



ISSN Print: 2394-7500  
ISSN Online: 2394-5869  
Impact Factor: 5.2  
IJAR 2016; 2(7): 974-977  
www.allresearchjournal.com  
Received: 29-05-2016  
Accepted: 30-06-2016

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## Financial performance of DCC bank with special reference to Vijayapur district

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### Abstract

A cooperative 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 banks are often created by persons belonging to the same local or professional community or sharing a common interest. Cooperative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts etc.). Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. Present paper attempts to examine the financial performance of DCC Bank of Vijayapur district through selective indicators. This paper also studies the percentage and growth rate of investment, working Capital, Shares, Loan Distribution and Profit in DCCB. To achieve the objectives of the paper data has been collected from various secondary sources and analyzed by using simple statistical tools.

**Keywords:** Credit, deposit, cooperative bank, district central cooperative banks (DCCBs), interest

### Introduction

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 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.). Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a co-operative federation or central body. Co-operative banking is retail and commercial banking organized on a co-operative basis. Co-operative banking institutions take deposits and lend money in most parts of the world. Co-operative banking, includes retail banking, as carried out by credit unions, mutual savings and loan associations, building societies and co-operatives, as well as commercial banking services provided by manual organizations (such as co-operative federations) to co-operative businesses

The structure of commercial banking is of branch banking type; while the cooperative banking structure is a three tier federal one as follows,

1. A State Co-operative Bank works at the apex level (ie. works at state level).
2. The Central Co-operative Bank works at the Intermediate Level. (ie. District Co-operative Banks Ltd. works at district level)
3. Primary co-operative credit societies at base level (At village level).

Late Sri Pandurangrao Desai & Late Sri R. K. Kembhavi Having put in meritorious service in cooperative, educational & social field, felt the necessity of establishing a District Central Cooperative Bank in the Cooperative sector which was transformed as a people's movement, founded this bank. The Bank was established on 28-07-1919 with initial Share Capital of Rs. 38,000 & deposit of Rs. 25,000/- as central financing agency under the Indian Cooperative Societies Act 1912. The Bank aimed at providing financial assistance to the public of Vijayapur District especially agriculturist & help for the effective functioning of rural cooperative societies and other societies / institutions in the cooperative field.

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The NABARD has rewarded the Bank as “Best Performing” Bank in the country under dry land/rained category and awarded 3<sup>rd</sup> National level prize during 1999-2000. The area of Operation extends to the whole of Vijayapur district. The district comprises of 644 villages & 5 Talukas. The bank has 28 branches throughout the district with its Head Office in Vijayapur city. The objective of the study to examine the financial performance of DCC Bank of Vijayapur. Methodology describes the research route to be followed to achieve the objectives of the paper data has been collected from various secondary sources like a) Annual Report of Bank b) Manual of instruction on loans and advances c) Books d) Articles and Research Paper e) Internet and analyzed by using simple statistical tools of analysis used and pattern of deducing conclusion.

**About the Bank**

- 1) It was established in 1919.
- 2) It is a co-operative bank.
- 3) D.C.C. means (District central co-operative bank).
- 4) The area of operation at that time was undivided Vijayapur district.
- 5) The bank bifurcated on 28<sup>th</sup> Feb 2003.
- 6) The area of operation of the existing bank restricted to newly Vijayapur district with effect from 1<sup>st</sup> March 2003.
- 7) The main branch is in Vijayapur city. In Vijayapur district there are 644 villages & 5 talukas are here.
- 8) There are 28 branches throughout Vijayapur district.

- 9) There are 746 co-operative credit societies they got their membership. In that 242 are primary Co-operative credit society & the bank except the membership & nominations.
- 10) The bank will accept 4 types of membership. a) State government. b) Co-operative society in Vijayapur district. C) Associate members (both individual & other than co-operative societies).
- 11) Co-operative means it is voluntary association of person who join together to safe guard their interests.
- 12) It is based on the principles of mutual self-help quality democracy & freedom.
- 13) Pandurang Desai started bank Vijayapur.
- 14) They started bank with Rs. 38,000 share capital &Rs. 25,000 as deposit.
- 15) In the board of Director there are 13 members.
- 16) Elected members -----09. 17) Ex officio members -----02.
- 17) Representative of apex bank ----01.
- 18) State Government nominee----04.
- 19) Period of Board of management is 5 years.
- 20) Board of Directors elects President & Vice-President.
- 21) The period of President & vice-president is 1term-2.5 years & 2 terms – 2.5 years.

The following table 1 explains that particular and year wise financial performance of DCC Bank Vijayapur since 2010-11 to 2014-15, this percentage indicates the difference between target and achievement of DCC bank.

**Table 1:** Financial Performance of D C C Bank, Vijayapur since 2010-11 to 2014-15

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Shares	91.30	88.59	93.22	96.49	89.75
Funds	96.99	92.65	101.13	104.45	98.33
Deposits	90.60	89.83	87.26	84.86	85.69
Borrowing Loans	88.88	83.00	86.77	88.84	93.70
Liabilities	73.91	90.90	94.21	86.93	94.97
Balance Loans	94.03	86.79	90.52	88.55	87.12
Loans Distribution	88.57	91.34	89.65	89.41	88.92
Working Capital	90.63	88.75	90.05	88.58	87.81
Profit	77.89	83.42	66.26	67.63	81.69

Source: Annual Report 2010-11 to 2014-15

The financial performance like target was not reached at every year except 2012-13 & 2013-14 which comes under fund mobilized i.e, 101.13% & 104.45%. Other hand achievement always lacking behind the target at every items in general profit in particular heights 104.45% of achievement has been achieved in funds during 2013-14 and lowest 66.26%, and 67.63% in profit during the year 2012-13 & 2013-14 followed by 73.91% in reserves in the year

2010-11. On the Basis of above Table if can be concluded that target has not been reached it shows that bank is not working properly in the financial matter due to lack of in efficiency of administrations recovery of loan, generation of funds & distribution of fund, awareness of the people etc. Year wise total percentage of financial performance of DCC Bank, Vijayapur since 2010-11 to 2014-15 is shows in table no. 2.

**Table 2:** Year wise Total Percentage of Financial Performance of DCC Bank

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Shares	15.52	16.28	20.55	21.27	26.38	100
Funds	18.03	18.1	19.76	21.64	22.46	100
Deposits	12.99	15.45	18.19	24.33	29.04	100
Borrowing Loans	12.2	14.37	26.94	17.18	29.31	100
Liabilities	8.53	14.3	24.7	25.08	27.39	100
Balance Loans	14.85	15.48	20.29	20.75	28.63	100
Loans Distribution	12.73	18.29	21.12	18.96	28.91	100
Working Capital	13.15	15.39	21.39	22.06	28.01	100
Profit	21.88	17.57	18.61	19	22.94	100

Source: Annual Report 2010-11 to 2014-15

The total percentage shows that yearly distributed out of total percentage it may be calculated particular year to total sum, the highest percentage recovered among all items 2014-15 compared to four years there is low percentage in 2010-11 period. Followed by 2011-12 the highest percentage in 2014-15 that is 29.4% in Deposits followed by 29.31 in bank loan during some of period so which was lowest in 2010-11 in the same period loan distribution was very less. From above table so it is concluded that uncial

two years the percentage particulars where very low so which have been increased more during 2014-15, So its shows that average percentage has been increased after 2012-13. On other hand it is positive indicator in financial performance among all items.

Table 3. Reveals that year wise growth rate of financial performance of DCC Bank, Vijayapur. Science 2010-11 to 2014-15.

**Table 3:** Year wise Growth rate of Financial Performance of DCC Bank

Particulars	2011-12	2012-13	2013-14	2014-15
Shares	4.90	27.56	4.64	32.93
Funds	0.38	9.18	10.45	4.56
Deposits	18.98	21.10	47.24	36.23
Borrowing Loans	17.74	102.98	-79.91	99.36
Liabilities	67.72	122.01	4.35	27.18
Balance Loans	4.22	32.42	3.11	53.03
Loans Distribution	43.69	22.23	-16.99	78.17
Working Capital	17.09	45.62	5.12	45.21
Profit	-19.67	4.73	1.76	18.05

**Source:** Annual Report 2010-11 to 2014-15

The highest 67.72% of growth rate was reserve followed by 18.98% in deposits and lowest 0.38% imp fund generation in the year 2011-12 in the same year there where negative growth rate that is -19.67% in profit on the other hand the growth rate of Bank loan & Reserves has bank increased tremendously that is 102.98% & 122.01% in the year 2012-13 there is positive growth rate among all particulars during the same year, Negative rate can seen in bank loan that is -79.91% in 2013-14 which was highest in previous year followed by -16.99% in loan distribution s, The growth rate in financial performance increased among all particulars during 2014-15 highest 99.36% growth rate was bank loan followed by 78.17% in loan distribution & lowest growth rate 4.56% in funds there was no negative growth rate in same year. It is summarize that growth rate financial performance is better for every year on the other hand there is always positive growth among all particulars except Bank loan, loan distribution and profit positive growth rate is good indicator for financial traction of DCC Bank, Vijayapur.

#### Weakness

- High oriented cause due to excessive labor force.
- Low turnover of funds resulting in low profits.
- Defective marketing strategy lacks effective advertising and publicity.
- Needs updating with the times in terms of effective utilization of funds.
- R&D is not effective in as much as it has not made any brake through in new products & policies.
- The large proportion of the target area is formers. It has very few offers to general loans like house loans & other loans.
- Unskilled labor coupled with excess labor hampers profitability and Product lies under utilized

#### Findings and Conclusion

The following are major findings of financial performance of DCC Bank, Vijayapur these are (1) Target has not been reached for every year there is a wide gap between target and achievement due to same problem, it may be Financial

management, Loan Distribution, Recovery Loan, Generation of Funds, etc. year wise average and percentage of particular has been increased after 2012-13 which is the positive indicator of financial transaction and the growth rate of financial performance is better during five year period 2010-11 to 2014-15.

It is point out that DCC Bank working in Such & good way which got award for 3 times concern to financial performance especially Vijayapur is one backward districts among 29 districts of Karnataka, DCC bank play very vital role at grass root level in general agricultural in particular which helps to Come up from financial problem particular agricultural formers that back bone of Indian economic if it works in the some directions there is no doubt if will become Nationalized Bank in future.

#### Suggestions

1. The banks should adopt the modern methods of banking like internet banking, credit cards, ATM, etc.
2. The banks should plan to introduce new schemes for attracting new customers and satisfying the present ones.
3. The banks should plan for expansion of branches.
4. The banks should improve the customer services of the bank to a better extent.

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