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A STUDY ON COOPERATIVE FINANCE FOR RURAL DEVELOPMENT WITH SPECIAL REFERENCE COIMBATORE DISTRICT - TAMILNADU

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Abstract
The Indian cooperative movement, like its counterpart in other countries of the world, has been essentially a child of distress. It has emerged out of that turmoil and dissatisfaction which prevailed during the last quarter of the 19th century and worked as a direct consequence of the Industrial Revolution. The Revolution led to the decay of cottage industries and growing pressure on land, making agriculture an uneconomic venture; greater mobility of rich people from village to towns and of capital to new channels of investment; the growth of middlemen acting as parasites to the disadvantage of small products; new debt legislations which changed completely the borrowing and the lending system; the change in the method of payment of land revenue from kind to cash, throwing the cultivators into the clutches of the moneylenders etc. All these destroyed the self-sufficient economy of the villages and indebtedness of the farmers increased by leaps and bounds. Their belief is in deep ditch of stagnation, dejection and disappointment. The government first took indirect steps to check the growing influence of the Mahajan but much success could not be achieved. Thereafter, various legislative measures were adopted for granting loans and credit facilities to the farmers.

Keywords :Credit Facilities, Members Benefit From Cooperative Bank Finance.

Introduction

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

Statement of the Problem

The present study intends to find out the role of cooperative bank finance in promoting rural development. The cooperative sector banks play a crucial role in the integrated rural development by advancing loans to farmers for agricultural and non-agricultural activities. It is expected that by obtaining loans from the cooperative banking sectors, the agricultural community would benefit a lot in promoting their economic and social development. Both the central and state governments

are following a liberalized credit policy to revamp the rural conditions of the people. To what extent the people are benefited out of the credit policy followed by the cooperative banks is the major concern of the present study. For this purpose, the Primary Agricultural Cooperative Banks in Coimbatore District are taken for analysis to find out their loan operations for the benefit of farmers, the extent of benefit accrued by the beneficiaries as a result of loan advanced, the problems faced by the beneficiaries and officials as a result of the cooperative credit and the attitude of the beneficiaries towards cooperative bank credit.

Objectives of the Study

The following are the objectives of the study:

1. To find out the impact of cooperative bank finance on rural development
2. To find out whether the farmers experience problems related to cooperative bank finance.
3. To identify the underlying dimensions of the cooperative bank services, banker problems and farmers' cooperative finance attitude through factor analysis technique.
4. To offer suitable suggestion for the betterment of the cooperative bank finance for benefit of agriculture farmers.

Research Method

In this study, normative survey method was used in order to provide facts related to bank finance of the Primary Agriculture Cooperative Banks (PACB) with special reference to agriculture and non – agriculture credit services rendered by these cooperative sector banks to foster rural development.

Sampling Procedure

1. Multi-stage sampling procedure was followed for the present study. The following table explains the sampling procedures followed for the selection of DCCB and PACB and the subjects involved in the present study.
2. In the multi-stage sampling procedures, regarding the selection of the district, Coimbatore district, Tamilnadu State was selected by means of purposive sampling technique. Within the district, the District Central Cooperative Bank (DCCB) was selected through purposive sampling technique. The Primary Agriculture Cooperative Banks (PACB) which are under the control of the District Central Cooperative Bank, Coimbatore are the primary analysis of the study. For this purpose, the PACBs located in 6 blocks in the selected unit are identified by means of random sampling technique. Due consideration was given for high level and low level business transactions of the PACBs. This led to the identification 12 PACBS on the basis of stratified random sampling technique. From the 12 identified PACBs, beneficiaries were selected by means of stratified random sampling technique. The stratification was done on the basis of agriculture and non – agriculture beneficiaries. Thus a total sample of 720 agricultural and non – agricultural beneficiaries was selected in the study and the relevant data were collected from the beneficiaries.
3. To study the problem experienced by the PACBs, data were collected from 50 bank officials working in the 12 Primary Agriculture Cooperative Banks by adopting simple random sampling technique.

Coimbatore District: Agro – A Brief Sketch

1. The erstwhile Coimbatore district is surrounded in the north and east by Erode district, by the Western Ghats in the west by the hill range of Analmalais in the south. Total area of the district is 7469 sq.kms. The district headquarters is located in Coimbatore city. It has six taluk headquarters at Coimbatore, Pollachi, Avinashi, Palladam, Udumalpettai and Mettupalayam. The population of the district according to 2011 census is 42.24 lakhs comprising 21.56 lakhs males and 20.68 lakhs females. The rural population of the district is 14.35 lakhs. The urban population of the district is 27.89 lakhs.
2. The literacy percentage in the district is 76.95. The district has mostly black cotton soil and the other soil varieties are red loam and sandy loam soil often mixed with gravel. Coimbatore is one of the very few districts in the state with considerable areas under dense forests (20%). There is a wild life sanctuary with an area of about 95000 hectares in the hill range of Aanamalais. The district has 21 community development blocks. It has 40 town panchayats and 464 villages and has a well developed system of communication network. Coimbatore city is directly linked with the state capital by air, rail and road.
3. Although Coimbatore is an industry dominated city, paddy and solam are cultivated in a large scale in rural area of the district. In addition to these, commercial crops such as cotton, sugarcane and oil seeds are also cultivated. About 387354 hectares of land are under paddy cultivation, followed by cotton. The major rivers in the district are Bhavani, Palur, Alliyar and Amaravathi. However, the principal source of irrigation in this district is wells. There are 78852 wells which irrigate 104680 hectares of land. The district has fairly rich cattle wealth compared with other districts in the state.
4. The district is not endowed with much mineral wealth. Next to Chennai, Coimbatore is the most industrialized district in the state. The textile industry, and engineering industry have contributed a large share to Indian economy. The Primary Agriculture Cooperative Banks are established in various parts of the district to promote rural economy.

5. The present investigation is conducted in the backdrop of the above socio – economic status of Coimbatore District.

Impact of Cooperative Bank Finance on Rural Development: Regression Analysis

In order to find out whether the farmers accrue benefits as a result of cooperative bank finance, Multiple Regression Analysis was applied. The results of the analysis are explained below:

Loan Benefit : Multiple Regression Analysis

Model Summary				
Loan Benefits	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
	.371	.137	.123	.49836

ANOVA						
Loan Benefits		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	27.959	12	2.330	9.381	.000
	Residual	175.591	707	.248		
	Total	203.550	719			

Independent variable	**Instand. Beta Co-eff.**	**Std. Error**	**Std. Beta Co-eff**	**'t'**	**sig**
(Constant)	.369	.243		1.519	.129
To rennovate the existing house x1	.101	.062	.175	1.643	.101
To construct new house x2	**.045**	.019	.086	2.401	**.017**
To purchase new machine x3	**-.113**	.047	-.193	-2.414	**.016**
To purchase new computer x4	**.044**	.023	.084	1.950	**.052**
To purchase new landx5	.007	.024	.011	.278	.781
shifting from rented to own building landx6	.025	.043	.041	.574	.566
To continue existing workx7	**.068**	.013	.200	5.132	**.000**
Investing the capital in new business x8	**-.041**	.015	-.099	2.632	**.009**
To Purchase new automobile carx9	.011	.013	.033	.871	.384
For children education x10	**.080**	.030	.123	2.634	**.009**
To deposit into savings accounts x11	**-.063**	.023	-.109	-2.777	**.006**
To purchase gold x12	**.175**	.026	.263	6.769	**.000**

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

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

Interpretation

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

The above equation describes that, on an average if the benefit of the cooperative agriculture is by one unit, there will be 0.045 unit increase in the benefits of agriculture, when other variables are kept constant and the similar conditions applied for other variables also. The results of the 't' test reveals that the calculated partial regression co-efficients 0.045,(-0.113),0.044, 0.068, (-0.041), 0.080, (-0.063) and 0.0175 are significant at 1 per cent level. The multiple R found to be 0.371 reveals that there exists a significant relationship among benefit items (Beta Coefficient = 0.369). The R square value of 0.137 confirms that the explanatory variables explain 13.7% of variation of benefits from the banks. The 'F' test shows that the explained variation was highly significant at 1 per cent level. From the above co-efficient values, it is found that the agricultural farmers

have benefited a lot by availing loans for construction of new house, purchase of new machine, new computer, continuing existing work, investing the capital in new business, investing in children education and investing in gold. Thus the analysis clearly testifies the positive impact of cooperative bank finance on rural development.

It is concluded that the Primary Agriculture Cooperative Banks in Coimbatore District through their loan operations have helped the farmers to a greater extent for their agriculture and non agriculture based activities. The contribution of cooperative bank finance in improving rural development programmes is understood from the present study.

Farmer Problems: Regression Analysis

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

Farmer Problems : Regression Analysis

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
Farmers	.162	.026	.012	.67867

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Farmer Problems	Regression	8.768	10	.877	1.904	.042
	Residual	326.560	709	.461		
	Total	335.328	719			

Independent variable	**Instand. Beta Co-eff.**	**Std. Error**	**Std. Beta Co-eff**	**'t'**	**Sig**
(Constant)	E	.264		7.911	.000
Difficulty in getting parallel loans X1	.139	.063	.193	2.192	.029
High rate of interest for loan X2	-.063	.035	-.090	-1.783	.075
Cumbersome procedures for getting loans X3	.029	.026	.045	1.143	.253
Selective operation of long term loan X4	-.009	.024	-.015	-.391	.696
Delay in getting loan X5	.071	.029	.101	2.410	.016
Shorter duration of loan repayment X6	-.074	.045	-.107	-1.661	.097
Non payment of loan due to natural calamities X7	.020	.031	.030	.661	.509
Political interference in loan operations X8	-.021	.029	-.029	-.701	.484
Lack of communication flow from the Bank X9	-.032	.054	-.046	-.587	.557

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

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

Interpretation

Where Y is the estimated values of loan related problems faced by the farmers while availing loan from Primary Agricultural Cooperative Banks.

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

significant at 1 per cent level. From the above table, it is concluded that the farmers experience greater level of problems in availing both agriculture and non agriculture loans from the Primary Agriculture Cooperative Banks in Coimbatore District.

Comparison between Farmers Undertaking Agriculture and Non-Agriculture Activities

The two categories of farmers are compared to find out whether they differ in experiencing problems related to cooperative bank finance and attitude towards the cooperative bank finance. The 't' test results are tabulated below:

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

Variable	Agriculture			Non-Agriculture			't'
	Mean	SD	N	Mean	SD	N	
Farmer Problem	32.51	6.32	360	33.01	6.8	360	1.020.
Farmer Attitude	98.03	8.92	360	97.54	9.62	360	71

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

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

Factor Analysis - Cooperative Finance Attitude Scores

Like the previous factor analysis technique, principal component analysis is resorted to identify the major underlying components of the cooperative finance attitude scores.

Suitability of Tests for Factor Analysis

Both Kaiser – Meger – Olkin and Bartlett's tests are resorted to find out the suitability of cooperative finance attitude scores for factor analysis. The test results are presented follow:

Cooperative Finance Attitude Scores: Kaiser – Meger – Olkin and Bartlett's Test (SPSS output)

Kaiser - MegerOlkin measures of Sampling Adequacy		0.769
Bartlett's test of sphericity	Approx. Chi-square	1.477E4
	Significance	.000

Interpretation

i) The farmers do not differ in their attitude towards cooperative bank finance on the basis of availing loan for agriculture and non-agriculture related activities.
ii) From the table, it is known that the Bartlett's test of sphericity value is significant and the hypothesis that the inter correlations matrix involving 24 items of the cooperative finance attitude is an identity matrix is rejected. From Bartlett's perspective, the attitude scores are feasible for factor analysis.
iii) Furthermore, the KMO value 0.769 indicates the validity for factor analysis and the value supports for factor analysis. Having completed the two tests, extraction of factors was done through principal component analysis.
iv) The SPSS package has brought out the following communality output.

Cooperative Bank Finance Attitude Scores : Communality Values

Attitude Item	Initial	Extraction
(1)	1.000	.965
(2)	1.000	.941
(3)	1.000	.785
(4)	1.000	.880
(5)	1.000	.822
(6)	1.000	.673
(7)	1.000	.651

(8)	1.000	.687
(9)	1.000	.903
(10)	1.000	.828
(11)	1.000	.724
(12)	1.000	.818
(13)	1.000	.703
(14)	1.000	.839
(15)	1.000	.734
(16)	1.000	.860
(17)	1.000	.906
(18)	1.000	.691
(19)	1.000	.744
(20)	1.000	.595
(21)	1.000	.614
(22)	1.000	.424
(23)	1.000	.403
(24)	1.000	.966
Extraction Method : Principal Component Analysis		

Interpretation

i. From the above table, it is known that 96.6% of the variance is accounted for the item number 24 which deals with the role of cooperative bank finance in the context of globalization while 96.5% of variance is accounted for by the item number 1 which deals with the aim of cooperative bank finance in developing the life style of farmers. Thus these two variables have been accounted for the highest variance of the extracted factors.

ii. Among the items, the item number 23 namely self help and self respect of members encouraged by the cooperative bank finance has contributed 40.3% of variance which is the lowest among the 24 variables.

iii. The extraction of factors was done through principal component analysis which resulted in the identification of seven significant factors. The total variances explained by the factors are presented below:

Cooperative Bank Finance Attitude Scores : Total Variance Explained

Table Variance Explained									
Component	**Initial Eigenvalues**			**Extraction sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of variance**	**Cumulative %**	**Total**	**% of variance**	**Cumulative %**	**Total**	**% of variance**	**Cumulative %**
1	5.042	21.009	21.009	5.042	21.009	21.009	4.221	17.586	17.586
2	3.798	15.827	36.836	3.798	15.827	36.836	3.380	14.082	31.669
3	3.032	12.633	49.469	3.032	12.633	49.469	2.970	12.377	44.046
4	2.351	9.796	59.264	2.351	9.796	59.264	2.630	10.958	55.004
5	1.550	6.459	65.723	1.550	6.459	65.723	1.841	7.669	62.673
6	1.305	5.437	71.160	1.305	5.437	71.160	1.699	7.079	69.752
7	1.077	4.487	75.647	1.077	4.487	75.647	1.415	5.895	75.647
8	.940	3.917	79.564						
9	.845	3.520	83.083						
10	.628	2.616	85.699						
11	.610	2.540	88.239						
12	.442	1.842	90.081						
13	.387	1.611	91.692						
14	.361	1.505	93.197						
15	.348	1.49	94.645						
16	.330	1.377	96.022						

17	.230	.957	96.979						
18	.198	.824	97.803						
19	.178	.740	98.542						
20	.140	.585	99.128						
21	.109	.453	99.580						
22	.053	.220	99.801						
23	.043	.177	99.978						
24	.005	.022	100.000						
Extraction Method : Principal Component Analysis									

Interpretation

a. It is observed from the above table, that the principal component method has grouped the total variables under study into seven components. The total variance explained by all the 7 components is 75.647%. The first factor explains 17.586% of total variance and it is the most influencing factor when compared with other factors. The last factor has 1.077 Eigen value and the factor explains 4.487% of variance.
b. In order to arrive at meaningful conclusions, the extracted factors were rotated through Varimax rotation with Kaiser Normalization. The rotated matrix structure is presented below in a tabular column.

Cooperative Bank Finance Attitude
Rotated Component Matrix

Item Number	**Factor and Loadings**						
	1	**2**	**3**	**4**	**5**	**6**	**7**
24	.958						
1	.957						
9	.918						
16	.894						
21	.739						
4		.923					
12		.887					
14		.868					
19		.789					
5			.929				
17			.919				
6			.887				
11				.836			
3				.818			
18				.783			
13				.652			
10					.761		
20					.759		
8					.628		
15						.813	

23							.798
7							.767
22							.725
Eigen value	5.042	3.798	3.032	2.351	1.55	1.305	1.077
Percentage of value	17.586	14.052	12.377	10.958	7.669	7.079	5.895
Cumulative variance	17.586	31.669	44.046	55.004	62.673	69.752	75.647

Extraction Method : Principal Component Analysis
Rotation Method : Varimax with Kaiser Normalization

Interpretation

i. The above table reveals that the first factor has 5.042 Eigen value and it describes 17.586% of variance. The second factor accounts for 14.082% of variance with 3.798 Eigen value. The third factor has 3.032 Eigen value and its explains 12.377% of variance. The fourth factor with 2.35% Eigen value accounts for 10.958% of variance. The fifth factor has 1.55 Eigen value and it describes 7.669% of variance. The sixth factor with an Eigen value of 1.305 accounts for 7.079% of variance and the seventh factor describes 5.895% of variance with 1.0799 Eigen value.

ii. The significant loadings of the items having above 0.4 value have been taken into account for naming the factors in accordance with the suggestions of Thurstone (1947). The among of the significant factors are explained below:

Naming the Factor

S. No	Item No	Item	Loading
1	24	The present globalization scenario needs cooperative bank finance	0.958
2	1	Cooperative bank finance aims at developing the life style of members	0.957
3	9	Cooperative bank finance promotes cooperation among people	0.918
4	16	Cooperative credit makes members happy	0.894
5	21	I wish to remain as an active member of cooperative bank to change my life	0.739

Interpretation

i) In the first factor, five items are significant. The item number 24 has 0.958 loading which is the highest among the five significant items.

ii) The item number 1 has a projection of 0.957 which has second highest factor loading. The third significant item has the loading of 0.918 which belongs to the item number 9. The item number 16 has the projection of 0.894 and the last item (item number 21) has the loading of 0.739 which is the lowest among the five significant items of the first factor.

iii) The first factor describes the role of cooperative finance in enhancing the life style of the members. In order to effect desired changes in the human behaviour in the globalization era, cooperative finance is needed. As testified in various cooperative committee reports, the purpose of cooperative finance is to foster change and bring out desirable life style of rural community. This leads to integrated rural development. Another purpose of cooperative bank finance is to promote cooperative spirit among the beneficiaries, and make the people happy and prosperous. As a result, the beneficiaries wish to remain as committed members of cooperative movement to change their life pattern in the right direction. Taking into account the centrality of the above significant items, the first factor is termed as "Beneficiary Life Style".

iv) The second factor and its significant loadings are presented below in a tabular form.

Results of Multiple Regression Analysis

i) The Primary Agriculture Cooperative Banks in Coimbatore District through their loan operations have helped the respondents to a greater extent for their agriculture and non agriculture activities. The positive impact of cooperative bank finance on rural development is understood from the study.

ii) The respondents experience level of the problems in availing both agriculture and non agriculture loans from PACBs, Coimbatore district.

Results of 't' Test

The respondents undertaking agriculture and non agriculture activities do not differ in their problems related to cooperative finance and attitude towards cooperative finance.

Results of Factor Analysis

1) The cooperative finance service scores are suitable for factor analysis. There are seven dimensions in cooperative finance services. They are
   a. Loan for innovative land use
   b. Loan for agriculture modernization
   c. Loan for irrigation activities
   d. Loan for business venture
   e. Loan for family development
   f. Loan for personal activities
   g. Loan for insurance
2) The banker problem construct scores are suitable for factor analysis. The factor analysis reveals the identification of the following five dimensions of the variable:
   a. Parallel loan structure
   b. Time constraint
   c. Superior negative attitude
   d. Normal work disturbance
   e. Resource inadequacy
3) The cooperative bank finance attitude is also suitable for factor analysis. The factor analysis reveals the following seven dimensions of the construct:
   a. Beneficiary life style
   b. Economic environment viability
   c. National development
   d. Rural empowerment
   e. Beneficiary need fulfillment
   f. Cooperative policy structure and
   g. Individual development

Recommendations and Suggestions

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

Funds Management

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

Loan Operation

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

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

Other Suggestions

1. The state cooperative bank as well as cooperative department should constantly monitor loss bearing DCCB and provide necessary advice for their development.
2. Recovery officers should not be politically pressurized to make them recover loans properly.
3. Proper information availability will enable the top management to adopt appropriate corporate strategy to achieve the bank goals. Therefore a robust and flexible management information system should be adapted.
4. The audit should be undertaken regularly and cooperative department should insist on actions by the DCCB on the objection raised in the audit department.
5. PACB wise analysis on per employee business, account service, cost of management and working result may be made all scientifically.

Conclusions

1. The study reveals that the PACS are generally weak organizations as their resources are inadequate. They are unable to meet the credit requirements of their members. Consequently, they need outside financial help, technical guidance and administrative advice. Mere supervision and assistance in their routine work are of no use unless they get financial support from some higher organization. Hence it was realized that the PACS should be federated into some financial union. According to All India Rural Credit Survey Committee in many ways the position of Central Cooperative Banks is of crucial importance in the cooperative credit structure. They form an important link between the State Cooperative Bank and the Primary Agricultural Credit Society (PACS) at the base.
2. The study reveals Raising resources and attaining self- sufficiency of resources are the important goals of Central Cooperative Banks to finance PACS. Guiding the Primary Agricultural Credit Societies and other member societies in all respects and to supervise the working of the primary societies. In addition to the financial help, the Central Banks can help the primaries in maintaining proper accounts, propagate the value of cooperation and cooperativisation of the rural economy.
3. To help the primaries to increase the membership and to bring the entire farming sector under the fold of cooperation, by opening their branches in, unbanked rural centers. By this process they not only take the cooperative banking habits to rural and semi-urban areas, but also help the primary societies to improve their operation by creating close contact with branches of Central Cooperative Bank.
4. In perfecting and popularising the crop loan system, the role of the Central Banks needs no emphasis. The crop loan system with a decade of service to the farmers needs certain modifications and dynamism. To take its benefits to the entire farming community long strategy is to be formed and this could be done only by Central Cooperative Bank.
5. Initiating programmers of revitalization of the Primary Agricultural Credit Societies; seeing all Primary Credit Societies to have full time paid Secretaries. In this respect if circumstance permits, they can organize the management cadre to man the village credit societies with qualified personnel.