

Ramya John-Minor Project

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EXECUTIVE SUMMARY

The study reveals that the performance of co-operative banks in Palakkad regarding agricultural credit is not in a satisfactory position as no banks are lending 20% of agricultural loans out of their total loans which is the requirement set by the NABARD. The reason for the bad performance of co-operative banks in agricultural credit maybe directed towards the low recovery ratio of the loans in all the years. Most of the loans are becoming NPA. Most of the banks are providing agricultural assistance only under the Kissan credit card scheme and no other schemes are offered to the farmers. In a district like Palakkad where agriculture is the main source of income for majority of population, the co-operative banks has to shoulder the primary responsibility of providing cooperative credit. As we know that Palakkad district has an important role in the food basket of Kerala and converting state from food deficit to food surplus. As compared to villages numbers of co-operative banks are very less. The study found that though the number of PACS has shown a tremendous rise but the situation has deteriorated in Palakkad as number of PACS had shown a tremendous downfall. Loans issued by PACS in the district of Palakkad recorded very meagre share over the loan issued by all PACS in the state. It can be concluded that the performance of co-operative banks with regard to agriculture credit in Palakkad has deteriorated. There is urgent need to open new co-operative bank branches in rural area and provide all financial facilities at low cost. So Government should have the primary responsibility to open new cooperative banks branches and to ensure that its citizens have easy access to cooperative credit.

The major findings from the customer survey was that the majority of the customers prefer cooperative banks for agricultural loans because of less document formality and due to the reasonable interest rate. Cooperative banks process loans from a shorter period that it takes only less than 7 days for processing the loan. The customers of cooperative banks are also using the services of alternate banks for their banking needs. As the cooperative bank faces keen competition from private and public sector banks they take much interest in solving the customer's problems. All the problems of customers are solved quickly. Majority of customers wishes to opt cooperative banks in future for agricultural loan and they are satisfied with the services of the banks and will recommend this bank to friends and relatives. The study reveals that customers are satisfied regarding the service, interest rate, repayment of loan, lending schemes and the overall service quality of cooperative banks. The study also reveals that in spite of the downfalls, the customers are satisfied with the service provided by the cooperative banks and that itself is the good indication of the scope for development of services in the cooperative sector, especially in the agricultural sector.

CHAPTER -1

INTRODUCTION

INTRODUCTION

Agriculture is the main stay of India's national economy. It's contribution to the India's Gross Domestic Product(GDP) is about 30%. Almost 2/3rd of the population of india depends on this sector for livelihood. It is an important source of GDP and main stay of Indian population. About two third of total population directly earns its livelihood from agriculture. Agriculture sector is most important sector of the Indian economy from the perspective of poverty alleviation and employment generation. But at present agriculture sector is facing lots of problems such as credit, irrigation, HYVs, marketing of crops and other capital equipments etc. Agriculture credit plays a significant role in ushering of this fertiliser-irrigation-mechanisation based breakthrough in India . Credit helps in making investment in irrigation, land developments, purchasing machinery, good quality of seeds, fertilisers and pesticides, infrastructure facilities and for meeting the working capital needs of farmers that has paid rich harvests to the farmers. Generally agriculture credit has two sources: a) non- institutional and b) institutional sources. Institutional sources of credit in India comprised of Cooperatives Banks, Regional Rural Banks and Commercial Banks. The role of credit in agricultural economy is crucial and it helps in enhancing productivity and promoting standard of living of the farmers. In India, the co-operative banking sector plays an important role in providing credit to agriculture sector. In this

Agriculture is the most important sector of the Indian economy from the perspective of poverty alleviation and employment generation. When any change in the agriculture sector 'Positive or Negative' has multiplier effect on the entire economy. More over in the era of liberalization the agriculture is being increasingly recognized as commercial activity and therefore the specific needs of farmers for modern agriculture technology will no doubt will become complex. Over a period of years with the state support the Co-operatives have craved out a formidable niche for themselves in various fields of economy like rural credit and banking, fertilizers, sugar, dairy etc. The role of Co-operative banks is extremely important in agriculture sector in Kerala as it supplies agricultural credit and funds and has the potential to deliver goods and services in vital areas where state and private sectors have not been able to do much.

RESEARCH PROBLEM

Agriculture in Palakkad has had a long history because of the fertile plains irrigated by massive river systems etc. Despite the existence of these river systems, agriculture in Palakkad has always been heavily dependent on the monsoons and has hence been an inherently risky activity. At different times we have also had onerous rural tax systems prevalent during the British empire. Indigenous systems of credit had to be developed as a consequence of seasonal needs and fluctuations in order to facilitate smoothing of consumption pattern of farmers over the years which has resulted in the setting up of co- operative banks all over India, the benefit of which has percolated to the small district of Palakkad in Kerala as

well. With the intermittent failure of the monsoons and other customary climatic conditions of farming, rural indebtedness has been a serious and continuous characteristic of Indian agriculture and Palakkad is no exception. Because of the high risk inherent in traditional farming activity, the prevalence of high interest rates was the norm rather than an exception, Inaccessibility to cheap finance was a major problem confronted by the rural farmers to finance their farming activities. Moreover, the credit from small and unorganized money lenders came at a premium, and the concomitant exploitation and misery that often resulted. Development of rural credit systems has therefore, been found to be intrinsically very difficult. This is where the Co-operative banks can play a more proactive role than scheduled commercial banks (SCBs) in achieving financial inclusion in the rice bowl district like Palakkad. Co-operative banks in Palakkad is playing a larger role for the grassroots community so as to help people participate actively in the financial inclusion

SIGNIFICANCE OF THE STUDY

The Indian co-operative banks have a unique position in the rural credit delivery system of India. This sector of banking industry plays a crucial role in dispensation of credit for agriculture and rural development in Kerala. All expert committees without any exception have recognized the important role played by the co-operatives in socio-economic development of the State. It has been repeatedly stressed that the vitality and viability of the co-operative credit institutes must be preserved to enable them to function efficiently, as they are and will be prime institutional agencies for agriculture and rural credit with their vast network, wider coverage and outreach extending to remotest part of the state. The economy of Palakkad is mainly based on agriculture and hence the present study titled 'Role of Co-operative banks in agriculture credit' is of great importance.

OBJECTIVES

1. To study the role of Co-operative banks in financing agricultural activities in Palakkad
2. To analyse the agricultural loans disbursements of the Co-operative banks
3. To measure and compare the efficiency of Co-operative banks with reference to agricultural assistance provided to farmers.
4. To study about the recovery measures adopted by the Co-operative banks.
5. To know about the customer satisfaction regarding the agricultural services provided by the Co-operative banks.

Methodology

Sources of Data

The present study is based on primary and secondary data sources. The primary data is collected through direct personal interview with the officials of various co-operative banks.

The secondary data is collected from the published annual reports of the banks, manual of instructions of loans and advances, Loan abstract of banks, books, research papers, internet and journals.

Sample Units

9 Co-operative banks in 9 taluks of Palakkad has been selected for the study.

Sample size

120 customers of 9 co-operative banks have been given questionnaires for collecting the data.

LIMITATIONS OF THE STUDY

1. Study is limited to concept of cooperative and agricultural credit.
2. The information collected only from 120 respondents of Palakkad District only.
3. The study is applicable only to limited taluks of the District.

CHAPTER 2

REVIEW OF LITERATURE

Various studies conducted and numerous suggestions were sought to bring effectiveness in the working and operations of financial institutions. several committees constituted by Reserve Bank of India to bring reforms in the banking sector by emphasizing on the improvement in the financial health of the banks. Experts suggested various tools and techniques for effective analysis and interpretation of the financial and operational aspects of the financial institutions specifically banks. These have focus on the analysis of financial viability and credit worthiness of money lending institutions with a view to predict corporate failures and incipient incidence of bankruptcy among these institutions.

Mavaluri, Boppana and Nagarjuna (2006) suggested that performance of banking in terms of profitability, productivity, asset quality and financial management has become important to

stable the economy. They found that public sector banks have been more efficient than other banks operating in India.

Dutta and Basak (2008) suggested that Co-operative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment

Mallika Kumar & Aftab Khan (2010) in the study entitled as “Service Quality Analysis of Cooperative Banks” identifies ten factors in the choice of the Cooperative Bank, gives an insight into members perception about the Cooperative Bank Service Quality (CBSQ), ranks overall factors influencing customer satisfaction with cooperative banks service, and assess the importance of each of these. The study compares the different heirs of rural credit cooperatives on these dimensions and draws important conclusions and policy implication for their sustainability in the competitive environment.

S.Sivasenan (2012) found the impact of service quality on customer’s satisfaction in banking sector, service quality is interrelated with customer satisfaction. Managers of the bank or administrative body needs to identify the primary quality determinants, clearly managing the customer expectation, educating the knowledge of customers regarding the service for improving the service quality in the banking sector.

Dr A H Sequeria (2012) made an attempt to address the issues related to customer satisfaction and quickness of transaction in co-operative banks. It is clear from the result that the customer services are reasonably satisfactory.

Ravi C S And Kundan Basavaraj (2013) investigated the preference and satisfaction level of customers towards loans deposit schemes, insurances and value added services rendered by

private and public banks. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues .new innovative schemes, strategies to cater non users ,other services have to be adopted .

Dr Snehal Kumar H Mistry (2013) focused on the factors that affecting customer satisfaction in banks and analyzes their effects. It is revalued that customer satisfaction is the key for many banks to survive competition. Customer gives third preference to assurance factors. It includes criteria like safety of transactions, consistency in services etc...so, banks whether they are private or public bank they should give more focus on increasing reliability, responsiveness and assurance for that they can give training to their employees which help them to give personalized services.

Kapoor (1999), in recognition of the relevance and catalytic role of co-operative banks in the development of agriculture and non-agriculture sector of Indian rural economy, Government of India on 9 th April 1999, appointed a task force under the chairmanship of Jagdish Kapoor for revival of co-operative banks. The main objective of the committee was to review the functioning of co-operative credit structure and suggest measures to make them member driven professional business enterprises. The committee suggested as under: 1. The licensing of DCCBs be brought under the provision of Banking Regulation Act, 1949. 2. Bifurcation of DCCBs should be on the sole criterion of viability (not on political considerations)

CHAPTER 3

DATA ANALYSIS AND INTERPRETATION

AGRICULTURAL CREDIT

The Agricultural Credit Policy essentially lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region-specific strategies, rationalisation of lending policies and procedures and bringing down the cost of borrowing. Bank credit is available to the farmers in the form of short-term credit for financing crop production programmes and in the form of medium-term/long-term credit for financing capital investment in agriculture and allied activities like land development including purchase of land, minor irrigation, farm mechanisation, dairy development, poultry, animal husbandry, fisheries, plantation, and horticulture. Loans are also available for storage, processing and marketing of agricultural produce.

Agricultural credit is disbursed through a multiagency network consisting of Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperatives. There are approximately 100,000 village-level Primary Agricultural Credit Societies (PACS), 368 District Central Cooperative Banks (DCCBs) with 12,858 branches and 30 State Cooperative Banks (SCBs) with 953 branches providing primarily short- and medium-term agricultural credit in India. The long-term cooperative structure consists of 19 State Cooperative Agricultural and Rural Development Banks (SCARDBs), with 2609 operational units as on 31 March 2005 comprising 788 branches and 772 Primary Agricultural and Rural Development Banks (PA&RDBs) with 1049 branches.

Co operative banks

Co operative banks are institutions established on the principle of co operation and it deals in ordinary banking business. It is formed to extend credit facilities to farmers and small scale industries. It helps to promote the habit of thrift and self help among the low and middle income groups of the society. Co-operative banks are a part of the vast and powerful super structure of co-operative institutions which are engaged in the task of production, processing, marketing, distribution, servicing and banking in India. Co-operative banks are an important constituent of the Indian financial system. Judging by the role assigned to them, the expectations they are supposed to fulfill, their number and the number of office they operate. This sector mainly focuses on the local population and micro banking among middle and low income strata of the society. These banks are very much helpful to meet the financial requirements of small farmers, artisans etc. Co-operative banks were made an integral part of the institutional framework of community development and extension services, which was assigned the important role of delivering the fruits of economic planning at the grass root level. In other words, they became a part of the arrangements for decentralizing plan formulation and implementation for the purpose of rural development in general and agricultural development in particular. Today, co-operative banks continue to be part of a set of institutions which are engaged in financing in rural and agricultural development. This set up comprises the RBI, NABARD, commercial banks, RRBs and co-operative banks. The relative importance of co-operative banks in financing and, agricultural and rural development has undergone some changes over the years.

In India, the first co-operative bank society was started in Punjab in 1905. The co-operative banks started functioning in India in 1904, with the sole objective to finance agriculture and rural people. The co-operative banks in the urban areas mainly finance various categories of people for self-employment, industries, small scale units, home finance, consumer finance, personal finance etc...In 1914, the committee envisaged a three tier structure for co-operative banking viz Primary Agricultural Credit Society(PACS), at the grass root level, central co-operative society at the district level and state co-operative banks at the state level or apex level. The concept of urban co-operative bank was first spelt out by Mehra Bhasali committee.

Restructuring Cooperative Credit

In August 2004, the Government of India constituted a task force under the chairmanship of Professor A. Vaidyanathan for suggesting measures for the revival of cooperative credit institutions. The task force submitted its report in respect of a short-term cooperative credit structure and recommended a financial package of Rs 14839.00 crore for rural credit co-operative institutions. Based on the consensus arrived at with the state governments and other stakeholders on the recommendations made by the task force, the central government approved the revival package that involves financial assistance of Rs 13596.00 crore. NABARD has been designated as the implementing agency for the revival of the short term cooperative credit scheme. A Department for Cooperative Revival and Reforms has been set up in the head office of NABARD for facilitating the implementation process. For guiding and monitoring the implementation of the revival package, a National-Level Implementing and Monitoring Committee (NIMC) has been set up under the chairmanship of the governor of the RBI. The provision of financial assistance under the package has been linked to reforms in the cooperative sector. In order to avail financial assistance under the package, the state governments are required to sign an MoU with NABARD, committing to implement the legal, institutional and other reforms as envisaged in the revival package

Kisan Credit Card –KCC

In order to ensure that all eligible farmers are provided with hassle free and timely credit for their agricultural operation, Kisan Credit Card Scheme for farmers was introduced in 1998-99 to enable the farmers to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. The Kisan Credit Card Scheme is in operation throughout the country and is implemented by Commercial Banks, Coop. Banks and RRBs. The scheme has

facilitated in augmenting credit flow for agricultural activities. The scope of the KCC has been broad-based to include term credit and consumption needs. All farmers including Small farmers, Marginal farmers, Share croppers, oral lessee and tenant farmers are eligible to be covered under the Scheme.

The Kisan Credit Card allows farmers to have cash credit facilities without going through time-consuming bank credit screening processes repeatedly. Repayment can be rescheduled if there is a bad crop season, and extensions are offered for up to four years. The card is valid for five years and subject to annual renewals. Withdrawals are made using slips, cards, and a passbook. Kisan Credit Card Scheme .

Primary Agricultural Credit Societies in India

Primary Agricultural Credit Societies (PACS) occupy a predominant position in the co-operative credit structure and form its base. A PACS is organized at the grass roots level of a village or a group of small villages. It is this basic unit which deals directly with the rural (agricultural) borrowers, gives those loans and collects repayments of loans given. It serves as the final link between the ultimate borrowers on the one hand and the higher financing agencies, namely the SCBS, and the RBI/NABARD on the other hand.

As such, the health and strength of the co-operative credit movement depends crucially upon the health and strength of these societies. But, despite much official effort and support, and numerical expansion of the PACS in membership, working capital, loans given and other activities, their health and working leave much to be desired.. More than half of the members of PACS are persons of small means—small fanners, agricultural laborers and rural artisans and about 25% of them belong to scheduled castes and tribes.

All these are very strong features of the co-operative credit organization, as it alone provides the vast network of institutional credit agencies throughout the length and breadth of the country of sub continental size, covering the large bulk of Indian villages. And yet the organisation is not fulfilling its role adequately due to several weaknesses.

The working capital of the PACS is derived mainly from borrowings from the CCBs and in smaller proportions from owned funds and deposits. That the PACS have failed to attract deposits is not so much a reflection of low savings habits of the rural population as a

reflection of the availability of better assets to rural savers in terms of both rate of return and riskiness.

The richer farmers either invest their saving directly in physical assets or lend them directly as agriculturist moneylenders to others in the village or hold them in deposits with banks or post offices. Only the residual savings of those households come to the PACS who want to borrow later from these societies or who want to wield influence in the actual working of the societies. To attract more deposits, these societies must be in a position to pay higher interest rates on their deposits than offered by other institutions and must inspire greater confidence regarding safety of deposits with them. For this, the societies must be managed efficiently as well as honestly.

High net borrowings from CCBs show that PACS act mainly as distributional channels for funds mobilised elsewhere. Even this role is not played well by them, as they suffer from a very high ratio (of more than 40%) of over dues to loans outstanding/demand.

Only the members of a PACS are entitled to borrow from it. Most loans are for agricultural purposes and are short-term. Medium-term loans for such purposes as sinking or repair of wells, purchase of machinery (mostly pump sets for irrigation) and cattle are also given. But consumption loans, given mostly to landless labourers, artisans -and marginal farmers, are negligible. The share of loans given going to weaker sections is usually about 40 % of loans. The amount of loans and advances outstanding at the end of June 1989 was about Rs. 6,000 crores.

A varying number of PACS also undertake non-credit activities such as handling the supply of farm requisites, distribution of consumer goods among their members, constructing godowns, and marketing of agricultural produce and the processing of it.

Deficiencies and Remedies:

Any number of committees and study groups have enquired into the working of the co-operative banking system and found uni-formally the PACS the weakest link in the structure.

Despite all the effort that has gone into strengthening these societies into strong and viable unit, the position continues to be highly unsatisfactory so that not all earn profit or have full-time paid secretaries/managing directors, While there is not complete unanimity about the test of viability, the two indicators of it used in the previous sentence are not without merit.

From the data collected from the different co-operative banks in Palakkad district the following analysis was made :-

1.Cozhalmannam Service Co-operative Bank

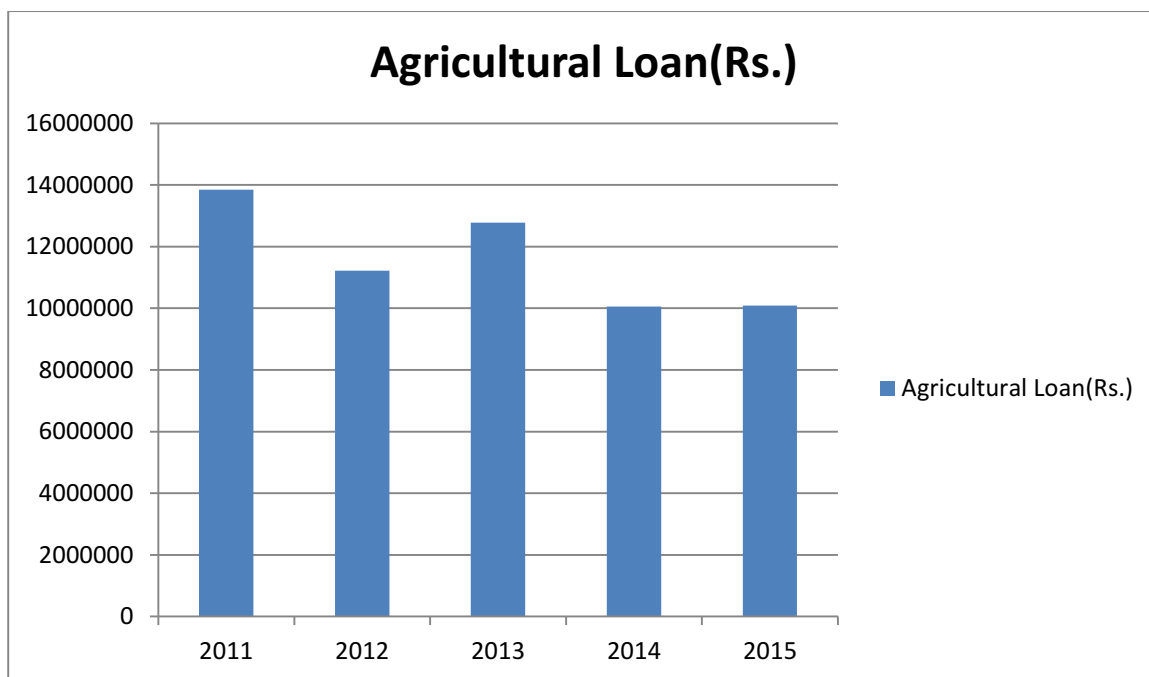
Agricultural services

- Loan to farmers with attractive interest rates through Kissan credit cards

Ratio Analysis

1.Agriculture Loan Disbursement

Year	Agricultural Loan(Rs.)
2011	13841402
2012	11215500
2013	12773000
2014	10052100
2015	10084400

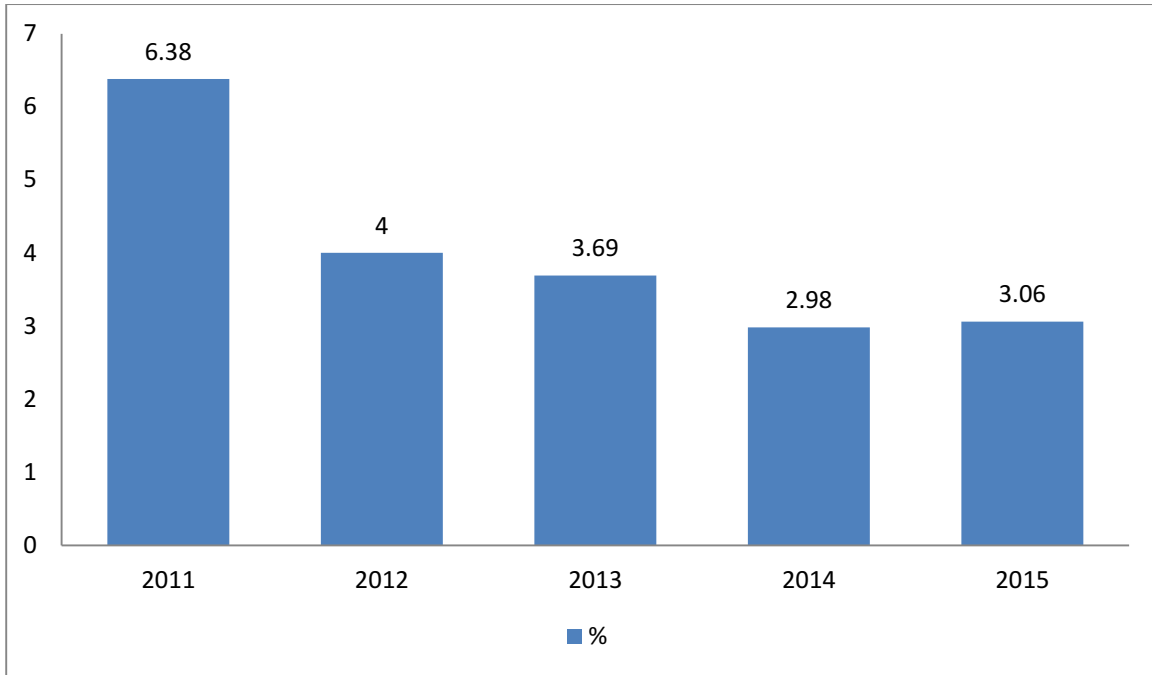


2.Agricultural Loans to Total Loans Disbursement Ratio

It is a ratio that represents the the amount of agricultural loans disbursed out of the total loans disbursed by the Coyalmannam service co-operative bank.

$$= (\text{Agricultural Loans} / \text{Total loans}) \times 100$$

Year	Agricultural loan	Total Loans	%
2011	13841402	216938267	6.38
2012	11215500	280305870	4
2013	12773000	345938665	3.69
2014	10052100	336504570	2.98
2015	10084400	329531058	3.06

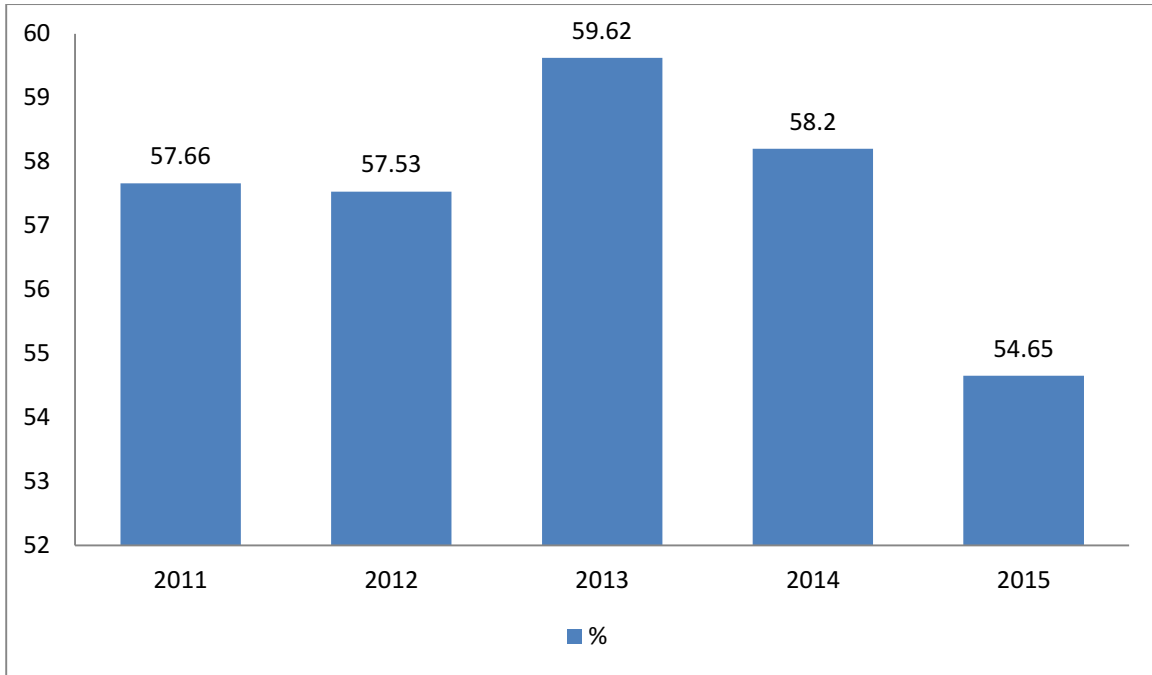


3. Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

It is the ratio that represents the agricultural loans recovered out of the total agricultural loans disbursed .

$$= (\text{Agricultural loan recovered} / \text{Total agricultural loan}) \times 100$$

Year	Agricultural loan recovery	Total Agricultural loan	%
2011	14528409	25193643	57.66
2012	12588281	21880734	57.53
2013	13159063	22071153	59.62
2014	11037471	18964190	58.20
2015	9844214	18011119	54.65



Interpretation

- Agricultural loan disbursement shows a decreasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend.
- Agricultural loan recovery ratio shows a decreasing trend.

2.Puthupariyaram Service Co-operative bank

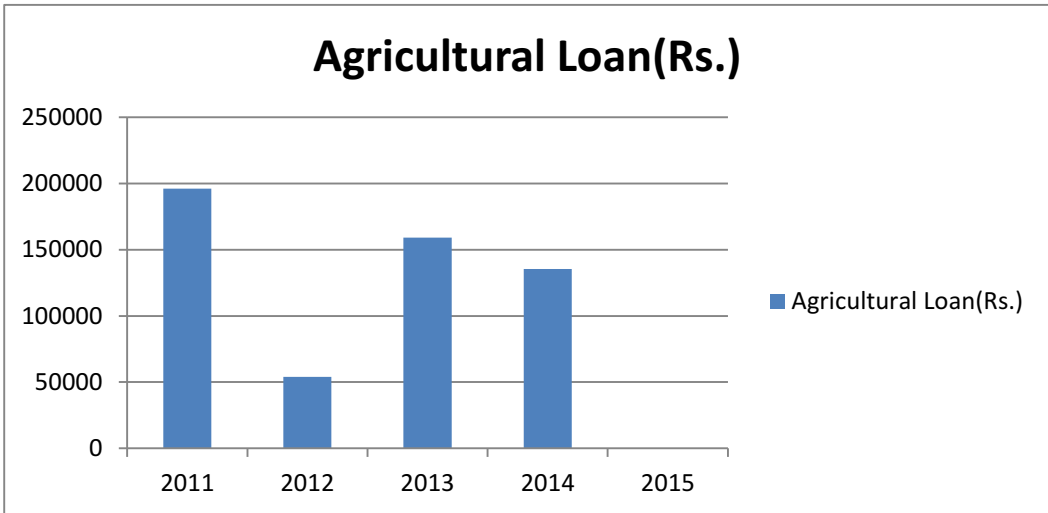
Agricultural services

- Loan with attractive interest including Kissan credit cards are issued to peasants and middle class people.

Ratio Analysis

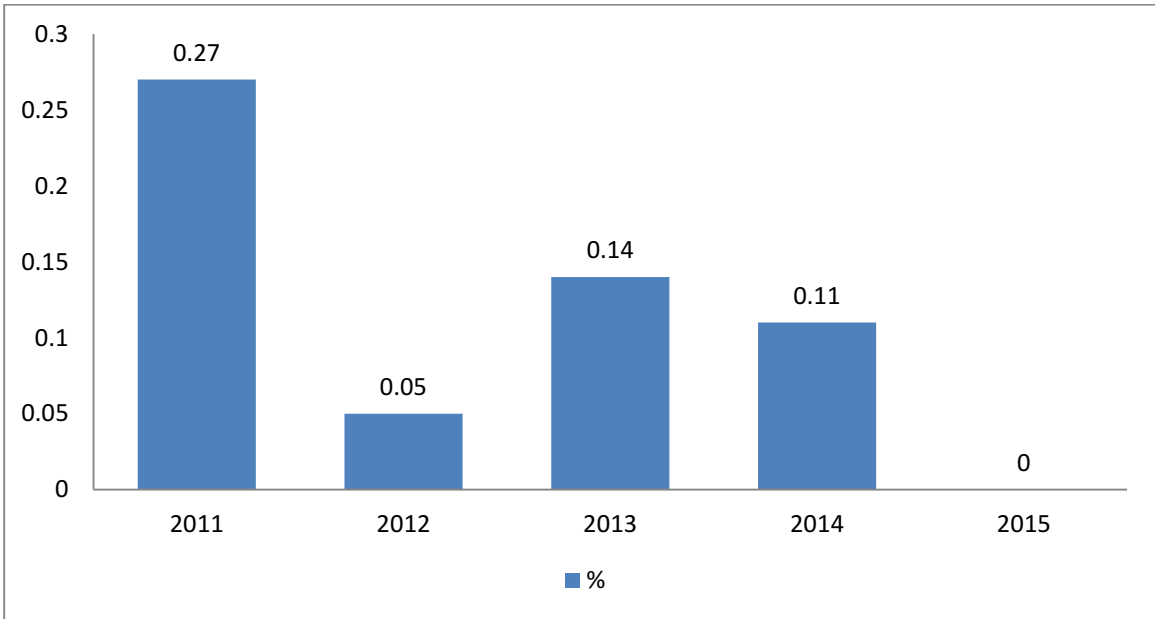
1.Agriculture Loan Disbursement

Year	Agricultural Loan(Rs.)
2011	196100
2012	54000
2013	159159
2014	135339
2015	0



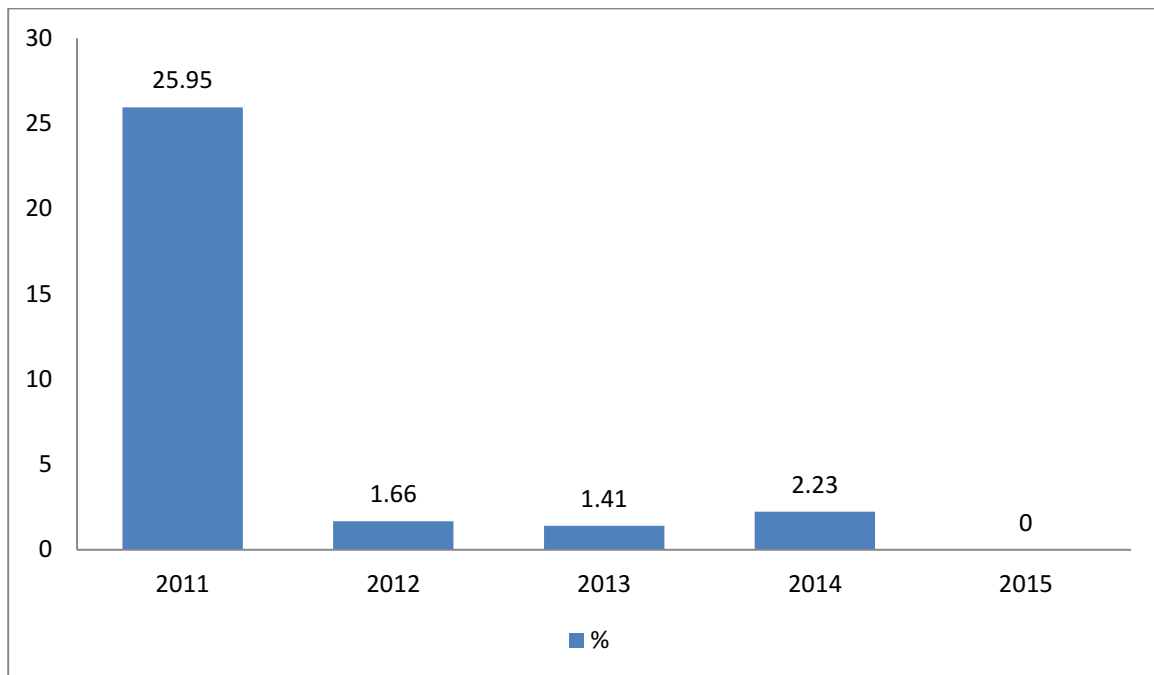
2.Agricultural Loans to Total Loans Disbursement Ratio

Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	196100	73267465	0.27
2012	54000	101965326	0.05
2013	159159	113326710	0.14
2014	135339	126787078	0.11
2015	0	138629650	0



3.Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	1548121	5964575	25.95
2012	122586	7361742	1.66
2013	109122	7751841	1.41
2014	177525	7943464	2.23
2015	0	7921436	0



Interpretation

- Agricultural loan disbursement shows a decreasing trend and no loans has been disbursed in the year 2015.
- Agricultural loans to total loan disbursement ratio shows a decreasing trend.
- Agricultural loan recovery ratio shows a decreasing trend.

3.Alathur Service Co-operative Bank

Agricultural services

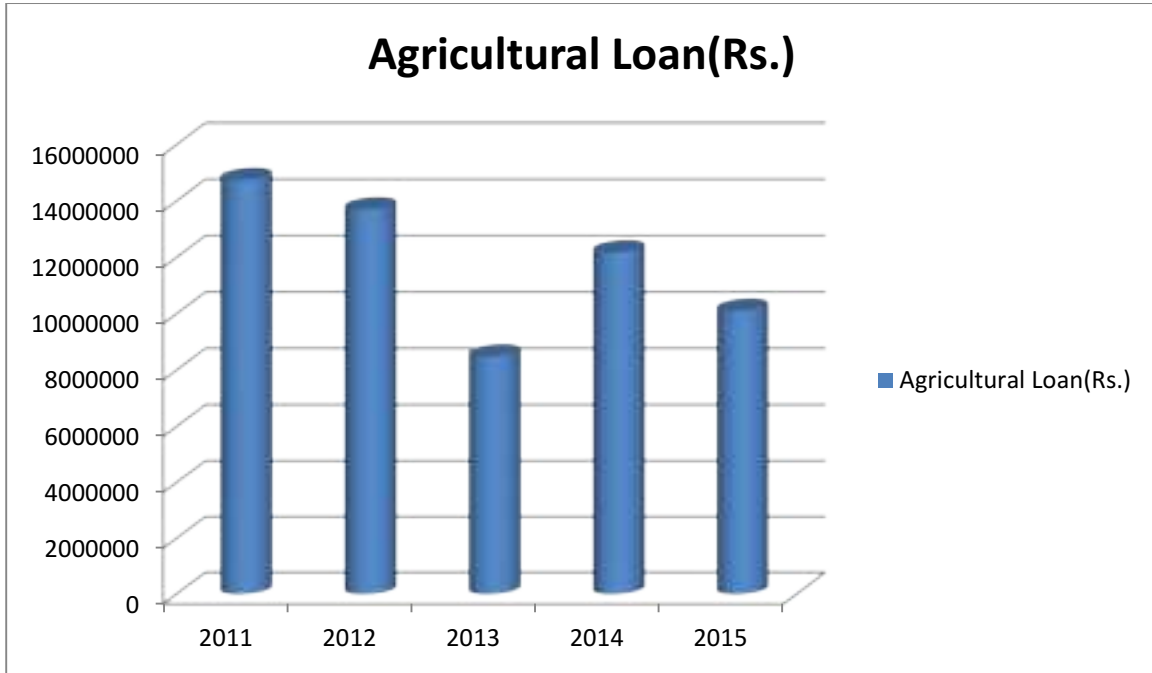
- Loans to farmers through Kissan credit card
- Providing agricultural loans to members at low interest rate
- Distributing fertilizers and pesticides to farmers

Ratio Analysis

1.Agriculture Loan Disbursement

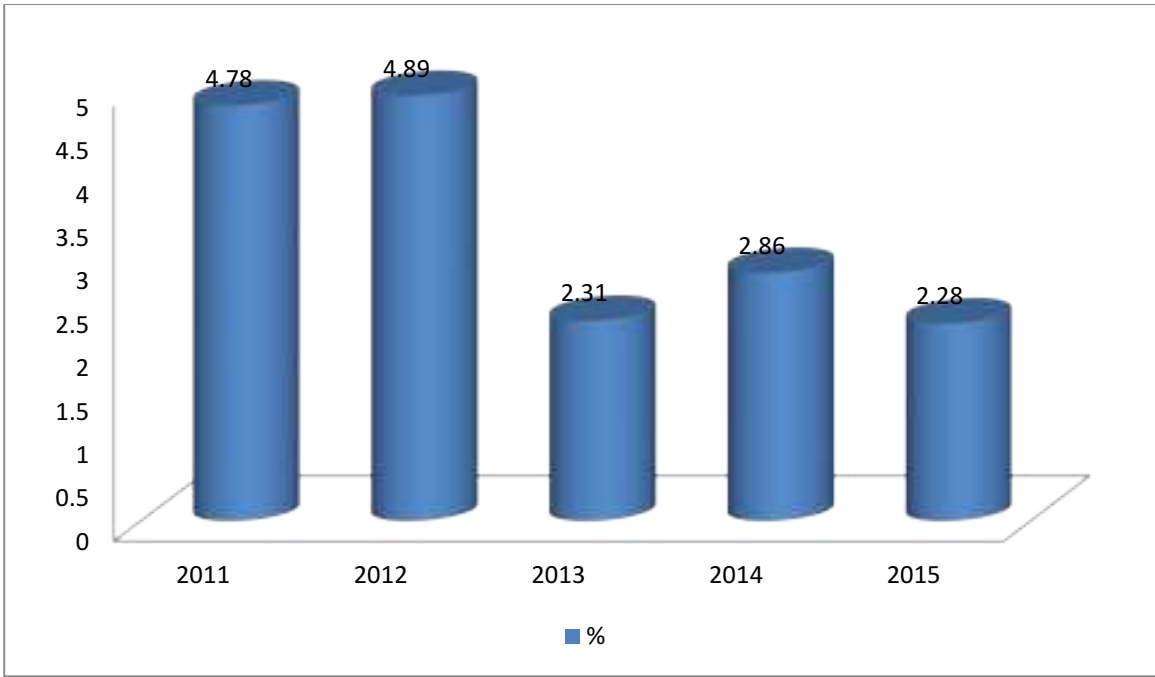
Year	Agricultural Loan(Rs.)
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2011	14763427
2012	13722055
2013	8501309
2014	12195700
2015	10126000



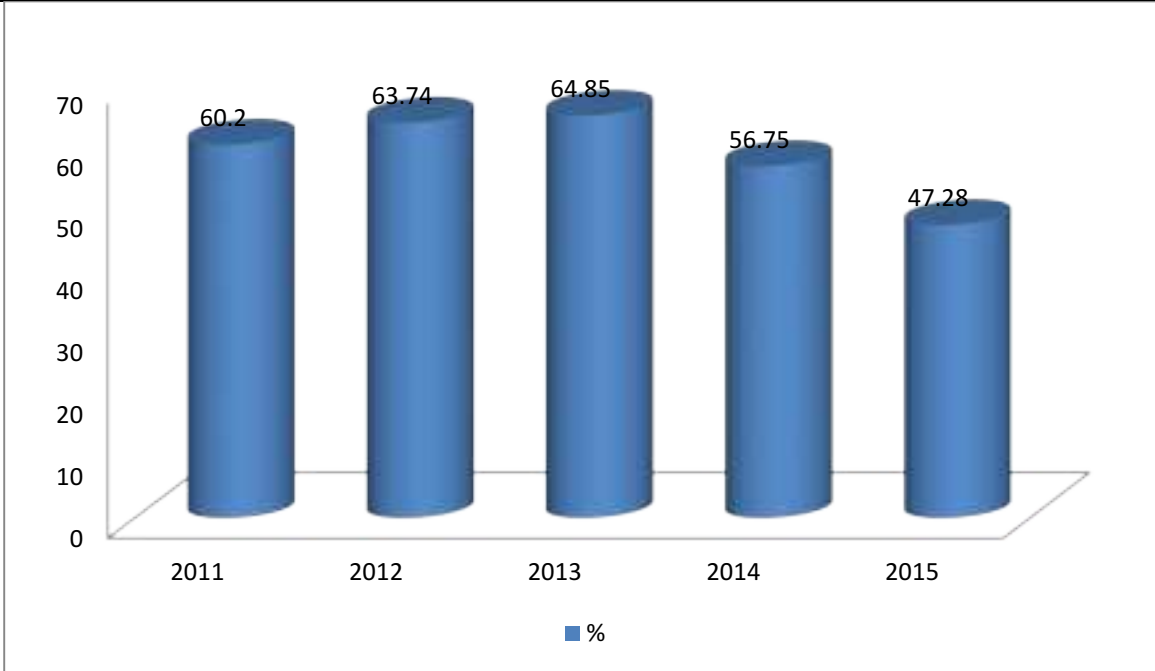
2. Agricultural Loans to Total Loans Disbursement Ratio

Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	14763427	308676878	4.78
2012	13722055	280444299	4.89
2013	8501309	367877918	2.31
2014	12195700	426530715	2.86
2015	10126000	443442102	2.28



3.Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	12994614	21582630	60.20
2012	14214371	22298071	63.74
2013	10756457	16585009	64.85
2014	10399020	18324252	56.75
2015	8456000	17883232	47.28



Interpretation

- Agricultural loan disbursement shows a decreasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend. On an average 3.42% of agricultural loans has been disbursed out of the total.
- Agricultural loan recovery ratio shows a decreasing trend.

4. Ayilur Service Co-operative bank

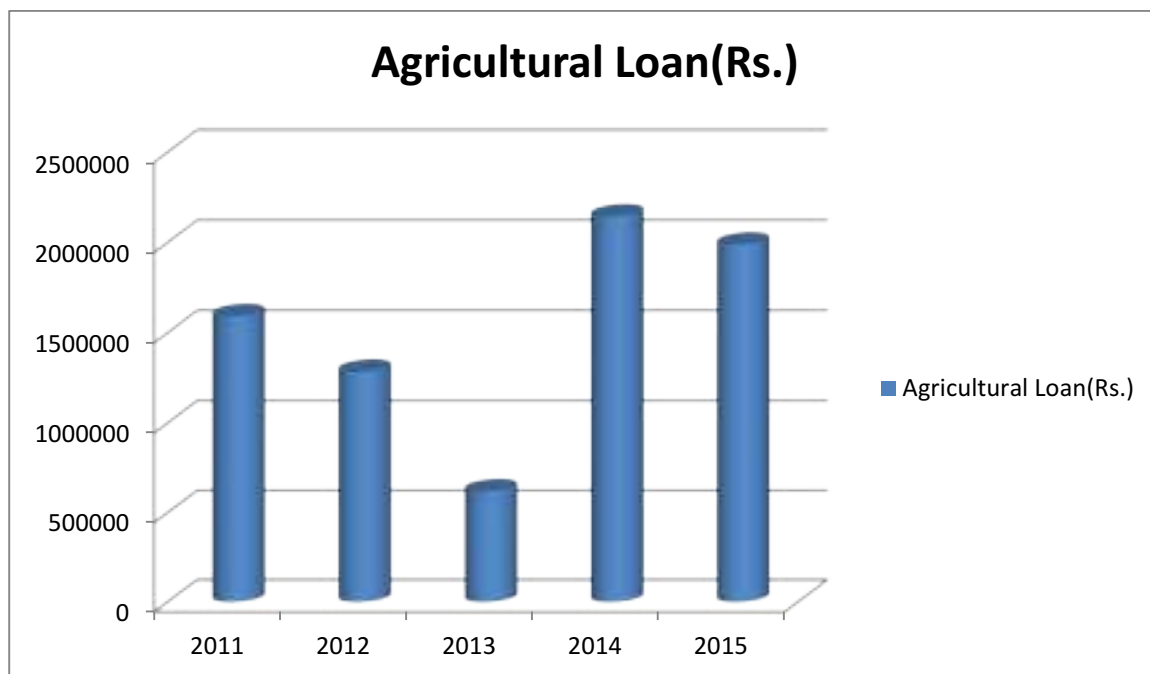
Agricultural services

- Loans to farmers at 0% interest
- Distributing fertilizers and manures to farmers

Ratio Analysis

1. Agriculture Loan Disbursement

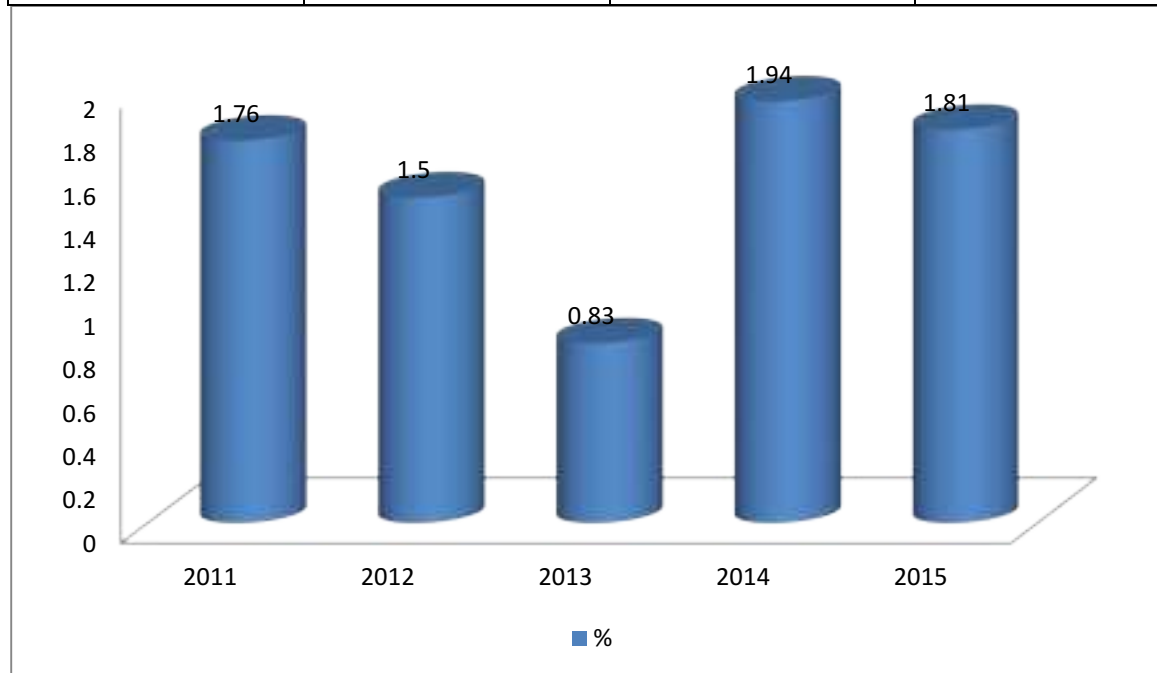
Year	Agricultural Loan(Rs.)
2011	1593760
2012	1286126
2013	621710
2014	2146000
2015	1990000



2. Agricultural Loans to Total Loans Disbursement Ratio

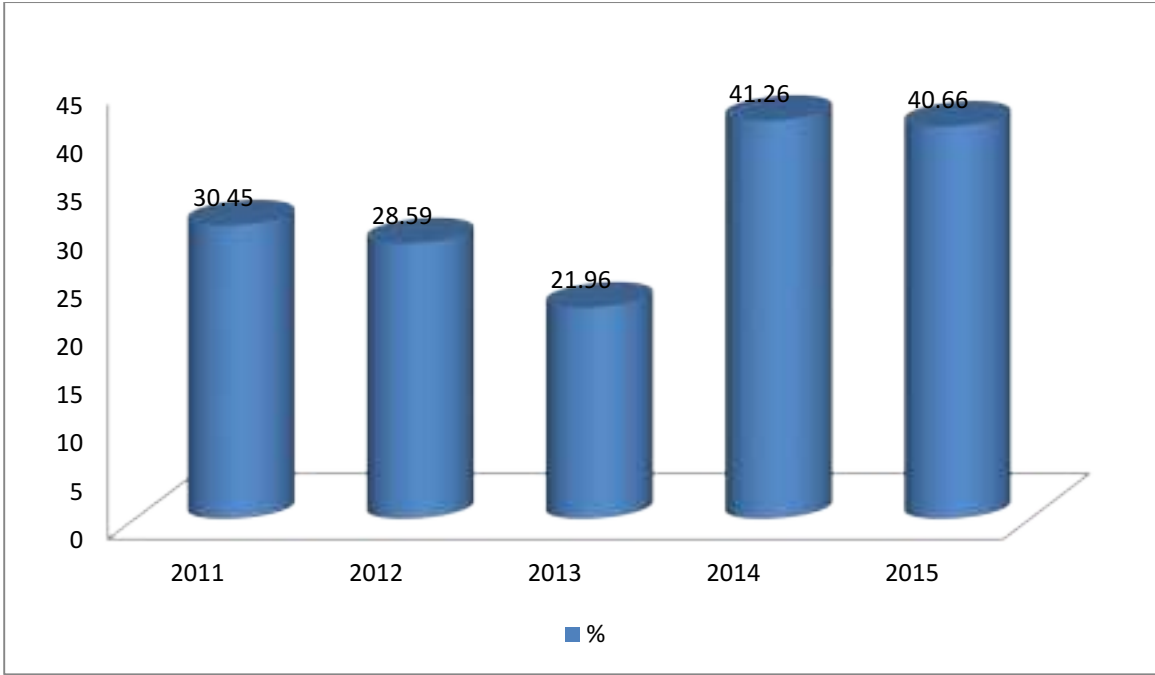
Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	1593760	90353910	1.76

2012	1286126	85670056	1.50
2013	621710	74491010	0.83
2014	2146000	110494286	1.94
2015	1990000	110131936	1.81



3. Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	1293680	4248360	30.45
2012	1212616	4240806	28.59
2013	801461	3649900	21.96
2014	2060685	4994439	41.26
2015	1193010	2933754	40.66



Interpretation

- Agricultural loan disbursement shows a decreasing trend till the year 2013 and after that showed a increasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend. On an average only 6.39% of the agricultural loan has been disbursed out of the total.
- Agricultural loan recovery ratio showed a decreasing trend till 2013 and afterwards shows an increasing trend.

5. Kannadi Service Co-operative bank

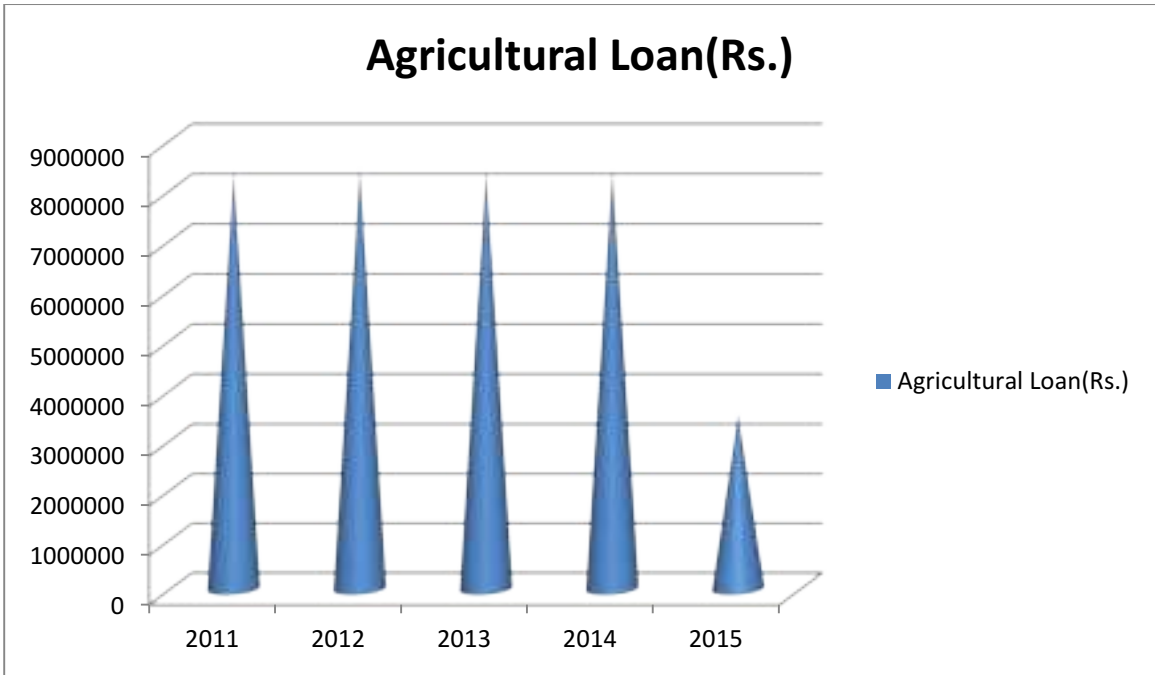
Agricultural services

- Distribution of fertilizers and pesticides to farmers.
- Loans to SHG's working in farming
- Loans to farmers through KCC

Ratio Analysis

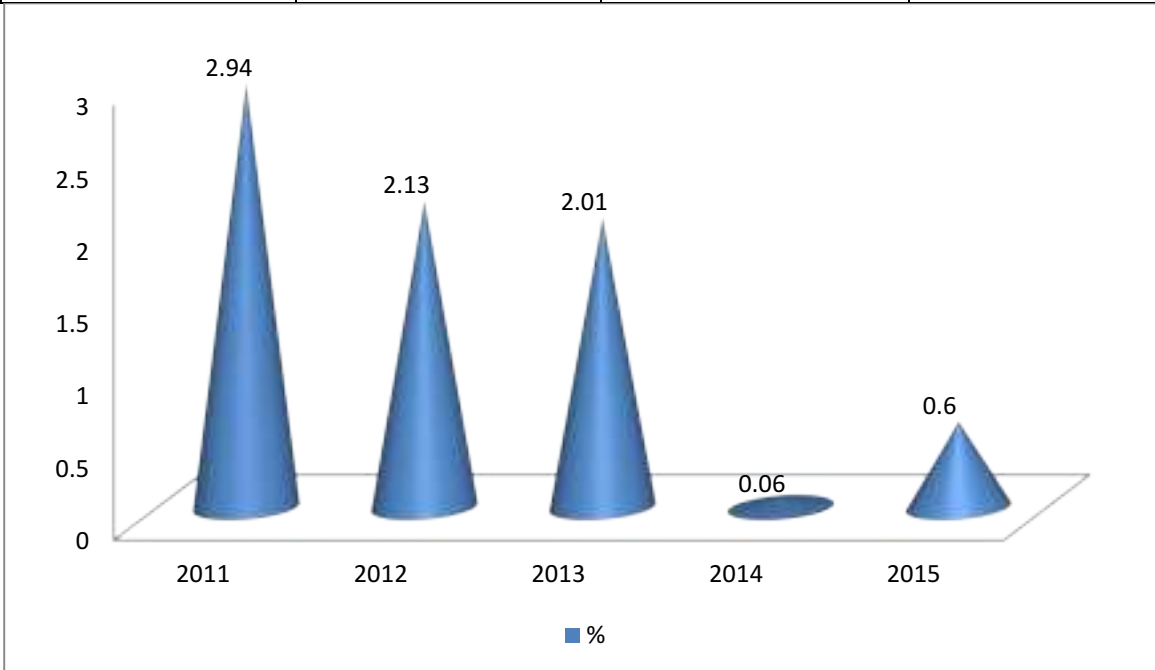
1. Agriculture Loan Disbursement

Year	Agricultural Loan(Rs.)
2011	8408000
2012	8452850
2013	8423000
2014	8436200
2015	3540000



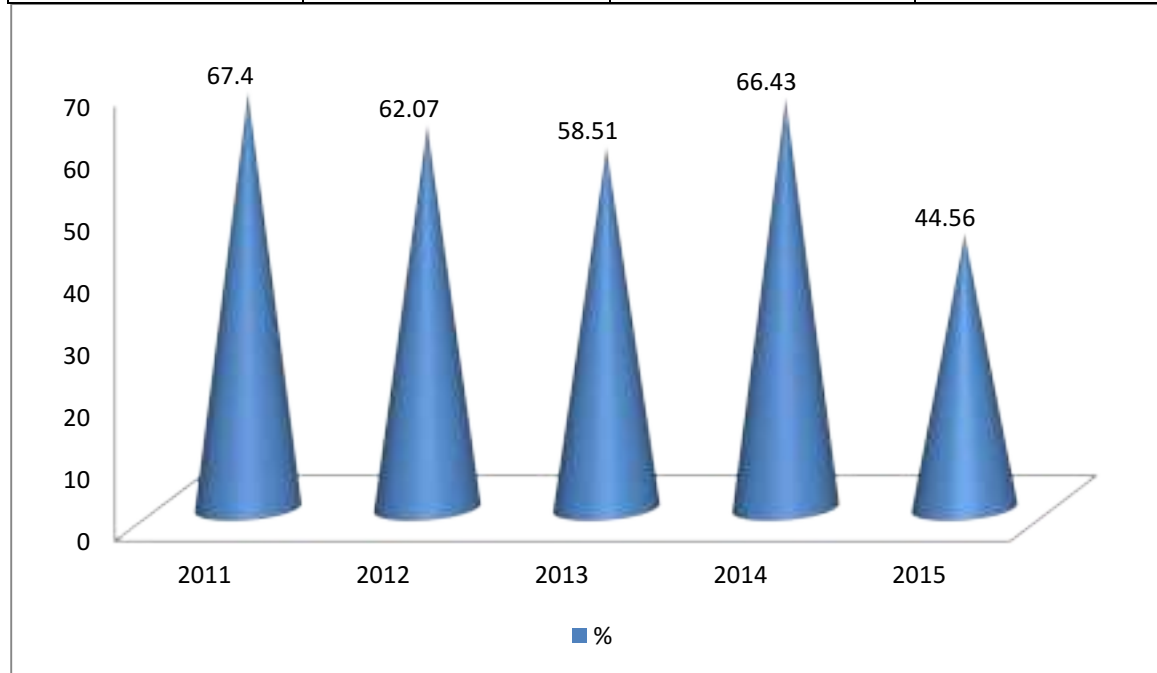
2. Agricultural Loans to Total Loans Disbursement Ratio

Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	8408000	286012908	2.94
2012	8452850	397310683	2.13
2013	8423000	419275329	2.01
2014	8436200	13142836889	0.06
2015	3540000	587648310	0.60



3. Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	8459093	12548438	67.40
2012	7785370	12542195	62.07
2013	7711044	13179825	58.51
2014	9236609	13904981	66.43
2015	3658144	8208372	44.56



Interpretation

- Agricultural loan disbursement shows a decreasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend. Only 7.26% of the agricultural loans has been disbursed out of the total
- Agricultural loan recovery ratio shows a varying trend and in the year 2015 the collections has been declined to 44.56% as compared to 67.4% in the year 2011.

6.Kanjikode Service Co-operative Bank

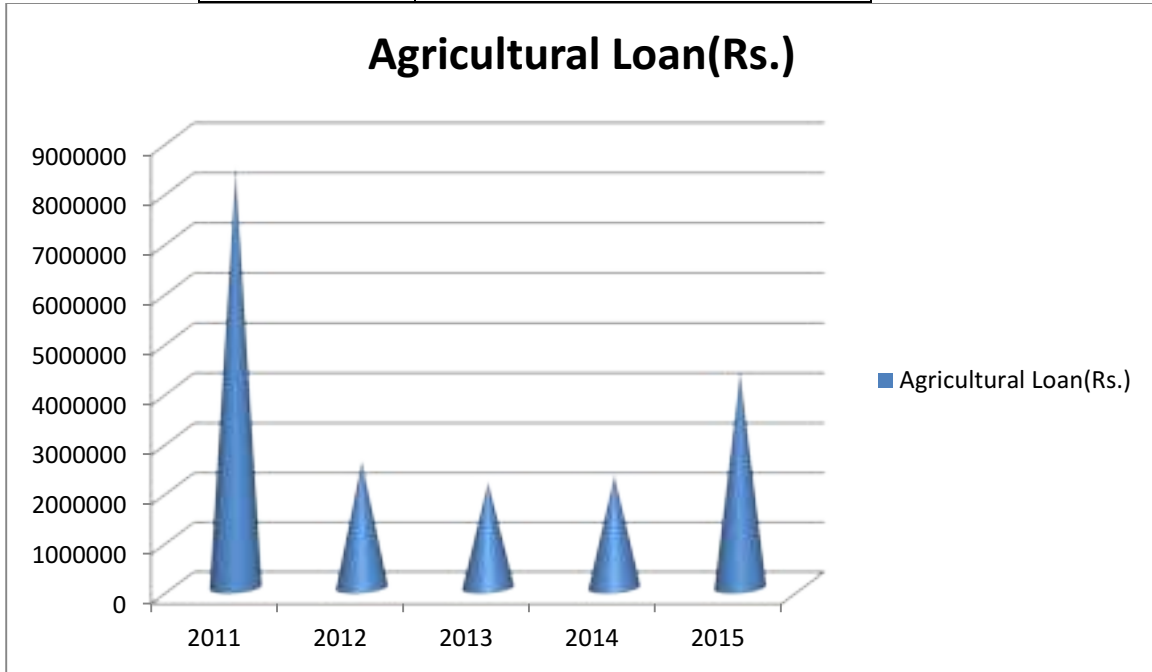
Agricultural services

- Sanctioning of agricultural loans to members at low interest rate
- Sanctioning of agricultural loans at 0% interest
- Distributing fertilizers and pesticides to farmers
- Sanctioning of loans against PRS at 0% interest
- Sanctioning of loans to farmers for diary development

Ratio Analysis

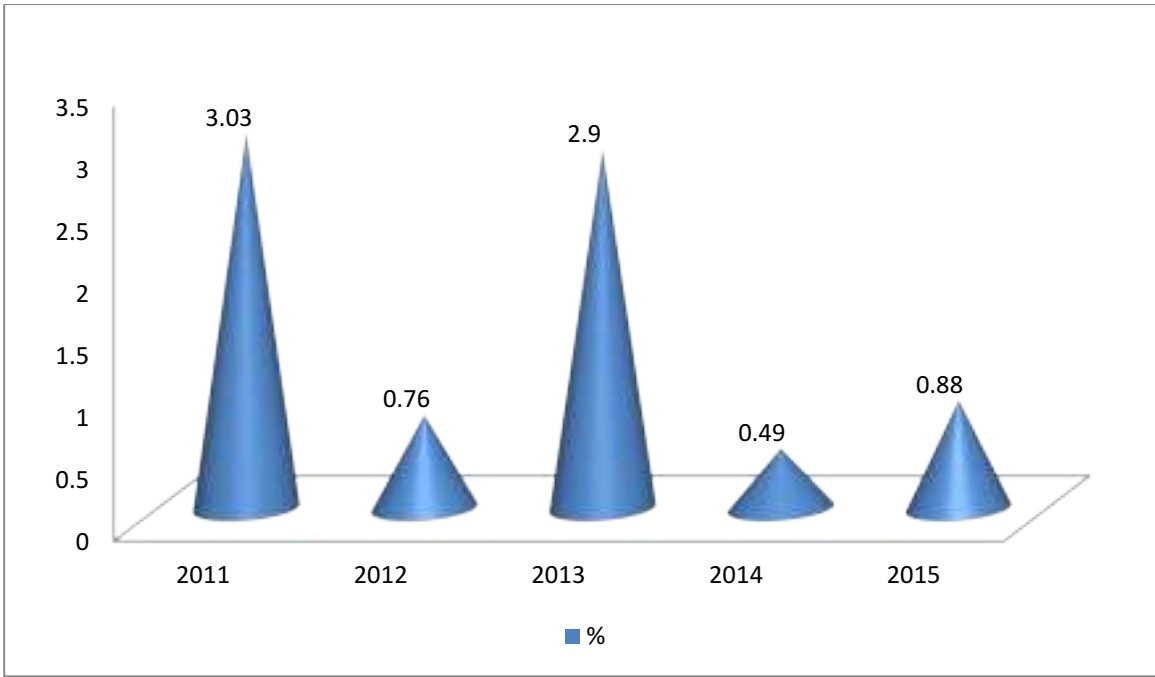
1.Agriculture Loan Disbursement

Year	Agricultural Loan(Rs.)
2011	8489682
2012	2588779
2013	2167421
2014	2299928
2015	4388930



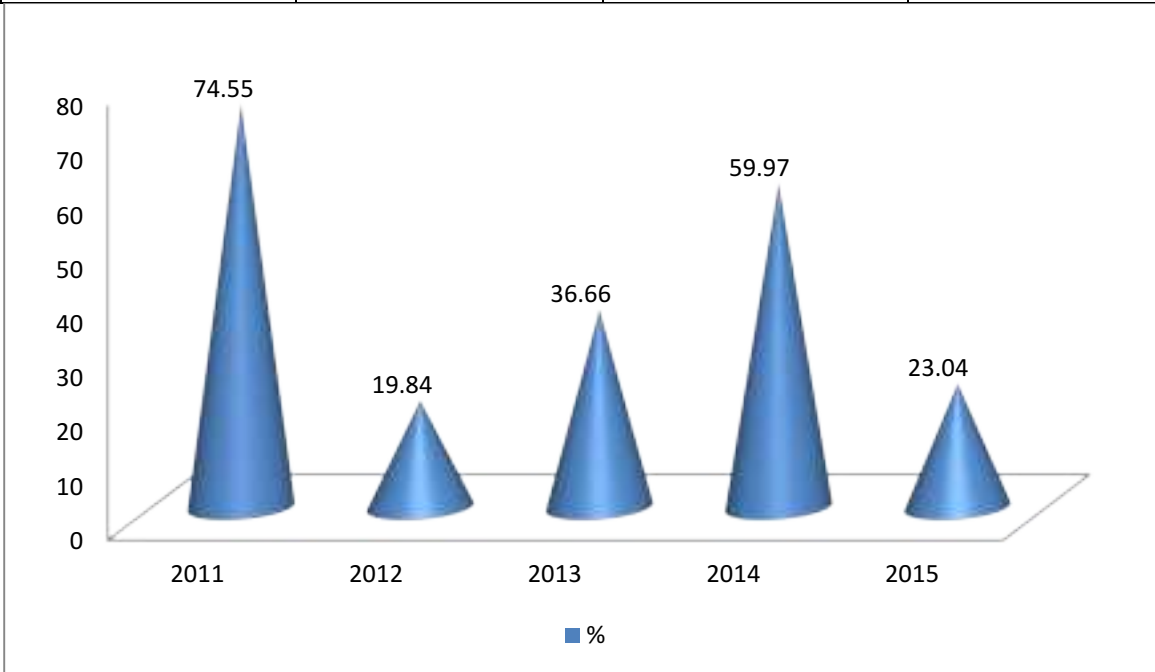
2.Agricultural Loans to Total Loans Disbursement Ratio

Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	8489682	279885932	3.03
2012	2588779	340978679	0.76
2013	2167421	74690138	2.90
2014	2299928	462623978	0.49
2015	4388930	493470880	0.88



3.Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	9411622	12624516	74.55
2012	1151155	5801672	19.84
2013	2499629	681793	36.66
2014	3969415	6618227	59.97
2015	1621834	7037753	23.04



Interpretation

- Agricultural loan disbursement shows a decreasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend. Only an average of 7.35 % of agricultural loan has been disbursed out of the total.
- Agricultural loan recovery ratio shows a decreasing trend.

7. Mundur Service Co-operative Bank

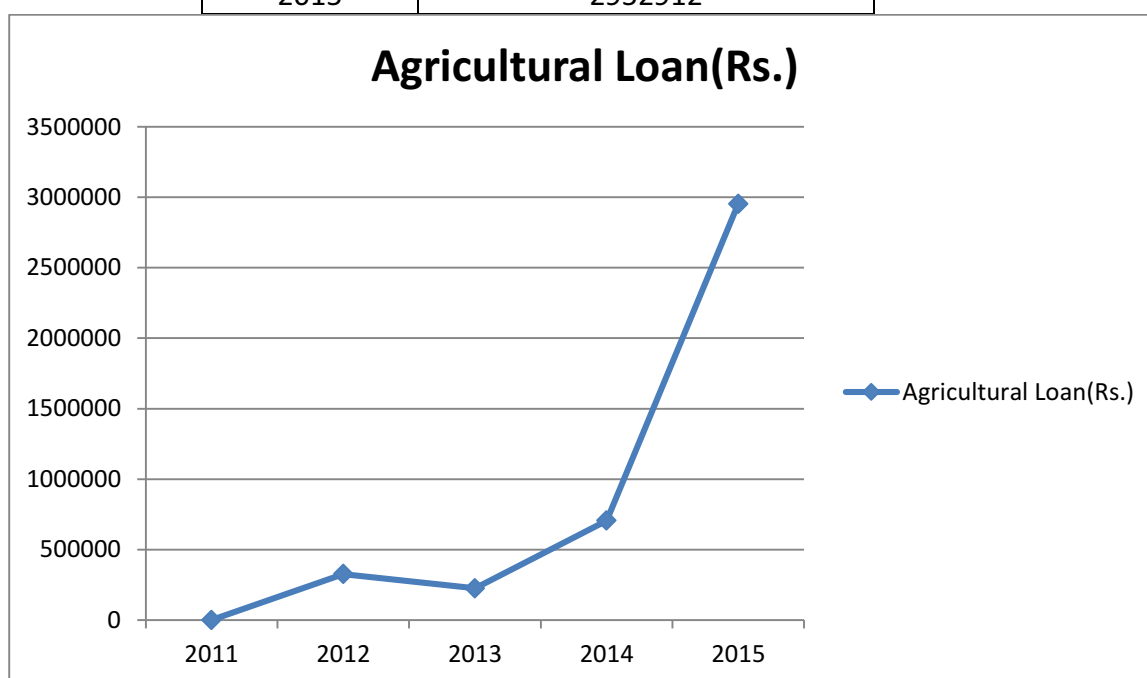
Agricultural services

- Agricultural loans to members at low interest rate

Ratio Analysis

1. Agriculture Loan Disbursement

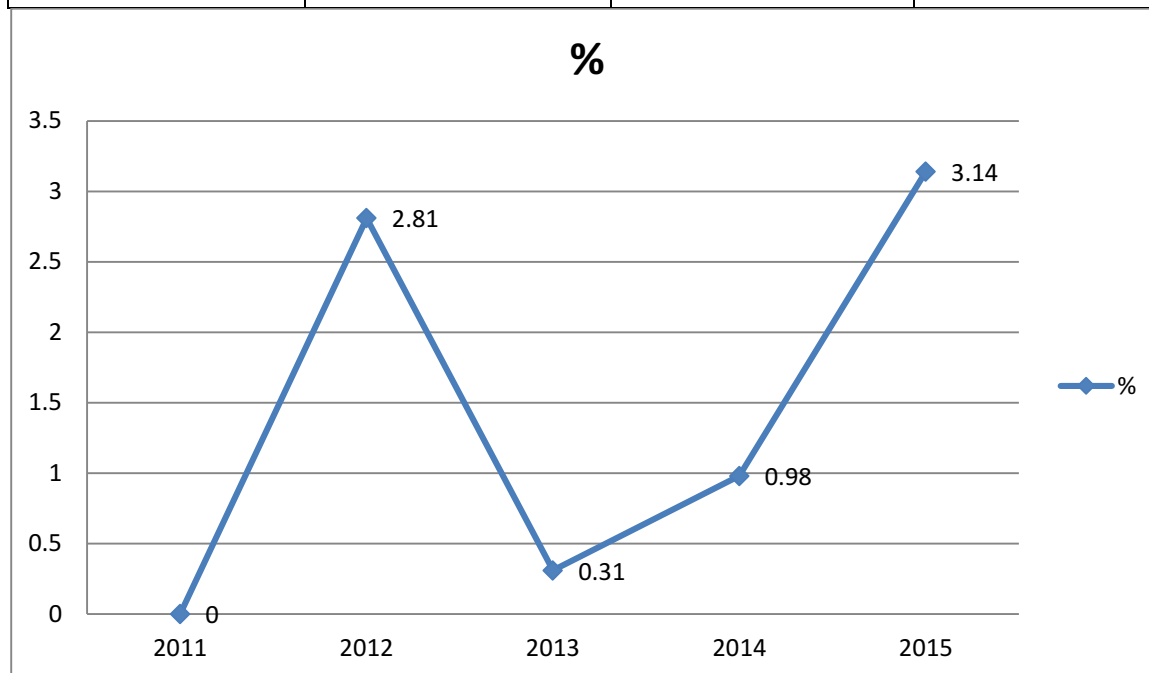
Year	Agricultural Loan(Rs.)
2011	0
2012	326000
2013	225000
2014	706000
2015	2952912



2. Agricultural Loans to Total Loans Disbursement Ratio

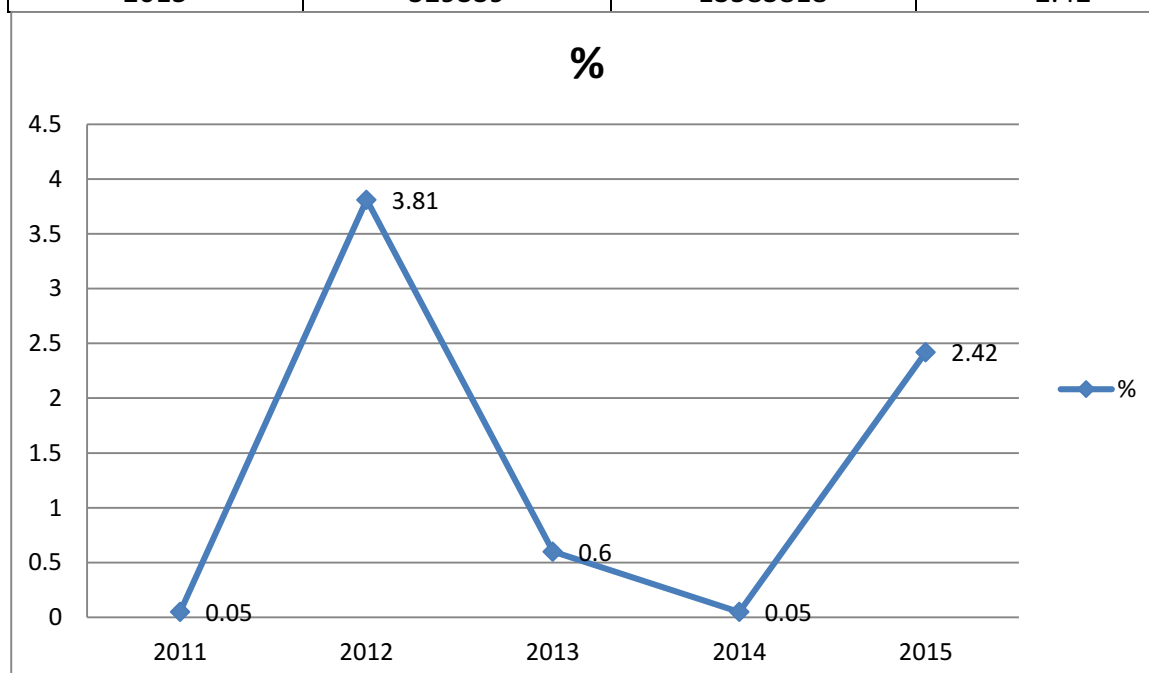
Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	0	5790000	0
2012	326000	11615640	2.81

2013	225000	73001371	0.31
2014	706000	71681102	0.98
2015	2952912	93756279	3.14



3. Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	2500	4805440	0.05
2012	248758	6519507	3.81
2013	50532	8415087	0.60
2014	2500	4805440	0.05
2015	329339	13583818	2.42



Interpretation

- Agricultural loan disbursement shows an increasing trend, but the amount given is less.
- Agricultural loans to total loan disbursement ratio shows an increasing trend. But only an average of 1.45% of agricultural loan has been disbursed out of the total loan disbursed, which is very low.
- Agricultural loan recovery ratio shows an increasing trend.

8. Thachampara Service Co-operative Bank

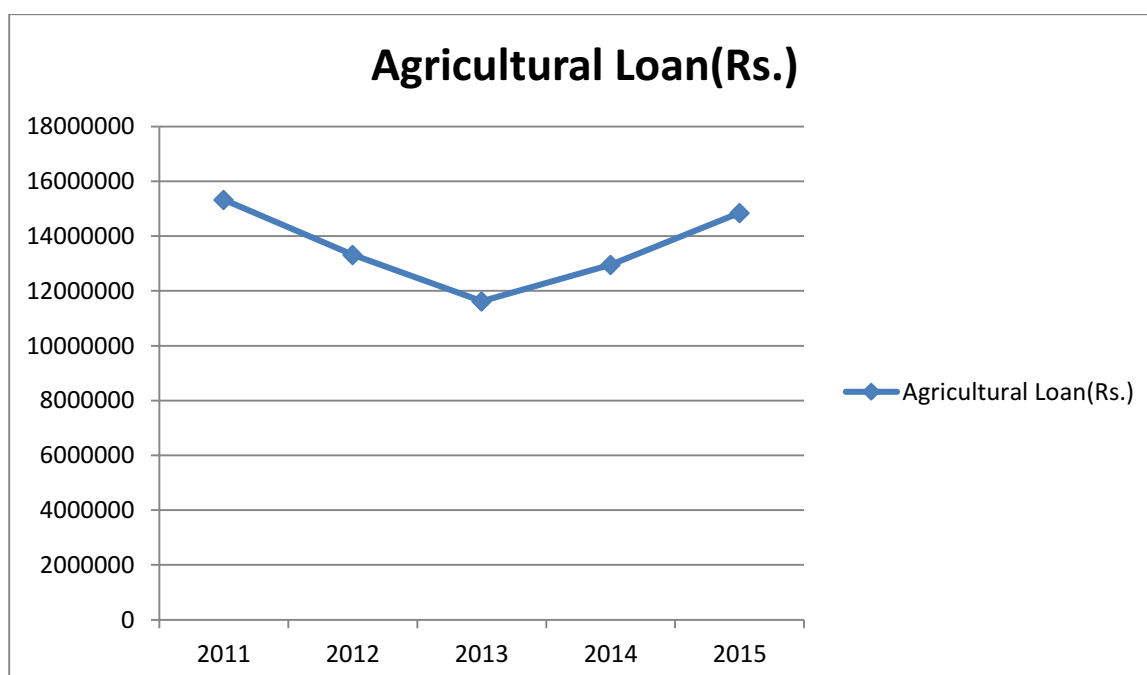
Agricultural services

- Sanctioning of agricultural loans at 0% interest
- Distributing fertilizers and pesticides to farmers

Ratio Analysis

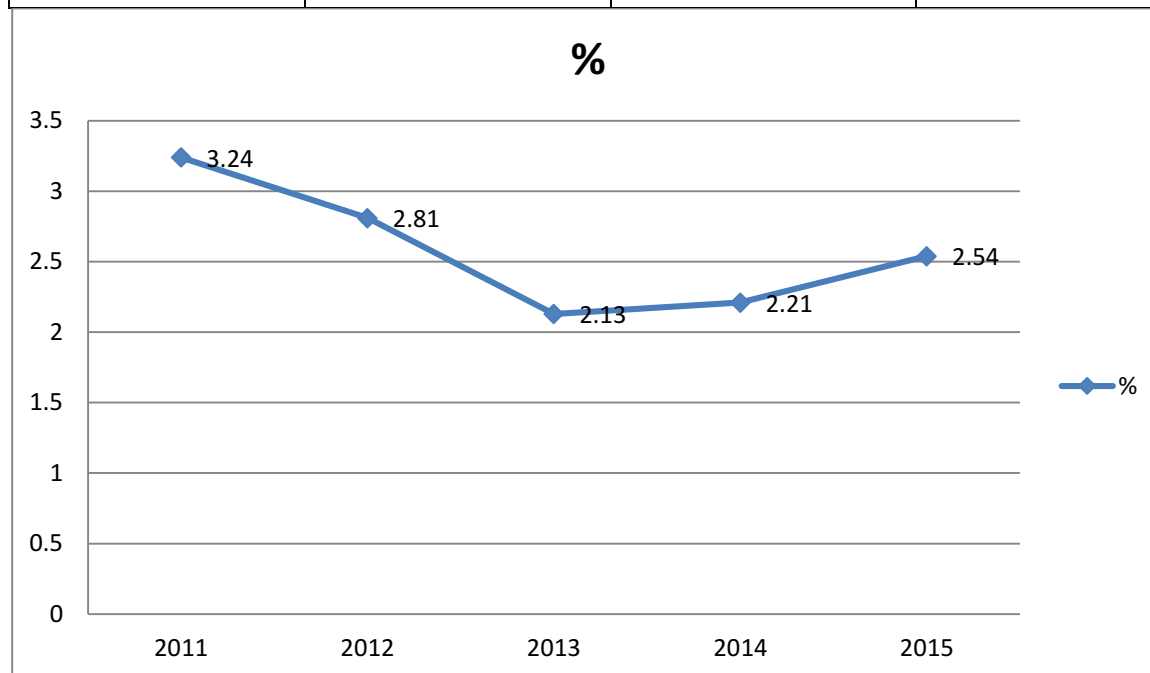
1. Agriculture Loan Disbursement

Year	Agricultural Loan(Rs.)
2011	15324500
2012	13320000
2013	11624000
2014	12954400
2015	14849300



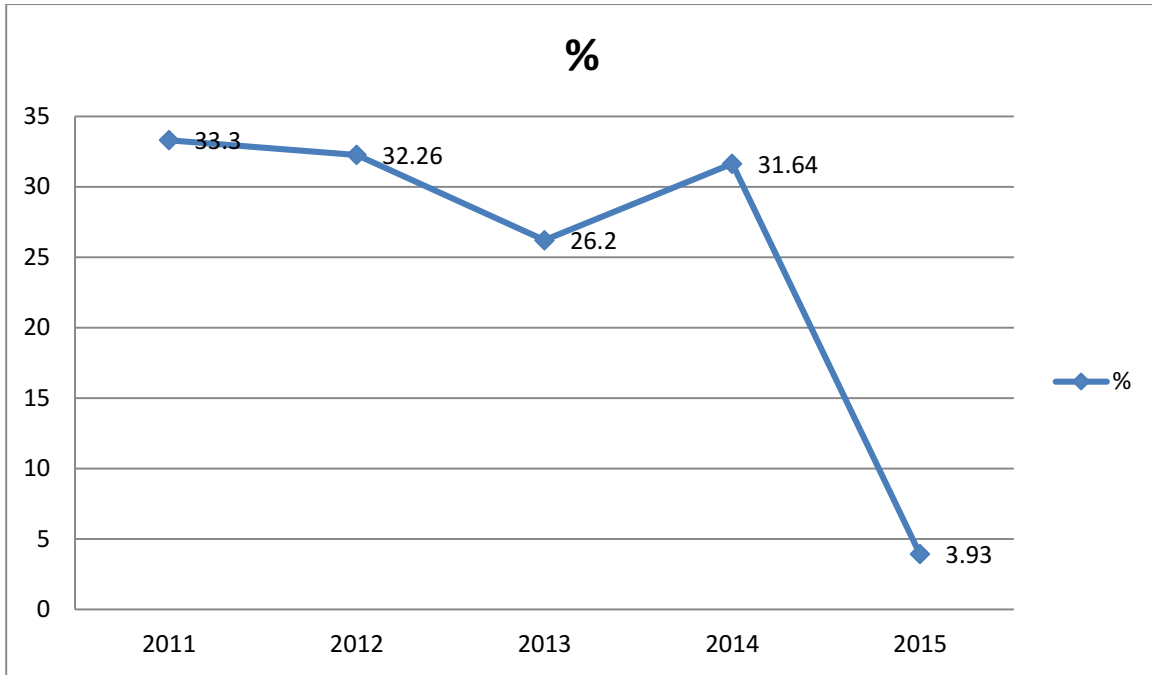
2.Agricultural Loans to Total Loans Disbursement Ratio

Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	15324500	473246736	3.24
2012	13320000	473246736	2.81
2013	11624000	544432000	2.13
2014	12954400	583967895	2.21
2015	14849300	583967895	2.54



3.Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	14432678	43334800	33.30
2012	14336400	44438600	32.26
2013	14236462	54326738	26.20
2014	13980024	44183855	31.64
2015	15286920	45053131	3.93



Interpretation

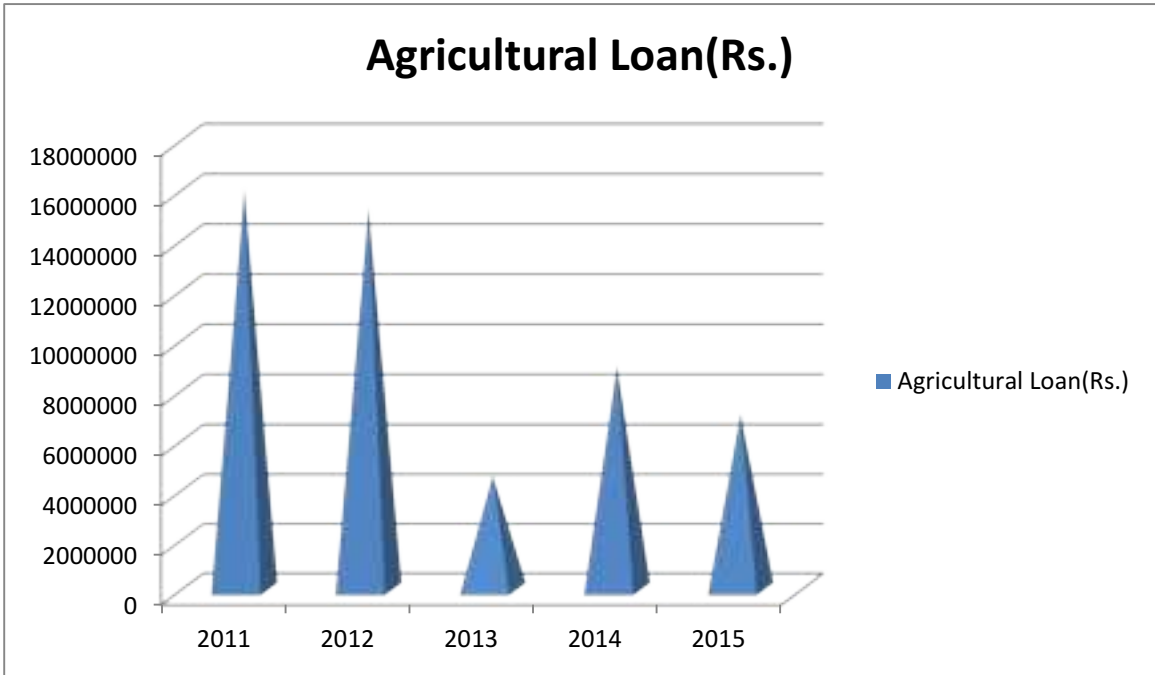
- Agricultural loan disbursement shows a decreasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend. On an average 10.89% of agricultural loans has been disbursed.
- Agricultural loan recovery ratio shows a decreasing trend. A great decrease in the collections is evidenced in the year 2015 as compared to the previous years.

9. Palakkad Primary Co-operative Agricultural and Rural Development Bank

Ratio Analysis

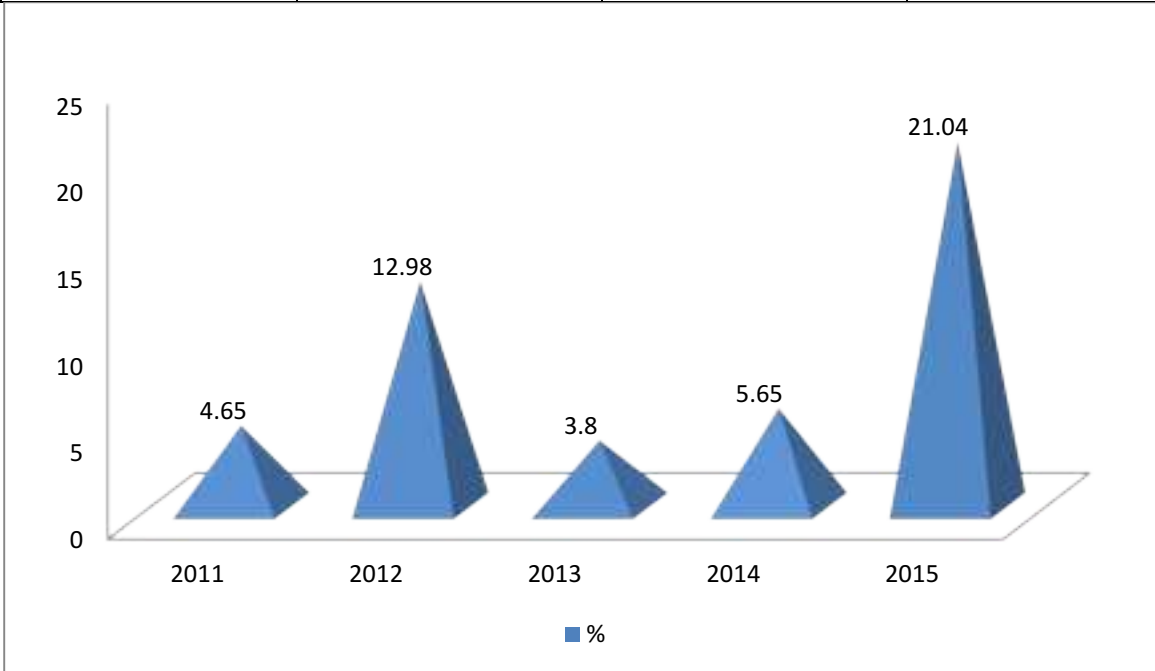
1. Agriculture Loan Disbursement

Year	Agricultural Loan(Rs.)
2011	16107000
2012	15362000
2013	4606000
2014	9028000
2015	7109000



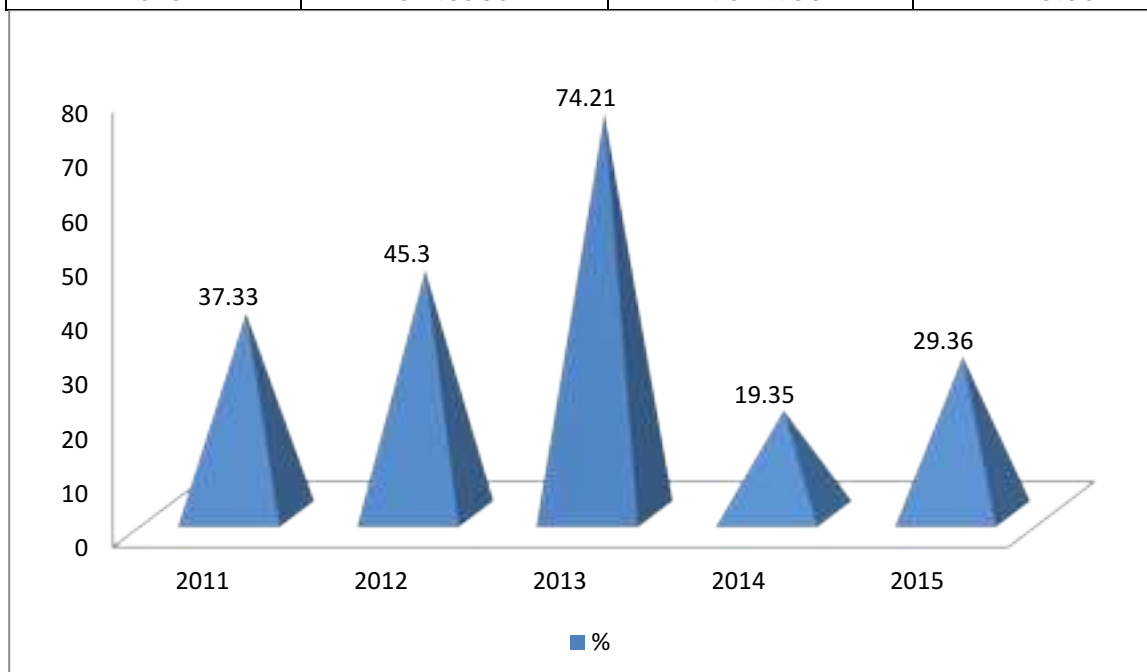
2.Agricultural Loans to Total Loans Disbursement Ratio

Year	Agricultural Loans(Rs.)	Total Loan(Rs.)	%
2011	16107000	152758000	4.65
2012	15362000	118330000	12.98
2013	4606000	120963000	3.80
2014	9028000	159649000	5.65
2015	7109000	76519000	21.04



3.Agricultural Loan Recovery to Total Agricultural loan disbursement Ratio

Year	Agricultural loan recovery(Rs.)	Total Agricultural loan(Rs.)	%
2011	13004223	34835896	37.33
2012	14143136	31219951	45.30
2013	12103368	16309608	74.21
2014	4047459	20916916	19.35
2015	5143986	17514793	29.36



Interpretation

- Agricultural loan disbursement shows a decreasing trend
- Agricultural loans to total loan disbursement ratio shows a decreasing trend but in the year 2015 it shows a steady increase. On an average 31.28% of the agricultural loans has been disbursed out of the total.
- Agricultural loan recovery ratio shows a decreasing trend.

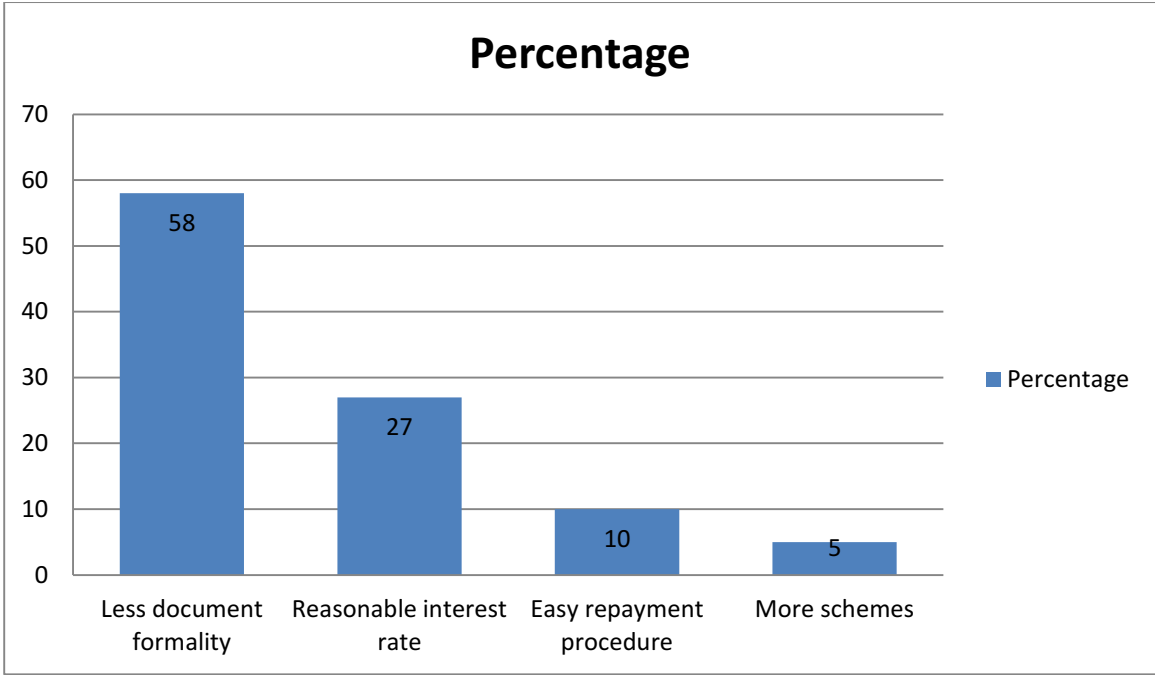
CUSTOMER SATISFACTION

1. Reason for selecting cooperative bank for agricultural loan

Reason	No of customers	Percentage
Less document formality	70	58
Reasonable interest rate	32	27
Easy repayment procedure	12	10
More schemes	6	5
Total	120	100

INTERPRETATION:

- ❖ The above graph shows that 58% customers prefer co operative bank for agricultural loan because of less document formality.
- ❖ 27 % of the customers prefer co operative bank because of low interest rate and 10% have taken loan because of easy repayment procedure.
- ❖ 5% customers taken loan because of more schemes than other financial institutions.

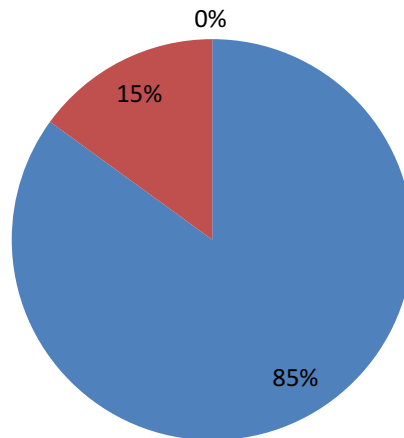


2. Average time taken for processing loan

Average Time taken	No.of customers	Percentage
Less than 7 days	102	85
7-14 days	18	15
More than 14 days	0	0
Total	120	100

Processing of Loan

■ Less than 7 days ■ 7-14 days ■ More than 14 days



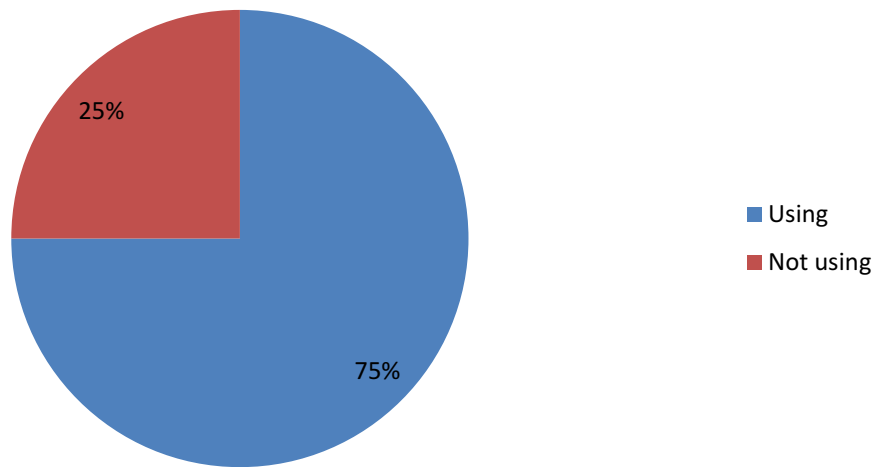
Interpretation:

- ✓ Study reveals that 85% respondents say that loan is processed in less than 7 days.
- ✓ 15% of the respondents say that they have availed loan in 7-14 days.
- ✓ No customers is of the opinion that it takes more than 14 days.

3. Customers using the service of alternative banks.

Service of Other banks	No of customers	Percentage
Using	90	75
Not using	30	25
Total	120	100

Service of Alternate banks

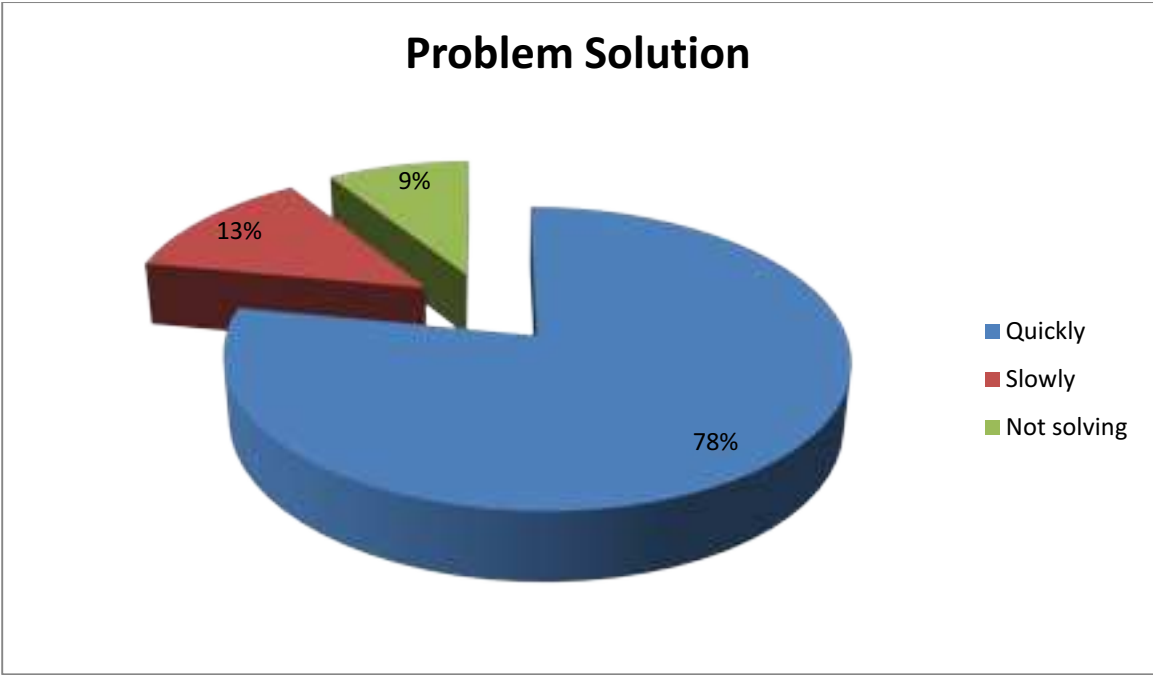


Interpretation:

- Study shows that majority of the customers are using the services of alternative banks
- 75% of the respondents are using the services of other banks.
- Only 25% of the respondents are not using the services of alternative banks.

4.Bank's interest in solving customers problems and issues

Problem Solution	No .of respondents	Percentage
Quickly	94	78
Slowly	15	13
Not solving	11	9
Total	120	100

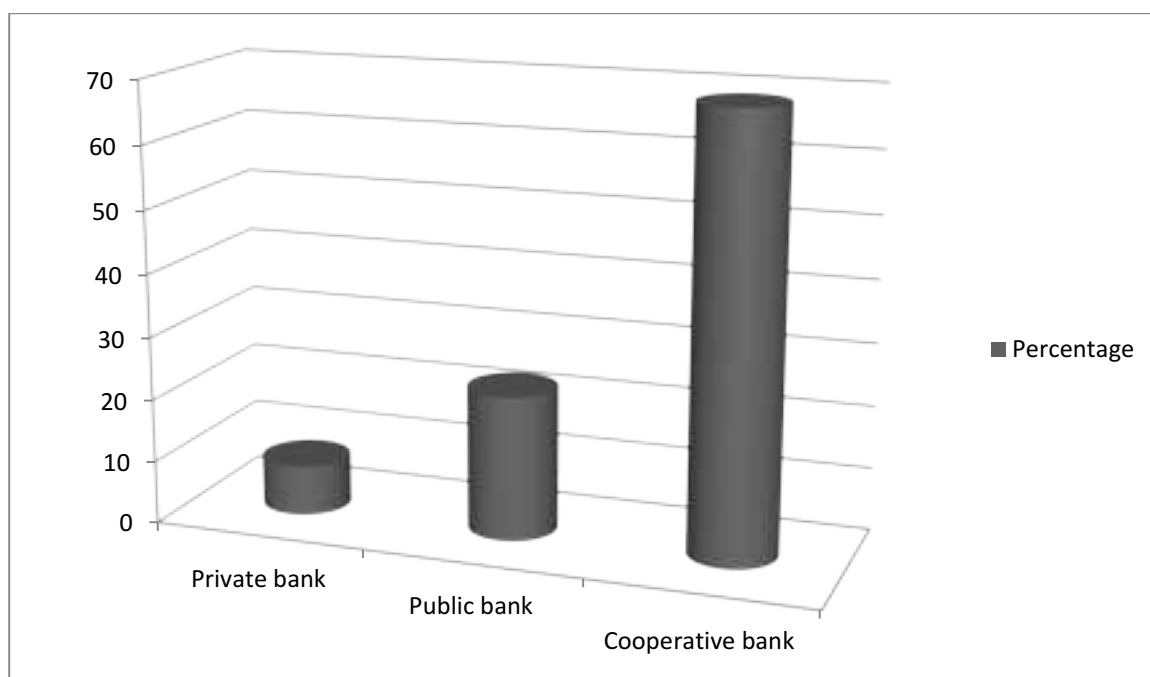


Interpretation:

- Study shows that most of the customer’s problems are addressed quickly.78% of the problems were cleared quickly.
 - 13% of the respondent’s problems are addressed slowly.
- 9% respondents says that bank is ignorant to their problems.

5.Preferable bank in future for agricultural loan

Type of bank	Preference	Percentage
Private bank	10	8
Public bank	27	23
Cooperative bank	83	69
Total	120	100



Interpretation :

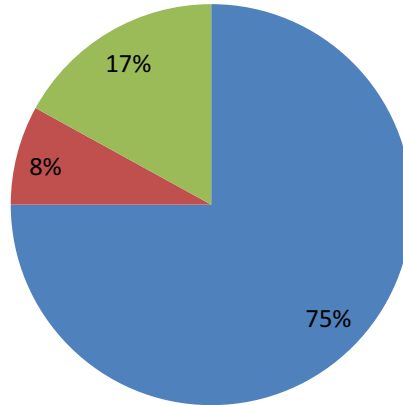
- Majority of the customers prefer co operative bank for borrowing purpose.69% of the respondents prefer co operative banks for borrowing purpose.
- 23% of the respondents prefer public banks for borrowing purpose in future.
- Only 8% of the respondents prefer private banks for borrowing in the future.

6.Customers who would like to recommend co operative banks to their friends and relatives

Recommend	No of respondents	Percentage
Always	90	75
Never	10	8
Sometimes	20	17
Total	120	100

Recommend Co-operative Bank

■ Always
 ■ Never
 ■ Sometimes



Interpretation :

- ❖ 75% respondents always recommend co operative banks to their friends and relatives.
- ❖ 17% respondents sometimes recommend this bank to others.
- ❖ 8% of the respondents never recommend this bank to friends and relatives.

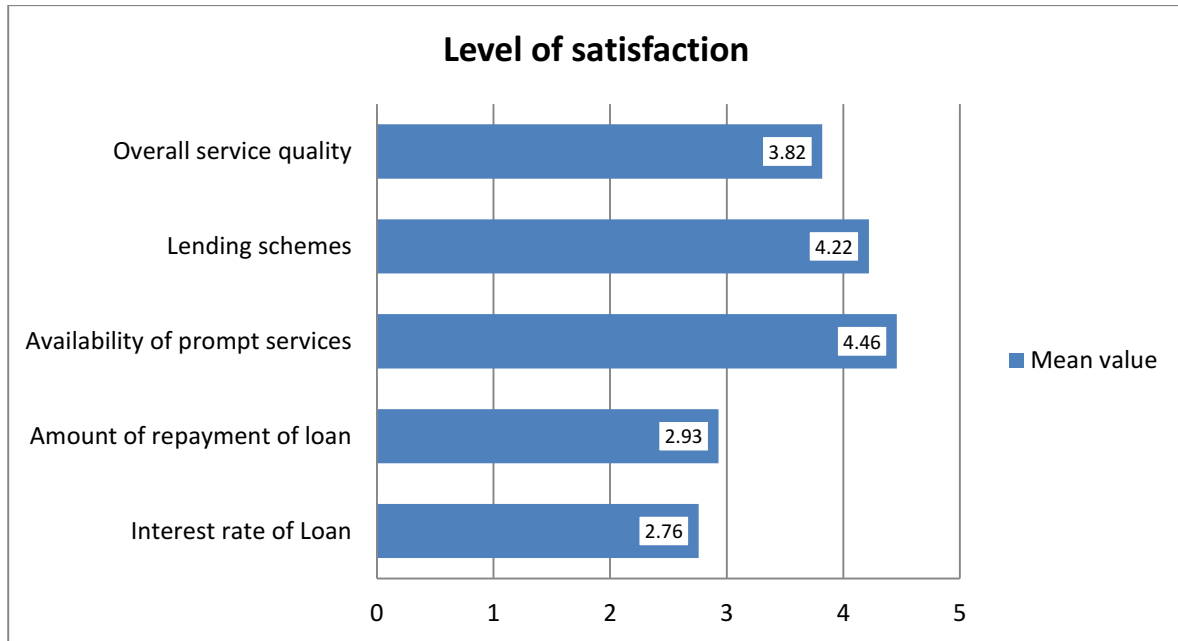
Weightage of customer satisfaction

Weightage of customer satisfaction is measured by using five point scale. Five points is given to Highly Satisfied, four points is given to satisfied, three points is given to Average, two points is given to Dissatisfied and one point is given to highly dissatisfied. Then weightage of each point is calculated. Weightage below 2.5 is taken as dissatisfaction and above 2.5 is taken as satisfaction.

(HS-Highlysatisfied, S-satisfied, Avg-Average, D-Dissatisfied, HD-Highly Dissatisfied)

FACTORS	HS	S	Avg	D	HD	Mean value
Interest rate of Loan	24	63	18	10	5	2.76
Amount of repayment of loan	22	34	26	23	15	2.93
	76	30	8	6	0	4.46

Availability of prompt services						
Lending schemes	68	22	18	10	2	4.22
Overall service quality	18	76	12	14	0	3.82



Interpretation

- ❖ Since the mean value is above 2.5 in all the cases it can be assumed that customers are satisfied regarding the service, interest rate, repayment of loan, lending schemes and the overall service quality of co-operative banks.

CHAPTER 4
FINDINGS SUGGESTIONS AND
CONCLUSION

FINDINGS

1. The agriculture credit flow of the Coyalmannam service co-operative bank shows a decreasing trend .On an average only 17.66% of the total loans is granted as agricultural loans.Butwhen compared to other banks the agricultural loan disbursement is good.More than 50% of the loans are recovered each year.The overall performance is good.
2. The agricultural credit flow of Puthupariyaram service co-operative banks shows a decreasing trend.An average of only 0.57% of agri loans has been discharged out of the total loans and the recovery level is also poor as not even 5% of the loans are recovered each year except in the year 2011.The statistics shows that the bank's role in promoting agriculture is not satisfactory.
- 3.The agricultural loans provided by the Alathur service co-operative bank shows a decreasing trend.But the recovery rate is above 50% and this shows the banks efficiency in debt collections.The overall performance of the bank is satisfactory.
- 4.The agricultural credit flow of Ayilur service co-operative bank shows an increasing trend.an average of 6.39% toatal loans are disbursed as agri loans but the recovery measures adopted by the bank is not satisfactory.
- 5.The agricultural loan disbursement of Kannadi service co-operative bank is good except in the year 2015.An average of 7% out of the total loans are distributed as agri loan and the recovery performance is also good except in the last year.
- 6.The disbursement of agri loans by the Kanjikode service co-operative banks shows a great variation in all the years.As it is an industrial area there are greater ups and downs in the recovery as well as agi loan disbursement ratio.The overall performance is not satisfactory.
- 7.The agricultural credit flow of Mundur service co-operative bank shows an increasing trend but the amount involved is comparatively less.The recovery ratio is very low,not even 5% of the loans are recovered each year.
- 8.The agri credit flow of Thachampara service co-operative bank shows a decreasing trend but the credit disbursement ratio shows a comparatively better position.
- 9.The performance of Palakkad Primary Co-operative Agricultural and Rural Development Bank as regards the loan disbursement and recovery shows a decreasing trend.But the an average of 31.28% of the total loans has been distributed as agricultural loan and this ratio is highest as compared to the other banks.