

Performance of District Central Co-operative Banks in Haryana

Neeru Gupta Research Scholar, G.D.Goneka University.

Dr. Anita Kumari, Assistant Professor, G.D.Goenka University.

Abstract:

In India, District Central Co-operative Banks (DCCBs) are recognizable institutions among all co-operative credit institutions. DCCBs occupy a place of significance in the cooperative credit delivery system. They act as a spokesperson of the cooperative movement at district level. The present study intends to analyze the performance and growth of District Central Co-operative Banks in the state Haryana. For the above mentioned purpose evaluation of some important factors such as capital, deposits, borrowings, profits, working capital, loans advanced, cost of management etc. are examined. The study is based on secondary data. The period of study is ten years from 2008-09 to 2017-18.

Introduction:

The co-operative banks are important part of the Indian Financial Framework. The main function of co-operative banks is to provide financial assistance to lower section of the society. Indian Co-operative Societies Act was passed in 1904. Co-operative Societies Act, 1904 was passed on the proposal of Sir Frederick Nicholson (1899) and Sir Edward Law (1901). The object of this act was to set up co-operative credit societies "to encourage thrift, self-help and cooperation among agriculturists, artisans and persons of limited means." The Co-operative Societies Act, 1912 perceived the requirement for building up new associations for supervision, examining and supply of agreeable credit. These associations were- (a) an association, comprising of essential social orders; (b) the national banks; and (c) common banks. Albeit starting has been made toward building up agreeable social orders and broadening helpful credit, however the advancement stayed inadmissible in the pre-freedom period. Considerably in the wake of being inactive for 50 years, the helpful credit framed just, percent of the absolute country credit in 1951-52. The co-operative banks are directed by the Reserve Bank of India (RBI) and administered by Banking Regulations Act 1949 and Banking Laws (Co-operative Societies) Act, 1955.

Structure of Co-operative Banks in India:

There are different sorts of co-operative credit foundations working in India. These organizations can be characterized into two general classifications: Agricultural and Non – Agricultural. Agricultural credit organizations command the whole co-operative credit structure. Agricultural credit organizations are additionally separated into Short term agricultural credit institutions and long term agricultural credit institutions. Further Short term agricultural credit institutions have been divided into three parts. These are Primary Agricultural Credit Societies (PACs) at the town level, Central Co-operative Banks at the district level and State Co-operative Banks at the state level or Apex level. The structure of Co-operative Banks in India has been given in Figure 1.1

Structure of Co-operative Banks

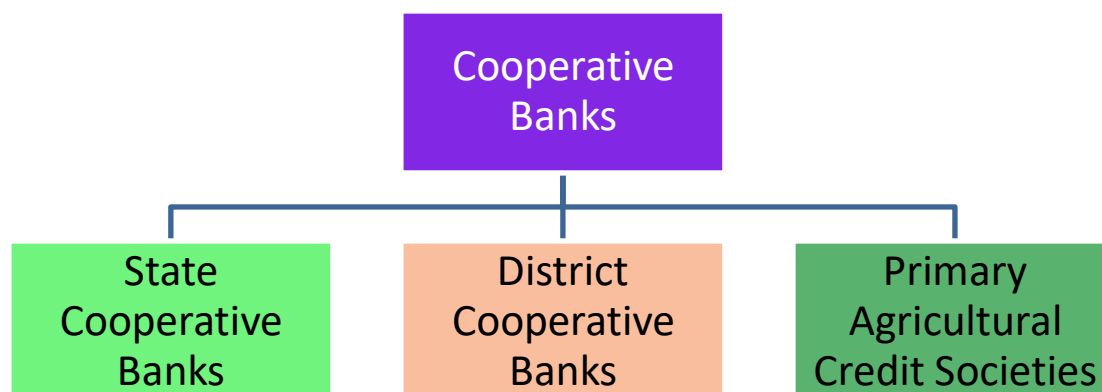


Figure 1.1 Structure of Co-operative Banks

- State Co-operative Banks:** State Co-operative banks are the top bank of Indian Co-operative banking system. State co-operative banks has controlled to the primary agricultural credit societies and district central co-operative banks. Each state has a state co-operative bank. The state co-operative is an agent of central co-operative bank and work as a controller of the co-operative banking structure in India. Its assets are acquired from share capital, stores and credit from the Reserve Bank of India.
- District Central Co-operative Banks:** District Central Co-operative Banks are working at the district level in the different pieces of India. These banks considered the entire things delegate by a State Central Co-operative bank for each state.
- Primary Agricultural Credit Societies at village level:** A primary agricultural credit society is the littlest co-operative bank in India. It takes a shot at the fundamental level and legitimately manages the rustic individuals.

Objectives of the Study:

1. To review the structure of District Co-operative Central Banks in Haryana.
2. To examine the financial performance of DCCBs in Haryana.

District Central Co-operative Banks:

District Central Co-operative banks are enlisted under the Banking Regulation Act and under the administrative authority of Reserve Bank of India and assume an indispensable job in the improvement.

Objective of District Central Co-operative Banks

The objectives of the DCCBs are:

- a) To provide finance to the primary societies for agricultural purposes.
- b) To attract local deposits.
- c) To develop an incensement in banking facilities in rural areas and make the people more aware.
- d) To provide a safe place for investing the reserves of the primary societies.
- e) To develop the co-operative movement in the district and act as a friend, philosopher and guide and;
- f) To supervise the working and management of the affiliated societies.

System of District Central Co-operative Banks:

The DCCBs possess a key spot in the three-level agrarian credit system. In India it has been sorted out mostly to give rural credit. DCCBs are providing loan to the PCAs for financing agricultural purpose. That is related to cultivation expenses, purpose of seeds and other type of expenses related to agricultural. Loans are granted on proper security such as house mortgage, gold etc. To provide loan DCCBs also facing the problem of fund.

Arrangement for that issue funds are provided to the DCCBs at national level by RBI and NABARD and in State level by the State Central Co-operative Banks. In any district, the banking system would comprise Regional Rural Banks, Co-operative Banks and different offices like State Financial Cooperation (SFC), Micro Finance Institutions (MFIs), Non Formal Credit foundations and Non-Banking Credit offices. Among the different banking systems, DCCBs are giving one of kind services to the needy people particularly the rural poor.

They give an associating join between the little, dispersed primaries in a district and the State Co-operative Banks (SCBs) at the state level. The DCCBs confer solidarity to primaries in more than one way. They assemble assets fundamentally by gathering deposits just as by getting from the SCB and channel them to primaries.

Structure of District Central Co-operative Banks in Haryana:

DCCB is a banking institution and it has performed two main functions of banking that is mobilization of resources and the development of the mobilized resources. These are based on the principles of profitability and safety. The District Central Co-operative Banks are controlled by a Board of Directors. General Manager or Manager of DCCBs are working as a Chief Executive. The General Manager is helped by a few Managers, Branch Agents

and Inspectors. On the off chance that the Manager is the Chief Executive, he is helped by Assistant Managers, Branch Managers, Agents and Inspectors.

Examiners are to a great extent liable for directing the PACs under their charge in the improvement of business. Haryana state has 19 District Central Co-employable banks. To give other banking offices to their clients is likewise one of the significant elements of DCCBs. All the DCCBs have given safe vault store office especially at urban branches inside their region so increasingly more client can pull in with this office. Table 1.1 shows the list of DCCBs in Haryana:

Table -1.1 List of District Central Co-operative Banks in Haryana

S. No.	Name of DCCB	Branches
1.	The Bhiwani Central Co-operative Bank Ltd., Bhiwani	40
2.	The Ambala Central Co-operative Bank Ltd., Ambala	28
3.	The Faridabad Central Co-operative Bank Ltd., Faridabad	32
4.	The Fatehabad Central Co-operative Bank Ltd., Fatehabad	29
5.	The Gurgaon Central Co-operative Bank Ltd., Gurgaon	38
6.	The Hisar Central Co-operative Bank Ltd., Hisar	46
7.	The Jhajjar Central Co-operative Bank Ltd., Jhajjar	24
8.	The Jind Central Co-operative Bank Ltd., Jind	33
9.	The Karnal Central Co-operative Bank Ltd., Karnal	44
10.	The Kaithal Central Co-operative Bank Ltd., Kaithal	29
11.	The Kurukshetra Central Co-operative Bank Ltd., Kurukshetra	36
12.	The Mahendergarh Central Co-operative Bank Ltd., Mahendergarh	21
13.	The Panipat Central Co-operative Bank Ltd., Panipat	22
14.	The Rewari Central Co-operative Bank Ltd., Rewari	27
15.	The Rohtak Central Co-operative Bank Ltd., Rohtak	25
16.	The Sirsa Central Co-operative Bank Ltd., Sirsa	41
17.	The Sonapat Central Co-operative Bank Ltd., Sonapat	35
18.	The Yamunanagar Central Co-operative Bank Ltd., Yamunanagar	32
19.	The Panchkula Central Co-operative Bank Ltd., Panchkula	12
	Total	594

Source: Reports of HARCO Bank

Financial Performance of District Central Co-operative Banks in Haryana:

DCCBs are providing loan to primary agricultural credit society for agricultural purpose and small scale business purpose. For that purpose the financial performance of DCCBs are necessary to strong. Table 1.2 shows that overall performance of DCCBs in Haryana

Table – 1.2 Overall Performances of District Cooperative Banks in Haryana

(Rs. in Lakhs)

Year	Share Capital	Deposits	Borrowing	Investment	Profit/Loss	Working Capital
2008-09	26291	380023	277217	142759	2203	795417
2009-10	27453	443796	265121	178130	-966	836580
2010-11	29759	494019	336627	207352	-2080	969599
2011-12	33092	536495	414676	237326	-2016	1102560
2012-13	37235	49271	692841	224133	2928	1110548
2013-14	40010	572377	719029	240670	-2178	1165581
2014-15	61510	593859	556942	211635	-5163	1339323
2015-16	29923	867752	527157	110689	-2058	143732
2016-17	30157	932060	538006	283800	147	1497512
2017-18	43877	836959	543788	299978	-2289	1639414

Sources: Basic Data for Performance of District Central Co-operative Banks, Published by NAFSCOB, Mumbai, 2017-18

Table no.1.2 indicates the overall performance of DCCBs in Haryana was found increasing from 2008 to 2018. In 2008 Share Capital was 26291 Lakhs whereas in 2017-18, 43877. Total deposit and total Advances also increase percent respectively during the same period. It is also observed from table under reference that working capital also increased in the same period. Total DCCBs in Haryana 19 with 524 branches.

Conclusion:

The DCCBs play an important role in the co-operative credit institutions. But the financial position of DCCBs is not so good in Haryana because there have been fluctuations in profits over the period of time. The reasons behind this weak performance were mismanagement, underutilization of resources, improper investment, improper capital structure, inadequate cash availability and lack of innovative products, so there is great need of change in the vision and strategies in these banks for better service to the people of the country. The DCCBs should draw up a programme of rehabilitation and efforts should be made to recover overdue by all possible methods. The borrowings societies should recover their loans from the members and pay it back to the central co-operative banks. The banks should be given loans in instalment and proper link should be established between advancing and repayment of loans with sowing and harvesting seasons. The banks should also provide other funds which can be used at the time of emergency. The state govt. and NABARD need to pay more attention in providing the loans to small and marginal farmers without any delay. The banks should increase the share of loans to be provided for non-agriculture should be given loans to the central co-operative banks on easy term and conditions at cheaper rates at interest to be provided to the agriculture sector and farmers. An adequate margin should be kept between borrowing and lending rates so as to build a strong reserve fund, separate record should be kept overdue of principal interest and adequate provision out of the profits into debts. Serious step should be taken for rationalizing the capital structure of the central co-operative banks to strengthen and increase their owned and working capital to the prescribed economic level.

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