Chapter No. 03

Co-operative Movement in Maharashtra and Functioning of DCCB’s.

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Co-operative Movement In India:

Co-operative movement in India has been associated with freedom struggle as its founding father such as Shree Vaikunthbhai Mehata were in search of new approaches to economic freedom immediately after the achievement of freedom in late 40s of last millennium.¹ Since 1950s, the co-operatives in India have made remarkable progress in the various segments of Indian economy. During the last century, the cooperative movement has entered various sectors like credit, banking, production, processing, marketing, housing, warehousing, irrigation, transport, textiles and even industries. In fact, dairy and sugar co-operatives have made India a ‘Major Nation’ in the world with regard to ‘milk’ and ‘sugar’ production. Today, India can claim to have the largest network of co-operatives in the world numbering more than half a million, with a membership of more than 200 million. Of the village level co-operatives, around 28 percent with 137 million memberships are agricultural co-operatives, dealing directly or indirectly with agricultural sector.² The co-operative network in the country is rather strong covering all the villages in the country and more than 67 percent of the households have been brought under the co-operative hold. Co-operatives supply about 46 percent of the total rural credit
(including agricultural credit), account for 36 percent of the total distribution of fertilizers, produce about 55 percent of the total sugar and constitute for 28 percent of the rural fair shops. Though; co-operative movement has made remarkable progress in several areas.

After independence, India embarked upon the path of centralized planning in the successive five-year plans. The rural credit system in India has recorded a reasonable growth since all India Rural Survey Committee Report 1954. Co-operatives in India are performing under two broad categories i.e. existing areas and emerging areas. The existing area covers credit, input supply, marketing, agro processing, consumer goods and housing. The emerging areas cover many new areas like power generation, production of supplementary fuels, insurance and service sectors. In the year 1919, co-operation became the state subject under Montague Chelmsford reforms. These reforms conferred law-making powers on the provinces. The Government of India Act, 1935 reconfirmed the 1912 act and included co-operative under the State list. Since then and after Independence every State enacted its own co-operative law to take care of its own requirements and situations.
Co-operatives have lot of achievements to their credit in bringing about socio-economic improvements in various sectors of Indian economy. Their contribution in helping weaker and down trodden sections of society is well known. In fact, certain sectors like credit, fertilizers, sugar and diary have become an engine of socio-economic growth in our country. Several co-operative brands have successfully carved out a competitive edge not only in India but also in the foreign markets. Keeping in view is achievements of cooperative sector, under the National Policy on Co-operatives and with the enactment of Multi-State Co-operative Societies Act 2002; co-operatives have been a recognized as a preferred instrument for execution of public policy particularly in the rural areas.

The co-operative credit societies and DCC Banks in Maharashtra are playing key role in the growth of agriculture expansion of rural development and social and cultural activities. Maharashtra State is the pioneer and rank first in the growth of co-operative movement in India. The Maharashtra co-operative societies Act was passed in 1960. In co-operative sector in Maharashtra there is primary agricultural credit co-operatives, non-agricultural credit co-operatives, marketing co-operatives,
productive co-operatives, sugar co-operatives, land development bank, state co-operative bank and DCC Banks are leading more. The various federal co-operatives at the state level are famous and at the national level also. It has been developed quantitatively and qualitatively more, comparatively with the other state. Maharashtra is leading in all the states in various co-operative sectors like productive, process, marketing, banking and housing co-operatives also. The co-operative credit movement in Maharashtra (old) Bombay presidency made a slow as compared to the spectacular growth in other part of country. The first rural credit society in Bombay presidency, the Kanginhal Rural Co-operative Credit Society was registered on 8th May, 1905 in Dharawar district. Headed by the village Patil known for his organizational capacity, it created a deep impression in every first year by recovering its dues fully, even though its area of operation suffered from severe society. A land mark in the early history was the registration on 23rd January, 1906 of the Bombay Urban Credit Co-operative Society sponsored by Vitthaldas Thakersey Lallubhai Samaldas. It was registered as primary urban credit society but was meant to function as central society, with the sole subject of financing rural societies.
The first phase of the co-operative movement in Bombay presidency was over on 31st March, 1911. It was observed from the growth of the co-operative societies in Bombay presidency that, no DCC Bank was established up to 31st March, 1911. As in the absence of financing agencies, an urban credit society was allowed to lend surplus funds to rural primary societies. This facility helped the society to cross regional and language barriers and bring co-operative workers in the presidency closer. In spite of the erratic fluctuations in the economic trends, the co-operative movement in the presidency received tremendous boost during 1911-1924, on account of the establishment of central co-operative banks. The Bombay Central Co-operative Bank was also registered on 11th October, 1911. The DCC Bank are also plays prominent role in the development of rural and drought areas in the state of Maharashtra. According to 2007-08, there nearly about 31 DCC Banks and its 3683 branches with the head-office were working in the state of Maharashtra. The chief object of DCC Banks is to meet the credit requirements of member societies and other co-operative societies in its area of operation. The efficiency in the performance of DCC Banks always depends on the mobilization of the required amount of funds. The researcher is interested in knowing the efficiency with which different sources were used by
the DCC Banks for mobilizing the required funds. Therefore, the present study is entitled as, "Mobilization of Funds by DCC Banks in Maharashtra."

**Cooperative Movement in Maharashtra:**

Co-operative Movement has been recognized as an effective instrument for the economic development of the rural masses and for improvement in the socio-economic condition of the underprivileged. Since majority of the population of Maharashtra lives in the rural areas and is involved in agricultural activity, the co-operative movement here assumes greater significance. Today we find that co-operatives are found in almost all the areas of Maharashtra and have been vastly successful in the overall improvement of the quality of life in the rural areas. This is a success of not only the people of Maharashtra but also of the co-operative movement itself. The co-operative movement in Maharashtra has not only improved the lives of the people here but has made significant contribution to the economy of the State itself. Today Maharashtra is considered as the land of opportunities as it is one of the most developed states not only economically but also in terms of infrastructure. Without doubt a major credit goes to the co-operative sector, which has not only
promoted and developed rural leadership, which can certainly be termed as the leadership of the masses but also has been involved in promoting the development of infrastructure in the State.\textsuperscript{11} The genesis of the co-operative movement in Maharashtra can be divided into six stages.

1. \textbf{The pre-co-operative stage (1870-1903):} With the Deccan Agriculturists’ Relief Act, The land Improvement Loan Act 1883 and the Agricultural Loans Act, the Nickolson Report.

2. \textbf{The Initial Stage (1904-1911):} From the Agricultural Credit Co-operative Societies Act 1904 to the creation of the Bombay Central Co-operative bank.

3. \textbf{The Evolution Stage (1912 to 1924):} After the Co-operative societies Act of 1912, the movement passed through a new phase of re-organization: formation of co-operative financing agencies, formulation of co-operative educational schemes and organization of non-credit societies.

4. \textbf{The Stagnation Stage (1925-1947):} The enactment in 1925 of the Bombay Co-operative Societies Act widened the cooperative movement in the Bombay province both horizontally as well as vertically. The Bombay Co-operative Insurance Society was established in the year 1930. In the
same year the Co-operative Land Mortgage Bank was also formed for long term financing for redemption of debts, land improvement and purchase of land.

5. **The Growth Stage (1948-1961):** There was an all-round progress during these two decades after India attained Independence from the British Rule. The movement diversified especially in the rural area where sugarcane was grown. The agriculturists pursued this concept of self-help and made the best use of the credit facilities given to them for augmenting the production. Examples like the *Pravaranagar Sugar Cooperative* inspired many to organize co-operatives in the sugar sector with long-term goals in mind. Significant attitudinal changes had occurred at the grass root level. This was also the period of emergence of rural leadership through co-operative movement. The Apex Bank also started to strengthen its organization and the working of the secondary level central financing agencies. This was also the period where institutional foundation was strengthened.

6. **The Diversification Stage (1962 onwards):** Expansion, accompanied by extensive vertical and horizontal diversification embraced all fields of socio-economic activity with gains varying from 2 to 6 times. The State government
initiated policies and programs to strengthen the co-operative effort. Some of the noteworthy features of the movement during this period were the increased mobilization of resources, strengthening the co-operative effort in the sphere of agricultural production and the building of rural leadership. The State Co-operative Bank also built up the necessary strength to provide support to the government programs of intensive production and procurement of foodgrains, financing of sugar factories and other new industries in the co-operative sector. The co-operatives have helped the rural economy of Maharashtra tremendously. It has been able to groom grass root level leadership and bring about peaceful socio-economic changes and help institutionalize the rural economy to a considerable extent.

Co-operative Banking in Maharashtra:

The State of Maharashtra occupies the most prominent position in the economic and banking map of India. It is the most economically advanced state in India. It contributes the largest share to national income. It is most urbanized and industrial state in the country. It is also the birthplace of co-operative credit
movement in the country and continues to have strong co-operative credit institutions, both at urban and rural centers. Maharashtra has been a pioneer in the development of Co-operative banking and continues to hold the top ranking position in the field of Co-operative Banking in post-independence years. Maharashtra has proved two outstanding co-operators, Shri. Vaikunthbai Mehata and Prof. D.R. Gadgil, who shaped the co-operative movement of this country. They introduced in the field of co-operative credit innovations Crop loan system, credit for creditworthy framer and state partnerships, which were later on unhesitatingly adopted by commercial banks after their nationalization. The Maharashtra State Co-operative Bank provided institutional leadership to the co-operative credit movement in the country.

Maharashtra is the leading state in cooperative movement. After independence in the year 1949, Padmashree Vitthalrao Vikhe Patil in Pravara Nagar formed the first ever co-operative sugar factory in Ahmednagar District. This transformed the rural economy of that area and it was a pilot project in cooperative sugar industry. As on today, more than 200 sugar factories have been
registered in the State, out of which 150 sugar factories have started production benefiting 20 lakh farmers.\textsuperscript{13}

This has led to rise in the standard of living of rural population and provision of facilities like health, education, besides development of infrastructure. The first urban co-operative bank was established in the state and at present, the state accounts for 28 percent of urban co-operative banks in the country, accounting for 48 percent in total deposits and 46 percent in total advances of all urban co-operative banks in the country. The contribution of central co-operative banks and primary agricultural co-operative societies has been in the range of 15 to 22 percent of the total assistance provided by these types of institutional in the country.

Number of Primary Agricultural Societies (PACS) in Maharashtra is 20,793 providing finance to 32.76 lakh farmers to the tune of more than Rs. 3500 crores. Maharashtra is also a leader in Urban Co-operative Credit movement. As on today 650 Urban Co-operative Banks in Maharashtra aggregating 83 lakh members and working capital to the tune of Rs. 65,509 crores are functional. It indicates that about 60-65 percent population of the state is
associated with the co-operative movement in some form or the other.\textsuperscript{14}

**Banking Regulation Act as Applicable to Co-operative Banks, 1965:**

The Banking Regulation Act 1949 was made applicable to Co-operative Banks by Act 23 of 1965 known as Banking laws (Application to Co-op. Societies) and became applicable with effect from 1\textsuperscript{st} March 1966. For making the original Act applicable, a special Act was required to be passed. However, subsequently the entire Act passed in 1965 became a part of the Banking Regulation Act 1949. Now it forms part V, of the Banking Regulation Act 1949, as section 56 of the Act. Under this Act Co-operative Bank means a State Co-operative Bank, Central Co-operative Bank and a Primary Co-operative Bank.\textsuperscript{15} Co-operative Credit Society means a co-operative society, the primary object of which is to provide financial accommodation to its members and include a co-operative Land Mortgage Bank. Director, in relation to co-operative society, includes a member of any committee or body for the time being vested with the management of the affairs of their society. Primary Agricultural Credit Society is distinguished from other societies in that it finances agricultural purposes. Primary
Co-operative Bank means a co-operative society carrying out banking business with a paid-up Capital Reserves of more than Rs. One lakh. With less than Rs. one lakh it becomes primary credit society.

The clause regarding amalgamations etc. is not applicable to co-operative banks. However, in respect of co-operative banking institutions, the following will apply: At any time, if thought desirable, the RBI may (i) depute one or more of its officers to watch the proceeding at any meeting of the Board of Directors of the co-operative bank or any other body constituted by it and require the co-operative bank to give an opportunity to the officer so deputed to be heard and to offer such suggestions and advise as the officer may consider necessary or proper for the reorganization and expansion of co-operative credit on sound lines. Such officer has to send a report to the RBI. (ii) The RBI can appoint one or more officers to observe the manner in which the affairs of the co-operative bank (or its branches) are being conducted and make a report.12
**District Central Co-operative Banks:**

There are 31 such Banks in Maharashtra whose primary object is to provide for the credit requirements of the Primary Credit societies. The first such secondary level co-operative was registered in Mumbai in 1911 under the Government of India Act, 1904. Since then these Central Banks have laid the firm financial infrastructure for the co-operative movement in Maharashtra. The progress of the District Central Co-operative Banks can be seen from the following figures:
Table No. 3.01:

The Progress Of The District Central Co-Operative Banks

In Maharashtra. 

*(Members in ’000 and Rs. in Lakhs.)*

<table>
<thead>
<tr>
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<tr>
<td>1</td>
<td>No of Banks</td>
<td>35</td>
<td>35</td>
<td>26</td>
<td>30</td>
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<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
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<td>2</td>
<td>Branches including H.O.</td>
<td>N.A.</td>
<td>867</td>
<td>1703</td>
<td>3147</td>
<td>3718</td>
<td>3804</td>
<td>3807</td>
<td>3793</td>
<td>3729</td>
<td>3689</td>
<td>3646</td>
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<tr>
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<td>Members</td>
<td>57</td>
<td>55</td>
<td>62</td>
<td>84</td>
<td>114</td>
<td>119</td>
<td>121</td>
<td>129</td>
<td>123</td>
<td>116</td>
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<tr>
<td>4</td>
<td>Of which Co-op Societies</td>
<td>22</td>
<td>30</td>
<td>36</td>
<td>60</td>
<td>85</td>
<td>88</td>
<td>90</td>
<td>92</td>
<td>94</td>
<td>96</td>
<td>98</td>
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<td>Of which Individuals</td>
<td>35</td>
<td>25</td>
<td>26</td>
<td>24</td>
<td>29</td>
<td>31</td>
<td>31</td>
<td>37</td>
<td>29</td>
<td>20</td>
<td>33</td>
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<td>6</td>
<td>Share Capital</td>
<td>653</td>
<td>2515</td>
<td>4563</td>
<td>18896</td>
<td>68315</td>
<td>78632</td>
<td>86591</td>
<td>93992</td>
<td>100153</td>
<td>108191</td>
<td>118441</td>
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<td>Of Which Govt.</td>
<td>199</td>
<td>669</td>
<td>806</td>
<td>774</td>
<td>785</td>
<td>672</td>
<td>484</td>
<td>548</td>
<td>458</td>
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<td>8</td>
<td>Owned Fund</td>
<td>820</td>
<td>3474</td>
<td>10206</td>
<td>37587</td>
<td>240999</td>
<td>316017</td>
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<td>471525</td>
<td>508277</td>
<td>580970</td>
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<td>9</td>
<td>Deposits</td>
<td>2647</td>
<td>11323</td>
<td>58814</td>
<td>319940</td>
<td>1957347</td>
<td>2142020</td>
<td>2388731</td>
<td>2482254</td>
<td>2640230</td>
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<td>10</td>
<td>Working Capital</td>
<td>6093</td>
<td>23637</td>
<td>83526</td>
<td>483492</td>
<td>2427842</td>
<td>2749865</td>
<td>2990487</td>
<td>3290258</td>
<td>3472002</td>
<td>3686387</td>
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<td>Loans Advanced</td>
<td>5125</td>
<td>12084</td>
<td>27870</td>
<td>11916</td>
<td>2020830</td>
<td>1582090</td>
<td>1395660</td>
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<td>1393449</td>
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<td>Recovery</td>
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<td>21843</td>
<td>110712</td>
<td>505334</td>
<td>427845</td>
<td>457088</td>
<td>438237</td>
<td>590079</td>
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<td>501006</td>
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<td>13</td>
<td>Loans Overdue</td>
<td>460</td>
<td>4452</td>
<td>14452</td>
<td>56154</td>
<td>201613</td>
<td>341603</td>
<td>377632</td>
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<td>438966</td>
<td>525995</td>
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<td>14</td>
<td>No of Banks in Prof.</td>
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<td>--</td>
<td>--</td>
<td>22</td>
<td>15</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>15</td>
<td>No of Banks in Loss</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>8</td>
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<td>Amount of Profit</td>
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<td>140</td>
<td>376</td>
<td>1714</td>
<td>9579</td>
<td>13063</td>
<td>13520</td>
<td>9766</td>
<td>10746</td>
<td>9875</td>
<td>7745</td>
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<tr>
<td>17</td>
<td>Amount of Loss</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>13097</td>
<td>83729</td>
<td>116276</td>
<td>141227</td>
<td>144009</td>
<td>150662</td>
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</table>

(Source: Cooperative Movement at a Glance - Office of the Commissioner for Co-operation & Registrar of Co-operative societies Maharashtra State, Pune)
List of Cooperative Banks in Maharashtra Including

District Central Cooperative Bank:

- The Nasik District Central Co-op Bank Ltd., Nasik.
- The Bassein Catholic Co-Operative Bank Ltd., Papdy, Vasai.
- Abhyudaya Co-op. Bank Ltd.
- Bharat Co-op. Bank Ltd.
- The Deccan Merchants Co-operative Bank Ltd., Mumbai
- Kodoli Urban Co-op. Bank Ltd. Kodoli.(erstwhile Nagari Sahkari Bank Kodoli)
- Shri Balbhim Coop Bank Ltd., Kolhapur
- The Maharashtra State Co-op Bank Ltd
- Shree Warana Sahakari Bank Ltd. Warananagar
- Solapur Siddheshwar Sahakari Bank, Solapur
- Solapurjanta Sahakari Bank, Solapur
- Saraswat Co-Op Bank
- Ichalkaranji Janata Sahakari Bank Ltd
- Vasantdada Shetkari Sahakari Bank Ltd., Sangli
- Shamrao Vitthal Cooperative Bank
- Samarth Sahakari Bank, Solapur
- Punjab and Maharashtra cooperative bank ltd
- Panchaganga Sahakari Bank, Kolhapur
• Dwarkadas Mantri Nagari Sahakari Bank Ltd., Beed
• Deogiri Nagari Sahakari Bank Limited, Aurangabad
• Ajintha Urban Co-operative Bank Limited, Aurangabad
• Lokvikas Nagari Sahakari Bank Limited, Aurangabad
• The Akola Urban Co-operative Bank Limited, Akola
• Aurangabad District Central Co-operative Bank Limited, Aurangabad
• Adarsha Mahila Nagari Sahakari Bank Limited, Aurangabad
• Abhinav Co-operative Bank
• Dombivli Co-operative Bank
• The Cosmos Co-operative Bank Limited, Pune, Maharashtra, India
• Nanded district co-operative Bank, Nanded, Maharashtra
• The Nagar Urban Co-operative Bank Ltd, Ahmednagar
• Shahar Sahakari Bank Ltd, Ahmednagar
• The Ahmednagar Merchants Co-operative Bank Ltd, Ahmednagar
• The Bhingar Urban Co-Operative Bank Ltd, Ahmednagar
• The Rajapur Urban Co-Operative Bank Ltd., Rajapur (Ratnagiri)
• Vikas Sahakari Bank Ltd., Solapur
• Vita Merchant Co-Operative Bank Ltd. Vita
• Vyapari Sahakari Bank Ltd., Solapur
• Manmandir Co-Operative Bank Ltd., Vita
• Mahesh Sahakari Bank Ltd., Solapur
• The Pandharpur Urban Co-Operative Bank Ltd., Pandharpur
• The Pandharpur Merchants Co-Operative Bank Ltd., Pandharpur
• Ahmednagar District Central Co-Operative Bank Ltd., Ahmednagar
• Bhingar Urban Co-Operative Bank Ltd., Bhingar, Ahmednagar
• Thane Janata Sahakari Bank, Thane
• Wai Urban Co-operative Bank Ltd., Wai, Satara
• The vita urban co op. bank ltd, vita, Sangli.

Role And Functions Of DCCB:

The District Central Cooperative Banks play multiple roles. Some of these are discussed below:

• Banking Entity: The DCCBs are banking entities recognized by the Reserve Bank of India under the Banking Regulations Act. They accept deposits from general public and provide loans to individuals and institutions including primary cooperative
societies. They are governed by the various regulations stipulated by the Reserve Bank of India from time to time. Special provisions have been incorporated in the Banking Regulations Act 1949 considering the special nature of their ownership, development role etc.

- **Leader of Cooperative Movement:** One of the most important functions of the District Central Cooperative Banks is to provide financial support to the Primary Cooperative Societies that are affiliated to it in the district. These societies belong to highly diverse categories like the primary agricultural credit societies, the producers cooperative societies, handloom and handicrafts cooperative societies, salary earners' cooperative societies, consumers' cooperative societies, primary urban cooperative banks, etc. However, one of the most important role of the District Central Cooperatives Bank is to support and develop the Primary Agricultural Credit Societies. The officials of the DCCB inspect the PACS affiliated to them periodically. The main source of funds for the PACS is the DCCB and the lending programme of PACS is regularly supervised by the supervisors of the DCCBs. Among the most important line of credit provided by
the DCCB to PACS is that for providing production loans for crops to members of PACS. Many PACS also undertake multiple activities like sale of fertilizers and other agricultural inputs and several act as distributors of ration items under the Public Distribution System (PDS). The financial assistance for such activities and other loans provided to members are also sourced from the DCCBs as the PACS usually do not have major resource base of their own. The important source of own resources of the PACS is the deposits placed with it by the members. A specified percentage of such deposits collected by PACS are kept with the DCCBs as reserve deposits to protect the interest of the member depositors. The DCCBs also provide capacity building support to PACS. They conduct training programmes for secretaries and directors of the board of the PACS. Periodical seminars are also conducted to update the staff and members of PACS on important developments affecting them.

- **Leader in Agricultural Lending:** Historically, the DCCBs have been considered as the most important financial institution to support the short term credit requirements of the agricultural sector. These loans include both production
loans and marketing loans provided to the members. Usually the production loans are provided on the basis of the "Scale of Finance" which is fixed for each major agricultural crop in the district. The scale of finance is computed by taking the total cost of production of the crop based on average price of inputs, including labour. The yield and market value of the output are also computed and the credit required per hectare for raising the crop is determined. The scale of finance is fixed by a committee called the "District Level Technical Committee" and the DCCB is the convener of this committee. The members of the DLTC include the representatives of the agricultural department, banks, NABARD etc.

**Board of the DCCB:**

The Board of the DCCB comprises elected Chairmen of PACS, representative of the State Government and the State Cooperative Bank apart from the CEO of the DCCB who would be the member secretary. The board meets periodically to review the performance of the bank and provide policy guidance. The board of the DCCB thus represents the interests of the major stakeholders in the bank. The Directors from the PACS take care of the PACS who are major
borrowers from DCCBs. The representative of the State Cooperative Bank protects the interest of the major provider of funds to the DCCB.\textsuperscript{18} The Government is an important stakeholder as the DCCBs functions under the administrative control of the registrar of cooperative societies. Moreover the bye-laws of the DCCBs are framed under the Cooperative Act of the respective states in which they function.\textsuperscript{19} In terms of competencies the Directors from PACS bring in are empathetic understanding of the needs of the members of the cooperative sector in the district. The State Cooperative Bank representative provides mainly banking and regulatory competency while the State Government representative adds administrative skills to the board. In order to carry out its functions effectively, the board can constitute sub committees of the board.

**Sources of Funds of DCCBs:**

A share capital, reserve funds and other reserves created by the DCC Banks out of its profits constitutes the internal source of the bank. But for effective and efficient working every DCC Bank has depend upon the external source like deposits from public, member societies and individuals and borrowing from State Cooperative Bank and State Government.\textsuperscript{20} The share capital,
reserves, deposits and borrowings of DCC Banks in Maharashtra during the period 2001-02 to 2008-09 which is shown in the Table No. 3.01 is as follows:

Table No. 3.02:

Sources of Funds of DCC Banks in Maharashtra.

(Rs. In Crores)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Owned Funds</th>
<th>Borrowed Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Share Capital</td>
<td>Reserves</td>
<td>Deposits</td>
</tr>
<tr>
<td>1</td>
<td>2001-02</td>
<td>903.30</td>
<td>4132.01</td>
<td>18620.92</td>
</tr>
<tr>
<td>2</td>
<td>2003-04</td>
<td>939.92</td>
<td>4715.25</td>
<td>23887.31</td>
</tr>
<tr>
<td>3</td>
<td>2004-05</td>
<td>1001.53</td>
<td>5082.77</td>
<td>24822.54</td>
</tr>
<tr>
<td>4</td>
<td>2005-06</td>
<td>1081.81</td>
<td>5809.70</td>
<td>26402.30</td>
</tr>
<tr>
<td>5</td>
<td>2006-07</td>
<td>1184.41</td>
<td>6322.21</td>
<td>27657.25</td>
</tr>
<tr>
<td>6</td>
<td>2007-08</td>
<td>1292.72</td>
<td>6966.00</td>
<td>31949.16</td>
</tr>
<tr>
<td>7</td>
<td>2008-09</td>
<td>1360.30</td>
<td>5667.08</td>
<td>37225.17</td>
</tr>
<tr>
<td>11</td>
<td>Mean (x)</td>
<td>1109.14</td>
<td>5527.86</td>
<td>27223.52</td>
</tr>
<tr>
<td>12</td>
<td>Percentage</td>
<td>03.01</td>
<td>14.99</td>
<td>73.81</td>
</tr>
<tr>
<td>13</td>
<td>A.G.R.</td>
<td>7.08</td>
<td>6.09</td>
<td>12.56</td>
</tr>
</tbody>
</table>

The above table No. 3.02 shows that there is an increasing trend in share capital, reserves, deposits as well as in borrowings of District Central Co-operative Banks in Maharashtra during the study period i.e. 2001-02 to 2008-09. The share capital of DCC Banks was moved from Rs. 903.30 crores in 2001-02 to Rs. 1360.30 crores in 2008-09 which has increased by Rs. 457 crores during the same period. The reserves of DCC Banks was moved from Rs. 4132.01 crores in 2001-02 to Rs. 5667.08 crores in 2008-09, it is also increased by Rs. 1535.07 crores during the study period. The deposits collected by DCC Banks in Maharashtra also turned from Rs. 18620.92 crores in 2001-02 to Rs. 37225.17 crores in 2008-09, which is raised by Rs. 18604.25 crores. The borrowings of DCC Banks in Maharashtra during the above period are increasing trends. It was moved from Rs. 2237.48 crores in 2001-02 to Rs. 2941.08 crores in 2008-09, it is also increased by Rs. 70.36 crores during the same period. Thus the average percentage of share capital, reserves, deposits and loans to the total sources of funds are 3.01%, 14.99%, 73.81% and 8.19% respectively. The share capital as well as reserves registered a growth of 50.59% and 37.15% respectively, while the growth in deposits it was 99.91%. The positive average growth rate for share capital (7.08%) for reserves (6.09%) and for deposits 12.56%
indicates that, management had attempted more for strengthening the Deposit Base of the DCC Banks. The co-efficient of variation values indicates more variations in the reserves as well as deposits of the DCC Banks in Maharashtra.

The source of borrowed funds used by the DCC Banks management as short-term, medium-term and long-term loans. The board of directors used these sources for mobilizing funds during the study period. It shows that the board of directors was not succeeded in mobilizing the required funds without borrowed loans during the study period. This was not prudent policies of DCC Banks in Maharashtra which resulted in increasing the cost and for the decreasing the profitability of the bank.

The following table shows the trend of owned funds, deposits and total assets of the DCC Banks in Maharashtra during the period 2001-02 to 2008-09
Table No. 3.03:

Trends of Deposits, Owned Funds and Total Assets of DCC Banks in Maharashtra (Rs. In Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Deposits</th>
<th>Owned Funds</th>
<th>Total Assets</th>
<th>Deposit to Owned Fund Ratio</th>
<th>Deposit to Total Assets Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>18620.92</td>
<td>5035.31</td>
<td>31891.32</td>
<td>369.81</td>
<td>58.38</td>
</tr>
<tr>
<td>2003-04</td>
<td>23887.31</td>
<td>5655.17</td>
<td>32902.58</td>
<td>422.40</td>
<td>72.60</td>
</tr>
<tr>
<td>2004-05</td>
<td>24822.54</td>
<td>6084.30</td>
<td>34720.02</td>
<td>407.98</td>
<td>71.49</td>
</tr>
<tr>
<td>2005-06</td>
<td>26402.30</td>
<td>6891.51</td>
<td>36863.87</td>
<td>383.11</td>
<td>71.62</td>
</tr>
<tr>
<td>2006-07</td>
<td>27657.25</td>
<td>7506.62</td>
<td>40701.77</td>
<td>368.44</td>
<td>67.95</td>
</tr>
<tr>
<td>2007-08</td>
<td>31949.16</td>
<td>8258.72</td>
<td>45629.38</td>
<td>386.85</td>
<td>70.02</td>
</tr>
<tr>
<td>2008-09</td>
<td>37225.17</td>
<td>7027.38</td>
<td>50066.29</td>
<td>529.72</td>
<td>74.35</td>
</tr>
<tr>
<td>Mean (x)</td>
<td>27223.52</td>
<td>6637.00</td>
<td>38967.89</td>
<td>409.76</td>
<td>69.49</td>
</tr>
<tr>
<td>A.G.R.</td>
<td>12.56</td>
<td>06.30</td>
<td>07.85</td>
<td>06.12</td>
<td>04.52</td>
</tr>
</tbody>
</table>

Table No. 3.04:

Position Of Deposits, Owned Funds As Well As Total Assets Of The DCC Banks In Maharashtra

<table>
<thead>
<tr>
<th>Year</th>
<th>Indices Base Year 2001-02</th>
<th>Deposits</th>
<th>Owned Funds</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2003-04</td>
<td>128.28</td>
<td>112.31</td>
<td>103.17</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>133.30</td>
<td>120.83</td>
<td>108.87</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>141.78</td>
<td>136.86</td>
<td>115.59</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>148.53</td>
<td>149.08</td>
<td>127.63</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>171.58</td>
<td>164.02</td>
<td>143.08</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>199.91</td>
<td>139.56</td>
<td>156.99</td>
<td></td>
</tr>
</tbody>
</table>


The above Table No. 3.04 indicates the position of deposits, owned funds as well as total assets of the DCC Banks in Maharashtra which are in increasing trends during the study period. In order to know the trend of deposits, owned funds and total assets of DCC Banks, the indices values are calculated by taking the figures of 2001-02 as a 100. The indices of deposits, owned funds and total assets increased continuously and
reached 199.91, 139.56 and 156.99 respectively from 100 during the base 2001-02. The growth rate in the deposits, owned funds and total assets of the DCC Banks in Maharashtra during the period come to 99.91%, 39.56% and 56.99% respectively.

The paid up capital and various reserves created by the DCC Banks in Maharashtra out of profits constitutes. The ratio of deposits to owned funds has been calculated by dividing owned funds to total deposits and multiplies by 100. During the period 2001-02, the deposits to owned fund ratio was 369.81%, whereas in the year 2008-09 it was 529.72% which is increased by 159.91% during the same period. The ratio witnessed proportionately more growth in the amount of deposits than the growth in the owned funds of the DCC Banks in Maharashtra. It indicates huge interest and confidence of depositors on the DCC Banks in state of Maharashtra. The source of total assets or the working capital of the DCC Banks are includes, paid-up share capital, reserve and surplus, deposits from PACCs, individuals and others. The ratio of total deposits to total assets is ascertained by dividing the total figures of total assets to the figures of total deposits and multiplies by 100. The ratio of deposits to total assets of the DCC Banks in Maharashtra ranged between 58.38% as minimum in 2001-02 to
74.35% as maximum in 2008-09; all an average deposits constitute 69.49% of the total assets during the study period. It is found that from the above figures and analysis, the management of district central co-operative banks in Maharashtra has succeeded in mobilizing the total deposits collected by them from member societies, individuals and other co-operative societies during the study period i.e. 2001-02 to 2008-09 due to the growth in owned funds as well as growth in total assets of the DCC Banks.

**Financial Performance of DCCBs:**

There was an overall improvement in the financial performance of DCCBs as at end March 2009 over the previous year. Importantly, DCCBs reported overall net profits as at end March 2009 as compared with the reported net losses during the previous year, thus, witnessing a turnaround in their financial position. The number of profit making DCCBs also increased during the same period. Accordingly, profitability indicators such as ROA and ROE also witnessed improvement during the year as compared with the previous year. In contrast with the trend observed in case of StCBs, DCCBs reported higher operating profits as at end-March 2009 mainly on account of higher net interest
income. However, the increase in net profits was more than that in operating profits owing to a decline in provisions and contingencies

**Asset Quality of DCCBs:**

The asset quality of DCCBs improved as at end-March 2009 over the previous year both in absolute and percentage terms. The absolute decline in total non-performing loans was due to an absolute decline in doubtful loans during 2008-09 over the previous year. However, substandard loans and loss loans increased during 2008-09 over the previous year. During 2008-09, sub-standard loans were the major category in the total non-performing loans followed by doubtful loans and loss loans.

**Capital Adequacy of DCCBs:**

The capital adequacy of DCCBs witnessed a decline as at end-March 2009 over the previous year. As data on risk weighted assets were not available for DCCBs, the ratio of capital and reserves to investments and advances was taken as the rough indicator of capital adequacy. This ratio declined at end March 2009 as compared with the previous year. The decline in capital adequacy was mainly on account of a higher increase in investments of
DCCBs as against a marginal increase in capital and reserves. As alluded to earlier, loans and advances of DCCBs declined over the same period.

**The DCCB in the Banking System in the District:**

The DCCB as the name suggests has an area of operation covering a single district. In any district, the banking system would comprise Commercial Banks, Regional Rural Banks, Cooperative Banks and other agencies like SFC, MFIs, Non Formal Credit institutions and Non Banking Credit agencies. In such a situation, how does a DCCB position itself in the market? This is an issue that needs to be understood by the chief executive of the DCCB. With the available resources and the unique strengths of the DCCB, a market needs to be developed which is appropriate, adequate and profitable. There is room for all, but the capacity to identify ones' niche market enables a bank to be focused and devote its resources to that activity rather than spreading out the resources too thinly across several activities or worse still just drifting along without any clear business plan.
Cooperative Governance:

Governance is all about how an institution fulfils its mandate to its members and other stakeholders. It is about commitment to values and ethical business conduct and a high degree of transparency. The governance structure defines the distribution of rights and responsibilities among the different participants in the organization such as the board, executives, shareholders, borrowers and the government and spells out the rules and procedures for making decisions on affairs of the bank. With regard to governance in banks, the issues involved include greater transparency in balance sheet, appropriate internal control systems and having defined and well stated policies. The board is expected to exercise objective judgment on corporate affairs, provide direction, oversee and monitor and act in good faith, emphasis ethical practices, review performance of top management, ensure a wise asset use policy and assure a sound long term policy. The management is responsible for day to day operations, and the board should provide adequate operational freedom and avoid micro-management.
Resource Mobilization:

Any banking institution performs two primary functions; raising resources from those who have financial surpluses and deploying them by providing those to persons who can utilize them productively. If raising resources is the key, then from whom are they raised, at what rates are they raised and for what period they are raised become relevant? DCCB being local district level banks, their catchment is the local population. But their own clientele are farmers whose credit needs may exceed the resources available. Beyond their own clients, the bank has to compete in the market with the other institutions for mobilizations. Usually the cooperatives offer a small premium over the rates offered by other banks to attract deposits. But apart from this other methods need to be explored to make cooperative deposits attractive. One of the most neglected areas in cooperatives is that of deposit mobilization. Because of the easy availability of resources from higher-tier institution, the Cooperatives have not adequately paid attention to Deposits. However, deposits are the backbone of any banking institution and are a more stable resource for lending. There is no dearth of deposits in rural areas as can be seen from the CD ratio of Commercial Banks. How do we attract a part of these deposits to the Cooperative Structure? What does a depositor looks
for when deciding where to park his savings? There are broadly three criteria - safety, profitability and liquidity.

**Safety:**

People desire that their savings should be safe. Several indicators are there such as market reputation of the bank, the outlook of the branch and the experience of the customer with the bank. Much more than what may be the true financial health of an institution, the reputation of the Institution matter is the final sector and needs to be preserved and developed.\textsuperscript{27} Therefore, the record of the bank should be highlighted and every forum should be used to project the positive aspects of the bank. If the financials of a bank are poor, however much they may be concealed, it is difficult to keep it from the gaze of the public. And profitability is a function of good asset management, housekeeping and effective business planning. One of the reasons why the cooperative institutions do not attract deposits is their poor financial health. The other dimension of safety is the feeling of safety that the institutions provide. It is very essential that the DCCB branches match the outlook of commercial banks in the area, as they are the main competitors. All safety measures should be not only there, but visible to customers such as a secure cashier enclosure, a strong
room and collapsible gates at the entrance. The depositor should get a feeling that his money will be secure with the bank when he enters the premises.

**Profitability:**

Even though cooperatives in comparison to their peers, deploy money for development in their own area, that in itself would not be reason enough for a depositor to opt to save with the DCCB. The rate of interest offered should be competitive, without being a burden to the bank. Most cooperatives offer a slightly higher interest rate than commercial banks, but unless the rates are fixed after examining the yield on assets, could do more harm than good. The rates of interest should be constantly monitored and periodically reviewed.

**Liquidity:**

Another major factor that depositors look at is the capacity to draw on their money in times of need, irrespective of the maturity period of their deposits. This involves the capacity of the bank to convert the deposit to cash on demand. This becomes a major issue for DCCB branches with low branch level cash limits and no cash/currency chest arrangements. Requesting depositors to
wait to get their cash even for a day could adversely impact the reputation of the institution and result in loss of customers and more significantly, word-of-mouth publicity for the bank. The ways to plan for such situations include undertaking data analysis of past trends of cash inflow and outflows and finding patterns, periodically reviewing retention limits of branches and maintaining a "hub and spoke model" with key branches as hubs where cash can be aggregated for transfer in the shortest possible time to the smaller branches, within the day of demand. Maintaining an account with a nearby commercial bank for instant transfers from Head Offices can also be considered. In the current scenario of shared networks, DCCBs can also enter into arrangements with other banks already having the network to transfer funds on their network, without having to duplicate with their own network.

**Borrowings:**

The second source of resources for DCCBs is borrowings from higher tier institutions. DCCBs have borrowing facilities from their apex level state cooperative banks and from institutions like NABARD. Usually, such credit facilities are provided for a specific purpose and with a fixed tenor. Hence, unlike deposits
which in normal course would have a rising trend, while deploying borrowings it is essential to match the tenor of the loan to that of the borrowing so that by the time the borrowings become due for repayment, the loan has come back. The borrowing arrangements of DCCBs are called refinance. DCCBs get refinance from NABARD through the SCBs.

**Capital and Reserves:**

For a banking institution to raise resources either as deposits or borrowings would require that the institution have a capital base consisting of equity and reserves. In a cooperative bank primarily driven by providing credit to its members at a reasonable cost, maximizing return on equity remains secondary. Further, raising capital from the public at large may compromise its mandate. Hence, the equity of the DCCBs is raised from the affiliated member institutions. Normally, as per statute, a borrowing member has to contribute equity in proportion to the borrowings made by the institution from the bank.\(^{31}\) This does make it difficult for the cooperative banks to have a large capital base and in the present times when capital adequacy is becoming a major issue in banks, cooperatives may in the conventional industry sense be under-capitalized. To overcome this constraint of capital, State
Governments have contributed to the equity of DCCBs to strengthen their capital base, but this has its own pros and cons. The second source of own capital is the reserves and surpluses created from operations. Operating on small spreads, DCCBs do not accumulate too much surpluses and therefore this forms a small component of the capital base.

**Loans and Advances:**

The major business of the cooperative banks is lending. One way of classification of loans is according to the tenor for which the loans are made out. Short term production loans are extended for raising crops. These are routed through the Primary Agricultural Credit Societies (PACS). For the purpose of extending ST credit, each PACS is required to make an assessment of credit need of its members and forward the same to the DCCB. The DCCB based on the past performance of the society and the resources available with it sanctions funds to the society for disbursement of crop loans to the members. A large portion of the crop loans disbursed by DCCBs is with refinance support from NABARD. The Government of India has introduced an interest subvention scheme whereby loans upto Rs. 3 lakhs are extended to farmers at an interest rate of 7 per cent and Government of India provides a
interest subsidy of 2 per cent to the banks. Short Term Agricultural Credit is a key area of the DCCBs operations and could be considered a mandate of the bank.\textsuperscript{32} The needs for short term credit or crop loans have an overriding priority in DCCB loans. Because of the overriding priority that this segment of the lending portfolio of banks attracts, it receives attention from the State Cooperative Bank, NABARD and the Governments both State and Central. The result is that the portfolio is directed and has limited flexibility.

**Term Loans:**

The cooperatives also offer term loans to farmers. These can be delivered either through the PACs or directly to the farmers by the DCCBs. For such financing, the DCCBs can obtain refinance from higher lending agencies like NABARD, who channelize these funds through the State Cooperative Banks. Term loans are extended for a wide range of purposes, from excavation of wells, purchase of pump sets to horticulture, animal husbandry and even rural transport like tractors and other farm equipments.\textsuperscript{33} The loan requirement of the project is arrived at based on the aggregate of the cost of various components of investments and then deducting the margin that the borrower will have to provide. The repayment
installment and period is fixed based on the incremental income that will be derived from the asset and the life of the asset. Usually, for small and marginal farmers, around half of the incremental income is taken for the servicing of the bank loan.

**Other Loans:**

The DCCBs can also extend credit for other activities. One of the major avenues for credit deployment by cooperative banks is extending credit to other cooperative institutions in the district such as Cooperative Sugar Factories, Milk Unions and Cooperative Spinning Mills. Considering the resources available with the bank and the lending opportunities that emerge, the banks can also deploy credit in other types of loans including jewel loans, consumer durable loans, loans to cooperative credit societies etc. But considering the primary mandate of the bank, these activities can be done only after the agricultural credit demands have been adequately met. All these potential markets have been well recognized in urban and semi-urban centers, but there is still a vast potential in Rural India where the reach of the Commercial Banks is inadequate and is unfamiliar territory for them. It offers good scope for the DCCBs to build business there.
Functions Of The State Apex Co-Operative Bank:

The state cooperative bank extends short term and medium term loans and advances primarily for agricultural and other allied activities. It also provides credit for various rural development projects through district central cooperative banks, apex cooperative institutions, consortium arrangements and directly through its head office and branches. In addition to providing loans and advances, it extends various other ancillary banking facilities such as hiring of safe deposit lockers, accepting of articles of safe custody, funds transfers etc. The bank takes up the following activities towards affiliate’s development:-

- It forms consortium of district central cooperative banks for financing various cooperative sugar mills in the state.

- It helps the cooperative banks and primary agricultural cooperative banks in the state. District central cooperative banks channelize their investments both for statutory and non-statutory purposes. It assists them in trading in securities by providing expertise for buying and selling of securities.
• The bank has constituted the "Primary Cooperative Development Fund" for the purpose of providing financial assistance to primary agricultural cooperative banks in the state for construction of strong rooms, purchase of jewel safes, installation of defender doors, installation of modern banking counters etc.,

• The apex bank monitors the functioning of district central cooperative banks in the state, inspects their activities periodically and provides necessary guidance for the efficient running of the banks.

• The bank has formulated the deposit guarantee scheme for primary agricultural cooperative banks at the instance of Government of India / Government of Maharashtra with a view to providing insurance coverage for the deposits accepted by the primary agricultural cooperative banks.

• The bank has a separate cell for monitoring the progress made under development action plans for all the district central banks.
• The bank has created a technical cell for the purpose of providing technical expertise on project evaluation to all the district central cooperative banks for the purpose of clearing projects under non-farm sector schemes of National Bank for Agricultural and Rural Development.

The bank convenes state level technical committee meeting every year for fixing uniform scales of finance for all crops for each district in the state for financing seasonal agricultural operations.

**Vaidhyanathan Committee’s Recommendation:**

Structural Changes in Primary Agricultural Co-operative Banks:

The PACBs should confine their activities only to rural credit and they should not get themselves involved in the non-credit activities like PDS etc. Therefore it is suggested that Primary Co-operative Marketing Societies may be promoted for running the fair price shops.
• **Co-operation within co-operatives:**

The SHGs could be made members of the co-operative society. Each Primary Agricultural Cooperative Bank shall be a conglomeration of self-help groups, as each SHG is a “Micro Co-operative Society” and this will ensure division of not only power but also an empowerment for the members.

• **Single Window Lending:**

Long term loans could be provided to the farmers by the District Central Co-operative Banks. This will enable the farmers to avail of all their credit needs from a single institution. TNCSARDB could be merged with the Tamil Nadu State Apex Co-operative Bank and PCARDBs could become branches of District Central Cooperative Banks.

• **Member’s accountability and Members’ participation:**

In the absence of members’ participation, the Board of management and the officials misuse their position and mismanage the affairs of the societies. The members should jointly work to derive the benefits from the society. To promote the members interest and welfare, the committee
suggested formation of sub-committees viz., Members grievances Committee, Loan committee, Recovery and Relief Committee, Resources Management Committee and Elected Advisory Committee from the above subcommittees etc., 160

Apart from providing financial assistance and financial restructuring, institutional reforms need to be carried out in order to ensure that the cooperatives are run on professional lines with greater autonomy and participation of its members, which have been spelt out in detail in the report of the report of the Vaithyanathan Committee.

**Role of Cooperative sector in Maharashtra Economy:**

Maharashtra is the pioneer State in the country to initiate the cooperative movement Cooperative movement is basically people’s initiative supported by the State Government’s facilitation for prevention of exploitation of cultivators from money lenders and for raising economic levels of vulnerable, unorganized people engaged in various social and economic activities. Initially, the movement was confined mainly to the field of agricultural credit.37 Later on, it spread rapidly to other fields such as agro processing, agro marketing, rural industries, consumer, stores, etc. This has resulted in development of growth centers across the state with
adequate social infrastructure facilities. However, in the globalization scenario, the movement has been facing serious challenges of competition from multinational, resource constraints and lack of professionalism, etc.

**Strategies of Eleventh Five Year Plan:**

Co-operative credit and banking institutions play an important role in meeting the growing credit needs of rural Maharashtra. It is imperative that the problems and constraints identified are addressed so that the sector is revitalized during the Eleventh Plan period. Against this background, the objectives, strategies and proposals are formulated as follows:

- Improving health of Co-operative Credit Institutions at the village level.
- Diversifying business opportunities.
- Prioritizing lending to weaker sections.
- The co-operative institutions will be strengthened so as to enable them to discharge their functions in an efficient and effective manner.
- Apart from providing them with financial assistance and financial restructuring, institutional reforms need to be carried out in order to ensure that the co-operatives are run
on professional lines with greater autonomy and participation of their members.

- District Central Co-operative Banks will provide long term loans.
- This will diversify their portfolio and enable the farmers to get their short term, medium term and long term credit requirements under a single window system.
- Issue of farm sector loans will be doubled. It will be ensured that all credit co-operative societies will become vibrant, viable and strong institutions.

Estimated percentage of loans to weaker sections will be increased.

**New Directions for Greater Autonomy:**

During the past few years some beneficial and important changes have taken place in the cooperative movement which has given a quite new and progressive slant. A supportive climate has been created for the development of cooperatives as democratic and autonomous businesses providing them with the opportunities for diversification. The cooperatives have long been demanding that the Central Government introduce democratic reforms in their regulation, supervision and functioning. With the persistent efforts
of the National Cooperative Union of India, the Central Government recently passed the Multi-State Cooperatives Societies Act and also formulated a national cooperative policy that provides greater autonomy to cooperatives.39

The Government is providing educated personnel and right type of leadership. Government is adding to their responsibility of these institutions by entrusting them with the work of distributing several commodities. Government is seeking its participation in the performance of some national tasks.: like procurement of food grains. The laws relating to cooperatives are being modified to make it qualitatively stronger. The Reserve bank of India now contributes a lot for the promotion of healthy cooperative movement through its several activities such as supervision, research, training facilities etc. As result now there is more cooperation and coordination among different constituents of the cooperative structure.

1. The scope of cooperatives have extended and diversified.
2. Emphasis is given on multipurpose societies.
3. Maximum number of societies is now run on the basis of limited liabilities.
4. The size of the societies is extended on the basis of scientific principle.

5. It is perceived as the powerful strategy of economic growth.

At present, the Government of India is in the process of formulation of National Policy on Co-operatives which is likely to uphold the values and principles of co-operation recognizing its autonomous characters and attaching priority to professionalism, human resource development and to act as preferred instrument for execution of public policy in rural areas and in sectors where they provide the most effective delivery system. To strengthen their competitive edge in the market total quality control initiatives, management initiatives and cost reduction initiatives will also be taken up. It is now increasingly recognized that the co-operative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization and liberalization, and continue to play an important role in employment promotion and poverty alleviation, both as production enterprises – mainly of the self-employed – and as providers of services to members. Although cooperatives are not instruments of employment promotion, they do effectively create and maintain employment in both urban and rural areas and thus
provide income to both members and employees in the form of
shares of surplus, wages and salaries or profits depending of the
type of cooperatives.

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37. Santosh Dastane - Glimpses of Maharashtra - DastaneRamchandra& Co, Pune.)
38. (Co-operatives including Agricultural Credit- - All India Rural Credit Survey)
40. Vinayagamoorhty - Tamil Nadu Globalization and Cooperative Sector in India.