

CHAPTER-V

ASSESSMENT OF THE PERFORMANCE OF
THE D.C.C. BANK

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Assessment of the Performance of the
D.C.C. Bank :

- Nationalised & other Commercial Banks
- Co-operative Banks
- Coverage of Villages
- Strengthening the PACSs.
- Timely supply of Credit
- Supervision & Recovery
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CHAPTER-VAssessment of the Performance of the DCC Bank

The DCC Bank's performance may be judged from various angles. At the very outset it must be made clear that the DCC Bank's performance, here is tried to be assessed with regard to its operations in Karad Taluka is concerned and that a co-operative Bank, particularly a DCC Bank, has to work with an orientation towards development of the Co-operatives in the District with the main objective of helping the poor and unorganised people in their pursuit of their economic well-being. Other angles of judging the DCC Bank's performance, e.g., profitability, deposit mobilisation, etc. are not considered in this particular context.

Dominance of Co-operatives

The data already presented in Chapter-II provide the following information :

Table No.5.1 : Statement showing the share of Commercial Banks & Co-operative Banks in Agricultural Finance in Karad Taluka.

	(Figures in Percentages)		
	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
Nationalised & Other Commercial Banks	13.6	15.1	11.2
Co-operative Banks	86.4	84.9	88.8
Total :	100.0	100.0	

Source : Compiled from Tables 2.5 to 2.7.



The Co-operative Banks, mentioned above, include two banks, i.e. the DCC Bank and the Maharashtra State Co-operative Land Development Bank's Satara Branch. The Land Development Bank's share is 2.7% in 1983-84 (out of the total share of the Co-operative Banks of 86.4%), 5.2% in 1984-85 and 4.8% in 1985-86. Thus, it may be concluded that with share of 80% and above, the DCC Bank has been the single agency dominating the field of agricultural finance in Karad Taluka.

Coverage by the Co-operatives

Out of the 163 villages in Karad Taluka, 118 villages have had 126 PACSs during all the three years of study. This indicates the possibility of some of the villages having more than one society.

These 126 PACSs cover all the 163 villages. A PACS may be serving more than one village in case of some of these PACSs.

The DCC Bank has 28 branches, in operative in Karad Taluka as of 30th June, 1986. The DCC Bank serves the needs of the agriculturists in respect of loans required for crop-production or capital improvements in their farms through its 28 branches. The needs of the agriculturists are served by the 28 branches of the DCC Banks through the 126 PACSs. The coverage of villages as also of the rural population by the Co-operatives financing agriculture in Karad Taluka seems to be satisfactory.

Strengthening the PACSs

The general picture obtained of the PACSs in the country is not satisfactory. The PACSs, in general, are found to be not viable units and the picture in Karad Taluka does not seem to be better. Because of development in respect of irrigation facilities and the consequent upsurge of Co-operative sugar factories in Karad Taluka, the overdues of the PACSs are not as high in the Taluka as they are on an average in the country. Apart from this favourable factor, the PACSs in Karad Taluka are not found to be financial sound organisations. The DCC Bank has taken certain steps like opening as many as 28 branches in the Taluka, strengthening the owned-capital base, helping the PACSs in maintenance of their accounts and records, supervising the loans granted by the PACSs etc., in the direction of helping them to become viable units. These steps, however, are all indirect.

Timely supply of Credit

The DCC Bank takes the minimum possible time for sanctioning and disbursing the loans. The NC statements submitted by the PACSs to the DCC Bank through its respective Branches are sanctioned within a maximum period of 10 to 12 days. The Committee meetings are held every week and sometimes 5 times a month before which the NC statements are put up for sanction.

Disbursement of loans is done in two components, i.e., cash component and kind component. Cash component varies from crop to crop. On completion of the necessary documentation, cash component of the loan is immediately released, except in case of loan for sugarcane. Kind component is released on verification that the cash component is utilised properly.

In case of sugarcane crop, however, cash component is released on certification by Bank Inspector that the concerned member-farmer is going to really cultivate the number of acres of the crop. The procedure for releasing kind component is the same, i.e., as described above.

There seems to be some problems in connection with disbursement of loans. Disbursement is around 50% of the sanctioned loans in Karad Taluka. It seems that kind component of the loan is normally not lifted by many of the members of the PACSs. This has to be further investigated and reasons found out so as to enable the DCC Bank and the PACSs to take corrective measures.

Supervision and Recovery

17 Inspectors, supervisors and recovery officers are responsible for supervision and recovery of loans. Inspectors and supervisors are mainly responsible for supervision during monsoon and winter seasons and for recovery during winter and

summer seasons. Recovery officers are mainly responsible for recovery of overdues through coercive measures prescribed under the Co-operative Societies Act and The Rules framed thereunder.

Inspectors and supervisors visit the farms of member-cultivators, particularly those who cultivate cash crops like sugarcane. The first instalment of cash component in case of such loans is released only on verification of area of land to be brought under the particular cash crop.

As seen earlier, recovery position of the DCC Bank during all the three years under study, was quite satisfactory.

Supply of Inputs

That the member cultivators are reluctant to lift the kind component of the loan reflects on the position of supply of inputs through co-operatives. Many of the PACSs have no facilities for storing and selling the inputs like seeds, fertilizers, pesticides etc. This aspect, however, needs further scrutiny.

As shown in Table No.2.4, there were as many as 27,569 agencies dealing with fertilisers, seeds, agricultural equipments, etc. in Karad Taluka by the end of the year 1985-86.

Conclusions

The DCC Bank's performance in respect of financing agriculture in Karad Taluka may be said to be satisfactory.

The DCC Bank operates in Karad Taluka with its 28 branches through 126 PACSs. The quantum of loans sanctioned, timeliness of loan-sanctions, supervision over loans advanced and recovery of loans, considered for the period of three years of study, seem to be generally satisfactory.

The DCC Bank, however, has to look into the low percentage of disbursement of loans. The Bank has to investigate the matter, find out the reasons for low percentage and take necessary corrective measures to increase the percentage.

The DCC Bank has also to look into the viability of the PACSs in the District in general and Karad Taluka in particulars. The indirect measures, already discussed in previous chapters, are not adequate to resolve the problem. Helping the PACSs with direct participation in the share capital on adequate scale, helping them to get a full-time and qualified Secretary, motivating the managing committee members of the PACSs to undertake activities like supplying inputs and consumer-goods and putting more emphasis on inculcating a habit among members of saving with the PACSs are some of the measures the DCC Bank must seriously adopt.

The first objective i.e. studying the role of the DCC Bank in financing agriculture in Karad Taluka has been completely fulfilled. The second objective has also been fulfilled with concrete suggestions for improvement.

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