

Progress in Term Lending Co-Operative Institutions: AGL- Development Banks & APCOB

B. VARALAXMI

M.Com final Student

DVM PG College, LB Nagar, Hyderabad

ABSTRACT

This research paper aims at briefly reviewing Cooperative Movement, its Need & Importance, growth /progress in term lending co-operative institutions. And Growth pattern of APCOB. and explaining how they are managed and organized. For expository purpose, technically, it divides into 3 Sections. Review of the cooperatives & Research Methodology are sketched in the opening Section. Primary coop. Land mortgage banks / agl. Development bank in A.P. is explained in the 2nd Section. Trends in Growth of APCOB examined in the final Section, along with concluding remarks. As the coop. movement began in India mainly as a channel to deliver institutional credit to ruralities and in particular to farmers and thereby to protect them from the clutches of moneylenders about 4/5ths of the societies deal with agriculture and within them 70% deal with credit. Along with the promotion of coops., RRBs (Regional Rural Banks) also are encouraged in rural banking. In view of these developments, today more than one-half of the total rural credit is delivered by the coops. and RRBs.

Keywords: *PLMB, CLMB, APCOB,*

INTRODUCTION

Agricultural sector is the backbone of Indian economy, co-operatives have played an important role in promoting agricultural and rural development in India. Particularly in the field of credit, supply of production inputs, processing and marketing of agricultural produce. Following the policy of globalization, the co-operatives in India have been facing several problems. The co-operative moment in India cannot be kept up in the twenty first century unless the government strengthens the base of this movement, which will be helpful to the agricultural and rural development. The future of agriculture in India can be ensured with introduction of improved technology, setting up yield standards at the national levels, providing compulsory practical education to farmers, replacing self sufficiency with export orientation with utmost quality production. The co-operative network is expected to play a critical and crucial role, on the one hand in meeting the farmers requirements in terms of inputs and services to facilitate the forms do adopt new technologies of production to raise crop yield and production. On other hand their coming together assists in giving them in the market place for better bargaining power to, fetch much more remunerative price for the farmers commodities.

Farmers need term finance (generally for more than 3 year period) for making permanent improvements in land such as farm house constructions, purchase of tractors, drip-spray irrigation capital goods and for repayment of old loans. PACS, RRBs and commercial banks do not provide term loans. Hence, for the provision of long-term farm finance, Land Mortgage Banks were established which were later designated as Agricultural Development Banks. These are organized in 2-tiers viz, PCARDBs and SCARDB/Central Coop. Agl Development Bank (which were formerly known as PLMBs and CLMBs).

NEED FOR THE STUDY

Co-operative as a form of socio-economic organization are considered as an important instrument of development of agriculture and overall rural development. India has the largest network of co-operatives in the world. Now they occupy on important place in India rural

economy in terms of their membership, business turnover and contribution to the socio-economic welfare of their members the hence agricultural development.

- ❖ Working together based on self help through mutual help
- ❖ Co-operatives are self supporting voluntary community associations .
- ❖ All for each ! & Each for all !!

Objectives of Co-operatives:-

- Social Objectives → Social Integration
- Economical Objectives → Economical integration
- Political Objectives → Political integration

OBJECTIVE OF THE STUDY

The main aim of the article is to study the progress in term lending co-operative institutions- Agl. Development Banks And Growth pattern of APCOB.

METHODOLOGY

Data has been gathered through secondary source i.e. statistical abstracts of AP. Simple statistical tools were used such as percentages and ratios in order to understand and analyze the implications of the data presented in two-way tabular form.

SCOPE & PERIOD OF THE STUDY:

The present study scope covers the agricultural developmental banks and APCOB growth pattern for a period of 41/2 decade i.e. 1956-57 to 1990-91

LIMITATIONS OF THE STUDY:

The study is presented on scientific lines though, it suffers with the following limitations / constraints :

- ❖ Bank officials are hesitating to provide secondary data due to financial matters are sensitive in nature and confidential.
- ❖ The published time series data are not always comparable due to non availability of required data in financial & accounting departments of the ABCOB & Agl. Developmental banks.
- ❖ The selected study operations are limited to Agl. Developmental banks & APCOB.

Section2

DATA ANALYSIS

Like PACS for short- (including medium-) term credit, PLMBs/ Agl. Development Banks are organized in AP for the provision of long term (or simply term) finance. These are generally located talukas headquarters. In 1956 – 57, the number of PLMB societies were 69 and they rapidly increased in the next decades reaching to 206 by 1980-01, vide Table 1, col.1. The rules stipulate that every borrower should be a member. Its membership was about 11000 in 1956-57 which rose to nearly 12 lakh by 1980-81 (co.2). Also deposits and loans outstanding substantially increased but the sum of deposits lagged far behind loans (cols. 3 & 4). This is why credit-deposit ratio was abnormally at a high level up to the 1970s. It was brought down to about 1600% (col.6) which means for every Rs.100 deposit 16 times more loans were advanced through borrowing from CLMB which in turn pooled loans from central

and state governments, NABARD/RBI. Unlike in the case of PACS which suffer from high level of over dues, at PLMB level they are quite low --- less than 2% (col.5).

Primary coop. Land mortgage banks/Agl. Development bank in A.P.

Table No:1

Year	No.of Societies	Member ship (000s)	Deposits (Rs.Lakhs)	Outstanding Loans (Rs.Lakhs)	Over dues as % of loans outstanding	Credit Deposit Ratio(%)
	1	2	3	4	5	6
1956-57	69	11	1.9	388	0.3(1.2)	20421
1960-61	105	199	3.1	720	0.4(2.5)	23225
1970-71	181	700	41	9027	1.9(167)	22017
1980-81	206	1187	185	2952	Na	1596

Source: Statistical Abstracts, AP.

Note: Figure in parentheses incol. 5 are Rs. Lakhs in Brackets

Turning to CLMBs/ Central Coop. Agricultural Development Banks to which PLMBs are affiliated, until 1960-61 there were 2 Central Banks and from 1961-62 they were merged into one. Its members are PLMBs/PCARDBs and from the 1970s, APSCB is also a member. Due to restructuring of PLMBs pruting them to 22, by 1990-91 its membership decreased to 22 (PLMBS) +5 (others), vide Table 2, col.1. Over time, its outstanding loans considerably increased (from Rs.4 crores in 1956-57 to Rs.582 crores in 1990-01), vide col.2. It is happily observed that over dues are not problematic with the CLMB (col.3).

AP Coop. Central land mortgage Banks/ Agl. Development Bank

Table No:2

Year	Membership	Outstanding Loans (Rs.Crores)	Overdues As% of Loans Outstanding
	1	2	3
1956-57	77	3.9	Nil
1960-61	103	7.1	Nil
1970-71	181	89.8	Neg.
1980-81	2+206	272.7	7.1(19.4)
1990-91	5+22	582.1	13.3(77.4)

Source: Statistical Abstracts, AP.

Note: Figure in parentheses incol. 5 are Rs. Lakhs in Brackets

Section 3

Trends in Growth of APSCB:

APSCBis the apex bank for coop. Credit in AP. Like other tiers of short and term lending coop. agencies in the state, at the upper tier also praise worthy progress is observed, vide Table 3. Its volume of deposits increased from just Rs. 2 crores to over Rs.149 crores during 1956-81 (col.1). Outstanding loans too made a quantum jump from about Rs.8 crores to Rs. 149 crores during the same period (col.2). As both the volume and rate of growth of deposits was faster than loans outstanding, the credit-deposit ratio (col.4) got reduced to nearer to

unity (144%). Until the 1970s, over dues were quite low – less than 4% but by 1980-81 rose to 13% (3) due to poor recoveries occasioned by drought conditions and anticipation of loan waiver.

Growth of AP State Coop. Bank

Table No:3

Year	Deposit (Rs. Lakh)	Outstanding Loans (Rs.Lakhs)	Over Dues as % of Loans Outstanding	Credit Deposit Ratio(%)
	1	2	3	4
1956-57	195	846	2.7(0.2)	435
1960-61	280	1964	3.8(0.8)	701
1970-71	1388	2318	1.0(0.2)	167
1980-81	10349	14859	12.9(19)	144

Source: Statistical Abstracts, AP.

Note: Figure in parentheses incol. 5 are Rs. Lakhs in Brackets

CONCLUSIONS

After conducting in depth study on the co-operative agricultural development banks & APCOB progress in term lending co-operative institutions agl-development banks the fallowing conclusions have emerged. It observed that the farm term finance need generally for more than 3 year period for making improvement of farm mechanism. Agl development banks are working in the form 2-tire system. Here , it is also observed that the co-operative term lending/ Agf has been increased, but poor recovery problem of over dues also appeared, due to draught conditions ,anticipation of loan waiver, no minimum support price ,& national calamities etc.

The ever growing credit need of the farming community has exposed the glaring ineffectiveness of the system under which the farmer had to borrow credit and other services from a host of co-operative & Agl development financial institutions. To remedy the deficiencies and to make the co-operatives & Agl development banks more effective, the government should introduced new schemes & polices accordingly.

REFERENCES

1. N Mohanan ,*Rural Cooperatives- A National Perspective*, NIRD, Hyderabad, 1987.
2. Government of AP, *Golden Jubilee of AP 1956-2005*, Directorate of Economic & Statistics, Hyderabad, 2005.
3. R/M , *Statistical Abstracts, AP*, Directorate of Economics & statistics, Hyderabad.
4. S.Kishan Rao & Rahul A.Shastry , *AP Economy dynamics of transformation with focus on regional disparities*.