

## A STUDY ON FINANCIAL POSITION OF SELECTED DISTRICT CENTRAL COOPERATIVE BANK IN TAMIL NADU

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### **ABSTRACT:**

When the Central Co-operative Bank is established, it brings together primary agricultural co-operative banks and other primary societies located within a certain geographic location, usually a district. According to the recommendations of the rural credit survey committee, there should be only one central co-operative bank per district in order for it to be strong enough. Membership in a central co-operative bank is restricted to primary societies only; this type of organisation is known as a banking union. Generally speaking, central co-operative banks are located at the administrative centre of a district and have on their boards of directors persons with considerable authority and commercial acumen, in addition to representatives from primary societies.

**Note:** Position of Share Capital, Reserve and Surplus, Deposits, Borrowings and Loans and Advances.

### **INTRODUCTION:**

When the Central Co-operative Bank is formed, it brings together primary agricultural co-operative banks and other primary societies located within a certain geographic region, usually a district. According to the recommendations of the rural credit survey committee, there should be only one central co-operative bank per district in order for it to be potent enough. Membership in a central co-operative bank is restricted to primary societies only; this type of organisation is known as a banking union. Generally speaking, central co-operative banks are located at the administrative centre of a district and have on their boards of directors persons with considerable authority and commercial acumen, in addition to representatives from primary societies.

Central co-operative banks' primary goal is to facilitate the allocation of money to its members and other members of the cooperative movement. To fulfill the credit needs of its members at this point of growth, primary societies do not have a robust enough financial base to do so. The central co-operative banks play an important role in ensuring that credit is provided to the primary societies on a consistent basis.

The central co-operative banks also regulate the operation of primary societies and guarantee that accepted credit policies are adhered to the satisfaction of the members. The central co-operative bank is one of the most powerful units in the co-operative banking sector, with a total assets of over \$1 billion. Despite the fact that the 1904 Act made no provision for the establishment of central co-operative banks, the new Co-operative Societies Act 1912 prepared the way for the establishment of central co-operative banks throughout the country. Central co-operative banks are present in several states, and their presence alone contributes to the strengthening of the three-tier structure. If the cooperative movement in a state is weak, then the central co-operative banks in that state are weak, as well.

**OBJECTIVES OF THE STUDY:**

- a) To study the financial position of selected District central Cooperative bank.
- b) To analyse the liabilities and assets position of chosen DCCBs in Tamilnadu.

**SCOPE OF THE STUDY:**

The study primarily concerned on share capital, reserve and surplus, deposits, borrowings and assets. Position of selected DCCBs in Tamilnadu.

**COLLECTION OF DATA:**

The majority of the data for this research came via secondary sources from Selected DCCBs in annual report from 2008-2017.

**ANALYSIS AND INTERPRETATION:**

**Table .1 Share Capital of selected DCCB in Tamil Nadu**

<b>Year</b>	<b>Dharmapuri</b>	<b>Erode</b>	<b>Salem</b>
2008	25.6	23.58	25.54
2009	27.22	26.15	28.95
2010	31.12	29.64	11.97
2011	38.99	34.77	34.41
2012	51.15	38.47	36.52
2013	56.22	117.59	39.11
2014	60.54	125.67	51.96
2015	65.07	132.11	79.4
2016	72.24	138.04	91.16
2017	74.32	144.08	97.88

(Sources: Annual Report)

In this table has reveals that the share capital position of selected DCCB in Tamil nadu. It has showed growing stage from the year of 2008-2009 to 2017-2018. Among the three DCCB the Erode DCCB was showed more amount of share capital position compare with Salem and Dharmapuri District. In that above table showed that the DDCCB share capital position exhibited growth position Rs.25.6 crore to Rs.74.32 (2008-2017). In EDCCB and SDCCB also has showed positive position during the period (2008-2017). Among the three DCCBs the EDCCB only was showed highest position of share capital followed by SDCCB and DDCCB.

**Table 3.2 Deposits of selected DCCB in Tamil nadu**

<b>Year</b>	<b>Dharmapuri</b>	<b>Erode</b>	<b>Salem</b>
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2008	344.46	461.55	1075.87
2009	405.29	615.55	1278.65
2010	549.22	700.79	1517.52
2011	599.42	774.59	1611.18
2012	707.73	920.78	1824.41
2013	822.67	1038.07	2146.68
2014	1013.52	1271.64	2718.3
2015	1136.15	1455.45	2917.55
2016	1203.11	1700.81	3183.02
2017	1329.96	1793.7	3433.18

(Source: Annual Report of DCCB)

In this above table 3.2 has reveals that deposit position of DCCBs in Dharmapuri, Erode and Salem Districts. Among the three DCCBs the SDCCB only have showed highest position of deposits from the customers followed by EDCCB and DDCCB. In this table the researcher has explained all three DCCBs was explained growing stage. In DDCCBs Rs.344.46 to Rs.1329.96 crores, in EDCCBs Rs.461.65 to Rs.1793.7 and SDCCBs Rs.1075.87 to Rs.3433.18. all the information entered during the period of 2008 to 2017.

**Table. 3 Reserve and surplus of selected DCCB in Tamil nadu**

<b>Year</b>	<b>Dharmapuri</b>	<b>Erode</b>	<b>Salem</b>
2008	117.67	23.45	123.6
2009	114.92	20.96	152.7
2010	87.83	25.16	167.84
2011	87.78	22.79	179.49
2012	55.74	26.3	183.96
2013	63.21	21.8	289.74
2014	72.27	29.92	331.09
2015	82.35	58.66	380.09
2016	85.51	44.29	441.65
2017	88.34	51.48	478.55

(Source: Annual Report of DCCB)

From the above table the researcher has explained that reserve and surplus position of three select DCCBs in Tamilnadu like DDCCBs, EDCCBs and SDCCBs. It was described that the SDCCBs only have showed highest position followed by DDCCBs and EDCCBs. In SDCCBs Rs. 123.6 to Rs. 478.55 during the period of 2008 to 2017. In DDCCBs has showed fluctuating position during the period of 2008 to 2017. In EDCCBs also showed fluctuating position during the period of 2008 to 2017.

**Table.4 Borrowings of the selected DCCBs in Tamil Nadu**

Year	Dharmapuri	Erode	Salem
2008	69.87	66.74	85.64
2009	94.09	62.12	95.33
2010	119.88	78.18	150.59
2011	265.97	166.06	350.02
2012	345	183.66	158.45
2013	399.21	244.24	785.46
2014	276.56	246.4	547.13
2015	161.11	277.46	450.4
2016	161.22	280.01	417.4
2017	218.39	465.73	419.3

(Source: Annual Report of DCCB)

In the above table have explained that the borrowing position of select DCCBs in Tamilnadu. Compare to three DCCBs, the SDCCBs only have showed highest position of borrowing funds followed by EDCCBs and DDCCBs. In SDCCBs borrowing position is Rs. 85.64 to Rs.419.3 in EDCCBs has showed Rs.66.74 to Rs.465.73 in DDCCBs has showed Rs.69.87 to Rs.218.39 during the period of 2008 to 2017.

**Table.5 Loans and Advances of the selected DCCBs in Tamil Nadu**

Year	Dharmapuri	Erode	Salem
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2008	510.7	521.27	980.15
2009	642.01	621.57	1109.16
2010	606.8	699.59	1291.11
2011	817.03	824.77	1625.99
2012	997.54	948.78	1942.41
2013	1137.42	1109.75	2455.46
2014	1177.64	1161.98	2593.86
2015	1136.3	1115.62	2419.27
2016	1102.99	1142.49	2187.02
2017	1207.25	1325.84	1993.3

(Source: Annual Report of DCCB)

The above table explained that the loans and advances of select DCCBs in Tamil nadu. Compare to three DCCBs, the Salem DCCB has showed highest position of loan and advances, that is Rs.980.15 cr.to 2187.02 during the period of 2008 to 2016 afterwards it was decline. In Erode DCCBs was showed growing position during the period of 2006-2017, Rs.527.17cr to Rs.1325.84. In Salem DCCBs also has showed growing position during the period of 2006 -2017. Rs.510.7 to Rs. 1207.25.

### **SUGGESTIONS:**

1. In the Dharmapuri bank, the rate of branch expansion was relatively slow compared to other financial institutions. In order to increase their deposit base, this bank must open new branches in locations where existing branches are not branch of some other bank.
2. Only one bank, the Dharmapuri Bank, had a negative and statistically significant growth rate of reserves. This bank should set aside reserve money from its profits in order to prepare for unanticipated events and to provide built-in safety of funds as a result of its capital adequacy over an extended period of time.
3. The Dharmapuri bank had a deposit growth rate that was extremely low, according to the findings. It is necessary for Dharmapuri Bank to focus entirely on the mobilisation of low-cost deposits of savings and current deposits with the help of innovative banking services such as e-banking, e-transfer, ATM facilities, and other similar services, and to stay focused on the fact that by offering more loans, a bank can bring in new customers and accumulate more deposits.
4. The Dharmapuri DCCB bank was the only one where the increasing rate of borrowings was seen. This bank may borrow funds directly from any financial institution that is licensed or authorised by the Reserve Bank of India or the National Bank of Agriculture and Rural Development. The National Agricultural Cooperative Bank of India (NABARD), the state co-operative bank of India, and the state government must grant this bank with the necessary

financial assistance so that the bank may disburse loans to the Primary Agricultural Cooperative Banks (PACBs) and their clients.

## CONCLUSION

Generally speaking, central co-operative banks are located at the administrative centre of a district and have on their boards of directors persons with considerable authority and commercial acumen, in addition to representatives from primary societies.

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