CHAPTER – IV

ANALYSIS OF PERFORMANCE OF COOPERATIVE BANKS IN GUJARAT

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ANALYSIS OF PERFORMANCE OF COOPERATIVE BANKS IN GUJARAT

The cooperative banking sector is one of the main partners of banking structure in Gujarat. The cooperative banks have more reach to the rural Gujarat, through their huge network of credit societies in the institutional credit structure. The cooperative sector has played a key role in the economy of the Gujarat State and always recognized as an integral part of state’s economy. Cooperatives have ideological base, economic objects with social outlook and approach. The cooperative covers almost 100 cent percent villages in Gujarat. The cooperative form of organization is considered one of most ideal financial institutes for economically weaker sections in the Gujarat. According to analysis and several studies cooperative banks and cooperative credit societies (PACS) amount for about 25 to 30 percent of agriculture and micro credit in India and the role of cooperatives is obviously better in Gujarat than other parts of India.

Short-term structure is a three tier structure with PACS in rural areas, Cooperative Central Banks at the district level and the Apex Bank at the state level. The short-term credit structure provides short-term credit for crop production and medium-term credit for small developments. Gujarat State Cooperative Agriculture and Rural Development Bank (GSCARDB) at the State level and Primary CARD Bank at the Block level cater to the long-term credit needs in the two tier credit delivery system. In the short term credit structure, 8300 PACS including 376 LAMPS are functioning. In addition to this, there are 18 District Cooperative Central Banks with 1140 branches. Gujarat State Co-operative Apex Bank is functioning as state level financial institution. It has opened its 7 branches from the year 2014 onwards. In the long term credit structure GSCARD Bank with 18 District CARD Banks including 144 branches are functioning.

As per the analysis of data it is found that the cooperative and particularly agriculture cooperative credit system in Gujarat has made significant progress in terms of financial parameters and all the cooperative financing institutes have
achieved their social goals to serve their members. All the cooperative credit institutes under namely The Gujarat State Cooperative Bank and the District Cooperative banks and also the Gujarat State Cooperative Agriculture Development Bank have played significant role in mobilization of savings and thrift as well as credit dispensation to the farmers and rural people. All these banks have made significant contribution in the socio economic development of their members by providing facilities of credit for long term periods.

4.1. Gujart State Cooperative Bank Ltd.

The Gujarat State Cooperative Bank was established in year 1960 and registered under the Gujarat State Cooperative Societies Act 1961. The Bank is already enjoying the status of a Scheduled Bank and having requisite Banking License. Nearly 28 Lacs farmers of 8100 PACS affiliated with GSCB through 17 DCCBs and a co operative banking union are enjoying credit facilities. GSCB has a consistent history of receiving awards from NAFSCOB for its best overall performance and corporate governance. It has been receiving such awards in the past as well as for last four consecutive years. It has also received the award as the Institution amongst the Best Performing Co-operative Organisation from the National Co-operative Union of India New Delhi.
Table 4.1
Analysis of Financial Performance of the Gujarat State Cooperative Bank Ltd.
Rs in Lakhs

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<td>112.56</td>
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(Source: Balance sheet of GSC Bank 2006-07 to 2012-13)
4.1.1. Analysis of Gujarat State Cooperative Bank:

The above table No 4.1 shows the financial performance of the Gujarat State Cooperative Bank from the year 2006-07 to 2012-13.

Graph No. 4.1

(Source: Balance sheet of GSC Bank 2006-07 to 2012-13)

Share Capital: The details of owned funds of GSCB is given in the above graph no. 4.1. The share capital of GSC bank was Rs. 1668.32 lakhs in the year 2006-07, which had growth of 34.86% and it was Rs. 2249.85 lakhs in the year 2012-13. The Growth rate reported is 5.81%.

Reserve Funds: GSC Bank was having Rs. 1890.59 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 3282.64 lakhs in the year 2012-13. The growth reported is 73.63% and growth rate was 12.27%.

Other Reserves: The other reserves of GSC Bank was Rs. 33263.9 lakhs in the year 2006-07, which was increased and it reached upto Rs. 46206.41 lakhs in the year 2012-13. The growth was 38.91% and growth rate was 6.48%. The owned funds of the GSCB has been increased from 2184.59 crores to Rs 2249.85 Crores during the study period.
The total deposits of GSC Bank was Rs. 203449.83 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 527468.4 Lakhs in the year 2012-13. The growth was 159.26% and growth rate was 26.54%. The GSCB has done tremendous progress in mobilisation of deposits and it has launched several campaigns for deposit mobilizations. The graph No 4.2 indicates the trends in deposits mobilizations by the GSCB.
The graph no. 4.3 reveals the total Loans & Advances granted by the GSCB during the study period. The loan & advances of GSC bank was Rs. 218862.69 in the year 2006-07. In the year 2012-13 it was increased and reached upto Rs.431159.01 lakhs. The growth was 97% and growth rate was 16.17%.

(Graph 4.4
Agriculture Loans disbursement by GSCB (Rs in lakhs)
(Source: Balance sheet of GSC Bank 2006-07 to 2012-13)
The graph 4.4. Shows that the bank has made remarkable progress in terms of disbursement of agriculture loans and advances during period under study. It accounts more than 90% agriculture advances in total advance of GSC Bank.

**Borrowings:** GSC Bank accepts borrowing from NABARD for the purpose of landing to DCCBs. In the year 2006-07 the borrowing of GSC bank was 131465.7 lakhs. It was increased year by year and in the year 2012-13 the borrowing of GSC Bank was Rs.315939.17 lakhs. The growth was 140.32% and the growth rate was 23.39%.

**Net Profit/ Loss:** Except the year 2007-08, the GSC bank is continuously earning profit. The bank has earned Rs.550.93 lakhs profit in the year 2006-07. But the in the year 2007-08 banks has loss of Rs.5265.71 lakhs. The growth rate of profit recorded is 675.51%. In the year 2012-13 the profit was Rs.4272.53 lakhs. The total growth rate is 112.59%.

**Cash & Balance with other banks:** For the purpose of maintaining liquidity GSC banks is maintaining cash on hand and balance with other banks. In the year 2006-07 the cash on hand maintained was Rs. 13803.06 lakhs and balance with other banks was Rs.62375.23 lakhs. In the year 2012-13 cash on hand maintained was Rs. 27016.99 lakhs and balance with other banks was Rs. 230526.54 lakhs. The growth reported in maintenance of cash balance was 95.73% and growth rate was 15.96%. The growth in balance with other banks was 269.58% and growth rate was 44.93%.

**Investment in G-Sec:** The investment of GSC Bank in Government securities was Rs. 86629.9 lakhs which was increased and reported Rs.191950.79 lakhs in the year 2012-13. The growth was 121.38% and the growth rate was 20.26%.
The above graph 4.5 indicates that the CD Ratio of GSCB had been declined from 107% in 2006 to 42.83% in 2009-10 but after that it again has shown increasing trend and till the year 2012-13 it has reached up to 81.74%. It is the good sign for GSCB to increase the profit and profitability.

**Fixed Assets:** The fixed assets of GSC Bank were of Rs.1607.41 lakhs in the year 2006-07, it reached upto Rs.12834.38 lakhs in the year 2012-13. The growth was 698.45% and growth rate was 116.41%.

**Interest Receivable & Mix.:** The interest receivables and mix of GSC bank was Rs.5722.81 lakhs in the 2006-07. The same was Rs.5927.87 lakhs in the year 2012-13. The growth was 3.58% and growth rate remained 0.60%.
4.2 Gujarat State Cooperative Agriculture and Rural Development Bank

This Bank was established in the year of 1951 in the erstwhile state of Saurashtra as an apex body for providing long term agricultural loans to agriculturists and was named as Saurashtra State Central Co-operative Land Mortgage Bank Ltd. Its jurisdiction was confined to the then state of Saurashtra consisting of 5 districts. Saurashtra was merged with Bombay state in 1957 but this bank continued to work as separate institution even in the bigger bilingual Bombay State but its area of operation was limited to the region of Saurashtra only. Consequent upon the bifurcation of Bombay state and on formation of separate State of Gujarat in 1960, this bank extended its jurisdiction to the whole of Gujarat State in 1961. Name of the Bank was also changed to Gujarat State Co-operative Land Mortgage Bank Ltd. to confer the jurisdiction suitably to cover whole of Gujarat. Thereafter, the name of the bank was changed in 1965 to correlate its activities from "mortgage banking to " developmental banking" for land improvement and accordingly the name "Gujarat State Co-operative Land Development Bank Ltd. "was adopted from 1965. This name is also changed so as to be commensurate with the financing for non-farm sector and such other activities allied to rural development. The changed name is now "The Gujarat State Co-operative Agriculture and Rural development Bank Ltd." 

This bank is an apex institution in the co-operative sector in the State of Gujarat for providing investment finance for the development of agriculture and allied activities. It has adopted unitary structure and does its business through the network of branches numbering to 176. It has got 17 District Offices to control the working of branches and to ensure the advantages of decentralized administration. Its Registered Office is at Ahmadabad. This bank has got unitary structure having Head Office at the state level and branches at each taluka level. The head office functions through seventeen district offices.
### Table No. 4.2
Performance of Gujarat State Cooperative Agriculture Development Bank
(Rs in Lakhs)

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<td>2869.46</td>
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<td>-7.93</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>883.82</td>
<td>899.75</td>
<td>893.66</td>
<td>906.67</td>
<td>923.61</td>
<td>26265.7</td>
<td>26246.96</td>
<td>2869.72</td>
<td>478.29</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>2033.48</td>
<td>1984.42</td>
<td>8303.68</td>
<td>9074.51</td>
<td>9117.2</td>
<td>1119.79</td>
<td>1618.76</td>
<td>-20.39</td>
<td>-3.40</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>86085.23</td>
<td>81262.16</td>
<td>82900.66</td>
<td>80721.89</td>
<td>79093.56</td>
<td>100191.92</td>
<td>106618.18</td>
<td>23.85</td>
<td>3.98</td>
</tr>
</tbody>
</table>

(Source: Balance sheet of GSCARD Bank 2006-07 to 2012-13)
4.2.1. Analysis of Gujarat State Cooperative Agriculture and Rural Development Bank

The above table No. 4.2 shows showing that the Gujarat State Cooperative Agriculture & Rural Development Bank (GSCARDB) the working of Gujarat State Cooperative Agriculture & Rural Development Bank (GSCARDB) from the year 2006-07 to 2012-13.

Share Capital: As per the graph no. 4.6 the share capital of GSCARDB has been decreased by 15.55% during the period of eight years. The share capital of GSCARDB was Rs.5274.24 lakhs in the year 2006-07, which has been decreased upto Rs. 4448.47. The decline in share capital found in the bank, it is because the bank could not make new members and also it has returned of share capital linked to the loans and advances.

Reserve Funds: GSCARDB was having Rs. 3708.59 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 8414.06 lakhs in the year 2012-13. The total growth in reserve funds was 126.88 % and annual compounded growth rate was 21.15%. The reserve funds indicates that the bank is making profits and retaining some portion as reserve as per the legal
requirements. The other reserves of GSCARDB was Rs. 4964.40 lakhs in the year 2006-07, which was increased and it reached uptoRs. 38331.51 lakhs in the year 2012-13. The growth was 672.13% and growth rate was 112.02%.

Graph No. 4.7

Deposits of GSCARDB (Rs. In Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Deposits</th>
<th>Savings Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>7557.38</td>
<td>121.52</td>
</tr>
<tr>
<td>2007-08</td>
<td>6443.53</td>
<td>235.43</td>
</tr>
<tr>
<td>2008-09</td>
<td>10434.79</td>
<td>13869.79</td>
</tr>
<tr>
<td>2009-10</td>
<td>13288.04</td>
<td>15092.09</td>
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<tr>
<td>2010-11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>20323.36</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Balance sheet of GSCARD Bank 2006-07 to 2012-13)

**Deposits Mobilisation:** The GSCARDB is mainly accepting deposits in the form of long term deposits. As per the graph no. 4.7, the total deposits of GSCARDB were Rs. 7557.38 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 20323.36 Lakhs in the year 2012-13. The growth was 167.73% and growth rate was 27.96%. The saving deposits were Rs.121.52 lakhs in the year 2011-12. The next year, 2012-13 it was reported 235.43 lakhs, which is showing the growth of 93.74% and growth rate 15.62%. The GSCARDB is popular in the rural areas and it offers the attractive rate of interest to its members, and therefore it could mobilise the significant amount of deposits.

**Borrowings:** The GSCARDB accepts borrowing from NABARD for the purpose of landing to farmers. In the year 2006-07 the borrowing was Rs.47404.61 lakhs. It was decreased year by year and in the year 2012-13 the borrowing of
GSCARDB was Rs. 6932.35 lakhs. The growth was -85.38% and the growth rate was -14.23%. The GSCARDB was not eligible to avail the refinance facilities and borrowing facilities from NABARD because of several reasons, including its high NPA and hence it was mainly dependent on its own resources for lending. The high cost of interest of deposits the interest on lending was high and it was resulting low offtake of loans and also low recovery of loans.

Graph No. 4.8

**Net Profit of GSCARDB**

(Source: Balance sheet of GSCARD Bank 2006-07 to 2012-13)

Net Profit/ Loss: As per the above graph no. 4.8, the GSCARDB is continuously earning profit. The bank has earned Rs. 2296.07 lakhs profit in the year 2006-07. In the year 2012-13 the profit was Rs. 3751.60 lakhs. The growth rate of profit recorded is 63.39%. The total growth rate is 10.57%. The GSCARDB was not eligible to avail the refinance facilities and borrowing facilities from NABARD because of several reasons, including its high NPA and hence it was mainly dependent on its own resources for lending. The high cost of interest of deposits the interest on lending was high and it was resulting low offtake of loans and also low recovery of loans.

Cash & Balance with other banks: For the purpose of maintaining liquidity banks is maintaining cash on hand and deposits with other banks. In the year 2006-07 the cash on hand maintained was Rs. 1534.37 lakhs and deposits with
other banks were Rs. 8743.75 lakhs. In the year 2012-13 cash on hand maintained was Rs. 1164 lakhs and deposits with other banks were Rs. 4207.32 lakhs. The growth reported in maintenance of cash balance was -24.14 % and growth rate was -4.02%. The growth in in deposits with other banks was -51.88 % and growth rate was -8.65%

**Investment in G-Sec:** The investment of GSCARDB in Government securities was Rs. 11039.96 lakhs which was increased and reported Rs. 15391.78 lakhs in the year 2012-13. The growth was 39.42 % and the growth rate was 6.57%.

**Graph No. 4.9**

![Graph of Loans and Advances of GSCARDB](attachment:image.png)

(Source: Balance sheet of GSCARD Bank 2006-07 to 2012-13)

**Loans & Advances:** As per the graph no. 4.9 the loan & advances of bank was Rs. 61849.85 lakhs in the year 2006-07. In the year 2012-13 it was decreased and reached upto Rs.57989.36 lakhs. The growth was -6.24% and growth rate was -1.04%. Since the GSCARDB was mainly dependent on its own resources for lending because it was not eligible for cheaper refinance from NABARD because of certain criterias and therefore due to unavailability of sufficient funds, the bank was not able to provide more loans. The high cost of interest of deposits the interest on lending was high and it was resulting low offtake of loans and also low recovery of loans.
**Fixed Assets:** The fixed assets of GSCARDB were of Rs.883.82 lakhs in the year 2006-07, it reached upto Rs. 26246.96 lakhs in the year 2012-13. The growth was 2869.72% and growth rate was 478.29%. It is significant to be note that, the bank has not purchased any big premises of fixed asset during the study period, but the analysis shows that the assets have been increased in many folds. The growth in Assets was found because of re-valuation of the fixed assets at the current market price and it was done by appreciation of assets. However, the prices of assets particularly office premises have been gone up due to market conditions.

### 4.3. District Central Cooperative Banks in Gujarat

DCCBs are in fact a federation of Primary Agricultural Credit Societies and other types of societies working within their jurisdiction. It has to undertake various promotional and developmental activities also. Being the social banker, it has to take banking facilities to the rural areas and unbanked centers. It is the spokesman for not only the primary agricultural credit societies, but also for other kinds of DCCBs institutions in the district. The DCCBs are also doing personal banking along with the financing of primary credit societies. The DCCBs are nodal centers of financial institutions in the DCCBs sector in a district. They have to mobilize the available resources and utilize them in the most efficient and profitable manner. There are 18 DCCBs working in Gujarat. The analysis of working of DCCBs of Gujarat is as under:
The above graph 4.10 reveals that the membership of DCCBs increased slightly from 36153 in 2001-02 to 37463 in 2012-13. The DCCBs have majority of members from the institutional category of cooperative societies and the DCCBs also have some members less than 10% from the individual categories also. The membership was almost stagnant because there was negligible increase in the institutional memberships.
The graph No. 4.11 reveals that the share capital of DCCBs has been increased significantly by 63.28% from Rs 260.37 crores in 2001-02 to 425.14 crores in 2012-13. Since all the DCCBs have a system of linking of share capital with the loans and advances, the DCCBs are able to increase its share capital by 63% during the last twelve years. The share of share capital from new individual members is less than 2% during the last ten years.

(Source: Annual Report of NABSCOB)
The graph No. 4.12 shows that the reserve funds of the DCCBs in Gujarat have been increased significantly from Rs 893.19 crores to 1946.33 crores in 2012-13 by accounting growth of 118%. Since all the DCCBs in the state earn profit and all have to maintain the statutory reserves @ 25% on net profits. The reserve funds also include the other reserve funds as per the cooperative society’s act and bye laws. The increasing volume of reserve funds indicates the financial strength and net worth of the DCCBs.

Graph No. 4.13

The graph No. 4.13 indicates the growth in deposits mobilization by the DCCBs in Gujarat. The deposits of the DCCBs in Gujarat have been increased significantly from Rs 6813.46 crores to 14879.65 crores in 2012-13 by accounting growth of 118%. The growth in deposits in the DCCBs was significant because some progressive DCCBs namely, Rajkot DCCB, Ahmedabad DCCB, Surat DCCB have made several initiatives and campaigns for deposit mobilizations. The DCCBs are very much popular in rural areas and they are able to attract the rural depositors for keeping their deposits with DCCBs.
The graph No. 4.14 shows the growth in disbursement of loans and advances by the DCCBs in Gujarat. The loans and advances made by DCCBs in Gujarat were Rs5803.58 crores in 2001-02 which have been increased by 87.52% and reached upto 10882.61 crores in 2012-13. The growth in loans and advances by the DCCBs in Gujarat was mainly because of increasing of scale of finance and the government policy of doubling of agriculture credit. The DCCBs also given loans to the non farm sector, which was accounting almost 10 to 15% of the total loans. It is noteworthy to mention that the DCCBs are very much popular in rural areas and 70 to 80% of small and marginal farmers in Gujarat avail loan facilities from DCCBs and not from the commercial banks. It shows the creditworthiness of DCCBs and cooperative movement in general.

(Source: Annual Report of NABSCOB)
The graph No. 4.15 shows the investment made by the DCCBs in government and government approved securities. Total investments of DCCBs in Gujarat had gone up as high from Rs 3268.70 crores in 2001-02 which have been increased by almost three times and reached up to Rs 9729.50 crores in 2012-13, which indicates a healthy financial position of the DCCBs. The DCCBs in Gujarat maintain the proper liquidity ratio in form of SLR and CRR and there is not a single incident of violation of liquidity norms by any DCCBs in Gujarat during the last 12 years. It is the indication of efficient and professional management of funds by the DCCBs in Gujarat.
The graph No. 4.16 indicates the status of borrowing by the DCCBs from NABARD during the last twelve years. The total borrowings drawn by DCCBs in Gujarat were Rs 1347.92 crores in 2001-02 which have been increased by more than three times and reached upto Rs 4511.71 crores in 2012-13. The reason for borrowing from NABARD was higher because the weak DCCBs have to give loans to their members and that’s why they borrowed funds from NABARD. The share of borrowings in the working capital of DCCBs in Gujarat had significantly fallen down during the given period of 11 years except in the year 2012-13. This indicates that the DCCBs in Gujarat are showing healthy signs by reducing outside borrowings.
The graph No. 4.17 indicates the position of profit and loss of DCCBs in Gujarat. The graph shows that the DCCBs in Gujarat earned profit of Rs. 87.80 crores in 2001-02 which have been drastically decreased upto Rs 7.85 crores in 2012-13. The main reason for decline in profit was the high cost of funds and poor recovery of loans. The banks in Gujarat made the 100% provisions for the NPAs and therefore, the operation profits seen is very less. It is one of the alarming area for the DCCBs in Gujarat. The weak DCCBs namely Junagarh DCCB, Surandranagar DCCB, Kutchh DCCB, Baroda DCCBs and Bharuch DCCBs had incurred huge loss, which resulted in overall loss for DCCBs in the state.

The higher the C-D ratio the greater is said to be the lending performance of a banking institution. The average Credit to Deposit ratio (CD ratio) of the DCCBs in Gujarat was nearly 90 to 95% during 2004-06 to 2012-13. The DCCBs in Gujarat were able to maintain more or less the same percentage except one or two DCCBs in the state.

The CD ratio of DCCBs in Gujarat was high as 117% in 2005-06 and as low as 96% in 2012-13. However, the contributions of DCCBs in Gujarat with regard to volume of deposits and size of advances to the all India level have been decreasing. Regarding overdues there had been an increasing in absolutely term but reducing in term of percentage during the period of study. The total
overdues was 23% in 2005-06, which had decreased with a size of 18%. However, the share of DCCBs in Gujarat with regard to the volume of overdues at the all India level have been decreasing.

The share of overdues in the total loans issued had reduced up to 13% in 2012-13 compare to 27% in 2005-06, indicating the good sign but still it need for initiating corrective measures.

4.4 Analysis of Sample DCCBs

The analysis of selected sample DCCBs is shown as under:

4.4.1. Analysis of Ahmadabad District Central Cooperative Bank

The Ahmedabad District Central Cooperative Bank is offering its services in Ahmedabad district. The bank is having largest network of branches in Asia. The bank is offering its services in rural a well as urban areas of the district. More than 500 PACS are affiliated with bank and accepting refinance from the bank. The detailed Analysis of Ahmedabad DCCB is as under:
### Table No.: 4.3

**Analysis of Ahmadabad District Central Cooperative Bank**  
**Rs. In Lacs**

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
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<tbody>
<tr>
<td><strong>Liability</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>5303.62</td>
<td>5497.48</td>
<td>5501.28</td>
<td>5409.94</td>
<td>5393.96</td>
<td>5376.94</td>
<td>5482.84</td>
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<td>Reserve Funds</td>
<td>2193.91</td>
<td>2378.54</td>
<td>2614.83</td>
<td>2855.92</td>
<td>3112.35</td>
<td>3385.05</td>
<td>5663.92</td>
<td>158.17</td>
<td>26.36</td>
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<tr>
<td>Other Reserves</td>
<td>18664.45</td>
<td>18436.58</td>
<td>20028.51</td>
<td>23147.85</td>
<td>25434.28</td>
<td>27388.29</td>
<td>38727.08</td>
<td>107.49</td>
<td>17.92</td>
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<td>Deposits</td>
<td>176453.18</td>
<td>214637.59</td>
<td>257754.01</td>
<td>296885.52</td>
<td>307724.73</td>
<td>333599.36</td>
<td>357440.15</td>
<td>102.57</td>
<td>17.09</td>
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<td>Current Deposits</td>
<td>14793.38</td>
<td>19389.39</td>
<td>21697.38</td>
<td>20839.07</td>
<td>21072.36</td>
<td>19980.35</td>
<td>19790.71</td>
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<tr>
<td>Savings Deposits</td>
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<td>62352.34</td>
<td>71053.57</td>
<td>89919.04</td>
<td>119823.95</td>
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<td>129315.87</td>
<td>150.49</td>
<td>25.08</td>
</tr>
<tr>
<td>Fixed Deposits</td>
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<td>132895.86</td>
<td>165003.06</td>
<td>186127.41</td>
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<td>183781.27</td>
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<td>89.33</td>
<td>14.89</td>
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<tr>
<td>Other Deposits (if any)</td>
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<td>2605.66</td>
<td>2678.45</td>
<td>2767.95</td>
<td>196.11</td>
<td>32.69</td>
</tr>
<tr>
<td>Borrowings</td>
<td>16363.34</td>
<td>2857.13</td>
<td>1162.15</td>
<td>14606.27</td>
<td>53403.78</td>
<td>46676.69</td>
<td>48574.32</td>
<td>196.85</td>
<td>32.81</td>
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<td>11961.08</td>
<td>10939.22</td>
<td>12004.42</td>
<td>13263.04</td>
<td>13195.64</td>
<td>11701.54</td>
<td>32.09</td>
<td>5.35</td>
</tr>
<tr>
<td>Net Profit</td>
<td>730.9</td>
<td>761.97</td>
<td>846.75</td>
<td>925.8</td>
<td>985.3</td>
<td>992.86</td>
<td>1151.37</td>
<td>57.53</td>
<td>9.59</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>229503.28</td>
<td>259059.9</td>
<td>300098.09</td>
<td>359660.67</td>
<td>411923.1</td>
<td>433293.28</td>
<td>471509.17</td>
<td>105.45</td>
<td>17.57</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

199
| Cash Balance | 7057.13 | 8551.46 | 10420.99 | 11588.16 | 9789.63 | 13304.5 | 20131.86 | 185.27 | 30.88 |
| Deposits in Other Banks | 51904.68 | 72602.95 | 41097.14 | 118747.05 | 153837.84 | 134632.58 | 117938.27 | 127.22 | 21.20 |
| Investment in G-Sec | 56461.06 | 70146.26 | 1114102.7 | 101438.59 | 104803.11 | 105074.26 | 104087.85 | 84.35 | 14.06 |
| Total Loans and Advances | 99622.39 | 93734.98 | 99317.44 | 110527.89 | 126814.56 | 164791.02 | 198863.84 | 99.62 | 16.60 |
| Agriculture Loans | 43581.18 | 44285.12 | 43022.16 | 46289.81 | 47396.58 | 69559.34 | 86061.48 | 97.47 | 16.25 |
| Non Agriculture Loans | 56041.21 | 49449.86 | 56295.28 | 64238.08 | 79417.98 | 95231.68 | 112802.36 | 101.28 | 16.88 |
| Fixed Assets | 706.48 | 699.69 | 809.1 | 833.48 | 909.3 | 1011.41 | 11786.54 | 1568.35 | 261.39 |
| Int. Receivable & Miss. | 11956.11 | 11480.02 | 10945.93 | 14155.55 | 12132.61 | 10716.27 | 12630.05 | 5.64 | 0.94 |
| Other Assets | 1795.43 | 1844.54 | 23404.79 | 2369.95 | 3636.04 | 3763.24 | 6070.76 | 238.12 | 39.69 |
| Total Assets | 229503.28 | 259059.9 | 300098.09 | 359660.67 | 411923.1 | 433293.28 | 471509.17 | 105.45 | 17.57 |

(Source: Balance sheet of Ahmedabad DCCB 2005-06 to 2012-13)

The above table No.4.3 is showing the working of Ahmadabad District Central Cooperative Bank from the year 2006-07 to 2012-13
• **Share Capital:** The share capital of Ahmadabad DCCB was Rs. 5303.62 lakhs in the year 2006-07, which had growth of 3.38% and it was Rs. 5482.84 lakhs in the year 2012-13. The Growth rate reported is 0.56%.

• **Reserve Funds:** Ahmadabad DCCB was having Rs. 2193.91 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 5663.92 lakhs in the year 2012-13. The growth reported is 158.17% and growth rate was 26.36%.

• **Other Reserves:** The other reserves of Ahmadabad DCCB were Rs. 18664.45 lakhs in the year 2006-07, which was increased and it reached upto Rs. 38727.08 lakhs in the year 2012-13. The growth was 107.49% and growth rate was 17.92%.

• **Deposits:** The total deposits of Ahmedabad DCCB was Rs. 176,453.18 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 357,440.15 Lakhs in the year 2012-13. The growth was 102.57% and growth rate was 17.09%.

• **Borrowings:** Ahmadabad DCCB accepts borrowing from GSC Bank for the purpose of landing to Primary Agriculture Cooperative Societies. In the year 2006-07 the borrowing was Rs. 16363.34 lakhs. It was increased year by year and in the year 2012-13 the borrowing was Rs. 48574.32 lakhs. The growth was 196.85% and the growth rate was 32.81%.

• **Net Profit/Loss:** The Ahmadabad DCCB is continuously earning profit. The bank has earned Rs. 730.90 lakhs profit in the year 2006-07. The growth rate of profit recorded is 57.53%. In the year 2012-13 the profit was Rs. 1151.37 lakhs. The total growth rate is 9.59%.

• **Cash & Balance with other banks:** For the purpose of maintaining liquidity Ahmadabad DCCB is maintaining cash on hand and deposit with other banks. In the year 2006-07 the cash on hand maintained was Rs.
7057.13 lakhs and deposit with other banks was Rs. 51904.68 lakhs. In the year 2012-13 cash on hand maintained was Rs. 20131.86 lakhs and deposit with other banks was Rs. 127.22 lakhs. The growth reported in maintenance of cash balance was 185.27% and growth rate was 30.88%. The growth in balance with other banks was 127.22% and growth rate was 21.20%

- **Investment in G-Sec:** The investment of Ahmadabad DCCB in Government securities was Rs. 56461.06 lakhs which was increased and reported Rs. 104087.90 lakhs in the year 2012-13. The growth was 84.35% and the growth rate was 14.06%

- **Loans & Advances:** The loan & advances of bank was Rs. 99622.39 Lakhs in the year 2006-07. In the year 2012-13 it was increased and reached upto Rs. 198863.80 lakhs. The growth was 99.62% and growth rate was 16.60%

- **Fixed Assets:** The fixed assets of Ahmadabad DCCB were of Rs. 706.48 lakhs in the year 2006-07, it reached upto Rs. 11786.54 lakhs in the year 2012-13. The growth was 1568.35% and growth rate was 261.39%

- **Interest Receivable & Mix.:** The interest receivables and mix of Ahmadabad DCCB was Rs. 11956.11 lakhs in the year 2006-07. The same was Rs. 12630.05 lakhs in the year 2012-13. The growth was 5.64% and growth rate remained 0.94%.

**4.4.2. Analysis of Baroda District Central Cooperative Bank:**

The Baroda District Central Cooperative Bank is working in Baroda District. The bank is playing important role in providing agriculture credit in Baroda district. The detailed analysis of Baroda DCCB is as under:
### Analysis of Baroda District Central Cooperative Bank

<table>
<thead>
<tr>
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<tr>
<td><strong>Liability</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>6117.7</td>
<td>6117.73</td>
<td>6117.78</td>
<td>6114.84</td>
<td>6106.67</td>
<td>6154.54</td>
<td>6224.1</td>
<td>1.74</td>
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</tr>
<tr>
<td>Reserve Funds</td>
<td>140.21</td>
<td>140.48</td>
<td>140.74</td>
<td>141.3</td>
<td>141.92</td>
<td>142.97</td>
<td>144.84</td>
<td>3.30</td>
<td>0.55</td>
</tr>
<tr>
<td>Other Reserves</td>
<td>4789.18</td>
<td>6616.89</td>
<td>6623.27</td>
<td>6129.85</td>
<td>6354.09</td>
<td>8143.61</td>
<td>8625.61</td>
<td>80.11</td>
<td>13.35</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
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Table No: 4.4
The above table No. 4.4 is showing the working of Baroda District Central Cooperative Bank from the year 2006-07 to 2012-13.

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<td>55582.03</td>
<td>59965.15</td>
<td>66185.14</td>
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</table>

(Source: Balance sheet of Baroda DCCB 2005-06 to 2012-13)
• **Share Capital:** The share capital of Baroda DCCB was Rs. 6117.70 lakhs in the year 2006-07, which had growth of 1.74% and it was Rs. 6224.54 lakhs in the year 2012-13. The Growth rate reported is 0.29%

• **Reserve Funds:** Baroda DCCB was having Rs. 140.21 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 144.84 lakhs in the year 2012-13. The growth reported is 3.30% and growth rate was 0.55%

• **Other Reserves:** The other reserves of Baroda DCCB was Rs. 4789.18 lakhs in the year 2006-07, which was increased and it reached upto Rs. 8625.61 lakhs in the year 2012-13. The growth was 80.11% and growth rate was 13.35%

• **Deposits:** The total deposits of Baroda DCCB was Rs. 20982.49 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 45371.59 Lakhs in the year 2012-13. The growth was 116.24% and growth rate was 19.37%

• **Borrowings:** Baroda DCCB accepts borrowing from GSC Bank for the purpose of landing to Primary Agriculture Cooperative Societies. In the year 2006-07 the borrowing was Rs. 7735.20 lakhs. It was decreased year by year and in the year 2012-13 the borrowing of was Rs. 1180 lakhs. The growth was -84.75% and the growth rate was -14.12%

• **Net Profit/ Loss:** The Baroda DCCB is continuously earning profit from the year 2009-10 but the amount of profit is not continuously increasing. The bank has earned Rs. 1525.26 lakhs profit in the year 2009-10. The growth rate of profit recorded is -59.67%. In the year 2012-13 the profit was Rs. 615.08 lakhs. The total growth rate is -9.95%
• **Cash & Balance with other banks:** For the purpose of maintaining liquidity Baroda DCCB is maintaining cash on hand and balance with other banks. In the year 2006-07 the cash on hand maintained was Rs.1146.45 lakhs and deposit with other banks was Rs. 4908.79 lakhs. In the year 2012-13 cash on hand maintained was Rs. 1110.42 lakhs and deposit with other banks was Rs. 31809.99 lakhs. The growth reported in maintenance of cash balance was -3.14% and growth rate was -0.52%. The growth in balance with other banks was 548.02% and growth rate was 91.34%

• **Investment in G-Sec:** The investment of Baroda DCCB in Government securities was Rs. 400.29 lakhs which was increased and reported Rs. 1121.30 lakhs in the year 2012-13. The growth was 180.12% and the growth rate was 30.02%

• **Loans & Advances:** The loan & advances of bank was Rs. 21681.80 Lakhs in the year 2006-07. In the year 2012-13 it was reached upto Rs. 20181.53 lakhs. The growth was -6.92% and growth rate was -1.15%

• **Fixed Assets:** The fixed assets of Baroda DCCB were of Rs. 50.06 lakhs in the year 2006-07, it reached upto Rs. 91.66 lakhs in the year 2012-13. The growth was 83.10% and growth rate was 13.85%

• **Interest Receivable & Mix.** The interest receivables and mix of Baroda DCCB was Rs. 5423.67 lakhs in the year 2006-07. The same was Rs. 2199.60 lakhs in the year 2012-13. The growth was -59.44% and growth rate remained -9.91%

4.4.3. **Analysis of Mehsana District Central Cooperative Bank:**

The north part of Gujarat is known for its agriculture and dairy activities. Mehsana DCCB is serving in the Mehsana district and providing credit facilities to its members. The detailed analysis of Mehsana DCCB is as under:
Table No.: 4.5
Analysis of Mehsana District Central Cooperative Bank Rs in Lacs

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<td>Net Profit</td>
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<td>96.33</td>
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</table>
The above table No. 4.5 is showing the working of Mehsana District Central Cooperative Bank from the year 2006-07 to 2012-13.

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<td>120253.44</td>
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(Source: Balance sheet of Mehsana DCCB 2005-06 to 2012-13)
- **Share Capital:** The share capital of Mehsana DCCB was Rs. 1621.84 lakhs in the year 2006-07, which had growth of 41.21% and it was Rs. 2290.21 lakhs in the year 2012-13. The Growth rate reported is 6.87%.

- **Reserve Funds:** Mehsana DCCB was having Rs. 1405.59 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 1862.49 lakhs in the year 2012-13. The growth reported is 32.51% and growth rate was 5.42%.

- **Other Reserves:** The other reserves of Mehsana DCCB was Rs. 4027.42 lakhs in the year 2006-07, which was increased and it reached up to Rs. 8028.56 lakhs in the year 2012-13. The growth was 99.35% and growth rate was 16.56%.

- **Deposits:** The total deposits of Mehsana DCCB was Rs. 42275.21 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 85940.29 Lakhs in the year 2012-13. The growth was 103.29% and growth rate was 17.21%.

- **Borrowings:** Mehsana DCCB accepts borrowing from GSC Bank for the purpose of landing to Primary Agriculture Cooperative Societies. In the year 2006-07 the borrowing was Rs. 532.29 lakhs. It was increased year by year and in the year 2012-13 the borrowing of Mehsana DCCB was Rs. 13143.22 lakhs. The growth was 2369.18% and the growth rate was 394.86%.

- **Net Profit/ Loss:** The Mehsana DCCB is continuously earning profit. The bank has earned Rs. 101.15 lakhs profit in the year 2006-07. In the year 2012-13 the profit was Rs. 307.99 lakhs. The growth rate of profit recorded is 204.49%. The total growth rate is 34.08%.
• **Cash & Balance with other banks:** For the purpose of maintaining liquidity Mehsana DCCB is maintaining cash on hand and balance with other banks. In the year 2006-07 the cash on hand maintained was Rs.3955.68 lakhs and deposit with other banks was Rs. 13762.02 lakhs. In the year 2012-13 cash on hand maintained was Rs. 4840.87 lakhs and deposit with other banks was Rs. 37911.91 lakhs. The growth reported in maintenance of cash balance was 22.38% and growth rate was 3.73%. The growth in deposit with other banks was 175.48% and growth rate was 29.25%

• **Investment in G-sec:** The investment of Mehsana DCCB in Government securities was Rs. 18549.63 lakhs which was increased and reported Rs. 19480.15 lakhs in the year 2012-13. The growth was 5.02% and the growth rate was 0.84%

• **Loans & Advances:** The loan & advances of bank was Rs. 13590.78 Lakhs in the year 2006-07. In the year 2012-13 it was increased and reached uptoRs. 42667.46 lakhs. The growth was 213.94% and growth rate was 35.66%

• **Fixed Assets:** The fixed assets of Mehsana DCCB were of Rs. 344.60 lakhs in the year 2006-07, it reached upto Rs.3801.60 lakhs in the year 2012-13. The growth was 1003.19% and growth rate was 167.20%

• **Interest Receivable & Mix.:** The interest receivables and mix of Mehsana DCCB was Rs. 6280.87 lakhs in the year 2006-07. The same was Rs. 10611.15 lakhs in the year 2012-13. The growth was 68.94% and growth rate remained 11.49%

4.4.4. Analysis of Rajkot District Central Cooperative Bank:

Rajkot DCCB is one of the best performing DCCB in India. The bank has won many awards for its Best performance in catering banking business. The detailed analysis of Rajkot DCCB is as under:
Table No.: 4.6

Analysis of Rajkot District Central Cooperative Bank

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<td>5399.09</td>
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<tr>
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<td>775</td>
<td>2100</td>
<td>1350</td>
<td>1350</td>
<td>1350</td>
<td>1475</td>
<td>1600</td>
<td>106.45</td>
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</tr>
<tr>
<td>Total Liabilities</td>
<td>128024.76</td>
<td>151039.85</td>
<td>180203.69</td>
<td>185233.05</td>
<td>240858.04</td>
<td>309395.84</td>
<td>363819.34</td>
<td>184.18</td>
<td>30.70</td>
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</table>
The above table No. 4.6 is showing the working of Rajkot District Central Cooperative Bank from the year 2006-07 to 2012-13

<table>
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<tbody>
<tr>
<td>Cash Balance</td>
<td>3573.17</td>
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<td>Deposits in Other Banks</td>
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<tr>
<td>Investment in G-Sec</td>
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<td>11756.06</td>
<td>10652.01</td>
<td>10244.91</td>
<td>10530.41</td>
<td>10621.02</td>
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<td>Total Loans and Advances</td>
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<td>112653.2</td>
<td>168120</td>
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<td>Agriculture Loans</td>
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<td>71597.73</td>
<td>88698.1</td>
<td>134874.07</td>
<td>186534.85</td>
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<tr>
<td>Non Agriculture Loans</td>
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<td>16158.99</td>
<td>19920.32</td>
<td>23955.7</td>
<td>33245.93</td>
<td>40922.03</td>
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<td>Fixed Assets</td>
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<td>1109.96</td>
<td>1064.86</td>
<td>1021.09</td>
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<td>Other Assets</td>
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<td>5499.58</td>
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<td>Total Assets</td>
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<td>151039.85</td>
<td>180203.69</td>
<td>185233.05</td>
<td>240858.04</td>
<td>309395.84</td>
<td>363819.34</td>
</tr>
</tbody>
</table>

(Source: Balance sheet of Rajkot DCCB 2005-06 to 2012-13)

The above table No. 4.6 is showing the working of Rajkot District Central Cooperative Bank from the year 2006-07 to 2012-13.
• **Share Capital:** The share capital of Rajkot DCCB was Rs. 2266.75 lakhs in the year 2006-07, which had growth of 98.84% and it was Rs. 4507.29 lakhs in the year 2012-13. The Growth rate reported is 16.47%.

• **Reserve Funds:** Rajkot DCCB was having Rs. 3350.21 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 8118.05 lakhs in the year 2012-13. The growth reported is 142.31% and growth rate was 23.72%.

• **Other Reserves:** The other reserves of Rajkot DCCB were Rs. 6232.17 lakhs in the year 2006-07, which was increased and it reached upto Rs. 20080.2 lakhs in the year 2012-13. The growth was 222.20% and growth rate was 37.03%.

• **Deposits:** The total deposits of Rajkot DCCB was Rs. 79103.33 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 221721.94 Lakhs in the year 2012-13. The growth was 180.29% and growth rate was 30.05%.

• **Borrowings:** Rajkot DCCB accepts borrowing from GSC Bank for the purpose of landing to Primary Agriculture Cooperative Societies. In the year 2006-07 the borrowing was Rs. 31799.25 lakhs. It was increased year by year and in the year 2012-13 the borrowing of was Rs. 102392.77 lakhs. The growth was 222% and the growth rate was 37%.

• **Net Profit/ Loss:** The Rajkot DCCB is continuously earning profit. The bank has earned Rs. 775 lakhs profit in the year 2006-07. In the year 2012-13 the profit was Rs. 1600 lakhs. The growth rate of profit recorded is 106.45%. The total growth rate is 17.74%.

• **Cash & Balance with other banks:** For the purpose of maintaining liquidity Rajkot DCCB is maintaining cash on hand and deposit with other banks. In the year 2006-07 the cash on hand maintained was Rs. 3573.17.
lakhs and deposit with other banks was Rs. 33643.99 lakhs. In the year 2012-13 cash on hand maintained was Rs. 2154.98 lakhs and deposit with other banks was Rs. 10934.16 lakhs. The growth reported in maintenance of cash balance was 39.69% and growth rate was -6.61%. The growth in deposit with other banks was 224.97% and growth rate was 37.50%

- **Investment in G-Sec:** The investment of Rajkot DCCB in Government securities was Rs. 12194.77 lakhs which was decreased and reported Rs. 10621.02 lakhs in the year 2012-13. The growth was 12.91% and the growth rate was -2.14%

- **Loans & Advances:** The loan & advances of bank was Rs. 73149.36 lakhs in the year 2006-07. In the year 2012-13 it was increased and reached uptoRs. 227456.88 lakhs. The growth was 210.95% and growth rate was 35.16%

- **Fixed Assets:** The fixed assets of Rajkot DCCB were of Rs. 1163.84 lakhs in the year 2006-07, it reached uptoRs. 1839.3 lakhs in the year 2012-13. The growth was 58.04% and growth rate was 9.67%

- **Interest Receivable & Mix.:** The interest receivables and mix of Rajkot DCCB was Rs. 2605.28 lakhs in the year 2006-07. The same was Rs. 2294.89 lakhs in the year 2012-13. The growth was -11.91% and growth rate remained -1.99%.

**4.4.5. Analysis of Sabarkantha District Central Cooperative Bank:**

The Sabarkantha DCCB is catering banking business in Sabarkantha district. The major portion of the bank’s business is spreaded in rural are. The detail analysis Sabarkantha DCCB is as under:
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Share Capital</td>
<td>690.51</td>
<td>825.89</td>
<td>982.77</td>
<td>1091.69</td>
<td>1297.74</td>
<td>1453.62</td>
<td>1638.69</td>
<td>137.32</td>
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<td>Reserve Funds</td>
<td>611.83</td>
<td>635.58</td>
<td>666.42</td>
<td>729.84</td>
<td>774.7</td>
<td>830.98</td>
<td>918</td>
<td>50.04</td>
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<tr>
<td>Other Reserves</td>
<td>2917.36</td>
<td>2837</td>
<td>2988.72</td>
<td>3404.78</td>
<td>4078.32</td>
<td>5208.98</td>
<td>6904.55</td>
<td>136.67</td>
<td>22.78</td>
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<td>Deposits</td>
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<td>88550.88</td>
<td>99039.8</td>
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<td>10524.64</td>
<td>11843.3</td>
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<td>Savings Deposits</td>
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<td>23747.35</td>
<td>30714.65</td>
<td>32156.33</td>
<td>35411.9</td>
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<td>Fixed Deposits</td>
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<td>36408.74</td>
<td>45869.91</td>
<td>51784.6</td>
<td>115.98</td>
<td>19.33</td>
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<td>Borrowings</td>
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<td>1624.37</td>
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<td>3244.5</td>
<td>6106.91</td>
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<td>1.78</td>
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<td>3879.86</td>
<td>4693.71</td>
<td>3902.89</td>
<td>39.48</td>
<td>6.58</td>
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<td>Net Profit</td>
<td>91</td>
<td>115</td>
<td>150</td>
<td>155</td>
<td>210</td>
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<td>551</td>
<td>505.49</td>
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<td>87141.55</td>
<td>91054.29</td>
<td>104307.67</td>
<td>119061.84</td>
<td>105.28</td>
<td>17.55</td>
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The above table No. 4.7 is showing the working of Sabarkantha District Central Cooperative Bank from the year 2006-07 to 2012-13

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<th>Assets</th>
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<th>2008-09</th>
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<tr>
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<td>10.50</td>
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<td>28974.66</td>
<td>33971.26</td>
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<td>Investment in G-Sec</td>
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<td>13218.62</td>
<td>9522.57</td>
<td>17537.27</td>
<td>16762.29</td>
<td>14772.59</td>
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<td>35762.35</td>
<td>43528.49</td>
<td>51850.59</td>
<td>65137.41</td>
<td>120.22</td>
<td>20.04</td>
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<td><strong>Agriculture Loans</strong></td>
<td>25519.59</td>
<td>29120.77</td>
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<td>4263.84</td>
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<td>5682.57</td>
<td>8627.57</td>
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<td>18.77</td>
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<td>183.26</td>
<td>170.95</td>
<td>200.57</td>
<td>207.29</td>
<td>262.51</td>
<td>59.06</td>
<td>9.84</td>
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<td>Int. Receivable &amp; Mix</td>
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<td>2691.5</td>
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<tr>
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<td>73508.88</td>
<td>87141.55</td>
<td>91054.29</td>
<td>104307.67</td>
<td>119061.84</td>
<td>105.28</td>
<td>17.55</td>
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</table>

(Source: Balance sheet of Sabarkantha DCCB 2005-06 to 2012-13)

The above table No. 4.7 is showing the working of Sabarkantha District Central Cooperative Bank from the year 2006-07 to 2012-13
- **Share Capital:** The share capital of Sabarkantha DCCB was Rs. 690.51 lakhs in the year 2006-07, which had growth of 137.32% and it was Rs. 1638.69 lakhs in the year 2012-13. The Growth rate reported is 22.89%.

- **Reserve Funds:** Sabarkantha DCCB was having Rs. 611.83 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 918 lakhs in the year 2012-13. The growth reported is 50.04% and growth rate was 8.34%.

- **Other Reserves:** The other reserves of Sabarkantha DCCB was Rs. 2917.36 lakhs in the year 2006-07, which was increased and it reached upto Rs. 6904.55 lakhs in the year 2012-13. The growth was 136.67% and growth rate was 22.78%.

- **Deposits:** The total deposits of Sabarkantha DCCB was Rs. 45374.01 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 99039.8 Lakhs in the year 2012-13. The growth was 118.27% and growth rate was 19.71%.

- **Borrowings:** Sabarkantha DCCB accepts borrowing from GSC Bank for the purpose of landing to Primary Agriculture Cooperative Societies. In the year 2006-07 the borrowing was Rs. 5516.78 lakhs. It was increased year by year and in the year 2012-13 the borrowing of was Rs. 6106.91 lakhs. The growth was 10.70% and the growth rate was 1.78%.

- **Net Profit/ Loss:** The Sabarkantha DCCB is continuously earning profit. The bank has earned Rs. 91 lakhs profit in the year 2006-07. In the year 2012-13 the profit was Rs. 551 lakhs. The growth rate of profit recorded is 505.49%. The total growth rate is 84.25%.

- **Cash & Balance with other banks:** For the purpose of maintaining liquidity Sabarkantha DCCB is maintaining cash on hand and deposit with other banks. In the year 2006-07 the cash on hand maintained was Rs.
2863.05 lakhs and deposit with other banks was Rs. 7885.63 lakhs. In the year 2012-13 cash on hand maintained was Rs. 4666.18 lakhs and deposit with other banks was Rs. 33971.26 lakhs. The growth reported in maintenance of cash balance was 62.98% and growth rate was 10.50%. The growth in deposit with other banks was 330.80% and growth rate was 55.13%

- **Investment in G-Sec:** The investment of Sabarkantha DCCB in Government securities was Rs. 14445.31 lakhs which was decreased and reported Rs. 10038.09 lakhs in the year 2012-13. The growth was -30.51% and the growth rate was -5.08%

- **Loans & Advances:** The loan & advances of bank was Rs. 29577.80 lakhs in the year 2006-07. In the year 2012-13 it was increased and reached uptoRs. 65137.41 lakhs. The growth was 120.22% and growth rate was 20.04%

- **Fixed Assets:** The fixed assets of Sabarkantha DCCB were of Rs. 165.04 lakhs in the year 2006-07, it reached uptoRs. 262.51 lakhs in the year 2012-13. The growth was 59.06% and growth rate was 9.84%

- **Interest Receivable & Mix.:** The interest receivables and mix of Sabarkantha DCCB was Rs. 2605.28 lakhs in the year 2006-07. The same was Rs. 2294.89 lakhs in the year 2012-13. The growth was -11.91% and growth rate remained -1.99%

**4.4.6. Analysis of Surat District Central Cooperative Bank:**

The Surat DCCB is also one of the fast growing DCCB of Gujarat. The bank is having sound business network in Surat district. The bank is offering KCC at 0% rate of interest to the farmers. The bank is also providing credit facilities to sugar mills. The detail analysis of Surat DCCB is as under:
**Table No: 4.8**

**Analysis of Surat District Central Cooperative Bank Rs in Lakhs**

<table>
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</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>361.63</td>
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<td>369.15</td>
<td>377.84</td>
<td>380.32</td>
<td>393.38</td>
<td>8.78</td>
<td>1.46</td>
</tr>
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<td>Reserve Funds</td>
<td>2049.1</td>
<td>2140.53</td>
<td>2629.73</td>
<td>2469.26</td>
<td>4337.89</td>
<td>6187.22</td>
<td>6408.89</td>
<td>212.77</td>
<td>35.46</td>
</tr>
<tr>
<td>Other Reserves</td>
<td>8529.79</td>
<td>9760.22</td>
<td>11564.2</td>
<td>12801.7</td>
<td>12398.82</td>
<td>13208.52</td>
<td>16274.28</td>
<td>90.79</td>
<td>15.13</td>
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<td>98555.98</td>
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<td>204293.96</td>
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<td>220078.41</td>
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<td>15702.29</td>
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<td>22.37</td>
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<td>Savings Deposits</td>
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<td>85236.92</td>
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<td>Fixed Deposits</td>
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<td>Recurring Deposits</td>
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<td>49749.11</td>
<td>62372.55</td>
<td>201.43</td>
<td>33.57</td>
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<td>Other Deposits (if any)</td>
<td>1092.48</td>
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<td>731.88</td>
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<td>435.15</td>
<td>101.34</td>
<td>106.1</td>
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<td>-15.05</td>
</tr>
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<td>Borrowings</td>
<td>2846.46</td>
<td>7122.62</td>
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<td>4835.4</td>
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<td>20342.64</td>
<td>6743.49</td>
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<tr>
<td>Other liabilities</td>
<td>5499.52</td>
<td>7132.99</td>
<td>8626.52</td>
<td>9918.77</td>
<td>10566.47</td>
<td>11514.23</td>
<td>13552.05</td>
<td>146.42</td>
<td>24.40</td>
</tr>
<tr>
<td>Net Profit</td>
<td>293</td>
<td>555</td>
<td>700</td>
<td>775</td>
<td>825</td>
<td>875</td>
<td>1000</td>
<td>241.30</td>
<td>40.22</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>139920.1</td>
<td>178997.58</td>
<td>200319.34</td>
<td>269023.71</td>
<td>247678.39</td>
<td>302653.01</td>
<td>326929.15</td>
<td>133.65</td>
<td>22.28</td>
</tr>
</tbody>
</table>
The above table No. 4.8 is showing the working of Surat District Central Cooperative Bank from the year 2006-07 to 2012-13.

(assets | No. 4.8 is showing the working of Surat District Central Cooperative Bank from the year 2006-07 to 2012-13.)
• **Share Capital:** The share capital of Surat DCCB was Rs. 361.63 lakhs in the year 2006-07, which had growth of 8.78% and it was Rs. 393.32 lakhs in the year 2012-13. The Growth rate reported is 1.46%

• **Reserve Funds:** Surat DCCB was having Rs. 2049.10 lakhs Reserve Fund in the year 2006-07. Year by year the reserve fund is increased and it was Rs. 6408.89 lakhs in the year 2012-13. The growth reported is 212.77% and growth rate was 35.46%

• **Other Reserves:** The other reserves of Surat DCCB Bank were Rs. 8529.79 lakhs in the year 2006-07, which was increased and it reached upto Rs. 16274.28 lakhs in the year 2012-13. The growth was 90.79% and growth rate was 15.13%

• **Deposits:** The total deposits of Surat DCCB was Rs. 98555.98 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 220078.41 Lakhs in the year 2012-13. The growth was 123.30 % and growth rate was 20.55%

• **Borrowings:** Surat DCCB accepts borrowing from GSC Bank for the purpose of landing to Primary Agriculture Cooperative Societies. In the year 2006-07 the borrowing was Rs. 2846.46 lakhs. It was increased year by year and in the year 2012-13 the borrowing of was Rs. 6743.49 lakhs. The growth was 136.91% and the growth rate was 22.82%

• **Net Profit/ Loss:** The Surat DCCB is continuously earning profit. The bank has earned Rs. 293 lakhs profit in the year 2006-07. The growth rate of profit recorded is 241.30%. In the year 2012-13 the profit was Rs. 1000 lakhs. The total growth rate is 40.22%

• **Cash & Balance with other banks:** For the purpose of maintaining liquidity Surat DCCB is maintaining cash on hand and deposit with other banks. In the year 2006-07 the cash on hand maintained was Rs. 4732.63
lakhs and deposit with other banks was Rs. 67912.41 lakhs. In the year 2012-13 cash on hand maintained was Rs. 14301.86 lakhs and balance with other banks was Rs. 165931.29 lakhs. The growth reported in maintenance of cash balance was 202.20% and growth rate was 33.70%. The growth in balance with other banks was 144.30% and growth rate was 24.06%.

- **Investment in G-Sec:** The investment of Surat DCCB in Government securities was Rs. 27552.74 lakhs which was increased and reported Rs. 51477.62 lakhs in the year 2012-13. The growth was 86.83% and the growth rate was 14.47%

- **Loans & Advances:** The loan & advances of bank was Rs. 35005.31 Lakhs in the year 2006-07. In the year 2012-13 it was increased and reached upto Rs. 80203.70 lakhs. The growth was 129.12% and growth rate was 21.52%

- **Fixed Assets:** The fixed assets of Surat DCCB were of Rs. 648.08 lakhs in the year 2006-07, it reached upto Rs. 952.48 lakhs in the year 2012-13. The growth was 46.97% and growth rate was 7.83%

- **Interest Receivable & Mix.:** The interest receivables and mix of Surat DCCB was Rs. 3097.30 lakhs in the year 2006-07. The same was Rs. 8561.09 lakhs in the year 2012-13. The growth was 176.40% and growth rate remained 29.40%
The above table No. 4.9 shows that the individual DCCBs have made remarkable progress in terms of share capital and average share capital of each DCCBs in Gujarat found of Rs. 27 Crores in 2006-07, which have been increased up to 34 crores in 2012-13. The highest share capital was found in Ahmedabad DCCB followed by Rajkot DCCB. Lowest share capital was found in Surat DCCBs, where negligible numbers of new members have been added in the membership. Among selected DCCBs the growth rate of Sabarkantha DCCB was highest followed by Rajkot DCCB. Baroda, Ahmedabad and Surat DCCBs were having negligible growth rate in share capital mobilization.
Table 4.10
Owned Funds of Selected DCCBs (Rs in Lakh)

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad DCCB</td>
<td>26161.98</td>
<td>26312.6</td>
<td>28144.62</td>
<td>31413.71</td>
<td>33940.59</td>
<td>36150.28</td>
<td>49873.84</td>
<td>15.11</td>
</tr>
<tr>
<td>Baroda DCCB</td>
<td>11047.09</td>
<td>12875.1</td>
<td>12881.79</td>
<td>12385.99</td>
<td>12602.68</td>
<td>14441.12</td>
<td>14994.55</td>
<td>5.96</td>
</tr>
<tr>
<td>Mehsana DCCB</td>
<td>7054.85</td>
<td>7131.19</td>
<td>7336.63</td>
<td>6833.98</td>
<td>7057.48</td>
<td>7495.38</td>
<td>12181.26</td>
<td>12.11</td>
</tr>
<tr>
<td>Rajkot DCCB</td>
<td>11849.13</td>
<td>12692.64</td>
<td>15701.87</td>
<td>16782.17</td>
<td>22410.73</td>
<td>26655.29</td>
<td>32705.54</td>
<td>29.34</td>
</tr>
<tr>
<td>SK DCCB</td>
<td>4219.7</td>
<td>4298.47</td>
<td>4637.91</td>
<td>5226.31</td>
<td>6150.76</td>
<td>7493.58</td>
<td>9461.24</td>
<td>20.70</td>
</tr>
<tr>
<td>Surat DCCB</td>
<td>10940.52</td>
<td>12257</td>
<td>14563.06</td>
<td>15640.11</td>
<td>17114.55</td>
<td>19776.06</td>
<td>23076.55</td>
<td>18.49</td>
</tr>
<tr>
<td>Avg Owned Funds</td>
<td>11878.88</td>
<td>12594.50</td>
<td>13877.65</td>
<td>14713.71</td>
<td>16546.13</td>
<td>18668.62</td>
<td>23715.50</td>
<td>16.95</td>
</tr>
</tbody>
</table>

(Source: Annual Report of Concerned DCCB from 2006-07 to 2012-13)

The above table No. 4.10 shows that the average owned funds of each DCCB from the selected six DCCBs, was Rs. 11878.88 lakh in 2006-07, which has been increased up to Rs. 23715.50 lakh in the year 2012-13. The owned funds was highest in Ahmedabad DCCB, followed by Rajkot DCCB and lowest owned funds was in Sabarkantha DCCB. The average annual growth rate of owned funds was 16.95% during the last seven years.
### Table 4.11

Deposit Mobilization by the Selected DCCBs (Rs in Lakh)

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</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad DCCB</td>
<td>176,453.18</td>
<td>214,637.59</td>
<td>257,754.01</td>
<td>296,885.52</td>
<td>307,724.73</td>
<td>333,599.36</td>
<td>357,440.15</td>
<td>17.09</td>
</tr>
<tr>
<td>Baroda DCCB</td>
<td>20982.49</td>
<td>23475.77</td>
<td>28025.82</td>
<td>34083.85</td>
<td>39078.02</td>
<td>38845.42</td>
<td>45371.59</td>
<td>19.37</td>
</tr>
<tr>
<td>Mehsana DCCB</td>
<td>42275.21</td>
<td>49293.49</td>
<td>54605.31</td>
<td>65847.9</td>
<td>69566.26</td>
<td>75198.78</td>
<td>85940.29</td>
<td>17.21</td>
</tr>
<tr>
<td>Rajkot DCCB</td>
<td>79103.33</td>
<td>98210.97</td>
<td>124366.12</td>
<td>145598.68</td>
<td>175811.32</td>
<td>186631.28</td>
<td>221721.94</td>
<td>30.05</td>
</tr>
<tr>
<td>SK DCCB</td>
<td>45374.01</td>
<td>48152.8</td>
<td>61666.86</td>
<td>75188.69</td>
<td>78350.81</td>
<td>88550.88</td>
<td>99039.8</td>
<td>19.71</td>
</tr>
<tr>
<td>Surat DCCB</td>
<td>98555.98</td>
<td>128703.92</td>
<td>143252.31</td>
<td>204293.96</td>
<td>178572.1</td>
<td>200294.63</td>
<td>220078.41</td>
<td>20.55</td>
</tr>
<tr>
<td>Avg Deposits</td>
<td>77124.03</td>
<td>93745.76</td>
<td>111611.74</td>
<td>136983.10</td>
<td>141517.21</td>
<td>153853.39</td>
<td>171598.70</td>
<td>20.67</td>
</tr>
</tbody>
</table>

(Source: Annual Report of Concerned DCCB from 2006-07 to 2012-13)

The above table No 4.11 indicates that the deposit of each DCCB on an average was Rs.77124.03 lakhs in the year 2006-07 which has been increased up to Rs171598.70 lakh in the year 2012-13. The DCCBs have more presence in rural areas than urban areas, and through their customer relations and dedication for rural development, the rural people have faith in cooperative banks and they use to keep their deposits in the branches of DCCBs. The DCCBs like Surat and Ahmedabad have more presence in urban areas also, where they are very much popular and they are able to attract the customers and thus they get more deposits in urban areas also. The big DCCB namely Ahmedabad DCCB has deposit of Rs. 1764 crores in 2006-07, which has been increased up to 3574 crores in the year 2012-13, which shows the growth of more than 100%. The average growth rate of deposits in DCCBs was 20% during the study period. The DCCBs have share of around 20% under the CASA deposits, which is again strength of DCCBs.
The above table no. 4.12 indicates that the average loans and advances disbursement by each DCCB was Rs.45437.91 lakh in the year 2006-07, which has been increased by 110% and reached up to 105751.80 lakh during the year 2012-13. The highest loans was given by Rajkot DCCB and Ahmedabad DCCB of Rs. 2275 crores and Rs 1989 Crores in 2012-2013 respectively. The annual growth rate of loans and advances by DCCBs was found 21.30 per annum during the period under study. Rajkot and Mehasana CCBs have registered highest growth rate of more than 35% per annum, where as the Baroda DCCB has registered negative growth rate in advances. The reasons for negative growth in loans and advances were due to poor recovery and bank was put under section 11 by RBI.
## Table 4.13

Agriculture Advances disbursement by the Selected DCCBs

(Rs in Lakh)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad DCCB</td>
<td>43581.18</td>
<td>44285.12</td>
<td>43022.16</td>
<td>46289.81</td>
<td>47396.58</td>
<td>69559.34</td>
<td>86061.48</td>
<td>16.25</td>
</tr>
<tr>
<td>Baroda DCCB</td>
<td>21365.53</td>
<td>23264.65</td>
<td>18771.47</td>
<td>18536.54</td>
<td>13198.81</td>
<td>17517.41</td>
<td>17503.17</td>
<td>-3.01</td>
</tr>
<tr>
<td>Mehsana DCCB</td>
<td>12885.06</td>
<td>15889.29</td>
<td>13935.76</td>
<td>15343.61</td>
<td>18573.27</td>
<td>29738.65</td>
<td>41637.51</td>
<td>37.19</td>
</tr>
<tr>
<td>Rajkot DCC B</td>
<td>51089.24</td>
<td>52254.91</td>
<td>73969.75</td>
<td>71597.73</td>
<td>88698.10</td>
<td>134874.07</td>
<td>186534.85</td>
<td>44.19</td>
</tr>
<tr>
<td>SK DCCB</td>
<td>25519.59</td>
<td>29120.77</td>
<td>28763.49</td>
<td>31498.51</td>
<td>39047.18</td>
<td>46168.02</td>
<td>56509.84</td>
<td>20.24</td>
</tr>
<tr>
<td>Surat DCCB</td>
<td>16332.96</td>
<td>49419.04</td>
<td>31813.11</td>
<td>27105.23</td>
<td>26935.35</td>
<td>24367.82</td>
<td>45997.15</td>
<td>30.27</td>
</tr>
<tr>
<td>AvgAgri Advances</td>
<td>28462.26</td>
<td>35705.63</td>
<td>35045.96</td>
<td>35061.91</td>
<td>38974.88</td>
<td>53704.22</td>
<td>72374.00</td>
<td>24.19</td>
</tr>
<tr>
<td>% of Agri Loans</td>
<td>62.64</td>
<td>67.87</td>
<td>67.21</td>
<td>65.10</td>
<td>63.68</td>
<td>65.91</td>
<td>68.44</td>
<td>1.54</td>
</tr>
</tbody>
</table>

(Source: Annual Report of Concerned DCCB from 2006-07 to 2012-13)

It is significant to note that, the DCCBs have made remarkable progress in agriculture advances during the study period. The above table No 4.13 and graph No 4.18 indicates that more than 65% of the total loans have been given to agriculture sector by the DCCBs and it is continuously increasing and during the year 2012-13 it has reached up to 68% of the total loans. On an average each DCCB is giving Rs. 723 crores towards the agriculture loans to the farmers in the year 2012-13, which was earlier merely 285 crores in one district. The target of agriculture to the commercial banks is max. 20% of the total advances, and none of the commercial bank is able to achieve even 20% target, on the other hand despite of maximum 25 % target the DCCBs are financing 68% loans to agriculture sector. This proves that the DCCBs are supporting to the government objectives of development of agriculture sector.
Graph 4.18

% of Agriculture Advances by each DCCB

2012-13 68.44
2011-12 65.91
2010-11 63.68
2009-10 65.10
2008-09 67.21
2007-08 67.87
2006-07 62.64

% of Agric Advances to Total Advances

(Source: Annual Report of Concerned DCCB from 2006-07 to 2012-13)

Table 4.14

Non-Agriculture Advances disbursement by the Selected DCCBs

(Rs in Lakh)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad DCCB</td>
<td>56041.21</td>
<td>49449.86</td>
<td>56295.28</td>
<td>64238.08</td>
<td>79417.98</td>
<td>95231.68</td>
<td>112802.36</td>
<td>16.88</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>56.25</td>
<td>52.75</td>
<td>56.68</td>
<td>58.12</td>
<td>62.63</td>
<td>57.79</td>
<td>56.72</td>
<td></td>
</tr>
<tr>
<td>Baroda DCCB</td>
<td>316.27</td>
<td>294.84</td>
<td>271.24</td>
<td>379.95</td>
<td>715.19</td>
<td>1533.75</td>
<td>2678.36</td>
<td>124.48</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>1.46</td>
<td>1.25</td>
<td>1.42</td>
<td>2.01</td>
<td>5.14</td>
<td>8.05</td>
<td>13.27</td>
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<tr>
<td>Mehsana DCCB</td>
<td>705.72</td>
<td>701.55</td>
<td>720.37</td>
<td>796.74</td>
<td>715.70</td>
<td>846.25</td>
<td>1029.95</td>
<td>7.66</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>5.19</td>
<td>4.23</td>
<td>4.92</td>
<td>4.94</td>
<td>3.71</td>
<td>2.77</td>
<td>2.41</td>
<td></td>
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<tr>
<td>Rajkot DCCB</td>
<td>22060.12</td>
<td>23293.91</td>
<td>16158.99</td>
<td>19920.32</td>
<td>23955.10</td>
<td>33245.93</td>
<td>40922.03</td>
<td>14.25</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>30.16</td>
<td>30.83</td>
<td>17.93</td>
<td>21.77</td>
<td>21.26</td>
<td>19.78</td>
<td>17.99</td>
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</tr>
<tr>
<td>SK DCCB</td>
<td>4058.21</td>
<td>4093.27</td>
<td>4286.87</td>
<td>4263.84</td>
<td>4481.31</td>
<td>5682.57</td>
<td>8627.57</td>
<td>18.77</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>13.72</td>
<td>12.32</td>
<td>12.97</td>
<td>11.92</td>
<td>10.30</td>
<td>10.96</td>
<td>13.25</td>
<td></td>
</tr>
<tr>
<td>Surat DCCB</td>
<td>18672.35</td>
<td>23588.25</td>
<td>24876.82</td>
<td>23177.43</td>
<td>24067.03</td>
<td>30137.60</td>
<td>34206.55</td>
<td>13.87</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>53.34</td>
<td>32.31</td>
<td>43.88</td>
<td>46.09</td>
<td>47.19</td>
<td>55.29</td>
<td>42.65</td>
<td></td>
</tr>
<tr>
<td>Avg Non Agri Loans</td>
<td>16975.65</td>
<td>16903.61</td>
<td>17101.60</td>
<td>18796.06</td>
<td>22225.39</td>
<td>27779.63</td>
<td>33377.80</td>
<td>32.65</td>
</tr>
<tr>
<td>% to total Loans</td>
<td>26.69</td>
<td>22.28</td>
<td>22.97</td>
<td>24.14</td>
<td>25.04</td>
<td>25.77</td>
<td>24.38</td>
<td></td>
</tr>
<tr>
<td>% of Non Agri Loans</td>
<td>37.36</td>
<td>32.13</td>
<td>32.79</td>
<td>34.90</td>
<td>36.32</td>
<td>34.09</td>
<td>31.56</td>
<td>-2.59</td>
</tr>
</tbody>
</table>

(Source: Annual Report of Concerned DCCB from 2006-07 to 2012-13)
The above table No 4.14 shows that the DCCBs in Gujarat are also giving sizable portion of loans for the purpose of non agriculture sectors to meet the demands of people. The non agriculture loans are given by the DCCBs in the areas namely industry, business, and profession, housing, education and consumers loans. This loans given by the DCCBs are mostly in rural area for the development of trade and business. The table shows that the average loans by one DCCB in Gujarat was Rs 16975.65 lakhs in 2006-07 which has been significantly increased up to Rs.33377.80 lakh in the year 2012-13. The share of non-agriculture loans was 37.36% in the year 2006-07 which has been decreased up to 31.56% in the year 2012-13, which shows that the agriculture loans have been increased during this period. The average loans of non agriculture loans were more in the DCCBs like Ahmedabad, Surat and Rajkot, because they have more volume of business. Except of Baroda DCCBs other DCCBs have moderate presence of non agriculture loans but due to loans given to cooperative industries by DCCB from the year 2010-11 onwards the share of Baroda DCCBs looks more. But overall all the DCCBs are giving around 30 to 35% loans to non agriculture sector. It is significant to note that, though the non-agriculture loans of DCCBs are around 33 to 37%, but most of the non agriculture loans is given in rural areas, which shows that the DCCBs are serving for the rural development and agriculture development. The following graph indicates the percentage of loans and advances given by the DCCBs for the purpose of rural non farm sector such as agro based industry, small business, professional loans, housing loans and consumers loans etc.
The above table 4.15 indicates the Loans given by DCCBs for Rural Development Activities under Non Agri Finance during the study period have been significantly. The average loans to people in rural areas was Rs. 120.95 crores per DCCB distributed for the development of rural people, which has been increased up to Rs. 243.63 crores in 2012-13 per DCCB. The DCCBs like Ahmedabad, Rajkot and Surat have given huge quantity of loans for the rural development, because of their volume of business is big. It shows the strength of DCCBs and their commitment for rural development. The following table shows the percentage Share of Loans and Advances in Rural Development Activities in Non Agri Finance by DCCBs in Gujarat State.
Table No. 4.16

Percentage Share of Loans and Advances in Rural Development Activities in Non Agri Finance by DCCB

<table>
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<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad</td>
<td>67.45</td>
<td>65.40</td>
<td>69.32</td>
<td>68.35</td>
<td>69.97</td>
<td>67.48</td>
<td>70.49</td>
</tr>
<tr>
<td>Baroda DCCB</td>
<td>73.48</td>
<td>73.48</td>
<td>72.39</td>
<td>74.33</td>
<td>73.68</td>
<td>73.44</td>
<td>75.70</td>
</tr>
<tr>
<td>Mehsana DCCB</td>
<td>83.47</td>
<td>82.39</td>
<td>82.91</td>
<td>83.56</td>
<td>86.48</td>
<td>83.47</td>
<td>81.30</td>
</tr>
<tr>
<td>Rajkot DCC B</td>
<td>74.39</td>
<td>75.67</td>
<td>74.59</td>
<td>75.59</td>
<td>76.83</td>
<td>75.93</td>
<td>74.57</td>
</tr>
<tr>
<td>SK DCCB</td>
<td>88.63</td>
<td>86.58</td>
<td>84.56</td>
<td>86.58</td>
<td>85.46</td>
<td>86.93</td>
<td>84.66</td>
</tr>
<tr>
<td>Surat DCCB</td>
<td>74.65</td>
<td>75.84</td>
<td>74.85</td>
<td>75.82</td>
<td>75.02</td>
<td>75.84</td>
<td>75.94</td>
</tr>
<tr>
<td>Avg Non Agri Loans</td>
<td>77.01</td>
<td>76.56</td>
<td>76.44</td>
<td>77.37</td>
<td>77.91</td>
<td>77.18</td>
<td>77.11</td>
</tr>
</tbody>
</table>

(Source: Annual Reports of concerned DCCBs from 2006-07 to 2012-13)

The above table no. 4.16 indicates the % Share of Loans given by DCCBs for Rural Development Activities under Non Agri Finance during the study period. The table shows that the DCCBs grant more than 77% loans in rural areas for the development of rural people. The purpose of rural finance are like agri based industries, like dairy, agri processing unit, small business, transport business, small professional loans, transport loans, education loans, housing loans and consumer loans. The details of share of rural finance are shown in the following graph.
A graph (Graph No. 4.19) illustrates the distribution of loans for rural development in India. The major non-agriculture loans (29%) are for small businesses in rural areas, followed by agro-based industries (19%). This graph indicates the share of rural finance other than agriculture loans.

As per the graph, DCCBs in Gujarat grant around 16% loans for establishing or running rural industries and for working capital loans in rural areas. The share of professional loans and consumer loans is 9% each, and the share of housing loans is 6%, whereas the share of education loans in rural areas was only 1%. This shows that DCCBs are providing more loans for income-generating activities in rural areas. This is sufficient enough to prove that DCCBs are contributing to the economic development of rural areas.

(Source: Annual Reports of concerned DCCBs from 2006-07 to 2012-13)
Table No. 4.17
Percentage Share of Loans and Advances for Agriculture and Rural Development by DCCB

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad DCCB</td>
<td>81.69</td>
<td>81.75</td>
<td>82.61</td>
<td>81.61</td>
<td>81.19</td>
<td>81.21</td>
<td>83.26</td>
</tr>
<tr>
<td>Baroda DCCB</td>
<td>99.61</td>
<td>99.67</td>
<td>99.61</td>
<td>99.48</td>
<td>98.65</td>
<td>97.86</td>
<td>96.78</td>
</tr>
<tr>
<td>Rajkot DCC B</td>
<td>92.28</td>
<td>92.50</td>
<td>95.44</td>
<td>94.69</td>
<td>95.07</td>
<td>95.24</td>
<td>95.42</td>
</tr>
<tr>
<td>SK DCCB</td>
<td>98.44</td>
<td>98.35</td>
<td>98.00</td>
<td>98.40</td>
<td>98.50</td>
<td>98.57</td>
<td>97.97</td>
</tr>
<tr>
<td>Surat DCCB</td>
<td>86.48</td>
<td>92.20</td>
<td>88.96</td>
<td>88.85</td>
<td>88.21</td>
<td>86.64</td>
<td>89.74</td>
</tr>
<tr>
<td>Avg Loans for Agri&amp; Rural Dev</td>
<td>92.94</td>
<td>93.95</td>
<td>93.96</td>
<td>93.70</td>
<td>93.52</td>
<td>93.18</td>
<td>93.79</td>
</tr>
</tbody>
</table>

(Source: Annual Reports of concerned DCCBs from 2006-07 to 2012-13)

The above table no. 4.17 indicates that the DCCBs provide more than 93% loans in rural area for the purpose of agriculture and rural development activities. The average loans of 92.94% was given by the DCCBs for the purpose of agriculture and rural development activities in 2006-07 and it was not decreased during the entire period of study, moreover it has been increased up to 93.79%. It is the strength of the cooperative credit movement. If we see at micro level, then it is found that the big DCCBs like Ahmedabad and Surat which have more industrialisation in their area and they have more branches in urban area, they have little less share in agriculture and rural development in compare to the other DCCBs. But still they have huge share of financing for the purpose of agriculture and rural development activities. If we see the share of commercial banks in the area of agriculture and rural development, it can never be even 40% for any bank in India. Hence it is proved that the cooperative banks have immense role and contribution in agriculture and rural development.
The graph no. 4.20 indicates that the DCCBs are granting their almost 94% loans in the areas of agriculture and rural development activities. This proves the hypothesis that the Cooperative banks play a significant role in agriculture and rural development.
The above table no. 4.18 shows that the DCCBs in Gujarat are earning profits during the period under study. The graph indicates that the average net profit of each DCCB in Gujarat has been increased from Rs 333.18 lakhs in 2006-07 to Rs 870.91 lakhs in 2012-13. Except the Baroda DCCBs other selected DCCBs were working in good conditions and earning profits. The Baroda DCCBs also started to earn profit after it came out of the weak bank category from the year 2009-10 onwards, and now it is one of the good DCCBs in Gujarat. Ahmedabad DCCB is highest profit earning DCCB, followed by Rajkot and Surat DCCB respectively. The Ahmedabad DCCB is engaged in various diversified non-farm lending activities, it has professional approach in trading of securities and it has around 30 to 35% CASA deposits, which help the bank to reduce cost of fund and increase the profit and profitability. The Rajkot DCCB and Surat DCCB also adopted approach of diversification of lending and mobilization of low cost deposits. All these three DCCBs have good records of recovery of loans. The overall default ratio or NPA of the DCCBs in Gujarat is less than 20% and all the banks make 100% provisions against NPA and therefore, the profit of these DCCBs looks less, but in fact they have more operational profit from banking business.
The graph no. 4.21 indicates that the average net profit of each DCCB in Gujarat has been increased from Rs 333.18 lakhs in 2006-07 to Rs 870.91 lakhs in 2012-13.

From the above analysis of all financial parameters it is found that the DCCBs in Gujarat have made tremendous progress in terms of all financial parameters and hence it can be concluded that the DCCBs of Gujarat have made significant progress in terms of all business Parameters. Hence our hypothesis that the cooperative banks of Gujarat have made significant progress in terms of all business Parameters is proven true and it is accepted.
4.5 Conclusions

Co-operative banks in Gujarat are contributing the constituent part in the banking and financial system. The cooperative banks have made tremendous progress in financial parameters except some variation in recovery of loans especially in long term lending. Though the role of cooperatives in financial banking system has been declined significantly at all India level, but in Gujarat it is not the case. The cooperative banks at national level have 100% reach to the poor and number of benifitiaries in rural areas it has been increased in a sufficient part nowadays due to increase of branches of DCCBs, GSCARDB and PACs.

The cooperative banks especially Gujarat State Cooperative Bank and DCCBs are catering mainly to the rural areas as the rural area requires funds for two reasons viz. crop loans for agriculture purpose and working capital through short terms needs for agro based business.

As far as their long run requirements are concerned the GSCARDB and all other cooperative institutes also help the rural people in providing banking and credit facilities. The agricultural cropping in the rural areas of Gujarat is typically seasonal. The farmers and other households of Gujarat state availed credit to work seasonal activities in earning and expenditure.

A co-operative movement plays a major role in development of social and economic environment in Gujarat. The share of rural co-operatives in the total institutional credit was 62%, 53% and 23% in the year 1990-91, 2000-01 and 2012-13 respectively. The co-operative banks are having effective net work for institutional credit in India including Gujarat. Large parts of working area for the co-operative banks were in the rural parts of Gujarat.

The co-operative banks are comprising 14% of the total banking sector assets which is the second segment of Indian Banking System. But if we see the number of branches is concern there are 150000 branches of State Cooperative Banks, Cooperative Agriculture and Rural Development Banks, DCCBs and
PACs as against the total 90000 branches of commercial banks together in India. More than 70% branches of cooperative credit systems are located in the rural area and it shows the reach of cooperative sector.

From the research analysis it is clear that cooperative banks are serving in the field of agricultural credit and rural development and they have played vital role in the socio economic development of rural and agriculture sector. Almost 95% respondents were satisfied with functioning of State cooperative bank and DCCBs, whereas more than 54% respondents were satisfied with functioning of GSCARDB. The level of service of cooperative banks is very high. Cooperative banks are playing extraordinary role for agriculture credit and rural development. In short it can be concluded that the cooperative banks are providing rural Gujarat all round assistance and proved to be an institution where "Growth with Social Justice" exists. Cooperative Banks plays a major role in rural credit delivery of Gujarat State.

Strength of co-operative bank are as under:
1. The main theme of cooperative banks is serving to the members i.e. no profit or no loss.
2. They are based on the principles of cooperation, self help and mutual help
3. The co-operative banks are mostly self reliant and not dependent largely on government funding or support or subsidized financial assistance.
4. The co-operative banks were having a three tier linkage structure and straight line integration.
5. These are small scale banking and the average size of these banks is quite small.
6. They are subject to Monetary policy control and earlier their regulations were controlled by RBI. But now their control has been mostly deregulated.
7. The borrowings are made by them through RBI, NABARD and other APEX Institutions.
8. They are featured by functional organizations.
CHAPTER-V

MANAGEMENT PRACTICES IN CO-OPERATIVE BANKS

5.1 Management and administration of DCCBs

5.2 Organizational structure of cooperative banks
   5.2.1 The General Body
   5.2.2 The Board of Directors
   5.2.3 Executive Committee

5.3 Administrative control and inspection

5.4 System of Audit

5.5 Loans-Issue and recovery

5.6 Management practices in DCCBs
   5.6.1 Chief Executive Officer
   5.6.2 Head office Section In charge
   5.6.3 Branch Managers

5.7 Perceptions of the respondents
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   5.7.3 Deposits
   5.7.4 Deposit mobilization campaign
   5.7.5 Determinants of Deposits
   5.7.6 Loans and advances
   5.7.7 Supervision of loan
   5.7.8 Investments

5.8 Political interference in the management of Co-operative Banks
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   5.8.2 Branch managers

5.9 Management of Cooperative Bank by the Board of Directors
MANAGEMENT PRACTICES IN CO-OPERATIVE BANKS

Cooperative banks being the business organizations these financial institutes are to be managed properly. It includes doing business with professional management, increased efficiency etc. The origin, growth and development of cooperative banks in India and Gujarat have been discussed in the previous chapter is naturally related to the efficiency in management practices followed. Thus, in this chapter an attempt is made to evaluate the management practices followed in cooperative banks in general and sample DCCBs in particular and also to arrive at appropriate and relevant inferences. A manager of cooperative bank is expected to utilize the public resources in the most effective manner under the most trying circumstances in order to attain optimum results. Various resources are a this command which can be broadly classified under two groups viz. physical resources and human resources. The success or failure of a bank manager depends largely on his ability to handle these resources.

In banking operations, a manager has to deal with human resources on a large scale. Being in a service industry, a bank manager gets innumerable opportunities to interact with the public and staff members. Unless a bank manager is able to motivate and develop the staff into a team, he would find it difficult to meet the different challenges faced by the bank. During the last two decades, therefore, the banks have shown great concern in harnessing the human resources in order to improve their services and efficiency. The concept of managing people can be summed up as "Managing people means getting the best out of them, developing their talents, creating opportunities for their growth, promoting their positive contribution to the success of their bank" (Ghoshroy D., 1992, p.2).

Cooperative bank are meant not only to cater to the requirements of their customers, both depositors and borrowers, but also to study the attributes of their own staff members and the policies of the top managements. For managing this efficiently, they have to be professionally competent and have to involve themselves in understanding the total financial system of the country and the planning procedure of banking activities.
Therefore, a wise banker should know the total banking and be able to motivate, guide and control his staff of cooperative bank. The CEO or manager has to be a good planner, decision maker and trouble shooter within his areas of operations.

One of the major reasons for increasing alienation, apathy and adverse work culture in banking industry, especially in DCCB, is the absence of any planned effort towards development of their people by the banks at the branch levels. In DCCBs, the only field which has gained some momentum and continuity is in the training of staff. Therefore, a DCCB manager should plan and formulate a budget with targets in respect of his bank's business which can be summarily discussed as under.

The important sources of funds of Cooperative banks are the deposits mobilized from the public and borrowings from other institutions. With regard to deposits, an annual target for every branch has to be prepared keeping in view the overall budgeted target of a bank. For this difficult task, the manager requires to have brain power, training, aptitude and high responsibilities and understanding of his duties as a corner stone. For attaining the targets of deposit mobilization, bank manager requires to have the assistance and cooperation of his top officials and subordinates. Knowledge or an estimation of the possible amount of deposits that can be collected is very essential to a successful manager. The manager should also have to strike the annual deposit target distributed over every month or quarter.

The important objective of granting loans and advances should be by strictly observing the stipulated norms for attaining the lending targets set out in the annual budget. While granting loans and advances, the end use of funds lent out is more important to a manager. Emphasis may be given for the priorities specified in the credit policies. Identification of borrowers, processing and scrutinizing of loan applications, etc. are important aspects to be dealt with care. Pre-inspection and post-sanction inspection job, its conduct and follow-up are other important steps in financing of the units.
The recent trends in the Banking industry centered towards effective customer service rather than bringing in the deposits and lending its funds to earn higher profits. The more the services that the banker renders, the more inflow of funds. The banks design various schemes to suit the various requirements of agriculturists, small borrowers and professionals. A manager has to set aside a fixed period of time at regular intervals to meet the customers by interface and have the material to be discussed prepared in advance.

Discipline means obeying by the personnel to the stipulated norms and rules of an organization in the normal and routine functioning to attain its objectives. Banking, being the service industry, requires its personnel to maintain absolute discipline. Therefore, primarily every bank manager must set himself as an example of disciplined person. There are a number of weapons to root out the indiscipline and eradicate dissatisfaction among workmen like reinforcement, feedback, motivation and strokes to streamline the disciplined area.

A bank manager has to organize training programmes to develop the skills and abilities of his subordinates by imparting them practical training and guidance. In addition to the above, a bank manager has a number of other basic tasks like planning, organizing, directing and controlling. Over and above this, a manager should motivate to explore the best results of working from employees.

5.1 Management and administration of Cooperative banks

The Cooperative Banks are managed by a Board of Directors elected by the General Body. In Gujarat GSCB and GSCARDB and all DCCBs have elected board of directors since their establishment. For conducting the affairs of the Cooperative Banks, the Board of Directors meets once in three months or often, as per the requirements. The President and the Vice-President are elected from the Board of Directors by themselves. The General Body meeting is presided over by the President and in his absence by the Vice-President.
5.2 Organizational structure of cooperative banks

The Chief Executive is the Chief Executive Officer of the bank. He / She is responsible for the general administration, and is subject to the control of the President and the Board of Directors of the bank. The Chief Executive (CEO) convenes the General Body, Board of Directors and Executive Committee meetings.

To assist the CEO there are other staff members as illustrated in organization chart given in figure
Organizational Structure of District Co-operative Banks

Chart 5.1

General Body

Board of Directors

President

Vice President

Chief Executive Officer

Deputy Chief Executive Officer

Executive Officer/ Senior branch Manager

Superintendent/ Chief Accountant/ Branch Manager

Senior Accountant/Senior Typist/Senior Inspector

Accountant/ Inspector

Clerk/ Cashier/ Typist/ Telephone Operator

Record Keeper/ Bill Collector/ Defender/ Driver

Peon/ Watchman/ Lift Operator/ Dispatch Assistant
The activities of the various governing bodies are as stated below

5.2.1 The General Body

The General Body of the Bank is constituted by the representatives of the affiliated societies and nominees of the Gujarat State Co-operative Bank and the Registrar of Cooperatives. The representative of the member society should be a member of the executive committee of that society. The General Body meeting is called by the Chief Executive Officer.

5.2.2 The Board of Directors

The members of the Board of Directors (i.e. directors) are elected by the General Body from among themselves. The Board of Directors appoints the Chief Executive Officer who is the head of the paid staff of the bank. The Board of Directors takes decision on matters such as admission and registration of members, advancing of loans, appointment and control of paid employees, preparation of annual budget and activity report of the bank.

5.2.3 Executive Committee

The Executive Committee takes decisions regarding routine management and administration (which are subject to the ratification by the Board of Directors) for facilitating the smooth conduct of the Bank's business.

5.3 Administrative control and inspection

In general, the Department of Co-operation controls the DCCBs in matters like admission of members, constitution of Board of Directors, elections to the various positions, audit of the bank, Amendment of the bye laws, etc. The Reserve Bank of India, the National Bank for Agriculture and Rural Development (NABARD) and the Registrar of Co-operative
Societies conduct periodic inspection on the working of the bank. The RBI inspection is based on their turns submitted by the DCCBs to the RBI. The RBI verifies whether the directives issued are being followed by the DCCB, especially with regard to the statutory reserves. The NABARD inspects the performance of the DCCBs in respect of NABARD schemes based on the returns submitted by the DCCBs. The actual performance is compared with the target. Registrar of co-operatives verifies whether the DCCB is complying with the rules and regulations of the Gujarat Co-operative Societies Act, 1969. When the inspection is over, its findings are to be sent to the DCCB with a copy to the Registrar and the State Co-operative Bank, and the rectifications are based on the suggestions made therein. The Executive Officers of the DCCBs inspect the branches and inspectors of respective circles inspect the primaries.

5.4 System of Audit
In the Gujarat State all cooperative banks including GSCB, GSCARDB and all DCCBs follow government as well as concurrent audit system. Concurrent auditor is of the rank of District Registrar appointed on deputation from the Co-operative Department. The staff members of cooperative banks assist him/her in performing duties. The cooperative banks have to prepare Profit and Loss Account, Balance Sheet and Audit Reports in the prescribed format. The auditor checks and verifies the respective audit schedules. The audit report is to be approved by the President, Chief Executive and the Board of Directors. Finally, the audit report is submitted to the registrar of Co-operative Societies. The Registrar issues the audit certificate of the Banks.

5.5 Loans-Issue and recovery
In case of GSCB, the loan applications are collected directly in the head office but now the GSCB have open 7 branches and the applications are collected by the respective branch and scrutinized at branch level and sent to the Head office for further scrutiny and approval. The Loan Committee and Board of Directors are authority of sanctioning the loans.
The GSCARDB has different structure and it has its 144 branches spread over the Gujarat State. The Branch has its local committee consisting of local representative and director to scrutiny and recommend the loans to the Head office to take final decision. The customer submit the application to the branches of GSCARDB, and the manager of the respective branch of GSCARDB consolidates the entire applications and submits them to the Head Office along with the recommendation of local committee of the respective areas. The branch manager enters the details of the applications in the respective books and forwards them to the head office. The officers of the head office scrutinize the applications. In the case of agriculture development and long term loans, the Regional committee of that area verifies the applications and give their comments. Executive committee of the GSCARDB is the final authority to sanction the loan.

Borrowers submit applications for loan to the primary societies. The Secretary of the respective primaries consolidates the entire applications and submits them to the branch in the respective areas. The branch manager enters the details of the applications in the respective books and forwards them to the head office. The inspector of the bank verifies the applications. In the case of industrial loans, the industrial sub-committee of the bank, branch manager of the particular area and the superintendent of the industrial section verifies the applications. Executive committee of the DCCB is the final authority to sanction the loan.

Recovery is the responsibility of the branch manager and he/she gets all support from the Head office. When a member fails to repay the loan, a notice is served on him/her. If he or she fails to respond, the bank files a suit. Suits for amounts upto Rs.5 lakhs are filed with the Joint Registrar and those above Rs.5 lakh are filed with the Registrar of Cooperative Societies. The appropriate action/directives issued by the Registrar/Joint Registrar shall be implemented.
5.6 Management practices in DCCBs

An attempt is made in this section to examine the management practices followed for harnessing the sources and uses of funds. In order to study this, data and details for three years from 2006-07 to 2012-13 were collected.

5.6.1 Chief Executive Officer

Chief Executive Officers of these selected cooperative banks (GSCB, GSCARDB DCCBs) were coordinating all the activities of their banks. They motivate and initiate the employees of the bank more efficiently. They used to appreciate the staff members who have worked efficiently. Chief Executive Officers conduct supervision of the work of the branches which are helpful for improving the working of the banks a whole.

Of the total eight cooperative banks 1 GSCB, 1 GSCARDB and 6 DCCBs, selected for the study, all Chief Executives were males and they fall in the age group of 50 plus with more than 25 years of experience. The educational qualifications of three Chief Executives were graduate or post graduate with professional qualifications like CAIIB, LLBs, MBA etc. Only 4 CEOs had undergone with basic training in Co-operation. All the CEOs and senior officers have undergone several training from several training institutes of repute. These trends indicate that higher cadres were given on the basis of length of service, a practice followed throughout. Even though, if we see at GSCARDB level only 25% branches have full time managers and remaining were managed by the subordinate staff including junior clerks. Almost 50% of the clerks who were managing branches were having qualifications up to HSC or even less. All the employees including managers or in charge officers were frequently deputed for training programmes in co-operation in pioneering institutes. From this, it is felt that the sample banks were very careful to cope with the changing banking structure and co-operative organizations.
5.6.2 Head office Section In charge

It is found that 90 percent of the section in charge of the selected banks were male members. Their age varied from 40 to 55 years and their total service in the bank ranged from 15 to 25 years. With regard to educational qualifications, 65% were graduate, 20% were studied up to HSC and 15% were having education up to Matriculations. Around 20% section head were having professional diploma and or certificates like HDCM, GDC&A or CAIIB, JAIIB. All of them except two had less than five years’ experience in the present post and all have attended training programmes in con-operation in pioneering institutes.

5.6.3 Branch Managers

For collecting information from branch managers of GSCARDB and DCCBs, five the branches were selected on random basis. Out of 378 branches of six DCCBs 30 branch managers were selected. Of these, there were only two lady managers and the rest were males. Managers’ average age was 52 years. Only four managers were below 50 years and all others were above 50 years. With regard to their educational qualifications, it is found that six managers were post-graduate. Twenty two managers were degree holders and the remaining two were old HSC. The average length of service of these managers in bank was 26 years and the average years of service in the present post is five years. About 76 percent of the managers attended one or two training programmes during their whole service.

5.7 Perceptions of the respondents

Below an attempt is made to examine the opinions and attitudes of the Chief Executive Officers, head office superintendents and branch managers based on the field study. The management practices followed by them with respect to mobilization and deployment of funds are also discussed.
5.7.1 Membership and share capital

There are two types of members in the cooperative banks namely regular member or shareholder and other member is a nominal member. The regular member purchase the share of a cooperative bank and remain the member of a bank for long time or life time, whereas the nominal members are the members who become the member of the cooperative bank to avail the loans facilities. In both the cases the member has to pay the minimum amount of share capital.

5.7.2 Reserves and other funds

Details relating to the maintenance and management of such reserves were collected from the head of superintendents. Based on their responses, it was found that all these DCCBs keep different types of reserves (set apart from profit) like statutory reserve, agricultural credit stabilization fund, building fund, dividend equalization fund, co-operative education fund, common good fund for giving donation for flood, earthquake etc. Surat, Rajkot and Vadodara DCCBs were keeping these reserves in State Co-operative Bank. But Ahmedabad and Sabarkantha DCCBS were keeping these reserves internally and in State Co-operative Bank. The selected DCCBs were following their respective bye-laws for transfer of funds to reserves and other funds.

5. 7. 3 Deposits

Questions relating to the preparation of deposit targets were administered to branch managers and head office superintendents. They depicted that all these selected branches accept deposits in the form of current account, savings bank account, fixed deposit account and recurring deposit account. Only Surat DCCB’s branches fix yearly targets for different types of deposits. Other banks' branches prepare only yearly targets for all types of deposits as a whole. At head office level, three banks prepare their deposit targets on the basis of past performance before three months of the start of the accounting year and the other three do it in between March and May.
5.7.4 Deposit mobilization campaign

Details of deposit mobilization campaign like periods of campaign, attainment of targets, withdrawal of deposits mobilized during deposit mobilization campaign were also enquired from head office superintendents and branch managers. Based on their opinions, it came to the conclusion that all these banks conduct deposit mobilization campaign (DMC) for collecting more deposits. For popularizing deposit schemes, all these banks give advertisement in newspapers. Other methods for popularizing deposit mobilization are personal canvassing, giving advertisement in magazines, souvenirs, cinema slides, banners, wall posters, loudspeaker announcement, etc. Registrar of co-operatives fixes the target for GSCB, GSCARDB and all DCCBs.

The fixed deposits were mobilized more during DMC and a major portion of the deposits mobilized were remaining there without immediate withdrawal except in the Bharuch DCCB where all types of deposits were increasing during Deposit Mobilization Camp.

Out of 18 branch managers, fourteen branch managers opined that fixed deposits were mobilized more during DMC, while two managers are of the opinion that savings bank accounts were more and there maining two found that all types of deposits were increasing. With regard to the question of immediate withdrawal of major portion of deposits mobilized during deposit mobilization campaign, forty managers/ officers of selected six DCCBs, GSCB and GSCARDB expressed their opinion that these deposits are not withdrawn immediately, while the remaining four managers opined that these deposits are withdrawn immediately. Out of these four managers, two managers pointed out that major part of 46 days' fixed deposits are withdrawn immediately and there maining two opined that major part of savings bank deposits are withdrawn immediately. Personal requirements are the main reason for this withdrawal. It was also found that the banks are not giving any incentives to staff members for conducting deposit mobilization campaigns.
5.7.5 Determinants of Deposits

It is observed that among the motives for depositing money by the public in cooperative banks, ten managers of cooperative banks mentioned that high interest rate and better services in descending order of importance. Only one officer felt it to be due to better services and high interest rate. Personal contact with people is the third reason in the opinion of one officer. At branch level out of 18 branch managers, eleven managers gave first preference to high rate of interest, six managers to better services and one manager to personal contact.

5.7.6 Loans and advances

For obtaining information about preparation of loan mix, targets for loans and types of loans granted by these banks, opinions of head office superintendents and branch managers were collected. They connected that at head office level GSCB, or GSCARDB or DCCBs are not planning their loan mix (combination of loan). However, three banks were found preparing targets for total loan at the beginning of the year. In addition to short term, medium term and long term loans and housing loan, all DCCBs advance schematic loans for different purposes like betel vine cultivation, pineapple cultivation, jasmine cultivation, pepper cultivation coconut development schemes, dairy development schemes, sericulture, minor irrigation, goat rearing, beekeeping, prawn farming, rabbit rearing, bio/gobargas production, pig rearing, sprayer, cow and cattle shed, rubber roller, soil conservation, nursery, pisciculture, smoke house, IRDP, cardamom plantation, coffee plantation, tea plantation, rubber plantation etc. At branch level also there was no planning for loan mix.

All these banks give emphasis for priority lending. Out of the six banks, three banks also introduced innovative schemes like integrated credit to poor families including all types of loans, such as loans to mushroom cultivation, fresh water fish farming, bush jasmine cultivation, prawn farming, brackish water fish farming, overdraft schemes to individuals which are linked with deposits, etc.
5.7.7 Supervision of loan

Management practices followed by DCCBs regarding supervision of loans utilization were also collected from to head office superintendents and branch managers.

5.7.8 Investments

The determinants of investing money in securities by head office in order of preference was also scrutinized. The order of preference reported is exhibited in the study.

The alternative analysis of data in next chapter reveals that four coop banks were found to give the first priority to liquidity, one bank gave and third preference for the remaining three. Almost all the cooperative banks follow government instructions as directed by the Registrar over the telephone or in person in the context of special savings drive of Government as the fourth preference. These banks invest their funds in fixed deposits, call deposits and trustee securities of state co-operative banks, post office savings bank accounts, NABARD bonds, IDBI bonds, Government of India and State Government bonds, shares in co-operative institutions, other trustee securities, etc. Five banks reported problems lack of liquidity, low rate of interest, long duration, delay in claiming periodical interest, lack of remittance facilities for cash and getting prior sanction from the Registrar.

5.8 Political interference in the management of Co-operative Banks

From informal personal discussions and observations of the activities of the banks, it appeared that there was political interference in almost all activities of the banks. To examine this issue further, eleven questions were administered to the Chief Executive Officers, head office superintendents and branch managers. A brief outline of the findings is given intohe following sections.
5.8.1 Chief Executive Officers

The Chief Executive Officers were asked to express their opinion regarding political interference in various activities of selected DCCBs.

Analysis reveals that with regard to the first question, i.e., about political interference in the selection of employees, two managers disagreed to it. Only one manager strongly agreed that there is political interference, while three managers expressed no opinion. Three managers probably remained neutral because they are afraid of political interests which may act against them. This argument is further established in the informal discussions with these managers.

Similarly questions were raised regarding transfer of employees, sanctioning of loans and advances, writing off of loans, recovery of loans, establishing branches, policy formulations, control of primary societies, membership of societies, etc. In all these cases, based on the survey, three managers had no opinion while one manager strongly agreed and two managers’ disagreed. Thus, the broad trends indicate that there was reasonably high level of political interference and the Chief Executive Officers are very much reluctant to record their opinions, fearing the consequences. Among the six banks, Chief Executive Officer of only one bank openly stated the element of political interference.

5.8.2 Branch Managers

For obtaining information about political interference from branch managers, details from 18 branch managers were collected.

It is clear that branch managers expressed different opinions with regard to political interference at different levels. In the selection of employees, only one of the branch managers strongly agreed and three agreed to the prevalence of political interference. Ten managers did not express their opinion and four managers disagreed to this point.
Regarding the question of promotion, nine respondents disagreed and one strongly disagreed with political interference. While six managers failed to give any opinion one manager strongly agreed and another agreed.

Political interference in terms of employees' transfer was also enquired. Eight managers had no opinion over the issue, whereas four managers expressed disagreement towards the same. Only one manager strongly agreed to this matter.

With regard to the question of having political interference in giving loans, six respondents disagreed, one manager strongly disagreed and another six gave no opinion regarding the issue.

In the case of writing off of loans, the issue was disagreed by five managers and strongly disagreed by another five managers, whereas seven managers failed to opine. Only one manager agreed to this issue.

Regarding recovery of loans, five managers expressed disagreement and seven managers had no opinion about prevalence of political interference. While four managers expressed strong disagreement only two managers strongly agreed.

Eight managers expressed no opinion with regard to political interference in establishment of branches and controlling primary societies. Four managers disagreed while one among them strongly disagreed.

Towards the issue of policy formulation and giving membership to societies, eleven managers had no opinion. Three managers disagreed about its existence while three strongly disagreed. Only one manager strongly agreed about the prevalence of political interference in giving membership to societies.
The evaluation of management practices followed by the sample DCCBs revealed that majority of the banks in majority of instances follow rule of thumb and their practical experience as the criteria instead of scientific banking theory or practices. Hence, it may be inferred that professionalization in management is not up to the required level in DCCBs. Regarding the political interference in the day-to-day working of the bank, the sample respondents were generally reluctant to reveal their perceptions except one respondent. But during the interview, the researcher got the impression that there is all-round political interference in the normal working of the DCCBs. It is high time to de-link political affiliations from the co-operative sector.

5.9 Management of Cooperative Bank by the Board of Directors

Cooperative banks are democratic and voluntary business organizations engaged in deposit mobilizations and loans and advances and the cooperative banks are managed by the elected board of directors. The boards of directors in cooperative banks are the local leaders and business man. The board of directors and the chairman of cooperative banks is the final authority in a cooperative bank.

Subject to the provisions of the Gujarat Cooperative Societies Act, 1961, the GSC Rules, and the Bye-laws of the cooperative Bank, the final authority of the Cooperative Banks vested in its general body meeting, summoned in such manner as is specified in these bye-laws. The Management of the affairs of the cooperative bank is vested in the Committee duly constituted in accordance with the provisions of the GSCS Act, the GCS Rules, and the Bye-laws of the cooperative banks.

Subject to the direction given or regulation made by a meeting of the general body of the cooperative bank, the Committee exercises all powers, expressly conferred on it and discharges all functions entrusted to it under the bye-law of the cooperative banks.

As per the act election of all the members of the committee of cooperative bank is to be held once in 5 years, in accordance with the Election Regulation. The retiring members of
the Committee are eligible for re-election and the voting is done by secret ballot. The period of office of the committee elected is for 5 years. When the new Committee is elected, the Secretary of the outgoing Committee prepares the list of papers and property of the Cooperative Bank in his custody and hand over the charge thereof to the outgoing Chairman. The retiring Chairman shall hand over the charge of the office of the Committee and all papers and property of the Cooperative Bank, in his possession to the chairman of the new Committee. Every Committee, at its first meeting, after its election, shall elect a Chairman, Secretary and Treasurer from amongst the members of the Committee. The Chairman, Secretary and Treasurer of the Cooperative Bank shall hold office for the period of 5 years from the date on which he is elected to be the Chairman or as the case may be by the Secretary and Treasurer, but not beyond the expiry of term of the Committee. Provided that he shall cease to be the Chairman, or as the case may be the Secretary or Treasurer of the Cooperative Bank, if the motion of 'No Confidence' is moved in the special meeting of the Committee called, and presided by the Registrar or such officer not below the rank of a Assistant Registrar, upon the notice given by 1/3rds members of the Committee and the motion of 'No Confidence' is passed by 3/4th members present at such meeting, having attendance of at least 2/3rd members of the Committee who are entitled to vote at the election of such Chairman, Secretary and Treasurer. In the event of vacancies in the Committee, caused on account of the death, resignation, disqualification or removal of any members of the Committee, by the Registrar, the Committee may fill in such vacancies by co-option on the Committee of any other members eligible to be on the Committee, irrespective of fact whether there is the quorum or not, notwithstanding anything contained in the Bye-law. However, such vacancies by co-option shall not be more than two. The Period of office of the co-opted member of the committee shall be coterminous with tenure of office of the Committee. The duties of the Board of Directors of cooperative banks are as under:

1. To make plan and strategies for business development including mobilization of deposits, development of new service, deciding costing and pricing of deposits and loans and other services.
2. To consider various available options to raise of funds. To decide the policies of loans and advances within the legal framework of RBI, NABARD and RCS.

3. The Chairman and Board of Directors of the Cooperative Bank shall have the power of overall superintendence, control and guidance in respect of management of the affairs of the Cooperative Bank, within the frame-work of the GSC Act, GCS Rules, the rules and the bye-laws of the Cooperative Bank.
CHAPTER -VI

SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS

6.1 Objectives of the Study

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6.8. Common Problems & Suggestion of Cooperative Banks

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SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS

After studying the origin, growth, trend analysis and financial performance of cooperative banks, several inferences have been drawn and also the interpretations of data analysis have been made in previous chapters. This chapter will summarise the inferences and conclusions of the study.

It is proved by several studies by various government as well as research institutes and individual research scholars, that the cooperative banks are playing vital role in the agriculture and rural development in India and the Gujarat State is one of the leading states in cooperative movement. Therefore, it was felt necessary to evaluate and assess the role of cooperative banks, whether the cooperative banks are able to reach out to maximum number of farmers and especially those who had gone out of the active credit fold of the banking system because of social and economic backwardness. After the indepth study on the subject, following conclusions have been drawn.

6.1 Objectives of the Study

This study was carried out with the following objectives:

1. To Study the functioning of Cooperative Credit System in India in general and in Gujarat state in particular.
3. To study the role and contribution of The Gujarat State Cooperative Bank, The Gujarat State Cooperative Agriculture and Rural Development Bank and District Central Co-operative Banks in the fields of agriculture and rural development.
4. To study the problems of Co-operative Banks in Gujarat.
5. To suggest various measures to improve the health of cooperative Banks in Gujarat.
6.2 Hypotheses of the Study

1. H₁: Despite of several limitations and constraints, the cooperative banks have made significant growth and progress, in terms of all financial parameters.

2. H₂: The Coop Banks have played vital role in advances & recovery of loan over the period.

3. H₃: Management practices followed by Coop Banks contribute to the efficiency in funds management.

4. H₄: The major parameters of business performance of Coop Banks like share capital, reserves and other funds, deposits, loans and advances and investments are presumed to be an increasing function over time and the magnitude of their change is proportional.

5. H₅: The Cooperative Banks in Gujarat state have played a significant role in providing agriculture credit and credit for rural development.

6. H₆: Cooperative banks have several problems such as low resource base, high cost of funds, increasing bad debts, low profitability, deteriorating customer services etc.

6.3 Abstract of Research

The literature relating to growth, performance and management of banking sector especially the co-operative banks were reviewed in the first chapter. The review made in this chapter brought out that there were a number of general studies relating to funds management of cooperative banks in India in general but there were negligible studies conducted on the topic related to the role of cooperative banks in rural development with special reference to agriculture development of Gujarat state.

The Origin & Development of Cooperative Movement in India is explained in second chapter. The details of phases of cooperative movement in India are given in this chapter. Government of India appointed the Planning Commission which started formulating Five Year Plans of national development in which cooperation was given a pivotal role to secure peoples' participation in the formulation and implementation of plans for their development. In this chapter all the important provisions related to cooperation is mentioned.
In the third chapter an attempt has been made to study the origin - development and present scenario of cooperative movement in India and Gujarat. Both, the short term & long term cooperative credit structure is analysed in this chapter. In this chapter an attempt has been made to review the developments in co-operative banking in India in general and also in Gujarat. The study made in this chapter indicates that the number of cooperative credit institutes and its reach has been increased significantly.

The chapter four is devoted to examine the financial performance of the selected Cooperative Banks. This chapter contents the analysis of all financial parameters and also the performance and role of cooperative banks in financing to agriculture and rural sector of Gujarat from 2006-07 to 2012-13. The major objective of the study is to examine the role of cooperative banks in agriculture development with special reference to rural development, has been analysed and presented in this chapter.

In chapter five an attempt is made to highlight the major inferences with a view of major management system that is adopted by the management of cooperative banks for policy formulations and to improve the efficiency in the funds management of cooperative banks. This chapter outlines the rationale behind the management structure, methods and practices of management of banking operation in cooperative banks, which includes the system of planning for fund mobilization and deployment of funds in professional manner so as to achieve the goals of the bank.

The last chapter number six summarises the conclusions of the study and presented the problems of cooperative banks and their solutions.

6.4 Summary of findings:

1. Cooperative sector and particularly Cooperative Credit Institutions play an important role in meeting the growing credit needs rural people of Gujarat. The cooperative credit system provides total loans of Rs. Two Lakh Crores and it account around 22% of total agriculture credit in India. If we compare proportion with total agriculture lending of Rs. 7 Lakh crores, the share of cooperative credit system seems smaller amount than the commercial banks, but if we consider the number of
beneficiaries under small and marginal farmers, then the share of cooperatives will be more than 66% in total credit to small and marginal farmers.

2. Though the credit flows of commercial banks is increasing during last ten years the number of beneficiaries in cooperative banks are almost double than the commercial banks.

3. The predominance of the cooperatives as the key credit provider of agricultural credit continued till mid-nineties when it was still meeting about 60% of agricultural credit provided by the entire banking system to farmers. But, with commercial banks stepping up their agricultural financing from 2001 onwards, and especially from 2004-05 onwards when the 'doubling the agricultural credit' campaign started, commercial banks today provide almost three fourths of the total agricultural credit in the country with RRBs providing another 10% or so. The net result is that despite a modest growth of about 20% per year in its agricultural credit dispensation during the last five years, and having a rural penetration of more than 25000 branches putting together of DCCBs, SCBs and State Cooperative Agriculture and Rural Development Banks (SCARDBs). Over and above the cooperative banks there are 112000 PACS spread over the country. If we compare the reach of the institutional credit, the cooperative banks have around 150000 branches as compared to only 60,000 rural and semi-urban branches of commercial banks and RRBs. Despite of huge branch network of cooperative credit structure it is fact that the share of the cooperatives in agricultural credit has fallen from 50% in 2000-01 to about 22% in 2012-13.

4. Despite entry of Commercial banks and RRBs, the Cooperatives continued to provide significantly larger portion of agricultural credit for another two decades. Even until early 1990s, cooperatives provided almost 62% of the agricultural credit in the country. However, with introduction of Financial Sector Reforms during 1991 and through Government intervention the Commercial Banks have overtaken the cooperatives and increased their agricultural lending to 74% by 2010-11 and the share of cooperatives dwindled to around 22% during 2013-14.
5. In Gujarat, the cooperative movement is comparatively strong and the cooperative credit institutes have been doing well. The Three tier credit structure including GSCB, DCCBs and PACS are performing well, but during the period of financial reforms these credit institutes faced little turmoil and therefore it was necessary to make some sincere efforts to make these institutes revived.

6. The Long Term Cooperative Structure especially the GSCARDB is facing problems of financial crunch as well as increase default ratio.

7. As per the study, it was found that the cooperative banks have made significant progress in terms of all financial parameters including increase of net worth, deposits, advances, recovery, income and profits. The GSCB and DCCBs have made significant progress in all parameters of financial performance. The GSCARDB has also made significant progress in terms of deposit mobilisation in terms of fixed deposits and dispensation of credit for long term purpose for the farmers. The GSCARDB has major problem of poor recovery and the bank is trying to make suitable action for improving the recovery of loans.

8. Out of the total 18 DCCBs in Gujarat, five DCCBs were found weak, namely Baroda, Bharuch, Panchmahal, Junagarh, Surendranagar. All these weak DCCBs were having significant growth in deposit mobilisation, advances, membership and net worth, but all these DCCBs face a major problem of poor recovery.

9. Cooperative Credit Structure is playing pivotal role in financing agriculture and rural development in the country in which, the DCCBs and PACs are an indispensible layers.

10. The Gujarat State Cooperative Banks (GSCB), The Gujarat State Cooperative Agriculture and Rural Development Bank (GSCARDB) and DCCBs are the central financing institutes for rural and agriculture financing and they played their vital role in the agriculture finance and finance for rural development.

11. The Cooperative Credit structure works at grass root level and it has direct contact with the rural masses and they play a crucial role in rural credit dispensation
and engaged in distribution of agricultural loans especially the crop loans to the needy, marginal and small farmers of the country.

12. The cooperative credit societies are also engaging other activities in addition to credit and savings, the distribution of agricultural inputs like seeds, fertilizers, pesticides, implements etc., to the member community, running consumers' stores, undertaking Public Distribution System (PDS) and offering a yeomen services at the village level.

13. The cooperative credit system has been a key instrument of financial inclusion in reaching out to a large section of the unbanked masses in rural areas. They have a much greater potential reach than any other kind of normal financial institutions in rural area on a national scale.

6.4.1. The Gujarat State Cooperative Bank

The top level credit structure i.e. State Coop bank is very strong in all financial parameters like resource mobilisation, lending, recovery and net worth. The reason being it is not directly involved in retail banking in big way. Secondly it is doing business of routing funds of refinance received from the NABARD and gets some amount of commission on it. Thirdly, it has sizable amount of reserve funds which take care of the operational expenses like on salary and other administrative expenses. The bank also has significant share of CASA deposit, which helps it to reduce the cost of funds and increase profit and profitability. The GSCB has strong link and good relations with the DCCBs in the state. It helps to the coop credit structure in the state.
The above table no. 6.1 is indicating the progress of GSC bank from the year 2006-07 to 2012-13. The GSCB has three major sources of funds namely, deposits, borrowings and owned funds created out of profits which constitute 70%, 25% and 5% respectively. The major source of fund for GSCB is deposits. At the end of year 2013 the GSCB has Rs. 51738.9 Lakhs owned funds which accounted for almost 3.57% of the total owned funds of the 31 State coop banks in India which aggregated 1447897 lakhs. The GSCB is one of the financial strong SCBs in the state and it has 51738.9 lakhs owned funds. The GSCB has Rs. 2249.85 Lakhs as share capital and Rs. 3282.64 lakhs as reserve funds, constituting total of Rs. 51738.9 as owned funds. The GSCB having strong base of owned fund and consequently it could have strong base of 8.81% CRAR. As the GSCB is constantly making progress, the CRAR of GSCB is also shown constant increase during the last five years. The increase of CRAR of GSCB was higher due to increase of profit and increase of reserve funds, consequently strong owned funds.

- **Share Capital and Reserve Funds**

- **Deposits**

The SCBs of India are accepting all types of Deposits from Individual members and so cities also. The GSCB is one of the unique state coop bank of India which had
been operated with only one branch and doing retail banking till 2013. The GSCB has its strong deposit base from institutional deposits from various cooperative institutes like DCCBs, Coop Dairies, Coop Sugar Factories and other coop societies of Gujarat state. The total deposits of SCBs in the year 2013 was Rs. 10197026 lakhs. Whereas the GSCB was having deposit of Rs. 1019702 lakhs. Which is 8.48% of total deposits of 31 SCBs. But while analysing type wise deposits it is revealed that in all SCBs the share of CASA deposits was less than 30% and fixed deposits were remained around 70% of total deposits. In GSCB, the share of CASA deposit in total deposit was less than 5% and fixed deposits were 95%. The study shows that SCB including GSC are facing the burden of high interest. The efforts to collect CASA deposits are very less. The bank should adopt strategy for deposit mobilization.

- Loans and Advances

The state cooperative banks undertake to finance the central cooperative banks and other apex societies in its area of operation. The bank may also finance other societies affiliated to it with the prior approval of the Registrar. Loans may also be given to depositors on the pledge of their fixed deposit receipts. Loans to individual members may be granted in exceptional cases against such securities and on such terms and conditions as may be determined by the bank from time to time.

SCBs are offering two types of advances, for short term and medium term. Short term advances are given for the period of 12 months and medium term for 3 to 5 years. The growth in short term advances made by SCBs is showing 232.71% growth during last decade, where as the growth in medium term advances is reduced 53.83%. In Gujarat, the total advances of GSC Bank were Rs. 526044 lakhs, which is 3.91% of advances of 31 SCBs. The growth in advances of GSC Bank was remained 281.29%, short term advances was 471.52% and in medium term advances it was 1906.90% during the period of study. The share of short term advances of 31 SCBs in total advances is remained 70 to 90%. The share of medium term advances was remained 10 to 30%. In Gujarat State the total advances was Rs. 526044 lakhs, out of which the agriculture advances was Rs. 459395 lakhs. It is showing that the share of agriculture advances was remained around 87% and medium term was remained less than 13%. It is revealed by the analysis that Gujarat SCB is focusing
more on agriculture advances and playing important role in the cooperative agriculture credit structure of Gujarat.

- **Recovery of Loans**

Many Cooperative banks are facing the problem of regular recovery mechanism. In the year 2013 the total demand of State Cooperative Banks was Rs. 7382790 lakhs, where as Gujarat SCB was having demand of Rs. 274293 lakhs. This was around 3.72% of all SCBs. While studying the position of recovery it is revealed that the recovery of GSCB was more than 80% during the period of study. The recovery of all SCBs was remained 95%. The sound recovery has created positive impact on the profitability of the bank. It is revealed in the study that the recovery mechanism in SCBs of India and GSC Bank is efficient.

6.4.2. The Gujarat State Cooperative Agriculture and Rural Development Bank

The study indicates that, the GSCARDB could not make financial progress in terms of mobilisation of funds, increasing of share capital, reserve funds and even loans and advances as well as recovery of loans.
The analysis reveals that the financial position of the Gujarat State Cooperative Agriculture and Rural Development Bank (GSCARDB), is providing long term credit to the farmers and it has succeeded in its social objectives and members benefits. But as a business unit, it could not achieve business objectives to earn profits at reasonable rates. The GSCARDB has branch network of 194 branches spread over across the state and it has very good reach to the farmers.
- **Deposits**
The GSCARDB is mainly accepting deposits in the form of long term deposits. The total deposits of GSCARDB were Rs. 7557.38 Lakhs in the year 2006-07, which was continuously increased during the period of study and it was Rs. 20323.36 Lakhs in the year 2012-13. The growth was 167.73% and growth rate was 27.96%. The saving deposits were Rs.121.52 lakhs in the year 2011-12. The next year, 2012-13 it was reported 235.43 lakhs, which is showing the growth of 93.74% and growth rate 15.62%. The study shows that GSCARDB is making efforts to collect savings deposits which are a matter of appreciation. But still rigorous efforts to collect low cost deposit are needed.

- **Advances**
The GSCARDB is mainly offering advances for long term against the mortgage of the loan. As per the data available from bank, the GSCARDB is offering advances for more than 69 purposes including house loan, education loan and other non agriculture purposes. The only hurdle the bank is facing that all these advances are availed against mortgage of land.

The loan & advances of bank was Rs. 61849.85 lakhs in the year 2006-07. In the year 2012-13 it was decreased and reached upto Rs.57989.36 lakhs. The growth was -6.24% and growth rate was -1.04% during the study it is observed that the loan sanctioning policy and documentation process are very complex and time taking. That is why it is not possible for bank to provide fast service to the customers.

- **Recovery**
Recovery is the major problems of GSCARDB. Overdue is biggest burden on the bank. In the year 2006-07 the demand was Rs. 53275.59 lakhs, against which the recovery was Rs. 22846.23 lakhs. Study shows that the recovery of the bank was 42.88%. In the year 2012-13 the recovery was remained 46.24%. No remarkable progress is made during the period of study. The recovery of bank is not showing the satisfactory performance.
6.4.3. District Central Cooperative Banks (DCCBs)

Central and most important intermediate of the three tier credit structure of cooperative credit is the DCCB. It is the cooperative institute, which is responsible for the development of the cooperative movement in the respective district. There are 18 DCCBs in Gujarat state, working for the development of cooperative movement in the districts. Since the DCCBs are the organisations which provide the banking services to their members, it is necessary to see the growth of membership of DCCBs.

Graph No. 6.3

Performance of DCCB from 2006-07 to 2012-13

- **Deposits**: 7085 to 15755 in Crores
- **Advances**: 5300 to 12452 in Crores
- **Agri Loans**: 3378 to 8766 in Crores
- **Recovery of Loans**: 4887 to 9712 in Crores

(Source: Balance sheet of DCCBs 2006-07 to 2012-13)

- **Share Capital and Reserve Funds**

The above graph no. 6.3 is showing the performance of DCCBs of Gujarat from the year 2006-07 to 2012-13. The study reveals that the DCCBs in Gujarat have played significant role in the development of farmers and rural people. The DCCBs have made noteworthy progress in terms of all financial parameters like deposit mobilisation, increase in share capital, reserve funds, increase in loans and advances, recovery of loans. Total own funds of DCCBs in India was Rs. 3546487 Lakhs in the year 2013. Whereas the DCCBs of Gujarat were having Rs. 262979 lakhs own fund, which is 7.42% of total own funds of all DCCBs of India.
• **Deposits**

DCCBs are accepting deposits from their members. The total deposits of DCCBs in India was Rs.2,156,617,0 lakhs in the year 2013. The growth in deposits of DCCBs of India is reported 180.82% during the period of study. Out of which the growth in deposits of cooperative societies is 137.71%, Individuals 201.04% and others was 111.65%. In Gujarat the total deposits of DCCBs was Rs. 1,829,500 lakhs in the year 2013, which is around 8% of total deposits of all DCCBs of India. The growth in deposit was 170.70%. Out of which the share of cooperative societies was increased 61.65%, individuals 288.73% and others 151.83%. While studying the type wise deposits of DCCBs, it is revealed that the share of low cost deposit in total deposit was less than 30%. More than 60% deposits are of fixed nature of kind. This ratio in Gujarat was around 20% - 35% and 55% respectively. It shows that DCCBs in overall country are facing the problem of high interest paying liability.

• **Advances**

DCCBs are providing advances for short and medium term. During the period of study the total advances of DCCBs in India was Rs. 2,179,408,4 lakhs in the year 2013. The growth in advances is reported 278.84%. Out of total advances more than 70% advances are made for short term and the share of medium term advances in total advances is remained less than 12%. The growth in short term advances is reported 183.09% and 27.34% reduction in medium term advances.

The advances of DCCBs in Gujarat are also increased. Total advances of DCCBs in Gujarat were Rs. 1,419,615 lakhs in the year 2013. The growth in percentage is showing 201.99% growth in advances. The major portion of advances is made in short term. The short term agriculture advances during this period was Rs. 1,221,411 lakhs. While analyzing the reported data it is shown in the above table that DCCBs of Gujarat has made more than 80% advances for short term and the medium term advances were less than 12%. The growth in short term advances is 231.18% and medium term 334.34%. It is revealed from the study that the DCCBs are mainly engaged in providing short term advances.
6.5 Micro Analysis of sample Cooperative Banks

The micro analysis of sample cooperative banks is as under

Graph No. 6.4

<table>
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<th></th>
<th>Own funds</th>
<th>Deposit</th>
<th>Advances</th>
<th>Recovery</th>
<th>Profit</th>
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<td>201.99</td>
<td>23.33</td>
<td>155.5</td>
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<td>GSCARDB</td>
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<td>27.96</td>
<td>-6.24</td>
<td>7.83</td>
<td>63.39</td>
</tr>
<tr>
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<td>159.26</td>
<td>97</td>
<td>1.3</td>
<td>675.51</td>
</tr>
</tbody>
</table>

(Source: Balance sheet of Cooperative Banks 2006-07 to 2012-13)

The above graph no. 6.4 is indicating the growth in the financial parameters of sample cooperative banks. It is clarified that the sample cooperative banks has made remarkable progress in all the financial parameters during the period of study.

- Recovery

Overall recovery of DCCBs of India was remained around 60 to 70% in the year 2013. The figures reported of numbers of employees are showing that the numbers of employees in DCCBs are reducing. This may help the banks to reduce their management cost but on the other hand DCCBs are facing the problem of staff shortage. This may affect the working of the banks negatively.
The above graph no. 6.5 is showing the progress in recovery of cooperative banks. In the year 2006-07 the recovery percentage of GSC Bank was 97.34%, GSCARDB 42.88% and DCCBs 64.45%. In the year 2012-13 the recovery percentage of GSC Bank 98.61%, GSCARDB 46.24% & DCCBs 71.14%. The analysis shows that the recovery is regular.

The Gujarat State Cooperative Bank is performing very well in recovery parameter. The major reason for this is, the GSCB is mainly having institutional finance and the recovery process becomes very smooth for the bank.

The DCCBs of Gujarat are also having satisfactory progress in recovery mechanism. The DCCBs are also having major portion of their advances as institutional finance. The DCCBs like Surat, Rajkot, Sabarkantha, Banaskatha, Amreli are having 80 to 99% recovery. Whereas DCCBs like Surendranagar, Bhavnagar, Junagadh, Jamnagar, Kutch are having very poor recovery position.

The GSCARDB is having high overdues. The recovery of the bank remained less that 50% during the period of study. The high level of NPA restricts the bank to deploy their fund and diversify the loan portfolio. The analysis shows that the recovery
position is improving but still it is very slow. One factor observed during the study that all the overdues are long time overdues. The loans sanctioned during the period of study are mostly recovered.

- **Loans and Advances disbursement by the Selected DCCBs**
The study shows the average loans and advances disbursement by each DCCB has been increased by 110% during the year 2012-13. The highest loan was given by Rajkot DCCB and Ahmedabad DCCB of Rs. 2275 crores and Rs 1989 Crores in 2012-2013 respectively. The annual growth rate of loans and advances by DCCBs was found 21.30 per annum during the period under study. Rajkot and Mehasana CCBs have registered highest growth rate of more than 35% per annual, where as the Baroda DCCB has registered negative growth rate in advances. The reasons for negative growth in loans and advances were due to poor recovery and bank was put under section 11 by RBI.

- **Agriculture Advances disbursement by the Selected DCCBs**
It is significant to note that, the DCCBs have made remarkable progress in agriculture advances during the study period. The study indicates that more than 65% of the total loans have been given to agriculture sector by the DCCBs and it is continuously increasing and during the year 2012-13 it has reached up to 68% of the total loans. The target of agriculture to the commercial banks is max. 20% of the total advances, and none of the commercial bank is able to achieve even 20% target, on the other hand despite of maximum 25 % target the DCCBs are financing 68% loans to agriculture sector. This proves that the DCCBs are supporting to the government objectives of development of agriculture sector.

- **Non-Agriculture Advances disbursement by the Selected DCCBs**
The DCCBs in Gujarat are also giving sizable portion of loans for the purpose of non agriculture sectors to meet the demands of people. The non agriculture loans are given by the DCCBs in the areas namely industry, business, profession, housing, education and consumers loans. These loans given by the DCCBs are mostly in rural area for the development of trade and business. The share of non-agriculture loans was 37.36% in the year 2006-07 which has been decreased up to 31.56% in the year
2012-13, which shows that the agriculture loans have been increased during this period. The average loans of non agriculture loans were more in the DCCBs like Ahmedabad, Surat and Rajkot, because they have more volume of business. Except of Baroda DCCBs other DCCBs have moderate presence of non agriculture loans but due to loans given to cooperative industries by DCCB from the year 2010-11 onwards the share of Baroda DCCBs looks more. But overall all the DCCBs are giving around 30 to 35% loans to non agriculture sector. It is significant to note that, though the non-agriculture loans of DCCBs are around 33 to 37%, but most of the non agriculture loans is given in rural areas, which shows that the DCCBs are serving for the rural development and agriculture development.

- Loans given in Rural area under Non Agriculture Loans by DCCBs

The study indicates the Loans given by DCCBs for Rural Development Activities under Non Agri Finance during the study period have been significantly. The average loans to people in rural areas was Rs. 120.95 crores per DCCB distributed for the development of rural people, which has been increased up to Rs. 243.63 crores in 2012-13 per DCCB. The DCCBs like Ahmedabad, Rajkot and Surat have given huge quantity of loans for the rural development, because of their volume of business is big. It shows the strength of DCCBs and their commitment for rural development. The following table shows the percentage Share of Loans and Advances in Rural Development Activities in Non Agri Finance by DCCBs in Gujarat State.

- Percentage Share of Loans and Advances in Rural Development Activities in Non Agri Finance by DCCB

The study indicates the % Share of Loans given by DCCBs for Rural Development Activities under Non Agri Finance during the study period. The table shows that the DCCBs grant more than 77% loans in rural areas for the development of rural people. The purpose of rural finance are like agri based industries, like dairy, agri processing unit, small business, transport business, small professional loans, transport loans, education loans, housing loans and consumer loans.

It is revealed in the study that the major non agriculture loans (29%) given by DCCBs are for small business in rural areas, followed by agro based industries (19%). This
graph indicates the share of rural finance other than agriculture loans. As per the
graph it is seen that the DCCBs in Gujarat grant around 16% loans to establish or run
rural Industries and for the purpose working capital loans in rural areas. The share of
Professional loans and consumer loans are 9% each and the share of housing loans is
6%, where as the share of education loans in rural areas was only 1%. This shows
that the DCCBs are giving more loans for the purpose of income generating activities
in rural areas. This is sufficient enough to prove that the DCCBs are contributing in
the economic development of rural area.

- Percentage Share of Loans and Advances for Agriculture and Rural
  Development by DCCB
The study indicates that the DCCBs provide more than 93 % loans in rural area for the
purpose of agriculture and rural development activities. The average loans of 92.94 %
was given by the DCCBs for the purpose of agriculture and rural development
activities in 2006-07 and it was not decreased during the entire period of study,
moreover it has been increased up to 93.79%. It is the strength of the cooperative
credit movement. If we see at micro level, then it is found that the big DCCBs like
Ahmedabad and Surat which have more industrillisation in their area and they have
more branches in urban area, they have little less share in agriculture and rural
development in compare to the other DCCBs. But still they have huge share of
financing for the purpose of agriculture and rural development activities. If we see the
share of commercial banks in the area of agriculture and rural development, it can
never be even 40% for any bank in India. Hence it is proved that the cooperative
banks have immense role and contribution in agriculture and rural development.

The analysis indicates that the DCCBs are granting their almost 90% loans in the
areas of agriculture and rural development activities. This proves the hypothesis that
the Cooperative banks play a significant role in agriculture and rural development.

- Earnings of Net Profit by the Selected DCCBs
The DCCBs in Gujarat are earning profits during the period under study. Except the
Baroda DCCBs other selected DCCBs were working in good conditions and earning
profits. The Baroda DCCBs also started to earn profit after it came out of the weak
bank category from the year 2009-10 onwards, and now it is one of the good DCCBs in Gujarat. Ahmedabad DCCB is highest profit earning DCCB, followed by Rajkot and Surat DCCB respectively. The Ahmedabad DCCB is engaged in various diversified non-farm lending activities, it has professional approach in trading of securities and it has around 30 to 35% CASA deposits, which help the bank to reduce cost of fund and increase the profit and profitability. The Rajkot DCCB and Surat DCCB also adopted approach of diversification of lending and mobilization of low cost deposits. All these three DCCBs have good records of recovery of loans. The overall default ratio or NPA of the DCCBs in Gujarat is less than 20% and all the banks make 100% provisions against NPA and therefore, the profit of these DCCBs looks less, but in fact they have more operational profit from banking business.

The Cooperative banks namely GSCB & GSCARDB mainly concentrate on Agricultural loans and more than 95% loans of GSCB is given to agriculture sector for the purpose of agriculture processing industries like cooperative sugar factories, cooperative dairy and cooperative agriculture processing units.

The GSCARDB also gives more than 98% loans for agriculture and rural development purpose.

As far as DCCBs are concern, they also expand their major credit in agriculture sector and rural sectors. Hence, it can be concluded that the cooperative banks play the major role in agri. And rural development of Gujarat

6.6 Testing of Hypotheses of the Study

• H1: Despite of several limitations and constraints, the cooperative banks have made significant growth and progress, in terms of all financial parameters.

The micro analysis of individual sample cooperative banks reveals that the cooperative banks are having limited area of operation. They are having dual control from Registrar of Cooperative societies and NABARD.
Table No. 6.1
Growth of Sample Cooperative Banks during the period of study

<table>
<thead>
<tr>
<th>Name of Cooperative Bank</th>
<th>Growth during the period of study ( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Own funds</td>
</tr>
<tr>
<td>GSC Bank</td>
<td>40.45</td>
</tr>
<tr>
<td>GSCARDB</td>
<td>267.05</td>
</tr>
<tr>
<td>DCCBs</td>
<td>82.66</td>
</tr>
</tbody>
</table>

As per the analysis shown in above table, the cooperative banks have made progress in all financial parameters.

The hypothesis is accepted

• **H2** The Coop Banks have played vital role in advances & recovery of loan over the period.

Table No. 6.2
Growth in advances & recovery of Sample Cooperative Banks during the period of study

<table>
<thead>
<tr>
<th>Name of Cooperative Bank</th>
<th>Growth during the period of study ( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Advances</td>
</tr>
<tr>
<td>GSC Bank</td>
<td>97</td>
</tr>
<tr>
<td>GSCARDB</td>
<td>-6.24</td>
</tr>
<tr>
<td>DCCBs</td>
<td>201.99</td>
</tr>
</tbody>
</table>

As per the analysis shown in the above table, the cooperative banks have made progress in advances & recovery, except the GSCARDB.

The hypothesis is accepted.

• **H3** Management practices followed by Coop Banks contribute to the efficiency in funds management.

The study reveals that the cooperative banks have efficient management system. All DCCBs and GSCB and GSCARDB have professional CEOs. Almost all the branches of DCCBs and GSCBs have required number of staff members to manage the branches and all the DCCBs, GSCB and GSCARDBs
have elected board of management. The cooperative banks are following professional management practices to run the banking business and achieve the goals of member’s welfare. The cooperative banks are mobilising of resources in terms of deposits and share capital and creating reasonable reserve funds. All the banks have strategically deployed their funds in secured loans and advances and they are able to recover the loans up to maximum amount. Except the GSCARDB the other cooperative banks have more than 80% to 90% recovery of loans and hence it can be concluded that the cooperative banks are using their funds efficiently. Hence the Hypothesis Management practices followed by Coop Banks contribute to the efficiency in funds management, if found true and it is accepted.

- H4 The major parameters of business performance of Coop Banks like share capital, reserves and other funds, deposits, loans and advances and investments are presumed to be an increasing function over time and the magnitude of their change is proportional.

As the cooperative banks in Gujarat have succeeded in their business objectives of efficient performance in all terms of financial parameters like increasing of share capital, increase of reserve funds, increase in deposits, increase in loans and advances and increase in investments are constantly increasing during the period under study hence it can be concluded that the cooperative banks have achieved desired goal of financial performance and the above hypothesis is accepted.

- H5 The Cooperative Banks in Gujarat state have played a significant role in providing agriculture credit and credit for rural development.
The above analysis in chapter number 4 and the above graph reveals that the Cooperative Banks in Gujarat state have played a significant role in providing loans and advances to their members and especially the loans and advances in the agriculture sector and for rural development. (Table No. 4.13, 4.14, 4.18) Their major portion of loans goes to Agriculture sector and rural sector. If we compare the performance of cooperative banks in term of financing to agriculture and rural development, the cooperative banks have served better than commercial banks as far as small and marginal farmers are concern. Hence it can be concluded that the cooperative banks have played significant role in the agriculture and rural development. Therefore, the above hypothesis is accepted.

- **H6** Cooperative banks have several problems such as low resource base, high cost of funds, increasing bad debts, low profitability, deteriorating customer services etc.

As per the study it is found that the cooperative banks are facing some problems such decreasing share in agriculture loans, high cost of funds and. The cooperative banks in Gujarat did not suffer from the problems like low resource base, increasing bad debts or NPA (except GSCARDB), low profitability, deteriorating customer services etc. On the other hand the GSCB and most of the
DCCBs like Ahmedabad DCCB, Rajkot DCCB, Surat DCCB, SK DCCB etc have shown excellent performance in the areas of mobilisation of huge funds, reduction in cost of funds, increasing of recovery of loans, increasing of profits and the customer services of all cooperative banks are excellent in compare to commercial banks. They may be behind in terms of IT implementation but their personal services are satisfactory. Hence the above hypothesis is rejected.

6.7 Problems of Cooperative Banks and Suggestions to Overcome from these problems.

As the cooperative banks have their inherent limitations, they face several problems, which create obstacles for their sustainable development in the competitive era. The problems of GSCB, GSCARDB and DCCBs are summerised as under:

6.7.1. Problems of District Central Cooperative Banks of Gujarat and suggestions:

As mentioned earlier, the DCCBs of Gujarat State face several problems. The common problems of them are summarized as under:-

1) Staff component of the DCCBs is though adequate, lack either in terms of knowledge or exposure. This becomes a major hurdle in competing effectively with other players in the field. Continuous theoretical as well as on-the-job training would be of a great help to come out of this situation. Performance based incentive schemes would obviously bring positive results in facing the competition successfully.

2) Many of the DCCBs are still working with the same infrastructure, approach and working environment as they had a decade back. Immediate steps are required to be taken to streamline their working to suit to the present scenario. Banking has undergone a sea change during the last ten years and if the corrective measures like – inducting skilled staff, offering e-products to their clientele and sound customer relationship management etc; - are not taken at the earliest, they will be
losing the ground rapidly. In short, the management of the bank should be highly professional.

3) Unlike other major banks, many of the DCCBs of the state still don’t have their brand image in the market. This is a vital issue and needs to be looked into seriously. Bank’s Logo, Vision & Mission Statements, slogan/punch-line and due publicity – backed by efficient and transparent management, goes a long way in establishing impression based business. Some of the DCCBs, namely – Ahmedabad, Rajkot and Surat, have done this well and have also been benefited to a great extent.

4) Recovery of Loans and Advances appear to be a major problem for many of the DCCBs. Supervision, Monitoring and Control are, no doubt, the basic tools for effective recovery, the more emphasis needs to be given to proper credit appraisal and correct assessment of repayment capacity. Having been in close touch with the borrowers/farmers at the grass-root level, these banks should endeavour to create such a congenial environment as would attract effortless recovery. Better approach and understanding at both the ends would not only help smooth recovery but would also reduce the cost of recovery.

5) The main objective of the various Risk Management Measures introduced by the Reserve Bank is to save the Banks from the probable risks in that area. It is, therefore, in their own interest that the DCCBs follow them in right and spirit, to avoid their probable adverse effect on profitability. Credit risk, liquidity risk and technological risk appear to be more threatening, now a day, for the DCCBs. Top management of the bank, while taking care of these aspects, should also endeavour to create general awareness amongst the staff in such matters.

6.7.2. Problems of Gujarat State Co-operatives Bank and suggestions

1) Being an apex co-operative institute, the co-operative sector of the state look forward to the SCB for protecting their interest. The SCB should take lead in taking up the issues of the co-operatives in the state at the appropriate level for their due solution. It is quite heartening that the SCB has been doing this well since past few
years. With a view to initiating appropriate steps well in time, the SCB should endeavour to set up a Think Tank for continually evaluating the various trends like - economic, legal and technological etc. This would facilitate making anticipatory preparation to effectively face the probable future problems in the co-operative field.

2) Conservative and Restrictive – Credit Monitoring Norms of RBI prove to be a major hurdle for the SCB to expand their business. There is no doubt that all such provisions are for ensuring better health of SCB. But if bank specific approach is adopted by RBI, and some relaxations are allowed to the competent and efficient banks – obese with idle funds, the SCB would get an opportunity to diversify their lending and earn much higher profit which will ultimately give boost to the entire co-operative movement of the state.

3) Till few years back, the GSCB did not have the permission for opening branches and was working as a unit bank only. As such, functioning of this bank remained limited to serving DCCBs and other federal co-operative societies in the state, having limited scope for effective management of funds. But now with the sincere efforts of the present management, the RBI has permitted the SCB to open branches. Thus, new avenues have opened for the bank to diversify and expand their business. The major benefit would be to mobilize low cost funds and to deploy them more profitably, resulting in overall growth of the bank.

4) Apart from professional management, Corporate Governance is also one of the major issues of the present time, for SCB. Observance of principles, values and ethics of co-operation as well as efficiency and transparency of management are of vital importance for any co-operative institute. Active participation of all the directors on the board, in framing various policies of the bank is much desirable. Holding timely Board Meetings and sincere involvement of the directors in the various aspects of functioning of the bank would help carrying out banking operations very effectively and economically. Harmony amongst the directors is no doubt a welcome feature, total non-resistance, sometimes, gives negative signals.

5) Because of stray incidences of violation of rules for selfish intentions, in some co-operatives, the entire co-operative sector is viewed by the public suspiciously. The
SCB should come forward to create favourable and viable environment for the entire co-operative segment of the state, by enhancing their image and reputation, through spelling out ideal code of conduct and good governance standards, by collective endeavours. This will re-affirm public confidence in all the co-operatives in general and the co-operative banking in particular.

6.7.3. Problems of The Gujarat State Co-operative Agriculture and Rural Development Bank and suggestions

1) One of the problems faced by the GSCARDB is inadequacy of funds as well as high cost of funds. The share capital, reserve funds, borrowings and refinance are the major source of their funds. Though they are permitted to accept fixed deposits, it is a costly way of raising funds. Unless they are permitted to enter into retail banking and are allowed to accept cost effective Current Accounts & Savings Accounts (CASA) deposits, neither their funds will increase nor the cost of funds will decrease. High costs of funds adversely affect their profitability.

2) Recovery of Loans and Advances is another problem of the Bank. Since they are undertaking long term finance, various uncertainties arising during that long span, affect the repayment ability of the loanees. Default only for a year or so, prolongs till final repayment and as such their over dues go on mounting. Rephasement of repayment schedule, in genuine cases, on uniform basis, for all the victims, is much needed. The management should not only avoid sheltering the defaulters but should also reward the honest and regular borrower in a befitting manner. Creating awareness amongst the borrowers by proper customer education would help improving the recovery atmosphere.

3) The relief package under Vaidyanathan Committee did not include the long term co-operative credit structure. This should have been done simultaneously. There is much scope for considering such relief package for long term credit structure also. If this is done, it will give boost not only to GSCARDB, but it will also have positive impact on the entire co-operative credit institutions in the state.
4) The policy frame-work of the bank needs to be reviewed with an intention to make positive changes wherever felt necessary. Staff policy needs special attention. Recruitments, promotions and transfers etc. should be done on an appropriate uniform policy. Motivation to the staff members should occupy due space in their H R Policy.

5) Technological up-gradation is the need of the hour for them. Their overall functioning leaves much scope for further computerization and automation. Management Information System needs to be tuned-up in order to receive warning signals in time and chalking out appropriate action plans to effectively face the probable adverse features.

6) It is found in the study that the GSCARDB still use the manual accounting system and there is emergent need of computerisation. The GSCARDB should be permitted to offer short term agriculture loans as well as retail loans like other cooperative banks. There is urgent need of recruitment of staff members in GSCARDB at all level.

6.8. Common Problems & Suggestion of Cooperative Banks

Based on the above findings, the following suggestions are offered.

1. The deposit mobilization mechanism in all cooperative banks is not very strong. The GSC Bank and some DCCBs e.g. Surat, Rajkot, Banaskantha, Sabarkantha, Amreli are having very effective strategies for mobilizing the deposits. The CASA deposit is around 45 to 50% of these DCCBs. Whereas the GSCARDB and some DCCBs e.g. Surandranagar, Kutch, Panchmahal are having very low CASA deposits and the major portion of the deposit of these banks, is contributed by fixed deposits. This leads them to have high interest burden and the profitability becomes low. All these banks are required to take concrete actions to mobilize the deposit, mainly CASA. specific deposit mobilization

2. The Cooperative Banks are having very lengthy and complex loan sanctioning procedure. They have to minimise and simplify the formalities to be followed by customers for getting the loans sanctioned and for its disbursal.
3. It is observed during the study that most of the cooperative banks are offering agriculture advances, which is really a matter of appreciation. But on the other hand the loaning portfolio of these banks is not diversified. In today's competitive era it is not possible for any bank to have limited business products. The cooperative banks are playing vital role in financing in agriculture sector but now they should focus on retail finance also.

4. Most of the cooperative banks are not following proper HR practices. Most of the cooperative banks having shortage of staff. At the same time the staff productivity is also very less in some cooperative banks. The bank life GSCARDB, the staff is not well trained and they find difficult to serve in the competitive era. The bank should maintain merit criteria while recruiting the staff and they should be given training time to time.

5. The Cooperative banks should try to implement the IT base solutions for facilitating easy transfer of funds, improvement of remittance facilities by extending the working hours through an arrangement with nationalized and even private banks. All DCCBs and GSCB has implemented the Core banking solution. The DCCB like Surat and Khaira are about to launch their own ATM centres. GSCB and all DCCBs are offering debit card. The internet banking and mobile banking project are under process and the banks are planning to launch all types of E – Products in very near future. This will help the bank to reduce their management cost and to offer more services to the customers. The GSCARDB is still in the process of computerisation. This process is very slow but the bank is steadily making the efforts to provide computer to all the branches. The staff is also given training on how to use bank software.

6. Considering the peculiar economic features of Gujarat, permission to open Non-Resident External (NRE) accounts may be given as majority of funds are remittances from abroad. Simultaneously, the staff of the DCCBs should be trained to deal with foreign exchange business.
7. The services of the "Recovery Cell" of the Co-operative Department may be properly utilized for avoiding delay in recovery of overdues.

8. To overcome the delay in transfer of funds among DCCBs, "currency-chest" facility may be extended to co-operative banks also. Mutual Arrangement Scheme Gujarat (MASK) accounts and timely reconciliation of MASK accounts with accounts of DCCBs will also help the efficient management of funds.

9. Restriction imposed on non-priority lending may be relaxed for higher deployment of funds.

10. The authority of revenue recovery which is now vested in the Co-operative Department may be transformed to the bank level with intervention of government officers for avoiding the delay in recovery of overdues.

11. Consortium of Cooperative Banks may be arranged for utilizing surplus funds, so that idle funds in certain areas can be transferred to places where it is highly demanded.

12. The GSCB and DCCBs should also be allowed to enter into merchant banking for utilising surplus funds.

13. Officers up to the rank of senior accountant may be given discretionary powers to decide upon matters particularly in the field of sanctioning of loans and advances.

14. It is found in the study that the GSCARDB still use the manual accounting system and there is emergent need of computerisation.

15. The GSCARDB should be permitted to offer short term agriculture loans as well as retail loans like other cooperative banks.

16. It is observed that, in GSCARDB, most of the branches managed by the one person and in most of the cases by the man with clerical cadre and it gave very negative signal to the banking system.
17. Some DCCBs and PACs found in fault for non-repayment of direct loans under State Government guarantees and where the govt has failed to honour the guarantee after the loans have been defaulted.

18. There were some examples of non-repayment of loans given to members for agricultural and non-agricultural businesses and the resulting ‘imbalances’. These types of cases were found in case of PACs as well as DCCBs in Bharuch and Baroda districts.

19. It was observed that non-repayment of loans given to members for other purposes which have resulted in to ‘imbalances’ in Ahmedabad, Bharuch and Sabarkantha DCCBs.

20. Most of the cooperative banks are not adopting proper procedure at the time of recruitment. Few banks like Surat, Kaira, Banaskantha are having clear frame line of recruitment and promotion of staff. The recruitment should be done on the basis of merit. This will lead the bank to high productivity of staff.

6.9. Further Scope of the Study:

The present study focused mainly on the role of cooperative credit that too the cooperative banks (excluding PACs) in rural development with special reference to agriculture development. There are possibilities to conduct various studies on the following areas:

1. Relevance of Three Tier Cooperative Credit Structure in India.
2. Role of Cooperative Credit in the development of Small and Marginal Farmers.
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