

CHAPTER - V
FINDINGS AND SUGGESTION

- 5.1 FINDINGS AND CONCLUSIONS
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5.1 FINDINGS AND CONCLUSIONS :

On the basis of data presentation, Analysis and interpretation the findings and conclusions of the Sangli District Central Co-operative Bank Ltd., Sangli are as follows-

Financial Position -

Financial position of the Sangli DCC Bank in the study period is expressed by the following tables for the year ended 2006 2007 and 2008.

Table No. 5.1

Financial Position of the Sangli DCC Bank Ltd., Sangli

(Rs. in Lakhs)

Particulars	Amount		
	2005-06	2006-07	2007-08
Sahre Capital	4706.31	4868.91	5131.41
Reserve Fund	10322.86	11064.99	12656.36
Deposits	123206.89	114448.38	123937.15
Investment	57563.30	43141.24	54156.84
Borrowed Fund	17935.21	21603.08	19664.34
Owned Fund	100372.60	108886.62	104753.93
Working Capital	172040.22	165709.94	173881.41
(+) Net Profit/(-) Net Loss	-452.53	-5.38	+75.81

(Source : Chapter No. II and III)

1) Membership -

Bank has to work in the district level. The members in the year 2005-06 was 4133 of which 3770 were Co-operative societies and 363 were Individuals. In the year end 2006-07 the total members were 4176 of which 3811 co-operative societies and 363 were individuals. In the year end 2007-08 the total members were increased up to 4194 of which 3829 co-operative societies members and 363 were individual members.

The membership of the DCC bank is increased year after year in the study period.

2) Share Capital -

Share capital for any business activity is very important. In the year end 2005-06 the paid up capital of Sangli DCC Bank was 47,06,31,100/- only, in the year 2006-07 the paid up capital was 48,68,91,200/- only and in the year 2007-08 Rs. 51,31,40,800/- only paid up capital.

The share capital of the bank is increased than of previous years and that is satisfactory for the bank.

3) Reserve and Other Fund -

Every commercial bank maintains a reserve fund. This fund is the amount accumulated over the years out of undistributed profits. The bank may use this fund to meet any unexpected losses. Besides reserve fund the bank may have other reserves like, Dividend Equalisation fund, Secret Reserves, Reserve for Bad and Doubtful Debts etc.

The total reserves of Sangli DCC bank in the year 2005-06 was Rs. 1,03,22,87,365/- and in year 2006-07 was Rs. 48,68,91,200/-. In the year 2007-08 the total reserves were Rs. 51,31,40,800/- only.

The reserves were decreased in the year 2006-07 than previous year.

4) Deposits -

Deposits from the people constitute the most important item on the liabilities side in the balance sheet. The efficiency of a bank depends upon its ability to attract deposits. Deposits represent what the people have deposited with the bank. The depositors are the owners of it, not the bank. Therefore, deposits are shown on the liabilities side of the balance sheet.

The total deposits of the Sangli DCC bank in the year 2006 were Rs. 1,23,206.89 and Rs. 114,448.38 in the year end 2007. The total deposits in the year 2008 were Rs. 1,23,937.15.

The speed of deposits increased than previous year by 10.60% in the year 2006. But in the year 2007 the speed decreases by 7.11%. After that the deposits in the year 2008 was in the better condition and the percentage increased by 8.29%

5) Borrowings from Other Bank -

A commercial bank may borrow from the central bank and NABARD on certain occasions when it faces the problem of liquidity and is in need of cash to meet the demands of its customers.

The total borrowings from other banks in the year 2006 were Rs. 23,999, in the year 2007 were Rs. 23600 and in the year 2008 the total borrowings were Rs. 18,945.

In the study period the total borrowings were decreased.

6) Investment -

Investments are referred to as 'earning assets' and constitute the 'forth line of Defence of the bank.

The total investment amount in the year end 2006 were Rs. 5,75,63,30,300/-. In the year end 2007 Rs. 4,31,41,24,400/- and the year end 2008 the total investment of the bank were Rs. 5,41,56,84,400/-.

The investment of the Sangli DCC bank was decreased in the study period.

7) Branches -

The bank was provided in all over Sangli district by its branches various banking services easily and effectively in the way of development by cooperation.

By its branches bank give facilities to co-operative societies, farmer members, depositors and borrowers in the Sangli district.

The total branches of Sangli DCC bank Ltd., Sangli, in the year 2006 and 2007 were 220 out of which 107 branches (including Head office) was computerised. In the year 2008 the branches decreases up to 218 about that 106 branches (including Head Office) were computerised.

8) Working Capital -

Working capital is very important for the day today transactions of the business.

The satisfactory increase in the year 2008 than the year 2007 of the Sangli DCC bank.

9) Net Profit -

The Sangli DCC bank was suffer from loss from the year 2005. In the year 2006 there was total loss of Rs. 452.53/- lakhs, in the year 2007 the bank was get profit of Rs. 409.59/- lakhs and in the year 2008 there were profit of Rs. 75.81/- lakhs.

There were better net profit in the year 2007 and 2008 than of previous years.

10) Dividend -

Dividend is the amount paid to the shareholders of the company. But the bank was suffer from loss, hence the dividend was not distributed after the year 2002-03.

11) Primary Agricultural Loan Supply -

A) Short term agricultural loan distribution -

Bank was distributed in the year 2006 Rs. 8668.73 lakhs, in the year 2007 Rs. 11555.35 lakhs and in the year 2008 Rs. 10303.51 lakhs short term agricultural loan were distributed of which 1711.41, 1895.02 and 3402.82 lakhs of amount in debts.

B) Medium term loan for agriculture -

In the year 2006 the total medium term loan to agriculture sector were distributed Rs. 1678.24 lakhs of which Rs. 767 lakhs were in debts. In the year 2007 the total distribution were Rs. 2426.99 lakhs of which Rs. 744.11 lakhs in debts and in the year 2008 Rs. 1374.18 lakhs distributed of which 632.58 lakhs were in debts.

C) Long term loan for agriculture -

In the year 2006 the long term loan of Rs. 949.07 lakhs distributed and Rs. 812.19 lakhs were in debts. In the year 2007 the loan distributed were Rs. 731.35 lakhs of which 944.31 lakhs in debts and in 2008 Rs. 287.10 lakhs distributed and Rs. 1161.47 lakhs in were in debts.

D) Collection of Medium and Long term Loans -

The percentage of collection of loans in the year 2006, 2007 and 2008 was as follows. Percentage of collection were 25.32%, 25.55% and 17.41% respectively.

The percentage of collection were decreases every year and this was the recovery problem faced by the bank.

The Sangli DCC Bank were provided agricultural short term and medium term loan to purchase milk giving animals, construction of cattle shades, purchase of sheep or goats, small water supply skims, water supply skims, poultry farming, development in agricultural units, biogas, green house, purchase of agricultural land, Central Government proponent skim of warehouse and the viticulture project is provided for long term agricultural loan.

12) Non Agricultural Loan Supply -

A) Cash Credit and Mortgage Loans -

In the year 2006 the bank were distributed Rs. 12,221.52 lakhs as cash credit and mortgage loan and Rs. 2979.54 lakhs was in debts. In the year 2007 total Rs. 14,498.99 lakhs and Rs. 2248.67 lakhs in debts. In the year 2008 the bank distribute Rs. 11,302.72 lakhs to 469 members and in debts Rs. 2073.69.

The increase in the distribution of cash credit in the year 2007.

B) Medium term loan to non-agricultural sector -

In the year 2006 Rs. 2722.54 lakhs medium term distributed of which Rs. 138.11 lakhs were in debts. In the year 2007 Rs. 2959.35 lakhs distributed of which Rs. 161.56 lakhs in debts and in the year 2008 Rs. 2901.66 lakhs medium term distributed of which Rs. 162.34 lakhs in debts.

The total debt amount of medium term loan is increases every year and this is not satisfactory to the bank.

The Sangli DCC Bank provides medium term non-agricultural loan to the Kharedi Vikri Sangh, Consumer Society, Rural artisans Society, Labour and Other Co-operative Society, Public Co-operative banks, Public Co-operative Credit Society and Salaried

People's Society, Milk Supply groups and Milk Societies, Small Industries, loan to farmers home construction and loans to government / semi government and teachers, pensioners etc.

13) Agricultural Industrial Co-op. Societies Loan Supply -

A) Guarantee and Mortgage Loan -

The provided in the year 2006 to total 68 societies Rs. 25026.50 lakhs guarantee and mortgage loan of which Rs. 5627.58 lakhs in debts. In the year 2007 Rs. 30879.75 lakhs distributed to 65 societies of which Rs. 5570.97 lakhs in debts. and in the year 2008 the total loan of Rs. 24681.08 lakhs distributed to 52 societies of which 5376.73 lakhs in debts.

The above loan supply is decreases in the year 2008.

B) Medium term agricultural Industries Loan Supply -

In the year 2006 loan supplied of Rs. 24515.73 lakhs to 58 societies of which Rs. 7535.96 lakhs in debts. In the year 2007 the total medium term loan provided up to Rs. 17613.28 lakhs to 56 Industrial societies of which Rs. 6682.24 lakhs in debts and in the year 2008 Rs. 27555.88 lakhs distributed of which 6845.77 lakhs were in debts.

The amount of medium term loan decreased in the year 2007 but after that in 2008 the distribution again increases.

The Bank distributed Guarantee and mortgage loan and medium term loans to the agricultural industries of sugarcane industries, textile industries, processing industries, Industrial Co-op Societies, weaving societies, Direct loan to industrialists etc.

14) Bank also facilitate the programme of loan exemption and loan contribution from the year 2008. The total 693 development Societies of total 103043 members up to Rs. 25374.12 lakhs collected under that programme.

15) In the bank services the self saving group is the programme for the weak and needed persons in the district and the above programme is successfully get benefit to the poor and helpless components.

- 16) The current ratio and debt equity ratio of the bank is fluctuating in the study period.
- 17) Bank also faces the NPA problem and this is necessary to more provision for the NPA's of the bank.
- 18) The deposits ratio of the Sangli DCC bank is reduced in 2006 and 2007.
- 19) Working capital also decreases in the study period.
- 20) Net profit ratio is in minus. So bank has to get concentrate on Net profit ratio for improvement.
- 21) The fixed Assets ratio is reduced in the study period.

5.2 SUGGESTIONS :

The following suggestions can be made to improve the working of the Sangli District Central Co-operative Bank Ltd., Sangli.

- 1) The Sangli DCC Bank should render various banking services and facilities to their clients.
- 2) With a view to increase their deposits, the bank should have a better network of branches.
- 3) The chairman and directors should used their good offices for augmenting the deposits of the bank.
- 4) Procedural delays in sanctioning and actual disbbursements of loans should be reduced to the minimum.
- 5) Efforts should be made for prompt recovery of overdues.
- 6) The bank should link their loans with the sowing and harvesting seasons.
- 7) In orderf ot enhace their orperational efficiency, the bank should give proper training to their staff.

- 8) A corollary to the above, the bank should have a systematic method of recruitment, promotions and increments for the staff.
- 9) There should not be any political incursion and administrative encroachment in the working of this bank.
- 10) The bank should put in efforts to help and guide their affiliated societies, enhance their efficiency and convert them into viable units.
- 11) Concrete steps should be taken to stop politicisation of rural credit system.
- 12) Steps should be taken to cater to the long term credit needs of the small farmers.
- 13) Steps should be taken for effective supervision, inspection and regular audit of this bank.
- 14) Punitive action should be taken against persistent and wilful defaulters and sustained efforts should be made to recover the outstanding loans.