



Research Paper

Cost of management in DCCBs of Konkan region of Maharashtra

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ABSTRACT : Increasing commercialization and diversification through the use of modern technologies have enhanced the credit need in the agriculture sector. The district Central Co-operative banks in Konkan region have played a significant role in providing short and medium term loans to farmers. The evaluation of DCCB wise performance during different time period with respect to cost of management to working capital and per employee was examined. The study is based on secondary data obtained from all four DCCBs in Konkan for 20 years period. It has revealed that total cost of management was highest observed in Ratnagiri DCCB. Growth in total cost of management decreased in Raigad and Ratnagiri DCCB in period II while it was increased in Thane and Sindhudurg DCCB. The percentage share of expenditure on salaries at the region level accounted for 55.78 per cent in base year, which increased to 69.31 per cent at terminal year. Proportion of cost of management to working capital, showed a declining trend in all the DCCBs, it is the good sign for better performance in future. Per employee total cost of management increased in II decade period as compared to Ist period except Sindhudurg DCCB.

KEY WORDS : Cost of management, Composition, Working capital, Growth

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INTRODUCTION

Agricultural credit is very important instrument in facilitating the process of agricultural development and there by initiating the growth of rural economy. Agriculture is being modernized adoption of modern technology for the diversification of agriculture, which involved the use of productive inputs such as HYVs, irrigation, fertilizer and pesticides due to this additional investments in the agricultural sector has become imperative. Increasing commercialization and diversification through the use of modern technologies have enhanced the credit need in the agricultural sector. The district Central Co-operative Banks in Konkan have played a significant role in providing crop loans and medium term loans to farmers. These banks also provide non-agricultural loans. One of the serious problems affecting the performance of DCC bank is the increasing cost of management. In this context, present study was carried out to evaluate DCCB wise performance during different time periods with respect to cost of management and proportion of cost of management to

working capital and per employee in Konkan region.

MATERIALS AND METHODS

The study is based on secondary data obtained from 4 DCCBs in Konkan for the period of last 20 years i.e. from 1990-91 to 2009-10. Data were obtained from the published data of NAFSCOB, annual reports of the DCCBs, progress reports and other records of the banks. The DCCB wise and period wise performance in respect of growth in total cost of management was studied with the help of compound growth rate. The annual compound growth rates were estimated for three different periods viz.,

Period I – 1990-91 to 1999-00 (Idecade)

Period II – 2000 – 01 to 2009 – 10 (II decade)

Period III – 1990-91 to 2009-10 (Entire period)

The DCCB wise and period wise cost of management per DCCB and their compositions were estimated for the base year (1990-91) and terminal year (2009-10) with the help of ratios, averages and percentages.