CHAPTER -VIII

FINDINGS
And
SUGGESTIONS
8.1 Introduction

The economic prosperity of India depends upon the prosperity of rural credit system. Agriculture is the main occupation of the people and it is a dominant sector in India. The main objective of the development programs in rural area is to eradicate poverty, generate employment, income and promote productivity of all kinds including agricultural produce. It requires an integrated approach with coordinative, collaborative and cooperative efforts. It needs to be provided with the required services at a single contact point in agriculture sector for good production.

Credit is the main input for agriculture and to strengthen agriculture sector, in fact, the progress is closely associated with economic activities. The production credit and investment credit, both are equally important for the total progress of agriculture sector as it is like a two sides of a coin. In addition to the credit facility, an innovative and new scheme has to be introduced and implemented the same effectively. The Government of Andhra Pradesh has introduced and implemented a new system in 1987 to achieve good result as mentioned above is called Single Window Credit Delivery System.

After the recommendations of the committees constituted, the Andhra Pradesh Government for the first time in the country introduced the Single Window Cooperative Credit Delivery System on 30-4-1987 at the district level and on 30-4-1994 at state level for realizing the full potential of agriculture development, timely cooperative institutions at all levels.
The suggestions made in the earlier studies though found appropriate, not mentioned the development aspect by implementation and introduction of new schemes and reforms made by central and state governments, after the implementation of Single Window Cooperative Credit Delivery System. Hence the present study on Growth and Development of DCC Banks under Single Window Credit Delivery System in Andhra Pradesh with Reference to Anantapur District Co-operative Central Bank ltd., Anantapur, Andhra Pradesh is very much appropriate to assess the growth and development of this bank.

The District Cooperative Central Bank, Anantapur has occupied a very predominant place in the cooperative credit structure in the district. Mainly the DCC Banks form an important link between the AP State cooperative bank is also called the Apex Bank at state level and the Primary Agricultural Cooperative societies at the rural / village level. This bank occupies a pivotal position in the Cooperative Bank Credit System which all cooperative activities in the district.

More over the cooperatives are playing a major role in supply of agriculture credit, agricultural inputs and playing a key role in promoting agriculture for economic stability in the whole nation. The District Cooperative Central banks in the middle order in three tier cooperative credit system in the state which have been playing a key role in promoting agriculture and allied activities by supplying credit to the needy farmers through its affiliated Primary agricultural cooperative societies. The AP State cooperative bank and NABARD are the main facilitators and sources of funds to DCCBanks in A.P.
The District Cooperative Central banks have been acting as a friend and guide to the entire cooperative movement in the districts and also it's is a facilitator for the growth of cooperative credit system. It has to plan, organize, control, coordinate, communicate and integrate all kinds of cooperative institutions in the entire district. Mr. Laud G.M. has pointed that "In fact the District Cooperative Central bank must strong, sound and financially healthy institution to perform all the above functions effectively for growth and development of cooperative structure, Being at the middle order level it reflects the performance of the entire cooperative structure in the state"\(^1\).

Further the bank has to concentrate more on banking operations to serve the customers by accepting deposits, issuing demand drafts, collecting cheques, sanctioning gold loans etc in addition to loans and advances portfolio. With the inception of Single Window Credit Delivery System in Andhra Pradesh state in 1987, the importance of District Cooperative central banks have attained a new status under which not only long term and short term credit disbursement but also marketing of agricultural produce, supply of inputs and distribution of essential commodities through its affiliated primary agricultural cooperative societies were envisage. The primary agricultural land development banks were abolished in the A.P. with effect from 1\(^{st}\) April 1987. The assets and liabilities of Primary Agricultural Land Development Banks were transferred to the District Cooperative Central Bank.

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1. Laud G.M: Cooperative Banking in India – Cooperative Book Depot, Bombay 1956, P. 336-338
8.2. The Present Study:
The present study covers the opinions of the members of PACS (Primary Agricultural Cooperative Societies) office bearers of PACS/DCCB employees of the bank on Growth and Development of DCC Bank, Anantapur after implementation and introduction of new schemes and reforms. Under Single Window Credit Delivery System, it covers the growth of DCC bank in credit operations, deposit mobilization, share capital, investments, recovery, non-funding business, nonfarm sector (weavers and etc.) and non credit activities at PACS level. An earnest appeal is made to the Anantapur District Cooperative Central Bank Limited to take into account all the findings of the present study for its future plans and for improving its performance in the years to come. The issues identified in the present study would provide a sound theoretical and analytical background for the future researchers in Co-operative banking.

8.3 SUMMARY OF FINDINGS:
In the foregoing chapters, importance of rural credit, sources, role of banks, origin and growth of cooperative movement/ cooperative banks, profile of Anantapur District and DCC bank, opinions of members / office bearers of PACS and DCC bank, opinions of the banks staff, Single Window Credit Delivery System, performance of DCC bank, growth and development of the DCC Bank, and other institutes.
1. It was found that the Bank has been functioning in Anantapur district since 1919. The study reveals that the Bank has "A" class members consisting of co-operative societies and the State Government. The Individuals are admitted as associate members to avail themselves jewel loans and consumer loans without voting rights.
2. It was seen from the study that the total number of member societies stood at 571 as on March, 1986 and it is 643 for the year 2010.

3. The bank had the share capital of Rs 174.49 lakhs at the end of March 1986 and found the growth of share capital up to Rs. 4218.19 lakhs with a growth of 1.08 to 35.21 times. It indicates that more loaning was done by the bank.

4. The Bank had Rs 15.56 lakhs as reserves in 1985-86 which rose to Rs. 424.43 lakhs at the end of March 2010 with a growth of 1.34 to 36.44 times, due to improvement in financial health of the bank.

5. The study reveals that the growth of deposits showed an increase during the study period i.e. Rs. 504.37 Lakhs at the end of March 1986 and it was increased up to Rs. 13294.79 Lakhs at end of March 2010 with the growth of 1.08 to 28.72 times. Further it was found that among the various types of deposits offered by the bank, fixed deposits constituted a major portion of total deposits of 69.56% as on 31-03-2010, though the saving deposits increased from Rs. 956.61 lakhs to Rs. 1873.34 lakhs. The current deposits constituted more or less the same percentage of total deposit. From the study it was seen that three-forth of the deposits are fixed deposits. This costs more burdens on the bank.

6. The arithmetic mean value of different types of deposits is Rs. 9247.91 lakhs (Fixed deposits) Rs. 2370.64 lakhs (saving deposits) and Rs. 1670.24 lakhs (current deposits) for the year ended on 31-03-2010. It also showed that the bank performed better in mobilization of deposits under this system. The compound growth rates of various deposits showed that the growth of fixed deposits found to be high (69.56%) over a period of 12 years followed by current deposits (12.16%) and saving deposits (18.28%). The study revealed that a major portion of
deposits were mobilized through branch offices and PACS ranging between 73.00% and 83.33% in total deposits. It indicates that there is an increase in deposits sturdily during the period under study. The proportion of deposits of individuals to total deposits as on 31-03-2010 is 54.03% and also further reveled that most of the individuals deposited their money in fixed deposits.

7. The Borrowings of the Bank decreased abnormally from Rs. 34713.68 Lakhs at the end of March 2007 to Rs. 29140.13 as on 31-03-2010. The main source of borrowing was Andhra Pradesh State Co-operative Bank and NABARD. It was observed that there was a fluctuating trend in borrowing during the study period of 12 years. The borrowings of the bank increased abnormally after implementation of SWCDS as well as introduction of new schemes and reforms of Central and State Governments. With ADWDRS '08 the recovery of advances made a leap advantage of the bank. Due to good recovery percentage during the last two years due to Debt waiver/relief and OTS schemes, resulted in the borrowings coming down all of a sudden to Rs. 4266.23 lakhs. It was found from the study that the working capital of the bank increased from Rs 1626.00 lakhs on 31-03-2008 to Rs 2919.23 on 31-03-2010.

8. Among the various sources of working funds, deposits formed a major portion of the working capital. The percentage of deposits to working capital stood at 29.36 per cent during the year 2009-10. The study also revealed that the growth of loans and advances out standings registered a fluctuating trend during the period under study i.e. Rs. 1356.46 lakhs at the end of 1985-86 and of Rs. 49819.82 lakhs on 31-03-2010.
9. Regarding the profitability of the Bank, a fluctuating trend was observed during the period under study. The higher amount of loss was observed in 2005-06, 2006-07, and 2007-08 to the extent of Rs 2648.48 lakhs to Rs. 2700.57 during these 3 years due to low recovery percentage, increase in interest payment and establishment expenses.

10. The Bank did not declare dividends since its establishment to its shareholders.

11. It is clear from the study that the bank is very potential to earn profits and generate income in future. The study indicated that the Bank had increased its branches from 12 to 20 during the study period. The bank had its 11 branches with its own buildings and 19 branches were providing safe deposit locker facilities. From the study, it was observed that among the various types of deposits offered by the Bank, fixed deposits constituted a major portion of the total deposits of 69.56 per cent as on 31-03-2010. The saving deposits increased from Rs 956.61 lakhs to Rs. 1873.34 lakhs. The current deposits constituted more or less the same percentage to total deposits. From the study, it was seen that three-fourths of the deposits came through fixed deposits. The bank has to concentrate more on deposit mobilization to improve its working capital.

12. The arithmetic mean values of different types of deposits were found to be Rs.9247.91 lakhs (Fixed deposits), Rs. 2370.64 lakhs (Savings deposits) and Rs.1617.24 lakhs (Current deposits) for the year ended on 31-3-2010. It showed that the Bank performed better in mobilization of deposits. In the case of fixed deposits, savings and current deposits, they had more consistency and less variation since they had less co-efficient of variation, respectively during the study period. The compound growth rates of various types of deposits showed that the growth of fixed deposits was
found to be high (69.56 per cent) over a period of 11 years followed by current deposits (12.16 per cent) and savings deposits (18.28 per cent).

13. The growth rate of the total deposits was encouraging. It was clear from the study that the Bank mobilized more fixed deposits which led to a good amount of growth on total deposits. The proportion of time deposits in total deposits was found higher than demand deposits during the period under study.

14. The study also indicated that small and marginal farmers were more benefited than other farmers from crop-loans. Issue of crop loans showed a fluctuating trend during the study period. The study also showed that the bank issued more jewel loans which are more secure and profitable one.

15. It was evident from the study that the bank extended major portion of cash credit to weaver cooperative societies than other co-operative institutions during the study period.

16. From the study it was observed that the recovery of short-term loans was higher in total recovery. The over dues of short-term loans were lesser than long term loans. The percentage of over dues of LT loans out standings was more.

17. From the study, it was found that the Bank had accumulated losses which showed poor performance. The analysis indicated that the total income consisted of 96 per cent of interest income during the year 2009-2010. The study indicated that sufficient provisions were made to cover bad and doubtful debts of the bank during the study period.

18. It was evident from the study that the volume of business per employee increased from Rs.7.44 lakhs in 1985-86 to Rs.430.84 lakhs in 2009-10, even though the staff strength was very low.
19. Credit worthiness, utilization of working capital, productivity of human resources and operational efficiency of the bank was moderate.

20. It was observed from the study that the employees felt that the higher rate of interest and the security of deposits were the main reasons for attracting more deposits.

21. More credit activities were achieved due to priority sector lending by the bank.

22. It was observed from the views of employees that the non-repayment of loans was due to natural calamities and anticipation of the loan-waiver scheme. It was evident from the views of employees that the poor financial performance of the bank was due to over dues during the period of 12 years. Further they felt that it was also due to the lack of adequate staff.

23. The employees preferred an elected board for managing the affairs of the bank and they should be educated and well versed with cooperative and banking knowledge.

24. It is also further observed that the working capital of the bank prior to the Single Window Credit Delivery System i.e. 1985-86 was Rs. 1356.64 Lakhs. After single window, the working capital of the bank increased abnormally to Rs. 46019.57 Lakhs on 2009-10 and on 31.03.2011. It stood at Rs. 46652.06 Lakhs. It indicates that the increase in working capital was good sign of health of the bank.

25. With regard to loans and advances outstanding had also abnormally grown from Rs. 1198.99 lakhs in 1984-85 to Rs. 62167.32 lakhs in 2006-07 with a growth of 1.13 to 51.84 times. Again it had come down to Rs. 61678.18 lakhs in 2007-08, Rs. 50190.52 lakhs in 2008-09 and Rs. 49819.82 lakhs with a growth of 41.55 times, due to Debt waiver/ relief, OTS and other schemes introduced by the Central and State Governments. The
bank paid back the dues which they borrowed from APCOB resulted in a decline trend in borrowings, working capital as well as loans and advances.

26. The Bank has also taken up diversification of advances, introduced gold loan business and non fund business i.e. issuing of DDs, collection of cheques etc. The advances under short term also increased compensating the ADWDRS'08 recoveries. Actually the outstanding of loans and advances was Rs. 1356.64 lakhs as on 31-03-1986 and growth under this increased up to Rs. 49816.03 lakhs as on 31-03-2010.

27. It is also observed that the accumulate losses of Rs. 236.44 lakhs as on 31-03-1986 before the implementation of Single Window Credit Delivery System. After that the quantum of accumulate losses of the bank being increased year to year and recorded Rs. 2810.42 Lakhs for 2003-04. The Bank has attracted the provisions of sec 11(1) of BR Act 1964 (AACS) and subsequently during the years 2007-08, 2008-09, and 2009-10 the bank attained working profit. In 2010, the Bank is given license by RBI to undertake banking business after the net worth improved as on date, the bank has net worth of +30.00 crores. Still the bank is with accumulate lose of Rs. 1072.44 lakhs. It indicates that wherever the recovery is recorded well, the bank attained profit and wherever the recovery is poor the bank losses have been accumulated and increased.

28. The study reveals that the Jewelry loans have been increased abnormally in the last three years when if compared with the previous year's i.e. range from Rs. 812.00 Lakhs to Rs. 8920.00 Lakhs as on date.

29. The study reveals that the issue of short term loans formed part of major portion of total loans and advances. The study also indicates that small and marginal formers were mostly benefited
from crop-loans than the other farmers. Issue of crop loans showed a fluctuating trend during the study period. The recovery of long-term loans was very low. Higher growth rates were observed in short-term outstanding loans followed by long-term outstanding loans during 12 years study.

30. Credit - deposit ratio showed that almost all deposits were utilized for the purpose of credit operations mainly for gold loan business. The analysis revealed that the financial performance of the bank study unit was not highly encouraging but the position was found to be better during the period under study.

31. The results revealed that the financial performance of the bank had been influenced by the earning capacity, creditworthiness, utilization of working capital, productivity of human resources and operational efficiency of the bank.

32. It was observed from the study that the employees felt that the higher rate of interest and the security of deposit were the main reasons for attracting more deposits.

33. It was observed from the views of employees that the non-repayment of loan was due to natural calamities and anticipation of the loan-waiver scheme. It was evident from the views of employees that the poor financial performance of the bank was due to more over dues during the period. Further it was their view that the banking operations were restricted due to the lack of adequate staff and better working conditions. The employees preferred an elected board for managing the affairs of the bank.

34. The researcher explained that the following are the main factors which contribute a lot to Non Performing Assets (NPAs) of the bank. Those are delays in sanctioning and distribution of funds, inadequate sanction of funds, diversion of funds in the post disbursement stage, slackness on the part of credit management staff, using of working capital funds to acquire
fixed assets and to meet cost of management resulted in the working capital blocked up in fixed assets and other expenses, recession price escalation, change in government policies, inputs, power star shortage, natural calamities, external factors such as political involvement etc. It is better to avoid NPAs at the initial stage of credit consideration by appropriate credit appraisal, pre and post lending inspection of the securities. The lender and borrower both should bear in mind their respective roles and responsibilities. The management of NPAs is one of the important aspects in the bank. The Chief Executive Officer, senior officers and all the concerned staff should concentrate more on recovery of over dues by striving hard to reduce the NPAs and to increase the net worth of the bank and at the same time coordinate with bank management, PACS managements and the staff for good recovery for up lifting of the both the institutions i.e. bank and PACS.

35. The District Cooperative Central Bank, Anantapur, however, has been suffering from several weaknesses which have been inhibiting their ability to provide financial services as effectively and efficiently as other constituents in the financial system. The main weaknesses are low resource base, dependence on higher financial agencies like APCOB/NABARD, poor recoveries, huge accumulated losses, lack of professionalism and skilled staff, weak management information system and poor internal checks and controls. The bank should be minimized all these weaknesses by using its strengths in existed.

36. The DCC Bank, Anantapur could not generate adequate resources from internal resources. The funds raised by the bank are very costlier than any other commercial banks. The duality of control over the bank practically resulted in effective regulatory system. To compare with other commercial banks and rural
banks, the expansion of the branches of District Cooperative Central bank, Anantapur has not done for the last many years.

37. It is badly needed to compete with other banks by expanding its network throughout the district. In India during the last 10 years 372 district cooperative central banks were able to open only 394 of its branches i.e. from a total of 12787 branches and the number of branches as available today is only 13181 only. An average of only less than 40 branches in a year has been opened by all the district cooperative central banks put together in the country.

38. There is no defined policy for human resource development either in the District Cooperative Central Bank or in state cooperative bank. With regard to recruitment of staff, the cooperative societies act has given rules and regulation which have not been properly implemented and also there is periodical recruitment of staff in cooperative bank. The options of proper recruitment are mainly responsible for the non filling up of vacancies and for the persisting of the growth of banks in the country. These have hampered the growth of cooperative banks. After implementation of Vydyanathan Committee reforms and under fit and proper policy, the recruitment policy being implemented in Anantapur District Cooperative Central Bank and also the recruitment examination was held on 30th October 2011 for the post of Assistant managers and Staff Assistants in the bank due to active involvement of the Board of directors of AP State Cooperative Bank and District Cooperative Central Bank. Recognizing the need for proper HRD initiatives in Anantapur district cooperative central bank, the NABARD is very recently suggested policy for recruitment and promotions.

39. One of the main reasons is why there is no proper development growth in the district cooperative central bank
mainly due to lack of professionalism. For the proper banking system, there must be trained professionals managing the affairs of district cooperative central bank.

40. There is no periodical performance appraisal not implemented in the bank. It should be required to assess the quality and turnover of the work of the employees of the bank.

41. The lack of computer expansion in the bank is also one of the causes for low quality and lack of management information system. We found unskilled staff is also in the bank, resulted low turnover of the business. Present Board of management is taking steps for computerization of the bank i.e. Core Banking System (CBS). The migration of all the accounts is going on in all the branches in the district for this purpose. In this aspect the Presidents and Directors of APCOB and DCC bank are striving hard.

42. Improper accounting practices and systems are also the cause of lack of accuracy in accountancy. The bank is taking care in this regard and streamlining the system. It should be required further to streamline the system.

43. The political sagacity is still reigning supreme. The Government of India is not able to bring about proper governance of Rural Cooperative Credit system by amending the constitution as recommended by the high power committee.

44. The PACS affiliated to Anantapur District Cooperative Central Bank not properly strengthened due to a number of causes. In this aspect in the year 2003, the Government of India appointed a committee for revival for strengthening cooperative banks under the chairmanship of Mr. Jagdish Kapoor. However, the recommendations of this committee were not taken up for implementation so far.
45. The government funds are not kept in Anantapur District Cooperative Central bank due to the instruction of the Government of AP to keep their funds in only nationalized banks and scheduled banks. This should be avoided and need the Government support to District Cooperative Central Banks to improve its financial status.

46. The revival package of Professor Vydyanathan was implemented in Anantapur District Cooperative Central bank BY entering into MOU (Memorandum of understanding) with the State Government in turn with NABARD. In the year 2007 the Government of India introduced and implemented Agricultural Debt Relief and Debt waiver scheme announcing a package of relief measures for the farmers which have benefitted 112734 of member of Rs. 23216.22 lakhs amount in Anantapur District Cooperative Central Bank. As per NABARD the following is the state of affairs with regard to Anantapur District Cooperative Central Bank to get recapitalization assistance under Prof. Vydyanathan’s task force report of Rs. 4715.67 lakhs

47. The Reserve Bank of India by Section 22 read with 56(O) of the banking regulation act 1949 has granted a license on March 17th 2010 in Anantapur District Cooperative Central bank after fulfilling all formalities, to carry on banking business in India.

48. The Single Window Concept that was introduced in Andhra Pradesh is one of the measures which improved the functional efficiency of the District Cooperative Central Banks. In this aspect the Anantapur District Cooperative Central bank also did not bring about much of a change as other district cooperative central banks in Andhra Pradesh.
49. The PACS themselves have several non user numbers who were just enrolled. They are not well being of cooperatives.
50. PACS and DCC bank both are over dependents on external sources of finance.
51. Whatever the recorded performance in production and investment credit, this not due to philosophy of SWCDS but due to normal feature.
52. The more out standings of loans and advances in the face of reschedulement and alike.
53. The PACS and DCCB are ridden with the problem of overdues and not able to meet the credit needs of members effectively and timely.
54. The staff of the PACS and DCCB needs to have training from time to time to meet the services needy, especially in computerization for core banking systems.
55. A low level participation of user members on one hand and much political intervention on the other business operation of cooperatives is not within the frame work of SWCDS concept objectively and philosophically. However it is prevailing with practice.
56. The bank has placed under Section 11(1) of BR Act 1949 for its negative net worth during 2004-05. Again the bank has retained good position due to its effective recovery, funds management, improvement in net worth etc. during 2009-10 and complies with this section. The Reserve bank of India has identified and issued license to the bank during the year 2010 for its good command in all aspects.
57. Before 2008-09, the bank was not comply with section 22(3) (A) of BR Act 1949, because reliable value of assets was less than total outside liabilities. During the year 2009-10 it was complied and exempted.
58. The bank has utilized cooperative development fund of NABARD properly and installed banking counters and fixed the iron safes at PACS level for improvement of deposits.

59. The bank is utilizing cooperative development fund of APCOB for construction of new buildings, for providing of cash chest, jewelry chest, strong rooms, strong doors, cash counters and banking counters.

60. The bank was not comply with IRCA (Income Recognition and Classification of assets).

61. The bank is not comply with section 6, 9, 19,27,27(2) regarding non banking assets, investments, submission of statutory returns, submission of offsite surveillance returns.

62. The reason for non performing assets is PESTLE (Political, Economic, Social, Technological, Legal, Environmental)

63. No reconciliation is made between the head office and inter branches from so many years. Now it is streamlining slowly. The house keeping system is also not up to mark, it is also streamlining.

64. The Long term loans waived to 112734 Small & Marginal Farmers of Rs. 23216.22 Lakhs under Debt Waiver Scheme during the year 2008.

65. 71848 other farmers were benefitted of Rs. 11615.94 lakhs under Debt Relief Scheme.

66. Further the benefit of waiver / relief provided to 39458 Other Farmers of Rs. 3143.28 Lakhs under this scheme.

67. Rs. 5,000/- of AP Government Incentive provided to 82380 Farmers of Rs. 3954.71 Lakhs during the year 2008-09 who were not benefitted from Debt Waiver and relief scheme.

68. The Assistance provided to 66637 Farmers of Rs. 349.21 Lakhs in 2005-06, 74271 Farmers of Rs. 712.43 Lakhs in 2006-07, 85237 Farmers of Rs. 792.89 Lakhs in 2007-08, 100314
Farmers of Rs. 836.40 Lakhs in 2008-09 under Interest Rebate Scheme.

69. The interest waved to 108647 Farmers of Rs. 934.43 Lakhs during the year 2010-11 under Interest Waiver scheme.

70. The Assistance provided to 95465 Farmers of Rs. 1065.35 Lakhs under Pavala Vaddi Scheme introduced by Government of Andhra Pradesh.

71. The Assistance provided under Vydyanathan Revival Package of Rs. 1415.67 Lakhs to 22 PACS under “A” Category PACS and Rs. 3300.00 Lakhs to 39 PACS under category “B” Category PACS for Revival and further Growth / development.

72. Since 2006-07 to 2009-10 of Rs. 106.00 lakhs issued to 138 affected family members under Janatha Accidental Death Insurance Scheme.

73. 14389 farmers benefitted of Rs. 9064.09 lakhs under One Time Settlement scheme.

74. 313 individual weavers benefitted of Rs. 72.69 lakhs under weavers waiver scheme.

75. Under National Crop Insurance scheme, the Central and State Governments have issued National Crop Insurance amount of Rs. scheme of Rs. 1725.46 lakhs to 76426 farmers in 2005-06, Rs. 5589.42 lakhs to 81258 farmers in 2006-07, Rs8302.15 lakhs to 107444 farmers in 2008-09, Rs. 2647.09 lakhs to 79042 farmers in 2009-10.

76. Rs. 5563.00 lakhs of interest was waived under Prime Minister relief package. Under this 95742 farmers benefitted.

8.4 Suggestions:-

Prior to 1969 the year in which of banks were nationalized, the role of District Cooperative Central Banks was very significant and one of the important credit centers for rural agriculturist and other
customers in our country. Nearly 50 years prior to 1969, the District Cooperative Central Banks occupied a very predominant place in agricultural credit. After that the commercial banks and private banks have started its branches in the urban and rural areas. The Anantapur District Cooperative Central bank is how a pioneer bank and dominated in providing credit to the rural mass in the district since its inception. After 1969 the lending percentage has come down gradually due to set up of many branches of commercial and private banks.

1. The performance of this bank in catering to the credit needs of the entire district is at the lower level due to the competition of other commercial and private banks. The share of this bank is decreasing year by year due to expansion of the rural banks which are sponsored by commercial banks. In this regard the Researcher suggested that the bank should improve its lending portfolio with competitive spirit and with maximum efforts. The bank should gain confidence of the customer by rendering good services. The timely and adequate credit should be ensured to the farmer. The loaning procedures, policies and process should be minimized with an easy approach. Many new branches have to be opened as far as possible in the district and increase network of the bank and expand the business, to make the customers and farmers more comfortable.

2. The long term credit supplied by the bank is decreasing year by year. This decreasing trend is very clear more in the case of long term loans. This happened due to accelerating of over dues. The eligibility of societies to draw fresh long term loans is restricted due to over dues. Another reason for the decreasing trend is political factors. The special drive must require getting more recovery of loans mainly from big and willful defaulters. The legal coverage should be covered against the over dues for effectiveness in recovery drive. The members of the PACS must be educated and
create awareness among them on repayment of loans. The involvement of political leaders of all parties should be avoided and the strict rules should be followed while sanctioning of credit limits and ensure proper disbursement of loans and in recovery of loans.

3. The scrutiny of applications must be completed within short time and made the farmer to get the loan timely and adequately. The applications for any loan should be accepted only when they are conformed to all the requirements and conditions without any nepotism and favoritism. The defective scrutiny and delay in sanction can be avoided strictly. In addition to it the political involvement and misuse of loans can be minimized or eliminate if possible, only if the employees are very sincere, committed, dedicated and honest.

4. The loaning activity should be continued for ever and facilitate the farmer / customer by providing credit needs.

5. Selection of the borrower is one of the important aspects in the process of providing loans. It is one of the major factor in the profitability of the bank for immediate recovery on due date. The bank officials should assess before sanctioning of loans that the major criteria namely the intension to repay and the capacity to repay.

6. The bank should draw a very effective and strategic annual recovery action plan for recovery from big and willful defaulters by covering legal action. The entire district should be divided into zones with cluster branches and allot the one zone to the senior officers designated, as recovery officers. The recovery officers should plan up themselves and draw a recovery tour program branch wise for every month. This leads to easy monitoring and follows up.

7. The recovery position of long term loans is very poor; it will fall heavily on the bank’s financial position. Stringent action should be
taken against the willful and well to do defaulters; if necessary the fear of confiscation of the property should be created among them. Political favoritism and corruption should not be allowed under any circumstances.

8. The Head Office should obtain the over dues list from each PACS of every branch member wise, age wise and take legal action. The Deputy Registrar on Special Duty from co-operative department, who is looking after the legal action against the overdue loans should attend regularly, with the assistance of his Sales officers, and co-operate with the bank officials in recovery of overdue loans.

9. The volume of deposits mobilized by the bank is an indication of the potentiality and good will of the bank in the district. The bank has achieved good progress during the period i.e. from 2004-05 to 2010-11. This should be continued in futureless.

10. Proportionately the fixed deposit is more than saving deposits, current deposits and other type of deposits. In this regard it is suggested that the bank should mobilize the low cost deposits more and minimize the high cost deposits. The low cost deposits are more profitable than the high cost deposits because of the less interest rates. The high cost deposits lead to pay more interest resulting in the cost burden on the bank.

11. The bank should draw a very strategic plan for deposit mobilization and also conduct "Deposit mobilization campaigns" at regular intervals. The bank should distribute the pamphlets among the public, indicating the rate of interest on deposits and other facilities provided by the bank to the customers. The bank should also let the customers know about, the services which are rendered by the bank.

12. Good customer service is to be ensured by the bank and should know about its customer (KYC).
13. In general PACS at the gross root level do not make any efforts to mobilize deposits but act as a channel for disbursement of loans by availing refinance. The PACS should make efforts to mobilize deposits from members in order to become self-sustaining. This would also increase saving habit among members. In the same way, the DCC bank should encourage the mobilization of deposits and make them, to keep with bank by paying 0.50% more than the actual interest rate paid by the bank on different kinds of deposits.

14. The bank should improve its deposit position in case of other types of deposits in addition to fixed deposits, which costs low.

15. The bank must give some incentives to the employees who mobilized more deposits and achieved the target over and above as fixed by the Head office.

16. The composition of working capital and its gradual growth is a good sign for the good financial position of the bank. During this period of study the capital of the bank has increased year by year. But from 2008-09 it has come down due to decrease in borrowings from higher financing agencies. It indicates that dependence upon higher financing agencies has come down which is a good sign on the part of the bank. The share capital, reserves, deposits and borrowings are the main components of the working capital.

17. The eleven branches including Head Office of this bank has achieved greater progress in the mobilization of deposits. It indicates that the ability of the branches in to mobilization deposits is more. The bank should concentrate more on these branches for mobilization of more deposits with good efforts.

18. The financial results were very much discouraging, throughout the study up to 2007-08. During the years 2008-09, 2009-10 and 2010-11 the accumulate losses of the bank has come down. The
accumulate losses has come down from Rs. 2700.57 lakhs at the end of 2007-08 to Rs. 1099.17 lakhs at the end of 2009-10 and again it has been reduced to Rs. 1072.44 lakhs as on 31-03-2011. This is a good sign indicating the financial improvement year by year with good efforts of all the staff members and board of the bank. It should be continued. The management and senior officers should draw a special attention for further reduction of losses to bring the profit to the bank by wiping out all the losses. The bank has to improve its non fund business, own funds, loaning portfolio, business diversification, deposits and gold loans. In addition to this the bank has to innovate and introduce new loaning schemes like real estate mortgage loans, consumer durable loans, employee's personnel loans, housing loans, vehicle loans, etc to generate more income by expanding business.

19. The bank has to reduce and minimize the contingency / other miscellaneous expenditure, as well as cost of management / transaction cost.

20. The bank has to reduce the nonperforming assets by means of effective recovery drive with good efforts, resulting in the improvement of its net worth / income and reduce the negative net worth / accumulate losses.

21. The proper controls and checks must be implemented on the items of expenditure. The bad debts from the member societies must be minimized.

22. As per the records the liquidity position of the bank is very good. The regular inflow of the cash is possible only because of diversification in business. The liquidity is a very key point and very essential for growth and credibility of the bank.

23. As per banking regulation Act 1949 section 18, the bank is maintaining cash reserve ratio (CRR) and as per section 24 the Statutory liquidity ratios (SLR) regularly without any deficiency. It
indicates the liquidity position of the bank is very fair. Excess cash maintained does not have any return. Cash remittance at commercial banks or any other bank in the district and transfer of funds to the APEX bank in the state capital has become a perennial problem for DCC banks. For this the DCC banks has to pay use commission to take draft from commercial banks for transferring cash. So the bank accepts only limited cash which is not even adequate to meet the clearing liabilities. The DCC Banks avail of overdraft facilities to meet this contingency and pay high interest. They allow only high denominations of currency at the time of remittance. All these all problems can be solved with the help of RBI interference only.

24. The member's active involvement in the affairs of PACS and cooperative institutions is required. The member education is very essential to know about their responsibilities in the affairs of coops.

25. The success of cooperative structure mainly depends up on the PACS as it is the base of the entire cooperative structure. Efforts to make them efficient, vibrant, viable and profitable, otherwise it affects the higher tires.

26. The reform package envisaged freedom to all tiers of cooperative structure to avail loan from any of the RBI regulated entities at competitive rates of interest. This must be tried to derive the cost benefit and profitability. The freedom should be given for pricing in a fair and transparent manner. This should be developed in the bank.

27. Over a period of time, all District Cooperative Central Banks would be at a par with commercial banks as for as regulatory norms are concerned and all prudential norms could be made applicable them. A beginning has already been made in this regard by way of issuing licenses by RBI only to those state / DCC
banks, which have capital to risk weighted Asset Ratio (CRAR) of 4% and above. This is the beginning for the rural cooperatives and they will serve the people in the true spirit of cooperation.

28. Audit should be done timely and audited statements should be presented to the General body at the annual general body meeting for transparency in the functioning of the bank and to create confidence among the customers.

29. The computerization in PACS / DCC Bank is very essential which will improve the efficiency, internal control system and management information system for smooth working of the bank.

30. The training and capacity building of the personnel should be a focus area. Under this the employees, Board of directors of the bank, Staff, Members and board of Directors of the PACS should be trained in all aspects of the affairs of the institutions.

31. The bank should improve its operational efficiency and effective funds management and arrest the leakage of incomes and defects in operational aspects.

32. The appropriate investment of funds is required otherwise it yields low returns. It should be avoided by implementing scientific approach in funds management.

33. Only a limited track of land is under horticulture operations in Tadipatri, Yadiki, Rayadurg and other parts of the district. Since they have business potentials, this agriculture activity could be promoted further in the district by providing investment finance under long term sector.

34. 100% secured loans like Jewelry loans should be improved to generate income.

35. The operational efficiency of the district cooperative central bank should be improved.
36. The District Cooperative Central bank to keep avoids excess cash reserves and liquid assets with a view to ensure that there is no shortfall compliance with the statutory requirements.

37. The loan waiver policy of the Government paved way for the financial instability to the cooperative banks. The consequence of this is that the District Cooperative Central bank is able to maintain required funds due to pure recovery.

38. The financial soundness and stability of the bank has been ascertained through its net capital ratio. The relationship between and the total liabilities of the bank establishes the fact that the bank has adequate capital. The bank has to improve its share capital portfolio for its capital adequacy.

39. The bank heavily depends on outside borrowings especially from APCOB and NABARD. Interest cost has a direct bearing on efficacies capital. They should be minimized in future course of action.

40. The capital ratio of DCC bank is not encouraging which indicates the weak capital base. It should be improved.

41. The DCC Bank has to minimize the miscellaneous expenses as well as wastage of man power.

42. The productivity of staff is the only way of improving the profitability of the bank. At present much stagnation is found in the bank. Mechanical nature of work, age old type of services, fewer promotional avenues, heavy work load etc are the main reasons for lesser productivity of staff. In this regard the bank has introduced scientific methods and introduced modern technology in the functioning of the bank and also trained the staff to acquire good knowledge on present banking scenario.

43. Implementation of the above suggestions as regards change in the mix of resources, change in the composition of deposits, cash management, funds management, appropriate investment of
funds, adjustment of policy constraints on the banking system of the bank, recovery efforts, operational efficiency, steps taken to improve the benefit factors or reduce the cost of factors or both, through suitable bank policies ably supported by Government, NABARD, RBI, RCS, and APCOB should help in the reversal of the adverse trends in the management of funds of the DCC Bank, ensuring safety, stability and adequate profits. The District Cooperative Central Bank will then function not only as a strong financing centre in the three tier credit structure but will become beacon for other cooperative credit institution.

44. Financial parameters such as capital structure of District Cooperative Central Banks, capital adequacy, efficiency of capital structure, marginal efficiency capital, working capital management, cost of management, productivity and profitability ratios related to operational efficiency of the bank should be analyzed and improved. The reserves of the bank should be increased. The power of generating adequate reserves should be improved otherwise; the profit growth rate of the bank will come down.

45. The bank should maintain minimum net capital ratio i.e. 9% as per Narasimhan Committee recommendations. In this connection the bank is maintaining NOW below 9%. The bank should take appropriate measures to attain the limit.

46. The cost of management to working capital of the bank should be within the provisions prescribed. Volume of business, cost of management, profitability and capacity to serve the depositors, borrowers in terms of loaning operations, recovery / over dues and level of NPAs and level of CRAR as prescribed by RBI from time to time . The cost of management should not exceed 2% of the working fund or 40% to 60% total income (Gross).
47. The cooperative banks are rural oriented institutions and are facing stiff competition from other players in the banking sector equipped with better man power, technology, products and efficiency. Therefore, the bank should formulate suitable policy and evolve clear guidelines for recruitment of different categories of staff. While formulating policy, the age profile as well as levels of skills and qualifications etc of the existing staff may be taken into account and appropriate plan for meeting the future requirement to be chalked out. The minimum staff requirement at branches as well as at Head Office may be assessed, keeping in view the current level of business of the branches.

48. The productivity of the employees of the bank is encouraging but even though it should be improved which can arrest the cost of management and improves the profitability of the bank.

49. The future vision of District Cooperative Central bank should be orientated towards promotion of excellence and increased productivity.

50. The bank has to improve the micro finance for women empowerment as well as the banks image in the district along with other commercial banks. Because micro finance is intended for the upliftment of poor, jobless youth privileged under women and the deprived sections of the society.

51. The bank should develop the Potential credit linked programs of NABARD.

52. The bank should develop its organizational culture, leadership effectiveness, potential of management/administration, customer orientation, development and maintenance of competent staff. Professionalization, supervisory system, technical capabilities, communication system, team spirit, coordination, to compete with highly professionalized financial institutions in this modern banking scenario.
53. A well defined or enforced good governance should be required for the bank to work for the benefit of every one and should deal with various interest of its customers, share holders, employees and society at large. The Governance of the bank should be self disciplined, market disciplined and regulatory disciplined with ethical component of business, economic objective of business and purity in moralities. And also the governance should be in transparent and develop moral and create good atmosphere around the bank.

54. The Chief Executive of the bank should develop accountability and responsibility among the management and staff. The bank should take into consideration the different factors like social, technological, economic and political factors for the growth of its business.

55. The bank should generate adequate resources from internal sources and funds raised by the bank should be cheaper. The bank should also concentrate more on non fund based products which boost up the income of the bank.

56. The well enlightened, competent management and committed members are required for development of bank.

57. Absence of autonomous status of the bank due to duality of control by RCS and RBI/NABARD over the bank should be avoided immediately.

58. The future of Anantapur District Cooperative Central bank, Anantapur, therefore, depends on how soon the Government driven sbank is converted into member driven autonomous the bank.

59. Braches expansion is more required for smooth functioning of the bank in the district on a par with other commercial banks. The bank has to open new branches in semi urban areas in the district and expand its network to facilitate the formers/customers.
60. The recent HR policy of NABARD should be implemented immediately for smooth functioning of the bank. In this aspect Anantapur District Cooperative Central Bank recently has conducted recruitment examination to recruit the well qualified personnel to fill the vacancies and to train them about the banking systems to be followed. Mainly more training shall be given with respect to funds management and maintenance of books of accounts which main problems that the Anantapur district cooperative central bank is facing.

61. The Anantapur District Cooperative Central bank has to improve its professional attitude among management as well as staff for the growth of the bank.

62. The Anantapur District Cooperative Central bank should implement periodical performance appraisal system to assess the working of the employees in all levels and also to improve sincere efforts and turnover of each employee. The DCC bank shall motivate the employees to get competitiveness in computer proficiency of every employee.

63. The sound management system should be introduced in the bank after conducting of careful analysis about the need and requirement.

64. The borrowing membership of Anantapur District Cooperative Central Bank should be increased by diversification and volume of its business.

65. The DCC bank should reduce its high cost Management by arresting the un-necessary expenditure and reduce the imbalances in loan out-standings of the bank.

66. The Government of India should bring about proper governance of rural credit system through constitution and applicable cooperative acts.
67. The Cooperative structure is based on PACS mainly. In view of it the PACS should be properly strengthened to reach the needs of the rural people. In this aspect the Anantapur District Cooperative Central bank should take an active role in strengthening of the PACS with an effective supervision and control.

68. The cooperative banks are occupying 7.4% of the financial space in our country. To expand the financial space in the country, the role of District Cooperative central bank is very significant. Hence the Anantapur DCC bank should also expand its financial space by attempting all parts of the district by providing financial assistance to all kinds of the people in their need.

69. Due to Prof. Vydyanathan's revival package, introduction/implementation of agricultural debt relief and debt waiver schemes, the PACS and DCC banks come up to some extent. Even after the things are same as usual before these schemes and packages in Anantapur district.

70. Only by aiming for professionalization at Anantapur District cooperative central bank level the ills of the rural cooperative credit structure would be brought to an end.

71. The PACS should be properly trained by the District Cooperative Central bank to mobilize the deposits and also to raise their members share capital to improve funds position of the PACS.

72. The net margins of the PACS should improve with direct re-finance assistance from NABARD.

73. The Anantapur District Cooperative Central bank should develop devices that would motivate the entire internal and external stake holders for change of the techno based market orientation that would be coming about.
74. The bank should start with widening our approach for better customer service. For better customer service, technology application is the most important thing to be introduced by the bank.

75. The bank should introduce different loans under lending portfolio which generates more income i.e. consumption loans, loans for small time employment, infrastructure advances, REM loans, Housing loans, Vehicle loans, Petty vendor loans etc.

76. The bank should take immediate steps for financial inclusion.

77. The supervision, check and control system of the bank should be improved.

78. The reconciliation is one of the important of item by the bank. It should be concentrate more on reconciliation item. The house keeping system should be streamlined.

79. The bank should follow the instructions of RBI and NABARD in obtaining of declaration forms number 60/61 from depositors, 15G/15H from senior citizen for income tax purpose.

80. The bank should follow the prudential norms prescribed by NABARD strictly by classifying the assets into standard, sub standard, D1, D2, D3, and bad and loss assets for knowing the quality of the bank assets and also to assess the percentage of nonperforming assets.

81. The bank should comply all the provision of the BR act 1949 to attain the status of the banking business.

82. The bank has to prepare Development Action Plan and Memorandum of Association.

83. The bank has to increase the IMBP of members from Rs. 25 thousands to Rs. 40 thousands to avail loan accordingly.
Only because of Debt waiver, Debt Relief, Interest waiver, Pavala Vaddi, Janatha Insurance, Vydyanthan package schemes, most of the over dues of the bank has come down. In this context we suggest that the effective recovery drive and proper planed loaning should be ensured by the bank in future for its growth and development. The District Cooperative Central bank is acting as one of the important financial institutions in providing rural credit as well as other credits to the farming community and other needy people in the district, and also acting as a friend, and guide to the entire Cooperative Movement in the district as well as good facilitator for the growth of cooperative credit structure. In the present study an attempt is made to cover different topics such as opinions of the members of the staff, objectives, methodology, profiles of district cooperative central bank, introduction of Single Window Credit Delivery System and mainly in this chapter, it is explained well in detail on findings and suggestions for the growth of Anantapur District Cooperative Central bank in all aspects at all levels. The researcher mainly concentrating on tapping of low cost deposits, Recovery of overdue loans, proper loaning, Human resource development, reduce of nonperforming assets, draw the strategic plans, establishment of effective communication system, follow the RBI/NABARD/APCOB/Cooperative department/suggestions, implement the Government schemes systematically etc. The researcher found some backlogs in functioning of District Cooperative Central bank and given suggestions for rectification as well as the growth and development of the bank.