



ROLE OF THE COOPERATIVE BANKS IN THE SOCIO-ECONOMIC DEVELOPMENT PROCESS OF ODISHA

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ABSTRACT

The Economy of India is rural in character and is basically concerned with agriculture and allied activities. The allied activities include animal husbandry, fisheries, apiculture, sericulture, floriculture etc. There are also a section of the rural population such as; small and self-employed businessmen, small and marginal farmers, agricultural labourers & rural artisans pursuing occupations as potters, blacksmiths, cobblers, weavers, barbers etc. by way of inheritance & who are engaged in seasonal farming. This is due to the fact that neither their basic occupation nor agriculture provides round-the-year employment to many of them for sustaining their livelihood. These people are the pillars of rural economy. On account of the division among the people engaged in these limited means of earnings, unfair rivalry and dependence on village money lenders for urgent and immediate financial accommodation have seriously jeopardised the working and the socio economic life of each categories of community. Therefore neither agriculture nor the economy developed. Agriculture is the foundation on which the entire superstructure of the growth of the industrial and other sectors of the economy stands. Because of the local feel,, familiarity and the wide-spread existence of the co-operative societies at the grass-root level, they can play a very crucial role in implementing the various government sponsored schemes for the sustainable development of the weaker sections of the society in the rural and urban areas as well. The

Co-operative societies have the potential to become the participatory institutions and at the institutional route for the development of the rural sector and hence the economy as a whole. Against the back drop, this paper seeks to assess the role of the co-operative organisations, specifically the co-operative banks, in the socio-economic development process of Odisha.

KEY WORDS

Co-operative, Development ,Programmes, Rural, Agriculture

SCOPE OF THE CO-OPERATIVES

In the modern world economic activities are characterised by economics of scale which requires huge investment. The large scale operations without widening inequalities demands socialisation of means of production and profit. Public sector undertakings have the disadvantages of bureaucratic indifference. But Co-operatives enables a large number of people with small means to pool their resources to secure the advantages of a large organization. It is free from exploitation of capitalism and indifference of bureaucratic management. Co-operatives have been involved in agricultural services. Besides it is also associated with other activities such as distribution of consumer goods ,processing of agricultural products ,marketing of the output of member products, mobilise rural savings and undertake services like labour contract, housing, transportation, Co-operative training etc. Rural Development on a sustained basis requires basic changes in quality of life and way of living. The Niti Ayog observes that, the character of economic development with its emphasis on social change provides a great deal of scope for the organisation of Co-operative societies.

This study is an empirical one which evaluates the performance of Co-operative Banks in the socio-economic development process of Odisha. It deals with the study of provision of financial assistance extended by the banks to its rural members.

SOCIAL SECTOR IN INDIA

Poverty reduction has been the overriding objective of development planning in India. There has been over time a conceptual broadening in the notions of well being and deprivation. The notion of well being has been shifted from just material attainments, or the means for development, to outcomes that are either desirable in themselves or desirable because of their role in supporting better opportunities for people. It has been recognised that poverty is a multi-faceted phenomenon going beyond lack of adequate income and must be viewed as a state of deprivation spanning the social economic and political condition of the people that prevents their effective participation as equals in the development process. This recognition has resulted in a renewed focus on education and health-critical for capacity building and other social and environmental factors that have a direct bearing on the state of well-being (Planning Commission, 2002). Since independence, the government has accordingly followed a three pronged strategy for poverty eradication which comprises economic growth and overall development, employment and Labour welfare, decentralized governance in Tribal societies.

THEORETICAL FRAMEWORK

Co-operation has been viewed as an economic organisation with social content, an instrument of socio-economic change and a training ground for democracy. On the economic aspect the term Co-operation has been a form of organisation wherein the persons voluntarily associate together as human beings on a basis of equality for the promotion of economic interests. Prof. R. B. Tyagi speaks that, "A Co-operative society is an association of human beings where in persons, invariably of limited or moderate means, voluntarily associate as human beings on a basis of equality for the promotion of their common economic, social and moral interests by honest means and distribute their profits or surplus amongst themselves in proportion to their contribution made for earning that surplus or service". Therefore Co-operation besides being an economic organisation permeates into other sphere of life such as political, social and moral. In this sense Co-operatives ensure larger participation of people in the planning and implementation of various development programmes.

In India, the various committees, commissions and Five Year Plans have admitted that Co-operatives should act as the principal agency of rural development. The All India Rural Credit Survey Report, 1954, the

National Development Councils Resolution 1958, the Report of the National Commission on Agriculture etc., various plan documents, and the 20point programme have specifically assigned a definite role to the Co-operatives in rural development particularly in eradicating poverty and un-employment. These days Co-operatives are one of the most important institutions that have been set up at the grass root levels in each and every corner of the country. Co-operation in India is still nourished by the Government. It has yet to stand on its own feet. It has yet to fulfil the social objectives of reducing income inequalities and enlisting the participation of the neglected section of the population. Thus, it is high time that an objective assessment of the role of Co-operatives should be carried out so that, it may be helpful to the government to recast the movement in a right direction.

RELEVANCE

The Co-operative sector has been considered as a medium of self help and mutual help among the members. It has been an effective machinery used in the process of rural development of Odisha. In Odisha, things are not different from the national trend. The various types of Co-operatives that have been in existence depend on government participation for their survival. There are 4948 Co-operative Societies in Odisha. The following Table No.1 indicates the types of Societies.

Table No. 1
Co-operative Societies in Odisha

SL.No	Types Of Societies	No. Of Co-operative Society
1	Apex Co-operative Societies	07
2	CCB	17
3	CARD Bank	53
4	PACS	2749
5	Grain Gola CS	02
6	Urban Bank	16
7	Employee CS	664
8	RCMS	54
9	Fruit and Vegetable CS	29
10	Betel CS	03
11	Jute CS	01
12	Coconut CS	01
13	Cotton Growers CS	25
14	Onion CS	01
15	Sabai Grass CS	01
16	Cashewnut CS	20
17	Oil Seeds Growers CS	86
18	Forest Product CS	04
19	Sugar Factory	04
20	Farming CS	17
21	Wholesale Consumers CS	25
22	Primary Consumers CS	300

23	HBCS	107
24	Labour Contract CS	112
25	Forest labour CS	02
26	Students Consumer CS	88
27	Farm Mech.CS	157
28	Transport CS	09
29	Women CS	81
30	Coop Cold Storage	15
31	Irrigation CS	67
32	Medicine CS	03
33	Press CS	11
34	CanteenCS	32
35	Writer CS	03
36	Traders CS	10
37	Multipurpose CS	105
38	Electricity CS	01
39	Other Agril. CS	51
40	Other Non Agril CS	03
41	District Co-operative Unions	12



Source : Co-operative Movement in Odisha- A profile issued by RCS,Odisha.

Objectives

1. To highlight the different plans and programmes of Co-operative Banks intended to foster the Socio-Economic development process.

2. To assess the potential and the distinct features of the co-operative banks in term of their growth, profitability to expedite the process of socio-economic development of Odisha.
3. To analyse the role of the co-operative banks in the rural development of Odisha.

More works have been done on the Socio-economic development. But hardly any study reveal on the co-operative banks in the socio-economic development process of Odisha. Therefore in the present study, an attempt is made to find out the plans and programs of co-operative banks in the process of economic development of Odisha, specifically related to SHG's. The focus of the study, "The Balangir District Central Co-operative Bank Ltd." has been chosen as the study area.

METHODOLOGY

The study is particularly based on secondary data. However primary data has been used at relevant places. The societies are engaged in various activities. It includes in granting of Short and Medium term loans, Consumption of loans, distributing high yielding varieties of seeds, chemical fertilizer, purchasing and marketing of agricultural products, demonstrating with the help of agricultural department of Odisha. The success of co-operative movement in Odisha is essentially dependent on the performance of the following societies as stated in Table No.2

Table No. 2

Functioning of Co-operative Societies connected with the Rural Development in Odisha

SL.No	Types Of Co-operative	Total No.Of C.S
1	Odisha State Co-operative Bank	01
2	Central Co-operative Bank	17
3	OSCARD Bank	01
4	CARD Bank	53
5	Agriculture Credit Co-operative Societies	2749
6	Grain Golas C.S	02
7	Marketing Co-operatives	03
8	Milk Co-operatives	404
9	Polutary C.S.	65
10	Farming C.S.	17
11	Fidhery C.S.	513
12	Other Agriculture C.S.	45
	Grand Total	3870

Source : Cooperative Movement in Odisha by RCS Odisha

The Primary data have been collected from the survey of the selected beneficiaries of poverty alleviation programme in the study area . For the survey work structured schedule has been designed to reflect the economic characteristics income, employment assets of the beneficiary household and changes in the socio economic conditions of the beneficiaries of each programme.

HYPOTHESIS

No hypothesis has been taken for testing purpose as because the study is explanatory in nature. It identifies the factors responsible for the healthy growth of the cooperative movement in general and Co-operative Bank in particular. People at Rural Sector look at Co-operative societies as an agency of the government. The members participation in running the societies is very much minimal as they do not consider them as their own organisation. So long the involvement of the people themselves is not forth coming,. Co-operation will fail to play a crucial role in the process of rural development .In view of this, the factors stated shall be taken as the hypothesis of the study.

CO-OPERATIVE BANK IN THE SOCIO- ECONOMIC DEVELOPMENT PROCESS

After Independence of India in 1947, the Government of India implemented 73 rural development programmes. These Programme were different in their contents, nature and area of operation. The details of the programmes stated below may be summarised to target approach, institutional approach and general approach.

Table No. 03

Rural Development Programmes

Sl.No	Categories	Year
Institutional		
1	Bhordan Movement	1951
2	Gramdan Movement	1952
3	Land Reformer	1952
4	Panchayati Raj	1959
5	Minimum Wages Act	1959
6	Cooperative Farming	1956
Need Based		
1	Applied Nutrition Programme	1958
2	Rural Work Programme	1971

3	Pilot Intensive Rural Employment Project	1972
4	Employment Gurantee Programme	1972
5	Minimum Needs Programme	1974
6	Food for work Programme	1977
7	NREP	1980
8	RLEGP	1983
9	TRYSEM	1980
10	Entrepreneurs Development Programme	1980
11	Rural Artisans Complex Programme	1980
12	Twenty Point Programme	1975
13	Accelerated Rural Water Supply	1985
14	Technology Mission for Drinking Water	1986
15	Central Rural Sanitation	1986
16	Computerised Rural Information System	1985
17	Jawahar Rajgar Yogna	1989
18	Arnapurna	1989
19	Pradhan Mantri Gramya Sadak Yojna	1989
Target Area Approach		
1	Intensive Agricultural District Programme	1960
2	Hill Area Development Programme	1962
3	Tribal Area Development Programme	1962
4	Intensive Agricultural Area Programme	1964
5	Intensive Area Development Scheme	1965
6	Drought Prone Area Programme	1970
7	Desert Area Development Programme	1977
8	Habit Movement	1976
9	Operation Barge	1978
10	Command Area Development Programme	1978
11	Western Ghats development Programme	1978
12	Special Programme for North Eastern Region	1978
Product Approach		
1	High Yielding Varieties Programme	1965
2	National seed Programme	
3	Intensive Pulses Development Programme	
4	Summer Moong Production Programme	
5	Intensive Cotton Development Programme	
6	Diary Development Programme	
7	Fooder Development Programme	
8	Intensive Cattle Development Scheme	
9	Livestock Production Programme	
10	Minimum Yield Gurantee Programme	
11	Biogas Programme	
12	Khadi and Village Industries Programme	
13	Village Industries Programme	
14	District Industries Centre	1978
Total Approach		
1	Community Development Programme	1952
2	Integrated Rural Development Programme	1978
3	Whole Village Development Programme	1976
4	Antyodaya	1977

Source: Times of India dates 5th March 2020 and Annual Report

Government of Odisha 2006

Basically the work activities of the Co-operative Banks to improve the Socio-economic standard of the rural poor are classified into four categories as shown in the following Table No . 4

Table No-4**Activities of the Balangir District Co-operative Bank Ltd**

Sl. No	Classification	Description	Activities included
1	Agriculture and Allied Sector	It is the sector that engage in Agriculture and other allied activities	Cultivation, Diary, Goatary, Polutory etc.
2	Entrepreneurship	Activity related to Domestic product	Vegetable, Badi, Mixture making, Chips ,Bamboo work, Leafplate etc
3	Small and Cottage Industry	Involvement of family member and produce things with some technology	Rice mill, grinding, Puffed rice etc
4	Petty Business	Productions are sold on daily basis	Rice selling, fish and groceries etc

Source- Balangir District Co-operative Bank Ltd**Study Area**

Balangir District Central Co-operative Bank Ltd. Balangir was established in the year 1934. After amalgamation of Sonepur Central Co-operative Union Ltd. established in 1949, the area of operation of the bank extended to the whole of the revenue district of Balangir and Subarnapur the erstwhile district of Sonepur. It is functioning through a network of 21 Branches including two Mahila Branches in the district headquarter of Balangir and Subarnapur. The board of Management of the Bank consists of 15 elected Directors. The day-today Administration of the bank is vested with the Secretary, who is assisted by Manager, Establishment and Administration, Assistant General Manager Loans and Supervision, Assistant General Manager Accounts and Operation and Manager with other managerial staff for smooth management of the Bank. The Head office keeps

watch over their activities while monitoring their progress and achievements of disbursal of loan and recovery. It also monitors the achievement of business targets of Branches and Share experience of the Branches to analyse the feedback received from the customers. The Bank is providing loan as per the credit plan of Balangir and Subarnapur District through organised network of 224 PACS. In order to provide minimum support price to the farmers ,the bank has been designated as Nodal Bank for Paddy Procurement of Business through its

affiliated PACS. The bank is meeting the credit need of Agriculturalist and all types of Artisans of Balangir and Subarnapur District by providing adequate finance to them through PACS and direct financing through its Branches under both farm and non-farm sectors. The details Area of Operation of Balangir and Subarnapur District Co-operative Banks has been given in Table No-5.

Table No-5

BASIC INFORMATION OF BALANGIR & SUBARNAPUR DISTRICT

Sl.No	Particulars	Balangir District	Sonepur District	Total
1	Total Geographical Area (SqM.)	6575	2337	8912
2	Total Population	1335000	541000	1876000
	Males	673000	275000	948000
	Females	662000	266000	928000
3	Urban Population	154000	40000	194000
4	Rural Population	1181000	501000	1682000
5	Schedule Castes	226000	128000	354000
6	Schedule Tribe	276000	53000	329000
7	Density of population per sq.KM			0
8	Literate	201000	341000	542000
9	Cultivators	173943	83310	257253
10	Agril.Labours	225873	106000	331873
11	Cottage Industries	23595	36000	59595
12	Others workers	137729	7000	144729
13	No. of Dist.covered by Bank	1	1	2
14	No. of Subdivisions	3	2	5
15	No. of Tahasils	6	4	10
16	No.of Gram Panchayats	285	96	381
17	No.of Block	14	6	20
18	No.of Villages	1792	959	2751
19	No. of NAC / Municipalities	5	3	8
20	No. of Assembly Const.	5	2	7
21	No. of Loksabha Const.	1	0	1
22	No. of Police Stations	13	7	20
23	No. of Commercial Banks	83	32	115
24	No. of Coop. Bank Branches	13	6	19
25	No. of Mahila Coop. Branch Bank	1	1	2
26	Rain Fall	1443.5MM	1443.5MM	
27	Irrigation in hactre	65751	54735	120486
28	Railway Stations	14	1	15
29	Post Offices	283	97	380
30	No. of PACS	158	66	224
31	CD Ratio of CCB	108%	143%	116%
32	CD Ratio of other Commercial Bank	157%	201%	

**Source- Annual General Body Meeting 2015-16, Balangir District
Central Co-Operative Bank Ltd**

The Government of India and the Government of Odisha have launched various schemes for socio-economic development of the country. It covers drudgery reduction, gender sensitization capacity building,

promotion of micro enterprises, socio-economic equality etc. The government is encouraging, promoting and strengthening SHGS by inculcating habit of savings and enforcing credit discipline through organising rural poor into groups for building their own capital through regular savings there by to get access to credit and secure social and economic security. The success of suitable rural development depends on eradication of poverty in Rural sector. It enhances the service as a precursor to improve livelihood, provide social protection and render benefit to the vulnerable sections of the society. After the Modi Government came to power the Mission, Vision, Goals and Commitment of the Government is for “Gaon, Garib, Aur Kisan”, “Swachha Bharat Abhiyan”, “Har Ghar Jal”, “Ayushman Bharat”, “Nari Tu Narayani” etc are the key areas. On more than one occasion the Prime minister has made his intentions clear that the core agenda of the Government shall be “Welfare of the marginalised” in the process SHG’s and the role of Co-operative banks is a mile stone in the country.

In 1990, the great economist of Bangladesh Mohamad Yonus brought the concept of Self Help Group. In this concept the poor who do not posses collateral security to borrow from banks are able to get financial support. In 1992 the NABARD initiated the programme as a pilot project. The objective of this program was to provide financial services to the rural people in the process of savings and credit. By the end of March,2006 Banks were linked to 22.38 lakh groups and provided loan of Rs.11,397,55 crores.

SHG’s are voluntary associations and in these association there are groups. A group consist of 10-20 members who belong to poor community. Generally women from Rural Areas form the SHG groups with a common ideology. The aim of the members are for economic welfare. The members of the group save money collectively on a regular basis in a bank and the members of the group borrow money from the bank for earning there livelihood. As per the group policy the banks provide loans. Under the bank linkage program with the SHG’s there are three models of lending. In the first model the bank forms the group, encourage for savings,open accounts and later provide loan. In the Second Model the groups are formed by the Government, encourage the group for saving and recommend for loans. In the Third Model the NGO’s or other organisations provide credit facilities to the groups through the bank. In some cases the bank provide loan to the intermediate agencies and the agencies in term finance there members. About 70% of the total SHG’s financed come under the second model. Basically people come under the groups are under privileged class of rural and

urban areas, unemployed and physically challenged. Therefore more importance have been given for continuing the programme from XI five year plan till to date.

For providing loan and transform the rural sector the Co-operative banks plays an important role. Prior to 2007 Balangir District Central Co-operative Bank was orienting its activities primarily on market solution. The rate of interest was ranging from 25-35 percent. Therefore the Balangir District Central Co-operative Bank was working on high margins. The reason was operational, self sufficiency and profit growth for the bank. Gradually the bank restricted itself to making finance available to the SHG's, because the operational costs for the bank was high. Later the services of financing was made available for the private sector. These sectors are based on full cost principle with a margin for them so to say with the growth of SHG's for federations microfinance help the poor to increase income and viable business. It has become a powerful instrument for self empowerment. The Table No-6 indicates the progress of the Balangir DCCP Ltd. Balangir during the last 5 years.

Table No- 6

Progress of the Bolangir DCC Bank Ltd. Bolangir in the last 5 years

(Rs. In lakhs)

Sl.No	Particulars	Position as on				
		31.03.12 (Audited)	31.03.13 (Audited)	31.03.14 (Audited)	31.03.15 (Audited)	31.03.16 (Audited)
1	Membership	9192	9263	9292	9397	9510
2	Paid up share capital	3221.74	3557.10	4277.60	4835.62	5473.96
3	Reserve	4258.80	4703.62	4792.93	5162.29	5174.93
4	Own fund (2+3)	7480.54	8260.72	9070.53	9997.91	10648.89
5	Deposits	28960.52	36372.39	43127.41	44946.64	49797.71
6	Borrowing	163222.33	15785.12	17712.15	21339.35	26168.83
7	Other liabilities	7194.72	10556.14	10304.21	13800.61	14650.70
8	Working Capital (4+5+6+7)	59958.11	70974.37	80214.70	90084.52	101266.13
9	Investment	12945.32	15783.28	19566.74	17535.37	19618.40
10	Loan & Advances outstanding	38788.73	43654.64	49642.12	59476.33	70087.55
11	Loan issued during the year	23356.85	24001.16	27520.24	36397.88	42424.35
12	Total demand	29298.31	36564.19	37074.76	50009.11	55954.52
13	Total collection	14060.75	15837.97	18312.60	26552.34	28370.96
14	Loan Overdues	15237.26	20726.22	18702.16	23456.77	27583.56
15	% of collection	48%	43%	47.47%	53.10%	50.70%
16	Total Income	4273.66	5852.34	5874.64	7748.30	7855.56
17	Total Expenditure	9345.81	5775.36	5792.82	7647.31	7696.79
18	Net Profit	76.98	81.81	100.99	158.77
19	Cost of Management	658.49	722.36	860.05	1074.64	1300.71
20	% of cost of management to working capital	1.06	0.92	1.12	1.19	1.28%
21	Number of employees	107	110	97	96	204
22	Per employees business	633.17	754.97	956.39	1087.73	587.67

23	No. of branch	21	21	21	21	21
24	Per Branch business	3226.15	3595.10	4417.61	4973.47	4653.60
25	No. of branch on profit	15	14	16	16	16
26	Audit Classification	'B'	'B'	'B'	'B'	'B'

Source- Balangir District Central Co-Operative Bank Ltd

The SHG's have been active in disbursing small amount of credit. Their foray into agriculture is somewhat limited. The SHG groups are excelled in providing micro credit for activities allied to agriculture sector. But the loans made for crop cultivation and land based activities are comparatively less.

Particularly in Balangir and Subarnapur district there are over 20,000 SHG's which are more than three years old. They have been well stabilized in their credit and savings operations. The members of these SHG's are in a better position. They have been scaled up and diversified their income generating activities. Many of the NGO's are trying to promote microenterprises among SHG members. However the critical factor is that SHG members face a lot of problems of SHG. NABARD has implemented a pilot project. In accordance to this project the SHGs are required to offer wide range of saving products. SHG's are encouraged to collect savings on daily basis from their members on the lines of daily deposit schemes. SHG's can consider paying higher rate of interest on these deposits and the rate of interest could be even to the level at which SHG's borrow from the Commercial Banks.

The study on the impact of micro finance reveal that about 41 percent of the rural household have a deposit account and 21 percent have access to credit from a formal source. Co-operative Bank is the principal source of finance for rural households among those with access to formal sources. But it is largely richer households who are benefited from expansion of rural banking, as 66percent of large farmers have deposit accounts and 44 percent have access to credit. But because of Jan Dhan Yojana almost 98% marginal / land less farmers have now access to credit from a formal source. The Per capita saving and bank linkage is shown in the following table.

Table No-7

Bank Linkage of SHG

Per Capita Saving Rs	Bank Linkage Present		Total
	Yes	No	

0-20	18	54	72
21-40	22	24	46
40-60	34	28	62
Total	74	106	180

Source- Primary Source

From this Table it has been observed that 12.96% of age group 0-20 have linkage with the Co-operative Bank. In age group 21-40 there is 10-12% and in 40-60 age group 21.08% are linked with the Bank. So in total 44.16% have direct access to the Bank. Towards amount of loan sanctioned for SHG's there is no data available.

Credit Structure

The structures of Co-operative credit in Odisha consists of three tiers, namely, the primary credit societies at the village level, the Central Co-operative banks in the middle at the district level and the Apex or the State Co-operative Bank at the state level. The following table shows the credit structure of the Balangir District Central Co-operative Bank Ltd.

Table No. 8

Co-operative Credit Structure

Short & Medium-Term Credit through state Cooperative Bank of the State.	Long-term credit through central land Development Banks.
Central Co-operative Bank at District level / Unions at Intermediary level / Primary credit societies in the villages.	Primary Land Development Banks

Source: District Central Co-operative Bank Ltd. Balangir

Critical Analysis

The Co-operative movement in Odisha has made a good progress both quantitatively and qualitatively. Its activities have been considerably diversified. In the field of Credit, the Co-operative structure consists of two parts, one dealing in short term, medium term credit and the other is long term credit. The short-term and medium-term credit is channelized through the State Co-operative banks and Co-operative Banks down to the village co-operatives. The Rural Credit has been seeing significant innovations with the poor being assigned a

bankable, breathing entity. The Balangir District Central Co-operative Bank has ventured into microfinance in a massive way by adopting the SHG bank linkage. Basing on the good recovery prospects, SHGs linkage has a new avenue for the Balangir District Central Co-operative Bank. By lending to the poor and weaker sections of the society through SHG's, the Balangir District Central Co-operative Bank has emerged a strong mainstream business proposition, and not for fulfilling social commitments. Besides Co-operative Bank in the District of Balangir, the Regional Rural Banks are also financing for SHG's. In the study it is found that, about 40% of rural household and non-cultivator families remain outside the purview of the formal credit system. Finding the outreach of formal agencies, the rural poor depend upon informal agencies for immediate credit. During the field study a few respondents stated that, there is security of savings because of their involvement in the SHGs. A few said that, they need bigger loans on low interest. When the matter was placed with the Banking Officials they said that, they are willing to provide bigger loans provided there should be security. Since the recovery of loan rate is low the bank hesitate to provide bigger loan instantly. It is also accessed that, people belonging to SHG group use the loan for their consumption purposes and fulfilling their social needs. It is also found that about 48% of borrowers have a tendency for repayment of the loan in time but 52% of the borrowers have a poor tendency of repayment. Therefore there is the need of proper awareness and guidance for the 52% of people belonging to SHG group who do not take for repayment of the loan seriously. Taking into the factors it can be said that borrowers at village level of Balangir district belong to extremely poor sections of the society and are unable to repay the loan because they do not able to generate their income. In spite of all these factors it is clear that much more is to be done at grass root level to eradicate poverty under the jurisdiction of Balangir District Central Co-operative Bank. The local government should also come forward to look after the misery of the poors living in rural villages of Balangir. Whatsoever it may be the SHGs are the important tools for poverty elevation and social interventions. In this regard the Panchyati Raj Institutions and other non-governmental institutions should come forward for eradication of poverty with a linkage to the financial institutions.

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