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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

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JOURNAL AND OTHER ARTICLES
- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS
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PROMOTING FINANCIAL INCLUSION IN RURAL AREAS THROUGH CO-OPERATIVE BANKS: WITH SPECIAL REFERENCE TO DCCB, PADERU AGENCY

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ABSTRACT

Financial inclusion is a very important initiative for the sustainable growth of a country. With a huge rural population, that is economically challenged, Government in India's has rolled out many initiatives like Rural Employment Guarantee Scheme, Sarva Shiksha Abhiyan (Education for all), Bharat Nirman Programme. India has been currently the second highest number of financially excluded households in the world. Dr. C. Rangarajan Committee Report viewed financial inclusion as a comprehensive and holistic process ensuring access to financial services and timely and adequate credit, particularly by vulnerable groups such as weaker sections and low income groups at an affordable cost. Financial inclusion should lead to financial security for the poor and the vulnerable. Financial inclusion is much more than "banking the unbanked." In India the basic concept of financial inclusion is having a saving or current account with any bank. The majority of people living in rural areas remain excluded from the purview of the financial institutions even after 67 years of independence. The financial inclusion in rural areas in necessary and profitable for banking sectors, the cooperatives have the widest network. It covers every state and union territory in India, with credit cooperatives forming almost 70% of all rural credit outlets. The Self Help Group (SHG) approach was introduced in1992, to link poor people with bank credit. Under this programme, about 40million families have been linked with banks uptoMarch2007 (NABARD). As a woman becomes more financially included, she gains power to use financial services to improve her life and that of her family. The researcher has studied the District Cooperative Central Banks (DCCBs), financial inclusion among the rural area of Paderu agency with the help of DCCB. Mainly the focus is on the financial inclusion programmes through Self Help Groups (SHGs) in rural areas, the problems faced by DCCB and reasons of financial exclusion of rural people.

KEYWORDS

Financial Inclusion, Financial exclusion, DCCB, SHGs, And Rural Areas.

INTRODUCTION

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. A state in which all people who can use them have access to a suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients. Financial services are delivered by a range of providers, most of them private, to a financially capable clientele. Financial inclusion broadens the resource base of the financial system by developing a culture of savings among large segment of rural population and plays its own role in the process of economic development. The financial inclusion in rural areas in necessary and profitable for banking sectors, the cooperatives have the widest network. It covers every state and union territory in India, with credit cooperatives forming almost 70% of all rural credit outlets. 51.4% of farmer households are financially excluded from both formal/ informal sources. Overall, 73% of farmer households have no access to formal sources of credit. In such a situation cooperative banks operate as a balancing center. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system. . Today, 51 percent of adults worldwide have bank accounts. Financial inclusion should lead to financial security for the poor and the vulnerable.

REVIEW OF LITERATURE

Narendra Modi (2014) launched Pradhan Mantri Jan Dhan ***Yojana*** wherein every household in rural India will have access to bank account and *Rupay debit card with Rs 1 lakh insurance cover*. At present, *nearly 60% of Indian population does not have access to formal banking service*. Bankers say that the scheme envisages that one individual from every household has a bank account by 2016.(91 review).

Dr.Dilip Ambarkhane (2013) studied the Cooperative banks have very good network in rural areas; moreover mostly they have local staff. Therefore they are better placed to understand and solve the problem of rural poverty by strengthening the supply side of Financial Inclusion. They can effectively contribute to improvement in demand side also. Cooperative due to their good rural network, local staff is in a better position to understand rural situation and the problems of poverty.

Reddy (2010) suggested a new approach to banks to reach wider population in rural areas by establishing mobile banks/representatives/agent who operate on commercial basis rather than just by SHGs. These agents/representatives work on commission basis and hence self-motivated and cost effective in assessing banks in service provision / deposit mobilization.

According to Ravichandran and Aikhatrhlam (2009), very few people have access to banking services. There are number of factors effecting access to financial services by weaker section of society in India. The lack of awareness, low incomes and assets, social exclusion, illiteracy are the barriers from demand side. Bank-SHG, bank – MFI, MFI-NBFC and bank-post office linkage models were discussed and raw models like rural students banking model, RBI-Education institute linkage models were proposed.

Rewa Misra (June 2008), observed that the Andhra Pradesh (AP) occupies a special place in India's microfinance map for this and many other reasons. With nearly 25% of the country's 2.2 million SHGs (every village now has SHGs in AP) and most of its successful microfinance institutions, AP has long been considered the hub of a number of institutional and product innovations in microfinance.

FINANCIAL INCLUSION

The term financial inclusion refers to delivery of financial services at an affordable cost in a fair and transparent terms and conditions to vast sections of disadvantages, weaker and low income groups including house hold enterprise, small medium enterprise and traders. It is only enhances overall financial inclusion include micro credit, branch less banking, no-fills bank accounts, saving products, pension for old age, micro finance, Self Help Groups (SHGs), entrepreneurial credit etc. Thus, financial inclusion for equal opportunities to all section of people in country, inclusive growth, economic development, social development and business opportunity.

Reserve Bank of India's vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states and there is inadequate legal and financial structure.

Financial Inclusion can be thought of in two ways. One is exclusion from the payments system – i.e. not having access to a bank account. The second type of exclusion is from formal credit markets requires the excluded to approach informal and exploitative markets. Access to formal banking services has been available through the use of intermediataries such as SHGs and micro finance Inclusions (MFIA). SHGs are usually groups of wound to get together and pool their savings and give loans to numbers. Usually NGOs and NABARD promote and nurture these groups. The recovery experience has been very good from SHGs and there are currently 2.6 million SHGs linked to banks reaching almost 40 million households through its renders.

TOOLS OF FINANCIAL INCLUSION AND THE METHODS TO ACHIEVE
To address the issue of financial exclusion in a holistic manner, it is essential to ensure that a range of financial services is available to every individual. These services are:
- No-frills banking account for making and receiving payments,
- Savings product suited to the pattern of cash flows of a poor household,
- Money transfer facilities
- Small loans and overdrafts for productive, personal and other purposes, and
- Micro-insurance (life and non-life)

FINANCIAL INCLUSION WITH CO-OPERATIVE BANKING
Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. The government of India started the cooperative movement of India in 1904. Then the government therefore decided to develop the cooperatives as the institutional agency to tackle the problem of rural indebtedness, which has become a curse for population. In such a situation cooperative banks operate as a balancing center. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system.
Cooperative rural credit and banking sector is a century old institutional set-up now covering almost every village in India numbering about seven hundred thousand. In number, there are about 160 thousand cooperative credit and banking outlets in rural India mostly serving the agricultural sector providing credit for seasonal operations and for investments besides retailing farm inputs like seeds, fertilisers and pesticides. Agriculture is the mainstay of Indian rural economy on which depends almost 60% of the population for livelihood. However, contribution to overall GDP has been going down constantly and accounted for only 17% in 2008-09.
While a large section of the financially excluded population inhabits rural areas, financial exclusion is widespread in urban and semi-urban areas as well. Generally farmers, small vendors, agricultural and industrial labourers, people engaged in unorganized sectors, the unemployed, women, older and physically challenged people are the most commonly excluded segments. These segments are best addressed by the cooperative banks.

OBJECTIVE OF THE STUDY
- To have a brief idea of Financial status of DCCB, Paderu from year 2003-04 to 2012-13
- To analyze the Deposits, loans and C/D Ratios, growth rate of SHGs, of DCCBs.
- To analysis the growth rate of SHGs Paderu in Visakhapatnam DCCB from the during period 2003-04 to 2012-13.

METHODOLOGY OF STUDY
The study is mainly based on secondary data, which has been gathered from various annual reports of DCCBs, mainly from the last ten years reports. The secondary data is also collected from NABARD, RBI bulletins, Government of India reports etc...
SAMPLE OF THE STUDY
This paper is an attempt to study the financial status of the DCCBs, Paderu. This bank was purposely selected for the study, keeping in view they role and involvement in shaping the economic condition, especially in Deposits, Credits, CD Ratios, growth rate of SHGs.
DATA IN TOOLS
The present study is mainly based on secondary sources drawn from Central Co-Operative Bank Paderu (agency), papers, books and journals relating to Co-operative banking sector. Data were collected for period of ten years from 2003-04 to 2012-13. For analysis of the data, various statistical tools (Mean, S.D, C.V, growth rate) have been used to arrive at conclusion in a scientific way.

DISCUSSION AND ANALYSIS
ORIGIN AND GROWTH OF DCCB IN INDIA
The first D.C.C.B was registered in Uttar Pradesh in 1906 as a primary society. In Rajasthan, like the first D.C.C.B bank was started in 1910 at Ajmer. The period from 1906 to 1918 may be called the period of origin of the D.C.C banks in India. As in the period these banks came into be established in many parts of the country. The decade from 1919 to 1929, which was roughly the period between the end of the First World War and the onset of the world depression, was marked by the expansion of Co-operative banking system. The number of D.C.C banks went on increasing between 1919 and 1929. These banks increased from 233 in 1919-20 to 588 in 1929-30 while their membership increased from 1.22 lakhs to 1.91 lakhs. The total working capital moved from Rs 6.43 crore to Rs 30.90 crore. However during the period of depression in the thirties, there was a great setback in their working. There was a significant increase in the over dues of these banks. There membership both of the individuals and the societies has also declined. The membership both of the individuals declined from 0.90 lakhs in 1929-30 to 0.85 lakhs in 1936-37, while that of the societies from 1.01 lakhs to 0.90 lakhs. The number of these banks, however, increased from 588 in 1929-30 to 611 in 1936-37 because of the registration of new banking unions in the former princely states in Uttar Pradesh and Bihar.
D.C.C.B IN ANDHRA PRADESH
The Co-operative credit and banking structure in Andhra Pradesh consist of two parts, one dealing with short – term and the other with long term credit. The farmer in Andhra Pradesh state is a type of pyramid or federal in character, based on a three-tier system with primary credit societies at the bottom, the District Central Co-operative Bank (D.C.C banks) Constituting the middle-tire and state Co-operative Bank covering the entire state at the apex level (APCOB).
The D.C.C banks hold a position of great importance as they from the back of the three-tire structure. They are the strongest units in the Co-operative credit and baking system. The D.C.C banks also play a vital role in the development of the Co-operative movement in the entire district. The Central Co-operative Banks finance PAC Banks from their own resources of share, reserves and deposits and form the credit limit sanctioned by the NABARD through the INSACB. The District Cooperative Central Banks (DCCBs) advance loans and financial assistance to all types of Co-operative functioning in their respective areas/circle.
CO-OP BANKING AND FINANCIAL INCLUSION
For the financial inclusion of this group to be successful there is very little innovation that can be done in the office of the bank. But if the Bankers move in the field, they will be able to innovate products and services on the basis of observing clients, households, markets and workplaces to tailor the financial services to suit the needs of this segment. Thus to perform this challenging task of offering integrated financial services to the poor women, the Co-operative Banks are definitely more suited. The sense of co-operation is highly essential to harness the vast economic energy that is waiting to be unleashed in the poor women. Experiences world over in the Developing nations have only reconfirmed the need for co-operative banking to bring about inclusion of this segment in the mainstream economy. Again world over poor women have proved to be reliable borrowers and borrowers who have the family interest in mind.
DCCB – PADERU
DCCB, Paderu branch was established 1987 with head quarters at Visakhapatnam. The branch having 10 PACs (Primary, Agriculture Co-operative Societies), i.e. Ananthagiri, Araku, Chintapalli, GK Veedhi, G.Madugula, Gontaseema, Hukumpeta, Munchingput, Paderu & Pedabayalu. VBI Bank is lead bank of Paderu DCCB.

Total Ten Mandals are covered by DCCB, Paderu Branch. As on March, 2013 the total deposits of DCCB, Paderu branch's amount of Rs.153.20 lakhs and the total loans outstanding of amount Rs.582.36 lakhs. The DCCB Paderu branch's aggregate CD Ratio is 380.13.

This DCCB collected by three categories of deposits, which are individuals, institutional and societies deposits. And also loans issued these three categories. The Paderu DCCB branch having mainly infrastructure and security problems.

TABLE 1: DEPOSITS AND LOANS POSITION OF DCCB, PADERU (Amount in Rupees)

Financial Years	Total Deposits	Growth rate of Deposits	Total Loans	Growth rate of Loans	C.D. Ratio
2003-04	7595773.64	---	61021233.09	---	803.35
2004-05	6548723.46	-13.78	60085069.02	-1.53	917.50
2005-06	5502735.52	-19.01	61642692.10	2.59	1120.21
2006-07	5443596.66	-1.07	61465415.31	-0.29	1129.13
2007-08	5188697.39	-4.68	60829728.31	-1.03	1172.35
2008-09	12807121.86	146.83	29850267.77	-50.93	233.07
2009-10	13234145.30	3.33	31763105.50	6.41	240.00
2010-11	14391511.16	8.74	41327591.50	30.11	287.17
2011-12	14416282.88	0.17	48485364.29	17.32	336.32
2012-13	15320950.26	6.27	58236499.29	20.11	380.11
Mean	10044953.81	126.8	51470696.61	2.50	661.9
S.D	3988608.8	46.77	463378894	21.41	307.93

Source: Annual reports of DCCBs

Table 1 shows the deposits collecting by DCCB, Paderu during 2003-04 to 2012-03. During the year 2003-04 the Deposits are registered Rs.7595773.94 Lakhs it has been increased to Rs. 15320950.26 Lakhs in 2012-13.The mobilization of deposits have been increased gradually during the study period, and the average deposits mobilized by bank is 10044953.81. The deposits trend provided shows a fluctuating in the during period of study. The highest growth rate of deposits is 146.83 was recorded with 12807121.86 during the year 2008-09.

Whereas credit deployment of DCCBs in Visakhapatnam Paderu Rs.61021233.09 lakhs in 2003-04, it has been decreased of 58236499.29 lakhs in the year 2012-13. The average credit issued by the banks is Rs. 51470696.61 lakhs. It can also be seen from the table that the amount of loans have gone through various ups and down during the last ten years i.e. 2003-04 to 2012-13. The highest negative growth rate of -50.93 was recorded with 298850267.77 during the year 2008-09. These banks are Service oriented institutions which supply Credits to industry, mainly agriculture in the form of loans and advances for their smooth functioning.

While, the proportion of the Credit deployed to the deposit mobilized, popularly known as C/D Ration, is one of the Parameter to assess the performance of a bank. The C/D Ratio of a bank in general, indicates the extent to which the depositor's money is invested in credit. The Credit Deposit Ratio of DCCBs from 2003 to 2013 is shown a fluctuating trend. The highest C/D Ratio of the banks estimated with 1172.35% in 2007-08 and the lowest C/D Ratio % is recorded in the year 2008-09. The S.D is 307.93 which is very less it indicates high degree of uniformity of observations as well as homogeneity of the series.

SELF HELP GROUPS (SHGs)

India's microfinance industry has been a topic of government policy since the 1960s. After the failure of cooperatives that facilitated extending subsidized credit to villagers, the government focused more on the nationalization of banks from 1960 to 1990 and established the Regional Rural Banks and apex institutions such as the National Bank for Agriculture and Rural Development (NABARD). From 1990 to 2000, the NABARD initiated the Self-Help Group Bank Linkage Programme to connect informal women's groups to formal banks. The program helped the banks boost outreach to the poor, and credit was extended significantly. Microfinance through Self Help Groups (SHGs) has become an important vehicle to meet the savings and credit needs of the poor, especially women in rural areas.

- **WOMEN- AN IMPORTANT SEGMENT FOR FINANCIAL INCLUSION**

The very fact that almost 50% of the world (49.66%) and Indian (48.45%) population comprises of women, it becomes imperative to financially empower women so as to enable them to make meaningful contributions towards the development of the economy. The problem of financial empowerment becomes even graver when it comes to poor women which again are a sizeable population in India as well as in the other Developing nations. No Developing nation can actually think of progressing economically by excluding its women population. To add to the woes the socio-economic environment of such countries has always been causing great impediments to involving the women in economic activities.

- **SHGs - COOPERATIVE BANK LINKAGE**

The growth of SHG linkage across all banks has not only been dramatic in the last four or five years, but has also been remarkably uneven. The better-off states, mainly in the South, have dominated the linkage programme, while the states in the poorer North and East of India, where it is so much more needed in the struggle against poverty, have lagged behind. The same weaknesses that constrain development in general Seem to have constrained SHG linkage too.

There are some States where the overall SHG linkage is poor, when related to the total population, or to the rural poor population, but where the co-operative banks have performed relatively well. Thus the performance of the DCCBs varies widely from state to state. In order to target promotional resources effectively, it is necessary to search for common features in those DCCBs which are particularly successful in SHG linkage. Banks, which share these features but are not successful, may be the strongest candidates for assistance to improve their position.

GROWTH PERFORMANCE OF SHGS - DCCB PADERU

TABLE 2: PROGRESS OF SELF HELP GROUPS IN DCCB, PADERU (Amount in Rupees)

Financial Years	No. of SHGs	Amount	Growth rate amount of SHGs
2003-04	115	518961.00	--
2004-05	135	570357.00	9.90
2005-06	208	2076218.00	264.00
2006-07	256	1814748.00	87.41
2007-08	256	1291610.00	-12.59
2008-09	143	1189320.00	-7.92
2009-10	105	1356545.00	14.06
2010-11	94	1046911.00	-22.82
2011-12	85	1103252.79	5.38
2012-13	85	1169507.79	6.00
Mean	148.2	1166836.5	40.29
S.D	65.86	883719.41	85.22

Source: Annual reports of DCCBs

It is evident from the above table which reveals the progress of SHGs in DCCB, Paderu that the No. of SHGs accounts have started at 115 accounts with an amount of Rs. 518961 during the year 2003-04 and have gone up to as high as 256 accounts with Rs. 1814748.00 with growth rate of SHGs amount is 87.41

during the year 2006-07 and has fallen to as low as 85 accounts with Rs. 1169507.79 and a growth rate of 6.00 during the year 2012-13 which happen to be a notable event.

The highest growth rate of the SHGs estimated with 264.00 in 2005-06 and the lowest growth rate -7.92 is recorded in the year 2008-09. The S.D is 85.22 which is it indicates low degree of uniformity of observations as well as heterogeneity of the series.

SUGGESTIONS AND RECOMMENDATIONS

- It was clear from the study that there has been a decrease in the deposits in the bank which is evident from the table no 1. So in order to raise the deposits of the bank it has to come up with attractive scheme and proper communication of that schemes should be done so that the people come to know about it and also provision should be made for opening different types of accounts by the deposits.
- The loan operation of the DCCB, Paderu branch did not progress in an appreciable manner. For this purpose, this branch should come out of the traditional lending operations, i.e., Gold loans operation, Agricultural loan operations etc., and should find new avenue for investment.
- The branch should reorient their loan pattern system. Loans should be given in installments and there should be a proper linkage between disbursement and repayment of loans with sowing and harvesting seasons.
- In order to improve rural inclusion through different bankable services like low cost loans to BPL peoples, they can provide micro-insurance along with the bank account which increase the willingness of using bank services by the customers.
- Wide publicity and strictly implementing the concept of Financial Literacy and Credit counseling to educate the public in proper utilization of financial services offered by the DCCB, Paderu.

CONCLUSION

The financial performance of the District Central Co-operative banks in Visakhapatnam, paderu is analyzed using different statistical techniques. From the above analysis, it is concluded that the growth of DCCBs and SHGs have negative trend up to certain period later there is negligible positive. The cooperative banks have been maintaining on an average 78.15% of C/D ratio. The highest growth rate of the SHGs estimated with 264.00 in 2005-06 and the lowest growth rate -7.92 is recorded in the year 2008-09. The SHGs groups slowly fall down during the period. It is Suggested that government should formulate specific policies and they should be implemented for the upliftment of District Central Cooperative Banks in Visakhapatnam DCCB particular rural areas. DCCBs should try to upgrade technology and should formulate customer friendly policies to face competition with commercial banks.

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