

**DISSERTATION
ON
PERFORMANCE ANALYSIS OF FARMERS SERVICE COOPERATIVE
SOCIETIES OF SINGANAYAKANAHALLY AND KENGERI IN BENGALURU
DISTRICT OF KARNATAKA**

A Dissertation submitted for impartial fulfilment of the requirement for the award of the for
54th PGDCBM Course at VAMNICOM, PUNE

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CONTENTS

	PAGE NO'S
ACKNOWLEDGEMENT-----	02
CERTIFICATE -----	03
DECLARATION -----	04
EXECUTIVE SUMMARY -----	05
LIST OF TABLES -----	06
LIST OF FIGURES -----	07

CHAPTER	TITLE OF THE CHAPTER	PAGE NO'S
I	Introduction and Design of the Study	8-18
II	Profile of Farmers Service Cooperative Society, Kengeri and Singanayakanahally, Bengaluru District of Karnataka	19-24
III	Growth of Farmers Service Cooperative Society, Kengeri and Singanayakanahally	25-38
IV	Performance of Farmers Service Cooperative Society, Kengeri and Singanayakanahally	39-50
V	Profitability Analysis of Farmers Service Cooperative Society of Kengeri and Singanayakanahally	51-56
VI	Summary, Findings and Conclusions	57-61
References		62-62

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CERTIFICATE

This is to certify that the Dissertation entitled “**Performance Analysis of Farmers Service Cooperative Societies of Singanayakanahally and Kengeri in Bengaluru District of Karnataka**” is an original research work carried out by Dr. M. Jayaprakash under my guidance and supervision. No part of this work has been submitted for any other degree earlier.

Date: 28.02.2022
Place: Pune

Dr. Manish Paliwal

DECLARATION

I hereby declare that the dissertation entitled “**Performance Analysis of Farmers Service Cooperative Societies of Singanayakanahally and Kengeri in Bengaluru District of Karnataka**” is the outcome of research work carried out by me under the guidance of Dr. Manisha Paliwal, Professor, Vaikunth Mehta National Institute of Cooperative Management, Pune, Maharashtra. I further declare that this dissertation has not been submitted previously for the award of any degree either in this Institute or any other Institute.

Date: 28.02.2022
Place: Bengaluru

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EXECUTIVE SUMMARY

Performance Analysis of Farmers Service Cooperative Societies of Singanayakanahally and Kengeri in Bengaluru District of Karnataka

Research Supervisor: **Dr. Manisha Paliwal**

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The Cooperative sector plays a vital role in the economic development of the country and hence it has been recognised as an integral part of our national economy. The Cooperative movement, which is the largest Socio-economic movement in the world, has contributed significantly to the alleviation of poverty, creation of productive employment as well as the enhancement of social integration in the country.

The study is based on secondary data collected from Kengeri Farmers Service Cooperative Society and Singanayakanahally Farmers Service Cooperative Society in Bengaluru District of Karnataka during the period from 2014-15 to 2020-21. Farmers Service Cooperative Society of Kengeri and Singanayakanahally business activities, analysis of growth, performance, and profitability has been studied during the study period. Primary data analysis is also done based on primary information collected from beneficiaries in Kengeri FSCS and Singanayakanahally FSCS in the year 2020-21.

Based on the existing literature survey objectives were formed for the study. To examine the growth of Farmers Service Cooperative Society of Kengeri and Singanayakanahally, To analyse the performance of Farmers Service Cooperative Society, Kengeri and Singanayakanahally, and To analyse the profitability of Farmers Service Cooperative Society, Kengeri and Singanayakanahally. The methodology for the study is based on descriptive analysis of both the Kengeri FSCS and Singanayakanahally FSCS for comparison.

The study has used the performance indicators and governance factors, factors influencing performance and governance has been characterized by using appropriate statistical tools of Average, Coefficient of Variation, Annual Growth Rate, Independent 't' test, Compound Annual Growth Rate $\log of X = \beta_0 + \beta_1 t + ut$, and ratio analysis.

Major finding has been drawn based on the analysis of Kengeri FSCS and Singanayakanahally FSCS. It found that growth and performance of Singanayakanahally doing better business activities compared to Kengeri FSCS and Singanayakanahally FSCS doing diversified business activities of agriculture inputs, fertiliser, pesticides, public distribution system, promotion of SHGs group and various types of non-agriculture loans for its members. But in case of Kengeri FSCS has not adopted to do the diversified lending operations.

The following suggestions are made based on the study. While some of the suggestions are aimed to improving the operational efficiency are aimed at improving the business diversifications in order to make the farmer service cooperative societies more competitive in open economy. Kengeri FSCS and Singanayakanahally FSCS should concentrate to reduce loan outstanding growth and they should make more efforts for earning more profits. Kengeri FSCS should be given training to improve their operation skills. Training modules should include information about macro policies and management techniques. Kengeri FSCS and Singanayakanahally FSCS should put efforts on mobilisation of more owned funds. Kengeri FSCS efforts should made to assess the adequate of interest spread to make financially viable.

LIST OF TABLES

TABLE NO	TITLE OF THE TABLE	PAGE NO
3.1	Growth in Membership of Kengeri FSCS and Singanayakanahally FSCS	25
3.2	Growth in Share Capital of Kengeri FSCS and Singanayakanahally FSCS	26
3.3	Growth in Reserve Funds of Kengeri FSCS and Singanayakanahally FSCS	27
3.4	Growth in Deposits of Kengeri FSCS and Singanayakanahally FSCS	28
3.5	Growth in Owned Funds of Kengeri FSCS and Singanayakanahally FSCS	29
3.6	Growth in Working Capital of Kengeri FSCS and Singanayakanahally FSCS	31
3.7	Growth in Kisan Credit Card (KCC) Loans of Kengeri FSCS and Singanayakanahally FSCS	32
3.8	Growth in Agriculture Medium Term Loans disbursed by Kengeri FSCS and Singanayakanahally FSCS	33
3.9	Growth in Non-Agriculture Medium Term Loan of Kengeri FSCS and Singanayakanahally FSCS	35
3.10	Growth in Loan Outstanding of Kengeri FSCS and Singanayakanahally FSCS	36
3.11	Growth in Profits of Kengeri FSCS and Singanayakanahally FSCS	37
4.1	Comparison of Membership between Kengeri and Singanayakanahally Cooperatives	39
4.2	Comparison of Share Capital between Kengeri FSCS and Singanayakanahally FSCS	40
4.3	Comparison of Reserve Funds between Kengeri FSCS and Singanayakanahally FSCS	41
4.4	Comparison of Deposits between Kengeri FSCS and Singanayakanahally FSCS	42
4.5	Comparison of Owned Funds between Kengeri FSCS and Singanayakanahally FSCS	43
4.6	Comparison of Working Capital between Kengeri FSCS and Singanayakanahally	44
4.7	Comparison of KCC Loans between Kengeri FSCS and Singanayakanahally FSCS	45
4.8	Comparison of Agriculture MT Loans between Kengeri FSCS and Singanayakanahally FSCS	46
4.9	Comparison of Non-Agriculture MT Loan between Kengeri FSCS and Singanayakanahally FSCS	47
4.10	Comparison of Loan Outstanding between Kengeri FSCS and Singanayakanahally	48
4.11	Comparison of Profits between Kengeri FSCS and Singanayakanahally FSCS	49

5.1	Operational Efficiency (1) of Kengeri FSCS and Singanayakanahally FSCS	51
5.2	Operational Efficiency (1) of Kengeri FSCS and Singanayakanahally FSCS	52
5.3	Economic Viability (1) of Kengeri FSCS and Singanayakanahally FSCS	53
5.4	Economic Viability (2) of Kengeri FSCS and Singanayakanahally FSCS	54
5.5	Managerial Competency (1) of Kengeri FSCS and Singanayakanahally FSCS.	55
5.6	Managerial Competency (2) of Kengeri FSCS and Singanayakanahally FSCS.	55

LIST OF FIGURES

FIGURE NO	TITLE OF THE FIGURES	PAGE NO
2.1	Structure of Cooperative Credit Institution in India	21
2.2	Functions of the Farmers Service Cooperative Societies	22
3.1	Trends in Membership of Kengeri FSCS and Singanayakanahally FSCS	26
3.2	Trends in Share Capital of Kengeri FSCS and Singanayakanahally FSCS	27
3.3	Trends in Reserve Funds of Kengeri FSCS and Singanayakanahally FSCS	28
3.4	Trends in Deposits Kengeri FSCS and Singanayakanahally FSCS	29
3.5	Trends in Owned Funds of Kengeri FSCS and Singanayakanahally FSCS	30
3.6	Trends in Working Capital Kengeri FSCS and Singanayakanahally FSCS	31
3.7	Trends in KCC Loans disbursed by Kengeri FSCS and Singanayakanahally FSCS	33
3.8	Trends in Agriculture MT Loans disbursed position in Kengeri FSCS and Singanayakanahally FSCS	34
3.9	Trends in Non-Agriculture MT Loans of Kengeri FSCS and Singanayakanahally FSCS	35
3.10	Trends in Loan Outstanding of Kengeri FSCS and Singanayakanahally FSCS	36
3.11	Trends in Profits of Kengeri FSCS and Singanayakanahally FSCS	38

PERFORMANCE ANALYSIS OF FARMERS SERVICE COOPERATIVE SOCIETIES OF SINGANAYAKANAHALLY AND KENGRI IN BANGALORE DISTRICT OF KARNATAKA

CHAPTER – I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

The Cooperative sector plays a vital role in the economic development of the country and hence it has been recognised as an integral part of our national economy. The Cooperative movement, which is the largest Socio-economic movement in the world, has contributed significantly to the alleviation of poverty, creation of productive employment as well as the enhancement of social integration in the country.

Cooperatives have played a vital role in the State in increasing agriculture production by providing crop loan, particularly interest free crop loan to those farmers who repay promptly extending investment credit for agricultural allied activities, providing rural godowns for storing agricultural produce; and supplying fertilizers, seeds and agricultural implements for agricultural development.

The greatest challenge to any civilized society is the economic deprivation it harbours, in league with social deprivation. This principle is germane to the cooperative management in India and Karnataka in particular, which encompasses the basic human feeling of self-worth as its core. The Department of Cooperation is a vital Department of the Government of Karnataka. The Department of Cooperation oversees the administration and functionaries of various cooperative institutions namely textiles, sericulture, industries, animal husbandry, fisheries, sugar, horticulture, agriculture and irrigation and also assist the societies financially besides providing technical guidance and input.

The first cooperative society of our country was formed in 1905 at Kanaginahal village of Gadag district in Karnataka. Karnataka occupies third in the cooperative movement in India. It has been playing an important role in improving the economic condition of the people involved in cooperative movement and has spread to almost all sector of economic activities, both in rural and urban areas. Karnataka is the first State where in Agricultural loan through cooperatives are given at very lesser rate of interest.

The economy of the State is mainly dependent on agriculture as more than 65 per cent of the total population is engaged in this sector. In a developing economy like India assumes

greater significance. In the State of Karnataka the short term credit structure provides short term credit for coop production and medium term credit for small developments through Primary Agricultural Cooperative Societies. The 5546 PACS are functioning and affiliated to 21 District Central Cooperative Banks (DCCBs) with 744 branches. The DCCBs secure refinance facilities from NABARD through Karnataka State Cooperative Apex Bank. The average lending per farmer is Rs.45,008 and average advances per PACS is 180.34 lakhs.

Agriculture sector plays a very important role in both economic development and Nation building. India is globally in the forefront of development of agriculture. More than 86 per cent of farmers in the country are small and marginal. There is a need to facilitate our farmers with access to improved technology, credit, better input and more markets to incentivize them to produce better quality commodities. The recent reforms announced for the agriculture sector aim to address these issues. Given the importance to the agriculture sector, the Government of India has taken several steps for its development in a sustainable manner. Steps have been taken to improve soil fertility through the Soil Health Card Scheme; to provide improved access to irrigation and enhanced water efficiency through Pradhan Mantri Krishi Sinchai Yojana (PMKSY); to support organic farming through Paramparagat Krishi Vikas Yojana (PKVY); and to support the creation of a unified national agriculture market to boost the income of farmers. The Government has been reorienting the agriculture sector by focusing on an income centeredness which goes beyond achieving merely the targeted production. The income approach focuses on achieving high productivity, reduced cost of cultivation and remunerative price on the produce, with a view to earn higher profits from farming. Various initiatives by way of schemes and policy reforms have been rolled out in consonance with this approach.

To achieve the target of doubling farmers' income, a number of schemes and programmes are being implemented by the Government i.e. Pradhan Mantri Krishi Sinchayee Yojana, Pradhan Mantri Fasal Bima Yojana, Paramparagat Krishi Vikas Yojana, Soil Health Scheme, Neem Coated Urea and e-National Agriculture Market. These are a few of the flagship programs that aim to improve the productivity and earnings of farmers. Central Sector Scheme "Formation and Promotion of 10,000 new Farmer Producer Organizations (FPOs)" Aggregation of small, marginal and landless farmers into FPOs will help enhance economic strength & market linkages of farmers for enhancing their income. Keeping this in mind, Government of India has launched a new Central Sector Scheme titled "Formation and Promotion of 10,000 Farmer Produce Organizations (FPOs)" with a clear strategy and committed resources to form and promote 10,000 new FPOs in the country with budgetary

provision of Rs 6865 crore. FPOs are to be developed in produce clusters, wherein agricultural and horticultural produces are grown/ cultivated for leveraging economies of scale and improving market access for members. “One District One Product” clusters are to be promoted for specialization and better processing, marketing, branding & export. Under this Central Sector Scheme with funding from Government of India, formation & Promotion of FPOs are to be done through the Implementing Agencies (IAs). Presently 09 Implementing Agencies (IAs) have been finalized for formation and promotion of FPOs viz. Small Farmers Agri-Business Consortium (SFAC), National Cooperative Development Corporation (NCDC), National Bank for Agriculture and Rural Development (NABARD), National Agricultural Cooperative Marketing Federation of India (NAFED), North Eastern Regional Agricultural Marketing Corporation Limited (NERAMAC), Tamil Nadu-Small Farmers Agri-Business Consortium (TN-SFAC), Small Farmers Agri-Business Consortium Haryana (SFACH), Watershed Development Department (WDD)- Karnataka & Foundation for Development of Rural Value Chains (FDRVC)- Ministry of Rural Development (MoRD). Central Sector Scheme of financing facility under "Agriculture Infrastructure Fund" The Govt. of India has launched a new pan India Central Sector Scheme-Agriculture Infrastructure Fund. The scheme shall provide a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and financial support. Under the scheme, Rs. One Lakh Crore will be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies, Farmer Producers Organizations (FPOs), Self Help Group (SHG), Farmers, Joint Liability Groups (JLG), Multipurpose Cooperative Societies, Agripreneurs, Startups, Aggregation Infrastructure Providers and Central/State agency or Local Body sponsored Public Private Partnership Project. The scheme offers an opportunity to the cooperative sector for setting up of post-harvest infrastructure. Advance Crop Estimates for 2020-21 crop year As per the third advance estimates released by Govt. of India on 25th May 2021, the food grain production in the country is estimated to reach the highest ever level of 305.44 million tonnes in comparison to the previous highest level of 297.50 million tonnes achieved last year. The production this year is higher by 2.7 percent in comparison to last year. The chief Rabi crops of wheat, gram and mustard are estimated to achieve the highest ever production levels. While the production of Mustard/Rape seed is pegged at record 9.987 Million MT, the production of wheat and gram are estimated at 108.75 and 12.61 million tonnes respectively.

India is already self-sufficient in production of foodgrains. The Government of India is now on a mission to achieve self-sufficiency in pulses and oilseeds as well through enhancing domestic production in line with fulfilling Hon'ble PM's vision of creating "Atmanirbhar Bharat". Various path breaking initiatives taken by the Government in the recent years for increasing the domestic production of pulses and oilseeds are finally yielding positive results. These measures will go a long way in curtailing the huge outflow of foreign currency and improving the balance of payments position of the country. It will not only strengthen the agriculture sector but also lead to the much needed revival of the domestic processing industry which has been suffering greatly due to huge imports.

1.2 Scope of the Study:

The need of loan portfolio in the farmers service cooperative societies leads to the economic viability of farmers service cooperative societies in Karnataka. The main important factors of famers service cooperative societies are loan portfolio and quality of internal governance. These two factors constitute the two building blocks of analytical framework will be adopted in this study in order to assess the economic viability of Farmers Service Cooperative Society of Singanayakanahally and Farmers Service Cooperative Society of Kengeri.

1.3 Need and significance of the study

The Farmers Service Cooperative Societies are situated in rural area and plays a vital role in rural credit delivery system. They provide short-term and medium-term loan to agricultural farmers to meet their financial requirements. In order to know the significance role of performance of Kengeri FSCS and Singanayakanahally FSCS the study has been undertaken and anlysed.

1.4 Review of Literature

Many researchers have studied cooperative agriculture credit, reasons for weak performance, financial problems etc. Recent literature on cooperative agriculture credit shows a shift from this to more financial oriented studies. All reviewed studies are micro-level.

1.5 A brief review of recent studies is presented in chronological order.

Alok K. Sahoo et al (2020), in their article "*Critical Review on Cooperative Societies in Agricultural Development in India*" analysed the Cooperative societies have potential to act

as not only financing credit in short term and medium term loan rather these can provide technical and vocational service to the small and marginal farmers to transform agriculture into agribusiness enterprise by pooling of the resource for realizing economies of scale. Infrastructural development, good governance, professionalism, policy legislatives, strict guidelines, members' education, assured quality, market linkage, processing of produce, skilled staffing and fair policies can be pivotal in transforming the rural cooperatives into vibrant successful models for farmers' socio-economic prosperity in the rural India.

Kshama, A.V and Santha, A.M (2019), in their article "***A Comparative Study on the Performance of Various Types of Loans Availed by the Farmers in Thiruvananthapuram District***", analysed the average amount sanctioned under KCC was found to be higher from the commercial bank (SBI) when compared to cooperative bank, but when it comes to repayment beneficiaries of cooperatives were more prompt at repayment with very less amount of overdue. When different loans were compared it was found that there is higher need for consumption loan compared to the production credit.

Sujit Das (2017), in his article "***Performance of the Primary Agricultural Cooperative Societies: Special Reference to Short Term Cooperative Credit Structure in North Eastern Region***", elaborated all the inefficiency levels in north east region are in the same order as the averages in all India levels, as well as, all the PACS are more efficient in functional and business performance in comparison to other performance and with the advancement of years the PACS under study are improving their performance score.

Dr. Yashoda (2017), in his article "***Role of Primary Agricultural Cooperative Society (PACS) in Agricultural Development in India***", analysed Primary Agricultural Credit Society supplies agricultural inputs and provides marketing facility for the agricultural products. For the development of agricultural sector and allied activities adequate and timely finance are essential. But many financial problems are cropping up in the process of development of co-operative system they are lack of adequate and trained staff, lack of necessary funds, poor industrial relations climate, lack of professional management, political interference, change in economic conditions, over dues and limited source of income of the farmers and so on these societies are unable to provide adequate finance to the members and they are making delay in the sanctioning of loan.

B.M. Desai and N.V. Namboodiri (1991), in their article *“Comparative Performance of Farmers' Service Societies and Primary Agricultural Cooperative Credit Societies”* focussed Farmers Service Cooperative Societies are functioning better than Primary Agricultural Credit Societies. PACS have not succeeded in undertaking agro-marketing and processing functions. Since PACS type of cooperative institutions still dominate, one possibility of making them more effective is to convert them as FSS. This may particularly be done for those PACS which have performed well to enable them to enlarge their scale of operations through both intensive and extensive expansion of their operations.

Though, some of these studies deal with the financial performance, they did not make any attempt to identify the factors responsible for differential performance. The present study is an attempt in this direction. The study looks into the performance and identifies factors responsible for differential performance.

1.6 Objectives of the study:

Based on the existing literature the following objectives were formed for the present study.

1. To examine the growth of Farmers Service Cooperative Societies of Singanayakanahally and Kengeri.
2. To analyse the performance of Farmers Service Cooperative Societies of Kengeri and Singanayakanahally.
3. To analyse the profitability of Farmers Service Cooperative Societies of Kengeri and Singanayakanahally.

1.7 Hypothesis:

1. There is no significance difference between loan portfolio and economic viability of the Farmers Service Cooperative Societies of Kengeri and Singanayakanahally.
2. There is no significance difference between quality of decision making and performance of Farmers Service Cooperative Societies of Kengeri and Singanayakanahally.

1.8 Methodology:

The study is based on descriptive analysis. Two sample Farmers Service Cooperative Societies were selected from Bengaluru District of Karnataka based on their performance. Kengeri Farmers Service Cooperative Society, Kengeri has selected and it represent

Bengaluru District South consider as average performance society and Singanayakanahally Farmers Service Cooperative Society, Singanayakanahally has selected and it represent Bengaluru North consider as good performance society for comparison.

Secondary data related to the identified variables from the records of the Farmers Service Cooperative Societies of Kengeri FSCS and Singanayakanahally FSCS for a period of seven years from 2014-15 to 2020-21 were collected to analysed the growth and performance. The primary data is also collected from board of management and officials of the Kengeri FSCS and Singanayakanahally FSCS. The study has used the performance indicators and governance factors, factors influencing performance and governance has been characterized by using appropriate statistical tools of Average, Coefficient of Variation, Annual Growth Rate, Independent 't' test, Compound Annual Growth Rate \log of $X = \beta_0 + \beta_1 t + u_t$, and ratio analysis.

1.9 Data Sources

Secondary data related to the identified variables were collected from 2014-15 to 2020-21 from the records of the Kengeri Farmers Service Cooperative Society and Singanayakanahally Farmer Service Cooperative Society, Bengaluru District of Karnataka. Primary data were collected from the respective beneficiaries through an interview schedule method.

Secondary data relating to the following variables from the Kengeri Farmers Service Cooperative Society and Singanayakanahally Farmer Service Cooperative Society, Bangalore District of Karnataka for five years from 2014-15 to 2020-21 were collected to analyze the growth and performance of these two societies for comparison.

- Membership
- Share Capital
- Reserve Funds
- Deposits
- Owned funds
- Working Capital
- Kisan Credit Loans
- Agriculture Medium Term Loans
- Non-Agriculture Medium Term Loans
- Loans outstanding
- Profits

Profitability of the banks is analyzed using Ratio Analysis.

1.10 Ratio Analysis

Ratio analysis helps the management in taking fair and quick decisions for planning, controlling and monitoring of farmers service cooperative societies operations. Through ratio analysis techniques Operational Efficiency, Economic Viability and Managerial Competency of cooperative society may be judged. There are some ratios, which portray the picture about utilization of human resources at the farmer service cooperative society and there are some other ratios which reflect the position about prudent utilization of funds. There are also many ratios through which overall profitability performance of a farmer service cooperative society may be analyzed.

The farmer service cooperative society may continue to assess profits or losses at the society through Time Price Mechanism (TPM) system but for measuring the profitability, performance ratio analysis model is more appropriate.

The following ratios were calculated based on the frame work suggested by Sabnani (2001).

I. Operational Efficiency

It is calculated by the following two methods

A. Operating Expenses as percentage of yearly business.

$$\text{Operational Efficiency} = \frac{\text{Operating Expenses}}{\text{Yearly Business (Deposit + Advances)}} \times 100$$

This ratio can be used to find out whether the share of operating expenses to yearly business of the farmer service cooperative society is increasing or decreasing. Theoretically, as the yearly business increases, per unit operating expenses should decrease. If the ratio is showing increasing trend, efforts must be made to increase yearly business. Detailed analysis of this ratio will enable bank to find out reasons for increase in operating expenses as compared to increase in yearly business.

B. Per employee establishment expenses.

This ratio can be worked out dividing total yearly establishment expenses by number of employees.

$$\text{Operational Efficiency} = \frac{\text{Total yearly establishment expenses}}{\text{Number of Staff Members}}$$

This ratio may be used for making comparison of per employee establishment expenses of the farmer service cooperative society. If this ratio is very high, efforts should be made to control the cost by redeployment of staff.

II. Economic Viability

Understanding economic viability is very important for the sustainability of the farmer service cooperative society.

For present study it is measured by the following two methods.

A. Gross profit as a ratio of working funds is used.

$$\text{Economic Viability} = \frac{\text{Gross profit/loss}}{\text{Working Capital}} \times 100$$

This ratio will indicate profits of a farmer service cooperative society in relation to the working capital. Even though the gross profit of a farmer service cooperative society in absolute terms may be increasing but in terms of the percentage to working capital it may be shrinking. This ratio will indicate whether the funds of the farmer service cooperative society are being used with prudence.

B. Interest Spread

Interest spread is another indicator of economic viability of a farmer service cooperative society.

$$\text{Economic Viability} = \text{Interest Income} - \text{Interest Expense}$$

Interest spread is calculated by deducting interest expenses from interest income. Higher interest spread is good sign for a farmer service cooperative society. Mobilization of low cost deposits, sanction of high yielding advances with adequate security and reduction in

non performing advances may result is improvement in the interest spread. Higher interest spread indicates prudent deployment of funds at farmer service cooperative society level.

III. Managerial Competency

Managerial Competency of the farmer service cooperative society reflects in the Non Performing Assets (NPAs) of the society. The following are the two indicators for measuring managerial competency.

A. Non performing assets as a ratio of total advances

This ratio may be worked out as under;

$$\text{Managerial Competency} = \frac{\text{NPAs}}{\text{Yearly Advances}} \times 100$$

Very recently this ratio has assumed great importance as NPAs are affecting the bottom line of most of the farmer service cooperative society. All out efforts must be made to reduce the level of NPAs at the farmer service cooperative society level. Awareness about this ratio is therefore of crucial importance.

B. Per employee business

Per employee business shows the efficiency of the farmer service cooperative society in human resource management. Grater the per employee business, better the efficiency.

This ratio can be worked out as under;

$$\text{Managerial Competency} = \frac{\text{Yearly Business}}{\text{Total Number of Staff}}$$

This ratio will indicate productivity of the employee. The productivity may be made in the farmer service cooperative society through this ratio. If productivity of the farmer service cooperative society is low efforts should be made to improve the level of business or staff should be redeployed.

1.11 Chapter Plan

The dissertation work will be divided in to five chapters, **first chapter** contains introduction and design of the study. **Second chapter** gives profile of Farmer service Cooperative Society, Kengeri and Singanayakanahally. **Third chapter** delas with growth of farmers service cooperative societies of Kengeri and Singanayakanahally. **Fourth chapter** impact on business performance of farmer service cooperative society, Kengeri and Singanayakanahally. **Fifth chapter** reflects on profitability analysis of farmer service cooperative society, Kengeri and Singanayakanahally. **The last chapter** summarises the major findings, conclusions drawn and suggestions made for improving the performance of farmer service cooperative society, Kengeri and Singanayakanahally.

CHAPTER II

PROFILE OF FARMERS SERVICE COOPERATIVE SOCIETY, KENERI AND SINGANAYAKANAHALLY, BENGALURU DISTRICT OF KARNATAKA

2.1 Kengeri Farmers Service Cooperative Society, Kengeri, Bengaluru District South

Kengeri Farmers Service Cooperative Society (FSCS), is located around 20 KM from Bengaluru South and it started its activities in the year 1976. The area of operation is 25 villages covering 500 hectares of land. The FSCS, Kengeri provide technical and financial assistance to the small and marginal farmer members by sanctioning short-term and medium-term loans.

Farmers Service Cooperative Societies and Primary Agricultural Credit Societies as financial institutions play a very important role at the grass roots level in the development of local areas. They are multifunctional organizations that dispense a host of activities like agricultural business activities and non-agriculture business activities. Hence effective performance of farmers service cooperative societies are crucial.

A lot of reforms and restructuring have been carried out in the farmers service cooperative societies. To meet the rising demand for credit under the impact of technological changes, FSCS has substantially widened their network of membership credit and non-credit business.

2.2 Singanayakanahally Farmers Service Cooperative Society (FSCS), Bengaluru District North

Singanayakanahally Farmer Service Cooperative Society (FSCS), is located in village Singanayakanahally which is around 21 KM from Bengaluru North. The area of operation of the society is 48 villages covering 1710 hectares of land. Earlier, there were nine cooperative societies which were working in the vicinity of this society covering 48 villages, they had become financially weak and were not able to meet the loan requirement of their members. Those nine weak cooperative societies were amalgamated to FSCS Singanayakanahally. The FSCS, Singanayakanahally started its activities in the year 1976. The main objective is to provide technical and financial assistance to the small and marginal farmer members by

sanctioning short-term and medium-term loans. Since then these societies have been playing a significant role in providing short-term and medium term credit to the farmers. The FSCS functioning at the base of the cooperative banking system constitute the major retail outlet of short term and medium-term credit to the rural sector.

2.3 Agriculture Credit

The Government of India has taken many policy initiatives for strengthening of the farm credit delivery system for providing credit at lower rates of interest to support the resource requirements of the agricultural sector. The emphasis of these policies has been on providing timely and adequate credit support to farmers with particular focus on small and marginal farmers and weaker sections of society to enable them to adopt modern technology and improved agricultural practices for increasing agricultural production and productivity. The policy essentially lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region specific strategies, rationalization of lending policies and procedures and bringing down the rate of interest on farm loan.

2.4 Farmers Service Cooperative Societies

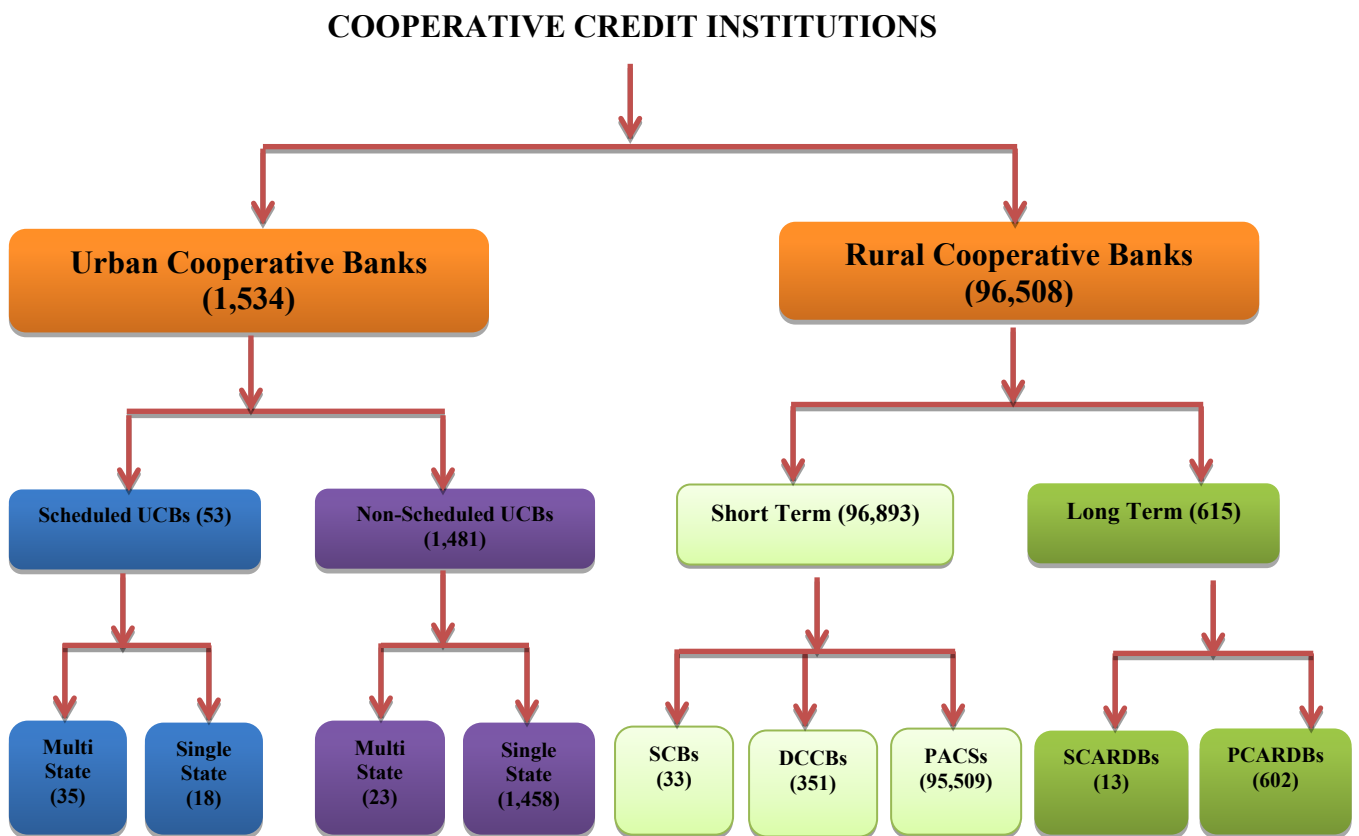
The poverty in rural areas during the fifth five year plan (1974-78) was very high. It was found out of 350 million population, living below poverty line in India, 300 million i.e., 85 per cent were in rural areas. Credit cooperatives were involved in financing various schemes of Rural Development. In order to provide integrated credit and agricultural services to the farmers, National Commission on Agriculture, Government of India recommended the organisation of Farmers Service Cooperative Societies (FSCS) in 1976 with wider area of operation.

2.5 Objectives of the Farmers Service Cooperative Societies

The main objective of FSS is to provide all types of credit and full package of services and technical guidance to farmers particularly small farmers, for enhancing production, and for diversification of activities on the farm in an integrated manner and at one contact point. The FSS provide medium and long-term credit to the members for development activities such as development of land, wells, godowns etc. It also supplies inputs and services to the members for which the financing bank provides a separate line of credit. The service co-operatives

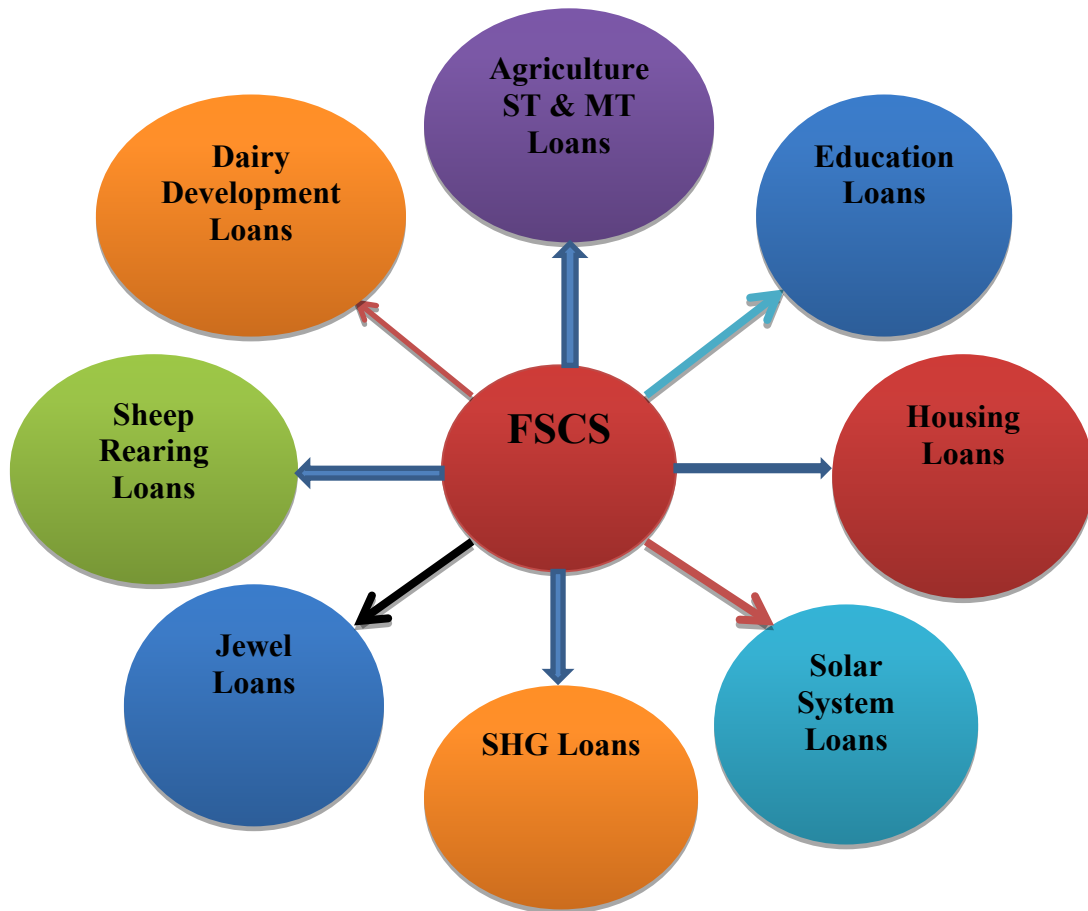
have, therefore, been playing an important role in the distribution of fertilizer, pesticides, seeds, agricultural machinery, etc. to their members. They secure their supplies mostly from the nearest cooperative marketing society which functions as a sub-wholesaler, the wholesale business being with the State level cooperative marketing federations. Supply of inputs to the members is generally made on credit against their sanctioned credit limits. Though FSSs were considered qualitatively different from reorganized PACS but these have never been operationally different from PACS which is not restricted only to small and marginal farmers and landless labourer.

Figure 2.1: Structure of Cooperative Credit Institution in India



Source: Reserve Bank of India Report 2021

Figure 2.2: Functions of the Farmers Service Cooperative Societies



2.6 Functions of Farmers Service Cooperative Societies

- To provide short and medium-term purpose loans to its members.
- Borrowing an adequate amount of funds from central financial agencies.
- Maintaining the supply of the hire light machinery for the agricultural purpose.
- Promotes savings habits among its members.
- To make the arrangement of supplying of the agricultural inputs. Example -seeds, fertilizers, insecticides, kerosene etc.
- It helps its members by providing marketing facilities that could enhance the sale of their agricultural products in the market at the proper prices.

2.7 Organizational Structure

- **General Body of PACS:** Exercise the control over board as well as management.

- **Management Committee:** Elected by the general body to perform the work as prescribed by the society's rules, acts, and by-laws.
- **Chairman, Vice-Chairman, and Secretary:** Work for the benefit of the members by performing their roles and duties as assigned to them.
- **Office Staff:** Responsible for performing day to day work.

2.8 Activities of Farmer Service Cooperative Society

- Short Term and Medium Term Loans to their members
- Accepting savings deposits from members
- Running PDS Shops
- Selling Agriculture inputs

2.9 Farmers of the future

The following are some of the methods that small and marginal farmers could consider for gaining in efficiency and economy:

- **Cooperative Farming and Service Cooperatives**

Cooperative farming will be ideal for small and marginal farmers since the cooperative can provide centralized services like tractors and other farm equipment as well as threshing and drying machines, to support small-scale decentralized production. This will bring down the cost of production and enhance the quality of products and thereby of income.

- **Group Farming by Self-help Groups**

Promote the SHGs at the production end of the farming enterprise by encouraging groups to lease farmland.

- **Small Holders' Estates**

- The formation of Small Holders' Estates, for example in cotton, horticulture, medicinal plants, poultry and aquaculture will help promote group cooperation among farmers living in a village or watershed or the command area of an irrigation project.

- **Contract Farming**

Symbiotic contracts which confer benefits to both producers and purchasers will be ideal for ensuring assured and remunerative marketing opportunities. A Code of Conduct for Contract Farming will have to be developed for major groups of farm commodities such as vegetables, fruits, flowers, medicinal plants, tuber crops, pulses, oilseeds, sugarcane, cereals and cotton.

- **Farmers' Companies**

Small farmers and SHGs should be associated with such companies as stakeholders and not just as shareholders.

CHAPTER – III

GROWTH OF FARMERS SERVICE COOPERATIVE SOCIETY, KENERI AND SINGANAYAKANAHALLY

3.1 Introduction

Analysis of growth of Kengeri Farmers Service Cooperative Society (FSCS) and Singanayakanahally Farmers Service Cooperative Society (FSCS) revealed that there is considerable variation in the study period from 2014-15 to 2020-21. Therefore, an attempt is made to analyse the growth of Kengeri FSCS and Singanayakanahally FSCS in order to understand the growth rates among two farmer service cooperative societies, Kengeri and Singanayakanahally.

3.2 Membership position in Kengeri FSCS and Singanayakanahally FSCS

The membership of the Farmers Service Cooperative Society of Singanayakanahally and Kengeri in Bangalore District of Karnataka are open to any person who lives in the area of operation of the both Kengeri FSCS and Singanayakanahally FSCS. Growth in membership is one of the indicators selected to represent the progress of Kengeri FSCS and Singanayakanahally in Bangalore District of Karnataka.

Table 3.1: Growth in Membership of Kengeri FSCS and Singanayakanahally FSCS

Year	Membership	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	13.06	19.77
2016-17	10.28	1.24
2017-18	2.51	2.32
2018-19	0.91	-9.57
2019-20	27.88	0.44
2020-21	-0.70	0.32

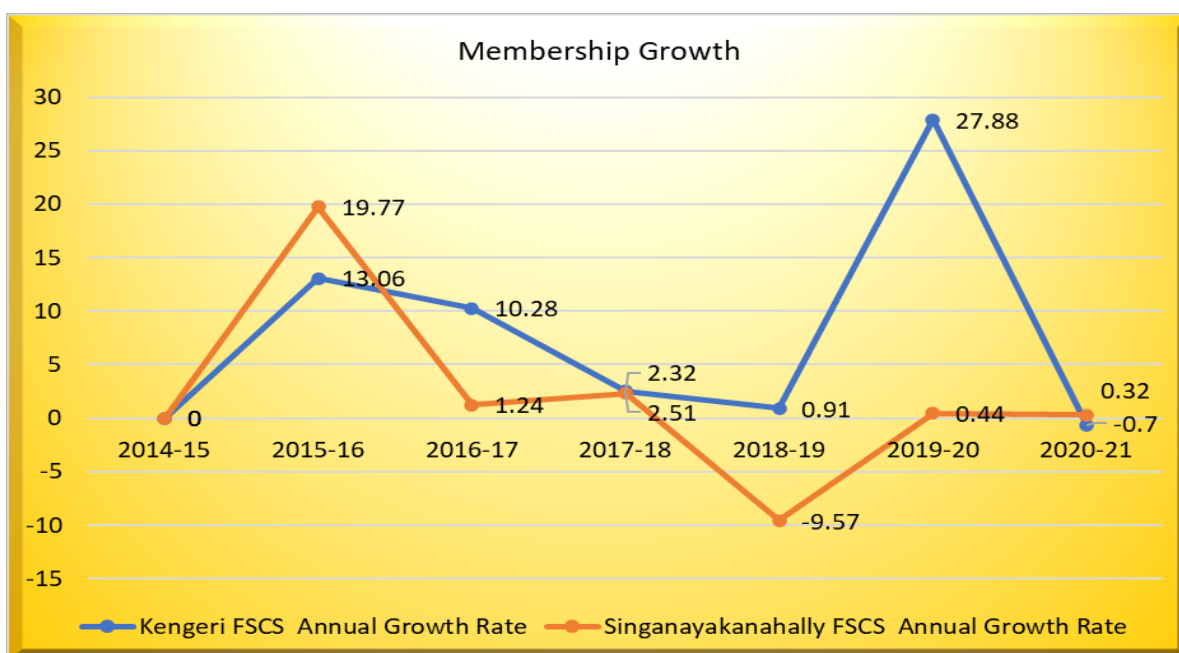
Source: Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.1 shows the annual growth in membership during seven years from 2014-15 to 2020-21 periods. Growth rate in membership of Kengeri FSCS positive increase in all the study period except 2020-21. Membership has shown negative growth rate (-0.70) during the period of 2020-21. Accordingly, the growth rate is not distributed uniformly among the study period. Highest growth rate could be observed during the period 2019-20, it registered

27.88 per cent and lowest growth rate could be observed during the period 2018-19 and it registered 0.91 per cent.

The growth rate in membership of Singanayakanahally increasing with lower rate except during the period of 2018-19. The growth rate increased consistently with lesser rate. Highest growth rate is registered during the year 2015-16 (19.77%) and lowest growth could be observed during the year 2020-21 (0.32).

Figure 3.1: Trends in Membership of Kengeri FSCS and Singanayakanahally FSCS



3.3 Share Capital position in Kengeri FSCS and Singanayakanahally FSCS

The share capital is the most important internal source of funds. The table 3.2 shows the annual growth rate in share capital from 2014-15 to 2020-21.

Table 3.2: Growth in Share Capital of Kengeri FSCS and Singanayakanahally FSCS

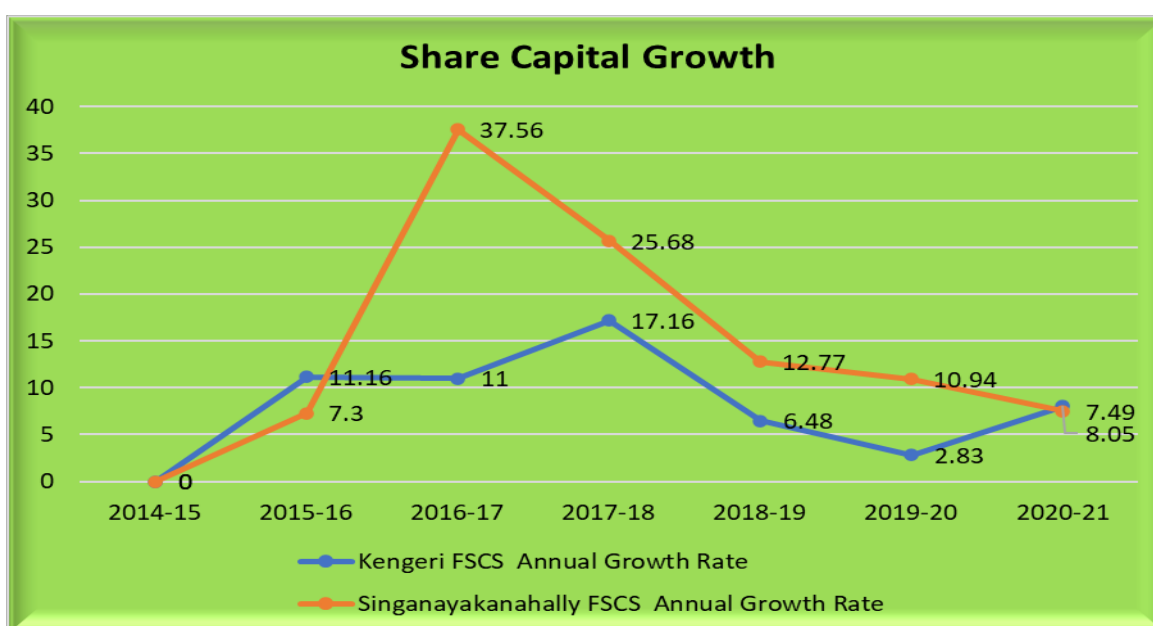
Year	Share Capital	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	11.16	7.30
2016-17	11.00	37.56
2017-18	17.16	25.68
2018-19	6.48	12.77
2019-20	2.83	10.94
2020-21	8.05	7.49

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Growth rate in Share Capital of Kengeri FSCS has shown positive growth in all seven years of study period. But percentages of annual growth are below 11 per cent except during the period of 2017-18 (17.16%).

The growth rate in Share Capital of Singanayakanahally FSCS of has shown positive growth in all seven years of study period. Greater growth rate could be observed during the year 2016-17 and 2017-18 and it registered 37.56 per cent and 25.68 per cent respectively. Lowest growth could be observed in the year 2020-21 and it registered 7.49 per cent.

Figure 3.2: Trends in Share Capital of Kengeri FSCS and Singanayakanahally FSCS



3.4 Reserve Funds position in Kengeri FSCS and Singanayakanahally FSCS

The reserve fund is a highly liquid asset to meet any future expenses or financial obligations, especially those arising unexpectedly.

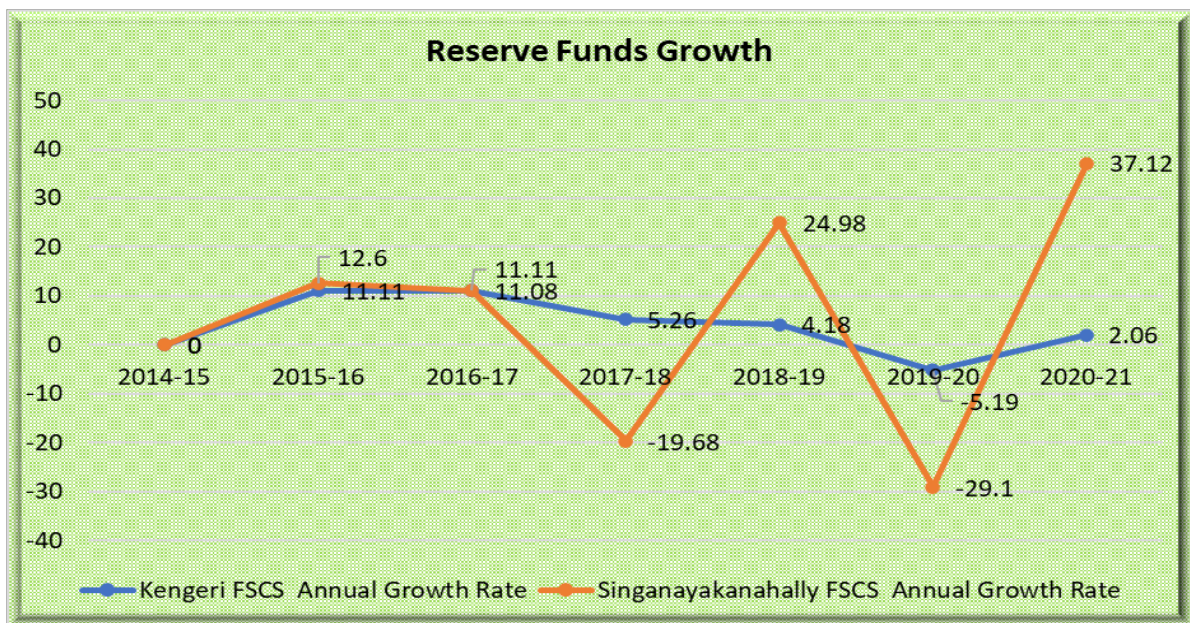
Table 3.3: Growth in Reserve Funds of Kengeri FSCS and Singanayakanahally FSCS

Year	Reserve Funds	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	11.11	12.60
2016-17	11.08	11.11
2017-18	5.26	-19.68
2018-19	4.18	24.98
2019-20	-5.19	-29.10
2020-21	2.06	37.12

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.3 shows the annual growth in Reserve Funds during seven years from 2014-15 to 2020-21 study period. Growth rate in Reserve Funds of Kengeri FSCS has shown positive growth rate in all study period except during the 2019-20 and important observation is growth rate of Reserve Funds has registered only less than 11 per cent. The growth rate in Reserve Funds of Singanayakanahally FSCS has shown negative growth during the period 2017-18 and 2019-20, it registered 19.68 per cent and 29.10 per cent respectively. Highest growth could be observed in the year 2018-19 and 2020-21, it recorded as 24.98 per cent and 37.12 per cent respectively.

Figure 3.3: Trends in Reserve Funds of Kengeri FSCS and Singanayakanahally FSCS



3.5 Deposits position in Kengeri FSCS and Singanayakanahally FSCS

Deposits are main source of funds for Kengeri FSCS and Singanayakanahally FSCS and it is one of the performance indicators.

Table 3.4: Growth in Deposits of Kengeri FSCS and Singanayakanahally FSCS

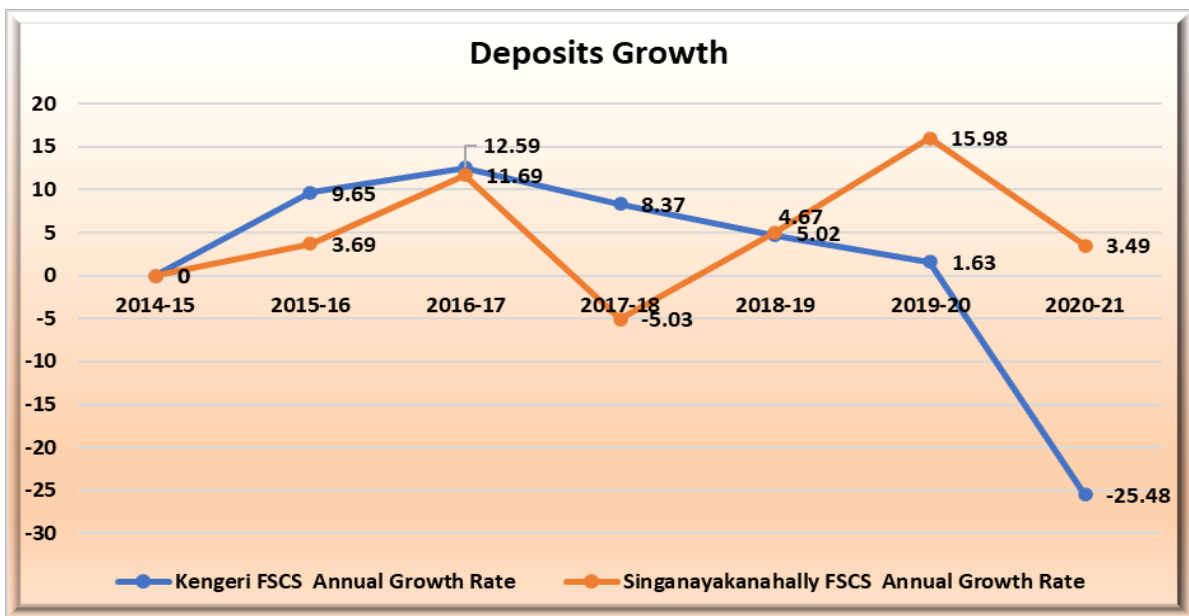
Year	Deposits	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	9.65	3.69
2016-17	12.59	11.69
2017-18	8.37	-5.03
2018-19	4.67	5.02
2019-20	1.63	15.98
2020-21	-25.48	3.49

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.4 depicts annual growth in deposit during seven years from 2014-15 to 2020-21 study period. Growth rate in deposit of Kengeri FSCS has shown positive growth rate in all the years except during the 2020-21. The negative growth has shown 25.48 per cent in the year 2020-21. The Kengeri FSCS not made efforts to attract deposits from the members.

The growth rate in Deposit of Singanayakanahally FSCS has shown positive growth rate in all the years except during the 2017-18 and it registered negative growth rate of 5.03 per cent. But here important observation is growth rate in deposit has registered remaining all the years positively increased.

Figure 3.4: Trends in Deposits Kengeri FSCS and Singanayakanahally FSCS



3.6 Owned Funds position in Kengeri FSCS and Singanayakanahally FSCS

Owned fund is also one of the performance indicators as it contribution of share capital, reserve funds, and deposits. For the Kengeri FSCS and Singanayakanahally FSCS Owned Funds position as good as, it helps them for utilisation for creation of capital assets and support in business activities to earn more profits.

Table 3.5: Growth in Owned Funds of Kengeri FSCS and Singanayakanahally FSCS

Year	Owned Funds	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	11.14	14.29
2016-17	11.08	20.05
2017-18	-27.48	10.67

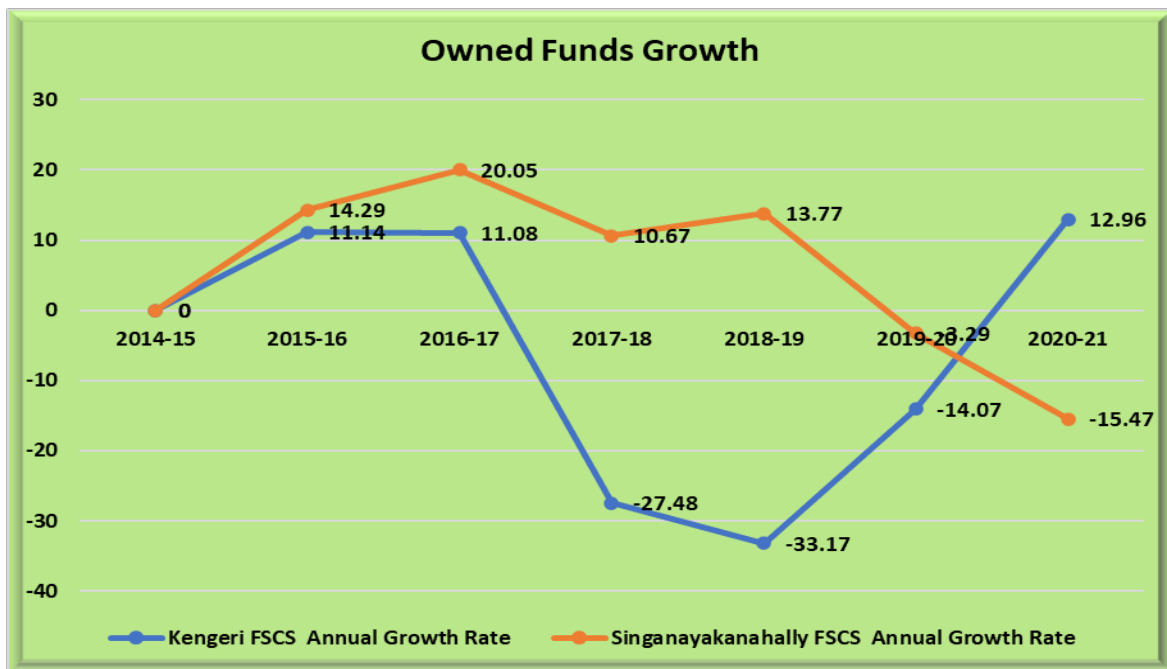
2018-19	-33.17	13.77
2019-20	-14.07	-3.29
2020-21	12.96	-15.47

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.5 presents annual growth in owned funds position during seven years from 2014-15 to 2020-21 study period. Growth rate in owned funds of Kengeri FSCS has shown positive growth rate only four years and remaining three years has recorded negative growth rate could be observed. The negative growth has shown in the years 2018-19, 2017-18, and 2019-20, it recorded 33.47 per cent, 27.48 per cent, 14.07 per cent respectively.

The growth rate in owned funds of Singanayakanahally FSCS has shown positive growth rate during the period from 2014-15 to 2018-19. But from 2019-20 and 2020-21 recorded as negative growth and it registered 3.29 and 15.47 respectively.

Figure 3.5: Trends in Owned Funds of Kengeri FSCS and Singanayakanahally FSCS



3.7 Working Capital position in Kengeri FSCS and Singanayakanahally FSCS

Working Capital is one of the financial important indicators for the Kengeri FSCS and Singanayakanahally FSCS. The working Capital available with the society for supporting its business activities. A managed working capital will result in more liquid funds available with the society. When farmer service cooperative societies has excess current assets, that amount can then be used to spend for diversified and potential activities.

Table 3.6: Growth in Working Capital of Kengeri FSCS and Singanayakanahally FSCS

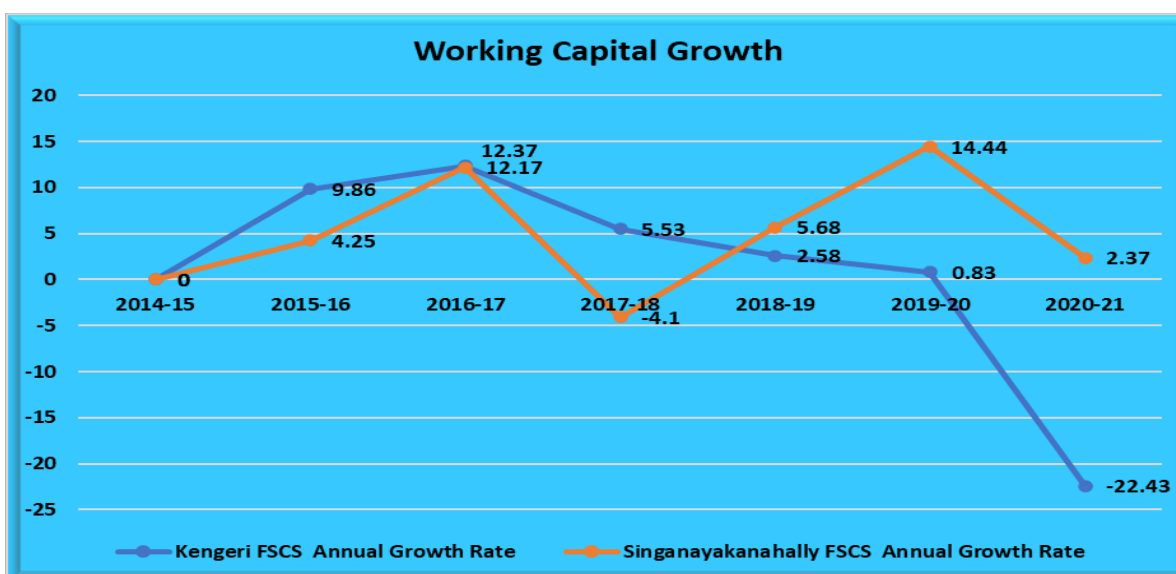
Year	Working Capital	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	9.86	4.25
2016-17	12.37	12.17
2017-18	5.53	-4.10
2018-19	2.58	5.68
2019-20	0.83	14.44
2020-21	-22.43	2.37

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.6 indicates the annual growth in working capital during seven years from 2014-15 to 2020-21 study period. Growth rate in working capital of Kengeri FSCS has shown positive growth rate in all the study period except 2020-21. Negative growth could be observed in the year 2020-21 and it has shown 22.43 per cent. Highest growth rate of 12.37 per cent has recorded in the year 2016-17 and lowest growth rate of 0.83 per cent has registered in the year 2019-20.

The growth rate in working funds of Singanayakanahally FSCS has shown positive growth rate during the study period except 2017-18. Negative growth could be observed in the year 2017-18 and it recorded lower rate of 4.10 per cent. Highest growth rate has registered during the year 2019-20 and it recorded as 14.44 per cent. The lowest growth rate of 2.37 per cent has registered in the year 2020-21.

Figure 3.6: Trends in Working Capital Kengeri FSCS and Singanayakanahally FSCS



3.8 Kisan Credit Card (KCC) Loans position in Kengeri FSCS and Singanayakanahally FSCS

The farmers service cooperative societies in Karnataka are mainly disbursing Kisan Credit Card (KCC) Loans for its farmer members.

Table 3.7: Growth in Kisan Credit Card (KCC) Loans of Kengeri FSCS and Singanayakanahally FSCS

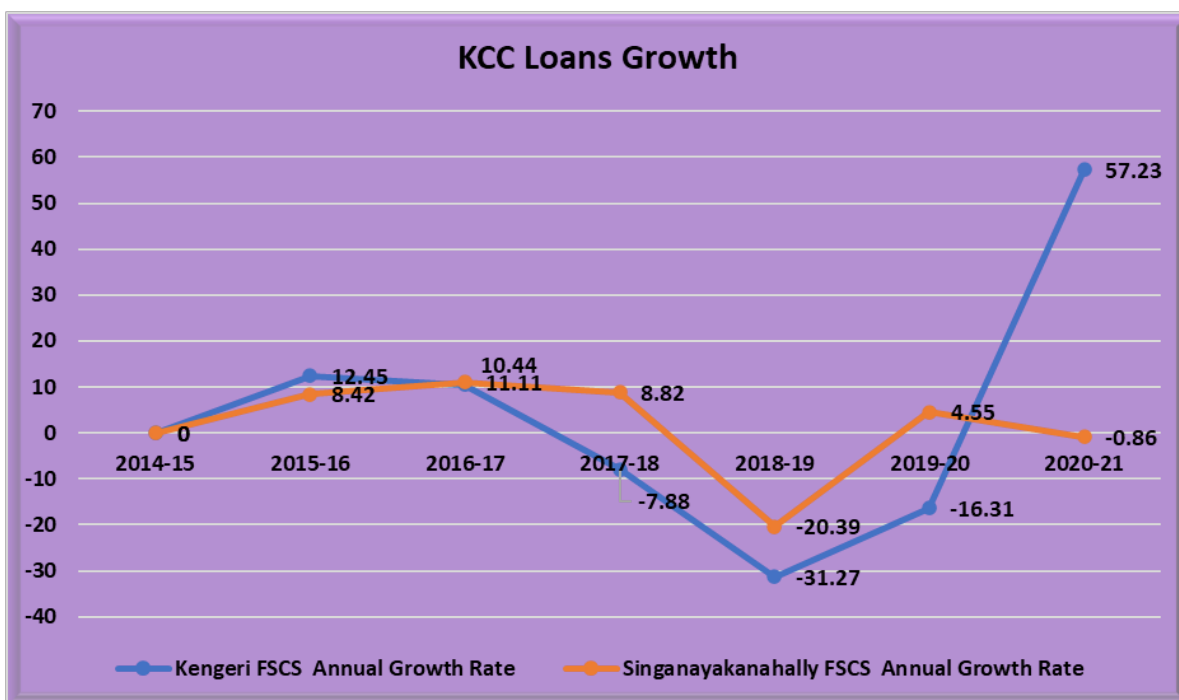
Year	KCC Loans	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	12.45	8.42
2016-17	10.44	11.11
2017-18	-7.88	8.82
2018-19	-31.27	-20.39
2019-20	-16.31	4.55
2020-21	57.23	-0.86

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.7 shows the annual growth in KCC Loan disbursed during seven years period from 2016-17 to 2020-21. Growth rate in KCC Loan disbursed by Kengeri FSCS has not increased consistently and it shown negative growth in the year from 2017-18 to 2019-20 continuously and highest growth rate has shown in the year 2020-21 and it registered 57.23 per cent. The lowest growth rate of 10.44 per cent has recorded in the year 2016-17. It is clearly shows that the Kengeri FSCS is unable to attract the farmer members to utilise the KCC Loan with zero rate of interest scheme. The Kengeri FSCS should make efforts to attract the farmer members for utilising this KCC loan scheme and it should increase farm produce.

Growth rate in KCC Loan disbursed by Singanayakanahally FSCS has shown positive growth rate in all the years except 2018-19 and 2020-21. Negative growth could be observed during the year 2018-19 and 2020-21, it indicated 20.39 per cent and 0.86 per cent respectively. The negative growth rate shows that Singanayakanahally KCC loan demand from the members are sometimes more and sometimes less compare among the seven years study period.

Figure 3.7: Trends in KCC Loans disbursed by Kengeri FSCS and Singanayakanahally FSCS



3.9 Agriculture Medium Term Loans disbursed position in Kengeri FSCS and Singanayakanahally FSCS

Agriculture medium term loans are required for farmer members to produce long term agriculture crops.

Table 3.8: Growth in Agriculture Medium Term Loans disbursed by Kengeri FSCS and Singanayakanahally FSCS

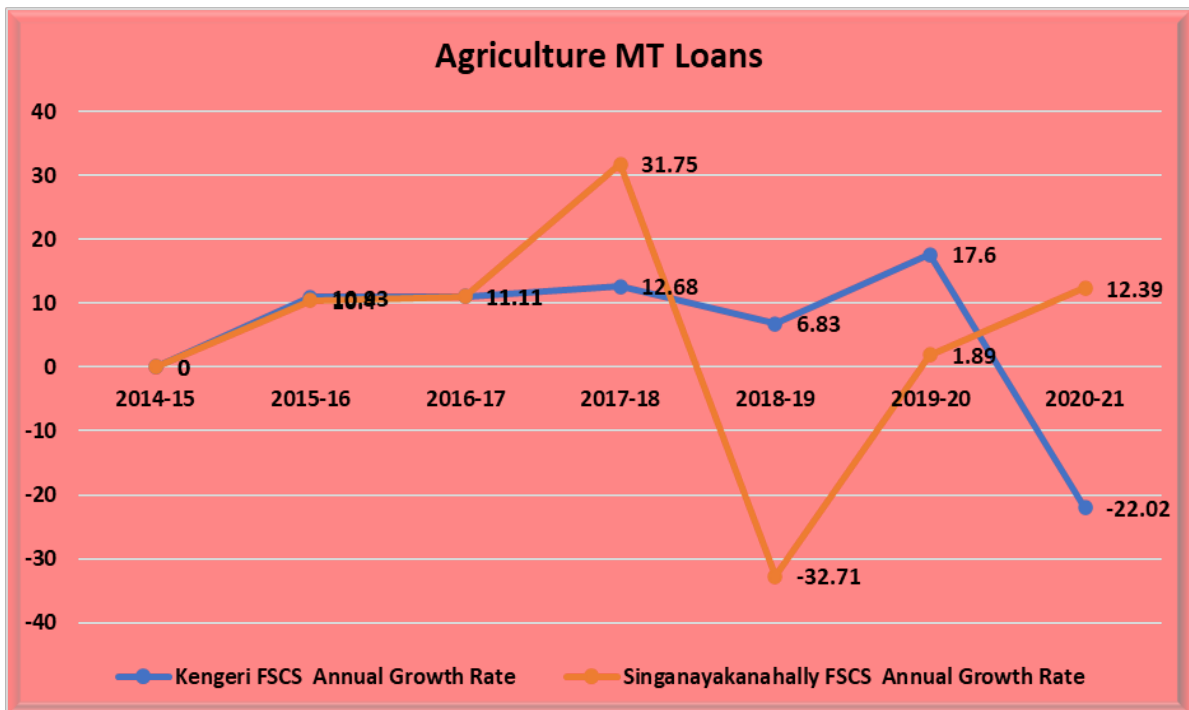
Year	Agriculture Medium Term Loans	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	10.93	10.40
2016-17	11.11	11.11
2017-18	12.68	31.75
2018-19	6.83	-32.71
2019-20	17.60	1.89
2020-21	-22.02	12.39

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.8 shows the annual growth in medium term agricultural loan disbursed during seven years period from 2014-15 to 2020-21. Growth rate in medium term agricultural loan disbursed by Kengeri FSCS has shown positive growth rate in all the years except 2020-21. Highest growth could be observed in the year 2019-20, it registered 17.60 per cent and lowest growth could be observed in the year 2018-19, it registered 6.83 per cent.

Growth rate in medium term agricultural loans disbursed by Singanayakanahally FSCS has shown positive growth rate in all the years except 2018-19. Highest growth could be observed in the year 2017-18, it registered 31.75 per cent and lowest growth could be observed in the year 2019-20, it registered 1.89 per cent.

Figure 3.8: Trends in Agriculture MT Loans disbursed position in Kengeri FSCS and Singanayakanahally FSCS



3.10 Non-Agriculture Medium Term Loans disbursed position in Kengeri FSCS and Singanayakanahally FSCS

Farmers Service Cooperative Societies in Karnataka started disbursement of non-agriculture loans also along with agriculture loans.

Table 3.9: Growth in Non-Agriculture Medium Term Loan of Kengeri FSCS and Singanayakanahally FSCS

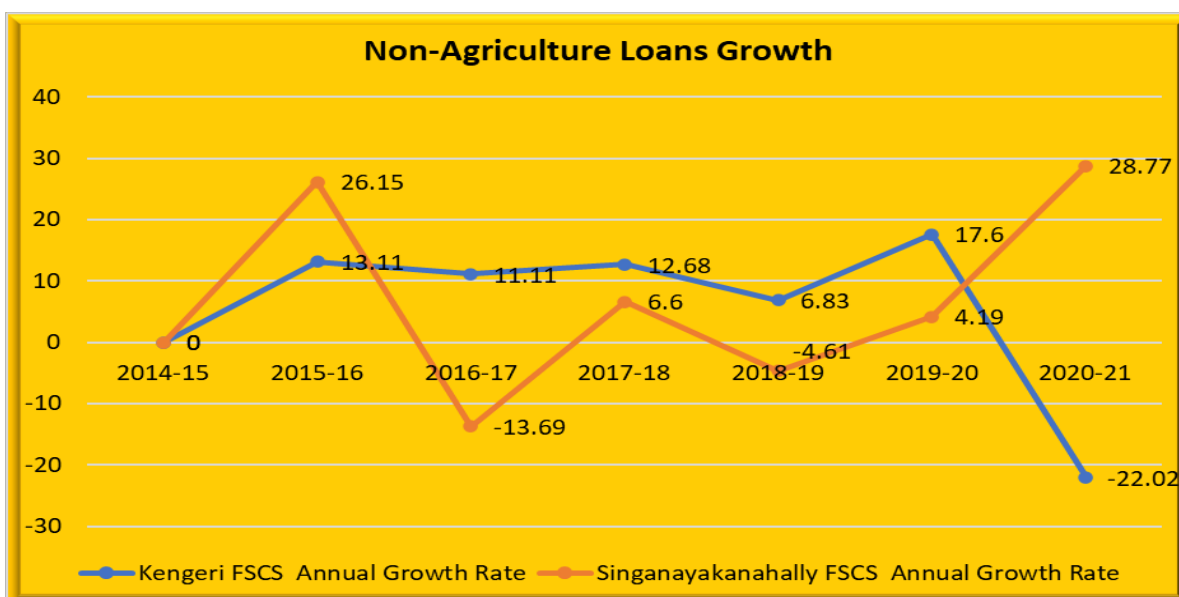
Year	Non-Agriculture Medium Term Loan	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	13.11	26.15
2016-17	11.11	-13.69
2017-18	12.68	6.60
2018-19	6.83	-4.61
2019-20	17.60	4.19
2020-21	-22.02	28.77

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.9 reflects the annual growth in non-agricultural medium-term loans disbursed during seven years period from 2014-15 to 2020-21. Growth rate in non-agricultural medium-term loans disbursed by Kengeri FSCS has shown positive growth rate in all the years except 2020-21. Highest growth could be observed in the year 2019-20, it registered 17.60 per cent and lowest growth could be observed in the year 2018-19, it registered 6.83 per cent.

Growth rate in non-agricultural medium-term loans disbursed by Singanayakanahally FSCS has shown positive growth rate in all the years except 2016-17 and 2018-19. Highest growth could be observed in the year 2020-21, it registered 28.77 per cent and lowest growth could be observed in the year 2019-20, it registered 4.19 per cent.

Figure 3.9: Trends in Non-Agriculture MT Loans of Kengeri FSCS and Singanayakanahally FSCS



3.11 Loan Outstanding position in Kengeri FSCS and Singanayakanahally FSCS

The cooperative societies are facing major problems is loan outstanding against their loans disbursement.

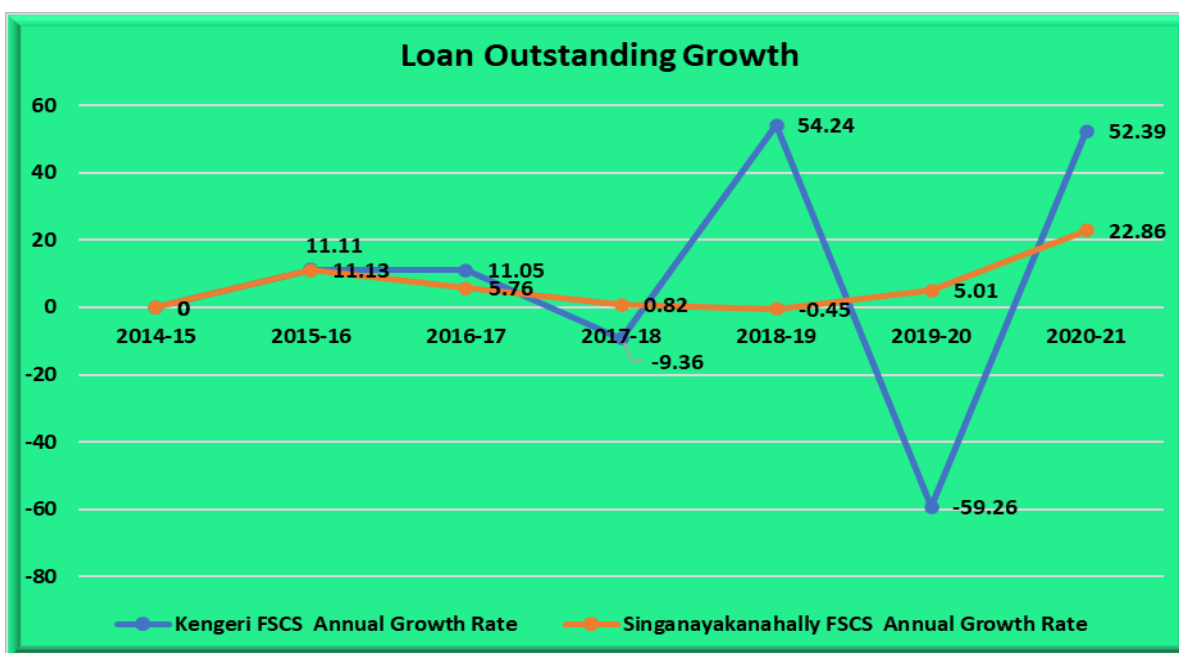
Table 3.10: Growth in Loan Outstanding of Kengeri FSCS and Singanayakanahally FSCS

Year	Loan Outstanding	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	11.13	11.11
2016-17	11.05	5.76
2017-18	-9.36	0.82
2018-19	54.24	-0.45
2019-20	-59.26	5.01
2020-21	52.39	22.86

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.10 shows the annual growth in loan outstanding during seven years period from 2014-15 to 2020-21. Growth rate in loan outstanding by Kengeri FSCS has shown growth rate in all the study period not consistently increased. Highest growth rate has shown in the year 2018-19 and 2020-21. Negative growth rate has registered during the year 2017-18 and 2019-20, it recorded as 9.36 per cent and 59.26 per cent respectively.

Figure 3.10: Trends in Loan Outstanding of Kengeri FSCS and Singanayakanahally FSCS



Growth rate in loan outstanding by Singanayakanahally FSCS has shown marginal positive growth rate in all the years except 2018-19. Highest growth could be observed in the year 2020-21, it registered 22.86 per cent and lowest growth could be observed in the year 2017-18, it registered 0.82 per cent. It shows very clearly Singanayakanahally FSCS loan outstanding growth is reflected marginally increasing except during the year of 2020-21. It is good sign for the growth and development of Singanayakanahally FSCS.

3.12 Profits position in Kengeri FSCS and Singanayakanahally FSCS

The profit earned by the farmer service cooperative societies and it utilise for various activities like meet the operational cost, taxes, payment of interest etc.,

Table 3.11: Growth in Profits of Kengeri FSCS and Singanayakanahally FSCS

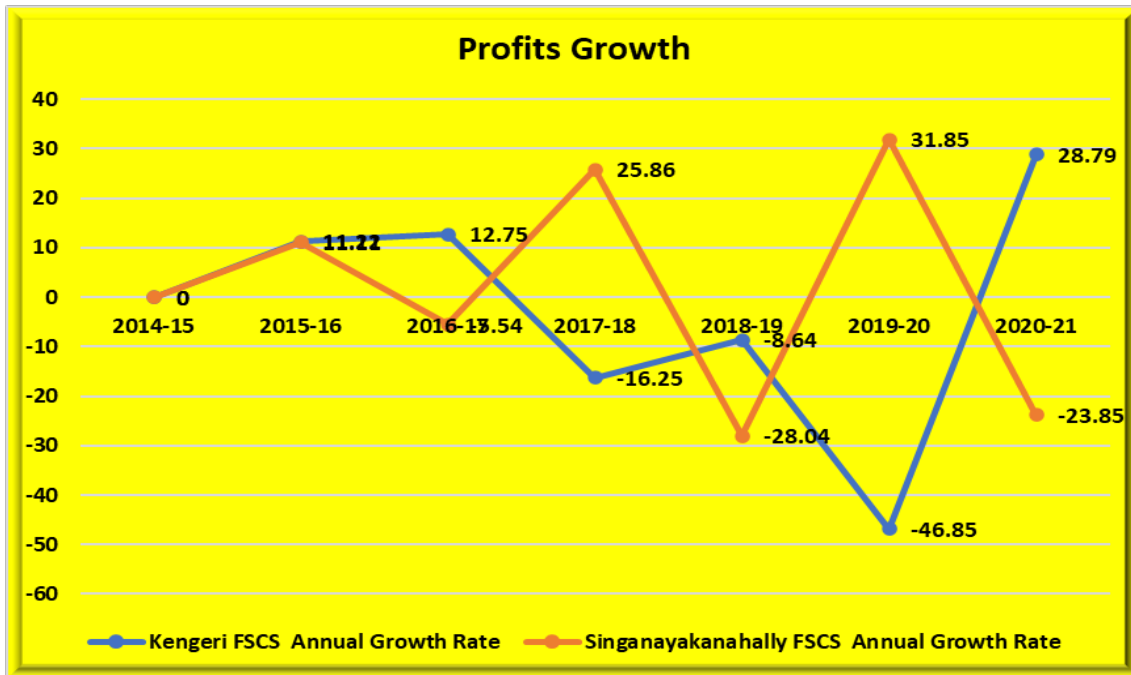
Year	Profits	
	Kengeri FSCS Annual Growth Rate	Singanayakanahally FSCS Annual Growth Rate
2014-15	--	--
2015-16	11.22	11.11
2016-17	12.75	-5.54
2017-18	-16.25	25.86
2018-19	-8.64	-28.04
2019-20	-46.85	31.85
2020-21	28.79	-23.85

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 3.11 depicts the annual growth in profits during seven years of period from 2014-15 to 2020-21. Growth rate in profits of Kengeri FSCS has shown negative growth rate from 2017-18 to 2019-20. Highest growth rate of 28.79 per cent has recorded in the year 2020-21. Lowest growth rate of 11.22 per cent has recorded in the year 2015-16.

Growth rate in profits of Singanayakanahally FSCS has shown positive growth rate in four years. Highest growth could be observed in the year 2019-20, it registered 31.85 per cent and lowest growth could be observed in the year 2015-16, it registered 11.11 per cent. It shows very clearly Singanayakanahally FSCS earning profit every year, but look at the annual growth rate has come down during the year 2016-17 and 2020-21.

Figure 3.11: Trends in Profits of Kengeri FSCS and Singanayakanahally FSCS



CHAPTER – IV

PERFORMANCE ANALYSIS OF FARMERS SERVICE COOPERATIVE SOCIETY OF SINGANAYAKANAHALLY AND KENERI

4.1 Introduction

Analysis of performance of Kengeri Farmer Service Cooperative Society (FSCS) and Singanayakanahally Farmer Service Cooperative Society (FSCS) revealed that there is a significance difference between Kengeri FSCS and Singanayakanahally FSCS of Bengaluru District of Karnataka. Therefore, an attempt is made to analyse the performance of both Kengeri FSCS and Singanayakanahally FSCS.

4.2 Comparison of Membership

The Membership is one of the important growth indicators and backbone for the Kengeri FSCS and Singanayakanahally FSCS.

Table 4.1

Comparison of Membership between Kengeri and Singanayakanahally Cooperatives

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	1474.5714	102.89057
Singanayakanahally	7	7021.5714	185.46747
F-test	F-test Value: 1.636, Sig: 0.225		
t-test for Mean	t-test Value: -26.153, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	8.10		0.599
t-test for Growth	t-test Value: 7.458, Sig: 0.001		t-test Value: 0.410, Sig: 0.699

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.1 presents the details about the membership in Kengeri FSCS and Singanayakanahally FSCS cooperatives. It has found from the table that during the period from 2014-15 to 2020-21 the average membership in Kengeri FSCS is 1475 and it is 7021 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference in membership between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is not significant. Accordingly, the variation in membership within the group and between the group is not significant. The t-test value is significant at one percent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally

FSCS in membership. Accordingly, the membership in Singanayakanahally FSCS is significantly high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in the membership in Kengeri FSCS is 8.1 percent per annum and it is significant. The rate of growth in the membership in Singanayakanahally FSCS is 0.599 percent and not significant. Accordingly, the growth in Kengeri FSCS is guaranteed and growth in Singanayakanahally FSCS is random. Hence, the membership in Kengeri FSCS is less and increasing at higher rate and the membership in Singanayakanahally FSCS is high and randomly increasing at lower rate.

4.3 Comparison of Share Capital

The Share Capital data has been compared with the Kengeri FSCS and Singanayakanahally FSCS to understand the performance of the farmer service cooperative society.

Table 4.2

Comparison of Share Capital between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	2429838.5714	176186.40174
Singanayakanahally	7	4264657.2857	542648.74910
F-test	F-test Value: 10.569, Sig: 0.007		
t-test for Mean	t-test Value: -3.216, df:12, Sig: 0.007		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	9.06		16.55
t-test for Growth	t-test Value: 11.290, Sig: 0.000		t-test Value: 10.034, Sig: 0.000

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.2 indicates that the details about the share capital in Kengeri FSCS and Singanayakanahally FSCS. It has resulted the period from 2014-15 to 2020-21, the average share capital in Kengeri FSCS is 2429838.57 and it is 176186.40 in Singanayakanahally FSCS. The independent t-test has conducted to find the significance difference in share capital between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant. Accordingly, the variation in share capital within the group and between the group is significant. The t-test value is significant at one per cent level. Therefore, there is

significance difference between Kengeri FSCS and Singanayakanahally FSCS in share capital. Accordingly, the share capital in Singanayakanahally is significantly high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in the share capital in Kengeri FSCS is 9.06 per cent per annum and it is significant. The rate of growth in the share capital in Singanayakanahally FSCS is 16.55 per cent and it is also significant. Accordingly, the growth in Kengeri FSCS is marginal and growth in Singanayakanahally FSCS is higher. Hence, the share capital in Kengeri is less and increasing at lesser rate and the share capital in Singanayakanahally FSCS is high and increasing at higher rate.

4.4 Comparison of Reserve Funds

Reserve Funds is more in the farmer service cooperative society, it can be utilising any point of time for the farmer service cooperative society for its business activities.

Table 4.3

Comparison of Reserve Funds between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	3649727.8571	142271.95372
Singanayakanahally	7	8235320.1429	405949.13026
F-test	F-test Value: 10.959, Sig: 0.006		
t-test for Mean	t-test Value: -10.660, df:12, Sig: 0.000		
Cooperative		Kengeri FSCS	Singanayakanahally FSCS
CAGR		4.24	0.47
t-test for Growth		t-test Value: 3.536, Sig: 0.016	t-test Value: 0.171, Sig: 0.870

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.3 depicts the details about the Reserve Funds in Kengeri FSCS and Singanayakanahally FSCS. It has found from the result that during the period from 2014-15 to 2020-21, the average reserve funds in Kengeri FSCS is 3649728 and it is 8235320 in Singanayakanahally FSCS. The independent t-test has conducted to find the significance difference in reserve funds between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant. Accordingly, the variation in reserve funds within the group and

between the group is significant. The t-test value significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS. Hence, the reserve funds in Singanayakanahally is significantly high compared to Kengeri FSCS.

It has been found the Compound Annual Growth Rate (CAGR) that rate of growth in the reserve funds in Kengeri is 4.24 per cent and it is significant. The growth in the reserve funds in Singanayakanahally is 0.47 per cent not significant. Accordingly, the growth in Kengeri FSCS is guaranteed and growth in Singanayakanahally is random. Hence, the reserve funds in Kengeri is less and increasing at higher rate and the reserve funds is less and randomly increased at lower rate.

4.5 Comparison of Deposits

The farmer service cooperative societies are deposit its unspent amount with District Cooperative Central Bank, Apex Cooperative Bank etc.,

Table 4.4

Comparison of Deposits between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	83686559.2857	4445237.61585
Singanayakanahally	7	3390784565.4286	159975542.54091
F-test	F-test Value: 12.085, Sig: 0.005		
t-test for Mean	t-test Value: -20.665, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	2.94		5.32
t-test for Growth	t-test Value: 1.115, Sig: 0.315		t-test Value: 6.082, Sig: 0.001

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.4 reflects that the details about the deposits in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table during the period from 2014-15 to 2020-21 the average deposit in Kengeri FSCS is 83686559 and it is 3390784565 in Singanayakanahally FSCS. The independent t-test has conducted to find the significance difference in deposits between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant. Accordingly, the variation in deposits within the group and between the group is significant. The t-test value is significance at one per cent level. Therefore, there is

significant difference between Kengeri FSCS and Singanayakanahally FSCS in deposits. Accordingly, the deposits in Singanayakanahally FSCS is significantly high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in deposits in Kengeri FSCS is 2.94 per cent per annum and it is not significant. The growth rate in the deposits in Singanayakanahally is 5.32 per cent and it is significant at one per cent level. Accordingly, the growth in Kengeri FSCS is lower and in Singanayakanahally is registered highest growth. Hence, the deposits in Kengeri FSCS is less and increasing at lesser rate and the deposits in Singanayakanahally FSCS is high and it increasing at higher rate of growth.

4.6 Comparison of Owned Funds

The owned Funds is one of the performance indicators for the farmer service cooperative society to do the better business.

Table 4.5

Comparison of Owned Funds between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	5503388.1429	700765.53034
Singanayakanahally	7	218479821.1429	15561008.46121
F-test	F-test Value: 11.068, Sig: 0.006		
t-test for Mean	t-test Value: -13.673, df:12, Sig: 0.000		
Cooperative		Kengeri FSCS	Singanayakanahally FSCS
CAGR		-13.9	7.23
t-test for Growth		t-test Value: -3.693, Sig: 0.014	t-test Value: 2.862, Sig: 0.035

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.5 shows that the details about the owned funds in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table that during the period from 2014-15 to 2020-21, the average owned funds in Kengeri FSCS is 5503388 and it is 218479821 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference in owned funds between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant. Accordingly, the variance in owned funds within the group and between the group is significant. The t-test value is significant at one per cent level.

Therefore, there is a significant difference between Kengeri FSCS and Singanayakanahally FSCS in owned funds. Accordingly, the owned funds in Singanayakanahally is significantly high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in owned funds in Kengeri FSCS is negatively registered i.e., 13.9 per cent per annum and it is significant. The growth rate in owned funds in Singanayakanahally is 7.23 per cent and also significant. Accordingly, the growth in Kengeri FSCS is not growing positively and it found that declined and growth of owned funds in Singanayakanahally is high with increasing higher rate compared to Kengeri FSCS.

4.7 Comparison of Working Capital

Working Capital is one of the financial important performance indicators for the farmer service cooperative society.

Table 4.6

Comparison of Working Capital between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	95269513.8571	4369231.60930
Singanayakanahally	7	3621764364.0000	170227789.75670
F-test	F-test Value: 11.286, Sig: 0.006		
t-test for Mean	t-test Value: -20.710, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	2.21		5.44
t-test for Growth	t-test Value: 0.937, Sig: 0.391		t-test Value: 7.175, Sig: 0.000

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.6 presents the details about the working capital in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table that during the period from 2014-15 to 2020-21 the average working capital in Kengeri FSCS is 95269514 and it is 3621764364 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference in working capital between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is showing as significant. Accordingly, the variation in working capital within the

group and between the group is significant. The t-test value is significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS in working capital. Accordingly, the working capital in Singanayakanahally FSCS is high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in the working capital in Kengeri FSCS is 2.21 per cent per annum and it is not significant. The rate of growth in the working capital in Singanayakanahally FSCS is 5.44 and it is significant. Accordingly, the growth in Kengeri FSCS is lesser growth rate increasing very lower rate. The working capital in Singanayakanahally is high and increasing at higher rate.

4.8 Comparison of Kisan Credit Card Loans

Kisan Credit Card Loans are available in the farmer service cooperative societies of Kengeri and Singanayakanahally. The KCC scheme was introduced in 1998 for issue of Kisan Credit Cards to farmer members. The farmers may use KCC to readily purchase agriculture inputs such as seeds, fertilisers, pesticides etc., and also draw cash for their products needs.

Table 4.7

Comparison of KCC Loans between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	1479400.0000	116242.51947
Singanayakanahally	7	46139197.1429	1654827.21268
F-test	F-test Value: 10.793, Sig: 0.007		
t-test for Mean	t-test Value: -26.921, df:12, Sig: 0.000		
Cooperative		Kengeri FSCS	Singanayakanahally FSCS
CAGR		5.09	0.37
t-test for Growth		t-test Value: -1.239, Sig: 0.270	t-test Value: 0.197, Sig: 0.850

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.7 indicates that the details of KCC Loans in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table that during the period from 2014-15 to 2020-21 the average KCC Loan in Kengeri FSCS is 1479400 and it is 46139197 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference in KCC Loans between Kengeri FSCS and Singanayakanahally FSCS. The F-test

value is significant. Accordingly, the variation in KCC Loans within the group and between the group is significant. The t-test value is significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS in KCC Loans. Accordingly, in Singanayakanahally FSCS is significantly high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in the KCC Loans in Kengeri FSCS is 5.09 per cent per annum and it is not significant. The rate of growth in the KCC Loans in Singanayakanahally FSCS is 0.37 per cent per annum and not significant. Accordingly, the growth in Kengeri FSCS is guaranteed and growth in Singanayakanahally FSCS is random. Hence, the membership in Kengeri FSCS is high and increasing at higher rate and the KCC Loans in Singanayakanahally is low and randomly increasing at lower rate.

4.9 Comparison of Agriculture Medium Term Loans

Agriculture Medium Term Loans encourages technology upgradation resulting in increase of agriculture produce, enhancing productivity, and incremental income to farmer members.

Table 4.8
Comparison of Agriculture MT Loans between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	83107428.4286	5836544.38283
Singanayakanahally	7	18797843.4286	1201168.75122
F-test	F-test Value: 7.318, Sig: 0.019		
t-test for Mean	t-test Value: 10.792, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	7.19		1.94
t-test for Growth	t-test Value: 3.426, Sig: 0.018		t-test Value: 0.626, Sig: 0.558

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.8 indicates that the details of the Agriculture MT Loans in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table during the period from 2014-15 to 2020-21 the average Agriculture MT Loans in Kengeri FSCS is 83107428 and it is

18797843 in Singanayakanahally FSCS. The F-test value is significant at one per cent level. Accordingly, the variation in Agriculture MT Loans within the group and between the group is significant. The t-test value is significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS in Agriculture MT Loans. Accordingly, the Agriculture MT Loans in Singanayakanahally FSCS is significantly high compared to Kengeri FSCS.

It has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in the Agriculture MT Loans in Kengeri FSCS is 7.19 per cent per annum and it is significant at one per cent level. The growth rate in Agriculture MT Loans in Singanayakanahally is 1.94 per cent per annum and it is showing significant at 5 per cent level significant. Accordingly, the growth in Kengeri FSCS is guaranteed and growth in Singanayakanahally is random. Hence, the Agriculture MT Loans is high and increasing at higher rate and the Agriculture MT Loans in Singanayakanahally FSCS is randomly increasing at lower rate.

4.10 Comparison of Non-Agriculture Medium Term Loans

Farmer Service Cooperative Societies are lending non-agriculture medium term loans along with agriculture loans like housing loan, gold loan, small business loan, vehicle loan etc.

Table 4.9
Comparison of Non-Agriculture MT Loan between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	82936029.8571	5939407.30978
Singanayakanahally	7	697283723.5714	34970756.52004
F-test	F-test Value: 5.531, Sig: 0.037		
t-test for Mean	t-test Value: -17.319, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	7.4		3.66
t-test for Growth	t-test Value: 3.459, Sig: 0.018		t-test Value: 1.794, Sig: 0.132

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.9 depicts the details about the Non-Agriculture MT Loans in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table that during the period from 2014-15

to 2020-21 the average Non-Agriculture Loans in Kengeri FSCS is 82936030 and it is 697283724 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference between in Non-Agriculture MT Loans between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant at one per cent level. Accordingly, the variation in Non-Agriculture MT Loans within the group and between the group is significant. The t-test value is also significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS in Non-Agriculture MT Loans. Accordingly, the Agriculture MT Loans in Singanayakanahally FSCS is significantly high compared to Kengeri FSCS.

It has been found the Compound Annual Growth Rate (CAGR) that the rate of growth in the Non-Agriculture MT Loans in Kengeri FSCS is 7.4 per cent per annum and it is significant. The growth rate in the Non-Agriculture MT Loans in Singanayakanahally FSCS is 3.66 per cent and significant at 10 per cent level. Accordingly, the growth in Kengeri FSCS is guaranteed and growth in Singanayakanahally FSCS is random. Hence, the Non-Agriculture MT Loans in Kengeri is high and increasing at higher rate and the Non-Agriculture MT Loans in Singanayakanahally FSCS is less and randomly increasing at lower rate.

4.11 Comparison of Loan Outstanding

Loan Outstanding is leads to Non-Performing Assets in the farmer service cooperative societies and it is one of the major problems in the farmer service cooperative societies. As per the loan procedure farmer member failed repay their loan amount along with prescribed rate of interest, the loan outstanding get increase.

Table 4.10
Comparison of Loan Outstanding between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	1723835.2857	176247.16343
Singanayakanahally	7	764902397.8571	38554273.60101
F-test	F-test Value: 5.334, Sig: 0.040		
t-test for Mean	t-test Value: -19.795, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	1.34		5.28
t-test for Growth	t-test Value: -0.244, Sig: 0.816		t-test Value: 4.540, Sig: 0.006

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 4.10 presents the details about the Loans outstanding in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table that during the period from 2014-15 to 2020-21 the average loan outstanding in Kengeri FSCS is 1723835 and it is 764902397 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference in loan outstanding between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant. Accordingly, the variation in loan outstanding within the group and between the group is significant. The t-test value is significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS in loan outstanding. Accordingly, the loan outstanding in Singanayakanahally FSCS is significantly high compared to Kengeri FSCS.

It has been found the Compound Annual Growth Rate (CAGR) that the rate of growth in the loan outstanding in Kengeri FSCS is 1.34 per cent per annum and it is not significant. The rate of growth in the loan outstanding in Singanayakanahally FSCS is 5.28 per cent and it is significant. Accordingly, the growth in Kengeri FSCS is lower and growth in Singanayakanahally FSCS is average. Hence, the loan outstanding in Kengeri FSCS is less and increasing at lower growth rate and the loan outstanding in Singanayakanahally is high and moderately increasing at higher rate.

4.12 Comparison of Profits

The profits of the Kengeri FSCS and Singanayakanahally FSCS are distribute dividend for its farmer members. If there is any amount left after paying for the taxes, interest payment, and other reserve payments, then it is distributed equally among the farmer members.

Table 4.11

Comparison of Profits between Kengeri FSCS and Singanayakanahally FSCS

Description	N	Mean	Std. Error Mean
Kengeri FSCS	7	575194.4286	60750.87470
Singanayakanahally FSCS	7	29956384.8571	1515530.41101
F-test	F-test Value: 17.016, Sig: 0.001		
t-test for Mean	t-test Value: -19.371, df:12, Sig: 0.000		
Cooperative	Kengeri FSCS		Singanayakanahally FSCS
CAGR	-11.03		671.31
t-test for Growth	t-test Value: -2.488, Sig: 0.055		t-test Value: 0.002, Sig: 0.998

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

The table 11 reflects that the details about the profits in Kengeri FSCS and Singanayakanahally FSCS. It has found from the table result showing that the period from 2014-15 to 2020-21 the average profits in Kengeri FSCS is 575194 and it is 29956384 in Singanayakanahally FSCS. The independent t-test has conducted to find the significant difference in profits between Kengeri FSCS and Singanayakanahally FSCS. The F-test value is significant. Accordingly, the variation in profits within the group and between the group is significant. The t-test value is significant at one per cent level. Therefore, there is significant difference between Kengeri FSCS and Singanayakanahally FSCS in profits. Accordingly, the profits in Singanayakanahally is significantly high compared to Kengeri FSCS.

It is has been found from the Compound Annual Growth Rate (CAGR) that the rate of growth in profits in Kengeri is -11.03 per cent per annum and it is significant at 5 per cent level. The growth rate in the profits in Singanayakanahally is 671.31 per cent and not significant. Accordingly, the growth in Kengeri is not guaranteed and growth in Singanayakanahally FSCS is guaranteed. Hence, the profits in Kengeri FSCS is less and increasing very lower rate and the profits in Singanayakanahally FSCS is high and increasing at higher rate.

CHAPTER – V

PROFITABILITY ANALYSIS OF FARMERS SERVICE COOPERATIVE SOCIETY OF KENGERI AND SINGANAYAKANAHALLY

5.1 Introduction

Profitability ratios are a class of financial metrics that are used to assess an overall business activities and viability to generate earnings relative to its revenue, operating cost, assets, over a period of time, using data from a specific point in time.

Profitability ratios can be compared with efficiency ratios, which consider how well a farmers service cooperative societies uses its assets effectively and efficiently to generate revenue.

5.2 Ratio Analysis

Profitability analysis of Kengeri FSCS and Singanayakanahally FSCS based on the ratio analysis is presented below. Profitability is measured in terms of Operational Efficiency (OE), Economic Viability (OE) and Managerial Competency (MC),

5.3 Operational Efficiency

Operational efficiency of Kengeri FSCS and Singanayakanahally FSCS has been calculated by using two indicators. According to the first indicator (OE1) operational efficiency is the ratio of operating expenses and yearly business of the Kengeri FSCS and Singanayakanahally FSCS. Greater share of operating expenses in the total yearly business shows lower efficiency of the Kengeri FSCS and Singanayakanahally FSCS. Accordingly, operational efficiency is measured by this ratio Kengeri FSCS and Singanayakanahally FSCS is presented in table 5.1.

Table 5.1: Operational Efficiency (1) of Kengeri FSCS and Singanayakanahally FSCS

Year	OE (1) of Kengeri FSCS	OE (1) of Singanayakanahally FSCS
2014-15	2.27	0.31
2015-16	2.76	0.29
2016-17	2.66	0.30
2017-18	2.71	0.30

2018-19	2.86	0.34
2019-20	2.84	0.30
2020-21	3.83	0.28
Mean	2.85	0.30
CV	16.73	6.24

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

$$OE1 = \frac{\text{Operating Expenses}}{\text{Yearly Business (Deposits + Advances)}}$$

It shows that the Singanayakanahally FSCS is more efficient than the Kengeri FSCS. While operating expenses are 2.85 per cent in the total yearly business of Kengeri FSCS, the Singanayakanahally FSCS resulted only 0.30 per cent. Higher coefficient of variation (16.73%) and it indicates higher variation in the operating expenses. Lower coefficient of variation (6.24%) and indicates lesser variation in the operating expenses.

The Operational Efficiency (OE1) clearly indicates that better the performance lesser the variation and higher the variation lesser the performance. Accordingly, Singanayakanahally FSCS more efficiency than Kengeri FSCS.

Second measure of operational efficiency (OE2) is in terms of per employee establishment expenses of Singanayakanahally FSCS and Kengeri FSCS reflected in table 5.2.

Table 5.2: Operational Efficiency (1) of Kengeri FSCS and Singanayakanahally FSCS

Year	OE (2) of Kengeri FSCS	OE (2) of Singanayakanahally FSCS
2014-15	375565	394934.1
2015-16	398125	423600.9
2016-17	422612.3	336763.8
2017-18	386880	346925.8
2018-19	430612.1	448136.7
2019-20	430529.2	433497.2
2020-21	378824.8	448136.7
Mean	403307	404571
CV	6.01	11.51

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

$$OE2 = \frac{\text{Yearly Establishment Expenses}}{\text{Number of Staff Members}}$$

Kengeri FSCS and Singanayakanahally FSCS shows similar efficiency in terms of operational efficiency. While establishment expenses in both the Kengeri FSCS and Singanayakanahally FSCS were registered Rs. 403307 and Rs. 404571 respectively. But there is variation across the years indicated by 6.01 per cent in case of Kengeri FSCS and 11.51 per cent in case of Singanayakanahally FSCS.

5.4 Economic Viability

Economic viability of the Kengeri FSCS and Singanayakanahally FSCS is calculated using two methods. Economic viability (EV1) shows viability of the Kengeri FSCS and Singanayakanahally FSCS in terms of the share of gross profits in working capital. Both the Kengeri FSCS and Singanayakanahally FSCS are showing profits in table 5.3. The share of profits shows the intensity of economic viability of both the societies. A average viability is more in Singanayakanahally FSCS than in Kengeri FSCS. A average profits as percentages to working capital constitutes 0.61 per cent in Kengeri FSCS and 0.84 per cent in Singanayakanahally FSCS.

Table 5.3: Economic Viability (1) of Kengeri FSCS and Singanayakanahally FSCS

Year	EV (1) of Kengeri FSCS	EV (1) of Singanayakanahally FSCS
2014-15	0.77	0.89
2015-16	0.78	0.95
2016-17	0.78	0.80
2017-18	0.62	1.05
2018-19	0.55	0.72
2019-20	0.29	0.83
2020-21	0.49	0.61
Mean	0.61	0.84
CV	30.15	17.45

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

$$EV1 = \frac{\text{Profits}}{\text{Working Capital}} \times 100$$

Higher coefficient of variation could be observed in case of Kengeri FSCS and it got registered 30.15 per cent. Lower coefficient of variation registered in case of Singanayakanahally FSCS and it reflected 17.45 per cent.

Table 5.4: Economic Viability (2) of Kengeri FSCS and Singanayakanahally FSCS

Year	EV (2) of Kengeri FSCS	EV (2) of Singanayakanahally FSCS
2014-15	-5532476	4023396
2015-16	-5757128	1823302
2016-17	-5778089	1573078
2017-18	-6571832	-1143799
2018-19	-6921618	55115696
2019-20	-7396674	41498295
2020-21	-7460012	-26722709
Mean	-6488261.29	10881037
CV	-12.45	256.35

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

Table 5.4 depicts of Economic Viability (EV2) measured in terms of interest spread in a particular year shows that, it is high in Singanayakanahally FSCS than in Kengeri FSCS. Average negative interest spread of Kengeri FSCS is registered Rs. -64.88 lakhs per annum and positive spread of Rs. 108.81 lakhs in case of Singanayakanahally FSCS. In case of Kengeri FSCS registered negative interest spread in all the study period. But in case of Singanayakanahally FSCS only two financial years (2017-18 and 2020-21) negative interest spread could be observed.

It shows that Singanayakanahally FSCS is better position in terms of interest spread compared to Kengeri FSCS. Since interest spread was calculated based on expected returns on the loans and advanced, it can be observed that higher interest spread has registered in case of Singanayakanahally FSCS.

5.5 Managerial Competency

Managerial competency is one of the indicators of profitability of the Kengeri FSCS and Singanayakanahally FSCS. In the present study, managerial competency (MC1) is calculated as a ratio of NPAs in total advances shows the lower managerial competency (MC1) of the Singanayakanahally FSCS resulted in table 5.5. In terms of managerial competency Singanayakanahally FSCS shows better performance with lower NPAs as a share of total loans and advances (3.51%) compared to Kengeri FSCS (14.60%).

Table 5.5: Managerial Competency (1) of Kengeri FSCS and Singanayakanahally FSCS.

Year	MC (1) of Kengeri FSCS	MC (1) of Singanayakanahally FSCS
2014-15	12.25	4.1
2015-16	14.12	3.8
2016-17	13.22	5.2
2017-18	11.50	3.6
2018-19	18.10	2.8
2019-20	15.62	2.6
2020-21	17.42	2.5
Mean	14.60	3.51
CV	17.35	27.61

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

$$MC1 = \frac{\text{NPAs}}{\text{Total Yearly Business}} \times 100$$

In the year 2017-18 of Kengeri FSCS showed maximum efficiency with 11.50 per cent of NPAs to total loans and advances and during the year 2018-19 least competency with 18.10 per cent of NPAs. Lesser the share of NPAs higher the competency and higher the share of NPA lesser the competency.

As far as variation is concerned, Kengeri FSCS registered lower variation (17.35%) compared to Singanayakanahally FSCS (27.61%).

Apart from NPAs, per employee total business is also shows the managerial competency. The second measure of managerial competency is based on the per employee total yearly business.

Table 5.6: Managerial Competency (2) of Kengeri FSCS and Singanayakanahally FSCS.

Year	MC (2) of Kengeri FSCS	MC (2) of Singanayakanahally FSCS
2014-15	38722781.2	118373935
2015-16	43051390.4	127263598.1
2016-17	48054630.8	107226316.9
2017-18	53343695.2	104170564.2
2018-19	56460834.2	101698834.4
2019-20	63254142.8	115838130
2020-21	48805710	124183781.4
Mean	50241884	114107880
CV	16.43	8.73

Source: Calculated Audited Financial Statements of Kengeri FSCS and Singanayakanahally FSCS

$$MC2 = \frac{\text{Total Yearly Business}}{\text{Total Number of Staff}}$$

Table 5.6 shows that analysis of average per employee yearly business is more in Singanayakanahally FSCS than in Kengeri FSCS. While the average per employee business is Rs. 1141.07 lakhs, it is Rs. 5.02 Lakhs in Kengeri FSCS. But variation is high (16.43%) in Kengeri FSCS compared to Singanayakanahally FSCS (8.73%).

5.6 Hypotheses Tested

Based on the cross section data collected from Kengeri FSCS and Singanayakanahally FSCS, Bengaluru District of Karnataka, the hypotheses formulated were testing through regression analysis.

Hypotheses were formulating regarding factors influencing profitability of Kengeri FSCS and Singanayakanahally FSCS and factors influencing economic viability.

It was hypothesized that economic viability is the function of loan portfolio of Kengeri FSCS and Singanayakanahally FSCS. Significance regression coefficient indicated that economic viability of the Kengeri FSCS and Singanayakanahally FSCS are dependent on loan portfolios there by accepting the hypothesis that composition of the loan portfolios influences economic viability. Positive sign indicates that greater the share of loan portfolios influences greater is the economic viability of Kengeri FSCS and Singanayakanahally FSCS.

The second hypothesis of performance (profits) as a function of quality of decisions making has been tested with regression analysis. The hypothesis is accepted with a positive and significance coefficient. Quality of decisions found to be significantly influencing performance (profits) of Kengeri FSCS and Singanayakanahally FSCS.

CHAPTER – VI

SUMMARY, FINDINGS AND CONCLUSIONS

6.1 Summary

In this chapter, summaries of the foregoing chapters and the broad conclusions emerged from the analysis have been furnished and formed the policy implications. The present study makes an attempt to understand the impact of farmers service cooperative society of Kengeri and Singanayakanahally on lending different types of loans in their area of operation and identify the reasons for differential performance in Kengeri FSCS and Singanayakanahally FSCS.

The study presents the analysis based on secondary data collected from Kengeri FSCS and Singanayakanahally FSCS in Bengaluru District of Karnataka during the period from 2014-15 to 2020-21. Farmers Service Cooperative Society of Kengeri and Singanayakanahally business activities, analysis of growth, performance, and profitability has been studied during the study period. Primary data analysis is also done based on primary information collected from beneficiaries in Kengeri FSCS and Singanayakanahally FSCS in the year 2020-21. The education qualification, experience in cooperative sector, and involvement in board meetings is leads to quick and quality decisions for developmental and to implement productive business activities.

The objective of the analysis was to understand the growth and performance of Kengeri FSCS and Singanayakanahally FSCS. The analysis was carried out through Average, Coefficient of Variation, Annual Growth Rate, Independent ‘t’ test, Compound Annual Growth Rate, and Ratios of Operational Efficiency, Economic Viability and Managerial Competency as prescribed by Sabnani (2001).

6.2 Findings

1. The growth rate of membership in Kengeri FSCS is increased consistently, but in case of Singanayakanahally, the membership growth is increasing lesser rate of annual growth.
2. The positive sign for the Kengeri FSCS, but efforts are required to attract the greater number of Membership for betterment of growth in share capital and development of the Kengeri FSCS. But higher growth rate in share capital of Singanayakanahally FSCS compared to Kengeri FSCS.

3. The reserve funds growth rate in Kengeri FSCS is not satisfied, but in case of Singanayakanahally FSCS registered highest positive growth rate even during the COVID-19 pandemic period.
4. The Kengeri FSCS to increase working capital for disbursement of various loans as demands by the farmer members must concentrate attract depositors. But in case of Singanayakanahally growth rate indicates members has trust Singanayakanahally FSCS to keep their money in terms of deposit for their future purpose.
5. It shows very clearly Kengeri FSCS disbursed good amount for agriculture medium term loans for its farmer members during the study period.
6. There is an inconsistency of growth in creation of owned funds in case of Kengeri FSCS. But in case of Singanayakanahally growth rate has showed consistent increase with lesser rate.
7. The working capital growth is less in case of Kengeri FSCS compared to Singanayakanahally FSCS.
8. The Kengeri FSCS should make efforts to attract the farmers to utilise KCC loan scheme. But in case of Singanayakanahally FSCS registered positive growth except two financial year.
9. The Singanayakanahally FSCS disbursed good amount of money for the agriculture medium term loans for its farmer members during the study period compared to Kengeri
10. The Kengeri FSCS disbursed good amount of money for the non-agricultural medium-term loan for its farmer members during the study period except during the year 2020-21 compared to Singanayakanahally FSCS.
11. The Kengeri FSCS registered highest growth rate during the study period compared to Singanayakanahally. The Kengeri FSCS should make more efforts to reduce to loan outstanding with plan for maximum amount of recovery with specific objectives.
12. The Kengeri FSCS and Singanayakanahally FSCS are earning profits against their business activities. But more profits earned by the Singanayakanahally FSCS compared to Kengeri FSCS.
13. There is a significance difference between Kengeri FSCS and Singanayakanahally FSCS with respect to Membership, Share Capital, Reserve Funds, Deposits, Owned Funds, Working Capital, KCC Loans, Agriculture Medium Term Loans, Non-Agriculture Medium Term Loans, Loan Outstanding, and Profits.
14. Compound Annual Growth Rate in Membership is less and increasing higher rate, but in Singanayakanahally FSCS is high and randomly increasing at lower rate.

15. Compound Annual Growth Rate in Share Capital is less and increasing at lesser rate compared to Singanayakanahally FSCS is high and increasing at higher rate with one per cent significance level.
16. Compound Annual Growth Rate in Reserve Funds is less and increasing higher compound growth rate compared to Singanayakanahally FSCS is less and increased at lower rate.
17. Compound Annual Growth Rate in Deposits of Kengeri FSCS is less and increasing at lesser rate compared to Singanayakanahally FSCS is high and it increasing at higher rate of growth.
18. Compound Annual Growth Rate in Owned Funds not growing positively and it found declined in growth compared to Singanayakanahally FSCS is high with positive growth rate with one per cent significance level.
19. Compound Annual Growth Rate in Working Capital of Kengeri FSCS is lesser growth rate with very marginal increase compared to Singanayakanahally FSCS is high and increasing at higher rate.
20. Compound Annual Growth Rate in Kisan Credit Card Loans of Kengeri FSCS is high and increasing higher rate compared to Singanayakanahally FSCS is low and randomly increasing with lower rate.
21. Compound Annual Growth Rate in Agricultural Medium Term Loan of Kengeri FSCS is high and increasing at higher rate compared to Singanayakanahally FSCS is randomly increasing with lesser rate.
22. Compound Annual Growth Rate in Non-Agriculture Medium Term Loans of Kengeri FSCS is high and increasing higher rate compared to Singanayakanahally FSCS is less and randomly increasing at lower rate.
23. Compound Annual Growth Rate in Loan Outstanding of Kengeri FSCS is less and increasing lower rate compared to Singanayakanahally FSCS is high and moderately increasing at higher rate.
24. Compound Annual Growth Rate in Profits of Kengeri is negatively increasing at declining rate compared to Singanayakanahally FSCS is high and increasing at higher rate.

6.3 Conclusion

Apart from the collection of secondary and primary data from both Kengeri FSCS and Singanayakanahally FSCS and interaction with officials and board of directors of both the

societies have thrown more light on the actual operations of the Kengeri FSCS and Singanayakanahally FSCS. Singanayakanahally FSCS doing better business because of chairperson of the board. The chairperson Smt Vani Vishwanath of the board is wife of local MLA Shri Vani Vishwanath. Singanayakanahally FSCS doing diversified business activities of agriculture inputs, fertiliser, pesticides, public distribution system, promotion of SHGs group and various types of non-agriculture loans for its members. But in case of Kengeri FSCS officials have opined there is no more demand for agriculture loans from the farmer members due to agricultural land converted in to residential plots by the Bruhat Bengaluru Mahanagara Palike (BBMP). The result is also reveals that in case of Kengeri FSCS has not adopted to do the diversified lending operations. Based on the analysis there is significance difference between Kengeri FSCS and Singanayakanahally FSCS on their business operations.

6.4 Suggestions

The following suggestions are made based on the study. While some of the suggestions are aimed to improving the operational efficiency are aimed at improving the business diversifications in order to make the farmer service cooperative societies more competitive in open economy.

1. Kengeri FSCS and Singanayakanahally FSCS should concentrate to reduce loan outstanding growth and they should make more efforts for earning more profits.
2. Kengeri FSCS should be given training to improve their operation skills. Training modules should include information about macro policies and management techniques.
3. Kengeri FSCS and Singanayakanahally FSCS should put efforts on mobilisation of more owned funds
4. Kengeri FSCS efforts should made to assess the adequate of interest spread to make financially viable.

6.5 Action Research

1. First important requirement is that the policy makers should develop a clear vision about the future role of Kengeri Farmer Service Cooperative Society in the globalisation regime, involving all the stakeholders and initiate process to review the existing policy and make appropriate changes.

2. Since Kengeri FSCS has been provided greater assistance to Non-Agriculture Medium Term Loans, the society should concentrate more on existing credit for agriculture purpose with agricultural allied activities like animal husbandry, fishery, dairy farming, and agriculture marketing.
3. Kengeri FSCS should frame and take appropriate action for implementation of agricultural allied activities like fertiliser, pesticides, public distribution system, promotion of SHGs groups.
4. Kengeri FSCS should amend their bye-laws and establish janatha basar to improve their business activities and sustain in the competitive era.

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