

# A Research on Financial Performance of District Central Co-Operative Banks with Special Reference to Nilgiris and Coimbatore

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## Abstract:

In India, District Central Co-operative Banks (DCCBs) play an important role in providing credit for agriculture to the other societies and to the agricultural individuals. They are controlled by RBI and NABARD banks are the key components of the country's economic system at primary level. The co-operative societies in India in fact are taking part in multifunctional role in each rural as well as urban area the essential structure of cooperative societies is organized on 3 tier basis. There are primary credits societies performing at village level, on top of them are central Co-operative Bank workings at the district level then at the highest, there are State Co-operative banks, the apex co-operative institutions performing at state level. The study is about intent on apply growth rate for evaluate performance of banks through completely different variables like Share capital, Reserves, Deposits, Borrowing, under Sec 35 A of the Banking Regulation Act (as Applicable to Cooperative Societies). This study presents a comparative study on the financial Performance of Nilgiris and Coimbatore District Central Co-operative Banks (DCCBs). This study is predicated on secondary information. DCCBs are those offer finances to the primary co-operative credit societies that successively provide credit for developing agriculture and rural economy in India. Performances and efficiency of Co-operative Investments, Working Capital, Loans & Advances, Outstanding advances, Profit.

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## I. INTRODUCTION

In India, cooperative banks are the Indian banking network's second segment. Co-operative bank is a financial institution owned by its employees, who are the bank's owners and clients. Because they accept deposits and provide progress to both Urban and Rural

India, the goal of cooperative banks is to serve their members and they've been in India for 100 years. They are regulated by India's Reserve Bank as well as the respective State Registrar of Co-operative Societies. They operate under the provisions of the 1949 Banking Regulations Act and the 1965 Co-operative Societies Act. Since 1904, when the first cooperative societies

act was passed in the nation, the cooperative movement in Tamilnadu has risen and spread like a banyan tree and has taken deep roots, and is strongly connected to people's daily affairs. Short-term Rural Credit Co-operatives are formed by the apex or State Co-operative Banks, District Central Co-operative Banks (DCCBs) and the Agricultural and Non-Agricultural, Governmental and other Co-operative Societies associated with DCCBs. DCCBs play a crucial role in distributing agricultural and other business development resources to farmers. The Central Co-operative Bank of Nilgiris District and the Central Co-operative Bank of Coimbatore District play a crucial role in farming and rural development.

#### *NDCCB*

The main objective of the Bank is to mobilize resources, provide banking products and other professional services to people, strengthen affiliates, provide the cooperative banking system with dynamic leadership, attain ongoing growth, and eventually attain a major position in the banking sector.

#### *CDDCB*

Coimbatore District Central Co-operative Bank Ltd. is a central funding organization of all affiliated cooperative societies in Coimbatore and Tirupur Districts, and one of Tamil Nadu's oldest registered banks. The Bank is the leader for all the Coimbatore and Tirupur District cooperative movements.

In their order No. 3365 Revenue of 16.09.1910, the Madras Government permitted the registration of the bank on 30 September 1910 by the Registrar, DiwanBahadurR. RamachandraRao, and it began working on 16 October 1910.

## **II. REVIEW OF LITERATURE**

In their research entitled ' Comparative Performance Evaluation of Himachal Pradesh Cooperative Bank And Kangra Central Cooperative Bank, ' Barwal and Kumar (2015) analyzed the role of the shareholder fund, the mobilization of deposits and the progress of Himachal Pradesh State Cooperative Bank &Kangra Central Cooperative Bank and the economic and operational activities of these two companies. They proposed that this research attempted to assess the two banks from distinct perspectives in order to assess their comparative efficiency. After passing all the parameters, it is found that during the era under research, Himachal Pradesh State Cooperative Bank was able to boost shareholder wealth as shareholder funds increased at a decent pace during this era. In these parameters, the Kangra Central Cooperative Bank is nearly compatible. Kangra Central

Cooperative Bank had conducted its average development very well during the period under research, which is praiseworthy nearly 15 percent.

Tirunelveli (TIDCCB), Virudhunagar (VIDCCB), Thuthukudi (TUDCCB) and Kanyakumari (KADCCB) District Central Cooperative Banks in Tirunelveli Region, Tamil Nadu, Mahendran and MogesTadesse (2015), Current Ratio and Liquidity Ratios. The study work has been released in the International Journal of Social Science, Arts, and Humanities, entitled' District Central Cooperative Bank Liquidity Ratio InTirunelveli Region, Tamilnadu.' They concluded that the liquidity ratios of selected banks in Tamilnadu during the eleven-year study period from 1998-99 to 2008-09 were unsatisfactory.

S. Suresh and P.G. Thirumagal (2014) Studied State Cooperative Banks ' Comparative Financial Performance is a very significant study as it shows the situation of a stronger bank in terms of CAMEL assessment, loan deposit ratio, burden ratio. The primary aims of this research are to compare the economic performance of cooperative banks in Tamilnadu and Karnataka State. It also predicts KSCB's and TNSC's future output. The research shows that in comparison with TNSC, the Karnataka State Cooperative Bank is better.

## **III. OBJECTIVES OF THE STUDY**

- To compare the financial performance of NDCCB and CDCCB.
- To offer findings and recommendations for improving NDCCB and CDCCB economic results.

## **IV. SCOPE OF THE STUDY**

- Moreover, this study can pave the way for the education as a general public with respect to the general potency that the banks serve.
- This research will also promote knowledge of both NDCCB and CDCCB's Financial performance.
- This research can shed light on the multiple elements wherever the NDCCB and CDCCB stand out and how banks can achieve the easiest efficiency by equalizing their operations

## **V. RESEARCH METHODOLOGY**

The sort of research has been analytical. The technique of sampling was purposeful sampling. The Central Cooperative Bank of Nilgiris District has been contrasted with the Central Cooperative Bank of Coimbatore District. Annual reports gathered the secondary data of Tamilnadu'sNilgiri District Central

Co-operative Bank and that of Tamilnadu's Coimbatore District Central Co-operative Bank. From 2008-09 to 2017-18, the Basic Financial Performance Data for District Central Co-operative Banks was on an annual basis.

## VI. FINDINGS AND SUGGESTIONS& RESULTS

### Trends in Total Membership of NDCCB and CDCCB

Trends in total Membership of NDCC and CDCC Bank				
Year	NDCCB	Trend %	CDCCB	Trend %
2008-2009	297	100	1055	100
2009-2010	296	99.66	1055	100
2010-2011	296	100	1055	100
2011-2012	296	100	1055	100
2012-2013	295	99.66	1053	99.81
2013-2014	300	101.69	1079	102.46
2014-2015	305	101.66	1079	100
2015-2016	305	100	1082	100.27
2016-2017	305	100	1084	100.18
2017-2018	306	100.32	1083	99.90
MEAN	300.1	100.33	1068	100.26
SD	4.63	31.74	14.22	0.78
CV	1.54%	31.63%	1.33%	0.78%

NDCC bank's overall membership trends fluctuated and eventually improved during 2013-14 and 2014-15. But for the ten-year study period, the trends in CDCC bank Total membership were nearly stable with the S.D and C.V of only 1.33 percent. Thus, the NDCC bank should be careful to raise their total membership.

### Trends in Share Capital of NDCCB and CDCCB

Trends in Share Capital of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	2958	100	1884	100
2009-2010	1884	63.69	4260	226.11
2010-2011	1884	100	2600	61.03
2011-2012	2665	141.45	1884	72.46
2012-2013	2595	97.37	3450	183.12
2013-2014	2620	100.96	3803	110.23
2014-2015	2811	107.29	4288	112.75
2015-2016	2811	100	4761	111.03
2016-2017	4110	146.21	5039	105.83
2017-2018	4046	98.44	5304	105.25
MEAN	2838.4	105.54	3727.3	118.78
SD	749.06	23.40	1248.2	49.45
CV	26.39%	22.17%	33.49%	41.63%

Throughout the study period, the trend percentages of total NDCC bank share capital were smaller and more fluctuating than in CDCC bank for most years.

The trend proportion had fallen below the point of NDCC bank's complete share capital during 2017-2018. So NDCC bank should attempt in the coming years to raise its total share capital.

### Trends in Total Reserves Funds of NDCCB and CDCCB

Trends in Total Reserves Funds of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	527	100	8751	100
2009-2010	8751	1660.53	2517	28.76
2010-2011	8751	100	2478	98.45
2011-2012	2631	30.06	8751	353.14
2012-2013	2180	82.85	15330	175.18
2013-2014	2992	137.24	15824	103.22
2014-2015	1540	51.47	17771	112.30
2015-2016	1540	100	18058	101.61
2016-2017	3348	217.40	18058	100
2017-2018	3348	100	20026	110.89
MEAN	3560.8	257.95	12756	128.35
SD	2875.8	495.36	6606.5	86.31
CV	80.76%	192.04%	51.79%	67.25%

NDCC bank's total reserve fund trends have been growing gradually since 2011-2012, being the highest in 2016-2017. CDCC Bank's total reserve funds declined during 2009-2010, but gradually increased for all the other years. The co-efficient of variation in NDCC Bank Total Reserve funds was 80.76% for the study period and 51.79% for the research in CDCC Bank

### Trends in Deposits of NDCCB and CDCCB

Trends in Deposits of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	13871	100	35931	100
2009-2010	35931	259.03	16373	45.56
2010-2011	35931	100	17346	105.94
2011-2012	19915	55.42	35932	207.14
2012-2013	24302	122.02	86816	241.61
2013-2014	2133	8.77	31848	36.68
2014-2015	33189	1555.97	138129	433.71
2015-2016	33189	100	161549	116.95
2016-2017	45616	137.44	174434	107.97
2017-2018	44536	97.63	169179	96.98
MEAN	28861	253.63	86754	149.25
SD	13759	462.04	67220	118.32
CV	47.67%	182.17%	77.48%	79.28%

During the study period, the trend percentages of deposits in the NDCC bank were lower and more fluctuating than in the CDCC bank for most years. The

proportion of trend had fallen below the rate of NDCC bank deposits during 2017-2018. So NDCC bank should attempt in the coming years to boost their deposits.

### Trends in Borrowings of NDCCB and CDCCB

Trends in Borrowings of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	2308	100	12161	100
2009-2010	12161	526.90	3511	28.87
2010-2011	12161	100	5969	170.00
2011-2012	7239	59.52	12161	203.73
2012-2013	7973	110.13	34764	285.86
2013-2014	8008	100.43	24360	70.07
2014-2015	11142	139.13	26358	108.20
2015-2016	11142	100	24126	91.53
2016-2017	13819	124.02	23578	97.72
2017-2018	12191	88.21	25716	109.06
MEAN	9814.4	144.83	19270	126.50
SD	3429.5	135.86	10145	74.06
CV	34.94%	93.81%	52.65%	58.55%

Trend percentages of NDCC Bank Total Borrowings have been steadily declining over the study period, but the trend percentages of CDCC Bank Borrowings have risen over the past few years. The CDCC bank will therefore make attempts to lower its borrowing level and attempt to operate with financial independence.

### Trends in Working Capital of NDCCB and CDCCB

Trends in Working Capital of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	25769	100	57277	100
2009-2010	26660	103.45	57277	100
2010-2011	30614	114.83	57277	100
2011-2012	35813	116.98	57277	100
2012-2013	42764	119.40	146591	255.93
2013-2014	42764	100	172568	117.72
2014-2015	52160	121.97	191881	111.19
2015-2016	52160	100	213693	111.36
2016-2017	69218	132.70	227550	106.48
2017-2018	67169	97.03	227408	99.93
MEAN	44509.1	110.64	140879.9	120.26
SD	15583.62	12.14	75935.8	48.09
CV	35.01%	10.97%	53.90%	39.99%

NDCC bank's working capital trends have gradually risen over the 2016-2017 year. CDCC Bank Working Capital reduced during 2017-2018, but gradually increased for all the other years. The Co-efficient of variation regarding Working Capital in NDCC Bank

was 35.01% for the study period and that in CDCC Bank was 53.90% for the study.

### Trends in Investments of NDCCB and CDCCB

Trends in Investments of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	3244	100	19320	100
2009-2010	19320	595.56	4642	24.02
2010-2011	5083	26.30	19320	416.19
2011-2012	5522	108.63	19320	100
2012-2013	6830	123.68	28253	146.23
2013-2014	9721	142.32	51520	182.35
2014-2015	13010	133.83	70892	137.60
2015-2016	13010	100	91657	129.29
2016-2017	14360	110.37	93583	102.10
2017-2018	17860	124.37	89433	95.56
MEAN	10796	156.51	48794	143.33
SD	5572.1	157.53	34909	104.45
CV	51.61%	100.65%	71.54%	72.87%

Throughout the study period, the trend percentages of total investment in NDCC bank and CDCC bank were on the rise. During the study period, the trend percentages of Total Investments in the CDCC bank fluctuated.

### Trends in Loans & Advances of NDCCB and CDCCB

Trends in Loans & Advances of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	14714	100	16298	100
2009-2010	16298	110.76	22985	141.02
2010-2011	22985	141.02	16298	70.90
2011-2012	27463	119.48	16298	100
2012-2013	34497	125.61	164974	1012.23
2013-2014	34625	100.37	176306	106.86
2014-2015	31175	90.03	168148	95.37
2015-2016	31175	100	141696	84.26
2016-2017	20072	64.38	126405	89.20
2017-2018	154960	772.02	138453	109.53
MEAN	38796.4	172.37	98786.1	190.94
SD	41447.73	211.72	71131.68	289.16
CV	106.83%	122.83%	72.01%	151.44%

NDCC bank's trends in loans and advances fluctuated and ultimately improved during 2017-2018. But CDCC bank's trends in loans and advances have been nearly declining from 2014-2015. NDCC Bank's co-efficient of variation in loans and advances was



106.83% for the study period and 72.01% for the research in CDCC Bank.

### Trends in Loans Outstanding of NDCCB and CDCCB

Trends in Loans Outstanding of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	14248	100	36789	100
2009-2010	36789	258.20	18594	50.54
2010-2011	23555	64.02	36789	197.85
2011-2012	28038	119.03	36789	100
2012-2013	32799	116.98	121499	330.25
2013-2014	32597	99.38	121768	100.22
2014-2015	36070	110.65	120153	98.67
2015-2016	36070	100	118263	98.42
2016-2017	41274	114.42	114915	97.16
2017-2018	41350	100.18	133017	115.75
MEAN	32279	118.29	85857.6	128.89
SD	8378.94	51.59	46669.1	79.55
CV	25.96%	43.61%	54.36%	61.72%

Total Loans outstanding in the NDCC bank were high over the entire study period and complete deposits increased during 2012-2013 and were the lowest in 2014-2015. Outstanding total loans also risen gradually from 2012-2013. But, on the contrary, CDCC bank's total outstanding loans were less than the total deposits throughout the study period and were steadily increasing. Outstanding loans in 2017-2018 achieved the largest concentrations.

### Trends in Profit/Loss of NDCCB and CDCCB

Trends in Profit/Loss of NDCC and CDCC Bank				
Year	NDCC	Trend %	CDCC	Trend %
2008-2009	-1614	100	313	100
2009-2010	-1207	74.78	313	100
2010-2011	196	-16.23	313	100
2011-2012	18	9.18	313	100
2012-2013	660	3666.66	904	288.81
2013-2014	113	17.12	935	103.42
2014-2015	243	215.04	293	31.33
2015-2016	243	100	717	244.70
2016-2017	109	44.85	780	108.78
2017-2018	173	158.71	918	117.69
MEAN	-106.6	437.01	579.9	129.47
SD	714.55	1136.97	292.79	76.75
CV	-670.31%	260.17%	50.49%	59.28%

Profit / loss trends at NDCC Bank were highly fluctuating with the C.V of -670.31 percent during the study period and losses were reported during the 2010-2011 period. Profits for 2011-2012 were the lowest. The trends in Profit / Loss CDCC Bank were fluctuating with 50.49 percent C.V, but during the research period the loss was not recorded in CDCC bank. NDCC and CDCC Bank's DCCB profits were the highest in 2012-2013.

### VII. CONCLUSION

Banks are very essential for the development of society, especially the agricultural sector that was only created through the Cooperative Banks. To study the financial performance of Nilgiris District Central Cooperative Bank and Coimbatore District Central Cooperative Bank Limited, Tamilnadu, the researcher has done the research in the following topic. The research seeks to develop the bank's efficiency and the investigator has also provided some suggestions like, the banker can offer financial advice to borrowers in order to enhance their efficiency, to verify the member's suggestion if it is right or not before the loan is sanctioned. The Total membership in NDCCB shall be increased. NDCCB will improve its profitability at a rapid rate with regard to earnings. In the course of the study period, trends in total reserve funds in NDCCB and CDCCB increased and were satisfactory. In the coming years, NDCCB will attempt to raise their total share capital. Trends in NDCCB and CDCCB working capital have been great. Trend percentages of Deposits in NDCCB and CDCCB were also good. In future years, NDCCB will attempt to raise the trend percentages of Total investment in order to improve its leadership capacity. CDCCB shall endeavour to lower their borrowing levels and attempt to operate with financial independence. The NDCCB and CDCCB shall attempt not to reduce the number of employees.

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