



## A COMPARATIVE STUDY ON GROWTH AND PERFORMANCE OF DCCB WITH SPECIAL REFERENCE TO TAMILNADU AND KERALA STATE

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### **ABSTRACT**

*This paper studies the pattern of the financial parameters i.e. paid up capital, total reserve, total deposits, total borrowings, total capital, investments etc. of the co – operative banks in Tamilnadu and Kerala. The research study was concerned with the assessment of the trend pattern based on the information available for the years 2008-2009 to 2012-2013. Financial institutions like co-operative banks perform important role in the economic development of a country by mobilizing rural deposits and lending these deposits in the form of loans and advances. There is Three Tier structure of the institutions providing short and medium term credit to farmers. The apex body, namely State Cooperative Bank disburses agricultural credit to District Central Co-operative Banks. The District Central Co-operative Banks play a major role in the disbursement of credit to PACS and PACS lend agricultural credit to cultivator members. Thus District Central Co-operative Banks works as a linkage between State Co-operative Bank and Primary Agricultural Credit Societies. These banks occupy a middle level position in the three tier co-operative credit structure of the country. Short-term or crop loan is for 12 to 15 months duration without collateral security and medium term loans repayable within 3 to 5 years. Therefore, this paper studies the comparative growth of DCCBs in Tamilnadu and Kerala.*

**Keywords:** *Credit, Deposit, District Central Cooperative Bank, Growth and Trend Analysis.*

### **1.0) INTRODUCTION**

The Cooperative banks in India started functioning almost 100 years ago. Co-operative Banks are much more important in India than anywhere else in the world. The distinctive character of this bank is service at a lower cost and service without exploitation. It has gained its importance by the role assigned to them, the expectations they are supposed to fulfill, their number, and the number of offices they operate. Agriculture is the backbone of Indian economy and cheap credit is the life blood of agriculture in India. Co-operative institutions have been playing a vital role in providing credit to agriculture in India. Agriculture requires credit of short-term, medium-term and long-term duration. There is Three Tier structure of co-operative institutions providing short and medium term credit to farmers. The apex body, namely State Co-operative Bank lends agricultural credit to District Central Co-operative Banks. The District Central Co-operative Banks play a major role in the disbursement of credit to PACS and PACS provide agricultural credit to cultivator members. Thus District Central Co-operative Banks works as a linkage between State Cooperative Bank and Primary Agricultural Credit Societies. These banks occupy a middle level position in the three tier co-operative credit structure of the country. The Green Revolution (1959) characterized by a greater use of inputs like fertilizers, seeds and other inputs, increased credit requirements which were to be provided by the co-operative financial institutions. The success of the Second Green Revolution also needs timely, cheap and sufficient institutional finance. For achieving this purpose cooperative credit institutions should be more efficient.

The structure of commercial banking is of branch-banking type while the co-operative banking Structure is a three tier federal one as follows,

1. A State Co-operative Bank works at the apex level (ie. works at state level).
2. The Central Co-operative Bank works at the Intermediate Level.(ie. District Co-operative Banks Ltd. works at district level).



3. Primary co-operative credit societies at base level (At village level).

### 1.1 SCOPE OF THE STUDY

In this study an attempt is done to analyze the performance of DCCBs in (Tamilnadu and Kerala) South India regarding membership, no. of offices, capital, deposits, advances, reserves, etc. for a period of five years from 2008-09 to 2012-13. The comparison is made at Tamilnadu and Kerala state level.

### 1.2 OBJECTIVES OF THE STUDY

Following are the objectives of this study:-

- Compare the progress of DCCBs in Tamilnadu and Kerala.
- Make a detailed explanation of progress indicators of DCCBs.
- Calculate growth rate and credit deposit ratio.
- Suggest measures based on findings and observations.

### 1.3 METHODOLOGY

This study is entirely based on secondary sources of data collected from the websites of Govt. of India, Govt. Economic Surveys, RBI, NABARD, and NAFCOB etc. The statistical information is compiled for the convenience of the study. While compiling the data certain statistical tools such as percentages, growth rate and credit-deposit ratio have been added. For analyzing the trends and pattern, 5 years data is collected.

### 1.4 REVIEW OF LITERATURE

Dr. C. S. Rathod has attempted to study the “Management of Cooperative Banks” which dealt with the management of CCBs in Gujarat state in terms of management of funds mobilization of resources, and purpose-wise financing and various sections of cooperative activities.

A study titled “performance of Cooperative banks in supply of loans to farmers in Karnataka” was undertaken by Sri B.N. Ganvir, Sri D.L. Sale and Sri N.L. Kale with the objective to know the performance of different cooperative Banks in respect of distribution of short-term, medium-term and long term loans. The study concludes that there was considerable increase in loans, outstanding loans and also overdue.

Ramappa (1998) studied the extent of credit made available by Sree Anantha Grameena bank, Anathpur, its growth and recovery position of loans and found that it had made good progress in extending credit facilities from year to year. Further, the recovery performance was found to be better for non- agricultural sector compared to loans for allied activities.

Dayanandan and Shashikumar under took comparative analysis of DCBs in Kerala with the national level performance and revealed that the state level performance was behind the national level performance as regard to membership, own funds, borrowing loans advanced etc., whereas deposits were slightly higher than the national level performance.

But as long as there was no considerable decrease in rate of total loans overdue, profitability of the bank cannot be improved. Various researchers opined that, the major variables which have impact on performance of any credit institutions were deposits, membership, recovery, profit/loss etc., It was found the most of by the studies that there was positive impact of credit on income and employment of borrowers.

Ramesh and Patil while explaining different analytical tools and techniques for measuring performance of co-operatives opined that co-operatives registered an excellent growth in all the selected variables. However, unstable profits, higher liquid assets, upward trend in over dues, decelerating trend in owned funds and regional imbalance in their distribution and growth were some of the major problems affecting badly the overall



performance of co-operatives. Further It was revealed the important variables that determine the performance of the banks were share capital, loans, over dues profit and loss. There was a high growth in the a foresaid variables and mounting over dues was a common feature.

### 1.5 RESULTS AND DISCUSSIONS

**Table-1, Position of DCCB in Tamilnadu and Kerala**

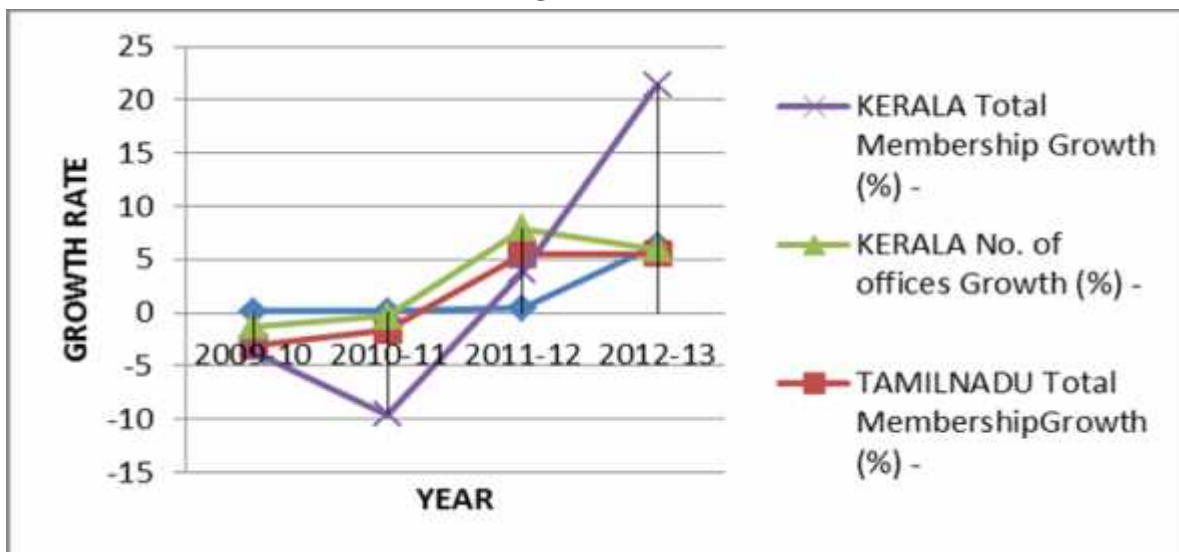
Year	Tamilnadu			Kerala			Growth (%)
	No. of offices	Growth (%)	Total Membership	No. of offices	Growth (%)	Total Membership	
2008-09	732	-	16277	662	-	10416	-
2009-10	733	+0.13	15749	674	+1.81	10160	-2.46
2010-11	734	+0.13	15473	683	+1.33	9215	-9.3
2011-12	737	+0.41	16252	700	+2.48	8841	-4.05
2012-13	784	+6.37	16118	703	+0.43	10208	+15.46
Mean	744		15973.8	684.4		9768	
S.D	22.43		350.5191	17.32916		695.037	
C.V	3.01		2.19	2.53		7.11	

Source: NAFSCOB Reports, Base Year 2008-09.

#### Interpretation

The table no. 1 explains the number of DCCBs and their offices including head office for the period of 2008-09 to 2012-13. The number of DCCBs is slightly fluctuating. Similarly, the growth of number of offices was also fluctuating and the growth rate was increased 0.13% to 6.37%. in DCCB in Tamilnadu and DCCB in Kerala growth rate was fluctuating 1.81% to 0.43 .The growth of membership was decreased -3.24% to -0.82% in DCCB in Tamilnadu and Kerala DCCB growth rate was increased -2.46% to +15.46%

#### GRAPH





**Table-2, Trend of Capital, Reserves and Borrowings of DCCB in Tamilnadu and Kerala (Rs.In Lakhs)**

	YEAR	2008-09	2009-10	2010-11	2011-12	2012-13	MEAN	S.D	C.V
Tamilnadu	<b>Capital Amount</b>	113829	231371	124990	130656	126099	145389	48461.8987	33.33
	<b>Trend%</b>	100	203.2	109.8	114.8	110.7	127.7	42.5539657	33.33
Kerala	<b>Capital Amount</b>	12055	12717	14131	15679	26020	16120.4	5706.68983	35.4
	<b>Trend%</b>	100	105.4	117.2	130.1	215.8	133.7	47.3344483	35.4
Tamilnadu	<b>Reserves Amount</b>	194597	213721	222372	241336	276089	229623	30937.6583	13.46
	<b>Trend%</b>	100	109.8	114.2	124	141.8	117.96	15.8753898	13.46
Kerala	<b>Reserves Amount</b>	102142	111980	132643	135818	134715	123460	15410.7933	12.48
	<b>Trend%</b>	100	109.6	129.86	132.96	131.9	120.864	15.0931998	12.48
Tamilnadu	<b>Borrowings Amount</b>	194633	240313	402107	556417	707195	420133	214760.529	51.1
	<b>Trend%</b>	100	123.5	206.6	285.9	363.3	215.86	110.322042	51.1
Kerala	<b>Borrowings Amount</b>	122957	117208	224071	223720	270815	191754	68203.7182	35.55
	<b>Trend%</b>	100	95.3	182	181.9	220.2	155.88	55.4275834	35.55

Source: NAFSCOB Reports, Base Year 2008-09.

### Interpretation

The above table analyzed the funds of Tamilnadu and Kerala DCCB and their trend in terms of Capital, Reserves and Borrowings. The amount of capital Tamilnadu and Kerala DCCB is 113829 Lakhs 12055 Lakhs respectively in 2008-2009, it has been gradually increased and reached 26020 Lakhs in 2012-13 with percentage of 115.8 (215.8-100) in Kerala DCCB but Tamilnadu DCCB is decreased and 231371 Lakhs to 126099 Lakhs(2009-10 and 2012-13)with percentage of92.5(203.2-110.7) . In case of reserves Tamilnadu DCCB and Kerala DCCB, they are 194597Lakhs,102142 Lakhs respectively in 2008-2009 where as in 2012-13 it was recorded 276089 Lakhs and 134715 Lakhs with 41.8% (141.8-100) and 31.9%(131.9-100) growth trend. The borrowings are collected by the banks to meet the short term and long term credit needs. The borrowings of Tamilnadu and kerala DCCB during the year 2008-09 are 194633 Lakhs and 122957 Lakhs, the growth of borrowings have increasing growth according to the credit needs of the bank, finally the borrowings are recorded 707195 Lakhs and 270815 in the year 2012-13 with 263.3%(363.3-100) and 120.2%(220.2-100)growth respectively. The average growth of Capital, Reserves and Borrowings of Tamilnadu DCCB is 127.7, 117.96%, and 215.86% respectively. The S.D of Capital 42.55%, Reserves are 15.87%, and Borrowings 110.32%. The average growth of Capital, Reserves and



Borrowings of Kerala DCCB is 133.7, 120.86%, and 155.88% respectively. The S.D of Capital 47.33%, Reserves are 15.09%, and Borrowings 55.42%.

**Table-3, Deposits, Credits and CD Ratios of DCCB in Tamilnadu and Kerala (Rs.In Lakhs)**

	Tamilnadu			Kerala		
Year	Deposits	Loans Outstanding	C/D Ratio	Deposits	Loans Outstanding	C/D Ratio
2008-09	942811	1103274	117	1285233	927484	72.16
2009-10	1137025(1.21)	1358696(1.23)	119.5	1676569(1.3)	1111052(1.19)	66.26
2010-11	1219770(1.29)	1601784(1.45)	131.3	1835711(1.43)	1449883(1.56)	78.98
2011-12	1478559(1.56)	1974701(1.79)	133.5	2052453(1.59)	1609821(1.73)	78.43
2012-13	1790819(1.89)	2418106(2.19)	135	2291578(1.78)	1904706(2.05)	83.11
Mean	1313796.8	1691312.2	127.26	1828308.8	1400589.2	75.788
S.D	328791.93	517922.822	8.37633571	381729.635	389872.381	6.60919587
C.V	25.02	30.6	6.6	20.87	27.83	8.7

Source: NAFSCOB Reports, Base Year 2008-09.

### Interpretation

The above table has been depicted that during the 2008-09 in Tamilnadu DCCBs the Deposits are registered Rs.942811 Lakhs it has been increased to Rs.1790819 Lakhs in 2012-13 and Kerala DCCBs Deposits are recorded Rs.1285233 Lakhs in 2008-09 it has been increased to Rs.2291578 in 2012-13. The mobilization of deposits has been increased gradually during the study period, and the average deposits mobilized by Tamilnadu DCC Bank are 1313796.8 and Kerala DCCB is 1828308.8. Whereas credit deployment of Tamilnadu DCCBs in is just Rs.1103274 Lakhs and Kerala DCCB in Just Rs.927484 in 2008-09, it has been increased to 2.19 and 2.05 times with an amount of 2418106 and 1904706 Lakhs respectively in the year 2012-13. The average credit issued by the Tamilnadu DCC Banks is Rs. 1691312.2 lakhs and Kerala DCC Bank is Rs. 1400589.2 lakhs. These banks are Service oriented institutions which supply Credits to industry, trade and commerce, agriculture in the form of loans and advances for their smooth functioning. While, the proportion of the Credit deployed to the deposit mobilized, popularly known as C/D Ration, is one of the Parameter to assess the performance of a bank. The C/D Ratio of a bank in general, indicates the extent to which the depositor's money is invested in credit. The Credit Deposit Ratio of Tamilnadu DCCBs from 2008 to 2009 is shown a increasing trend and Kerala DCCBs is shown a fluctuating trend. The highest C/D Ratio of the Tamilnadu DCC Banks estimated with 135% in 2012-13 and the lowest C/D Ratio 117% is recorded in the year 2008-09. The average C/D ratio during the study period 127.26%. With a variance of 6.6% .and the S.D is 8.37. The highest C/D Ratio of the Kerala DCC Banks estimated with 83.11% in 2012-13 and the lowest C/D Ratio 72.16% is recorded in the year 2008-09. The average C/D ratio during the study period 75.78%. With a variance of 8.7% .and the S.D is 6.6.



**Table-4, Cost of Management per Employee and Percentage of Cost of Mgt to Workings (Rs.In Lakhs)**

Year	2008-09	2009-10	2010-11	2011-12	2012-13	Mean	S.D	C.V
<b>Tamilnadu</b>								
<b>Working Capital</b>	1537802	1830532	1940562	2353751	2751437	2082817	474706.092	22.8
<b>Cost of Mgt</b>	48067	33014	34396	69169	65394	50008	16883.209	33.76
<b>No. of Employees</b>	4367	4069	4700	4502	4243	4376.2	241.283443	5.5
<b>Cost of Mgt per Employee</b>	11.01	8.15	7.32	15.36	15.41	11.45	3.84415791	33.18
<b>Cost of Mgt to Working Capital %</b>	3.13	1.8	1.77	2.94	2.38	2.404	0.62883225	25.8
<b>Kerala</b>								
<b>Working Capital</b>	1318363	1749002	2180233	2394111	2676351	2063612	536808.777	26
<b>Cost of Mgt</b>	29351	28912	55564	47536	81924	48657.4	21898.8769	45
<b>No. of Employees</b>	5305	5254	5567	5502	5662	5458	173.535299	3.1
<b>Cost of Mgt per Employee</b>	5.53	5.5	9.98	8.64	14.47	8.824	3.71304861	42.2
<b>Cost of Mgt to Working Capital %</b>	2.23	1.65	2.55	1.99	3.06	2.296	0.53933292	23.5

Source: NAFSCOB Reports, Base Year 2008-09.

### Interpretation

Cost of Management of District Central Co-operative Banks includes salaries and other operating expenses. It is a parameter of the bank to measure the efficiency, the cost of management per employee decreases it is good sign, the bank is utilizing its resources effectively. If it is increases we can say that the bank is not properly utilizing its resources and the performance that bank not good. The Cost of management of Tamilnadu DCCBs is shown in above table it revealed that the cost management per employee has been increasing constantly year by year from Rs.11.01 lakhs (2008-09) to 15.41 lakhs (2012-13). The average cost of management is Rs. 50008lakhs and the S.D is 16883.209 with a variance of 33.76%. and Kerala DCCBs it revealed that the cost management per employee has been increasing constantly year by year from Rs.5.53 lakhs (2008-09) to 14.47 lakhs (2012-13). The average cost of management is Rs. 48657.4lakhs and the S.D is 21898.87 with a variance of 45%.With regards to the percentage of cost management to working capital, it has been fluctuating from 1.77% to 2.94% in



Tamilnadu DCCB and Kerala DCCBs the percentage of cost management to working capital, it has been fluctuating from 1.65% to 3.06% during the study period. The lowest percentage was recorded in the year 2008-09 with 1.77 % and 1.65 and the highest percentage was recorded in the year 2012-13 with 3.13% and 3.06%.

**Table-5, Growth of Investments by Tamilnadu and Kerala DCCBS (Rs. In Lakhs)**

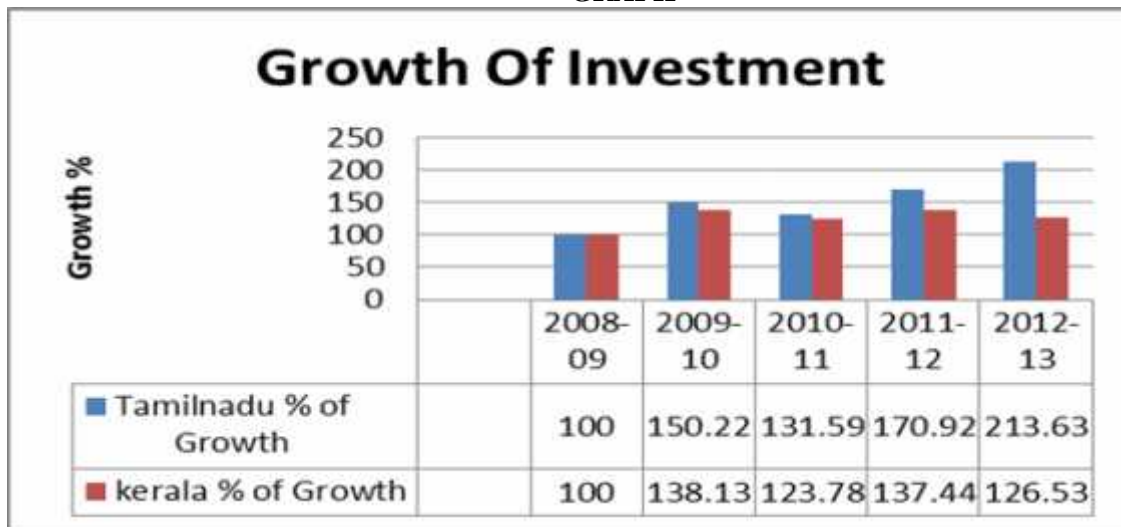
Year	Investments	% of Growth	Investments	% of Growth
	Tamilnadu DCCBs		Kerala DCCBs	
2008-09	255699	100	512840	100
2009-10	384130	150.22	708433	138.13
2010-11	336496	131.59	634801	123.78
2011-12	437062	170.92	704891	137.44
2012-13	546273	213.63	648946	126.53
Mean	391932	153.272	641982.2	125.176
S.D	109031.317	42.6376297	79295.3307	15.4582091
C.V	27.81	27.82	12.34	12.34

Source: NAFSCOB Reports, Base Year 2008-09.

### Interpretation

The District Central Co-operative Banks have been investing its funds in different investment avenues. The details of investment by DCCBs are investment in Govt Securities, Other trustee securities, purchasing the Debentures of Land Development Banks, fixed deposits and other investments. The above table depicted growth pattern of investment by Tamilnadu and Kerala DCCBs, the investment in 2008-09 is Rs.1537802lakhs and Rs.1318363 lakhs and it has been increased gradually year by year and recorded Rs.2751437 lakhs and 2676351 in the year 2012-13with a growth rate 113.63 (213.63-100.00) and 26.53(126.53-100.00) respectively. The average investment of the Tamilnadu DCC Bank is 391932 lakhs and Kerala DCC Bank is 641982.2 lakhs during the study period. The Standard Deviation is 109031.31lakhs and 79295.33lakhs respectively and C.V is 27.81 and 12.34.

### GRAPH





**Table-5, Statement of Changes in Working Capital (Rs. In Lakhs)**  
Tamilnadu Kerala

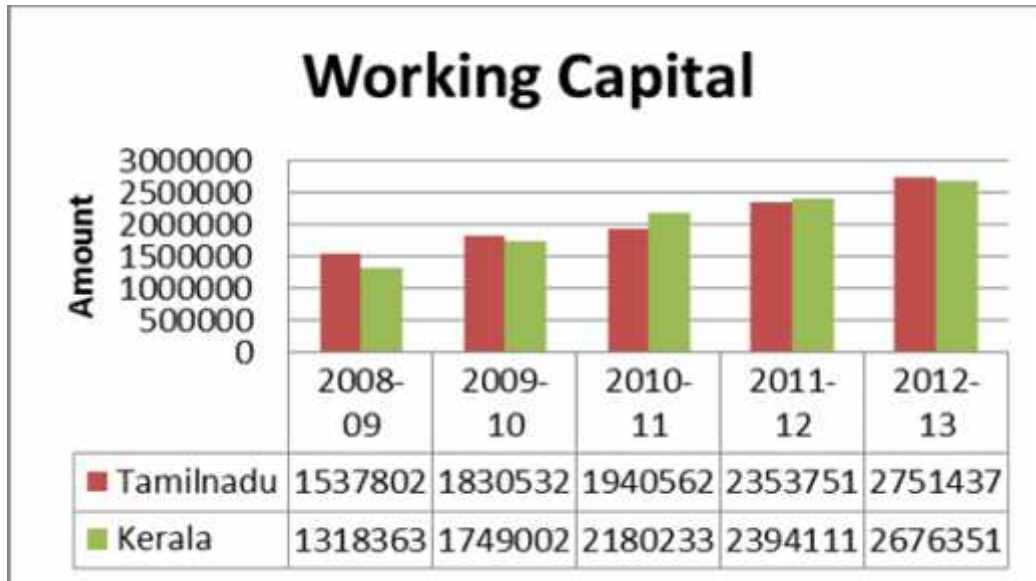
Year	Working Capital	Increase/Decrease	Year	Working Capital	Increase/Decrease
2008-09	1537802		2008-09	1318363	
2009-10	1830532	(+)292730	2009-10	1749002	(+)430639
2010-11	1940562	(+)110030	2010-11	2180233	(+)431231
2011-12	2353751	(+)413189	2011-12	2394111	(+)213878
2012-13	2751437	(+)397686	2012-13	2676351	(+)282240
<b>Average</b>	2082817	303408.75		2063612	339497

Source: NAFSCOB Reports.

### Interpretation

The above table analyzed the statement of changes in working capital in Tamilnadu DCCB and Kerala DCCB. The amount of working capital fluctuating every year. During the study period Tamilnadu DCCBs the amount of working capital in 2008-09 to 2009-10 is increased by 292730 Lakhs and at the end of the study period working capital amount is increased comparing to previous year. i.e 2008-09 to 2009-10 and 2011-12 to 2012-13 is increased 397686 Lakhs and Kerala DCCBs the amount of working capital amount is increased 430639 Lakhs to 282240 Lakhs respectively during the study period. This difference shows the bank ability to maintain the current assets and current liability.

### GRAPH



### FINDINGS

Major findings of this study are as follows-

1. The number of Tamilnadu DCCBs and Kerala DCCB its membership was slightly fluctuating.
2. In the total members of Tamilnadu DCCBs, percentage of growth is greater than the Kerala DCCB. During the study period Tamilnadu DCCB membership slightly decreased steadily from 16277 to 16118.





This trend indicates that more and more Tamilnadu DCCBs. Kerala DCCB membership slightly decreased steadily from 10416 to 10208.

3. The deposits collected and loans issued showed steadily increasing trends in Tamilnadu and Kerala DCCBs.. The credit deposit ratio was 135% and 83.11% means highest in 2012-13 and lowest means 117% and 72.16 in 2008-09. Though this ratio was the lowest but it was 117% and 72.16 i.e. more than 50%.
4. DCCBs in Tamilnadu were first in deposit collection and loan disbursement in 2012-13.
5. The credit deposit ratio of DCCBs in Tamil Nadu was more than 100%. But DCCBs in Kerala was less than 100%.
6. Borrowing and investment of DCCBs in Tamilnadu and Kerala increasing during the study period.

## CONCLUSION

The Comparative study of the DCC banks in Tamilnadu and Kerala is analyzed for the period of five years using statistical techniques such as percentage, growth rate, credit deposit ratio etc. No. of DCCBs and their branches have marginally increasing trend. The capital adequacy of DCCBs in Tamilnadu and Kerala is highly significant for their profitability. With a nominal percentage of variation borrowings and lending have increased steadily during the study period. Everybody should sincerely keep in mind “if cooperation fails there will fail in the best hope of rural India”.

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