



CERTIFICATE

This is to certify that the project work titled “Central Banks vs Commercial Banks” submitted by Gatala.Madhu, III B.Com(GEN) with H.T.No.193338100010 has been carried out under my supervision during the academic year 2021-2022.

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PROJECT ON
CENTRAL BANKS VS COMMERCIAL BANKS

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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.

The Co-operative Credit Institutions in India can be classified as under a three-tier structure - primary credit societies at the bottom; Central Co-operative Banks at the middle; and state Co-operative Bank at the top.

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 three-tier structure.

- i). Primary Credit Societies at the bottom.
- ii). Central Co-operative Banks 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 [RBI] 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. Its membership is practically open to all inhabitants of a locality, people of different status are brought together in to 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 absorbing 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 of basic features of cooperative banking system must be a larger reliance on resources mobilised locally and a lesser dependence on higher credit institutions. However, many PACs, 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-due. 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.

Co-operative Society



→ 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 percent of the short-term loans provided.

by the PACS, as of end-March 2010.

-> The power which rest in the government under the cooperative law 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 weakly expanded as per plan targets and an immense governmental and semi-government superstructure was created.

Credit Co-operative Society :-

Registration and Benefits :-



**Cooperative
society**

Introduction to Credit Societies

Society registration:

Credit Cooperative society registration is basically registering credit cooperative society according to the legal documentation and with a group of people who have the same motive. Society registration is very important for credit cooperative society.

The Credit Cooperative Society is one of the types of Cooperative Society and is a part of a multi-state Cooperative Society. It is chartered a firm of a multi-state Cooperative Society visit to the official website of NCCS.

A credit cooperative society is a credit society that is a member-owned financial cooperative and is controlled by its members.

The motive of promoting the economy and society is by providing credit cooperative society registration is providing credit at a reasonable price and giving financial services to its members.

The Credit Cooperative Society registration includes many documents compared to others. Also, these societies do provide loans to their members for economic and social growth.

You have a benefit from these loan services from Credit Cooperative Society registration. Legalized societies are the 1st preference of everyone.

What does a Credit Cooperative Society do?

After the Credit Cooperative Society registration, it can do work for the welfare of the Society:-

Credit Cooperative Society Software

- Daily Deposit Schemes (DDS)
- Fixed Deposit (FD)
- Monthly Income Schemes (MIS)
- Recurring Deposits (RD)
- Loan Management (LM)
- Savings Account (SA)



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- > they are formed to give financial support to members.
- > their chief role is to conclusively preserve the rights of producers and consumers (Rural people).
- > Acquires deposits from members.

Credit Co-operative Society Software

- Saving Account
- Current Account
- Fixed Deposit Account
- Recurring Deposit
- Daily Deposit Schemes
- Monthly Income Schemes
- Dividend Declarations
- Loan Operations Systems
- Cheque Book Systems
- Bond Printing Systems
- General Accounting Module



- > All the details and copy of the pre-registration meeting judgement. That includes the capital, members, the board, and the operation etc.
- > The recommended name by the members of your credit cooperative society.
- > Details of head office address to be registered.
- > A document in writing comprising of detailed plan format that how credit-cooperative society is useful for

the economic and social development of its member and community.

All of the above information is mandatory for credit cooperative social registration.

What is the benefit of credit

Cooperative Society Registration?

The credit co-operative societies have a key role in spreading a sense of self-sufficiency. They think about the economic welfare amongst rural section which is a less developed section of the society.

They have a great feature of balancing the business units stability with the belief of serving the members with the honest motive of achieving financial security. Society registration is very important and mandatory for its formation.

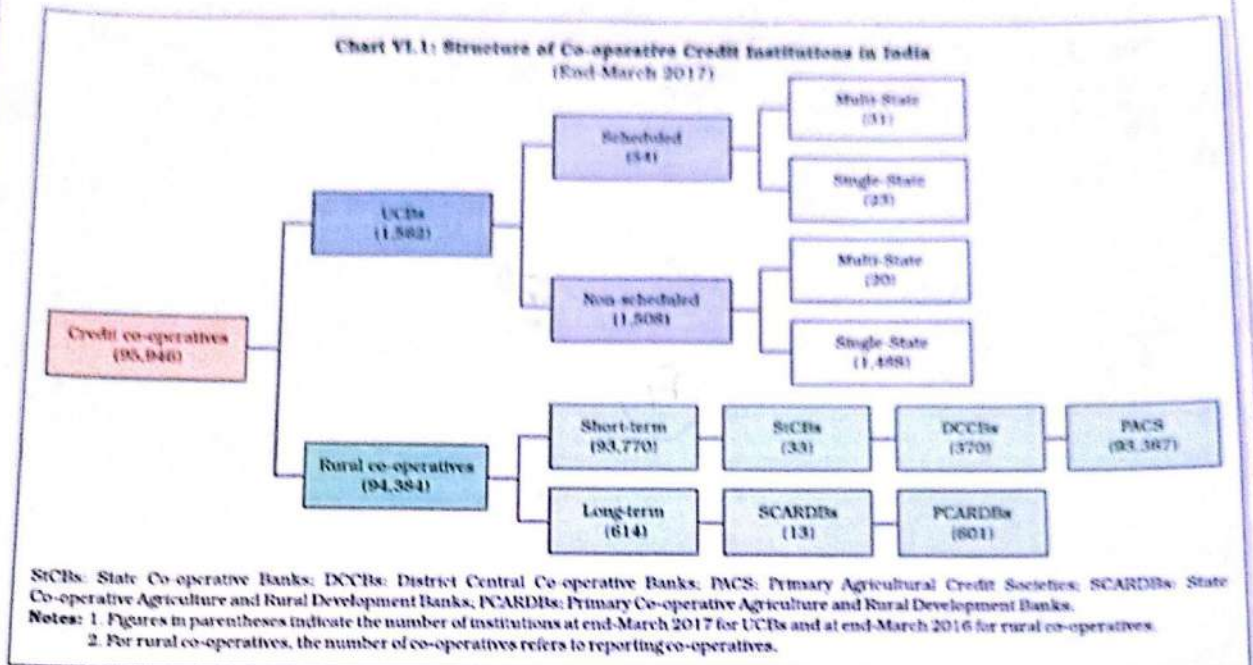
-> The Credit Co-operative Society is formation is easy. 10 or more adults can connect mutually to build society. Also, credit cooperative society registration is easy and comfortable. The best part is not too many legal formalities one have to keep its formation.

-> There is no membership obstacle unless especially denied. The membership of such a society is free for everyone. There is no barrier on the basis of gender, creed, colour, caste or religion. Any person can enter into society anytime and become its member.

-> The liability is limited in the formation of a credit cooperative society. The liability of a member is restricted to the extent of contributed capital by him/her to society. This is good for the members as in case the society faces any loss, the members do not have to think about losing the personal

asset and property.

-> The LLP legislation should also be taken into the account.



-> Credit Co-operative Society - Completely govern by elected members among themselves. Everyone has the same rights in all matters. They can take part actively in the development or revisions of the society's policies. This proves that all members are equally important and the credit Co-operative Society is democratic management.

How is the Credit Cooperative Society registration

Under a Central government safe for investments ?

The following points will let you know that the credit cooperative society registration under a central government safe for investments :



-> The Society was established in the 2002 act. A credit society is a group of corporate. It supports people collectively by merging the resources, fund to the weaker sectors of the economy such as rural area people.

-> Its chief purpose is to give credit facility to various states. It has a financial formation which

works mutually, for the progress of business people.

-> It is Registered under the Central government.

The by-laws should present for the economic and social progress of the Cooperative Society.

-> The advertisements, reports, plans are circulated by the Central banks to state cooperative banks.

It's safe under Central government as the government is involved at all levels. The complete

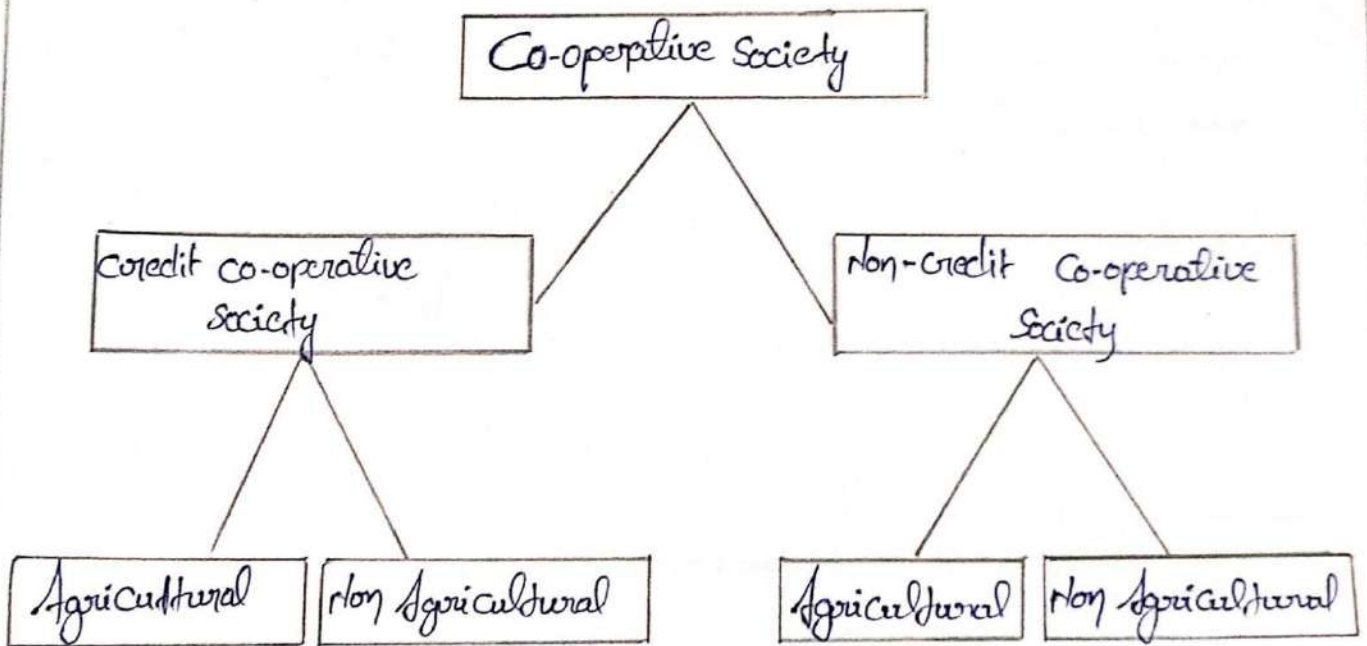
list of Credit Cooperative Societies is accessible here:-

-> They tend to eliminate additional profits of middlemen in business and trade.

-> provides loans to the member at reasonable rates of interest. [Home loan, personal loan, vehicle loan etc.,].



Types of Credit Cooperative Society



Types of Co-operatives in India :-

- 7 Consumer Cooperative Society. These Societies are primarily for consumers who wish to buy household

goods at lower prices...

- > production Cooperative Society..
- > Co-operative credit Society.
- > Marketing Cooperative Society.
- > Housing Cooperative Society.
- > Co-operative farming societies.

How to classify the Credit Cooperative Society?

■ Three-tier Structure ■

of Credit Cooperative Society.

• Primary Credit Cooperative Society.

• Central Credit Cooperative Society Banks.

• State Credit Co-operative Society Banks.

The three classifications of credit cooperative

Society registration:-

Under a three-tier structure, you can observe a classification of a credit cooperative society:-

• Primary Credit Cooperative Society

is a group of people who are borrowers and non-borrowers living in a specific locality. Membership of the residents of the locality is open for all. Plus, they take an interest in the business affairs of one another.

• Central Credit Cooperative Society (Bank)

A Central Credit Co-operative Society is a group of people where the membership of the Central Co-operative bank is restricted to primary societies only. That is also known as banking union. Now, people are also allowed as members of nearly all Central Co-operative Banks.

State Credit Co-operative Society Bank.

State credit co-operative banks society, formed with the aim of inviting deposits from the wealthy urban classes. They are the link between the joint stock banks and the co-operative movements.



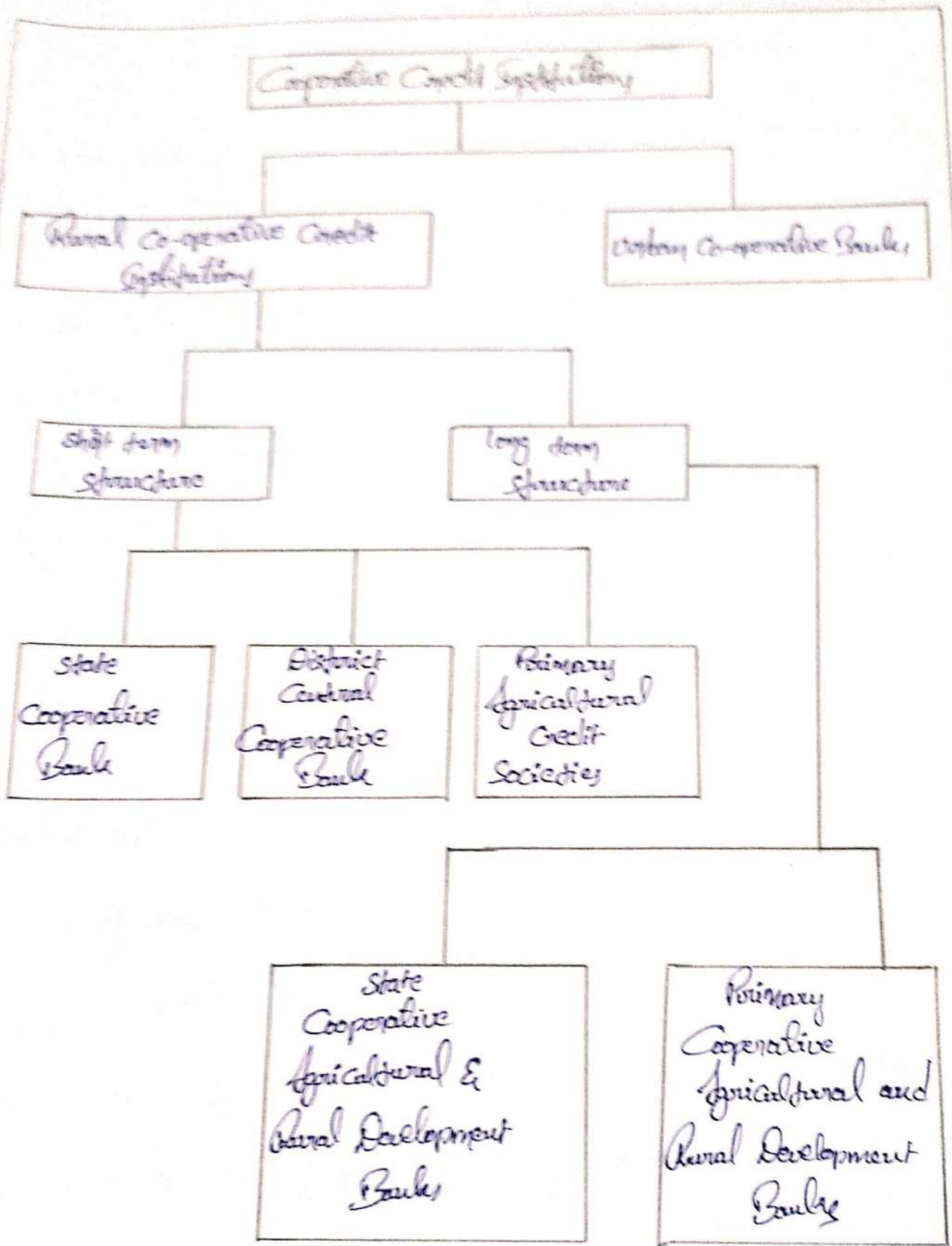
How to Register a Credit Co-operative

Society with required documents?

The way of Credit Co-operative Society

registration:-

→ Certificate from the bank declaring the credit balance is in support the respective Credit Co-operative Society.



- > Every state must have a minimum of 50 members.
- > The board members should be at least 7 and maximum 21.
- > The promoter members name and list.
- > No objection Certificate (NOC) of the intensive inquiry letter.
- > 4 copies of model bye-law.

How can one verify if a co-operative

Credit Society is registered or not?

There are various credit Co-operative Societies moreover all of them are registered. But we can analyze it in different situations.

- > If a credit Co-operative society is running in one state, then the state government see the concerns of it. It designate a Registrar for registration.
- > If the credit Co-operative society is running in multiple states the ministry of agricultural see the matters.

For example, Adarsh Credit Cooperative Society. It is a multi-state credit cooperative society registered with the ministry of Agriculture.

If the credit cooperative society is operating in multiple states it is called multi-state cooperative society.



Cooperative Credit Structure in India:-

There are different types of cooperative credit institutions working in India. Based on their geographical area of operations, they can primarily be classified as two main types:-

• Urban Cooperative Banks:-

-> Urban Cooperatives can be further divided into scheduled and non-scheduled. Both the categories are further divided into multi-state and single-state.

• Rural Cooperative Institutions:-

-> Rural Cooperatives are further divided into short-term and long-term structures.

-> The short-term Cooperatives banks are three tiered operating in different states. These are:-

* State Cooperative Banks:-

They operate at the apex level in states.

* District Central Cooperative Banks:-

They operate at the district levels.

* Primary Agricultural Credit Societies:-

They operate at the village & gram-level.

→ The long-term structures are further divided into -
→ State Cooperative Agriculture and Rural Development Banks [SCARDBs]. They operate at state-level.

→ Primary Cooperative Agriculture and Rural Development Banks [PCARDBs] - They operate at district/block level.

Benefits of Registering a Credit Co-operative Society:-

The following are the benefits of registering this form of society:-

- 1). Promotes self sufficiency.
- 2). Less Compliance.
- 3). No Barrier to membership.
- 4). Limited Liability
- 5). Same Rights.

• Promotes Self Sufficiency

By registering this form of entity, the interests related to promoting self sufficiency can be established.

This can be achieved as members would be able to avail different forms of loans with low interest rate.

In comparison to this, the interest rates offered by a traditional interest rates offered by a traditional bank would be quite high.

• Less Compliance:-

This form of society can be easily formed with less than 10 members also to form this society there is only basic registration with the Multi State Cooperative Societies Act, 2002. Hence such societies can be easily established with less compliance and no burden.

• No Barriers to Membership:-

Any individual can be a member of the society. Hence there are no barriers related to membership of

this form of society. An individual is not restrained and the basis of a particular requirement to be a member.

• Limited Liability

The liability of the credit co-operative society is limited. This means that the members do not have any personal liability for acts which are carried out by the society. Hence by forming this society, the personal assets of an individual can be safeguarded properly.

• Same Rights :-

The Constitution of this form of society is based on the members. Hence all the members can take decisions related to their respective rights and liabilities of the society. All ~~the~~ members have their rights related to voting on particular matters.

Eligibility Criteria for Forming

a Credit Co-operative Society :-

The following eligibility criterion has to be sufficed for forming a credit Co-operative Society in India.

-> Bank Certificate:-

The members of the Society must have a letter from the bank stating that credit balance is present to satisfy the requirements related to the credit Cooperative Society.

-> Minimum Number of Members :-

There has to be minimum number of members to form this type of society. In a state there has to be minimum of fifty members.

→ Minimum Number of Directors:-

The board members or the number of directors have to satisfy the requirements related to a credit cooperative society. Minimum of seven board members should be present. The upper limit on the number of members is 21.

→ Information on the Credit Cooperative Society:-

A comprehensive document must be provided regarding the credit cooperative society. In this document, information on 'how the society helps in social and economic development' must be provided. Along with this the name of the credit cooperative must also be provided. Along with this information on the registered office of the credit cooperative must also be provided.

→ Capital requirements:-

The members also have to provide information that all the requirements related to pre-registration

If the society has been met. They would include the information on the initial capital of the company, number of members and other relevant information related to the credit society.



Which are the Big Credit Cooperative

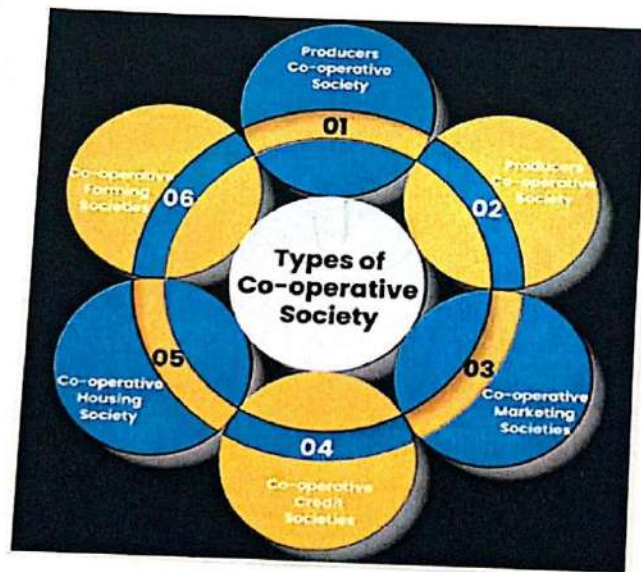
Society in India?

There are several big Big Credit Cooperative society in India out of them some societies are:-

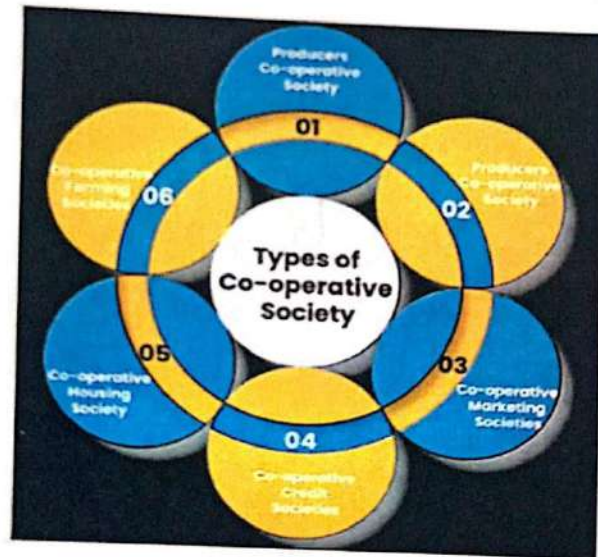
Sahara Credit Society.

Jelarsky Credit Society.

3. Naujivan Co-op Society
4. Panchhi Credit Co-operative Society
5. Sanjivani Credit Society
6. Arth Multistate Credit Society
7. Pears Co-operative Society
8. Lokhit Bardi Credit Co-op. Society
9. Arogya Dhan Varsha Credit Society.
10. Kheteshwar Credit Co-op Society.



3. Naujivan Co-op Society
4. Poothi Credit Co-operative Society
5. Sanjivani Credit Society
6. Arth Multistate Credit Society
7. Pears Co-operative Society
8. Lokhit Bank Credit Co-op. Society
9. Arogya Dhan Varsha Credit Society.
10. Khetshwar Credit Co-op Society.



Conclusion's

The Credit Cooperative Society registration is not a lengthy procedure. you can easily connect to the registrars for the commencement of the Credit Cooperative society. It is beneficial for the society they can easily get loans and credits for growing their standard of living. Credit Cooperative Society registration plays an important role in the efficient smooth working of co-operative society.