In this chapter, an attempt is made to highlight the major inferences of the study based on which suggestions and conclusion are made.

**Summary of Findings**

**Sources of funds**

1. An analysis of the data relating to the share capital of the bank reveals that there has been a significant increase in its capital base over a period of time. This is borne out by the fact that the share capital increased from Rs. 200 lakhs to Rs. 10751.38 lakhs. Nevertheless, the contribution of the Co-operative Societies towards capital has marginally declined while the government share in the capital base is further augmented. In its overall analysis, it may be concluded that the bank per se enjoys strong capital base.

2. As regards the reserve fund position of the bank, the analysis reveals an increase of nearly 488.79% during the study period. But the trend in reserve fund is marginally negative with a slight decrease being observed at some stages (2007-08). The analysis of the components of reserve fund showed provision for NPA to be the important contributor of reserve fund with the share increasing from 53.08% to 69.9%.

3. The Net worth of the bank comprising share capital and reserve fund shows obviously an increasing trend over a period of time. The bank records a sharp increase in its net worth to an extent of 606.86%. A glance through the components of net worth reveals that the share capital increased from 21.28% to 36.60% whereas the reserve fund declined from 78.72% to 63.40%. All these trends reveal a much improved capital base of the bank. This should go down well with the stakeholders of the bank such as depositors, borrowers and others who may view the strong capital base as an indicator of the safety of money transacted by the bank.
4. An inquiry into the bank’s performance concerning deposit mobilization reveals that the bank has achieved its target consistently over the study period. Interestingly it could break its earlier record with comfortable margins which is as high as 80%. The analysis of growth in deposit reveals a whopping 208.84% during the study period. A closer look at the performance of bank indicates that the bank’s performance is much better in the last few years as compared to the initial years of the study period. Certainly the overall trend vouches for the improved efficiency of the bank in attracting new deposit holders and retaining the existing deposit holders.

5. The endeavor to know the effectiveness of bank’s deposit mix reveals that the major element of its deposit mix is fixed deposits (74.17% on an average), followed by savings deposits (19.30% on an average), while the current deposit’s contribution (6.27% on an average) is marginal. From a cost perspective, the mix may not look viable in the long term. This is because the fixed deposit always carries a high cost while cost of saving deposit is low. It may be prudent for the bank to balance the deposit mix in such a way that the average cost of deposit is significantly minimized.

6. The external borrowings other than deposits have shown a positive raise (452.47%) over a period of time, though the growth is tremendous but certainly not consistent. A decline in its borrowings in the years 2005-06 to 2008-09 reveals the enhanced ability of the bank in reducing its dependence on external borrowings. It would be better for the bank to have a consistently reduced dependence on its external borrowings.

7. An examination of working capital figures of the bank reveals that it succeeded in increasing its average working capital by 262.27% in 2008-09 from the base year of 1999-00. This is made possible as there is a satisfactory increase in a share capital, reserve fund, borrowings and other liabilities. Further deposit contributes a major share on an average of 62.92% followed by reserve funds (16.93%)
Deployment of Funds

8. The analysis of banks performance concerning investment brought out the fact that the bank registered a decent growth in its investment (i.e., 152.90%) in statutory and non statutory profiles.

9. An analysis of loan reveals the fact that the issue of loan increased by 187.34% but the growth is not consistent. The recovery rate declined from 63.09% to 46.99% indicating increased outstanding loan during the study period. An examination of term wise loan outstanding revealed that before the conversion of short term loan into medium term loan in 2003-04, a major portion of outstanding loan is contributed by short term loan (on an average 68.53%) followed by medium term loan and long term loan.

Income, Expenditure and profitability analysis

10. An analysis of cost of deposits reveals a downtrend during 1999-00 (10.70%) to 2005-06 (5.76%). Thereafter it moves up and reaches 8.11% in 2008-09. The change in cost of deposit is attributed to the changes in the general level of interest.

11. As regards Cost of borrowings the trend is not confirming to any pattern. For instance, it decreased to 4.31% in 2008-09 from 9.82% in 1999-00 but there is an upswing in the middle. The general decline in interest rate is the cause of this decline in the cost of borrowings.

12. A review of average cost of capital through ratio analysis reveals a downward trend between 1999-00 and 2006-07 from 8.48% to 3.98%. Thereafter it moves upwards and reaches 5.05% in 2008-09. The changes in the contribution of interest bearing source of capital such as deposits and borrowings, changes in general interest rate are considered to be the main reason behind the changes in cost of capital ratio.

13. The transaction cost which includes salaries and other administration expenses drops to .88 % in 2008-09 from 2.21%in 1999-00 and it indicates the bank’s
increased efficiency to control the expenses. The reduction in transaction cost is attributed by the decline in salaries and other expenses.

14. Risk cost analysis reveals the fact that it declined from 3.27% in 1999-00 to 2.36% in 2008-09. For instance it is maintained at above 4% during 2001-04 and in 2006-07. The changes in NPA provision could have contributed to this mid-way fluctuation in risk cost analysis.

15. The yield on fund which indicates the returns available to the bank on its loans and advancements reveals a mixed trend. The average yield (Mean) on loans and advances is 12.11%. Nevertheless it remains above 14% during 2002-03 but remains below 9% in 2007-08. The change in quantum of loans and advances resulted in increase in yield while borrowers default to repay the loan is considered as the reasons for drop in yield.

16. As regards yield on investment, the yield dropped from 11.80% to 6.80% during the first eight year’s period due to fall in investment and then improved as the investment started to increase. The fall in investment reflects the efficiency of the bank to utilize the fund for other operations.

17. Finally, an examination of weighted average yield on fund reveals a declining trend from 12.108% to 8.264% during the study period. The decline is attributed by the fall in investment, general rate of interest, and by the non repayment of interest by borrowers.

18. An analysis of income and expenditure data projected by the bank on the positive side as the income growth (186%) is better than the expenses growth (152.62%). This must have got the bank a sizable surplus over a period of time if not in a consistent manner. A closer look at the income pattern presents interest income as a major component (93.21% to 97.06%) whereas interest expenditure remains a major element (i.e., 42.94 % to 70.94%) for expenditure component.
19. The result of this analysis is further reinforced by spread ratio which indicates a high spread during 2003-05 and 2006-07, perhaps, due to substantial reduction in expenditure. The ratio also reveals an unfavorable position for the bank during 2007-09. However the Average spread is positive at 4.34% with a Standard Deviation remaining at .79%.

20. While spread ratio is used for analyzing the performance of interest based income and expenditure, the burden ratio is used exclusively to understand the behaviour of non interest income and expenses. The burden ratio reports a negative performance throughout the study period. The higher transaction cost reports by the bank could have cost this phenomenon. It would be better for the bank to resort to measures necessary for keeping the transaction cost under check.

21. An analysis of a growth rate of profit reveals no specific pattern as it reports an uneven and unstable growth. For instance, a high profit is reported during 2000-01 (Rs.840.78 lakhs) and 2004-05 (Rs. 813.12). In contrast the bank reports heavy losses during the years 1999-00 (Rs. 830.89 lakhs), 2001-02 (Rs.625.19 lakhs) and 2002-03 (Rs.153.69). However, the blessing in disguise for the bank is that it began to report profit in the closing study period.

**CAMELS ANALYSIS**

Having already discussed the role and relevance of “CAMELS” analysis in measuring the various performance aspects of the bank in the preceding chapters, the summarized findings of the CAMELS analysis are presented below.

**CAMELS – Capital Adequacy**

1. Capital Adequacy ratio shows high variations in the capital base of the bank during the study period. However, in its totality this ratio presents a positive picture about the bank. For instance, in the years 1999-00 to 2005-06 the ratio remains between 20.26 to 22.62% which is certainly an indication of the very strong capital base enjoyed by the bank. Later the CRAR declined steeply to 11.32% in the year 2006-07 and
crawled back to around 14.2% in 2008-09. Again the reduction in capital base is not due to performance deficiency rather this could have been caused by elimination of capital –II elements such as general profit and loss funds from the capital base.

2. The net worth to risk weighted assets ratio also indicates the strong capital base of the bank. For instance, this ratio has consistently moved upward from 5.02% in 2002-03 to 11.77% in 2008-09, except for 2004-06 when it reported a marginal fall in the ratio.

3. The Debt-Equity ratio shows the debt portion of the capital getting reduced from 7.49 in 1999-00 to 2.33 in 2006-07. This shows the reduced risk for the bank in terms of financial viability. Though the ratio’s performance is marginally different at 2.67 in 2008-09, the risk is negligible as the equity capital base is certainly too strong to observe the marginal changes in the capital structure base.

4. The Debt to Total funds ratio also vouches for the presence of strong capital base as the ratio moved from .88 in 1999-00 to .709 in 2006, indicating the bank’s reduced dependence on external funds and its reliance on risk free internally generated funds. Though the year 2008-09 reported a slight deviation from the observed trend it is too small to cause any concern to the bank.

It may thus be concluded that the bank has risk free readily available funds for its business indicating its vigorous capital base.

**CAMELS – Asset Quality**

The Asset quality ratios that test the risk levels of assets in which the firm invested. Though the overall picture is not very rosy for the firm it has no cause for concern either.

5. The Gross NPA ratio shows a general upward trend till 2003-04 (20% to 29.89%) indicating a deterioration in the asset quality (that means reduced chances of recovery). The whole slide is arrested and the bank’s performance in NPA recovery is put on track from 2005-06 onwards as the bank reports a sustained decline in NPA.
2008-09 was the best year for the bank as the NPA was just 13.03 % only. The average NPA for the entire study period is reasonable 21.25% with a Standard Deviation of 5.57. This declining trend thus augurs well for the future of the bank.

6. To reinforce the finding concerning the bank’s performance in NPA management, the gross NPA to total assets ratio is also prepared and this confirms the general pattern obtained through the gross NPA ratio.

7. The Net NPA which studies the gross NPA after deducting provisions, shows the slightly different picture about the bank in the NPA management. The bank’s performance, is slightly depressing till 2003-04, but gradually picks up since 2004-05. There is an interruption in the bank’s efforts to keep NPA under control in the year 2005-06. Nevertheless, the bank bounced back and reported a positive performance since then. On an Average, the bank has wherewithal to maintain its NPA well under control.

8. The substandard assets ratio helps the bank in identifying those components of assets that can easily be recovered in a short span of time. The ratio for the bank shows an increasing trend from 22.79% in 1999-00 to 45.22% in 2003-04 and thus showing the high quality of its non-performing assets. This ratio also reveals that the bank with minimum efforts can bring out the best possible results. The RBI prescribed a new asset classification norms caused disquiet in the bank’s performance with regard to NPA. For instance, in 2006-07 the substandard assets ratio stood at 9.42% indicating an increased presence of doubtful and loss assets with a bare minimum of substandard assets. Later on the bank improved the asset quality as the ratio climbed back to 19.71% in 2008-09 due to bank’s sustained efforts and focused follow up.

The overall analysis reveals that the bank has well moved away from a precarious position to safety in NPA management with a significant presence of substantial assets in its NPA portfolio.
The doubtful assets which remained above loss assets but below substandard assets in terms of asset quality is also scrutinized with the help of doubtful asset to gross NPA and doubtful asset to total loans and advances ratio.

9. An analysis of Doubtful assets to gross NPA ratio discloses the fact that the bank has maintained this ratio at below 50% between 1999-00 and 2003-04 except in 2001-02. But during 2004-05 the ratio crossed 50% due to shift of NPA from substandard category. Further, the ratio reached its new high at the rate of 64.72% in 2006-07 due to new asset classification norms. All these have reflected further deterioration in the asset quality. But thereafter the ratio starts to decline and reaches 58.14% in 2008-09. On an average 49.29% of NPA with a Standard Deviation of 14.9 has been kept it in the Doubtful assets category.

10. Similar trend is exposed by the Doubtful assets to loan outstanding ratio for the same reasons. It rose from 8.54% in 1999-00 to 14.9% in 2005-06. It started to decline from 2006-07 and reached its lowest at 7.58% in 2008-09. On the whole, 14.50% of loans have been kept as doubtful assets.

The overall analysis reveals that the bank has reasons to cheer in the NPA management from doubtful assets perspective, especially in the later stage of the study period.

Lastly the loss asset to gross NPA is studied to know the weight of loss assets in the overall NPA portfolio. The higher the presence of loss assets, the higher is the risk of bad debts for banks in NPA recovery.

11. An investigation of loss assets to gross NPA identifies the fact that the ratio registered a fluctuating trend. It is raised from 10.87% in 1999-00 to 22.25% in 2008-09 with an average of 16.12%. It registers a high growth i.e., 25.86% in 2006-07 due to new asset classification norms implemented in 31st March 2006. Thereafter the bank has contained the growth of the loss assets and reduced this ratio to 22.15% through its efficient collection effort. Loss assets to loan outstanding ratio has also expressed the
similar trend and it moved from 2.17% in 1999-00 to 3.24% in 2008-09 with an average of 3.24%.

To sum up it may be concluded that the bank’s overall performance in NPA management is satisfactory especially in the latest stage of the study period. However the bank has to keep a high vigil on its NPA and also ensures that it chooses high quality assets even at the time of investment. This is because the prevention is always better than cure.

**CAMELS –Management**

The aim of this component is to ascertain the managerial efficiency of the bank through select ratios.

12. Though the prescribed credit disbursement amount of deposits is 70%, this bank has lent consistently above the prescribed limits. Though this can generate better income for the bank, it is also associated with high risk. For instance, the mean of Credit deposit ratio expressed in terms of percentage stands at 112.84% with the Standard Deviation of 16.13. Truly speaking this ratio also shows the enhanced competency of the bank to offer more loans and advances.

13. The ability of the bank to achieve consistently high managerial efficiency is reiterated by various related ratios such as business per employee /branch, revenue per employee /branch, profit per employee and branch ratios. In totality, these ratios showcase the managements improved efficiency to produce more business for the bank notwithstanding its slight inconsistency over the period of time. A closure look at these individual ratios confirm the pattern. For instance, the Mean and Standard Deviation for business, revenue and profit per employee stands at 280.03%, 19.92%, –2.68% and 127.18, 6.11, and 1.32 respectively.

Business per branch, revenue per branch and profit per branch shows the Mean and Standard Deviation of 1897.79%, 138.05% , -3.04% and 538.19, 20.08 and 9.49 respectively.
On the whole it can be concluded that, the analysis of all the above ratios reveals as instable but certainly enhanced efficiency of management.

**CAMELS – Earnings**

The earnings ratio indicates the overall success or failure of the bank in meeting its performance criteria. These ratios churned out an inconsistent profit performance which leaves a lot to be desired. This is certainly an area of concern if not a danger.

14. The analysis of Return on Equity ratio revealed that the bank has achieved a great success between 1999-00 and 2000-01 by increasing its profit rapidly from -6.15% to 13.10%. This increase is followed by a decrease in the year 2001-02 (-7.70%) and 2002-03 (-1.41%) due to heavy expenditure. Thereafter the bank started to earn profit continuously during the rest of study period and the ratio reached 2.05% in 2008-09. The bank keeps its average return on equity at .31 % with the Standard Deviation of 7.61. This ratio reflects the unstable and low profit position of the bank.

15. An examination of Return on Assets (ROA) ratio discloses that the bank earned highest return on assets at1.57% in 2000-01 followed by 1.06% in 2004-05. The bank earns very low return on assets during the rest of the period and earned negative returns in 1999-00(-1.75%), 2001-02 (-1.04%) and 2002-03(-.23%) due to increased expenditure. The bank maintains its average return on assets at .08 % with the Standard Deviation of 0.96. Hence it can be concluded that the return on assets is low and inconsistent during the study period.

16. An assessment of net profit to total income ratio identified a wide fluctuation in net profit with a Mean value of Rs.1.19 lakhs and a Standard Deviation of 8.16. For instance the bank’s profit has increased from -14.18 in 1999-00 to 12.74% in 2000-01. Again in 2001-02 and 2002-03, it turned negative to 8.54% and 1.96 % respectively due to increase in expenditure. This decrease is followed by a slight increase in profit during 2003-04. This ratio has increased continuously during the last
three years, after a very sharp decline from 10.59% in 2004-05 to .34% in 2005-06. Thus, it can be said that the bank’s net profit is not only low but also inconsistent.

17. The Net profit to deposit ratio has increased to 2.15% in 2000-01 from -2.51% in 1999-00 expressing a great improvement in the profitability of the bank. However it turned negative in 2001-02 and 2002-03 due to increased expenditure. Thereafter it registers an inconsistent growth and reached .99% in 2008-09. This improvement is made as a result of comparatively high growth in income than expenditure.

18. The Net profit to working fund ratio moves up from -1.73% in 1999-00 to .57% in 2008-09 at an average of Rs.08 lakhs having a Standard Deviation of 0.95. The bank incurs heavy loss in 1999-00, 2001-02 and 2002-03. Thereafter it starts to earn profit but the growth of profit is inconsistent. Hence it can be concluded that the bank’s profit earning capacity is low.

It may be inferred from the results of earnings ratio that the bank has reported a decent profit in different years, but not in a consistent manner. This inconsistency certainly undermines its otherwise reasonable performance. It would be better for the bank to undertake necessary activities to enhance its profit and avoid or minimize the possibilities of turning red.

**CAMELS- Liquidity**

The liquidity ratios which indicate the bank’s ability to meet the short term obligations, is certainly sound and vibrant. Thus, this bank has very negligible risk in terms of liquidity.

19. A review of liquid assets to total assets ratio reveals that the ratio is maintained consistently at an average of 2.65% with a minor deviation of .79 during the study period. The average ratio is well above the ideal liquidity ratio of 2:1. Hence it can be concluded that the bank has been enjoying good liquidity position and it could meet its obligations.
20. Though the ideal cash to deposit ratio is 3%, the bank has experienced fluctuations in maintaining this ratio as it ranges from 3.63% to 6.57% during the study period.

21. An analysis of liquid assets to deposit ratio points out wide fluctuations in the trend. The ratio is maintained between the ranges of 15.51% to 31.23%. The variation is due to disproportionate increase in liquid assets to increase in demand deposits. It is found that on an average 18.85% of the deposits with a Standard Deviation of 4.62 remain liquid. This shows the extent of readiness of the bank in fulfilling the deposit withdrawal needs of customers within a short notice.

22. An analysis of investment in Government Securities to total investment ratio reveals that it moves upwards i.e., from 3.82% in 1999-00 to 7.57% in 2004-05. Thereafter it starts to move downwards and reaches 3.84% due to fall in investment in Government Securities, indicating low liquidity position comparatively to the past years. On an average the bank has made 6.01% of its investment in Government Securities. Hence it can be concluded that the bank has maintained a safe level of liquidity during the study period.

23. An examination of Investments to deposits ratio reveals a decrease in the ratio from 50.86% in 1999-00 to 25.17% in 2008-09, with many ups and downs in the middle. It is due to the decline in the investment caused by increased utilization of fund for lending activities. The declining trend of Investment to deposit ratio indicates its reduced dependence on external funds and also lessens the need for liquidation of investment to meets its depositors demand.

24. An examination of term deposit to total deposit ratio exposes very high liquidity maintained by the bank as term deposit contributes on an average 74.42% with a minor Standard Deviation of 2.22. The ratio witnesses a continuous declining trend from 2002-03 (75.72%) to 2006-07 (70.3%) owing to the reduction in interest rate. Thereafter it starts to increase and reaches 76.13% in 2008-09 due to the increased
interest rate.

25. An evaluation of jewel loan to total loan identifies that on an average 15.67\% of total loan is secured by the pledge of jewels which ensures 100\% recovery of loan issued. It can be said that it offers liquidity to the bank to the same extent (i.e., 15.67\%) as this can be easily liquidated in case of default and the possibility of it turning bad debt is highly prevented.

From the above interpretation it can be concluded that the bank has maintained adequate level of liquidity during the study period and thus preempting any cash crunch in its operations.

**CAMELS- Sensitivity to risk analysis**

This ratio tests the bank’s ability to withstand in the poor market conditions. It also measures the possibility of a bank’s failure in a depressed market conditions. The overall analysis puts the bank at a position above the zone of danger and slightly below the zone of high comfort. In other words the bank should keep a constant vigil in assuming risks.

26. A review of Assets to Sector Assets (DCCB’S industry average) ratio identified that this ratio decreased slightly from .60\% to .58\% between 1999-00 and 2003-04 indicating increasing sensitivity to market risk. But the bank becomes less sensitive to market risk by increasing its share from .60\% to .69\% between 2004-05 and 2008-09.

27. An analysis of net interest income indicates that it records an increasing trend until 2004-05 and attains 235.97\% compound growth rate. But later the growth slowed down in 2005-06 and 2007-08 due to significant rise in interest expenditure and sharp decline in interest income.

The overall CAMELS analysis puts the bank in a comfortable position with regard to Capital adequacy, Asset quality, Management, Earnings, Liquidity, and
Sensitivity to risk except for earnings. This is one area where the bank can further increase its efficiency and performance given its overall strength.

These results are also reinforced by the fact that this bank has been adjudged as an “A” grade bank by the auditing committee almost consistently during the study period.

**Customers’ Satisfaction**

In the ultimate stage of this research, customers’ perception of various services and facilities offered by the bank are analyzed and discussed in this section.

1. The gender equation, educational level, monthly income and size of the family almost exactly represent the universe of the whole study and thereby lending credence to the results of the study.

2. In case of profile of customers, another interesting aspect is that the significant numbers of respondents are influenced more by friends and relatives than by any impersonal modes such as advertisement etc. The bank is also well balanced in catering to the needs of people located in and around five kilometers radius.

3. As regards their awareness towards various aspects of the bank, the result is mixed. For instance, the customers reports high awareness level about all kinds of deposit schemes. Similarly, they are well aware of the safety locker facilities.

4. The customers’ knowledge about the demand draft charges and other transaction charges are highly appreciable. In contrast they possess little knowledge about personal loans, SRTO purposes, weavers’ loan and employees’ loan.

5. To probe further into the impact of non awareness of customers on the performance of the bank in specific areas, it could be found out that nearly 59.1% of the respondents never utilized the loan facilities available with the bank. In contrast, these respondents offer good patronage to various deposit schemes.

6. The performance of the bank in offering timely and adequate sanctioning of jewel loans and agricultural loan are acknowledged by the respondents.
7. The customers have expressed satisfaction over the supervision exercised by the bank in debt collection. However, they felt that the bank could do more in this regard.

8. The respondents in general are highly appreciative of the bank for the services extended by them to the customers.

9. The further probe reveals that the customers have got good satisfaction about factors such as the different product schemes offered, interest provided on deposits, charged on loan, and time taken for issue of demand draft and cheque etc., except for time allowed by the bank for repayment of loan and adequacy of locker facilities, and its maintenance charges. They expect the bank to fine tune their policies about these two aspects.

10. As regards quality of services, customers have appreciated the bank in general for the high quality of different services such as working hours, attitude of employees, error free records maintenance etc. However, the bank is found wanting in Computerized operations and information technology and Advice and problem solving role of the bank. They expect the bank to ensure that there is adequate improvement in these services.

11. Lastly customers identified a few specific facilities that need to be offered by the bank. These are enhanced automation of banking operation such as ATM, mobile banking and online banking. They also stressed on the need for more transparency from the part of the bank regarding the operating profit, Non performing assets, changes in assets and liabilities structure etc.,

**Suggestions**

Based on the findings emerged from the study, a few specific suggestions are made to the management of T.D.C.C. Bank. These suggestions may also have policy implications which in turn may require policy changes. The relevant government authorities can act on these suggestions.
1. The bank has been maintaining a deposit mix which is loaded in favour of the high cost ‘fixed deposit’ and it results in higher cost of deposit. It is thus imperative for the bank to recast its deposit mix in such a way that the low cost saving and current deposit are given more representation in the deposit mix. To achieve this, bank ought to increase the savings and current account deposits and to limit the Fixed Deposit to some extent.

2. Though the bank is momentarily comfortable with its interest income, it cannot ignore its lackadaisical performance in generating non interest income. The bank must stir up its efforts to earmark more funds for investments in non conventional areas to improve non interest income.

3. The bank’s performance in maintaining strong capital base is commendable but a note of caution is that the bank appears to be relying more on its own funds in the form of equity for its debt disbursement. Understandably, too much dependence on equity fund and too little debt capital can affect the growth of the bank in the long term. It is thus, essential for the bank to improve the debt component, in its capital structure, so that, the bank earns enhanced returns and achieves trading on equity.

4. Regarding Asset quality, the bank appears to have done a fine job in keeping its NPA to minimum level. However, the assistance of the government in reimbursing the loan amount waived earlier cannot be brushed aside. It would be better for the bank to fine tune its debt recovery efficiency and streamline the procedure, so that the debt recovery is faster and efficient.

5. When the managerial efficiency is assessed with regard to the select criteria, the bank fares well in maintaining a good credit–deposit ratio and this good performance must be preserved in future too. In contrast the bank should take note of the inconsistency in its performance concerning profitability and ensure that the target for profit levels is consistently achieved.
6. The bank has a cause for worry with regard to profitability except for the late surge in the closing years of the study period. This inconsistent earnings does not augur well for the bank in the long term. Since profit is a positive indicator of the efficiency, the bank cannot afford to spare any efforts in achieving earnings goal year on year basis.

7. The bank can pat itself for its excellent performance in liquidity management. It has a good liquidity which ensures that there is no problem of cash crunch in meeting its financial commitment. It would be better for the bank to focus a bit more on the profitability concerns, while maintaining liquidity vs. profitability equation.

8. The bank has operated in the best possible manner in the structured environment by keeping a good balance of market risk. The bank may well continue its strategy to remain ever vigilant in carefully managing its funds part in the market arena.

9. It is an immediate necessity for the bank to introduce ATM facilities within and outside the campus so that customers are provided with ‘any time’ withdrawal facilities. This would keep this bank on par with the commercial banks. In due course of time this bank can also gradually introduce online banking and mobile banking to become a state of the art bank.

10. The bank may also focus more on factors such as publicity of its materials, more flexibility in working hours, and last but not the least, improving the attitude of its employees towards customers. In this regard the bank may think of conducting necessary training for its employees. In totality, the bank can think more in terms of converting its existing good bank climate into the best one.

**SWOT analysis**

Based on the results of the study, SWOT analysis which describes the T.D.C.C. Bank’s internal Strengths and Weakness and external Opportunities and Threats is presented in this section.
**Strengths**

- T.D.C.C. Bank’s brand image is well established as it has crossed more than 100 years of its services.
- It has an extensive distribution network comprising 58 branches covering three districts.
- It is considered as the market leader for agricultural financial products and schemes like loans and advances and it offers a wide variety of product schemes.
- The bank is well capitalized and it has facilitated the bank to perform well.
- Enhanced asset quality in inter-period comparison through the reduction of Non-Performing Asset.
- Maintenance of high level of liquidity
- Strong Deposits, Own Fund and Working Capital base.
- Reduced external borrowings especially from the apex bank
- Continuously regarded as “A” grade bank
- T.D.C.C. Bank offers 1/2 % additional interest rate for all depository accounts and this creates a positive image among customers to open an account with the bank.
- Availability of wide variety of products and services especially agricultural products such as kisan credit cards with cheque facility could attract more number of customers.

**Weakness**

- T.D.C.C. Bank lacks state of art facilities such as ATMs, online banking and mobile banking.
- Earnings instability.
- Dependence on high cost deposits like fixed deposits.
♦ Lack of professionalism among the employees of the bank as compared to other private sector banks.
♦ Lack of sophisticated infrastructure facilities.
♦ Lack of sales channels and door step services.
♦ Excessive Government control over the working of the T.D.C.C. Bank.
♦ High level of Non-performing Assets in inter-firm comparison.

Opportunities
♦ Huge and untapped high end markets which can be tapped through ATM and online banking facilities.
♦ Positive perception of potential customers about the high interest rate offers of the bank.
♦ Being a Co-operative Bank gets the priority over other banks among the Co-operative Societies.
♦ Scope for Bancassurance, Portfolio Management businesses
♦ Government’s positive dispensation towards financial inclusion.
♦ The strong rural presence of T.D.C.C. Bank allows it to cover the growing rural market.

Threats
♦ The tight competition posed by the Industry rivals may reduce the profit margin of the bank.
♦ Non availability of modern facilities such as ATM, online banking and mobile banking may prompt poaching by rival banks.
♦ Private bank’s entry into the rural sector may reduce the importance of Co-operative Banks among the rural people
♦ Government policies regarding interest waiver may dissipate the strength of the bank.
♦ Lack of Non statutory efforts at NPA Management.
Conclusion

The District Central Co-operative Banks are playing a pivotal role in the progress of the nation in general and the rural and semi urban pockets in particular by offering them institutional credits at reasonable cost. In this way, these banks have been endeavoring to achieve the financial inclusion policies of successive governments in the post reformist era. By strictly adhering to the vision and mission of the founders of Co-operative Banks, these banks cater to the pressing financial needs of the poor and marginalized sections of the society living in the least cared places of this Nation. It is heartening that, D.C.C.Bs, have changed themselves in tune with the necessities of the time. They have also been open minded and progressive in fulfilling their social obligations without compromising their operational capabilities and long term financial viability.

The present study revolving around operational efficiency of T.D.C.C Bank makes two striking revelations. On the one hand, the bank has made a remarkable progress in making itself financially strong in terms of deposits, Non-Performing Asset management, and capital adequacy. On the other hand, this bank continued to report a dismal performance in the areas of profitability. The “big picture” of this bank projects good vibrant and positive future for the bank. It is believed that this research report would form the basis for future researches to be carried out in this or similar fields.