Chapter II

PROFILE OF THE CANARA BANK AND THE MDCC BANK

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2.6. Summary
2.1. Introduction

In this chapter, the origin, growth and development of the Canara Bank and the MDCC Bank are discussed. Days are gone when banking services was confined only to accepting deposits and lending loans. With the change in every walk of life, the banking activities are facing many changes in the creation of customer based banking products and services. The Canara Bank and the MDCC Bank have already created, and are creating now and then, the products and services to suit their customers’ needs and expectations. Creating a product and delivering them to the customer, who is in need of it, is not only the foremost or the important element of banking services, but it is a challenging area of any banking institution in the present day competitive banking scenario. Further creating and delivering the products and services, being the key elements, greatly determine the level of satisfaction of the customers. Therefore the researcher has presented the entire list of products and services offered by the Canara Bank and the MDCC Bank in this chapter to strengthen the report on the profile of the banks under study.

2.2. Profile of the Canara Bank

The profile of the Canara Bank such as origin, growth, progress in information technology, product and services and the corporate social responsibility are discussed in detail in this section.
2.2.1. Origin of the Canara Bank

The good bank is not only the financial heart of the community, but one with an obligation of helping in every manner possible to improve the economic conditions of the common people.

- Shri Ammenbal Subba Rao Pai – Founder of the Canara Bank

As an eminent educationalist, philanthropist and social reformer, Shri. A. Subba Rao Pai founded the Canara Bank Hindu permanent fund in July of the year 1906 at a small port in Mangalore, Karnataka. This institution grew as a limited company as the Canara Bank Limited in 1910 and became the Canara Bank in 1969 after nationalisation of banks in India. The Canara Bank, truly living up to its founder’s vision, has emerged as a commercially vibrant and socially responsive bank among the Indian Banks.

2.2.2. Growth of the Canara Bank.

The Canara Bank has undergone various phases in its growth path over 106 years of its existence. The Canara Bank, established in 1906, could open its first branch only in the year 1933, i.e. after 28 years, but after that it started steadily spreading its wings by establishing new branches across the country and could cross 100 numbers in 1961. The Canara Bank added new branches every year, taking the total branch network to 3600 including 145 specialized branches as on 31st March 2012.
2.2.3. Business and Customer’s Strength

The Canara Bank, with its tireless efforts could improve year after year from its inception to the present day in the volume of business and customer base. The Canara Bank’s customers base is 4.20 crores and the total business stands at Rs.5,59,544 crores as on 31-03-2012.

2.2.4. Information Technology Progress

The Canara Bank’s stepping stone in the process of mechanization was started in the year 1924 with a purchase of typewriter machine. In the year 1931, Telephone connection was installed in Mangalore Office, being the progress towards information technology. In bank’s Diamond Jubilee year (1966), a high speed IBM processing machine plunged into operation at the bank’s administrative office. During the year 1991-92, the Canara Bank hooked onto SWIFT Network. In 1993-94, first totally automated branch was inaugurated by the then Union Finance Minister at New Delhi. The system of electronic transfer of funds was introduced in the same year. In the year 1994-95, telebanking services was commissioned and in 1996-97, first ever ATM network with intra and inter-city connectivity was commissioned by the Canara Bank, covering 12 locations at Bangalore and New Delhi. In 2002-03, anywhere banking services were launched providing network across the branches. In the year 2003-04, ATM cum Debit Card, the Internet and Mobile banking services were added to the credit of Canara’s info-tech progress.
Canara Bank achieved 100 per cent branch computerization during the year 2004-05 enabling the process of implementing Core Banking Solutions (CBS) in 2005-06. As an innovative step towards speeding up the management information and decision support system, the blackberry mailing system has been provided to the top management of the bank which making it the first of its kind among the nationalized banks during the year 2006-07. The bank launched multilingual Bio-metric voice enabled ATMs in the year 2007-2008. In the same year, it started a call centre for providing information on various products and services offered to its customers.

The Canara Bank’s Information Technology initiatives have brought out a significant gain in the business apart from enhancing customer convenience. The bank implemented centralized online Tax Accounting System (Government Business Module), Excise and Service Tax Modules, Sales Tax Module in a number of branches under CBS set up during the year 2008-09. In the same year, e-payment of excise and service taxes, direct tax and customs duty have also been implemented in many numbers of branches. Further, all the Canara bank’s circle offices have been provided with the video conference facility.

During the year 2009-10, Core Banking Solutions (CBS) facility has been extended to cover the extension counters, currency chests and services units like accounts sections, clearing sections, local processing centres and foreign exchange departments. Several modules/facilities linked with CBS like
SPEED e-module for enabling clients to deliver instruction through internet, funds transfer facility for the purpose of online trading, sales and marketing module for marketing purposes, Lending Automation Processing System (LAPS) for Retail and Corporate and Anti-Money Laundering (AML) Modules.

During the year 2010-11, the Canara Bank achieved the target of 100% Core Banking Solutions (CBS) and it enabled the bank to offer technological banking services such as Internet banking, Funds transfer through NEFT and RTGS, SMS alert, IVRS based enquiry service across all its branches. The Bank also offers online trading facility to its clients through its own subsidiary M/s. Canara Bank Securities Limited.

Internet Server Customer PC (CAN SECURE) was introduced during the year 2010-11. Customers using internet facilities are increasing day by day and as on 31-03-2011, the customers enrolled for internet banking were 3.86 lakhs.

During the year 2011-12, the bank added 642 ATMs in its fold. Fund transfer through the Interbank Mobile Payment Services (IMPs) has been enabled through the ATMs. Passbook printing through self-service kiosk has been provided at five pilot locations. The RBI working group under the chairmanship of Shri.G.Gopalakrishnan has given 71 recommendations on information security, electronic banking, technology risk management and cyber frauds. The Canara bank has implemented 67 recommendations of the
RBI working group and the remaining 4 recommendations are in the process of implementation as on 31.3.2012.

With 100% Core Banking Solutions (CBS), all ATMs have been enabled to offer value added services like travel ticket booking, mobile top-up and utility bill payments. The Canara Bank has upgraded its data centre infrastructure to comply with ISO 27001 standards and a well-designed and secured corporate network was established covering all the branches and offices. A customer terminal has been provided in the branches for easy and ready reference to own the accounts of the customers. Further to connect with the youth of the country and obtain first hand unrestricted feedback, the bank has a presence at Twitter, a social networking website (http://twitter.com/canarabank tweet).

2.2.4.1. Ultra Small Branch

Canara Bank opened its first ultra-small branch in Tamil Nadu at Oorseri Panchayat near Alanganallur in Madurai district. It would remain open on all the seven days in a week and would be linked with the bank’s core banking solutions through a virtual private network. It will be staffed by a Business Correspondent (BC) recruited from the local population who would accept deposits and disburse money from the accounts with a maximum limit of Rs.2000/- per transaction besides linking up loan applicants with the parent branch. The BC would also canvass among the villagers to open, ‘No-frills
zero balance’ savings account. All account holders will be issued with smart cards.

A hand-held device has been issued to the BC which will be able to access the accounts through the smart cards and also to verify the genuineness of the account holder through biometric scan and issue receipts for all transactions.¹

2.2.5. Financial Supermarket

The place where investment banking activities like retailing of insurance products, mutual funds, company deposits, housing loans etc., are offered to the customers along with the commercial banking activities under one roof known as ‘financial supermarket’.

The Canara Bank functions as a financial supermarket with its seven subsidiaries providing a wide range of services to its diverse clientele groups. The subsidiaries that support Canara Bank to attain its objectives of offering one stop banking mart for the customers are:

1. Canbank Venture Capital Fund Limited (CVCFL)
2. Canbank Factors Limited (CFL)
3. Canbank Computer Service Limited (CCSL)
4. Canara Bank Securities Limited (CBSL)
5. Canbank Financial Services Limited (Canfina)
6. Canara Robeco Asset Management Company Limited (CRAMC)

¹ Canara Bank opens its first ultra-small branch (only the second such branch in the country) – a News Item in The Hindu dated 16th February 2012.
2.2.6. Management Structure

The board of the Canara Bank has been constituted under section 9(3) of the banking companies (Acquisition and Transfer of undertaking) Act 1970 and the Nationalised Bank (Management and Miscellaneous Provision) Scheme 1970.

The Board of the Bank, i.e. the board of directors of the bank, which manages the entire affairs of the Canara bank, consists of eminent personalities, who through their rich and various experiences in banking and other related fields have made significant contributions towards the progress of the bank.

The composition of members of the Board as on 31-03-2012 are the chairman and managing director, two executive directors, four directors each representing the government of India, Reserve Bank of India, workmen employee, officer employee, one part-time non-official director under chartered account category and two shareholder directors.

Apart from the board of directors, audit committee of the board, remuneration committee, shareholders’ and investors’ grievances committee, management committee of the board, risk management committee, and Asset Liability Management Committee, with their directivity demarcated role and adherence to ethical standards for effective management, discharge their duties for sustainable development of all its stakeholders in particular and the society in general.
Figure 2.1

Organizational Structure of Canara Bank

Head Office

Zonal Offices

Circle Offices

Regional Offices

Divisional Offices

Branches

Organizational Structure of a Branch

Branch Office

Senior Manager

Manager (Deposits)

Clerks

Manager (Loans)

Clerks

Manager (Recoveries)

Clerks

Manager (Accounts)

Clerks

Accountant
2.2.7. Products and Services

The Canara Bank, more than a century, caters to the financial needs of its customers with varied products and services. Canara Bank, apart from carrying out general banking functions, offers specialized products and services to suit different segment of customers. It categorizes the major functions under four broad areas:

i. Personal Banking

ii. Corporate Banking

iii. NRI Banking

iv. Priority and SME credit

2.2.7.1. Personal Banking

Under personal banking, Canara bank offers various deposit schemes, loan products, technology products, mutual funds, insurance business, international services, card services, consultancy services, depository services and ancillary services for the benefit of the individuals, joint accounts, minor accounts, HUF, non-corporate bodies, clubs, societies, associations, schools, trusts, executives/ administrators, government bodies and semi-government departments.
2.2.7.2. Deposit Schemes

Deposit schemes include savings bank accounts, current accounts, fixed deposits, recurring deposits and special deposit schemes. Special deposits schemes comprises of Canara champ deposit scheme, Canara saral savings scheme, Ashraya deposit scheme for senior citizens, Canara tax saver scheme, Canara auto renewal deposit and SB gold scheme.

Canara Champ Deposit Scheme is basically a saving bank deposit for children upto the age of 12 years. The special feature of this scheme is the provision of loan eligibility card for educational loans. Canara saral savings scheme is a savings bank product designed for the common man to provide a basic banking facility as part of the financial inclusion objective of the RBI. Ashraya deposit scheme extended by the bank is for the benefit of senior citizens. Canara tax saver scheme is designed for salaried class, businessmen, professionals who come under the ambit of tax payers. The amount deposited under this scheme can be deducted under section 80C of the Income Tax Act 1961. The Canara auto renewal deposit is a term deposit scheme which has built in features for automatic renewal of the deposit and the SB gold scheme is a special scheme under which value added facilities at free of cost can be availed provided a prescribed minimum balance on an average is maintained in the savings bank account.
2.2.7.3. Loan Products

Loan products include housing loan, can mobile vehicle loan, can pension loan for senior citizens, can rent, Canara Jeevan – reverse mortgage loan scheme for the senior citizens, home improvement loan, can site, teachers loan, can mortgage, doctor’s choice, can cash, can budget, swarna loan and can guide.

Housing loan is provided for the construction, purchase, repairs, additions, renovations of residential house or flat including the purchase of land and construction thereon to salaried individuals, individuals engaged in business, professionals, self-employed persons and NRIs. Can Mobile is a vehicle loan given to the salaried persons, professionals and business people with qualifying income and required repayment capacity for buying new or used four wheeler or two wheeler. Can pension scheme is especially for the pensioners who draw pension through the Canara Bank branches to meet the cost of medical expenses and other genuine needs. Can rent scheme provides loans to the owners of the property to meet their business needs and genuine personal needs against rent receivable. The Canara Jeevan is a reverse mortgage loan scheme for the senior citizens to buy self-occupied residential property, for supplementing pension income, maintenance of family, medical, emergency expenditure, repayment of an existing loan taken for the residential property to be mortgaged, upgradation, renovation and extension of residential property and meeting any other genuine needs. Home improvement loan is a
scheme which provides a packaged financial assistance to the individuals for furnishing their houses or flats. Can Site loan scheme is available to the individuals for the purchase of housing sites from the state development/town planning development authorities, central and state governments, local authorities either exclusively or in partnership with private sector entities provided such layouts are duly approved by the concerned statutory authority. Teachers loan are given to all confirmed teaching or non-teaching staff working in a school or college and drawing salary through Canara Bank branches. Canmortgage loan can be availed by professionals, businessmen, salaried persons and those customers having satisfactory dealings with the Canara Bank for meeting genuine needs by mortgaging the property. Doctor’s choice is a loan scheme exclusively provided for the medical practitioners for the purchase of equipment, setting up of clinic, x-ray lab, nursing home, expansion, renovation, modernization of existing premises, purchase of vehicles, ambulance, computers and other essential equipments and for the working capital needs. Can cash scheme provides instant cash against shares, debentures, bonds, units etc. Can Budget scheme is a simple loan scheme exclusively for the employees of the Corporates, PSUs, Government departments, institutions etc., and also for the non-salaried class like professional, self-employed and businessmen provided by the Canara Bank to meet their genuine personal needs other than the speculative purpose. Swarna Loan is provided to credit worthy savings bank account holders with satisfactory dealings against gold jewellery and ornaments to meet their
genuine personal expenditure. Can guide is a loan scheme available to the individual customers of the bank with satisfactory dealings possessing a valid TRP (Tax Return Preparer) certificate for the purchase of computer, printer and other peripherals/accessories i.e., necessary software, furniture, mobile/telephone, tax books, technical literature etc.,

2.2.7.4. Technological Products

Information technology influences, activates and controls every action of the business world. In the banking sector which is a customer-centric, introduction of information technology has become inevitable not only for providing quality timely service but for cost saving.

Core banking solution is a combination of application software and network devices which facilitates anywhere banking and anytime banking. Through core banking solution, a branch customer is converted into a bank customer.

With further advancements in information technology and telecommunications, banks are able to offer e-banking services. Through electronic delivery channel like computers, telephones, mobile phones, ATMs etc., bankers could provide products and services directly to the customers.

Canara Bank issues ATM-cum-Debit cards to the individuals as well as to the joint account holders. It facilitates the customers to transact through
bank ATMs and other bank ATMs, purchase of goods and services to the limit of Rs.20,000/- per day, mobile top-up, VISA money transfer and e-ticketing.

Read Time Gross Settlement (RTGS) is an electronic payment system in which large value funds are transferred from one bank to another on a real time basis.

National Electronic Funds Transfer (NEFT) is another electronic payment system in which a small value funds are also transferred from one bank to another at fixed intervals.

Internet Banking involves the use of internet for the delivery of banking products and services. It facilitates the customers to have 24 hours access to the account and information regarding banking products and services. It facilitates payment of the bills for the services such as telecom, electricity, cable and internet service providers, insurance, donations and charity, mutual funds, travel and ticketing, loan repayments, online tax, credit card and online shopping.

2.2.7.5. Mutual Fund

Canara Bank entered into the field of mutual funds by establishing Canbank Mutual Fund in December 1987. Subsequently in 2007, Canara Bank partnered with Robeco, a global asset management company in Netherlands and renamed its Mutual Fund as Canara Robeco Mutual Fund. Since then,
it is consistently growing by offering a range of investment options including diversified and thematic equity schemes, hybrid and monthly income funds and a wide range of debt and treasury products. Canara bank has also tie-up with the Housing Development Finance Corporation (HDFC) for cross-selling of their mutual fund products through their branches.

2.2.7.6. Insurance Business

i. Bancassurance (Non-life)

Canara Bank has tied up with the United India Insurance Company Limited as a corporate agent for the distribution of general insurance products without any risk participation.

ii. Bancassurance (Life)

Canara Bank has started a joint-venture Insurance Company namely Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited. In the share capital, Canara Bank has a stake of 51%, HSBC Insurance (Asia Pacific) Holdings Limited 26% and oriental Bank of Commerce 23%. Further, Canara Bank acts as a corporate agent for this joint-venture company.

2.2.7.7. International Services

Canara Bank entered the forex area in 1953 with the opening of its first foreign exchange department in Mumbai. The Canara Bank has an excellent worldwide correspondent relationship and has the capability to handle any
export, import, remittance and related transactions anywhere in the world and in any currency.

Non-fund based transactions like adding confirmations to Letter of Credit (LC), issuing inward and outward bid bonds and guarantees, establishing letter of credit for import into India, arranging buyer’s credit at attractive terms etc. are also the part of the services offered by the Canara Bank.

2.2.7.8. Card Services

Canara Bank is the principal member of VISA worldwide and Mastercard Inc. Canara Global Credit Cards enjoy the privilege of worldwide acceptance and free insurance coverage.

2.2.7.9. Consultancy Services

Canara Bank offers specialized services to its individual customers like executor, trustee, personal tax assistance and investment counselling, taxation and attorneyship and to the corporate sector like debenture trustee services and security trustee services.

2.2.7.10. Depository Services

Canara Bank is a depository participant of NSDL (National Securities Depository Limited), one of the two depositories in India. As a depository participant, it maintains investor’s demat accounts.
2.2.7.11. Ancillary Services

Canara Bank offers various other services which are non-banking in nature and general utility services like retail sale of gold coins, safe deposit lockers facility, safe custody services, provision of nomination facility, 7 days banking at select branches, extended banking hours etc.

2.2.8. Corporate Banking

Under corporate banking, Canara Bank offers various products and schemes especially for the traders, businessmen and corporate bodies, etc. Accounts and Deposits, cash management services, Term Loans, Goldcard Scheme for Exporters, working capital finance, infrastructure financing, Export Finance Schemes, syndication services, IPO monitoring activity, merchant banking services, Technology Upgradation Fund Schemes (TUF Schemes), Canara e-Tax, etc., are the products and schemes designed to suit the requirements of the traders, businessmen and corporate bodies.

2.2.8.1. Cash Management Services

It is an innovative service offered by Canara Bank for the speedy collection of cheques and other instruments, places corporate on a faster-track. Agents or offices of corporate can deposit their bulk instruments of small value to be cleared in the local clearing and instruct the bank to post the funds at any one designated branch under bulk collection service.
2.2.8.2. Term Loan

Canara Bank offers term loan for both the industrial and non-industrial borrowers i.e. both for the projects/activities involved in manufacturing/processing/repairing and business/trading activities etc. Term loan is extended in different form such as all rupee loans, foreign currency loans and deferred payment guarantees.

2.2.8.3. Gold Card Scheme for Exporters

Under this scheme, eligible exporters depending upon their track record and credit worthiness are granted better terms of export credit.

2.2.8.4. Working Capital Finance

Working Capital finance is extended by the Canara Bank in different forms based on the requirement in the form of inventory limits (pre-sales), finance against receivables (post-sales), non-fund based limits and short term lending products.

2.2.8.5. Infrastructure Fund

Canara Bank, under consortium arrangement with term lending financial institutions and other banks extends finance to the various infrastructure projects.
2.2.8.6. Export Finance Schemes

Canara Bank offers pre-shipment finance, post-shipment finance, foreign bank guarantee and foreign letters of credit to the units which undertake or desirous of undertaking export business.

2.2.8.7. Syndication Services

It is a new value added fee based service of the Canara Bank for the corporate customers. The service shall be either on “best efforts” basis or on “underwriting” basis.

2.2.8.8. IPO Monitoring Activity

Canara bank has been permitted to act as “Monitoring Agency” to undertake the assignments of monitoring of project implementation by the companies raising equity through public issues where the issues size exceeds Rs 500 crores.

2.2.8.9. Merchant Banking Services

Canara Bank is a SEBI registered category 1 merchant banker to render issue management, underwriting, consultancy and corporate advisory services etc. to the banks, PSUs, state owned corporations, local statutory bodies and corporate sector.
2.2.8.10. Technology Upgradation Fund Schemes (TUF Schemes)

Canara Bank has been appointed as a nodal agency for implementation of the technology upgradation scheme of

i. Ministry of Textiles
ii. Ministry of Micro Small Medium Entrepreneurs
iii. Ministry of Food Processing Industries
iv. Ministry of Consumer Affairs, Food and Public Distribution

The scheme is available for modernization/expansion of existing units and for setting up of new units with benchmark level of technology in textile and jute industry.

2.2.8.11. Canara e-Tax

Canara Bank provides the facility to pay the Direct Taxes, the Excise and Service Tax and the Customs payment through internet to its customers.

2.2.9. NRI Banking

Specialized products and services are provided to the non-resident customers apart from NRI deposits, NRI loans and advances like NRI remittance facilities, NRI consultancy and NRI other services including safe custody, nomination facility, safe deposit lockers, attorneyship services, NRI service centres and facilities for returning Indians.
2.2.10. Priority and SME Credit

RBI sets targets in terms of percentage (of total money lent by the banks) to be lent to certain sectors which in RBI’s perception would not have access to organized lending market or could not afford to pay the interest at the commercial rate. This type of lending is called priority sector lending.

Canara Bank takes special efforts to finance small scale industry, small business, agricultural activities and export activities by providing various schemes and products under Priority and SME credit. Priority and SME credit comprises of various products and services particularly offered to suit the requirements of each and every wing of priority sector. The various schemes and products under Priority and SME credit are,

2.2.10.1. Priority Credit

(i) Agriculture and Rural Credit Scheme

Kissan credit card, loans for agri clinics/ agri business centre, minor irrigation/ pump set loan, farm machinery loans, farm development loans, vehicle loan for agriculturists, loan for plantation crops, loan for marine fisheries, loan for sericulture, loan for poultry and duck rearing, loan for cold storage and rural godown, drip/sprinkle irrigation loans, dairy loan and raising cross breed heifers, loan for construction of farm structures, Kisan suvidha,
General Credit Card Scheme (GCCS), Canara Kisan OD, Krishi mitra card scheme, Kisan tatkal and gold loans for agricultural purposes.

(ii) Education loan and other priority sector loans.

Education loan for the students, Laghu Udyami Credit Card Schemes (for small business units, retail traders, artisans, village industries, SSIs and tiny units, P&SE and small entrepreneurs), loan for solar water heating systems, direct financing to SHGs, lending to Micro Credit Groups, Finance to NGOs for on-lending to SHGs etc.

(iii) Government Sponsored Schemes

There are two government sponsored schemes namely Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) -Urban self employment programme and Swarna Jayanthi Gran Swarnozgar Yojana (SGSY) -Rural self employment venture.

2.2.10.2. SME Credit

Loan products to the Micro, Small and Medium enterprises under the Government of India schemes, schemes for capital investment, working capital, composite requirements etc., are provided.
2.2.10.3. SME Marketing

The Canara Bank SME Sulabh, a dedicated SME marketing team spreading across 15 centres in the country, choosing the right product to match the credit needs, facilitates the documentation procedures, assets in project appraisal and helps in adding value to the supply chain.

Canara Bank is the front runner in providing various products and schemes aimed to uplift poor, educated unemployed / under employed people in rural/semi-urban/ urban areas, agriculturalists, small and medium entrepreneurs and weaker sections under priority sector thereby participating in the process of economic development in India.

2.2.10.4. Agri-Business Marketing Unit

The Canara Bank with Agri-Business Marketing Managers (ABMMS) spread across 15 major locations in India, catering to the needs of farmers/agri-preneurs with specific attention on the agri-business growth centres, by providing products and services to finance the entire supply chain of the agri-business.

2.2.10.5. Agricultural Consultancy Services (ACS)

Agricultural Consultancy Services is an exclusive division of Canara Bank and is the first ever consultancy cell for agriculture and allied activities in
the entire banking sector in India. It is today, one stop-shop for entrepreneurs looking for investment in agriculture and related projects.

2.2.10.6. Centre for Entrepreneurs Development (CED) for Women

CED for women of Canara Bank caters to all training needs of women to become an entrepreneur.

2.2.10.7. Mahila Banking Branch

An exclusive branch for women and exclusive division for women within a branch are functioning in the Canara Bank, which is the first of its kind in the banking industries.

2.2.11. Corporate Social Responsibility

The Canara Bank, as a responsible corporate social citizen, has been rendering varied corporate social responsibility programmes since its inception. Canara Bank has distinguished itself in terms of numerous community oriented activities.

The Canara Bank established an education fund to help the deserving students to pursue their studies in commemoration of the founder’s birthday centenary celebrations in the year 1952. The Bank associated with RBI in a couple of joint survey to assess the spread of banking facilities in unbanked areas during the year 1968. In 1970, a novel scheme of circulating library for rural branches was started. In the same year, ‘Earn while you learn’ scheme for graduating students were introduced. In the year 1971, yet another novel
scheme of community welfare grant for rural branches were introduced with the aim of involving rural public in the development of their respective areas and also in the deposit mobilization programmes of the bank. In the year 1978, Project Canara Village Programme was launched for the adoption of villages by rural branches. Koushalya, a project for fostering artistic skills among the youth was sponsored in Bangalore during the year 1984. Centre for Entrepreneurship Development for Women were established by the bank during the year 1988, with the objective of providing consultancy, training, entrepreneurial development, marketing and various other empowerment support to the women clients. These centres are working at 34 circle offices of the bank as on 31-03-2012 towards economic empowerment of women. Rural Service Volunteers Scheme (RSV) was launched in the year 1985, aiming the development of the rural side population of the country. An agricultural consultancy services was set up to provide helping hand to the farmers. Canara bank in the year 2001-2002, opened a Mahila Banking Branch, first of its kind for catering exclusively to the financial requirements of women clientele at Bangalore.

During 2002-03, the Canara Bank continued its pioneering role in the realm of rural development and promotion of self-employment, by co-sponsoring 19 Rural Development and Self-employment Training institutes functioning across the country. In the same year, Rural Clinic Service Scheme was introduced, under which medical practitioners are assisted by the Canara
Bank to open clinics for providing basic medical facilities to the remote rural areas.

Canara Bank donated a sum of Rs.3.75 crores during the year 2004-05 to the Prime Minister’s National Relief Fund for restoration and rehabilitation of the victims affected by Tsunami that hit southern coast of India in the fake end of December 2004. In the year 2005-06, being the centenary year of the Canara Bank, it took initiatives to develop 100 rural schools, providing basic infrastructure facilities to one village in each state and conducted social service activities at each branch. During 2007-08, the bank has launched ‘Gramin Vikas Vahini’ vehicles to spread financial literacy.

Following the principle of corporate philanthropy, the bank has set up during the year 2008-09, many self-employment training institutes to counter poverty and unemployment among rural youths. The new campus for the Canara Bank Institute for Artisans was inaugurated by the then Union Home Minister in Karaikudi during 2009-2010.

During the year 2010-11, the Canara Bank under, ‘Jalayoga Scheme’ meant to provide safe drinking water, implemented 35 projects in its lead districts.

During the year 2011-12, the Canara bank has supported the setting up of Entrepreneurship Development Training Institute at Jammu and Kashmir. The bank has also donated a hi-tech, custom built, solar powered, ‘Mobile
Sales Van’ to assist women entrepreneurs, SHGs and artisans to market their products.

Apart from the above said activities, the Canara Bank, as a responsive and responsible corporate citizen of India undertakes regularly social service activities like organizing blood donation camps, assisting NGOs working for the welfare of the society, helping poor students, helping differently abled and mentally challenged persons, honouring teachers and assisting best government schools, organizing medical health camps, assisting the people affected by natural calamities and encouraging students, youth, rural artisans, women and differently abled section by conducting various programmes and activities for achieving better heights in their life.

2.3. Profile of the MDCC Bank

The profile of the MDCC Bank such as origin, functions, management, administration and control and the products and services are discussed in detail in this section.

2.3.1. Madurai District Central Cooperative Bank (MDCC bank)

The MDCC Bank plays a pivotal role in serving primary cooperative credit societies at the district level. The MDCC Bank provides a connecting link between the TNSC Bank and the primary cooperative credit societies in Madurai district.
The MDCC Bank has 31 branches in Madurai district and 10 branches in Theni district, serving the population of 25,78,201 of Madurai district and 10,93,950 of Theni district. Both the Madurai and the Theni districts are coming under the administration and control of Madurai District Central Cooperative Bank. There are totally 182 PACS in Madurai and Theni districts. The MDCC Bank through its branches and primary credit societies cater to the banking needs of 664 revenue villages of Madurai district and 113 revenue villages of Theni district. The MDCC Bank also plays a very important role in improving the socio-economic conditions of the rural population in Madurai and Theni districts.

2.3.2. Origin of MDCC Bank

The Madurai and Ramnad Central Cooperative Bank Limited was started in Madurai in the year 1912 with an authorized capital of Rs.1,00,000 (1000 shares of Rs.100 each). In the year 1920, the Srivilliputtur Banking Union Limited, with the jurisdiction over the taluks of Sattur and Srivilliputtur was formed and societies in these district with their assets and liabilities were transferred to the new banking Union (Earlier Sattur and Srivilliputtur Taluks were under the Madurai jurisdiction). In the year 1945, a separate central cooperative bank for Ramanathapuram district was formed, incorporating the area of operation of the Srivilliputtur banking union also for the whole of Ramanathapuram district with the registered name of the bank as Ramnad District Central Cooperative Bank Limited.
After the formation of Ramnad District Central Cooperative Bank, the Madurai and Ramnad Central Cooperative Bank Limited in Madurai district started functioning for Madurai and Theni districts alone in the name and style of the Madurai District Central Cooperative Bank Limited (MDCC Bank).

2.3.3. Functions of MDCC Bank

The MDCC Bank apart from shouldering the facilitator work carries out various functions, viz.,

i. To carry on general commercial banking operations such as acceptance of all types of deposits from the general public, granting of loans and advances against proper securities, collection of cheques, drafts and bills, carrying out standing instructions for the payments of taxes and remittances, discounting of bills and receiving of valuables for safe custody.

ii. To raise funds by way of loans, cash credit, overdraft and advances from the TNSC Bank, the Tamil Nadu State Government and the other financing agencies.

iii. Open branches with prior permission of the Registrar of Cooperative Societies both for banking purposes and issue and recovery of short-term and medium-term loans.

iv. Take necessary steps to promote new PACS and also finance and appraise the work of the PACS.

v. Assist, coordinate and supervise the funds of PACS and other affiliated and indebted societies.
vi. Act as an agent of the government of Tamil Nadu, the TNSC Bank, the NABARD in financing loans for agricultural and rural development activities.

vii. Accept and administer the fund provided by the TNSC Bank or any other financial institutions for the purpose of agricultural and rural development and allied activities.

viii. Develop thrift and banking habit among the rural population in its area of operations.

ix. Develop socio-economic conditions of rural population especially weaker sections in the society.

2.3.4. Organizational Structure of MDCC Bank

An organizational structure is a tool for the management to achieve plans. It is the lines of authority, responsibility, division of labour, direction, system, team work, accounting records and statistics. There is no ideal type of organizational structure which can suit for every institution and can produce the optimum results. The structure which is flexible enough to assess the changes in the requirements of the institution from time to time only assist for the good management of the institution. The organizational structure of the MDCC Bank has been designed in such a manner that the duties and responsibilities required for the personnel in performing various functions within the organization are clearly identified and grouped to enable the staff to work most effectively together.
The Chart in Figure 2.2 shows the organizational structure of the MDCC Bank.

**Figure 2.2**

**Organizational Structure of MDCC Bank**
2.3.5. Management, Administration and Control of MDCC Bank

As per the provisions of the Cooperative Societies Act of Tamil Nadu, the working of the MDCC Bank is controlled by the General Body, Board of Directors and the Executive Committee. The representatives from the PCS and the state government constitute the general body. The general body members elect among themselves few members who form the Board of Directors. The Board of Directors among themselves select few members and constitute the Executive Committee. The Executive Committee carries out the day-to-day activities with the help of the staff members. There will be a General Manager, who is responsible for the overall activities of the MDCC Bank and its branches.

The General Body is the supreme authority and it meets at least once in a year. All matters relating to the administration of the MDCC Bank is decided by the General Body members. Its main functions include:

i. Election of members to the Board/Committee of Management.

ii. Passing of Annual Budgets.

iii. Approval of Statement of Accounts and Reports and declare the dividend.

iv. Approval of Annual Administration Report.

v. Amendment to the Bye-laws.

vi. Removal of members of the Board/Committee of Management.
The Board of Directors meet as and when required and their powers and duties are:

i. To convene general meetings.

ii. To raise funds, sanction loans and recover debt.

iii. To sanction contingent expenditure.

iv. To supervise and manage the affairs of the bank.

v. To fix credit limit of the societies on the recommendations of the Registrar of cooperative societies.

vi. To appoint staff and look into the matters relating to their placement and establishment.

vii. To carry out all the above said functions through the help and assistance of the executive committee.

In the absence of the Board of Directors when at times dissolved by the government, the management and administration of the MDCC Bank is vested with the Special Officer in the rank of Joint Registrar of Cooperative Department under the aegis of the Tamil Nadu State Government.

The DCCBs are registered and formed under the Cooperative Societies Act of the respective state governments in India and as such the MDCC Bank was established under the Tamil Nadu State Cooperative Societies Act. The MDCC Bank is functioning under the guidance, regulation, supervision
and control by the Tamil Nadu State Cooperative Department, the TNSC Bank and the RBI through NABARD. The DCCBs are permitted to carry on commercial banking functions also from the year 1965. From that time, the DCCBs including the MDCC Bank are governed by both the Banking regulations Act 1949 and the banking laws (Cooperative Societies) Act 1965.

2.3.6. Products and Services Offered by the MDCC Bank

The MDCC Bank offers banking products and services to the individuals and also fulfils the credit needs of primary agricultural cooperative credit societies and other primary cooperative societies such as cooperative sugar mills, cooperative spinning mills, employees cooperative societies, cooperative printing press, urban banks and weavers cooperative societies. The various products, schemes and services offered by the MDCC Bank are,

2.3.6.1. Savings and Deposit Schemes

The acceptance and maintenance of deposits are the main function of a bank. Likewise the MDCC Bank offers the following types of deposit accounts.

i. Fixed Deposit Accounts

A fixed deposit is a deposit received by a bank for a fixed period which is specified at the time of opening the account and which is withdrawable only after the expiry of the said fixed period. With the RBI’s deregulation policy on
deposit interest rates, the banks are free to fix their own interest rates on fixed deposits of different maturities. The MDCC Bank like any other commercial bank has different interest rates for the individual and the senior citizens.

ii. Savings Bank Accounts

This type of account is meant for the people who wish to save a part of their income to meet their future financial needs and at the same time earn interest out of their savings.

iii. Recurring Deposit or Cumulative Deposit Account

It is another form of savings account whenever a fixed amount is deposited regularly for the period selected by the depositor. Recurring deposit or cumulative deposit scheme inculcate the habit of regular savings. Comparatively higher interest rate is offered to this type of savings account.

iv. Current Account

For commercial or business purposes, where there are a large number of transactions, this type of account is offered by the bank. The special feature of this type of account is that any number of withdrawals is allowed depending upon the balance in the account or a specified limit agreed by the bank.
2.3.6.2. Loan Products

Granting of loans and advances are the second main activity of any bank. Likewise the MDCC Bank offers wide range of loan products to suit the different segments of its customers. Being a cooperative central bank, it offers, apart from regular short term/medium term crop loans, various special types of loans to agriculturists through the PACS. For other primary cooperative credit societies, the bank offers loans schemes for the purchase of raw materials, production and marketing of products through their respective credit societies. Further the MDCC Bank extends regular banking activities relating to the granting of loans and advances to the individuals through its branches.

2.3.6.3. Loans and Advances Offered to the Agriculturists through PACS

i. Short-Term Crop Loan

Crop loan is the most important component of the agricultural credit extended through Primary Agricultural Cooperative Credit Society. Short-term loans are provided mostly to small and marginal farmers for cultivation purposes.

ii. Medium-Term Loan

Medium-term loans are extended to farmers for the purchase of cows, buffalos, ox, pumpsets, oil engines, for drilling deep wells and also for the farming needs to the cultivation lands.
iii. Long-Term Loans

Long term loans are extended for the purchase of farm machineries like power tiller, tractors, farm mechanization process, minor irrigation projects, animal husbandry, land development, sericulture in the irrigated area and allied activities. The period of repayment of such loans ranges from 5 to 15 years.

iv. Cash Credit

Non-agricultural credits are also extended through primary agricultural cooperative credit societies for the purpose of purchase of consumer durables. Self-help groups and non-farm sectors are also the beneficiaries under this scheme.

v. Non-Agricultural Loan

For rural weaker sections and artisans, loans are provided for establishing brickln, mosaic manufacturing unit, spinning mills, rice mill, and plastic manufacturing unit and for the purchase of photo copying machines.

vi. Produce Pledge Loan

Produce pledge loan scheme helps the small and marginal farmers to get remunerative price for their produce by holding their stocks during peak harvest period and selling at a more demanded time.
vii. Special Purpose Loans

The MDCC Bank sanctions special purpose loans for the specific purposes like drip/sprinkle irrigation projects, laying pipe line, construction of rain water harvesting system etc.,

Loans and Advances offered to the other primary cooperative credit societies

Other primary cooperative credit societies includes weavers cooperative credit societies, sugar mills cooperative credit societies, spinning mills cooperative credit societies, cooperative printing press, cooperative wholesale stores, employees cooperative societies, urban cooperative banks, milk producers cooperative societies, agricultural producers cooperative marketing societies, cooperative sales outlets, and cooperative housing society.

Medium-term and short-term loans are extended depending upon their financial needs for the purchase for raw materials, production and marketing of their finished products.

2.3.6.4. Loan Products Available to the Individuals

The MDCC Bank through its branches in Madurai district extends various loans products to the individuals and special loan schemes for the backward classes, minority, women and the differently abled persons.
i. **Jewel Loan**

The MDCC Bank through its branches extends to its customers jewel loan facility at reasonable rate of interest. The rate of interest on loan for agricultural purposes (2011-12) is 7% per annum and for other purposes, it is 14% per annum.

ii. **Loan for Pavement Vendors**

Under this scheme, loan is provided to the petty pavement vendors to the maximum amount of Rs.10,000/- at 12% interest per annum for a period of 147 days, repayable in daily or weekly basis.

iii. **Retail Loan Scheme for Women**

Under this scheme, a loan of Rs.5000 at 12% interest per annum is being provided without any security for the women folk doing business like selling flowers, fruits, vegetables and for running petty shops.

iv. **Working Women Loan**

Under this scheme, a loan of Rs.1,00,000 at 14.5% interest per annum, repayable in 5 years for the working women is provided based on the salary certificate.
v. **Women Entrepreneur Loan**

Under this scheme, a maximum of Rs.10 lakhs at 14.5% interest per annum is provided for the women entrepreneurs to start small scale industries. The repayment period is maximum of 10 years. The women entrepreneurs have to submit their applications for the loan with a feasibility report to the bank manager. The bank manager after scrutiny sanctions the loan.

vi. **Maternity Loan**

Under this scheme, a loan of Rs.2000/- at 12% interest per annum, repayment in 10 equal instalments after delivery, based on the doctor certificate issued to pregnant women.

vii. **Loan for SHG (Self Help Group)**

Under this Scheme, loans are provided to SHG to fulfil their credit requirements at 14% interest per annum.

viii. **Loan Against Deposits**

Loans can be availed by the customer against the fixed deposit certificates.

ix. **Housing Loan**

Housing loan is provided to the customers for the construction, repairs and renovation and extension of existing construction.
x. **Loan for Differently Abled Persons**

Loans for the purpose of pursuing higher education or starting a business are provided at a reasonable rate of interest to the differently abled persons. Depending on the amount of loan, repayment period is fixed by the bank. The maximum repayment period extends to 10 years and the rate of interest (2011-12) is 6% per annum.

xi. **Pensioner Loan**

Under this scheme, pensioners are provided with loan facilities based on their pension amount. The rate of interest (2011-12) is 13.5% and the repayment period is 36 months.

xii. **Consumer Loan**

Under this scheme, loans are provided to the customers for the purchase of household durables, T.V., refrigerator and two wheelers. Loan is provided for 75% of the cost of the items with no ceiling.

xiii. **Professional Loan**

Under this scheme, loans are provided to the professionals like doctors, engineers, chartered accountants and self-employed professionals. Maximum of Rs.10 lakhs is provided as loan at the prevailing rate of interest.
2.3.7. Government Sponsored Special Schemes

The Central Government and the Government of Tamil Nadu with their continued efforts over the past years have implemented various schemes for the upliftment of rural and urban poor. Schemes providing the self-employment programmes assume importance as this alone can provide regular income to the rural and urban poor on a sustainable basis. The MDCC Bank offers the following government sponsored programmes.

2.3.7.1. Tamil Nadu Backward Classes Economic Development Corporation (TABCEDCO Scheme)

Under this scheme, the MDCC bank is providing loans to the customers belonging to the economically backward community for pursuing higher education or to start a business. The rate of interest charged for women customers and SHG is 4% and for the male customers, it is 5%. A sum of Rs.25,000/- to Rs. 50,000/- based on their requirement will be sanctioned after scrutiny of applications by the screening committee constituted by the state government.

2.3.7.2. Tamil Nadu Minorities Economic Development Corporation Limited (TAMCO Scheme)

Under this scheme, loan is provided to the individuals belonging to the minority community for their financial requirements at reasonable rate of interest. The loan amount can be repaid in 36 equal instalments.
2.3.7.3. Tamil Nadu Adi-Dravidar Housing Development Corporation (TAHDCO Scheme)

The TAHDCO scheme is intended for the welfare of SC/ST population in the district concerned. Various schemes that are implemented through TAHDCO are based on the agricultural and allied activities comprising of the purchase of centrifugal pump sets of 5 hp, tyre cart with a pair of bullocks, power sprayer with one bicycle, plough bullocks, power tillers, paddy thrashers etc.,

Individuals in the age group of 18 to 55 years, belonging to SC/ST community holding the maximum dry land up to 5 acres or wet land up to 2.5 acres are eligible to avail loan to the maximum amount of Rs.2 Lakhs with 30% government subsidy for the above said purposes. Further, loans can also be availed for leasing of land and development of land holdings.

2.3.7.4. Swarnajayanthi Gram Swarozgar Yogana (SGSY)

This self-employment programme was launched on 01-04-1999 which is a credit cum subsidy programme. This is a holistic programme covering all aspects of self-employment such as organization of poor into self-help groups, training for skills development, credit requirements, and provision of technology, infrastructure and marketing facilities. This scheme is funded by the central and respective state governments in the ratio of 75:25. The main objective of launching this scheme is to bring the swarozgar (the assisted poor families under this scheme) above the poverty line in three years by providing
them income generating assets through a mix of bank credit and government subsidy.

2.3.7.5. **Swarna Jayanthi Sahari Rojgar Yojana (SJSRY)**

This scheme has been introduced in the year 1997-98 and is being implemented in corporation limits, municipalities and town panchayats with the special emphasis on people below the poverty line. The urban poor those living below the poverty line as defined by the planning commission from time to time and residing in the town for at least 3 years with an education level of IX standard pass or fail are eligible to get the benefit under this scheme. Project cost up to Rs.2 Lakhs (under self-employment programme) can be availed by an individual. The maximum possible subsidy allowed is 25% of the project cost subject to the maximum of Rs.50,000/- to each beneficiary of the scheme. Two or more eligible persons can join together under partnership basis and can avail the benefit. In any case, each beneficiary is required to contribute 5% of the project cost as margin money.

SJSRY programme comprises of five major components:

a. Urban Self-Employment Programme (USEP)

b. Urban Women Self-Help Programme (UWSP)

c. Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)

d. Urban Wage Employment Programme (UWEP)

e. Urban Community Development Network (UCDN)
SJSRY scheme is funded by the central government and respective state
government in the ratio of 75:25.

2.3.8. **Kissan Credit Card Scheme (KCC)**

Kissan Credit Card Scheme was introduced in August 1998 by
NABARD, to enhance the ground level credit flow to the agriculture and allied
sector. This scheme is being implemented by all the public sector Commercial
Banks, Regional Rural Banks and Cooperative Banks. The Madurai District
Central Cooperative Bank through the Primary Agricultural Cooperative Credit
Societies issue Kissan Credit Cards and specifies the credit limits based on the
information received from the farmer with regard to the extent of land holding,
the crops grown etc., KCC Scheme facilitates adequate, timely, cost effective
and hassle free short-term loans for seasonal agricultural operations to farmers.
Oral lessees, tenant farmers, share croppers, etc., are also covered under this
scheme. The KCC holders are covered under a Personal Accident Insurance
Scheme (PAIS) against accidental death and permanent disability.

2.4 **Overall Lending Position of the Canara Bank and the MDCC Bank**

The overall lending position of the Canara Bank and MDCC Bank from
the period 2001-02 to 2010-11 are discussed and analysed in this section.
Table 2.1
Overall Lending Position of the Canara Bank and the MDCC Bank in Madurai District from 2001-02 to 2010-11
(In Thousand Rupees)

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Canara Bank</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Deposits</td>
<td>3426720</td>
<td>3841618</td>
<td>4267323</td>
<td>4842651</td>
<td>5864312</td>
<td>7006956</td>
<td>8432960</td>
<td>9684500</td>
<td>10238949</td>
<td>11613533</td>
</tr>
<tr>
<td>2</td>
<td>Advances</td>
<td>2330169</td>
<td>2727548</td>
<td>3200492</td>
<td>3736444</td>
<td>4732521</td>
<td>5881610</td>
<td>7032672</td>
<td>7667391</td>
<td>9231132</td>
<td>10724645</td>
</tr>
<tr>
<td>3</td>
<td>CD Ratio (Credit Deposit Ratio)</td>
<td>68</td>
<td>71</td>
<td>75</td>
<td>77</td>
<td>81</td>
<td>94</td>
<td>83</td>
<td>79</td>
<td>90</td>
<td>92</td>
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<tr>
<td></td>
<td>MDCC Bank</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Deposits</td>
<td>4454561</td>
<td>4325201</td>
<td>3763093</td>
<td>3361009</td>
<td>2881383</td>
<td>3048090</td>
<td>3524159</td>
<td>4310892</td>
<td>5052114</td>
<td>5460098</td>
</tr>
<tr>
<td>2</td>
<td>Advances</td>
<td>4350134</td>
<td>3907656</td>
<td>4308471</td>
<td>3360125</td>
<td>3617969</td>
<td>3760926</td>
<td>4881318</td>
<td>6247831</td>
<td>8775504</td>
<td>9854947</td>
</tr>
<tr>
<td>3</td>
<td>CD Ratio (Credit Deposit Ratio)</td>
<td>98</td>
<td>90</td>
<td>114</td>
<td>100</td>
<td>126</td>
<td>123</td>
<td>139</td>
<td>150</td>
<td>174</td>
<td>180</td>
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</table>
Table 2.1 shows the overall lending position of the Canara Bank and the MDCC Bank and it has been in the increasing trend right from the year 2001-02 to 2010-11. Deposit mobilized and loan recoveries have helped the banks to lend extensively during the above said period. Further it implies that loans outstanding and loans over dues are under control. Steady increase in credit deposit ratio shows that both the banks in their own individual capacity are able to cater to the credit needs of the population in Madurai district. In this connection, an attempt is made to test whether there is any significant difference in the average growth of deposits, advances and credit deposit ratio using independent samples t-test and the results are shown in the following Tables 2.2 and 2.3

Table 2.2

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Name of Bank</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Canara Bank</td>
<td>MDCC Bank</td>
<td>Canara Bank</td>
<td>MDCC Bank</td>
</tr>
<tr>
<td>Advance</td>
<td>9</td>
<td>9</td>
<td>18.5831</td>
<td>-1.3274</td>
<td>5.07841</td>
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<tr>
<td>Credit Deposit Ratio</td>
<td>9</td>
<td>9</td>
<td>3.7313</td>
<td>7.8013</td>
<td>8.48945</td>
</tr>
</tbody>
</table>

Table 2.2 gives the descriptive statistics of the variables, deposits, advances and credit deposit ratio of the Canara Bank and the MDCC Bank. It is seen from the Table 2.2 that for the Canara Bank, the mean growth rate of the deposits is 14.62, the advances is 18.58 and the credit deposit ratio is 3.73 and in
the case of the MDCC Bank, the mean growth rate is 3.13 for deposits, -1.32 for advances and 7.80 for credit deposit ratio. This shows that the Canara Bank has higher mean growth rate in deposits and advances compared to the MDCC Bank but the mean growth rate of credit deposit ratio is comparatively higher for the MDCC Bank than that of the Canara bank.

**Table 2.3**

**Comparison of Average Growth Rate of Canara Bank and MDCC Bank**

<table>
<thead>
<tr>
<th>variables</th>
<th>t-test for Equality of Means</th>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>t</td>
<td>df</td>
<td>Sig. (2-tailed)</td>
<td>Mean Difference</td>
<td>Std. Error Difference</td>
</tr>
<tr>
<td>Deposit</td>
<td>2.336</td>
<td>16</td>
<td>0.033</td>
<td>11.495</td>
<td>4.920</td>
</tr>
<tr>
<td>Advance</td>
<td>1.416</td>
<td>16</td>
<td>0.176</td>
<td>19.910</td>
<td>14.065</td>
</tr>
<tr>
<td>Credit Deposit Ratio</td>
<td>-0.747</td>
<td>16</td>
<td>0.466</td>
<td>-4.070</td>
<td>5.450</td>
</tr>
</tbody>
</table>

The results of the t-test (Table 2.3) show that there is a significant difference in the growth rate of the Canara Bank and the MDCC Bank with respect to the variable Deposit ($t=2.336$, $p=0.033$) at 5% level of significance. From the descriptive statistics as shown in the Table 2.2, it can be observed that the mean growth rate of Canara Bank is 14.62 per cent as against 3.13 of the MDCC Bank. This clearly shows that the mean growth rate of deposits of the Canara Bank is higher than the mean growth rate of deposits of the MDCC Bank. The growth rates of the other two variables Advances and Credit Deposit Ratio do not differ significantly for the two banks. Hence it could be concluded that the Canara Bank could mobilize deposits comparatively more than that of the MDCC Bank.
2.5 Canara Bank and MDCC Bank – A Comparative View

The Canara Bank is a nationalised bank and it serves the people of India with wide network of branches whereas the Madurai District Central Cooperative Bank (MDCC Bank) is a cooperative bank in the middle order of the short term cooperative credit structure and it serves only the population of Madurai and Theni districts of Tamil Nadu State.

The Canara Bank, being a public sector bank, comes under the purview of the RBI for the purpose of direction, supervision and control of banking affairs whereas the MDCC Bank is directed, regulated, supervised and controlled by the RBI through NABARD, the State Cooperative Department, and the Tamil Nadu State Cooperative Bank being the Apex Bank.

The Canara bank is managed by the Board of Directors and other Committees of the Board whereas the MDCC Bank is managed and administered by the elected Board Members or by the Special Officers appointed by the state government in case of situation arises otherwise.

The Canara Bank being a nationalized bank could achieve major developments at a faster rate than the MDCC Bank with regard to providing advanced technological products and services to their customers. In spite of all these differences, the Canara bank and the MDCC Bank are striving hard to satisfy their customers in their own individual capacity in an appreciable manner.
in Madurai district and this is substantiated by the results of the independent samples t-test wherein it was observed that there is no significant different in the average growth rate of credit deposit ratio of the Canara Bank and the MDCC Bank.

### 2.6 Summary

After making an exhaustive analysis of the profile of the Canara Bank and the MDCC Bank such as origin, growth, functions, management, administration and control, the products and services and overall lending position of the banks, the next chapter endeavours to make a probe into the initiatives for the management of customer expectations.