CHAPTER-VII
FINDINGS AND SUGGESTIONS

This chapter summarises the major findings of the study. On the basis of the study, the researcher offers some suggestions for the improvement of BDCCB and GDCCB.

MAJOR FINDINGS
1. During the study period the owned fund of StCB in India found was Rs.10545 corers in 2005-06 which was increased to Rs.11200 corers in 2010-11 exhibiting strong position of owned fund.
2. The Deposit mobilisation of StCBs in India during the study period showed positive sign. The overall average growth in deposit registered 12 percent increase during the study period.
3. The amount of borrowings of StCBs in India found double comparing 2005-06 to 2010-11 with an average growth of 14.63 percent. The increase in borrowings indicates dependency of StCBs on borrowing along with deposit for its lending operations.
4. During the study period the amount of loan issued and loan outstanding of StCBs in India showed an increasing trend. It is noticed during the study that 13 percent average growth in loan outstanding comparatively higher than average growth of 7.80 percent of issued loan.
5. During the study period the amount of working fund of StCBs showed an increasing trend. The working fund of Rs.72939 crores in 2005-06 increased to Rs.121400 crores in 2010-11 indicating an average of 11 percent growth in the working fund during the study period.
6. The CD ratio which expresses the relationship between advances and deposits of StCBs was found fluctuating during the study period. The
maximum ratio found was 97.52 percent during 2006-07 and minimum ratio found was 62.70 percent during 2009-10.

7. The investments of StCBs in India found was Rs. 27694 crores in 2005-06 which was increased to Rs.50200 crores in 2010-11 indicating an average growth of 13.54 percent during the six years of study period.

8. A rough measure of capital adequacy for StCBs has been taken as ratio of capital and reserves to investments and advances. This ratio stood at the range of 9 to 15 percent which is above 7 percent prescribed norms by RBI.

9. The study reveals that the Return on Assets of StCBs found less than half percent, Return on Equity found between 2 to 4 percent and Net Interest Margin found 1 to 2 % during the study period.

10. The amount of NPA and percentage of NPA to loan of StCBs showed positive sign during the study period.

11. The working capital of DCCBs in India found increased each and every year during the study period. The working capital of Rs.135199 crores in 2005-06 was raised to Rs.231700 crores in 2010-11 indicating an average increase of 11.90 percent.

12. The CD ratio which expresses the relationship between advances and deposits of DCCBs in India was observed fluctuation during the study period. The minimum percentage found during 2009-10 was 73.40 percent and maximum was 94.20 percent during 2007-08 indicating an average ratio of 84 percent of the study period.

13. The size of the balance sheet of DCCBs in India in terms of amount, found increasing trend during the study period. The total assets and liabilities of Rs. 143090 crores in 2005-06 which was increased to Rs. 254100 crores indicating an average growth of 12.93 percent.

14. Advances made by DCCBs in India noticed increasing trend during the study period except during 2008-09. DCCBs made advances of
Rs.73583 crores in 2005-06 and it was increased to Rs.159859 crores in 2010-11 registering an average growth of 19.54 percent.

15. The outstanding loans and advance of DCCBs in India found increasing trend during the study period. It is a serious matter to know that, the outstanding loan found more than the loan issued during most of the years of the study period.

16. The investments of DCCBs in India constitutes second major category of total assets after advances. The investments constituted 25 percent to 35 percent of total assets during the study period.

17. The deposit mobilisation made by DCCBs in India found satisfactory during the study period. The percentage of deposit to total liabilities constitute more than half and it was found varied between 59.50 percent and 67 percent.

18. After deposits, the amount of borrowing constitutes second major category in total liabilities during the study period.

19. The capital and reserve to Investment and advances ratio of DCCBs witnessed a decline during the study period. It was declined from 20.24 percent to 15.26 percent during 2005-06 to 2010-11. The decline in ratio was mainly on account of a higher increase in investments of DCCBs as against a marginal increase in capital and reserves.

20. Leverage ratio of DCCB in India during the study period showed declining trend, which indicates that in total assets of DCCBs shareholders fund decreased where as outsider i.e. interest bearing fund increased.

21. During the study period net profit, ROA and ROE found inconsistency and that shows more attention needed towards improvement of DCCBs financial performance.
22. The amount of NPA of DCCBs in India found declining trend after 2008-09 which indicates the improvement of recovery and prompt payment of borrowers. The improvement in recovery can be observed by increased percentage of recovery to demand from 69 percent in 2005-06 to 78.8 percent in 2010-11. But still doubtful assets and loss assets constitutes more than 50 percent of NPA during the study period which needs more attention.

23. During 2005-06 there were 106384 PACS in India and in 2010-11 the number of PACS declined to 93143. There were 125197 members to PACS in 2005-06 and it declined to 121225 in 2010-11. The implementation of reorganisation programme of strengthening and future development of co-operative structure has caused for decline in number of PACS and its members.

24. Working fund and the component of working fund of PACS in India like capital, reserve, deposits and borrowings found increased continuously every year during the study period. Outstanding loans was found more than the advances made each year of the study period. The PACS showed overall profit negatively each year of the study period.

25. There were totally 21 DCCBs in Karnataka during six years study period. The total membership of DCCBs in Karnataka found 29942 in 2005-06 that has been increased to 69630 in 2010-11. The AAG rate of membership to DCCBs in Karnataka found 28.07 percent which was much higher than all India level of 8.74 percent during the study period. But average membership per DCC Bank i.e. 3145 in Karnataka observed very less compared to all India level of 8823 average membership per DCC Bank.

26. During the study period the owned fund of Karnataka’s DCCBs showed increasing trend in a span of six years with AAG rate of
14.19 percent which was slightly higher than all India level owned fund AAG rate of 13.83 percent.

27. The deposit amount of DCCBs of Karnataka’s Rs.4090.31 crores in 2005-06 was increased to Rs.7906.80 crores in 2010-11 and its share in all India level DCCBs deposit found between 4.5 percent and 5 percent during the study period.

28. The amount of outstanding loans and advances of Karnataka’s DCCBs found increasing trend and its share in all India level found 4.73 percent to 6.17 percent during the study period. The AAG rate of 13.55 percent of outstanding loans and advances of Karnataka’s DCCBs needs more attention to overcome comparatively AAG rate of 10.84 percent of all India level.

29. The CD ratio of Karnataka’s DCCBs found increasing every year comparing to all India level CD ratio. The higher CD ratio of Karnataka’s DCCBs indicates better lending performance of its deposits than all India level during the study period.

30. The borrowings of Karnataka’s DCCBs found Rs.1388.77 crores in 2005-06 which was increased to Rs.2426.42 crores in 2010-11. The AAG rate of 13.01 percent recorded by Karnataka’s DCCBs found slightly lesser than all India DCCBs level of 13.64 percent. The share of borrowings of Karnataka’s DCCBs in all India borrowings found between 5.22 and 9.16 percent during the study period.

31. During the study period the loan issued by Karnataka’s DCCBs AAG rate of 14.68 percent showed slightly lower than all India level with AAG rate of 15.10 percent.

32. The overdues of AAG rate found negative 3 percent by Karnataka’s DCCBs whereas it found 10.96 percent in all India level. The share of overdues in loans issued by India level found higher AAG rate of 26.37 percent against 17.30 percent of Karnataka’s DCCBs during the study.
33. The investment made by Karnataka’s DCCBs found increasing every year during the study period. Its AAG rate found 21.67 percent which was comparatively higher than the AAG rate of 18.78 percent of all India level investments. The share of Karnataka’s DCCBs investments in total investments of all India level found between 4.18 percent and 5.33 percent during the study period.

34. The loan recovery AAG rate of 73.76 percent of Karnataka’s DCCBs showed higher than the all India level AAG rate of 70.37 percent of recovery of loan performance during the study period.

35. The total members of BDCCB’s and GDCCB’s stood 387 and 890 respectively during 2005-06 and it was found at 385 and 909 in 2010-11 respectively.

36. It is found during the study that BDCCB is not depending on state contribution for its share capital but GDCCB is depending on it.

37. The comparative analysis of capital of BDCCB and GDCCB disclosed the fact that the AAG rate of 15.47 percent of BDCCB found slightly higher than of 14.90 percent of GDCCB.

38. The total reserves AAG rate of 14.12 percent of BDCCB showed higher compare to GDCCB’s AAG rate of 9.54 percent which indicates that BDCCB created more reserves compare to GDCCB.

39. The study reveals that the growth of deposits of both the banks increased nearly two fold during the study period. The AAG rate of 16.60 percent of GDCCB shown higher than BDCCB’s AAG rate of 15.35 percent.

40. Concern to time deposit and demand deposit, BDCCB showed superior performance in demand deposit with AAG rate of 14.93 percent and GDCCB in time deposit with 18 percent.

41. The source wise analysis of deposits showed that in total deposits of BDCCB, deposits made by the individuals and institutions constitutes 87.75 percent and 170 PACS 12.25 percent. Because of more PACS
i.e. 274 under GDCCB deposit constitutes 17.95 percent of PACS and individual and institutions constitutes 82.05 percent.

42. The external borrowings other than deposits of BDCCB’s AAG rate of 5.31 found lesser compared to AAG rate of 7.47 of GDCCB. A lesser in its borrowings reveals the enhanced ability of the bank in reducing its dependence on external borrowings.

43. The study reveals that the working fund of both banks increased every year except in 2006-07. The AAG rate of 11.60 percent and CV 22.72 percent of GDCCB indicates better performance in building working fund compared to AAG rate of 9.38 percent and CV 23.86 percent of BDCCB.

44. The analysis of target and achievement of capital subscription set by both banks reveals that BDCCB and GDCCB achieved their target most of the year during the study period. But the average achievement of BDCCB with 106.06 percent GDCCB’s with 109.59 percent.

45. The study related to target and achievements of deposits showed that BDCCB’s performance in achieving deposit mobilisation target found better compare to GDCCB’s performance with stability and strong correlation.

46. During the study period BDCCB’s average achievement of borrowings of 93.24 percent found higher than GDCCB’s 75.50 percent.

47. During the study period it was noted that the average achievement of working fund of BDCCB’s 101.43 percent found higher than 93.28 percent of GDCCB.

48. GDCCB’s average achievement with 149.02 percent showed better performance than BDCCB’s investment target with 118.43 percent.

49. BDCCB’s average achievement of issue of loan with 107.64 percent showed better performance than GDCCB’s with 69.98 percent.
The AAG rate in disbursement of total loans and advances of BDCCB found 21.73 percent comparatively higher than that of GDCCB’s 19.61 percent.

During the study period it was found that GDCCB issued only Short Term agricultural loans but did not issued any Medium Term agricultural loan.

The study reveals that during the period of six years BDCCB’s AAG rate of 37.23 percent in the issue of agricultural loan, which was comparatively more than GDCCB’s AAG rate of 15.30 percent.

It is found that during the study period, GDCCB showed higher AAG rate in non agricultural advances but the amount of agricultural loan found higher than non agricultural loan. Whereas BDCCB showed higher AAG rate in agricultural loan but average amount of non agricultural advances found higher than the average amount of agricultural loan.

The percentage of agricultural loan advanced by BDCCB to small farmers was varying from 47.96 percent to 60.15 percent during the study period and GDCCB’s was found varying from 6.01 and 41.54 percent indicating violation of RBI policy i.e. 75 percent of advances has to be given to small farmers.

Regarding issue of non agricultural loans, the AAG rate of GDCCB’s found 35.08 percent comparatively higher than BDCCB’s 18.58 percent.

The average annual growth rate of 15.12 percent in outstanding loans and advances of GDCCB found higher than BDCCB of 10.45 percent which prescribe immediate action to the improvement of recovery other wise it may convert into NPA.

BDCCB showed better recovery performance as its recovery to demand showed 78.57 percent comparatively more than that of GDCCB’s 74.38 percent.
58. The study reveals that agricultural loan recovery to agricultural demand was 78.54 percent of BDCCB found higher than GDCCB’s 74.65 percent.

59. Regarding of non agricultural loan recovery to demand of non agricultural loan of BDCCB’s 80.57 percent recorded where as GDCCB’s recovery performance of non agricultural loan was restricted to 59.76 percent.

60. The study of overdues revealed that the percentage of agricultural overdues to total overdue was 90.70 percent and found higher than GDCCB comparatively with BDCCB’s 72.09 percent. Regarding overdues of non agricultural to total overdues stood at 27.91 percent of BDCCB showed higher percentage of overdues comparatively GDCCB’s 9.30 percent.

61. The AAG rate in total recovery of 51.98 percent of GDCCB showed higher than BDCCB’s AAG rate of 23.31 percent during the study period.

62. The average net worth ratio of GDCCB’s 17.20 percent found during the study period was higher compared to BDCCB’s 11.60. A high ratio means, the enterprise is financially sound and the bank is less dependent on outside sources for working fund.

63. During the study period the total outside liabilities in total assets of BDCCB found 81.47 percent which was comparatively more than GDCCB’s 62.13 percent.

64. The average debt of BDCCB found 7.17 times of its equity which is more than GDCCB’s 4.32 times.

65. The average ratio of investment and advances to total fund of BDCCB’s found 90.55 percent comparatively higher than GDCCB’s 78.24 percent.

66. The average long term deposits to total deposit ratio of the study period reveals that BDCCB’s long term deposits on an average of
60.41 percent held in total deposits and its CV found was 3.18 percent. The same ratio of GDCCB showed 46.42 percent and CV with 15.86 percent. BDCCB’s higher ratio with more stability indicates better mobilisation of deposits from the long term solvency point of view as the bank has to keep less margin as idle cash for maintaining liquidity and cash invest for long term purpose earning higher returns.

67. The average fixed assets to total working fund ratio of BDCCB’s 2.14 percent found was higher than GDCCB’s 1.59 percent. It means BDCCB has used its working fund to finance to its fixed assets more compared to GDCCB. Higher ratio provides the maximum security to shareholders where as it effects profitability, because investing more in fixed assets leads to short of money for lending operations.

68. During the study period the CD ratio of both the banks indicated that the banks have issued loans more than their deposits. The average CD ratio of 1.62 times of GDCCB found slightly higher than BDCCB’s CD ratio of 1.51 times during the study.

69. During the study period it is observed that both the banks have failed to maintain standard current ratio of 2:1 which is also referred as bankers rule of thumb. But it is quite satisfactory that they maintained more current assets than current liabilities. The average current ratio of six years of BDCCB’s 1.22 times and GDCCB’s 1.32 times observed during the years.

70. The average ratio of liquid assets to total assets of GDCCB’s 19.29 percent showed higher than BDCCB’s 7.20 percent during the study.

71. The average gross NPA to advances ratio of GDCCB was 11.46 percent which is observed higher than the 8.92 percent of BDCCB during the study period. It goes without saying that BDCCB has taken good care and following norms of granting advances, so that the
recovery was found satisfactory leading to lower gross NPA over GDCCB.

72. The average problem ratio of GDCCB’s found 6.80 percent slightly higher than the 6.60 percent of BDCCB. The range of ratio of BDCCB 3.09 percent to 14.68 percent and GDCCB’s 4.88 percent to 11.35 percent found during the study period.

73. It is found during the study that the average depositor’s ratio of 94.04 percent of BDCCB provided higher safety to its depositors comparatively 84.63 percent of GDCCB.

74. The study revealed that the average substandard ratio of both banks showed lot of scope for improvement of NPA. Especially GDCCB’s average substandard assets ratio of 64.82 percent indicates more scope for improvement of NPA than BDCCB’s 43.94 percent substandard assets.

75. The average ratio of BDCCB’s showed that, more than 50 percent of gross NPA is in doubtful assets category. Regarding GDCCB ratio nevertheless, the doubtful assets ratio is less than the sub standard assets ratio which is a positive sign.

76. The interest earned to total assets ratio of BDCCB found varied from 8.95 percent to 7.02 percent with an average ratio of 7.90 percent. GDCCB ratio noticed variation between 4.76 percent and 9.15 percent with an average ratio of 6.30 percent. During the study period BDCCB’s average ratio showed better performance than GDCCB.

77. During the study period interest paid to total assets ratio of BDCCB found varied between 4.29 percent and 5.73 percent where as GDCCB ratio observed variation between 2.59 percent and 4.56 percent. The average ratio of interest paid to total assets of BDCCB’s 5 percent showed more than 3.43 percent of GDCCB’s ratio.

78. The spread ratio of BDCCB and GDCCB found nearer to 3 percent on an average during the study period of six years. But the CV 11.33
percent of BDCCB’s indicted more stability than GDCCB’s CV 52.03 percent during the study.

79. An average ratio of non interest expenses to total assets of BDCCB’s 2.66 percent and 2.42 percent of GDCCB found during the study period. The range of ratio of BDCCB varied between 2.46 percent and 3.18 where as GDCCB’s varied between 1.53 percent and 4.37 percent.

80. An average ratio of non interest received to total assets of BDCCB’s 0.19 percent and GDCCB’s 0.34 percent found during the study period.

81. During the study period the range of burden ratio of BDCCB noticed between 1.99 and 2.96 percent where as GDCCB’s between 1.21 and 3.89 percent. The average burden ratio for the six years of BDCCB’s found 2.48 percent which is higher than GDCCB ratio of 2.08 percent.

82. During the study GDCCB showed better income generating capacity on total assets than BDCCB. As an average net profit to total assets ratio 1.24 percent of GDCCB showed comparatively higher than the ratio of 0.42 percent of BDCCB.

83. During the study the interest income of BDCCB’s 97.55 percent of total income which is higher than GDCCB’s interest income to total income of 94.55 percent. Interest paid to total expenditure of BDCCB constitutes 65.21 percent which is higher than GDCCB’s 59.95 percent of interest expenses to total expenditure.

84. During the study the average business per employee of BDCCB shown Rs.340.91 lakhs and GDCCB’s Rs.275.54 lakhs.

85. The average profit per employee of GDCCB showed Rs.3.26 lakhs comparatively higher than BDCCB’s 1.17 lakhs. The average non interest income earned by GDCCB’s ratio of 0.88 lakhs also shown higher than BDCCB’s ratio of 0.51 lakhs during the study period.
86. The loan recovery per employee performance of GDCCB showed better with an average loan recovery per employee of Rs.93.95 lakhs and BDCCB is found Rs.83.83 lakhs during the study period.

87. The deposits per employee found highest in case of BDCCB each and every year comparing to GDCCB. The average deposits of Rs.136.45 lakhs of BDCCB indicated higher performance than GDCCB’s per employee deposit of Rs.99.17 lakhs during the study.

88. The average cost of management per employee of GDCCB’s found Rs.4.90 lakhs which was slightly higher than BDCCB’s Rs.4.58 lakhs.
SUGGESTIONS

In the light of the findings a few suggestions are offered to improve the functioning of BDCCB and GDCCB.

Suggestions to both banks

1. Deposits of government agencies should be kept with the DCCB in the area of operation. Such a step would undoubtedly strengthen the financial resources of the bank.

2. The banks should introduce certain innovative deposits for savings and current deposits suited mainly to habits and needs of the people of the area in order to attract a large quantum of deposits from both members and non members.

3. Since the analysis reveals that both the banks have shown more dependence on deposits as compared to other sources and as deposits involve interest cost, therefore it is suggested that the banks should make concerted efforts to augment their owned fund by enrolling an increasing number of members in their fold and increasing the amount of share capital.

4. It is suggested that both the banks must focus on mobilisation of low cost deposits as well as to concentrate on cheap borrowings in order to gain a comfortable interest spread to ensure profit. Further it is suggested that the fixed deposits have to be brought down to less than 50 percent of total deposits. The savings and current accounts together must be increased to more than 50 percent. This is an ideal deposit mix for the bank to ensure profitability.

5. It is advised to BDCCB and GDCCB to undertake special deposits campaign at least during the harvest seasons in a year to mobilise deposits, since the hands of the farmers are not tight, they could be easily motivated to deposit in the banks.
6. It is suggested to the banks to enhance owned fund by increasing state Government contribution to total share capital and building up adequate reserve fund through better viability of operations.

7. Overdues can be minimized, if the loan is provided to those farmers who satisfy the test of technical feasibility and financial viability. Similarly, the measures for improvement in crop yield, remunerative price to crop produce, reasonable input prices and crop insurance etc. are also necessary to enhance the repayment capacity of particularly small farmers.

8. It is suggested to both the bank should have majority number of PACS on their Board of Directors to enable them to shape the policies of the DCCBs for the benefits of affiliated primary societies and they should take more interest on the affairs of the bank.

9. Generally, the bank must have higher level of standard assets to provide a healthy depositor’s safety ratio as it reveals the safety of the fund deployed in the credit portfolio. The DCCB must have a loans-follow-up programme throughout the year in order to keep the level of standard assets always at the peak.

10. The banks are advised to take steps to increase interest income along with the steps to increase non interest income and developing professionalised investment portfolio by investing the surplus money in high yielding assets. Higher non interest income indirectly improves the quality of service.

11. The burden for the bank is meeting non-interest expenditure with that of non-interest income. The banks have to plan operations in such a way that non-interest expenditure is fully squared up by the non-interest income.

12. It is advised to the banks to start a new services, like computerized passbook entry, money transfer, ATM services, etc.
13. Banks are advised to utilise the borrowing power fully, so that pooled fund can be utilised for providing loans.
14. It is suggested to both the banks to maintain stability while issuing short term agriculture and non-agriculture loan by concentrating financial resources from various sources.
15. The gross NPA ratio should be determined for different categories of loans to know the contributing factor for high NPA in a bank. It will help to take remedial course as well as to review the disbursement of loans category wise.
16. It is suggested to the bank that in order to perform the diversified activities in the bank the management of the bank must be professionally trained and professionally qualified staff should be recruited through scientific recruitment process.
17. It is advised to the banks to follow the policy guideline of RBI and NABARD in respect of agricultural advances to small farmers, SC and ST.
18. It is suggested that at the post-disbursement stage, bankers should ensure that the advances does not become NPA through proper follow up and supervision. They should also ensure both asset creation and asset utilization.
19. At present both the banks transferring 15 percent of net profit to agricultural credit stabilisation fund. The banks are advised to create adequate amount of agricultural credit stabilisation fund so that the fund may be used for adjusting the overdues arising due to natural calamities.
20. It is advised to provide loans to those farmers who satisfy the test of technical feasibility and financial viability so that overdues can be minimized.
21. It is suggested that the banks should set up an economic research wing which should provide a data on various types of farm and non-
farm activities and rural industries etc., required for proper appraisal of the loan.

22. The banks may take steps to constitute more legal cells and tribunals, recovery branches, NPA management departments, lok adalats etc., for speedy recovery of NPA in addition to the existing methods.

23. It is advised to the banks to display the detailed information related to NPA, capital adequacy, SLR and non SLR investments etc in their annual reports.

24. It is suggested that incentives can be given to honest repayers to create a better climate for repayment. The possibility of honouring best loanees and the best employees during cooperative weak celebrations can be chalked out. The government should introduce proper measures to help banks to take possession of land belonging to wilful defaulters

Suggestions to BDCCB

1. At present the bank has 385 members and it is suggested to increase the number of membership to bank as it found less than GDCCB’s 909.

2. It is suggested to the bank that it should increase growth in time deposits and collect more deposits from source of PACS as it found less than GDCCB.

3. It is suggested to the management of the bank that it may think to use state government contribution in share capital instead of borrowing money as it increases the interest expenditure which ultimately effects profit of the bank.

4. A strong financial strength of the bank may also allow entering into merchant banking for utilisation of surplus fund.

5. Though the percentage of recovery to demand showed 78.57 percent slightly higher than GDCCB’s 74.38 percent but it is far behind in
AAG rate of recovery as it found 23.31 percent comparatively lesser than the 51.98 percent of GDCCB. So, it is suggested to BDCCB to improve the recovery performance which helps to control over NPA.

6. It is suggested to reduce outside liabilities in total assets of the bank. Because it is desirable from the creditors point of view.

7. It is suggested to increase low cost deposit as it is found less than the high cost deposits.

8. There is need to improve credit deposit ratio of the bank as it is found lower compared to GDCCB.

9. It is suggested to the bank to use optimum total assets and man power to enhance the net profit inturn to increase the profit per employee as it found average of Rs.1.17 lakhs comparatively lower than GDCCB’s Rs.3.26 lakhs during the study.

Suggestions to GDCCB

1. At present the bank has only 11 branches and it is suggested to open new branches after identifying good locations. It is suggested to open more branches in village and taluka level for extending banking services and tapping deposits.

2. It is suggested that the management of GDCCB should gear up its borrowing for medium term purpose so that the bank will be able to advance for the purpose of agricultural tools and implements.

3. It is suggested to the bank that it should increase growth in demand deposits and collect more deposits from source of individuals and institutions as it is found less than BDCCB. The bank should organise special campaigns to improve its deposit mobilisation such as deposit mobilisation week at least once in a year.

4. At present GDCCB found lagging behind in performance of loan operations compared to BDCCB. So, it is suggested to the management of the bank to make request to the state government for
an additional contribution towards share capital of the bank. Because additional capital enhances the financial resource of the bank and it helps to conduct effectively loan operations.

5. It is suggested to the bank that it should be computerised to provide quick and efficient service to customer, to manage fund, to calculate interest on deposits, to make payment, to write accounts, to keep financial personnel records etc. A computer with speed and accuracy enables the bank to multiply its efficiency.

6. It is suggested to increase growth in issue of agriculture loan as it is found lower growth compared to BDCCB and its own performance in non agriculture loan issue.

7. As it is found lower performance in non agriculture loan recovery, it is suggested to the bank to improve it which in turn helps to improve the overall recovery position of the bank.

8. It is suggested to the bank to improve its lending and investment activities so that surplus fund can be utilised in optimum manner.

9. As it is found higher AAG rate of overdues to advances, it is suggested that the bank must employ efficient machinery for lending and in timely recovery. The bank should concentrate on wilful defaulters and speed up efforts of recovery from them.

10. It is suggested to the bank to increase total deposit rather than the borrowing. Deposit per employee of the bank found at Rs.99.17 lakhs comparatively lower than the deposit per employee of BDCCB’s of Rs.136.45 lakhs.

11. It is suggested to the bank to improve the turnover because its average business per employee found Rs.275.54 lakhs comparatively lesser than BDCCB’s Rs.340.91 lakhs during the study period.

12. The bank should recruit sufficient number of employees in order to improve the performance of the bank.
SWOT Analysis

Based on the results of the study, SWOT analysis which describes the Bank’s internal Strengths and Weakness and Opportunities and Threats is presented in this section.

BDCCB

Strength
1. BDCC Bank’s brand image is well established as it has crossed more than 90 years of its services and bank is earning profit since its inception.
2. It has an extensive distribution network comprising 44 branches and 171 PACS.
3. The bank is well capitalised and it has facilitated the bank to perform well.
4. The bank has ability to reach targets set by it in regards to reserves, deposits, advances, investments and working capital.
5. The bank has higher AAG rate of agriculture loan and advances.
6. The bank has showed better effort of loan recovery to demand than GDCCB.
7. Absence of capital contribution by state government as it gives more autonomy to work.
8. The bank’s management efficiency in business turnover and control over the cost of management are good.
9. The bank possesses the higher stability of spread ratio.

Weakness
1. The Bank lacks state of art facilities such as ATMs, online banking and mobile banking etc.
2. Lack of sales channels and door step services.
3. Dependence on high cost deposits like time deposits.
4. The bank’s inability to achieve capital target set by it.
5. Higher non agriculture overdues to total overdues than GDCCB.
6. Higher average burden ratio

**Opportunities**
1. The strong rural presence of BDCC Bank allows it to cover the growing rural market.
2. Scope for Portfolio Management businesses.
3. As the bank has a very good customer base, it can expand their business without much investment.

**Threats**
1. Non availability of modern facilities such as ATM, online banking and mobile banking.
2. Private bank’s entry into the rural sector may reduce the importance of Co- operative Banks among the rural people
3. Higher cost of management especially for interest on deposits.
4. Loan waiver announcement of government then and there.
5. Employees are paid without assessing their work or performance

**GDCCB**

**Strength**
1. The bank is located in the heart of the Gulbarga city and it has 249 PACS for distribution network.
2. The bank has ability to reach targets set by it in regards to capital, reserve, deposits and investments.
3. Higher dependency on low cost deposit.
4. Maintenance of high level of liquidity
5. Strong solvency position.
6. Higher management efficiency in net profit and loan recovery per employee.
7. The bank possesses the lower average burden ratio.
Weakness
1. The bank lacks state of art facilities such as ATMs, Online Banking and Mobile Banking.
2. Lack of sophisticated infrastructure facilities.
3. Excessive Government control over the working of GDCC Bank.
4. Comparatively high level of Non-performing Assets than BDCCB.
5. No computerisation of bank.
6. The bank failed to reach its target concern to working fund and advances set by it.
7. High AAG rate in overdues.
8. Higher agriculture overdues to total overdues than BDCCB.
9. High cost of management per employee.

Opportunities
1. There are some important villages which do not have any banking network. So this bank can open branch or open extension counters at these potential areas.
2. Even bank has lot of opportunities to open its branches in the Gulbarga city.
3. Mechanisation and modernization can lessen the cost and it can reduce the overall cost of the organization.
4. The bank can enter into for issuing medium term loans.

Threats
1. Emergence of other banks with modern facilities is the major challenge before the bank.
2. The cut throat competition of the other banks is another major factor which pulls the bank into back door.
3. Employees are paid without assessing their work or performance.
4. Tightening of Income Recognition and Asset Classification Norms had a direct impact on the balance sheet of the bank.
5. Departmental interference in financial matters in various forms.
6. Loan waiver announcement of government then and there.

Conclusion

It is observed from the study, every component’s average amount of financial statements of BDCCB is more than GDCCB, but Average Annual Growth Rate and Ratio analysis proved better performance in managing solvency, mobilisation of funds and recovery of advances by former compare to latter. The study in relation to management efficiency and maintaining the quality of assets, BDCCB showed better performance over GDCCB.

The analysis of Spread which measures the profitability showed similar efficiency by both the banks in generating interest income over interest expenses. Whereas Burden ratio of GDCCB has covered higher non-interest expenses by non-interest income than BDCCB.

On the basis of present study to improve bank’s efficiency it is opined that both the banks should emphasise on generating more profit by efficient utilisation of its capital, assets and improving the productive efficiency of their employees. Profitability of the investments and deployment of liquid assets should be duly cared for improved efficiency. The employees should be motivated to promote more efficiency, cautiousness and transparency in banking operations.
Scope for Further Research

The research work carried out at present limited to deposits mobilisation, lending operations, recovery performance and financial performance of BDCCB and GDCCB. The present study has led to the conclusion that further a detailed study is required in the areas mentioned below:

1. A comprehensive study of deposit behaviour in DCCBs commercial banking system.
2. Asset liabilities management of DCCBs.
3. Risk management practices in DCCBs
4. Retail Banking by DCCBs.
5. HRM practices followed by Central Co-operative Banks
6. Financing for socio-economic development including financing to women, self-help groups, etc.
7. Effective Customer Relationship Management in banks.