CHAPTER VII

CONCLUSIONS AND SUGGESTIONS
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The study is related to the performance of District Central Co-operative Banks in India in the light of the financial performance of the selected Guntur District Central Co-operative Bank, which selected as sample DCCB from Guntur District Andhra Pradesh.

Today, India’s Co-operative Credit Structure (CCS), with over 13 crore members (including six crore borrowers), constitutes one of the largest rural financial systems in the world. Over one lakh Primary Agriculture Credit Societies (PACS) can, in many ways, be regarded as the veritable bedrock of India’s rural economy. Directly or indirectly, it covers nearly half of India’s total population. The co-operative credit system of India has the largest network in the world and co-operatives have advanced more credit in the Indian agricultural sector than commercial banks. Thus, the small quantum of loan demanded by the rural borrowers, the high administrative costs of these loans apart from a high risk of default make these loans economically nonviable. Hence, this sector has to be increasingly served by the co-operative and other rural credit institutions.

At present co-operative banks are under considerable pressure causing decline in productivity and efficiency, low profitability, un-remunerative direct investment, deterioration in the quality of portfolio, inadequacy of capital, inadequacy of loan provision, large scale loan waiver, duplication of infrastructure, over staffing, management weaknesses etc. These constraints may
considerably influence institutional finance for priority sector in the long run. Non-Performing Assets have various implications on profitability, liquidity and solvency of the banks. The problem of Non-performing assets has taken the form of monster Indian banks, for they are not able to get rid of these unwanted assets. In spite of the various measures taken by banks, Non-performing assets have been at a high level in co-operative banks. Due to financial impairment, the co-operative credit structure is steadily losing its ability to meet the rapidly growing credit needs of agriculture.

The Andhra Pradesh state has presently 22 District Central Co-operative Banks to look after the credit needs of agricultural sector in different districts. These District Central Co-operative Banks having 562 branches are provided employment to nearly 5,300 people. The Krishna District Central Co-operative Bank is observed to be the number one bank in the state in terms of share capital, reserve funds, deposits and loans issued followed by Kakinada-DCCB, Eluru-DCCB and Guntur-DCCB. Another important feature of the DCCBs of the state is that 5 out of 22 banks are running in losses. Thus the progress of the DCCBs of Andhra Pradesh is not exhibiting a uniform picture.
7.1 Objectives and Methodology:

7.1.1 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.

7.1.2 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.
7.1.3 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.

7.1.4 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 = b0 + b1 x + e. It leaves aside for a moment the nature of the variable e and focuses on the x - y relationship. y = b0 + b1 x is the equation of a straight line; b0 is the intercept (or constant) and b1 is the x coefficient, which represents the slope of the straight line as the equation describes.

7.1.5 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.
7.2 Findings and Conclusions:

7.2.1 Findings Related to DCCBs in India:

1. The total membership in DCCBs grew impressively from about 21.5 lakhs in 2004-05 to about 35.3 lakhs by 2008-09 at an annual average growth rate of 64.45%. It is a clear indication that the co-operative movement in India has been absorbing more number of members into its fold.

2. During 2004-05 the owned funds of all the DCCBs amounted to ₹16,788 crores only. This figure had gone up considerably to touch a level of ₹23,879 crore in 2008-09. The DCCBs at the all India level thus are projecting a strong position in terms of owned funds.

3. The DCCBs in India had brought down their share of borrowings in working capital from 17.58% in 2004-05 to 16% in 2008-09. Naturally it can be a positive feature as the outside borrowings shrink down.

4. The higher the C-D ratio the greater is said to be the lending performance of a banking institution. The C-D ratio of the DCCBs in India was nearly 90% during 2004-05 to 2007-08. The DCCBs in A.P were able to maintain more or less the same percentage.
5. Total investments of DCCBs had gone up from ₹34,783 crores in 2004-05 to as high as ₹61,041 crores in 2008-09, which indicates a healthy financial position of the DCCBs.

6. The share of overdues in the total loans issued had gone up from 27% in 2004-05 to more than 30% in 2008-09, indicating the need for initiating corrective measures.

7.2.2 Findings Related to DCCBs in Andhra Pradesh:

1. The share of DCCBs of A.P in the all India level membership was 39.67% in 2004-05. This had impressively gone up to 57% in 2008-09.

2. The share of borrowings in the working capital of DCCBs in A.P had significantly fallen down during the given period of 5 years. Their share at the all India level had decreasing trend from about 20% in 2004-05 and 14.59% in 2008-09. This indicates that the DCCBs in A.P are showing healthy signs by reducing outside borrowings.

3. The total investments of all DCCBs in A.P had significantly increased from ₹1.12 lakh in 2004-05 to ₹1.95 lakh by 2008-09, marking a rise of 74.86%. However, the contributing share regarding total investments of DCCBs in A.P to the all India level had shown almost stagnant position.

4. The size of advances had been large enough when compared to the volume of deposits, indicating the lending performance
of DCCBs in A.P. The C-D ratio of DCCBs in A.P was high as 272% in 2006-07 and as low as 196% in 2008-09. However, the contributions of DCCBs in A.P with regard to volume of deposits and size of advances to the all India level have been decreasing.

5. Regarding overdues there had been an increasing trend during the period except in 2005-06. The total overdues was ₹2.09 lakh in 2004-05, which had increased with a size of 50.73% amounting to ₹3.15 lakh by 2008-09. However, the share of DCCBs in A.P with regard to the volume of overdues at the all India level have been increasing.

7.2.3 Findings Related to Guntur District Central Co-operative Bank (GDCCB):

1. The merging of unviable PACSs into viable PACSs has showed impact on the expansion of bank branches. Consequently, the total number of branches of GDCCB which was 35 in 2000-01 got decreased to 33 by 2008-09.

2. Owned funds of GDCCB has gradual enhancement during the study period. It was ₹3,932 lakh in 2000-01, increased to ₹4,776 lakh by 2004-05 and further increased to ₹5,821 lakh by 2008-09. The proportionate share of share capital has been dominant yet showed declining trend during the study period.

3. The share of Government which was ₹15 lakh constituting 0.44% of the total share capital in 2000-01 has not been contributed during the remaining years as it shows zero.
4. The deposits from societies and organizations has showed a tremendous positive increasing trend from 7.80% of annual growth rate in 2004-05 to 161.44% in 2008-09, as its total amount increased from €3,601 lakh in 2000-01 to €10,149 lakh by 2008-09.

5. Borrowed funds increased to €26,193 lakh in 2004-05 and showed annual growth rate of 11.67% from €23,455 lakh in 2000-01. They got decreased to mere €9,762 lakh in 2008-09, thus showing a negative growth rate of -62.73%. It indicates the declining dependence of the bank on the external funds.

6. Regarding the total loans issued, the annual growth rate is negative at -29.9% in 2004-05 and it is negatively declined to -26.2% in 2008-09. Similarly the annual growth rate of loans recovery is negative i.e -22.4% in 2004-05 but it is positively increased to 90.8% during 2008-09.

7. The Total of the Bad & Doubtful Debt Reserves had gradual increase during the study period from €253 lakh (2000-01) to €562 lakh (2004-05) and then to €857 lakh (2008-09).

8. The grade of audit class diminished from ‘A’ Grade in 2000-01 to ‘B’ Grade in 2004-05 and in 2008-09 due to decline in profits. The main reason for getting ‘B’ Grade is losses due to increase in NPAs.
9. The Recovery performance of GDCCB shows that the percentage of recovery was varying between 66.70% and 73.18%. The trend in loan recovery shows that the bank was trying at its efficient level, whereas the percentage of overdues to total loans was varying in between 25.42% to 79.34% during the study period.

10. The Credit Deposit Ratio of the GDCCB, has shown fluctuating trend during the given period. It was as high as 92% in 2008-09 and as low as 36% in 2004-05, while it was 40% in 2000-01. An increasing trend in CDR indicates the quality of management.

11. Working capital show fluctuating trend during the study period. The total amount of working capital in GDCCB during 2000-01 was ₹42,597 lakh, which got increased to ₹48,881 lakh in 2004-05 and declined to ₹42,083 lakh in 2008-09, thus showing negative annual growth rate of -13.91% (2008-09).

12. According to the parameters indicated by NABARD, in the case of the GDCCB, the sum of the Bad & Doubtful Debts and Accumulated Losses has been below the 50 per cent mark of the owned funds. It is evident from the analysis that the financial position of the GDCCB is better.

13. As per the prudential norms, the banks being operated in India are required to achieve 9% CRAR. It shows that the GDCCB has well exceeded the stipulated level. Similarly, the CRAR was 10.68% in 2007-08 which has gone up and
touched 20% mark in 2008-09. All this explains the strength of GDCCB in terms of sound capital base and its adequacy.

14. Employee Productivity of GDCCB, it can be stated that this is increased satisfactorily to ₹180 lakhs in 2008-09 when compared to the given previous years. By 2008-09 number of employees had decreased but the Employee Productivity has shown increasing trend.

15. The interest income of GDCCB has been increasing considerably. The growth was recorded as 24.82% in 2004-05 and increased by 26.08% in 2008-09. Interest income to total assets ratio is increasing slightly in the given period. GDCCB is still largely dependent upon interest earnings as major source of their income.

16. The staff expenses were increased slightly in 2004-05 and enormously increased by 48.78% in 2008-09. Total expenses also slightly increased in 2004-05 and increased by 17.48% in 2008-09. The ratio of wages of staff to total expenses has recorded considerable increase by 2008-09 with 12% which was 9.5% in 2004-05 and 9.4% in 2000-01.

17. The operating profit of GDCCB has considerably increased by 46% in 2008-09, though grew negatively in 2004-05 over 2000-01. Regarding working funds also there has been a positive growth at a declining growth rate. The growth rates were 1.58% in 2004-05 and 0.65% in 2008-09. GDCCB is free of accumulated losses during the study period.
18. Profit Margin of GDCCB is recorded as 5.82% in 2000-01, reduced to 2.42% in 2004-05 and slightly increased to 2.77% in 2008-09. The profit margin of the GDCCB has increased significantly in the post liberalization era.

19. Regarding the ratio of total investments to total assets it has fluctuating trend. It was 11.98% in 2000-01, decreased to 11% in 2004-05 and further greatly to 35.76% in 2008-09. It indicates that the liquidity position of GDCCB is in better position since there is greater enhancement in the value of total investments.

20. Net NPAs to Net worth ratio has shown an impressive trend over the study period. While, the ratio was uncomfortably large at 152.22% in 2004-05, it tumbled down considerably in 2008-09 as 20.29%. It indicates a healthy and sound financial performance of the GDCCB. The trend demonstrates that the capital adequacy requirement of the bank is sailing on positive lines.

21. Net capital funds of the GDCCB has steadily increased to a considerable extent from ₹5,590 lakh (2006-07) to ₹5,770 lakh (2007-08) and further to ₹6,025 lakh by 2008-09, showing the growth rates of 3.22% (2007-08) and 4.42% (2008-09). It can be noticed that this gradual increase in net capital funds occurs as a result of steady increase in net profit. This increase in net profit has afforded an increase in allotment to statutory reserves.
22. The total value of risk weighted current assets has increased by 111.34% (₹727 lakh) in 2007-08 from ₹344 lakh in 2006-07, but declined to ₹180 lakh by 2008-09 or by -75.24%.

23. The volume of the total risk weighted assets has got reduced to considerable extent showing -0.68% (₹51,982 lakh) in 2007-08 from ₹52,338 lakh (2006-07) which further reduced to ₹31,352 lakh showing -39.69%. This considerable decline in the value of risk weighted assets indicates that the GDCCB has acquired a good solvency position.

24. With regard to the total value of risk weighted investments, it is clearly observed that it has got increased by 75.52% (₹2,789 lakh) in 2007-08 from ₹1,589 lakh in 2006-07 and further to 77.23% (₹4,943 lakh) by 2008-09. Further, it is evidently noticed that the value of fixed deposits with banks occupies major position.

25. The total value of risk weighted loans and advances have shown a declining trend. It was ₹50,405 lakh in 2006-07, which declined to ₹48,466 lakh with a negative growth rate of -3.85% in 2007-08 and further declined by -45.88 amounting to ₹26,229 lakh in 2008-09.

26. The percentage of Gross NPAs in total loans and advances were 11.26%; 25.19%; and 16.75% in the years 2006-07, 2007-08 and in 2008-09 respectively. The main reason for increased NPAs in 2007-08 was poor recoveries made in that year.
27. The total outstanding amount of loans and advances showed a declining trend. It was ₹52,253 lakh in 2006-07, got reduced to ₹51,346 lakh showing a negative growth rate of -1.74% and further steeply to reduced to ₹27,350 lakh showing -46.73% of negative growth rate. The main reason for decreasing loans and advances is due to Government of India taken debt relief measures.

28. The total required provision made by GDCCB against NPAs showed a fluctuating trend. It was ₹1,764 lakh in 2006-07, increased by 53.73% to ₹2,712 lakh in 2007-08, but decreased to ₹1,573 lakh showing a negative growth rate of -41.99%. The same fluctuating trend is observed with the actual provision. It was ₹2,995 lakh in 2006-07, increased to ₹3,522 lakh with 17.60% of growth rate in 2007-08 but showing negative growth of -3.41% reduced to ₹3,402 lakh in 2008-09. Provision made by the GDCCB against NPAs was more than the required provision. It indicates healthy performance of the bank.

29. Standard assets with GDCCB was ₹46,372 lakh in 2006-07 which was reduced to ₹38,411 lakh in 2007-08 and further reduced to ₹22,768 lakh in 2008-09 showing negative growth rates of -17.17% and -40.73% in the respective years. During these three years period the actual provision showed a fluctuated trend. It was ₹87 lakh in 2006-07, increased to ₹93 lakh with the growth rate of 6.90% in 2007-08 but came down again to ₹87 lakh in 2008-09 showing negative growth rate of -6.45%.
7.2.4 Results Based on the Correlation Matrix and Simple Regression Analysis:

1. The Ratio of Low Cost Deposits to Total Deposits (X2) is closely in positive correlation with Ratio of Agricultural Loan to Total Loan (X5) that is 0.998. It is significant at 0.005 percent level. It is conclude that when the ratio of Agricultural loans to total loans has decreased from 89.10% in 2000-01 to 87.76% in 2008-09 then the ratio of low cost deposits to total deposits has also decreased from 13.3% in 2000-01 to 12.58% in 2008-09.

2. The Ratio of Recovery to Demand (X4) is closely in negative correlation with Ratio of Agricultural Loan to Total Loans (X5) that is -1.000. It is significant at 0.005 per cent level and it is in positive correlation with Credit to Deposit Ratio (X6). It shows that when the ratio of Agricultural loans to total loans has decreased from 89.16% to 87.79 % during the period 2000-01 to 2008-09 then the ratio of recovery to demand has increased from 66.70% to 73.18% during the same period.

3. The Ratio of Low Cost Deposits to total Deposits (X2) is in negative correlation with the Ratio of Recovery to Demand (X4) and Credit Deposit Ratio (X6). However X2 is in negative correlation with the ratio of Overdues to Total Loans (X3) and positive correlation with the Ratio of Agricultural Loan to Total Loans (X5). It is significant at 5 per cent level that is 0.998.
4. Gross NPAs have negative relationship with net profit. Thus the R square value is 62% of the variation of net profit is explained by Gross NPAs. The regression coefficient of Gross NPAs reveals that a unit increase in Gross NPAs results in decrease in Net Profit by one unit. The highest constant value indicates that high profit of the bank even when effect of Gross NPAs is low. It indicates the impact of several other causes on the net profit on the bankers.

5. Gross NPAs have negative relationship with investments. The R square value of 14% of variability in Investments could be attributed to Gross NPAs. The only significant variable is constant. It indicates the influence of other variables except Gross NPAs on the investments of the bank. The regression coefficient is significant at 1 percent it shows that the investment has significant impact on Gross NPAs.

6. Gross NPAs have positive relationship with the Spread. The R square value is 6% Variation in Spread is explained by Gross NPAs. The regression coefficient is in significant. It shows that the Spread has in significant impact on Gross NPAs.

7.2.5 Findings Based on the Opinion Survey in GDCC Bank:

1. It is observed from the opinion survey that one of the main reasons for non-repayment or less repayment of loans was the unwillingness of the borrowers to repay rather than their inability to pay and that wilful defaults were responsible for the pathetic state of Indian banking system.
2. It is observed that the main reasons for non-repayment or less repayment of loans identified by them are business going sick and low earnings from the projects financed.

3. It is observed that the same stating that inability to gauge the importance of transparency, accountability and prudential norms in the operations of the banking system resulted in an increasing burden of non performing advances (NPAs).

4. It is observed from the opinion survey that re-lending, diversion and misutilization of loans as the major factors responsible for willful defaults in the co-operative banks.

5. It is observed that dismal performance of co-operative banks was due to excessive political interference and the after effects of loan waiver scheme of the government, resulting in an alarming proportion of NPAs.

6. It is observed that short-term and medium-term loans and found that one of the major factors influencing the non-repayment of loans was settlement of old debts.

7. It is observed that the size of holdings of the defaulters, their caste, amount of borrowings, educational status, age, sex, religion, community and size of landholding had a direct bearing on the repayment of dues. It observed that low
repayment capacity, cropping intensity, consumption expenditure and income from dairy farming etc. significantly influenced the repayment performance of the borrowers.

8. It is observed from the opinion survey that absence of lining of credit with marketing led to lesser income, resulting in higher incidence of NPAs. Major non-wilful causes are low market prices for the produce due to lack of linkages and insufficient income resulting in mounting NPAs.

9. It is observed from the opinion survey that the failure of crops and natural calamities were the major factors responsible for high incidence of defaults. Adverse agro climatic conditions and floods were the factors contributing to excessive NPAs.

10. It is observed that in many cases defaults occurred because of inadequate amount of loans to generate surplus income and delay in disbursement of loans.
7.3 Suggestions and Policy Measures:

As part of the objectives the following suggestions are made along with policy measures.

1. If the co-operative movement is to develop on perfect sound lines, the government should necessarily take immediate steps to curb the growth of vested interests in the movement as well as necessary action to prevent undue interference of the politicians.

2. In today's liberalized market driven economic environment, co-operatives have to reorient and readapt their structural functioning and management in order to protect themselves from the onslaught of vested interests.

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

4. The credit co-operative 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 scale of finance, modus operandi of recoveries, hiring and firing employees and so on should be completely left to them.
5. The health of the credit co-operatives, particularly those in the lower tiers has been deteriorating over the years. However, there appears to be no panacea for the ailment, which has severely hampered their growth. There is no second option that these vital links in the rural financial sector have to survive to meet the noble cause for which they were established.

6. As regards credit, the DCCBs should diversify their loan portfolio from traditional low yield crop loans to high yield non-farm sector as also retail loans like consumer durables, vehicle loans, advances against gold/silver etc. concerted efforts in the area of recovery through development of core teams/departments at taluka headquarters/ head office would yield good results and directly impact their profits positively.

7. It is suggested that Central co-operative banks must focus attention on mobilization of low cost deposits as well as to concentrate on cheap borrowings in order to gain a comfortable interest spread to ensure profit.

8. It is suggested that the CCBs should have majority number of PACSs on their Board of Directors to enable them to shape the policies of the CCBs for the benefits of affiliated primary societies and they should take more interest on the affairs of the bank.
9. It is suggested that at the post disbursement stage, bankers should ensure that the advance does not become NPAs through proper follow up and supervision. They should also ensure both asset creation and asset utilization. Bankers can do either off-site surveillance or on site inspection to detect whether the project is likely to become an NPA.

10. Recovery camps should be organized frequently in rural areas. Government should ask the local revenue authorities to extend the full cooperation to the DCCB/PACSs in organizing such recovery camps.

11. It is suggested that incentives can be given to honest repayers to create a better climate for repayment. The possibility of honoring best loanees and the best employees during cooperative weak celebrations can be chalked out.

12. The DCCBs in all India level the repayment schedules may be fixed strictly on the basis of norms fixed after a careful project analysis exercised for the region such agricultural project analysis should be revised periodically so that the installment amount would be worked out in a way which would be convenient for the farmers to repay.

13. The government should introduce proper measures to help banks in taking possession of land belonging to willful defaulters.
14. The DCCBs at the all India level should strive to improve their C-D Ratio.

15. The share of overdues in the total loans issued had gone up from 27% in 2004-05 to more than 30% in 2008-09 in India, indicating the need for initiating corrective measures.

16. The contribution of DCCBs of A.P to the all India level with regard to share capital had decreasing trend, from 14.89% in 2004-05 to 12.72% in 2008-09 so thus the DCCBs should take measure to increase the share capital.

17. The increasing share of overdues in the total loans issued which was 55.36% in 2004-05 and 92.73% in 2008-09 indicates a declining performance of DCCBs in A.P. Hence it indicates that the DCCBs in A.P take up required measures to bring down the level of overdues.

18. The share capital contributed the major part of the owned funds. Unlike the reserves which have to be created out of profits, the share capital is related to loans and this in-built system helps the GDCCB to increase the share capital. The strengthening of share capital helps the GDCCB to earn reasonable profits and the bank can be self-sufficient.
19. If the repayment schedule is defective both with reference to quantum of installment and period of recovery assets have a tendency to become non-performing assets. Further it is suggested that GDCCB should set up an economic research wing at their head office, which should provide a data on various types of farm and non-farm activities and rural industrious etc., required for proper appraisal of the loan.

20. It may be suggested that it is immensely imperative that there should be adequate arrangement for effective supervision, inspection and audit to make co-operative societies work more efficiently for GDCCB.

21. It is imperative that the GDCCB should lay sufficient emphasis on deposit mobilization. People should be motivated and educated about the importance of thrift and savings.

22. The GDCCB employees should be appointed on permanent basis with reasonable scale of pay so that they may be able to discharge sincere and honest services.

23. It is highly desirable that GDCCB should strengthen their own funds by requesting members to take more shares, since, they largely depend on external finance for working capital.
24. Throughout the study period the Audit reports show that the grade of the GDCCB has come down from “A” grade to “B” grade in 2008 due to decline in Profits. The main reason for getting “B” grade is loss due to increase in NPAs. So the GDCCB should take some measures for improving the recoveries of the outstanding loans.

25. Proper steps should be taken to computerize GDCCB and PACSs within the district connected to the state co-operative bank. It makes monitoring loan accounts more effective and efficient. GDCCB should create a database of their NPA portfolio on well-designed formats to provide meaningful inferences, which would help in evolving effective strategies as well as specific action plans for preventing slippage of performing assets to in NPA.