

# Performance of Cooperative Credit Institutions in Punjab - An Appraisal

Sabina Batra\*

## Abstract

The role of credit in initiating, accelerating and establishing the process of economic development has been recognized as a sine-qua-non. Adequate and timely credit to the farmers is vital and indispensable for the rehabilitation and progress of agriculture. Credit facilities are also an integral part of the process of commercialization of rural economy. Among several inputs of farm sector, the one input that can make farmers use other inputs is capital, namely credit. Since independence, a multi-agency approach consisting of commercial banks, regional rural banks and cooperatives known as institutional credit has been adopted to provide cheaper and adequate credit to farmers. The government was of the view that multi-agency approach for rural credit was the real solution to the emancipation of small farmers from the clutches of rapacious money lenders. Despite the fact that nationalized banks are spreading their operations in rural areas, cooperative banking remains the best answer for catering to the needs of the small borrowers. All expert committees, without any exception, have recognized the important role played by the cooperatives in rural credit delivery system, especially in the overall economic development of Punjab. Being an agrarian economy, availability of cheap and easy agriculture credit is of utmost importance and cooperatives have engulfed almost all important areas of economic operation in Punjab, whether it is agriculture marketing, agriculture processing or the housing sector. Agriculture cooperative credit structure in Punjab consists of long term and short term credit cooperatives. To evaluate the overall position of cooperative credit institutions in the state of Punjab, secondary data was collected from various published sources for a period of seven years i.e. 2000-01 to 2006-07. The analysis reveals that all cooperative credit institutions have performed excellently on various parameters used for evaluating their efficiency and performance.

## Introduction

A sound and effective banking system is an essential need of a healthy economy. Abdul Kalam, former President of India, outlined his vision to transform India into a prosperous nation by 2020 through realization of 'that ideal plentitude' for the Indian masses and urged the banking community to be the vanguard in this national development process. Banks, naturally occupy a prominent place in the former President's egalitarian vision because of their unparalleled outreach and resources in terms of network, manpower, expertise and experience.

An important segment of the Indian banking set up is the cooperative banking system. Despite the fact that nationalised banks are spreading their operations in rural areas, cooperative banking remains the best answer for catering to the needs of small borrowers. A cooperative bank is a credit agency with democratic management, responsiveness to felt needs and local participation. The cooperative banking system aims at mobilization of savings from the middle-income groups and meet credit requirements of the middle and economically weaker

sections of the society. The cooperative principles of managing finance in India serve a via media between the sophisticated institutions like commercial banks on one hand and the unscrupulous moneylenders on the other.

After attainment of independence and particularly with the advent of the planning era, cooperative movement was given a significant place in the economic policies of Government of India. The first Five Year Plan went to the conclusion that the success of the plan would be judged by the extent to which its programs were executed through cooperative method. It was visualized that the cooperative sector was to emerge as a strong balancing sector between private and public sectors, ultimately establishing in the country 'cooperative common wealth' and making cooperation a 'common thinking' of the people of India.

With the passing of the Banking Laws (as applicable to cooperative societies) 1965, the cooperative banks have been brought under the purview of the Banking Regulation Act, 1949. This amendment in the Act also amended the RBI Act, 1934 for the purpose of regulating the operations of cooperative societies, which carry on the business of

\* Senior Lecturer in Commerce, Kanya Maha Vidyalaya, Jalandhar.



banking in principal. Thus, cooperative banking system has to maintain an operational balance between its cooperative character i.e. 'social objectives' and the banking character i.e. 'economic functioning'. As a co-operative entity, it is to follow the policies, programmes, priorities and directions of the state government and as a banking industry, it is supposed to follow the RBI guidelines and to work in the banking environment.

### **Cooperative Credit Structure**

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Agriculture cooperative credit structure in Punjab consists of long term and short term credit cooperatives. Long term system provides long term loans for infrastructural development in rural areas whereas short term system provides working capital finance to farmers i.e. crop loans for purchase of agricultural inputs. The Punjab State Agriculture Development Bank Limited, Chandigarh is the apex institution at the state level to control and guide base level primary banks. Primary agriculture development banks provide long term finance directly to the farmers. These banks are not banks in the true sense as Banking Regulations Act is not applicable fully to these organizations and they do not conduct any other banking operations.

Short term cooperative credit structure is managed through a three tier system in the state. At the base level, primary agriculture cooperative societies (PACs) work as village level units. The PACs mainly get refinance from district central cooperative banks and distribute this credit to farmers after adding a fixed percentage of interest themselves. Banking Regulation Act is not applicable to these organizations also. At the apex level, Punjab State Cooperative Bank Limited, Chandigarh works as a balancing centre for the DCCBs. State cooperative banks mainly act as a channel to raise finances from various agencies like National Bank for Agriculture and Rural Development, Reserve Bank of India, State Government, World Bank etc. and disburse these funds through district central cooperative banks amongst village level primary cooperative societies.

### **Review of Literature**

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Pathania (2007) observed that in Himachal Pradesh, cooperative banks made commendable progress in different areas like deposit mobilization, composition of share capital and overall growth as per the parameters fixed at national level. Venugopal (2004) concluded that in the past three decades, public sector banks had made a substantial contribution to economic growth, regional development, employment generation and redistribution of wealth and Indian Banking had come a long way from a sleepy

business institution to a highly proactive and dynamic entity. Singh Pathania (1986) opined that cooperatives are the best instruments for improving the socio-economic lot of poor people and uplifting them to the standards of the mainstream of national life. Lopeyetum (2004) highlighted that cooperatives account for the largest proportion (55%) of total institutional credit to agriculture and allied activities in the rural sector.

### **Objectives of the study**

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The proposed study endeavours to undertake a comprehensive investigation of the overall scenario of cooperative credit institutions in terms of the following parameters:

- a) Progress in terms of number of branches, membership and share capital
- b) Trends in loans advanced, recovered and outstanding during the period of study
- c) Analysis of financial viability in terms of profits/losses and business turnover.

### **Data Base and Research Methodology**

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To evaluate the overall position of cooperative credit institutions in the state of Punjab, secondary data was collected from various published sources for a period of seven years i.e. 2000-01 to 2006-07. Due to the non-availability of data for 2008-09, the study has been confined to the above said period. Simple statistical techniques such as percentages and averages have been used for the analysis of the collected data. Advanced statistical tools such as Compound Growth Rates and Students' t-test were applied to analyze the data to arrive at meaningful conclusions. Interpretation of the data is based on rigorous exercises aiming at the achievement of the study objectives.

### **Results and Discussion**

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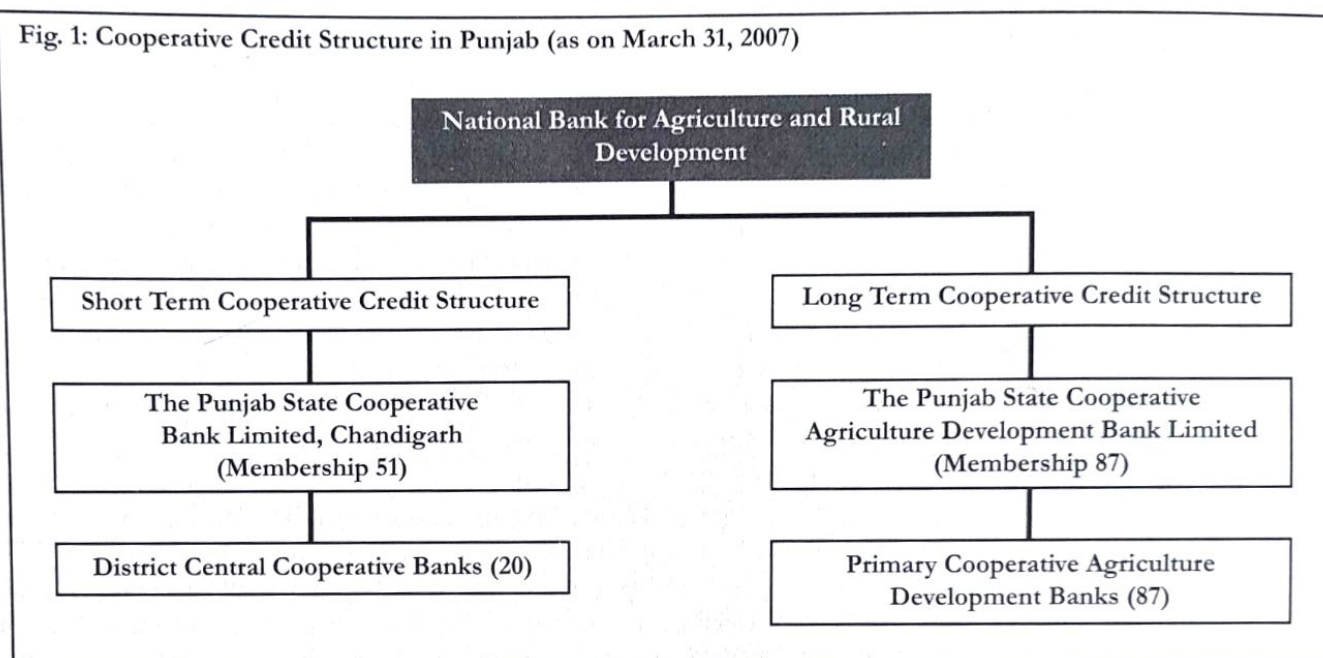
Cooperatives have played an important role in the overall economic development of Punjab. Cooperatives have engulfed almost all important areas of economic operation in Punjab whether it is agriculture marketing, agriculture processing or the housing sector. Being an agrarian economy, availability of cheap and easy agriculture credit is of utmost importance. Credit cooperatives have contributed a lot for the supply of adequate and timely credit in rural areas of Punjab. The green, white, blue and sweet revolutions in the state of Punjab are some of the major achievements in which the cooperative banks have played a vital role. Infact, two pillars of green revolution in Punjab are said to



be Punjab Agriculture University (which provided technical support and guidance to the farmers) and State Cooperative Bank (which provided short term credit facility to meet the working capital needs of the farmers and long term credit to meet infrastructural development needs). Figure 1 depicts the cooperative credit structure and tier wise number of cooperative credit institutions in the state of Punjab as on March 31, 2007.

Agriculture Development Bank, through 87 members and with a share capital of Rs.6777.56 lacs as on March 31, 2007, advanced loans of Rs.37807.82 lacs during the year 2006-07. Loans outstanding increased at a highly significant rate of 6.45 per cent compounded annually. Working capital and business turnover also registered a significant increase during the period of study i.e. from 2000-01 to 2006-07. The profits of the bank increased from Rs.2006.16 lacs in 2000-

Fig. 1: Cooperative Credit Structure in Punjab (as on March 31, 2007)



### 1) Long Term Cooperative Credit Structure

Just like an industrial unit, farmers also need both long term and short term funds to finance infrastructure development and working capital needs. Infrastructural development (i.e. purchase of tractors, pump sets, tubewells and reclamation of land) is the basic necessity for agricultural development and is essential because it would facilitate structural changes and innovations in the agricultural sector. There was always a need for an institution specially designed to cater to the long term needs of the agriculturists. This led to the emergence of land mortgage banks, recently renamed cooperative agriculture and rural development banks (CARDs).

#### a) The Punjab State Cooperative Agriculture Development Bank Limited, Chandigarh

State land development bank is the apex level institution in long term cooperative credit structure. This apex bank floats debentures and sells the long term bonds in money market. The bank also acts as an agency which links the long term banking, RBI and the government. The prime motive of this bank is to protect farmers from falling victims to middlemen and give them necessary encouragement to save so that the process of capital formation is stimulated. It is evident from table 1 that The Punjab State Cooperative

01 to Rs.3931.65 lacs in 2003-04 and thereafter declined to Rs.2531.52 lacs in 2006-07, registering a non-significant CGR of 4.15 per cent due to wide fluctuations during the period of study. The bank has shown a satisfactory performance on all fronts, be it profits, working capital, loans outstanding or business turnover. This bank is now taking over the challenges of white and blue revolutions by providing loans for the purchase of dairy and inland fisheries.

#### b) Primary Land Development Banks

Primary land development banks operate either at the level of district or a Taluka, depending upon the circumstances of different states in the country. They provide long term credit to farmers. The purposes for which credit is provided are redemption of loans, repayment of old debts, improvement and purchase of agricultural land, minor irrigation schemes and purchase of modern agricultural implements which are costly in nature. These banks lend money only to the members for a period varying between 10 to 30 years.

Table 2 indicates that there were 87 primary cooperative agriculture development banks in the state with 8,41,000



**Table 1: Financial Indicators of The Punjab State Cooperative Agriculture Development Bank (Rs. in lacs)**

S. No.	PARTICULARS	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	C.G.R.	t-value
1.	Membership	85	87	87	87	87	87	87	0.25	1.73
2.	Share Capital	6194.00	6501.52	6503.06	8582.85	6649.05	6721.55	6777.56	1.29	0.61
3.	Owned Funds	23789.08	26299.14	29040.11	31465.47	34001.96	37385.20	40818.80		
4.	Working Capital	202891.44	208574.00	198981.36	217799.77	227811.76	248521.89	244637.95	3.81	4.94***
5.	Loans Advanced	31476.29	32365.85	32833.74	45779.25	72501.35	54878.82	37807.82	8.94	1.55
6.	Loans Recovered	24221.70	26291.63	28194.89	52124.78	48418.25	23800.78	36556.71	5.79	0.87
7.	Loans Outstanding	146269.61	152343.83	156982.68	150637.15	174720.25	205798.29	207049.40	6.45	4.84***
8.	Amount of Profits	2006.16	2556.81	3305.82	3931.65	3081.25	3301.48	2531.52	4.15	0.94
9.	Business Turnover	1479791.46	1773466.18	1840105.85	2333997.00	2400636.67	NA	NA	9.12	5.53***

\*\*\*Significant at 1%

Source: i) Cooperative Movement in Punjab, Figures Speak 2004-05, Published by PUNCOFED  
ii) Statistical Abstract of Punjab, 2006-07

members as on March 31, 2007. The share capital of the bank increased continuously from Rs.11843.94 lacs in 2000-01 to Rs.14022.16 lacs in 2006-07, registering a highly significant compound growth rate of 2.91 per cent. Loans advanced increased from Rs.39475.28 lacs in 2000-01 to Rs.85553.02 lacs in 2004-05 and thereafter declined to Rs.50541.27 lacs in 2006-07, showing a significant CGR of 10.42 per cent. Loans outstanding increased significantly at a rate of 6.13 per cent during the period of study i.e. from Rs.155607.28 lacs in 2000-01 to Rs.217539.41 lacs in 2006-07. Out of 87 banks, 59 were in profits and 28 were in losses. The profits rose from Rs.3082.25 lacs in 2000-01 to

Rs.4812.80 lacs in 2004-05 and then declined to Rs.2827.83 lacs in 2006-07, showing positive but non-significant growth rate due to wide fluctuations. Business turnover leaped from Rs.402704 lacs in 2000-01 to Rs.564066.52 lacs in 2004-05, indicating a significant increase of 8.49 per cent, compounded annually.

## II) Short Term Cooperative Credit Structure

The short term cooperative credit structure in Punjab is federal in character and mostly based on a three tier pattern. A brief review of short term cooperative credit structure is given below:

**Table 2: Performance of Primary Cooperative Agriculture Development Banks in Punjab (Rs. in lacs)**

S. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	C.G.R.	t-value
1.	No. of Banks	86	87	87	87	87	87	87	0.12	1.73
2.	Membership	713289	730036	764459	770649	804225	821000	841000	2.82	18.43***
3.	Share Capital	11843.94	12247.67	12291.62	12914.53	13344.19	13633.18	14022.16	2.91	16.05***
4.	Owned Funds	25018.82	30049.01	30164.80	31487.68	34126.28	38867.52	43139.18	8.45	8.91***
5.	Working Capital	192135.95	203812.26	213382.97	237847.13	253370.35	288478.72	297327.57	8.08	16.00***
6.	Loans Advanced	39475.28	40247.58	41912.40	59074.50	85553.02	77851.52	50541.27	10.42	1.94*
7.	Loans Recovered	27816.63	29586.96	40232.01	50093.09	61260.46	67777.59	44398.05	13.24	2.74**
8.	Loans Outstanding	155607.28	166267.90	167948.29	176929.70	201222.26	211296.19	217539.41	6.13	10.34***
9.	No. of Banks in Profit	72	64	67	80	81	73	59	-0.51	0.22
10.	Amount of Profits	3082.25	2207.76	1880.15	5319.93	4812.80	4089.41	2827.83	7.08	0.88
11.	No. of Banks in Loss	13	23	19	7	6	14	28	2.99	0.22
12.	Amount of Loss	242.57	265.61	4280.46	711.79	986.90	7672.50	4237.12	63.94	2.08*
13.	Business Turnover	402704	457250.58	418234.21	490611.21	564066.52	NA	NA	8.49	6.96***

\*\*\*Significant at 1%, \*\*Significant at 5%, \*Significant at 10%

Source: i) Cooperative Movement in Punjab, Figures Speak 2004-05, Published by PUNCOFED  
ii) Statistical Abstract of Punjab, 2006-07



### a) The Punjab State Cooperative Bank Limited, Chandigarh

State cooperative bank is considered to be the leader of the cooperative

### ii) Statistical Abstract of Punjab, 2006-07

movement in the state and the success or failure of the cooperative movement, to a large extent depends on its successful leadership. The bank acts as an intermediary between the central cooperative banks and the money market. It

coordinates with the government, NABARD and other central agencies. It is infact an umbrella bank for the central cooperative banks. The bank leads the entire country not only in delivering agricultural credit through the cooperative banks but in touching new heights in the recovery of dues also.

to Rs.2400636.67 lacs in 2004-05 at a highly significant rate of 10.00 per cent, compounded annually. Thus, it can be seen from the significant growth rates registered by all the chosen parameters that the bank has made a commendable progress on different fronts during the period of study.

### b) Central Cooperative Banks

Central cooperative banks are at the middle tier of the short term cooperative credit structure and operate usually at the district level. The necessity for establishing these banks was that there should be an intermediary agency between the PACSs with a rural bias run by the agriculturists, having no touch with the money market and the provincial cooperative banks run mainly by city men with urban bias and having no close association with the countryside. The share capital of the central cooperative banks consists of shares purchased by primary credit societies and the state government. Apart from the main functions of deposits

**Table 3: Key Indicators of The Punjab State Cooperative Bank Limited, Chandigarh (Rs. in lacs)**

S. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	C.G.R.	t-value
1.	No. of Branches	22	22	22	23	23	NA	NA	0.96	3.86***
2.	Membership	55	55	52	52	52	51	51	-1.34	4.66***
3.	Share capital	2728.02	2930.02	2992.02	3124.52	4313.14	3825.76	4110.56	7.90	4.41***
4.	Owned funds	21698.55	23799.75	25848.73	29491.60	32199.46	34621.90	37331.15	9.72	26.55***
5.	Borrowings	81683.93	93507.60	128262.86	125124.54	134283.06	154337.32	219336.83	15.40	6.82***
6.	Working Capital	196131.65	221521.26	266371.13	279389.75	297931.85	330670.55	411484.52	11.85	11.23***
7.	Loan Advanced	261527.77	255857.78	312223.46	328822.47	338330.85	408341.71	482712.60	10.73	7.93***
8.	Loans Outstanding	156535.30	174407.29	217570.82	226354.09	238731.59	268148.04	340390.92	12.44	9.68***
9.	Amount of Profits	1723.09	1924.00	2100.84	3135.49	2958.33	2624.43	2572.17	8.04	2.38*
10.	Business Turnover	1479791.46	1773466.18	1840105.85	2333997.00	2400636.67	NA	NA	10.00	7.06***
11.	Deposits	87840.83	97183.16	103138.38	113714.51	118440.02	125919.50	138775.06	7.51	21.71***

\*\*\*Significant at 1%, \*Significant at 10%

Source: i) Cooperative Movement in Punjab, Figures Speak 2004-05, Published by PUNCOFED  
ii) Statistical Abstract of Punjab, 2006-07

Table 3 reveals that the Punjab State Cooperative Bank had 51 members as on March 31, 2007. The share capital of the bank increased from Rs.2728.02 lacs in 2000-01 to Rs.4313.14 lacs in 2004-05 and after declining in 2005-06, again rose to Rs.4110.56 lacs in 2006-07, showing a significant increase of 7.90 per cent. The loans outstanding mounted incessantly from Rs.156535.30 lacs in 2000-01 to Rs.340390.92 lacs in 2006-07, registering a highly significant growth rate of 12.44 per cent during the period of study. The loans advanced also showed a rising trend during the same period, increasing to Rs.482712.60 lacs in 2006-07. The bank earned profits in all the years, registering a highly significant CGR of 8.04 per cent. The business turnover of the bank increased from Rs. 1479791.46 lacs in 2000-01

mobilization and credit dispensation, they are expected to act as a guide, philosopher and leader of the cooperative movement in the district.

Table 4 reveals that there were 20 central cooperative banks with a total of 782 branches as on March 31, 2007. The aggregate share capital of DCCBs rose continuously from Rs.7229.63 lacs in 2000-01 to Rs.9272.04 lacs in 2006-07, registering a significant growth rate of 3.62 per cent. The amount of deposits with central cooperative banks swelled from Rs.295142.26 lacs in the year 2000-01 to Rs.494808.19 lacs in 2006-07, at a highly significant CGR of 8.73 per cent, thereby reflecting increased dependence of people on cooperatives as a safe custodian of their meager savings. Cooperative banks have played an important role in rural



financing by providing loans for different purposes. The quantum of loans advanced increased from Rs.464036.15 lacs in 2000-01 to Rs.838712.54 lacs in 2006-07, at a highly significant rate of 9.82 per cent, compounded annually. Out of 20 DCCBs in Punjab, 16 recorded profits while 4 banks were in losses. The profits of the DCCBs in Punjab registered a declining trend during the period of study at the rate of 1.90 per cent, compounded annually. The total quantum of business turnover of all central cooperative banks expanded from Rs.6140891.24 lacs in 2000-01 to Rs.9137402.43 lacs in 2004-05, which indicates the increasing role of central cooperative banks in rural credit.

### c) Primary Agriculture Cooperative Societies (PACs)

The PACs are the core unit of cooperative credit structure at the operational level, which come in direct contact with farmers. PACs form a sort of via media between modern commercial banking with all its formalities and sophisticated procedures on one hand and the institution of money lending on the other.

Table: 5 reveals that there were 3981 PACs with 21,49,000 members as on March 31, 2007. The primary agriculture cooperative societies act as a nodal agency for rural development and they conduct multifarious activities at the grass root level. Apart from providing agriculture credit (short term), they supply agricultural inputs like fertilizers, seeds, pesticides etc. and distribute consumer goods and essential commodities to rural masses. The share capital of PACs increased from Rs.14258.15 lacs in 2000-01 to Rs.21819.09 lacs in 2006-07, indicating a significant growth of 6.79 per cent during the period of study. Total loans advanced (including short term agricultural, non-agricultural, medium term, non farm sector loans) rose from Rs.213899.47 lacs in 2000-01 to Rs.510617.43 lacs in 2006-07, indicating a highly significant compound growth rate of 15.98 per cent. The business turnover also showed a rising trend, increasing to Rs.2386787.75 lacs in 2004-05, at a significant CGR of 6.87 per cent. As on March 31, 2007, 2330 societies earned a profit of Rs.4561.88 lacs, while 1183 societies were in losses.

**Table 4: Financial Indicators of District Central Cooperative Banks in Punjab**

(Rs. in lacs)

S.No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	C.G.R.	t-value
1.	No. of Banks	19	19	19	19	19	19	20	0.55	1.73
2.	No. of Branches	796	802	806	801	790	791	782	-0.36	2.48**
3.	Membership	115111	143330	169233	194390	239695	278600	31650	-7.54	0.56
4.	Share Capital	7229.63	7808.61	8052.3	8144.97	8321.26	8703.93	9272.04	3.62	9.16***
5.	Owned Funds	41550.82	42112.05	48819.97	55032.8	63973.12	74475.75	79147.22	12.68	14.27***
6.	Working Capital	440232.7	512122.9	548880.1	650161.2	733999.9	774630.29	879716.79	12.09	19.63***
7.	Loans Advanced	464036.15	496917.1	575220.6	666627.6	670321	702838.95	838712.54	9.82	9.93***
8.	Loans Outstanding	NA	NA	NA	NA	NA	503206.86	570354.44		
9.	No. of Banks in Profits	19	19	19	19	19	19	16	-1.82	1.75
10.	No. of Banks in Loss	-	-	-	-	-	-	4		
11.	Amount of Profits	6171	6896.7	8569.77	10463.1	10463.82	8091.72	4338.75	-1.90	0.30
12.	Amount of Loss	-	-	-	-	-	-	372.14		
13.	Business Turnover	6140891.24	7001765	7024385	8428514	9137402.43	NA	NA	8.74	9.73***
14.	Deposits	295142.26	334617.1	368440.9	391771.8	417908.9	466960.14	494808.19	8.73	20.03***

\*\*\*Significant at 1%, \*\*Significant at 5%

Source: i) Cooperative Movement in Punjab, Figures Speak 2004-05, Published by PUNCOFED  
ii) Statistical Abstract of Punjab, 2006-07



**Table 5: Performance of Primary Agriculture Cooperative Societies**

S.No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	(Rs. in lacs)	
									C.G.R.	t-value
1.	Total Number of Societies	4084	4001	4002	3996	3985	3978	3981	-0.33	2.84**
2.	Membership	2122000	2065000	2072000	2067000	2115000	2137000	2149000	0.45	1.61
3.	Share Capital	14258.15	16008.91	17445.35	18240.34	19097.02	20273.60	21819.09	6.79	13.57***
4.	Owned Funds	44087.54	46646.57	50427.42	50815.4	55224.24	59192.89	65097.37	6.40	13.87***
5.	Working Capital	209911.1	238195.4	258689.2	312066.5	361688.2	406651.98	466489.13	14.54	28.44***
6.	Loans Advanced	213899.47	246449.6	277159.8	332817.8	378947.7	455191.12	510617.43	15.98	39.52***
7.	Loans Recovered	NA	NA	NA	NA	NA	418151.50	452884.22		
8.	Loans Outstanding	NA	NA	NA	NA	NA	303515.18	361248.39		
9.	No. of Societies in Profit	NA	NA	NA	NA	NA	2403	2330		
10.	Amount of Profits	NA	NA	NA	NA	NA	5594.86	4561.88		
11.	No. of Societies in Loss	NA	NA	NA	NA	NA	1171	1183		
12.	Amount of Loss	NA	NA	NA	NA	NA	1573.95	1457.93		
13.	Business Turnover	1821676	1998541	2000840	2127920	2386787.75	NA	NA	6.87	12.17***
14.	Deposits	28299.42	34339.79	42271.14	52492.6	61506.82	69604.94	76310.34	18.55	15.27***

\*\*\*Significant at 1%, \*\*Significant at 5%

Source: i) Cooperative Movement in Punjab, Figures Speak 2004-05, Published by PUNCOFED  
ii) Statistical Abstract of Punjab, 2006-07

## Conclusion

All cooperative credit institutions have performed excellently on various parameters used for evaluating their efficiency and performance. Cooperative credit structure has helped in stabilizing the growth rate of Punjab economy by way of its agricultural credit which contributed in boosting agricultural production in the country. Short term cooperative institutions alone have the capabilities to meet and cater to the credit needs of the farmers.

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