ARTICLES
BY
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<table>
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<tr>
<th>Type of Subscription</th>
<th>Amount</th>
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<tr>
<td>Life Subscription for Ten Years</td>
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<tr>
<td>Annual</td>
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<tr>
<td>Single Copy</td>
<td>Rs. 7</td>
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</table>

The views expressed in the articles published in this magazine are not that of the Tamil Nadu Cooperative Union.
Introduction

Three fourth of our countrymen live in rural areas and 50% of the national income of our country is derived from the agriculture sector. Therefore development of our nation will be strong and prosperous only when the economic and social life of the people in rural areas improve.

For the developing countries like India, credit is a crucial input for the development of agricultural sector in rural areas. The farmers in the rural areas borrow substantially from different sources for production and consumption purposes. Prior to the introduction of Land Mortgage Banks in India money lenders tackled the problem of long-term finance. To relieve the farmers from the severe clutches of money lenders and make improvements in agriculture, the first Land Mortgage Bank was started in 1925 in Kancheepuram district and subsequently the apex bank "The Madras Central Cooperative Land Mortgage Bank" the first of its kind in the nation was set up on 12th December 1929. Later agriculture and allied development activities gained prominence in the wake of "Green Revolution, justifiably it assumed the nomenclature of "Tamil Nadu Cooperative Land Development Bank" since 1969. Besides the development activities in the farm sector, non farm sector portfolio was also added to its cap with an eye on over all agriculture and rural development, consequently now the name of Land Development Bank is changed as "The Tamil Nadu State Agriculture and Rural Development Bank, since 1997.

Importance of rural credit

Agriculture and rural development are the prerequisites for the accelerated economic development of the developing countries like India. It is the rural sector which contributes substantially for the development of our economy by providing food for the very existence of the millions of population, supplying raw materials to many agro-based industries which are providing employment, adds to the GDP and also earns the much needed foreign exchange. Sri Verma rightly suggested the need for supervised rural credit, since credit is a source factor, it should be properly supervised. Credit includes the selection of financially visible project, testing of skills and ability of the borrower to undertake the activity.

Organizational structure of PCARDBS

The 181 PCARDBs located at Taluk and Block levels throughout the State are independent and autonomous institutions and they are affiliated to TNSARD Bank. Lending eligibility of PCARDBs are fixed by TNSARD Bank with reference to the instructions given by the NABARD. As cooperative institutions, the PCARDBs are functioning with the cooperation of their members. All the members of these banks are eligible for availing loan facilities. If a farmer or a person having land in rural areas wants to borrow from
the PCARDBs he has to become a member of the bank first and then only he becomes eligible to apply for the loan.

**Purposes for which reimbursement is available to the PCARDBs**

The State Agriculture and Rural Development Bank reimburse long-term and medium term loans issued by the PCARDBs for the purposes such as minor irrigation, animal husbandry, fisheries, plantation and other non M.I such as work bullocks, modern tynecart, country cart, sericulture etc.

With the diversification and modernization of agricultural practices, there is a need to augment support and extension services for agriculture. Therefore the NABARD is extending refinance for loans advanced by the PCARDBs and SARDB for the following purposes also.

- Setting up of Agriclinics and Agribusiness centres by agricultural graduates
- Loans for country bricks
- Financing of two wheelers to farmers for farm sector
- Financing of rural godowns
- Issue of loans for purchase of Goods vehicle with GVW exceeding 16.20 Tonnes

- Financing of water tanker
- Purchase of stand by Generator under modernization
- Medical shop-trading / small business activity
- Grocery shop
- Loans for purchase of passenger cars by professionals.
- Financing of working capital assistance alone for existing units.
- Financing of cold storage and storages for horticultural projects.
- Construction of community halls.
- Construction of shopping complex
- Loans to small and marginal farmers for purchase of lands for agricultural purposes.
- Loans for setting up of food and agro processing projects.
- Rural housing.

**Objectives of PCARDBs**

The primary objectives of PCARDBs is to relieve the riots from rural indebtedness, subsequently enlarge the sphere of their business for land development and allied activities of agriculture. The challenge that PCARDBs poses is essentially that of providing gainful employment to agricultural graduates in new emerging areas in agricultural sector. PCARDBs put their very effort to make small and marginal holdings economically viable as well as to bring fallow lands and waste lands under cultivation. Above all PCARDBs aims to alleviate rural poverty by implementing developmental programmes in rural areas.

**Problems encountered by PCARDBs**

Looking to the present condition as non resource based and non banking institution, the PCARDBs can hardly compete and survive in a multi agency institutional arrangement in the rural credit sector, which is domained by multifunctional banking institutions. The funding for lending operations of PCARDBs comes from NABARD refinance. Because of the over dependence on NABARD borrowing the PCARD Banks are not able to diversify their advances to such purposes for which NABARD refinance is not available. The cumbersome procedure followed by the PCARDBs in the issue of loans is another constrain. The majority of the rural masses who are indebted to the PCARDBs have a mind set that the money borrowed from the cooperative
Institutions are Government owned and that it need not be aid. This in effect has vastly affected the repayment of loans to PCARDBs.

**Conclusion**

Even after many diversifications of business operations, PCARDBs have remained as specialized term lending institutions, which is not enough for sustainability. Therefore structural change is the immediate requirement. PCARDBs should have the advantages and possibilities of the operations of other banking institutions. As the father of the Nation rightly pointed out “Cooperation is undoubtedly a deal that can be done by proper comprehensive and gently coaching”, PCARDBs have to educate their members continuously to bring them to the grove of confidence that they are the rulers and beneficiaries of the organization in which they are members and it is their prime responsibility to repay dues promptly and get more loans subsequently and thereby contribute to the growth of the organization and over all growth of the rural economy. The Government should provide equal amount of funds to the PCARDBs for provisioning of NPA and the smooth functioning of PCARDBs. Last but not the least, the PCARDBs have enormous scope for expanding rural credit, enhancing potential for developing agriculture and rural economy, the Central Government through RBI and the NABARD and the State Government through the SCARDB should frame suitable policies to supplement the steps taken by the PCARDBs to improve their performance by serving the rural masses.

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The article entitled “PCARDBs in Tamilnadu - in the development of Rural Economy” which was published in June 2005 issue has been authored by Thiru. G. Sankaravadiou, Research Scholar, Manonmaniam Sundarnar University, Tirunelveli.
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Introduction

Cooperatives are the oldest rural credit institutions in India. They have the widest network covering every state and union territory. The long-term cooperative credit structure in India comprises of 20 SCARDBs having 859 branches and 768 PCARDBs with 1013 branches. The network of Cooperative Banks (L.T) is given in Table - 1.

### Table - 1
Network of Cooperative Banks (LT)

<table>
<thead>
<tr>
<th>S.No</th>
<th>State/Union Territory</th>
<th>SCARDBs</th>
<th>PCARDBs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Branches</td>
<td>Staff</td>
</tr>
<tr>
<td>1.</td>
<td>Assam</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>2.</td>
<td>Bihar</td>
<td>1</td>
<td>151</td>
</tr>
<tr>
<td>3.</td>
<td>Chattisgarh</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>4.</td>
<td>Gujrat</td>
<td>1</td>
<td>180</td>
</tr>
<tr>
<td>5.</td>
<td>Haryana</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>6.</td>
<td>Himachal Pradesh</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>7.</td>
<td>Jammu &amp; Kashmir @</td>
<td>1</td>
<td>45</td>
</tr>
<tr>
<td>8.</td>
<td>Karnataka</td>
<td>1</td>
<td>26</td>
</tr>
<tr>
<td>9.</td>
<td>Kerala</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>10.</td>
<td>Madhya Pradesh</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>11.</td>
<td>Maharashtra</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>12.</td>
<td>Manipur @</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>13.</td>
<td>Orissa #</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>14.</td>
<td>Pondicherry</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>15.</td>
<td>Punjab</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>16.</td>
<td>Rajasthan</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>17.</td>
<td>Tamil Nadu</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>18.</td>
<td>Tripura</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>19.</td>
<td>Uttar Pradesh</td>
<td>1</td>
<td>334</td>
</tr>
<tr>
<td>20.</td>
<td>West Bengal</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>All India</td>
<td>20</td>
<td>859</td>
</tr>
</tbody>
</table>

Source: Key Statistics of Cooperative Banks 2003-04 NABARD Mumbai

* Reader in Commerce, Sri AKGS Arts College, Srivalikantham - 628 619.
** Research Scholar, Kamarajunnam Sundararayar University, Tirunelveli-627 011.
The Tamil Nadu State Cooperative Agriculture and Rural Development Bank, established in 1929, provides services to agriculturalists and rural entrepreneurs throughout the entire state of Tamil Nadu through 18 regional offices located at district level and 180 affiliated CARDBs covering 384 Blocks in 172 Taluks of Tamil Nadu.

The long-term structure essentially provides term loans for investment credit purposes for agriculture and allied activities. They have started lending for non-farm sector activities also in recent years.

These banks invariably take registered mortgage of land as security for loans provided to them, and the entire structure depends more or less on refinance support from NABARD for sustaining its lending operations. The loans provided by PCARDBs or branches of CARDBs are for a period of 5 to 15 years depending upon the purpose. Installments for payments of loans are fixed by PCARDBs on equated installment basis depending upon the purpose of loan and income generated from the activity for which loan was sanctioned.

Financial sector reforms and SCARDBs

The financial sector reforms which stormed the banking system 1991-92 basically aimed at transforming the credit institutions in organizationally strong, financially viable and operationally efficient units. With a view of preparing the profit and loss account and balance sheet, reflecting the bank's actual financial health, proper system for recognition of income, classification of assets and provisioning on a prudential basis was considered necessary by the RBI.

The prudential norms for income recognition should be objective and based on record of recovering rather than any subjective consideration. Like wise the classification of assets has to be done on the basis of objective criteria which should ensure a uniform and consistent application of norms. Regarding provision requirement, provisions are made on the basis of classification of assets into four different categories viz., standard, sub standard, doubtful and loss assets. Banks are required to make provisions against last three groups of assets.

- Sub-Standard-if it remains NPA upto a period of three years.
- Doubful-If it remains NPA for more than three years.
- Loss-without any waiting period, where the dues are considered not collectable or marginally collectable by RBI, NABARD etc.

The intention of classification of assets was that there had to be transparency about the financial position of the bank through proper recognition of non-performing assets and adequate provisioning for loan losses.

NPAs and SCARDBs

Normally banks do business with funds collected from public by way of deposits. With this money they create assets which generates income and which only sustains these institutions for carrying on banking. Loans, which constitute the major assets of the banks therefore should yield income and there has to be recycling of funds. This will, of course, be possible if the assets continue to be 'Performing'. Non performing
assets on the other hand not only do not yield interest income but also require provisioning and stops recycling of funds. The loss of interest income and the "Loss assets" becomes a heavy burden on the banks' "working funds". In other words NPAs is an investment which does not contribute to production, value addition on capital formation or the advances have ceased to yield any income to the bank.

Provisioning requirements for NPA accounts is necessary considering the erosion in the value of security charged to the banks over a period of time. Therefore after the assets of cooperative banks are classified into various categories viz., standard, substandard, doubtful and loss, necessary provision has to be made for the same. The following table gives the position of NPA at TNSCARDB level at the end of 2003-04 and 2004-05.

### Table - 1 NPAs in TNSCARDB for the year ended 2003-04 & 2004-05
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Category</th>
<th>2003-04 Amount</th>
<th>% of share</th>
<th>2004-05 Amount</th>
<th>% of share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substandard assets</td>
<td>542</td>
<td>75%</td>
<td>650</td>
<td>70%</td>
</tr>
<tr>
<td>Doubtful assets</td>
<td>176</td>
<td>25%</td>
<td>274</td>
<td>30%</td>
</tr>
<tr>
<td>Loss assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NPAs</td>
<td>718</td>
<td>100%</td>
<td>924</td>
<td>100%</td>
</tr>
<tr>
<td>NPAs as % to loan outstanding</td>
<td>-</td>
<td>56.8%</td>
<td>-</td>
<td>80.76%</td>
</tr>
</tbody>
</table>

Source: Compiled from the audited accounts of TNSCARDB, Chennai.

From the above table it is clear that there is an increase in the percentage of NPA to loan outstanding. The Gross NPA has also increased considerably. It is matter of concern that the percentage of share of doubtful assets has increased from 25% in the year of 2003-04 to 30% in the year 2004-05.

The following table shows the NPA position of PCARDBs level at the end of 2003-04 and 2004-05.

### Table - 2 NPAs in PCARDBs for the year ended 2003-04 & 2004-05
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Category</th>
<th>2003-04 Amount</th>
<th>% of share</th>
<th>2004-05 Amount</th>
<th>% of share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substandard assets</td>
<td>320</td>
<td>52%</td>
<td>294</td>
<td>44%</td>
</tr>
<tr>
<td>Doubtful assets</td>
<td>275</td>
<td>44%</td>
<td>335</td>
<td>50%</td>
</tr>
<tr>
<td>Loss assets</td>
<td>23</td>
<td>4%</td>
<td>34</td>
<td>6%</td>
</tr>
<tr>
<td>NPAs</td>
<td>618</td>
<td>100%</td>
<td>663</td>
<td>100%</td>
</tr>
<tr>
<td>NPAs as % to loan outstanding</td>
<td>618</td>
<td>51%</td>
<td>663</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: Compiled from the audited accounts of PCARDBs.
From the above table we can understand that there is an increase in percentage of NPA to loan outstanding 51% to 61%. The percentage of share of substandard assets has decreased whereas doubtful assets has increased from 44% to 50% and percentage of share of NPA to total loss assets has increased from 4% to 6% which is not healthy for the banks financial position. Since the LT structure does not have much scope for having recourse to deposits for raising their resources the high NPA level will have grave repercussion and liquid crunch. This will also result in hindering capital formation in agriculture.

Causes of NPA

Causes of NPAs may be grouped into two main categories viz, External factors and Internal factors.

External Factors

- Adverse weather conditions particularly droughts / floods etc affecting the yield of crops resulting in non-generation of income for the farmers.
- Lack of demand / fall in prices.
- Obsolescence - Machinery / Product etc.
- Non - availability of inputs.
- Misutilisation or non - utilization of loans by the borrowers.
- Socio political environment in which the banks are functioning.
- Subsidies by Government bodies.
- Lack of Hi-tech knowledge on Agriculture.

Internal Factors

- Improper identification of borrower.
- Under financing / non - qualitative lending / lack of proper appraisal of scheme.
- Laxity in enforcement.
- Negligence / lack of will / lack of motivation among the staff.
- 'Unsatisfactory management of the bank.
- Unsound loaning polices and procedures.
- Perception of banks as a charity institution.
- Lack of post disbursement follow up.

Effects of NPAs on ARDBs

The gross NPAs on PCARDBs soared to Rs.66,344 lakhs in the year 2004-05 as compared to Rs.61,860 lakhs in the year 2003-04, a whopping jump up of Rs.4484 lakhs. In the case of TNSCARDB the gross NPA which was Rs.71,757 lakhs in 2003-04 has increased to Rs.92,316 lakhs in the year of 2004-05. This indicates that banks have neither shown much improvement in reducing their existing NPAs nor traced to check the growth of new ones. The effect of NPAs on ARDBs is briefly discussed below.

Loans issued

Any credit institutions capacity to lend increases with recycling of funds gained by recovery of its earlier loans and vice versa, with the high banks generally resort to reduction in issue of loans. The study shows that there is a declining trend in the loans issued by the ARDBs. The NABARD has insisted that the lending eligibility of the PCARDBs should be fixed on the basis of their NPAs.

It is clear from the study that except in the year 2002 - 03 there is gradual decrease in amount of loans issued. During the the year 2005 - 06 the amount of loans issued were only 0.02 crores for the year 2006 - 07 no lending programme has been fixed for the PCARDBs
under LT Structure, since there is no refinance available from NABARD due to poor recovery performances, defaults and NPAs among other reasons.

Recovery performance

The recovery of loan is very important from the point of view of recycling of funds, safeguarding the trust and confidence of depositors and also drawing refinance from NABARD. Banks have to effectively recycle their resources to be viable and sustainable in the business. This becomes essential in the case of cooperative banks, whose own resources are meager and their dependence on refinance is to a large extent.

From the study it is clear that at the PCARDBs, level the recovery is less than 44% as on June 2005, the overdues to demand at the level of SCARDBs and PCARDBs is Rs.653.68 and Rs.616.80 crores respectively constituted an alarming high level increase. The ever increasing incidence of overdues was not only affecting the capacity of the cooperative banking system to recycle the funds and accelerate the flow of credit at the grass root levels but also its profitability and viability.

Thus it may be summed up that the NPAs adversely affect the following three basic features of the Banks viz, Solvency, Liquidity and Profitability.

Therefore NPAs in short are not just a problem for banks, they are bad for the economy as a whole.

Remedies and measure for combating NPAs

★ The lack of proper pre sanction appraisal is one of the major reasons for mounting NPA. The pre sanction appraisal basically constitutes Borrower Appraisal, Technical Appraisal, Market Appraisal and Financial Appraisal.

★ The banks have to supervise the loans and maintain periodical contacts with borrowers.

★ The banks should improve their customer service and efficient rapport with borrowers will result in good recovery.

★ Timely issue of demand notices for raising demand for recovery.

★ A well planned recovery campaign to be initiated well before due dates and recovery machinery fully geared up at time of harvesting crops.

★ The terms of recovery drive to be maintained throughout the year instead of initiating it towards the end of the year.

★ In case of non-willful defaulters the following measures are suggested.

Providing relief by way of extension of time for repayment of loan installment or refix the repayment schedules as per expected cash flow in case the borrower does not have sufficient surplus to repay due to reasons beyond his control like natural calamities.

Persuasive measures including assurance for higher loan in future as per in requirement.

- Pressure from members of villages loan committee or other person of social standing.

★ In case of willful defaulters

- Timely action to be taken which will encourage other willful defaulters to repay.

- Utilizing legal action if persuasive measures failed.
Concussion

Mounting NPAs and overdues seriously affected the viable working of ARDBs. Effective measures to improve recovery is the vital aspect of the preparedness of ARDBs for reforms. It needs a sound plan and strategy and firm political will of the Government to resolve the issue. Implementation of one time settlement scheme, reviewing loan policies and procedures to ensure good lending are some of the important ingredients of an effective recovery strategy.

- Pointing out the impact of non repayment of loan of the reputation of the defaulter.
- After giving a reasonable notice the list of willful defaulter with the amount to be repaid may be displayed at the branch and can also be published in local newspapers.

Lastly, the loan waiver schemes should not be repeated instead those who repay their loans in time should be offered some rebate on interest rate.
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Problems Faced By Co-Operative Agriculture and Rural Development Banks In Tamil Nadu

Dr. V.M. Selvaraj* and G. Sankaravadivoo**

Co-operatives are the oldest rural credit institutions in India. They have the widest network covering every state and union territory. The long term credit needs of the farmers are being taken care by the Agriculture and Rural Development Banks in India, which was started for this sole purpose only. The apex level ARDB in Tamilnadu which has its head office in Chennai has 18 Regional offices each covering one or two districts and 180 PCARDBs located at taluk and block levels. The PCARDBs in the state are affiliated to the Tamilnadu State co-operative Agriculture And Rural Development Bank.

In the rural credit sector ARDB are the only institutions which are non-banking institutions. They do not mobilize funds; instead they act as channels of disbursement of funds from various sources. They are thus placed in a disadvantageous position and the primary bodies have incurred heavy losses, as has the entire long term credit structure.

Under this critical situation, the basic questions which arise before the ARDBs are:

i. Whether the ARDBs can compete effectively by retaining their identity as specialized lending institutions in the rural credit sector?

ii. Whether it would be possible for the ARDBs to secure adequate resources from NABARD on reasonable terms to meet their growing needs.

iii. Whether they continue depending solely on long term business operations for their viability and survival as the growing risks in such advances are increasing and it is clear after looking to their present NPA levels.

iv. The most important question is that whether it is necessary to do away with the dual control of Government on the one hand and NABARD on the other hand?

v. Since 1976, various committees continue to raise the issue of integration of L.T. credit structure with short term cooperative credit structure. No doubt it is clear that something is drastically wrong with the present form of long terms credit structure. What steps are required to put a stop to such sort of discussions?

vi. What are the strategies initiated by the ARDBs to reduce their mounting NP As?

vii. Finally, ARDBs are almost on the verge of collapse in most of the districts in Tamilnadu. How to work out the survival mechanism?

There are no easy answers to these questions and problems. In any case, looking at their present financial health they cannot put off these questions and sweep them under the carpet for long.

Viability is the determining factor as to the future of this ARDBs, since a majority of SCARDBs are not financially viable. Analysis of performance and financial position of the ARDBs for the year ended 2004 – 05 reveal the following position.
Table 1
Performance analysis of ARDBs
for the year ended 2004 - 05

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>SCARDBs</th>
<th>PCARDBs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Number of branches</td>
<td>18</td>
<td>180</td>
</tr>
<tr>
<td>2.</td>
<td>Owned funds</td>
<td>544.75</td>
<td>182.80</td>
</tr>
<tr>
<td>3.</td>
<td>Deposits</td>
<td>54.33</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>Borrowing</td>
<td>1030.24</td>
<td>1146.41</td>
</tr>
<tr>
<td>5.</td>
<td>Investments</td>
<td>88.01</td>
<td>64.03</td>
</tr>
<tr>
<td>6.</td>
<td>Loans issued</td>
<td>12.02</td>
<td>0.12</td>
</tr>
<tr>
<td>7.</td>
<td>Loan outstanding</td>
<td>1139.58</td>
<td>1081.43</td>
</tr>
<tr>
<td>8.</td>
<td>Percentage of recovery to total Demand</td>
<td>19.6%</td>
<td>30.5</td>
</tr>
<tr>
<td>9.</td>
<td>Cumulative Loss</td>
<td>131.24</td>
<td>663.44</td>
</tr>
<tr>
<td>10.</td>
<td>Gross NPA As on 31.03.2004</td>
<td>717.57</td>
<td>574.27</td>
</tr>
</tbody>
</table>

Source: Audited accounts of SCARDB Chennai.

From the above table it is very clear that the financial positions and performance of ARDBs are very weak. The percentage of recovery was very poor during the year. The loans outstanding and the percentage of NPA was high. Overall position is that overdues increased from year to year and NPAs were very much above the acceptable level.

The precarious financial position of the co-operative credit institutions will continue to deteriorate in the absence of remedial action. Therefore in all the districts, the ARDBs have to be rehabilitated or revitalized. Several high level committees in the recent years have made innumerable recommendations for reforms in the banks and revitalization of the co-operative rural credit structure. Despite weakness of the structure the ARDBs are also an important constituent of the institutional structure necessary for the development of rural areas. RRBs and commercial Banks cannot replace them. The following points may be considered for revitalization of ARDBs:-

1. Autonomy and accountability must be given to ARDBs to make them free from excessive Government control and interference. If changes are necessary in Banking Regulation Act they could be carried out.

2. Non-Viable PCARDBs can be liquidated.

3. Integration with short term structure can be considered at this juncture.

4. Relaxation of norms for refinance by NABARD.

In the present economic and banking scenario only the fittest are going to survive. ARDBs have to move on to efficiency track if they have to compete in this market-oriented economy. It is my firm belief and conviction that the ARDBs will emerge as a formidable banking force in the years to come.

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