

The Role of Credit Co-Operatives in the Agricultural Development of Andhra Pradesh, India

R. Uma Devi* and S. R. K. Govt

Department of Commerce, Pondicherry University, Yanam, India

Andhra Pradesh (A.P.) is basically an agrarian economy and is known as “Granary of the South” by producing one-tenth of India’s total output of food grains. Initially the agriculturists depend more on non-institutional sources for their credit requirements which used to squeeze the blood of the poor peasants by charging high rates of interest. Hence adequate and timely credit to the farmers on liberal terms becomes *Sine qua non*. Cooperatives are considered as the agencies for mobilization and development of rural resources in a planned and cost effective manner besides providing inputs, services and marketing facilities to the rural economy. In Andhra Pradesh, Credit Co-operatives are playing a significant role in serving the needy farmers by fulfilling their credit requirements. On this backdrop, an attempt is made to analyze its role in the agricultural development of the state. The main objective of the study is to evaluate the performance of Credit Cooperatives by analyzing its deposits, credit and impact of credit on the beneficiaries. In the state, Co-operatives are functioning in most efficient manner by providing adequate, cheap and timely credit to agricultural sector. These are providing not only credit, but also non-credit services for all activities under primary, secondary and tertiary sectors of rural economy. Through cooperative credit the farmers benefitted to maximum extent by increasing their agricultural output which in turn increased their levels of employment and income. Hence it can be concluded that cooperative credit has become a powerful tool in the agricultural development of the state.

Keywords: Co-operatives, credit, irrigation, yield, term-loans, HYV, allied sector

Introduction

“In the village itself no form of credit organization will be suitable except the Co-operative society, Co-operation failed, but Co-operation must succeed”. -All India Rural Credit Survey.

Agriculture forms the backbone of the Indian economy. It contributes 18.5 percent to the GDP and provides employment to about 52 percent of the total working population during the year 2006-07. The advanced technological changes in the agricultural sector necessitated the requirement of more working capital. Hence, the poor peasants in India are in search of timely credit. Co-operative banks were established on the principle of co-operation and to serve the poor peasants. The main function of these banks is to relieve the poor farmers from the clutches of the money lenders.

Credit is an important input which ensures adequate working capital as well as infrastructural development. Adequate and timely credit provision significantly increases agricultural output which leads to an increase in the economic development of the cultivators and people attached to cultivation. Moreover, agricultural credit serves as an instrument for stimulating increase in output, income and employment.

The emphasis on agricultural credit continued to be on progressive institutionalization for providing timely and adequate credit to farmers for increasing agricultural output and productivity. It also aims at better access to institutional credit for small and marginal farmers and other weaker sections to enable them to adopt modern technology and improved agricultural practices. Agricultural credit has been distributed through a multi-staged network consisting of Commercial Banks, Regional Rural Banks and Credit Co-operatives.

Co-operative Movement in India was started primarily for dealing with the problem of rural credit. Credit Co-operatives play an important role in the Indian financial system especially at the village level. These are one of the important components of multi-agency system which plays a vital role in the development of the nation. These are the oldest and the most numerous of the all types of Co-operatives in India. The origin of Indian Co-operative Banking started with the enactment of Co-operative Societies Act, 1904. The objective of this Act was to establish Agricultural Co-operative Credit Societies “to encourage, thrift, self-help and co-operation among agriculturists, artisans and persons of limited means”.

The following are the objectives of credit co-operatives: i) To ensure timely and increased flow of credit to the farming sector ii) To reduce and gradually eliminate the money lenders iii) To

*Corresponding author. Email: umavidandu@gmail.com

reduce regional disparities throughout the country iv) To provide longer credit support to various rural development programmes v) To provide cheap credit with or without any security.

Co-operative Banks are organized and managed on the principle of co-operation, self-help and mutual-help and function with the rule of “one member, one vote”, function on “no profit, no loss” basis. Co-operation as principle does not pursue the goal of profit maximization.

Strategy of co-operative banks

Co-operative banks mainly focus on increase in viability and outreach of rural finance, to strengthen implementation capital at all levels for more effective rural finance inventions, to improve MFI monitoring and reporting and impact assessment of rural finance investment. The cooperative credit policy has always been oriented to meeting the needs of the weaker sections of the rural population like small and marginal farmers. The targeted loans as per Ninth Five Year Plan are 67 percent of the total short-term, 95 percent of the medium-term and 40 to 60 percent of the long-term loans. In the case of SC/ST, it is 14 to 15 percent and 10 to 20 percent of ST/Mt loans and LT loans respectively.

Cooperatives will have to focus their attention to cost reduction and diversification of their activities. The primary level cooperative credit institutions at village level should made healthy for effective delivery of credit. The cooperatives will have to keep the parameters of output and employment growth in sanctioning loans for various economic activities and programmes. The cooperative banks which are engaged in financing Self-Help Groups, revamped micro credit women doing small business in urban areas, loans to women entrepreneurs and loans to working women will aim at increasing food production, generation of employment, creation of income opportunities and greater application of appropriate technologies.

Credit policy of co-operatives

- Credit flow to farm sector to be increased at the rate of 30 percent per year.
- Debt restructuring in respect of farmers in distress and farmers in arrears providing for rescheduling of outstanding loans over a period of 5 years including moratorium of 2 years, thereby making all farmers eligible for fresh credit.
- Special one-time settlement scheme for old and chronic loan accounts of small and marginal farmers.
- Banks allowed extending financial assistance for redeeming the loans taken by farmers from private money lenders.
- New investments in agriculture and allied activities at the rate of two or three projects per branch.

- Refinement in Kisan Credit Cards (KCC) and fixation of scale of finance.

The farm credit package announced in June 2004 targeted doubling the flow of institutional credit for agriculture in the next three years. The farm credit package includes the following components:

Kisan Credit Cards (KCC): To provide adequate and timely support to the farmers, Kisan Credit Card (KCC) scheme was introduced in August 1988 for short and medium term purposes. About 705.55 lakh Kisan Credit Cards have been issued up to November 2007. It covers short term and medium term credit and a reasonable component of consumption credit within the overall limit sanctioned to the borrowers.

Rate of interest on farm loans: From *Kharif* 2006-07, the rate of interest on crop loans should be 7 percent up to Rs. 3,00,000. The GOI would provide necessary interest subvention to NABARD and other banks for this purpose and also made a provision of Rs. 1,677 crores in the Union budget 2007-08.

Table 1. Prevailing interest rates.

NABARD to APCOB	:	8.00 %
APCOB to DCCBs	:	8.50%
DCCBs to PACS	:	10.50%
PACS to ultimate borrowers	:	12.50%

Agricultural insurance: The National Agricultural Insurance Scheme (NAIS) for crops has been implemented from *Rabi* 1999-2000 seasons with the objective of providing insurance coverage in the event of crop failure due to natural calamities, pests and diseases. The scheme is available to all the farmers irrespective of their size of holdings and operates on the basis of “Area approach.”

Andhra Pradesh is predominantly agricultural in character producing more than one - tenth of India’s total output of food grains every year. It has a widely diversifies farming base with a rich variety of cash crops. It has surplus in food grains, produces 10 million tons of rice and can rightly claim to be the “Granary of the South”. Agricultural sector accounts for around 50 percent of the state’s income and provides livelihood for nearly 70 percent of the population during 2007-08. It occupies fourth place in the production of food crops in the country. In Andhra Pradesh 16.02 million tons of food grains were produced in 7.65 million hectares of land in 2000-01. It occupies seventh place in the production of pulses, fifth place in the production of sugar-cane and second place in the production of oil seeds. Various crops are grown here in about 41 percent of the geographical area. In Andhra Pradesh 11.27 million hectares of land is under agriculture. As per 2000-01 censuses, the small and marginal holdings come to 82.73 percent, medium 16.69 and large holdings 0.58 percent of total holdings. The percentage of cultivators and

landless labourers is 25.47 and 33.83 respectively of the total working population of the state.

Co-operative Movement in Andhra Pradesh has been playing an important and vital role in the economic development of the state. The agriculturists in particular derived considerable benefits through the Co-operative movement. Co-operatives as an instrument of change started a century ago to finance agriculturists and to relieve them from the clutches of money lenders and had enlarged its activities to different spheres of activity. Co-operative credit is the supervised credit subject to the financial and monetary discipline, which are the essentials of sound banking and vital to the health of the economy of the country as a whole. The Co-operative credit institutions occupy a place of pride in the overall credit delivery system for their role in agricultural and rural development. Initially they were concerned with the short-term loans only and later extended their services to investment loans also.

Functions

- The Andhra Pradesh Co-operative Bank (APCOB) through the District Central Co-operative Banks and Primary Agricultural Co-operative Societies provides refinance support for agricultural production credit for seasonal agricultural operations (crop loans), investment credit for investment in agriculture for Minor Irrigation, Farm Mechanization, Land Development, Horticulture, Dairy and other diversified investments and allied activities.
- In times of natural calamities, the bank provides credit stabilization arrangements by way of conversion, rephasing, postponement and rescheduling of agricultural loans.
- The bank extends its helping hand to ameliorate the sufferings of the weaker sections of the society and to bring them above the poverty line.
- The bank is advancing more than 60 percent of the total term loans to the small farmers.
- Loans to Employee Credit Societies are also extended to provide timely financial support to employees of various organizations through the District Central Co-operative Banks.
- The bank finances Industrial Co-operatives and Agro-processing industries.
- To promote rural development, it provides assistance for programmes under SwarnaJayanti Gram SwarojgarYojana, non-farm sector finance for self-employment, micro credit through Self Help Groups (SHGs) etc.
- The APCOB is also implementing Intensive Credit Development Programme (ICDP) schemes in all districts with a view to achieve sustainable development of Co-operative institutions from grass root level.
- It offers all types of banking services like any other Nationalized Bank.

Literature Review

As agriculture forms the backbone of the Indian economy, The Government of India recognized the importance of free flow of credit to agriculture and allied sectors. Sharma (1967) stated that for agricultural development, credit is an important input which ensures adequate working capital as well as infrastructural development. Deccan Ryots Commission (1875) and Famine Commission (1880) concluded in their reports that majority of land holdings were deeply and inextricably in debt. The Central Banking Enquiry Committee (1929) observed that institutional credit provided to the agriculturists covered only a smaller portion. Black (1955) has emphasized the importance of credit and observed that credit provision was the first and foremost input to be increased, which enabled the farmers to buy more labour saving equipment, better seeds and fertilizers etc. Ford Foundation (1959) had recommended adequate supply of farm credit in order to increase the farm productivity. Mishra (1982) has observed that modernization of agriculture necessitated huge capital investment. Hence, farm credit becomes *sine qua non* of agricultural development in the country. Reports of Frederic Nicholson and Edward Law Committee on Co-operative legislation confirmed and reiterated the need for the state to actively promote co-operatives. A decade later, a Maclagan Committee (1915) advocated that "there should be one Co-operative for every village and every village should be covered by a Co-operative". In 1928, Royal commission observed that "if co-operation fails, there will fail the best hope of rural India".

The observations of Chaudhuri (2001) were strongly supported by Shetty (2004) and suggested that in order to increase the productivity of agriculture, better institutional credit delivery mechanisms were to be conceptualized, planned and executed urgently. Kanthimatinathan (2004) added to the above arguments and opined that without cheap credit it is not possible for small and marginal farmers to carry out their activities. Sivaloganathan (2004) observed that adequate credit facilities were highly essential for agricultural growth because there was a vast gap in the vital sectors of the economy. The multi-agency approach has to be initiated as it facilitates access to resources and service. More over credit for agriculture serves as an important instrument for stimulating increase in output, income and employment. Subrahmanyam (2005) in his study observed that the government of India examined the flow of agricultural credit and related issues in consultation with RBI, NABARD and announced the farm credit package to ensure doubling the flow of agricultural credit in the next three years He also viewed that Cooperative rural credit delivery system has been farmer-friendly and has out

reached to serve agriculture. Agricultural credit and agricultural development goes by hand in hand, hence the farmer should be provided adequate and cheap credit (Dutta & Sundaram, 2005). Calvert (1996) aptly argued that Cooperative credit is the practical alternative to usury. Subbaiah and Selvakumar (2005) observed that the institutional finance to agriculture which has contributed 22.1 percent of GDP in 2002-03. He also found that the Government has estimated the credit flow from all lending institutions for the year 2003-04 at Rs. 80000 crores and has planned to enhance the level of flow to Rs. 105000 crores for the year 2004-05 which represents an increase of 30 percent over the previous year. Vilasrao Deshmukh (2005) said that the Cooperatives in India account for more than half of industrial finance advanced to agriculture and one-fifth of private capital formation. Sharma (1970) observed that an Advisory Committee on Rural credit was constituted by the RBI to accelerate the flow of credit to the agricultural sector. It had been proposed that co-operatives might waive security requirements for agricultural loans from Rs. 10,000 to Rs. 50,000.

Methodology

In India Co-operative Credit Institutions are playing significant role in extending credit to the farm sector besides providing inputs, marketing and extension services. The objective of present study is to analyze the role of Credit Cooperatives in the agricultural development of Andhra Pradesh. Agricultural development in the present work has been assessed through the flow of cooperative credit to farm sector. In order to study the role of cooperative banks, the credit supplied by the cooperative banks to the agricultural sector has been analyzed. The credit supplied by the cooperative banks to different sectors such as short-term credit, long-term credit and credit to allied sector has also been analyzed. Consistent with the objectives of the study, different techniques had used for the analysis of the data. The data pertaining to the study was analyzed and presented in tabular forms to make the findings meaningful and easily understandable with simple statistical tools of analysis like ratios, compound annual growth rate (CARG) etc. On the above backdrop, the structure of the credit cooperatives, their growth and development and their trend of credit disbursements etc. have to be taken into consideration for the analysis of the objective. The data used for the analysis is of secondary in nature. The secondary data relating to the growth and development of Credit Cooperatives in Andhra Pradesh etc. are collected from the various publications and websites of The APCOB, Co-operative Union, Hyderabad, Co-operative College,

Hyderabad and The Directorate of Economics and Statistics etc.

The study has its own limitation as it is based on the secondary data. The present study is confined to 1998-99 to 2009-10. The cooperative credit was analyzed on the angle of State Cooperative Banks, District Central Cooperative Banks and Primary Agricultural Cooperative Societies.

Analysis

The Green Revolution results in remarkable changes in agricultural sector. The Revolution initiated through the changes in the approach of the Fourth Five Year Plan envisaged that modernizing agriculture is more or less a technology of inputs and its judicious management on scientific basis. This new situation calls for greater financial investment on the part of farmers for purchasing of the inputs. Consequently the provision of credit to farmers on liberal terms and conditions become sine qua non of agricultural development in the country. The development of Cooperative credit in the form of catalyst has accelerated the pace of agricultural development.

Co-operatives have been promoted and organized for the achievement of social and economic betterment of the people in a democratic structural framework in pursuance of the National and State objectives, such as: i) Provision of adequate agricultural credit to farmers to enhance agricultural output. ii) Provision of gainful employment and alleviation of poverty and destitution especially in rural areas. iii) Decentralization of economic development, effort and iv) Development through mutual-help and Co-operative effort.

In Andhra Pradesh, co-operative credit was divided into short-term, medium-term and long-term credit having a multi-tier structure. The short and medium Co-operatives, known as Rural credit co-operative structure has a three-tier structure with Andhra Pradesh State Co-operative Bank (APSCOB) at the Apex Level, District Central Co-operative Banks (DCCB) at the district level and Primary Agricultural Co-operative Societies (PACS) at the village level. The Primary Agricultural Co-operative Societies are the basic foundation for the whole edifice of co-operative credit. Under the long-term credit structure (two-tier) State Co-operative Agricultural and Rural Development Banks (SCARDB) are at the state level and affiliated Primary Agriculture and Rural Development Banks (PARDB) at the district or taluk levels. Table 2 shows the profile of Co-operative societies in the state. It shows the growth of co-operatives during the period of 1990-91 to 2009-10.

Table 2. Profile of co-operative societies in Andhra Pradesh.

Year	No. of Societies (in 000)	Membership (in 000)	Paid-up capital	Working capital	Loans advanced	Loans Outstanding
1990-91	20205	15157	4180180	47044806	23557038	40119870
1991-92	20411	15787	3989373	54679031	21758305	44371539
1992-93	20257	16657	4401668	64472601	31867219	53386518
1993-94	20489	16812	4662758	75564550	34878348	58465752
1994-95	20582	17182	4813190	96207167	50443475	75121257
1995-96	22426	19022	6303876	102071454	57167641	82248613
1996-97	23155	20050	6635722	107199887	60026944	86361043
1997-98	25265	21052	9767508	112559881	63028291	90679095
1998-99	28675	22104	7315883	118187875	66179705	95213049
1999-00	29663	22767	7535359	121733511	68165096	98069440
2000-01	30267	22956	765411	122241632	70224016	99215875
2001-02	31252	23011	771256	123687541	71365485	100562153
2002-03	32566	23542	775968	124587213	72564831	101553624
2003-04	33247	24351	778632	125436874	73698215	103524867
2004-05	34266	25499	783659	128463522	74165328	105721695
2006-07	34963	26532	795231	129935482	74582316	107596354
2007-08	35698	26873	806399	13624985	75832542	108935467
2008-09	35918	27216	807734	13784532	75912657	109621843
2009-10	36011	27993	815269	13902563	75986532	110826531

Sources: Commissioner & Registrar of Co-operative Societies, Government of Andhra Pradesh, Hyderabad.

The Government of Andhra Pradesh has appointed a High Power Committee in 1982 headed by Sri Mohankanda to suggest on reorganization of Credit Co-operatives in the state. This committee has recommended the introduction of Single Window Credit Delivery System. After obtaining the

approval from the Central Government, the Government of Andhra Pradesh has introduced the system with effect from 1st April 1987 to make the existing primary Agricultural Co-operative Societies more viable.

Table 3. Working of primary agricultural credit and multipurpose co-operative societies (Rs. in Crores).

Year	No. of Societies	Membersh ip (000)	Share capital	Deposit s	Borrow- ings	W.C.	Loans				C-D Ratio
							Advances	Recovered	O/S	Over dues	
1962-63	15328	1599	4.67	0.94	22.43	29.52	29.72	19.20	34.32	6.05	31.62
1972-73	14950	2283	11.28	4.20	41.53	75.27	31.61	26.11	48.58	27.23	7.53
1982-83	7001	7159	36.82	9.93	191.89	324.83	186.70	150.53	222.70	111.27	18.80
1992-93	4638	11924	136.91	72.80	860.85	1122.28	737.60	461.66	1482.02	416.87	10.13
2002-03	4678	16026	589.01	309.88	3251.40	6169.47	3368.24	1273.61	4434.38	485.23	10.87

Sources: Various issues of Andhra Pradesh Statistical Handbook.

The above table depicts the decadal performance of Primary Agricultural Co-operative Societies. It is evident from the above table that there is a significant growth in the membership of the Primary Agricultural Co-operative Societies after the introduction of Single Window Credit Delivery System. But there is considerable decline in the

number of societies during the period. This significant decline in the number of Primary Agricultural Co-operative Societies has been attributed to the consolidation and amalgamation of Primary Agricultural Co-operative Societies on the basis of viability criteria under the Single Window Credit Delivery System.

Table 4. Total credit disbursements of primary agricultural cooperative societies (Rs. In lakhs).

Year	Short-term loans		Medium-term loans		Total loans	
	Amount (Rs.)	Increase/ Decrease in %	Amount (Rs.)	Increase/ Decrease in %	Amount (Rs.)	Increase/ Decrease in %
2002-03	169230.56	0	41505.97	0	210736.53	0
2003-04	167460	-1770.56	32281.29	-9224.68	199741.29	-10995.2
2004-05	186271.6	18811.6	38297.79	6016.5	224569.39	24828.1
2005-06	200065	13793.4	40304.42	2006.63	240369.42	15800.03
2006-07	203788.67	3723.67	35614.12	-4690.3	239402.79	-966.63
2007-08	236023.36	32234.69	34514.22	-1099.9	270537.58	31134.79
2008-09	223571.62	-12451.7	33947.79	-566.43	257519.41	-13018.2
2009-10	300695.00	77103.38	33225.78	-722.01	333900.78	76381.37

Source: National Federation of State Cooperatives Banks LTD

From Table 4, it is evident that the total loans including both ST and LT loans showing increasing trend. In the year 2002-03 the ST loans are Rs.169230.56 lakhs and it is increased to 300695 lakhs in 2009-10. Similarly the MT loans are Rs.41504.97 lakhs in the year 2002-03 and decreased to Rs.33225.78 lakhs in 2009-10. The total loans amounted to Rs.333900.78 lakhs for the year 2009-10 where as it is only Rs.210736.53 lakhs for the year 2002-03. The CARG of total loans is 0.7 percent, whereas the CARG of ST loans are 6.64 percent and CARG of MT loans is -28.4 percent. The DCCBs are providing both crop loans (Kharif and Rabi) and investment credit. It is providing credit under Seasonal Agricultural

Operations (SAO), Oil Seed Production Programme (OPP) and Development of Tribal Production (DTP). The DCCBs are disbursing a credit of Rs. 2037.23 lakhs for Seasonal Agricultural Operations (SAO), Rs.246.14 lakhs to Development of Tribal Production (DTP) during 2008-09. It is clear that the DCCBs are providing major share to SAO. It is also clear that the DCCBs are concentrating more on crop loans than investment credit. Even though NABARD is financing for LT loans, the DCCBs are concentrating on crop loans only. The viability of any credit structure depends upon its recovery of loans. The DCCBs are in a safe position in the recovery of loans.

Table 5. Working of District Central Cooperative Banks (Rs. In lakhs).

Year	No. of DCCBs	Share capital(Rs.)	Reserves (Rs.)	Borrowings (Rs.)	Deposits (Rs.)	Loans Issued(Rs.)	C-D ratio(%)
2001-02	25	47356	50846	388510	245797	181005	73.64
2002-03	23	49265	65596	398083	256216	192863	75.27
2003-04	22	50200	75509	421738	254796	188485	73.97
2004-05	22	61290	88356	426135	247699	232645	93.92
2005-06	22	64642	108436	449716	251417	296956	118.11
2006-07	23	73299	126633	504902	260849	297693	114.12
2007-08	23	74664	128261	494547	273213	262652	96.13
2008-09	23	77278	121142	408041	335604	229549	68.40
2009-10	23	85101	250423	387918	380000	386206	101.63

Source: National Federation of State Cooperatives Banks LTD.

Table 5 depicts the several parameters of DCCBs for the period 2001-02 to 2009-10. During the period the no. of DCCBs are decreased due to the reorganization of the total co-operative credit structure at the time of introduction of SWCDS. The share capital, reserves, deposits and loans are increased. The C-D ratio shows fluctuations; even

then it is showing an increasing trend of 101.63 percent. In the year 2001-02 the deposits are Rs. 245797 lakhs whereas the deposits for 2009-10 are Rs.380000 lakhs. The loans for 2001-02 are Rs.181005 lakhs where as it is Rs.386206 lakhs for the year 2009-10.

Table 6. Total Credit Disbursements of District Central Cooperative Banks (Rs. In lakhs).

Year	Short-term loans		Medium-term loans		Total loans	
	Amount (Rs.)	Increase/Decrease in %	Amount (Rs.)	Increase/Decrease in %	Amount (Rs.)	Increase/Decrease in %
2001-02	174787	0	6218	0	181005	0
2002-03	186548	11761	6315	97	192863	11858
2003-04	182234	-4314	6251	-64	188485	-4378
2004-05	221350	39116	11295	5044	232645	44160
2005-06	276418	55068	20538	9243	296956	64311
2006-07	286377	9959	11316	-9222	297693	737
2007-08	254453	-31924	8199	-3117	262652	-35041
2008-09	215512	-38941	14037	5838	229549	-33103
2009-10	375392	159880	10814	-3223	386206	156657

Source: National Federation of State Cooperatives Banks LTD.

From Table 6 it is evident that the total loans including both St and LT loans showing increasing trend. In the year 2001-02 the ST loans are Rs.174787 lakhs and it is increased to Rs.375392 lakhs in 2009-10. Similarly the MT loans are Rs.6218 lakhs in the year 2001-02 and increased to

Rs.108148 lakhs in 2009-10. The total loans amounted to Rs.386206 lakhs for the year 2009-10 where as it was only Rs.181005 lakhs for the year 2001-02. The CARG of total loans is 31.5 percent, whereas the CARG of ST loans are 31.9 percent and CARG of MT loans is 18.7 percent.

Table 7. Working of district central cooperative banks for the last five decades (Rs. in Crores).

Year	No. of banks	Share Capital (Rs.)	Reserves (Rs.)	Deposits (Rs.)	Borrowings (Rs.)	Working Capital (Rs.)	Loans				C-D ratio (%)
							Advances (Rs.)	Recover ed (Rs.)	O/S (Rs.)	Over due (Rs.)	
1962 -63	25	4.93	2.22	6.83	20.65	34.64	35.42	35.35	28.02	5.08	5.19
1972 -73	25	10.86	6.33	22.68	23.22	66.4	39.78	43.94	49.71	20.95	1.75
1982 -83	27	38.44	11.87	128.64	191.78	426.98	278.68	180.03	336.53	114.87	2.17
1992 -93	22	149.28	28.51	625.17	1514.77	2096.07	1115.72	596.65	1637.13	564.31	1.78
2002 -03	22	705.45	41.79	2647.95	4022.86	7456.28	2086.2	1893.82	8124.82	2000.9	0.79

Sources: Various issues of Andhra Pradesh Statistical Handbook.

Table 8 shows the decadal growth of DCCBs from 1962-63 to 2002-03. The number of banks is decreased due to SWCDS from 25 to 22. It also makes clear that the recovery performance of the bank which doesn't show any positive progress.

However the deposits and advances were increased to a considerable extent. But the C-D ratio is decreased from 5.19 to 0.79 percent during the period.

Table 8. Progress of DCCBS during 1995-06 to 2008-09 (Rs. In Crores).

Year	Share Capital (Rs.)	Reserves (Rs.)	Profit / Loss (Rs.)
1995 - 96	1812.33	1544.93	- 815.04
1996 - 97	2553.71	1466.1	- 135.44
1997 - 98	3083.14	2168.69	+ 122.83
1998 - 99	3830.99	3337.54	- 420.94
1999 - 00	4068.29	4703.2	+ 21.58
2000 - 01	4302.6	5416.6	+ 502.79
2001 - 02	4299.59	7919.04	- 993.30
2002 - 03	4382.47	6815.03	- 1908.86
2003 - 04	4371.41	8820.15	- 867.19
2004 - 05	4348.1	111439	+ 132.28
2005-06	4412.21	1258.33	+149.86
2006-07	4538.11	2542.62	+327.8
2007-08	4678.26	3169.82	+526.33
2008-09	4787.61	3366.28	+714.29

Sources: Directorate of Economics and Statistics, Andhra Pradesh

It is evident from Table 8 that the share capital of the DCCBs is increased nearly two and half times during the ten years period i.e., from 1995-96 to 2008-09. It is observed that there are some fluctuations in the profits, may be due to its recovery of loans, less deposits, non-performing assets and lack of management skills etc.

In Andhra Pradesh, APSCOB is a scheduled State Cooperative Bank. It has 22 affiliated DCCBs which in turn have 557 branches and 2746 PACS through which development of agricultural credit is provided, to serve a sizeable chunk of the total membership of the PACS of around 1.5 crores. The objective of APSCOB is to set a faster pace for agricultural and rural development in the state through the medium of cooperatives. It has formulated and is implementing various schemes of refinance to various critical sectors in the state's economy.

The bank provides refinance for crop loan issued for undertaking SAO by the farmers through the DCCBs and PACS under the following programmes: i) Seasonal Agricultural Operations (Normal crop loans) ii) Oil Seeds Production Programme (OPP) iii) Development of Tribunal

Population (DTP) iv) National Pulses Development Programme (NPDP)

It has introduced a Cooperative Kisan Credit Card cum Pass book (CKCC) for ease of operations by the farmers in respect of their production credit needs under the above schemes from the year 1999-2000. Focus is given to financing of small and marginal farmers and other weaker sections of the farming community in providing production credit for agriculture. APSCOB through its affiliate DCCBs and PACS is the single largest provider of investment credit in A.P. The bank supports credit stabilization by converting, reposing and postponing agricultural loans issued earlier, into term loans repayable in a longer span, while at the same time providing fresh finance to undertake production activity subsequent to the advent of natural calamity.

The APSCOB and affiliate credit structure in A.P. show case a unique experiment of Single Window Credit Delivery System (SWCDS), as a first of its kind in the country under which, both investment and production credit for agriculture is provided at the grass root level through a single agency.

Table 9. Prior and after SWCDS - working of state cooperative banks in A.P. (Rs. in Crores).

Year	No. of Banks	Share Capital	Reserve	Deposits	Borrowings	W.C.	Loans				C-D ratio
							Advances	Recovered	O/S	Over due	
1962-63	2	2.13	0.85	3.04	18.85	24.87	39.92	39.99	21.87	1.33	13.13
1972-73	1	2.39	3.31	16.71	9.67	32.84	40.95	55.86	25.96	2.26	2.45
1982-83	1	12.94	4.5	117.76	124.88	291.35	289.89	187.44	231.82	15.32	2.46
1992-93	1	36.46	82.13	422.25	703.86	1244.7	1024.34	912.51	880.44	84.19	2.43
2002-03	1	189.1	623.75	1359.63	3359.37	5284.77	2385.83	2870.99	4532.37	850.4	1.75

Source: Various issues of Directorate of Economics & Statistics, Govt. of Andhra Pradesh.

It is clear from table 9 that there are two apex banks at the State level up to 1962-63 one for Andhra area and another for Telangana area and they were merged to form the APSCOB since

04.08.1963. All the parameters shows increasing trend. But the C-D ratio shows decreasing trend due to increase in over dues, out standings and bad and doubtful debts.

Table 10. Working of Andhra Pradesh State Cooperative Bank (Rs. in lakhs).

Year	Share Capital	Reserve	Deposits	Borrowings	W.C.	Loans			
						Advances	Recovered	O/S	Over due
1996 - 97	10,437	23,346	57,043	2,55,189	3,46,016	201,241	1,61,966	3,01,949	42,510
1997 - 98	10,932	26,204	81,295	2,83,409	3,94,595	2,34,359	1,99,556	3,29,806	54,590
1998 - 99	16,084	34,984	1,05,233	3,64,693	5,52,846	2,72,583	2,12,838	3,83,277	69,655
1999 - 00	16,923	45,609	1,45,290	3,54,143	5,61,966	2,84,803	2,23,133	4,09,453	45,224
2000 - 01	17,949	8,268	1,62,055	3,47,848	5,76,469	3,07,041	2,89,686	4,35,990	59,630
2001 - 02	18,599	53,566	1,53,412	3,35,231	5,61,708	3,06,668	2,80,903	4,61,753	84,297
2002 - 03	18,910	62,375	1,35,963	3,35,937	5,28,477	2,38,583	2,87,099	4,53,237	85,040
2003 - 04	19,014	64,271	1,67,794	3,21,937	5,73,016	3,38,583	3,33,547	4,47,782	74,998
2004 - 05	19,190	1,12,400	1,86,764	3,12,352	6,30,706	9,11,807	8,43,942	5,15,847	59,325
2005 - 06	19,193	1,19,555	1,69,715	4,07,473	4,63,095	9,43,602	8,95,466	5,64,068	63,809
2006-07	19,198	1,24,415	1,77,844	4,19,146	7,40,604	10,92,359	10,49,973	6,06,454	87,849
2007-08	19,289	1,28,169	2,17,275	3,68,871	7,33,604	11,61,360	11,70,478	5,97,338	1,05,203
2008-09	19,275	1,03,543	3,17,600	2,75,208	1,48,481	4,71,831	4,40,326	31,504	31,504
2009-10	19,678	1,61,078	3,56,618	2,75,208	1,42,991	14,00,518	10,12,891	3,87,627	26,248

Source: Directorate of Economics & Statistics, Govt. of A.P.

Table 10 shows the growth of APSCOB from 1996-97 to 2009-10. It shows the different key financial indicators of APSCOB by which it is clear that it shows a progressive growth during the

period. It makes clear that the recovery performance of the bank was good enough and the deposits, advances and borrowings etc. were increased to a considerable extent.

Table 11. Ratio of Credit -Deposits of APSCOB (Rs. in lakhs).

Year	Total Advances	Total Deposits	C/D ratio (in %)
1996 - 97	2,01,241	57,043	352.78
1997 - 98	2,34,359	81,295	288.28
1998 - 99	2,72,584	1,05,233	259.03
1999 - 00	2,84,803	1,45,290	196.02
2000 - 01	3,07,041	1,62,055	189.47
2001 - 02	3,06,668	1,53,412	199.9
2002 - 03	2,38,583	1,35,963	175.48
2003 - 04	3,28,670	1,67,794	195.88
2004 - 05	9,11,807	1,86,764	488.21
2005 - 06	9,43,602	1,69,715	555.9
2006-07	10,92,359	1,77,844	614.22
2007-08	11,61,360	2,17,275	534.51
2008-09	4,71,831	3,17,600	148.56
2009-10	14,00,518	3,56,618	392.72

Source: Directorate of Economics & Statistics, Govt. of A.P.

Table 11 reveals the total deposits and advances of APSCOB for the period 1996-97 and 2009-10. By observing the above table it is clear that the credit-deposit ratio of APSCOB shows a fluctuating trend. The bank has shown a satisfactory growth in

deposit mobilization. The total deposits increased from Rs. 57,043 lakhs to Rs. 3,56,618 lakhs registering a growth rate of 250 percent. The total advances have been significantly increased, but there are fluctuations over the period.

Conclusion

By the beginning of 20th century, the GOI recognized the root causes of the indebtedness and poverty of the Indian farmers and started Credit Co-operatives. Co-operative banks were established on the principle of co-operation. The main function of these banks is to relieve the poor farmers from the clutches of the money lenders and to provide adequate and timely credit at lower rates of interest. Sri Rajnath Singh (2006) called upon the Government to take necessary steps so that farmers may not have to pay more than 6 percent interest on the agricultural loans.

Andhra Pradesh is the first state which implemented the Single Window Credit Delivery System in order to simplify the credit disbursement procedure. The Single Window Credit Delivery System is the first of its kind in the Nation itself. It is an innovative programme in farm credit. Under this system Primary Agricultural Co-operative Societies are expected to provide multi farm credit and multi-functional services at a single contact point. In the state, the short-term and long-term credit structures have been integrated under this System. This enables easy process of credit disbursement and also lessens the period of credit disbursal.

APSCOB is acting as Project Implementing agency (PIA) and is implementing Investment Credit Development (ICDP) in the districts of East Godavari, Nizamabad, Chittoor, Krishna, Nalgonda and Kurnool. APSCOB as a leader of the Credit institutions in co-operatives undertakes annual inspections of DCCBs by deputing its officers and staff. To provide efficient and timely customer services in the present competitive banking environment, APSCOB has initiated the process of computerization of its banking functions through a Centralized Banking Solution.

From the above study it is evident that the share of co-operative credit has been continuously increasing over a century. The CARG of total agricultural loans is 26.9 percent. During the period, the number of co-operative banks, its total membership and share capital has increased to a remarkable extent. It has wide branch network covering the rural, remote and unbanked areas through its PACS. At the time of introduction of SWCDS, there were 6695 PACS and 27 DCCBs in the state which were reorganized into 2721 viable PACS and 23 DCCBs in order to maintain the norm of "One District - One DCCB". The PACS were restructured on the basis of the viability. The amount of deposits and loans issued also has a positive growth.

The total credit to agriculture sector including both ST and MT loans are increased during the period of study. It's also observed that the banks are providing only ST and MT loans only for

productive purposes. Besides the credit the banks also providing agricultural inputs, fertilizers, pesticides etc. at subsidized prices. With the help of co-operatives the farmers benefitted to maximum extent by increasing their agricultural output which in turn increased the levels of employment and income. Hence it can be concluded that co-operative credit has become vital not only for agricultural development but also for the overall development of the people.

The institutional credit increases the purchasing power of the farmers and perhaps due to this reason there is an increase in the use of modern inputs in their farming procedures. It acts as a moral boost to farmers in increasing the productivity which ultimately improves their overall economic growth. Hence it can be said that agricultural credit and agricultural development goes by hand in hand. The present study clearly enunciated the advantages enjoyed through improved technology with the efforts of the bank for the beneficiaries in terms of high production, increased net returns and subsidiary incomes. The results further emphasized the need to enlighten the farmers about the superiority and profitability of improved technology through the extensive credit services. By and large the role of Credit Cooperatives is highly impressive and clearly exhibited in the socio-economic development gained by the beneficiaries. Thus it is evident from the above study that Credit Co-operatives are playing a key role in the progress of Andhra Pradesh in particular and the nation as a whole.

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