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Target and achievement of primary co-operative agriculture and rural development banks in Karnataka

Shivakumara S and TR Manjunath

Abstract

The Economic development of India depends directly or indirectly on the growth and development of banking sector. Agriculture is the backbone of Indian economy and accordingly the co-operative banks are also the backbones of agriculture. The co-operative movement in India started its journey at the end of the 19th century based on the success of the Co-operative credit movement in Karnataka. The Rural Cooperative Banks were the first formal institutions established to provide credit to rural India. The SCARDB and PCARDB were conceived as the objective for the meeting of the long-term credit which needs for our agriculture.

Keywords: Co-operative banks, credit, agriculture

Introduction

India is an agricultural based country and its 70% population stay in rural area. The cooperatives are called the life blood of the Indian economy and also the mechanism for any developmental programs. Especially, in an agriculture dominated rural sector, cooperative banks play a pivotal role in bolstering the common individual and financing his business and the personal needs. The cooperative credit structure is serving the Indian society, since 1904, and since then it has seen several ups and downs. Despite of several limitations such as restriction of area of operations, limited clients, small volume of business, political interference, this movement is standing since last 108 years and serving for the Indian societies. Empirical analysis of the results show that the increase in the level of agricultural loans granted by the cooperative banks are positively influence the development of agriculture in India.

The Agricultural Credit Policy essentially lays emphasis on augmenting credit flow at the Ground level through credit planning, adoption of region-specific strategies, rationalization of lending policies and procedures and bringing down the cost of borrowing. Bank credit is available to the farmers in the form of short-term credit for financing crop production programs and in the form of medium-term/long-term credit for financing capital investment in agriculture and allied activities like land development including purchase of land, minor irrigation, farm mechanization, dairy development, poultry, animal husbandry, fisheries, plantation, and horticulture. Loans are also available for storage, processing and marketing of agricultural produce.

Co-operative credit in Karnataka

Karnataka has a fascinating history of co-operative movement. Co-operative culture in various economic activities is the state in clearly evident. It is deep-rooted since the official launching of the movement in 1904. The first Primary Agricultural Credit Society to be founded in the country was at Kanaginhall Credit Society Gadag district on 18th May 1905 and it is still functioning. Similarly, the first Urban Co-operative Credit Society to be organized in the state was at Betageri on 18th October 1905 (in Gadag district, now defunct). The Swadeshi Movement of 1905 inspired many local leaders and social workers to start the co-operatives to cater to their local needs. Bangalore City Consumers Co-operative institution in princely Mysore State. By 1906, the places like Belgaum, Gokak, Mysore, Hubli, Dharwad and Sira were having.

Need for the Study

The cooperative structure stands on a strong economic foundation and a sound social base. The economic logic behind formation of a cooperative and the spread of cooperative movement lies in the existence of glaring inequalities in the distribution of wealth and income and the need of moderating them through the principles of cooperation. The necessity of liberating people from the tyranny of exploitative practices is the social justification for cooperatives.

Statement of the Problem

The central co-operative banks by being at the middle order of a three tier structure have been playing a crucial role in promoting agricultural and allied activities by providing credit facilities through primary co-operative banks. They provide a strong linkage between rural based co-operative banks which do not have a close contact with money market, and urban based apex co-operative banks which have a close connection with the money market. Thus the District Co-operative Banks act as a friend, philosopher and guide to the entire Co-operative movement in the district, for they not only safeguard the interests of the primary credit societies but also the various other types of credit and non-credit societies in the respective districts. Hence, a consistent, firm and sound development of co-operative movement at the district levels warrants the existence of strong and effective working of central co-operative banks. The sound working of the bank depends on good financial performance.

Objectives

The present study was undertaken with the following objectives:

1. To study the Target and Achievement of PCARDB in Karnataka
2. To study the recovery of PCARDB in Karnataka

Methodology

The study mainly relies on Secondary data. The main source of Secondary data on Co-operative department of Apex Sahakara Soudha and annual reports, Government of India, Karnataka, NABARD Reports daily news paper through reputed journals books internet periodicals etc.

Sources of Data

The present study depends on secondary data. Secondary data was collected by various sources like books, research articles, journals and report.

Result and Discussion

Table 1: Target and Growth Rate of PCA & RD Bank in Karnataka from 2010 to 2015, (Rs. Crores)

Year	Target	Growth Rate (%)
2010-2011	174.20	100
2011-2012	181.60	104.24
2012-2013	187.08	103.01
2013-2014	183.98	98.34
2014-2015	300.00	163.06

Source: Annual Report 2010 to 2015

Table 1 shows the Target of PCA & RD Bank in Karnataka in the year 2010-2011, it was 174.20 which is considered as

100% as base year. This was 181.60 in the year 2011-2012 with highest growth rate of 104.24% as compared to immediate previous year and this number became 187.08 in year 2012-2013 with growth rate of 103.01% in year 2013-2014 bank recover declined 183.98 which the lowest growth rate of 98.34% in year 2014-2015 and it was highest 300.00 by growth rate of 163.06% and the Target.

Table 2: Achievement and Growth Rate of PCA & RD Bank in Karnataka from 2010 to 2015, (Rs. Crores)

Year	Achievement	Growth Rate (%)
2010-2011	188.87	100
2011-2012	191.80	101.55
2012-2013	205.52	107.15
2013-2014	212.00	103.41
2014-2015	317.66	149.84

Source: Annual Report 2010 to 2015

Table 2 shows that Achievement of PCA & RD Bank in Karnataka in the year 2010-2011 was 188.87 which is considered as 100% as base year. This was 191.80 in the year 2011-2012 with growth rate of 101.55% as compared to immediate previous year and this number became 205.52 in year 2012-2013 with growth Rate of 107.15% in year 2013-2014 bank recover declined 212.00 which the growth Rate of 103.41% in year 2014-2015 it Highest to 317.66 by growth rate of 149.84% and the Achievement.

Conclusion

In this paper, the researcher has analysed the financial evaluation of the Co-operative Bank Limited with the help of information collected from the annual reports available in the head office of the study unit. The financial statements provide a information about the operational results of a business unit and much can be learnt from careful examination of these statements. On the basis of the results of the analysis, the researcher found that the financial evaluation of the study unit was not highly encouraging. It is also clear that the liquidity position of the bank is not enough to meet its obligations.

The need of the hour is to increase the recovery to improve the financial strength of the banks and to render good services to rural people in a developing country like India.

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