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RESEARCH PAPER

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 (GR.), 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 noninstitutional 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-operative sector in India has

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N.U. PAWAR, T.G. SATPUTE AND SACHIN S. MORE, Department of Agricultural Economics and Statistics, College of Agriculture, PARBHANI (M.S.) INDIA 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

Apex Bank. District central co-operative bank is golden mean to achieve the goal of rural development. However, the performance of DCCB should further be improved and dependence on borrowing should be reduced for healthy performance of DCCB (Koli and Landage, 2007). The finding of the study will facilitate in depth the understanding of the performance of the Parbhani DCCB in relation to supply short term and medium term loan to agriculture.

General status of the Parbhani District Central Co-operative bank					
Date of establishment	13.10.1917				
Audit classification	C (31.03.2010)				
Area of operation	Parbhani and Hingoli				
Number of cooperative societies affiliated	2655 of which PACS-875, Other -1180				
Number of borrowing Societies	PACS-985, Non Agril. 156				
Number of branch	111 of which in Parbhani district 66 and Hingoli district 45.				
Number of employee	737				
Status of board	Elected (No. of members 25)				

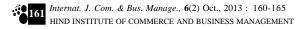
METHODOLOGY

It provides an insight into the sources of data, method of data collection and meaning of different variables chosen for study and method of analysis deployed in the analysis

i.e. from 1994-1995 to 2008-2009. District central co-operative bank of Parbhani district was purposively selected for the present study. DCCB of Parbhani now has attained age of 93 years. In order to examine the performance of DCC bank of Parbhani, data with respect to number of branches, number of borrowers, deposits, share capital, recovery, over dues, loan advances sanctioned were collected from annual reports of DCCB Parbhani for the period 1994-2009. For analysis of data statistical tools *viz.*, averages, co-efficient of variation (C.V.) and growth rates (G.R.), etc., were employed to arrive at meaningful conclusion. For the analysis of data, the overall period (1994-95 to 2008-09) was divided into three sub periods *i.e.* period I (1994-95- to 1998-99), period II (1999-2000 to 2003-04) and period III (2004-05 to 2008-09).

Compound growth rate was worked out to access the progress of Parbhani District Central Co-operative Bank for various variables such as branches, members, share capital, non agricultural society, recovery of loans etc.

$$Co > efficient of variation N \frac{S tandard deviation(\uparrow)}{Mean(\overline{X})} \hat{1} 100$$



Co-efficient of variation (C.V.) is the ratio of standard deviation to mean expressed in terms of percentage. Higher values of C.V. indicates more fluctuation or faster changes in time series data, where as lower value of C.V. indicated more stability or slower changes in the time series data.

In order to study the trends of different variables, the following linear growth equation was used

 $\mathbf{Y} = \mathbf{a} + \mathbf{b}^t$ was used.

where, Y = The value of dependent variable, t = Time, a=Intercept, b=Slope

The semi log trend equation used for computing compound growth rate :

 $\mathbf{Y} = \mathbf{a}\mathbf{x}^{\mathbf{b}}$

Per cent compound growth rate = (antilog b-1) \times 100

here, y = The value of dependent variable, a = Intercept, b = Regression co-efficient, x = Time period

The co-efficient of the linear and compound growth rates were tested with the help of correlation co-efficient.

$$r \, \mathbb{N} \, \frac{N \, \ddot{\mathbf{y}} \, x\mathbf{y} - (\ddot{\mathbf{y}} \, \mathbf{x}) (\ddot{\mathbf{y}} \, \mathbf{y})}{[(N(\ddot{\mathbf{y}} \, \mathbf{x}^2 - (\ddot{\mathbf{y}} \, \mathbf{x}^2)][(N(\ddot{\mathbf{y}} \, \mathbf{y}^2 - (\ddot{\mathbf{y}} \, \mathbf{y}^2)]}$$

where, r = Correlation co-efficient , N = Number of observation x = Independent variable, y = Dependent variable

ANALYSIS AND DISCUSSION

The findings of the present study as well as relevant discussion have been presented under following heads :

Number of branches :

During the period I, overall number of branches were 129 which decreased upto 111 in period III with overall average of 121 branches. The growth rate of branch expansion was highest *i.e.* 0.468 per cent during period I which declined till period II and slight increase in period III. This showed the maximum branch expansion during initial year of study period. The average annual compound growth rate for 15 years (overall period) was -1.514 per cent. The number of branches was negatively significant at the compound growth rate of -4.375 per cent in period II and increased with an annual compound growth rate of -1.514 per cent in overall period.

Number of borrowers :

In the overall period, the number of borrowers was 125538. The highest variability was in period II followed by period I. The number of borrowers was negatively significant in overall period with an annual compound growth rate of -7.685 per cent. It is revealed that the growth rate of number of borrowers was positively significant with compound growth rate of 13.31 per cent.

Share capital :

In overall period, the share capital was Rs. 3015.12 lakh

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 :

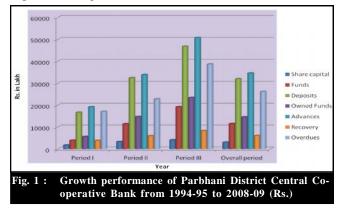
The total deposits with the bank were Rs. 31962.92 lakh in overall period and positively significant with 10.92 per cent. The highest variability was found in period II and it was observed least or same in period I and period III. The compound growth rate was positively significant in period I and period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



Advances :

The average advances with PDDC 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 nonsignificant. 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 :

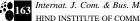
In overall period, average advance to agriculture sector was Rs. 23553.10 lakh with positive and significant compound growth rate of 13.29 per cent. In period I the average advance to agriculture sector was Rs. 10609.40 lakh which increased to Rs. 36819.87 lakh in period III. It was positively significant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

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		arbhani District Central Co-op Period I	Period II	Period III	Overall paried		
Sr. No.	Particulars	Period I (1994-95 to 1998-99)	Period II (1999-2000 to 2003-04)	(2004-05 to 2008-09)	Overall period (1994-95 to 2008-09)		
	No. of branches ((1))) 2000 to 2003 04)	(2004 05 to 2000 07)	(17)4 75 to 2000 07)		
	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		
	No. of borrowers			0.071	-1.514		
•	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		
	Share capital	15.511	-20.010	-10.037	-7.007		
	Mean	1697.886	3286.574	4060.892	3015.118		
	CV		15.322	3.049	35.615		
		21.947 0.989**	0.970**	0.992**	0.948**		
	R						
	CGR	14.304	10.307	1.940	9.248		
•	Funds	2004 240	11100 (20	10000 040	11517.070		
	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		
•	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		
	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		
	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		
•	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		
0.	Overdues						
	Mean	17034.050	22807.740	38683.350	26175.050		
	CV	79.193	22807.740 24.669	16.073	48.604		
	R	0.377	24.009 0.988**	0.803	48.004 0.814**		
	CGR	16.522	17.450	8.206	10.891		
	COK	10.322	17.430	0.200	Table Contd		



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	ontd							
11.	Percentage of	f 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	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 o	f advances to non-agricu	lture 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	f 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			
7.	Percentage of	f 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 o	f agril. recovery to non a	gril. 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 o							
	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

Internat. J. Com. & Bus. Manage., 6(2) Oct., 2013 :160-165 HIND INSTITUTE OF COMMERCE AND BUSINESS MANAGEMENT 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 nonagriculture 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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