

Project On

**“ STUDY ON STRENGTHENING OF COOPERATIVE CREDIT AND BANKING IN
MULKANOOR AREA “**

**MULKANOOR COOPERATIVE RURAL CREDIT AND MARKETING SOCIETY LTD.,
Mulkanoor village, Bheemadevarapalli Mandal, Hanamkonda District,
Telangana State, India**

Submitted by

**KODURUPAKA SRINIVAS,
Trainee Officer, Roll No.5604**



**56th PGDCBM BATCH
Under the Guidance of
Dr.D.B.Mahal, Faculty member (Retd)
VAMNICOM, Pune**

Submitted to

**CENTRE FOR COOPERATIVE MANAGEMENT, VAIKUNTH MEHTA
NATIONAL INSTITUTE OF COOPERATIVE MANAGEMENT**

(A Grant-in-aid Institution under Ministry of Cooperation, Government of India)

Ganeshkhind Road, Near Pune University, Pune – 411 007,

Maharashtra, India

Name of the employee : Kodurupaka Srinivas
Name of the organization : Mulkanoor Cooperative Rural Credit and
Marketing Society Ltd.
Mulkanoor village, Bheemadevarapalli
Mandal,
Hanamkonda Dist.,
TELANGANA STATE – 505 471.

DECLARATION

I, **Kodurupaka Srinivas, working as Junior Accountant** in “Mulkanoor Cooperative Rural Credit and Marketing Society Ltd. and submitting the following project report entitled under training programme imparted by “**VAIKUNTH MEHTA NATIONAL INSTITUTE OF COOPERATIVE MANAGEMENT, PUNE**” for the fulfillment of award of the Degree on PGDCBM-Post Graduate Diploma in Cooperative Business Management, 2022-2023.

Submitted by : KODURUPAKA SRINIVAS
Roll No.5604

DECLARATION

I hereby declare that the dissertation entitled “ **STUDY ON STRENGTHENING OF COOPERATIVE CREDIT AND BANKING IN MULKANOOR AREA**” IN **HANAMKONDA DISTRICT OF TELENAGNA** is the outcome of research work carried out by me under the guidance of Dr.D.B.Mahal, Faculty member (Retd), 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 of any other institute.

Date: / /2023
Place: PUNE

Dr. D. B. Mahal,
Faculty member (Retd),
Trainee Officer.

TABLE OF CONTENTS

Sl. No.	Content No.	Content Name	Page No.
1	I	CHAPTER – I	1
2		INTRODUCTION	2
3		NEED AND SCOPE OF THE STUDY	7
4		COOPERATIVE AGRICULTURAL CREDIT STRUCTURE	8
5		OBJECTIVES OF THE STUDY	9
6		RESEARCH METHODOLOGY	10
7	II	CHAPTER - II (about MCRC & MS Ltd.)	12
8		ACTIVITIES OF MCRC & MS Ltd	13
9		SERVICES EXTENDING TO SOCIETY FARMER MEMBERS	14
10		AUDIT CERTIFICATION OF THE SOCIETY	23
11		MARKETING	23
12		SALE OF PETROL / DIESEL BY THE SOCIETY	25
13		SOCIETY'S BANK ACCOUNTS DETAILS	26
14		NET PROFIT DETAILS OF THE SOCIETY	27
15		ANNUAL TURN OVER OF THE SOCIETY FOR THE LAST 10 YEARS	27
16		MEMBERSHIP & SHARE CAPITAL DETAILS OF THE SOCIETY FOR THE LAST 10 YEARS	27
17		APPLICATION OF COMPUTER SOFTWARE	28
18		STATEMENTS/REGISTERS MAINTAINING BY SOCIETY ACCOUNTS SECTION.	29
19		CROP LOANS / TERM LOANS TO THE MEMBERS	35
20	III	CHAPTER – III	37
21		STRENGTHENING OF COOPERATIVE CREDIT & BANKING IN MULKANOOR	38
22	IV	CHAPTER – IV	40
23		ANNEXURE OF AUDIT CERTIFICATE DULY AUDITED BY DCO (10 years)	41
24		DETAILED ABSTRACT OF STATISTICAL INFORMATION OF 6 DECADES	41
25		ACCOUNTS DEPOSITED WITH THE BANK	41

CHAPTER - I

INTRODUCTION

CREDIT AND BANKING IN COOPERATIVE SOCIETIES

Co-operative Credit in India -- Meaning, Structure and Evaluation of Performance

A credit union is a member-owned financial cooperative, democratically controlled by its members, and operated for the purpose of promoting thrift, arranging credit at competitive rates, and providing so many other financial services to its members.

The Co-operative Credit Institutions in India can be classified as under a three-tier structure.

- (i) Primary Credit Societies at the bottom
- (ii) Central Co-operative Bank at the middle
- (iii) State Co-operative Bank at the top

The primary societies are functioning in the various towns and villages, the Central Banks at the district headquarters and the State Co-operative Banks at the state capitals forming the apex of the system.

The Reserve Bank of India assists the co-operative structure by providing concessional finance through **NABARD** in the form of General Lines of Credit for lending to agricultural & allied activities. Thus, the whole system is integrated with the **Banking structure of the country**.

Let us have a discussion about these institutions one by one.

(i) The Primary Agricultural Credit Societies:

A primary society is an association of borrowers and non-borrowers residing in a particular locality and taking interest in the business affairs of one another. As membership is practically open to all inhabitants of a locality, people of different status are brought together into the common organization.

(ii) Central Co-operative Banks:

A Central Co-operative Bank is a federation of primary societies in a specified area. Where membership of a Central Co-operative Bank is restricted to primary societies only, it is known as a 'banking union'. Nowadays, individuals are also admitted as members of almost all Central Co-operative Banks.

(iii) State Co-operative Banks:

At the top of the co-operative banking, there are State Co-operative Banks, organized with the object of attracting deposits from the rich urban classes. These Banks are also more suitably equipped to serve as channel between the co-operative movement and the joint stock banks.

Cooperative Credit: An Evaluation

The major deficiencies in the working of the cooperative societies are as follows:

- The essence or basic features of cooperative banking system must be a larger reliance on resources mobilised locally and a lesser and lesser dependence on higher credit institutions. However, many PACSs are at present dependent on CCBs and have failed miserably in mobilising rural savings. Heavy dependence on outside funds has, on the one hand, made the members less vigilant not treating these funds as their own and on the other led to greater outside interference and control. Overall, this has made the cooperatives a "mediocre, inefficient and static system".
- The cooperative credit institutions are plagued by the problem of high level of over-dues. These over-dues have clogged the process of credit recycling since they have substantially reduced the capacity of cooperatives to grant loans.
- The rural cooperative institutions have a high level of NPAs
- A large number of rural cooperative credit institutions have incurred substantial losses.
- The Primary Agricultural Credit Societies is the most important link in the short-term cooperative credit structure. However, most of them are too

small in size to be economical and viable. Besides, several of them are also dormant while some are defunct.

- Because of their strong socio-economic position and grip over the rural economy, big landowners have cornered greater benefits from cooperatives. This is the opposite of what the planners intended.
- There are considerable regional disparities in the distribution of credit by cooperative societies with six States (**Gujarat, Maharashtra, Karnataka, Kerala, Punjab and Tamil Nadu**) accounting for 70 per cent of the short-term loans provided by the PACSs as of end-March 2010.
- The powers which vest in the government under the cooperative laws and rules are all-pervasive. Over the years, State has come to gain almost total financial and administrative control over the cooperatives, in the process stifling their growth. Instead of strengthening the base, a weak base was vastly expanded as per plan targets and an immense governmental and semi-governmental superstructure was created.

What are Cooperative Credit Societies?

1. Co-operative Credit Societies are financial entities established on a cooperative basis and, do banking functions with their members only.
2. Customers of a cooperative Societies are also its owners.
3. These societies provide a wide range of regular banking and financial services to their members only.

Co-operative credit societies vs Co-operative banks

1. **Co-operative Banks** are legal entities with **proper regulatory and administrative mechanism**, while **Co-operative credit societies** do not have any well established procedures. They simply registered under Registrar General
2. Both are registered under either **Co-operatives societies act of respective states** or **Multi-State Co-operative Societies Act, 2002**

What are Co-operative banks in India?

1. **Co-operative Banks** are divided into **two categories – urban and rural.**

2. **Rural cooperative credit institutions** could either be short-term or long-term in nature.
3. **Short-term cooperative credit institutions** are further sub-divided into **State Co-operative Banks, District Central Co-operative Banks, Primary Agricultural Credit Societies.**
4. The long-term institutions are either **State Cooperative Agriculture and Rural Development Banks (SCARDBs)** or **Primary Cooperative Agriculture and Rural Development Banks (PCARDBs).**
5. On the other hand, **Urban Co-operative Banks (UBBs)** are either scheduled or non-scheduled banks.

Co-operative Banks Regulation and Management

1. Cooperative banks are registered under the **States Cooperative Societies Act.**
2. They are registered and regulated by the Registrar of Co-operative Societies of the respective State governments and by the **Central Registrar of Co-operative Societies** if these entities function in more than one State.
3. These banks also come under the regulatory ambit of the **Reserve Bank of India (RBI)** under two laws, namely, the **Banking Regulation Act 1949** and the **Banking Laws (Co-operative Societies) Act, 1955.**

Issues in Co-operatives Credit Societies functioning

1. These societies do not come under the direct **RBI** scanner despite accepting deposits from and disbursing loans to their members.
2. Those **co-operative credit societies** with reserves and paid-up capital of over ₹1 lakh have to seek a licence from the RBI, but most of them operate with a lower capital to **avoid RBI regulatory oversight**.
3. Many co-operative credit societies offering exorbitantly high interest rates (say 12 per cent) on their deposits. In that case, they should be lending at least at 18-20 per cent. If so, who could be the borrowers? the borrowers of this high cost borrowing must be investing in highly risky and fragile assets, thus jeopardising the entire **co-operative credit structure**.
4. A major issue also with the **type of depositors**. Many **money launderers exploiting cooperatives**, since these societies are not subject to Know Your Customer rules and **Anti-Money Laundering laws**.

Measures to be taken

1. Many co-operative societies circumvent the **provisions of Section 7** of the **Banking Regulation Act**. It is essential that appropriate legal action is initiated against the wrongdoers to safeguard the entire banking activities from **Domino effect**.
2. Registrars of **Co-operative Societies** should be 'modernised' enough. Ill-functioning societies need to be isolated and special precautionary investigations must be held by the RBI authorized controllers and supervisors.
3. Need to strengthen **financial inclusion**. There is strong evidences that such societies may be taking undue advantage of the poor in financially excluded areas and exploiting them.
4. **Internal surveillance mechanism** has to **improve substantially**, for example these credit societies can be brought under **RBI SWIFT** platform.

Conclusion

Thus, it is worthy to assume, **Co-operative credit societies** are governed by anachronistic and arcane laws, and their customers stand to lose if these societies go bust. There could be systemic repercussions too. This is buttressed by the fact that

some of these societies registered under the **Multi-State Co-operative Societies Act, 2002** have reportedly garnered public deposits running into thousands of crores during the last ten years.

A majority of the ills will be remedied if the State governments, along with **RBI, regulate and supervise these societies**. This will be good for both the common man and the financial sector at large. The ticking of the time bomb must be stopped fast and at any cost. To be forewarned is to be forearmed.

NEED AND SCOPE OF THE STUDY

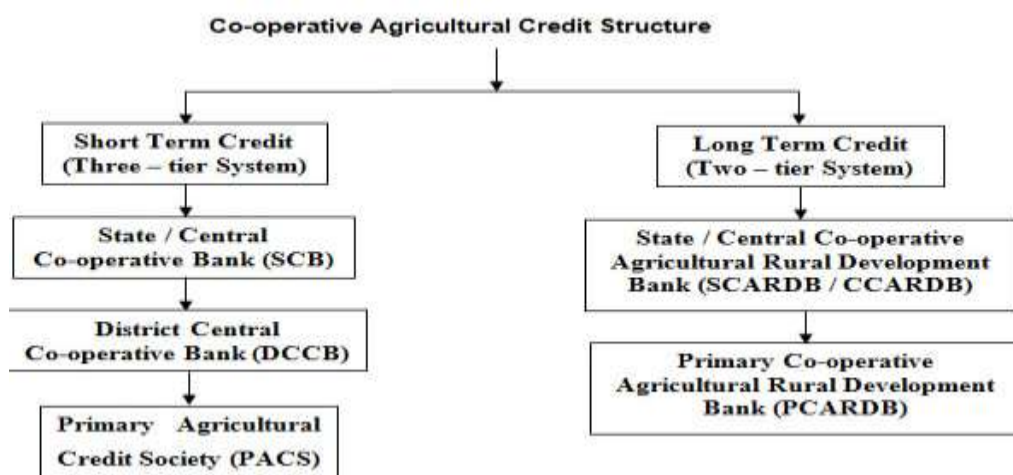
This paper intends to analyze the problems & prospects of Indian cooperative sector banks & it's relevance for Indian economy. The co-operative sector over the years has made significant contribution to various sectors of national economy and has achieved voluminous growth. Co-operative banks play an important role in the economy of India. These Banks also contribute the major part in the India's banking and financial system. The role of cooperatives banks in Rural and Urban areas has been increased in a Ample part nowadays because of increase of primary co-operatives and their main role of financing both rural and urban area is increasing day by day. However, it has shown weaknesses in safeguarding the interests of the members and fulfillment of objects for which these institutions were organized. Except for a few successful cooperatives, the cooperative movement in India has failed to bring about a transformation of the rural economy. This paper is an attempt to address some of the problems being faced by the Cooperative sector banks in India.

One of the major areas of the macro economy that has received renewed focus in recent times has been the financial sector. The financial sector acts as the 'brain' of the economy: it acts as a bridge for channeling resources from final savers to final investors. As a result, the greater the ease of resource intermediation, the lower the cost at which these resources can be available to final investors, enhancing investment and growth. The cooperative sector in India is the largest in the world and it plays a pivotal role in employment generation, poverty alleviation and food security. The cooperative credit system of India has the largest network in the world and cooperatives have advanced more credit in the Indian agricultural sector than commercial banks. Cooperation in a vast country like India is of great significance because:

It is an organization for the poor, illiterate and unskilled people

- It is an institution of mutual help and sharing.
- It softens the class conflicts and reduces the social cleavages.
- It reduces the bureaucratic evils and follies of political factions.
- It overcomes the constraints of agricultural development.
- It creates conducive environment for small and cottage industries.

Co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts



OBJECTIVES OF THE STUDY

1. To know the conceptual frame work of accounting system being maintained in the Cooperative society.
2. To study accounting procedures, funds obtaining from the other organizations and refinancing the same to its member farmers.
3. To study the rate of interest paying by the society while taking loans from the banks and from National Cooperative Development Corporation, NABARD etc.
4. Interest subvention schemes and subsidies availing by the society
5. To study the various types of loans releasing to the members
6. To know the details of Income and Expenditure
7. To study the Profit & Loss statement
8. To study the Balance Sheet analysis
9. To analyze the Bank Reconciliation Statements of society current accounts
10. To know the various welfare schemes implementing to the society members and the expenditure incurring thereon.

The study of the topic covered on the following questions:

Why there is a need for banks and cooperative societies?

Providing loans with reasonable interest rate, generating greater awareness among people about formal sources so as to reduce their dependence on informal sector. It will also prevent people from getting exploited through borrowings from informal sources. To serve as building blocks for rural households.

What is the main purpose of co-operative credit?

A cooperative credit society aims at providing goods and services like loans, goods at discounted prices, and so on, at an affordable rate to its members. Another main function of such societies is to eliminate any middlemen by providing goods and services directly.

What is Credit Cooperative in simple words?

A financial organization owned and controlled by its members, who can borrow at low interest rates from an amount of money they have saved as a group: Credit co-operatives provide financial services to poor and low-income people in many countries.

What are the objectives of co operative accounting?

This facilitates distribution of patronage refunds and ensures that the cooperative is operating according to cooperative principles. The cooperative's accounting system is a method of recording and reporting the financial results of its business transactions.

To mobilize funds and savings among members. To provide consumer goods to members at reasonable rates. To provide services to members according to their needs, such as housing, transport, insurance etc. To promote self-help, self-reliance among people.

What are the example of credit cooperatives?

Globally, there are over 75,000 credit unions in 109 countries with 260 million members. Examples of financial co-ops include Navy Federal Credit Union, Alliant Credit Union and Pen Fed Credit Union.

RESEARCH METHODOLOGY

The research methodology involves to any organization is mainly depends upon the annual report, audited statements and observation and the compliance reports including its financial statements like P&L statements, Balance Sheets, Income & Exp. / Liabilities & Assets statements, Bank Books, Day Books, Vouchers, various statistical statements including recorded data etc.

Society banker is one of the important aspect of collecting the data, information of bank transactions, deposits, payments and receipts, cash withdrawals, encashment of cheques, DDs, Bonds, etc gives accuracy of the society financial status comparing the statements of accounts.

The members may also gives the information regarding their experiences about their credit and banking systems related to society.

CHAPTER - II

MULKANOOR COOPERATIVE RURAL CREDIT AND MARKETING SOCIETY LIMITED
Mulkanoor Village, Bheemadevarapalli Mandal, Hanumakonda District, Telangana



Head Office Main Building View

ACTIVITIES OF THE SOCIETY

Introduction :

Mulkanoor Cooperative Rural Credit & Marketing Society Ltd. has been registered under Hyderabad Cooperatives Act, 1952 in the year 1956 and deemed into A.P. Cooperative Societies Act, 1964 after its enactment. Later on converted to A.P. Mutually Aided Cooperative Societies Act, 1995 in the year 1995.

The Society was established with the aim of stopping migration of farmers and to make agriculture feasible by providing Agriculture related Services, i.e., Financial, Input Supply, Extension, Value Addition, Marketing, Consumer and Welfare Services and became a 'one stop solution' to all requirements of the farmers.

The society has started with 373 members with an initial share capital amount of Rs.2300/- during 1956 and the same has been increased having the members of 7600 and share capital reached to the extent of **Rs.17.30 Crores** as on date with annual turnover of **Rs.357.88 crores** as on March, 2021.

Conditions prevailed at the the time of formation of society:

Prior to formation of the society, the prevailing conditions of locality, i.e., Mulkanoor and surrounding villages, cultivators have suffered from (a) Lack of irrigation facilities; (b) higher rate of interest on loans; (c) Lack of input supply at reasonable rate; (d) Distress sale of agri. produce by farmers and (e) Lack of self confidence among farmers.

Aim of the Society :

To overcome all these problems, the society was established with a vision

- (i) To stop migration of farmers to urban areas in search of work;
- (ii) To uplift socio-economic status of farmers and
- (iii) To ensure farmer control over agriculture production and marketing.

Primary objectives of the society :

- (iv) Facilitating timely finance with subsidiary rate of interest
- (v) Supply of fertilizers, pesticides, agri. Implements
- (vi) Supply of high yield variety crop seeds,
- (vii) Purchase of agri.produce from the members.

Services extending to the member farmers :

Our society is extending the services to the farmer members with an operational area of 14 villages and (4) hamlet villages villages within the vicinity of Mulkanoor as stated below:

- 1) Mulkanoor,
- 2) Mutharam,
- 3) Bheemadevarapally,
- 4) Gatlanarsingapoor,
- 5) Kothapally,
- 6) Errabelly,
- 7) Gopalpoor,

- 8) Jeelugula,
- 9) Koppur,
- 10) Vangara,
- 11) Rathnagiri,
- 12) Mallaram,
- 13) Kothakonda,
- 14) Musthafapoor,
- 15) Bollonipally,
- 16) Jaganathapoor,
- 17) Rangaiahapally, and
- 18) Dharmaram.



Seed processing plant at Kothapally Godown



Society Modern Raw Rice Mill



Society Cotton Ginning & Pressing Unit

Financial Services:

Under financial services the society is giving crop loans; medium term loans, long term loans and normal crop loans to farmer members at Institutional rate of interest.

Input supply services:

Under Input supply services, the society is selling fertilizers, pesticides and seeds, electrical pump sets, petrol, diesel and lubricants to the farmers at reasonable prices.



Society Super Bazar

Agri. Extension Services:

Under Agri. Extension Services the Society is arranging awareness meetings to the farmers by inviting eminent scientists. The society farmer members are being sent to various agri-melas and also to the training classes organized by Professor Jayashanker Agrl.University, Rajendranagar, Hyd. and also by the scientists of ICRISAT to enrich their agriculture and farming skills and the usage of latest technology with modern equipments, so as to enable them to implement and obtain

better yield of their agri produce. Apart from this we are conducting regular training classes to the farmers with our Agricultural Officers and also senior lecturers of State Cooperative Training College to enlighten their awareness about the green revolution.



Members applied for crop loan and waiting at Loans & Accounts section.

Value Addition and Marketing Services:

Under Value Addition and Marketing Services, the Society procuring the agriculture produce at the godowns of the society. Society is linking of credit with marketing of member produce and paying bonus amount on purchasing of their produce.

Welfare Services:

Under Welfare Services, our society, in early years, at the initial stage, has taken responsibility to electrify the villages of Mulkanoor and surrounded villages; provided drinking water facility by digging borewells in the villages.

Further, the society is providing funeral expenses to the member/spouse—by giving Rs.10,000/- and 100 Kgs of rice to the deceased family. 12.5 times on Welfare deposit amount paying to the nominee/legal heir of the deceased member upto Rs.50,000/- (maximum)

The society is considering the waiver of crop loan in case of the death of the member up to Rs.1,25,000/- from the society funds.

Under Janatha accidental policy society paying premium to Insurance Co. and in case of the death of the member, the claim amount of Rs.1.00 lakh paying to the legal heirs of the deceased member. Arranging insurance on tractors and harvesters.

Paying pension to the senior age old members, who are having continuous membership of 35 years and attained the age of 65 years and above, @ Rs.500 p.m. Under this facility, total **595** members have been considered by paying total amount of **Rs.71.38** Lakhs as on date.



Distribution of pension to old age member

Scholarships giving to the members' children @ Rs.10,000/- who were admitted in the professional courses-B.Tech/B.Sc.(Agrl.)/ B.Pharmacy/Veterinary courses and Rs.12,500/- for the children who admitted into MBBS courses respectively.



Distribution of Scholarship to Society Member's Children

Providing free cataract eye operations to the members/spouse under the consultancy with famous Dr.Sharath Laser Eye Hospital, Hanamkonda costs about Rs.10,000/- for each operation. Out of which an amount of Rs.3,500/- bearing by the Hospital management and remaining amount of Rs.6,500/- bearing by the Society. As on date total **2412** members/spouses were availed the services of cataract operations, where, our society has spent an amount of Rs.137.55 lakhs.



Member attended for Eyes testing in the “Eye Testing Camp”

An amount of Rs.311.66 Lakhs Incurred by the society for the current FY 2020-2021.

As the growth of the society is increasing, the activities of the society also scattered its business. Presently the society is running 4 Tons/Hr. Parboiled Rice Mill; 4 Tons/Hr. Raw Rice Mill; 12 TPH Seed Processing Plants, 35 Cotton Ginning machines with Cotton Bale Pressing unit, a super bazaar selling the agricultural and electrical equipment, fertilizers and pesticides on reasonable rates, and cloth. And with Indian Oil Corporation, running the petrol bunk by selling petrol, diesel and other lubricants with high quality. Providing LPG gas connections and refilling gas cylinders, with the franchise of Bhart Gas.

The services to farmers are also extended by purchasing the agricultural produce (**Paddy, Paddy Seed & Cotton**) of the farmer members as per market rate and the profit gained by the value addition is paid back to members as bonus. In the last financial year 2020-21 the Society has paid the amounts at Rs.120/- per quintal on BPT paddy, for other category rice @ Rs.100/- per quintal and Rs.75/- per quintal on cotton. For paddy seed paying Rs.100/- per quintal. Thus, the Society has been paid the total bonus to the members about **Rs.283.85 lakhs** for the F.Y.2020-21. Further, the society has paid **Dividend @ 15% arrived Rs.2,59,59,081/- against the Share Capital of Rs.17,30,60,540/-** for the FY 2020-21.



Payment of bonus to the members

Under the guidance of our society President, promoted a rural development society by name A.K.V.R.Rural Development Society and on its operation and maintenance established Junior College and Degree College. Under this programme, 3 watershed programmes have been completed with the assistance of NABARD, to facilitate the farming community. The various welfare schemes implementing by this society are highly appreciated by the member farmers and other famous dignitaries on several occasions.

Audit Certification of the Society :

The society is taking maximum care for its smooth functioning and to run continuously on profits including upliftment of the farmers, the society never envisaged losses nor to the farmers. The Dist. Cooperative Office, Audit Officers of the State Government, after their thorough scrutiny of the balance sheet and other financial statements, awarding the Society continuously with 'A' Grade Certificate from the last six decades.



Society Internal Audit Team

Marketing :

The society is producing the Paddy Seed and marketing under the Brand Name as "Mulkanoor Seeds" which is also fine quality and gives highest yield without any wastage and the farmers are highly satisfied with our Seed.

The raw rice is selling with our brand as "Mulkanoor Rice" under three varieties, namely "Jai Sreeram" – fine rice, R.N.R.(Telangana Sona) preferred for diabetic patients, which is having less quantity of glucose and another one is "B.P.T" rice. The rice is marketing through our retailed outlets and is having heavy demand, since the product is with good quality without any contamination.



Society Rice Shop Outlets

Similarly, the society is purchasing the raw cotton from the farmers and the same is decorticating in the society cotton ginning mill and arranging into the cotton bales of 175 kg each and the same is marketing through Cotton Commission Agents and mainly marketing in Tamilnadu, Maharashtra, Punjab etc., as per the demand.



Societies Petrol & Diesel Bunk Retail Outlet of IOCL

SALES DETAILS OF PETROL & DIESEL :

Financial Year	Sale of Petrol (Rs. in lakhs)	Sale of Diesel (Rs. in lakhs)
2012-13	382.77	707.36
2013-14	368.21	779.05
2014-15	413.22	792.11
2015-16	456.62	718.35
2016-17	495.83	818.67
2017-18	557.17	882.41
2018-19	641.20	973.12
2019-20	658.78	1011.31
2020-21	705.81	1042.85
2021-22	864.57	1221.61

Financial sources of the society :

Mulkanoor Cooperative Rural Credit & Marketing Society Ltd. is a prime agricultural cooperative society and extending financial services to the member farmers under various types of loans including crop loans.

MCRC & MS Ltd. is availing term loans from time to time from N.C.D.C., National Cooperative Development Corporation, State Bank of India, NABARD.

Society is availing term loans from NCDC for the purpose of major civil works and to create permanent assets like construction of new godowns and expansion of existing godowns, rice mil construction, sheds etc.

Society at its initial stage ceded to DCCB till 1969 then onwards with S.B.H. After merging of S.B.H. with S.B.I., ceding with S.B.I. to do all the bank transactions including availing of term loans which are to be refinanced to society members. Society also availing loans from NABARD to meet the crop loans to members.

Cash mobilization (collecting from bank) is about Rs.60.00 crores p.a. and repayment transactions is covering about Rs.50.00 crores p.a.

- | | | |
|-------------------------|---|---|
| a) Deposits with SBI | } | Statement of society deposits with the Banks enclosed separately. |
| b) Rate of interest | | |
| c) Deposits with others | | |
| d) Rate of interest | | |

Details of the Bank Accounts of the society :

Society is having following accounts with S.B.I., Mulkanoor

- A) O.D. ACCOUNTS – 2
- B) S.B. ACCOUNT -- 1
- C) CASH CREDIT ACCOUNT -- 1

Society is also having S.B. ACCOUNT apart from S.B.I. with ...

- A) AXIS BANK, Hanamkonda Br.
- B) UNION BANK, Kothakonda Br.
- C) DCCB, Karimnagar Br.



SBI at Mulkanoor



Cash Counter of SBI Mulkanoor Branch

Society is maintaining its turn over with a net profit at the optimum levels. The share capital is also raising comparatively. The details of the above for the last 10 years mentioned as detailed below:

NET PROFIT GAINED BY THE SOCIETY FOR THE LAST 10 YEARS

(Rs. in lakhs)

Sl.No.	For the F.Y.	Net profit achieved
1	2012-13	306.59
2	2013-14	396.53
3	2014-15	387.99
4	2015-16	427.55
5	2016-17	592.55
6	2017-18	600.42
7	2018-19	617.14
8	2019-20	634.61
9	2020-21	653.10
10	2021-22	685.08

ANNUAL TURN OVER OF THE SOCIETY FOR THE LAST 10 YEARS

(Rs. in lakhs)

Sl.No.	For the F.Y.	Turnover achieved
1	2012-13	185.73
2	2013-14	210.79
3	2014-15	198.76
4	2015-16	270.01
5	2016-17	289.98
6	2017-18	304.63
7	2018-19	317.86
8	2019-20	345.13
9	2020-21	357.87
10	2021-22	346.50

MEMBERSHIP AND SHARE CAPITAL

Year ending	No. of Members	Amount (Rs. in lakhs)
2012-13	7432	841.88
2013-14	7462	1000.23
2014-15	7547	1170.45
2015-16	7629	1396.24
2016-17	7404	1585.70
2017-18	7324	1613.85
2018-19	7207	1631.13
2019-20	7621	1678.81
2020-21	7604	1730.62
2021-22	7589	1745.31

APPLICATION OF COMPUTER SOFTWARE :

The society has installed excellent computer software on its day to day operations while attending all its business transactions, accounting system, communication system, from the reputed company of “**COOPTIONS TECHNOLOGY Ltd.**”, Hyderabad, a well experienced with cooperative society computer software requirements. Now recently the software system is updating with “KALGUDI DIGITAL SOFTWARE SOLUTIONS” with an advanced technology for speed up of the works.

The notices to the loanee members like interest demand, principal and interest calculations, loan advances, whole account system and its output is being generated through the computer system and the society is presently having about 70 computers with high configuration including 80 printers and entire equipment is in regular usage at its optimum level. All the employees were well trained in operating of the systems.

MCRC & MS Ltd. is maintain the following registers/statements on its operation area of ACCOUNTS SECTION regarding credit and banking regularly:

BOOKS OF ACCOUNTS and REGISTERS MAINTAINING BY THE SOCIETY :

- a) Cash Book,
- b) Scroll Books,
- c) Day Books,
- d) General Ledger,
- e) Assets Ledger,
- f) Sales and Purchases Register,
- g) Inventory Ledgers,
- h) Misc. Ledger



Scrutiny of loan claims and members availed the crop loans

ACCOUNT SECTION

VARIOUS STATEMENTS PREPARING BY THE SOCIETY :

- a) Bank Account statements,
- b) Bank Reconciliation statements,
- c) Preparation of ZAILY Copy,
- d) P & L statements,
- e) Trading account,
- f) Balance Sheet,
- g) Annual Accounts preparation including obtaining certification from DCO, Hanamkonda,
- h) IT & GST Returns preparation and certifying with CA before submitting IT authorities,
- i) Demand Notices of Principal and interest payable by the members generating through PC,
- j) Follow up with bankers on day- to-day transactions, claiming crediting of governmental subsidies, write-off issues, monitoring of rate of interest regularly, mailing correspondence, etc.
- h) Cash withdrawals from SBI, since the members require cash receipts only from the society counters

Cash Book:

MCRC & MS Ltd. is maintaining the cash book covering the details the cash receipts and payments on day-to-day transactions, duly cross checking with respective credit/debit vouchers, to maintain the accuracy of cash deposits as well as cash disbursements.

Scroll Books:

MCRC & MS Ltd. is preserving the data of taking the print out of the all the financial vouchers like debit voucher, credit voucher and adjustment vouchers on every day after completion data entry, called scroll books. Total monthly transactions at the end of every month getting them in binding to have pacca record for a long period. The details of scroll is covering all the financial transactions incurred by the society on head of account-wise and day wise for both the sides, i.e., Debit column and Credit column respectively.

Day Books:

MCRC & MS Ltd. is preserving the data of taking the print out of Day wise Head of Account of each Head grand total for the debits and credits. It facilitates while preparing the general ledger.

General Ledger:

The society is preparing the General ledger which is very important as it is noting down of Day total of the amounts debit as well as credit on day-wise system and Head of account wise system. The Society's balance sheet will be prepared at the end of financial year, basing upon the transactions of GENERAL LEDGER only.

Assets Ledger:

MCRC & MS Ltd. is maintaining the record of all the assets possessed by the society. Assets like all the civil works, buildings, godowns, machinery like rice mill machinery, cotton ginning mill machinery (including dicarticators), seed plant machinery, and all other similar equipment. The vehicles owned by the society

like—Lorries, Vans, Tractors, trailers, cars, cotton-dozer, packing machineries using at rice mills, seed plants and cotton mill respectively. Furniture and Fixtures, all the P.Cs., Xerox machines, printers also covering in the assets ledger.

Apart from the above, the society's landed properties are existing buildings and also open lands purchased keeping in view of the future requirement and these details are also covered.

The assets total value at the f.y. 2021-22 reached to the extent of Rs.5004.68 lakhs

Sales and Purchases Register:

MCRC & MS Ltd. is maintaining Sales and purchases register, recording the details sales of society's products like, paddy seed, paddy, rice, cotton, fertilizers, pesticides, electrical items for agri.sector usage, like electric motors, pump sets, pvc pipes, switches etc. Also the society sales the petrol, diesel and other lubricants, having taken dealership from IOCL. Further the LPG gas cylinders selling taken the dealership from Bharath Gas.

Similarly the society purchases, paddy, cotton, maize from the farmers. The pesticides and fertilizers from the reputed dealers and companies across India and resell to the farmer members.

The sale and purchase details are being maintained by the society in respective registers on every day. The amount collected will be deposited in the bank (SBI) on the same day itself.

Inventory Ledgers:

Inventory ledger is nothing but the details of sales and purchases to tally and for cross verification.

Bank Account statements:

Since issuing of pass books practice discontinued by the banker, they are issuing hard copies of bank account statements and now a days sending the above details through mail. The Society is having net banking facility and several money transaction are being dealt through net banking.

Bank Reconciliation statements:

The society is having about 7600 farmer members and almost all availing the term loans for their requirements and their repayments transactions are huge in number. Here, the society recovery mainly involves on purchase of members agri produce and adjust towards their loan component and surplus amount if any will be refunded to the member. Also the members repays their loan by way of online transfer through RTGS and remaining members are pays by way of cash at society's cash counter.

As the money transactions are huge, account section staff are reconcile about the credits and debits of their bank accounts and prepare BRS statements once in a month. Cash counter at society office will be closed only after tallying the figures and jotting with cash balances.



Society Accounts Sections staff with discussing with SBI Manager about the bank accounts reconciliation.

P & L statements:

P&L statements are important, because many companies are required by law or association membership to complete them. A P&L statement also helps a company's management team (including its board of directors) to understand the business's net income, which may be helpful in decision-making processes.

Also referred to as the income statement, a profit and loss statement is one of the cornerstones of corporate financial analysis and reporting. It is designed to easily summarise the costs, revenue and expenses of the business, with the intent of giving the owners an insight into their firm's ability to generate a profit.

The profit and loss statement is carried out by subtracting all of the company's expenses from its total revenue. As a result, it is essential that business owners keep track of every single expense incurred by their firm and all of its revenue. The larger the operation, the more difficult this can be – which is why some companies use accounting software to help.

MCRC & MS has gained a net profit of Rs.685.08Lakhs for the year ending 2021-22. The society is doing its business on profitable line continuously since six decades. Particularly the recovery is reaching between 92 to 99% since long time and was awarded with ' A ' Grade Certificate issued by the State Government District Cooperative Office, Hanamkonda. Enclosing last 10 years audit certification for ready reference.

Trading account:

A trading account can be any investment account containing securities, cash or other holdings. Most commonly, trading account refers to a day trader's primary account. These investors tend to buy and sell assets frequently, often within the same trading session, and their accounts are subject to special regulation as a result. The assets held in a trading account are separated from others that may be part of a long-term buy and hold strategy.

The MCRC & MS Ltd. is doing trading with its clients like dealers for sale of seed/rice/cotton/paddy/electrical instruments/fertilizers/pesticides/petrol, diesel and lubricants, LPG Gas, and the details are showing in its balance sheet. A detailed statement enclosed for ready reference.

Balance Sheet:

A balance sheet can **help tracking the performance of a society/company/organisation**, for example, your company's ability to meet financial obligations. In addition, it allows you to compare your current balance sheet to a prior balance sheet to better understand how your company is doing over time.

The balance sheet is particularly important because it keeps you and other stakeholders informed of your financial position. Keeping this information updated can help you make better management decisions. In addition, it can help improve your operational efficiency, borrowing, and overall financial health.

The balance sheet is an essential tool used by executives, investors, analysts, and regulators to understand the current financial health of a business.

Key takeaways of balance sheet :

- A balance sheet is a financial statement that reports a company's assets, liabilities, and shareholder equity.
- The balance sheet is one of the three core financial statements that are used to evaluate a business.
- It provides a snapshot of a company's finances (what it owns and owes) as of the date of publication.
- The balance sheet adheres to an equation that equates assets with the sum of liabilities and shareholder equity.
- Fundamental analysts use balance sheets to calculate financial ratios.

The society prepare its balance sheet at the financial year ending and the same will be submitted to the Government Audit team for District Cooperative Office, Hanamkonda and after their thorough scrutiny of balance sheet and posting

of respective heads of account, net profit, income and expenditure, they are certifying the same. Enclosed DCO audit certificates for the last 10 years of the society for the ready reference.

Annual Accounts preparation including obtaining certification from DCO, Hanamkonda:

Since the annual turnover crossed more than 350 crores, various accounting statements of respective financial transactions are preparing and submitting to the DCO Hanamkonda at the year ending for their scrutiny.

GST Returns preparation and certifying with CA before submitting IT authorities:

Society is paying the GST promptly and regularly on its sale of products as per the terms and conditions stipulated by the government from time to time and submitting the details to ITO and GST authorities. An amount of Rs.218.26 lakhs paid towards GST for the last year 2021-22.

Demand Notices of Principal and interest payable by the members generating through PC:

The society is extending financial assistance to its members by way of crop loans under SAO (Short term loans), MTO (medium term loans) and LTO (long term loan) and also gives General Loan and Normal Loans. The details are as follows:

Short term loans (or crop loans):

for various crops – Rs.38,000/acre upto 10 acres @ 7% p.a.

Medium term loans:

for digging of wells, installation of pumpsets, laying of pipe lines, sprinklers, drip irrigation, poultry, dairy, sericulture, horticulture, purchase of power tillers, power sprayers, tractor trailer, rotovator, etc. and repayable in 3 years / 6 seasonal installments.



Term Loan Claim Procedure Discussions with SBI Manager

Long term loan:

for purchase of tractors, paddy plantation machinery, harvesters and orchards, -- repayment in 7 years / 14 seasonal installments.

General Loans: loans to members for health /medical treatment/ marriage loans to children of members, education to the children of members.

Follow up with bankers on day- to-day transactions:

Account section officers regularly visit the banks to monitor its current accounts particularly debiting of interest by banker on the term loans availed by society and similarly on crediting of interest on society deposits. Also for the implementation of governmental waiver policies, subsidies, etc. are monitoring the by account section officers.

Cash withdrawals from SBI:

Since the maximum of members are illiterate farmers and there are number of female farmers they always prefer cash transaction at the time of availing loans from the society. Thus society regularly visit the SBI CHEST to with draw cash every day as per the requirement. However, it vary from Rs.50,00,000 to Rs.1.00 crore. Hence, insurance coverage arranged by the society on its cash mobility. Further society is also having its own CHEST by taking full security at its Head Office.

CHAPTER – III

STRENGTHENING OF COOPERATIVE CREDIT AND BANKING IN MULKANOOOR AREA

There is only one cooperative society in Mulkanoor area, namely... Mulkanoor Cooperative Rural Credit and Marketing Society Ltd. and is running successfully since its inception, i.e. from 1956 to till date and stood 2nd biggest cooperative society in Asia with an annual turnover of Rs.346.50 crores (for the year 2021-22), still the society may develop further more implementing with innovative activities, which are useful to the farming community and sustainability of the agriculture in Mulkanoor and its surrounding villages.

The society is having about 7612 members and all are doing agriculture and availing various types crop loans and others from the society and also repaying in time. Apart from the crop loans and other loans, the society is also extending several welfare services to its members. The following points were simply analyses the importance, purpose, problems envisaging, improving its banking system, etc., namely....

1) Why is it important for banks and cooperatives to increase their credit operations in rural areas?

Most loans from informal lenders carry a very high interest rate and do little to increase the income of the borrowers. Hence it is necessary that banks and cooperatives increase their lending particularly in the rural areas so that the dependence on informal sources of credit reduces.

2) What is the main purpose of co-operative credit?

A financial organization owned and controlled by its members, who can borrow at low interest rates from an amount of money they have saved as a group: Credit co-operatives provide financial services to poor and low-income people in many countries.

3) What is the role of cooperatives as a source of credit in rural areas?

Credit Cooperative societies are involved in disbursing loans at low rates of interest and flexible repayment terms. The role of cooperatives in rural development is crucial as they protect their members from private moneylenders who give loans at very high-interest rates.

- 4) **How do cooperative solve the problem of rural credit?**
Cooperatives form members, who accept deposits from its members. With these deposits as collateral, the cooperative obtains a large loan from the bank. These funds are used to provide loans to members. Once these loans are repaid, another round of lending can take place.
- 5) **How can rural areas improve banking?**
The following paragraphs offer strategies that can help your small bank compete in this competitive market.
- a) Increase Deposit Rates. ...
 - b) Offer Custom Retail Products. ...
 - c) Embrace Technology. ...
 - d) Capitalize on Strong Relationships with Clients. ...
 - e) Partner with the Best Financial Processing Software Providers.
- 6) **How to increase Deposits in a Rural Area : strategies that work:**
The following paragraphs offer strategies that can help small bank compete in this competitive market.
- 7) **Increase Deposit Rates:**
“improve deposit and loan products to give consumers more compelling reasons to switch from banks that have vast branch and ATM networks and, generally, more sophisticated mobile banking technology.”
- 8) **Offer custom retail products:**
One way to increase deposits is by providing the community with custom retail products that fit their specific needs. Some examples are custom rate incentives, exchange rewards, fee refunds, cash rewards, commercial account analysis and more. By offering new and custom features such as these, rural banks expand their capabilities, which in turn, open their doors to more prospects.
- 9) **Embrace Technology:**
Another option to help rural banks boost deposits is by embracing technology. The reality is this: people are becoming more tech and finance savvy than ever before. [If smaller banks don't advance technologically, they're likely to be left behind.](#) So, for these banks to keep up with competition, they must find ways to get ahead with today's technology in a data-driven world.

CHAPTER – IV

To make use of the information collected on various sources, I am enclosing herewith the respective documents / statements and photos for ready reference.

- 1) ANNEXURE OF AUDIT CERTIFICATE DULY AUDITED BY DCO (10 years)
- 2) DETAILED ABSTRACT OF STATISTICAL INFORMATION OF 6 DECADES
- 3) ACCOUNTS DEPOSITED WITH THE BANKS

Submitted by : Kodurupaka Srinivas,
Jr. Accountant, MCRC & MS Ltd.,
Mulkanoor village, Bheemadevarapalli Mandal,
Hanamkonda Dist., **TELANGANA STATE**
Roll No.5604