

**THE GROWTH OF CO-OPERATIVE SEGMENTS IN
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The availability credit facility is the major challenges in every business. Specifically, it is very crucial in agriculture. The return from agriculture is not guaranteed so as it become neglected from various a credit source. At the same time a large proportion of population remains engaged in agriculture and without credits the cultivations would not begin. This picture



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underlined the importance of credit facility. Since long in India, there were credit facilities which have supplied to agriculture through the money lenders, relatives, friends and landlords. Under the British rule , there was a passed the Co-operatives Societies Act-1904; after that the co-operative movement started very swiftly in the Maharashtra. In addition, the state of Maharashtra implemented three-tire co-operative credit society structure for distributing credit facilities to farmers as well as needy peoples. It is proud to say that co-operative credit system saved the farmers from unorganized credit sector. In Maharashtra, earlier people were dependent upon sahwkhar, relatives, traders and moneylenders for credit. The state has accepted three-tier system of co-operative credit societies. At the top the State Co-operative Banks (StCBs), at the middle District Co-operative Credit Societies (DCCS) and the bottom level Primary Agriculture Credit Societies and ensured that this dependence no longer exists. The Maharashtra Government has always encouraged the growth of Primary Agricultural Credit Societies through State Co-operative Banks and National Bank for Agricultural and Rural Development (NABARD). Co-operative banking plays a very important role in the rural credit system. They have extended almost 70% credits out of the total rural credit. During the



period of 1978-79, there were 18,686 total Primary Agricultural credit societies working across the State. The total Membership of was PACS was 51.30 lakh and they have extended credit Rs.161 crore.

This research papers reveals the progress of co-operative credit structure in the state of Maharashtra

Objectives of Paper: This paper is highlighted the following objectives: -

1. To take the review of co-operative credit history.
2. To take the overview co-operative credit structure in Maharashtra

The paper has been referred secondary source of information that which available in various books, magazines, newspaper and various websites and these all details have recorded in bibliography. This paper is classified into two Parts; Part-One has focused on the historical overview of co-operative sector in Maharashtra. Part-Two analyzed the present scenario of co-operative credits in Maharashtra.

Part-One- The historical overview of co-operative sector in Maharashtra

The state of Maharashtra came to existence on 1st May 1960. It is largely inhabited by Marathi speaking people. It expresses their cultural, linguistic, and social homogeneity. It lies between 15° 45 to 21°06 north latitudes and 72°36 to 80°45 east longitudes. The area of the state is 307762 sq. km. and occupies 9.36% of the total area of land of India. The total length of the coastline of the state is 720 km; east-west length of the state about 800km, north-south width is about 700 km. Maharashtra state is bound on east, north and north-east by parts of Madhya Pradesh, the southern part of Maharashtra abuts parts of Karnataka and Goa, North -West by parts of Andhra Pradesh and Karnataka and to its West side is the Arabian seas. For administrative convenience the state is divided into six divisions namely, Mumbai, Pune, Nasik, Aurangabad, Amravati and Nagpur. It is made up of 31 districts and 315 Taluka. The various parts are known as Kokan Western Maharashtra, Marathwada Vidharbha and Khandesh.

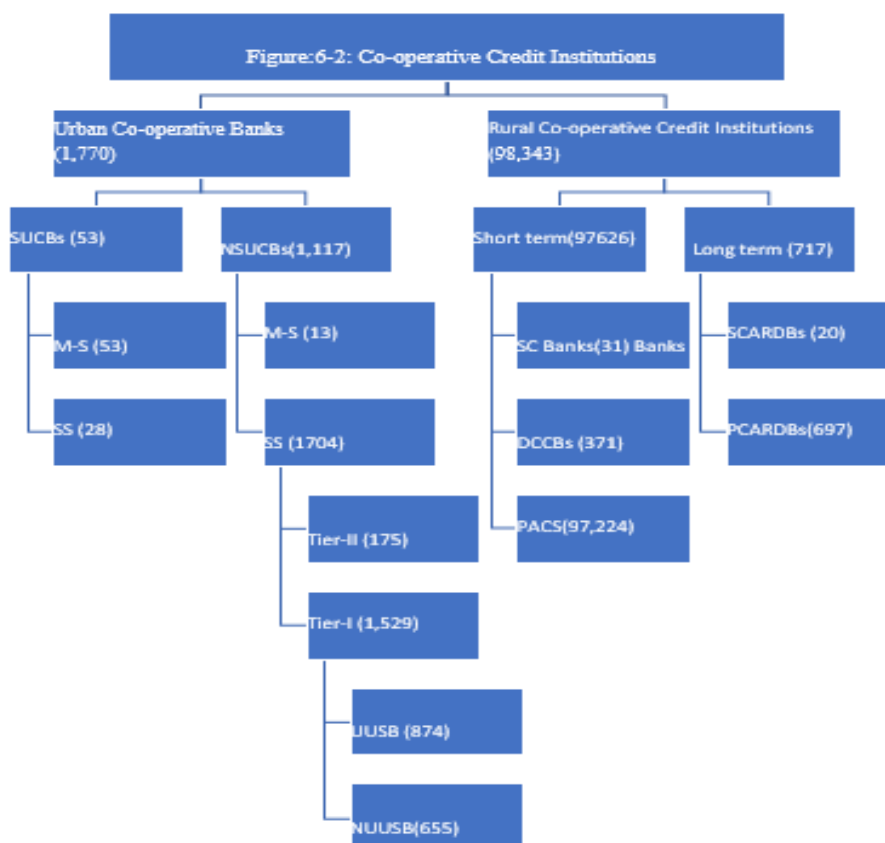
India is acknowledged internationally as a Hindu country as Hindus constitute 80% of the population. Hindu religion has numerous attributes - the main among them being co-operation or independence. While the co-operative societies as we find it in India is not native to the country, interdependence or co-operation is the very key note of Hindu family, joint in food,



worship and estate. Even in ancient India there were craft guides with banking as one of the features. A reference to this is also found in the Vedas as well as in the laws of Manu. Sir Malcolm Darling has in Rusticus Loquiter described various unofficial indigenous co-operatives found in the Punjab. He describes about two-ten peasants frequently join for a given area in common dividing the produce after each harvest in proportion to labour and bullock power supplied by each. In the old Indian work, the Arthasastra of Kautiliya, Kautiliya described that whosoever stays away from any kind of co-operative undertaking shall send his servants and bullocks to carry on the works, shall have a share in expenditure but none in the profits. Even before the movement the Madras Presidency had organized co-operative undertaking in the form of indigenous Nidhis or Mutual loan associations. In 1901, there were over 200 Nidhis with some 36000 members and a subscribed capital of more than two crores of rupees. Their clients were drawn from a more highly educated and advanced class than agricultural population. During the depression period several commercial banks collapsed but co-operative banks were not affected due to mutual confidence of members.

Pre-independence period, Fredrick Nicholson had suggested to the Indian Government to develop co-operative credit societies across the country on the basis of a German Model. This suggestion was accepted by the Indian Government and the government enacted the Co-operatives Societies Act-1904. The whole of the co-operative movement is dependent on the state for financial help since its inception. The Co-operatives Societies' act of 1904 was amended in 1912 with a view to extend the scope of the previous Act. The Act of 1912 permitted the establishment of non credit societies. In 1919, co-operation was made a state subject. States were allowed to make necessary legislation for the smooth working of the co-operative movement. The responsibility of developing co-operative movement was given to states. Reserve Bank of India was recognized as a central bank on 1st April 1935. The Central Bank acknowledged the accountability of agricultural credit at the national level. Reserve Bank of India has extended financial administrative assistance to the co-operative credit societies since inception. Since independence, Government of India has witnessed buoyancy in co-operative banks system across the length and breadth of the country. The co-operative system through co-operative banking has additional institutional credit to needy persons in an endeavor to reduce and eliminate the dependence on non- institutional credit. The structure of

the co-operative banking sectors in India is multifarious. Diverse credit needs of sections of the population both in terms of locations and tenor are being appropriately addressed by different segments of co-operative banking systems. At the planning period, Government of India has correctly laid focus on the promotion of co-operative credit societies. The Rural Credit Survey Committees has reported, the co-operative credit society has been able supply only 3.1% of the credit needs of Indian agriculture. The Committee has made number of suggestions that are certain to succeed. While urban areas are served by the urban co-operative banks with single tier structure, the rural areas are largely served by two distinct set of institutions extending short term and long term credit. The short –term co-operative credit institutions have a three- tire structure comprising State Co-operative Banks (StCBs) at the apex level, District Central Co-operative Banks (DCCBs) at the intermediate level and Primary Agricultural Credit Societies (PACS) at the base level.



Part-Two - The present scenario of co-operative credits in Maharashtra.

The long –term co-operative credit institutions have generally a two –tier structure comprising the State Co-Operative Agriculture and Rural Development Banks (SCARDBs) at the state



level and the Primary Co-Operative Agriculture and Rural Development Banks (PCARDBs) at the district or block level. At the end of March-2007, rural co-operative banks (98343) were functioning in the economy. They have extended credit to the tune of Rs.189759 crores in rural India. The State of Maharashtra is the forerunner as regards of development of co-operative institutions Co-operative credit institutions have a vital role in the financial system of the economy in terms of the share volume of operations and the purpose they serve. At the State level the co-operative is a three-tier system and plays a crucial role in rural credit. In fact the co-operative system constitutes nearby 70% of the total rural credit.

The structure of co-operative credit institutions in Maharashtra is classified in to Agriculture Co-operative banks and Non-Agricultural Co-operative Banks. Agricultural co-operative banks cater to the financial needs of the agriculture sector. The agriculture co-operative banks are of two types-, short- and medium-term finance and long-term finance. The short-medium term finance consists of Primary Agricultural Credit Co-operative societies, District Central Co-operative Banks and State Co-operative Banks. In Maharashtra, the long-term credit obligation of cultivators is met by Central Land Development Banks, Primary land Development Banks that were working at the district level. Through various branches, these banks supply the long term loans for agriculture. Non-agriculture co-operative banks in Maharashtra are classified in to Urban Co-operative Banks, Industrial co-operative Banks and Salary Earners Employees Credit Co-operative societies. These banks cater to the financial needs of others. In the state, the co-operative movement has developed very rapidly. It is a major source of agricultural credit.

Primary Agriculture Credit Society (PACS):

Primary Agriculture Credit Society lies at the lowest level of short-term structure of the rural co-operative credit institutions and deals directly with individual borrowers, grants short to medium term loans and undertakes the distribution and marketing functions. A large number of Primary Agriculture Societies have been facing several financial problems due to significant erosion of own funds, deposits and low recovery rates. The Government of India has initiated various policies to advance the financial health of Primary Agriculture Credit Societies through the National Bank for Agricultural and Rural Development (NABARD) and Co-operative Development Fund (CDF). At the end of March 2007, 97224 Primary Agriculture Credit

Societies were working in the whole country. The total membership of PACS was 126 million and borrowings accounted to 46 million. At the national level on an average one village is covered by one Primary Agricultural Credit Society. The concentration of PACS was maximum in the western region and lowest in central region. At the national level only seven states, viz. Chandigarh, Nagaland, Sikkim, Andaman and Nicobar Islands, Kerala, Maharashtra and Gujarat have achieved high penetration of up to two villages. The average size of deposits mobilized by Primary Agricultural Societies was Rs.120.82 Lakh in 2006-07. The average size of deposits of Primary Agricultural Credit Societies in Kerala is sat Rs.767.57 lakhs far exceeding that of other states.

Table 1, Information of Apex and District central co-operative Banks

Particulars	2019	2017	2017
Societies (no.)	20,747	31	01
Members (lakh)	147	1.98	2,000
Working capital (crore)	19,418	1,01,205	29,421
Share capital (crore)	2,369	-	-
Loanee members (lakh)	32.69	-	-
Loans disbursed	14,922	43,368	15,521
Loans outstanding (crore)	13,819	48986	16336
Loans overdue (crore)	5,685	16,163	1,269
Societies in profit (no.)	8,729	-	-

Source: - Economic survey of Maharashtra (2018-19) page No,144-146

District Co-Operative Bank

In Maharashtra, District co-cooperativities bank established at district level. At the end of March 2019, there was established almost 31 branches across the state and connected with 1.98 lack members. DCCB has distributed almost Rs.43368 crore loan to their members (Table-1)

State Co-Operative Bank (STCBS):

The state of Maharashtra has accepted three-tier system in the co-operative credit system. In this system, State Co-operative bank are at the top level and Primary Agricultural credit Societies at the bottom level and it has started at the village level. The State Co-operative Bank extends credit in rural areas through the Primary Agriculture Credit Societies. The State Co-operative Bank guides the whole co-operative movement in the state and exercises supervision on the movement. It provides financial help to the primary co-operatives through the district



co-operative banks. The bank has its own share capital and reserves fund. In addition, it accepts deposits and provides services to its customer. The bank is not only interested in helping the co-operative credit movement but also in promoting other co-operative ventures and in extending the co-operative principles to various spheres of life. The State Co-operative bank acts as connecting link between the Government and Reserve Bank of India. It helps the State Government in framing co-operative development plans and other development plans as well as watch out for their proper implementation. The banks supervise, control, and guide the activities of the Central Co-operative Banks through regular inspection. The membership of the State Co-operative banks is open to all Central Co-operative Banks and such other societies as may have direct dealing with them. State Governments are now the shareholders of these banks in order to give them the necessary strength, influence and borrowing power. The primary sources of the working capital of these banks are the share capital, reserve fund, deposits from members, non-members, borrowing from Reserve Bank of India, State Bank of India, State Governments and others and the direct and State contribution. Reserve Bank of India provides loans to these banks for short –term and medium- term purposes. The State Bank of India provides loans for marketing and processing societies, consumer co-operatives and for financing procurement of food grains. Overdraft facilities are also granted against Government Securities by the State Bank of India for financing their affiliated societies. State co-operative banks collected deposits to the tune of Rs.322 crores and its working capital was Rs.434 crores during 1977-78. As at now, its working capital was Rs.29421 crores during 2018-19. (Table-1)

Conclusion: Since 1960, co-operative credit system is working very well in Maharashtra. Almost it has been captured 45% to 50 % market of credit supply in a state. It has become big movement which have supplied credit facility to farmers at the same time it has been generated leadership in society. The primary co-operatives societies established to every village and helped to farmers to get credit on time .

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