

## A STUDY ON GROWTH AND PERFORMANCE OF RAMANATHAPURAM DISTRICT CENTRAL COOPERATIVE BANK (RDCCB)

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### **Abstract**

*The present paper focuses on the growth and performance of the Ramanathapuram District Central Cooperative Bank Ltd (RDCCB). The financial performance of RDCCB in taking into account Selected Variables Viz., Membership, Deposits, Loans & Advances, Net Profit, Reserves, Investment, Working Capital and NPA during the financial years 2004-05 to 2013-14. The study is mainly based on secondary data which is collected from Annual Reports of the bank.*

**Keywords:** Loans & Advance, Deposit, Net Profit of Cooperative Bank, Ramanathapuram District Central Cooperative Banks (RDCCB).

### **Introduction**

The Co-operative Movement was introduced into India by the Government as the only method by which the farmers could overcome their burden of debt and keep them away from the clutches of the money-lenders. The Co-operative Credit Societies Act, 1904 was passed by the Government of India and rural credit societies were formed. Through the appointment of registrars and through vigorous propaganda, the Government attempted to popularize the Movement in the rural areas. Within a short period, the Government realized some of the shortcomings of the 1904 Act and, therefore, passed a more comprehensive Act, known as the Co-operative Societies Act of 1912. This Act recognized non-credit societies also, but the rural credit societies have continued to be predominant till now.

A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banking is retail and commercial banking organized on a co-operation, self-help and mutual help basis. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts etc.). Cooperative banks differ from stockholder banks by their organization, their goals, their values, and their governance. The Co-operative Credit system consists of short term credit, medium term credit and long term credit structure. The Central Co-operative Banks secure refinance facilities from NABARD through all state Cooperative Apex Banks. The main functions of DCCBs are to provide finance to the PACS, acceptance of deposits, granting of loans/advances, fixed deposit receipts, collection of bills, safe custody of valuables, agency services and work as balancing center for PACS. Co-operative banks have made a commendable progress in extending its geographical spread and functional reach,

but very less work had been done in these banks which have been dismal with huge decline in productivity and efficiency, erosion of profitability, unrealizable debts and many unviable branches. Today, the co-operative credit institutions are facing a tough challenge to deliver on the high expectations in a fiercely competitive credit environment. Apprehension and cynicism are expressed on their creditworthiness and financial viability. In this background, an attempt is made in this paper to evaluate the performance appraisal of RDCCB in the state of Tamilnadu.

#### **Objective of the Paper**

- To examine the growth of RDCCB.
- To analyze the Deposits, Credits and C/D Ratios of RDCCB.
- To study the growth of investment by RDCCB.

#### **Review of the Past Study**

1. Battacharya (1997) evaluated the performance of various categories of banks in India. They used DEA methodology to measure the efficiency of 70 banks for the period 1986-1991. Their study found public sector banks as the best performing banks in India.
2. Urs and Chidambaram (2000) studied performance of 14 District Central Cooperative Banks in Kerala on 23 parameters and found inefficiency in their operations with lower capital and poor deployment of funds in the District Central Cooperative Banks.
3. Jain (2001) has conducted a comparative performance analysis of District Central Co-operative Banks (DCCBs) of Western India, namely Maharashtra, Gujarat and Rajasthan and found that DCCBs of Rajasthan have performed better in profitability and liquidity as compared to Gujarat and Maharashtra.

#### **Methodology**

Secondary data have been collected from the annual reports of Ramanathapuram District Central Co-Operative bank. Period of ten years starting from 2004-05 to 2013-14 has been covered.

#### **Tools and Techniques**

The present study is mainly based on secondary sources drawn from Annual Reports in RDCCB and other web sites, papers, books and journals relating to Co-operative banking sector. Data were collected for period of ten years from 2004-05 to 2013-14. For analysis of the data, various statistical tools (Mean, S.D, C.V, Correlation and Trend analysis) has been used to arrive at conclusion in a scientific way.

## Results and Discussion

Table 1 Trend of Capital, Reserve and Borrowings of RDCCB (Rs in lakhs)

Year	Capital		Reserves		Borrowings	
	Rs	Trend (%)	Rs	Trend (%)	Rs	Trend (%)
2004-05	854.96	100.00	187.16	100.00	61.96	100.00
2005-06	880.08	102.93	187.16	100.00	72.54	117.07
2006-07	1601.05	181.92	187.16	100.00	68.27	94.11
2007-08	2208.61	137.94	187.16	100.00	79.19	115.99
2008-09	2847.39	128.92	187.16	100.00	74.42	93.97
2009-10	3572.65	125.47	187.17	100.00	105.24	141.41
2010-11	3946.28	110.45	427.98	228.65	135.57	128.81
2011-12	1499.44	37.99	664.10	155.17	157.10	115.88
2012-13	1500.25	100.05	814.64	122.66	259.05	164.89
2013-14	1670.96	111.37	2884.27	354.05	229.10	88.43
Mean	2058.167	227.41	591.39	146.05	124.24	116.06
S.D	1070.932	36.28	837.96	83.96	70.65	23.99
C.V	52.03	15.95	141.69	57.48	56.86	20.67

Source: RDCCB Annual Report

The above table 1 that analyzed the funds of RDCCBs and their trend in terms of Capital, Reserves and Borrowings. The amount of capital is Rs 854.96 Lakhs in 2004-05, it has been gradually increased and reached Rs 1670.96 Lakhs in 2013-14 with a percentage of 111.37 (111.37- 100). In case of reserves, they are 187.16 lakhs in 2004-05 where as in 2013-14 it was recorded 2884.27 lakhs with 254.05% (354.05-100) growth trend. The borrowings of RDCCBs in during the year 2004-05 are 61.96 lakhs, the growth of borrowings have fluctuating growth. Finally, the borrowings are recorded 229.10 lakhs in the year 2013-14 with -11.57 % (88.43-100) decrease the growth. The average growth of Capital, Reserves and Borrowings of RDCCB is 227.41, 146.05 and 116.06 respectively. The S.D of capital is 36.28; Reserves are 83.96, and borrowings 23.99. When compare to the Standard deviation have Capital, Reserves and Borrowings that it have more consistent than Capital and Reserves.

Table 2 Trend of Deposits and Loans &amp; Outstanding RDCCB (Rs in lakhs)

Year	Deposits		Loans & Outstanding		C/D Ratio
	Rs	Trend (%)	Rs	Trend (%)	
2004-05	176.69	100.00	22568.69	100.00	12.77
2005-06	160.87	91.04	23299.17	97.60	14.48
2006-07	163.94	101.90	26410.20	98.89	16.10
2007-08	184.01	112.24	30236.28	98.98	16.43
2008-09	228.76	124.27	34564.41	122.02	15.11
2009-10	260.42	113.88	39057.06	122.51	14.99
2010-11	303.90	116.69	47068.21	143.05	15.48
2011-12	331.31	109.01	49585.70	104.40	14.96
2012-13	386.69	116.71	645609.05	109.02	16.69
2013-14	484.05	125.17	712538.27	141.79	14.72
Mean	268.06	111.09	163093.7	113.83	15.17
S.D	108.20	10.84	272556.72	16.70	1.12
C.V	40.36	9.75	167.11	14.67	7.38

Source: RDCCB Annual Report

It could be identified in table-2 that the during the 2004-05 Deposits are registered Rs.176.69 Lakhs it has been increased to Rs.484.05 Lakhs in 2013-14. The mobilization of deposits has been increased gradually during the study period, and the average deposits mobilized by bank are Rs 268.06lakhs. Whereas credit deployment of RDCCB is just Rs.22568.69 Lakhs in 2004-05, it has been increased to41.79% (141.79-100) with an amount of Rs 712538.27 Lakhs in the year 2013-14. The average credit issued by the banks is Rs. 163093.7 lakhs. While, the proportion of the Credit deployed to the deposit mobilized, The Credit Deposit Ratio of RDCCB from 2004 to 2014 is shown a fluctuating trend. The highest C/D Ratio of the banks estimated with 16.69 in 2012-13 and the lowest C/D Ratio 12.77 is recorded in the year 2004-05.

The average C/D ratio during the study period 15.17. With a variance of 7.38%. The S.D is 1.12 very less.

**Table 3 Trend of Working Capital and Membership RDCCB (Rs in lakhs)**

Year	Working Capital		Membership	
	Rs.	Trend (%)	No. of. Members	Trend (%)
2004-05	295.68	100.00	452	100.00
2005-06	325.98	110.24	452	100.00
2006-07	332.27	101.92	452	100.00
2007-08	385.18	115.92	452	100.00
2008-09	430.67	111.81	452	100.00
2009-10	455.34	105.72	452	100.00
2010-11	547.89	120.32	452	100.00
2011-12	577.84	105.46	452	100.00
2012-13	748.91	129.60	452	100.00
2013-14	859.45	114.76	456	100.88
Mean	495.92	111.57		
S.D	178.74	9.01		
C.V	36.04	8.07		

Source: RDCCB Annual Report

The table- 3 depicted growth pattern of Working Capital by RDCCB, in 2004-05 is Rs.295.68 lakhs and it has been increased gradually year by year and recorded Rs859.45 lakhs in the year 2013-14with a growth rate 14.76 (114.76-100.00). The average Working Capital of the bank is 495.92 lakhs during the study period. The Standard Deviation is 178.74lakhs and the C.V is 36.04%.While membership of RDCCB in the begging 452 members and End of the study period 456 respectively.

Table 4 Trend of Investment of RDCCB (Rs in lakhs)

Year	Investment	
	Rs	Trend (%)
2004-05	4709.89	100.00
2005-06	4597.22	150.46
2006-07	4546.31	85.32
2007-08	4500.06	116.06
2008-09	5491.04	100.95
2009-10	6727.40	52.21
2010-11	9624.04	93.03
2011-12	10047.69	101.68
2012-13	10954.16	136.51
2013-14	15532.36	129.52
<b>Mean</b>	<b>7673.02</b>	<b>106.57</b>
<b>S.D</b>	<b>3737.57</b>	<b>28.14</b>
<b>C.V</b>	<b>48.71</b>	<b>26.41</b>

Source: RDCCB Annual Report

The table- 4 depicted growth pattern of investment by RDCCBs, the investment in 2004-05 is Rs.4709.89 lakhs and it has been increased and recorded Rs.15532.36 lakhs in the year 2013-14 with a growth rate 29.52 (129.52-100.00). The average investment of the bank is 7673.02 lakhs during the study period. The Standard Deviation is 3737.57 lakhs and the C.V is 48.71%. Trend of Net Profit RDCCB (Rs in lakhs) the average growth of investment of RDCCB is 106.57, SD 28.14 and CV is 26.41% respectively.

Table 5 Trend of Net Profit of RDCCB (Rs in lakhs)

Year	Net profit	
	Rs	Trend (%)
2004-05	1139.16	100.00
2005-06	-3934.49	-345.38
2006-07	-1895.41	48.17
2007-08	-3268.51	172.44
2008-09	-1946.64	59.55
2009-10	780.29	-40.08
2010-11	509.86	65.34
2011-12	413.25	81.05
2012-13	493.06	119.31
2013-14	536.92	108.89
<b>Mean</b>	<b>-717.25</b>	<b>36.93</b>
<b>S.D</b>	<b>1863.97</b>	<b>145.21</b>
<b>C.V</b>	<b>-259.88</b>	<b>393.20</b>

Source: RDCCB Annual Report

The table- 5 Clear that the growth pattern of Net profit by RDCCB, in 2004-05 is Rs.1139.16 lakhs and it has been decreased and recorded Rs.536.92 lakhs in the year 2013-14with a growth rate 8.89 (108.92-100.00). The average Net profit of the bank is - 717.25 lakhs during the study period. The Standard Deviation is 1863.97lakhs and the C.V is -259.88. The average trend of Net profit of RDCCB is 36.93, SD 145.21and CV is 393.20% respectively.

**Table 6 Trend of Non-Performing Assets RDCCB (Rs in lakhs)**

Year	Non-Performing Assets(NPA)	
	Rs	Trend (%)
2004-05	6116.52	100.00
2005-06	9202.95	150.46
2006-07	4852.63	52.72
2007-08	9113.89	187.81
2008-09	9200.51	100.95
2009-10	4803.64	52.21
2010-11	4469.04	93.03
2011-12	4544.52	101.68
2012-13	6204.03	136.51
2013-14	8036.00	129.52
<b>Mean</b>	<b>6954.373</b>	<b>110.489</b>
<b>S.D</b>	<b>1961.192</b>	<b>42.07482</b>
<b>C.V</b>	<b>28.20</b>	<b>38.08</b>

Source: RDCCB Annual Report

The table- 6 depicted growth pattern of Non-Performing assets by RDCCB, in 2004-05 is Rs.6116.52 lakhs and it has been decreased and recorded Rs.8036 lakhs in the year 2013-14with a growth rate 29.52 (129.52-100.00). The average NPA of the bank is 6954.37 lakhs during the study period. The Standard Deviation is 1961.192lakhs and the C.V is 28.20%. The average trend of NPA of RDCCB is 110.489%, SD 42.07%and CV is 38.08% respectively.

Hypothesis 1: There is no relationship between the direction of Deposit and Loan and Advance of RDCCCB during the study period.

**Table 7**

Name of the Bank	Calculated value	Result
RDCCB	0.843	Low Degree of Positive correlation

It is inferred from the table 7 that the calculate value of RDCCBs (0.03449) implies that there was High Degree of Positive of correlation. Between Deposit and Loan and advance of under the study.

**Hypothesis 2:** There is no relationship between the direction of Membership and share capital of RDCCB during the study period.

**Table-8**

Name of the Bank	Calculated value	Result
RDCCB	0.7106	High Degree of Positive correlation

It is inferred from the table 8 that the calculate value of RDCCBs (0.7106) implies that there was High Degree of Positive of correlation between Membership and Share capital of under the study.

#### Conclusion

The present study concluded that the financial performance of the District Central Co-operative banks in Ramanathapuram is analyzed using different statistical techniques. District Central Co-operative banks are recording the growth rate still there are certain challenges and issues in this study. Hence, they should concentrate on continuous improvement in their overall performance of the banks to meet the new standards in the changed scenario. The bank must spread the entire activities in all levels.

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