

FINANCIAL SCENARIO OF KARNATAKA STATE CO-OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK (KSCARDB)

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Abstract- The creation of the Mysore State Co-operative Land Mortgage Bank in 1929 was a big step toward getting rid of this social problem. Until 1965, this bank gave long-term loans to farmers to pay off debt and improve their land. The name was changed to the Land Development Bank to match the new policies. With the creation of the “National Bank for Agriculture and Rural Development” (NABARD) in 1982, the “Karnataka State Cooperative Agriculture and Rural Development Bank” got a new name. It is now called the “Karnataka State Cooperative Agriculture and Rural Development Bank”. This central Co-operative Agricultural and Rural Development Bank were started by the members of the Primary Co-operative Agricultural and Rural Development Banks and a few other people. The KSCARD bank received deposits from both members and non-members. The KSCARD collects deposits every year and repays them to some of its members. It also utilises deposits to lend to needy members. The investments of the KSCARD Bank refer to investments made by the bank in nationalized banks and securities of other financial institutions. The main source of investments is deposits received from PCARDBs and other members of bank. If bank lends part of its deposits as a loan to farmers, it has less for investment purposes. The analyzing data will shows the growth of deposit and growth of investment, the economical states is increasing from year to year: the cooperative credit movement has encouraged rural people to deposit their savings in cooperative banks. The KSCARD Bank will give a lot of long term and short term to the farmers, it is one of the bank of backbone for the small business and the growth.

Keywords: Agriculture Development, Rural Development, KSCARD Bank.

INTRODUCTION

Karnataka State Cooperative Agriculture and Rural Development Bank was started in 1929. At beginning of 20th century, it was problem that private money lenders took advantage of farmers. Creation of Mysore State Co-operative Land Mortgage Bank in 1929 was a big step toward getting rid of social problem. Until 1965, bank gave long-term loans to farmers to pay off debt and improve their land. When Agriculture Refinance and Development Corporation (ARDC) was created in 1963, the bank started changing its policies. Since 1965, the bank has given different types of development loans to farmers in the state. The name was changed to the Land Development Bank to match the new policies. With the creation of the “National Bank for Agriculture and Rural Development” (NABARD) in 1982, the “Karnataka State Cooperative Agriculture and Rural Development Bank” got a new name. It is now called the “Karnataka State Cooperative Agriculture and Rural Development Bank”.

At the state headquarters, you can find the State/Central Co-operative Agricultural and Rural Development Banks. This central Co-operative Agricultural and Rural Development Bank were started by the members of the Primary Co-operative Agricultural and Rural Development Banks and a few other people. Through PCARDBs, the Central Cooperative Agricultural and Rural Development Bank give loans to farmers with terms of more than five years so they can improve their land in a way that will last. There are 175 taluks in the state. There are 177 Co-Operative Agricultural and Rural Development Banks (PCARD Banks) in each taluk. Two PCARDBs are in the process of going out of business. At the district level, the 25 branch offices of the KSCARD Bank are in charge of keeping an eye on the PCARD Banks in their area. So, the government has set up a system where loans are made on two levels. The PCARD Banks are separate organizations that make up the KSCARD Bank. The bank has six affiliated members, including Karnataka Agro Industries Corporation, Ware Housing Corporation, Karnataka Electricity Boards and Command Area Development Authorities of Major Irrigation Projects, State Marketing Board, Karnataka State Cooperative Marketing Federation Limited, etc.

ACTIVITIES OF KSCARD BANK

The Bank's main job is to give long-term loans for the development of agriculture and rural areas. Under “Normal

Programme” and “Special Development Programme,” the KSCARD Bank is giving out loans. The Normal Programme includes things like levelling the land, putting up fences, building a cattle shed and a farm house, paying off old debts, and letting tenants buy land through the Land Reforms Act. The “Special Development Programme” includes pig breeding, Gobar/Bio-Gas plants, sheep raising, fish farming, prawn farming, poultry, sericulture, bullocks and bullock carts, farm mechanisation, integrated loans for agriculture and non-agriculture, and the development of lands under major and medium irrigation projects. The new areas that banks work in are the non-farm sector, rural housing, small rural transport operator (SRTO) scheme, deposit mobilisation, advancing jewel pledge loan, and salary loans to the staff. At the macro level, KSCARDB’s total deposits, investments, loan disbursements, reserve funds, share capital, and percentage of loans recovered are analyzed in detail. The Karnataka State Co-Operative Agricultural and Rural Development Bank’s finances are looked at in terms of trends.

OBJECTIVES OF STUDY

1. To take action for growth and development of the credit movement in KASCARD Bank.
2. To give long term loans for the development of agriculture and rural areas.
3. To raise the funds by way of deposits, loans growth, subscriptions, for financing the members by way of loans, cash credits, over drafts and advances.

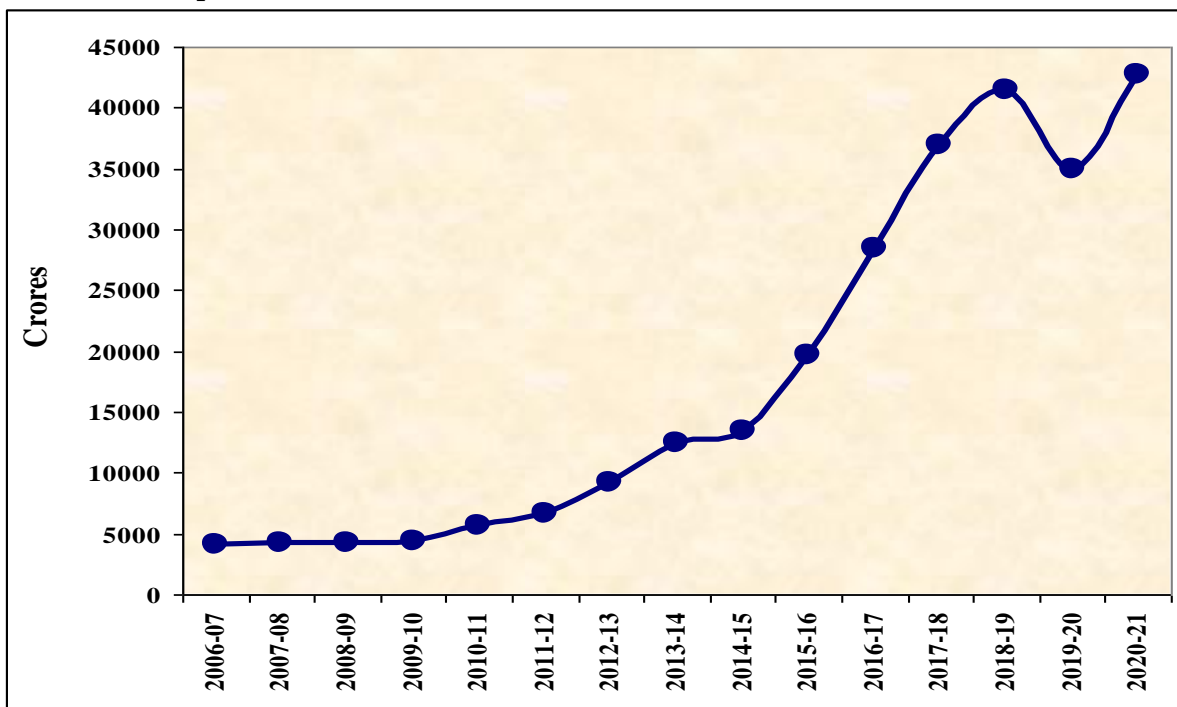
METHODOLOGY OF THE STUDY

The present study mainly based on secondary data. The secondary data was collected from the sources like annual report for the KSCARD Bank and Central Cooperative Agricultural and Rural Banks. The study covers 15 years from 2006-07 to 2020-21. The collected data has been analysed by working in the compound annual growth rate.

Table 1: Trend Analyses of Total Deposits of the KSCARD Bank, Karnataka **Year-on-year growth of Deposits of the KSCARD bank**

Year	Deposits (in Crores)	Year-on-Year Growth (in%)
2006-07	4090.52	-
2007-08	4315.75	5.51
2008-09	4305.81	-0.23
2009-10	4401.5	2.22
2010-11	5693.2	29.35
2011-12	6662.1	17.02
2012-13	9254.83	38.92
2013-14	12383.12	33.80
2014-15	13506.4	9.07
2015-16	19677.43	45.69
2016-17	28396.8	44.31
2017-18	36878.30	29.87
2018-19	41469.07	12.45
2019-20	34885.26	-15.88
2020-21	42801.71	22.69
Mean	17914.78	
SD	14831.50	
CAGR	18.26	

Source: KSCARD Bank Head Office, Bangalore

Graph 1: Growth of Deposits of the KSCARD bank

The table presents the year-on-year growth rate of deposits in PCARD banks in Karnataka. Accordingly, it is observed that in 2006-07 and 2007-08, the total deposits were Rs. 4090.52 crores and Rs. 4315.75 crores, respectively, with a 5.51 percent annual growth rate. The deposits, except for a small decline in 2008-09 to Rs 4305.81 crores with an annual growth rate of -0.23 percent, increased to Rs 4401.50 crores in 2009-10 and Rs 5693.20 crores in 2010-11 with an annual growth rate of 29.3 percent. In 2011-12, the deposit increased to Rs 6662.10 crores, with a growth rate of 17.02 percent. The considerable increase in deposits began in the year 2012-13, which was Rs. 9254.83 crores with an annual growth rate of 38.92 percent. It increased to Rs. 19677.43 crores in 2015-16, with a 45.69 percent AGR. In 2019-20, it fell slightly to Rs 34885.26 crores, representing 15.88 percent annual growth rate. In 2020-21, total deposits will increase to 42801.71 crores. The mean value of the PCARD banks' deposits was Rs. 17914 crores between 2006-07 and 2020-21. Finally, the compound annual growth rate (CAGR) for KSCARD bank during the study period was 18.26 percent with a standard deviation of Rs 14831.50 crore.

The deposits are the major source of the bank's resources. The KSCARD bank received deposits from both members and non-members. The KSCARD collects deposits every year and repays them to some of its members. It also utilises deposits to lend to needy members. Except for 2008-09 and 2019-2020, there is a positive growth rate in deposits. The factors for the positive growth rate in deposits are the number of memberships, pending withdrawals of deposits by the members, deposits received to adjust the final loan installments, and share capital received in advance.

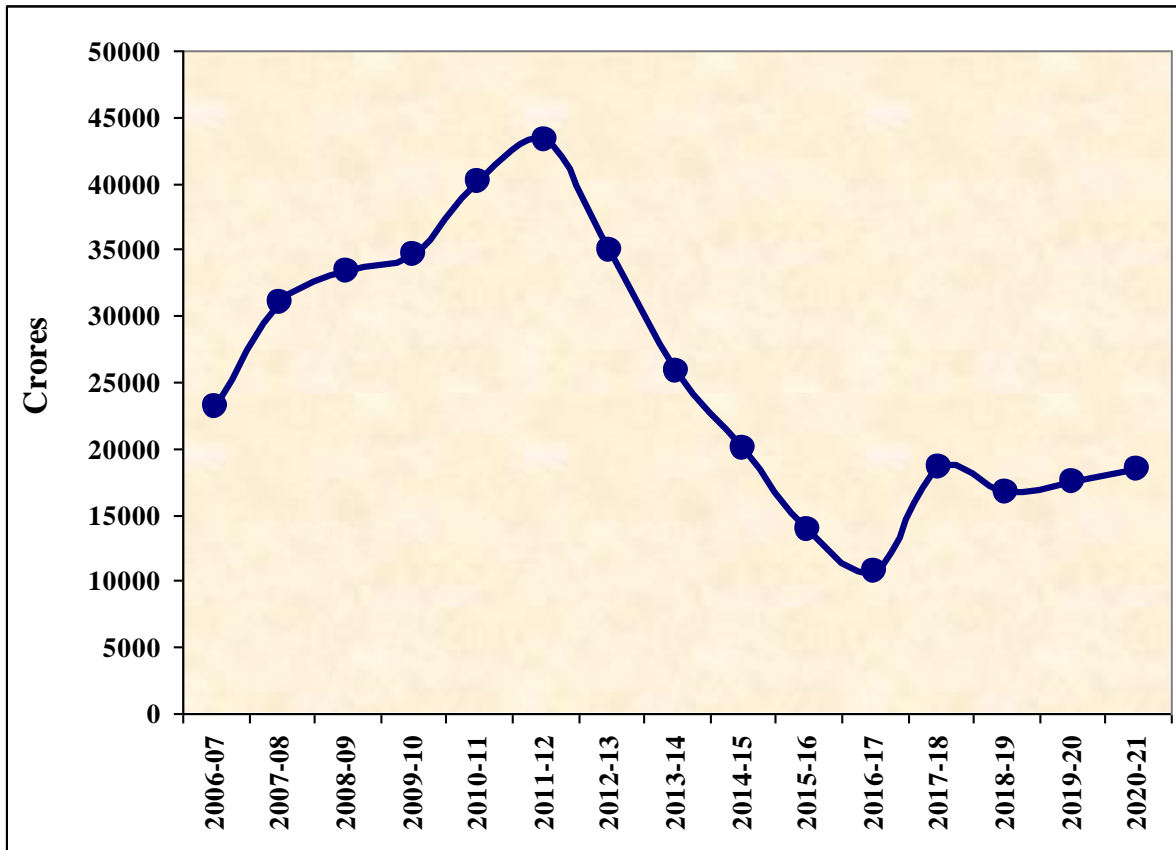
Table 2: Year-on-year growth of Investments of the KSCARD bank

Year	Investments (in Crore)	Year-on-Year Growth (in%)
2006-07	23088.9	-
2007-08	30964.4	34.11
2008-09	33371.2	7.77
2009-10	34607.3	3.70
2010-11	40078.6	15.81
2011-12	43196.8	7.78
2012-13	34923.9	-19.15
2013-14	25803.4	-26.12
2014-15	20010.8	-22.45
2015-16	13772.9	-31.17
2016-17	10632.6	-22.80
2017-18	18551.17	74.47
2018-19	16720.37	-9.87
2019-20	17530.54	4.85
2020-21	18425.55	5.11

Mean	25445.23	
S.D	10080.98	
CAGR	-2%	

Source: KSCARD Bank Head Office, Bangalore

Graph 2: Growth of Investments of the KSCARD bank



Total investments of KSCARD bank in Karnataka are shown in table 3.22. During 2006-07 and 2007-08, the total investment was Rs. 23088.9 crore and Rs. 30964.4 crores, with an annual growth rate of 34.1 percent. In 2008-09, there was a small increase in a total investment of Rs. 33371.2 crores, with an annual growth rate of 7.77 percent. increased to Rs. 34607.3 crore in 2009-10, a year-on-year growth rate of 3.7 percent, and Rs. 40078.6 crore in 2010-11, a 15.81 percent annual growth rate. The total investment further increased to Rs. 43196.80 crore during 2011-12. The considerable decline in total investment began in the year 2012-13. The annual growth rate for total investment is -19.15 percent. This shows that a considerable decrease in investments was carried out by KSCARD Bank in the state. The total investment further declines to Rs 25803.4 crores in 2013-14, with a year-on-year negative growth rate of -26.12 percent, and it further declines to Rs 20010.8 crores in 2014-15, with an annual growth rate of -22.4 percent. In 2014-15, the rupee fell further to Rs. 13772.90 crores, with an annual growth rate of 31.17 percent. There is a drastic increase in the total investment in 2017-18, which is 18551.17 crores, with a year-on-year growth rate of 74.47 percent. Again, it shows a decreasing trend. The total investment is Rs 16720.37 crore, with a year-on-year growth rate of 9.87 percent. Further, an increasing trend in investment was observed during 2019-2020 and 2020-21. The total investment in 2019-2020 was 17530.54 crores and 18425.55 crores in 2020-21, with an annual growth rate of 5.11 percent. Finally, the compound annual growth rate of total investment is 2 percent, with a meaningful investment of Rs. 25445.23 crores and a standard deviation of Rs. 10080.98 crores for KSCARD bank during the study period.

The investments of the KSCARD Bank refer to investments made by the bank in nationalized banks and securities of other financial institutions. The main source of investments is deposits received from PCARDBs and other members of bank. If bank lends part of its deposits as a loan to farmers, it has less for investment purposes.

CONCLUSION

The conclusion about the study of financial scenario of KSCARDB. The analyzing data will shows the growth of deposit and growth of investment, the economical states is increasing from year to year: the cooperative credit movement has encouraged rural people to deposit their savings in cooperative banks.

The KSCARD Bank will give a lot of long term and short term to the farmers, it is one of the bank of

backbone for the small business and the growth.

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