



**ROLE OF MAHARASHTRA STATE CO-OPERATIVE BANK LTD. IN RURAL
DEVELOPMENT WITH REFERENCE TO KONKAN REGION
IN MAHARASHTRA**

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Abstract:

Rural development is the process of improving the quality of life and economic well-being of the people living in rural areas often relatively isolated and sparsely populated areas. Education, Entrepreneurship, Physical Infrastructure, Social Infrastructure, Technology and Innovation all play an important role in the development process. Rural development is necessary, not only for overwhelming majority of population living in villages, but also the development of rural activities essential to accelerate the pace of overall economic development of the country.

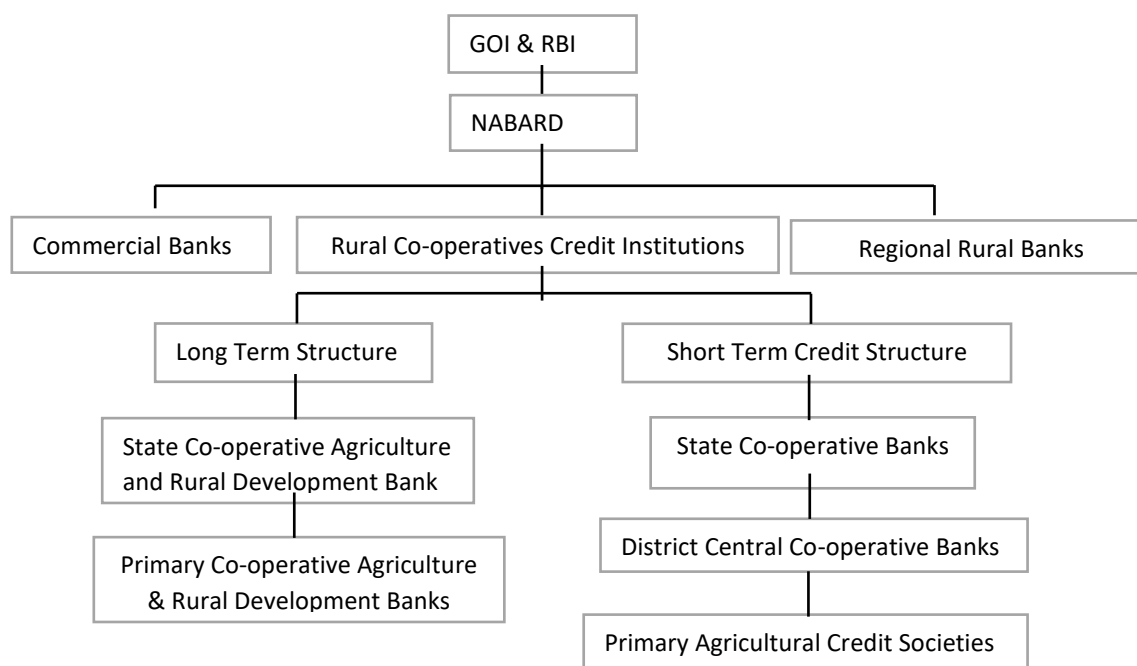
Co-operation is a worldwide phenomenon. It occupies an important place in the Indian economy. No other country in the world has the co-operative movement as large and as diverse as it is in India. There is almost no sector left untouched by the co-operative movement. In India Co-operative movement in its modern form started in the year 1904. The movement has been acknowledged as an instrument towards achieving the socio-economic transformation of Indian society with special focus on the life of people living in rural areas.

Key Words: *Co-operative, Banks, Rural Development, Konkan region.*

1. Introduction:

Indian Co-operative Movement was basically organized against the exploitation of unscrupulous moneylenders to exonerate the farming community from the web of poverty and indebtedness. It is the result of a deliberate policy of the state and is vigorously pursued through formation of an elaborate governing infrastructure. Co-operation movement is looked upon as the balancing sector between public sector and private sector in the five-year plans. Initially it was started with a limited spectrum of activities or dispensation of rural credit has now entered in all fields of economic activity with social content. Around 50% of the total sugar production in India is contributed by sugar co-operatives and around 60% of the total fertilizer distribution in India is handled by the co-operatives. Even the consumer co-operatives have become the backbone of the public distribution system with the marketing co-operatives handling agricultural produce with an astounding growth rate.

Maharashtra is one of the major states of India and is also most urbanized and industrialized. Co-operative movement is widespread and has a long history in Maharashtra and plays an important role in the economy even today. There is hardly any village in the state that has remained untouched by the co-operative movement and hardly any important economic activity that is not covered under a co-operative.

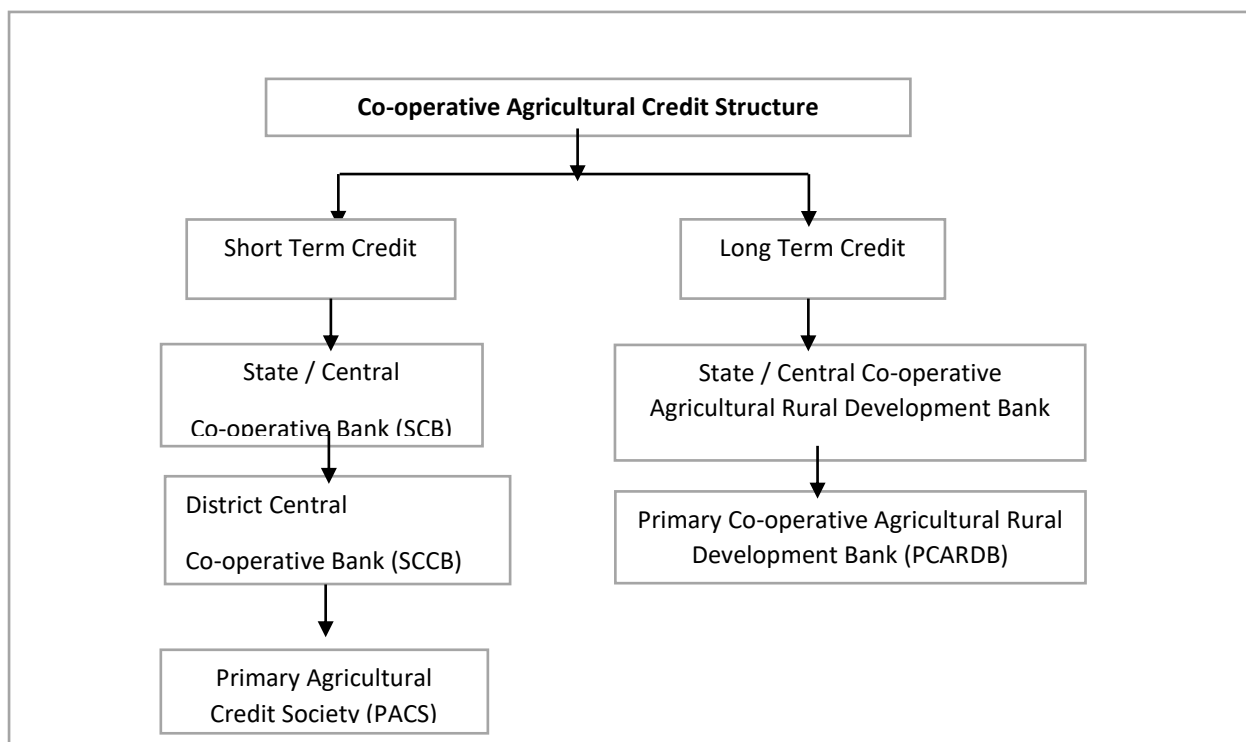


Source: *Dr. R. Balakrishnan Executive Director slideserve.com*

The cooperative movement in India traces its origin to a period as early as 1904, when the Co-operative Credit Societies act was enacted. As far as co-operative sector is concerned, Maharashtra is the most developed state in the country. There is hardly any village in this state which remains untouched by cooperative movement and hardly any important economic activity that is not covered under a cooperative fold. The co-operative movement in Maharashtra is nourished by a three-tier cooperative credit structure, at the helm of which is the Maharashtra State Co-operative Bank Limited (MSCB). At the middle level are 31 District Central Co-operative Banks (DCCBs) and at the bottom level, over 21, 214 Primary Agricultural Credit Societies (PACS) are functioning.

As rightly said by Mahatma Gandhi *“The success of co-operative movement depends much less on the growth of the number of societies than on the moral basis of the shareholders.”*

October 11, 2010 was an auspicious day in the life of MSC Bank, it entered its 110th year. Initially, the Bank laid emphasis on the establishment of live contacts with villagers which gave impetus to the opening of branches in the state. The banks credit and marketing activities were combined in its rural branches. However, in due course the bank encouraged the formation of separate marketing societies and transferred the business to them. With the evolution of three-tier cooperative credit structure (PACS, DCCBs, MSCB) the bank transferred its credit business to the newly established central financing agencies, i.e. District Central Cooperative Banks. This paved the way for linking credit with marketing in the cooperative domain.



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2. Significance of the Research:

The co-operative sector over the years has made Cooperative Banks play an important role in the economy of India. They contribute the major part in India's banking and financial system. A significant contribution to various sectors of national economy has been made by the cooperative sector over the years and has achieved volume in its growth. The role of cooperative banks has increased because of increase of primary cooperatives and their main role of financing both rural and urban areas. Cooperative banks our service oriented and they also ful-fill the financial needs of customers. Cooperative banking system is an integral part of Indian financial system. These banks operate mainly for the development of rural area. They play a vital role by helping the units which have weaknesses, unethical lending, lack of sound corporate governance, inability to operate in a liberalised environment are either liquidated or merged with other banks and high level of NPA. Cooperative banks are mainly responsible for breaking the monopoly of money lenders in providing credit to agriculturist. They have an extensive branch network and reach out to people in the remotest areas. Traditionally the cooperative banks have played an important role in creating banking habits among the lower and middle income groups and in strengthening the rural credit delivery system.

3. Objectives of the MSC Bank for Developmental Measures:

1. To promote socio economic interest of the community with view to attain cooperative Commonwealth.



2. To serve as balancing centre for Cooperative Societies in the State of Maharashtra registered under the cooperative societies act for the long time being in force.

3. To promote the economic interest of the members of the Bank and Cooperative Societies in the State in accordance with cooperative principles and to facilitate the operations of any society registered under the act.

4. Need for the Study:

A. Rural finance has been extended by cooperative credit structure for a very long period. But how far does Maharashtra State Cooperative Bank Ltd. has fulfilled the needs of rural credit in Konkan region.

B. It will be interesting to know whether the Maharashtra State Cooperative Bank Ltd. is able to cater to the needs of credit in Konkan region.

C. Even though several researches indicate increasing need for cooperative credit for rural development, how far the Maharashtra State Cooperative Bank Ltd. is able to reach farm and non-farm sectors of rural areas of Konkan region.

5. Statement of a Problem:

Role of Maharashtra State Co-operative Bank Ltd. in Rural Development with reference to Konkan Region in Maharashtra

The cooperative banks have come forward in rural areas to overcome the problems and provide the capital that is required through short term and long term borrowings at a reasonable rate of interest. the cooperative banks have made an attempt to bring together the unorganised and organised parts of the Indian financial system. As Dr. Mathur (1975), has said “Co-operation is a form of organization, where in people voluntarily associate together as human beings on the basis of equality for the promotion of the economy with their own interest.” The Co-operative banking sector is the first government sponsored , supported and subsidised financial agency in India. The main theme of the co-operative banks is to serve on the basis of no profit no loss. The cooperative banks have a 3 tier linkage structure and straight line integration i.e. PACCS - working in villages and in rural areas, DCCBs - working on district level and SCBs - working at state level as a mediator between DCCB and RBI. They borrow money from RBI, NBARD and other APEX institutions. Earlier the cooperative banks regulations were controlled by RBI Which has now been deregulated and they are under subject to monetary policy control.

6. Aim of the Research:

- i) To study and evaluate the developmental schemes of Maharashtra State Cooperative Bank Ltd.
- ii) To study the functions to co-ordinate and guide the working of the District Central Co-operative Banks with Primary Credit Co-operative Societies.

7. Objectives of Research:

1. To study the growth ratio of Maharashtra State Co-operative Bank Ltd. in Rural Development.
2. To study the finance, given by Maharashtra State Co-operative Bank Ltd. (MSCB) to the District Central Co-operative Bank Ltd, (DCCB) and its utilization with the



help of Primary Agriculture Co- operative Credit Societies (PACCS) at district and village level in Konkan region of Maharashtra.

3. To study the participation of District Central Co-operative Banks in innovative scheme under the financial assistance of Maharashtra State Co-operative Bank Ltd.
4. To find out the remedial measures for the development of farmers in Konkan region of Maharashtra state.

8. Hypothesis:

1. There is a positive association between Maharashtra State Co-operative Bank Ltd and District Central Co-operative Bank Ltd. to implement developmental measures for Rural Development Konkan Region.
2. Primary Agricultural Co-operative Credit Societies (PACCS) sustained very well due to Maharashtra State Co-operative Bank Ltd
3. Maharashtra State Co-operative Bank Ltd is one of the vital tool for the farmers of Konkan region.

9. Research Sample:

Within the study, it is estimated that data from Konkan region of Maharashtra, who have been benefited from funding by MSC Bank Ltd. for developmental measures. There are seven districts coming under Konkan region of Maharashtra, namely

1) Mumbai 2) Mumbai Suburban 3) Palghar 4) Thane 5) Raigad 6) Ratnagiri 7) Sindhudurg. Out of this first two are 100% Urban and third Palghar Dist. is a new district formed in 2014, coming under Thane District Centre Co-operative Bank Limited. Means even though researcher selected four DCC Banks working for five districts including Palghar district, the researchers focus of study will be on the District Central Co-operative Banks of 1) Thane, 2) Raigad 3) Ratnagiri 4) Sindhudurg.

Respondents	Districts				Total
	Thane	Raigad	Ratnagiri	Sindhudurg	
Beneficiary Farmers	50	50	50	50	200
Primary Agricultural Co-op. Soc. (Survey of Office Bearers)	10 (20)	10 (20)	10 (20)	10 (20)	40 (80)
DCC Banks Directors, Office bearers and Related Staff	01 (05)	01 (05)	01 (05)	01 (05)	04 20
District level Co-operative Department of State Government	01	01	01	01	04
State Level Co-operative Department of State Government	-	-	-	-	01
Maharashtra State Co-operative Bank Officers and field staff	-	-	-	-	10
NABARD Staff at central and state level	-	-	-	-	05
Total	76	76	76	76	320



Figures in bold indicates the number of respondents

10. Findings of Research:

The researcher analysed the credit policy of the MSC Bank Ltd. for rural development in Konkan region.

- The effect of lending policies of the MSC Bank Ltd. for farm and non-farm activities in Konkan region are not appreciable.
- The researcher studied whether adequate funds were made available from the DCC Bank Ltd. in rural areas are not comfortable.

The researcher examined the positive and negative impacts of the MSC Bank Ltd. on DCC Bank Ltd. Which shows more negative.

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