



Operational and managerial effectiveness of primary cooperative agricultural and rural development banks in Palakkad district

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Abstract

Primary Cooperative Agricultural and Rural Development Banks were the pioneers in providing investment credit for agriculture and rural development. The basic task of these banks are to develop agriculture sector, which is the main occupation of majority of people and one of the major contributors to national income. However, at present due to various reasons these banks are confronted with problems, the operational and managerial problems faced by these banks had considerably affected the profitability too. Hence the study aims at studying the operational and managerial effectiveness in Palakkad district of Kerala with special reference to Alathur PCARDB. The study was conducted from the perspective of board of directors and the employees of the bank. It was found that from the point of view of the Board of Directors the only major obstacle for the banks was increasing overdue over the years whereas, from the employees opined that the bank faced certain administrative, functional, structural and human resource related issues.

Keywords: administrative problems, functional problems, structural problems, human resource related problems

1. Introduction

Agriculture scenario in the country is featured by the domination of small and marginal farmers who depends heavily on availability of resources and inputs, of which credit is vital component. Credit is an accelerator in the agricultural development and is a temporary plan for linking the gap between the requirement of resources and the stock of resources available with the farmers for investment. Not only small and marginal farmers, even large farmers need credit for purchase of off-farm inputs like hybrid seed, agricultural implements, fertilizers, plant protection chemicals, etc. However, the accessibility of the farming community to institutional sources of credit is a cause of concern. In fact, this forced the small and marginal farmers to resort to non-institutional credit sources like money lenders, traders, landlords etc. Taking advantage of the situation, they exploited the farmers by charging high interest rate and adopting fraudulent practices in lending. However, in order to tackle this problem, government devised various reforms to support the deprived agriculturalists.

The slow tempo of agricultural production was causing concern to the government and after much discussion and deliberations; a new agency for providing credit to farmers came into existence in 1904 in the form of co-operatives when the Co-operative Credit Societies Act, 1904 was passed. The small, local, locally worked institutions, cooperative in form, which would satisfy the postulates of proximity, security and facility for providing credit, were seen as the answer to this situation. Later, to address the deficiencies of the 1904 Act, the Cooperative Societies Act, 1912 was enacted. Subsequently, events during both pre and post-independence period led to accelerated growth of cooperatives covering various sectors of the Indian economy. "The Rural Banking Enquiry Committee" (1950)

headed by Purushottam Thakur Das in his report took the note about the machinery for rural credit and recommended that attention should be concentrated on building up the institutional machinery for rural credit. Subsequently, the innovations in agricultural technologies paved way for vast potentialities for agricultural development. Currently, the long term credit has been viewed as essentially a vigorous credit in such a way that it supports the farmer to create assets on land, thereby augmenting his output which subsequently adds to the agricultural production of the country. Cooperative banking in Kerala has a twofold structure. Urban areas served by the Urban Cooperative Banks and rural areas served by two wings of Cooperative Banks viz., one that extends the short-term production credit and the other extending the long-term investment credit. The short-term cooperative credit structure have a three tier structure comprising State Cooperative Banks at the apex level, District Cooperative Banks at the district level and Primary Agricultural Credit Societies at the grass root level. The long term cooperative credit structure have a two tier structure comprising of the State Cooperative Agricultural and Rural Development Bank (SCARDB) at the state level and Primary Cooperative Agricultural and Rural Development Banks (PCARDBs) at the Taluk level.

2. Materials and Methods

The study was conducted at Alathur PCARDB of Palakkad district selected based on the highest number of loan disbursed during the year 2015-16. The study was exclusively based on the primary data collected from the board of directors and employees of the Bank collected during the year 2019 using pre-tested structured interview schedule. A population of 33 board of directors and 50 employees were interviewed. Both closed ended and open ended questions were included in the survey schedule. The

responses were plotted on a five point Likert scale viz., Strongly Agree, Agree, Moderately Agree, and Disagree and, Strongly Disagree. The scores assigned to the scale of rating were 5, 4, 3, 2 and, 1 respectively. Based on the index obtained, the results were compared to a standard derived

Scores Obtained	Problems/Constraints Category
0 - 20	Negligible
21 - 40	Tolerable
41 - 60	Risk
61 - 80	Severe
81 - 100	Chronic

Additionally, secondary data collected from various websites and journals were also used for substantiating and supporting the study where ever necessary. The study was analysed with the help of statistical tools viz., percentages and indices.

3. Statement of the problem

The cooperative banks and its crucial role in satisfying the socio-economic necessities of the farming community has been duly recognized and accepted by the present economic environment of the country as well as the state.

The Primary Cooperative Agricultural and Rural Development Banks were the forerunners in providing investment credit for agriculture and were started primarily for this purpose. PCARDBs have been apportioned a lively role in agricultural development of our country. It is known that various programmes of the government are being implemented in the agricultural sector through the branches of these banks. The basic task of these banks were to develop the agriculture sector, which is the main occupation of the majority of people in our country and a major contributor to national income. However, these banks are confronted with a lot of problems recently. A good number of them are incurring loss besides mounting overdues. (Annual Report, RBI, 2015).

Report of the Task Force on Revival of Rural Co-operative Credit Institutions (Long-term) (Vaidyanathan, 2006) pointed out various reasons behind the impairment in long-term co-operative credit structure. These banks usually had an ageing staff profile characterised by inadequate professional qualifications and low levels of training. Further, poor housekeeping, weak internal controls and systems, absence of asset-liability management also hampered effective management. Limited membership owing to limited investment credit needs of farmers, large area of operation entailing high transaction costs, difficulties faced by existing borrowers to meet their credit needs from a single point etc. were some of the operational issues faced by these banks. The declining agricultural operations in the state and the lack of demand for agricultural credit made the PCARDBs to lend for non- agricultural operations though it was not their mandatory function. Moreover, the interest rates charged by the PCARDBs are not at all competitive and results in dwindling demands for long-term loans. Even in the case of existing loans, the bank faces the threat of takeover by the other lending agencies. Hence, the study aims at examining the operational and managerial problems faced by Alathur PCARDB.

4. Scope of the study

The factors contributing to the strong and weak performance of the banks could be identified and will help to suggest measures for maintaining the performance as well as to devise methods to check malfunctioning. Further, the study will also help to understand the existing human resource environment of the banks and to suggest measures for improvement, if any. Moreover, the study will identify the operational and managerial issues associated with the functioning and management of the bank.

5. Objective

To study the operational and managerial problems of Alathur Primary Cooperative Agricultural and Rural Development Bank of Palakkad district of Kerala.

6. Review of literature

Report of the Task Force on Revival of Rural Co-operative Credit Institutions (Long-term) (Vaidyanathan, 2006) pointed out reasons behind the impairment in Long-Term Co-operative Credit Structure. The banks usually have an ageing staff profile characterized by inadequate professional qualifications and low levels of training. Further, poor housekeeping, weak internal controls and systems, absence of asset-liability management techniques also hamper the effective management. Limited membership, owing to limited investment credit needs of farmers, large area of operation entailing high transaction costs, the difficulties faced by existing borrowers to meet their credit needs from a single point etc are some of the operational issues faced by these banks.

Selvaraj and Sankaravadivoo (2007) ^[7] in their study of Obstacles and Options before Co-operative Agricultural and Rural Development Banks stated that the major obstacles affecting the performance of the banks are high lending interest rate, improper management of NPAs, prudential norms introduced in the banking sector, guarantee fee charged from ARDB by State and Central government, poor loan repayments, lack of professional management and restrictions in co-operative law.

Ravindran (2013) ^[5] in his study "Rural Financial System in India and Challenges before Cooperative Long Term Credit Structure" analyzed the overall development of cooperatives. He pointed out the relevancy of the statement mentioned by All India Rural Credit Survey Committee that agricultural credit fell short of the right quantity, was not of the right type, did not serve the right purpose and failed to go to the right people. He added, the complete dependence of long term cooperative credit structure on external funds has affected considerably their ability to meet the growing credit needs of members. Similarly, due to their restrictions in the statute as well as resource constraint, the structure is not able to enhance the working capital or production credit to investment credit. Author had also suggested that the resource base of the cooperatives need to be strengthened to improve credit availability to poorer sections of farmers.

Kavitha (2015) in her study "Struggle for the Survival of long term cooperative credit institutions" attempted to study the financial health of long term cooperative credit institutions in the country for a period of seven years from 2005 to 2012.

The study pointed out that the long term credit institutions play an imperative role in rural development viz., agricultural growth. However, in spite of enormous requirement of long term credit, the condition of the banks were not satisfactory which can be attributed to misutilization of loans, political interference, writing off loans and interest, and dependence on refinance facility. The overall gist of the study inferred that growth of loans and advances were not satisfactory. The imperative findings of the study were higher NPA to loan ratio, persistent excess of expenditure over income i.e. declining net profit ratio, and increasing number of institutions incurring loss. Finally, the study concluded that it would be very difficult for banks to survive in this worst situation, though existence of long term credit cooperatives are essential for the revival of rural economy.

7. Results and Discussion

The operational and managerial problems was examined from the perspective of the Board of Directors and the employees. From the directors perspective the problems was studied under four heads viz., administrative problems, functional problems, structural problems and human resource related problems. The administrative problems were further subdivided as problems related to board meeting, problems related to general body meeting and problems related to audit. In the same way from the employee’s perspective it was studied under the heads viz., administrative problems, functional problems, structural problems and human resource related problems. The responses/opinion of the board of directors and employees on the operational and managerial problems prevailing in the bank was analysed, interpreted and presented in the following section. As a prelude to the discussion, the definition of each category of problem is discussed below:

Administrative problems related with board meeting: The sum total of duties and activities performed by board of directors of a cooperative bank to fulfill the aspirations of the general body can be termed as administration. Any hurdles that comes in the process of administration are considered as administrative problems for the present study.

Administrative problems related with general body meeting: General Body, which is the supreme authority of a cooperative organisation consisting of its members meets annually, commonly known as “general body meeting” to decide upon the policies and programmes of the bank. The general body meeting and its conduct often results in certain problems that may considerably affect the authority and

administration of the bank.

Administrative problems related with audit: Auditing is the process of examining an organisation’s financial records to determine whether they are accurate and in accordance with applicable rules, laws and bye-laws. Such problems considerably affects the administration of the bank.

Functional problems: The cooperatives have thrived in the un-banked rural outback of the country for over a century. But their reach and functions vary between co-operatives. Obstacles and hurdles that hinders in the proper functioning of the bank can be termed as a functional issue.

Structural problems: Structure is the framework within which an organistaion functions. There are internal as well as external factors that may either support or may hinder the framework. Problems that affect the formal structure of a cooperative organisation which affects its business operations and profitability can be termed as structural problems of a bank.

Human resource related problems: Human resource management of a bank is used to describe both the people who work for a bank and the responsibility of the bank in managing issues related to the employees. To acquire skilled, experienced and responsible employees is a challenge before the cooperative banks. Moreover, sustaining the working spirit of existing employees is yet another task before the banks.

7.1 Operational and managerial problems of the bank perceived by Board of Directors

7.1.1 Administrative problems perceived by Board of Directors

Administrative problems perceived by Board of Directors were classified into three and studied in detail. The findings are discussed in the following section.

- a. Administrative problems related with Board meeting
- b. Administrative Problems related with General Body meeting
- c. Administrative problems related with Audit

Administrative problems related with Board meeting perceived by Board of Directors

Board of Directors, the panel of elected owner-users who often meets together fortnightly commonly called “Board meeting” act as a policy making body, owns the financial responsibility, deals with bank’s business, create policies governing the appointment and duties of Board officers, deals with employee compensation etc faces certain problems that hinders the policies of the Board.

Table 1: Administrative problems related with Board meeting perceived by Board of Directors

Sl. No	Statements	Alathur	
		Score	Index
1	Board meetings are not conducted regularly	18	30
2	Notice for Board meetings not received in time	18	30
3	Agenda for the Board meetings not intimated in advance	21	35
4	Documents for deliberations in Board meetings not circulated in advance	21	35
5	Board meetings usually resorted to ad hoc decisions	22	37
6	Board meetings were suspended due to insufficient quorum	21	35
7	Board meetings were conducted even without quorum in exceptional cases	21	35
8	Board meetings were inconclusive of agenda of meetings	22	37
9	Seldom involve in day to day managerial issues of the bank	24	40
10	Seldom monitor the implementation of decisions of Board meeting	24	40
	Composite Index	212	32

Source: Compiled from primary data

From the table, it is clear that the composite index was found to be 32 and none of the statements fell in the category 41-60 (risk), 61-80 (severe) and 81-100 (chronic) which means that no major administrative problems related to Board meeting exists in the bank in the opinion of Board of Directors. All the statements belonged to the category 21-40 which states that the problems existing in the bank were ‘tolerable’. In other words, administrative problems related to the Board meeting were within tolerable limit such that Board meetings are conducted regularly, notice of the meeting is received in time, agenda is intimated in advance, information for deliberations in Board meetings are

circulated in advance, Board meetings does not resort to ad hoc decisions nor was suspended due to insufficient quorum nor conducted without quorum in exceptional cases, agenda in the meeting is always concluded, there is frequent involvement in day to day managerial problems of the bank, and decisions of the Board meeting are implemented without fail. Thus, it is understood the bank is led by a panel of Board of Directors who were scrupulous in carrying out meetings and is well-organised.

Administrative Problems related with General Body perceived by Board of Directors

Table 2: Administrative Problems related with General Body perceived by Board of Directors

Sl. No	Statements	Alathur	
		Score	Index
1	GB meetings are not conducted regularly	24	40
2	Failed to circulate GB notice in time	24	40
3	Agenda for the GB meetings not intimated in advance	24	40
4	Documents for deliberations in GB meetings not circulated in advance	24	40
5	Occasional attendance in the GB meetings	24	40
6	Rare involvement in discussions in the GB meetings	24	40
7	GB meetings usually resorted to ad hoc decisions	24	40
8	GB meetings were suspended due to insufficient quorum	24	40
9	GB meetings were conducted even without quorum in exceptional cases	24	40
10	GB meetings were inconclusive of agenda meetings	24	40
11	Delay in implementing decisions of GB	24	40
	Composite Index	264	37

Source: Compiled from primary data

It is very clear from the table that for Alathur bank all statements fell in the category 21-40, which states that problems in the banks are ‘tolerable’. It is understood from the opinion of the Board that general body meetings were conducted regularly, notices were circulated on time, agenda for the general body meetings were intimated in advance, regular involvement of Directors in discussions in the general body meetings, general body meetings were usually resorted to detailed discussions, there was no suspension of

general body meetings due to insufficient quorum, no general body was conducted without quorum, no general body concluded without completing the agenda of the meeting, and there was no delay in implementing the general body decisions as well.

Administrative problems related with audit perceived by Board of Directors

Table 3: Administrative problems related with audit perceived by Board of Directors

Sl. No	Statements	Alathur	
		Score	Index
1	Delay in conducting annual audit	23	38
2	Delay in rectification of audit defects	24	40
3	Down gradation of audit classification of the Bank	22	37
4	Inquiry was ordered based on audit report/other reasons	24	40
	Composite Index	93	39

Source: Compiled from primary data

From the indices of selected bank, it is understood that all statements were in the category of 21-40 which means that the problems related with audit existing in the bank were ‘tolerable’. The Board of Directors of the selected banks either disagreed or strongly disagreed all the statements mentioned above. It was found that there was no delay in conducting the audit by the banks nor rectification of audit

defects, audit classification of the bank was not relegated and no inquiry was ordered based on any observations in the audit report. Thus, it is understood that the selected bank successfully carries out the audit processes.

7.1.2 Functional problems perceived by Board of Directors

Table 4: Functional problems perceived by Board of Directors

Sl. No	Statements	Alathur	
		Score	Index
1	Untimely issue of loans and procedural delays in loan issue	22	37
2	Inadequate loan appraisal and credit planning	24	40
3	Absence of post loan monitoring/supervision	22	37

4	Mounting of NPA	48	80
5	Delay in initiating legal proceedings against defaulters	24	40
6	Non-execution of incentives for prompt repayment	24	40
7	Absence of serving reminders/notice for repayment of the loan	24	40
8	Absence of charging penal interest on defaulters	24	40
9	No action initiated against diversion of loan	24	40
	Composite Index	236	44

Source: Compiled from primary data

It is clear from the table that “Mounting NPA” which fell under the category 61-80 was the ‘severe’ functional problem faced by the bank. All other statements were under the category 21-40 which is ‘tolerable’. It is understood from the opinion of Board of Directors that, loan were issued timely without procedural delays, there was adequacy in loan appraisal and credit planning, bank had suitable post loan supervision, no delay was observed in initiating legal

proceedings against defaulters and penal interest was levied on defaulters to discourage willful default, borrowers were served with notice for repayment with incentives were given for timely prompt repayment, and finally suitable actions were initiated against the borrowers who diverted the loan.

7.1.3 Structural problems perceived by Board of Directors

Table 5: Structural problems perceived by Board of Directors.

Sl. No	Statements	Alathur	
		Score	Index
1	Unethical and poor management practices	20	33
2	Heavy dependency on government capital rather than shareholder’s contribution	24	40
3	Lack of modern management techniques and absence of MIS	21	35
4	Restrictive laws	24	40
5	Existence of multiple regulations	24	40
6	Existence of govt. waiver schemes	24	40
7	Corruption and corrupt practices	24	40
8	Attrition	24	40
9	Bureaucracy in administration of cooperatives	24	40
10	Predominance of vested interest of a particular person or class	24	40
11	Over politicization and excess government control	24	40
12	Absence of regular performance appraisal of employees	24	40
	Composite Index	281	39

Source: Compiled from primary data

It is clear from the table that in case of Alathur bank, all problems has fell under the ‘tolerable’ category. From the opinion of the Board of Alathur bank, it is understood that bank followed ethical and good management practices. Though it depends on funds from government, the bank implements modern management practices and MIS. The bank has unrestricted structural laws but there is the existence of multiple regulations which may hamper the smooth functioning of bank. In addition to that, there is the

existence of government waiver schemes, bank follows uncorrupt practices, fill vacant posts and follows democratic administration. There is no dominance of vested interest, have less political and government interference and there occurs the follow up of performance appraisal of employees of the bank.

7.1.4 Human Resource related problems perceived by Board of Directors

Table 6: Human Resource related problems perceived by Board of Directors

Sl. No	Statements	Alathur	
		Score	Index
1	Employees do not addresses the grievances raised by the members	24	40
2	Employees do not motivate member participation in business	22	37
3	Disinterest to manage performance of employees consistently	24	40
4	Low employee participation in both business & management	24	40
5	Employees meeting were not convened in emergency situations	24	40
	Composite Index	118	39

Source: Compiled from primary data

It is clear from the table that all the problems had fell in the range of 21-40 which states that the human resource problems confronted by the Bank were ‘tolerable’. The Board of Directors of the bank was of the opinion that employees are constantly motivated by the management to participate in the business. Likewise, the grievances raised by members are always addressed by the employees. The management of the bank manages the performance of the

employees and ensure that they always participate in business activities of bank. Similarly, the employee meetings are always convened in emergency situations.

7.2 Operational and managerial problems of the bank perceived by employees

The operational and managerial problems faced by the banks perceived by employees are analysed under various

heads as follows:

7.2.1 Administrative problems perceived by employees

Table 7: Administrative problems perceived by employees

Sl. No	Statements	Alathur	
		Score	Index
1	GB meetings are not conducted regularly	30	32
2	Special GB are not convened in emergency situations	47	49
3	Delay in conducting Board meetings	37	39
4	Delay in implementing Board decisions	35	37
5	Domination of Board curtails operational freedom	36	38
6	Delay in conducting annual audit	37	39
7	Delay in rectification of audit defects	36	38
8	Down gradation of audit classification of the Bank	37	39
9	Competition from other financial intermediaries	75	79
10	Impact of demonetization	78	82
11	Low promotion for stakeholders' interest	42	44
12	Manipulation in record keeping	40	42
13	Lack of transparency in financial statements	37	39
14	Bureaucracy associated with the administration of cooperatives	34	36
	Composite Index	601	45

Source: Compiled from primary data

In the opinion of the employees the ‘chronic’ problem of Alathur bank was “impact of demonetisation” which had an index of 82. Besides, demonetisation and its aftermath have acquired inevitable political overtones in Kerala that had resulted in unnerving of cooperative banks. “Competition from other financial intermediaries” was a ‘severe’ problem confronted by the Bank with an index of 79. Other financial agencies, especially commercial banks which are enriched in net banking, mobile banking, online banking etc posed

serious threat to the PCARDSs. The other problems in the ‘risk’ category were “special GB are not convened in emergency situations”, “low promotion for stakeholders’ interest” and “manipulation in record keeping”, which the bank has to consider very seriously and address at the earliest. Rest of the problems were within ‘tolerable’ limits.

7.2.2 Functional Problems perceived by employees

Table 8: Functional Problems perceived by employees

Sl. No	Statements	Alathur	
		Score	Index
1	High interest on loans	64	67
2	Improper documents produced by farmers with loan application	45	47
3	Delay in verification of documents	39	41
4	Untimely issue of loans and procedural delays	41	43
5	Inadequate loan appraisal and credit planning	38	40
6	Absence of post loan monitoring/supervision	39	41
7	Mounting of NPA	73	77
8	Delay in initiating legal proceedings against defaulters	49	52
9	Non-execution of incentives for prompt repayment	49	52
10	Absence of serving reminders/notice for repayment of the loan	40	42
11	Absence of charging penal interest on defaulters	44	46
12	No action initiated against diversion of loan	49	52
13	Existence of govt. loan waiver schemes	58	61
	Composite Index	628	51

Source: Compiled from primary data

The composite index was calculated to be 51 for the bank. “Mounting NPA” (Index 77), “high interest on loans” (Index 67) and “existence of govt. loan waiver schemes” (Index 61) were the ‘severe’ functional issue faced by Alathur bank, which needs immediate remedial actions. However, for the severe problems mentioned above, corrective action could be initiated by the bank only for reduction of the overdues because the other two viz., interest

on loan and loan waiver schemes are prerogative of the government, which the bank has no control. Rest of the problems were in the ‘risk’ category 41-60, except one “inadequate loan appraisal and credit planning” which was a ‘tolerable’ problem.

7.2.3 Structural Problems perceived by employees

Table 9: Structural Problems perceived by employees

Sl. No	Statements	Alathur	
		Score	Index
1	Weak capital base	53	56

2	Inadequacy of resources for business growth	57	60
3	Poor quality of work environment	44	46
4	Infrastructural weaknesses	48	51
5	Absence of financial discipline	54	57
6	No diversification of business	56	59
7	Limited avenues for investment	61	64
8	Low deposit mobilisation	70	74
9	Lack of modern practices of banking	81	85
10	Absence of technological up gradation	80	84
11	Absence of modern management techniques and MIS	81	85
	Composite Index	685	66

Source: Compiled from primary data

It is clear from the table that the composite index was registered at 66. Three problems, namely “lack of modern practices of banking”, “absence of modern management techniques and MIS” and “absence of technological upgradation” were ‘chronic’. Alike commercial banks, PCARDBs should also follow the modern banking and management practices because both these banks function in the same environment. Similarly, two problems namely, “limited avenues for investment” and “low deposit mobilisation” were problems in ‘severe’ category. The Kerala Cooperative Societies Act, 1969 restricts PCARDBs from investing excess funds in avenues other than apex cooperatives and to utilise the deposits mobilised from its

members, which is a severe problem in carrying out banking operations. Rest of the problems were in ‘risk’ zone viz., “weak capital base”, “inadequacy of resources for business growth” “poor quality of work environment”, “infrastructural weaknesses”, “absence of financial discipline” and “lack of diversification of business”. Thus, it is understood from the study that the structural problems faced by the Alathur bank were in the severe, chronic and risk categories, which is a cause of concern and to be addressed at the earliest.

7.2.4 Human resource related problems perceived by employees

Table 10: Human resource related problems perceived by employees

Sl. No	Statements	Alathur	
		Score	Index
1	Absence of specialised staff	56	59
2	Lack of professional skills	55	58
3	Staff paucity and employee overburden	68	72
4	Over aged staff	44	46
5	Lack of staff training programmes	38	40
6	Absence of good work culture & commitment	46	48
7	Inadequate staff for field supervision and loan appraisal	44	46
8	Delayed promotions	41	43
9	Absence of regular performance appraisal of employees	43	45
10	Poor interpersonal relations	44	46
11	Low level of employee satisfaction	37	39
12	Low level of employee identification	38	40
13	Increasing employee apathy	49	52
14	Low employee participation	51	54
15	Employees rarely addresses the grievances raised by the members of the bank	46	48
16	Employees hardly motivate member participation in business	54	57
	Composite Index	754	50

Source: Compiled from primary data

The composite index was 50 for the sample bank where the major human resource problem was “staff paucity and employee overburden” with index in between 61-80 ranked as ‘severe’. Individuals with high levels of skills and standards in performing the duties entrusted to them are prime assets of the bank and therefore bank should initiate in filling the vacancies and thereby reduce the employee overburden. Other problems such as overaged staff, absence of good work culture and commitment, inadequate staff for field supervision and loan appraisal, delayed promotions, absence of regular performance appraisal of employees and poor interpersonal relations were included in the ‘risk’ category of 41-60. Problems in ‘tolerable’ category were “lack of staff training programmes”, “low level of member satisfaction” and “low level of member identification”.

8. Conclusion

The objective of the study was analysed and interpreted from the perspective of employees and Board of Directors. From the study, it was found that the Board of Directors opined that the only major obstacle for the banks was increasing overdue over the years and there were no administrative, functional, structural and human resource related problems faced by the banks. However, the employees opinion was totally different from that of the Board which concluded that the major problems faced by banks were “absence of technological upgradation”, “lack of modern practices of banking” “absence of modern management techniques and MIS” as structural problems, “mounting NPA”, “high interest on loans” “existence of govt.

loan waiver schemes” as functional problems “competition from other financial intermediaries” and “impact of demonetisation” as administrative problems and “absence of specialised staff”, “lack of professional skills” and “staff paucity and employee overburden” as human resource related problems. Therefore, it is suggested to tackle down the problems by adopting suitable management practices especially, the Committee recommendations given by Prof. Dr. Vaidyanathan (Report of the Task force on Revival of Rural Cooperative Credit Institutions (Long-Term)).

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