

Evaluation of the Financial Performance of Chikkamagaluru DCC Bank of Karnataka

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ABSTRACT

The establishment of the cooperative banking system in India may be attributed to the enactment of the Cooperative Credit Societies Act in 1904. This legislation aimed to facilitate the provision of production credit to farmers. In 1912, amendments were made to the Act of 1904 to facilitate the establishment of central cooperative banks at the district level. The legislation was designed to give the act a federal character with three tiers in order to promote the growth of cooperative banks. The objectives are The objective is to analyse the Working Capital and Total Advances of DCC Bank in Chikkamagaluru District, as well as assess the Short-Term and Medium-Term Agricultural Loans offered by the same bank in the same district. The research relied only on secondary data. The collection of secondary data included gathering information from many sources, including publications from Apex Bank in Bangalore, annual reports and office records from District Central Co-operative Bank in Chikkamagalur; annual reports from DCC Bank Chikkamagalur; as well as books, journals, and websites. The collected data has been examined and presented in a methodical and rigorous way. A tabular and graphical representation of the data has been created. Percentage, average, annual growth rate (AGR), compound annual growth rate (CAGR), standard deviation, coefficient of variation.

Key Words: Co-operation, commercial banks, disbursement of loan, institutionalization Nationalization

I. INTRODUCTION

The origins of the institutionalization of the cooperative banking system in India may be traced back to 1904, when the Cooperative Credit Societies Act was passed in order to provide farmers with production credit. The legislation of 1904 was changed in 1912 to make it easier to create central cooperative banks at the district level. This gave the act a three-tier federal character with the intention of facilitating the development of cooperative banks.

After the country gained its independence, the A.D. Gorwala committee (1954) made the recommendation that there should be one central cooperative bank for each district. This was especially true in the larger states. The purpose of this was to ensure stability and to make it easier for a robust and powerful cooperative credit structure to emerge, which would be necessary for the development of all cooperative activities at the district level. The primary objective behind the establishment of central cooperative banks (DCCBS) at the district level was to act as a link between the ultimate credit disbursing outlets, which are the Primary Agricultural Credit Societies (PACS) at the base level, the District Central Cooperative Banks (DCCB) at the intermediate level, and the State Cooperative Banks (SCB) at the apex level. In the years leading up to the nationalization of fourteen of the most important commercial banks in 1969, the DCCBS had the unique distinction of being the only financial organization operating in rural regions.

II. REVIEW OF LITERATURE

1. **Sarkaretal.(2001)**, examined the growth and functioning of Primary Agricultural Credit Societies in India during the period 1981-82 to 1995-96. The analysis revealed that the entire growth period

could be broadly divided into 2 distinct phases with the period of truncation being 1989-90. The study revealed that although profits increased, the number of profit making societies had declined, mainly due to low borrowing membership, low business turnover and high level of overheads. weaker sections in the country.

Namasivayam (2006), examined the working performance of the Madurai District Central Co-operative Bank Ltd. The performance had been quite impressive in terms of deposit mobilization and credit deployment. He concluded that the success of the cooperative bank depends on effective manpower, planning and management.

Rajesh Bhardwaj, Priyanka and Rekha Raheja (2011), in their article, "Role of Co-Operative Banks in Agriculture Credit: Organization, Growth and Challenges" stated that, in their study they have analyzed the role of Co-operative banks in agricultural credit in India from 2001-02 to 2006-07 with the help of ACGR. The study reveals that, the aggregate amount of agricultural credit is increased while; the share in total institutional agriculture credit has been decreased from 37.91 in 2001-02 to 18.51 in 2006-07 and found that, the level of NPAs in Co-operative banks is very high as compared to other financial institutions in India. So, co-op banks should control their NPAs level for surviving in credit market of India in future.

R. Uma Devi (2012), in their study "The Role of Credit Co-Operatives in the Agricultural Development of Andhra Pradesh, India" said that, Andhra Pradesh is fundamentally an agrarian economy and is known as "Granary of the South" by producing one-tenth of India's total output of food grains. Hence adequate and timely credit to the farmers on liberal terms becomes sine qua non. Co-operatives are considered as the agencies for mobilization and development of rural resources in a planned and cost effective manner besides providing inputs, services and marketing facilities to the rural economy. Through cooperative credit the farmers benefited to maximum extent by increasing their agricultural output which in turn increased their levels of employment and income. So, it can be concluded that, the co-operative credit has become a powerful tool in the agricultural development of the state.

III. OBJECTIVES

1. To examine the Working Capital and Total Advances of DCC Bank Chikkamagaluru District
2. To examine the Short-Term and Medium-Term Agricultural Loans Provided by DCC Bank Chikkamagaluru District

IV. RESEARCH METHODOLOGY

The study was purely based on secondary data. Secondary data have been collected from different sources such as, publications of Apex Bank, Bangalore, Annual Reports, Publications and Office Records of District Central Co-operative Bank, Chikkamagaluru, Annual Reports of the DCC Bank Chikkamagaluru, Books, Journals, Websites etc., Collected data has been analyzed and presented in systematic and scientific manner. Tabular and Graphical representation of the data has been made. percentage, Average, Annual Growth Rate (AGR), Compound Annual Growth Rate (CAGR), Standard Deviation, Co-efficient of Variation.

V. EVALUATION OF FINANCIAL PERFORMANCE OF DCC BANK, CHIKKAMAGALURU

Table No. 1
Working Capital of DCC Bank Chikkamagaluru
(₹ in lakh)

Year	Working Capital	%	Growth Per Annum	AGR
2011-12	38836.04	6.91		
2012-13	46266.01	8.24	7429.97	1.32
2013-14	53041.64	9.44	6775.63	1.21
2014-15	62661.75	11.15	9620.11	1.71

2015-16	71855.15	12.79	9193.4	1.64
2016-17	89107.83	15.86	17252.68	3.07
2017-18	96521	17.18	7413.17	1.32
2018-19	103496.9	18.42	6975.85	1.24
Total	561786.3			
Mean	70223.28			
Std. Dev	24111.3			
CV	34.34			
CAGR	12.05			

Source: DCC Bank Chikkamagaluru Annual Report

The operating capital of DCC Bank Chikkamagaluru rose 6.91% annually from 2011-12. This growth rate reflects long-term financial success. Working capital rose 1.32% to ₹.7429.97 lakh from 2011-12 to 2012-13.

This steady increase shows the bank's financial and asset management. DCC Bank Chikkamagaluru's operating capital grew 9.44% annually in 2013-14. This pattern shows the bank's sound financial management and development strategy. The bank's operating capital rose 1.71% to ₹.9620.11 lakh in 2014-15. The bank's financial performance and strategic strategy have sustained this expansion. DCC Bank Chikkamagaluru's operating capital rose 12.79% annually in 2015-16. This steady rise shows the bank's sound financial and asset management. The bank's operating capital rose 3.07% to ₹.17252.68 lakh in 2016-17. This tremendous increase shows the bank's capacity to respond to market changes and adopt effective financial plans. While growth slowed to 1.32% in 2017-18, DCC Bank Chikkamagaluru maintained a respectable ₹.96521 lakh operating capital. This steadiness shows the bank's dedication to financial management. DCC Bank Chikkamagaluru's operating capital rose 18.42% to ₹.103496.9 lakh in 2018-19. Continued expansion shows the bank's financial strength and capacity to weather economic crises. Over the years, DCC Bank Chikkamagaluru's operating capital has grown 12.05% annually. The period's working capital was ₹.561786.3 lakh, with a mean of ₹.70223.28 lakh and a standard deviation of ₹.24111.3 lakh. Working capital statistics vary somewhat with a CV of 34.34%. The bank has consistently increased its working capital, indicating financial stability and development potential.

Graph No.1
Working Capital of DCC Bank Chikkamagaluru
(₹in lakh)



Table No. 2
Total Advances of DCC Bank Chikkamagaluru
(in ₹ Crore)

Year	Advances	%	Growth Per Annum	AGR
2011-12	268.45	8.39		
2012-13	363.84	11.38	95.39	2.98
2013-14	350.74	10.97	-13.1	-0.41
2014-15	428.32	13.39	77.58	2.43
2015-16	498.84	15.60	70.52	2.20
2016-17	612.24	19.14	113.4	3.55
2017-18	676.03	21.14	63.79	1.99
Total	3198.46			
Mean	456.92			
Std. Dev	147.29			
CV	32.24			
CAGR	14.10			

Source: DCC Bank Chikkamagaluru Annual Report

DCC Bank Chikkamagaluru advanced ₹.268.45 crore in 2011-12, growing 8.39% annually. That time saw the bank's lending activity rise steadily. In 2012-13, advances rose 11.38% to ₹.363.84 crore. This ₹.95.39 crore increase shows the bank's loan portfolio expanding. In 2013-14, total advances fell to ₹.350.74 crore, yet the bank nevertheless grew 10.97%. Several factors affected loan operations during that time, resulting in ₹.-13.1 crore. Total bank loans rose 13.39% to ₹.428.32 crore in 2014-15. This ₹.77.58 crore rise strengthens the bank's lending position. The bank's

total advances rose 15.60% to ₹.498.84 crore in 2015-16. This ₹.70.52 crore rise shows the bank's on-going lending growth. The bank's advances increased 19.14% to ₹.612.24 crore in 2016-17. The bank's ₹.113.4 crore rise shows its lending market supremacy. In 2017-18, the bank's advances rose 21.14% to ₹.676.03 crore. The bank continued its solid loan market performance despite a modest decline in rise to ₹.63.79 crore. The bank's annual growth shows its capacity to manage and increase its loan portfolio. Through the years, DCC Bank Chikkamagaluru's advances have grown at 14.10% CAGR. Advances increased significantly to ₹.676.03 crore in 2017-18. The mean advances are ₹ .456.92 crore, with a standard deviation of 147.29 crore and a CV of 32.24%. The bank's advances portfolio has grown and stabilized.

Graph No.2
Total Advances of DCC Bank Chikkamagaluru (in ₹ Crore)

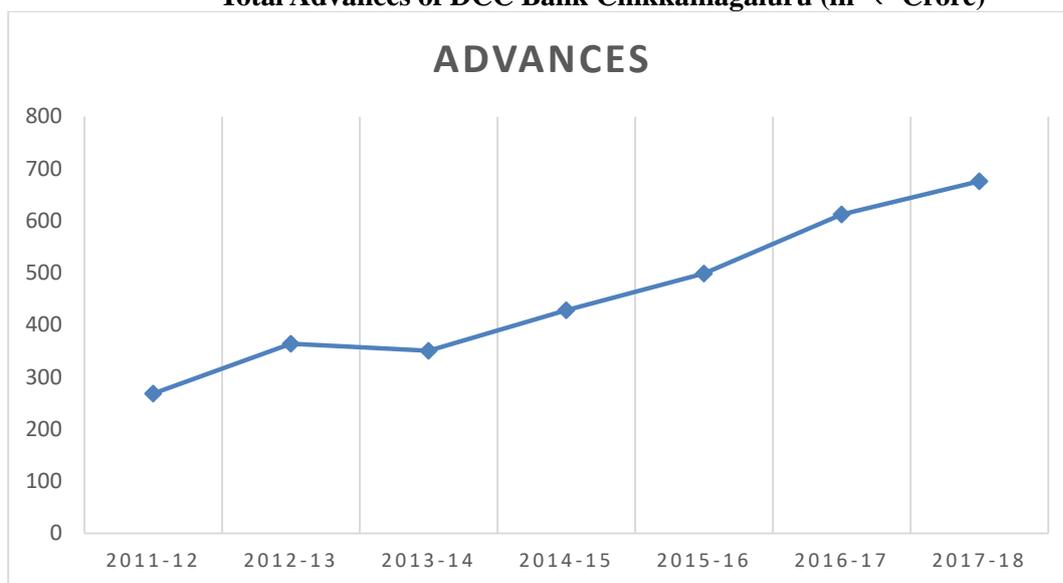


Table No. 3
Short-Term Agricultural Loans Provided by DCC Bank Chikkamagaluru
(₹ in crore)

Year	Short Term Loan	%	Growth Per Annum	AGR
2011-12	175.38	6.85		
2012-13	234.29	9.15	58.91	2.30
2013-14	219.99	8.59	-14.3	-0.56
2014-15	308.48	12.04	88.49	3.45
2015-16	354.76	13.85	46.28	1.81
2016-17	418.42	16.34	63.66	2.49
2017-18	438.69	17.13	20.27	0.79
2018-19	411.34	16.06	-27.35	-1.07
Total	2561.35			
Mean	320.17			
Std. Dev	101.22			
CV	31.62			
CAGR	11.24			

Source: DCC Bank Chikkamagaluru Annual Report

In analyzing the data provided on short-term agricultural loans provided by DCC Bank Chikkamagaluru, it is evident that there has been a steady increase in the amount of loans given out over the years. From 2011-12 to 2018-19, the total amount of loans disbursed was ₹.2561.35 crore, with a mean loan amount of ₹.320.17 crore. The standard deviation of 101.22 indicates a relatively high level of variability in the loan amounts, with a coefficient of variation (CV) of 31.62. The compound annual growth rate (CAGR) of 11.24% reflects the consistent growth in the loan portfolio of the bank.

Graph No. 3
Short-Term Agricultural Loans Provided by DCC Bank Chikkamagaluru (₹ in crore)

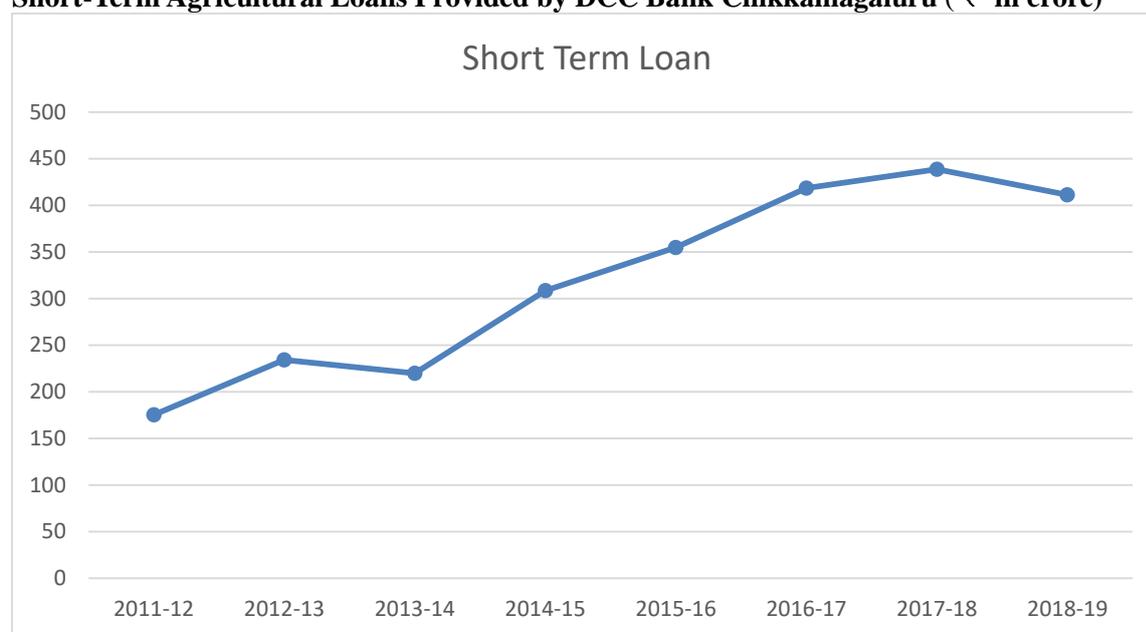


Table No. 4
Medium Term Loans Disbursed by DCC Bank

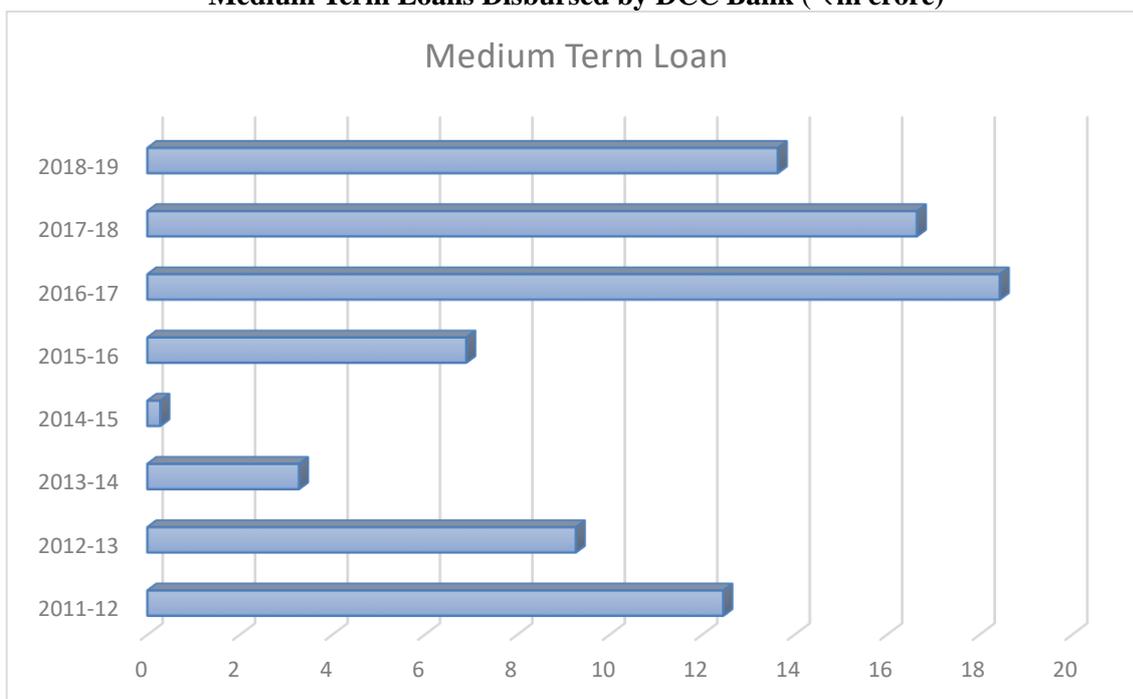
(₹in crore)

Year	Medium Term Loan	%	Growth Per Annum	AGR
2011-12	12.46	15.40		
2012-13	9.27	11.46	-3.19	-3.94
2013-14	3.28	4.05	-5.99	-7.40
2014-15	0.28	0.35	-3	-3.71
2015-16	6.9	8.53	6.62	8.18
2016-17	18.44	22.79	11.54	14.26
2017-18	16.65	20.58	-1.79	-2.21
2018-19	13.64	16.86	-3.01	-3.72
Total	80.92			
Mean	10.12			
Std. Dev	6.37			
CV	63.02			
CAGR	1.14			

Source: DCC Bank Chikkamagaluru Annual Report

The data shows that the medium term loans disbursed by DCC Bank have experienced fluctuations over the years, with some years showing growth and others showing a decline. Despite these fluctuations, the total medium term loans disbursed over the period amount to ₹.80.92 crores, with a mean of ₹.10.12 crores. The standard deviation of 6.37 indicates the variability of the data; while the coefficient of variation of 63.02 shows that the data is quite dispersed. The compound annual growth rate (CAGR) of 1.14 suggests a slight overall increase in medium term loans disbursed by the bank over the years.

Graph No. 4
Medium Term Loans Disbursed by DCC Bank (₹in crore)



VI. FINDINGS

Following are the findings of the study.

1. DCC Bank Chikkamagaluru's operating capital and working capital have consistently increased, indicating financial stability and development potential. The bank's growth rate reflects its sound financial management and strategic strategy, with steady increases in operating capital and working capital over the years.
2. DCC Bank Chikkamagaluru's advances have grown at a steady rate of 14.10% CAGR, reaching ₹.676.03 crore in 2017-18. The bank's lending activity has steadily increased, with total advances increasing from ₹.268.45 crore in 2011-12 to ₹.363.84 crore in 2012-13.
3. DCC Bank Chikkamagaluru's short-term agricultural loans have seen a steady increase from 2011-12 to 2018-19, with a mean of ₹.320.17 crore and a CAGR of 11.24%.
4. DCC Bank's medium term loans have fluctuated over the years, with some showing growth and others declining. Despite these, the total amount is ₹.80.92 crores, with a mean of ₹.10.12 crores and a CAGR of 1.14.

VII. SUGGESTIONS

1. By building a professionalized investment portfolio and investing surplus funds in high-yielding assets, the DCC Bank may boost interest revenue and non-interest income simultaneously.
2. Having the proper deposit mix might help manage interest payments. There must be a bare minimum of savings, checking, and other demand deposits.
3. Skillful control of cash coming in and going out to prevent having an excess of finances. By strategically allocating deposits to different kinds of advances while maintaining enough safety, liquidity, and profitability, DCC Bank may reduce the amount of excess funds on hand.

7. Conclusion

Overall, the analysis of DCCB's financial performance in the Chikkamagaluru District has provided valuable insights into the bank's operations and management. The findings suggest that while the bank has shown steady growth in terms of assets and deposits, there are areas where improvements can be made to enhance its overall performance. Additionally, the study highlights the importance of conducting regular financial assessments to identify potential risks and opportunities for growth. In conclusion, the evaluation of DCCB's financial performance serves as a useful tool for decision-makers and stakeholders in the banking sector to make informed decisions and drive sustainable growth.

VIII. REFERENCES

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