

ROLE OF COOPERATIVE BANK IN HARYANA ECONOMY

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ABSTRACT

The cooperative bank is the main participant of Indian Banking system, Cooperative bank have more reach to the rural India, through their large network of credit system. Cooperative banking is work as backbone of Indian financial institution. The cooperative sector plays a key role in the economy of the country and recognized as fundamental part of our economy. Cooperative banks mainly cover all rural area of India. This bank help rural people through providing various finance facility i.e. agriculture, livestock, marriage cottage and small scale industry health, education, jewelry loan etc. In Haryana, three tier cooperative credit structure mainly Apex bank (HARCO bank), central cooperative bank and primary agriculture bank (mini bank) on grass root level. This paper attempts to analyses the role of cooperative banking in the economy of Haryana state by focusing on short term, medium and long term lending facilities by these banks.

Key words: Cooperative bank, HARCO, CCBs, PACs, Credit facility, rural development

Introduction

India is the country of village around 70% people of India lives in rural areas. Most of this population depends on agriculture for their livelihoods and contribute around 16% in India's gross domestic production. The cooperative bank is the spinal cord of Indian financial system in rural areas and one of the biggest mechanisms for the development of economy. Cooperative institution provides an alternative approach to financial inclusion in India through their geographical and demographical outreach to the urban and rural population. After passing cooperative society act, 1904 in India greatest efforts have been made by officials to remove the hurdles of farmer and rural people in India. In India cooperative bank assigned at district level to serve the rural people by advancing and easy credit facility and to mobilize small serving. Currently out of 372 total district central cooperative banks in India, 19 DCCBs are working in Haryana with more than 200 branches. The 17th state of India as Haryana state comes into existence (separated from Punjab) on 1st November, 1966. It was

divided in four divisions. Five districts comes under Ambala, four districts come under Hissar, five districts comes under Rohtak districts and four (currently five) districts comes under Gurugram division.

Source: economic survey 2010-2011.

Literature Review

B.M.Desai (1991) analysed “comparative performance of farmer credit society and the primary agriculture cooperative credit society” The main findings of the study was that the performance of farmer credit society better than primary agricultural cooperative society.

V.Swaminathan(2016) in his study examine the service quality of primary agriculture cooperative society. The study was based on primary data which was collected by questionnaire method. The study give suggestions that without providing good service quality no one organisation can sustain for long time period.

A.Saravanadurai (2016) the study related with Primary agriculture credit societies in India. The main objectives of the study were to know about the total primary agriculture cooperative societies during the period of 2000-2001 to 2009-2010. The main findings of the study were that the Agriculture cooperative credit societies working positively. Overall the performance of primary agriculture cooperative societies has shown not much better but a good performance in the scene of progress and development.

K.Vinod (2018) analyzed the performance of cooperative society in India and Haryana. The focus time period of the study was 2004-2005 to 2-15-2015. The analysis of data shows that a Primary Agriculture cooperative society plays a significant role in the development of rural people. And the deposits of member, no. of borrowers, total loan of the cooperative society has increased during the selected time period.

A.Dube (2019) examines the financial performance of primary agricultural cooperative society in Ethiopia. Secondary data related to the period 2015-16 and 2016-2017 were used to furnish the objective of the study. The study concludes that the liquidity ratio of the cooperative bank is not sound enough under the study period.

Schemes Offered by DCCBs

Crop Loan (Kisan Credit Card)

This loan is given to farmer and tenants for raising crops. The maximum credit limit is up to Rs. 150000. This loan is given in cash and kind for Kharif (March to August) and Rabi crops (Sep. to Feb.). The loan is repayable at the time of harvesting of each crop.

Loan for ancillary activity

A loan of Rs. 1000 per acre is available to the farmers for ancillary activity. And Maximum amount Rs. 10000.

Rural Artisans

The maximum credit limit is Rs. 35000 for One year loan.

Petty shopkeeper Loan

The petty shopkeeper financial need is meeting by PACS. The maximum amount of loan is Rs. 35000 for one year.

Loan against ornaments

Loan against ornaments is available to customer up to Rs. 200000.

Education Loan

Education loan is providing to the parents for students study up to Rs. 500000.

Cash credit facility

Up to Rs. 2000000

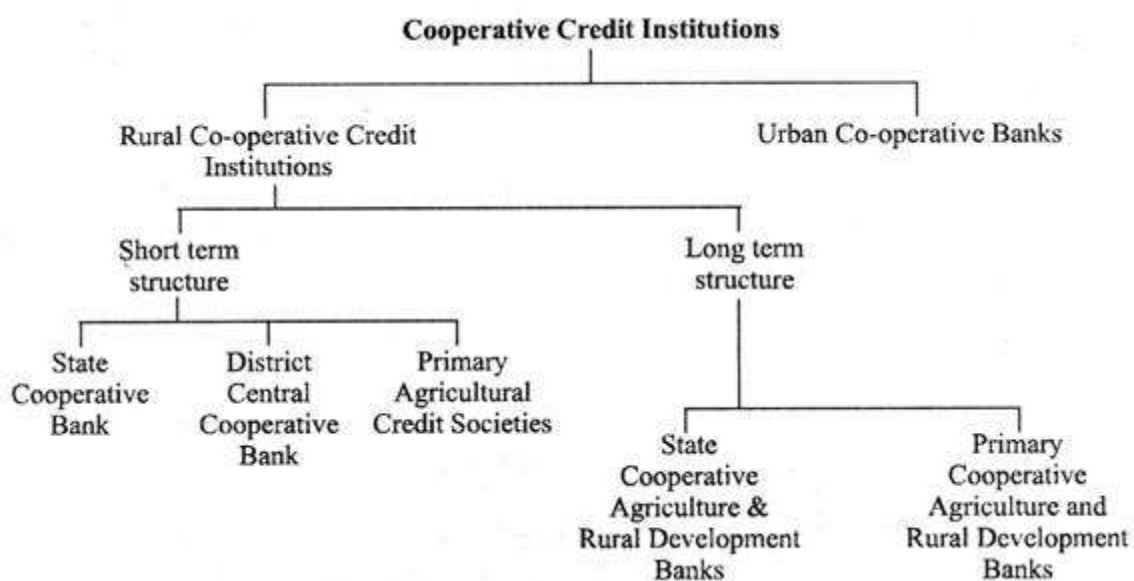
Consumer durable loan

Loan for purchase of consumer durable is available to customer up to Rs. 2 lacs.

Structure of cooperative society

The cooperative banking system is the combination of two broad segments of urban and rural cooperatives which are the main part of Indian financial system, the cooperative credit structure in the country can be divided into two broad segments: urban cooperative banks and

rural cooperative banks. The urban cooperative bank is one tier credit system commonly known as urban cooperative banks. The rural cooperative credit system divided into short and long term cooperative credit financial institution, The long term credit structure have two tier credit system comprising the state cooperative Agriculture and Rural development banks (SCARDBs) and the primary cooperative Agriculture and Rural development banks(PCARDBs). The short term credit institutions have three tier structure comprising State cooperative banks (StCBs132), central cooperative banks (CCBs) and primary agriculture cooperative society (PACs) mainly known as mini banks.



Objective of the research study

Objective if the study is the guidelines which define the research area under which research is define. The specific objective of the present study is:

1. To evaluate the role of cooperative bank in Haryana economy.
2. Analyses borrowing and lending capacity of banks.
3. To examine the efficiency of earning profit of banks.
4. To critically examines the conceptual framework of rural financing.
5. To evaluate the role of central cooperative banks in Haryana in agriculture financing.
6. To make suggestions for the better performance of the banks.

Research Methodology

The research methodology used in this research is descriptive in nature. The present study is based on the secondary data, and the secondary data has been collected from statistical abstract of Haryana 2017-18 and 2021-2022 and website of bank.

Data Analysis and interpretation

The following detailed analysis and interpretation of the data on the period of loan advancing, deposit of the banks, borrowings of banks profitability and recovery of the bank would underline and show the role of Central Cooperative Banks of Haryana in rural financing.

Table: 01

Year wise detail of loan advance by DCCBs (in Lakh)

Year	Loan advanced during the year
2015-2016	12,36,387.61
2016-2017	12,70,936.00
2017-2018	10,62,631.00
2018-2019	1358154.00
2019-2020	13,40,268.41
2020-2021	14,38,850.14
2021-2022	15,36,315.50

Source: Statistical abstract of Haryana 2018-19, 2021-2022.

The above table 1 shows that the loan advanced by the district central cooperative banks in Haryana to the rural people during the last 7 year. The table also shows that the amount of loan increased continuously from 2018 to 2022. So, it may be concludes that the bank followed moderate loan advanced policy in Haryana.

Table 2: Year wise details of deposit of central cooperative bank in Haryana**In Lakh**

Year	Deposit position	Net increase
2015-2016	689802.38	-
2016-2017	786880.00	97,078.42
2017-2018	252323.40	-534,556.60
2018-2019	890988.00	638664.6
2019-2020	974187.69	80499.69
2020-2021	1029687.44	55,497.44
2021-2022	1086840.62	57153.22

Source: Statistical abstract of Haryana 2018-19, 2021-2022.

The above table indicates that the position of the bank deposit. The deposit position of the bank was increasing continuously. The deposit of the bank in 2015-16 was Rs. 689802.38Lakh has been increased to Rs. 1086840.62 lakh in 2021-2022, which is clearly indicating that, the deposit of the cooperative bank increasing year after year.

Table 3: Detail of borrowing of bank in Haryana**In Lakh**

Year	Amount of Borrowing
2015-2016	586908.94
2016-2017	524540.00
2017-2018	207077.20
2018-2019	568234.6
2019-2020	543849.75
2020-2021	577788.23
2021-2022	596945.67

Source: Statistical abstract of Haryana 2018-19, 2021-2022.

The above table shows that the degree of borrowing of banks in different years. It indicates that that the total borrowing of the cooperative bank which was 586908.94 in 2015-16 has

increased to Rs. 596945.67 in 2021-2022. This shows that the banks were give more preference to short term loan.

Table 4: Year wise over dues as % of Outstanding loans

Year	Loan outstanding at the end of the year	Over Dues	Over Dues in % of outstanding loan
2015-2016	1059793.52	384383.00	36.27
2016-2017	1086844.00	446228.00	41.06
2017-2018	305881.30	149965.80	NA
2018-2019	1244917	516686.2	76.84
2019-2020	1279844.95	527057.37	41.18
2020-2021	1357961.07	589610.51	42.78
2021-2022	1414738.24	641873.20	45.37

Source: Statistical abstract of Haryana 2018-19, 2021-2022.

This table shows that the % of over dues is higher than the outstanding loan comparatively in 2018-2019. It was not good sign because the lending capacity of banks are completely depends on upon the recovery of loans, the higher % effect the performance of banks.

Table 5: Year wise profit status of central cooperative bank in Haryana

In Lakh

Year	No. of bank showing profit	Profit	No. of bank showing Loss	Loss
2015-2016	15	2726.37	4	1544.67
2016-2017	18	1907.12	1	974.86
2017-2018	NA	NA	NA	NA
2018-2019	17	3255.51	2	1484.51
2019-2020	17	5017.07	2	867.01
2020-2021	19	6264.97	0	0
2021-2022	19	5987.20	0	0

Source: Statistical abstract of Haryana 2018-19, 2021-2022.

It depicts that's in 2015-16 the no. of banks earned profit were 15 out of 19. but in 2020-21 and 2021-22 all 19 DCCBs of Haryana in profit earning position. In 2020-2021 the profit amount of district central cooperative bank is highest (Rs. 6264.97).

Major Findings

Now it is clear that cooperative banks play significant role in the development of Haryana economy. Without the help of cooperative, a large portion of Indian people face scarcity of financial support. This bank is the best vehicle for taking banking to doorstep of common people, unbanked people in urban and rural people in India. Overall there is the enhancement in the loans provided by the cooperative banks of Haryana but in 2017-18 has decreased due to less demand of loan by the rural people, Deposit position of Haryana bank is more impressive but the over dues position is not so good. From 2020 to 2022, each DCCBs is earning profit, which is good indication of Haryana cooperative banks. In 2020 and 2022 their profit amount is increased from the last year performance of the banks.

Suggestions

1. The bank should follow attractive and effective policy for the customers and also arise faith in general people.
2. The loan should be directly available to CCBs from the NABARD and this loan should be providing in easy terms and at low interest rate as per the requirement of rural people.
3. The bank should make efforts in respect of easily accessibility of loan to the customer by making the procedure simpler and hassle free.
4. The management should be free from the political interference to enable it to function properly and benefit the deserving people.
5. The bank should also increase the amount of loan for non agriculture activity like piggery poultry farming and fish farming etc. The bank should also increase the amount of loan for technical agriculture equipment.
6. There is more need to pay attention on providing short term and medium term loan to the farmer without any delay by the state government and NABARD.

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