CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY
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1.1 PREAMBLE

Co-operation is the very basis of human civilization. Mutual help and interdependence among human beings have been the essential ingredients of social life. Co-operation is usually referred to as a weapon for fighting the evils of Capitalism, a shield against Communism and a school of democracy.

Co-operation denotes institutions in which people unite of their own will for their economic and social advantage governing themselves on democratic lines and sharing the benefits on equitable principles. Co-operation is an advanced technique of mutual aid. One cannot spell out specifically what co-operation is. There are several definitions of co-operation.

According to Sir Horace Plumkett, Cooperation is, “Self help made effective by organization”.\(^1\) Hubert Calvert defines co-operation as “a form of organization wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of the economic interest of themselves”.\(^2\)

A co-operative society is such an organizations. Co-operative institution is similar to other forms of enterprises and it aims at doing efficient business. It combines the best features of both capitalism and socialism.

A former Bombay Registrar, Shri V.S.Bhide, has said, “Co-operation represents a happy mean between the forces of extreme individualism on the one
hand and socialism and communism on the other. It stands for individual rights tempered by considerations of justice, equity and fair dealing as between man and man and its one great aim is to prevent the exploitation of the weaker by the stronger party.”

According to Berrand Russell the most positive aspect of the Government should left in the hands of voluntary organization with, “the greatest possible toleration of expectation and the least possible insistence upon a uniform system.”

Gandhiji, our Father of nation, saw a great virtue in Co-operation as an instrument of rural development. Jawaharlal Nehru, the first Prime Minister of India, also had a strong faith in the Cooperatives. He wanted India to be “convulse with the cooperative movement”.

Co-operation was introduced in India in the last quarter of the nineteenth century. It came in the wake of famines, which had resulted in economic hardship and an alarming increase in rural indebtedness. Co-operative credit, on easy terms, seemed then the best means of freeing the farmers from the vicious grip of indebtedness and poverty.

Rural indebtedness particularly that of the farming community has been the bane of the Indian economy since the eighteenth century. The problem became acute towards the last quarter of the nineteenth century. To ameliorate these conditions the Government then passed such acts as the Taccavi Acts (1871), the Land Improvement Loan Act (1883) and the Agriculturists Act (1884) to facilitate the advance of short term and long-term loans to agriculturists for farm operations.
The Co-operative Societies Act passed in 1904 envisaged the formation of Village Credit Societies. In 1912, the Act was amended to enable the formation of other types of societies for activities relating to sale, purchase, production and housing. To stimulate the Co-operative movement the Government of India as early as in 1935 set up an Agricultural Credit Department in the Reserve Bank of India with a view to provide financial assistance and credit to the Co-operatives. After the attainment of independence, the Co-operative movement is described as an important instrument of planning and action in the country. The role of Co-operatives was re-emphasized for improving the rural economy. The performance of the Co-operatives however was found to be insignificant as compared to the magnitude of the problem, which had been in existence for about half a century. Therefore an integrated scheme of rural credit was suggested which formed the basis of the co-operative sector. The Integrated Scheme of rural credit was based on three fundamental principles viz.

a. State partnership at different levels,

b. Full co-ordination between credit and other economic activities like development, processing and marketing, and

c. Administration through trained and efficient personnel responsive to the needs of the rural population.

The future of the Co-operative Movement, however, would not be complete without considering the very valuable service it is receiving from the Agricultural Credit Department, which the Reserve Bank set up in April 1935.

The Reserve Bank of India Act called for the creation of such a special department with two functions:
1. To maintain a staff to study all questions of agricultural credit and be available for consultation by the Central Government, local Government, provincial Co-operative banks and other banking organizations, and

2. To co-ordinate the operations of the banks in connection with agricultural credit and their relation with provincial co-operative banks and any other banks or organizations engaged in the business of agricultural credit.

It is an undisputed fact that considerable progress has been made since independence in the sphere of agricultural development in terms of increase in crop production and productive technological developments and crop diversification, the credit for this should go not only to agricultural research, irrigation systems and public policy on agriculture but also to the impressive agricultural credit delivery systems through an extensive network of co-operative societies. Credit co-operatives today cover nearly 69 per cent of the rural credit outlets and their share in the rural credit works out to about 45 per cent of the total credit for rural sector in the country. This sector covers 57 per cent of the production credit and 29 per cent of investment credit in the country.  

Credit institutions serving the agricultural sector developed in three phases. In the first phase, which lasted from 1947 to 1969, co-operative agencies were the primary vehicle for providing credit. In the second phase, after the nationalization of banks in 1969, commercial banks were assigned a role in providing agricultural credit but were supplementary to Co-operatives. In the last phase the Regional Rural Banks (RRBs) were established in 1975 to provide rural credit. Thus in the 1990s agricultural credit was provided through many agencies in the form of Co-operatives, Commercial banks and Regional rural banks. These institutions have gradually ensured that credit reaches the most remote agricultural and rural areas.
The green revolution has kindled the problem of making Indian agriculture more capital intensive than before. The speed of the economic development of our country depends on how capital is mobilized and channelised into agriculture. Credit is considered an economic ladder or elevator in uplifting the socio-economic conditions of farmers. Credit is a device, which facilitates development in any economy. There is need for increasing the availability of capital resources to the rural poor not only for agricultural development but also for other activities necessary for rural development.

Rural economy is a function of a number of variables, which include the development of agriculture and allied sectors such as village and cottage industries and crafts, socio-economic infrastructure, community services and, above all, human resources in rural areas. Credit is one of the most critical outputs for supporting productive activities and generating employment opportunities to the rural labor force. As mentioned earlier, Commercial banks, Regional rural banks and Co-operative agricultural banks are providing short-term finance. However, it is found inadequate in relation to their needs. Since agriculture is still in a backward stage, it requires a huge amount of long-term finance to bring about permanent improvement to the land. Further, plantation crops such as rubber, coconut, tea, coffee, etc., begin to yield only after five to seven years. Long-term finance is very essential for the mechanisation of agriculture, minor irrigation projects, etc.

Most of the non-institutional agencies exploit the farmers and rural poor. Therefore, commercial banks were asked to provide them short term and medium term loans. The untouched area of long term lending is not suitable for commercial banks as most of their deposits are demand deposits borrowing short and lending
long is a quick way to financial failure. The RBI in its preliminary note states that long term credit is more important if any effective steps are to be taken to make the farmers credit worthy, and this is the first problem which is to be tackled.

The credit requirements of agriculture are of three types: short term, medium term and long term. Long-term credit is generally of five to twenty years duration or even longer in some special cases. In agriculture long term credit investment comprises of sinking wells, deepening of existing wells, land reclamation, installation of pumpsets, fencing and permanent improvements to the land, purchase of big machinery like tractor with its attachments including cultivator, the establishment of fruit orchards like mango, grapes, sapota, pine apple, orange, pomegranate, fig, guava, etc and plantation crops such as coconut, rubber, tea, coffee, etc.

All long-term investments mentioned above require large funds. Although they have good potential to give returns in future, individual farmers have no financial capacity to make such costly investments from their own resources. Therefore, they have to resort to bank borrowings to meet such needs. The terms and conditions, and procedures for granting long-term loans are altogether different from short-term loans. Even the bank providing long-term loans is separate due to the particular mode of the system of raising share capital and other funds. The special banks providing such long-term loans for agriculture and rural development are called Agriculture and Rural Development Banks (ARDBs), earlier called Land Mortgage Banks (LMBs) at the beginning and Land Development Banks (LDBs) after 1969.
1.2 GROWTH OF LAND MORTGAGE BANKS DURING PLAN PERIODS

FIRST PLAN (1951-1956)

During the First Plan period (1951-56), the Primary Land Mortgage Banks (PLMBs) made only limited progress. There were PLMBs in only ten states as on 30th June 1951. The total number of PLMBs as on June 1951 was 285 of which 208 were in Madras and Mysore (129 being in Madras and 79 in Mysore). The total loans advanced by them during 1955-56 amounted to Rs. 1.74 crores as against Rs.1.29 crores in 1950-51. During the First Five Year Plan net domestic product went up by 15 percent. This increase was due to the fact that the First Plan gave foremost priority to agriculture.

SECOND PLAN (1956-1961)

The second Plan (1956-61) envisaged the rationalisation of the co-operative banking structure in intensifying agricultural production and rebuilding rural economy. The target laid down for the disbursement of long-term rural credit by the end of the Plan was Rs.25 crores.

At the end of the Second Plan Period there was a Central Land Mortgage Bank in each state except in Jammu and Kashmir which proposed to set be up during the third Plan. During this period the LMBs sustained heavy losses in respect of past loans because of land Reforms Legislation. So LMBs floated a new type of debentures to mobilise funds from rural areas.

THIRD PLAN (1961-66)

During the Third Plan Period, the LMBs changed their policy of loaning from discharge of old debts to give loans and advances for various productive
activities. The number of PLMBs increased from 463 in 1960-61 to 673 in 1965-66. Of these as many as 440 banks, or more than 65 per cent of them, were concentrated in Andhra Pradesh (176), Mysore (160) and Tamil Nadu (104). The paid up share capital of these banks registered a rapid increase from Rs.19 crores to Rs.118 crores during this period. The working capital also rose from Rs.26.99 crores in 1960-61 to Rs.136.93 crores in 1965-66. The total advances made by these banks increased to Rs.41.23 crores at the end of the Third Plan as against Rs.7.17 crores at the close of the Second Plan.12

FOURTH PLAN (1969-74)

During the Fourth Plan period the number of PLDBs (earlier called PLMBs) increased from 731, at the beginning of the Fourth Plan to 857 in 1971-72 but declined to 845 at the end of June 1973 following amalgamation of existing PLDBs in the Maharastra State Co-operative Land Development Bank.13 The membership of PLDBs increased to four million at the end of the Plan. The working capital increased from Rs.309.8 crores in 1968-69 to Rs.673.5 crores in 1971-72 but declined to Rs.519.8 crores at the end of the Period.14 During this period 558 banks earned a profit of Rs.2.2 crores, 273 banks incurred a loss of Rs.1.7 crores while 24 banks showed a no profit no loss position.15 As a part of the programme, it was decided that the societies which were dormant would be liquidated and weak societies would be amalgamated. The programme of amalgamation was launched in the states. The aim was to reduce the number of primary credit societies from about 2.01 lakhs to about 1.23 lakhs or less before the end of the Fourth Plan. Cooperatives were expected to provide Rs.300 crores as long-term credit during the five years of the Fourth Plan Period.16

During V, VI and VII and the first two years of VIII plan (from 1969-94) the credit flow from the PLDBs showed an increasing trend. The credit provided by these banks was Rs. 1,360 crores during V Plan, Rs. 2,047 crores during the VI Plan and finally Rs. 3,188 crores, during the VII Plan upto 1985-89. During the next two annual plans (1990-92), these banks advanced Rs.1, 823 crores. Out of the nineteen states covered by the ARDBs (then called PLDBs) (excluding Manipur), in fourteen states, viz, Tamil Nadu, Gujarat, Rajasthan, Andhra Pradesh, Uttar Pradesh, Kerala, Haryana, Punjab, Karnataka, Himachal Pradesh, Jammu and Kashmir, West Bengal and Orissa the average growth ranged between 52.7 per cent (Tamil Nadu) and 12.5 per cent (Orissa). During this period, the growth has been marginal in three states, viz., Madhya Pradesh, Pondicherry and Tripura. In the remaining two states viz., Bihar and Assam, it was found that there was a negative growth during this period.17

NINTH PLAN (1997-2002)

The Ninth Five Year Plan laid stress on removing the impediments to the growth of the Co-operative sector. Its aim was to create an environment, which would be conducive to greater entrepreneurial initiative through the co-operative sector. The total loans issued by SCARDBs and PCARDBs increased from Rs. 2295 crores and Rs.1593 crores during 1997-98 to Rs.2437 crores and Rs.1690 crores during 1998-99, and registered an increase of 6.2 per cent each. The data on loans issued by different states show that Uttar Pradesh, Tamil Nadu, Punjab, Kerala and Haryana accounted for nearly 67 per cent of the total loans issued by the SCARDBs. During the year 1999-2000 nine SCARDBs were in profit as compared to eight in 1997-98, 295 PCARDBs were in profit, and 437 PCARDBs incurred losses.18
TENTH PLAN (2002-2007)

The objectives of the Tenth Five Year Plan were to maximise employment to bring social transformation and upliftment of the people belonging to the weaker sections of society and to encourage centralisation and active participation of people in development activities. Special emphasis was laid on rural development and 50 per cent of the investable public sector resources were earmarked for the agricultural and rural sectors. During the Tenth Five Year Plan, the co-operative movement was expected to make a greater impact on rural economy and in improving the lot of people belonging to the weaker section of society.¹⁹

1.3 SIGNIFICANCE OF THE STUDY

Tamil Nadu happens to be the pioneer in the co-operative movement in India. Co-operative Credit is the major source of credit for the people in Tamil Nadu for the development of agriculture and allied activities and other rural non-farm sector activities. Commercial banks, Regional Rural Banks and Co-operative Agriculture Banks provide only short term and medium term finance; these are inadequate in relation to the demand.

Agriculture requires a huge amount of long-term finance to make permanent improvement in land. Further, plantation crops such as rubber, coconut etc. begins to yield only after five years to seven years. Therefore, long-term finance is very essential for agriculture and rural development.

The banks providing such long-term finance are separate due to the particular mode of system of raising share capital and other funds.¹⁷ Further, the terms, conditions, and procedures for granting long-term loans are altogether different from
those of short-term loans. The PCARDBs, which provide such long-term loans for agriculture and rural development, are therefore taken for intensive study. Further, Tirunelveli district is industrially backward and agriculture is the most important sector of the economy of the district. Out of the total population in Tirunelveli district 54 percent are in rural areas. Out of the working population of 1180369 (100 percent) according to the 2001 Census the agriculture laborers and cultivators form 51 percent, household industry 16 percent, other workers 27 percent, and marginal workers 6 percent. The district is blessed with the Western Ghats from which all the perennial rivers including the Tamiraparani, which is the main source of the irrigation flow and drain towards the east. In view of the nature of Tirunelveli district the researcher has taken up an intensive study of the role played by the PCARDBs in agriculture and rural development in the district.

The study aims at highlighting the role played that is the function of the PCARDBs and their part in the upliftment of the rural and agricultural sectors in the study area, the nature and the extent of the hurdles faced by these banks in providing the expected services and the measures to remedy the situation. It is also planned to assess the specific problems of the borrowers within the study area.

Hence, the present study is an attempt to make a scientific appraisal of the performance of PCARDBs in Tirunelveli District and their financial assistance to the rural masses.

1.4 STATEMENT OF THE PROBLEM

The green revolution has made a technological break through in Indian agriculture. It has resulted in a multiple increase in food production because of the
introduction of high yield varieties and the application of various inputs like fertilizers and the use of farm mechanization. Thus, the situation has changed from labor-intensive agriculture to a capital-intensive agriculture. However, only certain sections of farmers who have more land and capital were benefited from the Green Revolution. One of the obstacles for the small and marginal farmers in adopting new agricultural technology is the paucity of finance.

Finance in agriculture is as important as the development of technologies. Technical inputs can be purchased and used by farmers only if they have adequate money. However, the farmers' own money is always inadequate and they need outside finance or credit.

Professional moneylenders in rural areas were the only source of credit to agriculture till the early twentieth century. They used to charge an unduly high rates of interest and to follow unethical practices while providing loans and recovering them. As a result, farmers were heavily burdened with debts and many of them were deprived of their lands due to their inability to repay the dues. There was widespread discontent among the farmers against these moneylenders and there were instances of riots in many parts of rural India.

The Co-operative Movement was introduced in India in the last quarter of the nineteenth century. The co-operative institutions started coming into being after the passing of the Agriculture Co-operative Credit Societies Act, 1904, by the British Indian Government. As there were some shortcomings in the act, a new Co-operative Societies Act was passed in 1912 with some amendments to the earlier act of 1904. However with the passing of the Reserve Bank of India Act, 1934, the
District Cooperative Banks Act and the Land Mortgage Banks Act, (1934) agricultural credit received impetus and there were improvements in agricultural credit.

Thus, a powerful alternative agency came into being and large-scale credit became available to the needy people with reasonable rates of interest on easy terms, both at times of granting and recovering of loans. The Land Development Banks, once called Land Mortgage Banks, came to the rescue of farmers by providing long-term credit on liberal terms with easy installments by accepting the mortgage of land as security. Since these banks began to sanction long-term loans to non-farm sectors also, to pave the way for rural development, they are now called Cooperative Agriculture and Rural Development Banks.

Hence, in the present study, an attempt has been made to analyse the role and performance of the PCARDBs in Tirunelveli district.

1.5 SCOPE OF THE STUDY

The study entitled *The Role of Primary Co-operative Agriculture and Rural Development Banks in Tirunelveli district* has been conducted from the point of view of the financial strength and performance of the banks over the study period. Accordingly, various parameters have been identified for evaluating the performance in terms of growth and profitability. An attempt has also been made to make a comparative study on the various factors among the banks located in the study district. The levels of NPAs and factors responsible for NPAs have also been included under the study; they have been measured to highlight the performance. In this way, the role of the banks means function of the banks covering both its own performance and its function towards the borrowers.
1.6 OBJECTIVES OF THE STUDY

The general objectives of the study are to analyse the role of Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) in Tirunelveli district. The specific objectives are:

1. To describe the organisational structure and functioning of the Primary Co-operative Agriculture and Rural Development Banks in Tirunelveli district.
2. To study the trend and growth of the banks’ own funds, advances and achievement in the district.
3. To evaluate the working performance of the PCARDBs in the district.
4. To analyse the factors affecting profitability, the management of Non-Performing Assets (NPAs) and their impacts.
5. To study the credit requirements, the utilisation and the impact of long-term finance on income and employment.
6. To analyse the factors responsible for the overdue position of the borrowers.
7. To offer suitable suggestions for the improvement in the working of the PCARDBs.

1.7 HYPOTHESES

Taking into consideration the objectives the following hypothesis are formulated for testing.

1. Provisioning for NPAs does not affect the profitability of PCARDBs.
2. There is no significant increase in employment and income between pre-loan and post-loan situations.
3. There is no association between the purpose of loan and the repayment pattern of the borrowers.

4. There is no relationship between the characteristics of the borrowers and the overdues of the banks.

1.8 METHODOLOGY

This section discusses the methodology of the present study, which includes, sample design, collection of data, and sample adequacy test.

1.8.1 SAMPLE DESIGN AND COLLECTION OF DATA

Both primary and secondary data have been used for the present study. For the purpose of the primary data collection, the list of 'A' Class members as well as borrowers for 5 years from 2000-01 to 2004-05 from the PCARDBs in Tirunelveli district has been obtained. In Tirunelveli district, there are eight PCARDBs, which have been providing agricultural credit to the farmers and non-farm credit such as rural housing and the like. They are situated both at taluk and block levels of the district. Hence, the bank wise lists of borrowers have been obtained for the five years to select 300 sample respondents. The Stratified Multistage Random Sampling Technique has been adopted taking the District as the universe, and banks as strata and member borrowers as the ultimate units. Based on the information gathered, a well-designed pre-tested interview schedule has been prepared and used in the field survey for the collection of the primary data.
### TABLE 1.1

**BANK-WISE MEMBER BORROWERS FROM PCARDBs DURING 2000-01 TO 2004-05 AND NUMBER OF SAMPLE RESPONDENTS**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the Bank</th>
<th>Total Borrowers</th>
<th>Sample Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Ambasamudram</td>
<td>3084</td>
<td>30</td>
</tr>
<tr>
<td>2.</td>
<td>Kuruvikulam</td>
<td>1967</td>
<td>18</td>
</tr>
<tr>
<td>3.</td>
<td>Nanguneri</td>
<td>4069</td>
<td>39</td>
</tr>
<tr>
<td>4.</td>
<td>Sankarankoil</td>
<td>4362</td>
<td>42</td>
</tr>
<tr>
<td>5.</td>
<td>Tenkasi</td>
<td>6342</td>
<td>61</td>
</tr>
<tr>
<td>6.</td>
<td>Tirunelveli</td>
<td>6632</td>
<td>64</td>
</tr>
<tr>
<td>7.</td>
<td>Valliyur</td>
<td>1981</td>
<td>19</td>
</tr>
<tr>
<td>8.</td>
<td>Vasudevanallur</td>
<td>2820</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>31257</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

Source: Audited accounts of PCARDBs

Secondary data used for the study has been collected from the following sources:

1. Annual Reports and records of PCARDBs in Tirunelveli district,
2. Hand-books, manuals, pamphlets and advertisement copies of various institutions associated with ARDBs such as: the NCARDB Federation, Mumbai, TNSCARDB the Head Office, Chennai, the SCARDB Branch (Regional Office), Tirunelveli, Department of Statistics, Tirunelveli, Lead Bank (Indian Overseas Bank), Tirunelveli, NABARD (Regional Office), Chennai.
1.8.2 SAMPLE ADEQUACY TEST

A sample of 300 is expected to give an estimate of the average amount of credit account with a standard error of < 10 percent. However, sampling theory indicates that in a large sample, the error variance can be controlled and stability in estimates can be obtained. Also since the survey has to throw light on the credit utilisation and repayment of the borrowers from eight PCARDBs in Tirunelveli district, the coefficient of variation changes widely in these eight banks. In order to test the adequacy of the 300 sample borrowers (sample size) the following formula is used.

\[ n_p = \left( N_p \right) \left( n^* / N \right) \]

\[ \sigma_m = \frac{n}{\sum P W^2 P (\sigma^2 P / n)} \]

- \( n_p \): Required sample size
- \( N \): Total number of borrowers
- \( N_p \): Total number of borrowers in \( p^{th} \) bank
- \( n^* \): Total sample size
- \( W_p \): Weight of the \( p^{th} \) bank (\( N_p / N \))
- \( \sigma_p \): Standard deviation of \( p^{th} \) bank
- \( n \): Total number of banks
- \( \sigma_m \): Standard deviation of the man

Based on total number of borrowers (31257), it turns out that a sample size of about 300 is adequate to achieve a standard error of < 10 per cent.
1.9 PERIOD OF STUDY

The secondary data relating to the banks' own funds, advances, recovery and the like are collected for 10 years from 1995-96 to 2004-05. The field survey is conducted from the month of May 2005 to February 2006 (10 months) for the purpose of the collection of primary data.

1.10 TOOLS OF ANALYSIS

In order to analyze the trend and growth of the owned funds, membership, borrowings, investment, loans issued, recovery made and the like, the semi-log trend equation was fitted and CGR is calculated.

Ratio analysis has been used to evaluate the performance of the banks in terms of operational efficiency and profitability.

The t-test is carried out to test whether there is any increase in the income and employment.

To test the relation between the category of the borrowers and their loan repayment, the Chi-square test is administered.

Linear Discriminate Analysis is used to classify the borrowers into defaulters and non-defaulters and again the defaulters into willful defaulters and non-willful defaulters to test whether the characteristics of the borrowers influence the over dues of the bank.
1.11 OPERATIONAL DEFINITION OF CONCEPTS

Year

Year means co-operative year from 1st April to 31st March

Apex Bank

The Apex Bank means the Tamilnadu State Co-operative Agriculture and Rural Development Bank

'A' Class Members

Those who hold shares of Rs.10 each and have voting power in the banks.

'B' Class Members

Those who hold shares of Rs.1 each and have no voting power. They are also known as associate members.

Officers

The officers of the PCARDBs include Co-operative Sub-Registrars (designated as Special Officers), Supervisors and Accountants of PCARDBs.

Loans

Loans mean long-term loans for a period extending from 5 to 15 years.

1.12 LIMITATIONS OF THE STUDY

Every research suffers from errors and limitations. Some of these are inherent in the research design while some others become part of the study during various stages of operation. The present study is subjected to the following constraints and limitations.
1. There are two classes of membership—‘A’ class and ‘B’ class. ‘A’ class members are further divided into borrowing and non-borrowing members. Only ‘A’ class borrowing members are included in our study.

2. Generally producers or investors in both farm sector and non-farm sector maintain no up-to-date account for income earned or investments made and losses incurred. Therefore, it is very difficult to collect accurate data from the beneficiaries.

3. It is a micro level study based on the data collected from the members and officials of PCARDBs in Tirunelveli District. Hence, the findings of this study may not be generalized at the national level.

These limitations of the study have in no way affected the adequacy and accuracy of the data and consequently they have no adverse impact on the validity of the research findings or conclusion derived from there.

1.13 SCHEME OF THE REPORT

The report of the present study *The Role of Primary Co-operative Agriculture and Rural Development Banks in Tirunelveli District* has been organized and presented in seven chapters.

Chapter I introduces the subject, growth of PCARDBs during the plan periods, significance of the study, statement of problem, scope, objectives, hypotheses, methodology, period of study, tools of analysis, operational definition of concepts, limitations of the study and scheme of the report.
Chapter II reviews the earlier studies relating to Agriculture and Rural Development banking.

Chapter III presents the origin and development of PCARDBs and the profile of the study area.

Chapter IV evaluates the comparative performance of Primary Co-operative Agriculture and Rural Development Banks in Tirunelveli district.

Chapter V analyses the management of NPAs and other key factors affecting the profitability of the Primary Co-operative Agriculture and Rural Development Banks in Tirunelveli district.

Chapter VI assesses the credit requirements, utilization, impact of long-term financing and factors responsible for over dues.

Chapter VII presents a summary of the findings, the results arrived at and the suggestions made in the context of the research findings.
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