

Analysis of Agricultural Credit of District Central Cooperative Bank Anuppur: with Special References to long Term Agricultural Credit

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ABSTRACT

Economy of India is accepted as agrarian economy. According to 2011 Census 68.84% of the population still lives in rural areas and them a inoccupation of rural population is agriculture. With the present time, due to increasing use of modern technology in the agricultural sector, financial assistance is becoming more needed in the agricultural sector and the farmers need financial assistance from many banks, societies and other firms. In this context cooperative banks have played a special role in solving the financial need so farmers and the cooperative banking structure plays a pivotal role in distribution of credit to both farm and non-farm in the country. Co-operative credit in the country is mainly classified on the basis of three levels in which the state level (Apex), district level (DCCB) and block level (PACS), this paper is an attempt to analyze long-term agricultural credit distribution, recoveries and scheme wise performance of agricultural credit of District Central Co-operative Bank Anuppur. This study is based on secondary data and analyze the financial performance of the district central co-operative bank Anuppur also examined the financial sources and agricultural credit growth rate during the study periods. The analysis has been done with some statistical tools like correlation, regression and trend analysis. In this study, we found that district central co-operative bank Anuppur has provided agricultural credits for agricultural activities like land reform, horticulture and heavy agricultural instruments and machines in which loan sectioned amount is increasing but distributed agricultural credit amount is not sufficient in quantity as per the requirements of the farmers, so the co-operative banks should take special measures for improving the agricultural credits.

Keywords: Emotions, Emotional development, Emotional Quotient, Emotional Intelligence, self-aware

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1. Introduction

Agriculture sector is an important pillar in the Indian economy, depending on which our entire economy, but at the present time where the share of service and manufacturing sector is increasing day by day in the economy, unfortunately or due to lack of adequate financial sources due to the contribution of the agricultural sector. Therefore, government should expand financial facilities to increase agricultural production and improve the economic condition of small and marginal farmers. Cooperative banks can play their important role in this work as these banks were established keeping in view the spirit of cooperative its main objective was to expand financial services in rural and backward areas and provide timely financial assistance to marginal farmers. The cooperative movement in India started in the early in the twentieth century. The growth of Co- operatives in the country has been an important force to halt the prevalent domination of private money lenders whose operations were highly exploitative. Co- operative legislation was shifted to state jurisdiction in the later part of the first decade in the 20th century Co-operative bank has emerged as an institutional agency providing lending to agriculture. The sole objective of credit of this initiative program was to encourage thrift, saving and judicious use of credit and inculcate spirit of self-help among the members and villagers. Cooperative banks in Madhya Pradesh under a three- tier structure to provide long-term loans. Cooperative banks are divided in three ways according to their area of work. State Cooperative bank at the state or apex level District Central Cooperative bank at the District level and primary Agricultural Cooperative committee or Lamps at the ground, village or block level. The District Central Cooperative Banks play the Role of arbitration in financial transaction related activities between the state cooperative bank and the primary credit committees

where as due to one and many types of social and economic anomalies, the small account holders and farmers are not able to directly contact the state cooperative Bank, there is another to establish control over primary Agricultural credit Societies and provide banking Agricultural Credit Societies and provide banking facilities to farmers and other account holders the District Central Cooperative bank plays the role of arbitration for conducting. In addition, these banks provide short and long term credit for land development, rural regeneration and capital investment at District level.

2. Literature Review

Concise reviews of literature with respect to performance of agriculture credit of District Central Co- operative Bank are as follows:

DCCBs credit policy, study that District Central Cooperative bank, in its agriculture related policies has firstly provided long term loan for providing financial assistance to farmers and small account holders, for this work the bank issues a type of development paper known as kisan Credit Card, these works are valid for a period of five years. Whose interest rate is very low and flexible with the help of this card account holders gets loans from time to time as per their requirement and get new loans by paying their loans on a fixed date a year.¹ **MurugaboopathyMuthumeena**, study that has District Central Co-operative bank is a financial institution whose main objective is to provide short and long term credit to small or marginal cultivator's for agricultural operation. These banks are operated with the help of the Executive Board due to which there is no problem of any kind of irregularity and farmers.²

KapoorSatsangi&Usha, study that central Co-operative bank and primary agricultural credit committees play very important role in providing financial services in rural, urban and backward areas. This bank, while providing loans at very low interest rate for another agricultural related activity, also helps farmers and small account holders from the irregular economic activities of the moneylenders have been functioning as an important mediator for development of rural and urban credit and other services. They provide finance to agricultural at very low interest rates and there by relieve them from the clutch of the moneylender.³ **Dr.NaqviSumveen**, study that the cooperative sector, the public sector can function like central financial in situations ,for this these banks will have to mobilize the economic resources under their jurisdiction and use the available resources in rural development in a profitable way only then the cooperative banks will be able to fulfill their objectives.⁴ **AlokSheel**, observed that the cooperative banks are changing their agricultural and economic policies according to the guide lines of RBI and NABARD, including the economic problems like fiscal policy, inflation, globalization and as a result of this, the cooperative banks are in the direction of fulfilling the objectives of their establishment getting On.⁵

3. Objectives

1. To study the disbursement of agricultural credit by the District Central Cooperative bank in the study Area.
2. To evaluate the financial performance of District Central Cooperative Bank Anuppur Branch in Agricultural Credit of Anuppur District.

4. Area of the study

This study work is based on Anuppur district and central Cooperative bank Anuppur Branch of Madhya Pradesh , Anuppur district was formed on 15August2003byseparatingitfrom shahdol district whose total area is 3746.71sq.km it is 1.2 percent of the entire state. The district is located in the east part of Madhya Pradesh, whose majority of the land is non irrigated and weather dependent, about 47% of the population of the district belongs to the backward and tribal community. The main sources of their livelihoods are agriculture or agriculture related activities. This district is surrounded by mountains and rivers from all around, mainly paddy ,kodo, Kutki, Maize and vegetables are cultivated, due to the non-irrigated majority of the land of the district, kharif crops are produced more than Rabi crops. At present, due to the production technology and adequate financial facilities, production of commercial crops likes sunflower and soyabean is also being given priority. As a result, with the increase in production of agriculture, the social and economical conditions of farmers have improved also. Anuppur district is located in the eastern part of Madhya Pradesh, due to which the geographical structure of the district is non irrigated that is, at present, irrigating about 2.26% of the sown crops of the entire district due to lack of adequate irrigation facilities. The irrigation facilities in the district are in the form of canals, ponds and irrigation well, but despite the availability of these facilities, most of the agriculture is still dependent on good monsoon.



Map: Anuppur

5. Periods of the study

In this study we have taken secondary data on the agricultural credit of the District Central Co- operative bank Anuppur. Period of study is last ten years i.e. form 2007- 2008 to 2017-2018 and this period is taken as reference period also the primary data is collected from the employees of the DCCB bank regarding the agriculture credit.

6. Limitation of the study

This study will be based on secondary data and limited time period. In this study cover only District central cooperative bank anuppur branch and its related primary credit society's members.

7. Research Methodology

The present study is based on the secondary data published by District Central Cooperative Bank Anuppur Branch Madhya Pradesh. The necessary secondary data for the time series were collected for the period 2007-08 to 2017-18 in respect of District Central Co-operative Bank Anuppur, Shahdol head office and PACS branches. The relevant data will be collected from various bank reports articles and related month or yearly issues of agricultural, Banking statistics (RBI), RBI Bulletin (RBI), trends and progress in Banking in Indian economy and economic surveys (Government of India), economic and political weekly DCCB banks, Annual reports and various website such as www.rbi.org.in.

8. Agricultural Credit Policy

To improve the condition of the cultivators and also increase the production, Indian government has proposed agricultural policies, through which the farmers get adequate financial support as per their requirement. The government has taken a variety of policy measure to ensure the use technologies in agriculture and access to these technologies to the weaker sections of the society, on which the government is to provide long term and minimum interest rates through institutional financial sources. In order to fulfill this objective, it has proposed to all nationalized banks and institutional financial agencies to invest about 40% of their financial sources on primary or agriculture sector. At the present, according the guide line of Reserve bank of India, all nationalized , Cooperative banks and other financial agencies apply in their respective banks. The main objective of these policies or schemes created by the government in the interest of farmers is to strengthen credit policies and lending procedures at the grassroots level, which has resulted in increased confidence of cultivator's and rural households towards institutional financial agencies .According to the appropriate agriculture policy of the government, District Central Cooperative Bank Anuppur branch also given adequate priority to agricultural sector in sufficient credit in its agricultural policies.

9. Disbursement of Agricultural Credit

At the present time, Cooperative banks are very important part of the economic and social development of any nation, because these banks established to promote the spirit of cooperatives rather than to make profit. In this context, India is an agricultural based economy and for the development of agriculture sector a large amount of finance is required. For the fulfillment of this financial requirement, banks play a pivotal role in agricultural sector in any region. Furthermore, in order to promote agricultural development, District Central Cooperative Banks have been established in every district of the country, which is playing very important part in the agricultural activities. According to the need of farmers for the agriculture bank distribute three types of loans i.e. short-term agriculture credit facilities, mid-term and long-term agricultural credit facilities.

10. Data Analysis

Data analysis and interpretation work is the most important part of research the relevant data collected from bank annual reports and account holders details its analysis with some statistical tools and techniques like regression, correlation, recovery, percentages, production and productivity ratio, tables and graphs have used find out relationship between the loan sanction amount and year of recovery.

11. Hypothesis of the study

Contribution to the agricultural credit by the District Central Cooperative Bank Anuppur Branch is increasing.

Testing of Hypothesis:

H0: The District Central Cooperative Bank (Anuppur District) has not made any significant progress.

H1: The District Central Cooperative bank (Anuppur District) has made a significant progress.

Table 1 Year wise loan sanctioned and recovery (2007-2018)

Year	Loan Sanctioned Amount (lac)	Recovery (lac)	Recovery Difference (lac)	NPA (lac)
2007	66.29	33.03	33.26	4.27
2008	81.44	44.21	37.23	6.29
2009	106.44	61.97	44.47	6.69
2010	135.52	69.11	66.41	8.84
2011	161.8	77.77	84.03	8.92
2012	198.79	123.9	74.81	10.02
2013	226.66	129.6	96.97	10.59
2014	258.04	137.3	120.7	13.39
2015	346.77	174.9	171.8	15.78
2016	358.13	176.7	181.4	16.23
2017	402.32	233.1	169.1	17.34
2018	444.17	239.1	205	20.11

Sources(DCCB Anuppur Branch)

The table 1 shows that the loan amount sanctioned and recovered for year wise. For over 10 years' estimation, the loan amount has been increased to 16% year by year. By the way the recovery also having some increased growth. It is evident from the table that there exists a linear relationship between Loan and recovery. It can be interpreted that banks progress can be gauged by correlating the loan and recovery.

Table2: Correlation between Loan sanctioned and Recovery

		Loan Sanctioned Amount	Recovery
Loan Sanctioned Amount Recovery	Pearson Correlation Sig.(2tailed) N Pearson Correlation Sig.(2-tailed)N	1	.989 **
			.000
		12	12
		.989 **	1
		.000	
		12	12

**Correlation is significant at the 0.01level(2-tailed) Sources(DCCB Anuppur Branch)

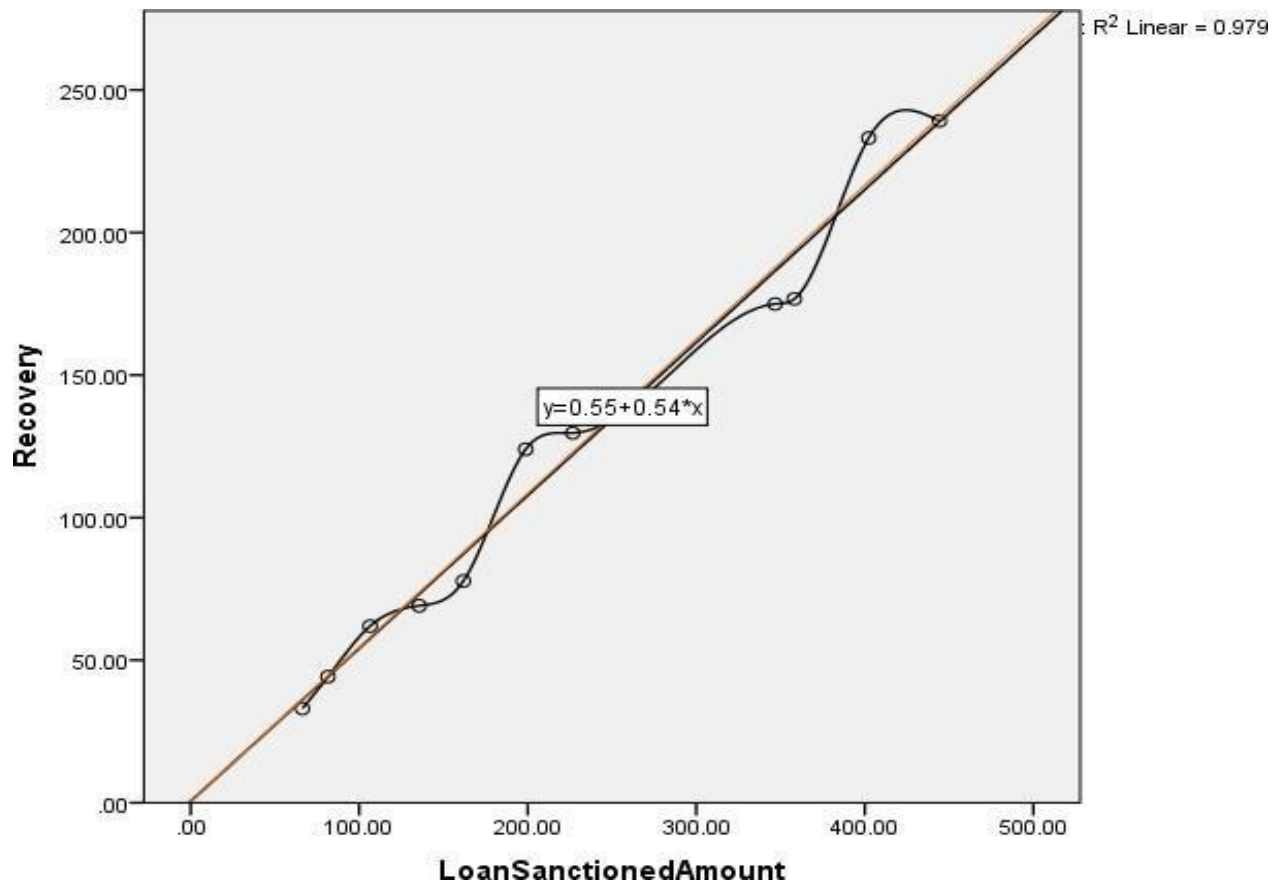


Figure 1 Time series plot of loan amount sanctioned

The table 2 show the correlation between Loan Amount Sanctioned and Amount recovered over the duration, which is found to be highly positive with a person correlation significant value is 0.989 which is obtained as the $p > 0.01$. Hence, the table shows that the amount of the loan sanctioned and recovered is slightly increasing. Therefore, from the figure1 shown the scatter plot of loan sanctioned Vs Recovery in dictated the best fit line($y=0.55+0.54x$) which corresponds that the reward an increase of 0.54 units for every unit of changes in loan amount and recovery. These clearly suggest that the Bank is making a significant progress. Hence, we reject the Null Hypothesis.

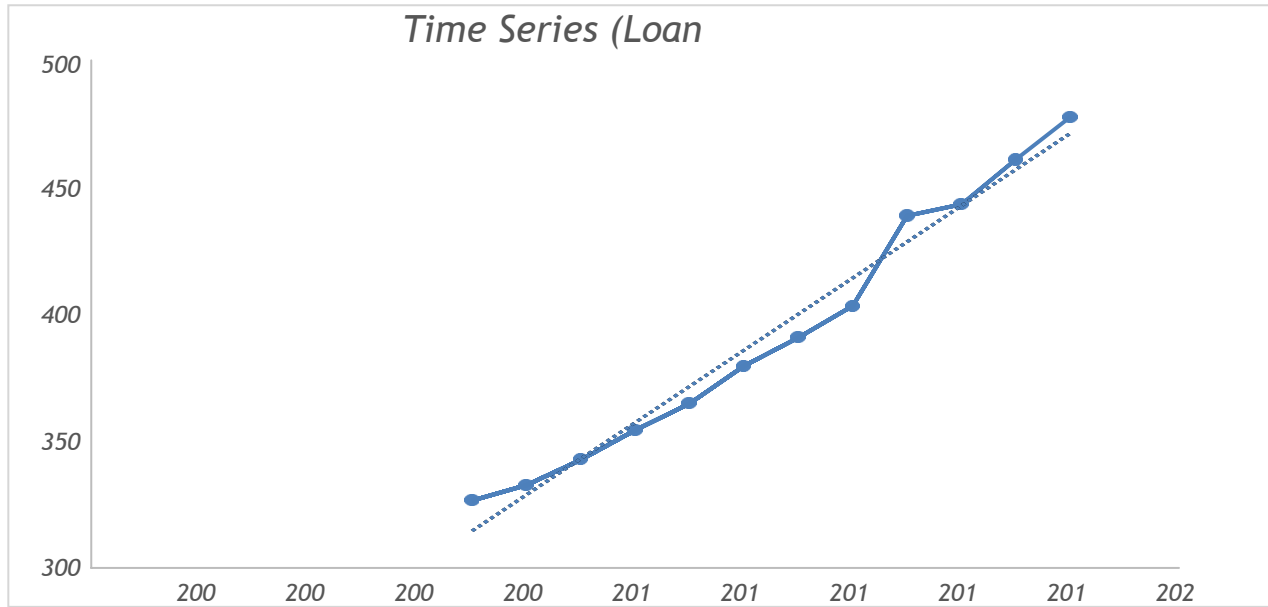


Figure 2 Time series plot of loan amount sanctioned

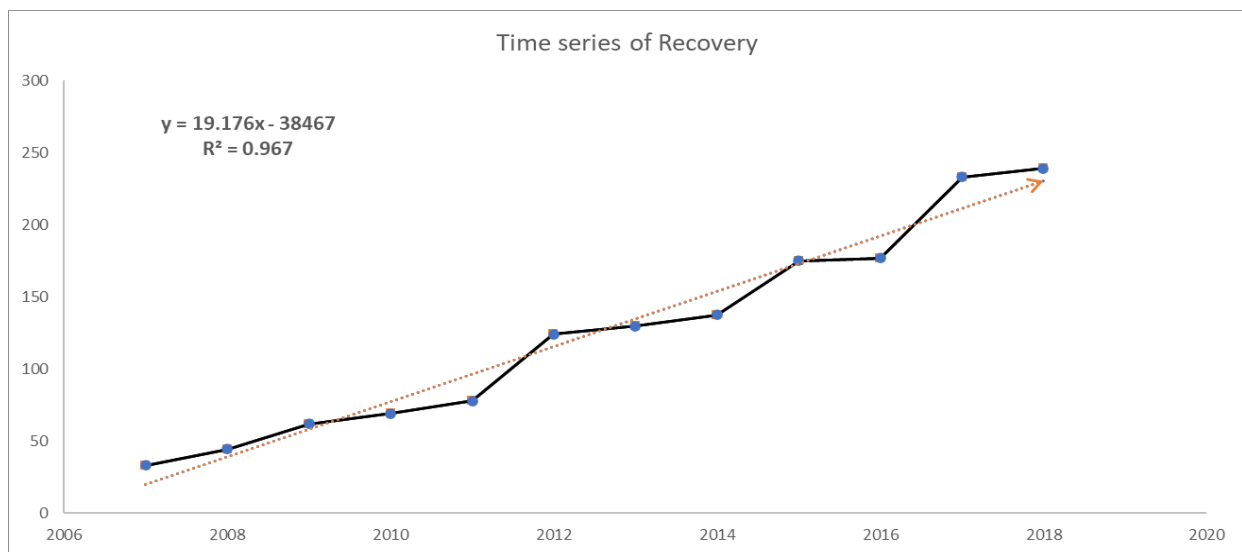


Figure 3: Time series plot of Recovered Amount

Figure 1 shows the Amount of Loan Sanctioned. It is evident that the loan amount has been increased year by year and Figure 2 shows the time series plot of loan amount sanctioned which indicates the upward growth. Further it was clear from the graph that the amount of loans sanctioned by the bank was 66.29 lakh which increased to 444.17 lakh by 2018 which is almost an 85% increase in the amount. Similarly, the plot of time (x) with respect to Recovered amount also follows the upward trend as shown in Figure 3. The trend equation has a positive slope of $y = 19.176x - 38467$ which signifies that the recovery of loan has increased over time. Thus the correlation plots occurred from both the graphs of the time series of loan amount sanctioned and recovered (Table 1) indicated the loan amount recovered from the year 2007 to 2018 has been increased which is a direct relation to the amount of Loan Sanctioned, but lacks the full amount recovery as shown in Figure 3 followed by the difference which is close to the recovery line, clearly signifying that the bank is not able to recover the amount from the farmers and then finally illustrations are made that the bank is making a Satisfactory progress and hence based on empirical study we can conclude that we can reject the Null hypothesis by saying that “That bank is making a satisfactory progress”.

12. Result and Finding

It was found that disbursement of agricultural Credit from 2007-2018 by District Central Cooperative bank Anuppur branch. In this study we are taking the data of current ten years which is continuously increasing year by year. In the year 2007, total disbursement of agriculture credit is 66.29 lakh by DCCB and it gets increased by 391.06 lakh in the year 2018. It means year wise requirement of inputs of agriculture of farmers is increasing. The District Central Cooperative Bank Anuppur Branch has provided the agricultural credit and NPA percentages for the farmers by the year 2007 to 2018 and then the banks provided the recovery. On the basis of this, it is clear that only 50% to 60% of the loan provided by the bank for agricultural work can be recovered, that is, the bank is going into another loss, on the bank's NPA is also increasing year after year.

The agricultural loans provided by the District Central Cooperative Bank Anuppur Branch for the various agricultural related activities like irrigation, land reform, Horticultural many more other agricultural works. On the basis of this, it is clear that 50% to 60% of the most of the agricultural loans were given by the bank for irrigation purposes only. The remaining 20 to 30% of the loans were also provided by the bank to purchase machines for agriculture, while the bank did not provide any financial help to the cultivators for necessary agricultural related activities like land reform and plantation.

13. Data based explanation

According to the collected data and the annual reports findings shows that the cooperative banks were attempted to issue the important character in the developing rural or backward area with full potential. District central cooperative bank Anuppur branch service level is moderate which was founded by analyzing the loan sanctioned and recovered presented in the table 1 and from the figure 2 we can see that in the year of 2007 the NPA value was 4.27 and at the end of the 10th year i.e., in the year of 2018 the NPA value was increased to 20.11. Likewise, the loan sanctioned and recovered amount was increased dramatically year by year from 2007 to 2018. The recovered amount difference for the 1st year of 2007 was 33.26 but coming to the 10th year of 2018 it was 205.03. Correlation significant values are obtained greater than 0.01 values. Therefore, the scattered plot shown in figure 1 shown the linear interpretation with the slope line of $(y=0.55+0.54x)$. Finally, the time series of the loan sanctioned and recovered followed the upward trend with enormous growth. The overall analysis shown that in the scheme of agriculture, the cooperative bank provides maximum loan to schemes related to irrigation followed by equipment's and seeds or fertilizers. The data shows that there is no credit or loan sanction for land reform and horticultural schemes. In short Cooperative bank is providing maximum financial support in the rural or remote area of the district.

14. Suggestion and Recommendations

Cooperative banks are the oldest lending institutions in India to cater to rural development and agricultural needs. In the present scenario, from the cooperative bank, they are playing an important role of local development and agriculture related activities. They serve rural and urban population, At the present Cooperative banks are providing immediate financial support as per the requirements of farmers at minimum interest rates to increase the product and cater to all types of small and big needs related to agricultural activities, primary agricultural credit committees play the most important role in this work, because through these committees, expansion of banking facilities in backward and rural areas is possible. At present time, Anuppur District Central Cooperative will also have to make a lot of efforts to improve the quality of banking services and to provide agricultural loans, only the quit able distribution of agricultural credit will be possible in the entire district and increase in banking reserve fund will also be visible. At the same time, the bank also needs to pay special attention to its problems like overdues and NPA because the rising overdues and NPA is reducing the banks reserve funds, the process of recycling of loans has also had a bed effect, as a Result of which the loan disbursing capacity of the bank is decreasing day by day. The bank should make substantial effort to achieve its goal of working for rural development by controlling its problem like overdues, NPA and process of loan disbursement.

15. Conclusion

Finally, the District Central cooperative bank Anuppur plays a vital role in solving the farmer's financial needs. By utilizing the collected data, the financial performance was analyzed and there was an enormous growth rate was obtained. From the year 2007 to 2018 the loan sanctioned and recovered amount were increased year by year. Only 60% agricultural loan were given for the irrigation purposes and the remaining were given for purchasing machines. The statistical tools like trend analysis, regression and correlation were used for the performance analysis. The agricultural credits are given to the agricultural activities like horticulture, land reforms and then heavy agriculture machine and instruments. Here, the sanctioned loan amount was increased linearly. Due to the

insufficient quantity of distributed credit amount, special measures were taken for improving the agricultural credits.

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