



AN ANALYTICAL STUDY OF THE EMERGING TRENDS IN BEHAVIOURAL FINANCE OF CREDIT CO - OPERATIVE BANKS IN INDIA

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ABSTRACT

Agriculture forms the determination of the Indian economy. The Government of India identified the importance of free flow of credit to agriculture and joined sectors. The leading technological changes in the agricultural sector constrained due to the obligations of more working capital. Hence, the poor labourer in India was in search of timely credit. Credit Co-operative central banks were established on the principle of co-operation and to serve the poor peasants. The main function of these banks is to alleviate the poor farmers from the Control of the money lenders. Credit is a significant input which ensures efficient working capital as well as infrastructural development. Efficient and appropriate credit provision largely boosts agricultural output which further helps in the economic improvement of the cultivators and people adhere to cultivation. Moreover, agricultural credit delivers as an instrument for the significant increase in output, income and employment. The present paper focuses on financial performance of Credit co –operative central banks in India with respect to emerging trends and dimensions of both behavioural finance and operating aspects.

KEYWORDS: *Finance, Credit Co-operative Bank, agriculture, infrastructure*

INTRODUCTION

The purpose of extending agricultural credit is not just limited to timely and efficient credit facility to farmers for improving agricultural output and fertility but also aims at providing institutional credit to negligible farmers and other weaker sections to enable them to use modern technology and develop agricultural practices. To attain this objective, agricultural credit has been provided through a multi-staged network abiding of Commercial Banks, Regional Rural Banks and Credit Co-operative Banks.

Co-operative evolution in India was commenced primarily for solving the problem of rural credit. Credit Co-operatives show an advanced performance in the Indian financial system especially at the village level. It is one of the significant components of multi-agency system, which plays a prior role in the improvement of the nation. It is the oldest and the most numerous of the all types of Co-operatives in India. The origin of Indian Co-operative Banking commenced with the enactment of Co-operative Societies Act, 1904. The objective of this Act was to found Agricultural Co-operative Credit Societies “to boots, prudence, self-help and co-operation among agriculturists, artisans and persons of limited means”.

The following are the objectives of credit co-operatives banks

- 1) To provide appropriate and improved flow of credit to the farming sector.
- 2) To cut down and constantly disqualify the money lenders.
- 3) To cut down regional variation throughout the country.
- 4) To ensure longer credit support to different rural development programmes
- 5) To develop cheap credit with or without any security.

The first level cooperative credit institutions at village level created for efficient distribution of credit. The cooperatives suppose to put the parameters of output and employment growth in sanctioning loans for different economic activities and programmes. The cooperative banks which are elaborate in financing Self-Help Groups, remake micro credit women doing small business in urban areas, loans to women entrepreneurs and loans to working women will achieve goal at developing food production, generation of employment, creation of income opportunities and greater application of appropriate technologies.



1.2 Credit Policy of Credit Co-operatives banking is retail and commercial banking formulated on a co – operative basis. Co-operative Credit Societies Act in 1904 led to formation of Co-operative Banks which are registered under Co-operative Societies Act, 1965 and regulated by NABARD an RBI. They are coordinated and formed on the principle of co-operation, self-help and mutual- help and function with the rule of “one member, one vote”, function on “no profit, no loss” basis. Co-operation as fundamental does not seek the goal of profit maximization.

Co – operative banks take deposits and provide money in most parts of the world. The minimum capital essential is only Rs.1 lakh for banks; a cooperative bank can not enlist in any trading activity cooperative banks have to maintain a cash reserve ratio of 3% of NDTL (Net Demand and Time Liabilities) in cash and current accounts with RBI and other notified banks.

1.3 Need of the Study:

CCBs constitute the main component of co-operative credit system at the district level in India. They have been providing various banking services to the state’s population at the district through their branches and PAC (primary agricultural credit society). They fascinate savings from their customers with lots of deposit schemes and advance credit facilities for agricultural as well as non-agricultural activities. CCBs are thus playing important role in income generation, employment opportunities and socio-economic development of the state in their own respective way. The most important function of the Central Cooperative Bank is to provide liaison between the State Cooperatives Bank, on the one hand, and the primary credit societies, on the other, in the District to serve the financial needs and aspirations of each of the Cooperative Credit Society member in an efficient and productive way. But how aware they are doing their job successfully is a huge question to the studied. Hence it is important to calculate and study their performance at regular intervals to know their strengths and weaknesses as well as the challenges they face and opportunities that they can give for growth and improvement of the district of their respective beat.

1.4 Scope of the Study:

The present study is confines only to the analysis of Co-operative Central Banks at various operating and financial dimensions. Monetary aspects of CCBs only considered for the study.

1.5 Research Methodology

The following research methodology has been used to achieve the objective of this study:

Sources of the Data

This research completely depends upon secondary data which was obtained from NAFSCOB, NABARD, Annual reports of Credit Co-operative central banks for the in depth theoretical knowledge and understanding the concept. Information have been gathered from number of reputed journals, magazines and surfing the net.

Analysis of The Study: To analyse the Emerging Trends of Credit Co-operative Banks, it is proposed to analyse the overall performance of Credit co-operative banks working in India at aggregate level by considering the following financial and operational parameters.

1. No. of Offices
2. Members
3. Employees
4. Cost of Management
5. Share Capital
6. Working Capital
7. Reserve Funds
8. Investments
9. Total Deposits
10. Borrowings
11. Loans issued
12. Demand for Loans
13. Collection of Loans
14. Loans outstanding
15. over Dues

Table 1.1 Performances Of Credit Co-Operative Banks Over A Decade – By Number of Offices (2006-2017)

(IN NUMBERS)

COOPERATIVE YEARS	NUMBER OF OFFICES
2005-06	12859
2006-07	12998
2007-08	13030
2008-09	13213
2009-10	13235
2010-11	13357
2011-12	13495
2012-13	13659
2013-14	13814
2014-15	14061
2015-16	14245
2016-17	14258

Source: NAFSCOB Reports

Chart 2.1



The table 1.1 showing the number of offices established during the period of 2006-2015. The number offices during the year 2005-06 as 12,956, in the next year the offices decreased to 12,898. But after the 2006-07 the number offices of CCBs increased continuously every year during the study period. The number of offices established more in between 2010-11 and 2011-12, it means, that the increasing rate more during the year 2010-11. The number of offices in the year 2014-15 is 14,060. In the last three years the offices the increasing percentage slightly increased compared to the previous years. There may be the reason for increasing the business operations in various geographical segments in order to serve the needy people, societies, and firms behind increasing the number of offices year to year.

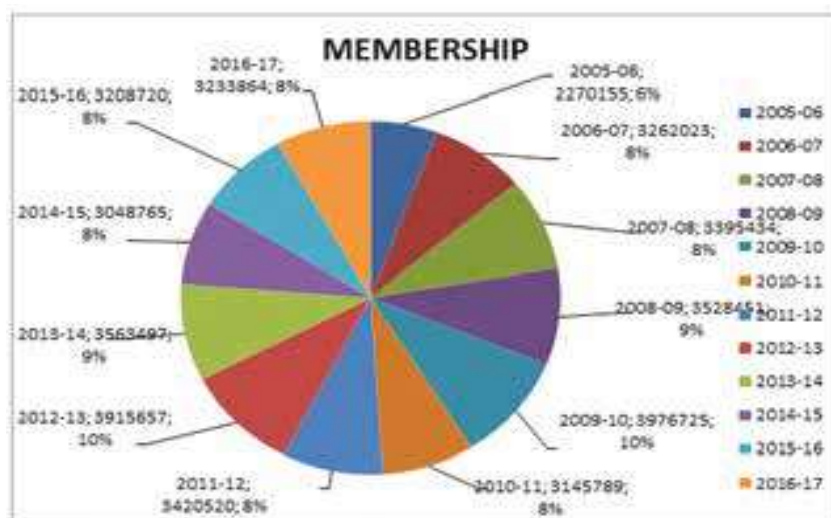
Table 1.2 PERFORMANCES OF CREDIT CO-OPERATIVE CENTRAL BANKS OVER A DECADE - BY MEMBERSHIP (2006-2017)

(IN NUMBERS)

YEARS	MEMBERSHIP
2005-06	22,70,155.00
2006-07	32,62,023.00
2007-08	33,95,434.00
2008-09	32,28,451.00
2009-10	39,76,725.00
2010-11	31,45,789.00
2011-12	34,20,520.00
2012-13	39,15,657.00
2013-14	35,63,497.00
2014-15	30,48,765.00
2015-16	32,08,720.00
2016-17	32,33,864.00

Source: NAFSCOB Reports

MEMBERSHIP
Chart 2.2



The above table and chart indicates the membership of CCBs over the study period 2006-2015. The membership in the year 2005-06 as 22, 70,155 and it has been increased to 33, 95,434 during the year 2007-08. In the year 2009-10, the membership has been increased to 39, 76,725, which indicates that the CCBs attracted the people by their schemes and services and functioning etc. But immediate after the year 2009-10 the membership declined to 31, 45,789.

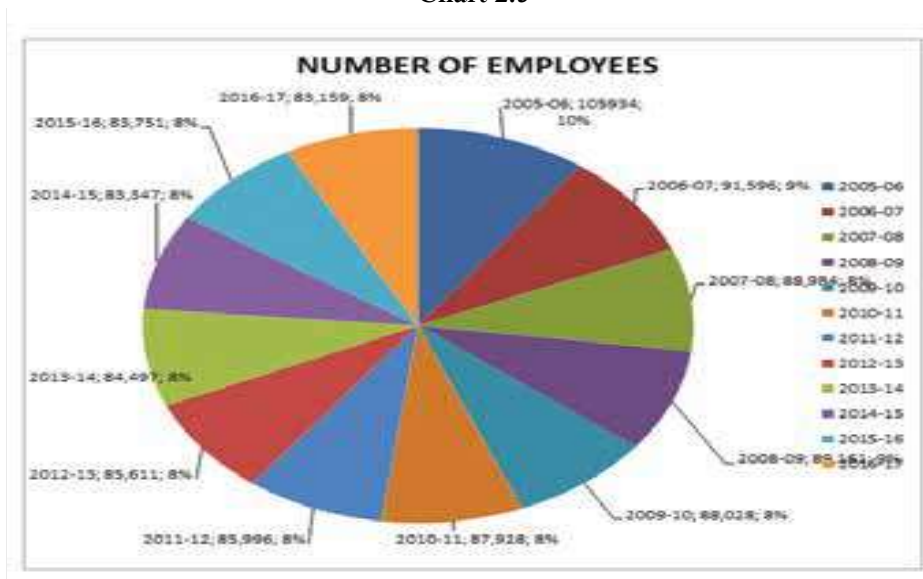
Then the membership has been increased in the years 2011-12 and 2012-13. i.e. from 31, 45,789 to 39, 15, 657. The performance of CCBs in terms of Membership declined in 2014 and 2015, Decline in the PAT might be the reason for decrease in membership. Then as the business results positive in the last two years, the membership percentage increased by 2% compared to the base year.

Table 1.3 PERFORMANCES OF CREDIT CO-OPERATIVE CENTRAL BANKS OVER A DECADE (2006-2017) - BY EMPLOYEES (NUMBER IN CRORES)

(NUMBER IN CRORES)

COOPERATIVE YEARS	NO.OF EMPLOYEES
2005-06	105934
2006-07	91596
2007-08	88984
2008-09	89161
2009-10	88028
2010-11	87928
2011-12	85996
2012-13	85611
2013-14	84497
2014-15	83347
2015-16	83751
2016-17	83159

Source: NAFSCOB Reports
Number of Employees
Chart 2.3



The **table 1.3** showing that the number of employees worked in CCBs during the study period, the total number of employees in CCBs in all over India was 1,05,934 in the year 2005-06. Then in following years of the study the employees reduced year to year except in the year 2008-09. In the year 2008-09 the employees were 89,161. During the year 2011-12, the CCBs reduced the number to maximum extent, in this year the number of employees were 85,996. During the year 2014-15 the employees are 83,347. Cost cutting may be one of the strategies of management behind reducing the number of employees.

Table 1.4 CREDIT CO-OPERATIVE BANKS OVER A DECADE - BY COST OF MANAGEMENT (2006-2017)

(AMOUNT IN CRORES)

COOPERATIVE YEARS	COST OF MANAGEMENT
2005-06	2995
2006-07	3776
2007-08	3743
2008-09	4207
2009-10	4404
2010-11	5307
2011-12	5865
2012-13	7375
2013-14	8055
2014-15	9758
2015-16	10136
2016-17	10377

Chart 2.4



The **table 1.4** represents the cost of management of the CCBs in India during the e last 10 years of study. The COM in the year, 2005-06 was Rs.2,995, The COM decreased to Rs.3,743 in the year 2007-08.and it has been increased to Rs.4,207 during the year 2008-09. The cost of management increased more during the year 2012-13

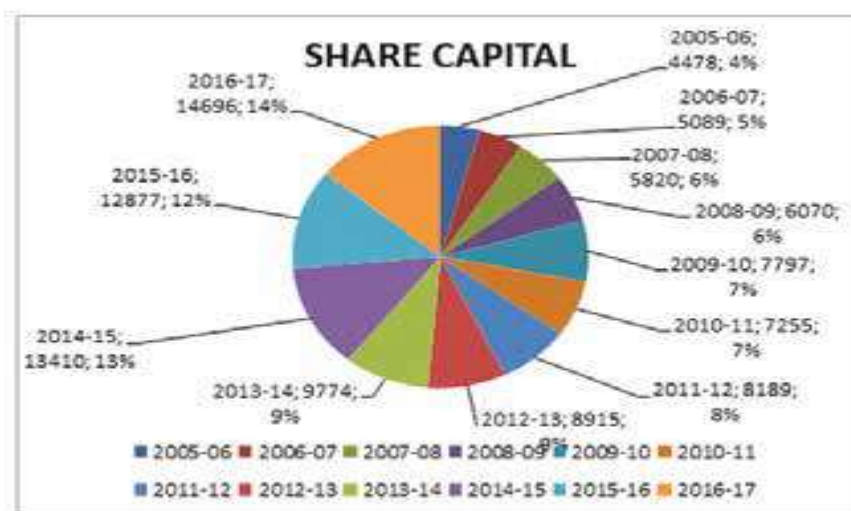
i.e. Rs.7,375 compared to previous years .The COM is highest in the last year of the study i.e. 2016-17 which is as Rs.10,377. The chart showing that the COM has been increased gradually every year. The COM increasing rate is more during the years 2015-16 to 2016-17.

Table 1.5 PERFORMANCES OF CREDIT CO-OPERATIVE CENTRAL BANKS OVER A DECADE - BY SHARE CAPITAL (2006-2017)
(AMOUNT IN CRORES)

COOPERATIVE YEARS	SHARE CAPITAL
2005-06	4478
2006-07	5089
2007-08	5820
2008-09	6070
2009-10	7797
2010-11	7255
2011-12	8189
2012-13	8915
2013-14	9774
2014-15	13410
2015-16	12877
2016-17	14696

Source: NAFSCOB Reports

Chart-2.5



The table and chart 1..5, indicates the share capital performance of the CCBs in India during the study period. The share capital was in the year 2005-06 as Rs.4,478, it has been increased to Rs.5,820 in the year 2007-08. The capital has been increased from Rs.5820 to Rs.7, 797 during the year 2009-10. In the year 2010-11, there was a slight decline in the share capital of the CCBs. Selection of alternative financial source in this year may be the reason for the decline in the share capital. Then after, from the year 2011, the share capital has been increased continuously from the years 2011-12 to 2016-17 i.e. from Rs.7,255 to Rs.14,696 which is good sign for the investors .

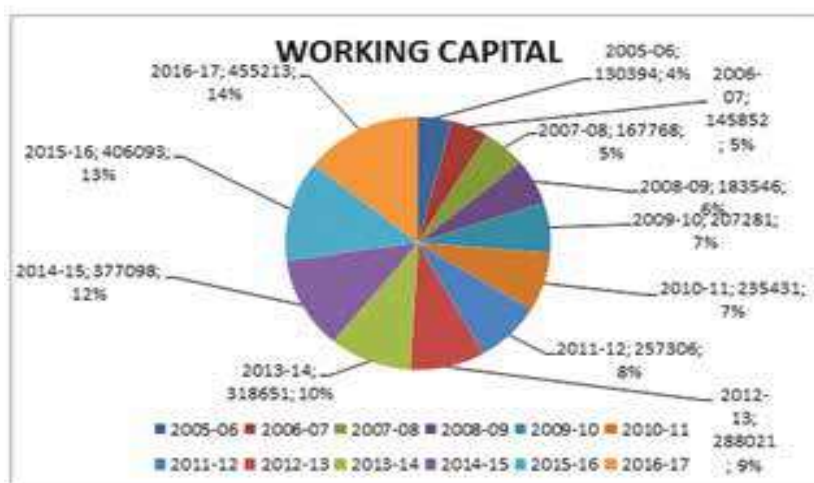
Table 1.6 PERFORMANCES OF CREDIT CO-OPERATIVE BANKS OVER A DECADE – BY WORKING CAPITAL (2006-2017)

(AMOUNT IN CRORES)

COOPERATIVE YEARS	WORKING CAPITAL
2005-06	130394
2006-07	145852
2007-08	167768
2008-09	183546
2009-10	207281
2010-11	235431
2011-12	257306
2012-13	288021
2013-14	318651
2014-15	377098
2015-16	406093
2016-17	455213

Source: NAFSCOB Reports

Chart-2.6



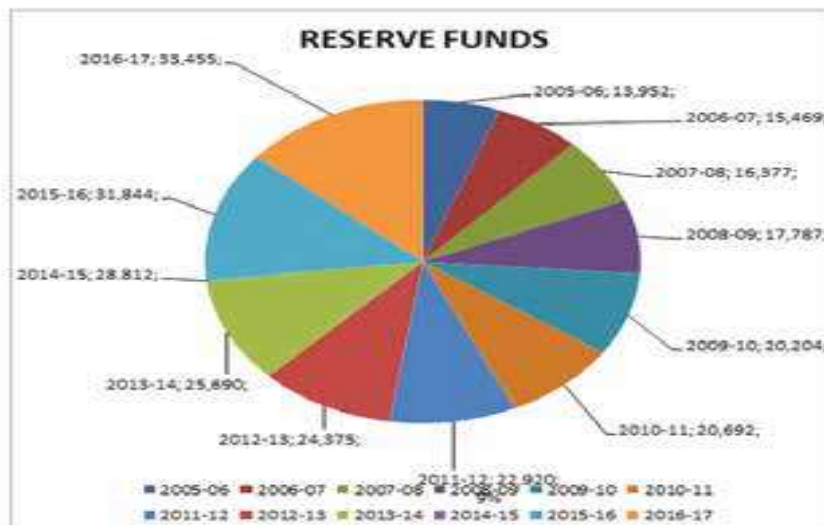
The above table and chart 1.6, showing that the working capital performance of the CCBs. The working capital of the banks in the first year of the study i.e. 2005-06 was Rs.1,30,394 , then the capital has been increased to Rs.1,67,768 in the year 2007-08. The operating capital reached to the Rs.2,35,431 during the year 2010-11. The working capital increased year to year in all the 10 years and finally reached to Rs.3,771,098 during the year 2014-15. The increasing percentage more in the last two years of the study. From the above analysis, it has been noticed that the banks maintaining excess current assets over the current liabilities during the study period to strengthen the liquidity position of the banks.

Table 1.7 PERFORMANCES OF DISTRICT CO-OPERATIVE CENTRAL BANKS OVER A DECADE – BY RESERVE FUNDS (2006-2017)

(AMOUNT IN CRORES)

COOPERATIVE YEARS	RESERVE FUNDS
2005-06	13952
2006-07	15469
2007-08	16377
2008-09	17787
2009-10	20204
2010-11	20692
2011-12	22920
2012-13	24375
2013-14	25690
2014-15	28812
2015-16	31844
2016-17	33455

Chart 2.7



The above 1.7 table and chart indicates the reserve funds maintained by the CCBs over a decade (2006-2015). The reserves of the CCBs in the year 2005-06 registered as Rs.13,952. The reserve funds have been increased from Rs.13,952 to Rs.16,377 in the year 2007-08. The increasing rate in the reserve funds of the CCBs is more during the year 2009-10 .i.e. the reserves were in the year 2008-09 as Rs.17,787, which have been increased to 20,204 during the year 2009-10. In the following years 2010-11, 2012, 2013, 2014 and 2015 also there is an increase in the reserves like Rs.20, 692, Rs.22, 920, Rs.24, 375, Rs.25,690 and Rs.28,812 respectively. The banks reserves continuously increased in 12 years and reached to Rs.33,455 during the year 33,455 which is the maximum in the reference period. Sufficient profits/ revenues from the business definitely leads to the healthy reserves for any organisation.

Table 1.8 PERFORMANCE CREDIT CO-OPERATIVE BANKS OVER A DECADE – BY INVESTMENTS (2006-2017)

(AMOUNT IN CRORES)

COOPERATIVE YEARS	INVESTMENT
2005-06	36833
2006-07	40751
2007-08	48130
2008-09	60895
2009-10	75418
2010-11	82976
2011-12	91133
2012-13	94051
2013-14	109113
2014-15	124119
2015-16	141117
2016-17	158666

Source: NAFSCOB Reports
Chart 2.8



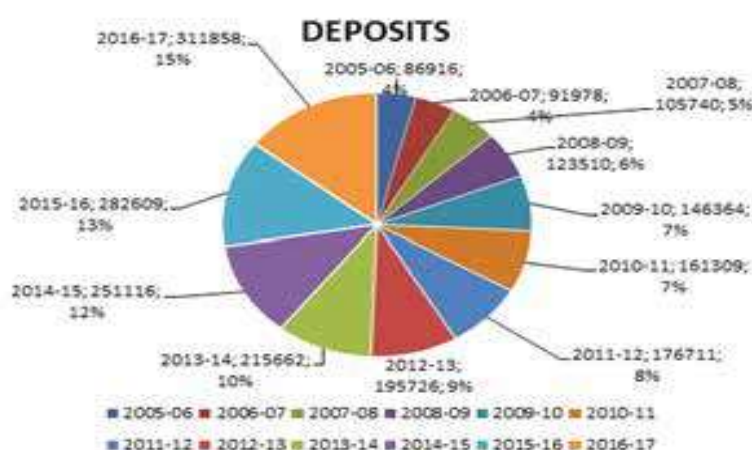
The above Table and chart 1.8 and 2.8 reveals that the investments made by the DCCBs in all over India over a decade 2006-2015. The investments in the year 2005-06 are Rs.36,833. The investments increased from Rs.36,833 to Rs.48,130 during the year 2007-08 and increased to Rs.75,418 during the year 2009-10. In the first five years of the study the investments were increased at increasing rate. In the later period of the study, the investments also increased but at fluctuation rate. The investments in the year 2010-11 Rs. 82,976 and increased to Rs. 94,051 during the year 2012-13. Finally, the investments reached to Rs. 1,58 666 which is maximum for any year during the study period. In percentage the investments made by the banks in India is more during the year 2016-17 i.e.15%.

Table 1.9 PERFORMANCES OF Credit CO-OPERATIVE CENTRAL BANKS OVER A DECADE – BY TOTAL DEPOSITS (2006-2017)

(AMOUNT IN CRORES)

COOPERATIVE YEARS	TOTAL DEPOSITS
2005-06	86916
2006-07	91978
2007-08	105740
2008-09	123510
2009-10	146364
2010-11	161309
2011-12	176711
2012-13	195726
2013-14	215662
2014-15	251116
2015-16	282609
2016-17	311858

Chart 2.9



From the above table 1.9 and chart 2.9, it has been observed that the total deposits increased year to year over the study period 2006-2015. The total deposits in the year 2005-06 recorded as Rs.86,916 which have been increased to Rs.91,978 during the year 2006-07. From there the deposits reached to Rs.1,46,364 in the year 2009-10. The deposits increased at the increasing rate in the first five years of the study, later the deposits increased but not at the increasing rate. In the last year 2014-15, the deposits registered as Rs.2,51,116. From the above analysis it is noticed that the bank mobilized more funds in the form of deposits from its members. The banks mobilised the more funds in the year 2016-17 i.e.3,11,858 which is maximum for any period. which shows the public interest and confidence in the performance of the lending activities of the business.

Analysis of Borrowings To lend the money for Agricultural and Non- Agricultural activities, DCCBs are borrowing the money from either the state co-operative banks or NABARD or Govt. of India. Based on availability of total funds DCCBs planned to lend the money for agricultural activities according to the requirement of the farmers. The table 1.9 presents the relevant data of DCCBs borrowings from various agencies during the period of the study. The table presents the borrowings of DCCBs for agriculture and non-agriculture and for short term and long-term wise during the period of 2005-06 to 2016-17.

**TABLE 1.10 CCBs BORROWINGS FROM SCB/NABARD, GOVT.OF INDIA,
(AMOUNT IN LAKHS)**

YEAR	BORROWINGS FROM SCB/NABARD			
	AGRICULTURAL		NON-AGRICULTURAL	
	SHORT TERM	MEDIUM TERM	SHORT TERM	MEDIUM TERM
2005-06	12,16,896.00	1,53,440.00	4,51,320.00	1,59,153.00
2006-07	15,89,140.00	2,04,845.00	4,58,974.00	1,75,534.00
2007-08	19,53,767.00	1,83,410.00	3,65,908.00	1,59,554.00
2008-09	19,86,659.00	1,67,762.00	2,37,030.00	1,63,327.00
2009-10	23,12,445.00	1,66,277.00	1,84,796.00	1,24,654.00
2010-11	27,40,271.00	3,35,019.00	2,12,789.00	1,28,006.00
2011-12	35,19,233.00	4,43,928.00	2,38,259.00	1,35,603.00
2012-13	46,10,654.00	2,52,780.00	6,29,432.00	1,38,616.00
2013-14	52,99,126.00	2,53,395.00	5,17,074.00	1,38,473.00
2014-15	59,75,804.00	3,39,853.00	3,19,563.00	2,40,884.00
2015-16	58,11,261.00	6,78,876.00	3,96,542.00	3,26,855.00
2016-17	61,99,048.00	7,87,500.00	3,65,790.00	4,08,319.00

Source: NAFSCOB Reports

From the above table, it has been observed that the short-term agricultural borrowings increased every year during the study period. The banks raised more funds through short-term borrowings during the period 2012-13 compared to the other years in the study period. The shortterm borrowings were Rs.12,16,896 in the year 2005-06, increased to Rs. 23,12,445 during the years 2009-10. Then the borrowings recorded as Rs.59,75,804 during the year 2014-15.

The agricultural medium-term borrowings have fluctuated during the study period, initially, they recorded as Rs. 1,53,440 in the year 2005-06 and increased to Rs. 2,04,845 during the year 2006-07. Then after the borrowings declined in next three years (2007,2008,and 2009) continuously and recorded as Rs.1,66,277 in the year 2009-10. From there the borrowings got improvement in the years 2010 and 2011, in these years the borrowings increased as Rs. 3,35,019 and Rs. 4,43,928 respectively. In the year 2012-13, the borrowings decreased to Rs. 2,52,780 because the banks raised more funds in the form of short-term borrowings. From the year 2013-14 there was an increase in the borrowings till 2014-15.

If we observe the non-agriculture side, the banks raised fewer funds for the non - agricultural operations compared to the agricultural operations. The short-term non - agricultural borrowings more in the first three years compared to the rest of the period, the borrowings in the year 2005-06 as Rs.4,51,320 , then increased to Rs.4,58,974 during the year 2006-07. The borrowings declined to Rs.3,65,908. The decrease continued till the year 2009-10 .The borrowings were recorded as 1,84,796 during the year 2009-10. Then after the borrowings increased to Rs. 6,29,432in the year 2012-13, because the banks reduced the medium-term agricultural borrowings in the same year.

The medium-term non-agricultural borrowings fluctuated throughout the research period which means one year increase and another year decrease has taken place in the said borrowings. The borrowings in the year 2005-06 as Rs.1,59,153 and reached to Rs.1,63,327 during the year 2008-09. Then the borrowings declined in next year's and finally reached to Rs.2,40,884 during the year 2014-15. In the years 2015 and 2017 the borrowings from NABARD increased to meet the other lending operations and to provide the finance Agri and Non Agricultural activities.

Analysis of Loans TheCCBs main objective is collection of the deposits from the public and issuing the loans for agricultural and non-agricultural activities to the farmers in order to the rural development. The DCCBs sanctions the loans for both long term and short-term purpose for the needy people. The table 1.10 presents the year wise loan issued by the DCCBs in India during the study period.

TABLE 1.11 LOANS ISSUED BY CCBs IN INDIA

(AMOUNT IN LAKHS)

YEAR	LOANS ISSUED BOTH SHORT AND MEDIUM-TERM			
	AGRICULTURAL		NON-AGRICULTURAL	
	SHORT TERM	MEDIUM TERM	SHORT TERM	MEDIUM TERM
2005-06	33,02,761.00	2,59,357.00	20,24,638.00	5,45,093.00
2006-07	35,81,869.00	3,37,584.00	22,42,467.00	5,35,442.00
2007-08	41,13,718.00	2,39,844.00	27,15,347.00	6,83,016.00
2008-09	39,74,546.00	2,55,891.00	29,14,841.00	7,40,145.00
2009-10	51,68,183.00	3,02,545.00	36,57,696.00	8,33,033.00
2010-11	64,60,688.00	3,68,434.00	41,35,120.00	10,49,724.00
2011-12	76,31,374.00	3,62,917.00	48,64,497.00	12,78,272.00
2012-13	1,01,41,581.00	3,66,994.00	64,23,276.00	15,45,264.00
2013-14	1,13,49,254.00	4,15,732.00	59,55,962.00	14,96,443.00
2014-15	1,21,35,621.00	6,13,443.00	64,54,794.00	19,47,744.00
2015-16	1,31,69,161.00	7,30,263.00	63,31,669.00	23,54,483.00
2016-17	1,34,07,512.00	7,54,633.00	67,63,896.00	24,08,651.00

Source: NAFSCOB Reports

From the above table, it is cleared that the banks issued more short-term loans for both agricultural and non-agricultural purpose compared to that of medium-term loans. The short-term agricultural loans issued by the DCCBs, increased from the beginning of the study period to ending of the period every year. The short-term loans in the year 2005-06 recorded Rs. 32,02,761 and reached to Rs. 64,60,688 during the year 2010-11. In the year 2012-13, there was more increase found in the short-term agricultural loans, in this year the loans increased to Rs.101,41,581 from Rs.64,60,688. The short-term-loans in the year 2014-15 recorded as Rs.121,35,621.

The medium-term loans also increased in almost every year during the study period, except in the years 2007-08 and 2011-12. The medium-term loans in the year 2005-06 recorded as Rs.2,59,357 increased to Rs. 3,37,584 during the year 2006-07. Then the loans declined to Rs.2,39,844 in the year 2007-08 due to the increase of short-term loans. The loans increased continuously from the year 2011-12 to 2014-15, the loans in the year 2011-12 as Rs. 3,62,917 and reached to Rs.6,13,446 during the year 2014-15.

The short-term non-agricultural loans also followed the agricultural loans in growth style. The non-agricultural loans increased every year during the study period except during the year 2013-14. In this year the loans recorded as Rs.59,55,962. Then after the loans increased to Rs. 64,54,794 during the year 2014-15.

The non-agricultural medium-term loans also increased in maximum years of the study period. The loans came down only in the years 2006-07 and 2013-14. In rest of the years, the loans increased every year at the increasing rate. The loans initially recorded as Rs.5,45,093 in the year 2005-06 and reached to Rs.12,78,272 during the period 2011-12 and finally reached to Rs.19,48,744 in the year 2014-15. Purpose wise Demand for Loans There is a demand for loans in both Agricultural and non- Agricultural sectors

DCCBs playing vital role in meeting the demand of the loans and in developing the agri and non agri sectors by providing the both short-term and medium term loans in India. The following Table 1.11 shows the demand for loans during the study period purpose wise in Agricultural and Non-Agricultural sector. From the table 1.11, it can be understood that there was the more demand for the agricultural short-term loans compared to the non-agricultural short-term loans. The demand for the short-term agricultural finance increased throughout the study period.

At the same time demand for the short-term non-agricultural loans also increased throughout the study period, but the increasing rate of demand for short-term agricultural purpose is more than the demand of short-term non-agricultural purpose.

The demand for medium-term agricultural purpose increased during the years 2005-06 to 2008-09. Then the demand decreased in the years 2009-10 and 2011-12 due to the more demand for the short-term.

The demand for the medium-term non-agricultural purpose has been increased every year during the study period except in the year 2006-07. There was the more demand for the short-term agricultural finance and medium-term non-agricultural finance in the year 2014-15. In the year 2008-09 huge demand recorded for

short-term agricultural purpose compared to other years. In the year 2013-14,2015, & 2017 there was the more demand observed for the short-term non-agricultural purpose.

**TABLE 1.12 CCBs PURPOSE WISE DEMAND FOR LOANS IN INDIA
(AMOUNT IN LAKHS)**

YEAR	PURPOSE WISE DEMAND			
	AGRICULTURAL		NON-AGRICULTURAL	
	SHORT TERM	MEDIUM TERM	SHORT TERM	MEDIUM TERM
2005-06	35,88,599.00	3,74,198.00	8,23,981.00	5,05,906.00
2006-07	41,53,696.00	4,36,403.00	9,16,267.00	5,01,565.00
2007-08	47,28,137.00	4,59,897.00	11,48,474.00	5,82,999.00
2008-09	50,33,049.00	5,50,866.00	13,33,838.00	6,06,095.00
2009-10	55,36,196.00	4,37,096.00	15,66,890.00	7,43,040.00
2010-11	68,58,351.00	4,74,881.00	16,19,792.00	8,75,846.00
2011-12	76,03,223.00	4,54,177.00	23,46,649.00	9,28,028.00
2012-13	95,70,717.00	4,85,426.00	28,49,861.00	10,93,933.00
2013-14	1,08,71,654.00	5,41,291.00	31,06,921.00	11,71,893.00
2014-15	1,24,74,735.00	5,34,507.00	27,49,823.00	14,88,454.00
2015-16	1,33,21,434.00	4,79,790.00	31,11,353.00	14,30,469.00
2016-17	1,44,78,820.00	8,11,239.00	33,27,519.00	16,87,378.00

Collection of Loans Collection of loans in time is most important thing for any bank to avoid the defaults in payments and NPAs. Issue of loans is depends largely on how best the bank performing in collection or recovery of issued loans . Here, the analysis of loans(short-term and medium-term) collection from Agriculture and Non – Agricultural area during the study period presented in the table 1.12.From the table 1.12, it has been observed that the banks purpose wise collection increased in the short-term agriculture during the study period. The collections made by the bank more during the year 2012-13 compared to the other period.

The agriculture medium-term collections fluctuated during the study period, the banks collected more in the year 2013-14.this was the highest for any year during the study period.

The short-term non-agricultural collections also increased every year during the study period except in the year 2014-15. The highest collections made during the year 2013-14.

The collections of medium-term non-agricultural purpose increased every year during the study period. During the year 2016-17 the banks collections more.

**TABLE 1.13 CCBs PURPOSE WISE COLLECTION OF LOANS IN INDIA
(AMOUNT IN LAKHS)**

YEAR	PURPOSE WISE COLLECTION			
	AGRICULTURAL		NON-AGRICULTURAL	
	SHORT TERM	MEDIUM TERM	SHORT TERM	MEDIUM TERM
2005-06	23,85,167.00	1,97,752.00	6,67,951.00	3,27,830.00
2006-07	27,04,552.00	2,52,878.00	7,52,114.00	3,32,073.00
2007-08	27,64,085.00	2,28,767.00	9,56,252.00	3,87,213.00
2008-09	31,10,018.00	3,44,173.00	12,03,626.00	4,07,452.00
2009-10	38,65,960.00	2,76,470.00	13,59,309.00	5,51,674.00
2010-11	46,74,345.00	3,20,347.00	14,47,160.00	6,70,288.00
2011-12	56,19,378.00	2,80,646.00	21,67,502.00	7,16,593.00



2012-13	72,20,573.00	2,91,199.00	26,34,975.00	8,85,934.00
2013-14	80,02,173.00	3,47,935.00	28,58,016.00	9,16,481.00
2014-15	95,74,014.00	3,37,713.00	24,99,843.00	11,88,951.00
2015-16	1,02,87,831.00	4,55,999.00	28,77,821.00	11,47,836.00
2016-17	1,05,54,589.00	5,28,198.00	30,42,190.00	13,44,781.00

Loans Outstanding Loans outstanding is the amount which has to be paid by the borrower to the bank with the coupon amount. It is an average outstanding balance of a loan or loan portfolio averaged over a period of time. The table 1.13 presents the figures of loans outstanding short – term and long – term wise in agricultural and non – agricultural side during the 2005-06 to 2014-15.

From the table 1.13, it can be noticed that the short-term loans outstanding in both agricultural and non-agricultural more compared to the medium-term loans. The short-term agricultural loans increased every year except in the year 2008-09 during the research period. The short-term loans in the year 2005-06 recorded Rs.30,90,699, then the loans increased to Rs.51,88,774 during the year 2010-11. The increasing rate more in the loans outstanding in the year 2012-13 compared to remaining years.

The medium-term loans outstanding increased for one year i.e. 2006-07, then the loans declined in next three years of the study i.e. 2007-08, 2008-09 and 2009-10. The loans in the year 2005-06 recorded Rs. 11,93,690 and declined to Rs.7,94,484 during the year 2009-10. Then after there was a continuous increase found in the loans outstanding up to the end of the study period.

The short-term non-agricultural outstanding loans increased every year during the study period. The loans at the initial period 2005-06 as Rs.12,50,665, increased to Rs. 21,47,214 during the year 2009-10. Then the loans increased to Rs. 40,18,418 in the year 2014-15. The increasing rate of the outstanding loans during the year 2012-13 is more compared to increasing rate recorded in the remaining years. The non-agricultural medium-term loans followed the short-term loans in growth of loans outstanding, except in the year 2013-14. The medium-term loans recorded as Rs.10,03,775 in the year 2005-06 and increased to Rs.17,34,983 during the year 2009-10. In the year 2013-14, the loans declined to some extent, in the following year again the loans increased to Rs. 33,23,614. Outstanding loans.

**TABLE 1.14 CCBs LOANS OUTSTANDING IN INDIA
(AMOUNT IN LAKHS)**

YEAR	LOANS OUTSTANDING			
	AGRICULTURAL		NON-AGRICULTURAL	
	SHORT TERM	MEDIUM TERM	SHORT TERM	MEDIUM TERM
2005-06	30,90,699.00	11,93,690.00	12,50,665.00	10,03,775.00
2006-07	35,21,167.00	11,96,722.00	15,06,357.00	11,23,464.00
2007-08	43,17,953.00	11,61,436.00	16,04,971.00	13,19,305.00
2008-09	42,94,211.00	9,41,495.00	17,88,352.00	14,20,844.00
2009-10	44,79,143.00	7,94,484.00	21,47,214.00	17,34,983.00
2010-11	51,88,774.00	8,68,263.00	24,83,841.00	20,34,660.00
2011-12	61,45,380.00	9,11,715.00	29,56,546.00	23,46,164.00
2012-13	75,96,172.00	10,16,537.00	36,27,521.00	26,42,627.00
2013-14	84,41,502.00	10,84,030.00	36,93,186.00	26,05,206.00
2014-15	97,32,007.00	12,77,915.00	4,18,418.00	33,26,614.00
2015-16	1,05,73,041.00	15,75,181.00	40,24,380.00	13,99,740.00
2016-17	1,13,29,239.00	19,03,720.00	40,71,876.00	44,24,721.00

Source: NAFSCOB Reports

Overdue Loans Over due loan amount is the amount the bank will have to recovered from the borrower but yet to be recovered. Under Co –operative societies Act overdue loan means a personal ,mortgage or other



type of loan on which the member is in default for more than 60 days on a payment or payments of principal or interest according to any agreement. The table 2.15 presents overdue of loans registered short- term and long-term wise and under both the Agricultural and Non- Agricultural area.

From the table 1.14, it can be observed that there were huge ups and downs in the short-term agricultural over dues during the study period. The less over dues recorded during the years 2005-06, 2008-09 and 2011-12.

The agricultural short-term over dues increased more in the years 2013, 2014 and 2015. The over dues increasing rate more in the year 2013-14 compared to other years.

The medium-term agricultural over dues increased in the first three years, and then they declined during the year 2008-09. The over dues continuously increased from the year 2010-11 to 2013-14.

The short-term non-agricultural over dues also increased in the first three years, then declined in the year 2008-09. The over dues increased every year from 2010-11 and reached to Rs.27,49,823 during the year 2014-15.

The medium-term non-agricultural over dues has been varied year to year during the study period. In the years 2015-16 and 2016-17, the banks over dues more, when compared to the previous years.

**TABLE 1.15 CCBs BALANCES (OVER DUES) IN INDIA
(AMOUNT IN LAKHS)**

YEAR	DETAILS OF BALANCES (OVER DUES)			
	AGRICULTURAL		NON-AGRICULTURAL	
	SHORT TERM	MEDIUM TERM	SHORT TERM	MEDIUM TERM
2005-06	13,916.00	1,76,446.00	1,52,030.00	1,78,076.00
2006-07	14,49,144.00	1,83,525.00	1,64,153.00	1,69,492.00
2007-08	1,96,405.00	2,31,130.00	1,92,222.00	1,95,786.00
2008-09	28,086.00	2,06,693.00	1,30,212.00	1,98,643.00
2009-10	16,70,236.00	1,60,626.00	2,07,581.00	1,91,366.00
2010-11	21,84,006.00	1,54,534.00	1,72,632.00	2,25,558.00
2011-12	29,707.00	1,73,531.00	1,79,147.00	2,11,435.00
2012-13	23,50,144.00	1,94,227.00	2,14,886.00	2,07,999.00
2013-14	1,08,71,654.00	5,41,291.00	3,10,692.00	11,71,893.00
2014-15	27,09,651.00	2,25,692.00	2,33,532.00	2,82,633.00
2015-16	30,33,603.00	2,23,791.00	2,43,660.00	2,56,861.00
2016-17	39,24,231.00	2,83,041.00	2,85,329.00	3,42,597.00

CONCLUSION

District cooperative bank, generally called as CREDIT CO-OPRATIVE Bank could be a cooperative banking segment established in India to work for cooperatives and remote areas. it had been established to produce banking to rural area for agriculture sector with the branches primarily established at rural and semi – urban areas. The CCBs additionally occupies a foothold of cardinal importance within the co-operative credit structure. They type a vital link between the apex co-operative bank and therefore the primary agricultural credit societies (PACS).

If the cooperative movement is to develop on perfect sound lines, the government should necessarily take immediate steps to curb the growth of vested interests in the movement as well as necessary action to prevent undue interference of the politicians.

Over dues can be minimized, if the loan is provided to those farmers who satisfy the test of technical feasibility and financial viability, similarly the measures for improvement in crop yields, reasonable input prices and crop insurance etc. are also necessary to enhance the repayment capacity of particularly small farmers.

It is suggested that Central co-operative banks must focus attention on mobilization of low cost deposits as well as to concentrate on cheap borrowings in order to gain a comfortable interest spread to ensure profit.

The govt. ought to introduce correct measures to assist banks in getting of land happiness to wilful defaulters.

The CCBs at the all India level should strive to improve their C-D Ratio.



It is suggested that the CCBs should have majority number of PACSs on their Board of Directors to enable them to shape the policies of the CCBs for the benefits of affiliated primary societies and they should take more interest on the affairs of the bank.

As regards credit, the CCBs should diversify their loan portfolio from traditional low yield crop loans to high yield non-farm sector as also retail loans like consumer durables, vehicle loans, advances against gold/silver etc. concerted efforts in the segment of recollection through development of core channels/departments at taluka headquarters/ head office would yield good results and directly affect their profits positively.

It is suggested that incentives can be given to honest re-payers to create a better climate for repayment. The possibility of honouring best loaners and the best employees during cooperative weak celebrations can be chalked out.

The DCCBs altogether India level the reimbursement schedules is also fastened strictly on the premise of norms fastened when a careful project analysis exercised for the region such agricultural project analysis ought to be revised sporadically so the instalment quantity would be discovered in a very manner which might be convenient for the farmers to repay .

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