Chapter No. 02

Research Design

- Introduction.
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- Restructuring Cooperative Credit.
- Credit Card Scheme.
- Rate of Interest on Agricultural Loan.
- Rehabilitation Package for Distressed Farmers.
- Simplification of Procedures.
- Standing Guidelines for Relief due to Natural Calamities.
- National Agricultural Insurance Scheme (NAIS).
- Establishment of DCC Banks.
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**Introduction:**

Co-operatives are the most successful community-based economic democracies in the world. More than 725 million people around the world, in every nation and culture, use co-operatives to meet their economic and social needs.\(^1\) Co-operatives operate successfully in every area of business activity. The global economy and society are characterized by rapidly growing investor based corporations, worsening distribution of wealth, the erosion of meaningful democracy and increasing ecological stress. Economic democracy, the co-operative way of doing business, offers growing opportunities and increased hope to slow and reverse these trends. Attitudes toward co-operatives are generally positive. Co-operatives are good public policy! Co-operatives can offer people worried about quality, value, work standards, pollution, product safety and a fulfilling work place, an alternative they can trust. In an increasingly complex world people need to be able to trust businesses they rely upon. They need more real influence. Co-operation offers exciting solutions. Co-operatives are being challenged.
A co-operative movement in Maharashtra has been decried as cross section of India’s total co-operative movement because Maharashtra has remained a model for co-operative movement in India. The co-operative movement has transform life of rural farmers and played the role of a catalyst socio-economics. DCCB’s can be describing life line of district rural economy. We can very well develop this movement by finding our drawbacks and suggesting remedies. The co-operative movement is supporting farmers to safeguard from money lenders. Rural credit system plays a key role here through DCCB’s organizational network. The co-operative bank today are undergo through crises. The liberalization privatization and globalization have crated many problem for the require a scientific treatment and for the same purpose the present topic has been selected serious research work.

The co-operative movement has played a vital role in the socio-economic development of rural Maharashtra. It would be very much useful. To conduct regional studies of the working of District central Co-operative Banks in scientific manner. Though studies have been conducted regarding co-operative movements in western Maharashtra’s co-operative movement has been not yet
been properly studies. Hence the subject is mostly neglected and unexplored.

North Maharashtra’s comprise of four district of Khandesh namely Nashik, Dhule, Jalgoan and Nandurbar. This area false under Tapti-Godavari Wally. It the case study special focus has been given on Nashik District because Nashik is well developed in sugarcane, Groups and onions. Due to fasted agro industrial development, this can be a most benefiting subject matter for the proposed case study.

**Rural Credit System:**

The rural credit system in the country has undergone radical changes in respect of focus, structure and approach overtime. Prior to the institutionalization of credit, the farmers where excessively dependent on the non-institutional credit sources especially an private money-lenders, who failed to provide the farmers the necessary and timely credit at appropriate cost.³ In order to overcome the above hurdles and to supply the farmers with adequate and timely credit at appropriate costs, the institutionalization of credit was started with the establishment of cooperatives following the enactment of cooperative societies Act
1904, under which came the cooperative credit societies. Subsequently the nationalization of the banks was done for widening the role of commercial bank by urging them to open branches in the rural areas to meet credit needs of the rural people. Both the cooperatives and commercial banks have made substantial progress over the years in providing credit to agriculture which has been classified as a “priority sector” under the credit policy formulated by the Reserve Bank of India.

The cooperative credit structure has two arms namely production credit (short-term credit structures) which comprises of Primary Agricultural Credit Societies (PACS) at the base level, District Central Cooperative Banks (DCCB) at the intermediate level and State Cooperative Banks (SCB) at the apex level and the investment credit (long-term credit structure) which comprises State Cooperative Agriculture and Rural Development Banks (SCARDB’S) which have a unitary structure with branches in some states or a federal structure supporting the Primary Cooperative Agriculture and Rural Development Banks (PCARDB’S) and their branches in other state. Commercial banks, another important constituent of the rural credit system have been extending all types of loans.
Restructuring Cooperative Credit:

In August 2004, the Government of India constituted a task force under the chairmanship of Professor A. Vaidyanathan for suggesting measures for the revival of cooperative credit institutions. The task force submitted its report in respect of a short-term cooperative credit structure and recommended a financial package of Rs 14839.00 crore for rural credit co-operative institutions. Based on the consensus arrived at with the state governments and other stakeholders on the recommendations made by the task force, the central government approved the revival package that involves financial assistance of Rs 13596.00 crore. NABARD has been designated as the implementing agency for the revival of the short-term cooperative credit scheme. A Department for Cooperative Revival and Reforms has been set up in the head office of NABARD for facilitating the implementation process. For guiding and monitoring the implementation of the revival package, a National-Level Implementing and Monitoring Committee (NIMC) have been set up under the chairmanship of the governor of the RBI. The provision of financial assistance under the package has been linked to reforms in the cooperative sector. In order to avail financial assistance under the package, the state governments are required to sign an MoU with
NABARD, committing to implement the legal, institutional and other reforms as envisaged in the revival package. So far, eight state governments, namely, Andhra Pradesh, Maharashtra, Gujarat, Rajasthan, Orissa, Madhya Pradesh, Uttar Pradesh and Uttrakhand have signed MoUs with the Government of India, and four other state governments, namely, Punjab, Bihar, Tamil Nadu and Sikkim, have conveyed their consent for participation in the revival package. The same task force has also submitted its report for revival of the long-term cooperative credit structure.

**Credit Card Scheme:**

The KCC was introduced in August 1998 for short- and medium-term loans to provide adequate and timely credit support from the banking system in a flexible and cost-effective manner, covers 644.65 lakh farmers throughout India as on 30 December 2006. The scheme has been extended with effect from 31 October 2006 for all kinds of loan requirements of borrowers of the SCARDBs under the KCC, viz, short-, medium- and long-term and a reasonable component of consumption credit within the overall limit sanctioned to the borrowers.
Rate of Interest on Agricultural Loan:

In the Union Budget for the year 2006-07, it was announced that effective from *Kharif* 2006-07, farmers would receive crop loans up to a principal amount of Rs 3.00 lakh at 7 per cent rate of interest and that the Government of India would provide the necessary interest subvention to NABARD for this purpose. Further, in order to provide relief to the farmers who have availed of crop loans from CBs, RRBs and PACS for *Kharif* and Rabi 2005-06, an amount equal to two percentage points of the borrower’s interest liability on a principal amount up to Rs1.00 lakh has been credited to their bank account before 31 March 2006. The Government has provided a sum of Rs 1700.00 crore for this purpose in the Union Budget for the year 2006-07.⁸

Rehabilitation Package for Distressed Farmers:

The Government of India has approved a rehabilitation package of Rs 16978.69 crore for 31 suicide-prone districts in the states of Andhra Pradesh, Maharashtra, Karnataka, and Kerala. The package will be implemented over a period of 3 years and includes both immediate and medium-term measures.⁹ The rehabilitation package aims at establishing a sustainable and viable farming and livelihood support system through debt relief to
farmers, improved supply of institutional credit, a crop-centric approach to agriculture, assured irrigation facilities, watershed management, better extension and farming support services, and subsidiary income opportunities through horticulture, livestock, dairying, fisheries, etc.

Simplification of Procedures:

The RBI has issued instructions to banks to waive margin/security requirements for agricultural loans up to Rs 50,000. The introduction of the KCC scheme has also facilitated the extension of easy credit to the farmers. As the card is valid for three years, the farmers have been freed from routine documentation every year. The scope of the KCC has been expanded to include credit for investment purposes, as well as an element of consumption loan.

Standing Guidelines for Relief due to Natural Calamities:

The RBI has issued standing guidelines to banks for providing relief to farmers in areas affected by natural calamities. These guidelines have been issued to enable banks to take uniform and concerted action expeditiously, and particularly to provide financial assistance to farmers affected by natural calamities.
National Agricultural Insurance Scheme (NAIS):

This scheme, with increased coverage of farmers, crops and risk commitment, was introduced in India from Rabi 1999-2000, replacing the erstwhile Comprehensive Crop Insurance Scheme (CCIS). The main objective of the scheme is to protect farmers against crop losses suffered on account of natural calamities, such as drought, flood, hailstorm, cyclone, pests and diseases. The scheme is being implemented by the Agriculture Insurance Company of India Ltd (AICL). The scheme is available to all farmers – both loanee and non-loanee – irrespective of their size of holding. It envisages coverage of all food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultural crops, in respect of which past yield data is available for an adequate number of years. Among the annual commercial/horticultural crops, sugarcane, potato, cotton, ginger, onion, turmeric, chillies, pineapple, annual banana, jute, tapioca, coriander, cumin and garlic, have already been covered under the scheme. All other annual commercial/horticultural crops are stipulated to be insured in due course of time, subject to availability of past yield data. The scheme is operating on the basis of ‘area approach’, i.e., defined areas for each notified crop.¹²
The premium rates are 3.5 per cent (of sum insured) for bajra and oilseeds; 2.5 per cent for other Kharif crops; 1.5 per cent for wheat, and 2 per cent for other Rabi crops. In the case of commercial/horticultural crops, actuarial rates are being charged. Small and marginal farmers are entitled to a subsidy of 50 per cent of the premium charged from them, which will be shared 50:50 by the central and state governments. The premium subsidy will be phased out over a period of five years. During 2006-07, a 10 per cent subsidy on the premium is available to small and marginal farmers. The scheme is optional for states/UTs. At present, the scheme is being implemented by the following 23 states and two UTs:

<table>
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<tbody>
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<td>25. Andaman and Nicobar</td>
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Details of farmers covered, area covered, and sum insured and insurance charges under the NAIS during the last 14 crop seasons (i.e., from Rabi 1999-2000 to Kharif 2006) is given as under:

Table No. 2.01:

Details of farmers covered, area covered, and sum insured and insurance charges under the NAIS during 1999-2000 to 2006.

(*Rs in crore)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Seasons</th>
<th>Farmers covered</th>
<th>Area (in hect.)</th>
<th>Sum Insured *</th>
<th>Premium*</th>
<th>Total Claims*</th>
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<tbody>
<tr>
<td>1</td>
<td>Rabi 1999-2000</td>
<td>579940</td>
<td>780569</td>
<td>356.41</td>
<td>5.42</td>
<td>769</td>
</tr>
<tr>
<td>2</td>
<td>Kharif 2000</td>
<td>8409374</td>
<td>13219829</td>
<td>6903.3</td>
<td>206.74</td>
<td>1222.48</td>
</tr>
<tr>
<td>3</td>
<td>Rabi 2000-01</td>
<td>2091733</td>
<td>3111423</td>
<td>1602.68</td>
<td>27.79</td>
<td>59.49</td>
</tr>
<tr>
<td>4</td>
<td>Kharif 2001</td>
<td>8696587</td>
<td>12887710</td>
<td>7502.46</td>
<td>261.62</td>
<td>493.54</td>
</tr>
<tr>
<td>5</td>
<td>Rabi 2001-02</td>
<td>1955431</td>
<td>3145873</td>
<td>1497.51</td>
<td>30.15</td>
<td>64.66</td>
</tr>
<tr>
<td>6</td>
<td>Kharif 2002</td>
<td>9768711</td>
<td>15532348</td>
<td>9431.69</td>
<td>325.47</td>
<td>1824.31</td>
</tr>
<tr>
<td>7</td>
<td>Rabi 2002-03</td>
<td>2326811</td>
<td>4037824</td>
<td>1837.55</td>
<td>38.50</td>
<td>188.55</td>
</tr>
<tr>
<td>8</td>
<td>Kharif 2003</td>
<td>7970830</td>
<td>12355514</td>
<td>8114.13</td>
<td>283.33</td>
<td>649.88</td>
</tr>
<tr>
<td>9</td>
<td>Rabi 2003-04</td>
<td>4421287</td>
<td>6468663</td>
<td>3049.4</td>
<td>64.06</td>
<td>490.67</td>
</tr>
<tr>
<td>10</td>
<td>Kharif 2004</td>
<td>12687046</td>
<td>24273242</td>
<td>13170.49</td>
<td>458.94</td>
<td>1037.64</td>
</tr>
<tr>
<td>11</td>
<td>Rabi 2004-05</td>
<td>3531045</td>
<td>5343244</td>
<td>3774.21</td>
<td>75.85</td>
<td>160.59</td>
</tr>
<tr>
<td>12</td>
<td>Kharif 2005</td>
<td>12673420</td>
<td>20530607</td>
<td>13517.73</td>
<td>449.88</td>
<td>1054.76</td>
</tr>
<tr>
<td>13</td>
<td>Rabi 2005-06</td>
<td>4045335</td>
<td>7216771</td>
<td>5069.43</td>
<td>104.78</td>
<td>252.29</td>
</tr>
<tr>
<td>14</td>
<td>Kharif 2006</td>
<td>6646649</td>
<td>10105442</td>
<td>7500.27</td>
<td>233.16</td>
<td>NA</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>85804199</td>
<td>139009060</td>
<td>83327.45</td>
<td>2565.69</td>
<td>7506.54</td>
</tr>
</tbody>
</table>

The outlay for the Tenth Plan was fixed at Rs 1500.00 crore against which Rs 1992.47 crore was utilized during the first four years of the Tenth Five-Year Plan, i.e., up to 31 March 2006. Out of the budget provision of Rs 500.00 crore (including Rs 1.00 crore for NER for the year 2006-07, Rs 499.00 crore has been utilized up to 31 December 2006. No state-wise allocation is made under the scheme.

**Establishment of DCC Banks:**

The introduction of the cooperative credit societies Act in 1904 for providing production credit to farmers marked the beginning of the institutionalization of cooperative banking system in India. The act of 1904 was amended in 1912 to facilitate the establishment of central cooperative banks at the district level, thereby giving it a three tier federal character.\(^{14}\) After the independence of the country, at the recommendations of the A.D. Gorwala committee (1954) one central cooperative bank for each district became dictum, particularly in the bigger states with a view to provide stability and facilitate emergence of a strong and powerful cooperative credit structure for the development of all cooperative activities at the district level. The establishment of central cooperative banks (DCCBs) at the district level was to serve
as a link between the ultimate credit disbursing outlets, viz., Primary Agricultural Credit Societies (PACS) at the base level, District Central Cooperative Banks (DCCB) at the intermediate level and State Cooperative Banks (SCB) at the apex level. Until the nationalization of fourteen major commercial banks in 1969, DCCBs had the unique distinction of being the exclusive banking institution in the rural areas. Until the introduction of financial sector reforms in the country, in the wake of the Implementation of the recommendations of Narasimhan committee (1991), the issues related to operational efficiency and financial viability of the banking institutions in India were generally subsumed under the social banking/ target oriented banking norms. In fact, even after the introduction of reforms in the banking sector in 1992-93, the application of prudential and other disclosure norms were restricted largely to the commercial banks (PSBs) in India.

The cooperative banking sector in general, was excluded from its implementation in the initial few years, mainly in few of the states sponsored and state patronized character of the cooperatives in India. Now that the prudential norms are also made applicable to the cooperative banking sector, it is necessary to review the performance of the DCCBs and assess their
substantiability or prospects to cope with the new reforms generated norms. A strong network of DCC banks is a pre-requisite for sound performance of the cooperative credit structure. DCC banks not only provide the much-needed financial support to PACS, but also ensure the smooth flow of credit to various sectors in the district. They also ensure the strict implementation of the developmental schemes in the cooperative sector of the state and avoid the misuse of the funds by PACS or the select affluent sections of the rural society.16

**Background of Study:**

In three tier structure of working, District Central Co-operative Banks (DCCBs) operate in the middle/district level by providing finance to the primary credit societies, accepting of deposits, granting of loans/advances, fixed deposit receipts, gold/bullion, goods and documents of title of goods, collection of bills, cheques, safe custody of valuables and agency services. The financial situation of co-operative banks in India cannot be claimed sound at present. Many banks became insolvent and others are on the verge of mergers or acquisition. Various scams have been surfaced in 2001-02 in co-operative sector which had given a big jolt to the banking sector. In 2005-06, the RBI
cancelled licenses of 14 Urban Co-operative Banks and DICGC made a payment of Rs. 565 crore towards the settlement of depositor’s claims.17

During 2006-07, as many as 25 co-operative banks closed operations resulting into a payout of Rs. 438 crore by the insurer towards settlement of depositors' claims. In the year 2007-08, failing co-operative banks have cost Reserve Bank's credit insurance arm dearly as it had to shell out over Rs. 123.37 crore towards payment to depositors of 17 insolvent banks. The Reserve Bank's credit insurance arm has paid over Rs. 142 crore to depositors of 19 co-operative banks that have gone bankrupt till March 2009. As 32 Co-operative Banks failed between January and December 2009, Rs. 482 crore has been paid by DICGC to settle the dues of the depositors. Keeping in mind the vulnerable situation of the co-operative banks, many committees suggested for revitalization of co-operative banks and Government announced the financial package of Rs. 14,839-crore as suggested by A. Vaidyanathan panel. NABARD has been the implementing agency for the Revival package for the Short Term Co-operative Credit Structure. As indicated in the annual policy statement of April 2008, the Government approved a package and Rs 4,740
crore has been released by the NABARD. However, co-operative banks have made a commendable progress in extending its geographical spread and functional reach, yet huge decline in productivity and efficiency, erosion of profitability, unrealizable debts and increase in unviable branches have been seen inspite of Government help. Considering these facts, probing into the financial and operational aspects of these institutions becomes significant. In the present study it is tried to investigate into the financial and operational affairs of District Central Co-operative Banks operating at district level in Nashik with focus on Profitability, Liquidity, Solvency, Efficiency, Risk and Viability for twelve year period (1997-98 to 2008-09).18

**Significance of the study:**

The present study can be very much significant on the basis of following ground—

1. This study can throw light on co-operative banking in the Maharashtra State.

2. The present work is the model case study of Rural Co-operative banking in the pioneering agro-industrial development.
3. District central co-operative Banks in North Maharashtra would be providing a guideline for other DCBs in Maharashtra in general and Khandesh in particular.

4. The present work can be a new contributing to the subject matter the regional and district level approach of the present study would be parallel to each other.

**Objectives of The Study:**

Every research requires specific objective without such objective theme of research cannot be persuaded.\(^9\) In any research project there is need of specific objectives, because such objective help a great deal to arrive at a correct focus, while conducting scientific research work, According to *Bhandarkar Wilkinson* “A social researcher is interested in the discovery and inter-orientation of social patterns of behavior similarities and dissimilarities that apply to typical social phenomenon and social system generally.”

1. To take the review of importance of Cooperative credit.

2. To study the performance and working of DCCB’s in Maharashtra.
3. To examine the credit structure of DCCB’s which special reference to rural credit system in Maharashtra.

4. To review the financial performance of District Central Cooperative Banks in Maharashtra.

5. To examine the financial performance of Nashik District Central Cooperative Bank.

6. To find out the impact of credit on sample beneficiaries in Nashik District.

7. To suggest suitable remedies for improving the overall performance of DCCB’s.

**Research Methodology:**

This work is be conducted by following exploratory Research Design through following stages.

1. **Review of Literature:** In this study the researcher reviews the 20 studies based on the topic. This can enable to understand strong points and limitation of the present work. Further annual reports of DCCB’s would also be studies some important state level report on co-operative movement can also be critically studies here both primary and secondary data is used for fact finding purpose.
2. **The Filed Survey:** The Sample of 200 beneficiaries selected by conducting social survey in Nashik District. A questioner is prepared for this purpose. This questioner is having 25 questions to judge the performance of DCCBs in Nashik District of Maharashtra State.

3. **Insight Stimulating:** More Than 20 experts in the field of each district central co-operative banks of Nashik District would be approach an indebt interview for understanding nexus of the problem.

4. **Secondary Data:** The references and source material for the present research work is collected from the following research center and institutions.

   2. Dr. Babasaheb Ambedkar Marathwada University, Library Aurangabad.
   3. North Maharashtra University Library, Jalgaon.
   4. Vailkunth Bhai Mehata Co-operative Research Institute, Pune.
   5. Jaikar Library, University of Pune.
   6. YCMOU Library, Nashik.
7. District Central Cooperative Banks

The secondary data so far collected from various sources is analyzed in tables and graphs with the help of necessary statistical tools.

The period of work:

The research period for the present study is considered from 2000-01 to 2009-10. For this purpose ten years annual report of Nashik District Central Cooperative Banks is collected and financial performance is analyzed in tables and graphs.

Chapters Scheme:

The following are the chapter scheme of the present research Work.

Chapter 1: The Concepts And Background: In this chapter briefly the concept of co-operative rural credit and district bank is explained. Further brief introduction regarding land society and economy of North Maharashtra will be briefly highlighted.

Chapter 2: Research Design: In this chapter exploratory design of research work is highlighted. Further three stages in this
design. Such as survey of literature, field study and insight stimulating example can be presented one after another.

**Chapter 3: Co-operative Movement in Maharashtra and Functioning of DCCB’s :** In this chapter brief history of Co-operative Movement in India and Maharashtra is described and covered to the history of co-operative movement during last 100 years. The glorious tradition of Maharashtra can be highlighted here.

**Chapter 4: Performance of Nashik District Central Cooperative Bank:** In this chapter the detailed review of financial and physical progress of Nashik District Central Cooperative Bank is undertaken during the study period i.e. 2000-01 to 2009-10.

**Chapter 5: Field Survey and Data Analysis:** In this chapter a detail report based on table and grapes is presented by understanding and collecting data best on questioner. This scientific report can be outcome of sample based on 200 respondents.
Chapter 6: Problems and Diagnoses: This chapter is present a sharp focus on problems, success, failure and salient future and challenges of DCCB’s.

Chapter 7: Conclusions and Suggestions: In this chapter conclusions and important findings are noted and given some important suggestions for the better performance of DCCBs.

Review of Literature:

1. Singh V.B. (1990) has published land development banking in India the book published in 1990 by common wealth publishers New Delhi the study reveals the overall progress of land development banking in Bihar so far has been inadequate and far from satisfactory.

2. Gosavi N.B. (1991) the evaluation of performance of the Taloda sub-branch of MSCLD bank limited in respect of agriculture development of Taloda tehsil which is a dissertation report accepted for the degree of master of philosophy in commerce by the university of Poona in 1991 in this study an attempt has been made to evaluate the
performance of the MSCARD bank in Taloda tehsil of Dhule district during 1981-82 to 1985-86.

3. **M. Imran Siddeque (1991)** land development banking is the publishers in 1991 by Khama publishers New Delhi in this book, he has made a modest attempt to present an analytical study of and development banking in the country with reference to Uttar Pradesh in its various aspects like organization, financial resources, recovery of loans, and overdue.

4. **Gadgil (1994)** had discussed in his study that the future likely impact of financial sector reforms on the formal agricultural credit system. Thus, the economic viability and successful and efficient functioning of cooperatives have been the raison of a generation of economists, especially in the aftermath of the dawn of liberalization era and consequent changes in the economic scenario.

5. A study undertaken on Cooperative Finance and Taxation by **Robert C. Rathbone (1995)** provides an overview of cooperative finance and the characteristics of agricultural
cooperatives that make their financial and taxation requirements unique. Discussion includes member equity, base capital plan, equity redemption, special equity redemption programs, measuring equity performance, debt capital, cooperative taxation, and the future of cooperative finance.

6. **Patil M.B. (1995)** has published a research article on performance of primary cooperative agriculture and rural development banks in Karnataka in cooperative perspective the journal of cooperative management volume 30 published in 1995 in his work he has attempted to evaluate the performance of these grass root level investment credit cooperatives in Karnanataka the searchers has incorporated the parameters like membership share capital working capital deposits loans overdue cost of management profit and loss.

7. One of the most important studies on Cooperative Historical Statistics (1998) by **Celestine C. Adams** provides time series data on marketing, farm supply, and related service cooperatives from 1863 to 1996. Statistics include
memberships and number of cooperatives by type, business volume by commodity, and size of business. Information is carried on new organizations and discontinuances of cooperatives. Market share data for selected years are given.

8. **Subrahmanyam (1999)** - While examining reforms in the cooperative credit sector, he not only delves into the positive and negative effects of the policy reforms but also suggests some new steps that need to be initiated to truly restructure and bolster the cooperative credit sector in the country.

9. One of the arguments of Shivamaggi (2000) is not in favour of leaving the cooperatives alone to face up the challenges of market forces since they still require government support in their lending business and deposit mobilization. In fact, the weakness of cooperative banking lies at the primary level. In majority of the states neither the deposit mobilization nor the borrowing membership of PACS is high. For instance, during 1996-97 the borrowing membership was less than a fourth of the total membership in Uttar Pradesh (20 per cent), Karnataka (17 per cent), Assam (0.20 per cent), and Maharashtra (24 per cent).
10. **Rama Reddy (2002)** President of Hyderabad based Cooperative Development Foundation in his study Cooperative Bank Scams in India -Cooperative Banks - A Profile. He discussed in the study that in the early 20th century, the availability of credit in India, more particularly in rural areas was nonexistent. There was no organized institutional credit for agricultural and related activities. People in the rural areas largely depended on money lenders who lent money at very high rates of interest. Thus, there was need to create an institution which would cater to the needs of ordinary people and was based on the principles of cooperative organization and management. In 1904, the first legislation on co-operatives was passed. In 1914, the Maclagen committee suggested a three tier structure for cooperative banking i.e. Primary Agricultural Credit Societies at the grass root level, Central Cooperative Banks at the district level and State Cooperative Banks at the State or apex level. Cooperative banks were expected to serve as substitutes for money lenders, and provide both short-term and long-term institutional credit at reasonable rates of interest.
11. **Ms. E. Jeevitha (2003)** published a research article entitled ‘Rural Banking’ concludes that Rural banking in India started since the establishment of banking sector in India. Rural Banks in those days mainly focused upon the agro sector. Today, commercial banks and Regional Rural Banks in India are penetrating every corner of the country are extending a helping hand in the growth process of the rural sector in the country. This paper throws light on - Rural Banking, functioning for development of rural areas, Co-operative banks and rural credit, Commercial banks and rural credit, Regional rural banks and rural credit, Role of RBI in rural credit, marketing of mutual fund units-RRBs

12. **Kainth G. S. (2004)** in his studies India's rural cooperatives discussed on Information on the co-operative movement in India. State case studies of Assam, Bihar, Goa, Punjab and Rajasthan are included. The topics are dealt with - the role of co-operatives in rural development; performance, constraints and prospects of co-operative marketing societies; consumer co-operatives in developing countries; the problems of co-operative farming in India; the performance of a co-operative vegetables marketing
federation; co-operative rural credit; long-term credit requirements of rural India and the role of primary land development banks (PLDBs); management of the Nalanda Central Co-operative Bank in Bihar; Agricultural Credit Cooperatives in Karnataka; the role of agro-industrial cooperatives in the rural economy; the economic performance of dairy co-operatives; co-operative sugar factories and rural development in Maharashtra; the performance of a lift irrigation co-operative in Maharashtra; fishery co-operatives in Himachal Pradesh; the role of women’s co-operatives in rural development; rural women dairy co-operatives in West Bengal; and the impact of liberalization on rural co-operatives.

13. **Jadhav K L & Kasar D V (2005)** completed a research on Performance of District Central Co-operative Banks in Maharashtra: A Model for Quantitative Analysis published in Indian Journal of Agricultural Economics. The attempt has been made to examine the performance of District Central Cooperative Banks (DCCBs) in Maharashtra by way of studying the growth in performance indicators and estimating Performance Index (PI). The study is based on
secondary data obtained from 30 DCCBs in Maharashtra for the period from 1985-86 to 2000-01. The study revealed that the performance of DCCBs in Maharashtra in terms of the number of branches, membership, share capital, loans and advances, and recovery was satisfactory during pre-banking reform period, i.e., 1985-86 to 1993-94. Further, a better performance was noted in respect of reserve funds, own funds, deposits, investment, profits and importantly, reduction ...

14. Shah Deepak (2007) - - Evaluating Financial Health of Credit Cooperatives in Maharashtra of India. An analysis encompassing two case studies conducted in forward and backward regions of Maharashtra (India) has shown deterioration in the financial health of central level credit cooperatives (Sangli District Central Cooperative Bank (SDCCB)) in forward region and gross inefficiency in their functioning (Buldana District Central Cooperative Bank (BDCCB)) in the backward region of the state, due mainly to their mounting NPAs or overdues’. Because of substantially high NPAs, the fixed expenses of these institutions have been adversely affected, which in turn have grossly affected the
break-even levels of loan advances and deposits of these credit institutions, so much so that there has been huge gap between the break-even levels of loan advances and deposits and the actual loan advances and deposits. In the case of BDCCB, the deficit between actual and the break-even levels are so high (about 60 per cent) that it will be well-nigh impossible for it to overcome this situation. High transaction costs, poor repayment performance, and mounting NPAs are the root causes of the moribund state of rural credit delivery through these cooperatives. Further, it is to be noted that the estimated trend over the past two decades in Maharashtra shows a slower growth in institutional finances through credit cooperatives and also in their membership during the decade of economic reforms (1991-2000) as against the decade preceding it (1980-1990). On the other hand, the outstanding loans of these cooperatives have grown at much faster rate as compared to their loan advances during both pre- and post economic reform periods. The slower growth in institutional finance through credit cooperatives during the decade of 1991-2000 is mainly due to adverse environment created by the financial sector reforms. Due to unfavourable policy framework, much of the deposits of the credit
cooperatives are going into investments, instead of advancing loans to the farming sector. As a result, the C-D ratios of these credit cooperatives have been adversely affected. With a view to revive agricultural credit delivery through cooperatives, the need of the hour is to adopt innovative approaches like linking of SHGs and NGOs with mainstream financial institutions, including cooperatives. Such linkages are reported to have not only reduced transaction costs but also ensured better repayment performance. In brief, in order to rejuvenate rural credit delivery system through cooperatives, the root problems facing the system, viz., high transaction cost, poor recovery performance, and NPAs, need to be tackled with more fiscal jurisprudence reserving exemplary punishment for willful defaults, especially by large farmers, and the individual cases who have borrowed credit from these institutions. In fact, insofar as rural credit delivery through credit cooperatives is concerned, the focus should be on strategies that are required for tackling issues such as sustainability and viability, operational efficiency, recovery performance, small farmer coverage and balanced sectoral development.
Niti Bhasin (2009) in his research study entitled ‘Monetary, Banking and Financial Developments in India: 1947-48 to 2009-10 concludes that Money, banking and finance are the nerve-centre of an economy. They cover the whole gamut of legal and institutional arrangements, financial intermediaries, financial markets and instruments with both domestic and external dimensions. The present study explains and examines at length the changes which have swept India’s monetary, banking and financial sectors since Independence in 1947, with focus on post-1991 period.

The study deals with money, monetary policy, globalization and changing functions of central banks worldwide. It also focuses on Reserve Bank of India (RBI) and its monetary and credit policies, particularly in the context of price stability and flow of credit to priority sectors of the economy. Monetary policy reforms in India since 1991 are also covered in this part of the book. The study traces the evolution and the present status of various financial intermediaries in India. The areas covered include: commercial banks, cooperative banks, development finance institutions (DFIs), non-banking financial companies (NBFCs) and mutual funds. Fourth part of the study begins with the role of
financial system in economic development. It traces the evolution of India’s financial system since Independence, explains its present structure and provides glimpses of its future development. Furthermore, it gives an account of the various components of financial markets in India (money market, Government securities market, capital market, insurance market and foreign exchange market) and explains recent measures to make them globally competitive. Part IV of the study focuses on global meltdown and its impact on India. Policy measures taken by the Government of India, Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) are also highlighted.

16. **Shah Deepak (2009)** undertaken a study entitled Banking Sector Reforms and Co-operative Credit Institutions in India concludes that the credit cooperatives in Maharashtra have shown slower growth in their membership and institutional financing. On the other hand, a faster growth has been observed in outstanding against loan advances. A lackadaisical approach of Primary Agriculture Cooperative Credit Societies (PACS) has been observed towards SC/ST members, particularly in terms of their coverage, pattern of
loan advances to them and recovery pattern. The study has identified several issues that need to be taken cognizance of to revitalize the rural credit delivery system through the cooperatives. One of these is wide variations in total and crop loan advances across various districts and regions of Maharashtra. A decline in the loan advances with rise in GCA in the Konkan region is another issue, but the most important one among all is the mounting overdue and non-performing assets (NPAs) of the cooperatives operating in both forward and backward regions of Maharashtra. The viability of two central level credit institutions, viz. Sangli District Central Cooperative Bank and Buldana District Central Cooperative Bank, has been estimated. In order to rejuvenate the rural credit delivery system through cooperatives, the major problems facing the system, viz. high transaction cost, poor repayment performance, mounting NPAs, distributional aspect of credit, low coverage of SC/ST members, etc. need to be tackled with more fiscal jurisprudence reserving exemplary punishment for willful defaults, particularly by the large farmers.
17. **Singh, R. I.; Singh, R. P.; Singh, A. K. (2010)** in their research article entitled ‘Role of cooperatives in agricultural financing: a case study of Basti District, U.P.- published in Indian Cooperative Review 1990 Vol. 28 No. discussed that the services rendered by cooperatives in the form of credit and non-credit support to farmers set a pace to the rate of development in the overall economy in rural areas, especially in the poorer sections of society by mobilizing finance to the agriculture sector. The study examines the role of cooperatives in agricultural finance with the specific objective of examining the nature and extent of cooperative loans. A sample of borrower farmers from Basti District in Uttar Pradesh, India, are examined. Data were collected on farm size, cropping intensity, and source of borrowings. Cooperative agencies as opposed to commercial banks were determined as playing the vital role in providing credit. Money-lenders were relatively insignificant. It is concluded that cooperative societies are very accessible to farmers seeking credit facilities.

18. **Ramesh Chander - (2010)** conducted research on Financial Viability And Performance Evaluation Of Co-
Operative Credit Institutions In Haryana (India) published in *International Journal of Computing and Business Research (IJCBR)* -Volume 1, N. 1. The author concludes that Co-operative Banks are organized and managed on the principals of co-operation, self-help, and mutual help. These have been playing imperative role in Indian financial system with broad network in both urban and rural areas. Around three hundred and seventy two District Central Co-operative Banks (DCCBs) with large number of branches and extension counters cater to the needs of nearly one lakh societies in rural India. In Haryana nineteen DCCBs with more than two hundred branches have been facilitating self-sufficiency in food grain production, creation of better employment opportunities and organizational strength to the rural people through banking services. Recently, the scams in co-operative sector, failure and closure of unviable branches, imposition of penalty by the regulators and payment of heavy money claims due to bankruptcy of co-operative banks etc. are few significant reasons which persuade to inquire into the financial affairs of these institutions. Many co-operative banks became insolvent and others are on the brink of mergers or acquisition. The present study was conceptualized
to examine the financial viability, efficiency and performance of four DCCBs operating in Gurgaon division in Haryana (India), viz. Gurgaon, Faridabad, Mahendergarh and Rewari for a period of twelve years (1997-98 to 2008-09) by financial analysis and z-score analysis. The financial parameters here taken are profitability, liquidity, efficiency, solvency, risk and bankruptcy. The results reveal that four DCCBs with approximately fifty branches have not been performing well on all financial parameters taken for study. The banks performed well on one parameter but deteriorated on another and in different years as well. All the banks have been a part of bankruptcy zone (weak performance zone) throughout the study period. The banks need to visualize their operations, policies and strategies for effective utilization of available financial and human resources. The banks should amend their vision and act accordingly for sustenance in fierce competitive financial environment.

19. *Selvaraj, V M, Justus, E Raja (2010)* completed a research study entitled Performance evaluation of the Thoothukudi district central co-operative banks limited. Co-operative banks are a part of the vast and powerful
superstructure of Co-operative institutions which are engaged in the tasks of production, processing, marketing, distribution, servicing and banking, in India. Co-operative banks were created as a new type of institution based on the principles of co-operation to solve the problems peculiar to the Indian conditions. In rural areas, as far as agricultural and related activities were concerned, the corporative banks have provided adequate short-term and long-term institutional credit at reasonable rates of interest. Co-operative banks were made an integral part of the institutional framework of community development and extension services which were assigned the important role of delivering the fruits of economic planning at the grass-root level. Today co-operative banks continue to be a part of a set of institutions which are engaged in financing rural and agricultural development. In this context, the present study attempted to review the functioning of Thoothukudi District Central Co-operative Bank Limited. The specific objective of the study was to analyze various problems of the study unit and also offer appropriate suggestions for improving the working of the study unit. The study has analyzed the functioning of the bank with regard to deposit mobilization,
issue of loans and advances, recovery of loans, financial aspects and views of employees regarding the working performance of the Bank. The data required for this study were collected through primary and secondary sources. The functioning of the study unit has been quite impressive in terms of deposit mobilization and credit deployment. But the bank has failed to arrest the overdue position and strengthen the share capital base. The bank has not effectively utilised its working capital and controlled costs. The study has revealed that the financial viability and profitability of the bank is declining.

20. A research study undertaken by Mane M. J. & V. B. Kodag (2011) entitled Mobilization of Funds by District Central Co-operative Banks in Maharashtra published in Indian Streams Research Journals, Vol - I , ISSUE – V The researcher concludes that 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. Author also focuses that 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.

21. **Namboodiri N V (2011)** undertakes a study entitled Economies of Scale and Scope of District Central Cooperative Banks. The main object of this study is to explore the cost relationship of District Central Cooperative Banks (DCCBs). This is examined in terms of economies of scale and cost complementarities of joint production or economies of scope. The researcher has very comprehensively examined the viability of cooperative rural financial institutions at the grass root level. But there is hardly any attempt to study the issue of product specific scale and scope economies of DCCBs. Moreover, unlike commercial banks, the behaviour of their cost structure is different because of the nature of their banking operations. The loan portfolios of these banks are in the hands of the members of these institutions, i.e. primary co-operative societies, individuals and other
institutions. Similarly they are their major depositors as well as the users of the credit advanced to them. They mainly cater to the local financial deficits and surpluses as agriculture is characterized by such a phenomenon. Yet the viability of these institutions are important not only from the point of view of their own growth but also for the development of cooperative institutions down the stream served by them and agricultural growth in general. An empirical analysis based on a multi-product cost function approach as is done here could reveal the cost structure of these banking institutions and economies of scope for future expansion in their banking operations.

Books, Reports, Office Record and such other printed materials are good source to broaden the vision over any Research Topic. The specific guidelines can be devised from them. The subject selected for study is not virgin since many researchers have attempted to highlight the numerous aspects of the District Central Co-operative Banking. Hence, attempts were made to collect the information from the Books, Reports already prepared. Some books or Bank annual reports were very useful for getting specific direction. These books or reports critically bring out the role,
nature, scope and utility of extending the various services to their members and customers.

This study intends to analyze the critical evaluation of cooperative sector in India as well as in Maharashtra. 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. After economic liberalization under the new economic environment, cooperatives at all levels are making efforts to reorient their functions according to the market demands. The failure of the public sector in several cases is a worrisome trend. Privatization has also failed to make an impact in the rural areas. Therefore there is great hope on the cooperative sector. The study examines the causes of slow progress and highlights the emerging role and challenges of the cooperative sector. In comparison to the step-motherly treatment of the past, cooperatives are now considered an important plank of development. The government is committed to cooperative development. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Cooperatives are also considered to have
immense potential to deliver goods and services in areas where both the state and the private sector have failed.

References:


15. Harshitha G.S. - Management Appraisal Of District Central Co-Operative Bank – A Case Of D.C.C. Bank Shimoga, Karnataka - Thesis submitted to the University of Agricultural Sciences, Dharwad


