A STUDY ON ROLE OF COOPERATIVE BANK IN RURAL DEVELOPMENT WITH SPECIAL REFERENCE TO CHITTATUKARA BANK, THRISSUR, KERALA

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Abstract—*The Government of India has provided massive financial, technical, and administrative support to co-operatives both directly and indirectly through State Government (Dwivedi 1996). The co- operative credit system in India is comprised of the Agricultural Short Term (ST), or Agricultural Production Credit structure and the Long Term (LT), or Investment Credit structure for Agricultural and allied sectors. The ST structure has at its base the Primary Agricultural Credit Societies (PACS) and all the base level societies are affiliated to District Central Co- operative Banks (DCCB) at the district level, which in turn, are affiliated to State Co-operative Banks (SCB) at the State level. The present study is concerned with an examination of the working of Co-operative bank in Chittatukara. The dimension and character of various aspects of the working of Co-operative banks are largely influenced by rural development of the State. The research methodology used from primary source is collected by questionnaires and by interviewing with the customers in cooperative bank. The secondary data is collected from bank records, magazines, web pages, and few articles. The tools for data collection used is structured questionnaires and interview with customers. It is suggested that it has to fix the rate of interest as feasible to both customer &bank. By this study it can conclude that it is found that the definition of rural area is changed over this year. It also seen that role of SHGs has made a good improvement increasing social status of women.*

Keywords—*Co-operative Banks, DCCB, PACS, SCB, Social Status.*

INTRODUCTION

In most developing countries including India, co-operatives were promoted by their governments as instruments of rural development. In India, the co-operative form of organization was born in 1904 consequent upon the enactment of the Co-operative Credit Societies Act. Co-operative assumed greater significance as an instrument of socioeconomic development and became an integral part of

India's Five-Year Plans. The Government of India has provided massive financial, technical, and administrative support to co-operatives both directly and indirectly through State Government (Dwivedi 1996). Credit co-operatives societies and co-operative banks are the oldest and most numerous of all the types of co-operatives in India. The co- operative credit system in India is comprised of the Agricultural Short Term (ST), or Agricultural Production Credit structure and the Long Term (LT), or Investment Credit structure for Agricultural and allied sectors. The ST structure has at its base the Primary Agricultural Credit Societies (PACS) and all the base level societies are affiliated to District Central Co-operative Banks (DCCB) at the district level, which in turn, are affiliated to State Co-operative Banks (SCB) at the State level. The smaller states like Sikkim where no DCCB at the district level, have a two-tier structure, the credit requirements of PACS are directly met by SCBs (Singh& Pundir 2000).

REVIEW OF LITERATURE

Thirupathi-2013

He has found that PACCS functioning at grass-root level has direct contact with the rural people and meet the financial requirements of 10.983 crore members. PACCS rely heavily on external support have not yet been able to become self-reliant with respect to resources through deposit mobilization and internal accruals, affecting their growth and expansion

of business activities. The present study explores the sources of funds of PACCS and the mobilization and deployment of funds. The suggestions given aim at helping the societies to improve their performance and achieve their objective*s*

Viswanath-2008

He has tried to understand the problems of institutional rural finance in Karnataka. The author has investigated the recommendations of various committees related to rural finance and provided valuable suggestions for its improvement.

Chalam & Prasad – 2007

They have analyzed the financial performance of nine selected primary agricultural co-operative societies and suggested that the cooperative societies should strike a balance between liquidity and profitability.

Mishra &Mishra-2007

They have identified that the large farmers by their political influence get access to considerable amount of credit but the small and marginal farmers are found to divert the productive credit for other purposes and very often they are alleged not to have repaid the amount intentionally.

Natarajan-2007

He has pointed out that poor funds' management put many of the service co-operative banks in Kerala to incur loss and quite many of them fail to generate profit in carrying on their non- banking business.

Hussain-2006

He has made an analysis by comparing the performance of PACSs in Kerala with all India position to find out the reasons for the failure in achieving profitability. He has concluded that it is high time that the service cooperative banks in Kerala have to analyse the profitability of each of their activity , plan their funds efficiently and effectively, utilize their work force to the maximum in order to get a reasonable profit and survive in their competitive environment.

Prasad-2006

He has examined the performance of co-operative credit and banking structure. He has analysed the critical problems faced by PACSs such as lack of diversification in business portfolio, low volume of business, declining percentage of borrowing membership, high cost of management, imbalances in 32 loan outstanding, unskilled staff, lack of professionalism, weak MIS, involvement in less profitable PDS business and low interest margin.

Belay *et al*-2004

They have examined the trend and growth in size of operation of Primary Agricultural Co-Operative Societies, and have also analysed the pace of deposit mobilization, pattern of loan disbursement and sources of working capital of PACSs.

Sen-2004

He has concluded that co-operative banks continue to play a critically significant role in the socioeconomic matrix of India. As such, these institutions cannot simply be washed away. Effective measures are, therefore required to be taken on an urgent basis so that they continue to contribute towards the development process in the country.

Zeratsion –2006

In his study on the performance of primary agricultural credit societies in Karnataka has revealed that total loan recovered by primary agricultural credit societies in the state steadily increased recording a growth of 15.37 per cent. During the study period from 1986-87 to 1997-98 the over dues increased at 3.15 per cent annually and it was not significant.

NEED TO THE STUDY

Rural Development refers to the process of improving or uplifting the living conditions of the people living in rural areas. Rural Development is the National Development. The people of India live mostly in rural areas. The welfare of India depends upon the prosperity of the village.

STATEMENT OF THE PROBLEM

The cooperative sector is one of the main partners of Indian Banking Systems, the cooperative banks have more reach to the rural India, through their huge network of credit societies in the institutional credit structure. The cooperative sector

has played a key role in the economy of the country and always recognized as an integral part of our national economy. Cooperative have ideological base, economic objects with social outlook and approach. The cooperative form of organization is the ideal organization for economically weaker sections in the country. The Primary Agriculture Credit Societies (PACS) amount for about 30 percent of micro credit in India and play a very crucial role in Community Development. This study attempts to analyse the role of cooperative banks in rural development in India.

OBJECTIVES OF THE STUDY

- To know the programs implemented by cooperative bank on rural areas

- To know changes in rural people's needs in recent times

- To know how the schemes of cooperative banks influence on standard of living of rural people

SCOPE OF THE STUDY

The present study is concerned with an examination of the working of Co-operative bank in Chittatukara. The dimension and character of various aspects of the working of Co-operative banks are largely influenced by rural development of the State. Agriculture remains to be the most important instrument for rural development in the state as elsewhere in the Country. Government both Central and State, and other Non- Government Organisations are working for rural development of the country. Agricultural finance and cooperatives are two sides of a coin. An attempt is made in this study to discuss about Co-operatives as a suitable set up for agricultural development along with the objective of study, review of literature, scope of the study, sources of data and their collection. Organisation and limitations of the study also form part of this project.

RESEARCH DESIGN SAMPLING

- Sampling type: Accidental sampling

- Sampling techniques: Purposive sampling

- Sample size: 50 customers Chittatukara cooperative banks.

SOURCES OF DATA COLLECTION

Primary data

Data from primary source is collected by questionnaires and by interviewing with the customers in cooperative bank.

Secondary data

The secondary data is collected from bank records, magazines, web pages, and few articles.

TOOLS FOR DATA COLLECTION

- Structured questionnaires

- Interview with customers

TOOLS FOR DATA COLLECTION

- Tables

- Graphs

- Diagrams

LIMITATIONS OF THE STUDY

- This study is limited to the customers of Chittatukara service co-operative bank.

- The sampling used here is accidental sampling method used here is accidental sampling. So cannot assure accuracy.

- The all customers were not supportive. It is difficult to covey the purpose of sampling

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DATA ANALYSIS AND INTERPRETATION

TABLE 1: SEX OF RESPONDENTS

Sex	No. of respondents	Percentage
Male	26	52
Female	24	48

Interpretation: From this diagram we can see that both men & women have closely equal proportion in engaging banking activities. Even though men have an upper hand, women are also showing a good participation in banking transactions.

TABLE 2: AGE OF RESPONDENTS

Age	No. of respondents	Percentage
18-40	16	32
41-60	30	60
Above 61	14	28

Interpretation: The persons engaging in banking are mainly of middle-aged person. 60% of persons engaging in banking are middle-aged persons. The youth is in 2nd position as 32% is consisting by them. And at last 28% of customers by the senior citizen. The table shows that the persons who need loans more is middle aged persons, that is the reason they are having more than half of total customer.

TABLE 3: FAMILY STATUS

No. of persons	No. of respondents	Percentage
Less than 4	32	64
5 to 8	16	32
More than 8	2	4

Interpretation: The family status of rural people also had been changing. The customers are largely from nuclear families. 64% are from nuclear families, i.e., customers are from families consist of 4 members. The persons live in moderate families, i.e., members vary from 5 to 8, is 32%. That is the half of persons living in nuclear families. Only 2% living is in joint families.

TABLE 4: PROFESSION OF RESPONDENTS

Profession	No. of respondents	Percentage
Agriculture	7	14
Self-employment	15	30
Govt. Employee	7	14
Business	10	20
Gulf	8	16
Others	3	6

Interpretation: The customers of the bank are mainly self-employed, 30% is consisted by them. And 20% have chosen their profession as business. And the person working abroad is also the customers of bank, about 16% are covered by them. Only 14% are working in the agriculture sector and in govt. sector too. This table shows most people are changed from agriculture to other sectors.

TABLE 4: INCOME OF CUSTOMERS

Income	No. of respondents	Percentage
Below 5000	18	36
5000 to 10000	20	40
10000 to 20000	3	6
Above 20000	9	18

Interpretation: The most customers of the bank lying on the salary group of 5000 to 10000, by 40%. And in below 5000 categories, there is 16% of participation. The least participation in the 10000 to 20000 & above 20000 categories by 6% & 18% respectively. This show that most people are from 1st&2nd category. That is most people relying in lower or middleclass.

TABLE 5: PURPOSE OF LOAN TAKEN

Purpose	No. of respondents	Percentage
Agriculture	8	16
Education	8	16
Housing	15	30
Business	9	18
House expense	10	20

Interpretation: This table shows that loans are taking mainly for the purpose of housing. (30%). It is followed by house expense with 20%, this means that there some who have taken loans for the purpose of running their house. The persons taking for business consist of 18%. And the agriculture and the education have 16% each. This shows that persons are taking loans mainly for their family than job.

TABLE 6: TYPE OF LOAN TAKEN

Type of loan	No. of respondents	Percentage
Agriculture loan	5	10
Education loan	7	14
Housing loan	11	22
Gold loan	8	16
Cash credit	7	14
Others	12	24

Interpretation: As most people are taking loans for house purpose, the housing loans are most preferred one, by 22%. Gold loan, which is an easily accessible one, also have 16% proportion. Education loan & cash credit have equal proportion, 14%. The agricultural loans consist of 10%. This shows that persons are mostly like to take those loans which are specially designed for the purpose & people like to take those also which are easily accessible.

TABLE 7: SUFFICIENCY OF FUND REFERENCE TO LOAN TAKEN

Response	No. of respondents	Percentage
Yes	32	64
No	18	36

Interpretation: This table shows that the funds which are sanctioned in the loan are sufficient for the purpose they have taken for, to 64% of customers. Only for 36% the funds are not sufficient.

This table also shows that the most customers have adequate security as of their needs.

TABLE 8: TERM OF LOAN

Term of loan	No. of respondents	Percentage
Less than 2 year	23	46
2 to 5 year	16	32
5 to 8 year	6	12
Above 8 year	5	10

Interpretation: This shows that the persons are mainly taking loans for the period of less than 2 year. 32% of customers are taking loans for period of 2 to 5 year. The persons taking loans for period of 5 to 8 year are of 12%. For above 8 year's period 10% of people taking loans. This table shows that the persons are mainly taking loans for current period.

TABLE 9: OPINION OF CUSTOMERS TOWARDS FACTORS OF LOAN

Factors	Mean value
Rigid procedure	2.16
High rate of interest	3.5
Delay in sanctioning	2.12
High value of security	2.18

Interpretation: The factor high rate of interest has more mean value. The factors high value of security& rigid procedure has the subsequent position. The factor delay in sanctioning has least agreed one. But all other than high rate of return are under 4, it means that all other factors are least agreed by customers.

TABLE 10: TIME OF REPAYMENT

Time of repayment	No. of respondents	Percentage
Before due date	3	6
On due date	34	68
After due date	13	26

Interpretation: This shows that 68% of people are repaying loan on time. 6% of people are repay it before due date. Persons paying after due date is only 26%. This data shows 74% of people can repay its loan within the time available for repayment.

TABLE 11: FACING OF FINE IN CASE OF DEFAULT

Response	No. of respondents
Yes	13
No	0

Interpretation: This show is that all persons who have made default have to face fine for the default.

TABLE 12: GETTING RELAXATION IN CASE OF DEFAULT

Response	No. of respondents
Yes	0
No	13

Interpretation: This shows that no person get relaxation for the default they have made.

TABLE 13: TIME OF DEFAULT MADE

Time of default	No. of respondents
Less than 1 year	13
More than 1 year	0

Interpretation: This table shows that the persons made default can repay it fully within a year.

TABLE 14: REASONS FOR DEFAULT

Reasons	No. of respondents
Natural calamities	3
Personal problems	8
Nipah	2

Interpretation: This table shows that most people are unable to repay the loan on time is due to personal problems of them. And there are some people who make default because of natural calamities & nipah. Nipah it is a disease lashed in Calicut during the end of May 2018, that time was one of the peak times in market. But market did not do well in that situation.

TABLE 15: MEMBERS OF SELF-HELP GROUP(KUDUMBASREE)

Response	No. of respondents	Percentage
Yes	16	32
No	34	68

Interpretation: This table shows that 32% of bank's customers are in SHG. And 68% not participate in it. In rural area the Kudumbasree sector is famous form of SHGs. So, it is notable that out of 48% of women customers, there is 32% in total customers participate in SHG.

TABLE 15: LOANS TAKEN BY SHGS

Loans	No. of respondents
Linkage loans	13
Surety loan	0
Consumption loan	3
Project loan	0

Interpretation: This shows that in the loans which are meant for SHGs the linkage loan have more demand. Most people are taking it. The consumption loan followed the linkage loan. The surety loan & project loan does not have any demand.

TABLE 16: SMALL SCALE ENTREPRENEURS

Response	No. of respondents	Percentage
Yes	6	12
No	44	88

Interpretation: This table shows that only 12% is small scale entrepreneurs. The rest 12% is not in this category. But it has to be seeing that in total customers 18% are businessperson. And when comparing to that data it is quite good.

TABLE 17: PERSONS WHO GET HELP TO OVERCOME THE FLOOD, FACED BYTHEM

Programs	No. of respondents	Percentage
House reconstruction loan	16	32
Crop insurance	0	0
Waiver of loan	0	0
None	34	68

Interpretation: It has to be seen that only 32 % has get or taken any time program for overcoming the flood hazards. The rest is not in the criteria. And house reconstruction loan is the one which is offered by bank.

TABLE 18: CUSTOMER'S ATTITUDE TOWARDS FOLLOWING SERVICES OF BANK

Services	Mean value
Nanma stores	4.8
Locker facility	4.29
Mutual fund	4.4
Fertilizer depot	4.8
Neethi stores	4.52
Kissan credit card	4.83

Interpretation: The programs offered by bank have a greater approving among customers. Kissan credit card & Nanma stores have more people's applause. The locker facility has the less. But all men values are above 4. It implies all programs are welcomed by customers.

TABLE 19: OPINION OF CUSTOMERS TOWARDS BEHAVIOUR OF STAFF

Factors	Mean value
Approach to customers	4.84
Language	4.36
Patience	4.56
Understanding	4.48
Cooperation	4.54

Interpretation: This table shows that the customers are happy with attitude of staff. They mainly like the approach of staff towards customers. The least liked by them is language of them towards customers. But all mean values are above 4. This is shows that customers rank staff attitude as good.

TABLE 20: CUSTOMERS ATTITUDE TOWARDS PERFORMANCE OF BANK

Opinion	No. of respondents	Percentage
Very good	36	72
Good	14	28
Neutral	0	0
Bad	0	0
Very bad	0	0

Interpretation: This is given a clear picture that people having very nice attitude to bank's overall performance. 72% of customers have said that banks performance is good. And the remaining said that the bank's performance is good.

FINDINGS

- It is found that 52% of customers of bank are male

- The middle age group is engaging in banking than young & senior citizen.

- Most of the families of customers are nuclear family. This shows that the customers are moving to modern lifestyle.

- It is found that the customers are changed from the traditional picture of rural area. The most are working in non- agriculture sector than agriculture or agriculture allied sector.

- The most people can get moderate income. Only 36% are below 5000. The rest can get moderate income.

- The people are mainly taking loans for house purpose. People are more interested in taking loans for their family needs than for job.

- As more are taking loans for the purpose of housing, house loans have more demand. Most are taking loans which are especially made for the purpose.

- Most people can get fund through loan as they want.

- More people are taking loans for their short period.

- There is a relatively high rate of interest.

- Most can repay loan within time available for repayment ☐ The persons who make default have to face fine.

- Nobody gets any relaxation for default.

- All can repay it within 1 year

- The main reason for default is their person problems.

- Only 32% are part of Kudumbasree. But total women customers are 48%. So, it is a good static.

- In 18% of business professional customers nearly 67% are small scale entrepreneur.

- 32% of customers get house reconstruction loan as a relief from flood.

- All the programs implemented by on the rural area are optimum one.

- The staff-customer relation is in good terms.

- The customers have better banking experience.

SUGGESTIONS

- It has to fix the rate of interest as feasible to both customer &bank.

- It has to reduce the fine imposed on customers in case of default made.

- It has to give some relaxation for delay in payment.

- It has to give any type of special programs to MSME sector.

CONCLUSION

Co-operative has now recognized by govt. as a best tool for treating rural development. The bank always tries to treat its customers in a better way, as to provide better banking experience. Here there are lots of programs implemented by bank in its area of operation and it is a rural area. So, it helps the rural people to get better life. By this study it is found that the definition of rural area is changed over this year. The people are more prefer to those things which help them to get more income. The more are interested in satisfying their dreams. And more take loans for that. It also seen that role of SHGs has made a good improvement increasing social status of women.

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