Chapter No. IX

Conclusions and Suggestions
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A) Conclusions

The main object of the study was to compare financial performance of Ahmednagar District Central Co-operative bank and Nashik District Central Co-operative bank and to study the quality of banking services provided by them from the perspective of the consumers. The necessary data was collected from the Annual Reports of these two banks for the period 2000-01 to 2009-10 and discussions were held with the managers, members of the board of directors and interviews were conducted with the managers of the branch managers to get more information about banking services provided by their banks. In order to know about customers’ perception about the banking services provided by these banks a sample of branches of the bank and customers were selected and data was collected from customers at the counters, data then collected was tabulated and analysed in chapter VII and VIII and main findings are summarized below, comparison of financial performance of the Banks on the basis of certain parameters.

1) **Share Capital**
The performance of NDCC Bank was better than that of ADCC Bank, as the average share capital over the period was Rs. 6267 Lakh as compared to Rs.6477 Lakh by the NDCC Bank, which was higher by 3.35%.

2) **Reserves.**
The average reserves of the NDCC Bank were Rs. 174852 lakh as against Rs.1,72,456 of the ADCC Bank. Then on this count the performance of NDCC Bank was better than that of ADCC Bank.

3) **Own Capital**
Average share capital of the ADCC Bank was Rs.25,513 lakh where as that was Rs.23,963 lakh of NDCCB, which indicates that ADCCB’s performance on this aspect was better than that of NDCCB.
4) **Deposits**
Average deposits of ADCC Bank were Rs. 208432 lakh whereas they were at 1,48557 lakh in case of NDCC Bank which were at 71.27 percent of deposits of ADCCB.

5) **Borrowings.**
Borrowings of the ADCC Bank were, on an average over ten years covered by the study was Rs. 12013 lakh per annum whereas these in case of NDCCB were 27,031 lakh which was more than twice of that of ADCCB.

6) **Investments.**
Investments of ADCC Bank on an average were at Rs. 97777 as against that of NDCC Bank which was at Rs. 53522 lakh which was at 54.73% of that of ADCC Bank, in this respect the performance of NDCC Bank was relatively poor.

7) **Loans disbursed by the Banks.**
Average loans disbursed by the ADCC Bank was Rs. 145701 lakhs whereas in case of NDCC Bank these were at Rs. 1,18948 lakh which was at 81.64% of that of ADCC Bank, under this head the performance of the NDCC Bank was relatively poor.

8) **Working Capital**
Average working capital of ADCC Bank was Rs. 2,67,368 lakh, whereas it was 2,15,044 lakh for NDCC Bank, Which stood at 80.42% as compare to it, of ADCC Bank. Under this financial parameter the performance of the NDCC Bank was relatively lower.

9) **Net Profits**
Although the objective of co-operative institution is not only to maximize profits but they should earn just and fair profit which is essential for their expansion and survival under competitive environment. Average profit earned by the ADCC Bank was Rs. 1250 lakh where as that of NDCC Bank was merely Rs. 95 lakh, which reflects inefficiency of the NDCC Bank.

It can be concluded that NDCC Bank’s financial performance was relatively better in respect of share capital, reserves and borrowings and for the rest of financial
parameters it was relatively poor. This enables us to conclude that the financial performance of the ADCC Bank was superior to that of the NDCC Bank.

The co-operatives commissioner has dissolved the Board of Directors of Nashik District Central Co-operative Bank following allegation of corruption and irregularities by some of the members and has appointed Mr. D.B. Mukane as the administrator of the Bank.

10) **Service Quality of the Bank.**
When the responses of the customers of both the Banks were analysed, it was observed that the majority of the customers were not satisfied with the services provided by the NDCC Bank.

**B) SUGGESTIONS**

1) The District Co-operative Banks should take steps to make all the primary credit societies as permanent members of the Bank.

2) The DCC Banks should attract more individuals by way of advertisement, providing additional banking service facilities etc, to become members of the Bank.

3) DCC Banks should open more branches not only to mobilize deposits but also to achieve the objective of financial inclusion.

4) DCC Bank can appoint agents/ field officers to propagate habit of savings and banking among the people, who otherwise cannot approach the Bank.

5) DCC Banks should open extension counters for providing banking services to the special classes such as students, industrial workers, etc.

6) The Banks should prepare a comprehensive plan for product diversification to maintain a competitive edge in the market. The Banks should maximize fee based income through issue of demand drafts, transfer of funds, account maintenance fee, process fee, commission, safe deposit, locker rent etc. The Bank can undertake insurance business, by working as a corporate agent.

7) The bank should open “No Frills Account” to the vast sections of low income group and of disadvantaged to contribute towards financial inclusion.
8) The Bank should provide such scheme as opening of saving bank account and other accounts treated as low cost deposit, so as to widen the deposit base and client base.

9) The Bank should insist on technology upgradation to be on par with other progressive banks.

10) Banks should follow prudential norms, core banking and professional management.

11) The Bank should encourage taking up micro-credit in a big way by way of working as a special purpose vehicle (SPV) for micro-finance for reducing poverty and helping informal economy to develop so as to reduce poverty.

12) The Banks should adopt corporate governance norms to exercise proper control over operations and to protect interests of depositors and shareholders.

13) The management of the Bank should take care of its weaknesses especially avoid political interference in the operations of the Bank, which is not an easy task, it calls for tactful management.

14) Financial assistance to the borrowers should be need based rather than on the basis of project estimate.

15) Suitable action should be taken against defaulters under government sponsored programme for the recovery of overdues.

16) To take proper action against defaulters, a list of defaulters should be prepared and circulated among the banks and also be listed in website.

17) Borrowers who are prompt in repaying the loan should be acknowledged and rewarded at the credit recovery camps, to motivate other borrowers to repay loan properly.

18) There should be target for recovery like targets of lending.

19) To ensure effective follow up measures in priority lending the field officers and bank officers should be allowed to have a minimum term of 5 years.

20) Beneficiaries should be informed about insurance cover, to enable them to claim the insurance amount, if any loss is incurred. This will help the bank to recover the loan in such cases.

21) Bank employees should avoid torturing the customers.

Staff of the Bank should be well trained in theory and practice of banking and human relationship management and good communication skills.
22) Bank should be open even on Sundays at least for a half day and working hours should be about 10 hours per day.

23) Collection inspectors should cooperate.

24) Interest rates should be flexible.

25) Fine charges should be reduced in genuine cases.

26) DCC Bank should provide consumption loan.

27) The banks should provide ATM facility.

28) Banks should sanction loans within 2 to 3 days.

29) Banks should provide basic amenities.

30) Banks should provide good service to customers and keep customers satisfied so as to promote customer loyalty to the bank.

31) Bank employee’s behaviour should be polite and work as a friend, philosopher and guide for the bank customers.

32) Interest rates of bank loan should be as low as possible.

33) Complaints of the customers should be efficiently and timely attended.

34) Co-operatives are foundations of the state’s economy, so they need to be efficient and strong.

c) Scope for Further Research:

Based on the present study of District Central Co-operative Banks, following areas for further research are suggested.

1. Considering the amendments made by 97th amendment to the constitution, 2011, procedures relating to co-operative societies to the point of view of audit, general body meeting, elections, settlement of disputes, have been changed substantially, hence the study of these aspects will be more constructive in future.

2. In the present situation co-operative banks are facing strong challenge of competition with the nationalized banks, commercial banks and private banks. Hence the comparative study shall be carried out to find out the gaps between the structure and functioning of the above banks to enhance the performance of co-operative banks in the forthcoming period.