

Growth and Performance of District Central Cooperative Banks in Maharashtra

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Abstract

The Maharashtra state occupies very important role in economic development of India. Co-operative credit structure has vital institutional arrangement for the development of agriculture and allied sectors in Maharashtra State economy, especially in rural. Co-operative credit structure in Maharashtra is a three tier structure. The District central cooperative banks have played a significant role in the social and economic development of the state particularly in the rural areas. The study has analysed the progress of DCCB with regard to, no of branches, Members, deposit mobilisation, and outstanding advances, overdues regarding the working performance of the Bank. The study is based on secondary sources. The data was collected from journals, books, reports of economic survey of Maharashtra and internet etc. In this paper researcher is focused credit movement in Maharashtra by DCCBs. The problems and challenges that cooperatives credit institutions face today are numerous. But government should give good support to these cooperative banks has potential solve problems of rural people because these banks organised on cooperative basis.

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Introduction

Co-operative banking system is basically an imported concept and prominent role in the economic liberation of millions of people of our nation. Co-operative Banks have assisted in boosting the growth rate of Indian economy by providing a fillip to agricultural production in the country by making available cheap and hassle free agricultural finance. Co-operative credit structure has vital institutional arrangement for the development of agriculture and allied sectors in Maharashtra State economy, especially in rural. Co-operative credit structure in Maharashtra is a three tier structure. Co-operative credit is divided in two type's short and medium term and long term credit. Short and medium term credit structure consists with three tiers at the apex level there is State cooperative bank, at the district level there is Central cooperative bank, and at the village or gross root level there is Primary Agricultural Credit Societies. In this paper researcher is focused credit movement in Maharashtra by DCCBs.

OBJECTIVES OF THE STUDY

1. To study Progress DCCBs in Maharashtra in its numbers, branches, and members.
2. To analyse the growth of DCCBs in deposit, loan and advances and investment
3. To study profit and loss position of DCCBs
4. To offer suitable suggestions for the improvement of DCCBs in Maharashtra.

RESEARCH METHODOLOGY

Data Collection: The present study aims to examine the growth and progress of DCCB in Maharashtra. The analysis is mainly based on secondary sources of the data. The secondary data collected from the Reports of Economics survey of Maharashtra, journals, and internet website specially www.nafscob.com etc.

Scope of the study: The present study relates to DCCB in Maharashtra certain indicators has been studied like branches members, deposit, loans and advances, loan outstanding, overdues and profitability etc.

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Table No 1 Progress of DCCBs in its numbers, no of branches and total members

Year	No of DCCBs	No of Branches including Head Offices	% Change	Total Membership	% Change
2005	31	3718		114612	
2006	31	3784	1.78%	116197	1.38%
2007	31	3677	-2.83%	118684	2.14%
2008	31	3678	0.03%	120404	1.45%
2009	31	3677	-0.03%	122272	1.55%
2010	31	3680	0.08%	123020	0.61%
2011	31	3715	0.95%	125235	1.80%
2012	31	3737	0.59%	125761	0.42%
Average	31	3708.25		120773.1	
CGR	0	-0.06		1.37	
Std, Div	0	36.00		3799.39	
CV	0	0.97		3.14	

Source: Various reports of the basic data on district central cooperative banks (2005 to 2012), retrieved from http://www.nafscob.org/ccb_f.htm

Above table refers the progress of DCCBs in its numbers, no of branches and total members during 2005 to 2012. The numbers of DCCB were constant with 31 during review period. The number of branches of DCCBs increase were 3718 in 2005 this increased to 3737 in 2012. There is very negative CGR -0.06 of DCCB during study period. The members of DCCBs have increased from 114612 lakhs to 125761 during 2005 to 2012. The value of coefficient variance is 3.14 of DCCBs in Maharashtra. It indicated that there is more consistency in members of DCCBs. There is very less CGR 1.37 of DCCB in terms of members.

Table No 2 Owned fund of DCCBs in Maharashtra

Year	Paid up Share Capital	% Change	Reserve Capital	% Change	Total Owned Fund	% Change
2005	99330		413201		512531	
2006	106537	7.26%	442693	7.14%	549230	7.16%
2007	113862	6.88%	477944	7.96%	591806	7.75%
2008	127788	12.23%	501643	4.96%	629431	6.36%
2009	136030	6.45%	567108	13.05%	703138	11.71%
2010	157644	15.89%	579580	2.20%	737224	4.85%
2011	164600	4.41%	619860	6.95%	784460	6.41%
2012	187338	13.81%	658656	6.26%	845994	7.84%
Average	136641.1		532585.6		669226.8	
CGR	9.54		6.95		7.48	

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Std, Div	28915.85		81537.83		110016.7	
CV	21.16189		15.30981		16.43938	

Source: same as table no 1

Above table no 2 shows, owned funds in paid up share capital and reserves of a bank. The average owned fund was 669226 lakhs with CGR 7.48 during study period. This shows the stronger financial position of DCCBs. Simple growth rate was maximum of owned fund in 2009 because in 2009 DCCB reported profit with completely wiped out their loss.

Table No 3 Growth of deposit and loan and advances of DCCBs

Year	Deposit	% Change	Loan & Advances	% Change	Investment	% Change
2005	2464092		1396754		1199074	
2006	2611466	5.98%	1429082	2.31%	1211384	1.03%
2007	2707126	3.66%	1535153	7.42%	1195089	-1.35%
2008	3145457	16.19%	1894748	23.42%	1387425	16.09%
2009	3722517	18.35%	1648291	-13.01%	1911590	37.78%
2010	4357343	17.05%	2227679	35.15%	2255639	18.00%
2011	4687366	7.57%	2664923	19.63%	2359719	4.61%
2012	4867429	3.84%	3169819	18.95%	2281322	-3.32%
Average	3570349.5	0.103787	1995806	0.134112	1725155	0.104064
CGR	11.68		12.41		12.72	
Std, Div	911153.56		602392		495469.2	
CV	25.5200103		30.18289		28.72027	

Source: same as table no 1

Table No 4 Movement of branch productivity, CD ratio and ID ratio of DCCBs

Year	Branch Productivity	% Change	CD Ratio	ID Ratio
2005	1038.42		56.68	48.66
2006	1067.79	2.83%	54.72	46.38
2007	1153.73	8.05%	56.7	44.14
2008	1370.36	18.78%	6.23	44.1
2009	1460.64	6.59%	44.27	51.35
2010	1789.4	22.51%	51.12	51.76
2011	1979.08	10.60%	56.85	50.34
2012	2150.72	8.67%	65.12	46.86
Average	1501.2675	0.111463	48.96125	47.94875
CGR	12.05			

Source: same as table no 1

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Table no 4 provides the information about branch productivity of DCCBs in Maharashtra. During the eight year period of 2005 to 2012, there was increasing trend of overall branch productivity from 1038.42 to 2150.26 with CGR 12.05 per cent during review period. Credit deposit ratio and Investment deposit ratio of the DCCBs during the study period. Above data shows, there is inverse relationship between Investment deposit ratio and cash deposit ratio. The CD ratio was higher 56.68 per cent in 2005 this increased to 65.12 per cent in 2012. After 2010 investment deposit ratio has decline and therefore cash deposit ratio has increased. In 2012 Investment-deposit ratio has declined and CD ratio has increased it indicates that banks was investing less in government and other securities and giving more credit to people. The outlook of CD and ID ratio is presented in following diagram no 1

Diagram No 1

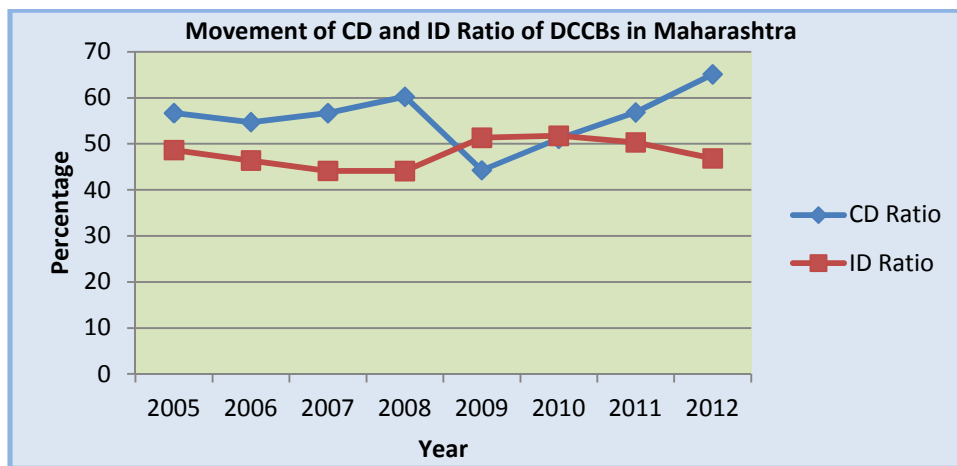


Table No 5

Overdues of district Central cooperative banks in Maharashtra

Year	DCCB	% change
2007	5534	
2008	7752	40.08%
2009	7328	-5.47%
2010	5248	-28.38%
2011	5850	11.47%
2012	6804	16.31%
Average	6419.33	
Std. Dev.	933.60	
CV	14.54	
CGR	-0.49	

Source: same as table no 1

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Timely recovery of loans not only keeps the business running but also benefits the borrowers by reducing the load of debt and making them eligible for getting loans in future. If the outstanding loan increases, it becomes overdues. The high amount of overdues causes due to low recovery. It is observed from Table 5 that the amount of loans overdue has gradually increased Rs.5534 crore in 2007 to Rs.6804 crore in 2012. It was maximum in 7752 lakhs in 2008 and minimum in 5248 lakhs in 2010 during the study period.

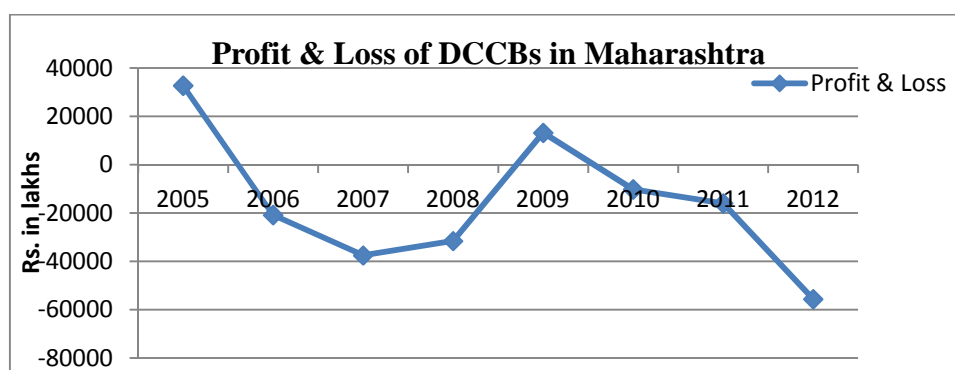
Table No 6 Profit and Loss of DCCBs

Year	Profit & Loss(-)	% Change
2005	32754	
2006	-20820	-163.56%
2007	-37525	80.24%
2008	-31561	-15.89%
2009	13199	-141.82%
2010	-10160	-176.98%
2011	-15967	57.16%
2012	-55642	248.48%

Source: same as table no 1

Profit is the renewal source of the business activity, DCCBs recorded highest profit with 32754 lakhs and 13199 in 2005 and 2009 respectively. DCCBs were incurring losses with 20820 lakhs, 37525 lakhs, 31561 lakhs, 15967 lakhs, and 55642 lakhs in years 2006, 2007, 2008, 2011 and 2012 respectively. It is shown in following diagram no 2

Diagram No. 2



Conclusion

The District central cooperative banks have played a significant role in the social and economic development of the state particularly in the rural areas. The study has analysed the

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progress of DCCB with regard to, no of branches, Members, deposit mobilisation, and outstanding advances, overdues regarding the working performance of the Bank. The growth rate of members of DCCBs is less that should increase then it will become strength. The recovery performance of MSCB and DCCBs is poor. Poor recovery of advances affected business so recovery should increase. In order to reduce cost banks should take the necessary step to increase owned fund of the DCCB. Staff and members are necessary and along with strength rules and regulation and harsh implementation system by the state government is essential. The study has revealed that the financial viability and profitability of the bank is declining. The problems and challenges that cooperatives credit institutions face today are numerous. But government should give good support to these cooperative banks has potential solve problems of rural people because these banks organised on cooperative basis.

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