

PERFORMANCE OF PRIMARY AGRICULTURE CO-OPERATIVE SOCIETIES IN CHITTOOR AND NELLORE DISTRICTS OF A.P

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1. SINGLE WINDOW CO-OPERATIVE CREDIT DELIVERY SYSTEM (SWCCDS) IN A.P

In Andhra Pradesh, the **Single Window Co-operative Credit Delivery System (SWCCDS)** was introduced with effect from first April, 1987. As a result of reorganization, the number of PACSs had declined. All the then existing PADBs were merged with the DCCB branches. The SWCCDS envisages the merger of cooperatives extending ST credit for purchase of seeds, fertilizers, agricultural implements etc., into one. The main purpose of reorganization is to streamline the procedures with a view to clear the loan applications quickly. Thus, the short-term (ST), medium-term (MT) and long-term (LT) credit disbursement agencies were integrated into one unified structure in the district. After the inception of SWCCD, all the PACSs are entrusted with the work of disbursement of ST, MT and LT credit as well as the distribution of agricultural inputs, essential commodities, agro-processing and marketing services in the district. Under the present system, the farmer has to submit his loan application along with 10 (i) Adangal to the secretary of the PACS. Then, the secretary, supervisor and the concerned Branch Manager of the DCCB will inspect the land of the applicant. Later, the application will be forwarded to the assistant Development Officer (ADO). After the scrutiny, it will be put in the general body meeting of the society for approval. After its approval, the application will be forwarded to the DCCB, which sanctions the loan.

1.1 PERFORMANCE OF PACSs

The performance of PACSs basing on number of societies, membership, share capital, deposits, borrowings and working capital in Chittoor and Nellore Districts has been elicited and presented in the table -1.1

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1.1.2 Chittoor District

The table-1.1 portrays that the number of societies is constant at 174 from 1997-98 to 2004-05 except in 2002-03 where a sharpest decrease is observed, i.e. at 173. Later on the number of societies drastically declined to mere 75 in 2005-06 owing to reorganization of PACSs. But again the number very slightly increased to 76 in 2006-07 and remained constant up to 2008-09. The mean number of societies is 141 and the mean is less than societies 8 years more than the societies in 4 years.

The CGR shows 9.29 per cent negative growth in the number of societies during 1997-2009. The membership in PACs is lowest at 233 in 2008-09 and highest.

at 812 in 2000-01 with an average of 626. The average membership is more than the actual membership in 5 years and less than the membership in 7 years. The membership of PACs increased gradually in the first quarter and later on gradually decreased in the next quarters.

The CGR shows 9.87 per cent negative growth indicating declining membership of PACSs

The share of capital is minimum at Rs.629.89 lakhs in 1997-98 and maximum at Rs.2885.25 lakhs in 2003-04 with an average of 1732.57 lakhs which is more than the share capital in 5 years and less than the share capital in 7 years indicating appreciable share capital. Above all the share capital shows a peak and valley configuration indicating no uniformity as the share capital increased in the first quarters and later an up and down trend is observed. The highest increase in share capital is observed in 2000-01 and 2003-04. The CGR indicates 13.79 per cent growth in the share capital of PACs in Chittoor district.

The deposits varies from as low as Rs.41.46 lakhs in 1997-98 to as high as Rs.810.45 lakhs in 2006-07, with an average of Rs.439.25 lakhs which is more than the actual deposits in 5 years and less than the deposits in 7 years indicating substantial level of deposits. The deposits are very low in the first three years and later on soared to Rs.581.07 lakhs in 2000-01 and again decreased from 2007-08 onwards. The CGR shows 23.04 per cent growth in the deposits.

The borrowings are lowest at Rs.4100.39 lakhs in 1997-98 and highest at Rs.43808.77 lakhs in 2007-08 with an average of Rs.24650.77 lakhs. The borrowings are more than the mean in 6 years and less than the mean in 6 years. The borrowing gradually increased in the beginning but skyrocketed from Rs.4312.85 lakhs in 1999-2000 to Rs.23597.99 lakhs in 2000-01 and ever since the borrowings gradually increased except in 2004-05 and 2005-06. But at the fag end of the study period the borrowing again decreased. The CGR indicates 20.85 per cent growth in borrowing.

Table 1.1
Performance of PACSs in Chittoor and Nellore Districts during 1998-2009

(Rs. In lakhs)

Year	Chittoor District						Nellore District					
	No. of PACSs	Member Ship (in 000)	Share capital	Deposits	Borrowings	Working Capital	No. of PACSs	Member Ship (in 000)	Share capital	Deposits	Borrowings	Working Capital
1998	174	746	629.89	41.46	4100.39	4804.48	199	795	1686.47	698.12	7482.31	10480.19
1999	174	790	649.37	45.35	4312.85	5007.53	199	846	1214.44	1180.67	9265.45	14058.99
2000	174	790	649.37	45.35	4312.85	5007.53	199	839	1342.99	1133.77	12615.39	19896.95
2001	174	812	2291.94	581.07	23597.99	28047.47	199	815	1463.70	1250.18	15905.59	18650.95
2002	174	777	799.54	796.33	24247.77	27396.45	198	893	1551.62	1327.71	16758.51	19477.41
2003	173	777	799.54	244.36	32247.76	33291.66	198	879	1625.07	1553.60	17721.47	20388.48
2004	174	777	2885.25	548.00	33512.00	36783.00	198	905	1591.97	1552.59	17345.02	19994.81
2005	174	614	2874.32	494.56	24586.49	27955.37	99	443	1674.95	1406.06	17354.69	20582.23
2006	76	410	2289.79	760.73	28057.65	51108.17	99	666	1552.59	1406.06	18698.07	21576.27
2007	76	410	2324.57	810.45	43808.25	46304.07	99	703	2362.55	3339.56	23099.44	27826.41
2008	76	375	2471.90	491.03	43808.77	46771.70	99	703	2191.13	6031.66	18379.45	27767.93
2009	76	233	2125.45	412.42	29216.47	22421.70	99	703	2191.13	6031.66	18379.45	27767.93
Mean	141.17	625.92	1732.58	439.26	24650.77	27908.26	157.08	776.58	1645.93	1849.18	15902.13	19969.74
CGR	-9.29	-9.87	13.79	23.64	20.85	19.51	-8.54	-2.6	3.77	12.53	7.54	6.34

Source: 1. Computed from the records of District Cooperative Audit Officer, Chittoor and Nellore

CORRELATION

Pair 1	PACs in Chittoor & PACs in Nellore	12	0.84	0.01**
Pair 2	Membership in Chittoor District & Membership in Nellore District	12	0.46	0.13@
Pair 3	Share capital in Chittoor District & Share capital in Nellore District	12	0.46	0.13@
Pair 4	Deposits Chittoor District & Deposits in Nellore District	12	0.29	0.35@
Pair 5	Borrowing Chittoor District & Borrowings in Nellore District	12	0.74	0.01**
Pair 6	Working capital in Chittoor District & Working capital in Nellore District	12	0.74	0.01**

*significant at 5 per cent level ** significant at 1 per cent level @Not significant

The working capital ranges between Rs.4804.48 lakhs in 1997-1998 and 51108.17 lakhs in 2005-06 with an average of Rs.27908.26 lakhs. The mean borrowing is more than the borrowings in 5 years and less than the borrowings 7 years indicating substantial quantities of borrowing. The working capital with very low in the beginning soared to 28047.47 lakhs in 2000-01 and gradually increase to Rs.51108.17 lakhs in 2005-06 except in 2001-02 and 2004-05 where a decline is observed. It is interesting to note that the working capital decreased abnormally to even more than 50 per cent. The CGR shows 19.51 per cent growth.

1.1.3 Nellore District

The number of societies in Nellore District varies from 99 during 2004-05 to 2008-09 to 198 during 2000-04 to 2003-04 with a mean of 15.7. It is quite interesting to note that there is minute decrease in number of societies in the middle quarter and the number drastically fall to 50 per cent at 99 owing to...

By and large there is declining trend in the number of societies in the Nellore District. The CGR shows 8.54 per cent negative growth showing declining trend in the number of societies.

The membership of PACs in the Nellore district ranges between 443 thousands in 2005-06 and 905 thousands in 2004-05 with an average of 777 thousands. The average membership is higher than the membership in 4 years and lower than the membership in 8 years indicating substantial membership. By and large the membership in the last quarter is rather low and decreased. The CGR shows 2.6 per cent negative growth in the membership and shows declining trend to the membership.

The share capital is minimum at Rs.1214.44 lakhs in 1998-99 and maximum at Rs.2362.55 lakhs in 2007-08 with an average of Rs.1645.92 lakhs. The mean share capital is more than the share capital in 8 years and less than the share capital in 4 years indicating the share capital at lower level for most of the study period. The share capital rather very high in the last 2 years. The CGR shows 3.77 per cent growth and shows lower level of growth rate.

The deposits, with very low at the beginning with Rs.698.12 lakhs in 1997-98, soared to Rs.1180.67 lakhs in 1998-99. The deposits gradually increased with fractional difference in a year or two. The average deposits are Rs.1849.17 lakhs which is more than the deposits in 10 years and less than the deposits in only 2 years. It indicates that the deposits are rather low in the majority of the years and very high only in the last 2 years. The CGR shows 12.53 per cent growth in the deposits.

The borrowings are rather very low in the beginning with Rs.7482.31 lakhs and gradually increased to Rs.23099.44 lakhs in 2007-08. The average value of borrowings is 15902.12

lakhs which is more than the borrowing in 3 years and less than the borrowing in 4 years and indicates higher level of borrowings. There is a declining trend in borrowings in the final end of the study period. The CGR shows 7.54 per cent growth in the borrowing.

The working capital varies from Rs.10480.19 in 1997-98 to Rs.27826.41 lakhs in 2007-08 with an average of Rs.1999.73 lakhs which is more than the working capital in 5 years and less than the working capital in 7 years. The working capital is more than 20,000 lakhs for 5 years and less than it for 7 years. The CGR indicate a lower level of 6.34 per cent growth in the working capital.

The number of societies membership are higher share capital is lower, deposits, are higher, borrowing are lower but working capital is also lower in Nellore district compared to Chittoor district. Hence it is concluded that the performance of PACSs is good in Nellore district compared to Chittoor district.

The paired correlations of all the variables used for evaluation of performance in both the districts are presented in the table.

The table quite obviously shows that the correlations between societies, membership borrowings and working capital of both the districts are significant. The correlation is significant at 1 per cent level between borrowings and at 5 per cent level between societies, membership and working capital of both the district. Moreover, the correlations are not significant between share capital and deposits of both the district.

1.2. Outstanding Advances

Outstanding Advances of PACSs in Chittoor and Nellore Districts during 1998-2009 are presented in the Table-1.2

In Chittoor district the outstanding advances vary from Rs.5610.95 lakhs in 1999-2000 to Rs.41659.51 lakhs in 2006-07 with an average of Rs.21764.57 lakhs. It is vividly observed from the table that the outstanding advances are more than the mean in 6 years and less than the mean in 6 years and it indicates that the outstanding advances are average. The advances seen to have an up and down made up to 2003-04 and later on the advances increased 3 folds in 2004-05. But gain the advances increased for 2 years and decreased to 40 per cent in 2008-09. The LGR shows a medium level of 10.40 per cent growth in the loan outstanding.

In case of Nellore district, the loan outstanding advances range between as low as Rs.6543.13 lakhs in 1997-98 and as high as Rs.23363.60 lakhs in 2007-08. The mean loan outstanding advances is Rs.14659.93 which is more than the advances in 5 years and less than the advances in 7 years and indicates that the loan outstanding advances remained longer period

during the study period. It is also noticed that loan outstanding advances are show a declining trend from 2008-09.

The LGR is average 6.15 per cent and indicates that the growth rate of loan outstanding advances did not grow linearly.

Table -1.2
Outstanding Advances of PACSs in Chittoor and Nellore Districts
During 1998-2009

(Rs. In lakhs)

Year	Chittoor District	Nellore district
	Loans Outstanding	Loans Outstanding
1998	7635.51	6543.13
1999	6406.63	11292.17
2000	5610.95	12515.05
2001	16577.59	14311.26
2002	7694.69	14100.06
2003	26695.02	14898.17
2004	13256.00	15512.73
2005	39841.11	15284.52
2006	32363.23	15299.63
2007	41659.51	15299.63
2008	41670.03	23363.60
2009	28425..42	17499.26
Mean	21764.57	14659.93
LGR	10.40	6.15

Source: 1. Computed from the records of District Cooperative Audit Officer, Chittoor and Nellore

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Outstanding advances in Chittoor& Outstanding advances in Nellore	12	0.69	0.01**

** Significant at 1 per cent level

The correlation was carried for loan outstanding advances between Chittoor and Nellore District and presented in the table. The table explicitly expounds that there is appreciable level of correlation between loan outstanding advances for Chittoor and Nellore district at 0.69 and significant at 1 per cent level.

1.3 Profitability of PACSs

The table portrays that in Chittoor district 174 societies are present in 2000 and only 8 societies are earning profit and 166 societies are running on loss whereas in 2009 out of 76 societies earned profit and 75 societies are on loss. The odd number of societies is running on loss.

In Nellore district, out of 199 societies 195 are running on loss and only 4 are earning profit, while in 2009, out of 99 societies, 21 are earning profit and 78 are running on loss. It indicates that majority of the societies are in loss.

Table -1.4
Profit and loss position of PACSs in Chittoor and Nellore Districts
During 2000-2009

Year	Chittoor District			Nellore District		
	No. of PACSs	Profit Earning	Loss Making	No. of PACSs	Profit Earning	Loss Making
2000	174	8	166	199	4	195
2009	76	1	75	99	21	78

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	No. of PACSs in Chittoor & No. of PACSs in Nellore	2	1.00	0.00**
Pair 2	Profit Earning Chittoor & Profit Earning Nellore	2	-1.00	0.00**
Pair 3	Loss Making Chittoor & Loss Making Nellore	2	1.00	0.00**

** Significant at 1 per cent level

The correlation was established in number of societies, profit earning societies and loss making societies between Chittoor and Nellore districts. The correlation is perfectly positive in number of societies and loss making societies and perfectly negative in profit earning societies significantly at 1 per cent level. The positive correlation is are to and negative correlation.

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