CHAPTER-VII
SUMMARY, FINDINGS AND SUGGESTIONS

Summary:

The cooperative movement in India is the agricultural credit cooperative movement. India is basically an agricultural country. Near about 70 percent of Indian population depends upon agriculture directly or indirectly. Agriculturists want credit for cultivation, because they are economically poor. They have to run to the village moneylenders for the purpose, as other credit agencies are not developed. As such, they come to the clutches of moneylenders and suffer a lot. To get away from sufferings and remain away from the clutches of the moneylenders, they formed cooperative societies at the village level, Agricultural Credit Cooperative Societies in India are the oldest and most important forms of cooperative organisation.

Firstly, the cooperative movement originated in England. The first cooperative society named "Rochdale Friendly Cooperative Society was formed there in 1830. As far as cooperative credit institutions are concerned, they started first in Germany in the middle of the 19th century. So far as the Indian cooperative movement is concerned the introduction of cooperative Act, 1904 was considered as the real beginning of the cooperative movement in India.

The cooperative credit societies Act, 1904 provided for organising cooperative credit societies in rural and urban areas. So it was realised that central organizations should be formed for assisting and guiding the primary societies. Accordingly, the central government enacted cooperative societies Act in 1912, which gave legal recognition for the formation of central organisation since then central banks were formed at district level to which
primary societies are affiliated. According to the recommendations of the All India Rural Credit Survey Committee (1954), the structure of central cooperative banks was rationalised and smaller banking unions, central cooperative banks were recognised and strengthened into viable institutions.

The first central cooperative bank was registered in 1906 as a primary society followed by Bombay in 1910. Soon after the amendment of the cooperative societies Act in 1912 large number of central banks were established.

At present the Indian short-term cooperative credit structure consist of 29 state cooperative banks at a state level, 367 district central cooperative banks at district level and 93816 primary agricultural cooperative societies at village level. In India there are two sources of rural credit for the agricultural credit.

1. Institutional Agricultural Credit;
2. Non Institutional Agricultural Credit;

Institutional Agricultural credit consists of Government, commercial banks, cooperative banks, the Regional Rural Banks (RRBS) and non-bank financial intermediaries. Non institutional agricultural credit include, money lenders, commission agents, traders, landlords, relative, friends, and other financers etc.

Moneylenders, indigenous bankers and other non-institutional lenders had a predominant role in rural credit, until the nationalization of 14 commercial banks in 1969. The All India Rural Credit Survey Committee (1951-52) found 92.70 percent of the rural credit was provided by the private agencies. It means the share of non-institutional agencies in the rural credit was 92.70 percent.

The importance of private agencies in rural credit has been decreasing
because of expansion of institutional credit agencies. The indigenous bankers and moneylenders have been following money malpractices to exploit the borrowers. Moreover, their accounts are not opened to inspection due to high rate of interest of moneylender. People have started doubting their integrity. It was also said that, the credit, provided by the private agencies is unproductive as its main objectives is not to increase agriculture production but to bring the farmers in the grip of perpetual indebtedness and as Henry W. Wolff graphically put it". It is the bond of debt that shackles agriculture". Because of all these reasons the non-institutional agencies are bound to reduce their importance.

The development of institutional credit is, thus, a basic condition for agricultural progress. The history of agricultural development in all the countries shows that an integrated system of institutional credit laid the foundations of agricultural prosperity. The objectives of the institutional credit is to make a break through in the vicious circle of poverty rack-renting, usury and debt and to stimulate the farmer to boost agricultural productivity.

The Reserve Bank of India published the statistical tables relating to banks in since 1941 reveal that organized banking structure of the country is composed of the Indian commercial bank (Scheduled and non-scheduled), foreign banks (scheduled and non-scheduled) and cooperative banks. The organised banks are constituted and governed by separate acts and rules, they are all engaged in surveying and providing credit to the different segments of our economy, ultimately linked with the Reserve Bank of India at the top as the central banking.

The cooperative bank provides the short and medium -term agricultural credit. The central cooperative banks play a vital role. They are
the linking factor between the primary credit societies at village level and state level, state (Apex) cooperative banks.

The central cooperative banks figure at the intermediary stage in the cooperative structures and so far as the passing of the loan is concerned, they act like a conducting pipe. Central cooperative banks collect the deposits in rural and urban areas and divert it to the agricultural development in rural areas. They mobilize deposit and borrowing from the state cooperative banks for financing the primary societies for agricultural and non-agricultural purpose. The official functioning assumes significance by virtue of their crucial role in the cooperative credit system. While these have been a consistent growth and diversification in the size and operation of central banks, since, the fifties their operational efficiency has been at low ebb. Several bodies like All India Rural Credit Survey Committee, All India Rural Credit Review Committee, Banking Commission, study team and overdues in cooperative credit institution, which have evaluated their performance from time to time, were critical of their delayed and inadequate loans, neglect of small farmers, heavy overdues ineffective supervision and control over members societies inadequate deposit mobilization and deficiencies in day to day administration.

The District Central Cooperative Banks play the important role in the development of agricultural credit cooperatives and other types of societies. The district central cooperative banks serve as connecting link between the state cooperative and primary cooperative credit societies. They act as balancing centers by transferring the funds of these societies which have a surplus to others with a shortage of funds. Thus the district central cooperative banks occupy a position of cardinal importance in the cooperative credit movement which largely depends on their financial
strength. In view of this the development and success of these banks is of great importance.

The district central cooperative bank is to meet the credit requirements of member societies. They finance agricultural credit societies for the production purpose, marketing societies for marketing and supply operations and industries and other societies for working expenses.

Besides providing loans, the district central cooperative banks also provide certain normal banking facilities to the members such as acceptance of deposits, remittances of funds, collection of cheques etc. In some states they are responsible for supervision and inspection of primary societies. Very often the question arises "Why do not away with the intermediary agency which acts like a toll-gate to add a bilt to the ultimate rate at which, funds reach the borrower? However, a rational approach to the problem would suggest the necessity of the link for a healthy cooperative movement as close contact with the people is necessary. The cooperative credit movement depends on the financial strength and technical guidance of the primary credit societies. Central banks collect the deposits in the rural and urban areas and divert to them in rural areas. But they are facing many difficulties in the supervision, administrative advice and the technical guidance. So central bank is the intermediary between primary credit cooperatives in rural areas and state cooperative banks at state level.

The district central cooperative bank is a financing bank of the primary cooperative societies. It is the middle tier in the cooperative credit structure of the state; it is also a federation of the primary credit societies and other types of primary societies within its area of operation. Beside financing the affiliated societies, most of the central banks do other banking functions such as accepting deposits of various types from the public as well
as members, collecting bills and cheques, issuing drafts and safe custody of valuables, provide finance to small scale industrialists, petty traders, unemployed educated persons for getting self employment opportunities.

The NABARD Act 1981 defined "Central cooperative bank means the principal cooperative society in a district in a state; The primary object of which is financing of other cooperative societies in that district. Provided that in addition to such principal society in a district, the state government may declare any one or more cooperative societies in that district to be a central cooperative bank or banks within the meaning of this definition.

According to Henry Wolf," cooperative banking is an agency which is in a position to deal with the small means of his own terms accepting the security he has and without drawing on the protection of the rich.

The district central cooperative banks can be classified as follows according to their constitutions.

i) Banks whose membership is opened to individuals;
ii) Banks whose membership is confined to societies;
iii) Mixed type banks, which included both individuals and societies.

As size and area of operation have a important bearing upon its success, it is imperative for a central cooperative bank to have an area of operation large enough to provide it with sufficient business turnover to be able to employ the required staff, meet the overheads and build up strong reserves. At the same time, the area of operation should not be so vast as to render the bank unable to supervise and coordinate the work of its affiliated societies. The Maclagan committee (1915) observed”. A central bank should cover as large area as it is compatible with convenience and efficiency.
Although it may commence on a small scale, it cannot either at once or within a reasonable time, with at least 200 to 250 societies.

The more obvious features of situation presented in themselves in the form of users and grabbing on the part of the money lending classes which has resulted in the perpetual stagnation of the agricultural classes. What is more important is that agriculturist having tangible security to offer have remained uncared for by the banking world moving in a vicious circle of chronic indebtedness. They have no credit because they are poor. It is this void in the banking system which cooperative banking seeks to fulfill.

It was recognised that agricultural societies could not be expected in all cases to raise their own funds. The societies could not always get proper persons in the village itself to manage them on sound lines. The problem was to find out an agency, based on the same principle as that of the societies, which could meet the entire above requirement. In India some official and non-official cooperative gives their mind to this problem and plans were put forth by them. Mr. Dupernex promulgated a plan that the urban banks would be able to raise sufficient capital to meet both their own needs and those of the rural societies. Under these arrangements certain of the larger Urban banks in various provinces gradually assumed the position of central financing agencies, and these were followed especially after the passing of the Act of 1912 by other central banks in many of which the agricultural societies.

Thus, the evolutionary history of central banks in India has seen three types of organization.

i) Banks of which the membership is confined to individuals;

ii) Banks of which the membership is confined to the societies;
iii) Banks which included both individuals and societies among their membership.

The members of central banks in the country grew, the problems of finance supervision, proper guidance and development along right lines became more complicated. While, some banks had abundant funds and were managed efficiently, others were unable to raise enough to meet the societies demand and had to borrow from other by circularizing each other directly or through the registrar, cooperative societies in the absence of a common balancing center. But the system was found inefficient and uneconomical and entitled substantial addition to duties of the registrar.

The management of a district central cooperative bank is in charge of a board of directors elected annually, or in some case, triennially, on the basis of one member, one vote, at the general meeting, which is the ultimate authority in this and in other types of cooperative societies. The requirements for a director of such a bank were described by the Maclagan committee, which held that the work called less for technical skills than for ordinary probity and knowledge and should be well within the capacity of any professional man. He needs only to have a general knowledge of money rates and to fix his own to produce a required margin of profit he should be careful to forecast the probable receipts and demands from societies, to maintain careful accounts, and to see that his working capital is regularly employed and that sufficient fluid resource is always kept available.

Thus, the funds management plays very significant role for the development of an organisation. The cooperative banks are generally interested to services and growth. For the purpose of survival, the cooperative banks must adequate funds with them to meet various requirements. For this purpose, bank must not reject any request for
withdrawal. The maintenance of adequate liquid assets serves this purpose. This will not only increase the public faith and confidence but also brings the solvency of the bank. Besides, the banks have to earn profit for carrying out their day to day activities and appropriating funds for developing various funds such as reserves fund, building fund, etc. which strengthen the financial structure of these bank.

The studies reviewed above have indicated that the progress of district central cooperative banks in India and in Maharashtra and it was steady but not satisfactory. Some studies indicated that financial function in a district central cooperative bank is highly regulated by the Reserves Bank of India and by the registrar. Most of the studies reviewed above have indicated that today some district central cooperative banks are working well and some are not poor recoveries and bad debts are at times responsible for unsatisfactory functioning of district central cooperative banks. Some studies indicated that the credit management has been able to cover the cost of funds, which is evinced by the positive difference between interest income and interest cost. Some studies indicated that the district central cooperative banks have failed to maintain non-overdues and their unsound lending policies. Some studies also stated that the percentage increase in the interest cost has been more than the percentage increase in the interest income. Some studies indicated that the financial position of district central cooperative banks in Marathwada was poor. Reviewed studies also stated that the main factor responsible for financial weakness is lack of financial resources. The main reason for mounting overdues was lack of supervision and inability of peasants to pay back their loans. Most of the studies reviewed that the growth performance of district central cooperative banks in Maharashtra was
good except in Marathwada and Vidarbha regions. Some study stated that
the recovery performance of district central cooperative banks was very bad.

Very few studies have been concluded so far on the sources of funds
and utilization of funds analysis of district central cooperative banks at all
India level and at Maharashtra state level. No attempt has so far been made
for the study of funds management of district central cooperative banks in
Maharashtra in general and Marathwada region in particular. Hence, the
present study is a sincere effort to fill up this gap.

The present study is undertaken mainly to study the funds
management of district central cooperative banks with special reference to
Marathwada region during the period of fifteen years from 1990-91 to 2004-
05. It was based on secondary data. The secondary data about financial
resources of district central cooperative banks is drawn from the statements,
annual reports and office records of all the district central cooperative banks
in Marathwada region. The secondary data was also collected from the
sources like, the Cooperator and Indian Cooperative Review, published by,
National Cooperative Union of India, New Delhi, and from National
Federation of State Cooperative Banks, Bulletin Bombay. Simple statistical
tools such as percentages, ratios, simple annual growth rates, averages,
Index numbers, standards deviation and coefficient of variation are used for
analysis of the data.

The cooperative societies Act was passed in 1904, There was no
provision for the information of central bank. The sponsors of the
cooperative movement expected that the rural credit societies would be able
to attract substantial deposits from the members and well to do sections of
the village community and their savings would be available to meet need of
the needy in the villages. It was also contemplated that any deficiency in the
funds would be made good by loans from the government. But these expectations of promoters did not materialize the isolated and poorly managed societies failed, in the first instance, to tap funds from the more affluent, secondly they could not augment their own capital base by encouraging thrift and self-help among their members.

The movement gained popularity, the societies started increasing in member by leaps and bounds. But the financial arrangement envisaged did not yield enough money to meet their growing requirements. The cooperative act was, therefore, amended in 1912 with a view to permitting registration of central societies. It may be of interest to note that even before the amendment, some central banks had been established to cater to the financial needs of the primary societies. The first central bank was registered in Uttar Pradesh in 1906 as a primary society. But the first perfect central bank in the modern sense sows the light of the day in the former central provinces and Berar. In Rajasthan, the first central cooperative bank was started at Ajmer in 1910.

During 1950-51 to 1989-90, the district central cooperative banks in India showed a continuous positive trend in Major sources and uses of funds growth performance during this period, on an average, growth rate was between 17.31 percent to 136.25 percent in case of share capital, reserves, owned funds, deposits, working capital and advances. It was 172.90 percent in case of borrowings and 185.29 percent in case of overdues. It suggest us that the district central cooperative banks in India were unsuccessful in the recovering loans and advances in time and nearly depends up on borrowing during 1950-51 to 1989-90. The growth of district central cooperative banks during the 15 years period of 1990-91 to 2004-05, was satisfactory in sources and uses of funds. During this period, the growth rate in sources and
uses of funds was on an average between 10.82 percent to 23.55 percent the annual average in sources of borrowings was 10.34 percent and the growth rate of overdues was 13.66 percent, both are less than the average growth rate of previous period of 1950-51 to 1989-90. It means during 1990-91 to 2004-05, these banks were successful to recover loans and advances in time than the previous year. The overall growth performance in sources and uses of funds of district central cooperative banks in India was satisfactory but it was unbalanced. Maharashtra, Tamil Nadu and Gujarat states have more than 50 percent contribution in all respects of district central cooperative banks.

The district central cooperative banks in Maharashtra ranks first in India in respect in sources and uses of funds parameters. In Maharashtra, the growth of district central cooperative banks was also unbalanced. The districts of Western Maharashtra indicate high growth in all growth performance in sources and uses of funds parameters than other districts in Maharashtra. The district central cooperative banks in Marathwada region show less growth than the state level average growth in sources and uses of funds in growth performance. The district central cooperative bank of Pune ranks first in case of sources of share capital. The external sources of deposits and working capital of Pune district also ranks first. In the case of sources of funds in reserves and owned funds Mumbai district ranks first. As a sources of funds in borrowings Nasik district has first rank. The uses of funds of district central cooperative banks in Maharashtra. In the case of cash and bank balance Nasik district has ranks first. Mumbai district has first rank in case of investment and in case of loans and advances Kolhapur district has ranks first. In case of all sources and uses of funds of district central cooperative banks in Marathwada region has show low performance,
Gadchiroli district central cooperative banks has remained at the bottom in case of sources and uses of funds as on 31.03.2005, Pune, Nasik and Mumbai district central cooperative banks have good performance in sources and uses of funds during 2004-05.

The Parbhani district central cooperative banks organized in 1917 in Marathwada region was the first district central cooperative bank formed in Marathwada region. Till 1950, only two district central cooperative banks were working in Marathwada in the decade 1950-60, one new district central cooperative bank was formed in Marathwada. i.e. Beed district central cooperative bank. In the decade 1960-70 and 1970-80, there was no new district central banks formed in Marathwada. In the year 1980-90, four new district central cooperative banks were formed in Marathwada, at present seven district central cooperative banks working in Marathwada region.

Findings:

1. The share capital of district central cooperative banks consists of mainly two classes of shares, 'A' class shares and 'B' class shares, 'A' class shares are allotted to the state government, cooperative banks and cooperative societies registered under the Maharashtra state societies act, while 'B' class share are allotted to individual members residing in India. As far as share capital of district central cooperative banks in Marathwada region is concerned, it shows a positive trend during the study period. The share capital of these banks was Rs.4283.46 lakhs in 1990-91, which increased to Rs.21800.30 lakhs in 2004-05. During the study period in aggregate the annual growth rate of share capital is 12.43 percent. In the case of share capital contribution by state government, cooperative societies and individual
members the average share of these banks was 1.81, 98.18 and 0.04 percent respectively. Of these the main sources of share capital of district central cooperative banks is the share of cooperative societies i.e. 98.18 percent. It is noticed that district central cooperative banks in Marathwada region through cooperative societies raise a large amount of total share capital during the study period.

The study found that the trends in share capital of all the seven district central cooperative banks in Marathwada region has shown positive trend during the study period. The main source of share capital of all the district central cooperative bank in Marathwada region was cooperative societies. The Osmanabad district central cooperative bank has recorded highest annual growth rate of 15.40 percent during the study period. The main source of the share capital of this bank were the society members that is recorded at 97.63 percent (Rs.29785.05 lakhs), Jalna district central cooperative bank recorded the lowest growth rate of 9.14 percent and societies members share in the share capital was 95.70 percent (Rs.11726.25 lakhs) during the study period. It means district central cooperative bank in Marathwada region raise their share capital mainly by allotting share to cooperative societies by establishing a link between share capital and borrowings of societies.

2. The total reserves of district central cooperative banks in Marathwada region were Rs.2762.50 lakhs in 1990-91, which increased up to Rs.96846.60 lakhs in 2004-05. The average in total reserves of these banks is Rs.29390.84 lakhs and annual average growth rate of percentage was 33.59 percent. The reserves of these banks have shown continuously positive trend during the study period. The
increase in the reserves funds of district central cooperative banks in Marathwada region can be attributed to an increase in anticipation of future calamities.

Further the reserves of district central cooperative banks in Marathwada region include statutory reserves, bad and doubtful debts reserves and other reserves. In total reserves the share of other reserves 57.15 percent, bad and doubtful debts reserves 38.39 percent and statutory reserves 4.49 percent during the study period. It means district central cooperative banks in Marathwada region most created the other reserves during the study period.

The study found that, all among the district central cooperative banks in Marathwada region, the Parbhani district central cooperative bank has recorded highest growth rate of 50.88 percent in total reserves and Latur district central cooperative banks has recorded lowest growth rate of 22.68 percent. The main component of reserves of these two banks was bad and doubtful debts reserves. It has recorded 50.36 percent and 68.48 percent respectively during the study period.

3. The owned funds of district central cooperative banks in Marathwada region were Rs.7045.96 lakhs in 1990-91, which was increased to Rs.11846.90 lakhs in 2004-05. The annual average growth in the owned funds of these banks was Rs.41060.93 lakhs. On an average annual growth rate of owned capital was 23.53 percent during the study period.

The study has seen that among all seven district central cooperative banks in Marathwada region. The highest average owned funds are of Parbhani district central cooperative bank i.e. 23280.17
lakhs. On an annual growth rate was 30.26 percent and lowest owned funds are of Jalna district central cooperative bank was an annual average of Rs.2554.66 lakhs at the average growth rate of 16.85 percent during the study periods. The increase in owned capital shows the more efficiency of district central cooperative banks and low capital funds shows the inefficiency of the banks.

4. The ratio of owned funds to share capital and reserves of district central cooperative banks in Marathwada region shows an average annual growth rate of 23.53 percent during the study period. The share of reserves in owned funds was 58.76 percent and share of paid up share capital was 41.24 percent. The highest share of reserves in owned funds shows more self-reliance of district central cooperative banks in Marathwada region.

The study found that the components of owned funds i.e. share capital and reserves of all district central cooperative banks in Marathwada region show a continuous positive trend during the study period. In the case of share capital, the Osmanabad district central cooperative bank has recorded highest annual growth rate of 15.40 percent during the study period and Jalna district central cooperative bank recorded the lowest growth rate 9.14 percent during the study period. In the case of reserves, Parbhani district central cooperative bank has recorded highest growth rate of 50.88 percent and Latur district central cooperative bank has recorded lowest growth rate of 22.68 percent during the study period. The ratio of share capital to owned funds decreased and the ratio of reserves to owned funds increase shows the decreased cost of capital and lower risk of withdrawal of capital by members.
5. As per the objective of district central cooperative banks in Marathwada region the banks are required to mobilize the rural savings. The deposits have been collected by district central cooperative banks in Marathwada region from affiliated cooperative societies, individuals and local bodies, these sources show a continuous positive trend during the study period. On an annual average growth rate of total deposits 17.24 percent. In total deposits the share of individuals was highest i.e. 61.57 percent followed by cooperative societies 25.70 percent and local bodies and other 12.73 percent during the study period.

Further it is also seen that the district central cooperative banks in Marathwada region accept various types of deposits viz. current, savings fixed and miscellaneous deposits. The amount collected by fixed deposits account for comparatively higher share in total deposits of the district central cooperative bank in Marathwada region followed by current and savings deposits during the study period. The deposits of all district central cooperative banks in Marathwada region have shown a positive annual growth rate during the study period from 1990-91 to 2004-05. The deposits have been grown at the highest annual growth rate of 19.19 percent in Aurangabad district central cooperative bank. The Nanded district central cooperative bank shows poor performance on the front of the deposits mobilization during the study period. The main sources of deposits of Aurangabad district central cooperative bank were individual which is recorded at 51.08 percent and local bodies 14.64 percent. In case of Nanded district central cooperative bank also the main sources of
deposits were individuals i.e. recorded of 66.99 percent during the study period.

6. In the capital structure of district central cooperative banks in Marathwada region borrowings from agencies such as Reserves Bank of India, NABARD, State Cooperative Bank, state government and commercial banks play an important role. The borrowings as a sources of funds of these banks, have recorded a positive annual average growth rate as 8.30 percent during the study period. These banks, which averaged borrowed highest loans from state cooperative, banks and the average is 99.44 percent followed by NABARD and State Bank of India and its subsidiary banks during the study period.

The borrowings of all district central cooperative banks in Marathwada region indicated mixed trend during the study period. Borrowings of Osmanabad district central cooperative bank has shown highest growth rate of 23.93 percent and lowest was of Jalna district central cooperative bank i.e. 5.72 percent. The Osmanabad district central cooperative bank has borrowed the highest amount from State Cooperative Bank and followed by State Bank of India and its subsidiary banks and Jalna district central cooperative bank also borrowed highest amount from state cooperative bank during the study period. It can be observed that the district central cooperative banks in Marathwada region was the highest borrowings from State Cooperative Banks because the state government, Reserves Bank of India and NABARD supply the credit to district central cooperative bank through the state cooperative bank.

7. The relationship is shown with the help of ratio. The ratio of owned funds, borrowed funds to total sources of funds of district central
cooperative banks in Marathwada region during the study period. The average share of owned funds in total sources of funds was 16.67 percent during the study period. In the case of borrowed funds on an average was 83.63 percent in total sources of funds which is more than the owned funds. It reveals the peoples faith and trust in district central cooperative banks in Marathwada region during the study period.

Regarding the share of owned funds, borrowed funds in total sources of funds of all district central cooperative banks in Marathwada region the Parbhani district central cooperative bank has recorded the highest share of 19.11 percent of owned funds to total sources of funds and lowest was of Aurangabad district central cooperative bank which has recorded 9.44 percent during the study period. In case of borrowed funds in total sources of funds, it has recorded the highest of Aurangabad district central cooperative bank which was 90.56 percent and lowest was of Parbhani district central cooperative bank i.e. 80.89 percent during the study period. Thus, the Aurangabad district central cooperative bank created more borrowings power and reveals the peoples faith and trust in this bank during the study period.

8. The bankwise overall performance in the sources of funds of district central cooperative banks in Marathwada region is shown highest share of deposits in total sources of funds i.e. 55.26 percent and followed by borrowings 26.88 percent, owned funds 16.08 percent (share capital 4.57 percent plus reserves 11.51 percent); other liabilities 1.78 percent, during the study period. In the share capital of district central cooperative banks in Marathwada region contribution
of Parbhani district central cooperative bank was higher i.e. 5.71 percent and lowest i.e. 3.37 percent that of Nanded district central cooperative bank as compared to other banks in case of reserves highest percentage of share in the total sources of funds was 17.16 percent belongs to parbhani district central cooperative bank and lowest 5.37 percent belong to Latur district central cooperative bank. The deposits of Latur district central cooperative bank has recorded the highest share 65.06 percent in the total sources of funds and the lowest was 40.64 percent is recorded by Jalna district central cooperative bank. In the case of borrowings the highest share 40.43 percent is recorded by Jalna district central cooperative bank had lowest 20.50 percent for Parbhani district central cooperative bank during the study period.

9. Funds raised by the district central cooperative banks in Marathwada region through various sources are utilized mainly for the purpose of the liquidity, investments and loans and advances as per their objectives of disbursements of short-term, medium-term, and long-term credit to their affiliated cooperative societies.

The cash and bank balance of district central cooperative banks in Marathwada region shows a positive trend except 1997-98 and 200-05. The cash and bank balance of these banks was Rs.7337.21 lakhs in 1990-91; which increased up to Rs.38020.29 lakhs in 2004-05. The average annual growth in cash and bank balance stood at Rs.2191.65 lakhs during the study period. On an average annual growth rate in cash and bank balance was 14.92 percent during the study period. The increase in cash and bank balance due to the faith and fulfillment of the demands for customers or depositor and lost the profitability.
The study found that of all the district central cooperative banks in Marathwada region, the Jalna district central cooperative bank maintained the highest cash average growth of 52.26 percent and followed by Aurangabad district central cooperative bank i.e. average growth rate of 29.71 percent, 28.91 percent average growth rate of Parbhani district central cooperative bank. The Beed district central cooperative bank maintained the lowest cash. The growth rate of cash and bank balance of this bank was 13.87 percent as compared to all district central cooperative banks in Marathwada region.

10. The study found that the cash reserve ratio of district central cooperative banks in Marathwada region was, on an average 12.98 percent during the study period, which is more than double the maximum standard norm of 6 percent. The cash reserves ratio of these banks has varied between 8.66 percent and 19.99 percent, thus indicates that the district central cooperative banks in Marathwada region have maintained excess cash reserve ratio than standard norm during the study period. The excess cash reserve ratio shows that these banks give more stress on getting excess liquidity during the study period. All the district central cooperative banks in Marathwada region have maintained excess cash reserve ratios than the prescribed norms during the study period. On an average, Beed district central cooperative bank has maintained higher cash reserves ratio (33.18 percent) followed by Jalna district central cooperative bank (11.95 percent) and this ratio was lowest in case of Aurangabad district central cooperative bank (6.90 percent) during the study period.

11. The statutory liquidity ratio of district central cooperative banks in Marathwada region was on an average, 37.89 percent during the study
period, which is also higher than the standard norm of 25 percent for the whole study period.

The statutory liquidity ratio of all seven district central cooperative banks in Marathwada region shows the highest statutory liquidity ratio of Jalna district central cooperative bank (47.12 percent) followed by Osmanabad district central cooperative bank (40.36 percent) and it was lowest in case of Nanded district central cooperative bank (32.85 percent) during the study period.

12. The credit deposit ratio of district central cooperative banks in Marathwada region was, on an average (138.84 percent), which also showed very high liquidity of these banks. The district central cooperative banks in Marathwada have maintained excess liquidity than the standard norms during the study period.

The study found the credit deposits ratio of all district central cooperative banks in Marathwada region and the highest is in case of Aurangabad district central cooperative bank (169.78 percent) which is followed by Beed district central cooperative bank (161.36 percent) and it was lowest in case of Jalna district central cooperative bank (108.56 percent) during the study period.

13. The investment of district central cooperative bank in Marathwada region consists of four categories i.e. government securities, other trustees securities share in cooperative institutions and other investment. Out of the total amount of investments 91.61 percent amount was utilised in other investments which included share of higher financing banks and other cooperative institutions, followed by shares in cooperative institutions (7.08 percent), other trustees
securities (0.78 percent), government securities (0.53 percent) during the study period.

All the district central cooperative banks in Marathwada region have invested maximum funds in other investments as compared to other mode of investment but Aurangabad district central cooperative bank had mostly invested in other investment of Rs.101778.20 lakhs (91.84 percent) out of total investment of Rs.110825.95 lakhs). And minimum invested in other investment of Jalna district central cooperative bank was Rs.23678.00 (88.92 percent) out of total investment as compared to investment of district central cooperative banks in Marathwada region during the study period.

14. The uses of funds of loans and advances of district central cooperative banks in Marathwada region shows the continuously raising trend during the study period. On an average loans and advances by district central cooperative banks was Rs.182241.69 lakhs and an annual growth rate was Rs.13.70 percent. The agricultural and non-agricultural loans and advances by district central cooperative banks in Marathwada region was 65.95 percent and 34.05 percent respectively during the study period.

The highest loans were distributed by Aurangabad district central cooperative bank and lowest by Jalna district central cooperative bank. These banks recorded an annual growth rate of 13.36 and 9.20 percent respectively as compared to all district central cooperative banks in Marathwada region during the study period.

15. The periodwise loans distributed by district central cooperative banks in Marathwada region i.e. short, medium and long-term loans. The share of these loans was 69.07 percent, 24.02 percent and 6.91 percent
respectively in 1990-91. On an average share of short, medium and long-term loans of these banks was 77.67, 17.68 and 4.65 percent respectively during the study period.

All the district central cooperative banks in Marathwada region most supplied the short-term loans which were followed by medium term loans and long-term loans to their working areas. The Aurangabad district central cooperative bank supplies the very low average medium term loans Rs.3267.03 lakhs (8.69 percent). It can be also found that the Aurangabad district central cooperative bank provided the highest short-term loans Rs.29295.29 lakhs (77.92 percent) and lowest was provided by Jalna district central cooperative bank Rs.8158.66 lakhs (84.32 percent), while the highest medium term loans supplied by Osmanabad district central cooperative bank Rs.8191.63 lakhs (27.25 percent) and lowest supplied by Jalna district central cooperative bank Rs.1230.84 lakhs (12.72 percent) during the study period. The highest long-term credit distributed by Aurangabad district central cooperative bank Rs.5032.67 lakhs (13.39 percent); lowest long-term credit provided by Beed district central cooperative bank Rs.228.07 lakhs (1.09 percent) as compared to one bank to each other banks in Marathwada region during the study period.

16. The overall performance of the total uses of funds of district central cooperative banks in Marathwada region shows a major utilization of funds in disbursement of loans and advances i.e. 73.52 percent and followed by investment 14.81 percent, cash and bank balance 9.96 percent and other assets 1.25 percent and fixed assets 0.46 percent during the study period. In cash and bank balance maintained by district central cooperative banks in Marathwada region the
contribution Latur district central cooperative bank had highest i.e. 17.26 percent and lowest i.e. 2.99 percent that of Aurangabad district central cooperative bank. In case of uses of funds in investment highest investment was by the Aurangabad district central cooperative bank i.e. 15.72 percent and lowest 13.21 percent belong to Jalna district central cooperative bank. The highest disbursement of loans by Aurangabad district central cooperative bank i.e. 79.99 percent and lowest was 66.41 percent by Latur district central cooperative bank. The uses of Funds in Other assets the highest share in other assets was of Jalna district central cooperative bank i.e. 8.48 percent and lowest was Beed district cooperative bank i.e. 0.30 percent the highest share in fixed assets was of Jalna district central cooperative bank i.e. 1.32 percent and lowest was 0.17 percent for Beed district central cooperative bank during the study period. It means the district central cooperative banks in Marathwada region mostly uses funds in disbursement of loans to members societies for the development of agricultural, occupation due to getting the economic stability.

17. The ratio of net profit to share capital of district central cooperative banks in Marathwada region was averaged at -22.33 percent during the study period. During the study period; the ratio of net profit to share capital is found to be highest in the year 1992-93 i.e. 2.25 percent, which shows the district central cooperative banks in Marathwada region has not fulfilled the minimum standard norms of 10 percent during the whole study period. On an average, of all the seven district central cooperative banks in Marathwada region only four banks have registered negative profitability on share capital during the study period. The Osmanabad district central cooperative
The average ratio of Net profit to Owned funds of district central cooperative bank in Marathwada region was at (-5.55 percent) during the study period. This ratio was maximum 1.42 percent during the study period. It means these banks profit level was low in relation to owned fund and these are far away from standard norm of 10 percent during the study period. Of all the seven district central cooperative banks in Marathwada region four banks have shown negative profitability on owned capital during the study period. There are only three banks i.e. Osmanabad district central cooperative bank Nanded district central cooperative bank and Latur district central cooperative banks which have fulfilled the standard norm of 10 percent in the years 2004-05, 2000-01, 2001-02 and 2002-03. The Jalna district central cooperative bank has highest negative profitability on owned funds as compared to other banks in Marathwada region during the study period. Beed district central cooperative bank has lowest negative profitability on owned funds i.e. (-0.87 percent).
19. The percentage of net profit to total assets for district central cooperative banks in Marathwada region was (-0.87) percent for the whole period under the study. During the study period this ratio was 0.11 percent maximum which is less than minimum standard norm of 1 percent. On an average only two banks show positive profitability during the study period. In the year 2002-03 and 2004-05 Beed district central cooperative bank fulfilled the minimum standard norm of 01 percent and Nanded district central cooperative bank fulfilled the maximum standard norm of 2 percent during the study period. For remaining all years the ratio of net profit to assets of all district central cooperative banks in Marathwada region was below minimum standard norm of 1 percent.

20. The ratio of Net profit to total income of district central cooperative banks in Marathwada region was averaged at (-8.33 percent) during the study period. This ratio was 1.04 percent maximum in the whole period under the study. The overall ratio of net profit to total income was more little than the prescribed norm of 15 percent which indicates that the district central cooperative banks in Marathwada region have not maintained the required profitability during the study period. On an average all seven district central cooperative banks in Marathwada region have the low profitability below standard norm. All the district central cooperative banks in Marathwada region show the mixed trend in the ratio of Net profit to total income during the study period except Jalna district central cooperative bank. This bank has experienced negative ratio of net profit to total income for the whole period under the study.
21. The percentage of total income to working capital of district central cooperative banks in Marathwada region was, on an average the return on working capital of 10.71 percent which is more than double than the standard norm of 5 percent during the study period. The increasing trend in the ratio of income to working capital of all district central cooperative banks in Marathwada region shows the higher profitability in employment of funds during the study period. Nanded district central cooperative bank has recorded, on an average highest ratio of (13.57 percent) total income to working capital and followed by Osmanabad district central cooperative bank (12.50 percent) and lowest of the Beed district central cooperative bank (9.45 percent) during the study period.

22. The ratio of total expenses to total income of district central cooperative banks in Marathwada region was, on an average, 107.49 percent that was 17.49 percentage points more than the standard norm of 90 percent. The ratio shows the margin of safety was negative for these banks during the study period. All district central cooperative banks in Marathwada region had increased in 2004-05 with compared to 1990-91. The increasing ratio shows the decreasing profitability or less margin of safety available for these banks during the study period. On an average the margin of safety for all district central cooperative banks in Marathwada region was negative during the study period. The Jalna district central cooperative bank has highest negative profitability i.e. (132.23 percent) followed by Osmanabad district central cooperative bank (119.18 percent) and it was lowest in case of Latur district central cooperative bank (99.51 percent) during the study period.
Policy Measures:

The Funds Management of District Central Cooperative Banks with special reference to Marathwada Region implies that the better working of these banks from the viewpoint of yielding good financial results and promoting and achieving the efficient financial structure, their efficient capital structure, improving profitability, efficiency managing the sources and uses of funds, relation of cooperative nature and endeavour to grow in terms of the popular growth strategies, the following suggestions are worth considering

1. In aggregate the annual growth rate of share capital is 12.43 percent of district central cooperative banks in Marathwada region. In the case of share capital contribution by state government, cooperative societies and individual members was on an average was 1.81, 98.18 and 0.04 percent respectively out of them the main sources of share capital of district central cooperative banks is the share of cooperative societies i.e. 98.18 percent. In share capital the lowest share was 0.04 percent of Individual members. For increasing financial efficiency of district central cooperative banks in Marathwada region it is necessary to increase the share of individual members in share capital.

2. The reserves of district central cooperative banks in Marathwada region maintained the three types of reserves i.e. statutory reserves, bad and doubtful debts reserves and other reserves. In total reserves the share of other reserves i.e. 57.12 percent, bad and doubtful debts reserves 38.39 percent and statutory reserves 4.49 percent during the study period. The higher share of other reserves in total reserves of district central cooperative banks in Marathwada region was 57.12
percent. This situation suggests us to decrease the non-performance assets of district central cooperative banks in Marathwada region and increase their bad and doubtful debt reserves.

3. Growth rate of deposits of district central cooperative banks in Marathwada region was 17.34 percent in 1991-92 over decreased and reached up to 5.80 percent in 2004-05. It deals us to suggests us that the management of district central cooperative banks makes more efforts to collect more deposits from depositors.

4. The borrowings of Beed and Parbhani district central cooperative banks highly increased in 2004-05 up to 37.56 percent and 36.68 percent respectively. As concern to these banks it was necessary to reduce their borrowing in coming years.

5. The relationship of owned funds and borrowed funds to total sources of funds of district central cooperative banks in Marathwada region. The average share of owned funds in total sources of funds was 16.67 percent, In the case of borrowed funds on an average was 83.63 percent in total sources of funds which is very much more than owned funds. It means the district central cooperative banks in Marathwada region are more dependent on borrowed funds. So it is suggested that the district central cooperative banks in Marathwada should take efforts to increase total sources of funds by increasing their owned capital.

6. The district central cooperative banks in Marathwada region are maintaining high cash reserve, as statutory requirement is much higher than the standard norms of Reserves Bank of India. So it is suggested that district central cooperative banks in Marathwada
should maintain optimum liquidity and invest their excess funds to earn more profitability. Therefore, it is suggested that the district cooperative banks in Marathwada should increase their efficiency in funds Management and divert more funds towards the investment giving sufficient rate of return.

7. The main component of investment of these banks was other investment (91.61 percent), followed by cooperative institution (7.08 percent), Other trustees security (0.53 percent) and share of cooperative societies (0.78 percent), for rural credit thus strong financial background of cooperative societies is necessary. So it is suggested that the district central cooperative banks in Marathwada should increase their investment in the share capital of cooperative societies. It is also suggested that these banks should increase their investment in the share of government securities for getting economic stability.

8. The district central cooperative banks in Marathwada region are giving more emphasis on providing short-term loans to customers. During the period of fifteen years, the proportion of short term loans was 77.67 percent, whereas the proportion of long-term loans in total advances was very low i.e. 4.65 percent. This leads us to suggest that these banks should divert more and more of their funds to meet the long-term credit needs of the customers, as the long-term credit contributes to sustainable development at firm level. So far this bank is as concern it was necessary to disburse long-term loans to customers.
9. Osmanabad district central cooperative bank provided 54.99 percent Agricultural loans which is smaller than all other district central cooperative banks in Marathwada region. So we suggest that the Osmanabad district central cooperative bank should distribute more agricultural loans for the purpose of developing agricultural sector in Osmanabad district.

10. It is found that the overall performance of district central cooperative banks in Marathwada is the negative in case of earning profits during the study period. It is also found that all the profitability ratios show the negative profitability ratio on share capital, owned capital; assets and on total income during the study period. This supports us to suggest that the district central cooperative banks should control their unnecessary expenditure and invest their funds in more profitable investments and recover loans and advances in proper time.

11. The ratio of income to working capital of Parbhani, Latur and Aurangabad district central cooperative banks decreased in 2004-05 with compared to the year 1990-91. The decreasing ratio shows the poor employment funds of these banks. Therefore, it is suggested that these banks employ their increasing fund in more profitable investment.
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