CHAPTER -VII
CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

7.1 INTRODUCTION

The co-operative movement in India is now around ten decades old. The co-operative credit system was introduced in India with a view to encourage and promote thrift and mutual help for the development of persons of small income such as agriculturists, artisans and other occupants of segments of the society. It also aimed at concentrating the efforts in releasing the exploited class from the money-lenders. The importance of thrift and savings has been increasingly recognised in the planned era and needs to be strengthened through the co-operative banks. It is therefore, necessary for the co-operative banks to identify the savings potential in rural areas, assess the potential in a systematic manner, involve suitable strategies to create awareness, educate, motivate and inculcate the habit of savings among the rural communities and ultimately work out an appropriate banking system.

Now-a-days, co-operative banks offer highly personalised services for their members and sometimes the services offered by them are beyond the banking business. The role of the co-operative banks enable them to shift their business from traditional banking to innovative banking. Though DCCBs are operating in limited areas, they are competing with all the commercial banks and foreign banks.
7.2 SUMMARY OF FINDINGS

1. The Co-operative societies Act was passed in 1904. Under this Act the Madras Central Urban Bank Ltd was started on October 19, 1905. After that the Salem District Urban Bank was started as an urban society in January 6, 1909. It was started as a limited liability concern. In November 20, 1942, the Salem District Urban Bank name was changed into The Salem Co-operative Central Bank Limited. At present it is called as "The Salem District Central Co-operative Bank Limited [SDCCB]".

2. During pre-computerization period of our study ie from 1992-93 to 1999-2000 the Bank had 63 branches. During post-computerization period 2000-01 to 2007-08 the unviable 3 branches were closed. Now the SDCC Bank has only 59 branches. Out of 59 branches locker facility is available for 50 branches only.

3. From 1.10.1990 onwards "A" class membership is applicable to co-operative societies and Government of Tamilnadu. The individual members were not eligible to become "A" class member of the bank.

4. The annual growth rate of total deposits was higher during pre-computerization period and the same is very lower during post-computerization period. It is due to Internet Banking facilities offered by its competitors in private and public sector Banking.

5. The total deposits was Rs.19356 lakhs during 1992-93 and it increased to more than 4 times ie. Rs.85467 lakhs at the end of the study period.

6. The average Deposit of the Bank was Rs.38957.38 lakhs during pre-computerization period. It is stood at Rs.82100.29 lakhs during post-computerization. It is estimated that the increase during post-computerization period was 110.74 percentage more than pre-computerization.
7. The annual and compound growth rate for short term loans during the
pre-computerization is higher than the post-computerization period.
8. The net profit to total deposits of the bank during post-computerization
is higher than pre-computerization periods.
9. Out of total loan sanctioned the short-term medium-term and long term
loans were 74.74 percent 20.12 percent and 1.18 percent respectively
during pre-computerization period. During post computerization period
it was estimated as 65.64 percent, 32.16 percent and 2.2 percent for
short-term, medium-term and long-term loans respectively.
10. The percentage of overdues to outstanding is higher during post-
computerization period than the pre-computerization periods.
11. Before computerization the working Hours of the banks were 10.00 AM
to 2.00 PM. But after computerization the working Hours is extended to
another Two Hours ie 10.00 AM to 4.00 PM
12. The total number of members of PACB was 1952 during 1998-99 and it
increased to 1962 PACB members during 2007-08.
13. The average share capital was only Rs.1220.86 lakhs during
pre-computerization period. The average share capital of the Bank
during post-computerization was estimated as Rs.2885.10 lakhs
which is 136.07 percent higher than the pre-computerization period.
14. The share capital was increased from Rs.1476 lakhs during 1998-99 to
Rs.5463 lakhs during 2007-08.
15. The reserve fund stood at Rs.1105 lakhs during 2007-08 when
comparing to 463 lakhs during 1998-99.
16. The Reserve Fund of the SDCC Bank was an increasing trend
throughout the study period. The average reserve fund during
pre-computerization period was Rs.374.44 lakhs and it increased
to an average of 851.98 lakhs during post-computerization period.
There is an increase of 127.53 percent over the pre-computerization period. This is due to continuous profit earning capacity of the SDCC Bank than other District central co-operative Bank in Tamil Nadu.

17. Borrowing from a State Co-operative Bank was a major source of fund of SDCC Bank. During 1998-99 it was only Rs.5155 lakhs and it increased to Rs.12743 lakhs in 2007-08.

18. Borrowing from Apex bank constitutes major source of working capital of SDCCB is subject to 0 to 15 times of their owned funds.

19. The total borrowings during pre-computerization period was Rs.45797.86 lakhs. It has been increased to Rs.106273.85 lakhs during post-computerization period. When comparing to pre-computerization period, there is an increase to an extend of 131.04 percent, during post-computerization period.

20. Total outstanding of the Bank was estimated as Rs.32158 lakhs during 1998-99 and it increased to Rs.82246 lakhs during 2007-08.

21. From the year 2000 onwards the societies were managed by Special Officers. It is against the policy and principles of Democratic management. The SDCCB is also managed by special officers, Managing Directors and not by board of directors elected under democratic principle.

22. Under Self-Help-Group scheme of financing more than Rs.6.82 crores were granted for 1101 such Groups.

23. Due to introduction of computer in SDCC Bank the total number of manpower has been reduced from 409 to 344. For more than three decades no employee was appointed ie, from 1974 to 2004.

24. The chief object of central co-operative banks is to meet the credit requirements of member societies for production purposes marketing
societies for marketing and supply operations and industrial and other
societies for working capital expenses. They work as an intermediary to
link the primary societies with the money market. Further the central
banks serve as balancing centre for adjusting the surplus and deficiency
of the working capital of the primary credit societies.

25. The central co-operative Banks also provide certain normal commercial
banking facilities to its customers such as acceptance of deposits,
remittance of funds collection of cheques grant of loans and advances
and offering cheque facilities. It is providing all agency and utility
functions on par with commercial Banks.

26. A central bank should cover at least 200 to 250 societies, where as the
SDCCB covers more than 1900 societies of various types.

27. The central co-operative banks advance loans to the affiliated societies
for financing agriculture short-term loans are given upto 12 months for
financing seasonal agricultural operations, while, medium-term loans
are given for a period ranging from one to three years for purchase of
bullocks milch cattle, pump-sets, digging or repairs of well's and
improvement of land.

28. In Tamilnadu there are 23 District Central Banks out of which there are
only 8 central Banks were licensed by Reserve Bank of India and one
among them is Salem District central co-operative bank. The Salem
District Central Co-operative Bank received its licence from the Reserve
Bank of India in 1987. There are 59 branches in and around Salem and
Namakkal districts and 380 primary agricultural co-operative banks are
affiliated to Salem District Central co-operative Bank.

29. The average number of societies covered by SDCCB was 1388 during
post – computerization period ie from 2000 – 01 to 2007 – 08, the
average member of co-operative societies under SDCCB stood 1965. When comparing to pre–computerization period, the membership has been increased to an extend of 41.75% during post computerization period.

30. The working capital of the bank was increased to an extend of Rs. 110.87 percent during post–computerization period than pre-computerization period.

31. The SDCC Bank invest its surplus funds in Govt Bonds, and debentures. It was only Rs.6312.75 lakhs in 1992-93 and it increased to Rs.35633.65 lakhs in 2007-08. In an average Rs.19626.45 lakhs was invested during pre-computerization period and it rose to Rs.45060.16 lakhs during the post-computerization period. The increase in investment was estimated to an extend of 129.58 per cent during post – computerization period than the pre-computerization period.

32. The average loan disbursed to member societies during pre-computerization was Rs.30248.33 lakhs and it was increased to 107.71 percent during post –computerization period ie. Rs.62830.06 lakhs during post –computerization period.

33. It is one amongst 5 District Central Co–operative Banks operating with Net Profits, in the State ie among 23 District central banks. The Net Profit of the bank was an increasing trend during the study period except the year 2005 – 06. It was due to severe drought during 2005-06 in Tamilnadu. The average net profit was Rs.199.48 lakhs during pre-computerization period and it was Rs.407.47 lakhs during post-computerization period. Because of computerization, banks are doing quick and efficient services. Therefore the average net profit was increased to an extend of 108.40 percent during post-computerization when comparing to pre-computerization period.
34. As it is one of the profit earning DCCB in Tamilnadu, it is able to declare dividend during the study period except during 2004-05 and 2005-06. In an average 8.63 percent dividend was declared during pre-computerization period and 12.25 percent was declared during post-computerization period. Because of drought and fall in net profit, no dividend was declared during 2004 to 06.

35. The net profit of the Banks was Rs.307 lakhs during 1998-99 and in 2007-08 it was estimated as Rs563 lakhs the average net profit per year is estimated as Rs.391.5 lakhs during post computerization. It is one of a few Banks operating with net profit every year.

36. At present out of 60 branches of SDCCB only two branches are completely managed by women employees. They are Salem fairlands branch and Namakkal Mohanur road branch.

37. Though the average total number of employees was reduced from 670 during pre-computerization to 420 during post-computerization periods, the business per employee was achieved to an extend of 556.9 percent during post-computerization period.

38. The net profit earned by the employees was only Rs.0.33 lakhs during pre-computerization and it increased to Rs 0.97 lakhs during post-computerization period. There is an achievement of more than 67 percent of growth of net profit earned per employee due to computerization of the banks.
Figure 7.1
Dividend declared and paid by SDCCB

7.3 SUGGESTIONS

The suggestions made in the thesis are centering around four important aspects such as deposit mobilisation, lending operations, performance evaluation and computerization polices. All the suggestions mentioned in the thesis are related to the objectives of the study and the chapter profiles of the thesis. The Bank may consider the following suggestions for enhancing its performance.

1. The computerization of SDCCB was started in 2000-2001. Since then only 80 per cent of the Bank Branches are computerized. The Bank authorities should take quick action to implement total computerization of all branches of DCCBs. As DCCBs are registered under Banking Regulations Act, it should be converted its ordinary Banking Business into core or Internet Banking.

2. All the SDCC Banks should be modernized with latest infrastructure. It is necessary to attract the customers. It should be modernized on par with new age banks, public and private sector banks.

3. The SDCC Bank being a customer driven enterprise, it is necessary to benchmark oneself by setting performance standards and comparison with the industrial standards. The standards should not only be developed by the organization, but also stated publicly through display boards so that customers can know and compare for themselves the quality standards that are provided by the SDCCB.

4. The SDCC Banks are doing Banking Business on par with other commercial banks functioning in their area. The commercial bank managers are given power to grant loans to a limited extent. But under SDCC Banking System no power is given to Branch manager even for sanction of a small amount of loan. All loans are subject to the permission of District level Bank authorities.
5. As only 80 percentages of banks are computerized since 2000-01, no ATM facilities was provided to the customers. So, banking authorities should take necessary step to computerize all 59 branches, so as to attract the customers.

6. Though majority of Branches are computerized it must ensure proper House keeping by periodical inspection of books of accounts and reconcile periodically to reduce the irregularities and frauds. To check the accounts maintained by computers the bank should recruit skilled employees who are having computer knowledge. It is because house keeping in any banking institutions is the key to effective working of the Banks.

7. Since 2000-2001 all SDCCBs are managed by special officers appointed by the Tamilnadu Government. No recruitment was done from the year 2000 onwards. Computerization was introduced but no proper training was provided to all employees of the bank. The special officers are not interested in recruitment of employees. If elected board of directors manage the bank they will understand the problems of employees better and they will redress the grievances of employees and recruit more computer knowledge employees in order to increase the productivity of the bank and business per employee and in turn attract more customers also.

8. There are 374 PACBs and 1309 co-operative societies are under the control and supervision of SDCCB. Now Salem District Central Co-operative Bank includes banks in Salem District and Namakkal District. In Namakkal District alone, there are 165 PACBs and 302 other societies. Therefore in order to offer better service to the above mentioned societies in Namakkal District, The Salem District Central co-operative Bank should be bifurcated and a separate District Central Bank should be started in the name of
“Namakkal District Central Co-operative Bank”. As the PACBs and co-operative societies are far off from their existence to Salem ie from more than 100 km, quick decision making is not possible. If Namakkal DCCB is stated the members of PACBs and other co-operative institutions will save the time, money and labour.

9. The study shows that during the pre-computerization and post-computerization periods, nearly 75 per cent of the deposits constitutes fixed deposit. This indicates that the Bank has been spending more on interest payment. So, the Bank should mobilise funds through low cost deposit schemes like savings and current deposit accounts. However, the Bank should also mobilise funds under low cost deposit schemes of fixed deposit to the maximum extent. The SDCCB should concentrate on low cost Savings, Current Account and Term Deposits of lower tenure.

10. The Bank should mobilise more deposits and adopt a systematic plan by fixing branch-wise and employee-wise targets. The achievement of branches should be reviewed. At present there are no incentive schemes for achieving any targets. In order to motivate the employees, incentive schemes should be introduced.

11. At present out of 59 branches only 2 branches are fully managed by women employees. Women customers are considered to be the backbone of savings in a family. So more number of women branches should be started at least one in each Taluk head quarters.

12. At present business per employee was estimated as Rs. 687 lakhs. It should be increased to Rs. 750 lakhs per employee.

13. The net profit earned per employee was estimated as Rs. 0.97 lakhs, and it should be increase to Rs 2 lakhs per employee.
14. In order to increase the deposits, the Bank may introduce "Tax Savings Deposit Schemes". For this purpose, the bank should get exemption from Income Tax Act for Deposits and Interest accruals for investors in DCCBs.

**OTHER GENERAL SUGGESTION**

15. The terms and conditions of the loans should be further simplified. But at the same time, the distribution of adequate credit at reasonable terms to the right persons at the right time should be ensured.

16. The DCCBs should have a "Loan Recovery Policy" giving details of the technique to be adopted for recovery of dues. At the time of the policy to be framed by the DCCBs, proper monitoring of the policy at periodical intervals is equally necessary.

17. In order to minimise the problem of overdues, urgent steps must be taken to create recovery cells" in each district headed by a district judge.

18. To help genuine and prompt borrowers, in the case of ineligible societies for refinance, provision must be made by the NABARD or the apex of co-operatives to meet their full credit requirements.

19. The DCCBs through their financial help can encourage the formulation of self-help groups at the village level and affiliate them to the credit co-operatives for promoting the interests of farmers, especially small and marginal farmers.

20. Banks should issue more and more Kissan Credit Cards to the farming community including small and marginal farmers and weaker sections of the society in the rural areas. Further, emphasis should be laid on the linkage of credit delivery through co-operative channels by linking them
with the self-help groups scheme being established in the rural areas. Such a linkage with the self-help groups will go a long way in enabling the bank to extend credit to the weaker sections of the society. Self-help groups could become effective catalysts in the disbursal of co-operative credit to the weaker sections of the society. The System of issuing "Kissan Credit Cards" by bank authorities which will contain the record of rights pertaining to land and all the relevant information of liabilities and assets will be of great help in disbursing credit to the farmers quickly.

21. Advertisements can be made through radio and T.V to attract the depositors in the bank.

22. Just like L.I.C agents can be nominated to mobilize more deposits.

23. Attractive schemes can be announced for the deposit holders.

24. Above all polite behaviour of the bank officials towards customers will increase the number of customers of the bank.

7.4 SUGGESTIONS FOR FUTURE RESEARCH

The researcher presents this thesis with the hope that it will help the future researchers who undertake research relating to the District Central Co-operative Banks. During the course of the present study, certain issues are identified for future research.


4. An analysis of the impact of the computerization policy of the bank on the customers.
7.5 CONCLUSION

In this study an attempt has been made to find out the performance of the SDCCB after the introduction of electronic banking. The success of the electronic banking was measured on the basis of results achieved on deposit mobilization lending operations and general commercial banking services. The study has been based mainly on the secondary data collected from the bank from 1992-93 to 2007-08. If the present study helps the policy makers in further strengthening the SDCCB on par with other new generation private sector banks, in providing services to its institutional members and ordinary commercial banking customers, the researcher shall feel amply rewarded.