

# SUSTAINABLE SOCIO- ECONOMIC DEVELOPMENT



MUHAMMAD AHAMMED



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# Financial Viability of Co-operative Banks: A Case Study of District Central Co-operative Banks in Kerala

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**ABSTRACT:** Inauguration and introduction of co-operative banking is a major innovation that took place in the co-operative sector. The co-operative bank arrived in India in the beginning of 20<sup>th</sup> century as an official effort to create a new type of institution based on the principle of co-operative organization and management, suitable for problems peculiar to Indian economy. These banks were conceived as substitute for money lenders by providing timely and adequate institutional credit at reasonable rate of interest. The co-operative banks in India play a vital role in both rural and urban areas. In rural areas these banks focus their activities mainly in agriculture based activities, personal finance, small scale industries and self employment driven activities. In urban areas these mainly finance various categories of people for self employment, industries small scale industries, home finance, consumer finance, personal finance etc. The main objective of the study is to study and examine the financial efficiency and viability of District Central Co-operative Banks. As the best rural financial institution in the state having a wide network through successful District Cooperative Banks and efficient Primary Agricultural Cooperative Societies, having 50% of the households as members transacting business, having a minimum business of Rs. 24000 crores by 2016.

## INTRODUCTION

India is a land of villages. Villages in India are not self sufficient and self reliant. Agriculture and allied activities are the occupation of the majority of the village residents. They mainly depend on money lenders and the like financial providers to carry on their operations regularly. Their overburden resulted through the dependence on the elements of the unorganized sectors, forced many of them either to leave their operation in midway or to resort to some undesirable extremes such as suicide, absconding and so on. This pathetic situation invited the attention of the authorities and the public at large. In an attempt to save and protect the neglected sections, many attempts were taken by the government. Formation of institutions under the co-operative principle is one among the major initiatives.

Inauguration and introduction of co-operative banking is a major innovation that took place in the co-operative sector. The co-operative bank arrived in India in the beginning of 20<sup>th</sup> century as an official effort to create a new type of institution based on the principle of co-operative organization and management, suitable for problems peculiar to Indian economy. These banks were conceived as substitute for money lenders by providing timely and adequate institutional credit at reasonable rate of interest. The co-operative banks in India play a vital role in both rural and urban areas. In rural areas, these banks focus their activities mainly in agriculture based activities, personal finance, small scale industries and self employment driven activities. In urban areas these mainly finance various categories of people for self employment, industries small scale industries, home finance, consumer finance, personal finance etc.