



A STUDY ON ROLE OF KDCC BANK IN ECONOMIC DEVELOPMENT OF BANK CUSTOMERS

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ABSTRACT:

The District central co-operative bank (DCC) is the central society of all types of co-operative societies in district. The main functions of this bank in the beginning were to provide finance to village agricultural co-operative credit societies. Kolhapur district is Agriculture rich district. Cooperative movement has played very important role in the economic development of the District. Cooperative movement has laid the foundation of industrialisation of the district. Kolhapur district Cooperative Bank (KDC) has played important role in growth and development of Cooperative movement in the District. This research paper intended to study the role of KDCC in growth of cooperative units in the district. The paper also tried to understand whether economic condition of the farmers improved who had taken loan from the bank. The study indicates that KDCC bank plays important role in growth and development of the Cooperative sector in the district. It also indicated that thereby to contribute for their economic uplift. In the present study all the respondents agreed that they are economically benefited from the bank.

Key words: Cooperative, District central co-operative bank (DCC), and Economic development

INTRODUCTION:

Indian economy is an agriculture economy. Even today in rural area agriculture is a major source of employment. However, traditionally agriculture is distanced from institutional credit availability. Co-operative movement plays important role in bringing the rural economy under the banking network. Co-operative movement in India has had a long history. The co-operative movement was started in India with the passing of "The Co-operative credit society ACT of 1904". The progress of Co-operative movement was slow in India when the co-operative societies act was passed in 1904 there was no provision for the formation of central banks.

In recent years the co-operative movement in India has made a considerable progress and diversified its activities in different spheres of economy such as credit, marketing, processing consumers etc. an agricultural credit has an unlimited scope to raise the income of farmers and especially weaker sections such as small and marginal farmers in the villages.

The District central co-operative bank (DCC) is the central society of all types of co-operative societies in district. The main functions of this bank in the beginning were to provide finance to village agricultural co-operative credit societies. The DCC bank finances the short term and medium term credit through primary co-operative to the DCC Banks. This bank is closely associated with the NABARD. Thus, the DCC Bank is the link between the state co-operative Bank and farmers. In the beginning the main function was to give finance to the rural farmers but since 1954 the bank has extended its financial facilities to all types of co-operative societies in the district. Therefore, the DCC Banks are acting as the leader for the development of co-operative movement of the district.

The recommendations of All India Rural credit committee (AIRCS, 1954) helped for the re-organization of DCC Bank. Hence the principle of 'one District-one DCC Bank' was adopted. Now these banks are responsible for the development of co-operative movement in the district.

The DCC Banks are serving as the balancing centre between the farmers, primary Agricultural credit societies and state co-operative Banks and they are acting as bankers as well as monitor of co-operative movement in India. Due to establishment of NABARD these banks are able to strengthen their financial activities. In the state like Maharashtra, Gujarat and Kerala these banks have helped much to the weaker sections of the community.

Kolhapur district is Agriculture rich district. Cooperative movement has played very important role in the economic development of the District. Cooperative movement has laid the foundation of industrialisation of the district. Number of Agri-processing units has grown in the district. Such as Cooperative sugar factories, Cooperative milk processing units, Cooperative textile units etc. Kolhapur district Cooperative Bank (KDC) has played important role in growth

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and development of the units. The bank not only supports Primary Agriculture Cooperative Credit Societies in agriculture credit lending but also play imperative role in spreading financial literacy and inculcating banking habits in the rural farmers. However the bank is not distanced from the political interference and corruption. It affected the performance and profitability of the bank. On the other hand advancement in the banking technology and expanding competition enforce the bank to deliver better financial services. This research paper intended to study the role of KDCC in growth of cooperative units in the district. The paper also tried to understand whether economic condition of the farmers improved who had taken loan from the bank.

RESEARCH METHODOLOGY:

To study the stated objectives both primary and secondary data was collected. Secondary was collected from various reports and bank records. Primary data was collected through questionnaire. To collect the primary data the bank account holders were contacted through using scientific sampling methods.

Sampling methodology: Total twelve talukas of the district were divided in to three groups. They are developed, medium developed and undeveloped tahsils. Developed tahsils are Hatkanangle, Karveer, Shirol and Panhala. Medium developed are Kagal, Chandgad, Radhanagari and Shahuwadi. Undeveloped tahsils are Gadhinglaj, Bhudargad, Ajara and Ganganbavada. From these three groups two tahsils each were selected randomly. From each tahsils three villages were selected randomly and from each village 25 KDCC bank account holders were contacted.

Testing of Hypothesis

Hypothesis 1: The K. D. C. C. is significantly contributing to develop the cooperative movement

To test the hypothesis data relating to number of Cooperative units started in the district was collected from year 2002-03 to 2014-15 and annual growth rate was calculated.

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Table showing number of Cooperative units started in the year

Year	Co-operatives	Annual Growth
2002-03	8554	
2003-04	8716	1.89
2004-05	8955	2.74
2005-06	9131	1.97
2006-07	9332	2.20
2007-08	9460	1.37
2008-09	9785	3.44
2009-10	10455	6.85
2010-11	10622	1.60
2011-12	10678	0.53
2012-13	10947	2.36
2013-14	11143	1.68
2014-15	11396	2.13
	Average	2.51

Above table indicates that the average growth in number of cooperatives during 2002-03 to 2014-15 is significant at 2.51 per cent. However only calculating numerical growth is not sufficient. It is most important to study the qualitative impact of the bank performance. For that researcher tried to understand whether economic condition of the farmers improved who had taken loan from the bank.

Descriptive Statistics of Bank borrowers' response for improvement in their economic condition

Sr. No.	Particular	Numbers	Per cent
1.	Fully improved	191	42.44
2.	Improved	173	38.44
3.	Average	40	8.89
4.	Partially improved	32	7.11
5.	Not improved	14	3.11
	Total	450	100.00

Hypothesis-2: The economic condition of members took agriculture loan is not improved

1. H0: $p=0.5$ i.e. The economic condition of members took loan is not improved significantly
2. H1: $p>0.5$,i.e. The economic condition of members took loan is improved significantly

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. prtesti 450 0.80 0.50
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One-sample test of proportion
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x: Number of obs = 450
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Variable	Mean	Std. Err.	[95% Conf. Interval]	
x	.8	.0188562	.7630426	.8369574

```
p = proportion(x)
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z = 12.7279
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Ho: p = 0.5
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Ha: p < 0.5
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Ha: p != 0.5
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Ha: p > 0.5
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Pr(Z < z) = 1.0000
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Pr(|Z| > |z|) = 0.0000
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Pr(Z > z) = 0.0000
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The calculated Z-value (12.7279) is greater than the critical value of Z at 5 per cent level of significance (0.025 at right tail). Thus, the null hypothesis is rejected. Therefore, it is inferred that the economic condition of members took loan is improved significantly.

CONCLUSION:

The study indicates that KDCC bank plays important role in growth and development of the Cooperative sector in the district. It also indicated that thereby to contribute for their economic uplift. In the present study all the respondents agreed that they are economically benefited from the bank. Although it is found that all the members' families are well benefited economically from the bank, yet there is long way to go. Effective use of technology, less political interference and corruption free transparent banking operations will help to improve the performance and transform the lives of deprived class of the societies.

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