CHAPTER-2
INSIGHTS FROM RELATED STUDIES

2.1 Introduction
This chapter is basically concerned with the review of literature done for the present study. Here, in this research study, in order to appraise the performance of DCCBs in Haryana, the secondary data is made use of. After going through the study of the Banking sector- we have analyzed the various published and unpublished data on Performance Appraisal of DCCBs in Haryana. Various reports and statistics of RBI, NCDC, NAFSCOB and Statistical Abstract of Haryana from the year 2001-02 to 2013-14 have been gone through analytically. These reports are studied systematically in order to analyze the performance appraisal of DCCBs. Information from different newspapers, magazines and articles has also been gathered and made use of. So, in general, secondary data is more in use here. But simultaneously, the views and opinions of experts have also been considered here. This section contains an exhaustive review of the existing literature available on the subject. The studies have been presented in chronological order so that the latest studies are presented first followed by the subsequent studies. Research gaps have been identified.

A large number of restricted research studies have been conducted on Performance Appraisal in general and performance appraisal in particular bank. Almost all the studies are based on secondary data. The review of some important and relevant studies will facilitate in identifying some of the issues in this area of proposed research work. Some scholars have also focused performance appraisal in different angles. The review of some important and relevant studies have facilitated in identifying some of the issues in this area of present research work.

2.2 Observations from the Literature

Patel (2015) attempted to analyse solvency position of DCCB. He concluded that all DCCBs are more dependent on deposits as compared to other sources. The study reveals that overall solvency position of DCCBs of South Gujarat Region is poor.
Pawar (2015) compared the financial performance of both banks. The study analyzed that the Karad Urban Co-operative Bank Ltd is better than Rayat Sevak Co-operative Bank Ltd.

Hooda (2014) has made an attempt to evaluate employee-wise productivity of the central co-operative banks. Employee-wise productivity has been increased with higher rate than that of branch wise productivity. Providing employment opportunities has been found more beneficial than opening branches by DCCBs. It is happened when number of employees is showing decreasing trend. So, it may be said that employees of DCCBs have worked efficiently and effectively. It may be suggested that DCCBs should appoint more human resource for their growth and sustainability because it would be beneficial to DCCBs and there is significant association between labour productivity and branch production. When labour productivity increases, productivity of that branch definitely will enhance.

Bhushan (2014) has made an attempt to analyze the financial performance of Haryana State Co-operative Bank Ltd and Central Co-operative Banks in Haryana. Central Co-operative Banks suffered losses during the study period. There is need to improve the profitability positions of these banks. For this purpose first of all bank should focus on the Customer Relationship Management and fill the vacant posts immediately so that operational performance can be improved.

Rakshit and Chakrabarti (2012) analysed the factors influencing the financial performance of The West Bengal State Co-operative Bank. They took both pre and post liberalization period (from 1973 to 2008). They used regression model to measure the impact of internal factors. They found that loans and advances had a negative impact on net income of the bank but to a low extent. They suggested that control of operating expenses would improve net income of the bank.

Pillai and Johnson (2011) examined the short term liquidity and long term solvency status of The Kerala State Co-operative Bank Ltd. They used three ratios to analyse liquidity position namely current ratio, quick ratio and absolute liquid ratio. They found all three ratios showed a positive trend in this regard. In order to analyse the long term
position, six ratios have been used. The results showed a very high debt equity ratio that leads to high interest burden to the bank. The solvency ratio and the fixed assets to net worth ratio seemed to be quite satisfactory. The ratio of current assets to net worth indicated that the debt capital had been using for funding the working capital also.

**Amuthan (2010)** studied the performance of Cuddalore District Central Co-operative bank in Tamil Nadu with various financial ratios like Solvency Ratios, Liquidity Ratios, Efficiency Ratios, and Profitability Ratios. He used secondary data for a period of ten years i.e. 1999 to 2008 to carry out the study. Current ratio of the bank was not satisfactory and Gross Profit Ratio indicated a net profit of 1% only. Further, net profit to owned funds ratio was also very meager. It was also found that the total assets were not sufficient to satisfy the total liabilities of the banks throughout the period under reference.

**Singh and Rani (2010)** analysed “NPAs both in absolute and relative terms of Sonepat Central Co-operative Bank Ltd. (SCCBL) and Jind Central Co-operative Bank Ltd. (JCCBL). The secondary data from 2004-05 to 2008-09 were used. They found that the position of SCCBL in respect of doubtful assets was better as compared to JCCBL during the period under study ‘t’ test had also been used. It was also found that the banks under study were not successful in restricting the level of NPAs. It was concluded that the overall performance regarding NPA management of SCCBL was better as compared to JCCBL during the study and ‘t’ test also favoured SCCBL for better performance of managing their NPAs. The study suggested ‘one time settlement’ scheme, efficient credit appraisal system and risk management policy to improve the profitability and financial stability of co-operative banks.”

**Pandey (2009)** conducted a study to highlight the role of Nagaland State Co-operative Bank Ltd. (NSCB). The study is based on secondary data. NSCB is the only financing agency in the co-operative sector. The main activity of the bank is to cater the credit needs of farmers through co-operative societies and also through Kisan Credit Card. It was registered as an Apex Bank on 4th Nov. 1966. It is serving the people of Nagaland through its branches spread all over the state. The state has two tier co-operative structures with state co-operative bank at the apex level and PACs at the grass root level. The study revealed that NSCB has issued loans to farmers under three heads Kharif, Rabi
and KCC (Kisan Credit Card). The bank implemented KCC in the year 2001-02. Though the amount of overall loan between 2001-02 and 2005-06 increased considerably, but the amount of loan for Kharif crops declined significantly. The loans issued under Rabi crops is very small but showing an increasing trend during the study period. It was found that the loan issued against piggery and piggery farming remained less than 0.50% of total loans issued and financial support extended to dairy farming also showed negligible amount during the period under study. The bank's financing for fishery farming remained less than 0.20% of total loans during 2001-06 and the loans issued by the bank for poultry farming had also remained less than 1% of total loans issued. NSCB has been playing an active role in developing rural housing and had extended credit facilities to State Road Transport Organization (STRO) through various agencies. The loans issued to SSI were Rs. 28.28 lakhs in the year 2001-02 declined to Rs. 5.52 lakhs in 2005-06. The loans issued to consumer co-operative societies by the NSCB indicated a fluctuating trend. The bank also extended financing facilities for business and non-agricultural purpose. It was also found that NSCB acts as a Project Implementing Agency of Integrated co-operative Development Project in Mokokchung, Wokha, Phek and Tuensang. It was concluded that NSCB is playing an important role in the overall development of the state with more emphasis on rural areas by providing credit facilities to various agencies.

Prasad (2009) discussed the status of HRM in co-operative institutions. He said that attitudinal changes in leaders, members and employees are very important for co-operatives. He suggested that the main focus of co-operatives should be on accelerating economic reforms, participation and competition in the development process along with other agencies, emphasis on professionalism. The managerial effectiveness was the important factor in this study. It was suggested that the board members must reflect top leadership qualities based on clear understanding of the issues of the concerned organization and human resource policy for the middle level management should focus on appropriate recruitment with suitable placements. It was also found that there is absence of structured Human Resource Policy. At the grass root levels HRD is more neglected because there is lack of infrastructural facilities. It was found that the training approach in co-operatives was not innovative due to lack of scientific and well researched assessment of the professional needs of the employees. It was suggested that there should
be adequate budgetary provisions for strengthening Human Resource Management in Co-operatives.

**Chakrabarthy and Ghosh (2009)** conducted an empirical study on the appraisal of a rural co-operative in a research paper. He appraised the co-operative in the light of rural development. The main objective of this paper was “to study the progress of rural development through the performance of a rural co-operative. They selected a random sample of 100 members of the co-operative. The opinion had been collected by questionnaire and direct interview. Secondary data had been collected from the published annual reports of the co-operative. The study revealed that the rural co-operative had been able to improve the living standard of the rural people of the studied area. Hence the rural co-operative accelerated the process of rural development in remote India. They suggested a smooth and active system of loan issuance and loan recovery may uplift the living standard of the rural population.”

**Verma and Naidu (2009)** undertook a micro study of Primary Agricultural Credit Society, Taduku in the Puttur Mandal of Chittor District of Andhra Pradesh. The authors evaluated the performance of that society for the period of five years from 2004 to 2008. They studied socio-economic composition, capital generation, loan operations, recovery performance and non-credit societies of the society. The study revealed that number of members, population covered and families covered had increased during the study period. The study explored that there had been a significant growth in members, share capital, loans operations and non-credit services during the same time period and recovery performance of the society was quite unsatisfactory and did not undertake extension, marketing and welfare services. The study also concluded that there was heavy dependence on borrowings for working capital rather than owned funds.

**Pujari, Suhag and Malik (2009)** undertook a study to evaluate the performance of PACSs in Karnataka state. They took a period of ten years (1996-97 to 2005-06). The study revealed that about 98.93 percent of villages and more 82.78 percent of families were covered in the state by PACSs. Further, it was observed that a majority of the borrowers were small cultivators. The share capital per member increased from Rs. 501 to Rs. 887 during the study period. The deposits attracted by these societies increased
double but were still low. The amount of overdues of PACSs increased significantly. The authors suggested that the Government should increase share in looking capital to advance more credit to rural people to meet their capital requirement and PACSs should take steps to recover the amount of over dues for increasing the efficiency of societies.

**Kumar (2008)** conducted a study to analyse the financial performance of scheduled commercial Banks in India. He divided the banks in different groups such as SBI, SBI Associates, SBI Group, Nationalised Banks, Public Sector Banks and Private Sector Banks. Secondary data from 2001-02 to 2007-08 was used. He used marginal efficiency and ratios to analyse the performance of SCBs. On the basis of efficiency analysis, it was concluded that foreign sector banks were performing better than any other bank-groups followed by New Private Sector Banks, SBI Associates & Nationalised Banks. New Private Sector Banks topped in terms of growth rate of deposits, advances, investments, other income and net profits. The study also revealed that Foreign Sector was more efficient followed by Private Sector Banks & Public Sector Banks. The author suggested policies and strategies to reduce high level of NPAs, Risk Management and to focus on quality of services.

**Ramu (2008)** conducted a study about issues and challenges of HRM in co-operative banks in India. He emphasized on the importance of HRM. He observed that “employees of co-operative banks play a vital role in managing not only the transaction of customer but also future long-term relationship with them. He described about HR policies for co-operative banks. He highlighted that in practice there is no specific written document of HR policies in many co-operative banks. Though the co-operative banks come under the financial discipline of RBI, NABARD and the Apex bank, they enjoy autonomy in personnel matters. Political interferences in the activities of co-operative banks are another drawback for the absence of good governance. He observed that co-operative banks prefer to recruit local candidate particularly for managerial cadre post due to the fact that they are well adjusted to local environment. But they are not able to get attract professionally qualified candidate because poor salary structure. It was also observed that women employees at both clerical and officer level in co-operative banks is quite insignificant. The author concluded that as compared to other management functions,
HRM in co-operative banks is more sensitive and personalized and cannot be managed through a set of pre-defined techniques.”

Ramu(2008) attempted to analyse the performance of urban co-operative banks in Tamil Nadu for a period of 6 years from 1999-2000 to 2004-05. An attempt was made to find out the break-even level of business mix and examine the productivity of sample banks. It was found that loans and deposits are single largest portfolio of banks and the sample banks are earning profit since their inception. It was found that the sample banks were able to mobilize high amount of deposits, achieving more business than the break-even level of business and maintain the level of productivity, so they are able to survive in the globalised economy. It was suggested that to reduce the level of break-even point, the banks should increase their interest income and non-interest income and reduce their interest and non-interest expenditure. There is also a need to train the executives of urban co-operative banks.

Chalam and Prasad (2007) attempted to analyse the financial performance of PACs working in West Godavari District of Andhra Pradesh. For evaluating the performance, the ratios like liquidity, operational, productivity and profitability were used. It was found that cash to deposit and credit to deposit ratio were very high. It was also found that establishment expenses of the PACs were very high. It was suggested that the management should check the expenses to ensure profitability and societies should take necessary steps to enhance their income from non-credit activities. The societies should also take steps to maintain consistent and higher level of profitability.

Koli and Landage (2007) attempted to analyse the financial performance of Ratnagiri DCCB. It was observed that increase in fixed deposits is more than saving and current deposits. It was also found that the working capital funds showed a decreasing trend which means that the bank is heavily dependent on the borrowings which is not good for the performance of the bank. The trend in loan recovery shows that the bank was trying its best to increase the recovery rate and the recovery efforts were positively increasing with the increase in loan transactions. With the improvement in recovery performance, i.e., reduction in Non-Performing Assets (NPAs), the bank was raising its level of profits.
Singh et al. (2007) attempted to analyze the economic performance of District Central Co-operative Bank (DCCB) in Raipur and its Mandir Hasaud branch in Chattisgarh State for the time period 1991-92 to 1998-99. The various parameters selected for analyzing the performance were number of borrowers, amount advanced, recovery and overdues. During the period of study, the number of borrowers and the number of advances had increased but at the same time rate of overdues had also increased. It was suggested that the overdues should be checked by improving the recovery performance of the bank. It was also suggested that there should be provision to convert the kind loan in cash if the farmers are reluctant to kind portion of loan, this will increase the level of recovery.

Sujatha(2007) attempted to analyse the financial performance of Krishna Co-operative Central Bank Ltd for a period of 11 years from 1995 to 2005. To analyse performance various liquidity, profitability and productivity ratios were used. It was found that the strength of the bank is: higher level of owned funds, reasonable cost of deposits & borrowings, low expense ratio but the bank has the weakness of high level of liquid and cash assets, low credit to deposit ratio and low yield on advances. It was suggested that the bank should launch deposit mobilization campaign and there is need to diversify the loan portfolio. Also the bank should enforce the provisions to recover loans in order to reduce its NPAs.

Das et al. (2006) analyzed the problems and prospects of co-operative sector under the process of globalization. It was recognized that the co-operative sector has the capacity and potential to neutralize the adverse effects emerging from globalization. The failure of public sector and private sector to make an impact in the rural area has provided opportunity to co-operative sector to re-orient their functions according to the demand of the market and overcome the various shortcomings, i.e., poor infrastructure, lack of quality management, absence of professionalism. They suggested involving strong communication and public relations strategies which can promote the concept of co-operative among the masses.

Ghosh(2006) attempted to have a comparative study of Non-Performing Assets (NPAs) management of Mugberia Central Co-operative Bank Ltd(MCCBL) and Tamluk-Ghatal Central Co-operative Bank Ltd(TGCCBL) for the period 1997-98 to 2001-02. It was
found that “during the period of study the quantum of doubtful assets of both the banks was increasing but overall performance regarding NPAs management of MCCBL was better as compared to TGCCBL. It was suggested that banks should strengthen their credit appraisal and supervision, mechanism and should have an effective monitoring system over the use of funds.” It was also suggested that banks may file civil suit against the defaulting borrowers.

**Govindarajan and Singh (2006)** attempted to evaluate the extent of success or failure of Tamil Nadu State Co-operative Bank Ltd in its efforts of mobilizing resources and diverting them to co-operative banks at regional level. An attempt was also made to study the profitability and the factors affecting the profitability of the bank. It was found that the profitability of the bank is slowly declining year after year. Though co-operative banks meant for service motive, the banks must also earn some profits for their existence. It was suggested that the bank should have control over the non interest expenses and earn more non- interest income due to diversification of its activities and proper steps should be taken to improve the profitability of the bank.

**Goyal et al. (2006)** attempted to study the changes and regional variations in growth of Primary Agricultural Co-operative Societies (PACS) in Haryana. It was analysed that there is significant growth in share capital, owned funds, working capital and membership. But the growth rate of overdues is very high. There are large scale variations in membership per society and loan advanced per society, proportion of profit making societies was more in the Western Region. The variables with regard to membership, overdues are increasing but with regard to loan advanced these are reducing. It was suggested that the societies should streamline the recovery drive to improve the viability of societies.

**Hooda and Turan(2006)** attempted to examine the determinants of profitability in Central Co-operative Banks(CCBS) in Haryana. It was analysed that business per employee and Non- Performing Assets (NPAs) have emerged as dominant determinant of net profits. It was found that business per employee and spread (difference between interest earned and interest paid) have shown positive effect on profits and increasing size
of NPAs have negative effect on the profits. It was found that operating expenses and net profits are positively related.

Singh (2006) evaluated the productivity and fund management of District Central Co-operative Banks (DCCBs) in Punjab. He investigated how far co-operative banks are able to carry out the social role assigned to them. The main findings of the study are that total deposits of co-operative banks grew significantly and loans increased at a significant pace. The Central Co-operative Banks (CCBs) show a positive growth in net profit. The co-operative banks have strengthened their financial margin and profits. The recovery performance of co-operative banks in Punjab is better than India level. On the whole, the performance of CCBs in Punjab has been better than all India average. But the CCBs in Punjab are yet to achieve the purpose of their establishment, i.e., relieving the farmers fully from the clutches of money-lenders.

Singh and Singh (2006) analysed the profitability of Central Co-operative Banks (CCBs) in Punjab. For this, 6 CCBs were selected for two different years, i.e., 1991-92 when the reforms were just initiated and 2002-03 when the results of these reforms could be observed. It was found that Return on Equity (ROE) and Return on Assets (ROA) have increased satisfactorily. The reforms have helped the CCBs in Punjab to reduce their percentage of overdues to total loans. The asset utilization ratio has increased which depicts a more profitable use of assets. It was found that the share of miscellaneous income in total income is low which shows that these banks are still attached to conventional banking business. It was suggested that the banks should trade on miscellaneous services generating non-fund income for them.

Thorat (2006) observed that in 2004-05 the share of co-operatives in credit disbursement decreased and the share of commercial banks increased. “It was found that this is due to the poor financial health of co-operatives. The duality of control, unprofessional methods of operations including poorhouse keeping, weak internal control and poor quality of audit resulted in low performance of co-operatives. It was suggested that financial assistance should be given to co-operatives and co-operatives need to find ways and means on how to retain their market share and how to increase its overtime. Co-
operands must innovate in terms of products and processes and embrace information technology to yield good results.”

Sisodiya and Wadikar(2005) found the co-operative system in the midst of several problems like rising Non-Performing Assets(NPAs), lack of Corporate Governance and increased competition. They brought out that lack of proper regulation of the functioning of Co-operative Banks was one of the major reasons for the scams that have led to their downfall. It was found that the dual economy control by the State Government and by Reserve Bank of India (RBI) is a major hurdle. It was suggested that co-operative banks should be regulated by RBI or a new agency should be set up to look after functioning of these banks. The banks need to take steps in the right direction, i.e., increased transparency, better Corporate Governance and higher degree of professionalism in the day-to-day functions.

Kumar (2004) attempted to evaluate the profitability and productivity of public sector banks in the post-liberalisation period. The results show that liberalisation measures introduced by the Indian government have altered the banking sector and profitability of public sector banks has declined to a large extent. The results show that net profit in absolute terms has increased in majority of the public sector banks but profitability witnessed a decline. The banks will have to pay greater attention to strategic management, strategic planning and technical aspects of lending and credit evaluation to improve their performance.

Tripathy(2004) brought out that with globalization and financial sector reforms, the co-operatives have come under severe pressure from other competitive financial institutions. It was found that co-operative credit institutions are facing many problems i.e. poor recovery performance, lack of professionalism, mounting overdues, NPA and low capital base. It was suggested that to achieve the targeted objective of co-operative credit institutions there is need of appropriate credit planning and loan appraisal system, modernisation of their operational procedures and ensuring better managerial skills with efficient risk management, transparency and high recovery ratio so as to facilitate their development as self reliant and economically viable rural financial organisation. It was
also suggested that the co-operative sector should diversify itself in different export promotion activities.

**Chalam and Prasad (2003)** attempted to analyze the role of Primary Agricultural Co-operative Societies (PACS) in West Godavari District of Andhra Pradesh in providing services and members’ perception about the working of PACS. It was analyzed that landless laborers are more than half in the total membership and they become members not on their own initiatives but are motivated by the candidates contesting elections. Majority of the members, i.e., 80% availed short-term credit and small and marginal farmers were the maximum beneficiaries of credit services of PACS. It was also found that the loans provided by the banks do not fulfil all the requirements of the farmers and they have to depend upon other sources also. The findings of the study further provide that the small and marginal farmers repay the loan in time but big farmers generally delay the payments. It was suggested that membership fees should be increased to discourage the contestants to the post of president and directors from joining their friends as member of PACS just before elections and the PACS in addition to providing credit and non-credit services should also arrange other services, i.e., farm guidance and education training to the members.

**Shah (2002)** attempted to analyze the performance of Kolhapur District Central Co-operative Bank (KDCCB) during the pre and post-reform period. It was found that the financial health of KDCCB has improved in loan advances, deposits, membership and return on owner’s equity in the post-economy reform period. But the share of net worth in its total liability, liquidity ratio is declining in the post-reform period. As the return on owner’s equity has increased significantly during the post-reform period, it could be interpreted that financial health and economic viability of KDCCB has improved considerably in recent times.

**Kamesam (2002)** attempted to study corporate governance in the co-operative sector. The concept of corporate governance came into sharp focus because more and more co-operative banks in India both in rural and urban areas, have experienced serious problems in recent time that have threatened the profile and identity of the entire co-operative system. It is necessary that co-operative banks should work like professional
organization on sound managerial system with the needs of the time to retain and improve their market share and identity in the long run. There is need of greater transparency in the balance sheet of co-operative banks and also proper internal control to reach higher standards. There is greater need of clarity in defining the roles of various control institutions, i.e., State Government, RBI and NABARD so as to remove overlapping of control over co-operative banks.

Sangmi (2002) attempted to identify the factors responsible for superior performance as well as poor performance of the commercial banks. It was found that the banks maintaining higher difference, i.e., spread (difference between interest earned and interest paid) have higher profitability. The second factor affecting the profitability positively is diversified banking activities, i.e., earning more from the non-fund activities and the third factor is low operating costs which contribute to high profitability and productivity. It was suggested that to earn high profits the banks should concentrate not only on mobilisation of deposits but also invest them in channels which will generate more income. It was further suggested that banks should diversify their activities to control the operating costs.

Hota and Sharma (2001) studied the financial sector reforms in relation to rural financial institutions especially with co-operative banks. They observed that during the past 8-9 years with the implementation of financial sector reforms, the institutional credit delivery system in the country witnessed a change. In co-operatives there are various changes due to financial sector reforms, i.e. interest rates deregulations, prudential norms, restructuring and recapitalization and human resource development. It was suggested that like a river changes its course in tune with the land, a successful financial institution especially a co-operative financial institution has to adapt itself to the changing needs in order to become sustainable.

Joshi (2001) made an appraisal of the performance of co-operative banks. It was found that the co-operative banks were not able to generate funds because of poor resource base, high transaction costs (i.e. management expenses, staff cost, administration cost), lack of professional management and business diversification. It was suggested that dual control on co-operative banks should be abolished and Primary Agricultural Credit
Societies (PACS) should be reorganised and there should be professionalism in management of co-operative banks.

Kamesam (2001) observed that “there are number of issues concerning the vulnerabilities that have weakened the co-operative credit system and there is need of reforms to achieve the twin objective of credit delivery and financial sustainability. Efforts should be made for empowering co-operative banks turning into member driven enterprise because high visibility of state has distanced the people from their day-to-day management and contributed to lack of involvement and ownership in their functioning.” There is need of removing the overlapping of control between the State Government and Central Bank. There is need to have strong resource base, integration of short and long term structure, proper human resource development and given the freedom to deploy their funds purely on business consideration.

Prasuna (2001) examined that co-operative banks expanded by leaps and bounds over the last decade. However, the regulating environment and other systematic controls are yet to be put in place. The regulating structure of co-operative banks and the supervision process is so lax that it conveys the attitude of no man’s child. Major problems with the co-operative banks are “inadequate entry norms; absence of compliance to prudential norms of banking, politicizing the biggest one is the duality of control.” It was found that there is no short cut that could bring the lost credibility back to co-operative banks. It is only by mending their ways, adhering to prudential norms and setting themselves right then only co-operatives can improve their performance.

Balishter and Singh (2001) made an attempt to examine the performance of co-operative in rural development and the performance was examined through contribution of co-operatives in the development of rural infrastructure facilities, supply of credit and organizing the marketing and processing activities. But it was found that the performance was not up to the mark due to several weaknesses, i.e., resource constraint, large overdues and defective management. It was found that the rural economy is the weaker section of the national economy and this weakness is responsible for backwardness of the economy and co-operatives seem to be the only hope to accelerate the growth of rural economy so co-operatives should be strengthened through effective
monitoring system, strong resource base, effective management and trained and professional staff.

**Viswanath (2001)** attempted to analyze the qualitative performance of Agricultural Credit Co-operatives and their problem of overdues in India. He highlighted the main factors causing overdues. It was analysed that out of 16 states only performance of 5 states is above the national average. The agricultural advanced states, i.e., Punjab and Haryana have the performance below the national average. It was found that overdues, membership, working capital and amount of loans advanced move in the same direction. It was also found that the main factors causing overdues are misutilisation of loans, natural calamities, willful default by farmers, unqualified staff, inefficient management and co-operatives are dominated by economically powerful and socially dominated groups. It was suggested that co-operatives should diversify their transactions; there should be no political interference in recovery of loans and there should be professional management.

**Ramesh and Patil(2000)** attempted to analyse the variables influencing the profitability of Urban Co-operative Banks(UCBs) in the State of Goa. For analyzing profitability various variables were used which include: interest rate spread, manpower expenses, other expenses, non-interest income and overdue interest, and doubtful debt provision. It was found that interest rate spread and non interest variables have positive influence on the profitability and elements like manpower expenses, other expenses and overdue interest, and doubtful debt provision reduces the profits. It was suggested that banks should exercise a careful watch over the various elements of expenses so that declining trends in the profits of the banks can be improved.

**2.3 Research Gap**

Studies relating to co-operative banking system reveal that over the years, co-operative banks have remained the prime institutional agencies with their vast network, wide coverage and outreach to the remotest parts of the country. But, the overall picture of the co-operative sector is not too healthy. Studies pointed out that there are certain weaknesses which accumulated in the co-operative system over the years such as regional imbalance, high transaction cost, poor resource base, huge non-performing assets, duality
of control and high overdues. These weaknesses affected the profitability, productivity and economic viability of the co-operative banks. With the opening of the economy, liberalization of the government policies, increasing competition from the private sector affected the co-operatives in the way they carry out their business. So, there is need of stronger and effective management in the co-operative banks. With the introduction of reforms like deregulation of interest rates and application of prudential norms, co-operatives witnessed changes in their functional areas. Studies suggested that there is need of professionalization in management of co-operative banks, removal of duality of control between the State Government and Reserve Bank of India over the functioning of co-operative banks, need of human resource development and introduction of new techniques in the co-operative banks. There is also need to give full freedom to the co-operative banks to deploy their funds.

It is clear from past studies reviewed by the researcher that though analyzing the performance of co-operative banks has been the common area of research but, these studies were limited to PACSs, DCCBs, UCBs, SCARDBs and PCARDBs. Further, the related literature reveals that very little research work has been done on Central Co-operative Banks in Haryana in the form of research papers and articles. Hence, the present study is an attempt to fill this research gap.