

Current Scenario of State Co-Operative Bank in India and Its' Working Performance - A Study

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Abstract: Cooperative banking structure, which is at present a century old. The commercial banks after nationalization entered in rural areas, but the cooperative banks still continue to enjoy an significant place in rural credit circumstances. India has not a well-knit banking system with as many as 1131 banking branch offices as on 31st March, 2015. Currently there is a State co-operative bank branch for approximately every 1070035.33 people in India, taking into account the population of the country as per 2011 census. In this paper attempt has been made to study the working performance of "the current scenario state co-operative banks in India" in the areas of working capital, deposits, reserve, paid-up share capital, borrowing, loans, demand and Overdues from 2005-06 to 2014-15. The implementation of technology necessary banks to re-engineer processes, network branches and introduce alternate delivery channels such as internet banking, phone banking and mobile banking, data warehousing and data mining, customer relationship management, integrated treasury management, human resource management and the implementation of core banking solutions.

Keywords: State co-operative bank, working capital, borrowing, deposits, loans

1. Introduction

A co-operative bank is a financial body which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks generally offer their members with a broad range of banking and financial services (loans, deposits, banking accounts etc.). Banking system and the Financial Institutions play very significant role in the economy. First and foremost is in the form of catering to the need of credit for all the sections of society. An efficient banking system must cater to the needs of high end investors by making available high amounts of capital for big projects in the industrial, infrastructure and service sectors. At the same time, the medium and small ventures must also have credit available to them for new investment and expansion of the existing units. Rural sector in a country like India can grow only if cheaper credit is available to the farmers for their short and medium term needs. The first phase of co-operative bank development was the formation and regulation of cooperative society. The constitutional reforms which led to the passing of the Government of India Act in 1919 transferred the subject of "Cooperation" from Government of India to the Provincial Governments. The Government of Bombay passed the first State Cooperative Societies Act in 1925 this marked the beginning of the second phase in the history of Co-operative Credit Institutions.

2. State Co-Operative Banks

The state co-operative bank is a federation of central co-operative bank and acts as a watchdog of the co-operative banking structure in the state. Its funds are obtained from share capital, deposits, loans and overdrafts from the Reserve Bank of India.

State Co-Operative Banks in India

Established: May 19, 1964
Members: 32
Nodal Ministry: Ministry of Agriculture and Farmers welfare

1. Management structure of NAFSCOBs



2. Main functions

- 1) Provide a common forum to the member banks.
- 2) Promotes and protects the interest of the member banks.
- 3) Co-ordinates and liaison with government of India, Reserve bank of India, National bank and others.

3. Review Literature

Subrahmanya Bhat. K. M and Bhanu Murthy (2012) Cooperatives banking structure which is now a century old. The commercial banks after nationalization entered in rural areas, but the cooperative banks still continue to enjoy an important place in rural credit scenario. Goa has a well-knit

banking system with as many as 586 banking offices as on 30th September, 2011. Presently there is a bank branch for approximately every 2500 people in Goa, taking into account the population of the State as per 2011 census. In this paper attempt has been made to study the performance of "The Goa state Co-Operative Bank Ltd" in the areas of working capital, deposits, advances and profit or loss for 12 years from 1993-94 to 2010-11. The adoption of technology required banks to re-engineer processes, network branches and introduce alternate delivery channels such as internet banking, phone banking and mobile banking, data warehousing and data mining, customer relationship management, integrated treasury management, human resource management and the implementation of core banking solutions.

Karee mullah (2013) this study investigated the status of primary Agricultural Co-operative Societies and its whole functions analyzed by state wise. Primary Agricultural Co-operative Societies (PACs), along with Farmer Service Societies (FSS) and large sized Adivasi Multipurpose Co-operative societies (LAMPS), form the lowest base of the co-operative credit system in India. These base level institutions are affiliated to the district central co-operative banks at the district level, which in turn are affiliated to the state co-operative banks at the state level. Besides the credit business, PACs are also involved in non-credit business like agricultural inputs, public distribution system. Over the several decades of their establishment barring the construction of rural godowns under the national co-operative development corporation's scheme, no significant development has taken in the case of PACs. Of course, the business development plans a little enthusiasm, but not for long. In view of these, this paper attempts their prospects, particularly in the context of their competitive environment.

Ramandeep kaur (2014) this research study reported that the co-operative societies and rural India. India is mainly an agrarian society with more than half of its population still residing in the villages. Rural sector is the major contributor to the overall GDP of the nation and hence lack of development in villages means lack of development in India. Co-operative societies are playing significant role in this and share a major credit in the growth of rural sector which along with government and private sectors contribute to the overall economy of India. co-operatives cover more than 97% of Indian villages, some run by its members and some by the government. Co-operatives working in rural areas are playing note worthy role in this. After independence role of co-operative societies grew to encompass socio-economic development and eradication of poverty in rural India. Co-operatives are now playing a very significant role in the socio-economic development of our country especially the

rural India. Co-operatives are really helping poor in becoming self-reliant.

State co-operative societies in Karnataka (2014) based on the star of Mysore news paper report; it reported the Mysore IT Park House building co-operative society inauguration function. This function inaugurated by sudhanva CEO & managing Director of Excel soft Technologies. Society president Raghavendra, speaking on the occasion, said that the primary objective of the society was to provide houses to IT professionals, who spend lot of time moving from homes to work a spot which is located for from each other. Stating that more than 200 houses aspirants had already registered their names, he added that the society would make all out effort to provide houses to IT professionals at competitive prices. This report clearly pointed out the diversification of co-operative societies.

4. Objectives of the Study

- 1) To study the role of state co-operative banks in banking sector in India.
- 2) To understand the Working performance of the State co-operative banks in India.

Methodology and Database

The study is based on secondary data. The secondary sources of data are government reports, Journals, Books, Annual reports of NAFSCOBs.

5. Data Analysis and Interpretation

Table no. 1. Shows that the performance of state co-operative banks and its state wise performance during 2014-2015. The Himachal Pradesh has the maximum of 214 (18.92%) state co-operative bank branches in India followed by Assam (74), Goa (69), Tripura (60) and Delhi (50). The Tripura has more number of memberships in India that is 167487 and followed by Andaman & Nicobar (143242), Assam (94554), Odisha (49552) and Goa (36466). The government's contribution to paid-up share capital of SCBs was very poor for the following states they are Andaman & Nicobar, Delhi, Gujarat, Karnataka, Madhya Pradesh and Uttarakhand so the government has to increase its contributions of paid-up share capital to SCBs. The value of total deposit of state co-operative banks was Rs. 10079138.00 Lakhs in 2014-2015. The value of total reserve of state co-operative banks was Rs. 1198509.00 Lakhs; the value of working capital of state co-operative banks was Rs. 19510760.00 Lakhs and total borrowing of SCBs was Rs. 6855157.00 Lakhs.

Table 1: Performance of state co-operative banks (2014-2015) Values Rs. Lakhs

Name of States	No. of Banks	Total	Paid up Share capital		Total	Total	Working	Total
	Branches	Membership	Total	Govt.	Deposit	Reserves	Capital	Borrowing
Andaman&Nicobar	42	143242	424.00	0.00	60855.00	12725.00	79652.00	5916.00
Andhra Pradesh	37	22	31789.00	184.00	520844.00	155516.00	1325066.00	616917.00
Arunachal Pradesh	33	106	19239.00	19194.00	9919.00	560.00	42194.00	14846.00
Assam	74	94554	1084.00	191.00	188850.00	4903.00	207981.00	487.00
Bihar	12	60	1938.00	478.00	184644.00	29399.00	359381.00	87426.00
Chandigarh	15	4367	82.00	59.00	28258.00	3332.00	33268.00	0.00
Chhattisgarh	6	5574	13241.00	2409.00	254928.00	20003.00	421412.00	119564.00

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Delhi	50	2021	773.00	0.00	94168.00	25511.00	132150.00	3113.00
Goa	69	36466	4325.00	500.00	162597.00	8322.00	186615.00	0.00
Gujarat	10	432	2572.00	0.00	636888.00	61127.00	1129516.00	432591.00
Haryana	14	19	13261.00	933.00	217955.00	41761.00	724508.00	442504.00
Himachal Pradesh	214	1734	857.00	240.00	715989.00	56091.00	906189.00	86653.00
Jammu&Kashmir	26	0	188.00	68.00	66243.00	1341.00	70417.00	0.00
Karnataka	42	164	23902.00	0.00	711915.00	64029.00	1453142.00	643929.00
Kerala	21	14	67874.00	29420.00	564254.00	13399.00	890605.00	131931.00
Madhya Pradesh	25	67	47175.00	0.00	509562.00	48106.00	1331618.00	682320.00
Maharashtra	48	2115	45673.00	10000.00	999267.00	319856.00	2136075.00	671720.00
Manipur	12	17549	1521.00	1027.00	9457.00	5502.00	31208.00	12067.00
Meghalaya	49	17817	796.00	284.00	169085.00	12152.00	331131.00	3671.00
Mizoram	14	1020	182.00	43.00	51715.00	1965.00	61142.00	2709.00
Nagaland	22	3675	5515.00	4178.00	43435.00	636.00	50344.00	330.00
Odisha	15	49552	34473.00	4898.00	652929.00	37394.00	1279900.00	486753.00
Puducherry	29	282	2451.00	438.00	60191.00	3877.00	70001.00	1100.00
Punjab	20	54	15939.00	20.00	267320.00	81034.00	1027889.00	672882.00
Rajasthan	17	40	37695.00	164.00	552113.00	45482.00	1507227.00	847029.00
Sikkim	15	5257	1398.00	926.00	52638.00	1887.00	57260.00	1310.00
Tamil Nadu	47	24	30270.00	2026.00	776779.00	71942.00	1336801.00	330924.00
Tripura	60	167487	2364.00	812.00	181176.00	11510.00	215560.00	10375.00
Uttar Pradesh	29	62	24705.00	3.00	683078.00	38757.00	1200455.00	345714.00
Uttarakhand	16	34	6515.00	0.00	148930.00	4527.00	243103.00	80885.00
West Bengal	48	1669	3589.00	796.00	503156.00	15863.00	668950.00	1119491.00
Total	1131	555479	441810.00	79291.00	10079138.00	1198509.00	19510760.00	6855157.00

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Table no. 2. Shows that the performance of state co-operative bank state wise during the period of 2014-2015. The total loans provided by state co-operative bank was Rs. 10797027.00 Lakhs. The total short term loans of SCBs were Rs. 9374941.00 Lakhs. The medium term loans of SCBs were Rs. 758990.00 Lakhs and other loans were Rs. 663096.00 lakhs. The total demand of SCBs was Rs. 7112406.00 Lakhs. The Tamil Nadu was highly demanded state Rs. 1048378.00 Lakhs in India. The total over dues of

SCBs was Rs.318538.00 Lakhs. The Bihar has maximum Rs. 87406.00 Lakhs over dues in India. Total numbers of 7526375 Kisan Credit Cards are provided by SCBs. The Andhra Pradesh provided maximum number of 2894224 Kisan Credit Cards to SCBs membership holder. In some states were not provided any KCCs by SCBs particularly Arunachal Pradesh, Chandigarh, Gujarat, Manipur, Nagaland, Uttarakhand and West Bengal.

Table 2: Performance of state Co-operative Banks (2014-2015) Values Rs. Lakhs

Name of States	LOANS ADVANCED DURING THE YEAR				Total Demand	Total Overdues	No. of Kisan Credit card Issued
	Total Loans	Short term	Medium term	Other Loans			
Andaman&Nicobar	8766.00	7075.00	1399.00	292.00	38607.00	12007.00	272
Andhra Pradesh	789868.00	646716.00	95720.00	47432.00	811089.00	22875.00	2894224
Arunachal Pradesh	1246.00	227.00	745.00	274.00	10618.00	9471.00	0
Assam	29344.00	1616.00	7080.00	20648.00	25762.00	6583.00	2774
Bihar	29795.00	29795.00	0.00	0.00	123647.00	87406.00	13057
Chandigarh	3212.00	0.00	2486.00	726.00	1199.00	296.00	0
Chhattisgarh	168135.00	160080.00	8055.00	0.00	96008.00	6510.00	N.A
Delhi	39913.00	36931.00	1306.00	1676.00	37302.00	2536.00	143
Goa	64249.00	13258.00	47816.00	1375.00	65519.00	10036.00	514
Gujarat	891307.00	587641.00	58942.00	244724.00	338886.00	4410.00	0
Haryana	674860.00	669416.00	5400.00	44.00	594429.00	280.00	6225
Himachal Pradesh	161307.00	99439.00	45250.00	16618.00	54368.00	10367.00	43122
Jammu&Kashmir	5480.00	885.00	4237.00	358.00	5889.00	2612.00	189
Karnataka	768105.00	575565.00	82333.00	110207.00	493716.00	10506.00	2114038
Kerala	202188.00	202188.00	0.00	0.00	199785.00	5000.00	N.A
Madhya Pradesh	1112004.00	1028797.00	44235.00	38972.00	0.00	0.00	417866
Maharashtra	1174327.00	1094785.00	79542.00	0.00	780477.00	47448.00	N.A
Manipur	933.00	259.00	674.00	0.00	10067.00	9026.00	0
Meghalaya	31829.00	4583.00	6367.00	20879.00	20500.00	10603.00	2223
Mizoram	5075.00	145.00	4875.00	55.00	25676.00	5582.00	83
Nagaland	10296.00	2291.00	6980.00	1025.00	13909.00	2124.00	0
Odisha	712558.00	594350.00	112325.00	5883.00	490860.00	11838.00	166959.00
Puducherry	37852.00	16375.00	7248.00	14229.00	3854.00	2031.00	2377
Punjab	1148103.00	1095194.00	52909.00	0.00	612640.00	4986.00	1026528.00
Rajasthan	916030.00	785815.00	20170.00	110045.00	751757.00	2253.00	85126

Sikkim	3361.00	862.00	1525.00	974.00	2029.00	479.00	1733
Tamil Nadu	960277.00	917404.00	33894.00	8979.00	1048378.00	14438.00	735146
Tripura	37702.00	27664.00	4494.00	5544.00	16000.00	2560.00	13776
Uttar Pradesh	808905.00	775585.00	22983.00	10337.00	436355.00	14096.00	N.A
Uttarakhand	0.00	0.00	0.00	0.00	425.00	0.00	0
West Bengal	0.00	0.00	0.00	0.00	2655.00	179.00	0
Total	10797027.00	9374941.00	758990.00	663096.00	7112406.00	318538.00	7526375

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Table No. 3. SCBs: Membership over a Decade

Years	Total Membership
2005-2006	153697
2006-2007	148771
2007-2008	150917
2008-2009	200772
2009-2010	330808
2010-2011	234827
2011-2012	254358
2012-2013	339896
2013-2014	338455
2014-2015	555479

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

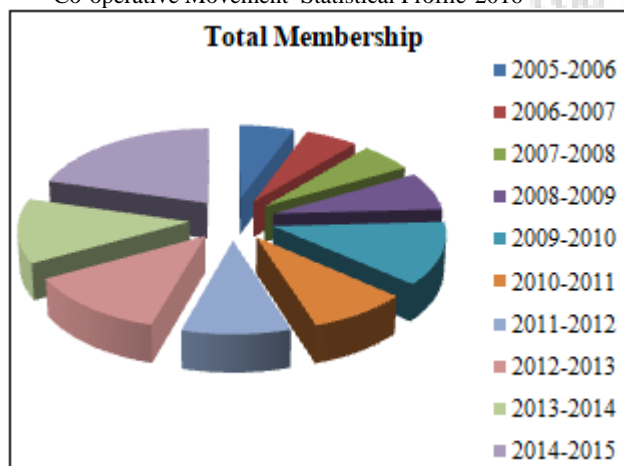


Figure 1: Shows that the SCBs: Membership over a Decade

Table No. 3. Shows that the membership position of the state co-operative bank from 2005-06 to 2014-15 in India. The number of membership of state co-operative bank in India was unstable in the study periods. It was increased as well as decreased year by year. The number of minimum of 148771 memberships of SCBs was recorded in 2006-2007. The number of maximum of 555479 memberships was recorded in 2014-15. It was clearly revealed the working efficiency of SCBs.

Table 4: Paid-up Share capital over a Decade (Rupees in crore)

Year	Paid-up Share capital
2005-2006	1094
2006-2007	1437
2007-2008	1316
2008-2009	1390
2009-2010	1630
2010-2011	2067
2011-2012	2617
2012-2013	2894
2013-2014	3629
2014-2015	4418

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical

Profile-2016

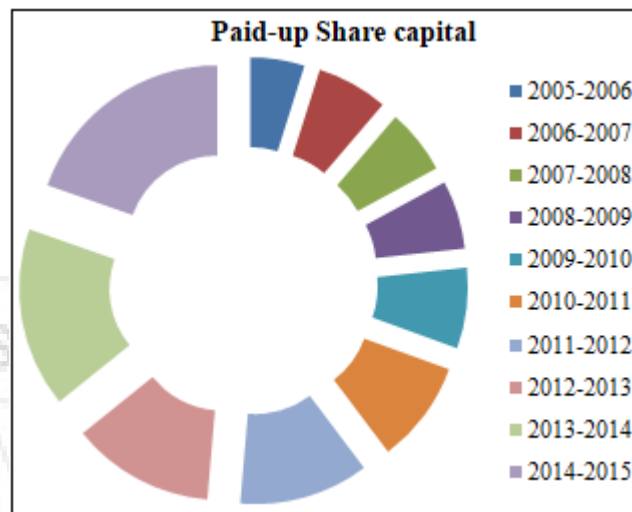


Figure 2: Shows that the Paid –up Share Capital over a Decade (Rupees in Crore)

Table no. 4. Shows that the value of the paid-up share capital of state co-operative banks in India from 2005- 06 to 2014-15. The paid-up share capital of state co-operative banks was unstable in first three years. It was Rs. 1094 crore in 2005-06, Rs. 1437 crore in 2006-2007 and Rs. 1316 crore in 2007-2008 respectively. All the other years the paid-up share capital of state cooperative bank continuously increased from Rs. 1316 crore to Rs. 4418 crore. It was proud its' efficiency.

Table 5: SCBs: Reserve Fund over a Decade (Rupees in crores)

Year	Reserve Fund
2005-2006	7343
2006-2007	8145
2007-2008	8632
2008-2009	8764
2009-2010	8763
2010-2011	9559
2011-2012	10558
2012-2013	10297
2013-2014	10850
2014-2015	11985

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

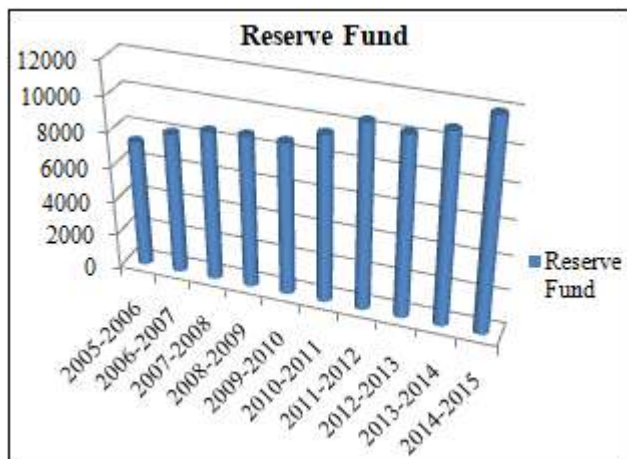


Figure 3: Shows that the Reserve Fund over a Decade (Rupees in Crore)

Table no. 5. Shows that the value of the reserve funds amount of state co-operative banks in India from 2005-06 to 2014-15. The value of reserve fund of state co-operative banks was positively increased all the year except in 2009-10. In this year the reserve fund of state co-operative bank was slightly decreased from Rs. 8764 crore to Rs. 8763. But collectively the reserve fund of state co-operative bank was favorably increased from Rs. 7343 crore to 11985 crore. It was revealed the working performance of SCBs in the process of allocation reserve fund.

Table 6: SCBs: Deposits over a Decade (Rupees in Crore)

Year	Total Deposits
2005-2006	47672
2006-2007	48470
2007-2008	56287
2008-2009	71315
2009-2010	84838
2010-2011	81664
2011-2012	86653
2012-2013	89905
2013-2014	101970
2014-2015	100791

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

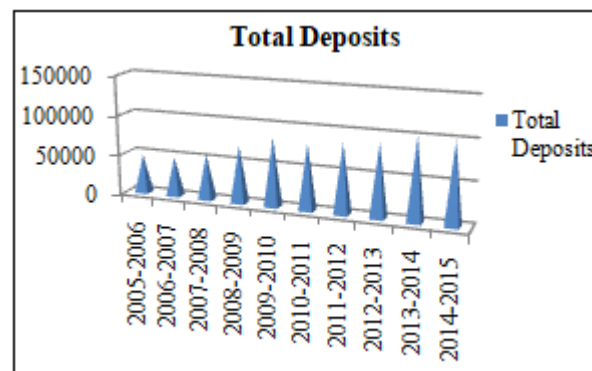


Figure 4: Shows that the Total Deposits over a Decade (Rupees in Crore)

Table no. 6. Shows that the value of deposits amount of state co-operative banks in India from 2005-06 to 2014-15. In the study period the value of the deposits amount increased all the year except in 2010-11. The value of the deposits amount of SCBs was increased from Rs. 47672 crore to Rs. 100791 crore. It was proud of the capacity of SCBs in the process of deposits receiving and also indicated an interest of the general public to deposit their savings in SCBs.

Table 7: Borrowings over a decade (Rupees in Crore)

Year	Total Borrowings
2005-2006	16872
2006-2007	22150
2007-2008	22444
2008-2009	21950
2009-2010	23660
2010-2011	32607
2011-2012	42714
2012-2013	49270
2013-2014	60494
2014-2015	68552

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

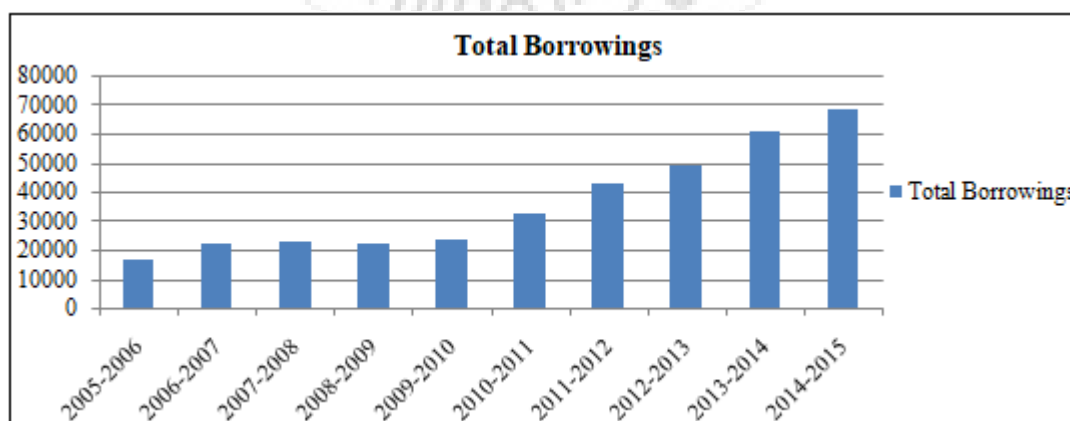


Figure 5: Shows that the Total Borrowings over a Decade (Rupees in Crore)

Table no. 7. Shows that the value of the borrowings amount provided by state co-operative banks in India from 2005-06 to 2014-15. It was increased every year except in 2008-09 only. The value of the borrowing amount increased from Rs.

16872 crore to Rs. 68552 crore. It was indicate efficiency of SCBs in the process of loans provided to its' members, at the same time the over dues was also increased.

Table 8: Working Capital over a decade (Rupees in crore)

Year	Working Capital
2005-2006	74544
2006-2007	83447
2007-2008	89851
2008-2009	105901
2009-2010	122057
2010-2011	130671
2011-2012	147989
2012-2013	142729
2013-2014	183499
2014-2015	195108

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

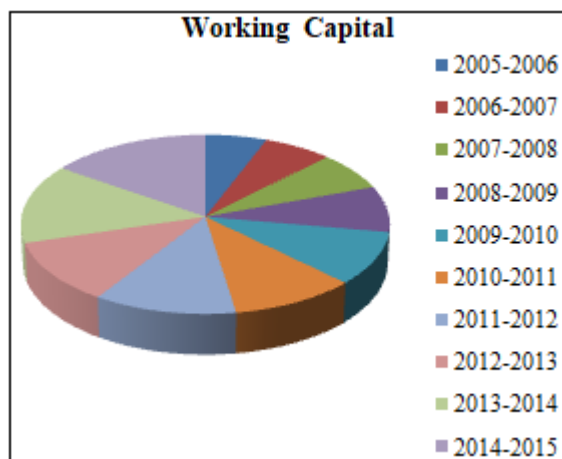


Figure 6: Shows that the Working Capital over a Decade (Rupees in Crore)

Table no. 8. Shows that the value of the working capital amount of the state co-operative banks in India from 2005-06 to 2014-15. The working capital of state co-operative banks was increased every except in 2012-13. It was increased from Rs. 74544 crore to Rs. 195108 crore. It was revealed efficiency of day to day expenses of SCBs.

6. Conclusion

In the present days to come, banks are expected to play a very significant role in the economic development and the emerging market will offer business opportunities to harness. As banking in India will become more and more knowledge supported, capital will emerge as the finest assets of the banking system. Financial institutions like banks can be sounder by achieving high level of productivity. It may be said here that providing employment opportunities has been found more beneficial than opening branches by SCBs during the study. It is happened when number of employees is showing decreasing trend. The need of the time is that government should see the co-operative banking model as an appropriate structure for achieving the goals of financial inclusion. This system would be economical and offer results quickly if it is monitored properly and the function of SCBs will be very inspiring for the same. To conclude it all, the banking sector in India is progressing with the increased growth in customer base, due to the newly enhanced and innovative facilities offered by banks. The economic growth of the country is an indicator for the growth of the banking sector. This study highlighted the overall working

performance of state co-operative banks in India from 2005-06 to 2014-15.

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