

ROLE IN AGRICULTURE FINANCING, CHALLENGES AND SUGGESTIONS FOR THE BETTER PERFORMANCE APPRAISAL OF CENTRAL CO-OPERATIVE BANKS IN HARYANA STATE

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ABSTRACT

Finance is the alliance around the entire economic system and the banking system is an important activity like the arteries in the human body. Among these the other source of financial banking services stands out today as the need for time. The banking sector plays a fundamental role in the economic entity. In developing countries like India, where the ability to save people is scarce and more than 60% of our country's population depends on agriculture. Therefore, agriculture has been taken as the backbone of the Indian economy. This is why the Indian government has placed the emphasis on increasing credit to this sector. After the adoption of the Law of Cooperative Credit Society, 1904, the government made enormous efforts to eradicate the problems facing farmers and the general public. Due to the emergence of fierce competition from commercial banks, the undue interference of political parties and the failure of some popular banks, the pace of cooperative credit institution has changed dramatically and can now meet the credit needs of farmers to provide there. This study covers the role in financing agriculture, challenges and suggestions for a better assessment of the performance of central cooperative banks in the state of Haryana.

KEYWORDS: Performance Appraisal, Central Co-Operative Banks in State Haryana, Agriculture Financing.

Introduction

The Indian economy is predominantly agricultural since over 60% of the population depends on agriculture for their livelihood. The reason for this is that the industrial sector depends on the agricultural sector for the raw material in the last six decades. The agricultural sector is fundamental for the socio-economic life of the country thanks to its multifunctional functions of providing employment, livelihood and food, nutritional and ecological security. Although the share of GDP in agriculture is falling, it remains a significant contribution. In 2016-17, agriculture contributed to 17.7% of GDP, although the percentage has progressively decreased. India's food industry and other premier industries include cotton, jute, fabrics and sugar, totally dependent on agriculture. Therefore, it is clear that the cooperative banks in India have been given the distinctive role. to serve the poor masses of rural areas by promoting easy and timely credit and mobilizing small portions. The state of Haryana was established (separated from the Punjab) as the 17th state of India on November 1, 1966 under the appropriate procedures and administration. It was divided into four divisions. The productivity of cooperative banks is a major concern, especially in the case of cooperative district central banks (DCCB), considered the heart of the entire cooperative banking system in India. The management of banks, depositors, investors, governments, regulators and other interested parties desperately requires an integral measurement of the productivity of the Cooperating Banks of the Central District of Haryana. You can guide the bank to rectify its weaknesses.

List of District Central Co-operative Banks in Haryana

S. No.	District Central Co-operative Banks	Districts
1	The Ambala Central Co-operative Bank Ltd.	Ambala
2	The Bhiwani Central Co-operative Bank Ltd.	Bhiwani
3	The Faridabad Central Co-operative Bank Ltd.	Faridabad

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4	The Fatehabad Central Co-operative Bank Ltd.	Fatehabad
5	The Gurgaon Central Co-operative Bank Ltd.	Gurgaon
6	The Hisar Central Co-operative Bank Ltd.	Hisar
7	The Jhajjar Central Co-operative Bank Ltd.	Jhajjar
8	The Jind Central Co-operative Bank Ltd.	Jind
9	The Karnal Central Co-operative Bank Ltd.	Karnal
10	The Kaithal Central Co-operative Bank Ltd.	Kaithal
11	The Kurukshetra Central Co-operative Bank Ltd.	Kurukshetra
12	The Mahendergarh Central Co-operative Bank Ltd.	Mahendergarh
13	The Panipat Central Co-operative Bank Ltd.	Panipat
14	The Rewari Central Co-operative Bank Ltd.	Rewari
15	The Rohtak Central Co-operative Bank Ltd.	Rohtak
16	The Sirsa Central Co-operative Bank Ltd.	Sirsa
17	The Sonapat Central Co-operative Bank Ltd.	Sonapat
18	The Yamunanagar Central Co-operative Bank Ltd.	Yamunanagar
19	The Panchkula Central Co-operative Bank Ltd.	Panchkula

Source: List compiled from The Haryana State Co-operative Bank Ltd., Chandigarh

Review of Literature

- **Bedi, R.D.** The main objective of a cooperative society is to work for the social, ethical and economic elevation of its members and to obtain benefits is its secondary aspect. This, however, does not mean that cooperative societies must operate "without profits or losses". "An efficiently managed company must generate reasonable profits to remain profitable and also to guarantee a moderate rate of growth. They need profits to cope with unexpected losses to strengthen society and enable them to provide better and cheaper services to members and strengthen their position".
- **Chahal and Singh (2009)** studied the efficiency of StCB in the north region of India. They observed that the efficiency of Cooperative Bank Ltd. of Chandigarh was better than the other five StCBs monitored by Haryana, Rajasthan, Himachal Pradesh and Punjab State Co-operative Bank Ltd. respectively. The Jammu and Kashmir State Co-operative Bank Ltd. had poor performance in relations to production parameters selected in 2003-07.
- **Choubey, B.N.** "The maximum power of the CCB's debt is set (1) according to the rules for cooperative companies, (2) pursuant to the articles of association, (3) by the conservative cooperative companies".
- **Hooda (2014)** has examined productivity in the co-operative banks of the central district of India. He found that DCCBs employees worked efficiently to increase the productivity of their respective banks consistently. It is also noted that the productivity of banks in branches has increased with a good growth rate. However, employee productivity has increased at a rate higher than branch productivity.
- **Report of the committee on Co-operative credit**, the yield on loan adequacy is examined with the help of the degree of utilization of debt power. Promoting the sense of responsibility between the administrations has generally been the practice of correlating the indebtedness of the CCB with its own funds.
- **T.N. Hajela**, "Debt powers are defined according to the rules set by the state government according to the law of cooperative societies, which vary from state to state, with loans ranging between 12 and 25 times their own funds".

Research Methodology

This study depends on the review of the literature of existing relevant articles that focus on cooperative central banks. The basic documents included arbitration research studies, newspaper articles, reports, professional publications and empirical reports. In order to obtain some information on the current status of cooperative central banks in the state of Haryana, the study begins with a review of the literature on more specific aspects related to the concept.

Objectives

- To evaluate the role of central co-operative banks in Haryana in agriculture financing.
- To evaluate the problems and challenges in better performance appraisal.
- To make suggestions for the better performance of banks.

Role and Functions of Central Co-operative Banks in state Haryana

Cooperative banks also perform the bank's basic banking functions, but differ from commercial banks in the following aspects:

- Commercial banks are companies under the 2013 company law, or public sector bank under a separate parliamentary law, while cooperative banks have been established under the acts of the cooperative society of several states.
- The structure of the commercial bank is the banking structure, while the cooperative banks have a three-tier configuration, with the highest level cooperative bank, the central / district cooperative bank at the district level and the primary rural cooperative societies.
- Only some of the sections of the 1949 Banking Regulation Act (fully applicable to commercial banks) are applicable to cooperative banks, which results only in partial control by the cooperative banks of the BCCs and
- Cooperative banks operate according to the principle of cooperation and not completely in the commercial parameters.

Problems of Central Co-operative Banks in State Haryana

- **Duality of Control System of Co-Operative Banks:** However, concerns about the professionalism of the popular banks have given rise to the belief that they should be better regulated. The large cooperative banks were included in the 1949 Banking Regulation Act as of March 1, 1966 and as part of the Reserve Bank's supervision. This marked the beginning of an era of duality of control over these banks. The functions relating to the banking sector (license, area of activity, interest rates, etc.) will be regulated by state governments in accordance with the provisions of the respective state laws.
- **They have Restricted Switch Over their Cooperative Capital, though Over Numerous Years this has Classically been Rather Stable:** As with most cooperatives, members can draw their membership and question to be reimbursed for their shares, the cooperative's capital is movable and cooperatives could notionally face a "capital charge". In practice, this was not a problem, given the margin provided by the intergenerational endowment and taking into account the long withdrawal mechanisms and the unconditional rights that some cooperatives have to refuse redemption. In many cooperatives, there is a minimum level of capital below which the reimbursement is rejected.
- **Competition between Co-operative and Commercial Banks:** Co-operatives can follow growth strategies based on market shares or deposit-based, which can lead to excess capacity that may need to be resolved by reducing commercial banks. Competition between cooperative and commercial banks is probably beneficial for consumers. In the long term, however, it can influence the structure and stability of the financial system, the impact of which is the subject of debate. Growth strategies based on market shares focus on selling at lower prices than the competition (appropriate for quality, location and everything else) and therefore accept lower profitability.
- **Not Aware of Multi-Channel Interfaces:** In most cases, cooperative banks do not know the multi-channel interfaces integrated into the system when they acquire CBS. As a result, these banks are paying additional costs for each module or interface and complementary features they wish to install in the base system. This is a big challenge for these banks with cost restrictions.
- **Limited Technology Capacity:** Decision makers of cooperative banks believe that as they extend their operations to tier III and IV towns and cities in India and constantly having to compete with the solid infrastructure of private and public banks, they find it extremely difficult to satisfy and maintain existing customers because of its limited technological capacity.
- **Facing a lot of Operational Issues:** Customers in small cities and cities are looking for automated services such as ATMs, points of sale, mobile payments and more. Although banks like us have purchased ATM switches and are associated with the National Payment Corporation of India to expand ATM networks, we face many operational problems that are causing a loss in our business.
- **Cannot Access Large Networks:** Many believe that to access the ATM network, banks must have the appropriate infrastructure, such as CBS, ATM switches and Hardware Security Modules (HSM). Furthermore, there must be the connectivity and the interface necessary to join the network. "Many times, we have to rely on the same supplier that we purchased CBS for add-on modules and this increases costs." There are also problems with ATM switches; most cooperative banks acquire small ATM switches with limited functionality for internal transactions. these switches cannot access large networks." states N Mahapatra, IT Head of Abhudaya Cooperative Bank.

- **Government Interference:** The cooperative movement in India began in 1904 under the auspices of the British government. From the beginning, the government has adopted an attitude of condescension with the movement. Cooperative institutions were treated as if they were part of the government's administrative structure. The interference of the government thus became an essential element in the functioning of these institutions. As a result, people's enthusiasm for the movement has not increased. The independence and self-sufficiency of the movement existed only in the paper and in the files after achieving independence, especially after the start of planning, some healthy changes in the attitude of the government. It happened it was not given the right importance it deserves on every floor. But even the cooperative movement has not become a movement of people with full rights. Even today, cooperative societies are often imposed on people. This causes an increase in membership of companies. But the spirit of cooperation cannot thrive completely in these circumstances. Neither its growth has been carried out according to any plan nor has it become a popular movement. It has grown very slowly and too randomly. It was a state-led institution.
- **Mismanagement and Manipulation:** The spirit of the cooperative movement is that it provides farmers the status of shareholders and guarantees educational, agricultural, and medical facilities. The connection between the stockholder and the cooperative is simple: the farmer agrees to contribute a definite amount of cane per period and the factory is obliged to take this stick. The power of the movement was the partaking of farmers who were stockholders of the sugar factory, irrespective of the size of their properties. Above the years, this truly democratic idea has become corrupt and farmers with bigger properties have become more powerful. In practice, this has altered the power structure of cooperatives. In the elections for the governing bodies of the sugar factories, money became such a powerful tool that the main positions of the president and vice president were aimed at the richer farmers, although most of the members were small or medium-sized farmers.
- **Lack of Awareness:** Persons are not well cognizant about the purposes of the movement, about the assistances it can make to the reconstruction of society and the policies, rules and regulations of cooperative institutions. Unluckily, no particular effort has been made in this direction. People consider these institutions as a means of obtaining government structures and concessions. As long as people hope to get something from the government, make sure that companies continue to function. Lack of education, the dirty politics of the village, the caste elections to the offices of the cooperative societies, the bureaucratic attitudes of the government, Lower officers are some of the obstacles to the dissemination of correct information on the cooperative movement and to educating people about their true character and their vital role in society.
- **Restricted Coverage:** The cooperative movement also suffered due to two important limitations in its operation. One is that the size of these companies has been very small. Most of these societies are limited to a few members and their operations extend only to one or two villages. As a result, their resources remain limited, making it impossible for them to expand their resources and expand their operations. Two, most companies have been single-purpose companies. For this reason, these societies are not incapable of having a total vision of people seeking help, nor can they analyse and solve problems from different points of view. In these circumstances, it has not been possible for these companies to make much progress.
- **Functional Weakness:** The cooperative movement suffered because of the insufficiency of trained personnel from the beginning. The lack of qualified personnel was caused by two main factors. Firstly, there was a lack of institutions for this purpose to train the staff. Secondly, because of the unsatisfactory work of cooperative institutions, efficient staff were not attracted or motivated towards them. The operation of cooperative societies also suffers from many weaknesses. Some of these, not taking into account the need of loan applicants or their ability to pay when loans are granted, do not adequately provide for repayment of loans, unsatisfactory accounts, the policy of the factions in their management, lack of coordination between different divisions of the cooperative structure, too much dependence on external sources of financing, lack of adequate audit. This weakness prevented them from progressing in healthy lines.

Therefore, there are different difficulties. Poor infrastructure, lack of quality management, excessive reliance on the government, inactive membership, lack of corporate governance, political interference, lack of professionalism, incidence of financial weakness, inability to guarantee active membership, serious inadequacies of governance, lack of recognition as economic institutions both among politicians and the general public, cost competitiveness, failure

to execute elections, lack of a sound human resources policy, lack of professionalism, etc. These are the limiting factors. Indian cooperatives cannot develop solid communication and public relations strategies that can promote the concept of cooperation among the masses.

Suggestions for the Better Performance Appraisal of Central Co-Operative Banks in State Haryana

Taking into account the final result of the study carried out following the suggestions is recommended:

- Since land tenure is decreasing in size every day, banks should increase the percentage of loans that are advanced for non-agricultural activities such as fish farming, pig breeding, beekeeping and floriculture etc.
- The bank should also increase the proportion of medium-term loans to purchase expensive agricultural tools to make permanent improvements to land that requires large amounts and which require a longer period to repay the loan amount.
- Banks should also keep many other funds that can be used in times of emergency for the agricultural and agricultural sector, so that the trainers no longer suffer.
- The state government and NABARAD should pay more attention to delivering the loan to small and marginal farmers without delay.
- Single RBI to play a supervisory role by diverting their routine function of rural credit planning to this specialized institution, namely NABARAD.
- The policies of cooperative banks should be attractive and effective for the well-being of the client and instil trust in the public and in customers.
- The loans should be directly available to the central cooperative banks Reserve Bank of India, in simple terms and at cheaper interest rates would be provided to the industry and agricultural farmers.
- Management must be free from political interference to enable it to function properly and to benefit people who deserve it.
- Banks should establish Disaster Relief Fund cooperation with the government for farmers affected due to natural disasters such as floods, droughts, cyclones and earthquakes, etc.

Conclusion

In the prevalent competitive environs, it is familiar that the achievement of cooperative banking institutions depends to a big extent on the productive usage of accessible resources. Fundamentally, there are two key means of any financial institution i.e. employees and buildings (offices). Here, it can truthfully be assumed that optimal usage of obtainable employees and substructure leads to great effectiveness and profitability. District Cooperative Central Banks (DCCB) is actual communal institutions among co-operative credit institutions in India. In this context, the efficiency of the central district cooperative banks (DCCB) is studied. The main results of the research study conducted by the researcher are that there has been an upsurge in the loan advanced by the central co-operative banks of the Haryana, but in current years has been reduced due to the lower demand and capacity of the bank. The deposit position of banks in Haryana shows an impressive increase, but development has been steadily reduced over time. It has been found that the demand for loans from state cooperative banks and NABARAD has only increased to meet the demands of farmers. It was found that the percentage of outstanding loan rights was higher in recent years, which shows that the recovery of the loans was not good. Much effort is needed to better assess the performance of cooperative central banks in the state of Haryana.

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