

**PERFORMANCE EVALUATION OF THE KRISHNA DISTRICT  
CO-OPERATIVE CENTRAL BANK LTD., KRISHNA DISTRICT (AP)  
- A CASE STUDY**

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**ABSTRACT**

Cooperative banking system is a network of financial institutions formed by the voluntary association of members for mutual help. Cooperative banks and credit societies perform mainly banking services within the precisely defined framework of noble principles. Just like commercial banks, they accept all types of deposits and lend loans of different types usually to farmers and rural traders. Present paper attempts to study the growth of The Krishna District Cooperative Central Bank Ltd., through selective indicators, it analyzes the Deposits, Credits and C/D Ratios of the Krishna DCCB. This paper also studies the growth of investment and profitability position in DCCBs. To achieve the objectives of the paper data has been collected from various secondary sources and analyzed by using various statistical tools.

**Key words:** District Cooperative Central Banks (DCCBs), Deposits, Capital, Borrowings, Credit, Investment, Reserves, C/D Ratio, Profits.

**INTRODUCTION OF CO-OPERATIVE BANKS**

A co-operative bank is a financial entity which belongs to its members, who are the owners and the customers of their bank simultaneously Cooperative banks and credit societies perform mainly banking services within the precisely defined framework of noble principles. Just like commercial banks, they accept all types of deposits and lend loans of different types usually to farmers and rural traders. The co-operative banking structure is a three tier federal one as follows,

- A State Co-operative Bank works at the apex level (i.e., works at state level).
- The Central Co-operative Bank works at the Intermediate Level.  
(i.e., District Co-operative Banks ltd. works at district level)
- Primary co-operative credit societies at base level (At village level).

**The Krishna Cooperative Central Bank Ltd.,**

Krishna Cooperative Central (KCC) Bank was formed in the year 1915 by Sri Dr. Bhogaraju Pattabhi Seetharamaiah at Machilipatnam and Vijayawada Cooperative Central (VCC) Bank was formed by Sri Ayyadevara Kaleswara Rao in the year 1918 at Vijayawada. Consequent to introduction of Single Window Credit Delivery System by the Govt. of A.P in the year 1987, the erstwhile KCC Bank, VCC Bank & 14 erstwhile PADBs were merged and on the principle of one Bank for one revenue district, The Krishna District Co-operative Central Bank Ltd., (Krishna DCCB) started functioning with Machilipatnam as Head Quarters and regional office at vijayawada. There are 50 branches working under the umbrella of The Krishna DCCB Ltd., as on 31-03-2015.

**REVIEW OF LITERATURE**

Jyoti Gupta and Suman Jain (2012) analyzed the lending practices of cooperative banks in India, comparison of efficiency of cooperative banks in India, Impact of size on the efficiency of the cooperative banks and different types of loans preferred by different sets of customers from these banks.

Oliver Wyman (2014), "Co-operative Banking - Leveraging The Cooperative Difference to Adapt to a New Environment" focused on how the cooperative banking model is adapting to the current environment through two of its distinguishing characteristics: cooperative banks' relationships with their members and other clients and their contributions to local communities.

Rutamu and Ganesan (2008) in their research article titled, "Profit and Profitability of Co-operative Banks: The Case of Banques Populaires (Peoples' Bank) of Rwanda" stated that financial institutions in general and banking sector in particular play a strategic role in the financing stage of capital formation. They discussed the performance of Banques Populaires and the determinants of its Profit and Profitability.

Dr.Gurcharan Singh and Sukhmani (2011) studied on "An Analytical Study of Productivity and Profitability of District Central Cooperative Banks in Punjab" focused on evaluating performance of cooperative banks in the state of Punjab.

Rajamohan and Pasupathy (2009) in their study titled, "Performance Evaluation of TAICO (Tamil Nadu Industrial Co-operative Bank Ltd.) – An Application of Structural and Growth

Analysis” stated that there were several factors that determined the operating efficiency and profitability of the bank.

### **OBJECTIVE OF THE STUDY**

- To evaluate the growth of The Krishna DCCB Ltd., through selective indicators.
- To analyze the Deposits, Credits and C/D Ratios of The Krishna DCCB Ltd.
- To examine the growth of investment by The Krishna DCCB Ltd.
- To understand the profitability position in The Krishna DCCB Ltd.

### **METHODOLOGY OF THE STUDY**

The study is mainly based on secondary data, which has been gathered from annual reports of The Krishna DCCB Ltd., mainly from the last eight years reports. The secondary data is also collected from NABARD, RBI bulletins, Government of India reports and online sources like apcob.org, krishnadccb.com etc.

### **SAMPLE OF THE STUDY**

This paper is an attempt to study the financial performance of The Krishna DCCB Ltd., This bank was purposely selected for the study, keeping in view its role and involvement in shaping the economic condition of Krishna district, especially in terms of Capital, Reserves, Borrowings, Deposits, Credits, C/D Ratios, Profits.

### **DATA IN TOOLS**

For analysis of the data, various statistical tools (Mean, S.D, C.V, Trend analysis etc..) has been used to arrive at conclusion in a scientific way.

### **LIMITATIONS OF THE STUDY**

The present paper studies only the average performance of the Krishna District Cooperative Central Bank Ltd., The data for study mainly based on a single bank. The present study considers the performance of the Krishna DCCB Ltd., only 8 years period from 2007-08 to 2014-15.

**ANALYSIS OF THE STUDY**

The establishment of central cooperative banks (DCCBs) at the district level was to serve as a link between the ultimate credit disbursing outlets, viz., Primary Agricultural Credit Societies (PACS) at the base level, District Central Cooperative Banks (DCCB) at the intermediate level and State Cooperative Banks (SCB) at the apex level. The details of growth of The Krishna District Cooperative Central Bank Ltd., is depicted in table-1.

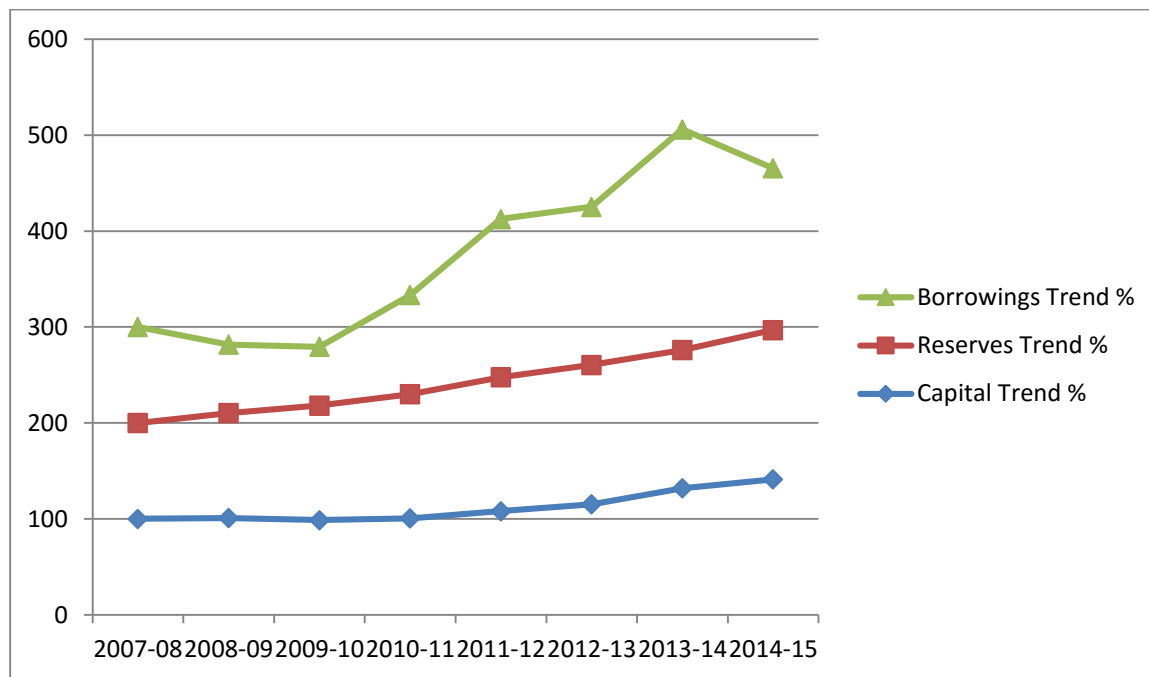
**TABLE – 1**  
**TREND OF CAPITAL, RESERVES AND BORROWINGS OF**  
**THE KRISHNA DCCB LTD.**

(Rs. in lakhs)

Year	Capital		Reserves		Borrowings	
	Amount	Trend %	Amount	Trend %	Amount	Trend %
2007-08	5,635.72	100	11,777.81	100	36,716.87	100
2008-09	5,684.01	100.86	12,885.85	109.41	26,211.19	71.39
2009-10	5,565.05	98.75	14,058.23	119.36	22,515.47	61.32
2010-11	5,666.67	100.55	15,234.13	129.35	37,981.00	103.44
2011-12	6,088.76	108.04	16,454.07	139.7	60,535.70	164.87
2012-13	6,490.51	115.17	17,107.17	145.25	60,535.70	164.87
2013-14	7429.33	131.83	16986.41	144.22	84411.18	229.9
2014-15	7963.91	141.31	18327.33	155.61	61869.84	168.51
<b>Mean</b>	6315.50	112.06	15353.88	130.36	48847.12	133.04
<b>S.D</b>	916.90	16.27	2279.21	19.35	21309.27	58.04
<b>C.V</b>	14.52	14.52	14.84	14.84	43.62	43.62

Source: <http://www.apcob.org>; <http://www.krishnadccb.com>

**GRAPH- 1**  
**TREND OF CAPITAL, RESERVES AND BORROWINGS OF**  
**THE KRISHNA DCCB LTD.**



**INTERPRETATION**

The above table analyzed the funds of The Krishna DCCB Ltd. and their trend in terms of Capital, Reserves and Borrowings. The amount of capital is 5,635.72 lakhs in 2007-08, it has been gradually increased (except in the year 2009-10) and reached 7963.91 lakhs in 2014-15, with a percentage of 41.31 (141.31-100). In case of reserves, they are 11,777.81 lakhs in 2007-08 where as in 2014-15 it was recorded 18327.33 lakhs with 55.61% (155.61-100) growth trend. The borrowings of The Krishna DCCB Ltd. during the year 2007-08 are 36,716.87 lakhs, it has been fluctuating and finally the borrowings are recorded 61869.84 lakhs in the year 2014-15 with 68.51% (168.51-100) growth. The average growth of Capital, Reserves and Borrowings of The Krishna DCCB Ltd. is 112.06%, 130.36% and 133.04% respectively. The S.D of capital is 16.27%, Reserves are 19.35%, and borrowings are 58.04%. When compare to the Standard deviation of capital, reserves and borrowings, Capital have more consistent than reserves and borrowings.

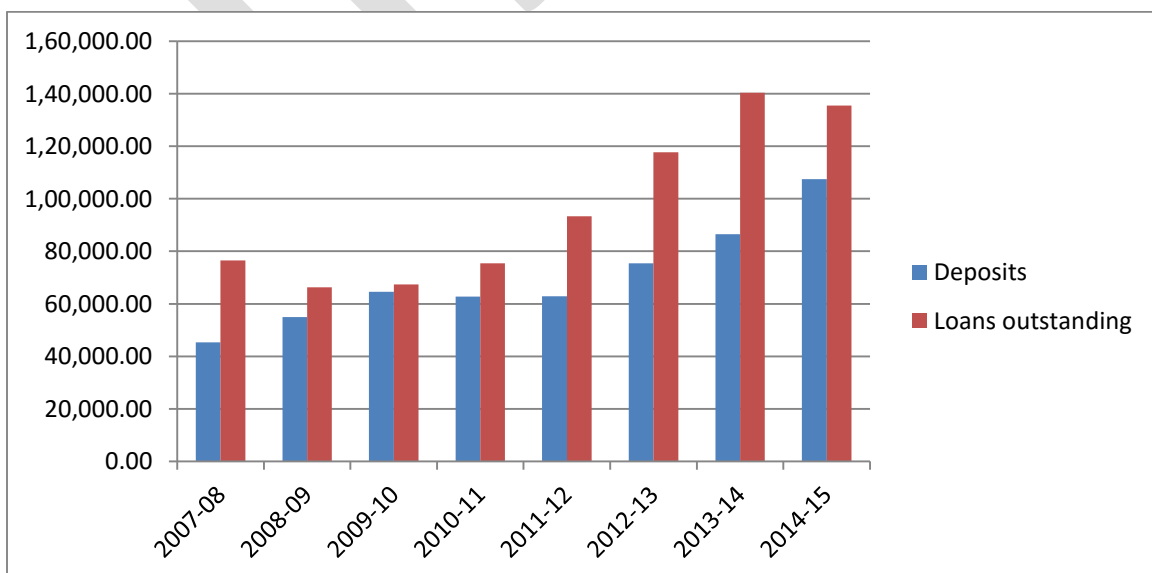
**TABLE - 2**  
**DEPOSITS, CREDITS AND C/D RATIOS OF THE KRISHNA DCCB LTD.**

(Rs. in lakhs)

Year	Deposits	Loans outstanding	C/D Ratio
2007-08	45,351.42	76,510.56	168.71
2008-09	54,971.99	66,342.73	120.68
2009-10	64,623.74	67,350.53	104.22
2010-11	62,750.98	75,484.08	120.29
2011-12	62,887.99	93,312.27	148.38
2012-13	75,367.92	117,784.04	156.28
2013-14	86494.78	140380.42	162.3
2014-15	107541.99	135538.02	126.03
<b>Mean</b>	69998.85	96587.83	138.36
<b>S.D</b>	19551.11	30502.85	23.52
<b>C.V</b>	27.93	31.58	17.00

Source: <http://www.apcob.org> ; <http://www.krishnadccb.com>

**GRAPH- 2**  
**DEPOSITS AND LOANS OUTSTANDING POSITION IN**  
**THE KRISHNA DCCB LTD.**



**INTERPRETATION**

The above table has been depicted that during the year 2007-08 the Deposits are registered Rs.45,351.42 lakhs it has been increased to Rs.107541.99 lakhs in 2014-15. The mobilization of deposits has been increased gradually during the study period, and the average deposits mobilized by bank is 69998.85. Whereas credit deployment of DCCBs in India is just Rs.76,510.56 lakhs in 2007-08, it has been increased to 1.77 times with an amount of 135538.02 lakhs in the year 2014-15. The average credit issued by the banks is Rs.96587.83 lakhs. These banks are Service oriented institutions which supply Credits to industry, trade and commerce, agriculture in the form of loans and advances for their smooth functioning.

While, the proportion of the Credit deployed to the deposit mobilized, popularly known as C/D Ratio, is one of the Parameter to assess the performance of a bank. The C/D Ratio of a bank in general, indicates the extent to which the depositor’s money is invested in credit. The Credit Deposit Ratio of The Krishna DCCB Ltd. from 2007-08 to 2014-15 is shown a fluctuating trend. The highest C/D Ratio of the banks estimated with 168.71% in 2007-08 and the lowest C/D Ratio 104.22% is recorded in the year 2009-10. The average C/D ratio during the study period 138.36%, with a variance of 17%. The S.D is 23.52 which is less it indicates high degree of uniformity of observations as well as homogeneity of the series.

**TABLE - 3**

**GROWTH OF INVESTMENTS BY THE KRISHNA DCCB LTD.**

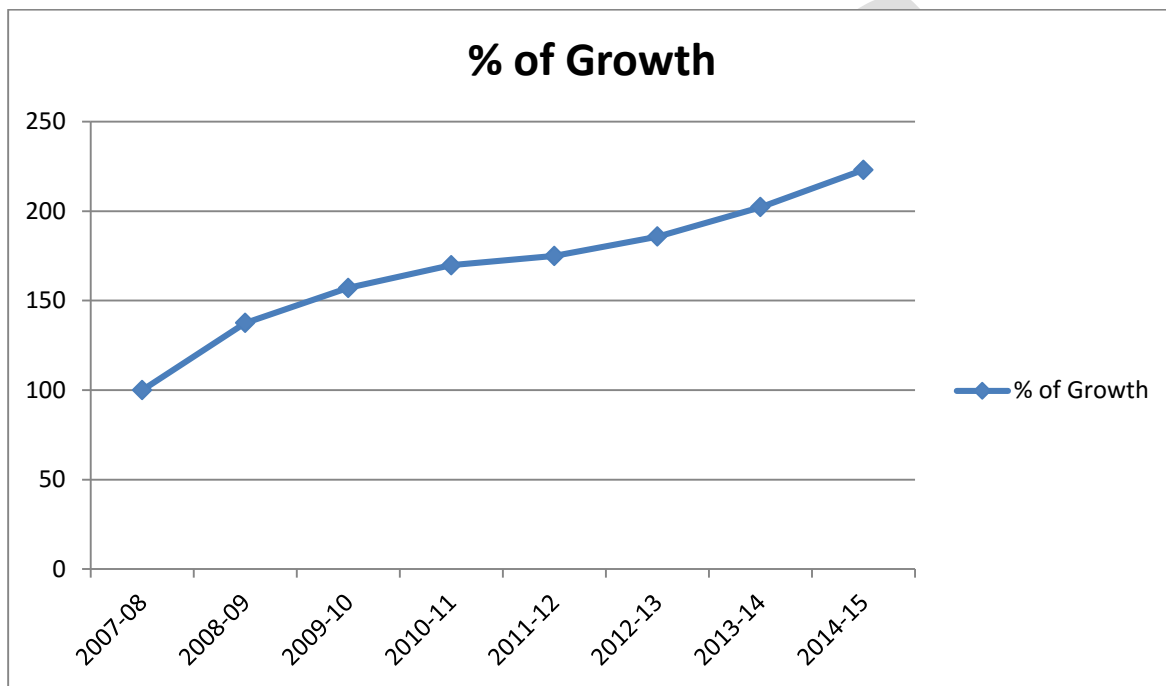
(Rs. in lakhs)

<b>Year</b>	<b>Investment</b>	<b>% of Growth</b>
2007-08	23,713.95	100
2008-09	32,614.61	137.53
2009-10	37,245.63	157.06
2010-11	40,262.39	169.78
2011-12	41,484.26	174.94
2012-13	44,063.22	185.81
2013-14	47970.47	202.29
2014-15	52898.89	223.07

<b>Mean</b>	40031.68	168.81
<b>S.D</b>	9071.54	38.25
<b>C.V</b>	22.66	22.66

Source: <http://www.apcob.org> ; <http://www.krishnadccb.com>

**GRAPH - 3**  
**GROWTH OF INVESTMENTS BY THE KRISHNA DCCB LTD.**



**INTERPRETATION**

The Krishna DCCB Ltd. has been investing its funds in different investment avenues. The details of investment by The Krishna DCCB Ltd. is investment in Govt. Securities, Other trustee securities, purchasing the Debentures of Land Development Banks, fixed deposits and other investments. The table-3 depicted growth pattern of investment by The Krishna DCCB Ltd., the investment in 2007-08 is Rs. 23,713.95 lakhs and it has been increased gradually year by year and recorded Rs. 52898.89 lakhs in the year 2014-15 with a growth rate 123.07 (223.07-100). The average investment of the bank is 40031.68 lakhs during the study period. The Standard Deviation is 9071.54 lakhs and the C.V is 22.66 which is less, it indicates high degree of uniformity of observations as well as homogeneity of the series.



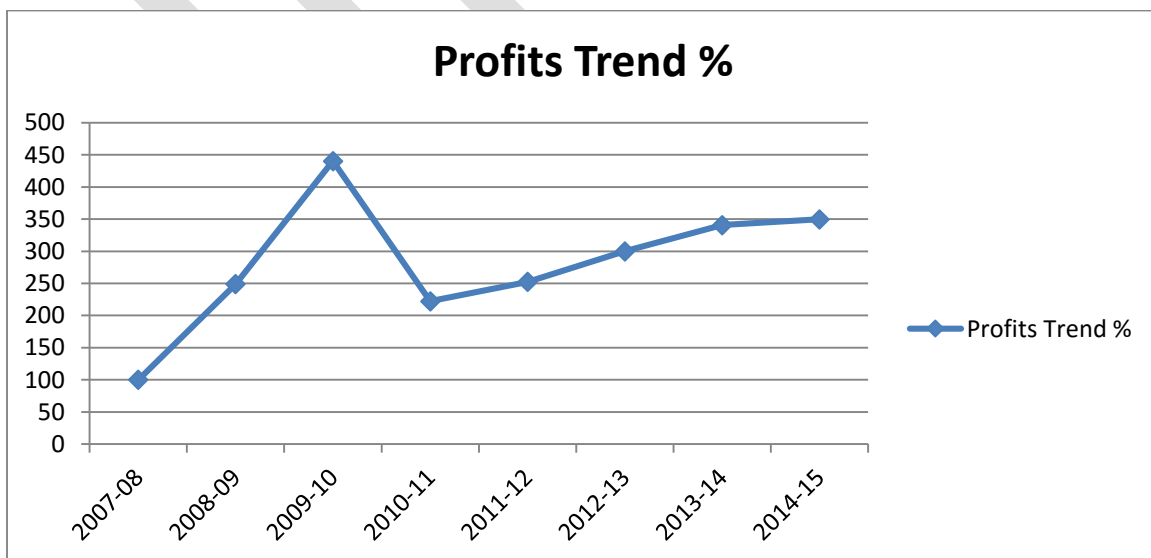
**TABLE - 4**  
**TREND OF PROFITS IN THE KRISHNA DCCB LTD.**

(Rs. in lakhs)

Year	Profits	% of Trend
2007-08	233.99	100
2008-09	582.21	248.82
2009-10	1,030.40	440.36
2010-11	519.95	222.21
2011-12	590.63	252.42
2012-13	701.81	299.93
2013-14	797.52	340.84
2014-15	818.16	349.66
<b>Mean</b>	659.33	281.78
<b>S.D</b>	237.50	101.50
<b>C.V</b>	36.02	36.02

Source: <http://www.apcob.org> ; <http://www.krishnadccb.com>

**GRAPH - 4**  
**TREND OF PROFITS IN THE KRISHNA DCCB LTD.**



## **INTERPRETATION**

The table-4 depicted growth pattern of profits in The Krishna DCCB Ltd., the profit in 2007-08 is Rs. 233.99 lakhs and it has suddenly increased to 1030.40 lakhs in 2009-10, with a growth rate 340.36 (440.36-100), afterwards it has been increased gradually year by year and recorded Rs. 818.16 lakhs in the year 2014-15 with a growth rate 249.66 (349.66-100). The average profit of the bank is 659.33 lakhs during the study period. The Standard Deviation is 237.50 lakhs and the C.V is 36.02 which is higher it indicates low degree of homogeneity as well as heterogeneity of the series.

## **SUGGESTIONS AND RECOMMENDATIONS**

- The Krishna DCCB Ltd., should also provide loans such as education loans, vehicle loans on par with commercial banks.
- The Bank should start deposit schemes such as kiddy banks, Weekly saving schemes, daily saving schemes, Women Deposit schemes, Student deposit schemes, Marriage deposit schemes, Pension deposit schemes, Reinvestment deposit scheme etc.,
- The Bank should try to upgrade technology. It should adopt the modern methods of banking like internet banking, credit cards, ATM, etc.
- The Bank should formulate customer friendly policies to face competition with commercial banks.
- The Bank should improve the customer services of the bank to a better extent

## **CONCLUSION**

The financial performance of The Krishna District Co-operative Central Bank Ltd., is analyzed using different statistical techniques. From the above analysis, it is concluded that the capital, reserves and borrowings increased almost one and half times during the study period. The Krishna District Co-operative Central Bank Ltd., has been maintaining on an average 138.36% of C/D ratio. It has been showing maximum growth (almost double) in investment. Finally profits of the Krishna DCCB Ltd., has been increased almost three and half times during the study period.

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