

Original Research Article

Share of DCCBs in Total Credit Disbursement for Agriculture in Maharashtra

S. D. Raut^{1*}, S. T. Gore¹ and S. C. Phuge²

¹Department of Agril. Economics, College of Agriculture, Solapur, India

²Department of Agril. Economics, Lokmangal College of Agriculture, Solapur, Maharashtra, India

**Corresponding author*

ABSTRACT

The District Central Co-operative Banks situated at the center of the three tier structure of co-operative credit in Maharashtra have been playing a crucial role in promoting agriculture and allied activities by purveying credit to the needy through Primary Agricultural Co-operative Societies (PACS). The specific objective of the study was to examine the share of DCCBs in total credit disbursement for agriculture. The total loan disbursed for agriculture increases in absolute term but share of DDCB's declined and the share of CB's increased over the year. This was because of less recovery of short term loan and medium term loan, mounting overdoses, less rainfall during terminal years resulted the less amount of credit with DCCBs for recycle. Whereas, the share of CB's showed increased might be due to government policy of compulsory lending 18 per cent out of their 40 per cent priority sector to agricultural and allied activities and doubling agriculture loan policy introduced by the Government from 2004-05 resulted increases in loan disbursement for agriculture purposes in state.

Keywords

Agricultural credit,
DCCBs, CBs and
RRBs

Introduction

The District Central Co-operative Banks situated at the center of the three tier structure of co-operative credit in Maharashtra have been playing a crucial role in promoting agriculture and allied activities by purveying credit to the needy through Primary Agricultural Co-operative Societies (PACS). These banks (DCCBs) act as friend, philosopher and guide to the entire cooperative movement in the district, for they not only safeguard the interests of the PACS but also various other types of credit and non-credit societies in the district. It is essential to probe in detail the growth of DCCBs

among the four regions of the state over a time period in respect of different performance indicators. The main purpose of the present study was to analyze and compare the performance of the DCCBs in Maharashtra during the period of last 15 years i.e. from 2000-01 to 2014-15.

Materials and Methods

Brief description of the study area

It was decided to cover all the 30 DCCBs in the State for study.

Regions of Maharashtra state

The present state of Maharashtra was formed on May 1st, 1960. On reorganization the state was divided into four regions *viz.* Western Maharashtra, Konkan, Marathwada and Vidarbha on the basis of different agro-climatic conditions, soil types, soil-cultural factors and other political and administrative considerations. Presently, the State is comprised of 4 regions (36 districts) as indicated in table 1.

Data requirements and sources of data

Since the investigation is based on macro level data, an attempt has been made to estimate region wise and period wise growth rates of performance of different indicators in DCC banks of Maharashtra over a period of last 15 years from 2000-2001 to 2014-15. The time series data used for analysis of the various aspects of the study are as follows. The district wise report on Potential linked credit plans collected from NABARD office Pune, Maharashtra. The time series data on various selected indicators was obtained from the published data of NAFSCOB (Basic Data on Performance of District Central Cooperative Banks) and annual reports of DCCBs.

Results and Discussions

Share of DCCBs in total credit disbursement for agriculture

The total credit disbursed by financial institutions for agricultural purpose in Maharashtra and regions in Maharashtra are calculated to know the share of each financial institutions in loan disbursed for agriculture i.e. crop loan and term loan. The region wise and period wise share of total loan disbursed for agriculture by DCCBs during 2000-01 to 2014-15 in Maharashtra are presented in Table 2.

Table 2 depicted that the total agricultural loan disbursed by financial institutions in Maharashtra increased from Rs.4983.50 crores to Rs.41018.35 crores during 2000-01 to 2014-15. The total loan disbursed for agriculture by CBs increased from Rs.1590.82 to Rs.25093.77 crores, loan disbursed by DCCBs increased by Rs.2460.26 crores to Rs.12739.48 crores and loan disbursed by RRBs increased by Rs.932.05 crores to Rs.3185.13 crores respectively during study period. The share of DCCBs in total loan disbursed for agriculture was decreased from 49.37 per cent to 31.06 percent, share of RRBs was decreased from 18.70 per cent to 7.77 per cent and share of CBs increased from 31.92 per cent to 61.18 per cent respectively during study period. From Table 2 observed that the total agricultural loan disbursed by financial institutions in Western Maharashtra increased from Rs.2293.48 crores to Rs.24033.12 crores during 2000-01 to 2014-15. The total loan disbursed for agriculture by CBs increased from Rs.729.77 to Rs.13589.69 crores, loan disbursed by DCCBs increased by Rs.1559.29 crores to Rs.8823.74 crores and loan disbursed by RRBs increased by Rs.4.91 crores to Rs.1619.69 crores respectively during study period.

The share of DCCBs in total loan disbursed for agriculture was decreased from 67.98 per cent to 36.71 percent, share of RRBs was increased from 0.20 per cent to 6.74 per cent and share of CBs increased from 31.82 per cent to 56.55 per cent respectively during study period.

It could be revealed from Table 2 that the total agricultural loan disbursed by financial institutions in Konkan Region increased from Rs.148.78crores to Rs.1331.86crores during 2000-01 to 2014-15.

The total loan disbursed for agriculture by CBs increased from Rs.82.11 to Rs.885.41 crores, loan disbursed by DCCBs increased by Rs.60.39 crores to Rs.432.59 crores and loan disbursed by RRBs increased by Rs.6.29 crores to Rs.53.86 crores respectively during study period. The share of DCCBs in total loan disbursed for agriculture was decreased from 40.59 per cent to 31.53 percent, share of RRBs was decreased from 4.23 per cent to 3.93 per cent and share of CBs increased from 55.19 per cent to 64.54 per cent respectively during study period.

Table 2 also observed that the total agricultural loan disbursed by financial institutions in Marathwada Region increased from Rs.1862.34crores to Rs.8323.90crores during 2000-01 to 2014-15. The total loan disbursed for agriculture by CBs increased from Rs.502.85 crores to Rs.5731.58 crores, loan disbursed by DCCBs increased by Rs.497.94 crores to Rs.1509.57 crores and loan disbursed by RRBs increased by Rs.861.55 crores to Rs.1082.75 crores respectively during study period. The share

of DCCBs in total loan disbursed for agriculture was decreased from 26.74 per cent to 18.14 percent, share of RRBs was decreased from 46.26 per cent to 13.41 per cent and share of CBs increased from 27.00 per cent to 68.86 per cent respectively during study period.

Table 2 depicted that the total agricultural loan disbursed by financial institutions in Vidarbha Region increased from Rs.678.53crores to Rs. 7289.46 crores during 2000-01 to 2014-15. The total loan disbursed for agriculture by CBs increased from Rs.276.09 crores to Rs.4887.07 crores, loan disbursed by DCCBs increased by Rs.342.72 crores to Rs.1973.57 crores and loan disbursed by RRBs increased by Rs.59.70 crores to Rs.428.82 crores respectively during study period. The share of DCCBs in total loan disbursed for agriculture was decreased from 50.51 per cent to 27.07 percent, share of RRBs was decreased from 8.80 per cent to 5.88 per cent and share of CBs increased from 40.69 per cent to 67.04 per cent respectively during study period.

Table.1 Districts included in different regions of Maharashtra

Region	Districts
Konkan	Mumbai, Navi Mumbai*, Thane, Palghar*, Raigad, Ratnagiri, Sindhudurg
Western Maharashtra	Ahmednagar, Dhule, Jalgaon, Nandurbar*, Nashik, Kolhapur, Pune, Sangli, Satara, Solapur.
Vidarbha	Akola, Amravati, Buldana, Yavatmal, Washim*, Bhandara, Chandrapur, Gadchiroli, Gondia*, Nagpur, Wardha.
Marathwada	Aurangabad, Beed, Hingoli*, Jalna, Latur, Nanded, Osmanabad, Parbhani

* Newly created districts

Table.2 Share of DCCBs in total credit disbursement in Maharashtra during 2000-01 to 2014-15

(Rs.in crores)

Regions/period	Loan type / Institutions	2000-01				2014-15			
		CBs	Cooperatives	RRBs	Total	CBs	Cooperatives	RRBs	Total
Konkan	Crop loan	30.17 (39.36)	44.41 (57.94)	2.07 (2.70)	76.65 (100.00)	473.16 (57.35)	312.06 (37.82)	39.81 (4.83)	825.04 (100.00)
	Term loan	51.94 (72.00)	15.98 (22.16)	4.22 (5.85)	72.14 (100.00)	412.24 (75.39)	120.54 (22.04)	14.05 (2.57)	546.82 (100.00)
	Total agricultural loan	82.11 (55.19)	60.39 (40.59)	6.29 (4.23)	148.78 (100.00)	885.41 (64.54)	432.59 (31.53)	53.86 (3.93)	1371.86 (100.00)
Western Maharashtra	Crop loan	422.94 (24.80)	1279.34 (75.03)	2.79 (0.16)	1705.08 (100.00)	8169.90 (48.93)	7025.45 (42.07)	1502.39 (9.00)	16697.74 (100.00)
	Term loan	306.83 (52.15)	279.86 (47.56)	1.72 (0.29)	588.41 (100.00)	5419.80 (73.89)	1798.29 (24.52)	117.29 (1.60)	7335.38 (100.00)
	Total agricultural loan	729.77 (31.82)	1559.20 (67.98)	4.51 (0.20)	2293.48 (100.00)	13589.69 (56.55)	8823.74 (36.71)	1619.69 (6.74)	24033.12 (100.00)
Marathwada	Crop loan	403.57 (23.27)	492.30 (28.38)	838.61 (48.35)	1734.49 (100.00)	4401.43 (64.09)	1506.18 (21.93)	959.70 (13.97)	6867.32 (100.00)
	Term loan	99.28 (77.65)	5.64 (4.41)	22.93 (17.94)	127.85 (100.00)	1330.14 (91.32)	3.39 (0.23)	123.05 (8.45)	1456.58 (100.00)
	Total agricultural loan	502.85 (27.00)	497.94 (26.74)	861.55 (46.26)	1862.34 (100.00)	5731.58 (68.86)	1509.57 (18.14)	1082.75 (13.01)	8323.90 (100.00)
Vidarbha	Crop loan	204.65 (36.15)	310.54 (54.85)	50.96 (9.00)	566.14 (100.00)	3864.48 (63.18)	1892.42 (30.94)	359.80 (5.88)	6116.69 (100.00)
	Term loan	71.44 (63.57)	32.20 (28.65)	8.74 (7.78)	112.38 (100.00)	1022.59 (87.19)	81.15 (6.92)	69.03 (5.89)	1172.77 (100.00)
	Total agricultural loan	276.09 (40.69)	342.73 (50.51)	59.70 (8.80)	678.53 (100.00)	4887.07 (67.04)	1973.57 (27.07)	428.82 (5.88)	7289.46 (100.00)
Maharashtra	Crop loan	1061.33 (26.00)	2126.58 (52.09)	894.44 (21.91)	4082.36 (100.00)	16908.98 (55.43)	10736.11 (35.19)	2861.70 (9.38)	30506.79 (100.00)
	Term loan	529.48 (58.78)	333.68 (37.04)	37.61 (4.18)	900.78 (100.00)	8184.77 (77.86)	2003.37 (19.06)	323.42 (3.08)	10511.56 (100.00)
	Total agricultural loan	1590.82 (31.92)	2460.26 (49.37)	932.05 (18.70)	4983.13 (100.00)	25093.77 (61.18)	12739.48 (31.06)	3185.13 (7.77)	41018.35 (100.00)

Figures in parenthesis are percentages to respective totals

It was concluded that the loan disbursed by CBs was increased over the period and loan disbursed by DCCBs and RRBs decreased over the period in Maharashtra and all regions as whole during study period. The total loan disbursed for agriculture increases in absolute term but share of DDCBs declined and the share of CBs increased over the year. This is because of less recovery of short term loan and medium term (term loan), mounting overdues, less rainfall the less amount of credit with DCCBs for recycle as a result declined share was observed. Whereas the share of CBs showed increased mainly because of government policy of compulsory lending 18 per cent out of their 40 per cent priority sector to agricultural and allies activities and doubling agriculture loan policy introduced by Government from 2004-05 resulted increases in loan disbursement for agriculture purposes in state and regional level. Apart from that the DCCBs in Western Maharashtra disbursed highest agricultural loan than the other region because majority of area under sugarcane cultivation and more number of cooperative sugarcane factories and other cooperative organizations such as dairy, poultry in the region that's way more number of peoples already connected with cooperative credit organization.

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