CHAPTER VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION
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This chapter deals with the summary of findings, suggestions and conclusion which have been arrived from this study.

MAIN FINDINGS

The following are the main findings of the study.

1. Null Hypothesis 1 is accepted. So it is understood that there is no significant relationship between the amount of deposit and loans sanctioned of SDCCB Ltd.,

2. Null Hypothesis 2 is accepted. So it is understood that there is no significant relationship between the net profit and rate of dividend of SDCCB Ltd.,

3. Null Hypothesis 3 is accepted. So it is understood that there is no significant relationship between the loans sanctioned and loans outstanding of SDCCB Ltd.,

4. Null Hypothesis 4 is accepted. So it is understood that there is no significant relationship between the amount of NPA and number of member of SDCCB Ltd.,

5. The projected loans sanctioned will be increasing from 174115 lakhs in the 2006-07 to Rs.284055 lakhs in the year 2008-09.
6. But the projected NPA of SDCCB will be the decreasing trend. It will be at 8141.22 lakhs in the year 2005-06 which will be decreased gradually to Rs.2485.23 lakhs in the year 2008-09.

7. The amount of NPA of SDCCB Ltd, Salem-1 stood at Rs.10122.23 lakhs in the year 2003-04 which was decreased to Rs.7499.66 lakhs in the year 2004-05.

8. The amount of loans sanctioned was increased from Rs.44645.19 lakhs during the year 2000-01 to Rs.145264.98 lakhs during the year 2004-05.

9. Likewise, the amount of loans outstanding of the bank stood at Rs.43365.49 lakhs during the year 2000-01 which was increased to Rs.64031.15 lakhs in the year 2004-05.

10. The number of member banks increased from 1688 in the year 2000-01 to 1968 in the year 2004-05.

11. The amount of NPA is decreasing from 10122.23 lakhs in the year 2003-04 to Rs.7499.66 lakhs in the year 2004-05 but on the other hand the amount of Net profit is increasing from Rs.443.91 lakhs in the year 2003-04 to Rs.504.10 lakhs in the year 2004-05.
12. The cash credit loans sanctioned to Salem Co-operative Sugar Mill with the help of other 6 member banks stood on 31-3-2004 was Rs.4140 lakhs.

13. The SDCCB Ltd., Salem — 1 gives more financial assistance to marketing societies, co-operative Spinning Mills, Small Scale Industries and Weaker sections year by year.

14. The SDCCB Ltd., Salem — 1 also gives more house loans, jewel loans, consumer loans, self-employment loans, self help groups loans.

15. The SDCCB Ltd., Salem — 1 gives loans at a lesser rate of interest for the welfare of its own employees.

16. For Kissan Credit Card holders, the bank has implemented Personal Accident Insurance Scheme to the crop loan farmers.

17. The bank has sanctioned crop loans to the farmers through PACB’s to the extent of Rs.10609.50 lakhs in the year 2004-05.

18. House loans outstanding of the bank stood at Rs.762.32 lakhs as on 31-3-2005.

19. House mortgage loans outstanding of the bank stood at Rs.710.97 lakhs as 31-3-2005.

20. More NPAs occur only in agricultural loan especially in cash credit i.e. under Kissan Credit in SDCCB Ltd., Salem-1
21. Overall NPA in Non-agricultural category is extremely low when compared to agricultural category.

22. Current ratio for the year 2004-05 is 6.293 which is more than the standard ratio.

23. Debt equity ratio for the year 2004-05 is 5.07 which is not satisfactory. The bank should try to reduce the external equity amount and debt.

24. Net profit per branch ratio for the year 2004-05 is 8.54 lakhs which is satisfactory and more than the previous years.

25. Net profit to Net asset ratio for the year 2004-05 is 0.004 which is more than the previous years and it can regarded as satisfactory. Because the net assets shows an increasing trend.

26. Net profit to Working capital ratio for the year 2004-05 is 0.005 which is more than the previous years and it is shows an increasing trend in utilizing the net profit for the development of the bank.

27. Loans and Advances to Working Capital Ratio for the year 2004-05 is 0.64 which is more than the previous years and it is satisfactory. Because there is an increase in the amount of loans and advances of the bank.
28. Deposits to Working Capital Ratio for the year 2004-05 is 0.79 which is less than the previous years so the bank should take necessary steps to increase the deposit amount. Comparing to the previous years the ratio is less and not satisfactory.

SUGGESTIONS

The following are the suggestions given by the researcher based on the findings.

1. The bank should take necessary steps to increase the amount of deposits in the future.

2. The bank should try to reduce the amount of debt (external equities) in the future.

3. To reduce the amount of NPA in the future, more advances should be given to the non-agricultural sectors especially priority sectors and small scale industries.

4. To avoid bad debts and NPA, the bank should get adequate security for the loan as well as the surety.

5. The bank has to undertake a follow up action to identify the reasons for the failure of some of the loan schemes and to reduce the amount of NPA.
6. The various new deposit mobilization scheme should be introduced.

7. The bank should concentrate more on self employed person’s loans to improve their standard of living.

8. Necessary steps should be taken by the SDCCB Ltd., Salem – 1 to reduce bad and doubtful debts in the future.

9. Instructions and directions of RBI and Government should be strictly followed by the SDCCB Ltd., Salem – 1.

10. The amount of loan given to poor women should be increased from Rs.5,000 to 10,000 per head in order to uplift their standard of living.

11. The amount of loan given by SDCCB Ltd., Salem – 1 to the small scale industries, marketing societies and self help groups should be increased.

12. Government intervention over the activities of SDCCB Ltd., Salem – 1 should be minimized to ensure effective financial performance of the bank.

13. Conversion of overdue loan as a fresh loan should be restricted to avoid NPA in SDCCB Ltd., Salem – 1.
14. The SDCCB Ltd., Salem – 1 should watch whether the borrower used such amount for the purpose of loan alone or not.

15. It is very difficult to follow the rules and regulations of RBI and the state government, which are indifferent. So the SDCCB Ltd., Salem – 1 should be very careful in this matter.

16. In case of crop loan, crop insurance scheme should be compulsorily introduced in order to reduce the amount of NPA in SDCCB Ltd., Salem – 1.

17. The SDCCB Ltd., Salem – 1 should be introduced new modern banking facilities such as credit card, debit card, ATM, Gold Cheque, Travellers Cheque etc.,

18. More importance should be given for income proof in case of agricultural borrowers of SDCCB Ltd., Salem – 1.

CONCLUSION

The financial performance of the bank is satisfactory because most of the financial ratios are satisfactory. So the overall performance of the bank is improving year by year. The SDCCB Ltd gives loans and advances not only to agricultural sectors but also to industrial (both small and medium scale) sectors but the amount of NPA is more in
case of agricultural advances rather than non-agricultural advances. So the bank should take necessary steps to reduce the amount of NPA in the future. For this the bank should give loans to its members banks which are repaying their dues promptly in time. Besides bank should follow rules and regulations prescribed by the RBI, NABARD and its apex bank i.e. State co-operative bank. But however Net profit of SDCCB Ltd, is increased year by year which shows an improvement in the efficiency of the overall bank activities.