

**\*\* CHAPTER - I \*\***

**INTRODUCTION**

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CHAPTER - II-1 INTRODUCTION :

Finance is the life blood of any industry. Without finance, development of any sector is not possible. India is an agrarian country. She is facing with many problems such as unemployment, poverty, low standard of living, low productivity of land etc.

The development of agricultural sector depends upon a number of factors namely institutional, infrastructural, technological, administrative agencies and availability of inputs.

Eventhough 70% of people <sup>are</sup> dependent on agriculture, their contribution to our national income is 45%. 30 per cent of people are dependant on non-agricultural sector. Their contribution is 55 per cent. It shows that the per capita income in agricultural sector is low.

The following table shows the average land productivity in selected countries.

T A B L E 1.1  
AVERAGE LAND PRODUCTIVITY IN SELECTED COUNTRIES.

Commodity	Country	Year 1975, Average production percentage (Kgs)
Rice	Japan	6185
	Egypt	5326
	India	1877
Wheat	U.K.	4382
	France	3888
	India	1338
Sugarcane	U.S.A.	82,605
	India	49,855
Groundnut	U.S.A.	2,875
	Japan	1,720
	India	548

SOURCE: Production Year Book published by  
FAO of the United Nations in 1975.

Labour Agricultural Productivity is put as Rs. 1,213 for India as a whole.<sup>1</sup>

Thus comparative study of both land productivity and labour productivity shows that Indian Agriculture is not developed. Main causes are overcrowding, small land holdings, old equipment, lack of finance, lack of marketing facilities, etc.

To solve the problem of finance of agriculturists, institutional agencies<sup>were</sup> developed in India. Out of a number of governmental agencies engaged in financing agricultural sector, Co-operative Organisations have been accepted as one of the best means. The co-operative movement covered 98% of village and 50% of rural population.

In the three tier system of co-operative credit structure, the central bank occupies a strategic place. It acts as a mediator between primary societies and state co-operative bank. It guides primary co-operative societies in all respects, central co-operative bank plays a significant role for the development of rural banking.

G. M. Laud says, "The necessity for establishing central co-operative bank is that there should be an intermediary agency between the primary credit society with a rural bias run by agriculturists having no touch with the money market and the provincial co-operative bank run mainly by city men with urban bias and having no close association with the country side"<sup>2</sup>.

If the central Co-operative Bank is efficient and financially sound then only rural people get adequate finance from PACs. It has a notable part to play in the economic development of the district.

## I-2 Review of the Literature and Need of the Study.

Various studies have been made by different committees and scholars on the working of co-operative agencies at macro-level.

Case studies have also been done by different researchers.

- a) Mr. A. C. Deorukharkar submitted a thesis on 'Evaluation of Crop-Loan System in Ratnagiri District (Maharashtra

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State) to the Konkani Krishi Vidyapeeth, Dapoli in the year 1982.

b) An article on the working of District Central Co-operative Bank, Parabhani with reference to inter linking of credit with marketing was published in July 1983 by Mr. S. P. <sup>AKS</sup> Kalyankar and others belonging to Marathwada Agricultural University, Parabhani.

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c) Department of Economics, Shivaji University, Kolhapur prepared a project report on 'A Study in Co-operative Finance for Agricultural Development in Kolhapur District in the year 1974. It reviewed the financial role played by primary Agricultural Credit Societies, District Central Co-operative bank and Land Development Banks in the Agricultural Development of Kolhapur District. Data Collected were pertaining to the year from 1960-61 to 1969-70 which is out dated at present.

Kolhapur District Central Co-operative Bank (KDCC) is one outstanding financial institutions not only in Maharashtra State but also in India. It played a strategic role in strengthening Primary Agricultural Co-operative Societies in the economy of Kolhapur District.

So far no detailed study has been made on the working of K.D.C.C. Bank with special reference to agricultural finance. Therefore, I undertook this study.

### I-3 OBJECTIVES OF THE STUDY :

The main objectives of the present study relating to the working of KDCC Bank with special reference to agricultural finance are as follows:

- i) To study the circumstances which led to the establishment of K.D.C.C. Bank and its aims and objectives.
- ii) To study crop-loan policy of bank i.e. short term finance and also medium term finance.
- iii) To study the linkage between credit and marketing.
- iv) To analyse recovery position of the Bank.
- v) To study refinance ~~and~~ K.D.C.C. Bank.
- vi) To suggest the ways and means to improve its efficiency in supply of credit.

### I-4 METHODOLOGY :

This study is mainly based on the secondary data i.e. Annual Reports of the Bank. Whenever necessary, personal discussion with Bank officials about certain matters has been made.

### SOURCES OF DATA COLLECTION :

- 1) Published annual reports of the KDCC Bank.
- 2) Discussion with Bank Manager and concerned staff of the Bank.
- 3) Various pamphlets and published matters on co-operative Banks.

- 4) Library resources-various book, journals and reports on banking.

I-5 LIMITATIONS OF THE STUDY :

*Handwritten note: This is not a limitation but a fact*

Rapid progress has been made by the Bank. It is financing both for agricultural and non-agricultural purposes. Area of working is very vast. As we have limited time, the researcher has limited his studies relating to agricultural finance which includes both crop-loan and medium-term loans. A bird's eye-view is also made regarding refinance and KDCC Bank.

I-6 SCHEME OF THE PRESENT STUDY :

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The Scheme of the present study includes five topics as given below.

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The first-topic includes the introductory aspect of the study.

The second-topic deals with the need for agricultural credit, need for co-operative, credit structure and development of co-operatives in India and Maharashtra.

The third-topic consists of History of the Bank and its progress in various aspects viz, membership, branches, deposits etc.

The fourth-topic deals with financial performance of the Bank with reference to agriculture. It includes trends in advances, crop-loan policy of the bank, medium-term finance,

outstandings and overdues and sources recoveries, progress of marketing and processing societies are also reviewed.

Final-topic deals with findings and suggestions.

REFERENCES :

- 1) Rudder Dutt and K.P.M. Sundharam :  
Indian Economy 1983 P. 385. ?
- 2) G. M. Laud :- Co-operative Banking in India P. 385 ?
- 3) The Maharashtra Co-operative Quarterly  
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