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**VAIKUNTH MEHTA NATIONAL INSTITUTE
OF CO-OPERATIVE MANAGEMENT**

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Focus

The Co-operative Perspective is a 'must' for co-operative executives, office-bearers, academicians and students. It provides in a capsule form latest thinking on all aspects of co-operative movement. The Journal provides a ready source of knowledge and information relating to rapidly expanding and diversifying co-operative enterprises.

Specific objectives of the Journal are:

- (a) To disseminate information through articles on latest developments in the co-operative movement in India;
- (b) To appraise the readers about the current co-operative literature through articles and book reviews;
- (c) To furnish library documentation of articles on co-operation/management and allied subjects derived from various sources of publication;
- (d) To give glimpse of training activities of the Institute to build up trained manpower for the co-operative movement; and
- (e) To provide opportunity to the readers and specially ex-trainees to exchange experience through feature 'Readers forum'.

The journal is published quarterly (April, July, October and January) of each year. Subscribers are enlisted from any issue. The non-receipt of the issue should be reported within 2 month's time to which the issue relates.

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Editorial

The Cooperative Perspective Journal provides a forum for showcasing the cooperative ecosystem, through research papers, articles, case studies and book reviews. The journal also disseminates government initiatives in the cooperative sector, which aim at promoting socio economic and sustainable development of the country. The paper on role of agricultural cooperatives in building sustainable livelihood of rural women by R. Dayanandan, explained how participation in cooperatives enabled women to increase their agricultural productivity, augment their income and thus become less vulnerable to economic shocks.

The study on the profitability and financial performance of DCCBs in Tamil Nadu by R. Karuppalah & V. C. Saravanan revealed that NPAs are high in DCCBs in Tamil Nadu even after loan waiver and full interest payment schemes were implemented. The poor financial condition in turn, affects the growth of banks, in terms of their reliability, liquidity and profitability. A status paper on agricultural rural finance in Bangla Desh by Hema Yadav, D Ravi & K Sahoo highlights the important economic indicators of Bangla Desh and also provides a detailed description of the sound policy initiatives taken by the Central Bank of Bangla Desh, towards sustainable finance, so that holistic development of the agricultural sector is promoted.

A paper by Rohini Vilherkar and Shivaji Walke, briefly explains the evolution of the cooperative movement in India, the financial constraints faced by the cooperatives and the recent amendments made to overcome the challenges faced by the cooperative sector. India is faced with the problem of increasing solid waste generation and informal waste collection is predominant. In this context, a paper by Sonal Kadam, explains how cooperatives are seizing the opportunity to enter the field of solid waste handling and collection and suggests that such formal institutions should be promoted. An overview of rural development programmes and their achievements is discussed in a paper by Priyanka Karale, which concludes that synergies across government initiatives and programmes are required to accomplish the SDGs.

Observing the COVID-19 pandemic, that pushed a large number of households on the brink of poverty, R. Ramesh, in a paper, suggested that cooperatives in several areas deserving attention, can be formed with suitable financial help, and serve as a succor to victim households. A paper by Shivani Sharma & Dola Singh explain the initiatives taken by the government to strengthen PACS, which are grassroot level institutions providing crop loans and medium term loans to farmer-members. The study notes that these initiatives must be suitably implemented and scaled up, so that the cooperative sector is sustained and strengthened. A profitability analysis of Cheruvannur Service Cooperative Bank, Kozhikode, was presented in a

paper by G Jeyanthi. The paper suggested that the bank must take drastic steps to increase non-interest income by increasing the number of services. Another paper by R. Srinivasulu& P.K. Reddy, showcased through a success story, how diversified products like gold and retail loans can benefit PACS by increasing their credit portfolio, sustaining existing borrowers, attracting new loanees and bringing professionalism in customer relationships.

The cooperative perspective journal presents rich literature on cooperative organizations by bringing out their contemporary issues, challenges as well as their role in the changing economic scenario. Cooperative Perspective promotes articles, which provide insights in cooperatives, and how they can play an enabling role in accelerating economic growth and also achieving SDGs. Feedback and suggestions are invited for better outreach of the journal.

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(Hema Yadav)
Editor-in-Chief

ARTICLES

Role of Agricultural Cooperatives in Building Sustainable Livelihood of Rural Women: Evidence from a Transition Country

R. Dayanandan¹

Abstract

The paper attempted to analyze the contribution of primary agricultural cooperatives in enabling women to build sustainable livelihood, which is capable of coping with and recover from vulnerability. By using the sustainable livelihood framework adopted from Development Fund for International Development, the study tried to illustrate how the cooperatives as transforming structure enabled women to build sustainable livelihood by accessing livelihood capitals. The study employed cross sectional survey as research design and employed both quantitative and qualitative approach of data collection and analysis. Simple random sampling technique was employed so as to select sample respondents, to address the specific objectives. To analyze the collect data, descriptive and inferential statistics aided by SPSS version 23 were used. The findings revealed that the cooperatives provided women with various services including supply of agricultural inputs, credit services, marketing of agricultural input and output as well as training. Access to these services in turn enabled women to improve their productivity, augment their income and build livelihood assets, which are capable of withstanding risks and shocks. Despite these benefits, the cooperatives encountered various problems that hampered the potential benefit of women, which calls for the due attention of concerned bodies.

Key Words: Agricultural Cooperatives, Sustainable livelihood, Rural Women

I. Background the Study

Rural based cooperatives can contribute to reduce vulnerability of rural women through improving women's access to productive resources. FAO (2012) stated that cooperatives play an important role in supporting small

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agricultural producers and marginalized groups including young people and women. Through enabling them to access credit services, agricultural input supply and marketing services, the cooperatives enhance their productivity. Cooperatives reduce vulnerability by empowering their members economically and socially and create stable rural employment through business models that are resilient to economic and environmental shocks (ICA & ILO, 2014). Cooperatives help to create more equitable growth by making markets work better for poor people, by generating economies of scale, increasing access to information, and improving bargaining power. They also have role in tackling rural poverty by increasing the productivity and income of small scale farmers by helping them collectively negotiate better prices for seeds, fertilizer, transport and storage. Cooperatives expand poor people's access to financial services, including credit, savings and in some cases insurance and remittance. These services can support startup and expansion of enterprises; enable the risk taking that can lead to increased profitability; and reduce vulnerability by allowing the poor to accrue savings, build assets and smooth consumption (Gicheru, 2012).

As to Chambers and Conway (1991), livelihood capability in the context of change and unpredictability requires being adaptable, versatile, quick to change, well-informed, and able to exploit diverse, complicating and changing resources and opportunities. Cooperatives are believed to enhance the capability of small holder farmers, including women, through education and training, providing access to productive resources and paving way for gender equality. Poor households typically face a range of risks, which are both economic and social in nature. Vulnerability to risk, and its opposite, resilience, are both strongly linked to the capacity of individuals or households to prevent, mitigate or cope with such risks (WHO, 2007, cited in Jones, Yisak and Tassew, 2010).

Women typically have lower levels of education, have less access, ownership and control of productive assets and different social networks to men, which results in lower economic productivity and income generation, and weaker bargaining positions in the household (Holmes & Jones, 2011). In the context of Ethiopia, a host of factors contribute to the vulnerability of households and individuals. Ethiopia has witnessed various frequent disasters such as drought, famine, epidemics, flood, landslides, earthquakes, civil war, and mass displacement. Women are among the most affected groups by these shocks. Their low social status and lack of access to and ownership of productive assets makes their

coping mechanism futile. The 2005–2010 development plan of the Ethiopia (Plan for Accelerated and Sustainable development to End Poverty – PASDEP) placed due emphasis on the role of cooperatives, to promote market linkage (commercialization) of smallholder agriculture (FDRE, 2002; MoFED 2002). This emanates from the firm belief, that cooperatives will contribute to the capacity building efforts of small holder peasants and attaining increased productivity.

Despite the aforementioned benefits which cooperatives are believed to render, cooperatives also suffer from various problems, which in turn affect the potential benefits of members, including women. The problems ranges from those problems embedded in organizational structure of the cooperatives to external problems (Gray & Kraenzle, 2002). The lack of suitable legal framework, lack of available data on issues like the size, typologies, scope and resources of cooperatives, and poor managerial skills and lack of consciousness of entrepreneurship are among obstacles to cooperative development that adversely affect the benefit of members including women. The overregulation and increased effort to control cooperatives is also among problems the cooperatives suffer from (Borzaga & Spear, 2014).

2. Statement of the Problem

Cooperatives are known to expand poor people's access to financial services & increase their investment in income generating activities. They can also reduce vulnerability by allowing the poor to boost saving patterns, enhance their livelihood capabilities and improve consumption.

Despite their far-reaching benefits, cooperatives still are not well studied, particularly with regard to gender dimension. Pullet (2009) stated that whilst cooperatives may have a significant direct impact on people's life through the services they deliver (e.g. credit, agricultural inputs, access to markets, storage and transport, housing, among others), evidence of their significance, another social and societal domains has not been particularly for the coming.

Various literatures in the area of cooperatives and women's livelihood are also mainly confined to discussing the role of cooperatives in empowering members, particularly economic empowerment. However, the study doesn't discuss empowerment in the context of the various shocks and stress that women face, the livelihood assets they have at their hand, and

the structures and processes, like agricultural policy of cooperatives, which can enhance or constrain the capacity of people.

Berhane (2013), in his empirical study argued that women in Ethiopia have benefited a lot from participating in cooperatives which enriched them with what they want in their lives and cooperatives are playing key role in augmenting income for women, providing them with gainful employment and enhancing their social status. His study however, refrained from discussing the various problems, which women face in joining cooperatives as well as after joining it. The perception of women towards the role of cooperatives, and how these in turn affect their participation is also not addressed. The same is also true to the findings of Bezabih (2009), which discusses how cooperatives are vital in terms of employment creation, income generation, poverty reduction, and social protection. His study however doesn't deal with gender dimensions & doesn't adequately deal with how cooperative as mediating institutions enabled members to effectively deal with vulnerability context. Another empirical study carried-out by Abiyot (2010), tried to address how cooperatives are working towards empowering women, and building their livelihood. The study has identified institutional and members related factors affecting the performance of cooperatives. Yet the issue of how cooperatives address the stresses and shocks which women face, and how women perceive the role of cooperatives is not addressed.

As it is discussed before, though there are ample of studies carried-out in the country which tried to investigate cooperatives and gender issues, there is a clear gap in terms of analyzing the role of cooperative in the context of vulnerability of rural women, and the contribution of cooperatives to their livelihood. Most studies inclined towards studying the problems women face in joining cooperatives, but face ample problems while participating in cooperatives & not studied so far. The gap in existing literature therefore justifies carrying-out this study. Therefore, the study assessed the role that cooperative membership towards building sustainable livelihood of women by focusing on essential outcomes of sustainable livelihood; increased income, improved productivity & reduced vulnerability.

3. Specific Objectives

- To measure the extent of women participation in the sample Cooperatives.
- To identify the factors influencing women participation in cooperatives in study area.

- To describe the role of cooperatives in enabling women to access livelihood capitals.
- To evaluate the role of cooperatives in promoting social and economic capability of women members.

4. Methodology Adopted

The study employed approximating longitudinal survey design. This is because approximation technique combines the benefit of efficiency of cross-sections surveys in collecting data at one point of time, and advantage from longitudinal survey in answering research questions involving process or the notion of change overtime (Yeraswork, 2010). While the cross-sectional survey is used to obtain data regarding the participation of women in cooperatives, the services and supports deliver to them and the benefits obtain from the participation, to provide data relevant to their past situations. By utilizing data form life experience of the women, approximating longitudinal study design is offered better understanding of the role of cooperatives in enabling women to build sustainable livelihood.

For the purpose of the study Hawela Lida district was selected and in this District, only two multipurpose cooperatives are operational and two of them were selected purposely. The higher span of cooperatives as enterprise since their establishment also makes them best suited to see their impact on women's livelihood. There are 207 women have registered as members in the two cooperatives. To arrive the sample size of 136

members by using Yamane (1967) sample size formula $n = \frac{N}{1 + N(e)^2}$ with

95% precession level. Both primary and secondary data with mixed approach (Quantitative and Qualitative) was collected, to answer the basic questions and to attain desired objectives. The collected data was analyzed using descriptive statistics such as percentages, mean and standard deviations. Correlation and t-test were also employed for bi-variate analysis of quantitative data. Inferential statistics like chi-square was used to field out the level of significance of inferences of x and y by cross tabulation. Qualitative interpretation is given so as depict the pattern of data from the figures. In addition, binary logistic regression model was used to identify the factors influencing the women participation in multi-purpose cooperatives in the study are.

Model Specification

Binary logistic regression is a form of regression measures the relationship between a categorical dependent variable and a set of independent variables which is used when the dependent variable is categorical or dichotomous and the independent variables may be continuous or categorical (Hosmer and Lemeshow, 2000). Binary logistic regression mentions to the instance in which the observed outcome can have only two possible types. Logistic regression is used when the dependent variable is dichotomous and used to predict the odds of being a case based on the predictor(s).

In the terminology of logistic regression analysis the odds of a success is defined to be the ratio of the probability of a success to the probability of a failure. Let Y be an $n \times 1$ vector of response variable with $Y_i = 0$ if the women is not participated and $Y_i = 1$ if the women is participated, X is an $n \times (k+1)$ design matrix of explanatory variables and β is a $(k+1) \times 1$ vector of parameters to be estimated. Let $\pi(x)$ denotes the conditional probability that the outcome is participated (probability of success).

$$\begin{aligned} \pi(x) &= P(Y=1/X) = 1 - P(Y=0/X) \\ &= \frac{\exp(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k)}{1 + \exp(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k)} \end{aligned} \tag{1}$$

We obtain the odds of success by using the above equation.

$$\text{Odds (Y=1)} = \frac{\pi(x)}{1 - \pi(x)} = \frac{\exp(X'\beta)}{1 - \pi(x)} \tag{2}$$

A transformation of $\pi(x)$ that is central to our study of logistic regression is the logit transformation. This transformation is defined, in terms of $\pi(x)$, as:

$$\begin{aligned} \text{logit}(\pi) &= \text{Log}(\frac{\pi(x)}{1 - \pi(x)}) \\ &= \text{Log}(\frac{\exp(\beta_0 + \beta_1 X_1 + \dots + \beta_k X_k)}{1 - \pi(x)}) \end{aligned} \tag{3}$$

The importance of this transformation is that it has many of the desirable properties of linear regression model. The logit function is linear in its parameters, may be continuous, and may range from $-\infty$ to $+\infty$, depending on the range of x .

The transformed variable, denoted by $\text{logit}(\pi)$ is the log-odds and is related to the explanatory variables as:

$$\text{Logit}(\pi) = \eta(x) = \beta_0 + \beta_1 X_1 + \dots + \beta_k X_k = X' \beta, \dots \dots \dots 3.5$$

Where $\beta = (\beta_0, \beta_1, \beta_2, \dots, \beta_k)$ are the model parameters and $X' = (X_0, X_1, \dots, X_k)$ with $X_0 = 1$, are explanatory variables.

5. Results and Discussion

This section presents the findings of the research using different statistical tools such as frequencies, percentages, mean, minimum and maximum value results as well as inferential statistics and presented in the form of tables followed by discussion.

4.1 Extent of Women Participation in the Cooperatives

It is obvious that all women members of the cooperative do not necessarily participate to the same level. Degree of their participation in turn affects the performance of the cooperatives in which they are members, and the possible benefits that women may obtain from the cooperative. Table 1 illustrates the degree of participation of women in affairs of sample cooperatives.

Table 1: The extent of participation on the affairs of the cooperative

Variables	Rarely	Sometimes	Frequently
	n (%)	n (%)	n (%)
Attending Regular Meeting	41(30.1)	80(58.8)	15(11.0)
Approving annual plan and budget	48(35.3)	69(50.7)	19(14.0)
Organizing annual exhibitions	39(28.7)	81(59.6)	16(11.8)
Approving Audit Report	44(32.4)	74(54.4)	18(13.2)
Evaluating & approving executed activities report	33(24.3)	90(66.2)	13(9.6)
Decide Share value	34(25.0)	78(57.4)	24(17.6)
Purchasing	22(16.2)	85(62.5)	29(21.3)

As it can be depicted from the table, 58.8% of the respondents most of the time attend regular meeting, while 30.1% of them attend rarely, and 11% frequently. Therefore it is possible to argue that majority of them frequently participate in regular meeting. Respondents who participate in approving annual plan and budget, 35.3% of the total respondents rarely while 50.7% sometimes, and 14% frequently. Since approving annual plan and budget significantly affect the overall performance the cooperatives, the relatively higher participation of women in these affair can have favorable impact on the performance of the cooperatives, and increase their potential benefits from the cooperatives. 32.4% of the respondents participate most of the time, 54.4% of them participate sometime, and 13.2% of the respondents did not participate in approving audit report at all. The fact that women participation in approving audit report is moderate implies that the inspection of financial system in the cooperatives is liable to mischief and corruption. Here the relatively low educational status of the respondents could be a challenge in ensuring better participation of women in the cooperatives.

Evaluation and approval of executed activities is another affair of the cooperatives in which women members participate. 24.3% of the respondents answered that they took part in evaluating and approving executed activities, while majority (66.2%) reacted that they participate only sometime and 9.6% frequently; From the results, it is possible to conclude, that women do not participate actively in evaluating and

approving the executed activities of the cooperatives. Asked how often they participate in deciding the share value in the cooperatives, 25% of the respondents answered that they participate rarely and above half (57.4%) sometimes and 17.6% frequently. Majority of the women participate in deciding the share values, and this in turn contribute the fair distribution of benefits to the members, particularly for women.

Regarding buying products, 16.2% of the respondents reported that they rarely participate in purchasing and selling products. Majority (62.5%) reported that they sometimes participate and 21.3% frequently participate in purchasing and selling of products. This in turn could have positive implications for better functioning of the cooperatives as well as the potential benefits which could be obtained from cooperatives.

Position of Women in the Cooperatives: Despite the fact that women largely predominate in cooperative membership and meeting attendance, cooperative leaders tend to be the men. This is also true in selected cooperatives in which only 15 women are participating as leaders. This entails that paying due attention in ensuring women's representativeness in managerial positions is necessary. If leadership bodies exclude women, competitiveness, product quality, productivity, and profits of cooperative could suffer a lot (Arts, 2012). Through gender mainstreaming, the cooperative development policy places women at center of its policy priorities. Establishing women federation, conducting regular trainings, organizing women in development networks so as to provide supervision and support, as well as to allow experience sharing, and making home visit are among the activities (Sintayehu, 2003). It is evident from the results (Table 2) that 8.5% of the respondents are the members in administrative committee. While, 42.3% of the total works as credit committee members, 33.8% working as management committee members, 4.2% in the control committee and 11.3% just only members. Yet only few women still occupy managerial positions in the cooperatives as compared to their male counter parts. This in turn raises the question of social empowerment of women which is of course one of the expected benefit from joining a cooperative.

Reasons for joining the Cooperatives: During the formation of the cooperatives, the number of members, particularly women members were very few. But, in due course of time, as the cooperative became better organized in terms of both financial capacity and service delivery, it was able to attract many members including women. The positive changes, which the cooperative brought in lives of women, is also one of pulling factors to attract more women. There are also efforts to raise awareness

among people towards the benefit of participating in cooperatives which also had influence in attracting more members.

Table 2: Position and Reasons for joining the Cooperatives

Variables	Categories	No. of Respondents	%
Position in cooperative	Administrative committee	6	4.4
	Credit committee	27	19.8
	Management board	20	14.7
	Control committee	3	2.2
	Member only	80	58.8
	Total		136
Reasons to join the cooperative	Due to government compulsion	2	1.5
	To access financial	76	55.9
	To access farm inputs	52	38.2
	Changes in lives of people	8	5.9
	Total		136

As the study revealed, the respondents joined the cooperative for different reasons, during different periods of time. The reasons for joining the cooperatives depict that majority (55.9%) of the respondents joined the cooperative to avail financial support, followed by 38.2% to avail the farm inputs. Others are due to the government compulsion (1.5%) and observing the changes took place for others (5.9%).

4.2. Factors Influencing Women Participation in Cooperatives

In a broader sense, women's participation in cooperative societies is a function of socio-cultural and economic factors. In a cooperative form of business organizations women were constrained by multifaceted problems, which in turn adversely affects their level of participation in cooperative affairs. As discussed in the methodology, binary logistic regression analysis was conducted in order to identify the factors influencing the women participation in multi-purpose cooperatives in the study area. The results are presented in Table 3.

Table 3: Regression results on factors influencing Women participation

Variables	B	SE	Wald	p-value	Exp(B)
Age	-.042	.071	.349	.555	.959
Education level	.565**	.207	7.474	.006	1.759
Family size	-1.030**	.320	10.327	.001	.357
Annual income	1.621	1.325	1.498	.221	5.060
Access to information	.278	1.024	.074	.786	1.320
Attitude towards cooperatives	4.736**	1.588	8.894	.003	113.973
Training	3.285*	1.369	5.755	.016	26.698
Support given by DA	4.148**	1.399	8.793	.003	63.318
Land size	5.164**	1.973	6.852	.009	174.870
Involve in off-farm activities	3.205*	1.603	4.000	.045	24.665
Access to credit	2.509*	1.180	4.524	.033	12.295
Distance to the cooperative	-.407**	.128	10.084	.001	.666
LR $\chi^2(12)$			140.828		
Prob> χ^2			0.000		
Pseudo R ²			0.860		

Note: * $p < 0.05$ and ** $p < 0.01$

The results indicate that overall the selected variables are contributing 86% of influence and remaining is due to other factors. Out of 12 predictors included in the model, nine variables are significantly influencing the women participation out of which two of them i.e family size and distance to the cooperatives are influencing negatively. From the descriptive result of the depicted table, one could observe that age, family size in the household, education, awareness or training about cooperatives, information, income, attitude of people towards women, land size, access to credit, distance to the cooperative and involving off-farm activities are influencing the participation of women in the cooperatives.

For the underlining, problems influencing women's participation in cooperatives as most respondents replied the remedy should be in the hands of the cooperatives, the community and the government. However, the Focus Group Dissection (FGD) conducted among the district administrators and the women's affairs offices indicated that in addition to these efforts, other measures should also be adopted. Some of these are attitudinal and behavioral change of the society, development agents, health workers, as well as the Non - Governmental Organizations.

4.3 Services Rendered by the Cooperatives

The cooperatives used to provide credit to its members but now it is facing difficulties in delivering the service. Since the numbers of members with demand for credit service outweigh the financial capital of the cooperatives, look for alternative means and created opportunity for credit services with Ono micro finance. The cooperatives provide institutional support to the members, so that they can avail the credit services.

Markets play key role in the development of rural economy and ensuring sustainable livelihood for rural poor. Due to lack of access to suitable markets, women may face challenges such as difficulties in obtaining inputs, labor, credit, adoption of new technologies, insurance against risks, or obtaining consumption goods at low prices. As they are cut off from markets, they are forced into self-insufficiency, whether for food, labor, or other items. Under the current free market situation, small holder farmers have faced the difficulty of high competition in the market. To alleviate this difficulty, the role of cooperatives has become bigger than ever before (Aleru, 2011). In the case of output market, the market share of cooperatives is very low due to shortage of finance, poor infrastructure, inadequate and poor quality warehouse, and weak entrepreneurship skills including business management, planning and financial management. The marketing services which the cooperatives provide to their members, refer to bargaining for better prices (3.7%), providing market information (45.6%), and purchasing for better prices (50.7%).

Also women were provided with the inputs to earn their subsistence through farming, either through mixed farming or crop cultivation only. 95% respondents reported that the cooperative provides fertilizers, mainly UREA, DAP and high yielding seeds. The fertilizers are provided based on the willingness of women to use them, their farm size, and purchasing power. Since the cooperatives subsidize the price of the fertilizers, it is not costly and many can afford it. Yet some of them complained that the input delivery is not timely and the distribution is not fair. The marketing service mainly includes marketing of agricultural input and output.

Among the respondents from both cooperatives, only 42.6 % of them had participated training provided by the cooperatives whereas the remaining (57.4%) did not receive any training. Also, the frequency of attendance shows significant variation. Training is given to women on different aspects such as cooperative values and principles, rules and regulations, and organizational structure of the cooperatives. This is with intention to attain

the better understanding of women so that they can participate in the cooperatives effectively, and get benefits in sustainable way. The cooperatives also provide training on agricultural activities with the aim of inducing the productivity including appropriate use of fertilizers, conservation of soil, trees, grazing areas, water bodies and other natural resources, effective farming system, efficient use of financial resources, creating business and investing further and accumulation of assets for the livelihood of women.

4.4. The Role of Cooperatives in Accessing Livelihood Capitals

One of the objectives of the study is to understand the perception of women towards the role of cooperatives in helping them to attain sustainable livelihood. Cooperatives functioning to ensure the member's economic and social needs and thereby to scale up their satisfaction. When members are satisfied in the performance of the cooperative, they are likely to be more active, in the affairs of the cooperative (Jamal, 2008). Various strategies are adopted in this study to determine the perceptions of respondents towards the role of cooperative in improving their livelihood. Accordingly, majority (98%) of the respondents replied that they are planning to continue in their cooperatives. This shows that majority of respondents held favorable perception towards the role that cooperative in improving their livelihood.

Farming is the mainstay of majority of the respondents participating in the cooperatives. Majority (70.6%) of them are engaged in farming activities, which consists mainly of crop cultivation and producing cash crops; Respondents who earn their livelihood through cattle rearing consist of 7.4%, Petty trading (11%), daily labor (5.7%) and 7.4% crafts work respectively. Almost all of the respondents combine three or more economic activities in order to earn their subsistence. There is no significant variation among the respondents from the two cooperatives in terms of their means of earning livelihood. In addition to the aforementioned economic activities, some of respondents engage in pottery, charcoal production, and other small-scale business activities. Majority of the respondents meet their annual food need through own crop production. They produce maize, sweet potato, yam, wheat, bean and *enwet*.

Table 4: Economic activities engaged to earn livelihood

Activities	Number of Respondents	Percentage
Farming	96	70.6
Cattle rearing	10	7.4
Petty trading	15	11.0
Daily labor	5	3.7
Crafts work	10	7.4
Total	136	100

Yet they face risks and shocks with regard to their farming activity including crop failure and death of valued animals. 53% of the respondents identified crop pests cause for shock from crop failure whereas 54% identified epidemic of animals as causes for death. Declining fertility of soil, declining farm size, declining common property resources and variability of rainfall are among stress leaving women prone to risks. In order to cope up these risks and shocks, they need mediating institutions, which would enable them to better access livelihood capitals. This signifies the important role of cooperatives as a mediating factor enabling women to access these capitals.

The asset pentagons lies center of the livelihood of women are human assets, financial assets, social assets, physical assets and natural assets. Cooperatives can play crucial role in improving the livelihood of women as far as they operate by taking in to account how women own or/and access these assets. The increased opportunity of women to own and access these assets means their reduced vulnerability and better opportunity to have sustainable livelihood.

Human Capital: Education, training and nutrition are keys as far as development of human capital is concerned. They also affect women's opportunity to access other assets. Isola and Alani (2009), argued that well-educated human resource encourages technological innovation and effective production and contributes to the development of the community. Training in return develops the skills of individuals, allows them to experience new things, facilitates technological transformation and shapes their attitude.

Joining the cooperatives provide an opportunity for women so as to access means of developing their human capital. The cooperatives provide training for its members with a view to increase their productivity, profitability

and investment skill. Marketing and cooperative development officers work with other stakeholders in order to develop human capital through training and financial support. Training and skill upgrading is one element of women participation. The FGD and interview results also affirm this idea. With training, their bargaining skills improve, leading to increased profitability in the market. They now witnessed improvement in agricultural productivity with skill to use better farming technology.

The cooperatives have indirect impact on the nutrition of women. They have contributed at least in two ways. First, the improved agricultural productivity allowed women to address the problem of food shortage, which they used to suffer. As respondents participated in the FGD has replied, they sometimes fail to eat three times in a day before joining cooperatives but now they started to produce surplus. Second, the cooperatives have impact on the nutrition habit of women by augmenting their income & increasing purchasing power for food items. Since some of the women purchase food particularly when the harvest is low or the rainfall is variable, the income guaranteed them with food source through purchase.

Financial Capital: The cooperatives also improved access of the women to financial assets. Feguson (2012) argued that cooperatives address the financial needs of the members by providing credit, commercialization and/or marketing support to their members. By doing so, cooperatives played their transformative structures in generating wealth, building on one asset category while also strengthening other assets. As the findings of this study show, that though the cooperatives are not performing better in delivering credit services, they performed well through commercialization and technical support which enabled the women to enhance their financial capital.

As far as the outcomes of sustainable livelihood framework is concerned, increased income is one of the key indicators for sustainable livelihood (Turner, 2001). With increased income, they can better access social services, diversify their livelihood sources and cope with stress and shocks. Cooperatives served as source of income to the women by distributing the profit in the form of dividend. The Cooperative Code of Conduct of the Federal Cooperative Agency of Ethiopia dictates that 70% of the profit generated by the cooperatives must be distributed to the members regularly. As mentioned before, the members obtained an average 570 Birr (National Currency) from the cooperatives annually.

They invest that money on seeking health service, spending for the education of their children, purchasing farm inputs, and for purchase of non-durable goods. As to the respondents, though the money obtained in the form of dividend is not enough to cover all the expenses, it at least lessens their financial stress. 69% of the respondents affirmed that their income from all sources is increasing after joining the cooperatives. Improved productivity and increased income due to participating in cooperatives doesn't hold true to all respondents. Various factors could be responsible for productivity and income difference among the respondents. The women vary in terms of their educational level, household size, ownership of farm land, and experience of farming and trading, have implication for variation in level of productivity and income. From the data, it is possible to understand that the cooperatives are serving their members with better marketing services. The purchasing of agricultural input for lower price and marketing of agricultural output for higher price contributed its part in augmenting the income of members and safeguarding them from unpredictable market trend.

Physical & Natural Capital: Though the contribution of cooperatives in building of physical and natural capital is not significant as compared to building of human assets and financial capital, there is still some contribution to mention. Regarding the physical capital, some of the women from cooperatives stated that they are able to change their house roof from grass to iron ones. Improved income due to the participation in the Cooperatives is the reason for changing the structure of their houses. With increased income, they are able to buy materials for their homes, including kitchen utensils, tools for farming activities, and information they obtained is also one of the benefits which helped them meaningfully. The cooperatives also enabled women to better utilize the natural capitals through introducing better management mechanisms. Cooperatives also serve as a means of collectively managing scarce natural resources such as land and water (Spielman & Bernard, 2009). In this regard, the training and information that the cooperatives render to their members are crucial in managing natural resource, particularly land and forest.

Improved Agricultural productivity

As per cooperative Proclamation 85/1994, one of the objectives of establishing multi-purpose cooperatives is improving the living condition of rural peasants through improved production and productivity. This is through provision of modern technologies, products which are capable of increasing agricultural production and materials necessary for their livelihood easily and at fair price. The study attempted to measure the improvement in agricultural productivity of the respondents as a result of

Obtaining membership in cooperatives. Improved agricultural productivity is vital as far as building sustainable livelihood for women is concerned. For instance, food storing is one mechanism of coping with stresses and shocks. When there is surplus food, producers can store it for the time of emergency. But in the light of the shrinking size of farm land, erratic rainfall and diminishing fertility of soil, it is not easy to produce surplus food and store it. Yet the cooperatives contributed their part in enhancing the women's productivity by providing agricultural inputs, and introducing advanced farming system.

As the data from survey sample shows, the average production for respondents shows considerable improvement for majority of crops as compared to their productivity before joining the cooperatives. The mean production for cereal in a given year after joining the cooperatives has shown 26% of increment. The cereals mainly include maize, teff, and wheat. The standard deviation of 25.3 in production of cereals shows that there is significant variation in productivity level among the members.

Table 5: Amount of crops produced per year before and after joining the cooperative (in Quintal)

Types of crops	Before joining		After joining		t-test	p-value
	Mean	SD	Mean	SD		
Cereal crops	10.8462	9.52056	42.24	25.382	-4.023	.002
Pulses	9.5000	6.78903	45.20	23.251	-3.508	.005
Cash crops	7.35	4.158	10.72	4.402	-7.648	.000
Vegetable and fruits	5.86	2.564	11.06	4.640	-	.000
					14.091	

It can be observed from Table (5) there is a tremendous increase of mean production of different crops after joining the Cooperatives. This is because the services rendered by the Cooperatives facilitate in improving production. The p values also affirmed that the increment is significant in nature. Better access to high quality seeds and fertilizers, training on new and better agronomic practices, improved post-harvest processing and handling, with enhanced financial capacity with access to credit services contributed to boosting purchasing power of women to farm inputs, all contributed to improved crop production. Regarding the production of cash crops, it shows improvement of 56% productivity after joining.

cooperatives. The cash crops which women produce are coffee and ginger. As the respondents replied, among crops which they produce, cash crops own the lion's share as source of cash for the women. The fact that the women earn increased cash through producing quality coffee and ginger has important implication for their livelihood. Yet, there is no such significant improvement in productivity of vegetables and fruits.

Promoting Social capital: Social capital is one of the asset pentagons which is crucial as far as the livelihood of women is concerned. Holmgren (2011) has reported that even being member of the cooperative invokes feeling of belonging and purpose. They discuss over their life matters when they gather and share risks particularly if they are neighbors. The cooperative also served as a network, which connects its members with market, government, NGOs, civic societies, and other formal and informal groups. This in turn enhanced their opportunity to access other sources of livelihood.

The FGD & key informant interview discussions also shows that the cooperatives played important role to the women by serving as a network, building trust among members and being bridge to connect members with other groups which contributed to improvements of the women's lives. The cooperatives also acted as bridge between the government and women, serving as a channel through which support from the government is delivered. These support include financial support, training, material provision for operation of cooperatives, follow-up and evaluation of the cooperatives' performance. Added to this, when the respondents asked whether they have equal voting rights with men members, 91% of them replied that they have equal voting rights and 95% of them replied that they equally own the economic capitals of the cooperative with other members. This shows that the cooperative had contributed some part in developing the trust among members, at the same time ensuring the social empowerment of women.

Access to livelihood sources for rural women is also impacted, by different factors. Among these, livestock, land, labour and capital are the crucial ones. These factors in turn affect access to each other, and access for other sources of livelihood including food and income. For instance, women participating in FGD discussion exposed that those women who own ox are more likely to access land than women who do not own. This is because ownership of ox enables women to access sharecropping with others who own land. In addition, share and taking care of cattle, mainly cow and ox, provides women with access to food and cash. They can access

milk for their children, and also earn cash by selling part of the milk. The manure from the cattle provides access to natural fertilizer. The care taker women can also own assets as the cow gives birth to a calf. During the selling, the profit is also to be shared with the owner.

Table 6: The role of cooperatives in improving Respondents' Livelihood

Statements	Rating Scale				
	SDA	DA	N	A	SA
I feel more secured now than before joining the cooperative	07 (5.1)	08 (5.9)	22 (16.2)	88 (64.7)	11 (8.1)
Cooperative helped me in economically independent	05 (3.7)	10 (7.4)	12 (8.8)	67 (49.3)	42 (30.9)
Cooperative helped me to access resources otherwise which I couldn't	28 (20.6)	55 (40.4)	24 (17.6)	19 (14.0)	10 (7.4)
I think other women also should join cooperative if they need to improve their lives	06 (4.4)	07 (5.1)	20 (14.7)	69 (50.7)	34 (25.0)
I thought cooperative help me better	10 (7.4)	14 (10.3)	30 (22.1)	42 (30.9)	40 (29.4)
I am afraid to with stand if troubles occur to my life	20 (14.7)	53 (39.0)	50 (36.8)	09 (6.6)	04 (2.9)
In my opinion cooperative lacks ability to change women's lives	24 (17.6)	63 (46.3)	30 (22.1)	06 (4.4)	13 (9.6)

Note: SDA- Strongly Disagree; DA- Disagree; N- Neutral; A- Agree; SA - Strongly Agree Figures within brackets show percentages

As shown in the Table (6), majority of respondents reported that they are more secured than before joined the cooperative. Similarly, due to the increment in income after joining cooperative the change in relation to health also observed among the women respondents. In general, the findings

of the descriptive result revealed that there is improvement in the quality of life for the majority of respondents as the result of their involvement and participation in the cooperative. This was true because the discussion groups responded that they were growing wheat and barley in agricultural production then the cooperative provides them inputs through credit such as improved seeds, fertilizers with a reasonable price compare to the market. In addition, they were also frequently contact the extension agents for advice on agricultural matters. The total effect of the cooperative society was that it helped to generate income, which they used to buy fixed and consumable item for their family.

Coping with Vulnerability after membership in Cooperatives

As the above discussion exposed, women participated in the cooperatives were vulnerable to various stresses and shocks such as markets, sickness, death of valued animal, loss of crops, and other suddenly occurring troubles. Declining soil fertility, variability of rainfall, declining common property resource, declining farm size, and indebtedness are among stresses leading to the risks, which the women suffer. Majority of the respondents employed negative means of coping with stresses and shocks before joining the cooperatives. This was due to the fragile nature of their asset which makes them easily prone to the risks and shocks. But as the data obtained by approximating longitudinal survey has revealed, the frequency of respondents who employ the negative mechanisms decreased after joining the cooperatives. Since employing positive coping mechanism lessens the likelihood of further vulnerability and entails resilience of livelihood, the role cooperative in building sustainable livelihood is undeniable.

Cooperative has a role in enabling women to cope up with vulnerability through laying conducive ground so as to diversify their livelihood sources and access additional source of income for them. Accordingly, by joining cooperatives, women began to adapt and cope up with vulnerability by diversifying income sources through engaging in different non-farm and off-farm activities in addition to farming. As mentioned before, petty trade was vital source of off-farm income. Yet joining the cooperative encouraged the women to employ a market oriented approach, and earn better income. With the improved income, they were able to diversify their livelihood activities.

Besides diversification, joining cooperative allowed women with better adaptation strategies to escalate and sustain their productivity, as well as to better utilize their of farming land. This involved the use of yield increasing

seeds, and soil fertility enhancing inputs (chemical fertilizers and improved seeds), increased annual cropping frequency, improved extension of area under cultivation, and the use of different cropping patterns. Some respondents responded that the use of drought resisting seeds reduced their vulnerability to food shortage. Access to fast maturing seeds ensured women with food security in the light of erratic rainfall patterns.

4.5. Problem Faced by the Cooperatives

This section of the paper deals with the problems of the cooperatives, which adversely affect the potential and actual benefit for the members. Despite the positive impact which cooperative intervention had on the lives of women, there are also problems, which women face while participating in cooperatives. The problems are classified as organizational or internal problems, external problems, and infrastructural related problems.

4.5.1 Internal Problems

Inefficient Managerial System: Despite the fact that inefficient management is a less important problem to majority of the respondents, FGD participants and Key Informants interview discussants in both the cooperatives raised various issues that signify the existence of the problems. The low educational level of the managers and their public representativeness are among factors believed to limit their efficiency. They spent most of their time in running the political activities at the expense of the affairs of the cooperatives. The loose financial administrations, inability to coordinate the confronting external relations, reactive to the challenges confronting the cooperatives are the implications for their low efficiency.

Lack of Transparency and Accountability: Lack of transparency and accountability are other aspects of the problems of cooperatives, which the respondents explained. The result of FGD discussions and interview reveals features that indicate the existence of lack of transparency and accountability. For instance, some of the respondents complain the delay or sometimes absence of report for executed activities including audit report; and even they doubt the report as it reflect the real situation. When the managerial staff or some of the members commit mistakes against the principles and regulations of the cooperatives, the cooperatives fail to take timely measures. In addition to this, some members replied that there were problems with regard to distribution of fertilizers and improved seeds but they were unable to clearly describe the nature of the problem.

Inadequate Capital: Inadequate capital is the problem which most of the respondents (85%) ranked as important problem. The FGD and interview results also confirmed that inadequate capital is a serious problem of the cooperatives. It was not only a problem by its own stand, but it was also considered responsible for many other problems of the cooperatives including inability to provide credit service, inability to hire full time staffs, limitations to supplement the cooperatives with necessary facilities and to provide better training service so as to capacitate both the members and administrative staff. Both the members and administrative bodies provide different reasons for the inadequate capital.

As viewed by the administrative organ of the cooperative, the delay as well as cut-off credit service from money lenders, the shrinking financial fund from NGOs and the trend in international market that challenge profitability of the cooperatives are the causes for inadequate capital. But for the respondents, the reasons are a bit different from what the managerial staffs claim. While they agree with the challenges from market trend, they question what would be the role of cooperative if it could not handle this role. Of course they agreed that the cooperative was performing well in bargaining for better price. But, the inefficiency still hampered better opportunities, as viewed from the respondents' stand.

Unequal Participation of Men and Women: Unequal participation of men and women is another important problem. The FGD and interview discussion also show that there is no such considerable gender based discrimination among members of the cooperative in terms of accessing the services. Though the respondents demand increased presentation in the administrative positions, they are happy with positive treatment from both the managerial staffs and men members of the cooperatives

Lack of Knowledge about Responsibilities: It is also an important problem observed by most of the respondents. FGD and interview discussions have exposed that for members of the cooperatives the low educational level of the managers is held responsible for their limited knowledge about their responsibilities. Increased training and awareness creation however, revealing promising improvement in tackling of the problem.

4.5.2 External Problems

The external problems prevalent in the sample cooperatives are high cost of production, low price of produces, interference by the government and long distance from the cooperatives, inadequate transportation services, lack of electricity services etc, are reported by the most of the respondents.

5. Conclusion and Recommendations

According to FAO (2011), closing the gender gap in agricultural inputs alone could lift 100-150 million people out of hunger. It also makes significant contributions to the rural economy in all developing countries. Despite roles women assume in food security and rural development, they consistently have less access as compared to males for resources and opportunities that they require in order to become more productive. Increasing women's access to land, livestock, education, financial services, extension, technology and rural employment would boost their productivity and generate gains in terms of agricultural production, food security, economic growth and social welfare. To attain this, there is the need for healthy functioning institutions and processes, which play an enabling role in accessing productive resources and service.

Cooperatives are among the mediating processes and institutions, which could determine accessing productive resources and services by rural women. As the finding of the research revealed, primary agricultural cooperatives are vital for the livelihood of rural women whose lion's share of income is driven from farming. The discriminatory practices embedded in the societal structure denied the access of women to livelihood capitals. This calls for mediating institutions and processes, which could play enabling role in accessing the assets. The cooperatives therefore have a meaningful impact in the lives of the women by enhancing them to better access livelihood capitals. It contributed to their increased access of human, social, financial, and physical capitals and also contributed to better management of the natural capital and enabled them to make better use of it. The increased access to these assets has implication for reduced vulnerability and attaining sustainable livelihood.

Cooperatives are among the agents that strived to facilitate the capabilities and choices of the women by providing with credit service and input supply thereby increasing the economy of scale for women. They contributed significantly in terms of providing training and information aimed at enhancing their efficiency. The marketing service helped the women to compete in fluctuating market and earn profit, there by augment their income.

The perception of women also entails that the cooperatives have made meaningful contribution towards building sustainable livelihood for rural women. Yet there are internal, external and infrastructural related problems that hampered the effectiveness of members of the cooperatives

and limiting their potential benefit. Based on findings of the study, it can be argued that cooperatives are important tools of transformation, which increased access of women to livelihood capitals and enabled them to build sustainable livelihood. Participation in cooperatives allowed women to improve their agricultural productivity, augment their income and to cope up risks and shocks in positive way. Despite such significant improvements there are still bottlenecks which demand due attention of the concerned bodies.

This paper therefore provides the following implications for research, policy formulation, and implementation so as to improve the role of cooperatives in enhancing the capability of women and their livelihood's resilience to withstand shocks and stress thereby ensure sustainable livelihood:

- Despite promising improvements in livelihoods of women, the vulnerability contexts and trends are still prevalent with some members and demand the attention of concerned bodies. Efforts should be made so as to clearly identify the triggering factors that still keep the vulnerability of these women's livelihood. Increased research activities could provide more empirical evidence on the vulnerability context of women.
- Cooperatives need effective management and guidance and the ability to adapt to prevailing business conditions. To achieve this, they must develop professional management, be democratic, inclusive, fair, and transparent, and have strong leadership. Efforts therefore shall be made so as to ensure increased collaboration among the cooperatives.
- The inadequate capital of the cooperatives in turn is hampering the almost all aspects of cooperative activities, including hiring skilled manpower, investing in human capital, providing credit services, purchasing better farm inputs and accessing better market opportunities. This consequently calls for increased effort for boosting the financial capital of the cooperatives. Cooperative development policies must be geared towards enhancing the capital power of the cooperatives.
- Autonomy and freedom from government control is positively associated with success of cooperatives. The existence of public representative as managerial bodies of the cooperatives is a good

example from the study to depict the interference of government in internal affairs of the cooperatives and its attempt to control their functioning. The government may provide technical and financial support, but shall let the cooperatives to be governed by their own regulations and the cooperative principles.

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A Study on the Profitability and Financial Performance of District Central Cooperative Banks in Tamil Nadu

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Abstract

Agriculture has a crucial role in the Indian economy. Institutional and non-institutional sources of agricultural loans exist in India. Institutional credit cooperatives play a significant role in the provision of finance to the agricultural sector. The formation of these societies dates back to 1904 when the first Cooperative Credit Societies Act was passed. The objective to provide cheap credit to the farmers to relieve them from the clutches of money lenders was thought to be the foundation of the overall cooperative structure. Cooperative societies not only mobilized deposits and provide agricultural and rural credit but also extend credit to priority sectors of the country. Banks' profitability and financial operations are always solid as they expand services to subsidiaries. The poor financial condition affects the growth of banks due to their reliability, liquidity, and profitability. The present analysis is based on secondary data from the years 2012-13 to 2021-2022. This paper deals with the profitability and financial performance of District Central Cooperative Banks (DCCBs) in Tamil Nadu.

Keywords:

Cooperative banks, Deposits, Working Capital, Loan Operations, Non-Performing Assets, Cooperative Structure, Source of Funds, Ratios, Financial Performance.

Introduction

The agricultural cooperative credit system started in India from small beginnings in 1904 and was developed by organizing rural credit societies. The cooperative movement was introduced by the Government of India

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to eliminate the role of usurious moneylenders and to provide institutional arrangements, for the rural credit market. After independence, based on the recommendations of the All India Rural Credit Survey Committee in 1954, the Government of India paid much attention to organizing such societies throughout the country. Today this system consists of short-term and long-term credit structures, which meet the different forms of credit needs of the cultivators and others in rural areas. The short-term cooperative credit structure consists of 31 State Cooperative Banks at the State level, 351 District Central Cooperative Banks at the district level, and 95509 PACCS at the village level as of 2020-2021.

In the cooperative banking structure, the District Cooperative Banks (DCBs) are nodal centers of the cooperative financial institutions. They have to mobilize the available resources and utilize them most efficiently and profitably. The DCCBs constitute an important link between the Apex Cooperative Banks and the Primary Agricultural Cooperative Credit Societies (PACCS). Evaluating the success of the cooperative movement, in general, depends on the effective functioning of the cooperative banking business. Therefore, the DCCBs can be referred to as a leader of the cooperative movement and they undertake various developmental and promotional activities. A DCCB is considered to be a social banker because they take banking facility to the rural areas and brings lower segment people under the principle of financial inclusion through their member societies. The most important aspect of the DCCBs is providing personal banking services to the people who are living in the particular district along with financing to the member societies.

Review of Literature

The subject of evaluation of DCCBs has attracted considerable research attention in the recent past. Various Committees and Commissions of the Government of India (GOI), Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), and State Government, and the studies conducted by individual researchers have covered various dimensions of the financial performances of DCCBs. In their study, Raja, S (2005) found that the burden rate should be reduced and the spread rate must be increased so that profitability can be at a higher rate. Hulas Pathak (2005) examined the efforts that must be undertaken, to step up deposit mobilization especially in the rural sector by introducing innovative schemes and incentives based on the specific credit needs of the people. Jadhav, K.L and Kasar, D.V. (2005) suggested that efforts should be made to enhance deposit mobilization and investment of funds in government securities and fixed deposits for transparency in financial management.

The higher proportion of own funds in the working funds of the bank and the concern showed by the bank in the timely recovery of loans resulted in an increased financial margin of the CCB. It was observed that less dependence on new outside resources, helped these banks in increasing their financial margin. Fulbag Singh and Balwinder Singh (2006) found that profitability ratios invite the serious attention of the management to put an integrated effort to correct the financial performance. In the future Mohan, S (2008) found that the bank should expand its operations so as to significantly increase non-interest income. Mayilsamy, R (2008) observed that the loan operations of financial institutions including DCCBs carry on business from funds, which are collected as deposits or borrowings from higher financial agencies. It was found that the efficiency of banking institutions as financial intermediaries depends to a large extent on the timely recovery of loans. Jeyakumaran.M. & Mathameena. M (2017) analyzed the profitability and performance of the DCCBs with the help of earning ratios, which are represented by return on assets and interest to total income ratio, the management capability ratios represented by expenditure to income ratio, diversification ratio, and credit deposit ratio and also with assets quality ratio.

Objectives of the Study

- To evaluate the Growth of Central Cooperative Banks in Tamil Nadu
- To Analysis the Profitability and Financial Performance of Central Cooperative Banks in Tamil Nadu.
- To suggest suitable measures to strengthening the financial performance of DCCBs in Tamil Nadu.

Methodology of the Study

This paper attempts to study the profitability and financial performance of DCCBs in Tamil Nadu. The present analysis is based on secondary data from the years 2012-13 to 2021-22. The data on share capital, deposits, borrowings, working capital, loans issued, recovery, demand, overdue, total income, total expenditure, net profit, etc., were gathered from various websites and publications. Personal interaction was held with the officials of DCCBs to understand various issues involved in the increases in growth. The growth of different parameters is done by using Compound Average Growth Rate (CAGR) and profitability and financial performance by using ratio analysis and regression analysis of the data.

Resources Funds through DCCBs in Tamil Nadu

The sources of funds of DCCBs consist of share capital, reserves and other funds, Deposits from members and non-members and borrowings from State Cooperative Banks, RBI, and NABARD minus fixed assets.

Table: 1**Growth of Funds Resources through DCCBs in Tamil Nadu***(Rs. In Crores)*

Years	Share Capital	Reserve Fund	Deposits	Borrowings	Working Capital
2012-13	1260.99 (4.58)	2760.89 (10.03)	18856.34 (68.53)	7071.95 (25.70)	27514.37 (-)
2013-14	1362.36 (4.34)	2703.71 (8.61)	21823.66 (69.53)	6231.39 (19.85)	31385.33 (12.33)
2014-15	1285.60 (3.70)	3104.26 (8.94)	24158.77 (69.55)	5591.18 (16.10)	34737.94 (9.65)
2015-16	1365.02 (3.67)	3232.22 (8.69)	29660.28 (76.79)	5123.01 (16.78)	37174.36 (6.55)
2016-17	1386.98 (3.51)	3280.47 (8.29)	30702.84 (77.62)	4319.68 (10.92)	39552.93 (6.01)
2017-18	1320.15 (3.28)	3821.37 (9.50)	29708.32 (73.86)	4881.32 (12.14)	40220.40 (1.66)
2018-19	1500.49 (3.55)	3870.98 (9.15)	31712.08 (74.95)	6325.88 (14.95)	42311.02 (4.94)
2019-20	1756.15 (3.92)	3678.73 (8.21)	32220.69 (71.93)	7731.98 (17.26)	44797.13 (5.55)
2020-21	1697.52 (3.63)	3767.21 (8.05)	33782.96 (72.15)	8529.61 (18.22)	46826.19 (4.33)
2021-22	1862.96 (3.79)	3952.97 (8.04)	35862.19 (72.98)	9368.35 (19.06)	49142.68 (4.71)
Average	1479.82	3417.28	28848.80	6517.44	39366.20
CGAR (%)	1.80	1.90	2.80	1.90	2.60

Sources: Performance of District Central Cooperative Banks for Various Years, www.nfscob.org.

- Note: (1) Figures in brackets are percentage to total working capital
 (2) Figures in brackets in working capital are percentage of Change over previous years.

The growth of funds resources through DCCBs in Tamil Nadu still depends on deposits from members and non-members as the main sources of their working capital. For example, the total deposits at DCCBs increased from Rs. 18856.34 crores in the year 2012-13 to Rs. 35862.19 crores in the year 2021-22. Further, its percentage to total working capital also increased fluctuating trend from 68.53 per cent to 71.93 per cent during the period from 2012-13 to 2021-22 and stood at 77.62 per cent in the year 2016-17 (Table - 1). However, it was observed that the growth rate of working capital was 1.66 per cent lower than the previous year 2016-17 due to currency devaluation during these periods.

Loan Operations of DCCBs in Tamil Nadu

DCCBs deploy a major portion of their funds for granting different types of loans and advances. On the basis of duration, loans are mainly classified into short-term loan, medium-term loan and long-term loan.

Table: 2
Trends in Loan Operations of PACS in Tamil Nadu
(Rs. in Crores)

Years	Total Loans Issued	Total Outstanding	Total Demand	Total Collection	Total Overdue
2012-13	29655.35 (-)	24181.06 (-)	20579.54 (-)	19515.92 (-)	1063.62 (-)
2013-14	31182.34 (4.90)	25185.90 (3.99)	24657.26 (17.21)	23310.15 (16.28)	1547.11 (31.25)
2014-15	29095.74 (-7.17)	24851.31 (-1.35)	22800.18 (-9.02)	21263.44 (-9.65)	1537.74 (-0.61)
2015-16	27569.36 (-5.54)	24819.26 (-0.13)	21726.24 (-4.94)	20965.91 (-5.97)	1662.33 (7.49)
2016-17	29030.19 (-10.14)	23374.91 (-6.18)	21153.81 (-2.71)	19707.01 (-1.81)	1446.80 (-14.90)
2017-18	25820.31 (3.06)	24430.74 (4.40)	19846.66 (-6.59)	18148.18 (-8.59)	1698.48 (14.82)
2018-19	28237.00 (8.56)	27458.70 (10.95)	21152.02 (6.17)	19374.01 (6.33)	1778.01 (4.47)
2019-20	30592.23 (7.70)	29683.46 (7.49)	34229.30 (12.70)	22396.18 (13.15)	1923.12 (7.55)
2020-21	32683.69 (6.40)	31558.36 (5.97)	26354.91 (8.07)	24338.51 (8.35)	2167.42 (11.27)
2021-22	34273.04 (7.34)	33629.11 (6.13)	28740.64 (8.30)	28635.40 (8.62)	2219.07 (2.33)
Average	29513.93	26920.27	23144.66	21466.17	1704.57
CAGR (%)	0.60	1.50	0.90	0.80	2.80

Source: As in Table: 1

Note: Figures in bracket are percentage of change over the previous years. The trends of loan operations of DCCBs in Tamil Nadu were found that the loans issued increasing fluctuated trends from Rs. 29655.35 crores in the year 2012-13 to Rs. 35273.04 crores in the year 2021-22. The overall growth of loans issued in the study period at DCCBs in Tamil Nadu was the lowest at Rs. 25030.19 crores in the year 2016-17 (*Table - 2*). Though there were fluctuations in the percentage of change over previous years, the CAGR for total loan outstanding stood at 1.50 per cent. The cumulative result is that the members and non-members, who are mostly borrowers, have little or no interest in their stakes in the DCCBs. On the contrary, the Government policies related to loan and interest waivers and delaying of recovery here led the borrowers to presume that they could with impunity, delay or even fail to meet their repayment obligations.

Ratio Analysis

Ratio analysis is a concept or technique, which is as old as accounting concepts. Financial analysis is a scientific tool. It has assumed an important role as a tool for appraising the real worth of an enterprise, its performance, and its pitfalls. It also helps to find out any cross-sectional and time series linkages between various groups. Ratio analysis means the process of computing, determining, and presenting the relationship between related items and groups of terms of the financial statements.

a) Operational Ratios

An analysis of the operational ratios might bring to light the operational efficiency of the bank in its various activities; namely, mobilization of funds, uses of funds, cost of funds, earning capacity, etc. the funds of members, creditors, and deposit holders are invested in various kinds of assets and lent as advances to generate revenue and profit. *Table - 3* reveals the analysis of operational ratios of establishment expenditure to the total expenditure of DCCBs in Tamil Nadu, this ratio has ranged in small fluctuation increasing from 0.32 percent in the year 2012-13 to 0.33 per cent in the year 2021-22. The ratio percentage of total income to working capital was higher than all the years of the study period registering 4.15 per cent in the year 2013-14. Total expenditure to total income slowly increased from 51.91 per cent to 58.06 per cent during the year from 2012-13 to 2021-22. The ratio percentage of recovery to demand was decreasing from 94.83 per cent in the year 2012-13 to 92.68 per cent in the 2021-2022. The overdue to demand ratio fluctuated and increased during the study period.

Table: 3
Analysis of Operational Ratios
(In percentage)

Years	Establishment Expenditure to Total Expenditure	Total Income to Working Capital	Total Expenditure to Total Income	Recovery to Demand	Overdue to Demand
2012-13	0.32	3.10	51.91	94.83	5.17
2013-14	0.23	4.15	62.16	93.78	6.22
2014-15	0.29	3.65	55.43	93.26	6.74
2015-16	0.24	3.41	59.41	92.35	7.65
2016-17	0.29	2.95	55.20	93.16	6.84
2017-18	0.23	3.87	62.59	91.44	8.56
2018-19	0.33	3.52	57.49	91.59	8.41
2019-20	0.32	2.91	57.91	92.06	7.94
2020-21	0.33	2.95	57.41	91.75	8.25
2021-22	0.33	3.07	58.06	92.68	7.32

b). Profitability Ratios

Profitability indicates the efficiency of the bank in generating surplus and the overall financial performance of the unit. *Table - 4* shows the analysis of the profitability ratio of net profit to the total deposit of DCCBs in Tamil Nadu, this ratio has highly fluctuated and declined from 1.06 per cent in 2012-13 to 0.63 per cent in the year 2021-22. The net profit to working capital ratio and net profit to total income ratio also fluctuated and declined trends during the study period. It was observed, that the DCCBs focused on augmenting the portion of deposits, and effective lending practices were not undertaken. The increase in operating expenses reduced the net profit of DCCBs and lowered the proportion of net profit in the total income.

Table: 4
Analysis of Profitability Ratios

(In percentage)

Years	Net Profit to Total Deposits	Net Profit to Working Capital	Net Profit to Total Income
2012-13	1.06	0.72	23.35
2013-14	1.12	0.78	18.75
2014-15	0.98	0.68	22.42
2015-16	0.91	0.73	21.36
2016-17	0.83	0.65	21.89
2017-18	0.96	0.71	18.25
2018-19	0.67	0.50	14.27
2019-20	0.58	0.42	14.46
2020-21	0.60	0.43	14.59
2021-22	0.63	0.46	14.96

c). Productivity Ratios

Banking was essentially a service-oriented institution. However, the productivity of all banks was measured through the performance of their employees over a particular period. The analysis of the productivity ratio of Tamil Nadu, the total deposits to the number of employees, increased from Rs. 444.41 lakhs in the year 2012-13 to Rs. 781.14 lakhs in the year 2021-22. The total loans and advances to the number of employees fluctuated trend from Rs. 698.92 lakhs to Rs. 768.31 in the period from 2012-13 to 2021-2022 and stood at Rs. 526.40 lakhs in the year 2016-17. The total income to the number of employee's ratio has fluctuated and increased during the study period. The net profit for the number of employees has slowly fluctuated increasing from Rs. 4.70 lakhs in the year 2012-13 to Rs.4.91 lakhs in the year 2021-2022 and highest at Rs. 6.09 lakhs in the year 2016-17 (Table - 5).

Table: 5
Analysis of Productivity Ratios

(Rs. In Lakhs)

Years	Total Deposits to No. of Employees	Total Loans and Advances to No. of Employees	Total Income to No. of Employees	Net Profit to No. of Employees
2012-13	444.41	698.92	20.11	4.70
2013-14	526.12	751.74	31.40	5.89
2014-15	606.24	730.13	26.56	5.96
2015-16	626.54	582.37	26.77	5.72
2016-17	645.70	526.40	24.53	5.37
2017-18	636.70	553.37	33.38	6.09
2018-19	701.44	624.57	32.81	4.68
2019-20	729.14	692.29	29.48	4.26
2020-21	754.76	730.20	30.91	4.51
2021-22	781.14	768.31	32.81	4.91

d) Solvency Ratios

Financial strength is a pre-requisite for any bank to run its banking operation successfully. To measure the financial strength, it is essential to calculate the solvency ratio of the DCCBs. This ratio evaluates the long-term financial viability of the banks. The analysis of solvency ratios of investment of total deposits has fluctuated increasing from 28.97 per cent to 35.59 per cent during the period from 2012-13 to 2021-22 and highest at 44.29 per cent in the year 2017-18. The total deposits to loans and advances ratio have above 85 per cent during the study period except in the year 2016-17. The cost of management to working capital ratio has slowly fluctuated and increased from 2.38 per cent to 2.51 per cent during the study period from 2012-13 to 2021-22 (Table - 6). The DCCBs were very cautious in investing the deposit money in various avenues to bring stable growth.

Table: 6
Analysis of Solvency Ratios

(In percentage)

Years	Investment to Total Deposits	Total Deposits to Loans and Advances	Cost of Management to Working Capital
2012-13	28.97	97.27	2.38
2013-14	30.99	92.88	3.37
2014-15	31.36	91.44	2.36
2015-16	34.40	92.95	2.68
2016-17	38.89	81.52	2.30
2017-18	44.29	86.91	3.17
2018-19	38.92	89.04	3.01
2019-20	37.51	94.95	2.49
2020-21	36.94	96.75	2.52
2021-22	35.59	98.36	2.51

Regression Analysis

Regression analysis was applied to find the affect of the variable viz., share capital, total deposits, borrowings, and loans and advances on net profit. It was observed from the below table-7 that the multiple regression between the selected independent variables and net profit (Dependent) was 0.892, which indicated that there was a high level of correlation between the independent variables and the dependent variable.

Table: 7

Regression Analysis of DCCBs in Tamil Nadu

Model	Regression Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	74.539	129.102		.577	.589
Share Capital	-.156	.126	-.1048	-1.240	.270
Deposits	.006	.003	1.000	1.829	.127
Borrowing	-.028	.015	-.1459	-1.948	.109
Loan and Advances	.014	.006	1.323	2.154	.084
Dependent Variable: Net Profit					

R	R Square	F	Sig.
.892	.796	4.890	Significant**

The F-test value was not significant showing 4.890. The R² value (0.796) indicated that 79.6 per cent of the variation in net profit/loss was influenced by the related independent variables. Individually, from the regression coefficients, it was found that deposits and loans, and advances have a positive effect on net profit whereas share capital, borrowings harm net profit.

Conclusions:

From the above analysis, the development of financial resources by DCCBs in Tamil Nadu depended on deposits of members and non-members as their main sources of working capital during the study period. The level of loans and advances of DCCBs had a fluctuating trend across Tamil Nadu during the study period. The NPA problem is high in DCCBs in Tamil Nadu. Hence, the NPA problem continues even after the introduction of loan waiver schemes and full-interest repayment schemes. The net profit to working capital ratio and net profit to total income ratio showed fluctuating and declining trends during the study period. DCCBs focused on increasing the portion of deposits. But it was found that effective lending practices were not followed. The increase in operating expenses reduced the net profit of DCCBs and reduced the ratio of net

profit to total income. The DCCBs were very cautious in investing the deposit money in various avenues to bring stable growth. The operational efficiency, profitability, productivity, and solvency of the DCCBs have to be examined from time to time to ensure their effective performance.

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Status Paper on Agricultural Rural Finance in Bangladesh**Hema Yadav¹****D. Ravi²****Md. Hassan Christy³****Kalyani Sahoo⁴*****Abstract***

This status paper is a compilation of the country profile of Bangladesh and focuses on the various initiatives taken by apex bank of the country, namely, Bangladesh Bank (The Central Bank of Bangladesh) regarding rural finance and financial inclusion. As we riff through the paper, initially some of the important economic indicators have been highlighted, to give a basic idea about the profile of the country followed by count of certain drivers of the financial system in Bangladesh. Further, the timeline of the cooperative history and its role in the economy of the country has been accentuated along with brief explanation of the significant Agricultural & Rural Financing Institutions in the country. The essence of the paper revolves around the detailed description of the initiatives taken by the Bangladesh Bank (The Central Bank of Bangladesh) to work towards sustainable finance which is required for maintaining a sustainable growth the country with sound policy initiatives with eventual goal of holistic development of the agriculture sector in the country.

Key Words: Bangladesh, Co-operatives, Agriculture, Rural Development

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1. Bangladesh at a Glance

Area	1,47,570 sqkm
Capital	Dhaka
Population	166 million
Population Growth Rate	1.6%
Population density	1033.5/sqkm
Rural Profession	Agriculture (70%)
GDP Growth	8.2% (2018-19) 5.2% (2019-20)
GDP Per Capita	USD 2064 (FY 19-20)
Contribution of Agriculture to GDP	13.68%

2. Few important numbers of the institutions behind the Financial System of Bangladesh

- 60 scheduled & 5 non-scheduled banks
- 34 NBFIs
- 18 Life and 44 Non-Life Insurance Companies
- 599 MFIs
- 192020 cooperatives

2.1 Specialized Financial Institutions in Bangladesh:

- House Building Financial Corporation(HBFC)
- Palli Karma Sahayak Foundation(PKSF)
- Samabaya Bank
- Grameen Bank

3. Cooperative History in Bangladesh

- 1942: Cooperatives Rules Formulation (Based on Bengal Cooperatives Act 1940)
- 1956: Establishment of Rural Development Academy at Cumilla by Dr. Akhter Hamid Khan (Now BARD)

- 1962: National Cooperative Policy Formulation for the 1st time.
- 1973: Establishment of Milk Vita by Bangabandhu Sheikh Mujibur Rahman.
- 1984: Cooperative Ordinance issued for the 1st time.
- 2001: Issuing Cooperative Act for the 1st time in BD.

Farmer organizations (FOs) in the name of different cooperative societies. These cooperatives are involved in producing dairy products such as 'Milk Vita' and play significant roles in small-scale farming and agriculture development, as well as uplifting members' livelihood.

Other multipurpose cooperative societies:

- Small scale traders
- MSME business
- Producer cooperative
- Worker cooperative
- Consumer cooperative

The department of Co-operative(DOC), the principle government organization responsible for promotion & development of cooperative societies. Their functions are:

- Registration of cooperative societies
- Formulate policies
- Preserve data & publish
- Plan & direct promotional, publication & expansion programs on cooperatives
- Formulate and implement plans & projects.

3.1 Role of Cooperatives in Bangladesh's Economy

- Creation of self employment for the poor and ultra poor in rural/urban areas to achieve self reliance.
- Improvement of the standard of living of the poor people in disadvantaged areas
- Development of small entrepreneurs for the creation of employment in rural/urban areas.

- Creation of skilled human resources through training.
- Assist beneficiaries getting just prices for their products and encourage to produce more through cooperative based market management.

4. Agricultural & Rural Financing Institutions in Bangladesh

In Bangladesh Micro Finance Institutions (MFI) work as Rural financing institution. MFIs are playing vital role using a fairly standard joint liability group lending methodology that is contributing to resolve the agriculture credit problem. About 805 registered MFI's are working in Bangladesh. Among them-BRAC, ASA, TMSS, BURO Bangladesh, Proshika are notable. MFI's are regulated by MRA (Micro credit Regulatory Authority) which is established in 2006 under the-Micro credit Regulatory Authority Law-2006. Grameen Bank is another MFI but it doesn't fall under MRA rather it operates under Grameen Bank Ordinance, 1983.

4.1 Bangladesh Samabaya Bank

Bangladesh Samabaya Bank Limited (BSBL) is the Apex Bank in the co-operative sector of Bangladesh. The Members are Central co-operatives, co-operatives at district level, other Apex co-operative societies and Central co-operative societies situated all over Bangladesh. The function of Bangladesh Samabaya Bank Limited are as follows:

- Receiving deposits
- Issuing bonds, loans, and other agriculture credits to its members.
- Provide entrepreneurship loan self employment, small business loan, term loan and many more income generating activities loan to individual co-operators
- Various tasks as and when required by the co-operative department and the Government.

4.2 Bangladesh Rural Development Board (BRDB)

The prime government agency engaged in rural development and poverty alleviation. BRDB basically operates by organising the small and marginal farmers into co-operative societies. Integrated Rural Development Program (IRDP) was launched in 1972 with a view to replicate the two-tier co-operative system based on the "Cumilla

Model" that evolved through experiments in Bangladesh Academy for Rural Development (BARDA) at Cumilla in the 1960s. In view of its success, the program was transformed in 1982 into a nation-wide institution called Bangladesh Rural Development Board.

The main function of BRDB:

- Formation of Farmers Cooperative Society and TCCA (Thana Central Cooperative Association).
- Capital formation
- Credit operation
- Irrigation activities
- Training, Education and Extension
- Marketing and business operation
- Construction and repair of physical facilities including Thana Palli Bhaban, storage godowns etc.

4.3 Bangladesh Bank (The Central Bank of Bangladesh)

About the organization

Bangladesh Bank, the central bank of Bangladesh and apex regulatory body for the country's monetary and financial system, was established vide the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972) with effect from 16th December, 1971. At present, it has ten offices located at Motijheel, Sadarghat, Chittagaram, Khulna, Bogura, Rajshahi, Sylhet, Barisal, Rangpur and Mymensingh in Bangladesh.

Mission

To develop continually as a forward looking Central Bank with competent and committed professionals of high ethical standards by conducting monetary management and financial sector supervision, to maintain price stability and financial system robustness, supporting rapid inclusive finance for inclusive economic growth, employment generation and poverty eradication in Bangladesh.

Bangladesh Bank is carrying out its following main functions as the country's central bank:

- Formulating monetary and credit policies;
- Managing currency issue and regulating payment system;
- Managing foreign exchange reserves and regulating the foreign exchange market;
- Regulating and supervising banks and financial institutions, and advising the government on interactions and impacts of fiscal, monetary and other economic policies.

Membership

In the 142nd board meeting of Bangladesh Bank, held on 18 September, 1994 a proposal was approved that- Bangladesh Bank may receive the membership of Centre for International Cooperation and Agricultural Banking (CICTAB) by subscribing annual membership fee. Since then Bangladesh Bank is paying annual membership subscription fee of CICTAB from the year 1995-96.

Activities

BB performs all the core functions of a typical monetary and financial sector regulator and a number of other developmental activities and non-core functions. The major functional areas include:

- Formulation and implementation of monetary and credit policies;
- Regulation and supervision of banks and non-bank financial institutions, promotion and development of domestic financial markets;
- Management of the country's foreign reserves;
- Issuance of currency notes;
- Regulation and supervision of the payment system;
- Acting as a banker to the government;
- Money Laundering Prevention Activities;
- Collection and furnishing of credit information;
- Implementation of the Foreign exchange regulation Act;
- Managing a Deposit Insurance Scheme;
- Act as the country's Financial Intelligence Authority;
- Conducting Financial Literacy and Awareness Program;
- Conducting different projects/schemes of the government.

Objective:

Food security is one of the main challenges in the recent years for Bangladesh. Besides ensuring food security for the increased population,

rural poverty reduction, employment generation, increasing living standard and economic growth are mainly depends on the development of agricultural sector. Farmers are the key contributor in agricultural sector, who play vital role in the economy. Women are also the significant contributor in the agricultural activities. For this reason Bangladesh Bank emphasizes on the disbursement of agricultural credit to the women farmers as well as small and marginal farmers, ethnic people, farmers of less developed area like coastal belts, char, haor, etc. To maintain a sustainable growth in the agricultural sector, Bangladesh Bank formulates 'Annual Agricultural & Rural Credit Policy and Program' in each financial year. Besides, Bangladesh Bank also takes different types of initiatives to reach the unbanked portion of the population to access to finance. Banks and financial institutions (FIs) hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities, and thus also influence environmental risk management in real economy and sustainable growth.

Some initiatives of Bangladesh Bank regarding rural finance, financial inclusion and green banking:

1) Agricultural & Rural Credit Policy and Program

In line with the pro-poor agricultural policy of the government, Bangladesh Bank formulates its own Agricultural & Rural Credit Policy and Program with a view to expand the banking services to rural areas using information technology, use the limited agricultural land for the best purposes of agriculture, decide the courses of action for adapting to the impact of climate change. Considering the importance of food security and employment of the country, Bangladesh Bank is designing agricultural credit policy and program since 1977 and implemented through nationalized and specialized banks. From the FY 2008-2009 all private and foreign commercial banks along with nationalized and specialized banks are advised to disburse agri/rural credit. Bangladesh Bank has made it mandatory for all banks to disburse a specific percent of their total loans & Advances in agriculture and rural sector since FY 2011-2012. Foreign and Private commercial banks which have limited

branch coverage in rural areas are advised to provide agricultural & rural credit in partnership with the micro-finance institutions (MFIs). The salient features of the agricultural and rural credit policy are:

- Priority is given to the major three sectors such as crop, fisheries and livestock.
- Ensure timely availability of agricultural credit.
- Less developed areas (i.e. char, haor, coastal belts, hill tracts etc.) are given priority.
- Credit disbursement in Cluster and area approach method.
- Contract farming is encouraged for fair price.
- Revolving Crop Credit Limit System.
- Credit facilities for cultivation of import substitute products such as pulse, oil seeds, spices and maize at a concessional interest rate (4%)
- Different self-employment/income generating activities are encouraged.
- Women borrowers are given priority for disbursing agricultural & rural credit.
- To ensure transparency, emphasis is given on disbursement of agriculture credit publicly (open credit disbursement) at union level.
- High Value Crops are given priority in extending credit facility.

1.1) Impact of the Agricultural & Rural Credit Policy and Program

Following the agricultural and rural credit policy, the state owned commercial banks and private and foreign commercial banks have disbursed Tk. 23,616.25 crore against the target of Tk. 21,800.00 crore in the last financial year (2018-19) which was almost 108.33% of the total target. In the last financial year more than 38.83 lac farmers received the agricultural credit of which 16.02 lac was women borrowers. Banks are encouraged to disburse agricultural credit through open program in the presence of respected personnel of the society to make the agricultural loan hassle free. In the FY 2018-19, 492.40 crore Taka was disbursed among 84,103 farmers through 16,188 openly public programs. Agricultural credits are also disbursed to the tribal farmers at only 5% interest rate in the 3 hill track districts of the country. In the FY 2018-19, 72.9 crore Taka was disbursed among 21,717 farmers.

1.2) Women's Participation in Agriculture

Agriculture related activities like post harvest operations, seed preservation, nursery business, jute stripping, vegetable cultivation, homestead gardening, floriculture, production of horticultural seeds, establishment and management of cottage industries based on locally produced agricultural commodities, etc. are very suitable for women. Extensive training programs are conducted and capital supports are provided to encourage women's interest and improve their skill in such activities. In the last financial year 2018-19, agricultural credit of 7,190.55 crore was disbursed among 16.02 lac women borrowers.

1.3) Agricultural credit through Contract Farming:

The contract farming system plays an important role to remove the marketing problem as well as to ensure fair price for the products of the farmers. Due to establishment of agro-processing industries, increase in agro-commodities export and additional demand for domestic consumption, the contract farming system is getting popularity day by day. In this system, the agro-processing entrepreneurs make contract with a group of farmers before the cultivation of the crops. Duration of the contract, description of the crops/products, quality of the crops/products, cultivation method, crops/products supply system, pricing system of the crops/products, procedure for payment, insurance system etc. must be mentioned in the contract. The contracted farmers are financed as well as different inputs like seeds, fertilizer, pesticides etc. After the harvesting of the crops, the entrepreneurs buy the crops from the farmers with a pre-fixed price.

2) Special Refinance Scheme for providing Finance to the Share-croppers

Bangladesh Bank introduced a refinance scheme of 500 crore taka at bank rate to BRAC (a micro-finance institutes) for easy credit accessibility of sharecroppers in response to 100% bank guarantee. In this consequence an agreement between Bangladesh Bank and BRAC was signed on 2 September, 2009. After this, BRAC started its activities in 35 districts with their trained employee to disburse credit facilities with a low cost. In 2009-10 fiscal year about 74.61 crore taka were disbursed among 67,571 farmers. BRAC adjusting their current due to Bangladesh Bank applied

again to disburse loan next year. BRAC also applied for expanding program area in some new districts including the haor areas. Based on BRAC application, Bangladesh bank approved the residual amount to be refinanced. Successful collection of principal and interest was the precondition before that amount revolved. In this consequence of credit dissemination, BRAC distributed 179.78 crore taka among 1,59,032 farmers of 36 upazilas up to January 2011. Bangladesh Bank refinanced the given amount considering their 105% bank guarantee. At the first phase, the duration of the scheme was upto June, 2015. But, based on the success of the scheme, the refinance scheme fund was increased to 600.00 crore taka in July, 2015 and the duration of the fund was extended to June, 2018. Almost 15.67 lac sharecroppers from 250 Upazillas under 48 districts got the agricultural loan facilities under this scheme. The sharecroppers received the agricultural loan easily, on-time and at a lower rate of interest as they need not to go for alternative sources for loan at a higher rate of interest. Farmers were able to produce more yields on the same land by getting necessary training facilities from BRAC.

3) School Banking

The school banking program was launched in Bangladesh in 2010. The scheme not only plans to help students and parents with a sizeable amount of savings after a certain period, it also aims to develop the habit of savings and making them financially literate from an early age into students. The scheme teaches the kids money management skills that may be useful for the rest of their lives. In November 2010, Bangladesh Bank asked all banks to open school banking accounts for the students. It said students need to be brought under banking services to help them contribute to economic activities through savings. In this regard, a guideline has been issued in 2013 to provide students with necessary banking services by ensuring more transparent and dynamic institutional financial supports. Upto September, 2019 total number of school banking accounts are more than 20.72 lac, in which Taka 1,807.53 crore is deposited. In the last one year, the number of accounts has been increased by 4.6 lac and the deposited amount has been increased by Taka 379.39 crore. Among the all school banking accounts 36.18% is opened in the rural area and 63.82% is opened in the urban area. The ratio of male students' accounts and female students' accounts is 60:40.

4) No-frill accounts for the Farmers:

In September of 2010, Bangladesh Bank instructed state owned commercial banks to help the ultra-poor by opening Taka 10 accounts so that they can get the benefits of the safety net programs. Private commercial banks were also instructed similarly afterwards. The use of the account has helped the farmers to engage in various economic activities

and change their lives. The accounts ensure inclusion of more poor people in business activities which in turn spurs the country's economic growth. No charges are applicable to these accounts. Under this scheme, a farmer can open an account by depositing BDT 10 (about 12 cents only) at any state owned commercial and specialized bank by using national ID card/birth registration card. Through this accounts, farmers can also receive government subsidies, fund transfers, social safety net payments and remittances directly to their accounts more safely and quickly. Farmers are encouraged to channel their foreign remittances through these accounts. Upto September, 2019, around 100.82 lac accounts have been opened by the farmers which are more than 1.16 lac from the previous year's. In these accounts Taka 338.20 crore is deposited by the farmers.

4.1) No-frill accounts for the freedom fighters:

A freedom fighter (who participated in the liberation war in 1971) can open bank account by depositing taka 10/- (ten) only at any state owned commercial and specialized bank by using national ID card and Payment Receipt Book for freedom fighter's allowance.

4.2) Bank Account for Beneficiaries under Social Security Program

Beneficiaries (under privileged people like- physically other way able, widow, old women, agricultural labor, industrial labor, elder citizens) under Social Security Program can open bank account by depositing taka 10/- (ten) only at any state owned commercial and specialized bank by using national ID card and Payment Receipt Book containing Pension Payment Order (PPO) for the beneficiaries.

4.3) Facilities for no-frill accounts

The account holders of the no-frill account can also take loans under Tk 200-crore refinance scheme of the central bank by using the accounts for an interest rate of 9.5 percent only. A single person can apply up to BDT 50 (fifty) thousand for a period up to one year. Banks can get an incentive rebate on the interest amount charged by BB at the rate of 3.5% after successful recovery of the loan.

It can be mentioned here that, other than the farmers, upto September 2019, another 1,02,50,270 accounts are opened by the different types of people who are covered by the government social safety program.

3) Branch Opening Policy

Bangladesh Bank has formulated a branch opening policy for the scheduled commercial banks which states that the ratio of opening new branch in the rural and urban area will be 1:1. This policy helps to expand the banking services in the rural areas.

4) Green Banking Activities through the Banks and Financial Institutes

Bangladesh Bank (BB) started its policy intervention on environment friendly banking practices by issuing Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions (FIs) and Green Banking Policy Guidelines for Banks. In 2013, Policy Guidelines for Green Banking was also issued for the Financial Institutions (FIs) and for the new banks which were scheduled in 2013. To expedite the initiatives of banks and FIs at faster pace, from January 2016 onwards minimum target of direct green finance was set at 5% of the total funded loan disbursement/investment for all banks and FIs. Bangladesh Bank instructed all banks and FIs to establish Sustainable Finance Unit and Sustainable Finance Committee by abolishing both Green Banking and CSR units. Guidelines on Environmental and Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh along with an Excel-based Risk Rating Model have been issued which has become enforceable from January 01, 2018 replacing the Guidelines on ERM to all extent. Recently, a comprehensive list of products/initiatives of Green Finance for banks and FIs has been circulated in September 2017. To monitor green banking policy & other regulations and to ensure the quality & uniformity of data provided by Banks & FIs, a new uniform reporting format of Quarterly Review Report on Green Banking Activities has been circulated for Banks & FIs in January 2018.

Banks and FIs were instructed to form a 'Climate Risk Fund' having allocation at least 10% of their Corporate Social Responsibility budget. This funding can be done in both ways- by providing grants or financing at a reduced rate of interest. Meanwhile, Banks & FIs have been instructed to set up Solid Waste Management System, Rainwater Harvesting and Solar Power Panel in their newly constructed or arranged building infrastructure. Besides, by the direction of Honorable Prime Minister, and Bangladesh Bank's instruction in conformity with that, all the banks & FIs must ensure the establishment and activeness of Effluent Treatment Plant (ETP) during financing to all possible clients.

To broaden the financing avenue for green products like solar energy, bio-gas plant and effluent treatment plant, etc., Bangladesh Bank established a revolving refinance scheme amounting to Taka 2 billion (200 crore) from its own fund for solar energy, Bio-gas and Effluent Treatment Plant (ETP) in

2009. The product line has been enhanced to 51 under 08 categories.

An on-lending scheme namely “**Financing Brick Kiln Efficiency Improvement Project**”, was established in BB supported by ADB with a view to reducing greenhouse gas emissions and refine particulate pollution from brick fields throughout the country and building environment friendly brick fields through development of efficiency of brick kiln with usage of appropriate technology and energy in 2012. In this scheme, total amount of loan from ADB is 50.00 million USD/converted to equivalent BDT for local use. It has two parts: Part-A: 30.00 million USD for conversion of Fixed Chimney Kiln (ECK) to Improved Zigzag Kiln and Part-B: 20.00 million USD for establishment of new Vertical Shaft Brick Kiln (VSBK), Hybrid Hoffman Kiln (HHK) and Tunnel Kiln. Relending facilities are extended to the Participatory Banks and Financial Institutions (PFIs) in this purpose. 36 banks and 21 financial institutions have signed participation agreement with Bangladesh Bank so far. Under this relending facility, total USD 33.55 million equivalent BDT 264.05 crore has been disbursed to 14 subprojects through 15 Participating Financial Institutions (PFIs) till June 2019. In the April-June quarter of FY2018-19, USD 6.87 million equivalent BDT 54.78 crore has been disbursed to two subprojects through 4 PFIs. The tenure of the project is upto December 2019.

Bangladesh Bank has introduced refinance scheme funded by excess liquidity of shariah based financial institutions to facilitate the shariah based banks and non-bank financial institutions (NBFIs) in the country. This refinance scheme aims to encourage the shariah based investors to be involved more in the renewable energy and environment friendly efforts, and strengthen the involvement of shariah based financing in this sector.

In January 2016, a long-term refinancing window named **Green Transformation Fund (GTF)** of 200 million USD was launched to ensure sustainable growth in export oriented textile and leather sectors conducive to transformation of green economy in the country. To further fortify the financing arrangement under GTF, it was decided to provision for a Participation Agreement to be signed between Bangladesh Bank and intended banks. To widen the scope of this fund, it has been opened for all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment-friendly initiatives since June, 2019.

7) BB Refinance Scheme for Environment Friendly Products/Initiatives:

The fund was created to promote Environment Friendly Financial Products/initiatives like- Biogas, Central Effluent Treatment Plant (CETP), Safe Working Environment (SWE), Vermicompost. Since inception, total amount of Tk. 4,118.30 million has been disbursed as refinance facility from the fund till June 30, 2019. The facility is extended to the participating Banks and Financial Institutions (PFIs), those who have signed agreement with Bangladesh Bank to avail the fund.

5. Way Forward

An inclusive sustainable growth is very important for a country. Sustainable finance is required for maintaining a sustainable growth. That's why BB is trying to play a significant role by monitoring the whole scenario and by taking appropriate policy initiatives. Refinance support from BB is also playing an important role to incentivize the green banking activities. We can expect that the measures taken by Bangladesh Bank will be beneficial for achieving Sustainable Development Goals (SDGs) of the country.

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The Journey of Cooperatives in India amidst Challenges: Way Forward

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Abstract

India has the largest network of cooperatives in the world. As of May, 2023 highest number of cooperative societies is registered in housing sector followed by dairy and PACS. Cooperative societies Act, 1904 gave momentum to the cooperative in India. In Five Year Action Plans, it was encouraged to have one cooperative society by one village. This sector has expanded from credit sector to other sectors on large scale like housing and development, fishing markets, banking, etc. With the development, this sector faced a various challenges like lack of professionalism in management, an outdated cooperative legislation, more control and interference by the government, issues with elected leadership, inability to attain financial viability, absence of incentive structures based on performance, internal structure and environment not adjustable or friendly to the growth and development of cooperatives as business enterprise. Government came up with the new initiatives to overcome these challenges. Amendments like Credit Guarantee Fund Trust, Computerization of PACS and cooperative society on GeM platform, PACS as a common service centre, etc. This initiatives brings transparency, efficiency, trustworthiness, financial inclusion, door step banking facility to the customers, customers can get the various services at the one door step. Lack of professionalism, mismanagement, lack of good elected leadership, etc. this constraints can be overcome by giving training to members on management and skills which can be useful to them in professionally management of the society. Government need to take the initiatives, which will help to overcome the above, mentioned challenges.

Key Words: Cooperative, credit, challenges, initiatives, development, PACS.

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1. Introduction

India is home to a unique movement called 'cooperatives' which involves citizens and their democratic involvement at a grass root level. A co-operative is a type of business that is quite common in developing nations like India and has a lot of potential as a tool for rural development (Singh and Pundir, 2000). Cooperative is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise" (International Cooperative Alliance, 2023). The motto of co-operation 'each for all and all for each', signifies loyalty, trust, faith, and fellowship. A cooperative society is an organization which is owned and run by the people and for the people using its goods and services and is based on the 'one member-one vote' system of decision making. Cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation (Singh, 2016).

Cooperative is having an immense potential to deliver goods and services in areas where both the public and private sector have failed. As the name indicates, the organization's members cooperate to contribute resources for their common development and benefits. A cooperative society is a group of people with common responsibilities and thoughts for the improvement of the under privileged and the needy. In our country, cooperatives play a pivotal role in advancing agricultural and rural development, especially in the areas like credit, processing, and marketing. Gujarat's dairy cooperatives and Maharashtra's sugar cooperatives are two best examples of cooperatives that may support and advance rural development (Singh and Pundir, 2000). Cooperative plays a crucial role in the development of the agricultural sector particularly in supporting small, marginal and weaker sections of the society.

1.1 Important Components of Indian Cooperatives are as follows (Anbuman, K. 2007)

- Cooperative education and training
- Agricultural credit cooperatives (production)
- Agricultural credit cooperatives (investments)
- Non agricultural credit cooperatives (urban banks)
- Cooperative marketing
- Tribal cooperatives
- Fertilizer cooperatives
- Consumer cooperatives

2. Evolution of Cooperatives in India

In 1850s, when East India Company started policy of annexation, deindustrialization of traditional industries started which led to huge migration of people towards rural India. This situation created vast potential for cooperative movement for generating self-employment opportunities at grassroots. Farmers in Western Maharashtra protested against the tyranny of money lenders over agricultural loans in the late 1890s, which led to the creation of the first cooperative societies in India. On the recommendation of a committee appointed by the government of India under the Chairmanship of Sir Edward Law, the Cooperative Credit Societies Act was introduced in 1904, providing for the formation of Primary Cooperative Credit Societies. As a result, this act gave momentum in the Cooperative Movement in India. Shortly thereafter India's first "urban cooperative credit society" was registered in Kanjivaram in the Madras Presidency in October, 1904. After this, mostly in all the states of India, cooperatives were registered. Within a few years, the nation realized that the role of cooperatives is helpful for social and economic development of the country.

This "cooperative movement" in India gained momentum after Independence. The government realized that the cooperative sector significantly contributes to the growth of the rural economy. It provisioned for plans for this sector in its Five Year Action Plans. At least one cooperative society was encouraged to exist in every village. It also helped setting up cooperative farms.

I. Constraints faced by the Cooperative sector in India

Cooperative movement extended from credit sector, and later to other sectors on large scale, like housing and development, fishing markets, banking, etc. This helped the formation of various kinds of cooperative societies. With this development, the cooperative movement began to face various challenges such as lack of coordination between the multiple cooperatives as well as political interference. This challenge is largely faced by the sugar cooperatives in Maharashtra, as members are not aware about the cooperative movement, its rules and regulations and the employees of the cooperatives are not professionally well trained or qualified with skilled people. Hence, the cooperative movement received a set back, as members of the societies do not actively participate in the activities of the societies. In India, cooperative products do not have a the common brand in different states for the same product, for example "milma" in Kerala, "aavin" in Tamil Nadu, "parag" in Uttar Pradesh, etc. In order to make cooperative firms

successful internationally, there is need to make a common brand for the same product in different states. Also, cooperative products are less demanded because cooperative stores do not offer shopping environment to the customers like the place, infrastructure, interior, products not qualitatively and variety wise superior, etc. Due to these reasons, buyers are not interested in cooperative products.

The effectiveness of cooperative enterprises is often hampered by rising corruption and fraud, mismanagement and manipulation, non accountability, people joined cooperatives for their personal motives (K Anbuman, 2007).

Cooperative business are loss making and dormant with few exemptions. Particularly the increasing bad debts and non performing assets in credit cooperatives have made their financial shape worse. The reasons for their losses include increased number of willful defaulters, interference by the politicians in loan recovery, waiver practices of governments, poor and sluggish recovery tribunal procedures, ineffective credit administration and monitoring, inflated profits reported in the books, a growth in fraud and money theft, etc. Their failures in non-credit cooperatives are primarily related to weaker product portfolio, an inability to draw customers due to subpar quality or a small selection, a lack of effective advertising, and unsuccessful marketing strategies (Jyoti, K. 2014).

The challenges that are frequently observed in cooperative sector are lack of professionalism in management, archaic cooperative laws, excessive control and interference by government and no any reward system on the basis of performance (Singh and Pundir, 2000).

The majority of cooperative societies lack the financial stability to provide innovative goods and services and maintain their market dominance. The cooperatives are facing this as a basic constraint. If the cooperative societies are financial stable then most of the other constraints can overcome. The government has given several benefits to cooperatives, but because of lack of accountability, these cooperatives have become more and more lethargic. Due to lack of good leadership and small size of business, cooperative societies are unable to attain financial viability, work culture and environment, which is hampering their growth (Khanapur and Naik, 2022). Government has taken initiatives from time to time to overcome the financial constraint. Recently government has taken new initiatives to overcome these challenges which are as follows;

3. Recent Amendment in Cooperative Sector in India

Government has taken many steps to overcome the constraints of the cooperative sector. Among them some recent initiatives which are taken by the government to overcome the financial issue and to make the cooperative societies financial stable are as follows:

3.1 Credit Guarantee Fund Trust (CGTMSE)

Through the circular No. 194/2021-22 dated 03.02.2022 has notified non-Scheduled Urban Co-operative Banks, State Cooperative Banks and District Central Cooperative Banks as Member Credit Institutions of the Scheme with specified eligibility criteria. This will increase the reach of the CGTMSE scheme to the cooperative sector and help in providing adequate, affordable and timely credit to cooperatives to promote cooperative-based economic development models,

3.2 Cooperative Societies on GeM Platform: A step towards a transparent, efficient, and economic procurement system. (2nd June, 2022)

The Government e-Marketplace (GeM) platform's registration of cooperative societies as "Buyers" has been accepted by the Union Cabinet. This made it possible for the cooperative societies to use a single platform to reach more than 45 lakh vendors and to follow a transparent, cost-effective, and effective procurement system. A total of 279 service categories and 9,702 product categories total almost 54 lakh goods. In the FY 2021-22, savings of almost 10,000 crores of rupees were reportedly made.

4.3 On June 08, 2022, RBI announced very important policy decisions for the cooperative sector:-

- a) First, the individual housing loan limit for Tier-I Urban Cooperative Banks (UCBs) was increased, from Rs. 30 lakh to Rs. 60 lakh, and for Tier-II UCBs, it was increased from Rs. 70 lakh to Rs. 1.40 crore. For Tier-II Rural Cooperative Banks (RCB), the limit was more than doubled to Rs. 20 lakh and Rs. 30 lakh, respectively. It is now worth Rs. 50 lakh and Rs. 75 lakh.
- b) Rural cooperative banks have also been given permission to lend to the residential real estate sector.
- c) Thirdly, urban cooperative banks are now permitted to offer door-step banking services to their clients in a manner similar to those of

commercial banks. These decisions will fulfill the cooperative banks' long-standing needs and provide new inputs to the sector's growth.

4.4 Cabinet approves Computerization of Primary Agriculture Credit Societies (PACS) on 29th June 2022.

13 crore farmers, the majority of whom are small and marginal farmers, will gain from it. It will bring transparency, efficiency, enhance trustworthiness and help PACS to become nodal delivery service point at Panchayat level. In addition to promoting financial inclusion and enhancing service delivery to farmers, particularly Small & Marginal Farmers (SMFs), computerization of PACS would also serve as a nodal service delivery point for a variety of services including the distribution of inputs like seeds, fertilizer, etc. Besides promoting digitalization in rural areas, the project will contribute to expanding the reach of PACS as outlets for both banking and non-banking activities. The DCCBs can then enroll as one of the important option for participating in a variety of government programs (where credit and subsidy are involved) that can be implemented through PACS.

4.5 The Multi State Cooperative Societies (Amendment) Bill, 2022

Intends to amend the Multi State Cooperative Societies Act, 2002 by incorporating the provisions of the Ninety-seventh Constitutional Amendment and completing current law in order to improve governance, transparency, accountability, and other aspects of the Multi State Cooperative Societies. The Multi-State Cooperative Societies (Amendment) Bill 2022 was passed by the Cabinet during its meeting on October 12, 2022. The bill was introduced in Lok Sabha on December 7, 2022, and on December 20, 2022, it was referred to the Joint Parliamentary Committee.

4.6 63,000 PACS to work as CSC; provide 300 services to villagers and 13 crore farmer members of PACS

To enable its network of Large Area Multipurpose Societies (LAMPS) and Primary Agricultural Credit Societies (PACS) to operate as Common Service Centres, SCS SPV signed a Memorandum of Understanding (MoU) with the Ministry of Cooperation and NABARD in February 2023. According to the agreement, 13 crore farmer members of PACS and 63,000 LAMP/PACS will be directed to operate as CSCs and provide 300 services to rural areas.

5. Conclusions

India witnessed the largest network of cooperatives in the world. It played an important role in different sectors of the economy like credit and non credit. It helps to make the financial independent to the poor and needy people. As of May, 2023 highest number of cooperative societies is registered in housing sector, followed by dairy and PACS. Cooperative credit societies act, 1904 gave momentum to the cooperative movement in India. After independent it provisioned for the cooperative sector in its Five Year Action Plans. It was encouraged to have one cooperative society by one village. Cooperative societies in India expanded from credit sector to other sectors on large scale like housing and development, fishing markets, banking, etc. As a result, several kinds of cooperative societies began were formed. The cooperative sector however faced various challenges such as lack of professionalism in management, an outdated cooperative legislation, more control and interference by the government. There were also issues with elected leadership, small scale of business, inability to attain financial viability, absence of incentive structures based on performance, internal structure and environment not adjustable or friendly to the growth and development of cooperatives as business enterprise.

To overcome the above mentioned constraints, and challenges, government time to time come up with a various schemes and initiatives. Amendments like Credit Guarantee Fund Trust helps in overcoming the challenges like weak economic base *i.e.* financial related issues by providing adequate, affordable and timely credit to cooperatives. Computerization of PACS and cooperative society on GeM platform will bring the financial inclusion, transparency, efficiency trustworthiness in the ecosystem of cooperative society and procurement system. RBI announced important policy in which rural cooperative banks were allowed to lend for commercial real estate residential housing sector. There were also allowed to provide door step banking facility to the customers of urban cooperative banks and also increases the housing loan limit for Urban Cooperative Banks. This initiative brings the financial inclusion in the cooperative sector. PACS as Common Service Centre will provide all the services listed on the Digital Seva Portal. Through these initiatives people can get the various services at the one door step.

6. Way Forward

As we seen the recent amendments has overcome the various constraints and challenges particularly financial challenges of cooperative sector. Other

than these challenges, other constraints such as lack of professionalism, mismanagement, lack of good elected leadership, etc. must be overcome through imparting training to the members on management and skills. This can help in professional management of the society. There is need to increase the members contribution so that society can become a financially strong enough. Increased used of digital technology, sales promotional activities like powerful advertisements, personal selling, disseminated selling, common branding of the different products will increased the sale of the product along with will give the identity to the product in the market. Along with this, government needs to take the initiatives to overcome the above challenges, which will help to push the cooperative sector on higher level.

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Cooperatives for Formalization of Waste Sector in India

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Abstract

Economic development, rapid population growth, and urbanization has resulted into the increased waste generation. Appropriate policy measures, programmes and management strategies are required to mitigate the challenge of waste management. The informal sector contributes far more to material recovery from municipal waste than formal waste management services. Waste pickers from informal sector contribute to public health, sanitation and environmental protection as well as promote circular economy. Often, they are not recognized legally as workers. They are treated as dirty and undesirable members of society and may be exposed to a variety of occupational hazards. Despite the fact that the Solid Waste Management Rules, 2016, recognize the mentioned role of informal waste workers, the system as a whole has failed to recognize them as key stakeholders in the waste management process. Integration of informal recycling sector to the formal Municipal Solid Waste operations is vital to improve social and economic standing of informal waste workers. Forming waste pickers cooperatives is one of the ways to recognize the efforts of waste pickers and provide them sustainable livelihood for their betterment.

Keywords: Solid Waste Management, Informal Sector, Waste Pickers, Cooperatives.

1. Introduction:

Increasing solid waste generation is a difficult and costly issue, particularly for low and middle-income countries. Economic development, rapid population growth, and urbanization have increased resource consumption, causing waste generation to increase exponentially over the last few decades. Around 0.15 million tonnes of Municipal Solid Waste (MSW) per day is generated by urban India only. Per capita MSW generated ranges from 0.30 kg to 0.45 kg per day. If present situation is not adequately addressed with appropriate policies, programmes, and management strategies, the volume of waste is estimated to reach 165 million tonnes by 2031 and 436 million tonnes by 2050 (DTE, 2022).

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India has a collection rate efficiency of 50-60% on average in waste collection and disposal. However, due to lack of disposal sites, only 10% of the waste is safely treated. Due to financial gaps, institutional deficiencies, and long-term underinvestment, India's Urban Local Bodies (ULBs) have been unable to manage the massive amount of waste generated, reinforcing a poor waste management infrastructure (SPRF, 2020).

When it comes to management of MSW, recycling is considered as vital. There are three main approaches to the recycling. First is the environmental approach which focuses on the reduced pollution, deviation of waste from the landfills and consequently less impact on environment. Another approach is economic focus. Processing cost of recyclable material is less compared to the processing cost of natural resources. In addition to this creation and maintenance cost of landfills also drops. Ultimately recycling industry gets promoted with active involvement of individuals in the economy of the country. The third and last approach is the social focus: Recycling enables the involvement of individuals in the informal labour market and generating income for them (Miranda, I. T. P. et al, 2020). It is seen that, formal sector is dependent on the informal recycling sector for the raw material required by the industries in the countries like India because of the low-cost services provided by the informal sector.

2. Waste Pickers from Informal Sector:

The informal sector contributes far more to material recovery from municipal waste than formal waste management services. Individuals, families and private sector enterprises providing solid waste management services who are not organized, sponsored, financed, contracted, recognized, managed, taxed, or reported on may be classified as working in the informal sector (DTE, 2022). Waste pickers are mainly men and women from lower income groups migrated from rural areas involve in the activities of waste segregation, collection, handling, disposal and sell of waste from streets or landfills and serving as a link between ULBs and the community. Their contribution to public health, sanitation and environmental protection by encouraging the ecological circulation of resources by reducing the amount of waste going to landfill is noteworthy (ILOCOOP, 2019). Often, they are not recognized legally as workers.

It is well-known that the informal waste collection and sorting sector performs the most labor-intensive and unrewarding job of recovering recyclable materials from unsegregated waste. In India today, there are

approximately 4 million informal waste pickers (TOI, 2022). Despite their critical role, informal waste workers continue to face systemic marginalization, both economically and socially. They are treated as dirty and undesirable members of society and they are subjected to exploitative social behaviour. While the wages and living conditions of various strata of informal waste workers vary greatly, the majority of them (street waste-pickers) work and live in dangerous conditions. Waste-pickers may be exposed to a variety of occupational hazards (Lakshmi J. K. et al, 2021). Various bacterial and viral diseases breed in community waste bins and dumpsites. As a result, waste-pickers frequently suffer from gastrointestinal problems. They are required to separate recyclables from mixed waste. They sometimes handle sanitary waste, domestic hazardous waste, and household biomedical waste with their bare hands, which can lead to a variety of infections. Contact with human and animal excreta, bodily fluids, and dead animals can also lead to infection. Sharp objects, ragged metal edges, and broken glass in the mixed waste also cut them. They frequently lack access to sanitary and medical facilities. Furthermore, child labour is widespread, and life expectancy is low. In addition to this, waste-pickers are not covered by any labour laws. As a result, they are ineligible for social security and medical insurance (DTE, 2022). Waste pickers are the most vulnerable to the effects of climate change. Despite their vulnerability, they hold a critical key to delaying global warming. Waste accounts for 20% of methane emissions.

To compound their vulnerability, the Indian legal framework (Indian Penal Code: 1860) considers waste-pickers to be thieves. Because waste is considered municipal property, its handling and collection by unregistered waste workers puts them at risk of prosecution, exacerbating their predicament (Reddy, 2018). According to a study conducted in 2018 by Chintan, a Delhi-based NGO, approximately 50% of waste workers lost their jobs or saw a significant decrease in their earnings after the Municipal Corporation of Delhi privatized waste collection (SPRF, 2020).

3. Recognition to Waste Pickers:

In 2016, the Ministry of Environment, Forests, and Climate Change proposed a revision to the Solid Waste Management Rules to address the problem of waste management in India. This was for the first time that informal waste workers were included in any administrative framework of the formal waste management system. The Ministry expressed a strong interest in integrating waste workers from the informal sector, as their inclusion in the formal system would provide an opportunity to streamline the workforce and the functioning, while also providing them with more

desirable income options. Despite the fact that the Solid Waste Management Rules, 2016, recognize the mentioned role of informal waste workers, the system as a whole has failed to recognize them as key stakeholders in the waste management process (SPRF, 2020).

According to the International Labour Organization, waste collection is a 'green job' that should be promoted and facilitated because it contributes to a global green economy by achieving environmental sustainability (Wasteaid 2016; ILO 2012; ILO Partnership Agreement, 2015). As a result, waste workers make significant environmental contributions by reducing carbon emissions through recycling activities that help to reduce the size of landfills and increase the rate of reuse of biodegradable and non-biodegradable waste (SPRF, 2020).

There is an urgent need to initiate policy action to improve social and economic standing of informal waste workers. For this purpose, integration of informal recycling sector to the formal Municipal Solid Waste operations for the improvement in the MSW management services as well as standard of living of the waste pickers is vital.

The International Labour Conference, in 2015, accepted the Recommendation No. 204 which refers to the 'Transition from the Informal to the Formal Economy' highlighting the cooperative as one of the ways of formalizing workers in the informal economy. Organizing waste collectors in the waste sector through cooperatives or other organizations or economic forms allows waste pickers to access economic formalization and social inclusion, defend their interests as well as access to markets, occupational safety and health, social protection and help in improving their income and working conditions (ILO, 2015).

4. Role of Cooperatives in Transforming the Lives of Waste Pickers with Examples:

Kagad Kach Patra Kashtkari Panchayat (KKPKP) formed Solid Waste Collection and Handling (SWaCH), which is India's first waste management cooperative that is wholly owned by self-employed waste collectors and other urban poor at Pune, Maharashtra. This cooperative with a membership of 3,500 had laid the groundwork for changes that would significantly improve not only the Pune city's waste management but also the working conditions of waste pickers. Waste pickers can contribute significantly more to climate change mitigation if they receive support from stakeholders. According to the December 2022 data, services of waste collection of SWaCH covered 70% of the city, equating to

8,00,000 households per day and 70,000 tonnes of waste recycled per year. Rs. 100 crore (INR 1 billion) were saved by the cooperative in 2021 for the Pune Municipal Corporation (PMC) (On the Ground, 2023).

Waste pickers own, manage, and operate three cooperative scrap shops at Pune. Each shop serves between 40 and 100 waste pickers. The waste pickers are all equal shareholders in the shop, with equal decision-making rights and profits. They were founded in response to waste pickers' exploitation at the hands of scrap dealers, who frequently under-weighed materials and underpaid waste pickers. They make decisions about the management of their cooperative, as well as policies and programmes that affect them. If they are not, they assert their right to be heard.

Nalini Shekar along with Anshum Rosario in 2010 formed Hasiru Dala which means 'Green Force' at Bengaluru by organizing waste collectors to integrate them in the local solid waste management and to provide them recognition in the society. Nalini Shekar and her partner worked tediously to provide identity cards to over 11,400 waste collectors, which authorized the waste workers to collect waste within the jurisdiction of the city. Hasiru Dala also worked towards the capacity building of the waste collectors by imparting training of waste collection, recycling and organic management. After receiving ID cards and training, waste pickers of Hasiru Dala could enter into the contract with the local government for authorized door-to-door waste collection, waste sorting and composting services. This remarkable work must be emulated and scaled up throughout India, for empowerment of waste collectors through cooperatives (On the Ground, 2023).

Stree Mukti Sanghatana (SMS) at Mumbai, Maharashtra aims to empower disadvantaged women in India. It trains women waste pickers for composting and gardening. Around 2004, Parisar Bhugini Vikas Sangha (PBVS) federation was established by SMS. It has 250 self-help groups with comprising of 2,500 waste pickers in Mumbai. This was followed by the establishment of the Parisar Sakhi Vikas Sanstha (PSVS) in Navi Mumbai which has 500 members. Cooperatives were formed by PBVS members and registered them with their State government. This enabled them to enter into contracts for Zero Waste projects with housing societies and other organizations (On the Ground, 2023).

Another example of integration of waste collectors from informal sector into formal waste management system is 'Kabadiwalla Connect'. It's a social enterprise that is using ICT and IoT based technology to register

waste pickers as suppliers and authorize their transactions. As a pilot project, this organization distributed smart bin to 1,500 households in Chennai to track the volume and quality of segregation at each apartment.

This information helped waste pickers collect their material directly from the source than foraging through dumpsites. This model can be emulated into the cooperatives to provide sustainable livelihood to the waste pickers and to promote circular economy.

5. A Way Forward:

For identification, organization, training and empowerment integration of waste collectors into the formal waste management chain are necessary. For this government can promote formation of waste collection cooperatives or other institutions and entering into the contract with such cooperatives and institutions of waste collectors for their transformation.

This formalization approach will not only help promote recycling and help to induce a circular economy in waste management, but will help provide sustainable livelihood to the waste collectors.

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An Overview of Rural Development Programmes (2013-14 to 2018-19)

Priyanka Karale¹

Abstract

Rural development typically refers to a strategy for improving peoples' quality of life and financial security, particularly those who reside in inhabited and distant locations. Traditionally, the overuse of land-intensive natural resources like forestry and agriculture was at the heart of rural development. Today, however, the nature of rural areas has changed due to urbanisation and changes in global industrial networks. The foundation of the nation's overall development continues to be rural development. A third of rural India's population still lives below the poverty line, while more than two thirds of the population depend on agriculture for their living. Therefore, it is crucial for the government to provide and offer sufficient facilities to raise people's living standards. Activities related to development and welfare in rural areas fall under the purview of the Ministry of Rural Development. The Ministry is divided into two divisions: land resources and rural development. The Ministry's Department of Rural Development is in charge of carrying out a number of significant programmes in rural areas. These programmes aim to reduce poverty, provide essential services, create jobs, improve rural infrastructure, and promote habitation. The Department of Land Resources uses integrated watershed management to increase the productivity of degraded land. In order to enhance real-time information on land and optimise the use of land resources, it also intends to establish an integrated land information management system.

Key Words: Rural Development, job creation, SDGs

Introduction

Rural development is the process of enhancing the standard of living and financial security of residents of rural communities, which are frequently secluded and sparsely populated. Agriculture and forestry are two land-intensive natural commodities that have traditionally been the focus of rural development. The Indian government has launched various schemes to ensure the socio-economic development of the country. In a bid to address the numerous social and economic issues facing its residents, the Government of India has undertaken several programs every year. These measures are expected to contribute to the country's overall welfare. Annually, there is a rollout of initiatives and programs aimed at mitigating issues faced by the populace. Both the federal and provincial governments provide the necessary funding for these strategies and programs. This article has highlighted some major government initiatives that have been implemented in India recently.

Objectives

To study various schemes available under rural development for last five years.

To know the aim of schemes to uplift the disadvantaged and marginalized sections of society, for improvement in infrastructure, and promote economic growth.

Research Methodology

The paper is based on secondary data obtained from government websites.

Department of Rural Development Achievements (2013-14 to 2018-19)

Allocation of Department went up from Rs. 58,630 crore in 2013-14 to Rs. 112403.92 crore in 2018-19. The period also saw more than three times increase in fund allocation by Fourteenth Finance Commission (compared to Thirteenth Finance Commission) to Rs. 2 lakh crore. State shares also increased along with Extra Budgetary borrowing from National Bank for Agriculture and Rural Development (NABARD). Over Rs. 2.21 lakh crore Bank loans accessed by women Self Help Groups (SHGs) under Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) in 5 years.

1. RURAL HOUSING/PRADHAN MANTRI AWAAS YOJANA-GRAMIN(PMAY-G)–

In the past five years, 1.45 crore rural homes have already been built. When all the uploading for the year is finished by April 15th, 2019, the number is probably going to increase to 1.55 crore. This includes the roughly 75 lakh Pradhan Mantri Awaas Yojana- Gramin Homes, which were already finished as of November 20, 2016, according to the Prime Minister. After uploading by April 15th, 2019, an additional 15 lakh PMAY-G homes would be finished, bringing the total number of PMAY-G homes built to 90 lakhs. As part of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), each of the 1.6 crore beneficiaries received 90 or 95 days of labour to build their own dwellings. These homes come equipped with a bathroom, a free electricity connection, an LPG connection, and frequently resources for land expansion.

2. PRADHAN MANTRI GRAM SADAK YOJANA (PMGSY)–

Connecting the unconnected habitations through good quality all weather roads. Upgradation of rural roads linking rural hubs. PMGSY III- Consolidation and upgradation of Major Rural Links and Through Routes, connecting agricultural markets, higher secondary schools and hospitals. By March 2019, it was intended to provide all-weather road connectivity to all the eligible and practical habitations in 500+ population categories in plain areas and 250+ in North-Eastern and Himalayan States, Deserts, Tribal, and Backward Districts. As of 31.03.2019, 1,65,919 habitations have been connected [approx. 97%] through all-weather roads, including 16,086 habitations connected by States using their own resources, out of the 1,78,184 habitations specified for coverage under the PMGSY based on the 2001 Census. 3,943 habitations have been abandoned or deemed unworkable.

States have indicated that 2,495 of the 8,265 remaining sanctioned habitations are not now possible because of things like forest removal, land concerns, court cases, etc. The remaining practicable habitations are anticipated to be finished as soon as possible.

3. LIVELIHOOD MISSION –

The livelihood mission aims at reducing poverty by giving low-income households, opportunities for lucrative self-employment and skilled wage work. This will significantly improve their quality of life over the long term, through creating effective, long-lasting, and grassroots institutions for them. Nearly 6 crore women have been mobilized in over 52 lakh Self Help Groups (SHGs) with total Bank loan accessed over Rs. 2.25 lakh crore in last 5 years. The total loan outstanding has moved up from Rs. 31,865 crore with NPA 7% in 2013- 14, to Rs. 79,429 crore with NPA of 2% at present. From 10.15 lakh SHGs with credit linkage in 2013-14, at present over 31.28 lakh SHGs are credit linked with nearly 3.2 crore women benefitting from Bank loans. Over 2.38 lakh Community Resource Persons (CRPs) and 56000 Master Trainers from among poor women working to make Livelihood Mission for universal coverage. Over 36 lakh women farmers connected under Mahila Kisan Sashaktikaran Pariyojana (MKSP). 53,084 enterprises supported under Start up Village Entrepreneurship Programme (SVEP). 8.63 lakh youth trained under Deen Dayal Upadhyaya Grameen Kaushalaya Yojana (DDUGKY), of which 5.42 lakh have been placed, which is over 62%. Besides this, over 21 lakh candidates were trained for self-employment under Rural Self Employment Training Institutes (RSETIs) with settlement rate of over 74%.

4. MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MGNREGS) –

The Scheme aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to take up unskilled manual work.

Over 2.83 crore durable assets completed under MGNREGS in last 5 years. Completion rate moved up from 29.44 lakh in 2014-15 to over 89.68 lakh in 2018-19. Major thrust on agriculture & allied works and on Individual Beneficiary Schemes. 1.54 crore rural housing beneficiaries got 90/95 days of work under MGNREGS for constructing their own homes. 4.46 crore assets under MGNREGS since inception already geo-tagged and in public domain. Over 268 crore persondays generated under MGNREGS in 2018-19, which is one of the highest. Over 1.5 crore hectares have benefited from Water Conservation works under MGNREGS. 18.14 lakh farm ponds, 1.45 crore rural housing support, 1.29 lakh goat sheds, 10.54 lakh

Vermi/NADEP composting, 4.84 lakh soak pits, 7.86 lakh Solid Waste Management works, and 43,093 Anganwadi Buildings completed under MGNREGS over the last 5 years. Complete transparency through IT/DBT, Geo-tagging, Social Audit, and continuous quality check. Under Natural Resource Management (NRM), 19.05 lakh ponds, 5.15 lakh dug wells, 5 lakh check dams, and nearly 2.02 lakh embankments were completed under MGNREGS during the period 2014-15 to 2018-19). MGNREGS seen as livelihood security resource with thrust on durable assets and on raising incomes of the poor. Generation of payments within 15-days increased from 26.85% in 2014-15 to 91.61% in 2018-19. Total fund availability nearly doubled during the last 5 years.

5. SAANSAD ADARSH GRAM YOJANA (SAGY) –

Nearly 1500 Gram Panchayats taken up for holistic development by Hon'ble Members of Parliament under SAGY. 38,540 projects completed in these clusters. Significant improvement in indicators like open defecation free, better infrastructure, full immunization, better nutrition coverage, improved Village School & Health facility, opportunities for Skill Development, and formation of women Self Help Groups in these clusters with transformation impact. Detailed evaluation is under way to identify the success factors for further strengthening the programme.

6. SHYAMA PRASAD MUKHERJI RURBAN MISSION (SPMRM) –

The Shyama Prasad Mukherji Rurban Mission was launched by the Honourable Prime Minister on February 21st, 2016 with an outlay of Rs 5142.08 Crores. This is a unique programme, designed to deliver catalytic interventions to rural areas on the threshold of growth. About 300 Rurban clusters with thematic economic growth points are being developed across the country under this Mission. A funding support of upto 30% of the estimated investment for each Rurban cluster is given as Critical Gap Funding (CGF). The States through convergence with synergic State and Central programmes as well as private investment and institutional funding mobilize 70% of the funds. Upon being re-classified as a Centrally Sponsored Scheme, the CGF is now shared between the Centre and the State in a ratio of 60:40 for Plain area States and 90:10 for Himalayan and NE States.

Financial Progress:

(Amount Rs. in Crore) Financial Year 2015-16 2016-17 2017-18 2018-19 2019-20
 Fund allocated 60.00 600.00 600.00 451.03 800.00
 Expenditure 32.05 599.45 553.26 432.55 53.57

Financial Year	2015-16	2016-17	2017-18	2018-19	2019-20
Fund allocated	60.00	600.00	600.00	451.03	800.00
Expenditure	32.05	599.45	553.26	432.55	53.57



Physical Progress: Against the allocation of 300 clusters, 295 clusters have been identified by the States/UTs. 279 Integrated Cluster Action Plans (ICAPs), which are the blue prints of investment for each cluster, have been approved for 29 States and 4 UTs. Rs. 27,018 crore of investment approved; nearly 78% is targeted towards saturation of Basic and Economic Amenities. Nearly Rs. 5,360 crore of expenditure; Rs. 4560 crore under Convergence and Rs. 800 Crore under CGF has been incurred on the ground so far, across various investment sectors and thematic areas. The states have identified the

clusters as per the thematic strengths and so far 188 Agriculture clusters, 68 Skill development clusters and 23 Tourism clusters have emerged from the first 279 clusters. A Management Information System (MIS) 'RurbanSoft' has been developed for real time monitoring work at cluster level and 241 Integrated Cluster Action Plan (ICAPs) and 40 Detailed Project Reports have been entered so far. Model guidelines: 'Land use regulations & service level benchmarks' issued to all States/UTs with the help of SPA & CEPT and so far 129 clusters have been notified as planning area. To strengthen the financial monitoring under the Mission, the Rurban Soft is being linked with the Public Financial Management System (PFMS).

7. SOME OTHER ACHIEVEMENTS –

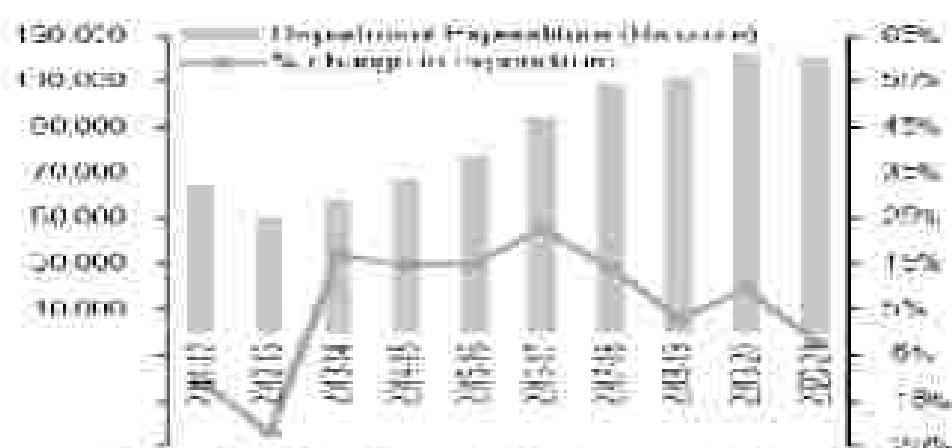
Ranking of Gram Panchayats completed. Gram Panchayats Development Plans (GPDPs) prepared. Comprehensive data for Gram Panchayat development made available to all Gram Sabhas. Joint Capacity Development of 31 lakh Panchayat Leaders and nearly 6 crore women SHGs of DAY-NRLM started under Rashtriya Gram Swaraj Abhiyan (RGSA) scheme. Food security, electricity connection, Swachh Bharat Mission (SBM), LPG connection, Rural Housing, Livelihood Mission, Skill Development are all contributing to Rural Transformation with faster decline of poverty.

8. GRAM SWARAJ ABHIYAN (GSA)

63,974 Villages with very high deprivation and in 117 Aspirational Districts covered under the special campaign of Gram Swaraj Abhiyan for universal access to the eligible for LPG connection, Electricity connection, Bank Account, Accident Insurance, Life Insurance, Immunization, and LED bulbs.

Department of Rural Development In the past 10 years, the expenditure of the Department of Rural Development has seen an annual growth of 7.2%. Except in 2011-12 and 2012-13, when the Department reduced its spending, its expenditure increased in all other years up till 2019-20. In 2020-21 the estimated expenditure is 2% less than the revised estimates for the previous year.

Figure 1: Expenditure by the Department of Rural Development over the years (Rs crore)



Note: Values for 2019-20 and 2020-21 are revised estimates and budget estimates respectively.

Sources: Union Budgets 2011-12 to 2020-21; PRS.

Major schemes under the Department

Table 2 represents the budgetary allocation for major schemes under the Department of Rural Development.

Table 2: Allocation to the Department of Rural Development (Rs crore)

Department	Actuals (2018-19)	Revised (2019-20)	Budgeted (2020-21)	% change (BE to BE)
MGNREGS	61,813	71,002	61,500	-13%
PMAY-G	19,308	18,475	19,500	6%
PMGSY	15,414	14,070	19,500	39%
NSAP	8,418	9,200	9,197	0%
NRLM	5,783	9,024	9,210	2%
Rurban Mission	433	300	600	100%
Others	671	578	640	11%
Total	1,11,841	1,21,649	1,20,147	-2%

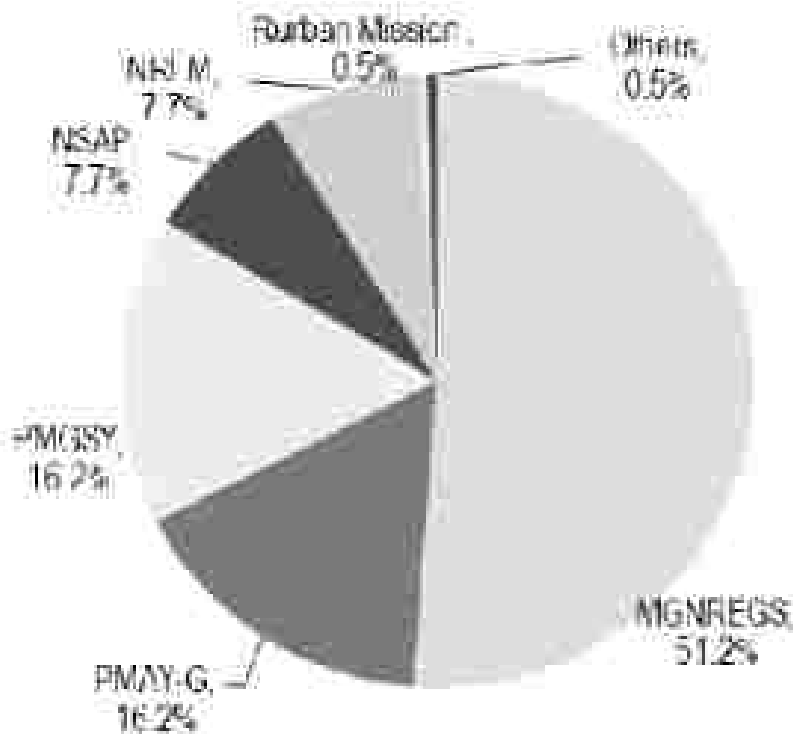
Note: BE is budget estimate and RE is revised estimate. Others include central sector projects like management support to rural development programs, socio-economic and caste census survey and centre's expenditure.

Sources: Demands for Grants 2020-21, Department of Rural Development, Ministry of Rural Development; PRS.

- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) continues to account for more than half of the Department's budget. However, the funds allocated to it have decreased by 13% this year.

- Funds allocated for the rural roads scheme; Pradhan Mantri Gram Sadak Yojana (PMGSY) has seen an increase of 39% from the revised estimates of 2019-20.

Figure 2: Top expenditure heads in 2020-21, as a percentage of total departmental allocation



Sources: Demands for Grants 2020-21, Department of Rural Development, Ministry of Rural Development; PRS.

Figure 2 shows the composition of expenditure of the Department of Rural Development. In 2020-21, 51% of the Department's expenditure is estimated to be on the MGNREGS. This is followed by the rural component of Pradhan Mantri Awas Yojana – Gramin (16.2%), and PMGSY (16.2%).

Suggestions for future

To accomplish the SDGs, it is necessary to create synergies across various government initiatives and programmes in terms of planning, procedures, and implementation. The basic planning units that support household level micro-plans and Gramine Panchayat Development Plans (GPDP) should be the household and the village. For suitable implementation, it is necessary to

coordinate the selection criteria, the processes and rules for implementation, and the availability of funding at the same time. For this, it would be necessary to pool financial and human resources across various government programmes, and to rationalise their utilisation in carrying out the plans at the household and GPDP levels.

Conclusion

The Indian government has launched several schemes to promote the socio-economic development of the country. These schemes aim to address various issues such as healthcare, education, sanitation, and employment. The schemes have been successful in achieving their objectives and have contributed significantly to the overall development of the country.

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Cooperatives as an instrument for Mitigating the Livelihood Catastrophe Caused by Covid-19 Pandemic

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Abstract

The corona virus disease (COVID-19) has thrown livelihoods out of gear, and is pushing rural households in a downward spiral of poverty. In India, the first wave of covid robbed the urban poor off their livelihoods and income; the second wave has penetrated the rural areas damaging livelihoods; and by the time the third wave broke, fortunately most Indians had vaccinated and safe. Measures taken to normalise the covid curve - such as lockdown and travel restrictions - aim at saving lives, while degenerating livelihoods and income of the poor. The Government of India, and the State governments are in a tight spot for lockdown is predisposed with such outcomes that the State has to accept 'and work with'. In order to recover and diversify livelihoods, the State has to put in place strategies for regenerating rural livelihoods. This paper analyses the options available, and how cooperatives can play an instrumental role in such a scenario. The central idea is: interim realignment of various departments of the government for converging development schemes with a view to enabling cash-flow into rural households. This paper unfolds the diligence behind this idea, and draws a road map illustrating how it could happen.

Key Words: Livelihood, Co-operatives, Road map

Introduction

Covid-19 pandemic has put people into the brink of poverty because of two major concerns. It affects 'life' and 'livelihoods'. As development professionals working in the Cooperative Sector, our primary focus is to protect and diversify livelihoods so as to suggest ways for providing sustained means of income to the rural households. At the same, we cannot lose sight of the fact that livelihood question comes only after

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making sure someone remains 'alive' in the first place. There is nothing to debate if life is important or livelihoods are important. Obviously, saving lives is immediate. But, it does not mean the livelihood question can wait. We must recognise that if one is immediate, the other is about short to medium-term.

Lives and Livelihoods

The first wave of covid pandemic in India threw many urban poor out of job; to lose income; and robbed them off whatever small savings they might have had. The second wave, as predicted, has been far more damaging than the first one, and penetrated the rural areas as well (Anant Kumar, 2020); and by the time the third wave broke, fortunately most Indians had vaccinated. The damage could be prevented, and to a large extent, bearable. The novel Corona Virus Disease has caused severe livelihood catastrophes in Indian villages, pushing families down the poverty spiral on a daily basis (UNDP, 2020).

In order to ward off the possible damages feared, the State governments announced multiple lockdowns. Lockdown was meant to save lives. Nevertheless, it meant deliberately leaving livelihoods to suffer – assuming that livelihoods would recover once the situation normalised. All these boiled down to make a point that Covid pandemic has thrown rural livelihoods out of gear. Many families in rural areas have been forced into economic hardships. Many ultra-poor families spent years – the hard way - climbing the economic ladder with an aspiration to position themselves as 'non-poor', have slipped back to the rock bottom, having to identify themselves as 'ultra-poor' once again (Wadhwa, 2020). This situation was devastating hope, lending a note of desperation in everyone's ordinary conversation almost every day.

In this context, rural cooperatives, as they are primarily economic institutions at the cutting edge level, have a significant edge over several other institutions that are mandated to serve the rural poor. As stated already, for Government of India this is a twin challenge – saving life and livelihoods. Saving life is in the hands of the Ministry of Health and Family Welfare with its network of hospitals, doctors, and paramedical staff and so on. In addition, there is corona health care service provided by private corporate hospitals, NGO and missionary-run hospitals. This paper does not dwell into health care aspect of combating the virus. The discussion here is limited to recovering livelihoods and thus, reviving household economy in rural India.

Clearing up the Livelihoods Perplexity

The challenge of securing, promoting and diversifying livelihoods remains in the hands of Ministry of Agriculture, Cooperation and Farmers Welfare, under which we have plenty of ICAR Institutions, and various types of cooperative institutions. The second important player here is Ministry of Rural Development along with the Ministry of Panchayati Raj. Together they implement the largest wage employment programme in India called Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), besides National Rural Livelihoods Mission (NRLM) that directly works with State Rural Livelihood Mission (SRLMs) promoting and supporting Self-Help Groups. All these institutions have their reach up to village level. Some of these schemes operate through respective line departments or through network of cooperative institutions. And others operate through Panchayati Raj Institutions (PRIs) (Gayathri Vasudevan, 2020).

These ministries and departments are well-positioned to engage in a combat that can provide the immunity and resilience for recovering / diversifying rural livelihoods damaged by covid. We can draw an analogy to illustrate / clarify the point. It is said that the strength and strategy of corona virus is in its ability to 'mutate'. It is *this* characteristic of this virus that render doctors perplexed being unable neither to deduct it nor to prescribe a treatment procedure. Mutation essentially means *structural alteration*. Tackling corona virus also requires such structural alteration and rearrangement amongst various departments of the government. This is the critical antidote we need to formulate (Biberman, 2020).

Cooperatives and PRIs at the centre of our Strategy

Institutional linkage and programmatic convergence should serve as the *chakra vyngam*¹ of the Government of India, where the main weapon put to use will be 'cooperatives' working through Panchayati Raj Institutions (PRIs) and Self Help Groups (SHGs) at the grassroots level (Anwesha Dutta, 2020). In fact, the war against corona virus is the next Mahabharath War happening in 'real' India. Mahabharath war was an epic tale. Corona virus is a 'real story' India is reeling under. To win over by defeating the corona virus requires a war time strategy.

This is no less than a war – a war against an unknown, unseen epidemic that play havoc on people’s lives, livelihoods and confidence levels. This is perhaps, the other side of globalization – the unseen side of it, which otherwise was told to us that it spreads wealth across countries and continents (Friedman, 2007). The new lesson now is that so much so, it spreads impairment as well. Whether globalization could spread wealth or made way for wealth to concentrate in the hands of a few in every country is being debated (Stiglitz, 2007). But, covid has proved beyond doubt that it respects equality. It spares none. It hurts everyone. It knows no country, no religion, whether someone is rich or poor. Having said that possibly, here again, the poor could be more vulnerable because they have nothing in their store to keep themselves locked down for long. They have to break the lock down in search of jobs and income. Thus, they expose themselves to the risk of being infected, and causing the spread to go on at mass community level (Wadhwa, 2020).

¹ chakra vyugam is a uniquely designed war strategy supposed to have been used in the war of Kurukshetra, narrated in an Indian epic tale called Mahabharath. This is popular in Indian mythology.

Therefore, amongst the options at sight, institutional and scheme convergence seems to be the prudent grand design (Monika Chaudhary, 2020). For this to happen, those who have been working in departmental silos, have to rub elbows, and associate in order to devise a common strategy to save rural livelihoods and thus to save India from the onslaught of this virus.

The Convergence

The following is a list of prospective departments and schemes that can converge in order to protect rural livelihoods, and to provide the diversification and enhancement required at this time. The first few suggestions pertain to ‘saving lives’, and the subsequent ones relate to ‘livelihoods’. This strategy takes a stand that when it comes to addressing the question of ‘livelihoods’, it is sensible to think that we are not alone – meaning there are many institutions of the Government of India we can rope in for support, and convergence (Biberman, 2020). First we begin with a few life saving measures because only when life is protected, livelihoods thrive, and incomes flow. Here is the list.

1. **Covid Appropriate Behaviour:** Inappropriate behaviour of people (crowding, not wearing mask properly, habit of spitting) in most places defeats the purpose of lockdown. The Gram Panchayats must be alert enough to see that Covid protocol is followed in ration shops, local private shops, MGNREGS work spots etc. The GPs can prepare a roster of volunteers including Panchayat functionaries, and SHG women in such a way that on rotation they go round cautioning people wherever they find the Covid protocol is not adhered to.

2. **Covid Communication:** A ringtone in telephones with the same message has become a laughing stock and theme for memes. It must be done away with or replaced with shorter messages that are more powerful. The communication strategy of the State must keep changing following different approaches such as informing, persuading, influencing, nudging the non-adopters, shaming the violators etc. Stereotyped messages tend to fall in deaf ears. Considering the misinformation, and playfulness that social media such as whatsapp will, the message designers must bear in mind that *no* communication strategy will be impactful for a period more than a fortnight. Let our covid communication take note of this principle. The crux of the above matter is that the State should continue to focus on covid appropriate behaviour change communication, while at the same time ensuring availability of vaccines for all at the earliest.

3. **The Package of Essential Commodities:** The Department of Civil Supplies that provide essential commodities through the PDS Shops should revisit the items that are sold through such shops. Arrange to sell items that are high-protein, and fibre-rich such as moongdal, lentils, legumes, chickpeas etc. Portability of ration cards for the poor to be able to use it anywhere in India, irrespective of the state one belongs to, must come into force at the earliest in all states.

4. **Universal Basic Minimum Income:** Some countries (Canada, Mongolia, Brazil, and Iran) have tried 'Universal Basic Minimum Income' (BMI) to the poorer households. This is direct money transfer to the poor. This goes with the philosophy: 'give the people money, let them decide how they will use it' (Standing, 2017). But in India MGNREGS can be viewed as an equivalent of BMI. In other words, MGNREGS is the Indian version of BMI. MGNREGS works must continue, following social distancing with arrangements for handwashing facilities (preferably with liquid soap) near the work site. Additional works must be identified under MGNREGS so as to enhance the cash flow into poorer households. MGNREGS is one

important enabler of cash circulation in rural areas. The full allocation must be made use of at village level, for the benefit of the card holders.

5. Self-Help Groups: We are fully aware now that the idea of cooperation is operationalised in several different versions for more than two decades now. They include Self Help Groups; Micro Credit Institutions; Farmer Producer Organisations; Artisans' Guild or Common Facility Centre and so on. All these essentially stand on cooperative instinct of man. For operational convenience the members who come together register under various acts of the government. The basic tenet is 'cooperation'.

The National Rural Livelihoods Mission (NRLM) through various State RLMs is nurturing, and supporting the SHGs for various economic support programmes. SHGs linked with banks, have become one of the important sources of cash flow into rural households, enabling money circulation in rural areas.

It's time SRLMs in various states intensify their work, and come out with innovative small business ideas tapping the opportunities brought about by covid. It is true Covid has opened up opportunities for manufacturers of digital goods; online markets and online education platforms; and for pharmaceutical industries. We cannot deny the fact that it has opened up opportunities for many small business opportunities as well, if only we recognise them.

6. Small Business in Fresh Herbs, Herbal products, Fruits and Vegetables: Covid has shot up the demand for several herbs, fruits and vegetables. There is high demand for herbs such as mint, coriander (to use as leaves or as seeds) lemon, ginger, dry dinger, pepper, turmeric, talsi, amla, garlic, moringa leaf and drum sticks, and also for medicinal herbs such as ashwaganta, triphala etc. The Cooperative Department along with State Medicinal Plants Board must arrange to liberally supply seeds and planting materials of these medicinal plants and herbs. Cultivating these, or buying and selling these items can become a livelihood diversification activity for rural people, which can happen through SHGs and cooperatives.

7. Small Business for the Landless: Those who are landless can buy items such as ginger, garlic, pepper, locally grown vegetables, fruits etc. from rural cultivators and sell in the nearby towns. Buy fruits either from growers or from wholesalers / Farmer Producer Organisations and sell at retail in the nearby town. For purposes

such as these, the SRLMs must take it as a drive to promote micro lending through SHGs. It must be strictly loan with cheap rate of interest, and not a grant.

8. Social Development Activity of Cooperative: We cannot predict that with a second wave or third wave we shall be done away with this pandemic. Two important lessons covid has taught us are: (i) handwashing with soap; and (ii) oxygen is important for life, and that it is very expensive. There are many Indian tree species said to be producing the highest amount of oxygen. They include Peepal tree, Banyan tree, Neem, Ashok tree, Jamun etc. The time now is very appropriate for the cooperatives and PRIs to join hands with the Forestry Department to promote the idea of tree planting in common lands and in private lands.

They must develop seeds /planting materials, as well as social marketing strategies with convincing slogans for making it a success. The slogan must connect with covid and our sustainable future. They must arrange to supply the necessary planting materials. The Forestry Department can join hands with SHGs and MGNREGS workers in Gram Panchayats to carry it out. This goes a long way addressing many problems such as (i) instantly generating additional works under MGNREGS for bed-making, nursery raising, planting and watering of trees; (ii) improve green cover and addressing climate change etc. The time now is appropriate to make people understand trees and oxygen. This is an opportunity for cooperatives to venture into social development activities.

9. The Poultry development centres of ICAR Institutions promote egg-laying hens and country chickens as a livelihood promotion / diversification. Their reach can be very high, if they join hands with cooperatives / SHGs. Chicken is rich in protein, and eggs are rich in protein and zinc. People who rear it will obviously sell eggs for an income, and also inculcate the habit of adding eggs to their food basket. This can kill two birds in one shot, meaning it helps livelihoods diversification, as well as boosts immunity levels of people.

10. Horticulture Crops: The Department of Horticulture must promote kitchen garden by supplying seeds for Horticulture crops or engage MGNRES workers in raising nurseries for papaya, guavas, watermelons.

lemons etc. And moringa can be added to this list. MGNREGS at GPs can be a connecting point for this. It must go into the shelf of work of every Gram Panchayat. We can encourage the GPs to take up a campaign for every house to plant 'one papaya and one moringa tree'. Here again the idea is boosting family immunity in order to combat corona virus, the simple way.

11. Make the Convergence Possibilities Known: The Cooperative Education and Training Institutions must prepare several tiny book-lets on **convergence possibilities** in consultation with several ICAR Institutions such as Institutes of Rice Research, Institutes of Pulses Research, Institutes of Oil seeds research, Horticulture Research, Maize Research, Poultry Research Stations etc. It can help come out with 'Ideas for Livelihoods Diversification through Convergence Possibilities'. This will help cooperatives connect several dots leading to impactful work during this pandemic. Almost all the ICAR Institutions will happily collaborate because they are also lost and do not know how they can contribute during this pandemic time. The cooperative training institutions must take up this exercise and come out with communication materials showing the world of opportunities available for the rural poor. They can suggest to the respective state governments appropriate policy prescriptions that can facilitate such livelihood resilience / diversification activities as well.

12. Prepare a Tentative Road Map: To begin with and to get connected, the respective state cooperative banks must take the initiative and invite online the Heads of all ICAR institutions and the State Department of Rural Development and Panchayati Raj for a hour-long discussion on how these departments and research centres can come together to mitigate the onslaught, and provide the rural communities the support they require, with a view to protecting the existing livelihoods, and to diversify livelihood activities for better resilience. This discussion must provide a tentative roadmap / actionable points.

13. Timelines and Expected Outcome: This is a war time preparation we are discussing about. There is no time to allow things to cool down. Allowing a cooling time shall push down several vulnerable poor into a bottomless hole. Therefore, based on the ideas put forth by the Heads of these Departments, and after identifying / recognising the resourcefulness and relevance of their work, we can decide the further course of action –

one of which can be preparing a clear road map with timelines and expected outcomes (WHO, 2020). This will focus mainly on convergence with various types of cooperatives / SHGs and with each domain of various ICAR Institutions and MoRD Programmes; and secondly, initiating action roping in the relevant line departments – and respective cooperatives in the lead.

Conclusion

By way of conclusion, it is appropriate to put across here that the ideas generated above are not sporadic thoughts listed out. There is a theoretical underpinning and certain basic premise behind these ideas. One of them is without livelihoods (and incomes) life cannot sustain for long. For this to happen the foremost thing is enable cash flow into rural households.

In other words, strengthen household economy by enabling cash flow into rural households. If you can carefully revisit the ideas given above, you can recognise that in every point raised above there is an element of cash flow into households, or building the immunity levels of the poor through supplementary nutrition, or they are involved in smallholder cultivation or small business ventures that serve the purpose of earning an income, while at the same time serving the larger interest of addressing the pandemic.

Given the nature of problem Covid is, no single Ministry or single Department or single Institution can weed it out. It demands a joint effort through converging schemes, funds and expertise (Upmish Singh, 2021). It is about responsible well-being, and welfare of all, which in other words is the 'concept of cooperation'. Secondly, given that this pandemic is global in presence, we cannot be safe until everyone else is safe. Every one of us must realise that being able to tackle this invisible enemy is in our collective behaviour as a cooperative species. We cannot breathe peace until everyone else is at peace.

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Rejuvenation of PACS: Initiative by Government of India

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Abstract

India is a big country and agriculture is predominant sector of its economy. Approximately, two third of the total population of India depends upon agriculture and allied activities for livelihood. Agriculture plays an important role in the contribution towards India's GDP and around 20% of India's GDP comes from agriculture sector. Thus, there is need to give more importance and impetus to agriculture sector in a developing country like India. Cooperative institutions because of their large presence in rural areas are playing an important role in the development of agriculture. Govt. of India has taken many steps to improve productivity in agriculture by promoting cooperatives, crop diversification, support provided for mechanisation and creation of the Agriculture Infrastructure Fund (AIF). In this competitive and dynamic environment, technology plays a vital role for the survival and growth of any business unit. In order to keep pace with the changing times, the Govt. of India has taken Computerization of Primary Agriculture Cooperative Societies (PACS) as one of the major initiatives enabling PACS to meet future challenges and move ahead with time.

Key Words: PACS, Panchayats, Government Initiation

Introduction

The Indian cooperative sector has completed more than 100 years of its existence. The first Primary Agriculture Credit Society (PACS) was formed in the year 1904. In 1912, another Cooperative Societies Act was passed to rectify some drawbacks/shortcomings of the earlier law. Since then, there have been so many changes in Cooperative Movement, especially after 1947 India's independence. India is primarily an agrarian community and cooperative sector encourages various income generating activities through agriculture and allied activities. Primary Agriculture Cooperative Societies (PACS) are working at grass root level. In middle level there are 352 District

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Central Cooperatives function in 20 states and UTs with 13610 number of branches. At apex level there are 34 State Cooperative banks functioning with 2078 number of branches.

This short-term credit cooperative structure is functioning reasonably well in India. The cooperative banks and societies have been playing a very important role in the agriculture development of the country. As per a study report published by Reserve Bank of India on December 27, 2022, there were around 1.02 lakh PACS in March 2021 and out of these only 47,297 were in profit. In the same report it was revealed that PACS had reported huge lending amounting to ₹ 1,43,044 crore with NPAs of Rs.72,550 crores.

Agriculture sector's performance has been impressive during the last few years, reporting a compounded annual growth rate (CAGR) of 3.7% between FY 2018 and FY 2022. The net receipt from crop production has increased by 22.6% as compared to financial year 2013. India is one of the major agri-exporters countries in the world with continuous emphases on agriculture and related products exports. Government of India has envisaged the doubling of the farmers' income by 2023. In order to ensure doubling farmers income, cooperative societies and FPOs have an important role to play and could be linked to agri-export zones cluster. Further robust infrastructure such as, pre and post-harvest handling facilities, storage, processing facilities and linkage of roads etc. plays a very important role in enhancing the agriculture exports. Thus there is need to provide world class facilities to the cooperative sector for strengthen of agriculture exports.

The contribution of cooperatives will have multiple effect on Indian agriculture and allied sector. The Government has taken various steps for reforms in cooperatives sector, especially Primary Agriculture Cooperative Societies (PACS) during last few years. There is need to encourage participation of youth in cooperative sectors. This will help generate employment in India and also help to increase the number of PACS to 3 lakh in the next five years. In this competitive era it is very important to be more vibrant and diversify activities through adoption of new technology and introduce new schemes for sustainable growth and development of cooperative sectors. In this context Govt. of India has started various schemes and programme under the Ministry of Cooperation.

Primary Agriculture Cooperatives Societies (PACS)

Primary Agriculture Cooperatives Societies, generally known as PACS, are working as ground level cooperative credit institutions, which used to fulfil the needs of short term as well as medium term financial needs of agriculturists for their various agricultural and allied activities. The main function of the Primary Agriculture Cooperative Societies (PACS) was to raise capital and provide loans to the members at reasonable interest rates. However, in current scenario the other Primary Agriculture Cooperative Societies are also working in different areas according to needs of the members. Now the PACS have become multifunctional societies and provide a variety of services like banking, marketing of produce, warehousing services etc. to its members. In addition to short term and medium-term credit Primary Agriculture Credit Societies (PACS) are also providing other input services like seed, fertilizer, pesticide distribution etc to its member farmers. In view of important role played by these primary level cooperative societies there is need to take some effective steps to make these societies sustainable and strengthen the cooperative movement in the country.

Computerisation of Primary Agriculture Cooperative Societies (PACS)

In present day environment of technological advancement in computerisation, and its adoption in day to day working everywhere, it is imperative that working of PACS is computerized. Computerisation of PACS will increase their efficiency, transparency and reliability of data. It will also facilitate uniform accounting system for Primary Agriculture Cooperative Societies (PACS). The computerisation of PACS has already been taken by few States. However, majority of Primary Agriculture Cooperative Societies (PACS) have so far been not computerised and are still functioning manually. There is no harmony in the software being used by PACS and they are not linked with the District Central Cooperative Banks and State Cooperative Banks, which result in delay in fund transfer provided by the Govt. to farmers. Therefore, it is very important to computerise all the PACS throughout the Country and common accounting system should be implemented for PACs in their day to day working.

Primary Agriculture Cooperative Societies (PACS) are working as base of cooperative short term credit structure, comprising of approximately 13 crore farmers as its members and are backbone for the development of the rural economy. Computerisation of Primary Agriculture Cooperative

Societies (PACS) will help various financial functions and transactions such as Direct Benefit Transfer (DBT), Interest Subvention Scheme (ISS) etc. more expeditiously. It will also ensure timely disbursement of loans to members. In this context Government of India has announced ₹ 2516 crore for computerisation of 63,000 Primary Agriculture Cooperative Societies (PACS) over the next 5 years.

Government e-Marketplace (GeM)

The cooperative societies are providing a wide range of facilities and inputs for the production of goods and services. To carry out these operations, the cooperative societies need to purchase goods and services from the open market. Most of the cooperatives usually do not have any marketing skills. Sometimes it becomes very difficult to cooperatives to manage these tasks. Thus, a need was felt to provide a platform to cooperatives to avail competitive prices through a transparent and efficient mechanism resulting in benefits to the members of the cooperative societies.

The Government of India has approved the registration of cooperative Societies as 'Buyers' on Government e-Marketplace (GeM) platform. This will enable cooperative societies to access more vendors on a single platform for procurement of common-use goods and services at competitive prices in a transparent and efficient manner. It will also save time and help in reduction of administrative expenses.

Opportunities through Dairy and Fishery Cooperatives

In order to ensure the viability of PACS by way of diversification of their business activities and to make them vibrant economic entities the Government of India formulated a plan to establish viable PACS in each Panchayat. As a step in this direction, initially 2 lakh Primary Agriculture Cooperative Societies (PACS) - Dairy and Fishery cooperatives - will be established in the country during the next five years. The action plan for implementation of the project should be prepared by NABARD, National Dairy Development Board (NDDB) and National Fishery Development Board (NFDB).

This move is significant to establish new PACS, Dairy and Fishery Cooperative societies. It will generate employment opportunities in the rural areas resulting multiplier effect on the Indian economy. This will also help cooperative societies to enhance their income as also other services at village level.

Strengthening the Cooperative Sectors

In order to strengthen & facilitate ease of doing business for cooperative sector and to strengthen the grass root level of the cooperative sector, the Ministry of Cooperation, GOI, since its formation in July, 2021 has taken various other initiatives.

- **Model byelaws of PACS:** In order to increase the viability and business diversification of PACS activities to make them active economic entities at grassroots level, model byelaws of PACS have been prepared by the Ministry after consultation with all the stakeholders. These model byelaws have been circulated for their adoption as per respective State Cooperatives Act to enable PACS to undertake more than 25 business activities which, *inter alia*, include dairy, fishery, setting up godowns, procurement of food grains, fertilizers seeds, LPG/CNG/Petrol/Diesel distribution, Common Services Centres etc.
- **PACS as Common Service Centres (CSC):** MoU has been signed between Ministry of Cooperation, Ministry of Electronics and Information Technology, NABARD and CSC-SPV to facilitate functioning of PACS as CSC. As a Common Service Centre, PACS will be able to carry out 20 different activities including water distribution, storage, bank mitra etc. This step will provide e-services to the farmers at village level and also help to generate employment in the rural economy of the country.
- **National Cooperative Database:** A national cooperative database is also being prepared by Ministry of Cooperation. Purpose of preparation of an authentic and updated data repository of cooperatives in country started to facilitate stakeholders in policy making and implementation. This exercise also would provide a list of Panchayats and villages not served by PACS, dairy and Fishery Cooperative Societies. This would be utilized for real time monitoring of the formation of new cooperative societies.
- **National Cooperative Policy:** In order to introduce a new National Cooperative Policy by reviewing the two-decade old policy, a national level committee comprising of experts and stakeholders drawn from all over the Country was constituted to formulate the New

Cooperation Policy to create an enabling ecosystem to realize the vision of 'Sahakar-se-Samridhi'.

- **Amendment of MSCS Act, 2002:** To bring accountability, strengthen governance and enhance transparency the Govt. of India introduced bill in the Parliament to amend the centrally administered MSCS Act, 2002 to incorporate provisions of 97th Constitutional Amendment. This will help Multi State Cooperative Societies in creating professional management structure.
- **Relief in Union Budget 2023-24:** Surcharge reduced from 12% to 7% for cooperative societies having income between ₹ 1 to 10 Crore. Minimum Alternate Tax (MAT) has also been reduced for cooperatives from 18.5% to 15%. To increase cash withdrawal limit for cooperatives from ₹ 1 crore to ₹ 3 crore per annum, without being subjected to TDS. Union budget also announced to charge flat lower tax rate of 15% compared to current rate of upto 30% plus surcharge, for new cooperatives commencing manufacturing activities till March 31, 2024.
- **New National Multi-State Cooperative Export Society:** New apex national multi-state cooperative export society being established under the MSCS Act, 2002 as umbrella organization to give thrust to exports from cooperative sector.

The Way Forward / Conclusion

There are still 1.6 lakh Panchayats without PACS in India. In view of the important role played by these Primary level cooperative societies in the development and growth of rural economy of the country, there is need to take effective steps to ensure sustainability of cooperative sectors. To give new dimensions and to further promote the cooperative sector in the country, Govt. of India has taken many initiatives in this regard. Implementation of these initiatives at ground level properly and transparently is of utmost importance for future success and growth of cooperative sector.

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Profitability Analysis of Cheruvannur Service Cooperative Bank, Kozhikode

G. Jeyanthi

Abstract

The paper makes an attempt to analyze the profitability performance of CSCB in terms of spread ratios, burden ratios, and other ratios such as CASA Deposit to Total Deposit, Share of Agriculture Loans to Total Loans, Total Cost Bearing Resources, Gold Loan to Total Loans, Interest Income to Total Income, Non-Interest Income to Total income, Credit to Deposit Ratio, Cost on Deposits Ratio, Net Profit Margin and Total Income to Working Capital Ratio. The trend to predict the future condition of CSCB was also observed. Finally, the Karl Pearson correlation technique was used to ascertain the relationship between Interest earned and profits, other income and profits, Interest Paid and Profits, and Operating and other expenses to Profits.

Key Words: Profitability, Co-operative Banks, Deposits, Ratios

Background of the Study

The cooperative movement is clearly recognized as an essential instrument for achieving the socio-economic transformation of rural masses. Credit Cooperatives are the oldest and most widespread type of Cooperative Societies. They were created, to collect and save the deposits of members and fulfil their Credit needs. Credit Cooperatives, in developing countries have been used by the government, as an instrument for developmental objectives such as implementation of agricultural reform plans, rural area progress and poverty alleviation. (Rostami and Shahrbababi & Viswananth, 2012)

Review of Related Studies:

Shanmugam, et al., (2016) analyzed the financial performance of Ramapathapuram District Central Cooperative Bank in with the relevant ratios by using a decade data starting from 2005 to 2014. The study concluded by stating that the Net NPA and Net Advance do not possess much differences and NPA and Borrowings kept a low degree of negative correlation. Vinaikumar and Veerakumaran (2015), analysed the Vilvattam Service Co-operative Bank's performance by using spread and burden ratio,

which revealed that spread ratio in the study period recorded a negative growth rate. The study also found an inverse relationship between non interest income and non-interest expenses.

Vijayachandran Pillai & Madhusoodanan Pillai (2013) employed different accounting ratios to know the financial performance, and found that the Chatannur Regional Cooperative Bank Ltd has maintained comfortable liquidity, profitability and return on equity. However, the bank failed to retain the same trend in Return on Total Assets and the Net loan to total deposit ratio. Ramachandran, Kandakumar, and Kannadas (2019) analyzed Alangulam Primary Agriculture Co-Operative Credit Society, observed that the study period's Return on equity ratio, debt-equity ratio showed the decreasing trend in the year 2017 - 2018.

Damayanti Premier (2017) observed the capital to deposit ratio of the bank shows the ability of the bank to meet contingencies, and it is showing an increasing trend. Return on net worth ratio indicates Return to equity shareholders, a higher ratio ensures an increase in Return to equity shareholders, and this ratio is decreasing, which is not satisfactory. The net profit margin ratio also shows a decreasing trend, which indicates the bank's poor performance. Results showed that the deposits and advances strongly and negatively influenced the profitability of the bank.

Methodology of Study:

The Study covers a period of five years from 2015-16 to 2019-20. Secondary data was taken from the annual report of Cheruvannur Service Cooperative Bank. This study was based on secondary data. Primary data was not taken because the main objective of the study was to analyze financial performance.

Tools Used for the Study:

Descriptive Statistics, Ratio Analysis and Correlation Analysis

Objectives of the Study

To analyze the financial performance of the Cheruvannur Service Cooperative Bank, Cheruvannur, Kozhikode District.

The hypothesis of the Study

The researcher in this study uses the correlation technique to ascertain the relationship with interest earned, other income, Interest Paid, and Operating and other expenses with Net profit

H₀: There is a significant relation between Net profit and interest earned, other income, interest paid, operating, and others expenses.

H₁: There is insignificant relation between Net profit and interest earned, other income, interest paid, operating, and other expenses

Statement of the Problem

The Cheruvannur Service Co-operative Bank (CSCB) Ltd.No.1866 is a credit co-operative society registered under the Madras Co-operative Societies Act during 1963. After the enactment of the Kerala Co-operative Societies Act 1969, CSCB incorporated this act. CSCB provides different deposits and loan services to its members. Major deposit products are Savings Deposits, fixed deposits, recurring deposits, etc. Loan products include Kissan Credit Cards, Agri-gold loan, Kudumbhasree linkage loan, JLG loans, and credit for nonagricultural purposes. It also runs a Fertilizer depot, store, neethi medicals, cattle feed sales depot, etc.

The major crops in the area of operation are paddy, coconut, pepper, and areca nut. The rice bowl of Kozhikode district, i.e., Avalapandi and Karuvodu, is coming under its area of operation. The presence of the Kuttindi Irrigation Project, ponds, channels, etc., ensures water availability throughout the year. The present proposal is intended to promote the production of different agricultural produce among the members. The proposal includes providing various agricultural implements, machines, and equipment on a rental basis to farmer members for the cultivation, harvesting, storage, primary processing, etc.

ANALYSIS AND DISCUSSION:

1. WORKING CAPITAL SPREAD RATIOS

- Interest Earned to Working Capital Ratio
- Interest Paid to Working Capital Ratio
- Spread to Working Capital Ratio

Table No. 1- Spread Ratios (in Percentage)

Year	Interest Working Ratio	Earned to Capital	Interest Working Ratio	Paid to Capital	Spread to Working Capital Ratio
2015-16		7.92		5.37	2.55
2016-17		7.91		5.75	2.16
2017-18		8.06		5.72	2.34
2018-19		8.72		6.24	2.48
2019-20		8.70		6.13	2.57
Mean		8.26		5.84	2.42
SD		0.41		0.35	0.17
CV		4.99		6.00	7.09

Source: Annual Reports of Cheruvannur SCB.

Table 1 indicated the spread ratio of Cheruvannur SCB. It is observed from the table that there is a fluctuating trend throughout the study and it is observed that the average Interest earned is only 4.99 percent of working capital. However, throughout the analysis, it has only a positive percentage. This shows that the CSCB has used the working capital properly. It also exhibited that spread as a working capital percentage shows a fluctuating trend throughout the study period. The Ratio lies between 2.16 to 2.57 percent. Interest paid as a percentage of working capital of CSCB resulted in to fluctuation from 5.37 percent to 6.24 percent during study period. The average value of the Ratio is 5.84 percent during the study period. Variation in the spread is shows as i.e. 7.09 percent, in the last two years it performed well. There is an increasing trend during the study period, but it was pretty moderate at the beginning of the study period, and somehow slowly it rose in the last four years of the study period. It reflects that the CSCB moderately maintains the balance between procurement of funds and utilization of the available funds.

2 BURDEN RATIOS

The profit may be defined as the difference between spread and Burden instead of the difference between total income and total expenditure. Therefore, an effort to improve the CSCB's Profitability will involve the management of Burden. So, to reduce the Burden, either increasing the interest income or the non-interest expenditure should be reduced or both. Therefore, the following three ratios have been employed to study the Profitability of the Cheruvannur SCB.

- Non -Interest Income to Working Capital
- Non – Interest Expenses to Working Capital
- Burden to Working Capital.

Non-interest income of the CSCB represents income earned by way of commission, exchanges, brokerage, service charges, incidental charges, and other miscellaneous receipts. Non-interest income is very nominal and inadequate to meet non-interest expenses, and it may cause a rise in Burden. If the CSCB diversified its activity, there is a possibility to strengthen its Profitability.

Non-interest expenditure of CSCB denotes expenses on human resources and other expenses. The Ratio of non-interest expenditure as a percentage of working capital expresses the effective management of funds. Thus, it shows the operational efficiency of the CSCB.

The Ratio of Burden as a percentage of working capital can also be calculated by taking the difference between the non-interest expenditure and non-interest income.

Table 2 - Burden Ratios
(Ratio in Percentage)

Year	Non-Interest Income to Working Capital Ratio	Non-Interest Expenses to Working Capital Ratio	Burden to Working Capital Ratio
2015-16	0.64	1.71	-1.07
2016-17	0.67	2.08	-1.42
2017-18	0.60	2.12	-1.52
2018-19	0.64	2.63	-1.99
2019-20	0.71	2.06	-1.35
Mean	0.65	2.12	-1.47
SD	0.04	0.33	0.34
CV	5.87	15.53	-22.86

Source: Annual Reports of Cheruvannur SCB.

It is noted from the table that the study period with fluctuation in Non-interest income as a percentage of working capital lies between 0.60 percent and 0.71 percent with average value, i.e., 0.65 percent. Hence, it is a very nominal amount which comparing with working capital. Therefore, there is a need to improve the Profitability of the bank by improving the non-interest

income. Ratio of non-interest expenses to working capital is fluctuating from 1.71 to 2.63 percent. The average value of the Ratio is 2.12 percent. There is more variation in non-interest expenses than working capital due to this variation in the Ratio of 15.53 percent.

Burden as a percentage of working capital of the CSCB is given in table. Burden as a working capital percentage shows variation from -1.07 percent to -1.99 percent with an average value of Ratio -1.47 percent. So it is noted that the CSCB should have control over the non-interest expenditure and earn more non-interest income due to diversification of its activities to reduce Burden.

2. LOANS AND ADVANCES RATIOS

Table 3 – Advances and Loans Ratio

YEAR	Agriculture Loans to Total Loans Ratio	Gold Loan to Total Loans Ratio
2015 – 16	13.50	29.66
2016 – 17	21.82	24.81
2017 – 18	22.43	22.03
2018 – 29	26.04	19.30
2019 – 20	28.59	20.96
Average	22.48	23.35
S,D	5.72	4.05
C.V	25.46	17.36

Source: Annual Reports of Cheruvannur Service Cooperative Bank

Table 3 indicated the Agriculture Loans to Total Loans of Cheruvannur SCB. The Ratio of Agriculture loans to Total Loans has been increasing from 13.05 percent to 28.59 percent. Thus, there is an increasing trend throughout the study and it indicated that the average Interest earned is 22.48 percent of Agriculture Loans to Total Loans. However, throughout the analysis, it has only a positive percentage

This Ratio of Gold loans to total loans is fluctuating from 19.39 to 29.66 percent. The average value of the Ratio is 23.35 percent. As Gold loans to total loans vary from Rs. 778.66 lakhs to Rs. 1045.18 lakhs during the study period with a fluctuating trend. The average Ratio of Gold loans to total loan is 23.35 with an SD of 4.05, and the coefficient of variation is 17.36.

Table 4 - Total Cost Bearing Resources

Year	Borrowings	Total Deposits	Ratio
2015 – 16	548.39	3739.56	14.66
2016 – 17	712.57	4330.34	16.46
2017 – 18	828.18	4947.93	16.73
2018 – 19	1132.77	5909.49	19.17
2019 – 20	691.97	6560.85	10.55
Average	782.776	5097.634	15.51
S.D	219.4702	1146.258	3.20
C.V	28.03742	22.48607	20.67

Source: Annual Reports of Cheruvannur Service Cooperative Bank

It is noted from table it reveals that during the study period with fluctuation and borrowings as a percentage of Total deposits lie between 10.55 percent and 19.17 percent with average value, i.e., 15.51 percent. The coefficient of variation shows that 20 % of dispersion with the ratios among the Borrowings and Total Deposits.

Table 5- Interest Income & Non-Interest Income Ratio

YEAR	Interest Income to Total Income Ratio	Non-Interest Income to Total Income Ratio
2015 – 16	92.55	7.44
2016 – 17	92.22	7.78
2017 – 18	93.03	6.97
2018 – 29	93.20	6.80
2019 – 20	92.50	7.50
Total	463.50	36.49
Average	92.70	7.29
S.D	0.40	0.402765
C.V	0	7.44

Source: Annual and Reports of Cheruvannur Service Cooperative Bank

It is noted from the table that interest income varies during the study period with fluctuation and interest income as a percentage of total income lies between 92.22 percent and 92.55 percent with average value, i.e., 92.70 percent. There are no changes in the coefficient of variation Interest Income to Total Income. It is also observed, from percentage of total income lies between 6.8 percent and 7.78 percent with average value, i.e., 7.29 percent. The coefficient of variation for the non-interest income to total income exhibits 7.44 percent.

Table 6 - Deposit Ratio

YEAR	CASA deposit to Total Deposit Ratio	Credit to Deposit Ratio	Cost on Deposit Ratio
2015 – 16	20.99	101.38	6.29
2016 – 17	19.20	86.73	7.45
2017 – 18	18.27	89.57	7.20
2018 – 19	16.10	88.95	7.71
2019 – 20	13.04	84.95	6.66
Average	17.52	90.32	5.79
SD	3.062377	6.45	2.48
CV	17.47932	7.14	42.85

Source: Annual Reports of Cheruvannur Service Cooperative Bank

Table 6 indicated the Current Account and Savings Account (CASA) of Cheruvannur SCB. The Ratio of CASA Deposit to Total Deposit has been fluctuating from 13.04 percent to 20.99 percent. Thus, there is a fluctuating trend throughout the study. From this, it is revealed that the average Interest earned is 17.52 percent of CASA Deposit to Deposits and it shows a positive percentage. The above table shows that the Credit to Deposits ratio fluctuated from 84.95 to 101.38 percent. The average value of the Ratio is 90.32 percent. It is found that the coefficient of variation is 7.14. It also reveals that the Interest the Ratio of Interest paid on deposits as a percentage of deposits lies between 1.43 percent and 7.45 percent with average value, i.e., 5.79 percent. The coefficient of variation for the Interest paid on deposits is having a higher variation of 42.85 percent.

PROFITABILITY RATIOS

To measure the financial performance of a CSCB, profitability ratios are the most important and reliable indicators because the banks may improve their absolute profits by employing additional resources; profitability ratios serve as important indicators of the efficiency with which operations on of the CSCB are carried on. The profitability ratio analysis is extremely important for management, responsible for the ultimate sources of the CSCB.

Growth of Net Profit:

Profit is a yardstick to measure the managerial efficiency of the CSCB. The CSCB is continuously earning a net profit, and the details of net profit earned by the CSCB have been presented in the following table.

Table: 7 Growth of Net profit

Year	Net profit (Rupees in Lakhs)	Annual Growth Rate (% age)
2015-16	48.59	-----
2016-17	37.66	-22.49
2017-18	44.08	17.05
2018-19	26.76	-39.29
2019-20	16.64	-37.82
Mean	34.75	
SD	13.03	
CV	37.49	

Source: Annual Reports of Cheruvannur SCB.

Table 7 reflects the net profit of the CSCB for five years. The result shows that net profit growth is in fluctuating trend during the study period and the highest percentage observed during the year 2017-18, i.e., 17.05 percent, but during the years 2015-16, 2018-19 and 2019-20 Negative growth rate of -22.49, -39.29, and -37.82 percent; the average value of net profit is 34.75 lakhs. Variation in net profit is 37.49 lakhs under study.

NET PROFIT AS PERCENTAGE OF TOTAL INCOME & EXPENDITURE

The Profitability of CSCB can be calculated through the net profit as a percentage of total income earned by the CSCB. Thus, net profit is nothing but a balance of profit as per the profit and loss account of the CSCB, and total income includes Interest and discount, commission, exchange, brokerage, and other miscellaneous receipts of the CSCB. This Ratio represents the income-generating capacity of the CSCB.

The familiar analytical tool to determine Profitability is the net profit ratio as a percentage of working capital. This ratio indicates the efficiency with which a CSCB deploys its total working capital to maximize its profits. Hence, the Ratio serves as an index to the degree of asset utilization of banks.

Table 8 - Net Profit to Total Income Ratio

(Ratios in Percentage)

Year	Net Profit to Total Income Ratio	Net Profit to Total Expenses Ratio	Net Profit to Working Capital Ratio
2015-16	12.65	15.31	1.08
2016-17	8.59	9.40	0.74
2017-18	8.29	9.16	0.72
2018-19	4.21	4.44	0.39
2019-20	2.37	2.72	0.22
Mean	7.22	8.20	0.58
SD	4.04	4.93	0.33
CV	55.89	60.03	57.68

Source: Annual Reports of Cheruvannur SCB.

The Ratio of net profit to the total income ratio of CSCB is given in Table 8. It is clear from the table that this Ratio has been fluctuating between 2.37 percent to 12.65 percent, with an average value of 7.22 percent. It shows that net profits are 7 percent of total income. Variability in net profits is more, i.e. 37.49 percent than that of total income, which is 24.65 percent; due to this variation in the Ratio is more i.e. 55.89 percent which is moderate. During the study period, there is a fluctuating trend in this Ratio.

Table 8 also exhibits the Ratio of net profit to total expenses of the CSCB. It fluctuates between 2.72 percent and 15.31 percent. With an average value of 8.20 percent. It shows that net profits are 8 percent of total expenses.

Another important measure of the Profitability of CSCB is profit as a percentage of total expenses. Total expenses of the CSCB include Interest paid and non-interest expenses, which in turn comprise human resources

expenses and other expenses. As net profits and total expenses are both part of the expenditure side of the Profit and Loss account, this Ratio, enables us, to analyze what is the percentage of net profits out of total expenses, if it is increasing, that means there is a proportionate increase in Net profits and total expenses and Net profits are growing more proportionately than total expenses.

The Ratio of net profit to working capital in the study period shows flexible trends during the study period. First, the Ratio lies between 0.22 percent and 1.08 percent. The average value of the Ratio is 0.58 percent, which shows that net profits are less than 1 percent of working capital except for the year 2015-16. Secondly, variation in net profits, is 37.49 percent, and variation in the Ratio is, 57.68percent.

Table –9 Net Profit Margin

(Rs in Lakhs)

YEAR	Net Profit	Total Deposits	Net Profit Margin
2015–16	48.59	3191.17	1.52
2016–17	37.66	3617.77	1.04
2017–18	44.08	4119.75	1.07
2018–19	26.76	4776.72	0.56
2019–20	16.64	5868.88	0.28
Average	34.74	4314.86	0.89
SD	13.03	1050.59	0.48
CV	37.49	24.35	53.9

Source: Annual Reports of Cheruvannur Service Cooperative Bank

The Ratio of net profit to the total deposits of CSCB is given in Table 9. It is clear from the table that this Ratio has been fluctuating between 16.64 percent to 48.59 percent, with an average value of 34.74 percent. Variability in net profits is more, i.e.37.49 percent, than that of total deposits, which is 24.35 percent, due to this variation in the Ratio is more i.e.53.9 percent which is moderate. During the study period, there is a fluctuating trend in this Ratio.

Table -10 Total Income to Working Capital Ratio

(Rs in Lakhs)

YEAR	Total Income	Working Capital	Ratio
2015 – 16	384.08	4488.35	8.55
2016 – 17	438.52	5111.18	8.57
2017 – 18	531.63	6134.86	8.66
2018 – 29	636.25	6798.75	9.35
2019 – 20	703.07	7027.85	10.00
Average	538.71	5912.19	9.11
SD	132.78	1089.63	0.63
CV	24.64	18.43	6.97

Source: Annual Reports of Cheruvannur Service Cooperative Bank

The Ratio of total income to working capital is indicated in Table 10. The analysis of the study period shows flexible trends during the study period. First, the Ratio lies between 8.55 percent and 10 percent. The average value of the Ratio is 9.11 percent. Then the variation in the Ratio is 6.97 percent.

THE CSCB QUANTITATIVE VARIABLES AND PROFITABILITY:

Using the co-efficiency technique of correlation, the current study attempted to analyze the extent of influence of interest income, other income, interest expenses, operating and others, and the Profitability of CSCB.

CORRELATION

Correlation is the relationship that exists between two variables. The quantitative economic variables compared to the Profitability of the CSC bank over the years under consideration. The queue of the Karl Pearson correlation coefficient formula is:

$$r = \frac{\sum axy - \frac{(\sum ax)(\sum ay)}{n}}{\sqrt{\sum ax^2 - \frac{(\sum ax)^2}{n}} \sqrt{\sum ay^2 - \frac{(\sum ay)^2}{n}}}$$

The researcher in this study uses the Karl Pearson correlation technique to ascertain the relationship between the following:

- Interest earned and profits.
- Other income and profits.
- Interest Paid and Profits
- Operating and others expenses to Profits

H₀: There is significant relation between Net profit and interest earned, other income, interest paid, operating, and other expenses.

H₁: - There is insignificant relation between Net profit and interest earned, other income, interest paid, operating, and others expenses.

Table – 11

Karl Pearson Correlation Analysis of Quantitative Variables

SL NO	QUANTITATIVE VARIABLES	CORRELATION RESULTS
1	Interest earned and Net Profit.	-0.90
2	Other income and Net Profit.	-0.90
3	Interest Paid and Net Profit	-0.88
4	Operating and others expenses to Net Profit	-0.78

- There is a high degree of a negative relationship between Interest earned and Profitability.
- There is a high degree of Negative relationship between other income and Profitability.
- There is a high degree of the negative relationship between Interest paid and Profitability.
- There is a high degree of a negative relationship between operating and other expenses to Profitability.

Based on the correlation result we reject the null hypothesis. Hence there exists an insignificant relationship between Net profit and interest earned, other income, interest paid, operating, and others expenses.

FINDINGS

An analysis that has been carried out by using the tools and methodology that explained at the beginning. The results of the analysis is presented below

1. The spread ratio of CSCB throughout the study period, maintained a stable trend. Interest income and expenses in relation to the working capital of the concern has been kept in tandem with the general trend. The ratio ranges between 2.16% and 2.5%.
2. The Burden ratio of the entity has been registered negative results under the reference period. A negative burden ratio indicates that the non-interest income is not in a position to cover up the non-interest expenses of the organisation.
3. Average agricultural loan percent to total loan is only 22.48%. Agricultural loan to total loan percent is very poor. The gold loan to total loan is 23.35%. It is assumed that the secured loan is below 25%, which will keep pressure on loan and recovery operations of the co-operative.
4. Correlation analysis showed that there is an insignificant relationship between Net Profit and interest earned other income, interest paid, operating and other expenses.

Suggestions:

1. Since there is no specified standard spread ratio, it may not be appropriate to suggest a specified number for the same. An arbitrary ratio that suggested for the same is in between 3&4. Considering these, CSCB shall initiate the action to fine tune the spread ratio by taking into member satisfaction level. Low cost deposit mobilization from 'A' class members on a regular basis may be a solution to achieve standard ratio.
2. It is suggested that the CSCB should plan to diversify its activities to generate its non-interest income. The geographical and demographical resources in its area of operation should be considered for venturing into non-credit activities.

3. The low percentage of agricultural loan to total loan must be taken for its improvement. The agricultural loan amount should be improved by designing risk free loans. It is suggested that the kind component portion of the agricultural loan must be increased to enhance the genuineness of the loan.

Conclusion:

The study suggested that the bank should raise more low-cost deposits in order to strike a balance between them to reduce its cost of funds. Also, the bank has to take drastic steps to increase net interest spread as well as non-interest income by providing more other services. To conclude Cooperatives are the best-suited instruments for socio-economic development in rural areas. There cent techniques of management, which are developing fast, and if applied in cooperatives in a modified way to suit rural conditions, then the cooperatives can do wonders in uplifting the financial and social status of the rural masses.

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***Gold Loan Portfolio of PACS – A Game Changer for
Re-gaining Borrowing Membership
(A Case study PACS affiliated to SPSR Nellore DCCB)***

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Abstract

The paper explains through a success story that gold business at PACS level can be a revolution. This can lead to the second stage in financial inclusion wherein the unbanked community can get banking services along with easy credit at their vicinity. Further, with the inspiration of new NBFCs delivering Gold Loan Credit in urban areas at the doorstep, the PACS can extend similar kind of services to rural community with more flexible timings and convenience of its members. This kind of retail services in addition to Short term and Long-term agri finances, the credit portfolio of PACS shall increase and cross selling of products can happen.

Key Words: PACS, Gold Loans, Best Practices

Background:-

1.1. The Andhra Pradesh is the first State in the country, ushered a new era of providing both short term and long term credit facilities to farmers through single channel with the introduction of Single Window Credit Delivery System by merging land mortgage banks with APCOB and 13 DCCBs. The Credit Cooperative Structure (CCS) in the State consists of The Andhra Pradesh State Cooperative Bank Ltd., (APCOB) functions as an apex bank with 13 District Cooperative Central Banks (DCCB) and 2049 affiliated Primary Agriculture Cooperative Credit Society (PACS) at village level with a branch network of 2600 outlets. The total membership of the rural Cooperative Credit Structure (CCS) is 74 lakh out of which, the active/borrowing members are 18 lakh only. Even though, the rural cooperatives have good network and penetration at grassy root level, they are unable to show greater impact in financial inclusion due to various factors.

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1.2. In recent times, considerable efforts have been made to increase the active membership of the CCS by providing better financial services to the member farmers and rural population by providing various banking services like opening of saving bank accounts, opening of issuance of Rupay KCC, deployment of Micro ATMs, implementation of Social Security Schemes, establishment of ATMs and Mobile ATMs etc., by leveraging technology and also introduction of diversified loan portfolios viz., ST Others loans, Group Mode finance – SHGs/JLGs/FPOs, Gold Loans, personal loans, vehicle loans, education loans, housing loans, mortgage loans etc., apart from traditional Crop loans and LT Loans for agriculture purpose.

1.3. Here, it is pertinent to mention that the Andhra Pradesh State is front runner in taking of various initiatives to provide better services to the rural community. In this direction, The State Government has initiated a scheme called "YSR - Navaratnalu Scheme". Under this scheme, the State Government intends to provide financial assistance to the farmers, to provide pension timely, to improve the healthcare sector and to provide housing facilities etc. As part of YSR Navaratnalu, the Government created considerable infrastructure and institutional setup at grass root level like Village and ward secretariats, Village and ward Volunteers, Rythu Bharosa Kendralu (RBK) by leveraging technology for effective implementation of the government schemes and to provide better services people at their door steps.

1.4. In the recent amendments to State Cooperative Act., the State Government is thrusting on CCS, in reaching out the rural population through PACS-RBK integration for implementation of various services. The Government of Andhra Pradesh constituted a State Level Task Force headed by the Chief Secretary to Government to prepare guidelines for implementation of PACS-RBK Integration. Based on the recommendations, the State Level Task Force had issued guidelines on RBK-PACS integration, which enables RBK to act as BC for PACS/DCCB branch for credit requirements of farmers/rural community at one place. In line with the guidelines of GoAP, the APCOB had issued SoP to be followed by the PACS for issuance of Gold loans/JLG loans/other retail loans.

2. The Case:-

Is introduction of diversified loan products like Gold Loans and other retail loans in PACS have impact on the Borrowing membership of PACS. The case study on PACS affiliated to SPSR Nellore DCUB.

3. Impact of Gold Loan portfolio of PACS affiliated to SPSR Nellore DCCB:-

3.1 Background:- Sri Potti Sriramulu Nellore District Co-operative Central Bank Ltd., Nellore, registered and started its functioning from 11-01-1918 having a long cherished history of 104 years serving the farmers and rural artisans in the District. The area of the operation of the Bank extends to 3 Revenue Divisions namely Nellore, Kavali and Atmakur in residual SPSR Nellore district and 2 Revenue Divisions namely Gudur and Sullurpeta in Tirupathi district covering 46 Revenue Mandals of the District. The Bank branch network of 20 covering area of operation of bank, and 80 PACS affiliated and 370 other type of Societies.

3.2 Market share:- Even though the DCCB is having branch bank network(including PACS) share of 16%, the total business (loans and Deposits) is only 3 to 4 %.

3.3 Gold Loans at PACS:- In accordance with the guidelines issued by Government and APCOB, the DCCB with the support of PDC have been taken intensive exercise through – sensitising PACS management, PACS Staff & DCCB Branch staff – through PACS visits, conduct of regional meetings, Supervisors meetings and Branch Managers meetings for undertaking Gold Loan business at PACS. With the result of the continuous follow up, at the end of the FY 2022-23, total 24 PACS have initiated the Gold Loans out of the 80 PACS. The progress under Gold Loan portfolio of the PACS for the last 3 years is given as under:-

Year	Total PACS	Total Membership	Borrowing Membership	Gold Loan Business		
				No. of PACS	Amount (Rs. in Cr)	No. of borrowers
2020-21	79	3,58,606	60,126	9	5.60	936
2021-22	80	3,62,811	62,855	9	10.30	1550
2022-23	80	3,72,600	65,500	24	20.48	2409

3.4 Support extended by various stakeholders

3.4.1 DCCB/PDC:-

- Conduct of Capacity building programmes for Staff and Managing Committee of PACS for undertaking diversified loan portfolios like Gold Loans, Vehicle Loans, Rural House Construction/Mortgage.
- Assisting the PACS for adoption of policy, appointment of appraiser, advertisement of products.
- Providing Working Capital Limit at a competitive Rate.
- Providing of term loan facility at a competitive rate for construction of strong room.
- Timely providing of Cash to meet the credit requirement.

- f) Creating awareness among the members farmers through Steetplays, FLC programmes at major gram panchayats, display of banners indicating the products and services render through Branch and PACS, distribution of publicity material.
- g) Extending grant support for procurement of required infrastructure in collaboration with APCOB.
- h) Supervising the activity through monthly visits by Branch Managers and Supervisors, verification of gold bags, updation of books of accounts.

3.4.2 Support extended by APCOB:-

- a) Extending necessary policy support for DCUBs/PACS.
- b) Extending refinance support.
- c) Extending financial and Human Resource Support for functioning of PACS.
- d) Providing of grant support under CCB Development Fund for procurement of infrastructure items to PACS viz., Strong Room Door, Iron Safe, Gold Weighing Machine, Cash Counting Machine etc.,

3.5 A success story of Padugupadu PACS –

3.5.1 Padugupadu PACS is located in 1.5 km away from DCCB Kovuru Branch in Kovuru municipality and catering to the credit and non-credit farming needs of farmer members belonging to 10 villages of Kovuru Mandal. As part of business diversification, the PACS initiated gold loan business in the month May 2022 as per the directions of Government and APCOB. With the commitment of the CEO and PACS Staff, guidance and support extended by the PIC Committee of PACS, PDC and DCCB, the PACS could able to achieve loan outstanding of **Rs.3.85 Crore** extended to **200+** farmer members, in a span of **10 months**.



3.5.2

With increased foot fall of the new customers/members and also existing members, the PACS started cross selling of their products and services viz.,

3.5.3

- a) Issuance of retail loans under Rural House Mortgage, Rural House Construction, Kisan Chakra(2/4 wheeler).
- b) Mobilisation of deposits.
- c) Letting out lockers.
- d) Insurance coverage under PMSBY/PMJBY through DCCB branches.

3.5.4 Best practices followed by the PACS for achieving this milestone –

- a) Wide publicity in all 10 villages pertaining to area of operation of PACS through distribution of pamphlet, dandora etc.,
- b) Intimation to all members of PACS over phone and announcement in General body of PACS.
- c) Conduct of social service activities like blood donation camp during every General Body and providing RO water at a concessional rate through plant located in the premises of PACS.

- d) Round the clock services – Business hours from 6.00 am to 8.00 pm depending on the requirement of member farmers.
- e) Effective coordination with DCCB Branch to make cash availability all the time.
- f) Turn Around Time (TAT) – upto 5 min.

3.6 Benefit for PACS for undertaking Gold Loan business –

- a) Increases the foot fall of the customers.
- b) Sustaining existing borrowing membership.
- c) Attracting new loanees, thereby increasing borrowing membership.
- d) Direct impact on business and profitability of PACS, thereby reducing imbalances.
- e) Increases the goodwill and brand image through mouth to mouth publicity
- f) Increases the cross selling of other products of PACS as well as DCCB.
- g) Infuse professionalism in PACS in maintaining customer relationship.

Conclusion: -

The PACS being the readily available credit institutions are rural areas with flexible timings and easy access, gold business at PACS level can be a revolution. This can lead to the second stage in financial inclusion wherein the unbanked community can get banking services along with easy credit at their vicinity. Further, with the inspiration of new NBFCs delivering Gold Loan Credit in urban areas at the doorstep, the PACS can extend similar kind of services to rural community with more flexible timings and convenience of its members. This kind of retail services in addition to Short term and Long-term agri finances, the credit portfolio of PACS shall increase and cross selling of products can happen.

GUIDELINES TO CONTRIBUTIONS

1. Two copies of the manuscript typed in double space and soft copy along with an abstract of 100 words should be sent to the Managing Editor, Co-operative Perspective, VAMNICOM, University Road, Pune 411 007.
2. The articles are sent for review to the Referees.
3. Name (s) and affiliation (s) of author (s) should be provided in a separate page along with title of the article.
4. Papers sent for publication should not have been published or sent for publication elsewhere.
5. Five off prints of the article and a copy of the journal are provided.
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