CHAPTER - II
Chapter-II

REVIEW OF LITERATURE

2.1 Introduction

To gain background knowledge on the research topic, identifying the related concepts, preparation of appropriate research design and for proper structuring of the report, the researcher has reviewed some literature on the related topic. The review started from the selection of the problem. Such review, in short, helped the researcher with the course of action for his study. Various research institution and researchers have brought out large number of research studies on similar or related topic over the period of time. A few relevant research studies are reviewed and summarized below under three categories viz., 1) studies related to financial performance of DCCBs 2) studies related to working of DCCBs and 3) other related studies.

2.2 Studies related to financial performance of DCCBs.


The study revealed through productivity analysis that the rate of deposit per employee has lagged behind that of the loans per employee ratio. Thus there is need on the part of employees to mobilize deposit to meet loans demand in view of disparity in the growth rate in these two ratios. Accordingly the ratio values of deposits per employee, productivity of employees can be improved.

The solvency ratios showed that the bank was maintaining an average cash reserve ratio of 11 per cent that is much more than the stipulated ratio of 6 per cent. The operational efficiency ratios concluded the satisfactory performance. Finally SWOT analysis revealed various aspects of the Eluru DCCBs. The study suggested strengthening of the working capital and to increase the deposits from member societies. The banks should utilize the opportunity of expanding their lending operations. Depending on external sources of borrowing such as refinance from apex bodies could be minimized by promoting deposits mobilization.
2. Marriappan V. (2007) in his study entitled “Business performance appraisal. A study of Kozhikode District Cooperative Bank Ltd”, made a financial appraisal of the bank’s business performance to assess the present status and future prospects. It also attempted to find out its strengths and weakness for further improvement and corrective actions. The appraisal gained significance as more stringent Non Performing Assets norms are imposed by the RBI from time to time.

The important findings of the study indicate that the membership, share capital, deposits, borrowings, disbursement of loans, loans outstanding had increased. But agriculture loans outstanding had reduced and non agricultural loans had improved as the issue of loans was more concentrated towards non agriculture purposes in the recent years.

The overdue position of the bank had been reducing gradually. The profitability of the bank indicated the best performance. It had recorded a steady growth of about 7 times over the study period. Besides, profitability there are other business indicators which help the management to understand their strength and weakness. The study concluded that the working fund to total outstanding ratio of the bank has declined steadily from 50.23 per cent to 26.88 per cent; the working fund to total overdue position has decreased with a fluctuating trend from 14.54 to 8.13 per cent. When the later is a positive change, the former is not encouraging. The study reveals the positive changes. This was measured through business ratios. It is important that when the overdue is kept low, the loan outstanding should be maintained high. The bank needs to work towards this direction to improve the earnings and reduce the risk.

3. Fulbag Singh and Balwinder Singh, (2006) analysed “Profitability of the Central Cooperative Banks in Punjab – A Decomposition Analysis”, analyzed the profitability position of the Central Cooperative Bank in Punjab. Two different years have been studied with the help of a frame work of Return on Equity (ROE) model. The sample of bank with high business volume and those with low business volume had been tested separately.

The study could be concluded that as far as the profitability performance was concerned, the Central Cooperative Bank of Punjab had worked well. The miscellaneous income in comparison to the total income has been in lower profile in these banks. The switching over to high yield non farm sector advances has helped to register a positive trend in financial margin in almost all the banks. The
implementation of prudential norms from 1996-97 have helped the banks to generate an awareness on adverse effects of overdue / non performing assets in these banks.

4. Raja.S, (2005) in his study, “Performance Evaluation of MDCCB Ltd- An Application of Structural and Growth Analysis”, analysed the pattern of each component of the financial statements such as balance sheet and profit and loss account over a period of time. The objectives of the study is to analyse the income and expenditure components along with spread and burden concepts, balance sheet variables and various deposits schemes in terms of macro mean and growth rate. The study found out that performance of the Madurai District Central Cooperative Bank (MDCCB) using structural and growth analysis. Macro mean has been used to exhibit the strength and weakness of each factor considered. The major result of the study is macro mean which in respect of interest received constitutes 99% of the total income, 97% for interest paid, 21% in the case of operating expenses, 94% for spread and it is at 93% for burden. As regards book profit, it works out to be 7% the revaluation of the growth rate analysis are that net loss has recorded the growth at 17%, operating expenses at 18%, spread at 13% burden 20% advances and aggregate deposits at 6% each and fixed deposits and saving deposits at 9% each. The study concluded that the burden rate should be reduced by effecting cost control measure and spread rate be increased so that profitability can be at higher rate.

5. Chellani D.K. and Rita Rai, (2004) in their study “The Performance of District Central Cooperative Banks in Gujarat,” examined the growth in business parameters viz deposits, advances and recovery of the DCCBs at all India level with particular focus on DCCBs in Gujarat and the performance of DCCBs from the angle of operational efficiency parameters viz., business per branch, business per employee, cost of management to total business and ratio of working fund.

The study found that share of deposits from individuals is far better at all India level for all the years of the study than for the state of Gujarat. The recovery performance in the Gujarat States is not only poor as compared to All India level but there has also been a substantial temporal decline over the years. But the efficiency parameter in the performance of DCCBs in Gujarat was far better as compared with All India during all the years of the study period. Further the study concluded that the DCCB should diversify their loan portfolio from traditional low yield crop loans to high yield non–farm sector retail loans like consumer durables, vehicle loans and
advances against gold / silver etc. Concerted efforts in the area of recovery through development of core teams/ departments at taluka headquarters/ Head office would yield good result and directly impact their profits positively.

6. Shiyani R.L and Visawadia H.R, (2004) studied on, "Growth and Instability in Performance of Junagadh District Central Cooperative Bank". The objective of the study was to estimate growth rates on various parameters, viz., various kinds of deposits, credit disbursed, loan outstanding, overdues, number of branches, total income, total expenditure, number of employees and membership. The above factors measure the compound growth rate and instability parameters. The important findings of the study of all the parameters under study have been positive and highly significant growth rates for overall period of 45 years.

The study concluded that the JDCCB have an undisputedly important role in three tiers federal cooperative credit structure since it is operating in a limited geographical area of one District only and is in direct touch with rural masses to understand requirements of local people. However, in the present environment, the bank should slightly mould their activities and more emphasis should be given to income generating activities, effective credit disbursement, recovery campaign, curtailment of expenditure, and efficient mobilization of rural savings. So that the bank could reap the benefits of better performance.

7. Lopoyetum S.K, (2004) undertook a study entitled “Working Capital and Profitability Analysis of Pudikottai District Central Cooperative Bank, Tamil Nadu. A Study”. The objective of the study was to analyse the profitability and working capital position. Membership, share capital, reserve, borrowing, deposits, loans, working capitals and overdue are analysed with the help compound growth rate and revealed satisfactory performance.

The profitability ratios assess the inter-relationship with working capital. Profitability performance of the bank has been assessed by examining the pattern and trends of income and expenditure of the bank. Ratio of profitability has been derived by relating various components of profit and loss account of a common denominator, namely, volume of business, which is defined as the balance sheet total less contra items. The spread and burden ratio also reveals the profitability position of the sample bank.

The study suggested that the bank should make arrangements to reconsider the present loan policies and procedures. There should be adequate arrangement for
effective supervision over utilization of loans by the bank officials. The bank should simplify the procedure of advancing loans. To improve the working efficiency of the bank, it is important to computerize all the banking transaction of the bank. Since cash is the most important liquid asset, free flow of cash through out its operation is very essential.

8. **Amardeep Walia,** (2003) in his study “Funds Management in Central Cooperative Bank – A Case Study of the Jalandhar Central Cooperative Bank Ltd” made an attempt to investigate intensively into the funds management policies of the JCCB. The main objective of the study specifically was to look into the emerging trends in the mobilization and utilization of funds by the JCCB. Specific objectives were

1. To examine the sources of funds of the bank,
2. To have an insight into various applications of funds and
3. To assess the possible impact of various sources and uses of funds on profitability, productivity and solvency of the bank.

The findings of the study pointed out that the main source of funds of the bank was deposits which account for 91% the working funds. The bank needs to strengthen its investment portfolio. The bank should come out with innovative loan schemes for income generation by deploying much of the funds in its area of operation. The solvency position and recovery position of the bank were sound. However, the bank needs to monitor liquidity position minutely so that idle money can be converted into earning assets. The researcher concluded that the bank had discharged its role as the depositories of the community savings and the purveyor of credit for economic activity. But as the economy grows and diversifies, new technologies, institutions and instruments are bound to come up. The bank should adopt itself to the changed situation to search new markets and to produce new services for existing markets. The bank should give adequate attention in funds management for optimum profits through planned balance sheet management efforts.

9. **Jayarani.A,** (2003) in her study “A Study on the Performance of the Salem District Central Cooperative Bank” has analysed the deposits mobilization, lending operations and repayment of loans and the financial performance since liberalizations. She concluded that the impact of the liberalization policy on central cooperatives banks since 1991 like the deregulation of interest rates, prudential norms and capital adequacy norms had done much good to the bank. However, it was found that some aspects of the bank had not been affected by the liberalization policy.
10. **Jain B.K.** (2002) conducted a study on “Comparative Study of Net Profit and Profitability of District Central Cooperative Banks of Rajasthan”, with the objective of analyzing and presenting DCCB wise picture at a glance and change in their net profit for the last two years and to analyse changes in over all profitability of DCCBs of Rajasthan in 2000-2001 over 1999-2000. The study revealed that out of 26 banks, 20 banks have shown improvement in 2000-2001 over 1999-2000 either by improving the amount of profit or by reducing the net loss or by converting them from loss making to profit earning banks. Remaining 6 banks have shown declining trend in their performance either by reducing their net profit or by going down in heavy losses. The study suggested that the positive strategies responsible for good performance may be taken up and results of such study should be made available for suitable adoption by other DCCBs of Rajasthan. Further the study concluded that State Cooperative should constantly monitor loss bearing components.

11. **Thanikodi.R.** (2001) in his thesis, “Performance of Madurai District Central Cooperative Bank, before and after bifurcations has analysed the deposits mobilization and loans and advances before and after bifurcation of the MDCC bank. The financial performance of the central cooperative banks has been analysed through ratio analysis.

12. **Dash D.K.** (2000) attempted on, “Financial Performance Evaluation through Ratio Analysis – A Case Study of Nawanagar Cooperative Bank”. The main objective of the study was to evaluate the financial performance of Nawanagar Cooperative Bank in Gujarat State. A number of ratios have been computed under four broad heads namely operational ratios, profitability ratios, productivity ratios and solvency ratios. The operational group of ratios revealed that though the bank was efficient in some of its operations, there lies a scope to become more efficient. The profitability groups of ratios indicated that with regard to the criteria of profit to total deposits, profit to working capital and profit to total assets, it does not show a rosy picture during the study period. The Productivity group of ratios of the bank revealed the efficiency and effectiveness of its man power and concluded that the employees of the bank are highly motivated and committed towards the bank. From the solvency ratios it was inferred that the bank stands on a sound footing and the researcher suggested that a better solvency position can be attained by the continuous endeavour of the members, management and staff of the bank.
The study concluded that there are certain grey areas which need immediate attention. Effective steps are required for improving profitability of the bank. Capital base needs to be strengthened by increasing the membership, which has remained stagnant for the last 5 years. It is high time that, the bank should hire professional in order to give a new dimension to its functioning. Considering the emerging industrialization in the near by areas, the bank has enormous scope for growth. The bank should explore new horizons in introducing innovative products and diversifying its activities. So that the bank can retain its “Numero uno” position in the year ahead. The study was confined to only one cooperative bank in a state.

13. Palleri K.N. and Others, (1999) made a study entitled “Management of funds by Karnataka Central Cooperative Bank (KCCB) for Lending to Agricultural Sector”. The objective of the study was to evaluate the sources from which the KCCB acquires capital for lending to agriculture and the cost of acquisition of funds and studying the pattern of advances to agricultural sector by KCCB. The study analyzed the pattern of Deposit Mobilization, Growth rates in different types of Deposits and other sources of funds for lending to agricultural sector. Compound Growth rates on selected indicators were worked out.

The study concluded that though there was a three fold increase in deposits, its share in the total funds available for lending was meager. The bank had an edge over other commercial banks with respect to interest rates on deposits. So the bank must penetrate into market with wide publicity campaigns along with personal approach in order to compete with commercial banks in collection of more deposits. As more of the deposits consist of fixed deposits carrying higher rate of interest and cost incurred in mobilizing deposits was higher, this has lead to the high cost in servicing the deposits. Hence the cost incurred on the mobilization of deposits has to be reduced by increasing the efficiency in collection. The small and marginal farmers were not able to avail the benefits of the programmes of the bank, while the positive growth in agricultural credit indicated that large farmers were able to reap the benefits more.

14. Enugandula Chandra Shekhar and Others, (1999) studied on “Performance of the Karimnagar District Central Cooperative Bank (KDCCB) in Andhra Pradesh-An Economic Analysis”. In this study, an attempt was made to evaluate the financial performance of the bank during the study period with the help of financial ratio
analysis. The ratios relating to solvency, liquidity, profitability, efficiency and strength of the bank have been analysed for a period of ten years.

The solvency ratios were classified into two viz; total liability to owned fund ratio and fixed assets to owned fund ratio, both of them indicate the ability of the bank to meet its medium and long term obligations and also provide basis for measuring the leverage effect on the bank. The liquidity ratios were classified into three viz; current deposits ratios, current ratio and inventory ratio. The current deposits ratio showed better performance, current ratios revealed that the bank had maintained a reasonable level of liquidity positions.

Test of efficiency ratio highly fluctuated throughout the study period. It indicated a net loss during the study period. Profit is a measure of efficiency and is a key to survival and expansion of the organization. The net profit to total assets ratios indicated that the profit level was very low in relation to total assets. Net profit to owned fund ratios was less than unity in all the years and negative for four years in the study period.

Finally, test of strength by way of long term liquidity position of the bank is reflected by the net capital ratio. It is classified into two ratios like; net worth and net capital ratio. The net worth of the bank decreased year after year and the net capital ratio was less than unity for nine years, except in 1986-87 where it was more than unity. The overall average for the study period was 0.98 per cent. On an average, the bank had as assets worth of Rs.0.98 for each rupee of the liabilities, which indicated that the assets of the bank were not sufficient to cover all its liabilities.

15. Dash A.P., (1998) had conducted a study entitled “Financial Performance Analysis of DCCBs of Maharastra through Composite Index – A Study”. The study was an attempt to make an in-depth analysis of bank’s financial performance through some selected ratios and put the same on a scale, so that a comparative scenario emerges at length indicating the relative strength / weakness of each bank. The precise aim of this piece of research was to develop a Decision Support System (DSS) based on Composite Index for NABARD to facilitate better control and supervision over DCCB. Composite Index is a symbolic representation of the overall performance of any organization / business unit. The financial performance of the bank was analysed through ratios like owned funds to Working capital, Deposit to WC, Borrowings to WC, Credit Deposit Ratio, Yield on Assets, Cost of Funds, Cost of Management, Net

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Margin, recovery, etc., using Z score for each bank. The Z score is a composite index that reflects the total financial performance of a bank for the year 1995-96. Based on the above analysis it was concluded that the banks having a score more than 315 were supposed to be doing well and the banks having a score below 138.34 were not really doing good business in the market place. They study proved that these banks have either fallen sick or are in the fast track of falling sick in the immediate future. These banks need great attention from NABARD, apart from supervision and monitoring.

16. Ravivarma S. and Bhagawan Reddy B. (1998) studied on, “An evaluation of the Performance of DCCBs, Chittoor, Andhra Pradesh, before and after the Single Window Cooperative Credit Delivery System (SWCCDS)”. The objectives of the study was to review the progress and performance of DCCB, Chittor subsequent to the introduction of SWCCDS as compared to the operations under the previously existing system in terms of capital structure, loan operations, recovery and overdues and to contrast the efficiency of DCCBs Chittoor with state average in terms of per banks and to identify basic problem faced by the bank and to put forth suggestion to strengthen the cooperative movement. The study found that the term of capital structure a steady and sustained growth of equity is quite essential not only to strengthen the sources base but also to increase the level of borrowing form the NABARD, share capital, reserves fund, deposits and working capital. The registered outstanding loans and advances showed an impressive growth. The recovery of loans means the realization of advances scheduled to be repaid. Recovery and advances is a source of mobilization of funds to lending institutions for their future operations.

Comparative analysis of the DCCB before and after SWCCDS was that the share capital is relatively higher. It can be concluded that A comparative analysis of the DCCB, chittoor and per average DCCB in AP reveals the before and after SWCCBs. the performance of the DCCB. Chittoor in terms of working capital, advance outstanding and recovery efficiency is behind per DCCB in AP. In the present credit dispensations, recovery efficiency only is relatively encouraging in the farmer.

17. Sankhyan C.L. and Pankaj Lalit Sharma, (1996) in their study “Performance of a Central Cooperative Bank in Himachal Predesh – An Appraisal”, attempted to analyse the growth and progress of the Jogindra Central Cooperative Bank Ltd. The study analysed the factors of the bank like share capital, reserve fund, deposits.
borrowing, working capital and resources mobilized in the form of share capital, deposits and borrowing. The study found that the profitability of the bank was suffering with losses during seven years out of a total fifteen years under study. The main reason of losses to the bank was its poor recovery.

The study concluded that Jogindra Central Cooperative Bank Ltd (JCCB) has not performed well. It can be treated as a weak bank in some fields and hence, requires special attention of the management and government for its proper growth and improving its performance. For improving its position the bank should open new branches in unbanked areas, manage its cash and liquid assets properly, expand its credit facilities by finding avenues for investment and improve its recovery. The performance of the managers of branches should be assessed not only on the growth of deposits but also on the recovery of overdues. Further to improve recovery of overdues, the bank should lay stress that secretaries of the primary societies and full time employees must be properly trained. If in spite of all these steps the bank is not able to improve its position then it should be merged with the H.P. State cooperative bank ltd. which is in a very good financial position.

18. Ganapathy.S, (1999) studied on “A Study of the Financial Performance of Tirunelveli Central Cooperative Bank”. He mainly focused on the financial performance of TDCCB. Deposits, borrowings and lending policies of TDCCB were analysed. He had concluded that the performance of the cooperative institutions should be urgently reviewed and evaluated. The suggested measures will be much helpful to individual members as well as intuitions in the cooperative sectors.

19. Sathyanarayan, (1996) tried to develop a model for measuring the productivity of bank on the market share concept. His model considered the ratio of index of inputs factors. The various input factors considered are branches, number of staff, wage and non-wage operating expenses. The out put factors contain variable like deposits, advances, non-deposit working funds, interest spread, non-interest income and net profit. Application of the model in the Indian Banking Industry indicated an average efficiency level of 18 percent for foreign banks, 103 percent for the State Bank of India, 79 percent for the associates of State Bank of India, 82 percent for the nationalized banks and only 74 percent for the private sector banks in India.


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analysed the operational performance of Pudukkottai Central Cooperative Bank in Tamil Nadu. The most important problem in cooperative banks in general is related to the maintenance of Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR). There is a need for CCBs to keep watchful eye on the adequacy of investment to take care of the demand and time liabilities of the bank. There are instances that CCBs in Tamil Nadu are keeping excess cash reserve with view to ensuring that there is no short fall in cash reserve and liquid assets. As a matter of fact, the cash reserve does not fetch any return. In Puddukkottai CCB both better and poor performance in the maintenance of CRR and SLR was found out.

There was more scope for management of funds in an effective way. The sample bank sometime maintained more percentages of CCR and SLR than the required limit. It was due to collection of loans with a special drive and target fixed for mobilization of deposits coupled with persistent remittance. However, it could be seen that the bank is maintaining the CRR and SLR effectively during the other especially recent periods.

The study suggested for national level policy decision regarding proper arrangement for remittance so as to maintain profitability and efficiency in the cooperative banks.

21. Reddy and Reddy, (1994) “A Performance Appraisal of Cooperative Banks-A Case Study in Bhatia, Andhra Pradesh” has attempted to appraise the performance of a District Central Cooperative Bank in Andhra Pradesh. Secondary data were used and the performance of the bank was verified with the help of selected indicators such as memberships, share capital, branch expansion, deposits, borrowings, advances and recovery. It was found that the deposits potential of the area had not been fully exploited by the bank and in many years the target had not been achieved. Hence, there has been a considerable increase in the external borrowings. The lending performance was also not satisfactory. The growth rate of the overdues was higher than the loans outstanding.

22. Dayanandan.R. and Sasikumar.K., (1993) in their study “ A Study on the Performance Evaluation of Central Cooperative Banks in Kerala”, had the objective of evaluating the performance of District Central Cooperative Banks in Kerala on the basis of their progress in membership, enrollment, share capital, deposits mobilized,
accumulated reserve fund, loans, overdues and net profit earned. The above factors were statistically tested with the help of correlation.

The important findings of the study were that the growth rate in respect of deposits was highest followed by loans overdue, reserve fund, membership, share capital and net profit. It can be seen that the standard error in deposits and less in profit which means lesser discrepancy in the growth rate of profit. The co-efficient determination is high value with regards to share capital, deposits, and membership but little less in reserve fund and loans overdue, and very much less in net profit which indicate that the percentage of variation of the variables (y) has been fully explained by the time factor (x).

The study revealed that, though the central cooperative banks has achieved better performance on share capital, membership, deposits and reserve fund there is not corresponding achievement in the net profit because of the unfavourable steady increase in the overdues. It can be stated in another way that the growths of Central Cooperative Banks in Kerala were affected because of high overdues. If the management of banks takes suitable measures for controlling its overdues, then only it can perform well in the future.

23. Bhalerao.M.M. and Shukla.D.K. (1992) worked on, “Growth in Financial Resources, Advances, Deposits and Overdues of District Central Cooperative Banks in India”. The objectives of the study were to estimate the linear and compound growth rate regarding the number of their offices, membership, share capital, deposits, loans, advances and outstanding overdues during 1969-89 for which comparable data are available for the country as a whole.

The important findings of the study were that the growth rates indicated considerable increase in the number of office, share capital, deposits, loans and advances and outstandings. It is a sad story that the growth rates of overdues during this period were also significantly high. The decline in membership (both individual and primary societies) was due to reduction in the number of primary societies on account of their reorganization.
The policy implications of the study, in view of the higher growth rates of overdues than those of financial resources (share capital, deposits, etc.), are that effective measures need to be urgently taken by incentives and disincentives as well as through more effective supervision and strict action against defaulting societies and by minimizing political interference. Further, increasing overdues need to be checked so that they do not create more problems of recycling of funds and of checking the channel of credit from apex banks to the primary societies and ultimately to the farmers.


26. John Winfred A, (1982) in his study, "Funds Management in DCCBs-Cost and Returns Analysis" has analyzed the cost and return of the funds. He identified the margins available to a bank in the resources mobilization and utilization and whether the availability margin was adequate to run a bank satisfactorily. For the purpose of analysis four DCCBs were selected from among the 16 DCCBs in Tamilnadu. The analysis was based on both primary and secondary sources of data.

2.3 Studies related to the working of DCCBs.

27. Bhagwati Prasad, (2006) published an article, "Cooperative Banking in Competitive Business Environment". He assessed the regulatory, structural, operational and financial requirements to restore their growth and development on sound lines in the competitive business environments.

For the policy related measures, for the first time the new central government has included in their common minimum programme the aspects of strengthening rural and urban credit cooperatives and also constitutional amendment to make cooperatives more autonomous, democratic and professionalized. For sustainable development of cooperative in general, and credit cooperatives in particular, it is imperative on the part of government to spell out policy options in the plan documents.
and in formulation of economic policy from time to time to enable cooperative to play more proactive role in economic development of the country.

Legislative measures in the cooperative banking, now government of India has initiated the process of bringing constitutional amendment to make cooperative more autonomous, democratic and professionally managed organizations. Structural measures in view the utility and viability of creation tiers, certain adjustments can be thought of in larger interest of the system and farmers. Integration of ST and LT credit structure does not seem to be a workable option. Merger of weak structure in to strong and viable structure can also be tried to take advantages of economy of scale.

Operational measures reveal that the competitive business environment necessitates increasing operational efficiency. Infusion of professionalism is the pre-requisite of efficiency and effectiveness.

He concluded that the technology has made tremendous impact on entire banking sector, which has thrown new challenges, due to which cooperative banks are constantly exposed to competition and risk management. Therefore, they need a combination of new technologies, and better processes of credit and risk appraisal, treasury management, product diversification, internal control and external regulation along with infusion of professionalism. In the present business environment, the cooperative banks should be backed by democratization, depoliticization and decentralization so as to make them competitive. Thus there is an urgent need for transformation in the mindset, identity, business operations, governance, and system and procedures, which will definitely boost the morale of cooperative banks to face environmental challenges.

28. Thanikodi R, (2005) analysed “Central Cooperative Banks in India. Problems and Remedies” revealed the problems of Central Cooperative Banks in India and has given remedies to overcome the problems. The mobilization of more share capital from associate members, individuals to be admitted as permanent members, management should be made federal by ensuring majority member of PACBs, new branches should be opened to cater to the needs of borrowing societies, identifying and assess the saving potentials in systematic way, linking of loans with savings and recovery with harvest of crops and sufficient assistance from the state governments were some of the suggestion. The entry of politicians in central cooperatives banks will influence the board of director to deviate from their
policies and operations over the disbursement and recovery of loans. Ultimately it will affect the operational efficiency of banks. The politicians do not take much interest in the affairs of the banks.

He concluded that the success of the CCBs is to be judged by the manner in which they have promoted the healthy functioning and development of PACBs in rural areas. It is possible only by having a strong CCB to sustain a healthy growth of the cooperative movement in a district. To have a strong CCB, the internal and external defects of the CCBs should be removed with a collective effort from the government, management, employees and public.

29. Joel Eduvinraj D. (2005) made a study on "Managerial effectiveness of the Kanya Kumari District Central Cooperative Bank". The objective of the study was to bring out the general working profile of Kanyakumari District Central Cooperative Bank and to explore the possibility of measuring the managerial effectiveness.

The study has been made with regard to only one variable i.e. 'Managerial Effeteness'. For measurement of managerial effectiveness role efficiency scale was used in terms of six behavioral dimensions like Integration Vs. Distance, Productivity Vs. Reactivity, Creativity Vs. Routinely, Confrontation Vs. Avoidance, Influences Vs. Powerlessness and Helping attitude Vs. Hostility.

The major findings of the study revealed some important implications for planners and all those who are interested in the quality improvement of effectiveness of managers. Managerial effectiveness in central cooperative banks is a multi faced phenomena and the effectiveness of managers or managerial effeciveness was calls forth urgent attention. Managerial effectiveness can be better judged in terms of certain behavioural attitudes of managers regarding their respective roles in the bank. If a manager perceives is creative, proactive, problem facing integrated with other roles and influencing, he will be more effective in his role.

31. Namboodiri N.V. (2001) in his article, "Economics of Scale and Scope of Central Cooperative Bank," explored the cost relationship of DCCBs. He applied a multi product cost function to reveal the cost structure of these banking institution and economics of scope for future expansion in their banking operations.

32. Devaraj T.S. (1999) studied "Working of District Central Cooperative Bank, Hassen, Karnataka. An Analysis". The objective of the study were to study the progress made in the share capital, to examine the size and composition of working funds, to analyze the credit structure of the bank, to study the economic viability of the bank and to analyze the over all profitability of the bank. The findings of the study were that the total share capital of the bank had increased during the study period. The working fund of the banks has substantial increased growth rate of 186 percent in composition.

33. Ramesh D. (1998) in his study, "Role of District Cooperative Central Bank in Agricultural and Rural Development", assessed the performance of DCCBs, in respect of resource position, supply of credit and efficiency. He examined the extent of cooperative loan overdues and investigated the factors responsible for non payment of cooperative loans.

The important finding of the study was that the share capital of members and government had increased during the study period. The share capital of the DCCBs is subscribed by the affiliated societies, government and individual member. The percentage of contribution by members to share capital had steadily declined during the study period due to the individuals not living allowed to become as ‘A’ class members.

The borrowings of the bank met 80 per cent of its credit needs. The volume of borrowings was continuously increasing during the study period. Loans and advances indicate the increasing trend in the lending performance of the DCCB. The working capital have shown a steady increase but a close observation of the figures reveal that the quantum of borrowings is more than three fold compared to owned funds and deposits put together.

The over dues amount of the bank had been steadily increasing every year. The study concluded that the problem of mounting overdues had paralysed the entire credit structure. The lack of supervision, book adjustment and inability of peasants to pay back their loans on maturity of loan are the major reasons found as responsible
for mounting overdues. The proper supervision of loan trained and qualified staff and imparting cooperative education may be helpful in the reduction of over dues.

34. Jaynthe Lal Jain and Swaminathan, (1998) in their study “Deregulation of Interest Rates on Deposits and its Impacts”, reviewed the stages of deregulation, the steps taken by the RBI regarding inflation and interests rates, capital amount convertibility norms and the impact of deregulation.

35. Rangasamy V. and Subbiah.D, (1997) studied “The Role of Kamarajar District Central Cooperative Bank in Financing to Agricultural Sector”, study had revealed considerable role of KDCCB in providing finance to the agricultural sector under the lead bank scheme in the district. They have conclude that out of the total finance provided to the agricultural sector in the district, the share of KDCCB is commendable when compared to other financial agencies in the district.

36. Metha, (1995) studied “Working of the DCCB” by using both primary and secondary data. The major findings of the study include, (i) insufficient lending to the weaker sections, (ii) insufficient loan amount for meeting ST credit requirements of the farmers; and (iii) lesser than the lending and recovery of loans.

37. Kumar Priya Ranjan and Singh R.K.P, (1995) conducted a study on, “A study on the Managerial Dynamics of Nalanda Central Cooperative Bank (Bihar Sharif)-A Case Study”. The objective of the study was to analyse the working of the bank with special reference to functioning of different management bodies like general body, board of directors and working committee. The personnel management aspects of the bank have also been analyzed on the basis of feedback obtained from officials of the bank.

The study concluded that the above factors analyzed after indicate that there were a large number of depositors in the bank who provided funds to meet the commitments for lending activities of the bank but they were not given any representation to the board of directors. A critical study of boards’ function indicated that the board was overburdened with the heavy responsibilities, starting from the sanction of loan to removal of an employee of the bank, if necessary, which may not be humanly possible in a meeting of few hours. Hence, there is need to decentralize the responsibilities by creating committees on different functions of
the bank like disbursement of loan, mobilization of deposits, accounting, personnel management and realization of loan etc.

The study highlighted that the bureaucrats were ill equipped with respect to banking principles and practices and they did not have exposure to rural problems/people. There is no alternative to democratic management of cooperative banks. However, democratic leaders of the cooperative banks are required to be trained in banking practices, human relation and management principles for smooth functioning of the cooperative bank.

38. Sahoo and Sahoo, (1991) examined the ‘Working of the DCCB in the state of Orisa’. They evaluated the growth and development of the banks, their performance in mobilizing deposits, financing agriculture and non-agriculture sectors, recovery performance and the managerial and financial efficiency. The study revealed that the growth in the deposits mobilization has not been consistent. A major portion of the deposits came from affiliated societies. Public deposits did not show an encouraging picture. Credit deposits ratio also revealed that the growth of deposits is not commensurate with the growth in advance. The profitability of the banks had been very low.

39. Punia, (1989) examined the CCBs with respect to their resources, its adequacy and management, credit monitoring and the financial management. Interviews, discussion, observations and case studies were used extensively. The study revealed weakness in the management of DCCB which include poor recovery performance and misutilisation of the loans due to poor supervisor. However, the author observed satisfactory audit classification of the DCCBs.

40. Narayansamy. N. and Ramachandran.S, (1986) in their study “A Case Study of the South Arcot District Central Cooperative Bank” analyzed the performance of the bank with reference to key indicators like membership, share capital, deposit, barrowings, advances, operating expenses, establishment expenses and profit for a period of ten years from 1974-75 to 1983-84.

41. Ray A.K. Atteri B.R. and Guglani P.L, (1982) attempted a study on “Progress of Central Cooperative Banks in West Bengal” the objectives of the study was to study the progress of the central cooperative banks in West Bengal during the
different plan periods. The compound growth rate technique was used in their study for economic analysis. The study indicated that number of banks have decreased share capital, deposits, borrowings working capital, loans outstanding, loans issued and over dues during the pre independence period to post independence period. Overall picture of the structure and working of the central cooperative banks indicate that the progress was much more in respect of total paid up share capital, total deposits and total loan issued during post green revolution period, in comparison to pre green revolution period. The profit of the banks was positive and has continuously been increasing.

2.4 Other related studies

42. Mohan. S, (2008) analysed “Funds Management of CCBs” analysed the sources of working funds of a Central Cooperative Banks in Tamil Nadu and their deployment pattern. The study found that the working funds reveals that the percentage of owned fund to the total working funds is less when compared to that of deposits and borrowings. The absence of share capital from individual members is not in tune with the objectives of cooperative. Individual membership has to be improved to strengthen the cooperative structure. The deployment of working funds has to be managed effectively in order to result in surplus. The volatility of finance market and the growing competition in offering the rate of interest on deposits and charging the rate of interest on loans and advances make the management of working funds of a bank more complex and risk- packed. To enhance the returns, the loans portfolio has to be increased taking more caution. The staff and officers have to be trained to practice good lending and prompt recovery.

43. Darling Selvi.V, (2008) studied on “Lending Performance of Kanyakumari District Central Cooperatives Bank”. She has analyzed the lending operation of the bank. The profitability position of the KDCCB is highly fluctuating over the years under study from 1999 to 2006. During the years 2000-01 and 2005-06, the bank has suffered loss. The overall growth rate of loan disbursement on short term credit shows a positive growth of 25%. The credit facilities extended by KDCCB are high for services, medium for industries and low for agriculture. With regards to the debt recovery position of KDCCB, it is not satisfactory over the periods under study as the bank is not able to recover its debts on time. With regards to the amount of disbursement, it is high for short term loan, moderate or medium term loan and is low on long term loan. The trend
on NPA is increasing to the extent of 105%. On an average, the NPA on agriculture sector 38%, service sector 25%, industry sector 20% and the priority sector 17%.

Finally she has concluded that, it has invested both in fixed assets and current assets, its debt recovery position is not good. If the bank concentrates more on the mobilization of memberships and in the speedy recovery of debts, it has a good future both in increasing its own profitability and also can serve the rural mass more efficiently. Hence, the overall performance of the KDCCB is good. If the benefits are properly toiled and utilized it has a bright future both to the community and to the nation.

44. Koli. P.A. and Landage. P.B, (2007) analysed “Financial Performance of District Central Cooperative Bank. A Case of Ratnagiri District Central Cooperative Bank”, has explained about the performance of the Ratnagiri District Central Cooperative Bank (RDCCB) in the entire district. They found out that annual growth rate of total deposits of the RDCCB ranged in between 1.26 per cent to 47.01 per cent during the study period. All over the period it is observed that the fixed deposits were increasing by higher rate, it followed saving deposits, current deposits and other deposits respectively. The share of fixed deposits in the total deposits ranged in between 36.56 per cent to 53.22 per cent which was significant comparing to other types of deposits. The share of saving deposits in the total deposits ranged in between 28.03 per cent to 45.36 per cent whereas that of current deposits ranged in between 10.50 per cent to 18.56 per cent and 4.49 per cent to 9.22 per cent and other types of deposits respectively. In a nutshell, fixed deposits of the bank occupied the prime place in mobilizing the funds followed by savings, current and other deposits. The composition of working capital of RDCCB throws light on the significance of the borrowings of the bank. The borrowed funds which were Rs.1661.65 lakhs 1983-84 rose to Rs.43880.95 lakhs by 2004-2005 indicating growth by 2540.81 per cent during the study period. Thus, the analysis indicates that RDCCB and comparatively less owned funds depended mostly on the borrowed funds throughout the study period. The agricultural loans are again divided into production credit and investment credit. For any credit society, repayment of credit is important. However, the recovery performance of RDCCB shows that the percentage of recovery was varying in between 62.83 per cent to 87.36 per cent whereas the percentage of overdues to outstanding was varying in between 9.45 per cent to 42.66 per cent during the study period. The trend in loan recovery shows that the bank was trying at its efficient level.
Finally, it concluded that the recovery performance of the banks was positively increasing with the increase in loan transactions and Non Performing Assets; the provision made against NPA was of increasing trend and its annual growth rate varied in between 1.33 per cent to 113.45 per cent which indicated seriousness in the financial performance of the bank.

45. Ramesh. D, (2007) studied on “Rural Credit Delivery. Performance and Challenges before MDCCB” assessed the performance of DCCB in respect of resource position, supply of credit and efficiency, to examine the extent of cooperative loan overdues, to investigate the factors responsible for non payment of cooperative loans, and to identify the basic problems faced by DCCB in general and to put forth some suggestion to strengthen the cooperative movement. The methodology was adopted based on the secondary; the secondary data were used to collect the required information for the study. The secondary data was derived from annual credit plan from the district concerned undertaken in the study and official records of Regional office, NABARD, Hyderabad and DCCB annual reports. Apart from them, a field survey is made by administering a structured schedule in order to have first hand information about the factors causing mounting overdues.

It reveals that the particulars of share capital of MDCCB from 1990-91 to 2003-04. The share capital in 1990-91 consisting of members, government, and others was Rs.56.72 lakhs and it had increased to Rs.144.67 lakhs. Increase in the share capital of MDCCB is collectively subscribed by the affiliated societies, government and individual members. But in the case of A.P State cooperative societies act, the individuals are not allowed to become as ‘A’ class members. The percentage of contribution to the share capital members steadily declined during study period. The working of a central cooperative bank consist of the following share capital, reserve and other funds, deposits from members and non members, state cooperative bank, NABARD, state cooperative central agricultural development banks.

46. Sujatha. V, (2007) studied on “Financial Performance of the Krishna Cooperative Central Bank Ltd.” He examined the recommendations of the Expert Committee on Restructuring of the Cooperative Credit Institutions in the State and to evaluate the financial performance of the KCCB Bank. The study analysed through ratio analysis like liquidity, Productivity and profitability. The major findings of the study are the
Weaknesses of the KCCB have to be converted into strengths through a planned and sustained effort. Otherwise they soon may become threats to the profitability and business of the bank. The above problems identified have to be tackled immediately by the bank to function effectively. It concludes that the bank should launch a vigorous deposits mobilization campaign to achieve a minimum growth every year. There is an imperative need to diversify the loan portfolio of the KCCB by progressively involving more resources in the non-agricultural sector. The KCCB should not hesitate to enforce the provisions in the Andhra Pradesh Cooperative Societies Act to recover loans, in order to reduce the burden of growing non-performing assets.

47. Jadhav, K.L, (2007) attempted on, “Mounting Overdues in DCCBs of Maharastra”. The study was undertaken with following objectives viz. to study the region wise and period wise performance of DCCB in respect of over dues in Maharastra, to study the average loan overdues per DCCB and its composition and demand and percentage of loan overdues to loan outstanding. The annual rates of compound growth were established for three different periods.

The studies concluded that the poor performance in recovery by DCCB was quite comprehensible from an increase in total overdues of the DCCB in Maharastra state. The highest growth in total overdues was noticed in the DCCB of Maharastra region for the entire period of the study. There was maximum growth in overdues during period I as compared to period II in all the regions and in the state as a whole except in Vidarbha region where a reverse trend was noticed. Some efforts were made to curb the overdues after banking reforms (period II) due to which the growth in overdues showed some decline except in Vidarbha region. The proposition of overdues to outstanding loan in DCCBs had increased in the entire region except western Maharastra.

48. Ramesh. D. (2006) in his study, “Economic Reforms and Agricultural Development through Cooperatives. A Study” analyzed the need and importance of agricultural credit in view of modernization of agriculture in Mahabubnagar District, Andhra Pradesh. The important highlights of the study are need for agricultural credits in Indian economy depend upon the grounds and development of the agricultural sector. The financial performance of DCCB, Mahabubnagar, was made to analyzing the working capital. It revealed that the volume of borrowing was continuously increasing in the study period. The percentage share of the owned

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capital to total capital was also fluctuating. The overdues of the bank has increased much due to lack of supervision, lack of prompt action against willful defaulters and general slackness in the efforts to recover the loans and prevailing drought conditions. The study revealed that the financing mechanism in this vital sector is lopsided and infected with a number of problems. There should be ample flexibility for the cooperatives to implement their own method of recovering the due from their members through group pressure. Most of the funds provided for agricultural development are misdirected towards other activities and social functions. This forfeits the very purpose of providing financial assistance apart from weakening the capacity of the farmers to repay. Hence, lending policies of the cooperatives should be brought in conforming to the requirement of the borrowers. The loan should be need based and the need should be assessed on the basis of annual requirements of agricultural operations. All the steps will lead to restructuring the institutional financing of agriculture, which will prove advantages to the agriculturist and the financing institution.

49. Yadav B.S. and Kaynat Tabassum (2006) studied on “Deposit Mobilization by Central Cooperative Banks in Haryana State”. The objective of the study was to estimate the average growth in deposits and to discuss whether the deposits are increasing proportionately to their owned funds and total assets/working capital or not. The ratio of deposits to owned funds has been calculated by dividing the figure of total deposits by the owned funds. The ratio of deposits to owned funds has witnessed a decreasing trend during the study period. The sources of total assets or working capital of central cooperative banks consists of the paid up share capital, reserves and other funds, deposits from cooperative societies, individuals and others, borrowing from state cooperative bank/ RBI/ NABARD through state cooperative bank and government. The study conclude that the total deposits mobilization in all the central cooperative banks was not satisfactory during the period under study because the deposits registered a loss increasing trend in comparison to owned funds and total assets.

50. RBI, (2001) studied the ‘Non-Performing Assets with District Central Cooperative Banks in Tamil Nadu’. When money is lent as loans and have become non-recoverable will create over all problems to the banker. Their liquidity and profitability will be affected. Further loans can not be issued in time. When the capital
is locked idle, it will lead to erosion of financial resources. The study stated that credit management like defective credit recovery mechanism, lack of professionalization in the workforce, long time between sanctions and disbursements, unscientific repayment schedule and many others were the main causes. On the other side the mis-utilisation of loans by the borrowers, untimely communication to the borrowers regarding their due date, lack of strong legal mechanism, political interference at local level etc. have also been contributing their chunk to the total stock of NPAs. The report further recommend that major loan portfolio is agriculture and the failure of the primary societies led to increase in NPA of District Central Cooperative Banks. Negative attitude of farmers prevented the central cooperative bank to launch massive collection drive. Inspite of warnings given by RBI and NABARD the overdues and NPA could not be bought down. This ultimately affects the disbursement of next loans for farming operations.

51. Padmini. E.V.K, (2000) worked on “Trends in Pattern of Sources and Uses of Funds of District Co-operative Banks in Kerala”. The objective of the study was to examine the trends in the compositions of sources and uses of funds of six DCCBs in Kerala for the period 1979-80 to 1993-94. She has analyzed the sources and uses of funds like share capital, reserve fund, deposits, borrowings, cash in hand, money at call notice, loans and advances, fixed assets and investments in securities with the help of average and compound growth rates.

The study found that the majority of the parameters were showing a consistent and proportional increase over time. It also revealed that in almost all cases, exponential functions could explain the growth pattern.

52. Bagade.S.R and others, (1997) in their study “Organizational Pattern and Working of District Central Cooperative Banks in Konkan Region of Maharashtra State”, analyzed organizational pattern and working of district central cooperative bank in Konkan region of Maharashtra State. He analysed all the District Central Cooperative banks (four) functioning in Konkan region of Maharashtra State excluding Mumbai. It was conclude that per branch population for Raigad district central cooperative bank and Thane district central cooperative bank was increased, while for Ratnagiri district central cooperative bank and Sindhudurg District Central Cooperative Bank was decreased. This might be because of high population growth in Raigad and Thane districts (22.81) and 56.59% respectively) as compared with Ratnagiri and Sindhudurg districts (11.97%) and 6.39% respectively. On an average,
7 to 9 employees were employed in the district central cooperative banks in Konkan region. At the head office, the maximum number of employees were in account section followed by administration section, loan section and field staff. At branch level, the proportion of office staff was more than 85 per cent.

53. Puyalvannan, P, (1997) in his study "A Study of Overdue, Recovery Performance and Erosion of Funds in Central Cooperative Banks", analyzed the overdue recovery performance and erosion of funds in Central Cooperative Banks and stresses on the fact that, while lending is a fine art requiring sharp commercial acumen, efficient and effective recovery of advantages is perhaps a still fine art, requiring a high degree of specialization. The study revealed the recovery climate which adversely affected the recovery performance during 1989-90 as a result of implementation of the scheme (1990) and was yet to return to normal as the borrowers did not repay the current dues in the expectation of the similar relief. The percentages of recoveries to demand during 1990-91 widely fluctuated. Hence, the study concluded that the growing politicization and the announcement of debt relief scheme adversely affected the recovery climate. Wilful defaulters contribute much for mounting overdues. The PACBs are not passing on the recovery of loans and collection of overdues to the CCBs. This result in continued imbalance and increasing overdue of PACBs at CCB level make the later to come to a grinding halt. Further, percentage of erosion of owned funds of some of the CCBs was high. The study concluded that better strategies must be evolved for effective recovery and the recovery procedures must be strengthened. Further, a law may be passed to furnish heavily the willful defaulters and who abstain from remitting dues. The farmers must be educated about the need to repay the loans.

54. Muthupandian.K, (1995) studied on “A Case Study on Tirunelveli District Central Cooperative Bank”. The objectives of the study are to know the organizational structure of TDCCB, to study the issues relating to lending agriculture credit of the TDCCB and the benefits of the farmers with the help of TDCCB. In his study he analysed the working capital position that is share, deposits, reserve fund, loans, government grand, classification of credit like, ST, MT and LT credit, lending procedures, recovery of loans, funds analysis etc. The finding of the study is that organizational structure promotes stability and creates lot of creditability among the farmers. It also helps free flow of funds at all level without any problem. It functions
more or less a corporate body. The study suggested that the ST and LT credit structure
the organizational competence are found to be ineffective because of lack of
communication, it conducts periodic audit but in most of the primary banks it does not
conduct audit and supervision. The working of PACB can be considerably improved
by supervision and inspection. The audit should be undertaken regularly and it should
take immediate action of the objection raised in the audit report. The cooperative
banks need efficient management for better coordination with the organization.

The study conclude the progress of TDCCB, the primary societies and the
growth of the cooperative sprit among the members but also upon the extend to which
they are able to mobilize deposit and savings and make recovery of bad debts. They
will have to encourage agriculture development and will have to come up in the
standard of supervision of the societies under their charge.

55. Syal. H.S. (1994), viewed that the cooperative sector has been administered by
Govt. which gave a great stimulus to the growth of the movement in India. However,
the state patronage also passed a variety of restriction to the smooth functioning of the
enterprise which includes regulations on income owned expenditure interference in
the management by the state bureaucracy, encroachment by political parties in their
internal management and so on. Thus, on their own, the cooperative banks can do
very little in managing their income from loans. Besides, most of the cooperative
banks have been facing problems like membership, overdues, operational in-
Efficiency due to lack of professionalism in management, declining ancillary income
due to poor customer service, inability to accommodate technological advances in the
banking sector and so on.

Srikakulam (AP)”. has attempted to review the operational performance of the
management and the role of leadership of the bank in mobilizing deposits. As regards
the role of the leadership, the individual role of the president and directors of the
banks in deposits mobilization has been examined.

57. Narasimhan.M, (1992) evaluated the reforms in India mainly aiming at
improving the health and vigor of the financial system through measures like
dismantling administered interest regime, reduction in CRR and SLR; introduction of
prudential norms such as, income recognition, provisioning and capital adequacy etc.,
these newly introduced measures mostly focuses on aspects like viability, transparency and autonomy in operations.

58. Munish, (1990) “Financial Management Techniques” studied the growth of DCCB banks in Gujarat. To evolve viability criteria for them and to discern the behaviour of the financial parameters such as capital funds, deposits, loans and advances and overdues, statistical techniques like correlation, regression and Chi-square were used in the analysis. The study revealed the urban banks have greater operational attitude in exercising financial prudence in the area of non-interest items than their rural counterpart. But they have not tapped it adequately. The study also showed that there is scope for mobilizing more deposits and deploying them. The rate of over dues also registered a lesser compound growth rate than rural banks. The study also found that there was under-utilized capital at the disposal of the urban banks.

59. Negi, (1990) examined the operations of the DCCBs in the light of recovery performance. Both primary and secondary data were collected and district wise regression analysis was used in the study. A survey was also conducted to determine the causes for slow recovery. Correlation Co-efficient was used to establish relation between cooperative credit and recovery performance. The study revealed that the inefficiency of the bank management and the misuse of the cooperative credit as the major causes for poor recovery.

60. Mohendas.M, (1990) evaluated “Deposits Mobilization Campaigns by Cooperative Banks—Performance of a District Cooperative Bank”. He has evaluated the genesis of deposits mobilization campaigns in Kerala, Largest achievements of DCCB, Urban Cooperative Banks and PACBs and the performance of their Trichur District Central Cooperative Bank. The study is based on the monthly data on outstanding deposits and advances collected from 1979-80 to 1987-88. The study also sheds light on the impact on lending. It is found that the deposits mobilization campaigns have helped the bank to increase appreciable the quantum of working capital.

61. Shaheena, (1990) attempted to show the impact of excess resources maintained by the Trichur DCCB in Kerala, by way of CRR and SLR over and above the statutory requirements and on its profitability. In the study the opportunity cost of
excess reserves are computed on the basis of differential interest rates and included in the interest earned. It increased the spread and concluded that the average profitability of the working funds has increased after the inclusion of the opportunity cost of excess reserves and thus suggested that banks should avoid maintenance of excessive reserves.

62. Rengasami.V, (1987) in his study on “Performance Evaluation of Tamil Nadu State Cooperative Bank Ltd (TNSCPB. analyzed the deposits mobilization, lending activities and effectiveness of funds management of the bank. It concluded that the TNSCB was working on efficient lines and it is in a sound financial position. The TNSCB was not merely engaged in the routine banking business and financing of agriculture but also has progressively diversified its lending in the new directions like non agricultural activities aiming at rural development and revitalizing the cooperative movement in the state. It is performing its functions well and it acted as the guardian of the movement.

2.5 Present Study

The above studies analyzed the financial performance and the related aspects of the District Central Cooperative Banks in different states. Such review reveals that no attempt is made in assessing the financial performance of the District Central Cooperative Banks covering the different areas viz., solvency, profitability, productivity, etc. and that too in the Tamil Nadu State. Many of the above studies are early dated and the latest study especially in the post liberalization period is needed. The present study is carried out to fill this research gap and to find out the financial performance of the DCCBs in a region of Tamil Nadu covering five DCCBs.