

Performance of Parbhani district central co-operative bank

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ABSTRACT

The finding of the study facilitated in depth understanding of the performance of Parbhani District Central Co-operative Bank (DCCB) in relation to the supply of short term and medium term loan to agriculture. For analysis of data statistical tools viz., averages, coefficient of variation (C.V.) and growth rates (G.R.), etc, were employed to arrive at meaningful conclusion. From the study it was revealed that in overall period the number of branches, number of borrowers, C/D ratio, percentage of advance to non-agriculture sector, percentage of recovery, per cent of agricultural recovery to agricultural. Sector and borrowings were non-significant / negatively significant. On the contrary, the share capital, funds, deposits, owned funds, advances recovery, over dues, percentage of over dues, advances of agriculture sector, percentage of advances to agricultural sector, advances to non-agricultural sector, percentage of agricultural recovery to non Agric. sector and percentage of NPA were positively significant.

KEY WORDS : Performance, DCCB, Co-operative bank

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Finance is essential requirement for every productive activity. It is provided by institutional and non-institutional sources. Institutional sources include agricultural credit co-operative societies, commercial banks, regional rural banks, land development banks, farmers service societies, NABARD, etc. Non-intuitional sources include money lenders and their agents, land lords, friends and relatives. Among various RFIs (Rural Financial Institutions), commercial banks, regional rural banks and co-operatives are the major source of credit for the agricultural sector at village level. It is worth pointing out that that the bank increased the income level of the farmers and overall agricultural scenario (Sarkale *et al.*, 2010). Co-operation is an effective source of rural development. The co-operative sector in India has

made its humble beginning prior to independence as an effective weapon to fight against the clutches of moneylenders. After independence, the co-operative sector played a vital role in the process of economic development. Komuriah (1995) in his study has found that the main problem faced by the DCC bank is the dominance of the non-official/political elite. About 45% of the study respondents stated that their economic position had not improved following a loan from the bank, and over 70% were not happy with the interest rates charged by the bank. Namboodiri (2001) has clearly indicated that current and saving deposit funds are not properly managed, these low cost funds could not bring down the average cost of the banks. Concentration on loan portfolio and tapping the other sources of borrowings would be taken up by DCCBs to reduce their costs. The co-operative banking structure in India is pyramidal in nature. There is primary agriculture credit society (PACS) at the base means at village level on which whole set up of co-operative finance is based. Primary agriculture credit societies are federated to District Central Co-operative Banks (DCCBs) at district level and District Central Co-operative Banks are federated at state level into

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and positively significant with 9.25 per cent. The highest variability was found in period I and least in period III. The highest growth rate was observed *i.e.* 14.304 per cent in period I and least in period III. It was revealed from Table 1 that the increase in share capital was positively significant in all periods.

Funds :

In overall period funds of the bank which was Rs. 11517.97 lakh was positively significant with 25.52 per cent compound growth rate. The higher variation was found in period I and least in period III. The growth rate was observed positively significant in period I and period II.

Deposits :

The total deposits with the bank were Rs. 31962.92 lakh in overall period and positively significant with 10.92 per cent. The highest variability was found in period II and it was observed least or same in period I and period III. The compound growth rate was positively significant in period I and period II with 11.68 per cent and 13.37 per cent, respectively.

Owned fund :

In the overall period bank have the owned funds with Rs. 14533.09 lakh which was positively significant with compound growth rate 18.50 per cent. In period I owned funds was Rs. 5602.123 lakh which increased upto Rs. 23380.93 lakh in period III and it was positively significant with 59.18 per cent and 16.70 per cent compound growth rate in period I and II, respectively.

Growth performance of Parbhani district central co-operative bank :

The growth performance of PDCC Bank has been deposited in Fig. 1 and Table 1.

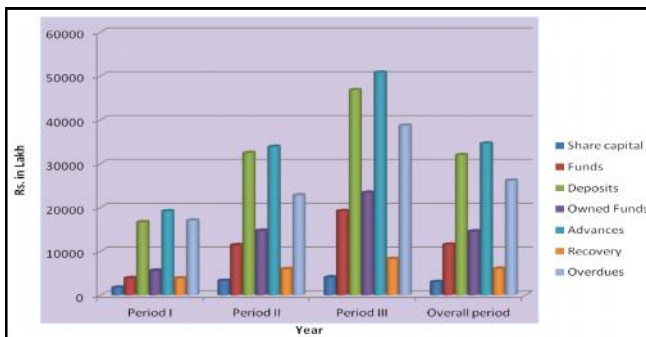


Fig. 1 : Growth performance of Parbhani District Central Co-operative Bank from 1994-95 to 2008-09 (Rs.)

Advances :

The average advances with PDCC bank were Rs. 34605.610 lakh in overall period. The advances were positively significant with 10.18 per cent in overall period. During the

period I, advances were Rs. 19181.05 lakh which increased upto Rs. 50785.510 lakh in period III and was positively significant in period I and period II. The highest variability was noticed in period I and least in period III.

Credit/Deposit ratio (C/D ratio) :

If CD ratio is more than 65 per cent the liquidity of bank becomes in loss. In case of CD ratio less than 60 per cent shows that lack of advances and which ultimately leads to be loss. Similarly, if CD ratio is greater than 70 per cent, the cash liquidity is declined and which may lead to failure of the bank transactions.

In the overall period, C/D ratio was 110.31 which was non-significant. In the period I, C/D ratio was 114.3 and in period III it declined upto 110.64. The C/D ratio was negatively significant with -5.687 per cent compound growth rate in period III.

Recovery :

In overall period average recovery was Rs. 6040.132 lakh and positive significant with 6.87 per cent. During period I, average recovery was Rs. 3861.66 lakh which increased upto Rs. 8299.58 lakh in period III. It was positively significant in period I with average compound growth rate of 18.49 per cent and negatively significant with -19.97 per cent CGR in period II.

Overdues :

The finding of the study will facilitate in depth the understanding of the performance of the Parbhani District Central Co-operative bank supply short term and medium term loan to agriculture. In the overall period, overdues were Rs. 26175.050 lakh which was positive and significant with average compound growth rate of 10.89 per cent. The highest variability was seen in period I and least in period III.

Percentage of overdues :

In overall period, average percentage of overdues was 66.72 per cent with positive and significant compound growth rate growth rate of 3.1 per cent. In period I the average percentage of overdues was 57.53 per cent which increased to 76.03 per cent in period III. It was positively significant in period II with average compound growth rate of 9.9 per cent.

Advances to agriculture sector :

In overall period, average advance to agriculture sector was Rs. 23553.10 lakh with positive and significant compound growth rate of 13.29 per cent. In period I the average advance to agriculture sector was Rs. 10609.40 lakh which increased to Rs. 36819.87 lakh in period III. It was positively significant in period I and period II with average compound growth rate of 17.95 per cent and 11.91 per cent, respectively.

Percentage of advances to agriculture sector :

In overall period, the average percentage of advance to

| Growth performance of Parbhani District Central Co-operative Bank from 1994-95 to 2008-09 | | | | (Rs. in Lakh) | |
|---|------------------------|----------------------------------|-------------------------------------|------------------------------------|--|
| Sr. No. | Particulars | Period I (1994-95 to 1998-99) | Period II (1999-2000 to 2003-04) | Period III (2004-05 to 2008-09) | Overall period (1994-95 to 2008-09) |
| 1. | No. of branches (No.) | | | | |
| | Mean | 129.400 | 123.000 | 110.800 | 121.067 |
| | CV | 1.037 | 7.840 | 0.404 | 7.876 |
| | R | 0.727 | -0.886* | 0.346 | -0.860** |
| | CGR | 0.468 | -4.375 | 0.091 | -1.514 |
| 2. | No. of borrowers (No.) | | | | |
| | Mean | 149395.800 | 147101.600 | 80115.210 | 125537.500 |
| | CV | 19.561 | 50.504 | 44.865 | 45.734 |
| | R | 0.990** | -0.823* | -0.513 | -0.610* |
| | CGR | 13.311 | -26.818 | -18.857 | -7.687 |
| 3. | Share capital | | | | |
| | Mean | 1697.886 | 3286.574 | 4060.892 | 3015.118 |
| | CV | 21.947 | 15.322 | 3.049 | 35.615 |
| | R | 0.989** | 0.970** | 0.992** | 0.948** |
| | CGR | 14.304 | 10.307 | 1.940 | 9.248 |
| 4. | Funds | | | | |
| | Mean | 3904.240 | 11429.620 | 19220.040 | 11517.970 |
| | CV | 79.714 | 26.089 | 10.963 | 60.444 |
| | R | 0.903* | 0.916* | 0.568 | 0.838** |
| | CGR | 121.780 | 18.785 | 4.041 | 25.516 |
| 5. | Deposits | | | | |
| | Mean | 16658.750 | 32433.480 | 46796.510 | 31962.920 |
| | CV | 17.823 | 19.455 | 17.263 | 43.673 |
| | R | 0.985** | 0.990** | 0.785 | 0.979** |
| | CGR | 11.679 | 13.369 | 8.221 | 10.920 |
| 6. | Owned funds | | | | |
| | Mean | 5602.126 | 14716.220 | 23380.930 | 14533.090 |
| | CV | 61.129 | 23.631 | 9.340 | 55.041 |
| | R | 0.917** | 0.926** | 0.608 | 0.899** |
| | CGR | 59.175 | 16.697 | 3.668 | 18.499 |
| 7. | Advances | | | | |
| | Mean | 19181.050 | 33850.290 | 50785.510 | 34605.610 |
| | CV | 23.204 | 10.964 | 9.243 | 40.307 |
| | R | 0.968** | 0.951** | 0.493 | 0.974** |
| | CGR | 15.021 | 6.921 | 2.837 | 10.177 |
| 8. | C/D ratio | | | | |
| | Mean | 114.358 | 105.912 | 110.644 | 110.305 |
| | CV | 6.549 | 9.972 | 16.291 | 11.233 |
| | R | 0.713 | -0.939** | -0.452 | -0.253 ^{NS} |
| | CGR | 2.993 | -5.687 | -4.976 | -0.670 |
| 9. | Recovery | | | | |
| | Mean | 3861.656 | 5959.158 | 8299.578 | 6040.132 |
| | CV | 33.230 | 43.083 | 58.323 | 58.695 |
| | R | 0.877* | -0.844* | 0.599 | 0.604* |
| | CGR | 18.494 | -19.972 | 22.353 | 6.867 |
| 10. | Overdues | | | | |
| | Mean | 17034.050 | 22807.740 | 38683.350 | 26175.050 |
| | CV | 79.193 | 24.669 | 16.073 | 48.604 |
| | R | 0.377 | 0.988** | 0.803 | 0.814** |
| | CGR | 16.522 | 17.450 | 8.206 | 10.891 |

Table Contd.....

Table contd.....

| | | | | | |
|-----|--|-----------|-----------|-----------|-----------|
| 11. | Percentage of overdues | | | | |
| | Mean | 57.530 | 66.606 | 76.032 | 66.723 |
| | CV | 7.526 | 14.739 | 9.978 | 15.753 |
| | R | 0.268 | 0.983** | 0.787 | 0.861** |
| | CGR | 1.304 | 9.893 | 5.136 | 3.083 |
| 12. | Advances to agriculture sector | | | | |
| | Mean | 10609.400 | 23230.020 | 36819.870 | 23553.100 |
| | CV | 28.630 | 16.153 | 15.936 | 50.097 |
| | R | 0.960** | 0.967** | 0.626 | 0.973** |
| | CGR | 17.958 | 10.914 | 6.352 | 13.287 |
| 13. | Percentage of advances to agriculture sector | | | | |
| | Mean | 54.934 | 68.334 | 72.190 | 65.153 |
| | CV | 8.216 | 6.894 | 7.487 | 13.651 |
| | R | 0.481 | 0.804 | 0.693 | 0.878** |
| | CGR | 2.556 | 3.736 | 3.417 | 2.823 |
| 14. | Advances to non-agriculture sector | | | | |
| | Mean | 8577.654 | 10620.270 | 13965.660 | 11054.530 |
| | CV | 19.711 | 9.545 | 13.623 | 24.657 |
| | R | 0.823* | -0.081 | -0.641 | 0.817** |
| | CGR | 11.521 | -0.500 | -5.020 | 4.739 |
| 15. | Percentage of advances to non-agriculture sector | | | | |
| | Mean | 45.082 | 31.656 | 27.800 | 34.846 |
| | CV | 9.942 | 14.882 | 19.442 | 25.541 |
| | R | -0.495 | -0.825* | -0.664 | -0.888** |
| | CGR | -3.050 | -6.945 | -7.638 | -4.937 |
| 16. | Percentage of recovery | | | | |
| | Mean | 34.306 | 26.510 | 20.746 | 27.187 |
| | CV | 13.002 | 60.680 | 48.325 | 43.740 |
| | R | 0.361 | -0.897* | 0.344 | -0.547* |
| | CGR | 3.139 | -28.550 | 11.249 | -5.802 |
| 17. | Percentage of agril. recovery to agril. sector | | | | |
| | Mean | 40.520 | 27.738 | 23.036 | 30.431 |
| | CV | 17.783 | 60.394 | 59.848 | 47.369 |
| | R | 0.674 | -0.894* | 0.389 | -0.541* |
| | CGR | 8.117 | -27.853 | 15.050 | -6.288 |
| 18. | Percentage of agril. recovery to non agril. sector | | | | |
| | Mean | 44.602 | 56.750 | 61.496 | 54.283 |
| | CV | 18.926 | 45.378 | 58.669 | 46.458 |
| | R | 0.531 | -0.784 | 0.727 | 0.241 |
| | CGR | 6.256 | -19.574 | 29.894 | 2.214 |
| 19. | Borrowings | | | | |
| | Mean | 6363.922 | 10564.480 | 13002.370 | 9976.921 |
| | CV | 27.278 | 15.265 | 46.759 | 45.070 |
| | R | 0.898* | -0.197 | -0.588 | 0.388 |
| | CGR | 16.227 | -1.849 | -25.190 | 4.628 |
| 20. | Percentage of NPA | | | | |
| | Mean | 22.100 | 48.146 | 46.2681 | 38.838 |
| | CV | 96.072 | 33.686 | 12.113 | 49.100 |
| | R | 0.855* | 0.950** | 0.371 | 0.610** |
| | CGR | 4338.903 | 26.332 | 2.761 | 86.540 |

** - Significant at 1 per cent level * - Significant at 5 per cent level and NS= Non-significant

agriculture sector was 65.15 per cent. It was positively significant with compound growth rate of 2.82 per cent. In period I the average percentage of advance to agriculture sector was 54.93 per cent which increased to 72.19 per cent in period III.

Advances to non-agriculture sector :

In overall period, the average advances to non-agriculture sector was Rs. 11054.53 lakh. It was positively significant with compound growth rate of 4.73 per cent. In period I the average advances to non-agriculture sector was Rs. 8577.65 lakh which increased upto Rs. 13965.66 lakh in period III. It was positively significant in period I with compound growth rate of 11.52 per cent.

Percentage of advances to non-agriculture sector :

In overall period, the average percentage of advance to non agriculture sector was 34.84 per cent. It was negatively significant with compound growth rate of -4.93 per cent. In period I, the average percentage of advance to non-agriculture sector was 45.08 per cent which decreased to 27.80 per cent in period III. It was negatively significant with compound growth rate of -6.9 per cent.

Percentage of recovery :

In overall period, the average percentage of recovery was 27.18 per cent. It was negatively significant with compound growth rate of -5.80 per cent. In period I the average percentage of recovery was 34.30 per cent which decreased to 20.74 per cent in period III. It was negatively significant in period II with compound growth rate of -28.55 per cent.

Percentage of agricultural recovery to agricultural sector :

In overall period, the average percentage of agricultural recovery to agricultural sector was 30.43 per cent. It was negatively significant with compound growth rate of -6.28 per cent. In period I the average percentage of agricultural recovery to agricultural sector was 40.52 per cent which decreased to 20.03 per cent in period III. It was negatively significant in period II with compound growth rate of -27.85 per cent.

Percentage of agricultural recovery to non-agricultural sector:

In overall period, the average percentage of agricultural recovery to non-agricultural sector was 54.28 per cent. In period I it was 44.60 per cent which increased to 61.49 per cent in period III.

Borrowings :

In overall period, the average borrowings was Rs. 9976.92 lakh. In period I it was Rs. 6363.92 lakh which increased to Rs.

13002.37 lakh in period III. It was positively significant in period I with compound growth rate of 16.22 per cent.

Percentage of non-performing asset (NPA) :

During first three years of the I period, the percentage of NPA was zero whereas it increased from 47.50 per cent and 33 per cent during year 1996-97 and 1997-98. It was significant in period I and period II. In overall period, percentage of NPA was positively significant with 86.54 per cent.

Conclusion :

From the study, it revealed that in overall period, number of branches, number of borrowers, C/D ratio, percentage of advance to non-agriculture sector, percentage of recovery, per cent of agril. recovery to agril. sector, percentage of borrowing were non-significant / negatively significant. The share capital, funds, deposits, owned funds, advances recovery, overdues, percentage of overdues, advances of agriculture sector, percentage of advances to agril. sector, advances to non-agril. sector and percentage of NPA were positively significant.

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