

CHAPTER - THREEROLE OF CENTRAL CO-OPERATIVE BANKS

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ROLE OF CENTRAL CO-OPERATIVE BANKS

3.1 ROLE OF CENTRAL CO-OPERATIVE BANKS IN INDIA :

The first Central Bank was registered in Uttar Pradesh 1906 as a primary society. But the first perfect Central bank in the modern sense saw the light of the day in the former central provinces and Berar. In Rajasthan, the first Central Cooperative Bank was started in 1910 at Ajmer. But the revised act stimulated the growth of the central financing agencies and within a few years a large number of such banks were established. The period 1906 to 1918 may be called the period of origin of the central banks in various parts of the country.¹

The progress of Central Cooperative Banks in India will be clear from the Table No. 3.1

On the suggestion of the Rural Credit Survey Committee for the reorganisation and amalgamation of central banks, the number of central banks fell from 505 in 1950-1951 to 478 in 1955-1956 in 1960-1961² and again 344 in 1972-1973.

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1. Dr. Mathur B.S. "Cooperation in India" Sahitya Bhavan, P. 211.
 2. Ibid.

TABLE NO. 3.1

PROGRESS OF CENTRAL COOPERATIVE BANKS 3

Sr. No.	Items	1950-1951	1955-56	1960-61	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1.	No. of Banks	505	478	380	341	340	341	341	344	342
2.	Share Capital (Rs. in crores)	-	-	-	-	-	-	-	-	-
a)	Total	4.04	8.50	37.93	115.24	127.91	141.13	157.63	176.29	197.60
b)	Government contribution	NA	1.26	10.04	29.88	33.19	37.50	45.32	49.67	55.38
3.	Deposits (Rs. in crores)	37.79	55.71	110.59	350.84	381.71	438.55	509.73	646.64	729.99
4.	Loan and Advances made during the year (Rs. in crores)	82.83	79.83	350.91	1020.83	1195.47	866.38	1019.70	1245.54	1423.04
5.	Loan overdue as percentage of loans outstanding	8.7	14.5	12.4	27	29	34	36	30	31
6.	Average per Bank (Rs. in lakhs)									
a)	Share Capital	0.80	1.79	9.98	33.79	37.62	41.4	46.23	51.25	57.8
b)	Deposits	7.48	11.65	29.10	102.89	112.26	128.6	149.48	187.98	213.4
c)	Loans Advanced during the year	16.40	16.70	92.34	328.69	351.58	254.1	299.03	382.08	416.1

The share capital of the central Cooperative Banks has shown a considerable rise from Rs. 4.04 crores in 1950-1951 to Rs. 37.93 crores in 1960-1961 and stood at Rs. 141.13 crores in 1970-1971, at Rs. 157.63 crores in 1971-1972, at Rs. 176.29 crores in 1972-1973 and at Rs. 197.60 crores in 1973-1974. The amount contributed by the states in the share capital of the central co-operative Banks increased from Rs. 1.26 crores in 1955-1956 to Rs. 55.38 crores in 1973-74.

The deposits of central Cooperative Banks increased from Rs. 37.79 crores in 1950-1951 to Rs. 110.59 crores in 1960-1961, to Rs. 438.55 crores in 1970-1971 and to Rs. 729.99 crores in 1973-1974.

The amount of loans advanced increased from Rs. 82.83 crores in 1950-1951 to Rs. 350.91 crores in 1960-1961, to Rs. 1245.54 crores in 1972-1973 and to Rs. 1423.04 crores in 1973-1974. The percentage of loans overdue, which increased from 8.7 in 1950-1951 to 36 in 1971-1972 and to 31 in 1973-1974.

The average share capital per bank moved from Rs. 0.80 lakhs in 1950-1951 to Rs. 41.4 lakhs in 1970-1971, to Rs. 51.25 lakhs in 1972-1973, and to Rs. 57.80 lakhs in 1973-1974. The average deposits per bank of central cooperative bank moved from Rs. 7.48 lakhs in 1950-1951 to Rs. 128.6 lakhs in 1970-1971 and to Rs. 213.4 lakhs in 1973-1974. Average loans advanced per bank increased from Rs. 16.40 lakhs in 1950-1951 to Rs. 254.1 lakhs in 1970-1971 and to Rs. 416.1 lakhs in 1973-1974.

3.2 ROLE OF CENTRAL CO-OPERATIVE BANKS IN MAHARASHTRA

The progress of Central Co-Operative Banks in Maharashtra will be clear from the table No. 3.2

From the table No. 3.2 it is clear that, the number of Central banks fell from 35 in 1961 to 26 in 1981 and 30 in 1986. The number of branches (including Head Office) of Central Co-Operative Banks increased from 867 in 1971 to 1703 in 1981, to 2226 in 1985 and to 2421 in 1986. The membership of Central Co-Operative Banks in Maharashtra increased from 57 thousands in 1961, to 62 thousands in 1981, to 68 thousands in 1985, and to 70 thousands in 1986. The share capital of the Central Co-Operative Banks has shown a considerable increase from Rs. 653 lakhs in 1961, to Rs. 2515 lakhs in 1971 to Rs. 4563 lakhs in 1981, to Rs. 7170 lakhs in 1985, and Rs. 8080 lakhs in 1986. The owned funds of Central Co-Operative Banks increased from Rs. 8.2 crores in 1961 to Rs. 102.06 crores in 1981, and to Rs. 169.70 crores in 1986. The deposits of Central Co-Operative Banks in Maharashtra increased from Rs. 26.47 crores in 1961 to Rs. 1207.57 crores in 1985, and Rs. 1376.62 crores in 1986. The borrowing outstanding of Central Co-Operative Banks increased from Rs. 24.65 crores in 1961 to Rs. 182.86 crores in 1985, and to Rs. 215.90 crores in 1986. The working capital of Central Co-Operative banks increased from Rs. 60.93 crores in 1961 to Rs. 1926.13 crores in 1986.

The amount of loans advanced by Central Cooperative Banks increased from Rs. 51.25 crores in 1961, to Rs. 120.84 crores in 1971, to Rs. 450.17 crores in 1985 and to Rs. 575 crores in 1986. The amount of loans outstanding of Central Co-operative Banks increased from Rs. 43.61 crores in 1961 to Rs. 921.05 crores in 1985, and to Rs. 1064.39 crores in 1986. The percentage of overdues to outstanding which increased from 10 in 1961 to 23.5 in 1985. The amount of recovery of loans increased from Rs. 88.42 crores in 1971 to Rs. 296.99 crores in 1985 and to Rs. 332.41 crores in 1986. The amount of 'demand for loans' of Central Co-operative Banks increased from Rs. 132.95 crores in 1971 to Rs. 512.29 crores in 1985 and to Rs. 581.27 crores in 1986. The loans overdue of central Co-operative banks increased from 4.6 crores in 1961 to Rs. 144.52 crores in 1981, to Rs. 216.59 crores in 1985 and to Rs. 248.86 crores in 1986. The percentage of recovery to demand of Central Co-operative Banks decreased from 66.5 in 1971 upto 58 in 1985, and upto 57.2 in 1986. The amount of profit of central Co-operative banks increased from Rs. 50 lakhs in 1961 to Rs. 620 lakhs in 1985 and to Rs. 958 lakhs in 1986.

3.3 ROLE OF SANGLI DISTRICT CENTRAL CO-OPERATIVE BANK LTD. IN SANGLI DISTRICT. :

The Bank was established in the year 1927 with a view to provide finance to agriculturists through the Primary Agricultural

Credit Societies in the Ex-Sangli State. Originally its share capital was Rs. 5,150 only. The Sangli State was merged with the old Bombay State in the year 1948 and subsequently this district was formed. The Bank was functioning as the Central Co-operative Bank in the areas of the State. After formation of this district, the Board of Directors of the Bank tried to get this Bank recognised as Central Financing Agency for the district. The Maharashtra State Co-operative Bank which was then functioning in some of Talukas of the district gradually transferred its business to this Bank. Thus at present this bank covers the entire area of the district and it is catering to the needs of the agriculturists by providing cultivation finance through the primary Agricultural credit societies in the district. The Government of Maharashtra has so far contributed to the share capital of the bank to the extent of Rs. 41 lakhs.

The Sangli District Central Co-operative Bank Ltd. Provide short and medium-term loan for agriculture and allied activities through primary credit societies in Sangli District. The Bank have done good work during the last two decades. The table No. 3.3 given below shows the financial position of the Bank during last two decades.

TABLE NO. 3.3

FINANCIAL POSITION OF SANGLI DISTRICT CENTRAL COOPERATIVE BANK LTD.

(Rs.in lakhs)

Particulars	1970	1975	1982	1983	1984	1985
Share Capital	95.38	132.86	244.18	270.77	296.73	342.00
Reserve and Other funds	29.35	60.04	213.60	255.44	262.30	294.71
Deposits	527.98	1163.40	4557.43	5330.53	5700.46	6735.57
Borrowings	380.75	655.43	867.31	1473.05	649.67	592.51
Investment	188.54	397.80	1324.24	1455.87	1566.36	2673.66
<u>LOANS AND ADVANCES</u>						
a) Short-term	585.42	912.10	1412.41	1425.39	1743.38	1797.16
b) Medium-term	130.05	304.45	779.07	779.67	889.52	1010.25
c) Others	95.64	329.34	2107.01	3399.33	2620.06	2218.82
<u>WORKING CAPITAL</u>	1079.55	2131.88	6770.90	7728.75	7440.28	8514.38
Profit	8.52	18.58	0.96	30.49	44.00	4.57
Dividend declared	5.0%	7.0%	Nil	7.0%	9.0%	NA

Note : NA : Denotes not available.

From the table No. 3.3 it is seen that there has been an all round development of Sangli District Central Cooperative Bank Ltd. during the period 1970 to 1985. The progress has been most significant with regards to the amount of working capital, which has moved from Rs. 1079.55 lakhs in 1970 to Rs.8514.38 lakhs in 1985. The loans and advances have moved from Rs. 811.11 lakhs in 1970 to Rs. 5026.23 lakhs in 1985. Share Capital has moved from Rs.95.38 lakhs in 1970 to Rs.342 lakhs in 1985. Reserve and other funds have moved from Rs. 29.35 lakhs in 1970 to Rs. 294.71 lakhs in 1985. Deposits have moved from Rs. 527.98 lakhs in 1970 to Rs. 6735.57 lakhs in 1985. Borrowings have moved from Rs.380.75 lakhs in 1970 to Rs. 592.51 lakhs in 1985. Investment has moved from Rs. 188.54 lakhs in 1970 to Rs. 2673.66 lakhs in 1985. Profit has increased from Rs. 8.52 lakhs in 1970 to Rs. 44 lakhs in 1984.

VARIOUS GOVERNMENT SCHEMES :

Various Government subsidy schemes are implemented in the Sangli District. The Sangli District Central Cooperative Bank is advancing loans under these schemes for various purposes. The details of loan advanced and subsidy received from the Government are given in Table No. 3.4.

TABLE NO. 3.4PURPOSEWISE MEDIUM TERM LOAN, ADVANCES AND SUBSIDY RECEIVED

(Rs. in Lakhs)

Purpose	1981-1982		1982-1983		1983-1984		1984-1985	
	Loan Advan ced	Subsidy Received	Loan Advan ced	Subsi dy Recei ved	Loan Advan ced	Subsidy Received	Loan Advan ced	Subsi dy Recei ved
1) Milch Cattle	14.16	3.98	47.55	9.50	30.66	8.70	18.76	3.83
2) Sheep	19.70	4.39	19.29	4.37	17.82	5.15	10.30	1.90
3) Minor Irriga tion scheme. (pump-sets, Ele:Motor, Oil Engine etc.)	0.39	0.11	2.82	0.61	1.86	0.22	2.81	1.42
4) Poultry	-	-	0.31	0.04	0.04	0.01	-	-
Total	34.25	8.48	69.97	14.52	50.38	14.08	31.87	7.15

From the above table No. 3.4 it is clear that the highest loan advanced to various purposes were Rs. 69.97 lakhs in 1982-83 and subsidy received was Rs. 14.52 lakhs in 1982-⁸³

DEMAND, RECOVERY, OVERDUES AND OUTSTANDING OF LOAN OF SANGLI DISTRICT
CENTRAL COOPERATIVE BANK LTD.

Recoveries are made through linking and by way of cash. Linking recoveries are made from the processing and marketing cooperative like cooperative /sugar factories, spinning mills and cooperative sale purchase Unions. Recovery position of the year ending 30th June 1981 to 1985 is as given in table No. 3.5

TABLE NO. 3.5RECOVERY POSITION OF THE YEAR ENDING 30th JUNE 1981 to 1985
(Rs. in lakhs)

Year	Demand	Recovery	Overdues	Outstanding	% of recovery
1981	987.40	667.56	319.84	1028.94	67.6%
1982	1332.34	1056.85	275.49	1412.41	79.3%
1983	1813.72	1460.26	353.47	1425.39	80.5%
1984	1811.90	1389.99	421.91	1713.48	76.7%
1985	1958.94	1227.51	731.43	1797.16	62.7%

From the above table No. 3.5 it is clear that the highest recovery done in 1983 was 80.5%

POSITION OF MEDIUM TERM (AGRICULTURAL) LOANS OUTSTANDING
AND OVERDUES .

Position of Medium-term (Agricultural) loans outstanding and overdues as on 30th June 1985 is given in table No. 3.6

TABLE NO.3.6

POSITION OF MEDIUM TERM LOANS, OUTSTANDING AND OVERDUES

AS ON 30th JUNE 1985

(Rs. in lakhs)

Particulars	Advances	Outstanding	Overdues
1. Ele. Motors and Oil Engine, Cement pipe.	41.45	141.01	6.37
2. Repairs to old Wells	5.94	19.82	2.22
3. Purchase of She-buffalo	21.91	56.20	7.68
4. Purchase of Cross-Breed Cows.	21.33	36.36	5.16
5. Grape gardens	6.36	89.22	9.73
6. Purchase of sheep and she-goats.	11.08	49.06	11.33
7. Tractor Purchasing	8.34	120.23	9.72
8. Lift irrigation	0.40	36.77	5.08
9. Gobar Gas Plant	120.09	126.00	0.65
10. Others.	13.68	25.44	0.93
Total	250.58	702.11	58.87

From the above table No. 3.6 is it clear that the total Medium-term advances Rs. 250.58 lakhs, outstandings Rs. 702.11 lakhs and overdues Rs. 58.87 lakhs were as on 30th June 1985.

FINANCING TO WEAKER SECTION.

Land holders below 5 acres are recognised as small holders in Sangli District. Crop loan advances and Medium-term loans were provided to small holders Rs. 513.86 lakhs and Rs. 152.51 lakhs respectively during the year ending 30th June 1985 by the bank.

3.4) ROLE OF MIRAJ MARKET YARD BRANCH OF SANGLI DISTRICT
CENTRAL COOPERATIVE BANK LTD.

The Miraj Market Yard Branch of Sangli District Central Cooperative Bank was established on 25th April 1977 with a view to provide agricultural finance through the Primary Agricultural Credit Societies in the Miraj Taluka.

The working Capital of the branch on 30th June 1980 was Rs. 72.98 lakhs. It increased by Rs. 89.44 lakhs and became Rs. 162.42 lakhs on 30th June 1986. Deposits of the branch on 30th June 1980 were Rs. 59.32 lakhs. It increased to Rs. 157.98 lakhs on 30th June 1986. Loans and advances of the branch were Rs. 51.66 lakhs on 30th June 1980 which increased to Rs. 61.62 lakhs on 30th June 1986.

Borrowing of the branch were Rs. 8.93 lakhs on 30th June 1980 and it was nil on 30th June 1986. Profit of the branch was Rs. 1.45 lakhs on 30th June 1980. It increased by Rs. 1.47 lakhs and became Rs. 2.92 lakhs on 30th June 1986.