INTRODUCTION

Genesis: Agriculture forms the backbone of the Indian economy. Despite the concerted industrialisation in the last two decades, agriculture occupies a place of pride. Being the largest industry in the country, agriculture is the main source of livelihood for over 70 per cent of the population of the country.

The development of agriculture, among other things depends upon the network of irrigation facilities, improved seeds, supply of manures and fertilisers, land reclamation and oil conservation, plant protection, use of modern tools and techniques for mechanising agriculture and farm management. Any programme of agricultural development requires funds and as most of our farmers are very poor, they need finances from outside sources to implement any projects/schemes or programmes for agricultural development. In this context, therefore, the agricultural credit occupies a pivotal role in our agrarian economy, which has been provided both by the individual and institutional agencies. The farmers are provided timely credit in adequate quantum at reasonable rates by the institutional agencies.

Since the multi-agency approach has been adopted in India for financing agriculture, various institutional agencies consisting mainly of co-operative banks, commercial banks and regional rural banks — cater to the
credit needs of our rural economy. Besides, Government has also been providing financial assistance under its schemes to the agriculture and allied activities. Among all the institutional agencies engaged in this field, the co-operatives have been the oldest and largest, followed by the commercial banks which have entered the field since their nationalisation in 1969 and the regional rural banks which joined them since their inception in 1975.

The agricultural co-operative credit takes three forms, viz., the short-term, the medium-term and the long-term based on time element. The former two types of credits are being supplied to our farmers through the mechanism of three tier structure — the state co-operative bank at the apex, district central co-operative banks at the intermediate stage and the primary co-operatives at the grass root level, and the latter is being provided by the land development banking institutions as institutional agencies. The non-agricultural credit is mostly being provided by the district central co-operative banks and the urban co-operative banks in the country.

The author had offered 'Banking' as an optional subject/group at his first degree examination in Commerce at the M.S. University of Baroda and 'International Banking and Foreign Exchange Problems' at the Postgraduate degree courses at the said University and had taught the subject of 'Banking' at the degree courses for about seven
years, prior to his entry to the Postgraduate Department of Commerce at the Sardar Patel University, where he has been teaching mainly 'Business Finance' to the students. Thus, his specialisation in the field of Banking and long teaching experience in the subject tempted him to select appropriate subject for research in the field of Indian Banking. Since the District Central Co-operative Banks have been occupying a nucleus place in the co-operative credit structure, the author has though it necessary to undertake an in-depth study on their lending operations in Gujarat since the primary co-operatives have to depend for their borrowings on these banks which have been enjoying the near monopoly position in lending the co-operatives in the concerned district.

Objectives of the Study: The main objectives of the study are as under:

(1) To review the evolution and growth of District Central Co-operative Banks in India in general and Gujarat in particular.

(2) To identify the main sources of funds needed for financing by the District Central Co-operative Banks in Gujarat and find out their respective shares in their total capitalisation.

(3) To find out the policies of lending operations, the practices and the procedures followed by District Central Co-operative Banks and the problems faced by them.
(4) To suggest the ways and the means to be followed by the District Central Co-operative Banks for their easier, smoother and more effective and more meaningful lending operations,

Methodology: The study is primarily based on secondary data, available from such sources as (i) the statistical Statements Relating to the Co-operative Movements in India, RBI and/or NABARD, Bombay, (ii) the Statistical Information on Working of District Central Co-operative Banks, Gujarat State Co-operative Bank, Ahmedabad, and (iii) the Annual Reports of District Central Co-operative Banks, in Gujarat, supported by the primary data collected through paying personal visits to the selected DCCBs during the field work.

To make the indepth study of the lending operations of these banks in Gujarat, Six DCCBs — Ahmedabad, Kaira, Kutch, Mehsana, Rajkot and Surat — were selected by the random sample method in such a way that all the five regions of Gujarat, viz., South Gujarat, Central Gujarat, North Gujarat, Saurashtra, and Kutch were represented by the Surat, Kaira, Mehsana, Rajkot and Kutch DCCBs respectively. Besides, the Ahmedabad DCCB has also been included in the list of selected DCCBs because of, its peculiar position in respect of (i) its covering two districts viz., Ahmedabad and Gandhinagar, (ii) its area of operation in the capital of the state and, (iii) its biggest size and strongest financial position amongst the DCCBs in Gujarat.
Further, to assess the exact impact of the loaning policies enunciated by the DCCBs, the specific study of the selected PACS was undertaken. The detailed questionnaire — specially drafted in vernacular was sent to 130 PACS situated in six districts of Surat, Kaira, Mehsana, Amreli, Rajkot and Kutch to which 73 PACS — 12 from Surat district, 26 from Kaira district, 15 from Mehsana district, 10 from Amreli district, 3 from Rajkot district and 7 from Kutch district had responded after repeated postal reminders and personal visits to some of them.

Moreover, the author visited the following institutions and organisations for their on-the-spot studies and holding discussions with their office-bearers:

(1) The Agricultural Credit Department, Reserve Bank of India, Bombay during 14-19 January, 1980.
The present study is based mainly on the following sources as the special books, manuals, the reports of the Committees, the study-teams, the study groups, the commissions appointed by the GOI, and/or the RBI, periodicals and journals which are extensively used during the library research on the subject:

4. Special books, research reports on co-operation and co-operative banking. (vide: as listed in the select bibliography).
The manuals, the reports, the study-teams, the study groups, the committees and the commission reports appointed either by GOI or the RBI on various spheres of co-operative activities and allied matters.

Seasonal agricultural loaning policies, notifications pertaining to the procedures for loans, the incentive schemes and other schemes declared by DCCBs in Gujarat.


Scheme of Chapterisation: The work has been divided into seven chapters.

The first chapter, "Evolution and Growth of District Central Co-operative Banks in Gujarat" is an analysis of the evolution and the development of District Central co-operative Banks in Gujarat. Besides, a comparative study of the parameters of the growth of the DCCBs at All India and Gujarat levels is made.

The second chapter deals with the sources of funds of the banks. It presents the description and the analysis of the various sources -- share capital, retained earnings, deposits and borrowings.
The third chapter pertains to "Agricultural Short-Term Credit Financing". After explaining the significance of agriculture and giving idea about the institutional set-up for rural finance, it throws light on the various facets of ST agri. loaning operations in great detail. It elaborates the financing mechanism for these loans and reviews the recovery performance.

The fourth chapter entitled, "Agricultural Medium-Term Financing" covers a study of MT agricultural loans and the problems pertaining to the disbursement, follow-up and recovery.

The fifth chapter explains the financing non-agricultural short-term loans. It further discusses the cash credit accommodation and overdraft facilities granted by the banks and alerts the DCCBs to take precautionary measures while scrutinizing the proposals for such loans.

The sixth chapter analyses the financing mechanism for MT non-agricultural loans and reveals the problems confronting it.

The last chapter contains an overview. It discusses in detail the factors affecting DCCB financing and presents the global solutions thereof.

The lists of (i) the abbreviations used, (ii) the Charts and the Diagrams presented, and (iii) the statistical Tables incorporated follow this.