



**A COMPARATIVE STUDY ON THE PERFORMANCE OF
DCCBS IN THE SOUTHERN STATES**

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ABSTRACT

In this study, we mostly look at the performance of DCCBs banks in the Southern States from 2015 to 2019. As most of the studies so far were done on the financial Performance of DCCBS at the state and district level, a Southern region was looked at for the study. The study found that the financial parameters of DCCBs in five Southern states were very different from those in other parts of the country. Using descriptive statistics like the mean and standard deviation, as well as inferential statistics like One Way ANOVA, statistical analysis is Carried out.



KEYWORDS: DCCBs, Performance, ANOVA, Post Hoc, SPSS.

INTRODUCTION

Cooperative banks are significantly important in India's financial system. Because they were founded to make financing easier and more convenient for rural people involved in handloom weaving, handicrafts, horticulture, farming, plantation, animal husbandry, and mining. In India, there are primary cooperative credit societies, central cooperative banks, state or apex cooperative banks, land development banks, and urban cooperative banks. Assembling local borrowers and non-borrowers forms a primary co-operative credit society, while district-level primary co-operative credit societies from central co-operative banks. The central co-operative banks may have just primary co-operative credit society members or both primary co-operative credit society members and individuals. They get their money via state cooperative bank loans and overdrafts, joint stocks, share capital, and deposits. These banks lend to members based on their borrowing ability. They also conduct all joint-stock bank activity. In India, District Central Cooperative Banks help rural farmers buy pump sets, tractors, and other equipment. District Central Co-operative Banks (DCCBs) give term loans to farmers directly or through Primary Agricultural Credit Societies (PACS). DCCBs are supervised by the Reserve Bank of India and are registered under the Banking Regulations Act. They can refinance with NABARD via state cooperative banks. If they work well, rural people could get funding to expand agriculture and other activities.

DCC Bank is the abbreviation for District Cooperative Central Bank. A cooperative banking system in India provides services to rural and cooperative communities. There are many rural and semi-urban locations because it was founded to assist farmers. Every district in India has its central bank, which is called a District Central Cooperative Bank under the Indian banking paradigm. For the

bank's president, elected directors and members will vote. For example, these services are used by cooperatives such as milk coops as well as other types of agricultural as well as nonagricultural cooperatives. There are State Apex Central Cooperative Banks in each state, which represent all of the DCCs in their respective states.

The study compares the financial parameters of DCCBs in five southern states which are Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, and Telangana from the year 2015 to 2019. The financial parameters considered are Share Capital, Deposits, Borrowings, Investments, Loans and Advances, Loans Outstanding, and NPA.

LITERATURE REVIEW

(Anil Kumar Soni, oct, 2012) The Rajnandgaon District Central Cooperative Bank has a significant impact on the agricultural and rural development of the area. Through its extensive network, the DCC Bank has expanded its presence to the rural areas of Rajnandgaon. When it comes to working with primary agricultural cooperatives, the DCC Bank Rajnandgaon is a go-between (PACSS). Financial strength is critical to the success of the cooperative credit movement in a given district. At the district level, the DCC Bank serves as a crucial financial institution that is responsible for servicing the credit needs of a variety of cooperatives in the area. The majority of district central cooperative banks are currently dealing with issues such as past-due accounts, bad loans, and other types of nonperforming assets. Because of this, it is vital to examine DCC Bank Rajnandgaon's financial performance. DCC Bank Rajnandgaon's financial performance from 2000 to 2010-2011 is the subject of this report. The current study makes use of an analytical research design (called Growth Rate). DCC Bank Rajnandgaon's empirical results suggest favorable and sufficient growth.

(Jyoti Gupta, October 2012) The global economy has profited from banking. The basic process of collecting money from savers and lending it to borrowers, known as banking, promotes the flow of funds to be put to productive use. As a result, the economy benefits. We would be unable to buy a new car or house if we didn't have access to banking services. Entrepreneurs would be unable to raise capital without banking. A cooperative movement was founded in India in 1904 by the Indian government. Since usury and agricultural debt are major problems for the population, the government chose to employ cooperatives as a means of combating them. An important role for cooperative banks is as a stabilizing force. Several cooperative banks are now engaged in financial, administrative, supervisory, and development activities aimed at expanding and improving the cooperative credit system. Cooperative banks, in other words, must be a member's best friend, philosopher, and confidant. Examples of successful Delhi cooperatives are used in the research (India). The bank's performance and client lending policies are examined next. Many bank loans have been taken out by the customer. To compete with private sector banks, they also suggested that the bank adopt the latest banking technologies such as ATMs and Internet banking.

(Usha, 2013) Banking has benefited the global economy. Banking, the simple act of taking money from savers and lending it to borrowers, facilitates the flow of money to productive uses and investments. This helps the economy grow. Banking allows us to access our money, generate capital for our businesses, and buy things like a vehicle or a house that we otherwise wouldn't be able to. A cooperative movement was founded in India in 1904 by the Indian government. Since usury and agricultural debt are a major problem for the population, the government chose to employ cooperatives as a means of combating them. Cooperative banks act as a balancing center. Several cooperative banks now undertake financial, administrative, supervisory, and development activities to expand and improve the cooperative credit system. In short, cooperative banks must be the cooperative's friend, philosopher, and advisor. The study uses successful Delhi co-ops as examples (India). The study of the bank's performance and client lending policies follows. The customer has taken out many bank loans. They also urged the bank to use the latest banking technology like ATMs, internet/online banking, credit cards, etc. to stay competitive.

(Jeyakumaran & Muthumeena, 2017) This study compares the profitability and performance of Virudhunagar and Madurai District Central Co-operative banks in terms of profitability and

performance (DCCBs). Primary co-operative credit societies, which in turn provide credit for agricultural and rural economic development in India, are financed by DCCBs. Huge losses were incurred by the Central Co-operative banks in 2006. Tamilnadu's DCCBs were losing money in 2006, accounting for 12 of the state's 23 institutions. Both the Virudhunagar District Central Co-operative Bank (VDCCB) and the Madurai District Central Co-operative Bank (MDCCB), which had a greater number of branches than the other two, suffered losses of approximately 22.78 crores and approximately 20.37 crores, respectively. Analysis of VDCCB's and MDCCB's Profitability and Performance is done using the Earnings Ratios, which are return on Assets (ROA) and Interest Income to Total Income (IIT) Ratios, for a period of ten years, from 2004-05 to 2013-14.

(Chaturvedi & Sangwan, 2019) One of the most important aspects of any modern economy is the banking sector's ability to function effectively. To sustain a solid financial system and a thriving economy, banks must be rigorously inspected and studied. The broad array of products and services that banks offer to businesses is largely identical across all banks, making differentiation difficult. As a result, it is critical to evaluate the banks' contribution to economic growth. Credit risk, liquidity risk, interest risk, market risk, operational risk, and management risk all affect the banking sector. The banking industry is a growth engine. In addition to these dangers, the recovery of NPA is a critical concern. Recoveries of loans or the amount of non-performing assets in a bank's portfolio are both indicators of the institution's overall financial health (NPAs). Banks that have fewer non-performing assets (NPAs) tend to be more profitable, whereas those that have more NPAs have to make provisions, which cuts into their bottom line. The economic and social well-being of its members is a primary goal of co-operatives, and the NPA has become a roadblock for cooperative banks. There are four main types of ratios utilized in Ratio Analysis: Total Provision Ratio, Shareholder Risk Ratio, Problem Asset & Depository Safety Ratio, and Depository Safety & Relative Risk. All 29 District Central Cooperative Banks of Rajasthan are compared in this research to see how their ratios differ from one another.

(Thakur & Singh, 2021) Our financial system would be incomplete without the cooperative structure, which plays a crucial role in rural lending. A huge number of grassroots cooperative groups help rural residents satisfy their financial obligations. Loans from district cooperative banks help these groups raise money. Finally, there are state co-operative banks to meet the needs of the District co-operative banks. This three-tiered system appears to be working well in India. This is a way for rural residents to get help dealing with their financial difficulties. Because of the inadequate functioning or management of other cooperative banks in the past, it has been seen that the cooperative bank's financial state has been in decline. The Himachal Pradesh State Co-operative Bank Ltd. is the focus of this article, which examines the bank's performance in Himachal Pradesh (India). To establish whether or not these banks will continue to exist and what their future potential is, this research will assess their performance against a set of specific criteria.

METHODOLOGY

Research Design: The design used in the study is analytical, which analyses the Performance of the DCCBs in the Southern States. The Financial Parameters considered are Share Capital, Deposits, Borrowings, Investments, Loans and Advances, Loans Outstanding, and NPA.

Data Collection: Secondary data is collected from the NABARD annual reports.

Period of study: Data from 2015 to 2019 is collected from a Secondary Source.

Statistical techniques: Mean and standard deviation are used to summarise and find the variability of the data. Inferential Statistics such as One Way ANOVA are used to find a significant difference in the financial Performance of DCCBs in five southern states.

Statistical Software: SPSS 20 is used for Statistical Analysis and managing the data.

Hypothesis:

H1: There is a significant difference in the Financial Parameters of DCCBs of five Southern States in India.

DATA ANALYSIS AND INTERPRETATION

The Table depicts the descriptive statistics of some of the financial parameters of DCCBs in five Southern States in India. The financial parameters of DCCBs such as Share Capital, Deposits, Borrowings, Investments, Loans and Advances, Loans Outstanding, and NPA are compared across five southern states from 2015 to 2019. From the descriptive statistics, it was found that there is a difference in mean Share Capital, Deposits, Borrowings, Investments, Loans and Advances, Loans Outstanding, and NPA across five southern states. To find the significant difference in these financial parameters with regard to five states One Way ANOVA is applied. If there is a significant difference in financial parameters among the five states Post Hoc Tukey test is used to find the Pairwise Comparison.

Table 1: Descriptive Statistics of Financial Parameters of DCCBs Bank

		Mean in Lakhs	Std. Deviation	Std. Error
Total Share Capital	Andra Pradesh	115500.20	20796.20	9300.34
	Karnataka	128825.60	25455.93	11384.24
	Kerala	100863.60	52336.57	23405.62
	Tamil Nadu	146575.80	17542.07	7845.05
	Telangana	58784.80	11048.50	4941.04
Reserve Funds	Andra Pradesh	91551.60	7067.62	3160.74
	Karnataka	183421.40	37481.39	16762.19
	Kerala	178087.60	96033.13	42947.32
	Tamil Nadu	357675.40	30136.89	13477.63
	Telangana	45672.40	5512.71	2465.36
Total Deposits	Andra Pradesh	826263.60	144215.85	64495.29
	Karnataka	2211910.80	443278.38	198240.12
	Kerala	4792598.80	2631353.96	1176777.26
	Tamil Nadu	2800052.80	177898.64	79558.69
	Telangana	415865.60	93362.16	41752.83
Total Borrowings	Andra Pradesh	830116.40	181642.74	81233.10
	Karnataka	867674.00	98339.95	43978.96
	Kerala	331559.60	180816.47	80863.58
	Tamil Nadu	567637.40	136256.33	60935.68
	Telangana	382327.40	67359.91	30124.27
Total Investments	Andra Pradesh	429159.40	50172.67	22437.90
	Karnataka	812306.00	130165.26	58211.67
	Kerala	1928998.00	1055911.35	472217.91
	Tamil Nadu	1194581.80	108188.41	48383.33
	Telangana	215305.20	21854.46	9773.61
Total Loans and Advances	Andra Pradesh	1678470.40	256679.65	114790.63
	Karnataka	2002566.00	255127.48	114096.48
	Kerala	2320714.40	1210850.85	541508.96
	Tamil Nadu	2744981.80	218051.57	97515.63
	Telangana	772686.20	112723.58	50411.52
Total Loan Outstanding	Andra Pradesh	1327254.60	286469.23	128112.93
	Karnataka	2212143.60	367861.97	164512.87

Absolute NPA	Kerala	2681601.80	1378690.60	616569.18
	Tamil Nadu	2595741.40	256768.70	114830.45
	Telangana	600693.60	160941.76	71975.34
	Andra Pradesh	74227.06	20436.86	9139.64
	Karnataka	101249.93	41657.69	18629.88
	Kerala	174261.69	72414.07	32384.56
	Tamil Nadu	190700.10	8974.28	4013.42
	Telangana	35452.35	16137.59	7216.95

Table 2: ANOVA for Performance of DCCBS in the Southern States

Performance of DCCBs	df	F	Sig.
Total Share Capital	4.00	6.51	0.00
	20.00		
Reserve Funds	4.00	30.71	0.00
	20.00		
Total Deposits	4.00	10.58	0.00
	20.00		
Total Borrowings	4.00	15.55	0.00
	20.00		
Total Investments	4.00	10.04	0.00
	20.00		
	24.00		
Total Loans and Advances	4.00	8.38	0.00
	20.00		
Total Loan Outstanding	4.00	9.07	0.00
	20.00		
Absolute NPA	4.00	14.07	0.00
	20.00		

Table 3: Pairwise Comparison using Tukey's Test

Southern States				Sig.
Total Share Capital	Andra Pradesh	Telangana		.042
	Karnataka	Telangana		.009
	Tamil Nadu	Telangana		.001
	Telangana	Andra Pradesh		.042
		Karnataka		.009
		Tamil Nadu		.001
Reserve Funds	Andra Pradesh	Karnataka		.048
		Tamil Nadu		.000
	Karnataka	Tamil Nadu		.000
		Telangana		.002
	Kerala	Tamil Nadu		.000
		Telangana		.003

	Tamil Nadu	Andra Pradesh	.000
		Karnataka	.000
		Kerala	.000
		Telangana	.000
	Telangana	Karnataka	.002
		Kerala	.003
		Tamil Nadu	.000
Total Deposits	Andra Pradesh	Kerala	.000
	Karnataka	Kerala	.021
	Kerala	Andra Pradesh	.000
		Karnataka	.021
		Telangana	.000
	Tamil Nadu	Telangana	.036
	Telangana	Kerala	.000
Tamil Nadu		.036	
Total Borrowings	Andra Pradesh	Kerala	.000
		Telangana	.001
	Karnataka	Kerala	.000
		Tamil Nadu	.022
		Telangana	.000
	Kerala	Andra Pradesh	.000
		Karnataka	.000
	Tamil Nadu	Karnataka	.022
	Telangana	Andra Pradesh	.001
Karnataka		.000	
Total Investments	Andhra Pradesh	Kerala	.001
	Karnataka	Kerala	.011
	Kerala	Andra Pradesh	.001
		Karnataka	.011
		Telangana	.000
	Tamil Nadu	Telangana	.030
	Telangana	Kerala	.000
Tamil Nadu		.030	
Total Loans and Advances	Karnataka	Andra Pradesh	.897
		Kerala	.903
		Tamil Nadu	.284
		Telangana	.022
	Kerala	Telangana	.003
	Tamil Nadhu	Telangana	.000
	Telangana	Karnataka	.022

		Kerala	.003
		Tamil Nadu	.000
Total Loan Outstanding	Andra Pradesh	Kerala	.031
		Telangana	.008
	Kerala	Andra Pradesh	.031
		Telangana	.001
	Tamil Nadu	Telangana	.001
	Telangana	Karnataka	.008
		Kerala	.001
		Tamil Nadu	.001
Absolute NPA	Andra Pradesh	Kerala	.005
		Tamil Nadu	.001
	Karnataka	Tamil Nadu	.014
	Kerala	Andra Pradesh	.005
		Telangana	.000
	Tamil Nadu	Andra Pradesh	.001
		Karnataka	.014
		Telangana	.000
	Telangana	Kerala	.000
		Tamil Nadu	.000

From the ANOVA test, it is evident from Table 2 that there is a significant difference in Financial Parameters of DCCBs of all five Southern States in India as P-Value is less than 0.05. To find a Pairwise Comparison of Financial Parameters of DCCBs banks across five southern states Post Hoc Tukey's Test is applied.

From the Tukey's test, it was found that for Telangana State there is a significant difference in Reserve funds with regard to Karnataka, Kerala and Tamil Nadu states, for Total Deposits, Total Investments and Absolute NPA with regard to Kerala and Tamil Nadu, for Total Share Capital with regard to Andra Pradesh, Karnataka, Tamil Nadu and Total Borrowings with Regard to Andra Pradesh and Karnataka. For the State Karnataka, there is a significant difference in Total Deposits and Total Investments with regard to Kerala, for Reserve fund, Borrowing, and NPA with regard to Tamil Nadu and Total Loans and advances with regard to Andra Pradesh, Kerala, Tamil Nadu, and Telangana. For the State Kerala there is a significant difference in Total Deposits, Total Investments, Total Loan Outstanding, and NPA with regard to States Andra and Telangana whereas for Reserve Funds and borrowing with regard to Tamil Nadu. For the state of Tamil Nadu, there is a significant difference in Reserve Funds with regard to Karnataka, Kerala, Andra Pradesh, and Telangana whereas for NPA With regard to Andra Pradesh, Karnataka, and Telangana. For the State Andra Pradesh, there is a significant difference in Total Deposits, Total Borrowing, Total Loan Outstanding, and NPA with regard to Kerala whereas for Reserve fund with regard to states Karnataka and Tamil Nadu.

CONCLUSION:

From the study, there is it is found that there is a significant difference in all financial parameters of DCCBs considered for the study with five southern States of India. The Post Hoc test found that Telangana state has significant differences in all Financial Parameters with regard to the other four States. The Absolute NPA of Tamil Nadu and Kerala is significantly higher than other States which is a matter of Concern. The Total Investments in Kerala are significantly higher compared to

Andra Pradesh and Karnataka. Therefore from the study inference, it becomes very important for the Cooperatives to concentrate on certain financial parameters in States where the performance of banks is not up to the mark.

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