CHAPTER II

REVIEW OF LITERATURE
REVIEW OF LITERATURE

Views and Reviews of different scholars and critics help the researcher to obtain broad awareness and acquire comprehensive understanding of the subject under study. Hence a survey of literature has been carried out here of which a few reviews are presented in this chapter. Besides, the objectives and methodology of the study are also presented.

2.1 Objectives and Methodology:

2.1.1 Objectives of the Study:

The specific objectives of the study are:

1. to examine the trends in the financial status, growth and overall performance of DCCBs in India and Andhra Pradesh.
2. to analyze the profile and operational trends of the Guntur District Central Co-operative Bank (GDCCB), the selected Bank;
3. to appraise the financial performance of the Guntur District Central Co-operative Bank (GDCCB) with the help of CAMEL Analysis.
4. to examine the position of the credit risk and NPAs management in the Guntur District Central Co-operative Bank (GDCC Bank); and
5. to suggest measures, ways and means for the healthy growth of DCCBs in India as well as the selected GDCCB.

2.1.2 Sources of Data:

The data were collected both from primary and secondary sources. Primary data were collected from sample bank officials through a structural survey schedule. Information was gathered
personally and through interaction with the officials of the GDCCB for the period 2000-01 to 2008-09. The secondary data were collected from various books, journals, the annual audit reports of the GDCCB during the same period.

2.1.3 Scope of the Study:

This study covers a time period of nine years ranging between 2000-01 and 2008-09, to study the trends in the DCCB of Guntur district, the study Bank. However, a time period of only five years was considered for an appraisal of the DCCBs at the All India and Andhra Pradesh level.

This study has a major focus only on the financial performance of the GDCCB. Other functional and operational transactions like deposit mobilization and credit expansion were not considered for analysis purpose.

2.1.4 Analytical Tools Used:

The data was interpreted with correlation matrix from the ratios of selected variables during the same period in GDCC Bank. The data was tested with simple regression model to analyze the impact of gross NPAs on different financial variables (Net Profit, Investments and Spread) during the same period.

Regression analysis is used when two or more variables are thought to be systematically connected by a linear relationship. In simple regression, the variables are designated as X and Y and they are related by an expression of the form
\[ y = b_0 + b_1 x + e. \] It leaves aside for a moment the nature of the variable \( e \) and focus on the \( x - y \) relationship. \( y = b_0 + b_1 x \) is the equation of a straight line; \( b_0 \) is the intercept (or \textit{constant}) and \( b_1 \) is the \( x \) \textit{coefficient}, which represents the slope of the straight line as the equation describes.

\textbf{2.1.5 Limitations of the Study:}

1. This study basically is secondary data based. Broadly the statistics and information supplied by the GDCCB through its Annual Reports were considered for analysis. Qualitative information for cross checking of the results, however, was not collected from the executives.

2. Information pertaining to provisioning norms being adopted by the GDCCB was not sufficiently and properly maintained by the study bank. Hence the analysis was undertaken with the available data only.

3. Pertaining to the time period for analysis, data were collected for two different periods for the national level and the level of GDCCB, based on the availability of such data.

4. Regression analysis technique is prominently adopted for the purpose of analysis, though there is a scope for adopting other advanced models, due to non availability of assistance.

\textbf{2.2 Review of Literature:}

Reviews always reflect the previous facts theoretically which reinforce the intellect of the scholars and broaden the thinking to obtain comprehensive and perceptive understanding of the study which help a new researcher. To a researcher who desires to organize the study systematically and to expose the existing effects of an issue,
related reviews worked out by researchers previously, help the researcher to find a way to design his study perpetually, giving broadly comprehensive presentation.

For a convenient presentation, all the reviews discussed in this chapter, are divided into two categories under two sections. The Section-I deals with the performance of the Co-operative Credit Institutions in India and Section-II deals the distinguished reviews on performance of the DCCBs in India.

SECTION-I

2.2.1 Studies on Performance of Co-operative Credit Institutions in India:

Kulwant Pathania and Sabina Batra (2009) 1 examined the NPA management in co-operative banks. It was observed that the main factor responsible for NPAs was willful default i.e. able, but not willing to pay followed by inadequacy of loans, ineffective management and supervision, utilization of loans for unproductive purposes, political support, redemption of post debts, inadequate infrastructure facilities and field staff for recoveries and poor socio economic conditions. They have concluded that the poor recovery position of the banks concerned has adversely affected the image of the bank among other banks and also in the public.

Jayalakshmi,G and Sumathy,M (2009) 2 in their study on NPAs Management in Co-operative Banks in India, viewed that a good management of NPAs requires pro-active actions to be taken by banks at the time of taking decisions for granting advances by making proper assessment of risk involved and strict adherence to the prudential

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norms. They concluded that following prudential norms for NPAs management is compulsory for survival of co-operative banks along with the confidence of the customer.

Richa Verma Bajaj (2009) in his article entitled “Capital Adequacy Regime in Scheduled Commercial Banks: A Case Study”, attempted CAMEL Analysis. In 1998 Narasimham Committee report made several important recommendations like introduction of internationally accepted prudential norms relating to income recognition, asset classification, provisioning and capital adequacy. According, a framework of the evaluation of current strength of the system and of the operations and performance of banks has been provided by reserve bank measuring through “CAMELS”.

Deepak Shah (2008) analyzes the impact of financial sector reforms in case of co-operative credit institutions in India. He has observed that credit flows through the co-operatives in rural India and their sustainability, viability and operational efficiency have become major focus of attention of various policymakers in the era of financial sector reforms. He concludes that financial sector reforms have accorded greater flexibility to the co-operatives to invest in non-target avenues like shares and debentures of corporate, units of mutual funds, bonds of public sector undertakings, etc.

Mandira Sarma and Rajiv Kumar (2008) carried out primary studies on the rural short-term co-operative credit structure. They observed that the Non-Performing Assets (NPAs) level in the Rural

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Short-term Co-operative Credit Structure (RSTCCS) was very high compared to that in the commercial banking system in India. They concluded that in spite of significant development in India’s financial sector over the last decade, a large number of poor, particularly large and marginal communities remained “financially excluded” even today.

Mayilsamy, R (2007) 6 examines the Non-Performing Assets (NPAs) in short term co-operative credit structure. He observed that the banks have to evolve recovery strategies and plan for recovery management. He concluded that if they fail to improve the recovery, the huge burden of NPAs is really breaking the backbone of the short term co-operative credit structure in India.

Vinayagamoorthy, A and Vijay Pithadia (2007) 7 in their work entitled “Globalization and Co-operative Sector in India”, have observed that considering the low living standard of common man, incomplete and imperfect markets and other socio political considerations, it is the primary duty of the government to ensure that its citizens have easy access to co-operative credit. They have concluded that the future vision of co-operative movement will have to be based on efficiency parameters relating to promotion of excellence, improvement of operational efficiency and strengthening of financial resource base.

Deepak Shah (2007) 8 in his work entitled, “The Adequacy of Institutional Credit through Co-operatives in Maharashtra”, observes that in order to rejuvenate rural credit delivery system through

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co-operatives, the major problems facing the system were, high transaction cost, poor repayment performance, mounting NPAs, distribution aspects of credit, coverage of Scheduled Castes (SCs)/Scheduled Tribes (STs) members, etc. He concludes that as far as the rural credit delivery system is concerned, the focus should be on strategies that are required for tackling issues such as sustainability and viability, operational efficiency, recovery performance, small farmer coverage and balanced sectoral development.

Mani, K.P (2007) ⁹ has examined the trend and concerns of investment in agriculture since the launching of reforms. He observed that medium term and long-term credit is not getting the required priority, which is one of the problems of the agricultural credit delivery mechanism. He concludes that it is high time to revamp the institutional credit for agriculture particularly the investment credit so as to meet the global and domestic challenges.

Banishree Das, Nirod Kumar Palai and Kumar Das (2006) ¹⁰ in their study on the problems and prospects of the co-operative movement in India under the globalization regime. They have observed that the co-operative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization. They have concluded that co-operatives have immense potential to deliver goods and services in areas where both the state and the private sectors have failed.

Hanumantha Rao, K and Jayasree, K (2006) examined the banking sector reforms and credit flow to agriculture. They found that about 12 per cent of the farmers' debt was from traders at the all-India level and in states like Jammu & Kashmir (J&K) it was very high (88%) due to lack of Scheduled Commercial Banks (SCBs) and co-operative banking network. They concluded that the debt and investment surveys had shown that the farmer's access had gone up considerably across states as a result of the banking and agricultural sector reforms.

Avinash V. Raikar (2006) has analyzed the issues, problems and prospects of co-operative credit institutions (CCIs) in India. He has found that the major problems of the CCIs are dual control, high overdues and low resource base. He concludes that the future survival of these institutions would be determined by its ability to technologically modernize themselves, innovation of new products and its reach among the urban and rural population.

Gagan Bihari Sahu and Rajasekhar, D (2005) found that the credit in both nominal and real terms had grown at a much faster rate during the period 1981-91 as compared to the reform period of 1992-2000. They concluded that credit flow to agriculture was negatively associated with investment in government securities, Credit Subsidy (CS) and proportion of credit provided by the co-operatives. But credit supply to agriculture was positively associated with the incidence of rural bank branches.

Bhole, L.M (2005) 14 in his work entitled "The Role of Co-operatives in Socio-Economic Development in India", has observed that the co-operatives are often riddled with a host of problems such as concentration, state-dependence, top-to-bottom approach, lack of spontaneity, commercialization, power politics, corruption, etc. He concludes that the institutionalization of the principle of cooperation has perhaps tended to result into the ideology of co-operativism.

Jain, N.K (2005) 15 observes that the new disciplines are imposed on co-operatives for the first time as they are required to be followed by all banking institutions. He concludes that the co-operatives will have to take conscious view of their own functioning to survive in the present context of competition by ensuring efficiency.

Samwel K. Lopoyetum (2004) 16 examines the problems and prospects of co-operative banking. He observes that globalization has unquestionably opened up new challenges, prospects, opportunities and potentialities in the economic system. He concludes that the co-operative banking system must respond and strengthen its infrastructural facilities to compete in the globalized financial system.

Joel Edvinraj, D (2004) 17 examined the challenges before Indian co-operatives. He has observed that co-operatives have to face competition from private and multinational sectors on the one side and on the other side they have to rectify their losses. He has suggested that governments help and support should be continued

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until co-operatives can meet challenges and stand and survive by themselves.

Amrit Patel (2004) 18 examines the achievements and challenges of co-operative banking. He observes that during the post-independence era rural co-operatives have indeed contributed quite significantly in achieving self sufficiency in agriculture and making it rather export oriented. He has concluded that co-operative institutions have been facing serious problems constraining their smooth operations in rural areas. They need to be reorganized, restructured and revitalized so as to make them effective instruments of rural banking for rural development.

Ansari, A.A and Amir Ullah Khan (2004) 19 have examined the agricultural sector reforms and role of co-operatives. They have observed that the economic reforms, which have been introduced since 1991, have given new dimensions to precepts and practices of economic development. They have concluded that the co-operatives have not been able to take the fullest advantage of the economic reforms, as they have been bypassed in the reform process.

Ashok Bandyopadhyay (2004) 20 in his work entitled “The Hundred Years of Co-operative Movement”, has stated that co-operative movement with its tremendous strength and age-old weaknesses are in the crossroads now in the present area of liberalization, privatization and globalization in a market oriented economy. He has concluded that all stakeholders of the movement, including cooperators, RBI, NABARD, central and state governments,

co-operative organizations, etc. shall have to play their respective roles to strengthen the co-operative movement.

Ramesha, K (2003) in his work entitled “Co-operative Banking and Financial Sector Reforms in India”, has found that with regard to the extension of reforms to co-operative banking segment, it has not yet cleared as to whether the same would ensure soundness and stability in the co-operative banking segment. He has concluded that in the long run, if co-operative character of credit co-operatives is to be preserved, the prudent practices, system of governance and supervision and regulation all should emanate from the guiding principles of co-operatives.

Katar Singh (2003) observes that the co-operatives frantically looking for new direction for their survival in the changing economic scenario which would find new strategies for their rejuvenation in policy. He has concluded that the new policy to be implemented faithfully and its commitment to action translate into reality.

Subburaj, B, Samwel Kakuko Lopoyetum and Selvam, K.G (2003) have observed that in spite of significant contribution made by the primary level co-operatives in servicing various sectors of the national economy, they are the weakest link in its organizational structure. They have concluded that the growth and development of co-operative institutions would be reflected in the better socio-economic planning and its positive changes, better standard of living and community at large.

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Agro-Economic Research Centre (2002) examined the role of co-operative credit in the development of different size groups of farmers in Gujarat and found that out of total loan amount, over 21 per cent was borrowed from private traders who charged exorbitant rates of interest might be because they were the ultimate source of credit and that too at door step. They concluded that increase in current prices of agricultural goods, there was no parallel increase in loan limits.

Nainta, R.P (2001) has viewed that the deregulation of interest rate may affect the financial viability of co-operative banks. He opines that the government must prepare a new national policy on co-operatives with the help of academicians and thinkers.

Katar Singh (2000) examined the performance of credit co-operatives in India. He opines that to enable credit co-operatives to survive and prosper in the years to come, several organizational and management reforms are needed. He concludes that the credit co-operatives must be free to carry on their operations purely on commercial lines and matters such as fixation of interest rates, determination of unit costs and scales of finance, modus operandi of recoveries, hiring and firing employees and so on should be completely left to them.

Verma, S.K (1999) 27 examined the rural development through co-operatives. He has observed that the co-operative institutions have been tremendously contributing in accelerating the economic development of rural and urban areas of the country specially the economically weak people. He has concluded that it is the best instrument to promote social justice and prevention of exploitation at the gross root level.

Ramachandra Reddy (1998) 28 examined the management of overdues of co-operative sector in Andhra Pradesh. He observes that Andhra Pradesh government has proposed a new co-operative structure called the “single window system”. Under this new system the farmers get the credit facilities and other non-credit services through a single window. He concludes that the main reason for this is the mounting overdues which are clogging the process of credit recycling.

Satyasai, K.J.S and Viswanathan, K.U (1998) 29 examined the impact of integration in the light of the experience of the state of Andhra Pradesh and observed the ratio between short-term and long-term loans which averaged at 1.3 per cent during the pre-integration period and increased to 1.77 per cent during the post-integration period. They have concluded that co-operative system in the country needed to be restructuring in view of the changing demand pattern for rural credit, higher expectations from the co-operatives which are expected to provide quick and quality service and to enable them to be viable and vibrant.

Joseph, M and Tamilmani, B (1998) 30 in their work entitled "The State and Co-operation", have stated that the retrospective scenario of co-operative movement has proved that without the active and able support of government, an orderly growth and development cannot be expected. They have concluded that it will take some more time for the co-operative movement in India to function as an autonomous movement.

Kumari Pushpa (1997)31 examines the retrospective and prospective analysis into the co-operative credit institutions since independence. She observes that co-operative credit institutions have achieved a lot quantitatively over the period of about forty five years since independence. She concluded that the demand of time and circumstances also desire that these co-operative credit institutions may stand by the race of change.

SECTION II

2.2.2 Studies on Performance of District Central Co-operative Banks in India:

Mayil Murugan, A (2009) 32 made an empirical analysis on capital adequacy ratio in central co-operative banks. He observed that capital adequacy has reduced the likelihood of failure and increases liquidity of the bank. He has concluded that fulfilling the capital adequacy norm is not at all the problem for the bank for ever.

Mayilsamy, R and Revathi Bala, M (2009) in their work entitled “Management of Non Performing Assets (NPAs) in District Central Co-operative Banks (DCCBs) in India”, felt that the Narasimham Committee Report-1998, rightly pointed out that NPAs constitute a real economic cause to the nation in that they reflected the application of scarce capital and credit funds to unproductive uses. They have concluded that high NPAs in the banks have devastating efforts not only on the banks but also on the economy as a whole. They have suggested that the formation of the good policy will be no use unless it is implemented in true spirit.

Mohan, S (2008) has examined the factors determining the profitability of central co-operative bank. He observes that profitability ratios invite the serious attention of the management to put an integrated effort to correct the financial performance. He suggests that the bank should expand its banking operations in such a way that the non-interest income increases substantially in the near future.

Darling Selvi, V (2008) examines the lending performance of Kanyakumari District Central Co-operative Bank (KDCCB). He observed that the overall growth rate of loan disbursement on short term credit shows a positive growth of 25%. The credit facilities extended by KDCCB are high for services, medium for industries and low for agriculture. He concludes that the overall performance of the KDCCB is good. If the benefits are properly toiled and utilized there will be a bright future for both to the community and to the nation.

Mayilsamy, R (2008) 36 examined the loan operations in district central co-operative banks in India. He has observed that any financial institutions’ including DCCBs carries on business out of funds, which are collected as deposits or borrowings from higher financial agencies. He concluded that the efficiency of banking institutions as a financial intermediary depends to a great extent on timely recovery of loans.

Jadhav, K.L, Yadav, D.B and Shendage, P.N (2007) 37 examined credit disbursement of District Central Co-operative Banks (DCCBs) in Maharashtra. The gross cropped area, average rainfall and deposits with the DCCBs were observed to be the most important factors influencing the regional inequality in the disbursement of per hectare short term credit in all the regions as well as the state as a whole. They have suggested that due to importance given to borrower members, which will lead to increase in loan disbursement.

Lakshmanan, C and Dharmendran, A (2007) 38 studied the impact of Non Performing Assets (NPAs) on performance variables in Chennai Central Co-operative Bank. They examined performance variables namely, net profit, investment, legal expenses and spread. They observed that the results of NPAs on all the above performance variables were negative and insignificant at 5 percent level in all the equation. They concluded that the effective management of NPAs is essential to strengthen the financial position of the bank.

Namasivayam, N (2006) 39 has observed the working performance of the Madurai District Central Co-operative Bank Ltd., and states that it has been impressive in terms of deposit mobilization and credit deployment. He has concluded that the success of the co-operative bank depends on effective manpower planning and management.

Fulbag Singh and Balwinder Singh (2006) 40 examined the funds management in the Central Co-operative Banks in Punjab. They observed that higher proportion of own funds in the working funds of the bank and the concerned shown by the bank in the timely recovery of loans resulted in an increased financial margin of the central co-operative banks in Punjab. They concluded that less dependence on the new outside resources helped these banks in increasing their financial margin.

Ramachandran, T and Seilan, A (2006) 41 examined the role of Kanyakumari District Central Co-operative Bank (KDCCB) in promoting Self-Help Groups (SHGs). They have observed that the DCCB makes PACSs to play the role of NGOs in the promotion and financing SHGs and PACSs have also realized the advantages in SHGs promotion and linkage. They have concluded that the KDCCB is playing an important and pivotal role in social transformation, welfare activities and has served the cause of woman empowerment and socio-economic betterment of the poor.

Yadav, B.S and Kaynat Tabassum (2006) 42 examined deposit mobilization by central co-operative banks in Haryana state. The sources of total assets or working capital of central co-operative banks consist of the paid-up share capital, reserves and other funds, deposits from co-operative societies, individuals and others, borrowings from State Co-operative Bank (SCB) and Reserve Bank of India (RBI)/NABARD through State Co-operative Bank and grants from government. But of all this total assets, it was found that the total deposit mobilization in all the central co-operative banks was not much satisfactory during the period under study because the deposits registered a less increasing trend in comparison to owned funds and total assets.

Fulbag Singh and Balwinder Singh (2006) 43 examined the profitability of the central co-operative banks in Punjab. They have observed that the implementation of prudential norms from 1996-97 onwards, have helped to generate an awareness for adverse effects of overdues/non performing assets in these banks. They have concluded that the co-operative banks in Punjab have responded to the ongoing financial reforms in a positive manner.

Sudipta Ghosh (2006) 44 observed that DCCBs were not successful in restricting the level of Non Performing Assets (NPAs) and the alarming factor was that the quantum of doubtful assets of the banks increased continuously during the study period. She has suggested that banks have to manage their NPAs more efficiently and

effectively so that they can change their character from non performing assets to performing assets.

Thanikodi,R (2005) 45 carried out a study on Central Co-operative Banks in India: Problems and Remedies. He observes that the CCBs act as a depository and balancing centres between surplus and deficit societies. He concludes that to have strong CCB, the internal and external defects of the CCBs should be removed with a collective effort from the government, management, employees and public.

Jadhav,K.L and Kasar,D.V (2005) 46 examined the performance of District Central Co-operative Banks in Maharashtra. They have found that there is need to pay attention to the borrower members, which will lead to increase in the share capital and loan disbursement of agricultural purposes. They have suggested that efforts should be made to enhance deposit mobilization and investment of funds in government securities and fixed deposits for transparency in financial management.

Oliver Bright,A (2005) 47 has analyzed the role of Kanyakumari District Central Co-operative Bank (KDCCB) in Tsunami Credit. He has observed that DCCBs grant loans and advances to the rural dwellers both for agricultural and non agricultural purposes. But the infrastructure aids are totally neglected by them. He has suggested that the DCCBs must identify the investment portfolios for credit plans.

Hulas Pathak (2005) in his work entitled that “Agricultural Credit Financing in District Central Co-operative Bank (DCCB), Raipur, Chattisgarh”, observed that the DCCB (Raipur) played an important role in financing agricultural credit needs of the farmers of Chattisgarh, in particular Raipur district by way of short term, medium-term and long-term loans for a variety of credit purposes including crop husbandry, purchase of milch and draught animals, agri-inputs, farm machinery and equipment, wells and tube wells, housing and consumption expenditure. He concluded that efforts should also be made to step up deposit mobilization especially in the rural sector by introducing innovative schemes and incentives based on specific credit needs of the people.

Vaikunthe,L.D (2005) in his work entitled that “Institutional Credit to Agriculture in Shimoga District Central Co-operative Bank (SDCCB), Karnataka”, takes four talukas namely, Shimoga, Sagar, Thirthahalli and Hosanagar in Shimoga district for observation. He has found that the average utilization of crop loan is higher in the non-irrigated areas in Sagar, Hosanagar and Thirthahalli talukas compared to the utilization of loan in the other categories of cultivation for farm operations. He finds that the incremental income of the crop loan beneficiaries in the four talukas has been positive in the post-investment period as compared to pre-investment period.

Raja, S (2005) 50 carried out a study on Madurai District Central Co-operative Bank (MDCC Bank) Ltd. He viewed as far as banks are concerned; there are several factors that determine the operating efficiency and profitability. They are: Level of deposits, level of advances, number of branches operating, level of capital and reserves, level of customer service and the like. He concluded that the burden rate should be reduced and spread rate be increased so that profitability can be at higher rate.

Ramesh, D (2004) 51 has analyzed the economic viability of DCCB in Mahabubnagar district of Andhra Pradesh. He has come to a conclusion that the mounting overdues can jeopardize the country's agricultural credit structure designed to accelerate agricultural development. He has further stated that co-operatives can't survive in the present commercial and economic war front, if it fails to make full use of mass media.

Rais Ahmad and Nasrullah Bhat (2004) 52 examined the recovery performance of District Co-operative Banks in Jammu and Kashmir. They found that during all the years under study i.e. from 1994-95 to 2000-01; overdues were greater than the owned funds of central co-operative banks. They have observed that the main reason for the accumulation of overdues is the defective lending policies and procedures, unrealistic scales of finance and untimely due date for repayment of loans, poor supervision over societies, absence of a proper climate for recovery including excessive and growing patronage of defaulters by the management authorities.

Dinabandu Mahal (2002) \(^{53}\) highlighted the impact of Development Action Plan (DAP) study of the Pune District Central Co-operative Bank (PDCCB). He observed that DAPs impact on the growth rate of share capital, reserve fund and the owned fund of the bank were found to be more in all the years during the post DAP period than the pre-DAP period. He has found that the affiliated societies are not well aware of the DAP and so proper efforts have to be made in this direction to make the DAP a more successful one.

Adinew Abate, Keshava Reddy, T.R, Mahesh, N and Lalit Achoth (2002) \(^{54}\) examined the magnitude and growth of institutional credit flow to agricultural sector in Karnataka. They observed that recovery performance of agricultural advances especially in the post-reform period had significantly improved in commercial banks, RRBs and DCCBs lending. Only the recovery performance of PCARDBs continued to decline. They suggested that the government and lending institutions should take strict measures on willful and deliberate defaulters and then only the problem could be solved.

Namboodiri, N.V (2001) \(^{55}\) examined the economies of scale and scope of District Central Co-operative Banks (DCCBs). He has observed that DCCBs at present are not trap in scale of diseconomy because of relatively cheap funds made available by the national, apex and commercial banks. He has concluded that the concentration on loan portfolio and tapping the other sources of borrowings are two strategies open to DCCBs to reduce their costs.


Ravi Varma,S and Bhagavan Reddy,B (1997) 56 examined the performance of Single Window Co-operative Credit Delivery System (SWCCDS) in Andhra Pradesh. They have observed that the inception of SWCCDS, the efficiency of DCCBs (District Central Co-operative Banks) in relation to share capital, reserve fund, deposits, borrowings and outstanding advances has become noteworthy. They have found that there is remarkable improvement in performance of PACSs (Primary Agricultural Credit Societies) and DCCBs after the inception of SWCCDS as compared to earlier one.

Puyalvannan,P (1997) 57 examined the cost of management, productivity and profitability of Central Co-operative Banks (CCBs) in Tamilnadu. He has observed that all CCBs are functioning effectively by keeping the cost of management lower. He has concluded that the cost of management per employee at all CCBs in Tamilnadu shows progressively increasing trend.

Sambari Kokuriah (1995) 58 in his work entitled “Co-operative banking for rural development in Karimnagar District Central Co-operative Bank (KDCCB), Andhra Pradesh”, had observed that the economic position of the respondents improved after availing loan from co-operative bank. He found that the majority of respondents revealed that, they had to make unauthorized payments for getting the loans sanctioned.

Suhag.K.S, Goyal.S.K and Groer,R.K (1998) 59 observed the performance of co-operative credit institutions in Haryana. They observed that amongst, three-tier co-operative credit institutions, Central Co-operative Banks (CCBs) had made the greatest contributions in deposit mobilization but at gross root level the societies had yet to make dent. They have concluded that for designing the appropriate financial policies and/or revitalizing the existing organizational structure, it is extremely essential to assess the past performance of co-operative credit structure in the state.

Gayithri,K (1993) 60 studied the credit delivery in rural Karnataka. She has found that the societies which are not faring well in recovery and where there are charges of corruption against the secretaries do not get any refinance benefits from the District Central Co-operative Bank (DCCB). She has concluded that refinance from NABARD for agriculture schemes is mainly based on the recovery performance of the banks.

2.3 Conclusion:

The progress, performance and the problems of the co-operative banks were reviewed by various scholars and researchers in various states at various periods of time. However, an apparent research gap exists as far as the appraisal of the financial position and performance of the co-operative banks is concerned. The present study thus undertakes to appraise the financial performance of the DCCB of Guntur (A.P.), as a case study.