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COOPERATIVE BANK FINANCE TOOL FOR POVERTY ALLEVIATION IN RURAL MASSES. WITH SPECIAL REFERENCE TO NILGIRIS DISTRICT- A STUDY

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Abstract : The Indian cooperative movement, like its counterpart in other countries of the world, has been essentially a child of distress. It has emerged out of that turmoil and dissatisfaction which prevailed during the last quarter of the 19th century and worked as a direct consequence of the Industrial Revolution. The Revolution led to the decay of cottage industries and growing pressure on land, making agriculture an uneconomic venture; greater mobility of rich people from village to towns and of capital to new channels of investment; the growth of middlemen acting as parasites to the disadvantage of small products; new debt legislations which changed completely the borrowing and the lending system; the change in the method of payment of land revenue from kind to cash, throwing the cultivators into the clutches of the moneylenders etc. All these destroyed the self-sufficient economy of the villages and indebtedness of the farmers increased by leaps and bounds. Their belief is in deep ditch of stagnation, dejection and disappointment. The government first took indirect steps to check the growing influence of the Mahajan but much success could not be achieved. Thereafter, various legislative measures were adopted for granting loans and credit facilities to the farmers for their agricultural pursuits. Among these measures, mention may be made of the Deccan Agriculturists' Relief Act of 1879, the Land Improvement Loans Act of 1883, and the Agriculturists' Loan Act of 1884. Some thoughtful intelligent persons also strove to establish an Agricultural Bank in the Purandhar taluks of the Poona district, but they could not succeed the need for 2 providing cheap credit facilities to the farmers went on becoming strong and the idea of starting cooperative credit societies was hatched in 1892. the madras government sent sr. frederick Nicholson for studying the cooperative movements in European countries. Nicholson's report was received in 1899 and it was brought to the notice of the Government of India, Nicholson remarked, "Find Raiffeisen". Meanwhile, some 200 cooperative societies and Nidhis in UP and Madras had already come into existence. In 1903 their membership and working capital stood at 36000 and Rs.75 lakh respectively. The Government of India appointed in 1901 a Committee under the Presidentship of Sir Edward Law to study the question of starting cooperative credit societies in India. This committee also recommended the establishment of cooperative societies on the Raiffeisen model. The Famine Committee of 1901 also recommended the setting-up of Mutual Credit Associations. Accordingly, the Cooperative Credit Societies Act was passed in 1904. This Act provided the scope for the establishment of credit societies both in rural and urban areas, providing credit facilities at cheap rates to small men living in the same locality. Rural societies

were to be organised on the Raiffeisen model while the urban societies were to be established on the Schulze Delitzsch pattern. Provision was also made in the Act for the appointment of Registrars in every province. The modern cooperative movement in India, thus, may be said to have started with the passing of this Act. The cooperative movement in India has not born all of a sudden, but it has a long history undergoing different changes.

key words:

Cooperative Banking, Finance, Rural Economy, PACS,

Introduction:

In India, the credit needs of rural economy are met by institutional as well as non – institutional agencies. The institutional agencies are: (a) Co-operative Credit Institutions (b) Commercial Banks (c) Regional Rural Banks (d) State Government The non – institutional agencies consist of moneylenders, rich landlords, traders, commission agents and relatives etc. Money lenders, indigenous bankers and other non-institutional lenders had a predominant role in rural credit until the nationalization of 14 commercial banks in 1969. The All India Rural Credit Survey Committee (1951-52) found that 92.7 percent of the rural credit was provided by the private agencies. It means, the share of non-institutional agencies in the rural credit was 92.7 percent. The importance of private agencies in rural credit has been decreasing because of expansion of institutional credit agencies. The indigenous bankers and moneylenders have been following many malpractices to exploit the borrowers. Moreover, their accounts are not open to inspection and therefore, people began to express doubts about the integrity of indigenous bankers including money lenders. It is also said that the credit provided by the private agencies is unproductive as its main object is not to increase agricultural production but to bring the farmers in the grip of perpetual indebtedness and as Henry W.Wolff graphically put it, "It is the bond of debt that shackles agriculture." Because of all these reasons, the non – institutional agencies are bound to reduce their importance.

NEED FOR THE STUDY

A cooperative organization is effective socio – economic organization with the focus of changing the attitude and behaviour of people. It also aims at liberating the illiterate masses from social and economic exploitation. The cooperative organizational framework contributes to richer and happier social environment. The ultimate aim of cooperative movement is to develop men and women with the spirit of self-help and mutual aid so that they can lead harmonious social life to their fullest satisfaction. The thrust given by the government in recent times on self – help groups vitiates the importance of cooperative finance. In the light of the above statements, any research on cooperative finance seems to be fruitful and meaningful. Speaking at the 5th Conference of Central Bureau of Investigation and Central vigilance officials of Public Sector Banks. Mr.Rangarajan, Member of Indian Prime Minister’s Economic Advisory Council and Former Governor of Reserve Bank of India observed that the prevailing poor economic conditions could lead to high non – performing assets for banks.

STATEMENT OF THE PROBLEM

The present study intends to find out the role of cooperative bank finance in promoting rural development. The cooperative sector banks play a crucial role in the integrated rural development by advancing loans to farmers for agricultural and nonagricultural activities. It is expected that by obtaining loans from the cooperative banking sectors, the agricultural community would benefit a lot in promoting their economic and social development. Both the central and state governments are following a liberalized credit policy to revamp the rural conditions of the people. To what extent the people are benefited out of the credit policy followed by the 18 cooperative banks is the major concern of the present study. For this purpose, the Primary Agricultural Cooperative Banks in Coimbatore District are taken for analysis to find out their loan operations for the benefit of farmers, the extent of benefit accrued by the beneficiaries as a result of loan advanced, the problems faced by the beneficiaries and officials as a result of the cooperative credit and the attitude of the beneficiaries towards cooperative bank credit.

OBJECTIVES OF THE STUDY

- 1.To find out the impact of cooperative bank finance on rural development
2. To find out whether the farmers experience problems related to cooperative bank finance
3. To identify the underlying dimensions of the cooperative bank services
4. banker problems and farmers’ cooperative finance attitude through factor analysis technique.

RESEARCH QUESTIONS

The following research questions area set forth to find solutions through the present study.

- 1) Do the Primary Agricultural Cooperative Banks carry out their mission in fostering rural development through cooperative finance?
- 2) Do such activities on the part of Primary Agriculture Cooperative Banks have a positive impact on rural development in India?
- 3) While carrying out their mission of revamping agriculture sector, do the officials of Primary Agriculture Cooperative Banks face problems in achieving their target?
- 4) Do the farmers who availed agriculture and non-agriculture loan from the Primary Agriculture Cooperative Banks benefit out of the credit policy of the cooperative bank finance?

REVIEW OF LITERATURE

Dileep and Harikumar (2010) 92 analysed customer service in cooperative banks in Kerala and Tamil Nadu. The following conclusions are drawn from the study:

- 1) The PACS, CCBs and SCBs are the major providers of loan to the rural customers. They are providing loan to the customers on a regular basis and at an increasing rate. In this service, the involvement of PACS is high
- 2) The institutions that come under the short-term cooperative credit structure heavily depended on external agencies for fund mobilization. External dependence is high for PACS.
- 3) 3) PACS are able to make their present felt by exhibiting good performance in almost all fronts, such as deposit mobilization, loan deployment, building sound capital structure and so on
- 4) PACS are the inevitable and inseparable credit system in rural areas.
- 5) In advancing loan to borrowers, the performance of CCBs in Kerala and Tamil Nadu is poor. The CCBs in Tamil Nadu is achieving a comparatively good position in loan advancement than that of Kerala. 6) The cooperative banks in Kerala and Tamil nadu experience problems related to their financial services

Kannapiran (2010)94 studied the “Financial Performance of Nilgiris District Central Cooperative Bank Limited”. The position of the saving deposits of the bank reveals fluctuating trend in the initial years; afterwards, it shows increasing trend. The current deposit of the bank also shows wide fluctuations during the study period. Fixed deposit is one of the major sources of finance for every bank. But the NDCCB shows very poor performance in attracting fixed deposits and later, it has improved. The short-term loan extended by the bank shows very wide fluctuations in the study period. The medium term loan by the bank shows some amount of increasing trend. He suggested that the NDCCB has to take necessary steps to mobilize more deposits, provide ST and MT loans and strengthen the financial position. The liquidity position of the bank is at satisfactory level. So the bank maintains adequate liquidity position. The profitability of the bank has also to be improved more to serve its customers in a better way

Sailaja (2010)95 in her study, “A Study on Financial Performance of Pudukkottai District Central Cooperative Bank” examined the strengths, weaknesses, opportunities and threats of financial operations of the bank. It helps to identify the areas where the bank management can concentrate its attention to ensure and integrated progress of the bank. The study suggested that the bank is affected in many ways by growing NPA level. The total NPA denotes the outstanding position of NPA in the work of bank without taking into account the provisions made. The ratio of total NPAs to total assets provides the level of threat. This ratio helps the 87 bank’s administrators to take appropriate steps to make provisions and to take easy steps to reduce the level of gross NPAs to minimize the future provisions. Strengthening the fund position, helping the bank for good lending, facilitating the release of funds are the other suggestions made. Finally, is it concluded that the bank has to be given greater freedom to deploy its funds in other type of loan schemes to individuals.

Gurcharan Singh and Sukhmani (2011)96 in their study “An Analytical Study of Productivity and Profitability of District Central Cooperative Bank in Punjab” focused on evaluating performance of cooperative banks in the state of Punjab. It is found that profitability in all selected DCCBs of Punjab had shown a negative trend, whereas the productivity improved significantly over the period of study.

Zakir Hussain (2011) analyzed the functioning of Kerala PACS. The study reveals that the PACS in Kerala are doing business like a bank by accepting various kinds of deposits and diversified lending operation by including gold loan, personal

loan, housing loan, business loan, vehicle loan, education loan, etc. The successful function of PACS in Kerala was pointed out in this study.

ASSUMPTIONS OF THE STUDY

The present study is conceived based on the following assumptions:

- 1) The Primary Agriculture Cooperative Banks have the mission of transforming the socio – economic conditions of the rural masses.
- 2) Providing short term and medium term loans to the farmers to carry out both agriculture and non – agriculture activities is an important policy framework of Primary Agriculture Cooperative Banks
- 3) The marginal, small and large farmers, to a larger extent depend upon the Primary Agriculture Cooperative Banks to carry out their seasonal farming activities.
- 4) In the relationship between the banker and the beneficiaries, both the parties may experience cooperative finance related problems.
- 5) It is possible to study the impact of cooperative finance on rural development
- 6) It is possible to identify and quantify the problems experienced by both the farmers and the bankers.
- 7) The cooperative financial activities being carried out by Primary Agriculture Cooperative Banks may create either positive or negative attitude among the farmers towards cooperative bank finance.

RESEARCH STRATEGY

The following research strategy is planned in the present study:
Stage I : Problem Clarity In order to properly understand the concept of cooperative finance, literature scanning is done.

Stage II: Selection of Research Method At this stage, a promising method to study the problem is selected on the basis of literature review and expert opinion

Stage III : Developing Research Tool At this stage, relevant questionnaires are developed and validated to collect objective data from the agriculture and non – agriculture beneficiaries, and bank officials. 112

Stage IV : Selecting Sample At this stage, the unit of analysis is identified. Appropriate sampling techniques and size of the sample are decided based on the topic under investigation.

Stage V : Administration of Tools and Collection of Data This stage involves collection of data from sources. Both primary and secondary sources are identified to collect relevant data for the study. The validated tools are administrated among the beneficiaries and officials for quantification of data and interpretation of results.

Stage VI : Data Analysis The classified and tabulated data are analyzed by using relevant statistical techniques.

Stage VIII : Presentation of Results The analyzed data are presented in terms of findings.

RESEARCH METHOD

Research method is a systematic procedure through which the designed outcomes are achieved by setting up of situations in such a form that the investigator gathers information and draws conclusion on the basis of the collected data (Carter Good, 1945). In this study, normative survey method was used in order to provide facts related to bank finance of the Primary Agriculture Cooperative Banks (PACB) with special reference to agriculture and non – agriculture credit services rendered by these cooperative sector banks to foster rural development.

SAMPLING PROCEDURE

Multi-stage sampling procedure was followed for the present study. The following table explains the sampling procedures

followed for the selection of DCCB and PACB and the subjects involved in the present study.

In the multi-stage sampling procedures, regarding the selection of the district, Nilgiris district, Tamilnadu State was selected by means of purposive sampling technique. Within the district, the District Central Cooperative Bank (DCCB) was selected through purposive sampling technique. The Primary Agriculture Cooperative Banks (PACB) which are under the control of the District Central Cooperative Bank, Nilgiris are the primary analysis of the study. For this purpose, the PACBs located in 6 blocks in the selected unit are identified by means of random sampling technique. Due consideration was given for high level and low level business transactions of the PACBs. This led to the identification 12 PACBs on the basis of stratified random sampling technique. From the 12 identified PACBs, beneficiaries were selected by means of stratified random sampling technique. The stratification was done on the basis of agriculture and non – agriculture beneficiaries. Thus a total sample of 720 agricultural and non – agricultural beneficiaries was selected in the study and the relevant data were collected from the beneficiaries.

To study the problem experienced by the PACBs, data were collected from 50 bank officials working in the 12 Primary Agriculture Cooperative Banks by adopting simple random sampling technique.

RESEARCH TOOLS

In the present study, questionnaires are developed and validated to collect relevant data. As suggested by Floyd Fowler (1989), survey questionnaires are considered due to the following basic standards: 117

- (i) Common items for all individual respondents
- (ii) Mode of presentation of items in the questionnaire
- (iii) Ability to respond the items by the repo Willingness to respond the items in the questionnaire Collection of uniform responses through standardized sequence of items and standardized instrumentation.
- (iv) Collection of objective data due to the clear specification of the purpose of the study.
- (v) Questionnaires are economical, flexible and easy to score and tabulate the data.

Research tools were used for data collection:

1. **Loan Benefit Scale (LBS)** constructed and validated by the investigator.
2. **Cooperative Finance Services Scale (CFSS)** validated by the researcher himself
3. **Farmer Problem Scale (FPS)** constructed and validated by the researcher.
4. **Banker Problem Scale (BPS)** developed and validated by the investigator.
5. **Cooperative Finance Attitude Scale (CFAS)** developed and validated by the researcher.

DATA ANALYSIS : AN OVERVIEW

‘Change’ is universal, inevitable and never ending process. Change is the order of the day. Most of the time changes occur due to the influence of external forces namely change agents. The human urge for change is largely conditioned by the socio-economic, cultural and psychological factors governing the individuals which are termed as internal forces. Change in individual is the resultant effect of the fusion of external and internal forces. Cooperatives also strive at bringing desired changes among people by intensifying their innate feeling of urge for change. This process however, is affected by the social, economic and such other factors which influence individuals in the community. It is therefore, necessary to analyses and understand the social and economic factors that

influence the people who are involved directly as well as indirectly in the development process of the cooperatives. What is the socio economic background of agriculture of cooperatives? Are there differences in the socio-economic background between agriculture and non-agriculture activities of farmers? Are socio economic factors enable to discriminate individuals on cooperative agriculture hip and non- member characteristics? These and other issues revolving around the socio-economic conditions of both agriculture and nonagricultural activities of farmers will serve as a backdrop to enable for further assessment of the social impact of cooperatives. Hence this chapter.

IMPACT OF COOPERATIVE BANK FINANCE ON RURAL DEVELOPMENT

REGRESSION ANALYSIS

In order to find out whether the farmers accrue benefits as a result of cooperative bank finance, Multiple Regression Analysis was applied. The results of the analysis are explained below: Hypotheses Test There is greater impact of cooperative bank finance on rural development.

Hypotheses Test

There is greater impact of cooperative bank finance on rural development.

Table 1
Loan Benefit: Multiple Regression Analysis

Model Summary				
Loan Benefits	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0.371	0.137	0.123	0.49836

Table 2
Loan Benefit: ANOVA

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Regression	27.959	12	2.33	9.38	0
Residual	175.591	707	0.248		
Total	203.55	719			

Independent variable	Instand.	Std.	Std. Beta	t'	sig
	Beta Co-eff.	Error	Co-eff		
(Constant)	0.369	0.243		1.519	0.129
To renovate the existing house x1	0.101	0.062	0.175	1.643	0.101
To construct new house x2	0.045	0.019	0.086	2.401	0.017
To purchase new machine x3	-0.113	0.047	-0.193	-2.414	0.016
To purchase new computer x4	0.044	0.023	0.084	1.95	0.052
To purchase new landsx5	0.007	0.024	0.011	0.278	0.781
shifting from rented to own building landx6	0.025	0.043	0.041	0.574	0.566
To continue existing workx7	0.068	0.013	0.2	5.132	0
Investing the capital in new business x8	-0.041	0.015	-0.099	2.632	0.009
To Purchase new automobile carsx9	0.011	0.013	0.033	0.871	0.384
For children education x10	0.08	0.03	0.123	2.634	0.009
To deposit into savings accounts x11	-0.063	0.023	-0.109	-2.777	0.006
To purchase gold x12	0.175	0.026	0.263	6.769	0

Multiple R= 0.371, F Value= 9.381, P-value < 0.01, R. Square = 0.137

$$Y=0.369=0.101x1+0.045x2+(0.113)x3+0.044x4+0.007x5+0.025x6+0.068x7+(0.041)x8+0.011x9+0.080x10+(0.063)x11+0.0175x12$$

Interpretation

Where Y is the estimated values of benefits of cooperative bank finance for agriculture and non agriculture operations.

The above equation shows the impact of cooperative bank on farmers for their agriculture and non agriculture activities. From the regression analysis, it is found that the farmers have accrued benefits in rennovating their existing houses, constructing new houses, purchasing new machines, purchasing new computers, purchasing new lands, settlement related to shifting from rented to own building, continuing existing work, investing the capital in new business, purchasing new four wheeler automobile vehicles, spending for the education of their children, depositing into savings accounts and purchasing gold ornaments. These benefits bear the testimony of the positive impact of cooperative bank finance on rural development.

The above equation describes that, on an average if the benefit of the cooperative agriculture is by one unit, there will be 0.045 unit increase in the benefits of agriculture, when other variables are kept constant and the similar conditions applied for other variables also. The results of the 't' test reveals that the calculated partial regression co-efficients 0.045,(-0.113),0.044, 0.068, (-0.041), 0.080, (-0.063) and 0.0175 are significant at 1 per cent level. The multiple R found to be 0.371 reveals that there exists a significant relationship among benefit items (Beta Coefficient = 0.369). The R square value of 0.137 confirms that the explanatory variables explain 13.7% of variation of benefits from the banks. The 'F' test shows that the explained variation was highly significant at 1 per cent level. From the above co-efficient values, it is found that the agricultural farmers have benefited a lot by availing loans for construction of new house, purchase of new machine, new computer, continuing existing work, investing the capital in new business, investing in children education and investing in gold. Thus the analysis clearly testifies the positive impact of cooperative bank finance on rural development.

FARMER PROBLEMS : REGRESSION ANALYSIS

In this study an attempt is made to find out the problems faced by the farmers in getting agriculture and non-agriculture loans from the Primary Agriculture Cooperative Banks. For this purpose, Regression Analysis was resorted to. The results of the analysis are presented below:

Table 4:

Hypotheses Test

The farmers experience problems in availing loan from PACBs.

Table 3: Farmer Problems: Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Farmers Problems	0.162	0.026	0.012	0.67867

Loan Benefit: ANOVA

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Farmer Problems	Regression	8.768	10	0.877	1.904	0.042
	Residual	326.56	709	0.461		
	Total	335.328	719			

Multiple R= 0.162, F Value= 1.904, P-value < 0.01, R-Square = 0.026

$$Y=2.089+0.139x1+(-0.063x2+(0.029)x3+(-0.094x4+0.071x5+(-0.074x6+0.020x7+(-0.021)x8+(-0.032x9$$

Significance of Difference Between Farmers of Agriculture and Non Agriculture Activities in Problem and Attitude Scores

Table 5:

Independent variable	Instand. Beta Co-eff.	Std. Error	Std. Beta Co-eff	't'	Sig
(Constant)	2.089	0.264		7.911	0
Difficulty in getting parallel loans X1	0.139	0.063	0.193	2.192	0.029
High rate of interest for loan X2	-0.063	0.035	-0.09	-1.783	0.075
Cumbersome procedures for getting loans X3	0.029	0.026	0.045	1.143	0.253
Selective operation of long term loan X4	-0.009	0.024	-0.015	-0.391	0.696
Delay in getting loan X5	0.071	0.029	0.101	2.41	0.016
Shorter duration of loan repayment X6	-0.074	0.045	-0.107	-1.661	0.097
Non payment of loan due to natural calamities X7	0.02	0.031	0.03	0.661	0.509
Political interference in loan operations X8	-0.021	0.029	-0.029	-0.701	0.484
Lack of communication flow from the Bank X9	-0.032	0.054	-0.046	-0.587	0.557

Variable	Agriculture			Non-Agriculture			't'
	Mean	SD	N	Mean	SD	N	
Farmer Problem	32.51	6.32	360	33.01	6.8	360	1.020.71
Farmer Attitude	98.03	8.92	360	97.54	9.62	360	

From the above table, the following conclusions are arrived at:

- i) The farmers of agriculture and nonagricultural activities experience more problems in getting loans from PACBs as revealed by the mean values which are far above the mid value 22.5 of the maximum score 45.
- ii) The farmers of agriculture and non agriculture activities have more favorable attitude towards cooperative finance as revealed by the mean values which are far above the mid value 60 of the maximum score 120.
- iii) The two groups of farmers do not differ in their problem and attitude scores
- iv) In both variables, the 't' values calculated are not significant at 0.05 level of confidence.

Interpretation

Where Y is the estimated values of loan related problems faced by the farmers while availing loan from Primary Agricultural Cooperative Banks. The above equation shows the problems faced by the farmers in getting loans for agriculture and non agriculture activities. More problems are experienced by the farmers due to parallel loans, high rate of interest for loan, cumbersome procedures for getting loans, selective operations of long term loan, delay in getting loan, shorter duration loan repayment, non payment of loan due to natural calamities, political interference in loan operations, and lack of communication flow from the bank. The results of the 't' test reveal that the calculated partial regression co-efficients 0.29, 0.063, 0.029, (0.009), 0.071, 0.074, 0.020, (-0.021) and (-0.032) are significant at 1 per cent level. The multiple R found to be 0.162 reveals that there exists a relationship of 2.089 per cent among the problem variables. The R square value of 0.162 confirms that the explanatory variables explain only 16.290% of variation in the problem scores. The 'F' test shows that the explained variation was highly significant at 1 per cent level. From the above table, it is concluded that the farmers experience greater level of problems in availing both agriculture and non agriculture loans from the Primary Agriculture Cooperative Banks in Nilgiris District.

Results of Factor Analysis

- 1) The cooperative finance service scores are suitable for factor analysis. There are seven dimensions in cooperative finance services. They are
 - a) Loan for innovative land use
 - b) Loan for agriculture modernization
 - c) Loan for irrigation activities
 - d) Loan for business venture
 - e) Loan for family development
 - f) Loan for personal activities
 - g) Loan for insurance

- 2) The banker problem construct scores are suitable for factor analysis. The factor analysis reveals the identification of the following five dimensions of the variable:
 - I. Parallel loan structure
 - II. Time constraint
 - III. Superior negative attitude
 - IV. Normal work disturbance
 - V. Resource inadequacy
- 3) The cooperative bank finance attitude is also suitable for factor analysis. The factor analysis reveals the following seven dimensions of the construct:
 - a) Beneficiary life style
 - b) Economic environment viability
 - c) National development
 - d) Rural empowerment
 - e) Beneficiary need fulfillment
 - f) Cooperative policy structure and
 - g) Individual development

RECOMMENDATIONS AND SUGGESTIONS

Based on the findings, the following recommendations are made for the effective cooperative bank finance management.

Funds Management

The present study reveals normal growth of membership in CDCCB. In order to strengthen cooperative conditions of rural people, it is recommended that membership should be increased through persuasion and active cooperative awareness programme.

Loan Operation

The position of loan outstanding and loan overdue of the CDCCB is alarming as revealed by the present study. Every year, the loan outstanding shows increasing trend. This may affect the overall functioning of the bank. The bank management has to take appropriate steps to reduce the problem. It is recommended that the state government and NABARD should continuously monitor the functioning of CDCCB related to the above problems. An awareness programme may be conducted among the respondents regarding the problems of loan outstanding and loan overdues.

It is surprisingly noted that the CDCCB has earned a substantial amount of money in the form of profit. Although one of the sources of the profit is the result of loan advancement to respondents, it should be remembered that the interest rate to farmer agriculture loan is very low. The profit on the part of the CDCCB is helpful to meet infrastructure needs and strengthening PACBs at village level. It is recommended that all DCCBs in Tamil Nadu should take measures in not

Financial Status for SC / ST Members

The study reveals a sizable members belonging to SC/ST community are involved in agriculture and non agriculture activities through agriculture loan operation. In order to encourage greater involvement of SC/ST members of PACBs taking into account their financial status, the government should extend more concessions to this community. The concession may be in the form of free distribution of agriculture materials, reduction of interest rates, organization of training programmes and award for best agriculture output performance.

Cooperative Finance for Rural Development

The present study reveals the positive impact of cooperative finance on rural development. The PACBs in Coimbatore are to be appreciated for their role in social and economic transformation process of the agrarian community. The Coimbatore

District Cooperative Central Bank should extend all possible help and encouragement to its PACBs in accomplishing their goals and objectives. The CDCCB should ensure effective management of PACBs and protect its subordinate bodies from mismanagement of their affairs.

Farmer's Problem

The present study reveals greater problems faced by the respondents in getting loan from PACBs. Those problems of the respondents should be addressed immediately for effective banking services. The conduct of periodical meetings with the respondents to resolve the problems, eliminating redtapism in official transactions, time disbursement of loan are the major steps to be taken by the PACBs.

It is maintained that the existence of a better feedback system would increase the level of satisfaction among the respondents. To make the feedback effective, the banks should create member grievance redress mechanism in order to make the respondents feel good and less agitated by shedding their stress and tension. This act on the part of the bank would enable the respondents to come closer with the banks. The establishment of Grievance Redress Cell in the banks minimizes the problem of respondents in their loan transaction with the bank. Further, organization of Member Care Cell at the head office level would provide the banks better services to the respondents so that the respondents can be guided properly without hampering the administrative work of the banks.

Modern Facilities

The DCCB and PACB may go for Computer Based System implementation which will strengthen the bank with technology based products like ATM, Debit card internet banking, mobile bank etc.

CONCLUSION:

Based on the outcome of the present investigation, the following topics are suggested for further exploration of research in cooperative finance area:

- 1) In the present study, the coverage of the study is from 2001-02 to 2011-12. The activities of the CDCCB and PACBs after the stated period may be studied by the future researchers.
- 2) The same topic may be replicated in other districts of Tamil Nadu.
- 3) The performance of the PACBs may be classified as high and low performing societies and then a comparative study may be undertaken between these two categories of banks in terms of bank finance services, loan benefits, member and official satisfaction and attitudes.
- 4) It is said that effective functioning of banks require interpersonal relationship between the respondents and bank officials. This is a good area for further exploration of research. The member relationship management in the cooperative banks may be compared with nationalized banks and private sector banks.

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