



STUDYING ABOUT THE CO-OPERATIVE BANK AND ITS TYPES

RITESH KUMAR

RESEARCH SCHOLAR SUNRISE UNIVERSITY ALWAR

DR. SAPNA RATHORE

SUNRISE UNIVERSITY ALWAR ASSOCIATE PROFESSOR

ABSTRACT

Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. In the absence of banking business, savings would sit idle in our homes, the entrepreneurs would not be in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses. The government of India started the cooperative movement of India in 1904. Then the government therefore decided to develop the cooperatives as the institutional agency to tackle the problem of usury and rural indebtedness, which has become a curse for population. In such a situation cooperative banks operate as a balancing center. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system. In brief, the cooperative banks have to act as a friend, philosopher and guide to entire cooperative structure. The study is based on some successful co-op banks in Delhi (India). The study of the bank's performance along with the lending practices provided to the customers is herewith undertaken. The customer has taken more than one type of loan from the banks. Moreover they suggested that the bank should adopt the latest technology of the banking like ATMs, internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks.

Keywords: - Co-Operative bank, Economy, Banks, Money, Government.

I. INTRODUCTION

According to the function given, the demands placed on them, the number of officials they employ, and other factors, the Co-operative Bank is a significant part of the Indian financial system. The cooperative movement may have started in the west, but no other country in the world comes close to matching the significance that such banks have gained in India. Even now, India's cooperative banks are crucial to supporting rural areas. Due to the dramatic rise in the number of main cooperative banks, the business of cooperative banks in metropolitan areas has also grown spectacularly in recent years. The Co-operative Societies Act governs the registration



of cooperative banks in India. The RBI also oversees the Co-operative Banks. The Banking Regulation Act of 1949 and the Banking Laws (Co-operative Societies) Act of 1965 both apply to them.

II. EVOLUTION OF CO-OPERATIVE BANKING IN INDIA:

Indian farmers are dispersed across the nation and need short-term, minor borrowings for agricultural purposes. Commercial banks are unable to provide this requirement. Which are unsuitable for financing agricultural land, and which these farmers may present as collateral for bank loans, but which commercial banks often do not accept as security consequently, certain sorts of banks are required for funding agriculture. Co-operative banks are ideally suited for this purpose since their goal is to provide banking services to people with low financial resources who need loans for productive uses of the land and labour at their disposal. A commission headed by Sir "Edward Maclagan" was created by the Government of India in 1914 to assess the state of cooperation throughout the nation.

The committee's report, which was submitted in 1915, contained a number of recommendations, the most important of which was the establishment of provincial cooperative banks to serve as apex banks in the cooperative pyramid's hierarchical structure. The present system of government in India is based on the "montague-chelmsford" Act, which made cooperation a provincial matter. Since that time, each state government has passed its own separate cooperative societies acts.

III. NATURE OF CO-OPERATIVE BANKS

In India, the cooperative system is an organizational one. The goal of cooperative organizations is to maximize societal benefit even while their existence is independent of various socioeconomic strata. From the state level to the gross root of the rural level, there is a chain of cooperative credit. Agricultural Credit Societies, District Central Cooperative Banks, and State Cooperative Banks are all associated with one another and perform the duty of supplying credit at the rural, district, and state levels, respectively. Additionally, Land Development Banks provide long-term financing for agricultural producers to make lasting improvements. As a result, this is how cooperative institutions provide credit.

Additionally, there are a number of non-agricultural credit organizations that provide loans to the urban economy. Credit is made available to a variety of businesspeople, including small company owners, merchants, workers, and customers, through this urban cooperative credit organization. The bulk of citizens, who have low salaries, are met by urban cooperative banks.



These folks' needs are not met by commercial banks. The residents of the low income category may go to these urban cooperative banks to get the loans they need. As a result, the important function of providing credit in the urban sector is done by urban credit institutions and urban cooperative banks.

IV. CO-OPERATIVE BANKS AND RURAL CREDIT

There has been a Co-operative bank for approximately 100 years. According to the responsibilities allocated to them, the standards they are expected to meet, the quantity of cooperative banks, and the number of offices they run, cooperative banks constitute a significant part of the Indian financial system. Even today, they play a crucial role in financing rural regions, and their activity has grown tremendously in recent years in metropolitan areas as well, mostly as a result of the dramatic rise in the number of primary co-operative banks. The Co-operative Societies Act governs the registration of cooperative banks in India. The cooperative bank is likewise regulated by the RBI. The Banking Regulations Act of 1949 and the Banking Laws (Co-operative Societies) Act of 1965 both apply to them. In India, nine cooperative banks provide financing for farming, dairying, milking, hatcheries, and personal finance in rural regions.

V. CO-OPERATIVE BANKS IN INDIA

A new form of institution based on cooperative organization and management principles was first attempted by the government in India about 1904 since it was thought that these ideas would be ideal for resolving challenges unique to Indian settings. Cooperatives were born as a consequence of the ideology of self-responsibility and self-administration, which replaced the ideas of equality, equity, and self-help. One such incident—which resulted from a condition of crises, exploitation, and sufferings—was the birth of the cooperative movement.

The Agricultural Credit Co-operative Societies Act, which was passed in 1904, gave rise to cooperative banks in India. In India, cooperative banks are a crucial component of the financial system. Numerous cooperative credit organizations were established as a result of the 1904 statute. A new statute was approved in 1912 that allowed for the founding of cooperative central banks by a union of primary credit organizations and people in response to the rising demand for cooperative credit. The cooperative bank's original roles were taking deposits and making loans to the agricultural industry. In order to compete with other commercial banks in the current environment, the bank has expanded its operations and entered the non-farm sector.

VI. TYPES OF CO-OPERATIVE BANKS IN INDIA AND JHARKHAND:



The co-operative banks are diminutive institutions that function in both urban and rural areas. In addition to professionals and income classes, they also finance small borrowers in the commerce and manufacturing sectors. They are controlled under the Banking Regulations Act of 1949 and the Banking Laws (Co-operative Societies) Act of 1965, both of which are administered by the Reserve Bank of India. The Jharkhand cooperative banking system is broken down into the following 5 categories:

Primary Co-operative Credit Society: A group of residents from the same neighborhood who are both borrowers and non-borrowers makes up the main co-operative credit organization. The share capital of the society, member deposits, and loans from central co-operative banks are where the society gets its money from. Both the individuals' and the society's borrowing capacities are fixed. Members get loans to buy livestock, fodder, fertilizer, insecticides, and other items.

District Central Co-operative Banks: These are the districts' major credit society federations, and there are two different kinds of them: those with solely primary society members and those with both society and individual members. Share capital, deposits, loans, overdrafts from state cooperative banks, and joint stocks make up the bank's resources. Within the parameters of the member societies' available borrowing capacity, these banks lend money to them. They also carry out all of a joint stock bank's operations.

State Co-operative Banks: A federation of central cooperative banks, the state co-operative bank serves as a watchdog for the co-operative banking system in the state. It receives funding from the Reserve Bank of India via share capital, deposits, loans, and overdrafts. Instead of lending money directly to farmers, state cooperative banks finance primary societies and central cooperative banks.

Land Development Banks: The three levels of the land development banks—State, Central, and primary—are designed to accommodate the long-term financial needs of farmers for economic growth. The main land development banks are located in the districts and tehsil regions of the state, and are under the supervision of the state land development banks. Both the state government and the Reserve Bank of India have control over them. The National Bank for Agriculture and Rural Development (NABARD) recently took over the oversight of land development banks. These banks get their funding from the national and state governments' subscriptions to debentures. Public deposits are not accepted by these institutions.

Urban Co-operative Banks: Despite not having a legal definition, the term "Urban Co-operative Banks" (UCBs) refers to main cooperative banks that are situated in urban and semi-urban regions. These banks were only permitted to provide loans until 1996 for non-agricultural



uses. Today, this difference is no longer valid. These banks' original focus was on municipalities, workplace organizations, and communities. In essence, they finance small enterprises and debtors. Their current businesses have a far wider range.

VII. CONCLUSION

The banks performance and the result is study on lending practice which is on lending money from the co-operative bank. Where the bank provide loan for customers and deposit cash payment, ATM cards, savings and current accounts, NPA, safe deposit lockers, or mortgages to private and business customers and so on through this bank the co-operative holding all gadgets/types of deposited cash or financial lending amount from the bank. From the new technology customer are attracted and satisfied to borrow the loan as per their financial needs whether they want short term, medium term or long term financial goal it will be provided by the cooperative bank.

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