CHAPTER – VII
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SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

This research was intended to measure the deposit mobilization and credit management of Dharmapuri District Central Cooperative Banks Limited. This research also extends to measure the financial performance of performance of Dharmapuri District Cooperative Bank through ratio analysis and regression analysis. Growth of deposits and compounded growth are enumerated and studied during the study period 2002-03 to 2011-12. The findings from the previous chapters are recapitulated in this chapter. Based on these findings, suggestions have been proposed to increase the financial performance of Dharmapuri District Central Cooperative Banks Limited.

7.1 FINDINGS

7.1.1 DEPOSIT MOBILIZATION

- Maximum growth in the fixed deposit occurred in the year 2009-10 (40.75%) and the lowest growth occurred during the year 2006-07 (3.92%). The overall compound annual growth rate was 10.94% regarding fixed deposits in the Dharmapuri District Central Co-operative Banks Limited.

- The maximum growth in the savings bank deposit occurred in the year 2006-07 (34.28%) and the lowest growth occurred during the year 2009-10 (2.72%). The overall compound annual growth rate was 14.51% regarding savings bank deposits in the Dharmapuri District Central Co-operative Banks Limited.
• Maximum growth in the current deposits occurred in the year 2006-07 (124.53%) and the lowest growth occurred during the year 2003-04 (4.27%). The overall compound annual growth rate was 11.08% regarding current deposits in the Dharmapuri District Central Co-operative Banks Limited.

• The maximum growth in the individual deposits occurred in the year 2009-10 (19.52%) and the lowest growth occurred during the year 2004-05 (1.79%). The overall compound annual growth rate was 11.62% regarding individual deposits in the Dharmapuri District Central Co-operative Banks Limited.

• Maximum growth in the deposits through societies occurred in the year 2009-10 (105.90%) and the lowest growth occurred during the year 2011-12 (13.53%). The overall compound annual growth rate was 10.72% regarding deposits through societies in the Dharmapuri District Central Co-operative Banks Limited.

• Mean of fixed deposits through the individuals over the years is Rs. 24,758.75 lakhs and its standard deviation is Rs.9,674.13 lakhs. The mean of fixed deposits through the societies over the years is Rs. 6,446.38 lakhs and its standard deviation is Rs.3,982.68 lakhs. The coefficient of variation of fixed deposits through individuals is 39.07% is lesser than the coefficient of variation of fixed deposits through societies (61.78%), which shows that the fixed deposits made by the individuals are more stable than the fixed deposits made by the societies (more variable) in Dharmapuri District Central Co-operative Banks Limited.
• The mean of savings bank deposits through the individuals over the years is Rs. 5229.07 lakhs and its standard deviation is Rs.2152.85 lakhs. The mean of savings bank deposits through the societies over the years is Rs. 950.68 lakhs and its standard deviation is Rs.429.22 lakhs. The coefficient of variation of savings bank deposits through individuals is 41.17% is lesser than the coefficient of variation of savings bank deposits through societies (45.15%), which shows that the savings bank deposits made by the individuals are more stable than the savings bank deposits made by the societies in Dharmapuri District Central Co-operative Banks Limited.

• Mean of current deposits through the individuals over the years is Rs. 1,045.80 lakhs and its standard deviation is Rs.709.53 lakhs. The mean of current deposits through the societies over the years is Rs. 931.91 lakhs and its standard deviation is Rs.302.28 lakhs. The coefficient of variation of current deposits through societies was 32.44% is lesser than the coefficient of variation of current deposits through individuals (67.85%), which shows that the current deposits made by the societies are more stable than the current deposits made by the individuals in Dharmapuri District Central Co-operative Banks Limited.

• Fixed deposits plays the major role in contribution (deposits) to the Dharmapuri District Central Co-operative Banks Limited and Current deposits makes least contribution (deposits) to the Dharmapuri District Central Co-operative Banks Limited. Contribution through fixed deposits is nearly 15 times greater than the current deposits
• Deposits made by the individuals play major contribution (deposits) to the Dharmapuri District Central Co-operative Banks Limited than the contribution of deposits made through the societies. The deposits made by the individuals are 3.7 times (approximately) more than the deposits made through the societies.

• The deposits made by the individuals in fixed deposits plays major contribution (deposits) to the Dharmapuri District Central Co-operative Banks Limited than the contribution of deposits made through the societies in fixed deposits. The deposits made by the individuals in fixed deposits are nearly 3.8 times more than the deposits made through the societies in fixed deposits.

• Deposits made by the individuals in savings bank deposits plays major contribution (deposits) to the Dharmapuri District Central Co-operative Banks Limited than the contribution of deposits made through the societies in savings bank deposits. The deposits made by the individuals in savings bank deposits are 5.5 times (approximately) more than the deposits made through the societies in savings bank deposits.

• The contributions made by individual and societies in current deposits to the Dharmapuri District Central Co-operative Banks Limited are equal.

7.1.2 CREDIT MANAGEMENT

• During the study period from 2002-03 to 2011-12 the issue of Short term loan was in the increasing trend. Coefficient of Variation of 88.71% shows that the increase in issue of Short term loan is not stable.

• During the study period from 2002-03 to 2011-12 the issue of medium term loan was fluctuating. The highest amount in Medium term loan of Rs. 49,001.93 is issued in the
year 2010-11 and lowest amount in Medium term loan of Rs. 5,425.15 in the year 2005-06. Coefficient of Variation of 85.02% shows more variability in issue of medium term loan.

- During the study period from 2002-03 to 2011-12 the issue of Cash credit was fluctuating. The highest amount in Cash credit of Rs. 58,093.36 is issued in the year 2009-10 and lowest amount in Cash credit of Rs. 13,478.28 in the year 2006-07. Coefficient of Variation of 44.27% shows that the issue of Cash credit over the study period is less variable and constant.

- During the study period from 2002-03 to 2011-12 the recovery of short term loan was in the increasing trend. Coefficient of Variation of 89.34% shows that the increase in recovery rate of short term loan is not stable.

- During the study period from 2002-03 to 2011-12 the recovery of medium term loan was fluctuating. The highest amount in Medium term loan of Rs. 61,613.20 is recovered in the year 2006-07 and lowest amount in Medium term loan of Rs. 4,948.81 is recovered in the year 2005-06. Coefficient of Variation of 103.75% shows high variability in recovery of medium term loan and it is not constant.

- During the study period from 2002-03 to 2011-12 the recovery of Cash credit was fluctuating. The highest amount in Cash credit of Rs. 54,389.76 is recovered in the year 2009-10 and lowest amount in Cash credit of Rs. 14,894.22 is recovered in the year 2007-08. Coefficient of Variation of 40.04% shows that the recovery of Cash credit over the study period is less variable and constant.
• During the study period from 2002-03 to 2011-12 the outstanding of short term loan was in the increasing trend. Coefficient of Variation of 85.37% shows that the increase in outstanding of short term loan is not stable and more variable.

• During the study period from 2002-03 to 2011-12 the outstanding of medium term loan was fluctuating. The highest amount in Medium term loan of Rs. 40,803.53 remained as outstanding in the year 2005-06 and lowest amount in Medium term loan of Rs. 16,485.10 remained as outstanding in the year 2002-03. Coefficient of Variation of 30.81% shows less variability in the outstanding of medium term loan and it remains stable.

• During the study period from 2002-03 to 2011-12 the outstanding of Cash credit was fluctuating. The highest amount in Cash credit of Rs. 33,893.53 is remained as outstanding in the year 2003-04 and the lowest amount in Cash credit of Rs. 8,923.28 is remained as outstanding in the year 2006-07. Coefficient of Variation of 47.64 % shows that the recovery of Cash credit over the study period is variable.

• Dharmapuri District Central Co-operative Banks Limited has given more amount as Cash credit and the bank has given lesser amounts as Short term loans to the public during the study period.

• Dharmapuri District Central Co-operative Banks Limited has recovered more amount as Cash credit and the bank has recovered lesser amounts as Short term loans from the customers received loan from the cooperative banks during the study period.
• Dharmapuri District Central Co-operative Banks Limited has more loans outstanding from medium term loans and the bank has lesser loan outstanding from Short term loans from the customers received loan from the cooperative banks during the study period.

• Significant positive correlation is observed between issue and recovery of Short term loan (r =.992). The correlation coefficient reflects that 99.2% of the Short term loans issued are recovered by the Dharmapuri District Central Cooperative bank during the study period.

• Significant positive correlation is observed between issue and recovery of Medium term loan (r =.840). The correlation coefficient reflects that 84.0% of the Medium term loans issued are recovered by the Dharmapuri District Central Cooperative bank during the study period.

• Significant positive correlation is observed between issue and recovery of Cash credit (r =.901). The correlation coefficient reflects that 90.1% of the Cash credits issued are recovered by the Dharmapuri District Central Cooperative bank during the study period.

• The recovery rate of Short term loans and Cash credits are above 90 % and the recovery of Medium term loans are lesser than the recovery rate of Short term loans and Cash credits in Dharmapuri District Central Cooperative bank during the study period.

• During the study period from 2002-03 to 2011-12 the Jewel loan issued to the individuals is in increasing trend. Coefficient of Variation of 80.34% shows that the increase in issuing Jewel loans to the individuals is not stable and more variable.

• During the study period from 2002-03 to 2011-12 the Jewel loan issued to the Primary Agricultural Cooperative society was fluctuating. Coefficient of Variation of 118.25%
shows high variability in the issue of Jewel loan to the Primary Agricultural Cooperative society and it is not stable.

7.1.3 FINANCIAL PERFORMANCE

- Capital to current asset ratio stood at 0.05 during 2002-03 and increases up to 0.19 in the year 2008-09, but there is a steep increase in this ratio up to 0.24 during the year 2009-10 and the ratio has declined gradually to 0.20 during the year 2010-11. This ratio finally ended up to 0.18 during the last year of the study. This shows that capital to current asset ratio was consider as highly insignificant during the period of the study.

- Capital to cash & bank balance ratio stood at 0.38 during 2002-03 and increases up to 0.56 in the year 2006-07, but there is a sudden increase in this ratio up to 1.32 during the year 2008-09 and declined gradually up to 1.19 during the year 2009-10. This ratio finally ended up to 1.06 during the last year of the study. It is concluded that capital to cash & bank balance ratio was consider as very high during the period of the study.

- Capital to working capital ratio stood at 0.05 during 2002-03 and increases up to 0.12 in the year 2006-07, but there is a sudden increase in this ratio up to 0.23 during the year 2008-09 and it is declined to 0.20 during the year 2010-11. This ratio finally ended up to 0.18 during the last year of the study. This shows that capital to working capital ratio was consider as significant during the period of the study.

- Capital to Loan & Advances ratio stood at 0.06 during 2002-03 and increases up to 0.13 in the year 2006-07, but there is a steep increase in this ratio up to 0.32 during the year 2009-10 and reduces gradually up to 0.26 during the year 2010-11. This ratio finally ended up to 0.23 during the last year of the study. It is concluded that capital to Loan & Advances ratio was down considerably during the period of the study.
• Capital to reserve ratio stood at 0.66 during 2002-03 and decreases up to 0.15 in the year 2005-06, but there is a gradual increase in this ratio up to 2.55 during the year 2010-11. This ratio finally ended up to 2.36 during the last year of the study. This shows that the capital to reserve ratio was decreasing in the first half of the study period and was increasing during the last half of the study period.

• Cash & bank balance to current asset ratio stood at 0.12 during 2002-03 and increases up to 0.18 in the year 2006-07, but there is a steep increase in this ratio up to 0.20 during the year 2009-10 and reduces gradually up to 0.18 during the year 2010-11. This ratio finally ended up to 0.17 during the last year of the study. It is concluded that cash & bank balance to current asset ratio was consider as negligible during the period of the study.

• Cash & bank balance to aggregate deposit ratio stood at 0.30 during 2002-03 and increases up to 0.33 in the year 2006-07, but there is a decline in the ratio up to 0.28 during the year 2007-08 and increases gradually up to 0.30 during the year 2009-10. This ratio finally ended up to 0.31 during the last year of the study. It is concluded that this ratio was consider as satisfactory during the period of the study.

• Investment to aggregate deposit stood at 0.05 during 2002-03 and increases up to 0.31 in the year 2005-06, but there is a decline in the ratio up to 0.28 during the year 2008-09 and increases gradually up to 0.29 during the year 2010-11. This ratio finally ended up to 0.29 during the last year of the study. This shows that concluded that investment to aggregate deposit ratio was increasing gradually during the period of the study.

• Borrowing to aggregate deposit stood at 1.00 during 2002-03 and increases up to 1.13 in the year 2005-06, but there is a steep decrease in this ratio up to 0.20 during the year 2007-08 and improved gradually up to 0.44 during the year 2010-11. This ratio finally
ended up to 0.48 during the last year of the study. It is concluded that Borrowing to aggregate deposit ratio fluctuates during the period of the study.

- Borrowing to working capital ratio stood at 0.47 during 2002-03 and increases up to 0.49 in the year 2004-05, but there is a sudden decline in this ratio up to 0.14 during the year 2007-08 and remains constant till 2009-10. There is an improvement up to 0.25 during the year 2010-11. This ratio finally ended up to 0.27 during the last year of the study. This shows that Borrowing to working capital ratio was consider as fluctuating during the period of the study.

- Borrowing to capital ratio stood at 8.81 during 2002-03 and fluctuates up to 8.74 in the year 2005-06, but there is a sudden decline in this ratio up to 0.61 during the year 2008-09 and increases gradually up to 1.25 during the year 2010-11. This ratio finally ended up to 1.48 during the last year of the study. It is concluded that Borrowing to capital ratio was fluctuating during the period of the study.

- Investment to working capital ratio stood at 0.03 during 2002-03 and increases up to 0.20 in the year 2007-08 and reduces gradually up to 0.16 during the year 2010-11. This ratio finally ended up to 0.16 during the last year of the study. It shows that investment to working capital ratio was considered as normal during the period of the study.

- Interest income to total income ratio stood at 0.84 during 2002-03 and increases up to 0.93 in the year 2004-05, but there is an increase in this ratio up to 0.90 during the year 2006-07 and reduces gradually up to 0.71 during the year 2009-10. This ratio finally ended up to 0.94 during the last year of the study. It is concluded that interest income to total income ratio was fluctuating during the period of the study.
• Loans & advances to working capital ratio stood at 0.87 during 2002-03 and increases up to 0.96 in the year 2004-05, but there is a steep decline in this ratio up to 0.70 during the year 2009-10. This ratio finally ended up to 0.78 during the last year of the study. This shows that Loan & Advances to Working capital ratio was consider as normal during the period of the study.

• Total income to total asset ratio stood at 0.17 during 2002-03 and increases up to 0.26 in the year 2005-06, but there is a steep decrease in this ratio up to 0.09 during the year 2008-09. This ratio finally ended up to 0.08 during the last year of the study. It is concluded that total income to total asset ratio was consider as coming down negligibly during the period of the study.

• Total expenses to working capital ratio stood at 0.20 during 2002-03 and increases up to 0.32 in the year 2005-06, but there is a steep decrease in this ratio up to 0.07 during the year 2008-09 and increases gradually up to 0.11 during the year 2009-10. This ratio finally ended up to 0.09 during the last year of the study. This shows that total expenses to working capital ratio were coming down considerably during the period of the study.

• Owned fund to outside liabilities ratio stood at 0.15 during 2002-03 and increases up to 0.47 in the year 2005-06, but there is a steep increase in this ratio up to 0.71 during the year 2006-07 and reduces gradually up to 0.42 during the year 2009-10. This ratio finally ended up to 0.31 during the last year of the study. It is concluded that owned fund to outside liabilities ratio was coming down considerably during the period of the study.

• Significant relationship between Net Profit and Share Capital of Dharmapuri District Central Cooperative Bank is not observed. $R^2$ value indicates that the model fitted
explains only 3.3% of the variability in Net Profit. This shows that the Share Capital is
not a significant predictor of Net Profit.

• Significant relationship between Loans & Advances and Subsidy and Investment of
Dharmapuri District Central Cooperative Bank is observed. \( R^2 \) value indicates that the
model fitted explains 71.5 % of the variability in Loans & Advances. One unit increase in
Investment increases 0.789 units of Loans & Advances. This shows that investment is
significant predictor of Loans & Advances.

• Significant relationship between Loans & Advances and Deposits and Borrowings of
Dharmapuri District Central Cooperative Bank is observed. \( R^2 \) value indicates that the
model fitted explains 92.5% of the variability in Loans & Advances. One unit increase in
Deposits increases 0.841 units in Loans & Advances and one unit increases in
Borrowings increases 0.350 units in Loans & Advances. This shows that Deposits and
Borrowings are significant predictor of Loans & Advances.

• Significant relationship between Net Profit and Total Assets of Dharmapuri District
Central Cooperative Bank is not observed. \( R^2 \) value indicates that the model fitted
explains only 0.5% of the variability in Net Profit. This shows that the Total Assets is not
a significant predictor of Net Profit.

• Significant relationship between Net Profit and Capital of Dharmapuri District Central
Cooperative Bank” is not observed. \( R^2 \) value indicates that the model fitted explains only
3.3% of the variability in Net Profit. This shows that the Capital is not a significant
predictor of Net Profit.
• Significant relationship between Net Profit and Working Capital of Dharmapuri District Central Cooperative Bank” is accepted. $R^2$ value indicates that the model fitted explains only 1.9% of the variability in Net Profit. This shows that the Working Capital is not a significant predictor of Net Profit.

• Seventeen ratios are reduced into fewer factors by analyzing correlation between ratios. In this case seventeen ratios are reduced in to four factors which explain the much of the original ratios. Four factors extracted together accounts for 65.69 % of the total variance, which are named as Earning capacity, Share capital, Working capital utilization and Credit utilization.

### 7.2 SUGGESTIONS

In the light of the finding a few suggestion are offered to improve the functioning of Dharmapuri District Central Cooperative Bank Limited.

1. NABARD has to increase the rate of reference to credit facilities for like agricultural purpose.

2. NABARD can increase the power of district level co-operative banks. It leads to avoid delay of getting the loan

3. Co-operative banks can organize seminar training programs in rural areas to promote village awareness.

4. The banks may take immediate and effective steps to recover the long dues.

5. The working hours of the bank can be arranged according to like convenience of the rural people.

6. An all-out-effort can be taken to reduce delays.
7. The loan sanctioning powers of the central bank can be decentralized.

8. Each bank steps in advance for recruitment and training of its staff members.

9. In the areas of poor performance like state contribution of to the share capital of the central co-operative banks can be increased.

10. In the place where the primary credit. Societies need to be re-activated are in the process of liquidation the central co-operative banks may finance the non-defaulting members of these societies direct through it’s nearest branch only as a temporary measure.

11. The staff of the central co-operative bank at the field and in the branches, can be selected according to qualitative and qualitative mode.

12. In order to reduce the cost of funds, the bank should take necessary steps to increase it’s own funds.

13. The bank should mobilize more current deposits and saving deposits especially from the member societies and other co-operative institutions which cost less to the bank so that profit could be enhanced.

14. Deposits of government agencies should be kept with the Dharmapuri District Central Cooperative Bank in the area of operation such a step would undoubtedly strong then the resources of the bank.

15. The further researcher may do their research on comparative study of co-operative bank and other banks.
7.3 CONCLUSION

The study unit, Dharmapuri District Central Cooperative Bank Limited has been functioning in Dharmapuri district. The study has been analysed the functioning of the bank with regard to deposit mobilisation, issue of loans and advances, recovery of loans, financial performance of the bank. The data required for this study were collected through secondary sources. The functioning of the study unit has been quite impressive in terms of deposit mobilisation and credit management.

The Dharmapuri District Central Cooperative is understood to the one of the top level in giving loans and collecting dues. These banks provide a safe place for the investment of the resources of primary societies. It is an instrument to develop an extent banking facilities in rural areas.

The researcher has presented the study with the hope that it would be helpful to many individual as well as institutions, directly connected with cooperative banking system, especially the study unit. An earnest appeal is made it the Dharmapuri District Central Cooperative Banks Limited to take into account all finding of the study for its future plans and improving its performance in the years to come.

SCOPE FOR FUTURE RESEARCH

Geographical wise further study can be executed on statewide.

The performance of loan recovery management of co-operative banks can be studied.

The capital structure management of co-operative banks and its pattern can also be studied.

A micro study on branch performance of Dharmapuri District Central Co-operative Banks Limited can also be studied.