

CHAPTER - 1

INTRODUCTION

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The rapid development and growth of agriculture has been one of the principal tasks in which the developing countries have been engaged over the last four decades. Once all the cultivated land is brought under the plough, intensive farming is the only way to increase farm production. This entails application of science and technology to land by adopting the innovations, which usually require the shift to the use of modern farm inputs and assets from those of traditional ones. Hence, modernisation of agriculture leads to increase capital investment on land. As most of the farmers do not have resources of their own to finance the process of modernisation, they have to rely heavily on borrowings. The Maharashtra State co-operative Agricultural and Rural Development Bank Ltd cater to the needs of credit for investment in agriculture on easier terms. The main purpose of the bank is to provide long term credit to farmers. The success and efficiency of the Maharashtra state Co-operative Agricultural and Rural Development Bank Ltd depends upon management of the bank. For this purpose we have selected the topic.

"A study of Management Practices of a Co-operative Bank"

1.1 CO-OPERATIVE CREDIT STRUCTURE IN INDIA

The Co-operative credit structure can be broadly classified in to two categories, viz., those which support

agriculture and those which non-agriculture. The Co-operative agricultural credit structure is further divided into short and medium term credit and long term credit. The co-operative credit structure for short and medium term credit is a three tier one. It includes a state co-operative bank at the apex level in each state, a central co-operative bank at the district level and primary agricultural credit societies at the base. As far as long term credit is concerned, the central land development banks are at the apex level (state level) and primary land development banks are at the bottom level (Taluka - Block level). A formal presentation of the relationship between different organisations in the Co-operative credit system is made in chart 1.1. It may be noted that Co-operative credit system in Andhara Pradesh follows a different structure in compliance with the single window credit delivery system. Under the single window Credit delivey system which has been in implementation since, 1987, the short, medium and long term credit channels are merged to gether at the delivery level. In other words, the existing primary agricultural credit societies are restructured to deliver all types of credit required by the agriculturists. It is pertinent in this connection to highlight the difference between different types of agricultural credit.

The credit can be classified as short term, medium term and long term credit. Short term credit is made available for a period of 12 to 15 months for meeting the

cost of seasonal agricultural operations like purchasing seeds, manure, fodder, etc. the medium term loans are granted for periods exceeding 15 months but not exceeding 5 years for purchasing bullocks and agricultural implements, reclamation of land, sinking of wells, etc. Long term loans are made available for a period exceeding 5 years, the long term credit is extended for making permanent improvements on land, for construction of buildings for agricultural purposes, for permanent fencing etc. Generally, the long term loans do not extend beyond 20 years.

1.2 NEEDS FOR THE MAHARASHTRA STATE CO-OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK (MSCARD Bank Ltd;)

1. The Rural Primary Credit Societies, because of their poor resources, could not give loans to the farmers for long periods.

2. These societies did not have qualified and experienced technical and non-technical staff for valuation, cost of project, title deed etc. Thus, the assessment of landed property becomes difficult.

3. The abolition of Zamindari system and the restrictions imposed on the dealings of rural money-lender made it difficult for the cultivators to get long term loans for their needs.

4. Increases in agricultural production and productivity requires long term finance which are not available from commercial banks in sufficient.

5. For supplying credit to Rural Small Scale or Cottage Industries and Rural Development.

6. For implementation of state or central governments scheme for example I.R.D.P. and NCDC Godown Scheme

1.3 OBJECTIVES

The main objectives of the study are

1. The study organisational structure of the Maharashtra State Co-operative Agricultural and Reural Development Bank Ltd, district branch Sholapur.
2. To study personnel practices followed in the Maharashtra State Co-operative Agricultural and Rural Development Bank Ltd, district branch Solapur.
3. To study loan sanction procedure and practice in the Maharashtra State Co-operative Agricultural and Rural Development Bank Ltd, district branch Sholapur.
4. To find out recovery procedure and position.
5. To suggest measures for efficiency on different aspects.

1.4 RESEARCH METHODOLOGY

We purposely selected the Maharashtra State Co-operative Agricultural and Rural Development Bank Ltd, district branch Sholapur for studying " A Study of Management Practices of a Co-operative Bank " the data is collected directly from sub-branches as well as following sources have been taped.

1. Books
2. Periodicals
3. Journals
4. Interviews

For the purpose of interview of sub-branch Manager and Recovery officer personal Interview method is adopted for the purpose of sampling four branches were selected. Two branches having maximum disbursement of funds and two having lower disbursement of funds have been selected.

5. Reports and Statements of the Maharashtra State Co-operative Agricultural and Rural Development Bank Ltd, Bombay.

1.5 SCOPE AND LIMITATIONS OF THE STUDY

The scope of the study is limited to the Maharashtra State Co-operative Agricultural and Rural Development Bank Ltd, district branch Sholapur and it's sub-branches. The study is limited to five years period i.e., 1985-86 to 1989-90.

Emphasis given on organisational structure, personnel Management, Disbursement and Recovery of loans of the bank.