



COOPERATIVE BANK ARE SHARING THE EQUITABLE MARKET PLATFORM LIKE ANY OTHER NATIONALIZED BANK.

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ABSTRACT

Rural development in Jharkhand has been wiped out a pessimistic approach. Its economics and management approach which will really develop effectively the rural areas. Good governance, effective budget, consumption pattern, investment decision, production system, exchange and distribution values, and welfare aspects are the tools of economics. HR, Marketing, Finance, Information management, Rural Development are the essential tool of management practices. Both together can develop knowledgeable and commercial attitudes for poverty alleviation, crushing unemployment, reduce inequality, fixation of food security, and organizing a decent occupational structure in order that a decent and a healthy society with a far better livelihood will promote the entire of rural values and ethics. The management practices and applied economics will really solve the choice making problems by attract and retain talent, master technology, foster a learning environment, defining brand, and derive innovation for a road of one vision for a rural organization of the longer term. Cooperative banks are unique in terms of their structure, clientele and credit delivery. Despite their inherent weaknesses in terms of low capital, poor management and intrusive policies of State, cooperative banks in India have successfully weathered several challenges and continued to grow within the competitive environment. RBI has initiated several policy measures to strengthen the cooperative banking sector by gradually introducing the prudential norms and regulatory prescriptions on par with commercial banks. Cooperative banks have shown keen interest in diversifying their business and broad-basing their clientele. Changes within the existing legal framework, supportive regulatory environment, adoption of technology and re-orientation of business strategy can act as enablers for cooperative banks to contribute more meaningfully within the equitable economic process across regions through their delivery model.



KEYWORDS: cooperative bank, rural development, management, finance.

INTRODUCTION

There are few takers for co-operative banks in Jharkhand, which were found out for financial inclusion of farmers and other marginalised sections of society even before Prime Minister Narendra Modi launched the Pradhan Mantri Jan Dhan Yojana for comprehensive banking coverage.

Cash crunch, lack of state support and adverse market sentiment has pushed these small-size banks on the verge of closure in several parts of the state.

Even efforts by the Department of Agriculture seems to possess did not encourage government departments, or for that matter folk, to park their money in co-operative banks.

In December last year, agriculture secretary Nitin Madan Kulkarni had issued a circular, directing all allied units of the department - farming , co-operative and fisheries - to offer preference to co-operative banks while depositing money under various schemes. The target was to inject a fresh lease of life, strengthening their financial health, and perk up market sentiment in favour of those ailing banks. The circular, which was applicable right from the state to district level, went vainly.

Jharkhand State Co-operative Bank Ltd (JSCBL), which was formed in 2012 and currently runs five branches in several parts of Jharkhand, is taken into account to be the apex co-operative bank. The JSCBL, alongside eight other small co-operative banks at the district level, collectively have 117 branches catering to 40,000 customers across the state.

"Co-operative banks were formed to market co-operative movement. These are the banks for the poor and meant for financial inclusion of the marginalised. If government departments park their money here, it'll boost their reserves and permit them to lend small loans to the poor," said an officer at the agricultural department.

Further, he added, the cash deposited at these banks would remain within the state because the only people of Jharkhand could avail loans from them. "So, the move would have actually helped the poor of the state."

But none took any initiative to implement the circular, leaving the co-operative banks within the lurch. "We are becoming least support from the government, even from the parent Department of Agriculture when it involves opening accounts at co-operative banks. They like big nationalised and personal banks even for depositing funds under small schemes. If they do not have trust in our abilities, how can we expect common people to bank on us?" asked an officer at the Ranchi branch of a co-operative.

When contacted, Kulkarni admitted lack of enthusiasm on a part of officials to implement the circular. "I had directed a minimum of small amounts might be deposited in co-operatives. But, the department and its allied units have already got accounts in other banks. Closing an account at any public or private bank may be a time-taking process," Kulkarni said.

Sources said this wasn't the primary time when such an initiative had fallen flat.

January last year, chief minister Raghubar Das, while inaugurated the renovated Hatia branch of JSCBL, had promised to develop it as "the state's own bank", allowing it to handle all transactions of the government. But the promise wasn't followed up by any action.

In 2013, then co-operative secretary K.K. Soan had sent a proposal to the cupboard to encourage all departments to park funds under minor schemes in co-operative banks, but vainly.

In 2012, the government had announced amalgamation of all the eight cooperative banks and their branches under JSCBL, which features a banking license from RBI, to form them one entity. The proposal is yet to ascertain the sunshine of day.

NEED FOR FINANCIAL INCLUSION IN JHARKHAND

A survey conducted by the RBI in India (All India Rural Credit Survey-1947) revealed that financial inclusion of rural marginalised people was dependant on informal sources and that the money lenders met more than 90 percent of the rural credit needs. (Jayasheela et al 2008). The need for promoting financial inclusion in the state can also be corroborated by the level of poverty existing in the state.

Distribution of poverty in the state of Jharkhand

BPL %	DISTRICTS
80% and above	Gumla, Simdega, W.Simbhum, Latehar
70% to 80%	Lohardaga, Saraikela, Kharsawan
60% to 70%	Ranchi, Dumka, Jamtara
50% to 60%	Deoghar, Pakur, Sahebgunj, Garwah
40% to 50%	Giridih, Koderma, Godda, Hazaribagh
Below 40%	Bokaro, Dhanbad

Source: Annual report 2019-20, Department of Food, Civil supplies & Commerce, Govt. of Jharkhand

Poverty in rural India especially Jharkhand may be a prolonged chain which may only be broken by providing financial assistance. Most of the Central or State sponsored schemes of monetary welfare would also not serve the aim if proper banking and risk management facilities aren't available to the marginalised section of the society. Proper ways and means of monetary risk management and investment, for the agricultural and marginalised sections of the society is important and therefore the importance lays within the incontrovertible fact that banking facilities need to be complemented by the investment and risk management activities (Ravichandran & Alkhatlan, 2009).

The senior level executives of RBI have expressed concerns on the difficulty of extremely low performance within the process of monetary inclusion within the rural areas of Jharkhand and hence the branch of RBI was found out in Ranchi (Capital of Jharkhand) in Nov'2007. This actually indicates the non-performance of the financial institutions working within the state and also the intense concern of the apex bank on the difficulty of monetary inclusion in Jharkhand where barter system remains prevalent (Das, 2008).

SIGNIFICANCE OF STUDY

The advantage that the co-operatives currently have in comparison to SFBs is their deep-rooted connections with specific communities and other people of lower strata for mobilization of low cost deposits and a wider customer base. However, SFBs and payments banks with reliance on high-end technology pose significant challenges to cooperative banks as payments banks sponsored by telecom companies can easily capture the remittance business from these banks. Additionally to the present, co-operative banks got to specialise in corporate governance and imbibe the present distributive technology to supply low cost products so as to successfully face competition from small finance and payments banks.

THE TECHNOLOGY IMPLEMENTATION IN COOPERATIVE BANKS

Customers are demanding access to stylish products and services through multiple channels just like the telephone, Internet, cellular phones and therefore the ATM. Today, the highest managements of several Indian banks are viewing IT as a business enabler and an important part of their strategy. Banks are revisiting their technology architecture. Even at the danger of being labeled as gross generalizations, it's useful to understand at the outset, that within the decade considerable number of cooperative banks have increased their computerization base by adding Any Branch Banking, Telebanking and ATM interface wherever required. This has facilitated the banks to supply efficient and effective customer services and has resulted in economizing on the prices per transaction. aside from computerization of basic operational systems, the cooperative banks especially Rural Cooperative banks have also computerized major loan accounts, the investment operations, and clearing systems have also been computerized at the top office levels. it's true that a majority of cooperative banks especially the purchasers of cooperative banks located in rural and semi urban areas aren't comfortable with computers within the study area, there's no reason why technologically laggard banks should impose on their customers high transaction costs in terms of the time and money spent on

visits to branch offices and in terms of the delays in completing their transactions. It's also true that the staffs of the cooperative banks at operational, middle and top level aren't very keen in making use of the knowledge technology to its fullest extent in their day to day activities which is additionally one among the most reasons for the gap in implementation of data technology.

DISCUSSION

Sharing his thoughts on co-operative banks, Mr. R. Gandhi highlighted their role in financial inclusion and meeting the banking and credit needs of the lower and middle strata of society, across India, more specifically even within the remote villages. In spite of an outsized number of co-operative banks, considering the entire asset size, their share within the Indian banking sector isn't quite 5%. The reluctance of co-operatives to adopt new technology and implement CBS system is one among the main impediments to their growth.

As regards rural co-operatives, NABARD, as a part of its mandate of institutional development, launched an effort to bring the RCBs on CBS platform.

Second, the waning co-operative character of those banks remains a priority . this is often characterized by low attendance in AGMs, restrictive practices in admitting new members, low voting turnout for election of latest management, re-election of an equivalent management or their relations , unanimous elections and lack of meaningful discussions in AGMs. Weak corporate governance is another major factor that's plaguing the world and has led to bank failures / unsatisfactory growth of the world. To deal with this problem, Malegam Committee suggested a replacement organizational structure for RCBs consisting of a Board of Management and Board of Directors, with the thought of segregating ownership of a RCB as a co-operative society from its functioning as a bank. Pursuant to the recommendations of the High Power Committee on RCBs constituted by the RBI in 2001, presence of a minimum of two professional directors on the board of RCBs was made mandatory. However, it's observed that several RCBs are still not having professional directors on their Board which features a negative pertaining to their overall performance and professional management on the lines of economic banks remains a far cry within the current set-up.

CONCLUSION

Considering the inherent challenges within the sector, measures need to be call at place to strengthen the framework to a level of regulatory comfort. Within the context of adjusting landscape, a view must be taken whether a fresh round of co-operative bank licensing is due and put in situation a particular migration path for FSWM co-operatives to form the transition to SFBs/commercial banks and at an equivalent time continue efforts concerning governance reforms. It's pertinent to look at the merit and possibility of amending Cooperative Acts in states to the effect the provisions requiring every borrower having a voting share don't weaken the UCBs. the likelihood of acquiring shares by members at the value at the time of entry and divest the shares at the value at time of exit also must be examined, so as to make appropriate incentives in order that members get the benefit or otherwise of the reserves that are built during their membership.

Cooperatives banks enlarge the reach of banking, both geographically and socio-economically in terms of high levels of loan delinquency to its large numbers. Cooperative banks are organized and managed on the principle of co-operation, thus function on "no profit, no loss" basis. Although the most aim of the co-operative bank is to supply cheaper credit to their members and to not maximize profits, they'll access the cash market to enhance their income for better survival.

Most of the Cooperative Banks are highly politicized and therefore the situation has been further complicated by the system of dual control. Administrative aspects including registration are under State Cooperative Acts whereas financial supervision and regulation is with the RBI. Since 2001, the RBI has been seeking greater parity between commercial banks and cooperative banks in terms of prudential norms, capital adequacy, asset classification, provisioning norms, individual and group exposure norms, ALM framework, disclosures, supervision, etc. Co-operative banks are historically enjoying niche within the market share of deposits and credits.

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