



THE STRUCTURE OF CO-OPERATIVE CREDIT

Dr. Ashok D. Adhav
(Associate Professor)

M.P.A.S.C. College, Panvel, Dist- Raigad,
State-Maharashtra

ABSTRACT:

Banking System plays an important role in country's economy. In the Indian banking structure the Reserve Bank of India is the central bank. It regulates directs and control the banking and financial institution in the country. Co-operative banks have three tire systems. At the village level there is Primary Agriculture Co-operative Society (PACS), at the district level there is Central Co-operative Bank (DCCB) and the state level there is State Co-operative Banks provide short term and medium term loans to the agriculture sector.

Land Development Banks (LDB) provides long term agriculture credit. NABARD is an apex body regulating, directing and controlling the financial and banking institutions providing finance for the agriculture and a rural development.

Key Words: *Finance, Agriculture, Credit, Co-operation, Structure*

INTRODUCTION:

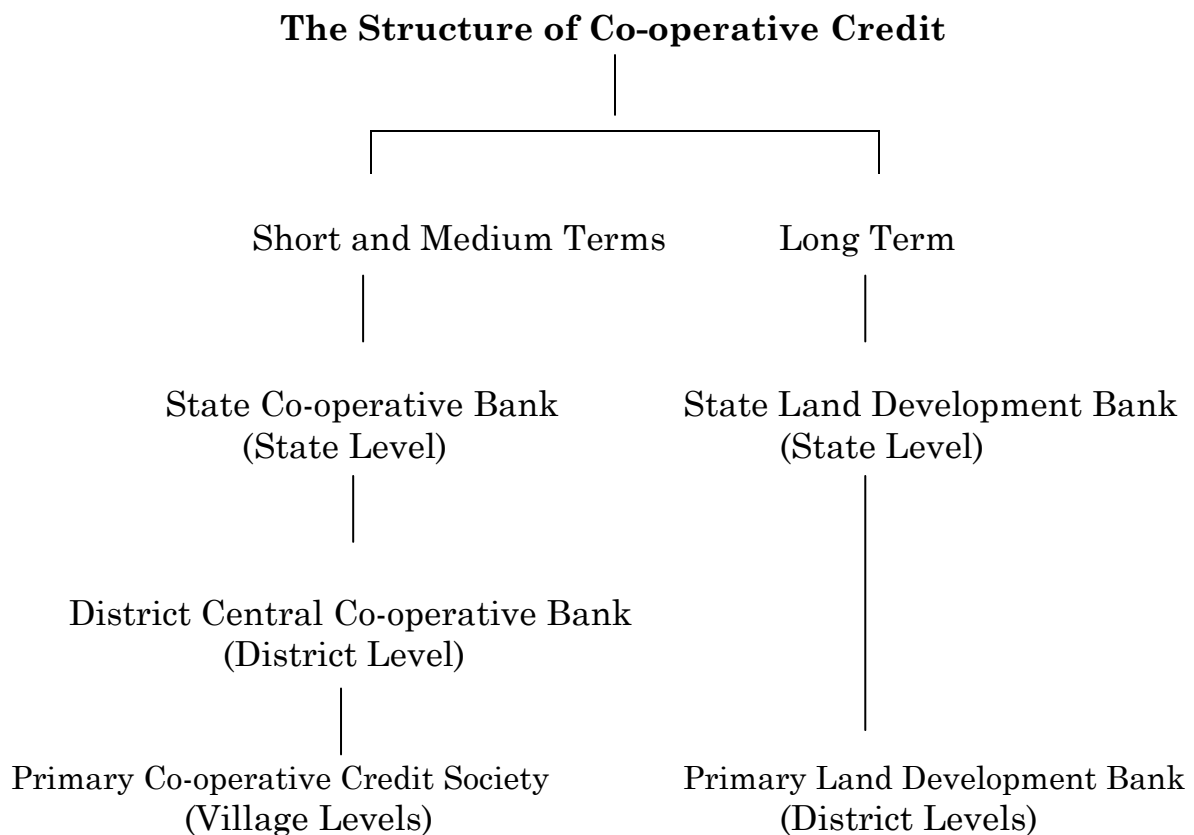
Banks are the heart of our financial system. The ability of banking system to perform its tasks efficiently and harmony with our needs and economic goals depends in large measure on its efficient management Co-operative banks are playing vital role in agricultural credit and development of rural economy Agriculture constitutes the backbone of India's developing economy.

Agricultural credit is one of the most crucial inputs in all agricultural development programs for long time the major source of agricultural credit was the private money lenders.

Thus source of credit was inadequate highly expensive and exploitative. Since independence a multi agency approach consisting of Co-operatives, commercial banks and Regional Rural Banks known as institutional credit has been adopted cheaper and adequate credit to farmers.

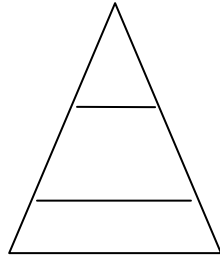
THE STRUCTURE OF CO-OPERATIVE CREDIT:

The source of credit in rural areas through co-operatives can be classified in to two categories on the basis of duration of credit.



SHORT TERM AND MEDIUM TERM LOAN:

In case of short term and medium term Co-operative Credit there is three tier systems. At the village level there is primary Co-operative Credit Societies. At the District Level District Central Co-operative Banks and at the State level there is apex Co-operative bank known as State co-operative bank known as State Co-operative Banks. The valum of credit depends upon the strength of these three-tier systems.



State Co-Operative Bank

District Central Co-operative Bank

Primary Agri. Co-operative Credit Society

1. State Co-Operative Banks:

The State Co-operative Banks finances and controls the working of DCC Banks in the state.

2. District Central Co-operative Banks:

District Central Co-operative Bank plays vital role and middle role of State Co-operative Bank and Primary Agricultural Co-operative Credit Societies.

3. Primary Agricultural Co-Operative Credit Societies:

At the village level such PACs may be started with 10 or more persons belonging to the village.

LONG TERM CREDIT CO-OPERATIVES:

Long term credit in the Co-operative structure is provided by Land Development Banks (LDBs) they were known as Land Mortgage Bank because they used to make Loans and advances to the farmers on the basis of mortgaging the papers of ownership. They are providing Credit for the long term for purchasing land, tractors and permanent improvement on land. There are two layers of long term credit given by Land Development Bank.

1. Primary Land Development Bank (PLDB):

Primary Land Development Banks provide long term credit to farmers and such bank such banks are setup at the district level.

2. State Land Development Bank (SLDB):

It is an apex bank in credit co-operatives providing long term credit to the farmers.

CONCLUSION:

Banking System plays an important role in country's economy. In the Indian banking structure the Reserve Bank of India is the central bank. It regulates directs and control the banking and financial institution in the country. Co-operative banks have three tire systems. At the village level there is Primary Agriculture Co-operative Society (PACS), at the district level there is Central Co-operative Bank (DCCB) and the state level there is State Co-operative Banks provide short term and medium term loans to the agriculture sector.

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