



PERFORMANCE EVALUATION OF LATUR DISTRICT CENTRAL CO-OPERATIVE (LDCC) BANK TOWARDS AGRICULTURE & RURAL DEVELOPMENT OF LATUR DISTRICT

Mr. Rahul D. Shinde

(Research Scholar)

Dr. Shivprasad Dongre

(Research Guide)

Abstract:

Day-by-day the Latur District Co-operative Central Banks (DCCBs) in fostering agricultural growth in all dimension along with the rural development in a Latur district. The Latur District Co-operative Central Banks (DCCBs) plays a role like a catalyst & it tries to address the issue or challenges being faced by the agrarian community particularly in the Latur district. Furthermore, this also facilitates the to know the actual role of the Latur District Co-operative Central Banks (DCCBs) towards empowering rural people, financial inclusion, promoting agro based industries etc. It will help to throw light on the plans, polices, program being undertaken in collaboration with different stakeholders such as government, NGOs, local authorities etc. for promotional activities in the agriculture & rural areas. While carrying out the comprehensive research, both kinds data were compiled i.e., qualitative & quantitative in order to understand the financial, social, & economic status & examine the different kinds of services being offered by the Latur District Co-operative Central Banks (DCCBs).

Keywords: *Agricultural Growth, Financial Inclusion, Agro-based industries, rural development*

Copyright © 2023 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

Introduction:

The Indian agriculture sector has made significant strides since independence, particularly during the Green Revolution of the 1960s. However, growth in credit flow, particularly in the agriculture sector, has been uneven among stakeholders. The government must ensure equitable agricultural growth, creating a ripple effect for financial growth and inclusion. The Rural Cooperative credit institutions (Short Term) structure comprises three tiers: State Co-operative Banks, District Central Co-operative Bank, and Primary Agriculture Credit Societies Bank. These banks provide valuable services in the form of short,

medium, and long-term finances to farmers, promoting qualitative development in the primary agriculture sector. District Central Co-operative Bank (DCC) has expanded its base in the banking sector, offering credit schemes for dairying, silk industry, sugar factories, drip irrigation, and loan schemes for Self-Help Groups (SHGs). The DCC Bank has successfully achieved the status of CBS (Core Banking Solutions) and offers services such as RUPAY Debit card/RUPAY KCC card, RTGS/NEFT/ABB, SMS Alert, DBT/Aadhar Card Base Payment Scheme, Pradhan Mantri Suraksha

Beema Yojna, Pradhan Mantri Jeevan Jyoti Beema Yojna, and POS/E.com.

Need of the Study:

Agriculture is a crucial sector in the Indian economy, contributing significantly to national income and affecting farmers and farm laborers' economic status. To accelerate economic growth, the government established the Panchayati Raj Institution (PRI) and established the District Cooperative Central (DCC) banks. These banks play a crucial role in providing loans and advances to rural artisans and farmers at subsidized rates for growth and development. However, the presence of fewer commercial banks at village level makes it difficult to meet credit facilities for agriculture and rural development. The New Economic Policy (NEP) in 1991 allowed foreign banks to operate on Indian soil, making timely credit availability a challenge for DCC banks. This research study analyzes the financial position of banks, agriculture loans, sanction and disbursement of loans, and Non-Performing Assets provisions. An integrated approach is needed to ensure continuous credit flow for equitable growth and development, especially in backward and rain-fed areas.

Significance of Study:

India's Latur District Cooperative Central Bank (LDCC) is a vital institution in the agriculture sector, providing finance and promoting inclusive development. Despite facing challenges in meeting rural people's needs, the bank offers various deposit schemes, loans, and credit facilities to cater to grassroots needs. The Latur DCC Bank follows guidelines set by the Reserve Bank of India (RBI) for priority lending, particularly in the agriculture sector. Despite facing extreme conditions like drought and less rainfall, the bank continues to make significant profits. The agriculture sector is crucial for 70% of India's rural population. Institutional credit aims to break the cycle of poverty, stimulate farmers, and streamline lending practices for short- and medium-

term agricultural credit. Local credit groups play a crucial role in nation-building activities. Latur DCC bank may surpass commercial bank activities in rural areas by linking primary agricultural credit societies with state cooperative banks.

Scope of Study:

The report provides insights into the performance of the District Central Co-operative Bank of Latur District and its branches, focusing on financial performance analysis, customer satisfaction, credit portfolio analysis, and regulatory compliance. It also highlights factors like key financial ratios, solvency, profitability, liquidity, trends in deposits, loans, investments, operational efficiency, processing fees, sectors targeted, customer satisfaction, technology adoption, risk management practices, loan recovery mechanism, financial inclusion, mobile banking, online banking, and adhering to banking regulations.

Study Area:

This research study examines the role of Latur District Central Co-operative (LDCC) Bank in the Latur District in Maharashtra, India. The district, located in the south-eastern part of Maharashtra, is primarily dependent on agriculture and its allied activities. LDCC Bank is a cooperative banking institution owned and operated by its members, providing financial services to the local community. The bank focuses on lending and advances to the agriculture sector and its allied areas, with its branches spread across the district i.e., from Latur, Ahmedpur, AUSA, Chakur, Deoni, Jalkot, Nilanga, Shirur Anantpal, Renapur, Udgir etc.

Limitation of Study:

The research analyzed Latur District's growth and development from 2010-2011 to 2014-2015, despite not providing an accurate picture. The data suggests inclusive and upright development, but potential bias from primary sources and potential window dressing in financial statements make it challenging to detect intentional or unintentional human errors.



Review of Literature:

Review of Books:

1. *Bhaimali Anil (2003)* discusses the role of rural cooperatives in the Indian economy, highlighting issues faced by farmers, such as higher interest rates and indebtedness. He compares Indian cooperative societies to western societies, highlighting their instrumental role in economic growth and development.
2. *Goel B.B. (2006)* highlights the Indian cooperative movement as one of the largest, based on the Raiffeisen model and Rochdale principles. He highlights the role of the National Co-operative Development Corporation (NCDC) as a premier financial institution for sustainable development and emphasizes the evolution and growth of cooperative laws, such as the 1904 and 1912 acts.

Review of Ph.D. Thesis:

1. *Niti Bhasin's book "Banking Developments in India - 1947 to 2007 Growth, Reforms & Outlook"* discusses the evolution of the Indian banking system, central bank's role, challenges, and adoption of modern technology.
2. *O.P. Agarwal's book "Modern Banking of India"* explains the evolution of the Indian banking system, including classification, RBI rules, universal banking, retail banking, deposit pricing, and e-banking. Both books provide insights into the banking sector's performance.
3. *Baldev S. Sandhu's 2011 study on "Banking & Rural Development: Promises & Performance"* highlights the importance of credit for agriculture, non-agricultural, and rural sectors, highlighting the history of the Commercial Banking system in India.

Review of Research Articles:

1. *Shah's case study* of Sangli and Buldana District Cooperative Central Banks revealed mounting Non-Performing Assets (NPA) issues, hindering

banking operations and negatively impacting financial activity.

2. *Ganesan's study* on data envelope analysis of 30 State Co-operative Banks and 20 District Central Co-operative Banks in India revealed self-efficiency and technical efficiency in both banks.

Objectives of the Study:

- 1) To acquaint the major trends of the Latur District Central Co-operative (LDCC) bank.
- 2) To study the performance of their Lending aspects.
- 3) To know more about the primary Engaging activities in rural and micro financing at Latur District Level.

Hypothesis:

- H1. The Latur DCC Banks Deposits as well as Loans & Advances showing improving trends.
- H2. The Latur DCC Bank has offered the satisfactory Lending practices i.e., short term loans to the agricultural development.
- H3. The Latur DCC bank (District Central Co-operative Bank) distributed kisan credit card & disbursed loans as a part of micro financing activities.

Research Methodology & Data Collection:

The researcher conducted a comprehensive study on Latur DCC bank's performance in the agriculture sector and the overall development of Latur Districts talukas using empirical and descriptive analysis. Primary data was collected through interviews, field surveys, observations, and questionnaires with respondents like bank officials, account holders, and farmers. Secondary data was gathered from published annual reports, Reserve Bank of India bulletins, committee reports, government reports, Latur District social and economic reports, internet, newspapers, magazines, research journals, and websites.

Tools of Research:

While carrying out this study research, the given data is given or represented in the form of charts, tables, graphs, diagrams, etc. so the data is analyzed &



interpreted with the help of different statistical tools & techniques such as mean, percentage, ratio analysis,

average etc. & able to arrive at concrete conclusion for validating the objectives of research study.

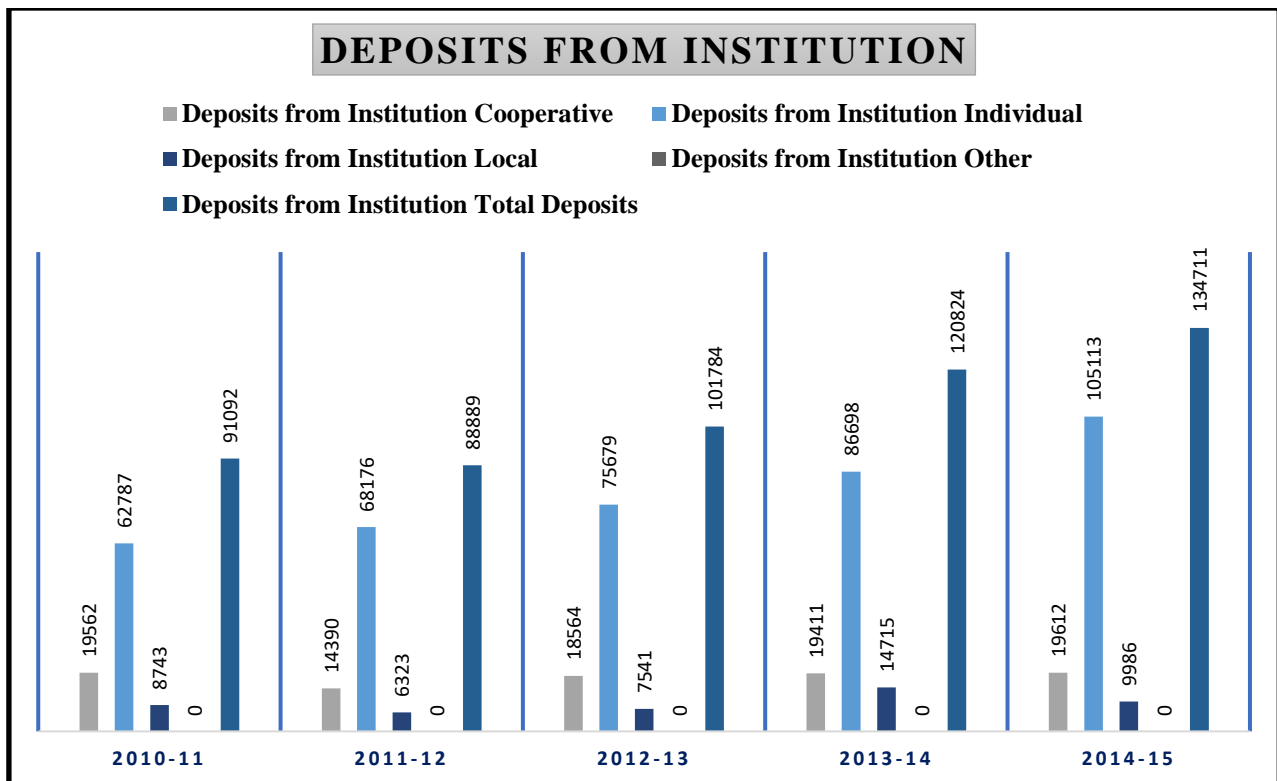
Data Analysis & Interpretation of Latur Dcc Bank:

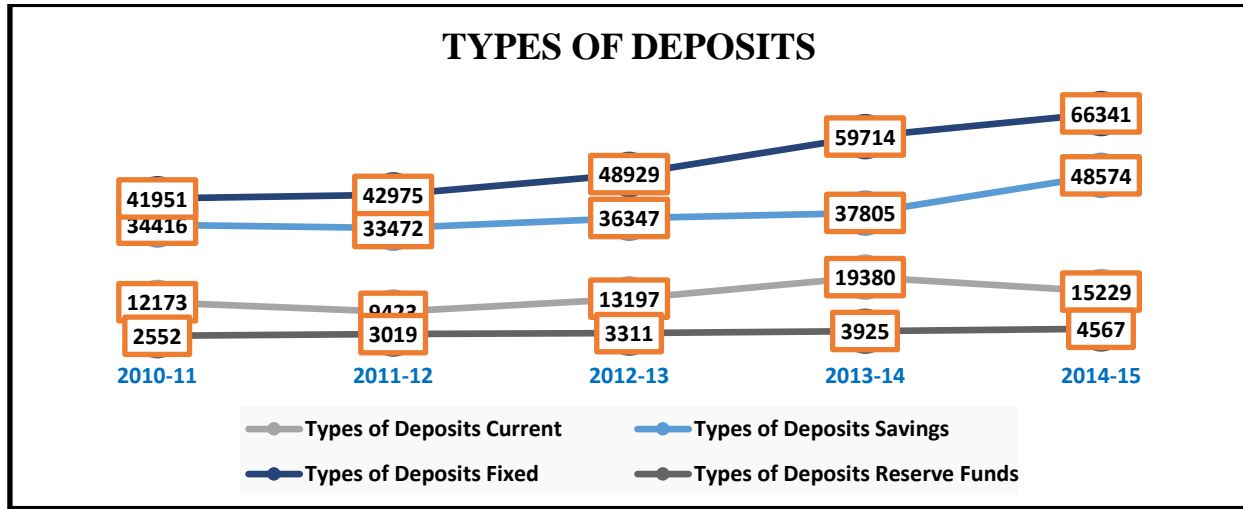
Table No. 1: DEPOSITS SOURCE

(As on 31st March)

(Amount In lakhs)

Year		2010-11	2011-12	2012-13	2013-14	2014-15
Deposits from Institution	Cooperative	19562	14390	18564	19411	19612
	Individual	62787	68176	75679	86698	105113
	Local	8743	6323	7541	14715	9986
	Other	0	0	0	0	0
	Total Deposits	91092	88889	101784	120824	134711
Types of Deposits	Current	12173	9423	13197	19380	15229
	Savings	34416	33472	36347	37805	48574
	Fixed	41951	42975	48929	59714	66341
	Reserve Funds	2552	3019	3311	3925	4567
	Other Deposits	0	0	0	0	0

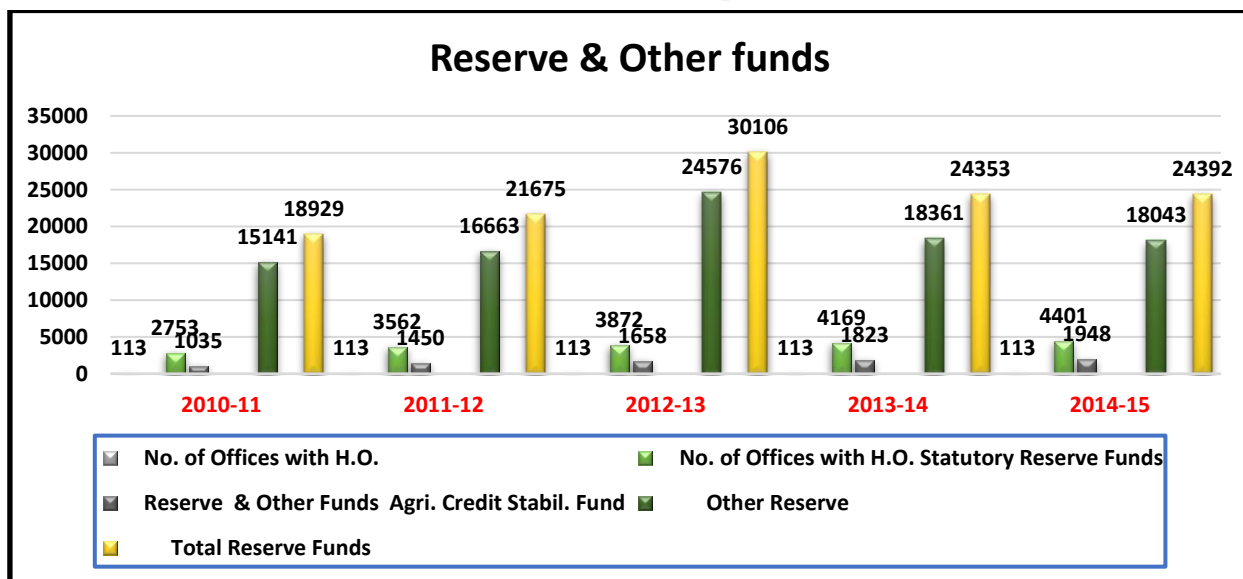




The Latur District Co-operative Central (DCC) has shown a positive trend in total deposits over the years, promoting stability, inclusive growth, and substantial vertical development. Deposits from various institutions, including cooperative institutions, have shown a stable trend, despite slight fluctuations. Individual deposits have risen significantly, indicating an increase in saving and investment among rural people. Local deposits are dynamic, but the trend

remains positive. Fixed deposits have moved upwards, allowing for short and long-term investment for growth and development. Saving accounts have shown growth, reflecting the habit of saving among the larger population. Reserve funds have increased at an extraordinary pace, reflecting long-term financial planning and growth. This is due to Latur DCC bank's efforts to create financial literacy and encourage saving habits among the common people.

Reserve Fund & Others of Latur District Cooperative Central (LDCC) Bank



The research study reveals a steady trend in the total reserve fund from 2010-11 to 2014-15, with a 28.86% increase from 2010-11. Reserve funds are crucial financial indicators for banks, and the Reserve Bank

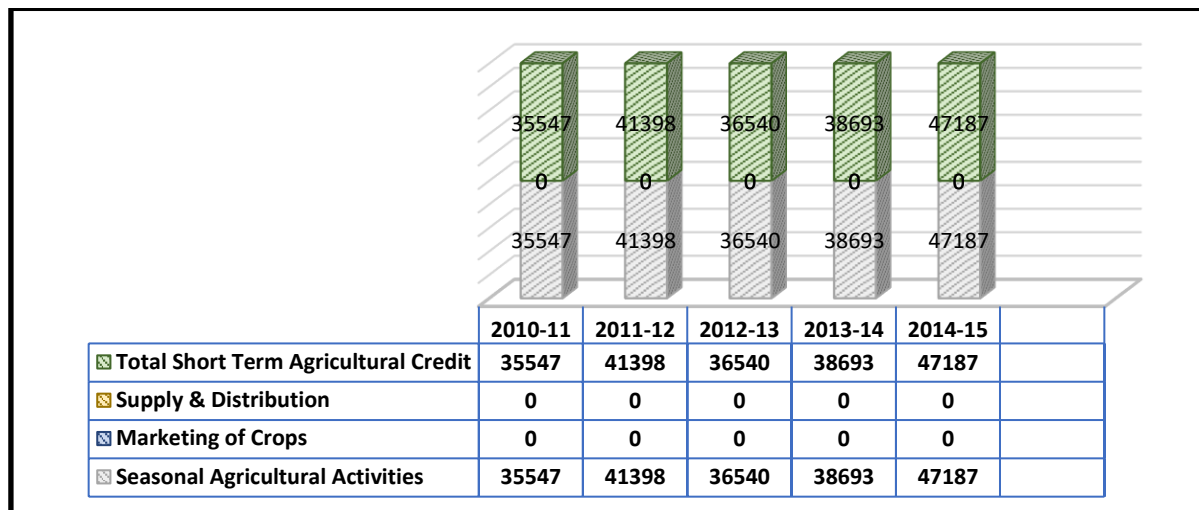
of India encourages cooperative banks to have maximum reserves to prevent financial instability. Members contribute reserves, but they cannot claim them upon ceasing membership.

TABLE NO. 4 – A: SHORT TERM LOAN ISSUED TO AGRICULTURAL ACTIVITIES

(As on 31st March)

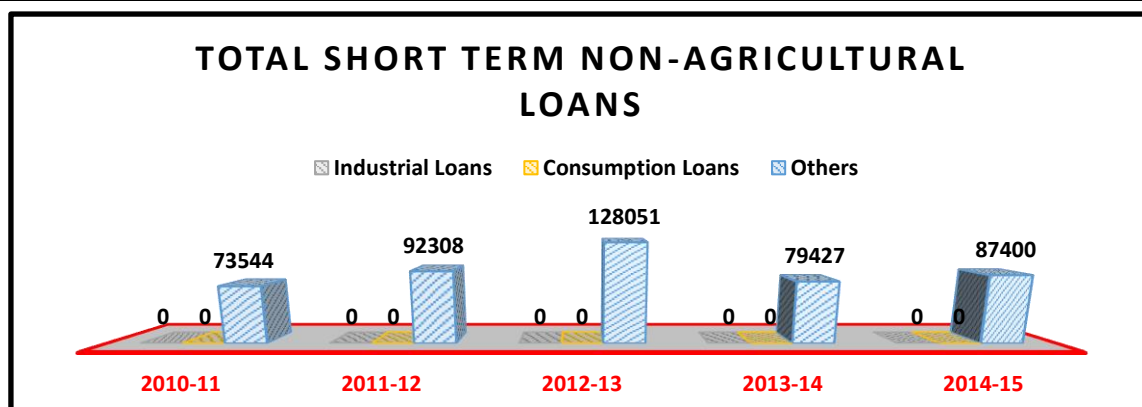
(Amount in Lakhs)

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Seasonal Agricultural Activities	35547	41398	36540	38693	47187
Marketing of Crops	0	0	0	0	0
Supply & Distribution	0	0	0	0	0
Total Short Term Agricultural Credit	35547	41398	36540	38693	47187



SHORT TERM LOAN ISSUED TO NON - AGRICULTURAL ACTIVITIES

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Industrial Loans	0	0	0	0	0
Consumption Loans	0	0	0	0	0
Others	73544	92308	128051	79427	87400
Total Short Term Non-Agricultural Loans	73544	92308	128051	79427	87400





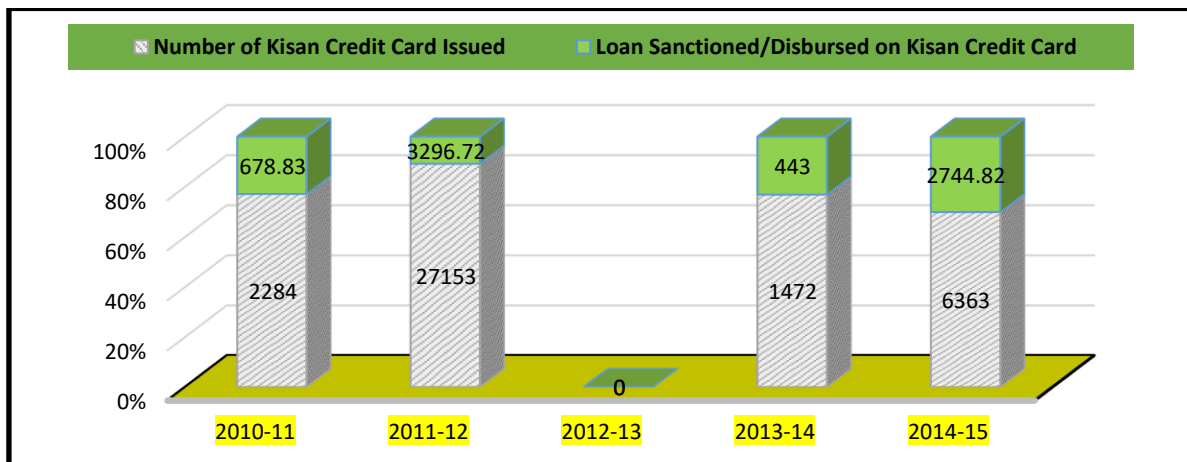
The Latur District Cooperative Central (LDCC) bank has been providing short-term agricultural and non-agricultural loans to various diversified areas since 2010-2011 to 2014-15. The bank has seen an increase in loan disbursement towards seasonal agricultural operations, reaching 47187 lakhs from 35547 lakhs in 2010-11. However, short-term loans for crop

marketing, supply, and distribution were not issued during this period. The bank's regular lending practice has expanded its scope, catering to the needs of farmers and other sections of the population. The bank's growth in short-term agricultural credit is expected to benefit all sections of the population.

TABLE NO. 5

NUMBER OF KISAN CREDIT CARD ISSUED & LOANS DISBURSED

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Number of Kisan Credit Card Issued (In Numbers)	2284	27153	0	1472	6363
Loan Sanctioned/ Disbursed on KCC Number of Kisan Credit (In Lakhs)	678.83	3296.72	0	443	2744.82



The data shows that the number of Kisan Credit Cards (KCC) issuances reached the highest level between 2010-201 and 2014-2015, reaching 6,363. This helps connect people with digital banking practices and contributes to financial inclusion programs. Loan disbursement on Kisan Credit Cards increased, with the highest amount given in 2011-12 at 3296.72 lakhs. Latur DCC bank and branches are working to provide financial assistance to farmers and tap into the untapped population in the banking sector.

Statement of the Problem:

The Latur District Cooperative Central Bank (DCCB) is a vital financial institution in Latur District, facilitating agricultural growth and development. However, its role in agricultural development is underexplored. This research aims to analyze the DCCB's role in financial status, socio-economic structure, and empowering farmers. It seeks to identify strengths, weaknesses, opportunities, and threats associated with its operations. The DCCB aims to catalyze sustainable agricultural development, ensure



financial inclusivity, and improve the livelihoods of farmers and rural communities.

Finding, Suggestions & Conclusion:

Findings:

The Latur District Cooperative Central (DCC) bank has shown positive trends in financial indicators such as number of branches, membership, share capital, statutory reserve fund, agriculture credit stabilization fund, total reserve funds, and per branch profit. The bank has also initiated various programs conceived by the Reserve Bank of India (RBI) and NABARD for agricultural and rural growth in the district. The bank has set up an Asset Liability Management Committee (ALCO) to monitor and implement parameters like profitability, loan disbursement, deposits, loan policy, liquidity, currency & market trends, and interest rates. The bank's net Non-Performing Assets (NPA) has remained around 0% throughout the years, thanks to its separate recovery cell. The bank has followed RBI guidelines on timely account openings, such as Know Your Customer (KYC). The Latur district has the least percentage of geographical forest area and is considered drought-prone. Total short-term agricultural credit has increased from 2010-2011 to 2014-2015.

Suggestions:

The District Cooperative Central (DCC) bank in Latur needs a centralized system to facilitate credit needs and requirements for the common people. The bank should expand branches proportionate to the rural population and strengthen infrastructure facilities in deep rural areas. Strict penalties for intentional defaulters can help increase loan recovery percentages. The bank should also introduce attractive schemes, plans, and policies for agriculture, allied sectors, rural artisans, and self-house groups. The documentation process should be simplified and easier to access financial aids. Co-operative banks often have political interests, leading to harassment of various sections, such as farmers, industrialists, artisans, and

marginalized people. The dominance of political parties should be reduced rather than eliminating them from the structure of the DCC bank.

Conclusion:

As per directive given by the Reserve Bank of India (RBI) & National Bank for Agriculture & Rural Development (NABARD), they given emphasis on the continuous monitoring supposed to be done in hierarchical manner & ensure that every bank branches complying the regulatory requirements for ex. Capital to Risk (Weighted) Assets Ratio (CRAR) as prescribed by the apex bank from to time. As the time unfolds with the passing years the Latur DCC bank should strive hard to have community engagement & intact continuous policy decisions that could help to bring further improvement in the financial practices & that all will works in the interest of the people at wider level. But still, it can manage with the proactive measures & that leads to help them to improve the assets quality for longer duration of time.

References:

- “Evaluate the Financial performance of Co-operative Banks system”– India’s Economic Survey
- “A Study Report with Reference to the District Central Co-Operative Bank” The Hindu News Paper Murugaboopathy M, M. Jeyakumaran and S.B. Inayath Ahamed “A Comparative Study of The Trends in Select Financial Parameters in District Cooperative Central banks of India & Tamilnadu” International Journal of Recent Scientific Research Vol. 9, Issue, 1(C), pp. 23096-23102, January, 2018
- Edwinraj D.J. and Banister H.G.F., “A STUDY ON FINANCIAL ANALYSIS OF DISTRICT COOPERATIVE CENTRAL BANKS IN TAMILNADU”, Review Of Research, Volume - 7 Issue -5, February – 2018



SOYELIYA U. L., “A study on Co-operative Banks in India.” International Journal of Research in Humanities and Social Sciences, Vol. 1, Issue: 7, September 2013.

<https://nafscob.org/>

<http://www.ldccb.com/>

<https://www.indiastatdistricts.com/maharashtra/latur-district>

Shodhganga.inflibnet.ac.in

Pushpalata, G. K. & Pandhari, N. S., A study of financial performance of Latur District Cooperative Central bank, Latur, Golden Research Thoughts 2014 Vol.4 No.2 pp.GRT-4378 ref.11

Cite This Article:

**** Mr. Shinde R.D. & ** Dr. Dongre S., (2023). Performance Evaluation of Latur District Central Co-Operative (LDCC) Bank towards Agriculture & Rural Development of Latur District, **Electronic International Interdisciplinary Research Journal**, XII,Issues – V, Sept -Oct, 2023, 64-72.***