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**Address for correspondence:**
Monali Dipak Ganbote
Research Scholar, Shardabai Pawar Mahila Arts,Commerce and Science College,Shardanagar, Tal- Baramati, Dist- Pune
Email:
monaliganbote@gmail.com

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# Impact of COVID-19 on Credit Cooperative Societies in Pune Rural: A Pilot Study

**Monali Dipak Ganbote**
Research Scholar, Shardabai Pawar Mahila Arts,Commerce and Science College, Shardanagar, Tal- Baramati, Dist- Pune

***Abstract***

*COVID-19 turned everything upside down, shaking up economies, communities, and financial systems everywhere. In India, credit cooperative societies in rural areas stepped up when it mattered most. They supported local economies, particularly those of farmers, small merchants, independent contractors, and microbusiness owners. Pune's rural communities have long relied on the cooperative movement, which has a big impact on how people outside of big cities manage their finances and support one another. But the pandemic hit hard. Lockdowns, job losses, and strict travel restrictions made it hard to keep up with financial transactions, loan repayments, and deposit collection.*

*The impact of COVID-19 on credit cooperative societies in rural Pune is examined in detail in this pilot study.*

*It digs into the day-to-day hurdles these societies faced, what happened to credit demand, how repayment patterns shifted, changes in liquidity, and how quickly they picked up digital banking—both during the pandemic and after. The research uses a descriptive approach, combining surveys and interviews with managers, staff, and members, along with data from reports and previous studies on Indian cooperatives during the pandemic.*

*What did we discover? The number of loan defaults increased. Particularly during lockdowns, savings deposits decreased. Many borrowers experienced financial stress, and operations weren't running smoothly. Societies became cash-strapped as repayments slowed and business activity declined. There was a silver lining, though: as people became more comfortable with digital transactions, their trust in neighborhood cooperatives actually rose.*

*Rural families were greatly assisted by these societies' relief efforts, which included loan restructuring, moratoriums, and more flexible repayment plans.*

*Despite having weaker tech and not the best risk management systems, cooperative credit societies showed real resilience. The pilot confirms it's possible—and worthwhile—to expand this research on a bigger scale. It's helped sharpen the research tools, refine sampling, and focus on what to measure next. Bottom line: if rural credit cooperatives want to weather future economic storms, they need stronger digital systems, better financial education, and solid crisis-management plans.*

***Keywords:*** *COVID-19, Credit Cooperative Societies, Rural Finance, Pune District, Financial Inclusion, Cooperative Movement*

## Introduction

### Background of the Study

India's cooperative movement really took off after the Cooperative Credit Societies Act of 1904. After then, rural folks were drowning in debt, stuck with money lenders who called all the shots. Cooperatives stepped in and changed the game for rural development, farming finance, and local economic power. Over the years, credit cooperative societies turned into the backbone of rural finance, giving people in villages a place to save, borrow, and access microloans.

If you look at Pune district in Maharashtra, the cooperative system is almost legendary. Agriculture, sugar mills, dairy, rural banks—you name it, cooperatives are in the mix. These credit societies provide everything from small business funding to agricultural loans in places like Indapur, Baramati, Daund, Junnar, and Shirur. Credit cooperative societies, as opposed to large commercial banks, focus on community involvement and trust. Because locals run the business, lending regulations are lenient and services are individualized.

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**COVID-19 Pandemic and Economic Disruption**

When COVID-19 hit in early 2020, India locked down on March 24. The economy slammed on the brakes. Financial institutions everywhere struggled—loans dried up, unpaid debts piled higher, and business routines fell apart with everyone stuck at home.

**Cooperative financial institutions took a hard hit for a few reasons:**

- Most of their borrowers are in rural or informal jobs
- People suddenly couldn't repay loans
- Operations rely on face-to-face meetings
- Digital systems just aren't there yet

It didn't take long for asset quality to drop, cash flow to tighten, and credit risk to spike at cooperative banks.

**Importance of Credit Cooperative Societies in Rural Pune**

Credit societies are a lifeline in rural Pune:

- Farmers require them for loans for seasonal crops.
- They are used by small business owners as working capital.
- Micro-business owners and self-help organizations can obtain reasonably priced credit.
- Local circulation of money sustains rural economies.

These societies really stepped-up during COVID-19, providing loan terms that were more lenient, offering moratoriums, and assisting communities in weathering the storm.

**Need for the Pilot Study**

A lot of research covers commercial and cooperative banks, but not much zooms in on what's happening at the grassroots, especially with rural credit societies. This pilot study needs to:

- Try out research tools
- Pin down the main impact factors
- Check what kind of data's out there
- Sharpen the approach before starting a full Ph.D. thesis

**Objectives**

1. To observe how the COVID-19 pandemic affected credit cooperative societies in rural Pune.
2. To examine the circumstances surrounding loan disbursement and repayment.
3. Examine deposit and liquidity trends throughout the pandemic.
4. Understand the challenges faced by members and management.
5. To See how digital financial services were adopted.
6. Test if this research can work on a bigger, doctoral scale.

**Research Questions**

- How did COVID-19 change loan repayment habits?
- Did people borrow more or less during the pandemic?
- What kind of operational issues did societies deal with?
- How did cooperative societies help their members financially?

**Review of Literature**

Research points to one thing: the pandemic really shook up how cooperative banks work in India. These institutions struggled with cash flow problems and their operations took a hit, mostly because loan defaults went up and income dropped.

Another study notes that when the country went into lockdown, banks all over saw their efficiency and financial health slip, thanks to the broader economic slowdown.

When you look at how cooperative banks behaved during COVID-19, a few patterns stand out. More people started using digital banking. Communities leaned harder on their local cooperatives. And there's a clear need to upgrade tech infrastructure.

Digging into how efficiently these banks operated during the pandemic, the numbers show they didn't use their resources as well as they could have. Profits fell, especially in rural areas.

When taken as a whole, these studies show that cooperative banks are both surprisingly resilient and vulnerable. However, more local-level research is required to fully comprehend what is happening.

**Research Methodology**

**Research Design**

This is a descriptive, exploratory pilot study.

**Study Area**

The focus is on rural parts of Pune District, specifically these talukas:

- Indapur
- Baramati
- Daund
- Shirur

**Sample Size (Pilot)**

- 10 Credit Cooperative Societies
- 30 Members (borrowers)
- 10 Staff or Managers

Total Sample size collected 50 Nos.

**Data Sources**

Primary data came from questionnaire surveys and structured interviews. For secondary data, I used journals, cooperative reports, and publications from the RBI and government.

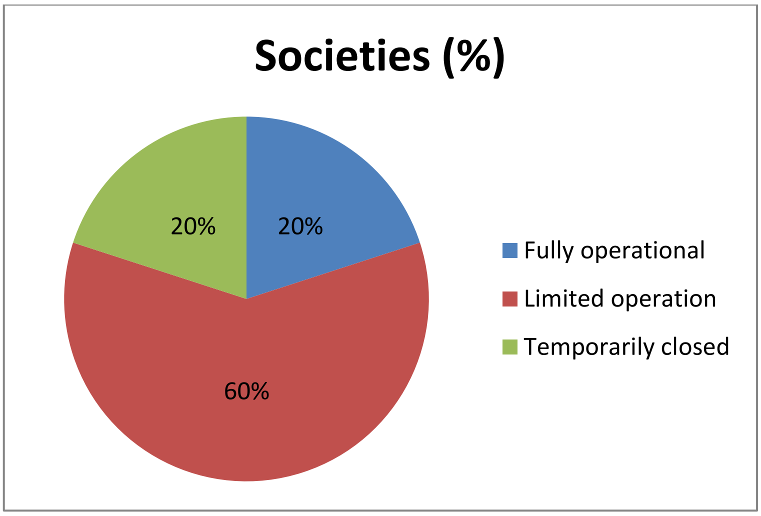
**Tools Used**

I applied percentage analysis, mean score analysis, and descriptive statistics to make sense of the numbers.

**Descriptive Data Analysis for pilot study**

**Table 1: Operational Status During Lockdown**

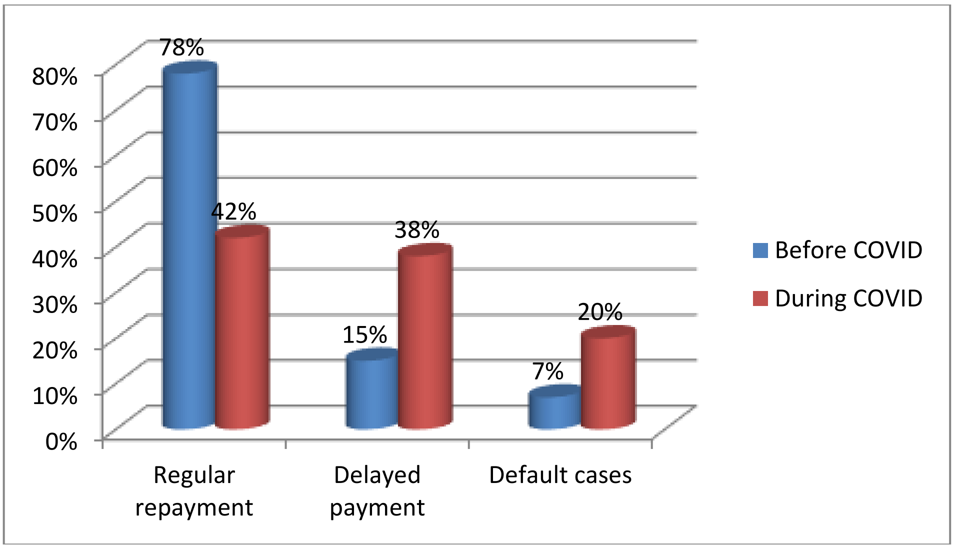
| Operational Status | Societies (%) |
|---|---|
| Fully Operational | 20% |
| Limited Operation | 60% |
| Temporarily Closed | 20% |




20% of societies stayed fully operational during the lockdown, while 60% ran on limited capacity. Another 20% shut down temporarily. So, most cooperatives had to scale back their services.

**Table 2: Repayment of loan**

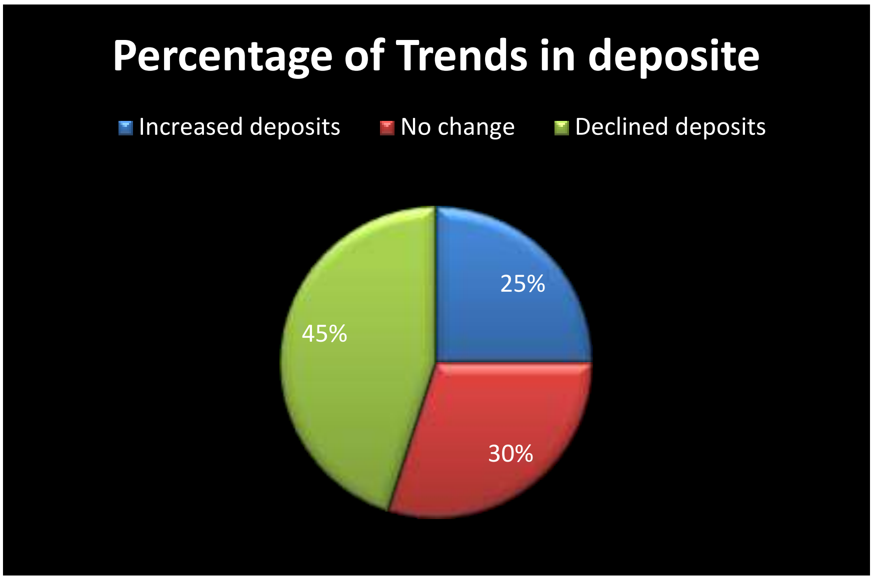
| Category | Before COVID | During COVID |
|---|---|---|
| **Regular repayment** | 78% | 42% |
| **Delayed payment** | 15% | 38% |
| **Default cases** | 7% | 20% |




Before COVID, 78% of borrowers repaid loans on time, but that number dropped to 42% during the pandemic. Delayed payments jumped from 15% to 38%, and defaults nearly tripled from 7% to 20%. Clearly, repayment capacity took a big hit.

**Table 3: Deposit Trends**

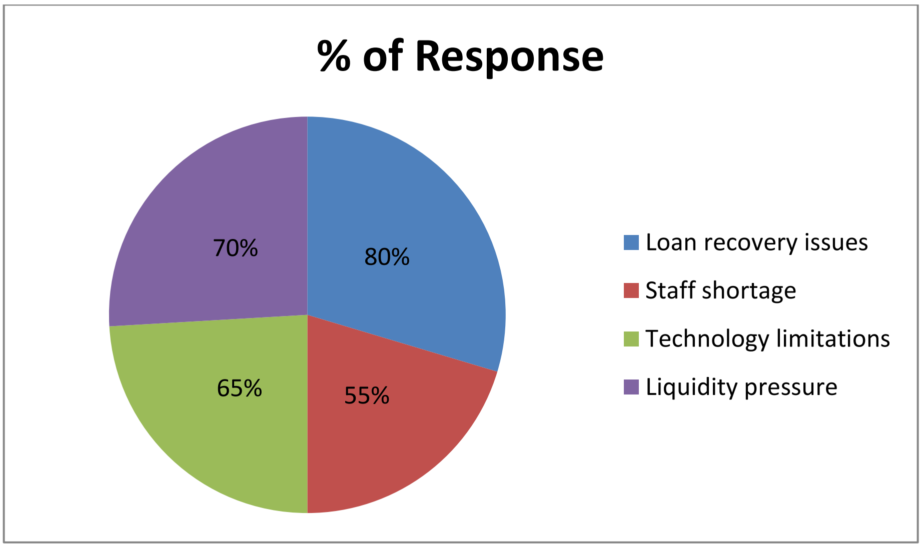
| Trend | Percentage |
|---|---|
| **Increased deposits** | 25% |
| **No change** | 30% |
| **Declined deposits** | 45% |




Deposit behavior also shifted. While 25% reported increased deposits, 45% saw a decline, and 30% noticed no change. The uncertainty pushed many people to save less.

**Table 4: Major Challenges Faced**

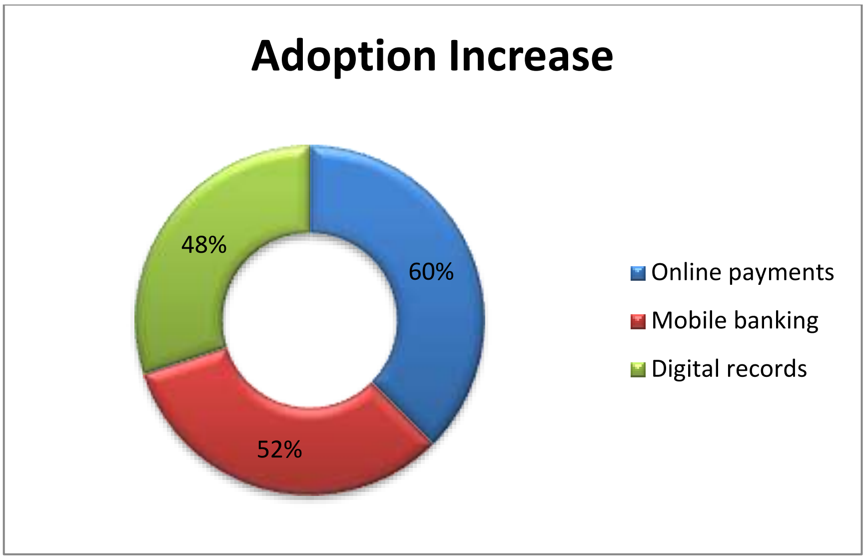
| Challenge faced | % of Response |
|---|---|
| **Loan recovery cases** | 80% |
| **Shortage of staff** | 55% |
| **Technology limit** | 65% |
| **Liquidity pressure** | 70% |




The biggest headaches for cooperatives were loan recovery (80%), liquidity pressure (70%), technology limitations (65%), and staff shortages (55%).

**Table 5: Technology and Digital Adoption**

| Digital Service | Adoption Increase |
|---|---|
| **Online Payment** | 60% |
| **Online Mobile Banking** | 52% |
| **Digital Record** | 48% |




Digital services picked up speed. Online payments Increased by 60%, mobile banking by 52%, and digital record-keeping by 48%. The pandemic pushed societies to embrace digitization faster than ever.

**Findings of the Pilot Study**

1. Loan recovery fell sharply during lockdowns.
2. Borrowers in agriculture and the informal sector suffered the most.
3. Delayed repayments caused liquidity stress.
4. Cooperative societies stepped up as social support systems.
5. Digital finance adoption shot up.
6. Heavy reliance on face-to-face operations made these societies vulnerable.
7. Community trust in cooperatives actually grew stronger during the crisis.

**Scope for Ph.D. Research**

This pilot shows a larger study is doable—covering comparative analysis across talukas, financial ratio analysis, tracking data from 2018 to 2024, and evaluating policy impacts.

**Limitation of the Pilot Study**

The sample size was small, and I couldn't access all the financial records. The data collection window was short, and respondents' memories of pandemic events might not be perfect.

**Advice**

1. Modernize cooperative societies' digital infrastructure.
2. Establish policies for emergency credit.
3. Improve risk assessment instruments.
4. Increase rural communities' financial literacy.
5. Establish cooperative crisis-resilience funds.

**Conclusion**

COVID-19 revealed some significant shortcomings, but it also showed how resilient rural Pune's credit cooperatives are. These organizations became financial lifelines when the economy faltered. Cooperatives made adjustments by helping communities, offering flexible lending, and moving toward digital solutions, but loan recovery and liquidity declined. The pilot helped identify the essential components for cooperative sustainability and proved the efficacy of the research tools. Future doctoral studies can go deeper and help create policies that will support and strengthen rural cooperative finance.

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**Conflicts of interest**

The authors declare that there are no conflicts of interest regarding the publication of this paper

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