



Opportunities to Strengthen of District Central Cooperative Banks in Maharashtra

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Abstract

A State Co-operative Bank provides financial accommodation to DCC Banks in a state of Maharashtra. The first Central Co-operative Bank (DCCB) was registered in Uttar Pradesh as a Primary Societies. The period from 1906 to 1918 may be called, the period of origin of DCC Banks in India. The number of DCC Banks went into increasing from 233 in 1919-20 to 588 in 1929-30. According to 2012-13, 372 DCC Banks and their 13656 branches with H.O. in India working significantly.

The Maharashtra state occupies very important role in economic development of India Co-operative credit structure has vital institutional arrangement for the development of agriculture and allied sectors in Maharashtra State economy, especially in rural. Co-operative credit structure in Maharashtra is a three tier structure. The District central cooperative banks have played a significant role in the social and economic development of the state particularly in the rural areas. The study has analyses the progress of DCCB with regard to, no of branches, Members, deposit mobilization, and outstanding advances, overdue regarding the working performance of the Bank.

The study is based on secondary sources. The data was collected from journals, books, reports of economic survey of Maharashtra and internet etc. In this paper researcher is focused credit movement in Maharashtra by DCCBs. The problems and challenges that cooperatives credit institutions face today are numerous. But government should give good support to these cooperative banks has potential solve problems of rural people because these banks organized on cooperative basis.

Introduction

The District Central Cooperative Banks (DCCBs) in Maharashtra play a pivotal role in fostering the rural economy by providing financial services to farmers, agricultural workers, and rural entrepreneurs. However, there are several opportunities to further strengthen these banks and enhance their impact on the agricultural sector and rural communities. By capitalizing on these opportunities, DCCBs can improve financial inclusion, expand their credit facilities for farmers, invest in capacity building, embrace technology, foster partnerships, strengthen risk management and governance, enhance customer outreach and awareness, diversify their services, implement monitoring and evaluation mechanisms, and advocate for favorable policies. These measures will not only bolster the operations of DCCBs but also contribute to the overall development and growth of rural Maharashtra.

The District Central Cooperative Banks (DCCBs) in Maharashtra are integral components of the rural economy, serving as crucial financial institutions for farmers, agricultural workers, and rural entrepreneurs. While these banks have made significant contributions to the development of the agricultural sector, there are numerous opportunities to further strengthen their operations and amplify their impact.

- I.To study Progress DCCBs in Maharashtra in its numbers, branches, and members.
- II.To analyses the growth of DCCBs Assessing Financial Performance
- III.To study profit and loss position of DCCBs
- IV.To offer suitable suggestions for the improvement of DCCBs in Maharashtra.

RESEARCH METHODOLOGY

Data Collection: The present study aims to examine the growth and progress of DCCB in Maharashtra. The analysis is mainly based on secondary sources of the data. The secondary data collected from the Reports of Economics survey of Maharashtra, journals, and internet website specially www.nafscob.com etc.

Scope of the study: The present study relates to DCCB in Maharashtra certain indicators has been studied like branches members, deposit, loans and advances, loan outstanding, overdue and profitability etc.

Table No 1 Progress of DCCBs in its numbers, no of branches and total members

Year	No of DCCBs	No of Branches including Head Offices	% Change	Total Membership	% Change
2005	31	3718		114612	
2006	31	3784	1.78%	116197	1.38%
2007	31	3677	-2.83%	118684	2.14%
2008	31	3678	0.03%	120404	1.45%
2009	31	3677	-0.03%	122272	1.55%
2010	31	3680	0.08%	123020	0.61%
2011	31	3715	0.95%	125235	1.80%
2012	31	3737	0.59%	125761	0.42%
Average	31	3708.25		120773.1	
CGR	0	-0.06		1.37	
Std, Div	0	36.00		3799.39	
CV	0	0.97		3.14	

Source: Various reports of the basic data on district central cooperative banks (2005 to 2012), retrieved from http://www.nafscob.org/ccb_f.htm

Above table refers the progress of DCCBs in its numbers, no of branches and total members during 2005 to 2012. The numbers of DCCB were constant with 31 during review period. The number of branches of DCCBs increase were 3718 in 2005 this increased to 3737 in 2012. There is very negative CGR -0.06 of DCCB during study period. The members of DCCBs have increased from 114612 lakhs to 125761 during 2005 to 2012. The value of coefficient variance is 3.14 of DCCBs in Maharashtra. It indicated that there is more consistency in members of DCCBs. There is very less CGR 1.37 of DCCB in terms of members.

Table No 2 Owned fund of DCCBs in Maharashtra

Year	Paid upShare Capital	% Change	Reserve Capital	% Change	Total Owned Fund	% Change
2005	99330		413201		512531	
2006	106537	7.26%	442693	7.14%	549230	7.16%
2007	113862	6.88%	477944	7.96%	591806	7.75%
2008	127788	12.23%	501643	4.96%	629431	6.36%
2009	136030	6.45%	567108	13.05%	703138	11.71%
2010	157644	15.89%	579580	2.20%	737224	4.85%
2011	164600	4.41%	619860	6.95%	784460	6.41%
2012	187338	13.81%	658656	6.26%	845994	7.84%
Average	136641.1		532585.6		669226.8	
CGR	9.54		6.95		7.48	
Std, Div	28915.85		81537.83		110016.7	
CV	21.16189		15.30981		16.43938	

Source: same as

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table no 1

Above table no 2 shows, owned funds in paid up share capital and reserves of a bank. The average owned fund was 669226 lakhs with CGR 7.48 during study period. This shows the stronger financial position of DCCBs. Simple growth rate was maximum of owned fund in 2009 because in 2009 DCCB reported profit with completely wiped out their loss.

Table No 3 Growth of deposit and loan and advances of DCCBs

Source: same as table no 1

Year	Deposit	% Change	Loan & Advances	% Change	Investment	% Change
2005	2464092		1396754		1199074	
2006	2611466	5.98%	1429082	2.31%	1211384	1.03%
2007	2707126	3.66%	1535153	7.42%	1195089	-1.35%
2008	3145457	16.19%	1894748	23.42%	1387425	16.09%
2009	3722517	18.35%	1648291	-13.01%	1911590	37.78%
2010	4357343	17.05%	2227679	35.15%	2255639	18.00%
2011	4687366	7.57%	2664923	19.63%	2359719	4.61%
2012	4867429	3.84%	3169819	18.95%	2281322	-3.32%
Average	3570349.5	0.103787	1995806	0.134112	1725155	0.104064
CGR	11.68		12.41		12.72	
Std, Div	911153.56		602392		495469.2	
CV	25.5200103		30.18289		28.72027	

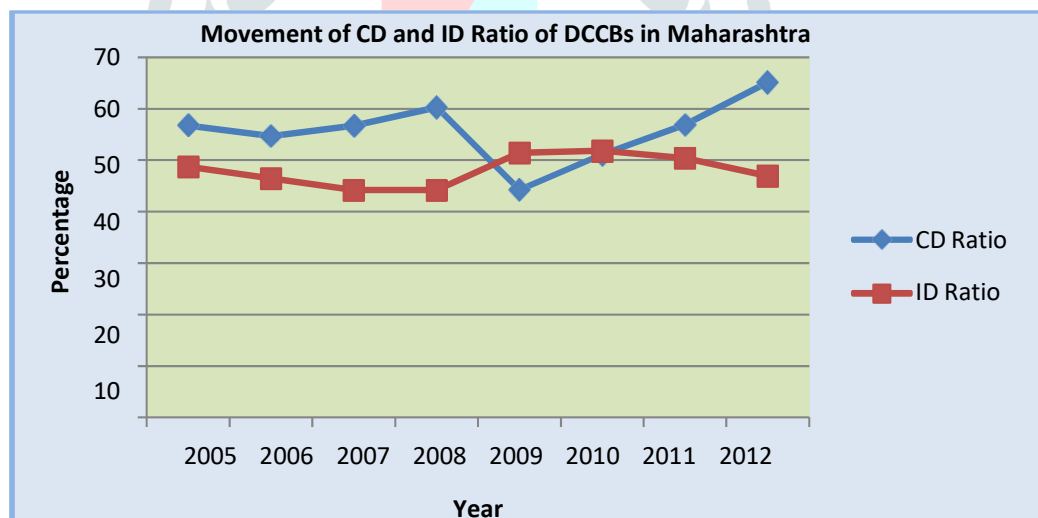
Table No 4 Movement of branch productivity, CD ratio and ID ratio of DCCBs

Year	Branch Productivity	% Change	CD Ratio	ID Ratio
2005	1038.42		56.68	48.66
2006	1067.79	2.83%	54.72	46.38
2007	1153.73	8.05%	56.7	44.14
2008	1370.36	18.78%	6.23	44.1
2009	1460.64	6.59%	44.27	51.35
2010	1789.4	22.51%	51.12	51.76
2011	1979.08	10.60%	56.85	50.34
2012	2150.72	8.67%	65.12	46.86
Average	1501.2675	0.111463	48.96125	47.94875
CGR	12.05			

Source: same as table no 1

Table no 4 provides the information about branch productivity of DCCBs in Maharashtra. During the eight year period of 2005 to 2012, there was increasing trend of overall branch productivity from 1038.42 to 2150.26 with CGR 12.05 per cent during review period. Credit deposit ratio and Investment deposit ratio of the DCCBs during the study period. Above data shows, there is inverse relationship between Investment deposit ratio and cash deposit ratio. The CD ratio was higher 56.68 per cent in 2005 this increased to 65.12 per cent in 2012. After 2010 investment deposit ratio has decline and therefore cash deposit ratio has increased. In 2012 Investment-deposit ratio has declined and CD ratio has increased it indicates that banks was investing less in government and other securities and giving more credit to people. The outlook of CD and ID ratio is presented in following diagram no 1

Diagram No 1



Overdues of district Central cooperative banks in Maharashtra

Year	DCCB	% change
2007	5534	
2008	7752	40.08%
2009	7328	-5.47%
2010	5248	-28.38%
2011	5850	11.47%
2012	6804	16.31%
Average	6419.33	
Std. Dev.	933.60	
CV	14.54	
CGR	-0.49	

Source: same as table no 1

Timely recovery of loans not only keeps the business running but also benefits the borrowers by reducing the load of debt and making them eligible for getting loans in future. If the outstanding loan increases, it becomes overdues. The high amount of overdues causes due to low recovery. It is observed from Table 5 that the amount of loans overdue has gradually increased Rs.5534 corer in 2007 to Rs.6804 corer in 2012. It was maximum in 7752 lakhs in 2008 and minimum in 5248 lakhs in 2010 during the study period.

Table No 6 Profit and Loss of DCCBs

Year	Profit & Loss(-)	% Change
2005	32754	
2006	-20820	-163.56%
2007	-37525	80.24%
2008	-31561	-15.89%
2009	13199	-141.82%
2010	-10160	-176.98%
2011	-15967	57.16%
2012	-55642	248.48%

Profit is the renewal source of the business activity, DCCBs recorded highest profit with 32754 lakhs and 13199 in 2005 and 2009 respectively. DCCBs were incurring losses with 20820 lakhs, 37525 lakhs, 31561 lakhs, 15967 lakhs, and 55642 lakhs in years 2006, 2007, 2008, 2011 and 2012 respectively. It is shown in following diagram no 2

Diagram No.2

Year	DCCB	% change
2007	5534	
2008	7752	40.08%
2009	7328	-5.47%
2010	5248	-28.38%
2011	5850	11.47%
2012	6804	16.31%
Average	6419.33	
Std. Dev.	933.60	
CV	14.54	
CGR	-0.49	

Conclusion

In conclusion, the study of the growth and performance of District Central Cooperative Banks in Maharashtra has provided valuable insights into their operations, impact, and areas for improvement. The findings emphasize the need for continuous efforts to strengthen DCCBs, enhance their financial services, expand their outreach, and adapt to technological advancements. By addressing these areas, DCCBs can further contribute to the development and growth of the rural economy in Maharashtra, empowering farmers and rural communities for a sustainable future. The problems and challenges that cooperatives credit institutions face today are numerous. But government should give good support to these cooperative banks has potential solve problems of rural people because these banks organised on cooperative basis. Furthermore, the study has evaluated customer satisfaction levels and financial inclusion achieved by DCCBs. By understanding the experiences of customers in accessing financial services, the study has identified areas for enhancing customer service and expanding outreach to marginalized communities and underserved areas.

The capacity building initiatives undertaken by DCCBs have also been analyzed, emphasizing the importance of training programs to enhance the skills and knowledge of DCCB staff. This assessment has highlighted the role of well-trained employees in providing comprehensive financial advice and support to customers.

Lastly, the study has considered the policy and regulatory framework governing DCCBs. It has examined relevant laws, regulations, and guidelines, providing insights into the opportunities and challenges faced by DCCBs and their potential for policy advocacy.

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