



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

THE IMPACT OF COVID-19 ON CO-OPERATIVE BANKING SECTOR IN INDIA

1Hema Adhikari, 2Dr. Kamal Joshi

1Research Scholar, 2Principal

1Commerce Department, M.B.Govt.P.G.College, Haldwani , Dist. Nainital,Uttarakhand

2Govt.P.G.College,Bhetalghat , Dist. Nainital,Uttarakhand

ABSTRACT

The COVID-19 pandemic is the greatest global humanitarian challenge the world has faced since World War II. The virus has spread widely, as governments work to slow its spread. India had moved swiftly, implementing a proactive, nationwide, 21-day lockdown, with the goal of flattening the curve and using the time to plan and resource responses adequately. India's effort to combat COVID-19 virus has been praised over the globe. However, the lockdown came with an economic cost and cascading impact on all the sections of society. The Covid-19 induced lockdown in India was a huge economic shock. It started across the country on 24 March 2020 and is still ongoing with restrictions in one form or other. It stalled the economy with complete closure imposed on enterprises across all sectors. As far as banking services are concerned, access to credit through term lending and KCC was adversely impacted in about 89 per cent and 59 per cent of districts, respectively. The response of Indian cooperative sector has been very encouraging and worth mentioning. Cooperative institutions as an organization, co-operators and cooperative employees as individual, are whole heartedly supporting the communities by offering monetary contribution as well as providing essentials including safety equipment to the needy people and creating awareness on 'how to stay safe in this difficult times'. The objective of the research paper is to study the Changes in its policy by RBI due to COVID-19 and also in general how COVID-19 has impacted the Indian Cooperative banking Sector.

KEYWORDS –Rural Co-operative Banks, COVID -19 pandemic, Challenges, Strategies.

INTRODUCTION

Since its first outbreak in Wuhan, China, COVID-19 has infected all continents, including Antarctica (in December, 2020), and more than 220 countries. The health shock, though global, has transmitted through different trajectories across countries in terms of total infections, mortalities, and recoveries. In the initial stages of the pandemic, the Advanced Economies (AE) of North American and West European region were disproportionately impacted with more than 70 per cent of the total cases and total deaths.

The novel Coronavirus (COVID-19) pandemic has rapidly spread across the world, adversely affecting the lives and livelihoods of millions across the globe. India reported its first infection on 30 January 2020, prompting the authorities to soon initiate various measures to contain the spread of the epidemic. Given that the disease is highly contagious, the much-needed nation-wide lockdown was enforced starting 25 March 2020 in order to contain the spread of COVID-19 pandemic. During the initial few weeks, the restrictions were strict and all non-essential activities and businesses, including retail establishments, educational institutions, places of religious worship, across the country were prohibited from operating. Subsequently, these restrictions are being gradually eased in a phased manner in most parts of the country.

As the restrictions imposed due to the lockdown are being lifted, it is an opportune moment to analyse the impact of COVID-19 on different sectors of the economy. A number of reports have pointed towards the possibility of contraction of Indian GDP in 2020-21. This is a worrisome indication, since a higher GDP contributes immensely towards achieving better living standards, reduced poverty as well as improvement in other socio-economic indicators. While other sectors are reported to be under significant stress, it is important to analyse the impact on agricultural and allied sectors which provide livelihood to majority of the population in India.

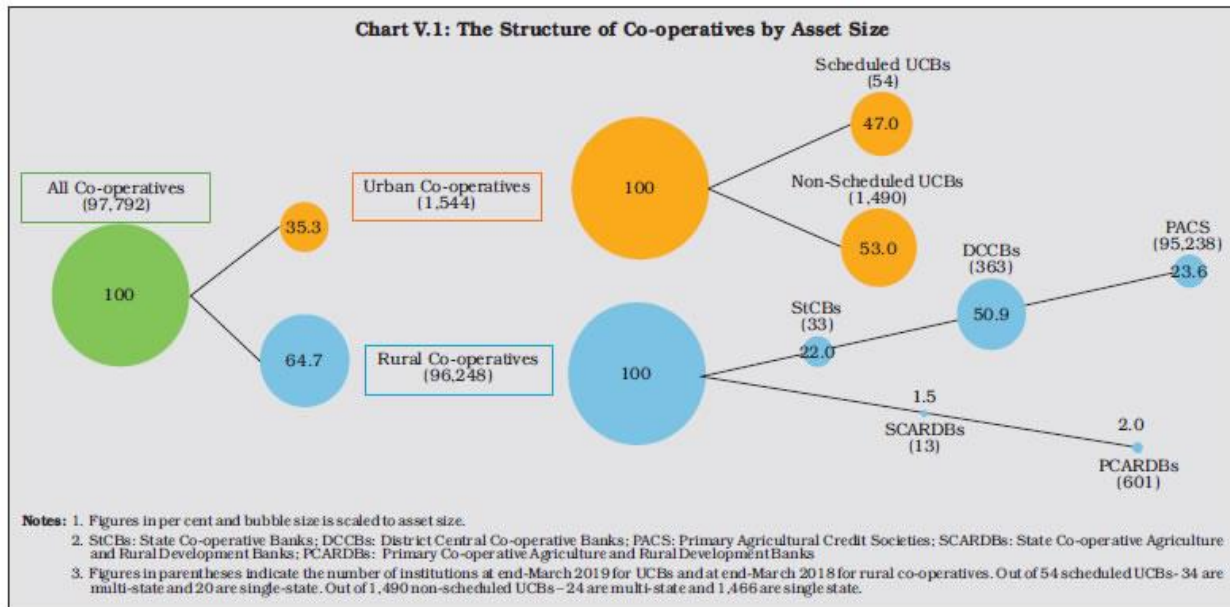
Co-operative Bank

The co-operative banking segment—both urban and rural—remained robust throughout the COVID-19 stress. Although the balance sheet growth of urban co-operatives banks (UCBs) in 2020-21 was driven by deposits on the liabilities side, subdued credit growth prompted acceleration in investments on the assets side. The financial indicators of UCBs, including their capital position and profitability, improved. Among the short-term rural co-operatives, the profitability of state co-operative banks and district central co-operative banks improved, while their asset quality deteriorated. Going forward, structural reforms that address deep-seated fault lines are expected to catalyse change in their operations.

The co-operative banking sector, especially the rural co-operatives, emerged relatively unscathed from the first wave of the pandemic in 2020-21. Yet, structural impediments emanating from regulatory overlaps, high levels of loan delinquencies and erosion of depositor confidence due to frauds continue to beset the sector. In 2020-21, the Reserve Bank and the government set out to address these issues. The Banking Regulation (Amendment) Act, 2020 gave the Reserve Bank additional powers to regulate this sector. The enhancement in deposit insurance from ₹1 lakh to ₹5 lakh augmented the share of co-operative depositors' coverage from 42.7 per cent at end-March 2019 to 69.4 per cent at end-March 2021. The creation of Ministry of Co-operation in July 2021 is intended to provide a separate administrative, legal and policy framework for enabling the development of multi-state co-operatives.

Structure of the Co-operative Banking Sector

The structure of co-operative banking in India is multi-tiered, with urban and rural co-operatives as its main pillars. UCBs are classified as scheduled and non-scheduled, based on their inclusion or otherwise in the second schedule of the Reserve Bank of India Act, 1934, and their geographical outreach (single-state or multi-state). Rural co-operatives, on the other hand, are classified into two arms—short-term and long-term. At end-March 2021, there were 98,042 co-operatives, consisting of 1,534 UCBs and 96,508 rural co-operatives.



Rural Co-operatives

Rural co-operatives, which comprised around 67 per cent of the assets of all co-operatives at end-March 2020, are distinguished from their urban peers in terms of their area of operations, reach, performance as well as composition of liabilities. While a broad depositor base enables UCBs to raise funds at relatively low cost, rural co-operatives are heavily dependent on borrowings for their operations – at end-March 2020, borrowings constituted around 1 per cent of UCBs' liabilities, but were as high as 27 per cent for rural co-operatives.

Amongst the rural co-operatives, short-term institutions—comprising State Co-operative Banks (StCBs), District Central Co-operative Banks (DCCBs) and Primary Agricultural Credit Societies (PACS) — were established to provide short-term crop loans and working capital loans to farmers and rural artisans. On the other hand, the mandate of long-term co-operatives— SCARDBs and PCARDBs—is to provide funding for investment in agriculture, including land development, farm mechanisation and minor irrigation, rural industries and housing.

For more than a decade now, the share of long-term credit co-operatives in total assets is falling to reach just over 5 per cent by end-March 2020, largely in line with the shrinking share of agriculture investment in total investments. Concomitantly, their financial performance has also deteriorated: at end-March 2020, their shares in total NPAs and net losses of rural co-operatives were higher than that in total assets.

Table 1.1 A Profile of Rural Co-operatives (Amount in Crore)**(At end-March 2020)**

Item	Short-term			Long-term	
	StCBs	DCCBs	PACS	SCARDBs (P)	PCARDBs (P)
A. Number of cooperative	33*	351**	95509	13	602
B. Balance Sheet Indicators					
i. Owned Funds (Capital +Reserves)	21900	43246	43741	4859	3673
ii. Deposits					
iii. Borrowings	210342	345682	165476	2409	1372
iv. Loans and Advances	85723	97448	138571	13710	16643
v. Total Liabilities/Assets	199943	279272	214533	20700	15819
C. Financial Performance	340267	535977	325322	27104	31337
i. Institutions in Profit					
a. No	32	291	47027	10	227
b. Amount of Profit	1740	1887	6531	287	86
ii. Institutions in Loss					
a. No.	1	60	37369	3	375
b. Amount of Loss	16	1041	8325	35	657
iii. Overall Profits (+)/Loss (-)	1724	846	-1794	252	-571
D. Non-performing Assets					
I. Amount	13477	35298	70160	6836	6815
ii. As percentage of Loans Outstanding	6.7	12.6	31.0	33.0	43.1
E. Recovery of Loans to Demand Ratio***(%)	94.4	70.2	69.3	43.1	44.1

Notes-1.(P)-Data are provisional. 2. *Data of Daman & Diu StCB (which is yet to be bifurcated completely from Goa StCB) is reported as a part of Goa StCB. 3.**:Excluding Tamil Nadu Industrial Co-operative Bank Limited(TAICO) 4.***: Denotes the share of outstanding NPAs that have been recovered and on June 30, 2019.

Source: NABARD and NAFSCOB

Among short-term rural co-operatives, StCBs are relatively better performers, with a proportionally higher share in net profits and a lower share in NPAs. PACS, on the other hand, are heavily reliant on borrowings, incur larger net losses, and comprise a larger share in NPAs of the rural co-operative sector. In terms of regional presence, StCBs' branches are concentrated in the southern states. The western region claims the highest share of DCCBs' branches and PACS. The latter also have a substantial presence in the eastern region, while DCCBs have no presence in the north-eastern states.

LITERATURE REVIEW

Covid-19 Virus starts spread up in the world from 1st December 2019, Many of the researcher starts writing on the research article related to Covid-19, Their Effect on word economy, Covid-19 effect on Indian economy, How the human beings psychological become weak due to Corona Virus..

1. Perwej.A. (2020) The COVID -19 pandemic has severely impacted every industry across the globe in recent months. As industries attempt to recover, there is a need for new strategic initiatives and higher preparation. Banks and the wider financial services sector are facing multiple challenges from the ongoing global impact of COVID - 19. The immediate learning from the current COVID-19 situation will add the much-needed rigor towards digitizing and optimizing the bank's backend operations.

2. Ph.d Research Bureau Ph.d Chamber of Commerce and industry (2020) ATM withdrawal from any bank's ATM will be free of charge for the next three months. Also, there shall not be any minimum balance requirement fee. Bank charges are being reduced for digital trade and transactions. The Minister has clarified that banks not imposing the minimum balance requirement fee is for a three-month period, for now. Moratorium on repayment of interest and loan installments by the banks and NBFCs for the next 6 months should be allowed to the businesses. It is suggested that no NPAs should be declared by the banks from January 2020 to September 2020 as the industry is facing huge challenges because of Coronavirus.

3. Department of Economic Analysis & Research, NABARD (2020) Banking sector carries immense importance for the livelihoods of the rural population through the provision of basic banking services such as deposits, withdrawals, credit, etc. For example, timely availability of credit through Kisan Credit Cards (KCC) to farmers in the form of working capital is a major factor determining the production of agricultural sector. Therefore, the survey attempted to capture the impact of COVID-19 and resultant lockdown on various banking services viz. KCC, term lending to agriculture sector, basic banking services, recovery and digital banking in sample districts at all India level .

4. Bobade, P (2020) Financial Institution facilitate a conducive healthy environment to the employees and reskilling of the employees on new processes for ways of working. As situation change due to COVID-19 pandemic government encouraging people to design innovative business model for the new industry environment. Focusing on build robust digital ecosystem leveraging latest technology.

5. Mishraa, A K. Patel, A. Jain, S (2021) The Covid-19 pandemic destroyed the growth of the various economic activities in countries so India as well. Banking sector plays vital role in supporting the economy of the country by maintaining liquidity. In order to know the impact of Covid19 on the Indian banking sector, we have presented Covid19-IBO ontology by analyzing existing data that available in different format. The developed Covid19-IBO ontology has been evaluated by three approaches namely competency questions, Onto Metric tool and OOPs pitfall scanner that shows completeness of the Covid19- IBO. We have also compared the Covid19-IBO with other accessible and available ontologies of Covid19 and infer that the existing ontologies are not able to provide complete and concrete answer of the question about the Indian banking sector.

6. World Cooperative Monitor, International Cooperative Alliance (2020) Despite the economic downturn, many cooperatives from every continent contributed and adapted to the situation, adopting measures to make their business more sustainable and aid society in general. the short-term, access to liquidity seems to be among the top priorities for small and medium cooperatives, while larger organizations will also need more logistical support, with the provision of protective equipment for all the employees at risk. However, this pervasive and widespread global crisis will also require preparation for the aftermath, requiring governments to put in place more long-term policies. Given the resilience and preparation shown by the cooperative sector in every continent, policymakers will have the responsibility to work toward a fairer economic system, more socially and mutually oriented.

RESEARCH METHODOLOGY

Research is based upon effect of COVID -19 in Cooperative Banking Sector. As total world is suffering from the worst situation. Cooperative Banking also affected. People repaying capacity of loan get reduced. GDP of India got down. Economy progress of India got lower. Indian Government along with Reserve Bank of India is continuously in the process of developing new policy which help to reduced impact of COVID-19.

OBJECTIVES

This research paper is objective of assessing the impact of COVID-19 on Cooperative banking sector in India. The specific objectives of study are these-

1. To study the effect of COVID-19 in cooperative banks.
2. To study the RBI policy due to COVID-19.
3. To explain the Strategy of cooperative Banking system to face COVID-19 Pandemic.

The Research is based on the secondary data. For the Research paper data is collected from Reserve Bank of India reports, National cooperation union of India, NABARD, Internet, Magazines and Newspaper.

IMPACT OF COVID-19 ON RURAL CO-OPERATIVE BANK

StCBs and DCCBs together have over 78 per cent of their branches in rural/semi-urban areas and agricultural loans constitute over 40 per cent and 50 per cent, respectively, of their outstanding loan portfolio. As compared to SCBs, StCBs and DCCBs were thus operating in favourable geographies and sectors in managing the pandemic. The share of co-operative banks in ground level credit to agriculture has been declining consistently as SCBs made inroads in this segment. In 2020-21, however, the share of the former increased on sharp acceleration in fresh loans provided. 94 per cent of StCBs and 88 per cent of DCCBs reported profits in 2020-21 as compared with 97 per cent and 83 per cent, respectively, in 2019-20.

Year	Co-operative Bank	RRBs	Commercial Bank
2015-16	16.7	13.0	70.2
2016-17	13.4	11.6	75.0
2017-18	12.9	12.1	74.9
2018-19	12.1	11.9	76
2019-20	11.3	11.9	76.8
2020-21*	12.0	12.2	75.8

Note: *-Data are provisional.

Source: Data submitted by Banks on ENSURE portal of NABARD.

India's cooperative lenders, spread across the country's semi-urban and rural areas, are seeing greater asset quality stress compared to scheduled commercial banks. While larger banks have seen asset quality stabilise, albeit helped by regulatory forbearance, cooperative banks have continued to see an uptick in stress loans, showed data from two reports released by the Reserve Bank of India this Data on rural cooperative banks comes with a lag and information available for March 2020 suggests stress in these institutions was high even before the impact of the pandemic was fully felt.

Share Of Assets Across Different Categories Of Cooperative Banks

Total Assets Of Cooperative Banks At Rs 18.8 lakh Crore As Of March 2020

District Central Co-operative Banks	28
Long-Term	3
Non-Scheduled	18
Primary Agricultural Credit Societies	17
Primary Co-operative Agriculture and Rural Development Banks	2
Rural Cooperative Banks	67
Scheduled	15
Short Term	64
State Co-operative Agriculture and Rural Development Banks	1
State Co-operative Banks	18
Urban Cooperative Banks	33

Source: RBI Trends & Progress Of Banking Report

According to the Trends & Progress Of Banking report, a number of these categories continue to face high levels of stress. As of March 2020: State cooperative banks had a bad loan ratio of 6.7%. Primary cooperative agriculture and rural development banks had a gross NPA ratio of 12.6%. District central cooperative banks had a bad loan ratio of 31%. Primary agricultural credit societies saw 33% of loans turn bad. State cooperative agriculture and rural development banks saw 43.1% of outstanding loans go bad.

Non Performing Loans As % Of Outstanding Loans

	Mar-19	Mar-20
State Co-operative Banks	4	6.7
Primary Co-operative Agriculture and Rural Development Banks	12	12.6
District Central Co-operative Banks	41.56 *	31.0
Primary Agricultural Credit Societies	27	33.0
State Co-operative Agriculture and Rural Development Banks	39	41.30

For DCCBs, data for March 2019 relates to all overdue loans.

Source: RBI Trends & Progress Of Banking Report

State cooperative banks and district central cooperative banks weathered the first wave of the pandemic well, but early indicators suggest that the impact of the second wave has been more pronounced and stress is likely to rise in 2021-22 on account of fresh slippages," the RBI report said.

Overall Assessment

Early indicators suggest that co-operative banks weathered the first wave of the pandemic well. Structural reforms that address deep-seated fault lines are expected to catalyse change in their operations. UCBs are increasingly adopting technology to address competitive pressures from other niche banking segments such as SFBs. Matters of inadequate governance are being addressed through regulatory as well as enforcement actions. Going forward, with a turnaround in economic activity, it is expected that the sector may build on its resilience and leverage on recent financial improvements to expand its footprint in order to reach finance to grassroot levels.

COOPERATIVE BANKS DURING PANDEMIC CRISIS

Cooperative Banks have responded very well to the challenges posed by the wide spread of COVID-19 in many parts of the world. The response yielded positive results and paved way for continuity of Banking activities/services to keep customers at ease.

The timely measures taken by Governments and regulators helped to curtail and contain the negative impact of COVID-19 on the functioning of Cooperative Banks. Special efforts initiated by Regulators, Banks' Management, yielded support Cooperative Banks at all levels to continue normal banking business with adequate staff, cash and other facilities. Cooperative banks in few countries have been assured to consider a lower eligibility norm, of capital adequacy and non-performing assets, with adequate security during the spread of pandemic. Therefore, the adverse impact of Pandemic has been significantly minimized.

The spread of COVID -19 in many countries has impacted the normal functioning of all financial institutions, their customers, borrowers, and the continuation of agricultural/farming activities. Because of the mandatory shutdown of non-essential businesses and the confinement of people to their homes, the effects of COVID-19 are unevenly distributed among households, workers, businesses, and communities. The role and active participation of Cooperative Banks at all levels assumed special significance in facilitating changes and reversing the adverse impact of the pandemic. Cooperative Banks have strived to keep open their banking channels during the entire lockdown period, while ensuring compliance of health advisories such as social distance, Face Masks, Sanitisation, and their compliance with all regulatory, supervisory and statutory provisions. Their belongingness to the members, their committed approach towards service to members with their reasonable financial performance, honouring of online operations amply differentiated them from the government owned banks.

Coops Contribution During Covid Crisis

Any cooperative institutions have voluntarily made contributions to Chief Minister Relief Funds and PM-CARES. Uttarakhand State Cooperative Bank has made a contribution of Rs 1.21 crore for Covid-19 battle. Udham Singh Nagar District Cooperative Bank has contributed Rs 11.65 lakh to the CM relief fund (Rs 3.15 lakh donated from employees one day's salary and Rs 8.50 lakh contributed by the bank). Urban cooperative banks across India have decided to contribute 2% of their net profits towards relief funds. The co-operative giant of India with a global image IFFCO has announced a contribution of Rs.25 crore to PM-CARES Fund. Indian cooperatives have made significant contributions for battle against Covid-19. Their total contribution may go beyond Rs 500 crore.

CHALLENGES BEFORE RURAL CO-OPERATIVE BANKS

According to the reports available, COVID-19 created an adverse impact on many sectors of economy, more particularly banking, agriculture/farming, RCBs, micro and medium enterprises. Let us examine the challenges before the RCBs and how they have been addressed. COVID-19 created such an impact on the RCB structure restricting their capabilities to continue to contribute to ensure agriculture/farming operations. Hence NAFSCOB and their members persuaded the development, regulatory, supervisory and promotional organizations to formulate appropriate policy framework and regulatory, and refinance packages to cope up with the situation emerging out of spread of COVID-19. They are as follows:

Policy Initiatives

Ministry of Agriculture and Farmers' Welfare has announced continuation of 2% interest subvention to banks and 3% prompt repayment incentive to farmers for the extended period of repayment of short term crop loans upto 31st May 2020 or up to the date of actual repayment, whichever is earlier. This arrangement came into being in order to ensure that farmers do not have to face the situation of paying penal interest and they continue to get the benefit of short term crop loan at concessional interest rate of 4% p.a. which is applicable on timely repayment of the short term crop loan of up to Rs.3 lakh per farmer given by Banks @7% p.a. which have fallen due or shall fall due between 1st March and 31st May 2020.

Moreover, the Ministry has issued notification to extend the cut-off date for conversion of agri. gold loan accounts and other agri. accounts into KCC accounts till 31st May 2020 with commensurate extension of interest subvention (ISS) and prompt repayment incentive (PRI) benefit against such accounts till this date.

Regulatory Package

Reserve Bank of India (RBI) has announced relief measures for all banks, including cooperative banks, to mitigate their burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. These measures include rescheduling of payments wherein the cooperative banks are also permitted to grant moratorium of three months on payments of all installments falling due between 1st March and 31st May, and reclassification of Special Mention Account (SPA) and non-performing assets,

besides additional measures for liquidity management, refinancing facilities to all India institutions, asset classification and other related issues. RBI has announced Special Liquidity Facility (SLF) for a total amount of Rs.50,000 crore to National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), and National Housing Bank (NHB) to enable them to meet their sectoral needs. This includes Rs. 25,000 crore to NABARD for refinancing regional rural banks, cooperative banks and micro finance Institutions. RBI has reduced the fixed rate reverse repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 4% to 3.75% with immediate effect from 17 April 2020, while the policy repo rate remains unchanged at 4.40% and marginal standing facility rate and the bank rate remain unchanged at 4.65%.

Refinance Assistance

NABARD acted swiftly to provide short term refinance under Special liquidity Facility (SLF) made available by the RBI to ensure unhindered flow of credit from banks to farmers to enable them carry out their agricultural operations. NABARD considered the representations made by NAFSCOB and state cooperative and created flexible provisions for availing refinance under SLF. Rural Cooperative Banks (RCBs) have been advised to ensure that their branches in rural areas, especially those located in mandis and other market areas, function normally with adequate staff, cash and other facilities, to ensure that the primary agricultural credit Societies (PACS) start functioning normally and assured them with adequate refinance support.

Cooperatives and their sectoral federations should be entrusted with the responsibility to rebuild the national economy and also to improve socioeconomic and health conditions of individual households as no other sector is more capable of delivering the desired results. Strategic preparedness is possible with cooperatives only.

RBI banks cooperatives, banks from paying dividend

The Reserve Bank has debarred all commercial and cooperative banks from paying dividends to shareholders and promoter groups as the regulator fears the COVID-driven economic shocks would continue longer and may put the health of the financial system at risk. The decision will hit the already depleted finances of the Centre, given the massive shocks to the economy from the corona virus-driven lockdown and the already falling growth rates which has brought down demand for loans and thus the profitability of the banks which were grappling with bad loans. It is imperative that banks conserve capital to retain their capacity to support the economy and absorb losses in an environment of heightened uncertainty.

STRATEGY OF COOP BANKS TO CONTAIN THE VIRUS SPREAD

Rural co-operative institutions employed innovative tools and strategies to deal with the pandemic as presented below:

Table 2: Challenges and Strategies in the Face of the Pandemic	
Impact on	Strategies Adopted
Lending Operations	<ul style="list-style-type: none"> - The RuPay KCC helped farmers to access timely credit. - Online workshops were conducted for staff. - Closed User Groups (CUG) were formed to monitor day to day activities of branches and field staff. - Review meetings were conducted through video conferencing to monitor progress in credit business.
Liquidity	<ul style="list-style-type: none"> - Reduction in CRR by 100 bps. - Enhanced borrowing under the Marginal Standing Facility (MSF) - NABARD's Special Liquidity Facility which disbursed ₹16,800 crore to rural co-operatives.

Capital Adequacy	<ul style="list-style-type: none"> - Recapitalisation by some state governments helped in shoring up capital buffers. -Some augmented their capital through internal accruals and share capital contribution from individual members or credit societies.
<p>Source: NABARD</p> <p>StCBs and DCCBs weathered the first wave of the pandemic well, but early indicators suggest that the impact of the second wave has been more pronounced and stress is likely to rise in 2021-22 on account of fresh slippages.</p>	

Co-operative Banks

The banks have to reiterate their relevance to their stakeholders in times of need. The present pandemic, without a doubt, warrants such trust building efforts. Relevance to stakeholders is a broad expression encompassing a host of actions on the part of institutions.

a) Helping in continuity of operations by customers:

The customers have to be educated on the facilities extended by the Governments and the Central Banks to face the financial adversities arising out of the current situation. Customers have to be helped in assessing their revised needs and suggest the most appropriate solutions and products – both new loans and modification of existing facilities for sustaining the business. Banks should help the customers in managing their cash flows and reduce credit risk.

b) Re-engineering Processes:

The above steps have to be backed by a well oiled mechanism of quick response Business Continuity Team in the bank- a centralized response centre with pre agreed processes either existing or reengineered to suit the current requirements. All these measures have to be supported by a well designed Information system to enable the persons concerned to have a real time appraisal of situations to take informed and quick decisions. Needless to say that it implies the need to reassess the existing business processes and systems, their response speed, scalability and so on. Re-engineering of processes should aim at releasing the staff from functions of routine nature to take care of more important customers with regards to the risk associated with business segments in which they are operating and the volume of business that the bank has with them. Subject to the extant laws of the country, digital documentation can be also planned and executed for new loans and new facilities. Cooperative banks have to reduce the need for customers to reach the brick and mortar branches of banks by providing digitalized operation facilities. Reducing physical contact through use of technology is a solution in itself for containment of the disease spread.

c) Credit Monitoring:

However, monitoring the quality of credit on a continuous basis is the norm which cannot be ignored. Monitoring of accounts through a robust technology enabled mechanism supported by analytics for risk assessment shall be a part of bank's regular activity. Besides, on- line monitoring of primary securities especially in the case working capital arrangements has to be ingrained into the overall SOP. Such arrangements reduce physical visits to the client's premises while giving the comfort of regular/periodical updates on the situation on site. Customer accounts have to be classified into high risk, moderate risk and low risk categories basing on their previous behavior with the bank, emerging

sectoral risks and advantages, the developmental and financial policy announcements by the governments and the Central Banks of the nations concerned. The information flow thus prioritized shall enable early identification of stress in accounts. Remedial measures in terms of business advice to the client; review of facilities granted can be initiated in time to avoid any possible deterioration of the asset.

The overall strategy is one of sustaining the banks' business while helping the customers continue their businesses following social distancing, minimizing human interaction simultaneously through extensive use of technology.

CONCLUSION

A cooperative, like any other form of business organization can be successful only if it stays relevant to its stake-holders in all hues and shades of economic journey. Such successful journey is the result of continuous research, re-engineering and reforming its products and services, improving efficiency in delivery and its operations, fair pricing of its products and services. The underlying need to recapitalize itself to be on a financially sound footing cannot be overlooked. Any form of business, be it a proprietary concern, partnership concern or joint stock company functions in the same environment as a cooperative enterprise and consequently all business forms will get the same opportunities or encounter more or less similar obstacles or sudden external shocks like the challenges thrown up by the current COVID 19. It is the resilience of the organization to overcome the most unexpected kind of business shocks that determines the success of such entity. The success is also a result of various factors working in harmony with the external and influencing factors. The business entity has to constantly endeavor to meet the customer expectations of innovation in products and services; efficiency in delivery, maintaining the organization's financial stability, continuous re-search of the customer needs, re-engineering of internal processes and reforming itself to be contemporary at all times.

REFERENCES

1. Dugal, I. (2021) <https://www.bloomberquint.com/business/pandemic-hit-cooperative-banks-harder-than-other-lenders>
2. Bobade,P(2020), STUDY THE EFFECT OF COVID-19 IN INDIAN BANKING SECTOR, Proceedings of 2nd INTERNATIONAL RESEARCH e-21 CONFERENCE on "Corporate Social Responsibility & Sustainable Development" pages 184
3. Mishra, A K. Patel, A. Jain, S (2021), Impact of Covid-19 Outbreak on Performance of Indian Banking Sector, Research Gate, Conference Paper
4. Economic Survey 2020-21 VOLUME-2 Government of India Ministry of Finance Department of Economic Affairs Economic Division North Block New Dehli , January, 2021,page 3
5. Development in Co-operative Banking, Report on Trend and Progress of Banking in India, RBI. 2021, pages 98,99,113,114,120,122.
6. Impact Assessment of COVID-19 on Indian Agriculture and Rural Economy, Department of Economic Analysis & Research National Bank for Agriculture and Rural Development Mumbai, August 2020,pages 1,2

7. Impact of Pandemic COVID-19, (Recommendations on Trade, Industry and Economy to the Government) March 25, 2020 PHD RESEARCH BUREAU PHD CHAMBER OF COMMERCE AND INDUSTRY New Delhi, March 2020, pages 29,55-57.

8. Cooperator, Focus on CORONA PANDEMIC , National Cooperative Union of India, Vol. 57 No. 10 April-august 2020,pages 21,22,65.

9. <https://www.icba.coop/master/document/images/image1408.pdf>

10. <https://www.ica.coop/sites/default/files/news-item-attachments/cooperative-banks-during-pandemic-interview-1-1764661813.pdf>

11. Perwej, A.(2020), The Impact of Pandemic COVID-19 on the Indian Banking System, International Journal of Recent Scientific Research Vol. 11, Issue, 10 (B), pages 39881
DOI: 10.24327/IJRSR

12. WorldcooperativeMonitor, Exploring the co-operative Economy, Report (2020),International cooperative alliance www.monitor.coop page 27

