03	105	70	1260
2003-04	73	48	1258
2004-05	395	420	2137
2005-06	359	412	2046
2006-07	879	631	1791
2007-08	886	808	2240
2008-09	734	734	2387
2009-10	1011	702	2343
2010-11	611	611	3397
2011-12	688	688	3457
2012-13#	1058	1058	3375
2013-14#	6160	1313	6580
<b>CAGR (%)</b>	<b>50.3</b>	<b>34.1</b>	<b>18.0</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum. #- Provisional

The table 4.24 is giving the details regarding the Compound Annual Growth Rate of Short-term agricultural credit by Kerala State Co-operative Bank. On the total credit advanced (18%), the Kerala State Co-operative Bank has given more importance to its motive. It has given importance for issuing more agricultural credit than other type of credit, because, it's agricultural credit from the year 2002-03 to 2013-14 has shown a positive growth (50.3%). It also shows ability in recollecting agricultural loans (only 34.1% remaining). The agricultural advance by KSCB shows good positive (50.3%) growth than the growth of total loan advanced (18%) in Kerala from the year 2002-03 to 2013-14.

#### **4.7.2. Agricultural Credit issued by District Co-operative Banks in Kerala**

The Short-Term (ST) agricultural credit issued by District Co-operative Banks is for a period of one and half year, Medium-Term loan is for less than three years and Long-term for a period of less than five years. The Short-Term loans are issued for seasonal agricultural operations; Medium-Term and Long-Term are issued agriculture and allied activities.

The short-term, medium-term and long-term agricultural credit issued by the intermediary between Kerala State Co-operative Banks and Primary Agricultural Credit Societies in the Short Term Co-operative Credit Structure of Kerala for a period of twelve years from 2002-03 to 2013-14 is given in the Table 4.25



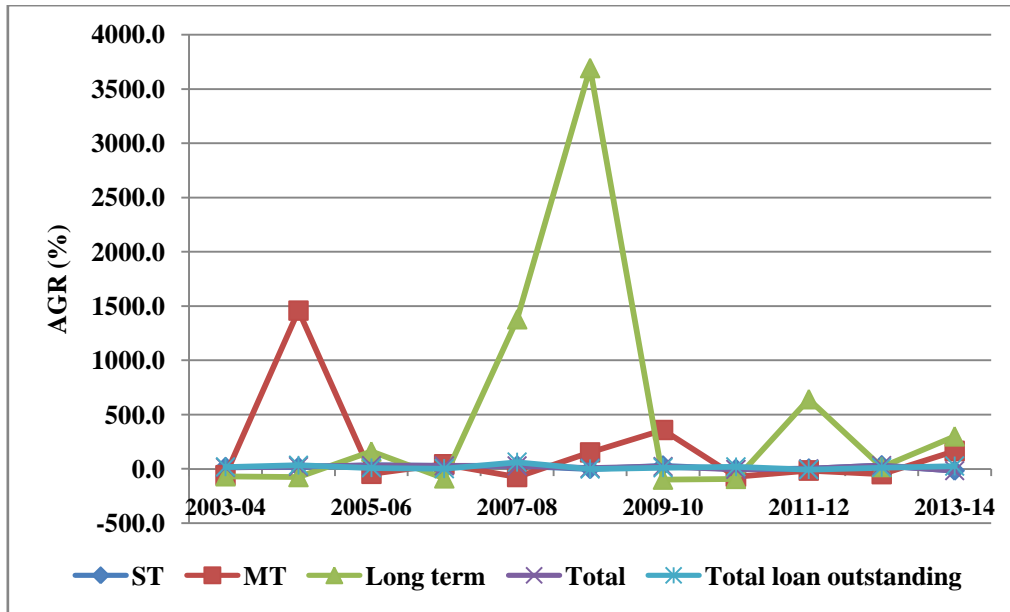
**Table 4.25. Short term, medium term, long term and total agricultural loan advanced and total loan advanced by DCBs (Rs. in Lakhs)**

Year	Agricultural loan					Total loan advanced
	ST	MT	Long term	Total	Total loan outstanding	
2002-03	51626.52	708.03	974.6	53309.15	61976.43	293218.3
2003-04	59989.25	292.6	315.7	60597.55	73705.5	386214.1
2004-05	70239.15	4555.39	80	74874.54	98748.19	501218.8
2005-06	95292.93	2451.62	207.9	97952.45	108386.7	550038.8
2006-07	123371.56	3492.39	27.9	126891.9	112105.4	733985.9
2007-08	161056.49	848.88	412.4	162317.8	181893.6	851614.9
2008-09	159670.77	2133.28	15634.9	177439	180699.6	1004291
2009-10	207389.54	9776.92	275.3	217441.8	202116.6	1271373
2010-11	206430.12	2659.49	22.9	209112.5	241470.8	1745934
2011-12	211078.26	2248.28	169.9	213496.4	225938.8	2974099
2012-13#	278416.73	1150.96	199.7	279767.4	254545.6	2675342
2013-14#	234625.53	3037.65	797.9	238461.1	322063.6	2506606
<b>CAGR(%)</b>	<b>14.76</b>	<b>14.16</b>	<b>-1.8</b>	<b>14.59</b>	<b>16.16</b>	<b>21.54</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum. #- Provisional

The CAGR of ST, MT and LT agricultural credit and also total credit issued and outstanding by DCBs in Kerala are given in the Table 4.25. The ST agricultural credit is the major of portion of total agricultural credit issued by DCBs in Kerala. It shows positive growth from 2002-03 to 2013-14 onwards (14.76%). It has also shows a good trend in Medium-term agricultural credit (14.16%). The major share of total advances of DCBs in Kerala is out of the agricultural credit (14.59%). It has shown the negative growth in the case of LT agricultural credit, because DCBs is a part of STCCS in Kerala. So it is constituted mainly for catering the ST and MT needs of borrowers in Kerala. In the

case of total agricultural credit outstanding (16.16%), the figures shows that, its ability to recollection of agricultural credit is low, because the loan amount outstanding shows little more growth than the issue.



**Fig. 4.5. Trend in Annual Growth Rate of different type of agricultural credit issued by DCBs in Kerala**

The diagrammatic representation of the different types of loan advanced by DCBs in Kerala is given in the Fig. 4.5. Here the graph shows that, the DCBs are concentrating to Long-Term agricultural credit than Medium-Term and Shot-Term and also have good control on total loan outstanding. They are concentrating more on Long-Term agricultural credit, because it is more easy to manage and will create profit to banks than other two types of loans. Actually it is deviating from its establishment motto of issuing Short-Term and Medium-Term agricultural credit.

### 4.7.3. Agricultural Credit issued by Primary Agricultural Credit Societies in Kerala

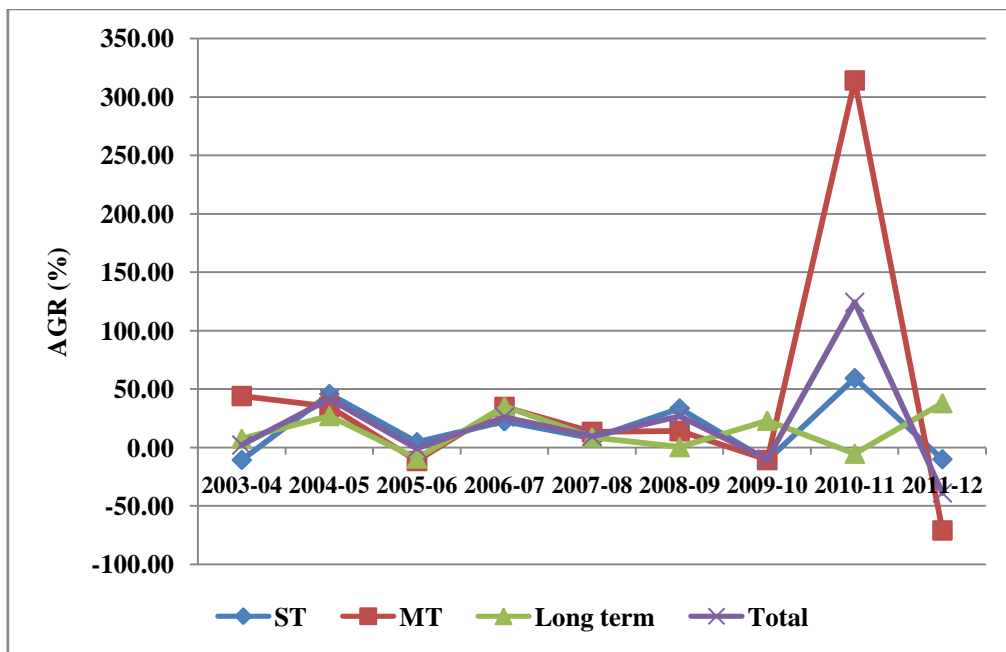
The period of agricultural credit by PACS in Kerala includes one year (ST), less than three years (MT) and less than five years (LT). The Short-Term, Medium-Term and Long-Term issued by PACS for period of ten years from 2002-03 to 2011-12 is given in the following Table 4.26.

**Table 4.26. Short Term, Medium Term, Long Term and total agricultural loan advanced by PACS(Rs. in Thousand)**

Year	Agricultural loan				Total loan advanced
	ST	MT	Long term	Total	
2002-03	14576506	4374723	717158	19668387	71827481
2003-04	13012212	6305659	772271	20090142	81233182
2004-05	18981504	8504479	981533	28467516	99918279
2005-06	19836971	7535321	889618	28261910	116160308
2006-07	24278531	10154706	1203116	35636353	137436170
2007-08	26222041	11508714	1309106	39039861	158563041
2008-09	35010339	13142545	1314865	49467749	182671786
2009-10	31151786	11756479	1617978	44526243	157460053
2010-11	49682920	48686744	1533281	99902945	350229144
2011-12	44683708	14223523	2117690	61024921	297099134
<b>CAGR(%)</b>	<b>13.25</b>	<b>14.0</b>	<b>12.78</b>	<b>13.41</b>	<b>17.09%</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

The CAGR of Short-Term, Medium-Term and Long-Term agricultural credit issued by PACS and also the total agricultural credit in Kerala is given in the above Table 4.26. The Primary Agricultural Credit Societies in Kerala have concentrated more in the medium-term agricultural credit and it is clear from its trend (14%). From the CAGR, it has given equal importance to short-term and long-term agricultural credit. The PACS in Kerala shows good progress and positive growth in its agricultural credit, because it has greater percentage of agricultural credit (13.41%) on total credit.



**Fig. 4.6. Trend in Annual Growth Rate of different type of agricultural credit issued by PACS in Kerala**

The diagrammatic representation of different types of agricultural credit advanced by PACS in Kerala is given in the Fig 4.6. The graphs show that, PACS are also deviating from its establishment motto of issuing Short and Medium –Term agricultural credit. Both of its Short-

Term and Medium-Term credit has shown down ward trend but its Long-Term agricultural credit shows little much upward trend.

#### **4.7.4. Loan advanced to Food Grains by PACS in Kerala**

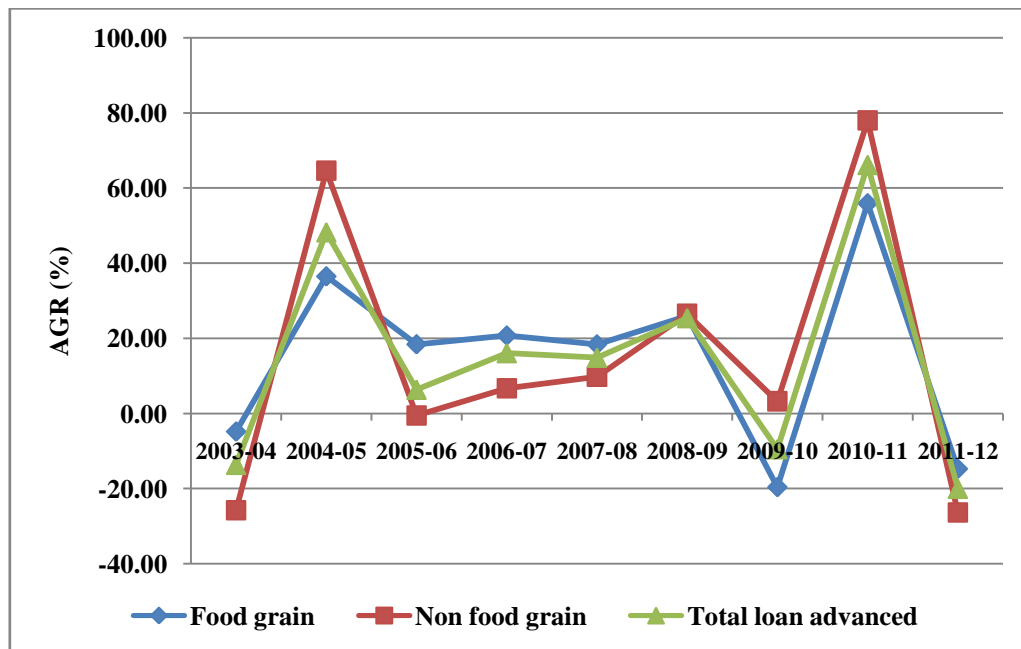
Total advances in food grains by PACS in Kerala includes loan amount to Paddy, Tapioca and Banana. The advances to non-food grains consisted of pepper, coconut, are canut and rubber. The total amount of loan in Food grains, non-food grains and total crop advances by PACS in Kerala for period of ten years from 2002-03 to 2011-12 is given in Table 4.27.

**Table 4.27 .Total amount of Loan advanced to Food grains by PACS in Kerala. (Rs.in Thousand)**

<b>Year</b>	<b>Food grain</b>	<b>Non food grain</b>	<b>Total loan advanced</b>
2002-03	5576929	6307455	12180175
2003-04	5307563	4679135	10518943
2004-05	7244506	7700390	15589345
2005-06	8578346	7655902	16576716
2006-07	10356293	8165222	19238729
2007-08	12258550	8959391	22093288
2008-09	15442614	11332906	27698959
2009-10	12411734	11697154	25070156
2010-11	19354885	20813651	41642614
2011-12	16498311	15323939	33309532
<b>CAGR(%)</b>	<b>12.81</b>	<b>10.37</b>	<b>11.83</b>

*Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.*

The CAGR of advance to food grains and non-food grains by PACS and also the total crop advance in Kerala is given in the Table 4.27. The total advances in food grains shows good positive growth rate (12.81%) than amount advanced to non-food grains (10.37%). The amount of loan to food grains is cumulated from the major portion of total crop advances in Kerala comprised of advances to food grains. It is because, the advances to plantation sector in Kerala is focused by PCARDBs.



**Fig. 4.7. Trend in Annual Growth Rate of Food grain and Non-food grains and total loan advanced by PACS in Kerala**

The trend of agricultural advances to food grains and non-food grains and total loan advanced by PACS in percentages is given in the above figure. All the advances shows decreasing, but little increase has in the advances to non- food grains. It also shows equalling information that, the advances to non-food grains comes under the category of Long-

Term advances. The PACS are concentrating more in the Long-Term credit than Short-Term and Medium-Term agricultural advances in Kerala.

#### 4.7.5. Overall Growth rate of Agricultural Credit of Banks in STCCS of Kerala

The total agricultural credit issued by banks under STCCS in Kerala includes the Short-Term, Medium-Term and Long-Term agricultural credit issued in their jurisdiction. The growth rate of total agricultural credit issued by Primary Co-operative Credit Societies, District Co-operative Banks and Kerala State Co-operative Bank in Kerala for a period of ten years from 2002-03 to 2011-12 is given in Table 4.28.

**Table 4.28 . Growth rate in agricultural credit by KSCB, DCB and PACS**

Year	KSCB (Rs. Incrores)	DCB (Rs. In lakhs)	PACS (Rs. In Thousands)
2002-03	105	53309.15	19668387
2003-04	73	60597.55	20090142
2004-05	395	74874.54	28467516
2005-06	359	97952.45	28261910
2006-07	879	126891.9	35636353
2007-08	886	162317.8	39039861
2008-09	734	177439	49467749
2009-10	1011	217441.8	44526243
2010-11	611	209112.5	99902945
2011-12	688	213496.4	61024921
<b>CAGR(%)</b>	<b>23.23</b>	<b>16.67</b>	<b>13.41</b>

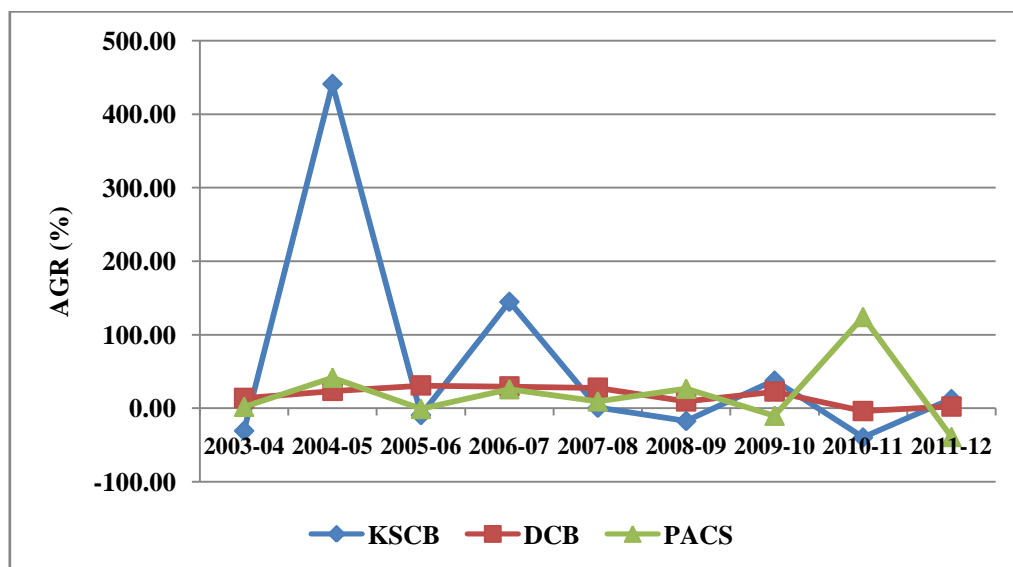
Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.

While comparing the growth rate of total agricultural credit in Kerala in STCCS on the basis of CAGR of a period of 10 years from 2002-03 to 2011-12 shows that, the apex bank (KSCB) achieved positive trend (23.23%) than the District Co-operative Banks (16.67%) and Primary Co-operative Credit Societies.

The total amount of credit advanced by Primary Agricultural Credit Societies in the agricultural sector of Kerala shows positive trend (13.41%) but, it is less than that of District Co-operative Banks and Kerala State Co-operative Bank. This is because; the agricultural credit issued by three institutions is a cumulative in nature. It includes, the amount of agricultural credit issued by KSCB includes the total amount of loan issued from its own fund directly and indirectly through its lower level institutions.

The loan issued by District Co-operative Banks for agricultural credit includes loan amount from its own fund and loan amount transferred from Kerala State Co-operative Banks. It is because, the agricultural credit issued by Primary Agricultural Credit Societies includes the portion of amount received from District Co-operative Banks (from KSCB) and also its own fund. Even though, Primary Agricultural Credit Societies must be too efficient in issuing more agricultural loans, because, it has direct contact with the borrowers.





**Fig. 4.8. Trend in Annual Growth Rate of agricultural credit issued by three tier institutions in STCCS in Kerala**

The trend of total agricultural credit advanced by banks under Short-Term Cooperative Credit Structure of Kerala as per Annual Growth Rate is given in the Fig. 4.8. It shows that even though the AGR for total agricultural advances by Kerala State Co-operative Banks is much better and positive growth than the AGR of District Cooperative Banks and Primary Agricultural Credit Societies working in Kerala. The greater deviation in the AGR for total agricultural credit issued by PACS and KSCBs shows more than DCBs in Kerala.

#### **4.8. Growth rate of Agricultural Credit in Long-Term Co-operative Credit Structure of Kerala**

The agricultural credit issued by the banks under LTCCS of Kerala includes only the Long-Term agricultural loans issued by Kerala State Co-operative Agricultural and Rural Development Banks and its lower

level institution of Primary Co-operative Agricultural and Rural Development Banks in their territory. The analytical results regarding the total agricultural credit advanced by Kerala State Co-operative Agricultural and Rural Development Banks, Primary Co-operative Agricultural and Rural Development Banks (Scheme and Ordinary Loan) and the overall growth of total agricultural credit issued by banks under Long-Term Co-operative Credit Structure of Kerala are given in the following heads;

#### **4.8.1. Agricultural advance by Kerala State Co-operative Agricultural and Rural Development Bank**

The agricultural credit advanced by the apex institution under Long-Term Co-operative Credit Structure of Kerala includes the term loan. It is issued for a period more than five up to twenty years for agricultural and allied activities in Kerala. These loans are mainly for the purpose of cultivation of plantation crops. It includes coconut, arecanut, rubber, pepper, coffee, rubber, tea etc. These loans are more profitable because, the loan amount is huge and for long period of time than the agricultural credit under Short-Term Co-operative Credit Structure in Kerala.

The trend of total loan and total agricultural credit issued by Kerala State Co-operative Agricultural and Rural Development Banks in Kerala from 2002-03 to 2013-14 is given in the Table 4.29.

**Table 4.29. Long Term agricultural loan advanced and total loan advanced by KSCARDBS**

<b>Year</b>	<b>Total Loans Advanced</b>	<b>Agricultural loan advanced</b>
2002-03	293	106
2003-04	2686	93
2004-05	3329	118
2005-06	431	155
2006-07	511	172
2007-08	471	172
2008-09	563	158
2009-10	689	85
2010-11	890	269
2011-12	1265	361
2012-13#	1537	363
2013-14#	1953	398
<b>CAGR</b>	<b>18.82</b>	<b>12.78</b>

*Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum. #- Provisional*

The Table 4.29 has given the Compound Annual Growth Rate of total loan and the total agricultural credit advanced by Kerala State Co-operative Agricultural and Rural Development Banks in the Long-Term Co-operative Credit Structure in Kerala. Here the total amount of loans advanced is cumulated from 293 crores to 1953 crore from the year 2002-

03 to 2013-14. In the case of total term loans issued to agricultural and allied activities in by Kerala State Co-operative Agricultural and Rural Development Banks shows a cumulative position from 106 crores to 398 crores. While looking into the Compound Annual Growth Rate of total loan and agricultural loan issued in Kerala, both shows a good positive trend. But its growth is only limited. The apex bank in term loans has shown 12.78 per cent growth rate in agricultural credit on the total loan of 18.82 percent. Even though, it has to concentrate more on to the term loans issuing to agricultural sector of Kerala.

#### **4.8.2. Term Loan issued by Primary Co-operative Agricultural and Rural Development Banks in Kerala.**

The Primary Co-operative Agricultural and Rural Development Banks are set up with a prime motto of issuing term loans to agriculture and allied activities in Kerala. The total agricultural credit issued by Primary Co-operative Agricultural and Rural Development Banks is for a period of maximum of twenty years, but its interest rate is entirely different from the lower level institution working under Short-Term Co-operative Credit Structure in Kerala for agricultural credit.

The total agricultural loan and its overdue is given in the Table 4.30

**Table 4.30. Long Term Agricultural Loan Advanced, Agricultural Loan Over due and total loan advanced by PCARDB (Rs. in Lakh)**

Year	Total Loans Advanced	Of which Agricultural loan advanced	Agri loan overdue
2002-03	3477397	1460157	717863
2003-04	3963363	1791120	764533
2004-05	3826258	1465010	794050
2005-06	5591897	2247596	1020651
2006-07	6523497	2631933	1446799
2007-08	5889474	2300687	986224
2008-09	7004540	2378552	1098508
2009-10	7959171	2429024	1425600
2010-11	9291556	2871927	1198797
2011-12	11031247	3380341	1799918
<b>CAGR</b>	<b>13.69</b>	<b>9.78</b>	<b>10.75</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum

The above table has given details regarding the Compound Annual Growth Rate of total agricultural credit issued, overdue and the total loan issued by Primary Co-operative Agricultural and Rural Development Banks in Kerala. The total Long-Term agricultural credit is cumulated from 1460157 crore to 3380341 crores in Kerala and it also showing a good positive trend (9.78%) from the year 2002-03 to 2011-12. Whereas, it's agricultural overdue (10.75%) shows more than the total amount of credit advanced. It means that, the recovery procedure of PCARDBS on loan default is not good. Even though its agricultural credit holds good percentage growth on the total loan issued (13.69%), it is not so good. The PCARDBs are in the lower level and has good contact with customers than its apex. So it should focus more on the term loans issued to agricultural credit in Kerala.

### 4.8.3. Ordinary and Scheme Loans issued by PCARDBs in Kerala

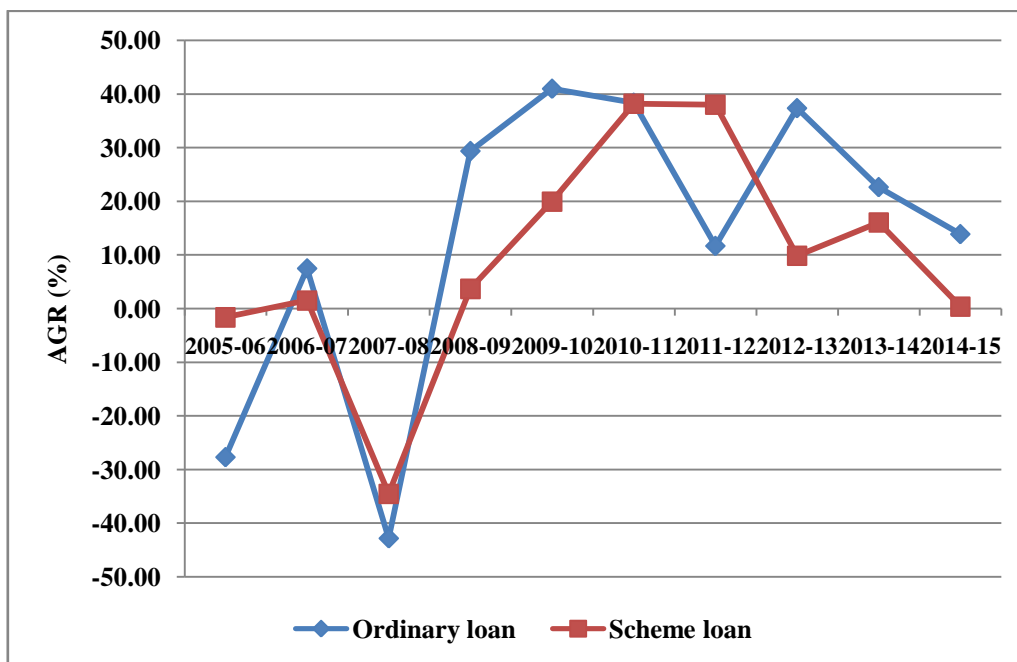
The PCARDBs are the lower level institutions have issuing the direct issue of Ordinary and Scheme loans for agriculture and allied activities. These two loans are issued for a period of ten and fifteen years with an amount of three and fifty lakhs. Ordinary loans are issued with an intention of arrangement of land and others for agriculture and allied activities. But scheme loans are with a purpose of doing the agricultural activities. The total amount of ordinary and scheme loans are issued by PCARDBs for a period of eleven years from 2004-05 to 2014-15 is given in Table 36

**Table 4.31. Purpose wise classification of long-term loans issued by primary co-operative agricultural & rural development banks (2004-05 to 2014-15) (Rs. in Lakh)**

Year	Ordinary loan	Scheme loan
2004-05	576.4	10389.03
2005-06	416.74	10219.56
2006-07	447.89	10372.77
2007-08	256.07	6793.03
2008-09	331.23	7042.29
2009-10	466.91	8446.17
2010-11	645.96	11668.88
2011-12	721.3	16099.72
2012-13#	990.61	17681.28
2013-14#	1214.71	20517.83
2014-15#	1383.13	20593.65
<b>CAGR (%)</b>	<b>9.15</b>	<b>7.08</b>

Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum. # Provisional

From the Table, the amount of Ordinary Loan is cumulated from rupees 576.4 lakhs to 1383.13 lakhs and for Scheme Loans is rupees 10,389.03 to 20,593.65 lakhs. Here the amount of Scheme loan is high, but its total growth rate is low. The CAGR of Ordinary loan (9.15%) is little higher than Scheme Loans. Both loans are issued by PCARDBs at equal importance. But the demands for Ordinary Loans are higher than the Scheme Loans, because the redemption of scheme loans is more dangerous than Ordinary Loans from its borrowers. At the same time, the borrowers have also faced some problems for its repayment. So the Scheme loans have shown slow growth rate than Ordinary Loans.



**Fig. 4.9. Trend in Annual Growth Rate of Ordinary and Scheme loan in agriculture issued by PCARDBs in Kerala**

The trend of Ordinary and Scheme loan on agricultural purposes issued by PCARDBs in Kerala in AGR is given in the above Fig. 4.9.

Here the Ordinary Loan has shown good annual growth rate and trend than Scheme loan to agriculture in Kerala after a great recovery from the agricultural credit sector in the year 2007-08. Because Ordinary Loans are more profitable at the same time easily recoverable and will help to reduce its agricultural Non Performing Assets accumulated through issue of Scheme loans.

When going through the agricultural credit of Long-Term Co-operative Credit Structure, the total agricultural credit issued by PCARDBs (9.78%) in Kerala is in lower growth rate than that of KCARDBs (12.8%). The loan overdue on agricultural credit by PCARDBs shown a growth rate of 10.75 per cent and it is higher than its issue. The Ordinary loan (9.15%) issued PCARDBs in Kerala shows good positive growth rate than the Scheme Loans (7.08%) issued by PCARDBs on agriculture.

#### **4.8.4. Overall position of agricultural loans issued by banks under LTCCS in Kerala.**

The agricultural credit issued by PCARDBs in Kerala includes not only its own fund, but also the fund transferred from its apex institution. So the agricultural credit to lower level institutions of banks under LTCCS in Kerala is also cumulative in nature.

The overall all position of agricultural credit issued by banks under LTCCS in Kerala is described in the Table 4.32.

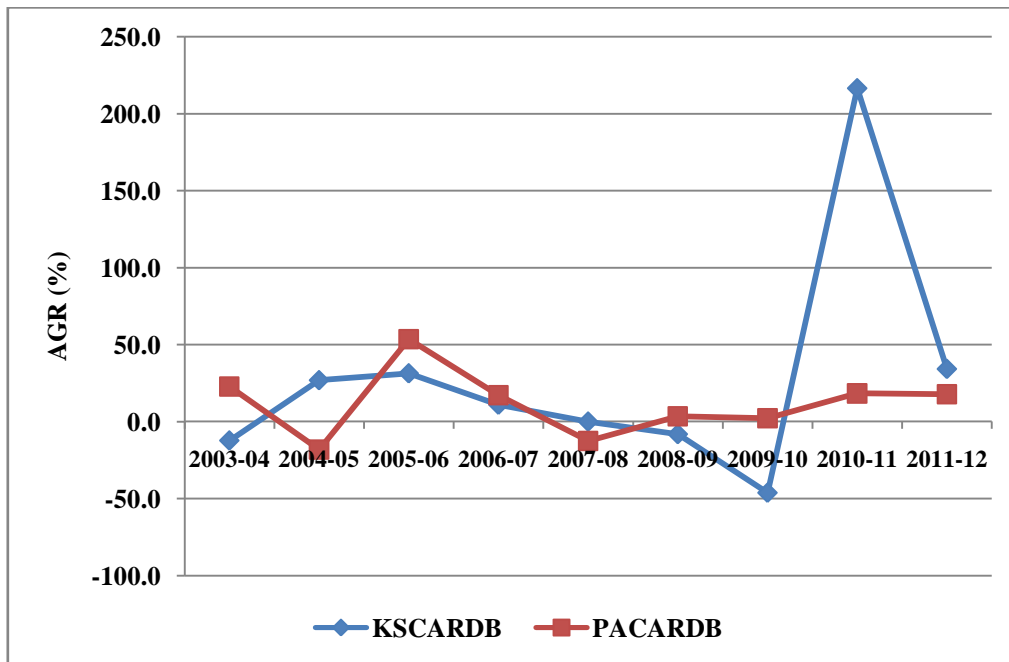


**Table 4.32. Growth rate in the Long Term agricultural credit by KSCARDB and PCARDB**

<b>Year</b>	<b>KSCARDB (Rs. In crores)</b>	<b>PACARDB (Rs. In lakhs)</b>
2002-03	106	1460157
2003-04	93	1791120
2004-05	118	1465010
2005-06	155	2247596
2006-07	172	2631933
2007-08	172	2300687
2008-09	158	2378552
2009-10	85	2429024
2010-11	269	2871927
2011-12	361	3380341
<b>CAGR(%)</b>	<b>14.59</b>	<b>9.78</b>

*Source: Statistical Hand Book 2002-03 to 2011-12, Statistical Wing, Office of Registrar of Co-Operative Societies Kerala, Trivandrum.*

While comparing the growth of agricultural credit issued by Long-Term Co-operative Credit Structure in Kerala shows that, both KSCARDB (14.59%) and PCARDBs (9.78%) shows good and positive growth rate. The analytical result shows that the apex bank is in the top for issuing long-term agricultural credit in Kerala. This is mainly because of; a part of its agricultural credit is handled by PCARDBs along with its own fund.



**Fig. 4.10. Trend in Annual Growth Rate of agricultural credit issued by Co-operative Banks working in LTCCS in Kerala**

The trend of total agricultural credit issued by KSCARDBs and PCARDBs in Kerala as per Annual Growth Rate is given in the Fig. 4.10. The annual growth rate of agricultural credit issued by PCARDBs has shown good growth rate than KSCARDBs. But PCARDBs has shown almost good and stable Annual Growth Rate and also a small increase in the AGR than KSCARDBs. Here both banks working under LTCCS has in the snow stage than banks working under STCCS for issuing agricultural credit in Kerala.

While comparing the growth of agricultural credit in Short-Term and Long-Term Co-operative Credit Structure in Kerala, it shows that, Co-operative Banks under Short-Term Credit Structure are better than the Long-Term Co-operative Credit Structure. After comparing the apex

bank and lower level institutions in STCCS and LTCCS in Kerala on the basis of agricultural credit shows that, KSCB (50.3%) and PACS (13.41%) are better institutions. They have the hindrance that, the agricultural credit issued by banks under LTCCS has received interest subvention (2%) from Government, but they are not included in these scheme. Even though, the KSCARDBs (14.59% and PCARDBs (9.78%) should focus more on agricultural credit of Kerala.

#### **4.9. Conclusion of Chapter**

From the results on the whole it can be concluded that, in the multi agency approach in agricultural credit of India, Co-operative Banks are only a successor of Commercial Banks. The same situation (3<sup>rd</sup> position) is happening in Kerala, but their total advance is more than the Commercial Banks and Regional Rural Banks working in Kerala. In the case of KCC advance Co-operative Banks in Kerala are in the top and it is better than the Co-operative Banks working in India. In the case of Debt Relief and Debt Waiver Schemes in Kerala, Co-operative Banks are doing good than Commercial Banks and Regional Rural Banks. The physical achievements of Co-operative Banks in Kerala in the case of agricultural credit show good progress. The profit earned by Kerala State Co-operative Agricultural and Rural Development Banks are better than that of Kerala State Co-operative Banks working in Kerala. There is no more progress in the number of branches among banks working under lower levels in Short and Long-Term Co-operative Credit Structure of Kerala. Both apex institutions under STCCS and LTCCS have shown good growth in agricultural credit. While considering the total

agricultural credit issue in both the structures, STCCS is better than LTTCS in Kerala.

This chapter has gone through the growth of institutional financing in agriculture in India and Kerala and also the trend, progress and profit position of Co-operative Banks under Short-Term and Long-Term Co-operative Credit Structure of Kerala. The next chapter is going through the social commitment activities under taken by Banks working under Short-Term and Long-Term Co-operative Credit Structure of Kerala.

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