

## **Financial Health of Cooperative Credit Institutions**

### **A. Short-Term Cooperative Credit Structure**

#### **Introduction**

The short-term cooperative credit structure consists of 31 State Cooperative Banks (SCBs), 365 District Central Cooperative Banks (DCCBs) and 1,05,735 Primary Agriculture Credit Societies (PACS) as on 31 March 2004. 16 States are having a three-tier structure, 13 States have a two-tier structure and two States have a mixed structure. Jharkhand SCB is yet to become operational. The status of the SCBs, DCCBs and PACS is given in the following paragraphs:

#### **I State Cooperative Banks (SCBs)**

##### **a. Share Capital**

The aggregate paid up share capital of the SCBs increased from Rs.897 crore, as on 31 March 2003 to Rs.951 crore, as on 31 March 2004. On an average, the State Government contribution towards the share capital of the SCBs was 10%. The average contribution under the two-tier structure was higher at 65% as compared to 5% under the three-tier and mixed structure. The share capital contribution varied from zero to 96%, with the highest by the Government of Sikkim (96%), followed by Manipur (91%), and Arunachal Pradesh (77%).

Out of the 31 SCBs in the country, 7 are not complying with the provisions of Section 11(1) of the Banking Regulation Act, 1949 (AACS), of which six have not been complying for more than 3 years.

##### **b. Deposits**

The deposits of the SCBs in the country aggregated Rs.43495 crore, as on 31 March 2004, representing an increase of 10.4% over the previous year. The SCBs in the North Eastern Region, with deposits totaling Rs.1616 crore, accounted for 3.7% of deposits of all SCBs.

##### **c. Credit Outreach**

The aggregate loans issued by the SCBs decreased from Rs.38104 crore as on 31 March 2003 to Rs.33177 crore, as on 31 March 2004, registering a negative growth rate of 12.9%. The SCBs of Chhattisgarh, Gujarat, Maharashtra, Rajasthan, Assam, Goa, Tamilnadu, West

Bengal, Jammu and Kashmir, Arunachal Pradesh, Chandigarh, Manipur and Meghalaya have recorded a negative growth whereas Andhra Pradesh, Bihar, Haryana, Orissa, Uttar Pradesh, Himachal Pradesh, Andaman Nicobar, Goa, Mizoram and Sikkim have recorded a good positive growth rate.

#### Loans Issued by SCBs

(Rs. crore)

Type of SCBs	2001-02	2002-03	2003-04	Percent Growth Rate
Three Tier + Mixed Tier	34013	37389	32382	(-) 13.40
Two Tier	641	715	795	11.19
<b>Total</b>	<b>34654</b>	<b>38104</b>	<b>33177</b>	<b>(-) 12.90</b>

#### Loans Outstanding at SCBs

(Rs. crore)

Type of SCBs	2001-02	2002-03	2003-04	Percent Growth Rate
Three Tier+ Mixed Tier	31563	33469	33202	(-) 0.8
Two Tier	1148	1292	1400	8.44
<b>Total</b>	<b>32711</b>	<b>34761</b>	<b>34602</b>	<b>(-)0.46</b>

As on 31 March 2004, total loans outstanding of SCBs were Rs.34602 crore registering a negative growth rate of (-) 0.46% over the previous year.

#### d. Recovery Performance

The recovery of SCBs decreased from 82% as on 30 June 2002 to 80%, as on 30 June 2003 but increased to 84%, as on 30 June 2004. The Haryana SCB recorded 100% recovery, 4 SCBs recorded recovery level above 90% while 21 SCBs registered recovery levels lower than the all-India average of 84%. The recovery performance of SCBs continued to be poor in the North-eastern region and ranged from 27% (Manipur SCB) to 45% (Tripura SCB).

Distribution of SCBs in terms of recovery performance during 3 years (2001-02, 2002-03 & 2003-04) is indicated in the following Table:

#### Classification of SCBs according to range of recovery

Percentage Recovery	No. of SCBs		
	2001-02	2002-03	2003-04
Upto 40	10	8	5
41 – 60	2	3	6
61 – 75	7	6	6
Above 75	11	13	14
<b>Total</b>	<b>30</b>	<b>30</b>	<b>31</b>

**e. Costs and Margins**

The average returns on funds as a percentage to working capital (all India average) stood at 8.39% while the average cost of funds stood at 5.66%. The average cost of funds of SCBs under the three-tier structure was higher as compared to those under the two-tier and mixed structures. The average returns of the three-tier SCBs were higher as compared to the two-tier and mixed tier structures. The transaction costs reduced from 1.56% during 2002-03 to 1.43% during 2003-04. The average financial margin in respect of SCBs was 2.73%. The SCBs as a group earned a net margin of 0.80%, as compared to 0.46% during the previous year. Four SCBs, namely, Assam, Manipur, Nagaland and Tripura had a negative net margin. The costs and margins as a percentage to working capital of the SCBs are indicated in the following Table:

**Costs and Margins as a Percentage to the Working Capital of SCBs**

Type of SCBs	Financial Margin	Transaction Cost	Risk Cost	Misc. Income	Net Margin
Three Tier	1.95	0.77	0.66	0.39	0.91
Two Tier	3.65	2.28	1.93	1.13	0.57
<b>Total</b>	<b>2.73</b>	<b>1.43</b>	<b>1.21</b>	<b>0.71</b>	<b>0.80</b>

**f. Profitability**

The SCBs have posted a net profit of Rs.373.25 crore during 2003-04 as against Rs.484.64 crore in the previous year. Four SCBs reported a loss amounting to Rs.20.21 crore, while 27 SCBs reported a profit during 2003-04.

**Number and amount of SCBs in Profit or Loss**

(Rs. crore)

Year	Total	No. in profit	Amount	No. in loss	Amount
<b>Three Tier + Mixed Structure</b>					
2001-02	17	15	223.29	2	77.42
2002-03	17	17	473.89	-	-
2003-04	18	18	367.48	-	-
<b>Two Tier</b>					
2001-02	13	9	258.29	4	9.59
2002-03	13	8	25.32	5	14.57
2003-04	13	9	25.98	4	20.21
<b>Total (SCBs)</b>					
2001-02	30	24	258.29	6	87.01
2002-03	30	25	499.21	5	14.57
2003-04	31	27	393.46	4	20.21

**g. Non-performing Assets (NPAs)**

The NPAs of the SCBs increased from 18.13% of their total loans and advances outstanding, as on 31 March 2003 to 18.50% as on 31 March 2004. The aggregate amount of NPAs stood at Rs.6404.62 crore as on 31 March 2004 as against Rs.6293.70 crore as on 31 March 2003. Consequently, the SCBs had to make a higher provision of Rs.3633.60 crore as on 31 March 2004 as compared to Rs.3158.80 crore during the previous year. The classification of assets of SCB is indicated in the following Table:

**Classification of Assets of SCBs as on 31 March 2004**

(Rs. crore)

<b>Asset Classification</b>	<b>Three Tier + Mixed</b>	<b>Two Tier</b>	<b>Total</b>
Substandard Assets	2973.89 (50.75)	238.97 (43.83)	3212.86
Doubtful Assets	2690.97 (45.93)	275.16 (50.46)	2966.13
Loss Assets	194.50 (3.32)	31.13 (5.71)	225.63
Total NPAs	5859.36 (100.00)	545.26 (100.00)	6404.62
Percentage of NPAs to loans outstanding	17.65	38.94	
Total Impaired assets of SCBs	6404.62		
Percentage of Total Impaired Assets to Loans Outstanding	18.50		

*Note: Figures in bracket indicate percentage to total impaired assets*

The percentage of gross NPAs of SCBs as a group recorded an increase during 2003-04. The NPAs position of SCBs for three years is indicated in the following Table:

**NPA Position of SCBs during three years**

(Rs.Crore)

<b>NPA Position</b>	<b>31.3.2002</b>	<b>31.3.2003</b>	<b>31.3.2004</b>
Gross NPA	4375.54	6293.70	6404.62
Less Provisions	1917.99	3177.58	3633.60
Net NPA	2457.55	3116.12	2771.02
Percentage of Gross NPA to Gross Advances	13.38	18.13	18.50
Percentage of Net NPA to Net Advances	7.98	9.90	8.95
Gross Advances	32711.07	34761.31	34602.13
Net Advances	30793.08	31583.73	30968.53

### **Addition of NPAs of SCBs during 2003-04**

(Rs. in Crore)

<b>Increase in NPAs</b>	<b>SCBs</b>
Gross NPAs as on 31.03.2004	6404.62
Gross NPAs as on 31.03.2003	6293.70
Net additions during 2003-04	110.92

### **Bifurcation of Performing and Non-Performing Assets of SCBs during 2001-02 to 2003-04**

(Rs. crore)

<b>Asset Classification</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Standard	28335.54	28467.61	28197.52
	(86.62)	(81.89)	(81.49)
Sub standard	2401.45	3543.50	3212.86
	(7.35)	(10.19)	(9.29)
Doubtful	1776.97	2540.43	2966.12
	(5.43)	(7.30)	(8.57)
Loss	197.12	209.77	225.63
	(0.60)	(0.62)	(0.65)
<b>Total</b>	32711.08	34761.31	34602.13
	(100.00)	(100.00)	(100.00)

(Note: Figures in brackets represent percentage to total Assets)

#### **h. Accumulated losses**

The consolidated position of the accumulated losses of SCBs is indicated in the following Table:

#### **Accumulated losses of SCBs for three years**

(Rs. crore)

<b>Year</b>	<b>SCBs</b>
2001-02	569
2002-03	343
2003-04	261

#### **i. Management of Cooperatives by Elected Boards**

The elected Boards of Management of 12 SCBs stood superseded as on 31 March 2004.

## **II District Central Cooperative Banks (DCCBs)**

#### **a. Share Capital**

The aggregate paid-up share capital of the DCCBs increased from Rs.3656 crore as on 31 March 2003 to Rs.3878 crore as on 31 March 2004, recording an increase of 6%. The state government contribution to the share capital of DCCBs has come down marginally from 14.4% as on 31 March 2003 to 13.8% as on 31 March 2004. As against the all-India average of 13.8%, the contribution of the state governments to the share capital of DCCBs was higher in

Bihar (36%), Haryana (23%), Himachal Pradesh (48%), Jammu and Kashmir (33%), Jharkhand (43%), Kerala (33%), Madhya Pradesh (22%), Orissa (21%), Rajasthan (29%), Tamil Nadu (18%), Uttar Pradesh (32%), and Uttaranchal (34%). In comparison, the state government contribution to the share capital of DCCBs in Maharashtra and Punjab was less at 0.5% and 5% respectively.

143 out of the 365 DCCBs are not complying with the provisions of Section 11(1) of the Banking Regulation Act, 1949 (AACS), as on 31 March 2004, of which, 127 have not been complying for more than 3 years.

#### **b. Deposits**

The aggregate deposits of DCCBs stood at Rs.78739 crore, as on 31 March 2004, representing an increase of 6.5% over the previous year. The deposits of the DCCBs ranged from a high of Rs.23888 crore (Maharashtra) to a low of Rs.435 crore (Jharkhand). Of the total deposits of Rs.78739 crore, five states, namely, Maharashtra (30%), Tamil Nadu (8.4%), Gujarat (8.6%), Kerala (8%) and Uttar Pradesh (6.9%), accounted for 61.9% of the total deposits mobilized by the DCCBs, while DCCBs in the North-eastern Region accounted for 7.1%, West Bengal (3.5%), Orissa (2.2%), Bihar (0.9%) and Jharkhand (0.5%).

#### **c. Credit Outreach**

The aggregate loans issued by DCCBs decreased marginally from Rs.59544 crore as on 31 March 2003 to Rs.58964 crore as on 31 March 2004. There were large variations in credit disbursements by the DCCBs. DCCBs in Andhra Pradesh, Chhattisgarh and Gujarat recorded a negative growth. Four states, namely, Maharashtra (23%), Tamil Nadu (16%), Gujarat (8%) and Punjab (10%) accounted for 57% of total loans issued followed by Haryana (7%), Uttar Pradesh (6%), Karnataka (5%), Kerala (7%) and Andhra Pradesh (5%). The remaining ten states accounted for 13% of the total loans issued by the DCCBs. The details of loans issued and outstanding of DCCBs are given in the following Table:

#### **Loans Issued and outstanding by DCCBs**

	(Rs. crore)		
<b>DCCBs</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Loans Issued	56069	59544	58964
Loans outstanding	59283	64221	66599

As on 31 March 2004, the total loan outstanding of the DCCBs was Rs.66599 crore, registering a growth rate of 3.7% over the previous year.

#### d. Recovery Performance

The aggregate loan recovery of the DCCBs declined from 66% as on 30 June 2002 to 61% as on 30 June 2003 and marginally increased to 62% during 2003-04. 13 states, namely, Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Orissa, Punjab, Rajasthan, Uttar Pradesh and Uttaranchal showed marginal improvement in recovery as on 30 June 2004, whereas the recovery position of Chhattisgarh, Karnataka, Haryana, Maharashtra and West Bengal deteriorated as on 30 June 2004. In all 151 DCCBs registered a decline in the recovery percentage as on 30 June 2004 as compared to the position as on 30 June 2003.

The State-wise position indicating number of DCCBs showing decline in recovery levels during 2003-04 as compared to 2002-03 is indicated below:

#### State-wise Position showing number of DCCBs with decline in Recovery Percentage (As on 30 June 2004)

Sr. No	Name of State	No. of DCCBs	Sr. No.	Name of State	No. of DCCBs
1.	Haryana	12	10.	Jharkhand	4
2.	Himachal Pradesh	1	11.	Uttaranchal	4
3.	Rajasthan	6	12.	Gujarat	8
4.	Bihar	7	13.	Maharashtra	20
5.	Orissa	6	14.	Andhra Pradesh	1
6.	West Bengal	10	15.	Karnataka	19
7.	Madhya Pradesh	12	16.	Kerala	4
8.	Uttar Pradesh	24	17.	Tamil Nadu	9
9.	Chhattisgarh	4	<b>ALL-INDIA TOTAL</b>		<b>151</b>

#### e. Costs & Margins

The average return on funds as a percentage to working capital (all India average) stood at 9.54% for DCCBs as a group while the average cost of funds stood at 6.30%. The transaction cost as a percentage to working capital of DCCBs stood at 1.91% for 2003-04 and ranged from 1.37% (Andhra Pradesh) to 3.25% (Jammu and Kashmir). The average financial margin for DCCBs was 3.25%. DCCBs as a group earned a net margin of 2.60% as against a negative net margin of (-)0.06% during the previous year. The costs and margins as a percentage to the working capital of DCCBs is given in the following Table:

### Costs & Margins as Percentage to working capital of DCCBs

Financial Margin	Transaction Cost	Risk Cost	Misc. Income	Net Margin
3.25	1.91	1.25	2.51	2.60

#### f. Profitability

During 2003-04, 263 DCCBs reported a profit aggregating to Rs.859 crore while 102 DCCBs suffered a loss aggregating to Rs.758 crore. As against this 243 DCCBs recorded a profit and 122 DCCBs suffered a loss during 2002-03. The details of the profitability status of DCCBs from 2001-02 to 2003-04 are given in the following Table:

#### Number and amount of DCCBs in Profit or Loss

(Rs. in crore)

Year	Total	No. in profit	Amount	No. in loss	Amount
2001-02*	368	262	701.98	105	736.80
2002-03\$	367	243	742.05	122	954.00
2003-04	365	263	859.00	102	758.00

\*: Data for Hazaribagh DCCB (Jharkhand) for the year 2001-02 not available.

\$: Data for Darbhanga and Madhepura - Supaul DCCBs (Bihar) not available.

#### g. Non-Performing Assets (NPAs)

The DCCBs reported NPAs aggregating to Rs.15479.07 crore, i.e., 23.24% of their total loans and advances outstanding as on 31 March 2004 as against Rs.13880.58 crore (21.61%) as on 31 March 2003. The provisioning by DCCBs was Rs.6900.24 crore as against Rs.6377.18 crore during 2002-03. The bifurcation of the NPAs of the DCCBs is indicated in the following Table:

#### Bifurcation of Non-performing Assets of DCCBs as on 31 March 2004

(Rs. in crore)

Substandard Assets	8136.82 (52.57)
Doubtful Assets	6024.33 (38.92)
Loss Assets	1317.92 (8.51)
Total NPAs	15479.07 (100.00)
Percentage of NPAs to loans outstanding	23.24
<i>Note: Figures in bracket indicate percentage to total impaired assets</i>	

The percentage of gross NPAs of the DCCBs increased to 23.24% from 21.61%. The net NPAs increased from 12.63% to 14.37%. The NPA position of DCCBs and the net addition thereto during 2003-04 is given in the following Table:

**NPA Position of DCCBs during 2001-02 to 2003-04**

(Rs. Crore)

<b>NPA Position/ (As on)</b>	<b>31.3.2002</b>	<b>31.3.2003</b>	<b>31.3.2004</b>
Gross NPA	11789.46	13880.58	15479.07
Less Provisions	4957.63	6377.18	6900.24
Net NPA	6831.83	7503.40	8578.83
Percentage of Gross NPA to Gross Advances	19.89	21.61	23.24
Percentage of Net NPA to Net Advances	12.58	12.63	14.37
Gross Advances	59283.22	64220.63	66599.07
Net Advances	54325.59	57843.45	59698.83

**Addition of NPAs of DCCBs during 2003-04**

(Rs. Crore)

<b>Increase in NPAs</b>	<b>DCCBs</b>
Gross NPAs as on 31.03.2004	15479.07
Gross NPAs as on 31.03.2003	13880.58
Net additions during 2003-04	1598.49

With the exception of Chhattisgarh, Kerala and Orissa, the DCCBs in the other states recorded an increase in the NPAs, ranging between Rs. 3.70 crore (Jammu and Kashmir) to Rs.936.05 crore (Maharashtra). The NPAs were remarkably high in Maharashtra (Rs.936.05 crore), Andhra Pradesh (Rs.145.34 crore), Karnataka (Rs.160.85 crore), Madhya Pradesh (Rs.92.38 crore) and Gujarat (Rs.87.43 crore).

**Classification of Performing and Non-Performing Assets of DCCBs during 2001-02 to 2003-04**

(Rs in crore)

<b>Asset Classification</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
Standard	47493.75	50340.04	51120.00
	(80.11)	(78.39)	(76.76)
Sub standard	6326.70	7594.99	8136.82
	(10.67)	(11.83)	(12.22)
Doubtful	4159.77	5072.96	6024.33
	(7.02)	(7.90)	(9.04)
Loss	1302.99	1212.64	1317.92
	(2.20)	(1.88)	(1.98)
<b>Total</b>	59283.21	64220.63	66599.07
	(100.0)	(100.00)	(100.00)

*Note: Figures in brackets represent percentage to total assets*

**h. Accumulated Losses**

The accumulated losses of the DCCBs, as on 31 March 2004, stood at Rs.4972.85 crore as against Rs.4474.66 crore, as on 31 March 2003. There was substantial increase in the losses of DCCBs in Gujarat (Rs.104.48 crore), Maharashtra (Rs.296.58 crore), Karnataka (Rs.76.88

crore), Madhya Pradesh (Rs.38.20 crore), Uttar Pradesh (Rs.66.78 crore) and Rajasthan (Rs.21.44 crore). There was a reduction in the losses incurred by DCCBs in Chhattisgarh (Rs.64.69 crore), Orissa (Rs.14.02 crore), Punjab (Rs.1.47 crore), Uttaranchal (Rs.6.79 crore) and West Bengal (Rs.2.79 crore). The consolidated position of accumulated losses of DCCBs for the period 2001-02 to 2003-04 is indicated in the following Table:

**Accumulated losses of DCCBs as on 31.03.2004**  
(Rs. in crore)

Year	Accumulated losses
2001-02	3697.31
2002-03	4474.66
2003-04	4972.85

**i. Management of Cooperatives by Elected Boards**

The elected Boards of Management in 185 DCCBs stood superseded as on 31 March 2004.

**III Primary Agricultural Credit Societies (PACS)**

a. The major financial indicators of the PACS for the years 2001-02 to 2003-04 are summarized in the following Table:

**Major Financial Indicators of Primary Agricultural Credit Societies**

Particulars/ (as on)	31.03.2002	31.03.2003	31.03.2004
Number (in Crore)	0.98	1.12	1.06
Membership (in Crore)	10.21	12.36	13.54
Borrowing Membership (in Crore)	5.55	6.39	5.13
Borrowing Membership (Percent)	54	52	38
Owned Funds (Rs. crore)	6855	8198	8397
Deposits (Rs. crore)	14846	19120	18143
Borrowings (Rs. crore)	29475	30278	34257
Loans Outstanding (Rs. crore)	40779	42411	43873
Loans Issued (Rs. crore)	30770	33996	35177

Source: NAFSCOB (2003-04)

**b. Membership**

The total membership of PACS, as on 31 March 2004, stood at 13.54 crore members, of which the borrowing members stood at 5.13 crore and constituted around 38%. While the membership of PACS has been increasing during the last three years, the number of borrowing members has declined during the year 2003-04. The ratio of borrowing members of PACS as a percentage of the total members was below the all-India percentage of 38% in several states, such as Andhra Pradesh, Karnataka, Maharashtra, Rajasthan, West Bengal, etc., and ranged

from 1% in Jammu & Kashmir to 33% in Rajasthan. As regards the geographical spread of PACS, the western states of Maharashtra and Gujarat accounted for 28% of the total PACS in the country, with Maharashtra alone accounting for about 21% of the total PACS in the country. The North-Eastern states, on the other hand, accounted for 3% of the PACS in the country. The central region, comprising of Uttar Pradesh, Uttaranchal and Madhya Pradesh, with one-fourth of the population predominantly rural, accounted for only 12% of the total PACS. On an average a PACS served 8 villages covering almost 97% of the villages in the country. Within states, the coverage ranged from one village in Kerala and Nagaland to 117 villages in Arunachal Pradesh. In Kerala, the number of PACS that stood at 1961 was more than the total villages in the State, which numbered 1953. Similarly in the case of Nagaland there were 1639 PACS as against 969 villages. The state-wise coverage of villages by the PACS as on 31 March 2004 is given in the following Table:

State	No. of villages	No. of PACS	Villages/ PACS
Andaman and Nicobar	204	45	5
Andhra Pradesh	27647	4103	7
Arunachal Pradesh	3649	31	118
Assam	24590	809	30
Bihar	77694	5936	13
Chhattisgarh	30640	1464	21
Gujarat	24483	8482	3
Haryana	7077	2423	3
Himachal Pradesh	20118	2091	10
Karnataka	25079	3863	6
Kerala	1639	1953	1
Madhya Pradesh	57546	4568	13
Maharashtra	60409	20866	3
Meghalaya	5629	179	31
Mizoram	710	165	4
Nagaland	969	1719	1
Orissa	45811	3845	12
Pondicherry	264	52	5
Punjab	12428	3996	3
Jammu and Kashmir	3891	425	9
Rajasthan	41786	5236	8
Jharkhand	3611	208	17
Tamil Nadu	20189	4533	4
Tripura	962	270	4
Uttar Pradesh	112804	8929	13
West Bengal	184335	18788	10
Uttaranchal	5900	446	13
<b>ALL INDIA</b>	<b>800473</b>	<b>105735</b>	<b>8</b>

Source: NAFSCOB

### c. Deposits

At present, most of the PACS are totally dependent on the finance provided by DCCBs. In the case of weak DCCBs, the affiliated PACS are starved of resources, which in turn affects their credit and non-credit business adversely. The average deposit per PACS during 2001-02 to 2003-04 in the major states is given in the following Table:

**Average Deposits per PACS in major states during three years**  
(Rs. lakh)

<b>Name of State</b>	<b>31.03.02</b>	<b>31.03.03</b>	<b>31.03.04</b>
Andhra Pradesh	5.57	17.41	18.18
Gujarat	1.47	1.36	1.46
Haryana	6.17	7.95	9.08
Karnataka	13.87	26.43	20.05
Kerala	323.50	365.12	427.66
Madhya Pradesh	4.90	7.92	7.57
Maharashtra	0.50	5.13	.53
Orissa	55.32	55.84	59.16
Punjab	8.58	10.56	13.24
Rajasthan	1.57	1.55	2.11
Tamil Nadu	73.27	71.98	60.91
Tripura	0.30	0.30	0.34
Uttaranchal	6.56	6.56	6.56
<b>All India</b>	<b>15.11</b>	<b>17.02</b>	<b>17.16</b>

Source: NAFSCOB

The total deposits mobilized by PACS in the country stood at Rs.18143 crore, as on 31 March 2004 and declined by 5% over the previous year. The aggregate deposits of PACS ranged from Rs. 8352 crore (Kerala) to Rs.0.16 crore (Mizoram) as on 31 March 2004. As on 31 March 2004, PACS in Tamil Nadu, Orissa, Karnataka, Maharashtra and Himachal Pradesh and Punjab had mobilized sizable deposits amounting to Rs.2761 crore, Rs.2275 crore, Rs.775 crore, Rs.111 crore and Rs.504 crore and Rs.525 crore respectively.

### d. Viability of PACS

Out of the 105735 PACS reported to be in existence as on 31 March 2004, 65057 (62%) were viable, 30950 (29.3%) were potentially viable, 4683 (4.4%) were dormant and 2194 (2.1%) were defunct. It was reported that during the year 2002-03, 83349 PACS earned profit amounting to Rs.404 crore and 53626 PACS incurred a loss amounting to Rs.1862 crore. The percentage of recovery to demand was 62%.

Some of the problems of PACS level co-operative credit institutions apart from poor resource mobilization are:

- Declining percentage of borrowing membership
- Low volume of business
- High cost of management
- Low skilled staff
- Lack of professionalism
- Lack of diversification in business portfolio
- Low interest margins.
- Involvement in non/less profitable PDS business
- Slow Computerization and weak MIS

## **B Long-term Cooperative Credit Structure**

### **Introduction**

As at the end of 2003-04, the long term co-operative credit structure consisted of 20 State Cooperative Agriculture and Rural Development Banks (SCARDBs) with 768 Primary Cooperative Agriculture and Rural Development Banks (PCARDBs). Of the 20 SCARDBs, eight were having a unitary structure with branches, 12 were having a federal/ mixed structure with affiliated PCARDBs. As on 31 March 2004, the SCARDBs had 863 branches while the PCARDBs had 1008. In the North-eastern region, only three states (Assam, Manipur and Tripura) had a long-term cooperative structure. However, the Manipur SCARDB is non-functional and is under orders of liquidation. In November 2002, the Government of Maharashtra has passed orders for liquidation of the MSCARMDB and 15 DCARMDBs. The ground-level membership of the LT cooperative structure aggregated to 155.82 lakh of which, the borrowing members comprised 127.81 lakh, constituting around 82%.

### **I State Cooperative Agriculture and Rural Development Banks (SCARDBs)**

#### **a. Financial Information of SCARDBs**

The financial information pertaining to SCARDBs is presented in the following Tables:

**Financial Information of SCARDBs –  
Long Term Cooperative Credit Structure under Unitary Structure  
(Rs. crore)**

<b>Particulars</b>	<b>31.3.2002</b>	<b>31.3.2003</b>	<b>31.3.2004</b>
Number	8	8	8
Branches	762	740	752
Owned Funds	1152	1310	1653
Deposits	141	121	109
Borrowings	3847	4184	4361
Loans Issued	795	828	790
Loans Outstanding	3547	3879	4062

**Long Term Cooperative Credit Structure under Federal / Mixed Structure**  
(Rs. Crore)

Particulars	31.3.2002	31.3.2003	31.3.2004
Number	12	12	12
Branches	125	118	111
Owned Funds	1342	1596	1851
Deposits	393	380	495
Borrowings	10985	11708	12520
Loans Issued	1952	2134	2152
Loans Outstanding	10563	11475	12150

**b. Share Capital**

The total share capital of SCARDBs increased from Rs.732 crore as on 31.03.2003 to Rs. 762 crore as on 31.03.2004, i.e. an increase of 4%, with the highest increase of 16% in Chhattisgarh, followed by Madhya Pradesh (14%), and Uttar Pradesh (10%). There was negative growth in Bihar, Haryana, Gujarat, Jammu and Kashmir and Pondicherry.

In the LT cooperative credit structure, the average contribution of the state government to the share capital of SCARDBs was 12% and growth rate was (-)1% as on 31 March 2004. The contribution of the state contribution was higher than all India average in the case of Tripura (85%), Assam (79%), Pondicherry (72%), Bihar (49%), Orissa (40%), Jammu and Kashmir (35%), Tamil Nadu (37%), West Bengal (25%), Himachal Pradesh (19%), Chhattisgarh (15%), Haryana (14%) and Kerala (13%) SCARDBs. The share capital contribution of the state government to the total share capital of SCARDBs ranged from Rs.0.18 crore (Uttar Pradesh) to Rs. 15.95 crore (Bihar), as on 31 March 2004. The details of share capital as also contribution by the State Government to the share capital of the SCARDBs are given below.

**Share Capital Contribution of State Government to SCARDBs as on 31.03.2004**  
(Rs. Crore)

Type of SCARDBs	Total Share capital	Contribution of State Govt.
Unitary Structure	356.58	34.29
Federal/ Mixed Structure	405.41	54.40
<b>Total</b>	<b>761.99</b>	<b>88.69</b>

**c. Resource Base**

The LT cooperative structure continued to depend on external financial agencies for augmenting its resources. About 80% of the total resources of the SCARDBs were in the form of borrowings. The outstanding borrowings of SCARDBs as on 31 March 2004 were Rs.16881

crore, registering an increase of 6.2 % over 2002-03. The paid-up capital of the SCARDBs, as on 31 March 2004, was 22% of the Owned Funds. The deposits of the SCARDBs stood at Rs.604 crore as on 31 March 2004. The SCARDBs achieved a 21% increase in deposits during 2003-04 as compared to a negative growth rate of 6% during 2002-03.

#### Resource Position of SCARDBs as on 31.03.2004

(Rs. crore)

Resources of SCARDBs	Owned Funds*	Deposits	Borrowings	Total
Unitary	1653(27.0)	109(1.8)	4361(71.2)	<b>6123(100.0)</b>
Federal/ Mixed	1850(12.4)	495(3.3)	12520(84.2)	<b>14865(100.0)</b>
<b>Total</b>	<b>3503(16.7)</b>	<b>604(2.9)</b>	<b>16881(80.4)</b>	<b>20988(100.0)</b>
*Share capital + Reserves. <i>Note: Figures in bracket indicate percentage to total resources</i>				

#### d. Credit Outreach

The loans outstanding as on 31 March 2004 stood at Rs.16212 crore, registering a growth rate of 6% over the previous year. Nine states, namely, Uttar Pradesh (20%), Punjab (10%), Haryana (11%), Kerala (9%), Karnataka (8%), Madhya Pradesh (8%), Rajasthan (8%), Tamil Nadu (6%), West Bengal (3%), accounted for nearly 85% of the total term credit disbursements by SCARDBs. The loans issued by SCARDBs declined by 1%, except in the case of Punjab SCARDB (39%), Tripura SCARDB (74%) and West Bengal SCARDB (83%), which showed substantial growth. There was a decline in the amount of loans issued by the SCARDBs of Gujarat (18%), Himachal Pradesh (20%), Jammu and Kashmir (66%), Karnataka (35%), Kerala (8%), Madhya Pradesh (17%), Orissa (13%), Pondicherry (13%), Tamil Nadu (32%), Rajasthan (5%) and Uttar Pradesh (5%) during 2003-04 as compared to the previous year.

#### Loans issued of SCARDBs during three years

(Rs. crore)

Type of SCARDBs	2001-02	2002-03	2003-04
Unitary	794	828	780
Federal+Mixed	1952	2134	2152
<b>Total</b>	<b>2746</b>	<b>2962</b>	<b>2942</b>

### Loans Outstanding of SCARDBs during three years

(Rs. crore)

Type of SCARDBs	2001-02	2002-03	2003-04
Unitary	3547	3879	4062
Federal+Mixed	10563	11475	12150
<b>Total</b>	<b>14110</b>	<b>15354</b>	<b>16212</b>

#### e. Recovery Performance

The aggregate recovery of the SCARDBs declined from 49% in 2002-03 to 44% during 2003-04. There was overall reduction in the recovery rate in many SCARDBs. The decline was steep in Uttar Pradesh (41.3%) followed by Assam (20.2%), Karnataka (20.2%), Tamil Nadu (17.8%), Jammu and Kashmir (17.2%) and West Bengal (14%). Further, 8 SCARDBs had recovery level of less than 40% as on 30.6.2004. The over-dues increased by Rs.1413 crore (SCARDBs) as compared to the position as on 30 June 2003 and over-dues constituted 26.5% of the total loans and advances outstanding at the SCARDBs level.

#### Recovery Performance of SCARDBs during three years

Type of SCARDBs	Recovery Percentage As on 30 June			Overdues (Rs. crore)			Percentage Of Overdues to Loans Outstanding		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Federal/ Mixed	53	48	49	1750	2011	2423	16.6	17.5	19.9
Unitary	61	50	38	592	879	1880	16.7	22.7	46.3
<b>All India</b>	<b>55</b>	<b>49</b>	<b>44</b>	<b>2342</b>	<b>2890</b>	<b>4303</b>	<b>16.6</b>	<b>18.8</b>	<b>26.5</b>

#### Frequency Distribution of recovery levels of SCARDBs as on 30 June

Recovery percentage	SCARDBs		
	2002	2003	2004
Above 75	4	3	3
61-75	3	3	1
41-60	6	5	6
Upto 40	7	9	10
<b>Total</b>	<b>20</b>	<b>20</b>	<b>20</b>

#### f. Costs & Margin

The average return on funds (all-India average) stood at 8.62 per cent for SCARDBs and average cost of funds at 6.31 per cent. The transaction cost as a percentage to working fund stood at 1.75 per cent. The net margin earned by the SCARDBs continued to be negative at 0.99% during 2003-04. The risk cost of SCARDBs was at 1.76 per cent during 2003-04 as against 1.51 per cent in 2002-03. The following Table indicates the Costs & Margin as percentage to Working Funds of SCARDBs during 2003-04.

**Costs & Margin as percentage to Working Funds of SCARDBs during 2003-04**

Type of SCARDBs	Financial Margin	Transaction Cost	Risk Cost	Misc. Income	Net Margin
Unitary	4.21	3.62	2.43	0.54	-1.29
Federal/ Mixed	1.20	0.66	1.37	0.03	-0.81
<b>All India</b>	2.37	1.75	1.76	0.21	-0.99

**g. Profitability**

During 2003-04, 10 SCARDBs reported a profit while 9 SCARDBs were in loss. The details of the profit/ loss position of the SCARDBs for the period 2001-02 to 2003-04 are furnished in the following Table:

**Number and amount of SCARDBs in Profit or Loss during three years  
(Rs. crore)**

Year	Reporting Banks	No. in profit	Amount	No. in loss	Amount
2001-02	20	9	84.93	11	181.72
2002-03	20	9	62.43	11	163.89
2003-04*	19	10	96.90	9	210.49

\* Data for Manipur SCARDB for 2003-04 not available.

**h. Non-performing Assets (NPAs)**

The NPAs of SCARDBs constituted 26.75% of their total loans and advances outstanding as on 31 March 2004 as against 20.96%, as on 31 March 2003. The aggregate NPAs of SCARDBs, as on 31 March 2004 were estimated at Rs.4336.56 crore. The SCARDBs in Punjab and Haryana reported 'NIL' NPAs.

**Classification of Non Performing Assets of SCARDBs as on 31 March 2004  
(Rs. crore)**

Asset Classification	SCARDBs
Substandard Assets	2629.51 (60.6)
Doubtful Assets	1686.68 (38.9)
Loss Assets	20.37 (0.5)
Total NPAs	4336.56(100.0)
Percentage of NPAs to loans outstanding	26.75

### NPA Position of SCARDBs during three years

(Rs. Crore)

Particulars	31.03.2002 *	31.03.2003	31.03.2004
Gross NPA	2403.27	3218.84	4336.56
Less Provisions	484.52	610.42	832.63
Net NPA	1918.75	2608.42	3503.93
Percentage of Gross NPA to Gross Advances	18.41	20.96	26.75
Percentage of Net NPA to Net Advances	15.27	17.69	22.78
Gross Advances *	13050.88	15353.68	16211.90
Net Advances *	12566.36	14743.26	15379.27

\* Excluding Maharashtra

The percentage of gross NPAs of SCARDBs as a group increased from 20.96% in 2002-03 to 26.75% in 2003- 04. While gross advances increased during the year by 6%, gross NPAs increased by 34.7%. The net NPAs to net advances of SCARDBs also increased from 17.69% to 22.78%.

### Addition of NPAs of SCARDBs during 2003-04

(Rs. Crore)

NPA position	SCARDBs
Gross NPAs as on 31.03.2004	4336.56
Gross NPAs as on 31.03.2003	3218.84
Net addition during the year	1117.72

### Assets Classification of Performing and Non-performing Assets of SCARDBs during three years

(Rs. Crore)

Asset classification	2001-02*	2002-03	2003-04
Standard Asset	11707.06	12134.84	11875.34
Sub standard	1485.29	2107.38	2629.51
Doubtful	910.37	1089.11	1686.68
Loss	7.60	22.35	20.37
<b>Total</b>	<b>14110.32</b>	<b>15353.68</b>	<b>16211.90</b>

\* Excluding Maharashtra

#### i. Erosion in Assets

The overall accumulated losses of 11 SCARDBs were Rs.856 crore as against Rs.657 crore in respect of 12 SCARDBs in the previous year and increased by 30%. This was mainly due to increase in accumulated losses of Tamil Nadu (70%), Karnataka (63%), Maharashtra SCARDB (43%), Jammu & Kashmir (21%) and Pondicherry (15%). However, there was reduction in the accumulated losses of Himachal Pradesh SCARDB to the extent of 21%. The accumulated losses at the SCARDBs level, as on 31 March 2004, constituted 5.3% of the total loans outstanding.

### Accumulated losses of SCARDBs during three years

(Rs. crore)

Year	Accumulated losses
2001-02	494
2002-03	657
2003-04	856

#### j. Management of Cooperatives by Elected Boards

The elected Boards of Management stood superseded in 8 SCARDBs as on 31 March 2004.

## II Primary Cooperative Agriculture and Rural Development Banks (PCARDBs)

### a. Financial Information of PCARDBs

#### Financial Information of PCARDBs in the Long Term Cooperative Credit Structure under Federal / Mixed Structure (Rs. in Crore)

Particulars	31.3.2002	31.3.2003	31.3.2004
Number	768	768	768
Branches	1091	1008	1008
Owned Funds	2480	2722	2972
Deposits	255	214	252
Borrowings	10331	11214	11880
Loans Issued	2045	2151	2200
Loans Outstanding	10005	10809	11209

#### b. Share Capital

The total share capital of PCARDBs increased from Rs.891 crore as on 31.03.2003 to Rs.916 crore as on 31.03.2004, registering a growth rate of 3%. The highest growth rate of 31% was in Madhya Pradesh followed by West Bengal (10%). There was a negative growth in PCARDBs in Haryana, Himachal Pradesh, and Tamil Nadu.

The average state government contribution to the share capital of PCARDBs formed 15% and growth rate was 9% as on 31 March 2004. The share of the government contribution ranged from Rs.0.40 crore (Punjab) to Rs. 36.92 crore (Madhya Pradesh), as on 31 March 2004. During 2003-04, PCARDBs in Karnataka, Madhya Pradesh and West Bengal received a contribution of Rs.0.07 crore, Rs.17.84 crore and Rs.2.21 crore respectively as share capital from the state government.

#### c. Resource Base

The LT cooperative credit structure continued to depend on external financial agencies for augmenting its resources. About 79% of the total resources of the PCARDBs were in the form

of borrowings. The outstanding borrowings of PCARDBs as on 31 March 2004 were Rs.11880 crore, registering an increase of 5.9% over 2002- 03. The paid-up capital of PCARDBs as on 31 March 2004 was 31% of the owned funds. The deposits of the PCARDBs were Rs.252 crore with a growth rate of 18% during 2003-04 as compared to a negative growth rate of 16% during 2002-03.

**Resource Position of PCARDBs as on 31.03.2004**

(Rs. crore)

<b>Owned Funds</b>	<b>Deposits</b>	<b>Borrowings</b>	<b>Total</b>
2971(19.7)	252(1.7)	1188078.7)	<b>15103(100.0)</b>
<i>Note: Figures in bracket indicate percentage to total resources</i>			

**d. Credit Outreach**

The loans outstanding, as on 31 March 2004, stood at Rs.11209 crore, registering a growth rate of 4% over the previous year. The loans issued increased by 2% in four states, namely, West Bengal (65%), Punjab (54%), Himachal Pradesh (27%) and Haryana (5%). There was negative growth in Tamil Nadu (34%), Karnataka (27%), Madhya Pradesh (17%), Kerala (8%), Chhattisgarh (5%) and Rajasthan (2%).

**Loans Issued by PCARDBs during three years**

(Rs. in crore)

<b>Year</b>	<b>Loans issued</b>	<b>Loans outstanding</b>
2001-02	2045	10005
2002-03	2151	10809
2003-04	2200	11209

**e. Recovery Performance**

The loan recovery performance of PCARDBs remained constant at 44% as in the previous year. 402 PCARDBs had a recovery level less than 40%, as on 30 June 2004. The over-dues increased by Rs.489 crore as compared to the position as on 30 June 2003. At the PCARDB level, 38% of the total over-dues were over 3 years old. The over-dues constituted 30.5% of the total loans and advances outstanding at the PCARDBs.

**Recovery Performance of PCARDBs during three years**

<b>Recovery percentage (As on 30 June)</b>			<b>Overdues (Rs. crore)</b>			<b>Percentage of Over-dues to Loans Outstanding</b>		
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
48	44	44	2486	2933	3422	24.8	27.1	30.5

### Frequency Distribution of recovery levels of PCARDBs as on 30 June

Recovery Percentage	PCARDBs *		
	2002	2003	2004
Above 75	117	92	107
61-75	138	129	110
41-60	210	190	152
Upto 40	275	360	402
<b>Total</b>	<b>740</b>	<b>771</b>	<b>771</b>
	\$		

Note: \* Including data in respect of 3 PCARDBs under liquidation in Orissa

\$ Data not available in respect of DCARMDBs in Maharashtra and 2 PCARDBs in West Bengal

#### f. Costs & Margin

The average return on funds (all-India average) stood at 9.85 per cent for PCARDBs and average cost of funds at 7.96 per cent. The transaction cost as a percentage to working fund stood at 2.02 per cent. The net margin earned by the PCARDBs, continued to be negative and stood at (-)1.91% during 2003-04. The risk cost in respect of PCARDBs increased from 1.78% to 1.98% during 2003-04.

#### Costs & Margin as percentage to Working Funds of PCARDBs during 2003-04

Financial Margin	Transaction Cost	Risk Cost	Misc. Income	Net Margin
1.89	2.02	1.98	0.20	-1.91

#### g. Profitability

During 2003-04, 281 PCARDBs earned profits while 430 PCARDBs (excluding 4 PCARDBs in Kerala and 53 PCARDBs in Orissa) incurred losses during 2003-04 as compared to 208 that earned profit and 560 PCARDBs that incurred losses during 2002-03. The details of profit/ loss position in respect of PCARDBs for the period 2001-02 to 2003-04 are furnished in the following Table:

#### Number and amount of PCARDBs in Profit or Loss during three years (Rs. crore)

PCARDBs	Reporting Banks	No. in profit	Amount	No. in loss	Amount
2001-02	768	196	47.37	572	322.81
2002-03	768	208	52.53	560	369.36
2003-04	711	281	75.56	430	326.00

#### **h. Non-performing Assets (NPAs)**

The aggregate NPAs of PCARDBs as on 31 March 2004 were estimated at Rs. 3975.64 crore and details as under.

#### **Classification of Assets of PCARDBs as on 31 March 2004 (Rs. crore)**

<b>Asset Classification</b>	<b>PCARDBs</b>
Substandard Assets	2051.12 (51.6)
Doubtful Assets	1879.38 (47.3)
Loss Assets	45.14 (1.1)
<b>Total NPAs</b>	<b>3975.64 (100.0)</b>
Percentage of NPAs to loans outstanding	35.47

#### **NPA Position of PCARDBs during three years (Rs. Crore)**

<b>PCARDBs</b>	<b>31.03.2002</b>	<b>31.03.2003</b>	<b>31.03.2004</b>
<b>Gross NPA</b>	3023.82	3569.26	3975.64
Less Provisions	698.31	823.31	942.53
<b>Net NPA</b>	<b>2325.51</b>	<b>2745.95</b>	<b>3033.11</b>
Percentage of Gross NPA to Gross Advances	30.22	33.02	35.47
Percentage of Net NPA to Net Advances	24.99	27.50	29.54
Gross Advances *	10005.08	10809.04	11208.62
Net Advances *	9306.77	9985.73	10266.09

\* Excluding Maharashtra

Percentage of gross NPAs of PCARDBs as a group increased from 33.02% to 35.47%. While the gross advances increased during the year by 4%, the gross NPAs increased by 11.3%.

#### **Addition of NPAs of PCARDBs during 2003-04 (Rs. Crore)**

<b>NPA position</b>	<b>PCARDBs</b>
Gross NPAs as on 31.03.2004	3975.64
Gross NPAs as on 31.03.2003	3569.26
<b>Net addition during the year</b>	<b>406.38</b>

#### **Assets Classification of PCARDBs during three years (Rs. Crore)**

<b>Asset classification</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04*</b>
Standard Assets	6981.25	7239.79	7232.98
Sub standard	1658.97	1974.63	2051.12
Doubtful	1327.52	1565.17	1879.38
Loss	37.34	29.45	45.14
<b>Total</b>	<b>10005.08</b>	<b>10809.04</b>	<b>11208.62</b>

\* Data for 2003 repeated in 2004 for West Bengal & Orissa

### **i. Accumulated Losses**

The accumulated losses of PCARDBs were Rs.2649 crore (11 States) as against Rs.2381 crore (11 States) in the previous year and increased by 11%. The increase was mainly due to increase in losses of PCARDBs in Rajasthan (24%), Karnataka (22%) and Maharashtra (13%). However, there was a reduction in accumulated losses of PCARDBs in Punjab (21.2%) and Chhattisgarh (10%). The accumulated losses at the PCARDBs level, as on 31 March 2004 constituted 23.6% of the total loans outstanding.

#### **Accumulated losses of PCARDBs during three years (Rs. crore)**

<b>Year</b>	<b>Accumulated Losses</b>
2001-02	2054
2002-03	2381
2003-04	2649

### **j. Management of Cooperatives by Elected Boards**

The elected Boards of Management stood superseded in 376 PCARDBs, as on 31 March 2004.

## **C Perspectives and Reforms in the Cooperative Credit Structure**

### **Revival of Short-term Rural Cooperative Credit Institutions**

Several committees have examined the problems facing the cooperative credit structure in the past such as the Capoor Committee (1999), Vyas Committee (2001) and Vikhe Patil Committee (2001).

However, the Government of India, which is committed to reviving and revitalizing the rural cooperative credit institutions, felt it necessary to commission a fresh review. Accordingly, on 05 August 2004, the GoI constituted a Task Force on Revival of the Cooperative Credit Structure under the Chairmanship of Prof. A Vaidyanathan with the following terms of reference:

- a. To recommend an implementable action plan for reviving the Rural Cooperative Banking Institutions, taking into consideration, inter alia, main recommendations made by various committees in this regard.
- b. To suggest an appropriate regulatory framework and the amendments which may be necessary for the purpose in the relevant laws.
- c. To make an assessment of the financial assistance that the Cooperative Banking Institutions will require for revival, the mode of such assistance, its sharing pattern and phasing.

- d. To suggest any other measures required for improving the efficiency and viability of Rural Cooperative Credit Institutions.

The Task Force submitted its report on Short Term Cooperative Credit Structure to GoI in February 2005. The Government of India has accepted the final recommendations of the Committee. The Hon'ble Prime Minister and the Union Finance Minister discussed the recommendations of the Task Force with the Chief Ministers of all states in meetings held on 09 and 29 September 2005, based on which a revised package for revitalizing the cooperatives was circulated amongst all State Governments. So far, the Government of Madhya Pradesh has accepted the revised package and communicated its concurrence to the GoI.

### **Revival of Long-term Rural Cooperative Credit Institutions**

In the context of the urgent need for strengthening the Long-term Cooperative Credit Structure, the GoI decided to entrust the task to the Task Force on Revival of Rural Cooperative Credit Institutions (Vaidyanathan Committee), which had submitted its report on Short Term Cooperative Credit Structure earlier. The terms of Reference of the Committee are as under:

- a. Review the present system for long-term lending for agriculture and rural development.
- b. Assess the plans and performance of Cooperative Agricultural Rural Development Banks/ Land Development Banks and other major components in the overall system.
- c. Suggest a comprehensive strategy for institutional financing of long-term agriculture and development investments and the kind of role the cooperative structure can play in implementing that strategy consistent with prudent financial management.
- d. Recommend an implementable action plan for reviving Cooperative Agriculture and Rural Development Banks engaged in long term lending for agriculture and rural development and make an assessment of the financial assistance required for such revival, its mode, sharing pattern and phasing.

The Committee is expected to submit its report shortly.