

**Performance Evaluation of District Central Co-Operative Banks of Rajasthan**

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**Abstract**

As the banking sector is considered a vital segment of a modern economy, its efficiency is of vital importance. In order to ensure a healthy financial system and an efficient economy, banks must be carefully evaluated and analyzed. While banks help business organizations by rendering a wide range of products and services, the products and services are more or less identical from one bank to another, and there is little scope for differentiating between them. Therefore, it is necessary to measure the banks' individual performance to determine their contribution to business development. Banks are growth-driver and the banking business is wide open to various risk, such as credit risk, liquidity risk, interest risk, market risk, operational risk and management risk. Apart from these risks the very important risk is recovery of NPA. The healthy financial position of a bank depends upon the recovery of loans or its level of Non-performing assets (NPAs). Reduced NPAs usually gives the impression that banks have strengthened their credit appraisal processes over the years and growth in NPAs involves the necessity of provisions, which bring down the overall profitability of banks. One of the basic objectives of co-operatives is economic and social welfare of its members and NPA has become a hurdle in the performance of Co-operative Banks. Ratio Analysis has been used to obtain a quick indication of Banks' financial performance in several key areas; the ratios are categorized as Total Provision Ratio, Shareholder's Risk Ratio, Problem Asset Ratio, and Depository Safety Ratio. An attempt is made, in this paper, to analyze the performance of District Central Co-operative Banks of Rajasthan by looking at the difference in the ratios of all 29 DCCBs.

**Key Words:** Non-Performing Assets, District Central Co-operative Banks, Rajasthan State Co-operative Banks.

**Introduction**

A nonperforming Asset (NPA) is characterized as the order of advances based on monetary organizations that has obtained cash from the bank in return of the rule and premium cash that must be paid in planned interims. Assist a nonperforming obligation is the point at which the borrower isn't making any premium installments or paying the guideline cash to the bank

for whatever length of time that a standard time of 90 days. In many cases, obligation is named nonperforming when credit installments have not been made for a time of 90 days. In any case, the length of slipped by time may either be shorter or longer dependent upon the terms and conditions put forward in each advance.

This research study is in view of the

fact that, the co-operative banks are mainly based in rural areas and have proved that maximum co-operative sector damaged its reputation because of high position of NPA which effect ultimately the economic development of the state and nation. If NPAs are not properly managed, it can cause financial and economic degradation, which in turn signals an adverse investment climate. To evaluate the performance of DCCBs few ratios have been calculated those are categorized as Total Provision Ratio, Shareholder's Risk Ratio, Problem Asset Ratio, and Depository Safety Ratio.

**Total Provision Ratio:** Finding this ratio indicates the degree of safety measures adopted by the banks. It has direct bearing on the profitability, dividend and safety of shareholder's fund. If the provision ratio is less, it indicates that the bank has made under provision.

$$\text{Total Provision Ratio} = \frac{\text{Provision}}{\text{Net NPA}} * 100$$

**Shareholder's Risk Ratio:** Like depositors, the shareholders are also exposed to great risk if tenet NPA is positive or more than zero. Hence it is necessary to see that the Shareholder's funds are safe in view of the NPA. So, this ratio becomes important from the viewpoint of the shareholders.

$$\text{Shareholder's Risk Ratio} = \frac{\text{Net NPAs}}{\text{Total Capital \& Reserves}} * 100$$

**Problem Asset Ratio:** The Problem assets ratio shows the proportion of Gross NPA to Total Assets. If the Problem Asset Ratio is decreasing, it

indicates that the bank's NPA is also decreasing.

$$\text{Problem Asset Ratio} = \frac{\text{Gross NPA}}{\text{Total Asset}} * 100$$

**Depositor's Safety Ratio:** Due by awareness of depository towards safety of their money deposited in a bank they are forced by study the proportion of standard assets of the bank by the outside liabilities, mostly consisting of their deposits. The higher ratio is indicating more safety of the depository.

$$\text{Depositor's Safety Ratio} = \frac{\text{Total Standard Assets}}{\text{Total Outside Liabilities}} * 100$$

These ratios will help to know the current position of all 29 DCCBs of Rajasthan.

### Review of Literature

**Banerjee R., Verma D., & Jaiswal B.** (2018) attempts to understand what has been the status of the Gross NPAs and Net NPAs in both the private sector banks and public sector banks during the last few years (2009-2016) and to analyze whether it has any impact on the asset quality of the banks or not, and the finding of this paper depicts that Private sector banks are better performers than public sector banks as their GNPA & NNPA are comparatively quite low than public sector banks, also there is an increasing trend of the GNPA for both SBI & PNB over the years, the paper concludes that asset quality management is better in SBI as compared to PNB whereas, in case of private banks, asset quality management of AXIS bank is good in

comparison with HDFC bank.

**Mittal R.K. & Suneja D.** (2017) attempts to first examine the level of NPAs in the banking sector in India and then analyze the causes for increasing NPAs. In the final part of the paper, measures, which banks can take to reduce their NPAs, have been suggested. The study also compares the performance of the public sector banks with the private sector banks it shows that the magnitude of NPAs is increasing in public sector banks as compared to the private sector banks. Therefore banks need to effectively control their NPAs in order to increase their profitability and efficiency.

**Mishra M.U. & Pawaskar R.J.** (2017) examined the impact of NPA on Bank of Maharashtra which concludes that the bank had an increasing trend of NPA in last four years. Paper concludes that the bank needs to be proactive in the selection of clients and customers while sanctioning of loans. The operation of the bank was wide enough to cater to the needs of broad spectrum of the society and economy of India at large.

**Kumar S, Kumar J.V.** (2014) attempts to analyze the performance of public sector, private sector and foreign banks. All commercial banks have been taken into accounts for a period of six years to examine the state of NPA. It states that The public sector banks are required to lend money to weaker sections of the society also, where the chances of recovery is almost negligible. It discuss about the decline of public sector banks but fails to highlight that how it overcome the

issue of lending money to weaker sector and overcome the NPAs comparing to private sector banks.

### **Objectives of the Study**

Following are the main objectives:

1. To analyze the trends of NPA in District Central Co-operative Banks.
2. To analyze the performance of District Central Co-operative Banks.
3. To suggest improvement in monitoring and reducing the NPA.

### **Hypothesis**

**Ho<sub>1</sub>:** There is no significant difference in the performance of all 29 DCCBs in Rajasthan.

### **Research Design**

The descriptive research design is used for the analysis and it is essentially a fact-finding approach. It aims to explain the behavior and characteristics of an individual or group characteristics and to determine the frequency with the same things occurs.

- **Data Collection:** The study is based on secondary data pertaining to the period 2011-12 to 2015-16. The data pertaining to banks was sourced from annual reports of banks.

- The data collected is mainly **secondary** in nature. The sources of data for this research include the literature published by Rajasthan State Co-operative Bank (APEX Bank) progress reports, Journals, Books dealing with the current banking scenario and research papers.

- Analytical Tools of Data Analysis:

- Trend Analysis has been done to achieve the objective of the study. **Trend analysis** is the process of comparing data over time to identify any consistent results or trends. In the present study Index number has been used to identify the trends of NPA in the last five year from 2011-12 to 2015-16.
- **Ratio Analysis:** Ratio Analysis is a form of Financial Statement Analysis that is used to obtain a quick indication of a firm's financial performance in several key areas.
- One-way ANOVA has been applied on hypothesis testing.

$$\text{Trend Index} = \frac{\text{Selected period}}{\text{Base period}} * 100$$

Index numbers allow us to quickly compare the percentage change of an item to its value in a base year and make it easier to see performance trends. An index number for trend analysis is calculated by assigning a value of 100 (or 100%) to a base period, usually the first (oldest) period in time, so in this study the base year is 2011-12 which is assigned with 100% and the rest percentage changes can be seen through the table below.

**Table 1: Trends of NPA of Last Five Years (2011-12 to 2015-16)**

The base year is 2011-12 in this table  
(Amount of NPA Rs.in Lakhs)

S. No.	Name of the DCCBs	2011-12		2012-13		2013-14		2014-15		2015-16	
		Amount of NPA	% increase/Decrease	Amount of NPA	% increase/Decrease	Amount of NPA	% increase/Decrease	Amount of NPA	% increase/Decrease	Amount of NPA	% increase/Decrease
1	Ajmer	844.89	100.00	788.06	93.27	739.33	87.51	643.8	76.20	1224.51	144.93
2	Alwar	1720.94	100.00	1326.1	77.06	1163.53	67.61	1619.15	94.09	1613.27	93.74
3	Banswara	353.71	100.00	560.33	158.42	498.77	141.01	709.51	200.59	938.71	265.39
4	Baran	876.43	100.00	898.82	102.55	900.24	102.72	1459.57	166.54	1639.65	187.08
5	Barmer	1472.69	100.00	1794.15	121.83	2354.5	159.88	2237.76	151.95	3670.14	249.21
6	Bharatpur	2153.99	100.00	2133.36	99.04	1484.97	68.94	2814.93	130.68	2550.86	118.42
7	Bhilwara	499.54	100.00	492.7	98.63	533.41	106.78	562.66	112.64	469.83	94.05
8	Bikaner	539.41	100.00	709.86	131.60	454.06	84.18	590.39	109.45	585.96	108.63
9	Bundi	194.68	100.00	263.12	135.16	267.2	137.25	257.83	132.44	457.69	235.10
10	Chittorgarh	1011.03	100.00	992.91	98.21	1036.03	102.47	1483.5	146.73	1504.76	148.83
11	Churu	447.82	100.00	552.04	123.27	534.71	119.40	512.18	114.37	464.78	103.79
12	Dausa	905.14	100.00	710.76	78.52	936.08	103.42	677.99	74.90	648.02	71.59
13	Dungarpur	220.87	100.00	152.19	68.90	171.28	77.55	228.09	103.27	227.64	103.07
14	Hanumangarh	556.93	100.00	766.55	137.64	620.82	111.47	1306.89	234.66	1400.71	251.51
15	Jaipur	984.95	100.00	925.91	94.01	925.62	93.98	862.53	87.57	910.54	92.45
16	Jaisalmer	676.77	100.00	832.57	123.02	737.22	108.93	921.24	136.12	916.73	135.46
17	Jalore	1603.56	100.00	1299.2	81.02	1447.1	90.24	1496.4	93.32	1396.6	87.09
18	Jhalawar	946.48	100.00	904.25	95.54	1060.13	112.01	1453.02	153.52	1475.05	155.85
19	Jhunjhunu	282.68	100.00	506.07	179.03	485.99	171.92	316.46	111.95	291.39	103.08
20	Jodhpur	562.22	100.00	624.4	111.06	625.37	111.23	640.88	113.99	2164.13	384.93
21	Kota	1121.96	100.00	1217.39	108.51	1661.45	148.08	1588.33	141.57	1734.1	154.56
22	Nagaur	1343.93	100.00	1006.27	74.88	1196.14	89.00	1336.13	99.42	1412.1	105.07
23	Pali	1472.84	100.00	1225.66	83.22	1369.6	92.99	1772.25	120.33	1702.49	115.59
24	S.Madhopur	1795.17	100.00	1360.69	75.80	1520.15	84.68	1597.97	89.01	1505.4	83.86
25	Sikar	832.98	100.00	825.76	99.13	1039.16	124.75	866.83	104.06	967.36	116.13
26	Sirohi	802.01	100.00	570.37	71.12	688.77	85.88	681.37	84.96	700.02	87.28
27	S.Ganganagar	1008.2	100.00	1040.32	103.19	871.72	86.46	804.84	79.83	1752.98	173.87
28	Tonk	7590.78	100.00	7412.66	97.65	9185.74	121.01	10250.97	135.05	9285.25	122.32
29	Udaipur	1014.76	100.00	924.28	91.08	830.84	81.88	1117.36	110.11	1030.5	101.55
	<b>TOTAL</b>	<b>32992.47</b>	<b>100.00</b>	<b>32816.75</b>	<b>99.47</b>	<b>35339.93</b>	<b>107.12</b>	<b>40810.83</b>	<b>123.70</b>	<b>44641.17</b>	<b>135.31</b>

## Interpretation

The above table shows the trends of NPA of Last five years starting from 2011-12 to 2015-16 and the base year is 2011-12. It can be seen that NPA has decreased in few DCCBs like Alwar, Bhilwara, Dausa, Jaipur, Jalore, S. Madhopur, and Sirohi. Table shows that Dausa has the lowest NPA in 2015-16 (71.59%) and Jodhpur has the highest NPA in 2015-16 (384.93%) which was increasing gradually from the year 2011-12 the main responsible reason was that bank has revised the maximum credit limits (MCL) of the

borrowers and the borrowers who has taken loan from the other banks also their MCL didn't revise by the bank so those borrowers didn't repay the loan and the amount was big ultimately the amount of NPA increased, likewise increased NPA has been seen in following DCCBs; Banswara (265.39%), Barmer (249.21%), Bundi(235.10), Hanumangarh (251.51%), Barmer (187.08%) and S. Ganganagar (173.87%) majorly. S. Ganaganagr DCCB was majorly affected by the mismanagement in the study period.

**Table 2: Total Provision Ratio**

Total Provision Ratio= Provision/ Net NPA\* 100

S.No.	Name of the Bank	Total Provision Ratio				
		2011-12	2012-13	2013-14	2014-15	2015-16
1.	AJMER	167.81	152.37	161.99	183.80	183.80
2.	ALWAR	106.28	125.52	142.28	100.21	109.87
3.	BANSWARA	458.00	368.28	520.79	423.45	345.94
4.	BARAN	216.42	215.70	217.01	134.99	125.65
5.	BARMER	56.50	46.37	35.34	37.18	22.67
6.	BHARATPUR	107.36	104.09	150.66	80.05	92.72
7.	BHILWARA	190.45	193.63	187.67	195.26	232.49
8.	BIKANER	216.33	170.67	270.21	207.82	209.39
9.	BUNDI	286.95	227.46	245.79	259.76	184.93
10.	CHITTORGARH	198.09	236.72	224.17	161.74	163.77
11.	CHURU	140.49	131.15	135.20	230.67	246.65
12.	DAUSA	88.08	62.90	125.71	176.51	177.68
13.	DUNGARPUR	316.34	622.88	736.72	640.91	680.25
14.	HANUMANGARH	180.96	170.21	258.65	139.30	135.55
15.	JAIPUR	268.36	335.79	369.03	445.68	454.29
16.	JAISALMER	102.47	83.29	102.11	97.33	97.81
17.	JALORE	124.55	184.88	192.24	214.18	221.24
18.	JHALAWAR	153.80	165.03	156.54	122.20	125.76
19.	JHUNJHUNU	408.16	231.77	246.78	394.35	444.71
20.	JODHPUR	33.79	54.45	33.45	122.97	30.54
21.	KOTA	147.94	138.64	143.62	217.18	214.96
22.	NAGAU	207.96	284.00	256.51	209.82	198.44
23.	PALI	135.55	200.92	198.79	153.49	163.21
24.	S.MADHOPUR	87.15	120.39	107.68	102.44	123.90
25.	SIKAR	223.80	255.43	199.50	254.46	218.87
26.	SIROHI	73.88	114.56	94.86	95.89	93.34
27.	S.GANGANAGAR	243.76	241.09	288.82	310.24	144.14
28.	TONK	58.15	58.36	58.58	61.07	71.01
29.	UDAIPUR	125.32	160.08	190.55	378.74	399.58

## Inference

From the above table it can be interpreted that all the 29 District Central Co-operative Banks have made enough provisions for their NPAs.

From the table it can be seen that the study has considered 5 consecutive years which included five banks who made less provisions as compare to other DCCBs and those banks are,

Barmer, Dausa, Jodhpur, Sirohi and Tonk. Barmer made the lowest provisions in the following years of study, in 2011-12 the provisions were 56.50% and in 2015-16 the provisions were the lowest i.e. 22.67% whereas few DCCBs like Banswara, Dungarpur, Jaipur, Jhunjhunu and Udaipur has the highest provisions and

are continuing to be successful in increasing their provisions yearly. Dungarpur has the highest provisions as in 2011-12 bank made 316.34% provisions and till 2015-16 it has reached to 680.25% which is a very good sign for the bank as the bank need to make sufficient provision in order to reduce the level of NPA.

**Table 3: Shareholder's Risk Ratio**

Shareholder's Risk Ratio=Net NPAs /Total Capital & Reserves \* 100

S.No.	Name of the Bank	Shareholder's Risk Ratio				
		2011-12	2012-13	2013-14	2014-15	2015-16
1.	AJMER	41.17	35.58	29.74	24.27	37.35
2.	ALWAR	83.32	49.20	36.33	36.72	35.04
3.	BANSWARA	35.37	29.20	24.34	31.85	26.76
4.	BARAN	117.85	114.35	73.39	95.36	93.95
5.	BARMER	26.49	26.04	31.31	28.36	41.46
6.	BHARATPUR	128.20	112.75	78.55	128.66	117.91
7.	BHILWARA	33.23	15.45	13.38	13.15	9.74
8.	BIKANER	46.48	54.05	23.25	21.04	19.29
9.	BUNDI	13.33	17.87	14.07	12.44	20.58
10.	CHITTORGARH	48.19	39.07	31.50	20.01	18.69
11.	CHURU	30.13	33.59	27.33	20.46	16.27
12.	DAUSA	144.58	47.98	90.58	44.61	32.10
13.	DUNGARPUR	32.46	19.05	19.52	22.63	16.48
14.	HANUMANGARH	26.74	24.90	15.87	29.68	30.55
15.	JAIPUR	39.43	26.55	20.40	16.87	16.04
16.	JAISALMER	94.47	92.94	76.39	54.14	47.80
17.	JALORE	82.00	37.81	38.92	33.96	27.26
18.	JHALAWAR	57.20	46.55	46.14	58.75	45.96
19.	JHUNJHUNU	18.32	27.01	12.72	9.64	7.59
20.	JODHPUR	10.93	10.16	9.95	8.49	25.22
21.	KOTA	97.07	103.19	139.52	70.92	78.00
22.	NAGAU	117.80	61.10	53.91	54.03	51.28
23.	PALI	72.36	9.96	10.40	19.74	17.44
24.	S.MADHOPUR	97.00	64.10	62.94	56.05	40.67
25.	SIKAR	21.36	17.89	21.72	15.33	15.18
26.	SIROHI	94.19	58.06	40.33	35.62	28.44
27.	S.GANGANAGAR	36.75	28.16	19.91	17.27	35.32
28.	TONK	665.57	173.58	211.97	237.68	194.35
29.	UDAIPUR	70.43	53.60	41.02	52.94	44.04

### Inference

From the table given above the position of DCCBs in Rajasthan can be seen. The risk ratio was highest in Bharatpur, Baran, Dausa, Nagaur and Tonk. This signifies that the shareholder's fund in these DCCBs is not clearly safe. Although banks were successful in reducing the ratio in the following years meanwhile Tonk

decreased its ratio to **194.35%** (2015-16) from the year 2011-12(**666.57%**) This indicates the bank was successful in making provisions against NPAs in five years. Jhunjhunu has the lowest ratio among all the DCCBs, which is **7.59%** in 2015-16. So, overall all DCCBs have to take some instant actions to lower down the risk or it can affect the goodwill, market price of the shares and the competitive market.

**Table 4: Problem Asset Ratio**

Problem Asset Ratio = Gross NPA /Total Asset\*100

S.No.	Name of the Bank	Problem Asset Ratio				
		2011-12	2012-13	2013-14	2014-15	2015-16
1.	AJMER	2.75	2.09	1.53	1.26	2.43
2.	ALWAR	3.34	2.08	1.69	2.21	2.18
3.	BANSWARA	1.25	1.48	0.95	1.45	1.39
4.	BARAN	3.90	2.73	2.02	3.46	3.81
5.	BARMER	1.75	1.65	1.96	1.67	2.55
6.	BHARATPUR	7.38	5.72	3.18	5.59	4.86
7.	BHILWARA	1.14	0.82	0.70	0.63	0.57
8.	BIKANER	2.79	2.74	1.32	1.73	1.71
9.	BUNDI	0.81	0.94	0.73	0.62	1.22
10.	CHITTORGARH	1.66	1.31	1.08	1.40	1.48
11.	CHURU	1.68	1.58	1.38	1.27	1.20
12.	DAUSA	4.64	2.43	2.60	1.64	1.67
13.	DUNGARPUR	0.81	0.43	0.39	0.50	0.53
14.	HANUMANGARH	1.03	1.06	0.60	1.18	1.33
15.	JAIPUR	1.43	0.97	0.75	0.64	0.67
16.	JAISALMER	3.88	4.15	2.50	2.65	2.89
17.	JALORE	3.19	2.30	2.18	2.00	1.85
18.	JHALAWAR	2.86	1.96	1.75	2.33	2.29
19.	JHUNJHUNU	0.85	1.23	0.90	0.56	0.53
20.	JODHPUR	0.89	0.82	0.68	0.67	2.30
21.	KOTA	3.01	2.64	2.61	2.46	2.66
22.	NAGAU	3.41	2.28	2.55	2.29	2.27
23.	PALI	1.65	1.08	1.30	1.60	1.61
24.	S.MADHOPUR	5.62	2.98	2.93	3.02	2.98
25.	SIKAR	1.16	0.91	0.99	0.76	0.81
26.	SIROHI	3.27	1.88	1.71	1.63	1.67
27.	S.GANGANAGAR	1.54	1.29	0.92	0.79	1.77
28.	TONK	26.51	29.30	29.79	32.30	27.08
29.	UDAIPUR	2.38	1.60	1.19	1.56	1.40

**Inference**

The problem assets ratio shows the proportion of NPA to total assets and the table given above shows that few DCCBs is having decreasing trend of problem assets, which depicts decreasing trend of NPA. Dungarpur and Jhunjhunu have the lowest ratio of **0.53%** in 2015-16. From the table we can see that Tonk DCCB has gone through major troubles but succeed in

decreasing its ratio. In 2011-12 Tonk has **26.51%** problem asset ratio after that it increased till 2014-15 with **32.30%**, which was the highest among all, and in 2015-16 again it decreased to **27.08%** it seems that less attention has been given by the management to the proportion of NPA and total assets of the bank. Therefore there is a positive correlation between NPA and problematic assets.

**Table 5: Depositor's Safety Ratio**

Depositor's Safety Ratio= Total Standard Assets/Total outside Liabilities\*100

S.No.	Name of the Bank	Depositor's Safety Ratio				
		2011-12	2012-13	2013-14	2014-15	2015-16
1.	AJMER	97.97	99.67	99.56	99.41	99.17
2.	ALWAR	99.51	99.60	99.64	99.74	99.75
3.	BANSWARA	99.80	99.86	99.82	99.77	98.09
4.	BARAN	93.18	99.49	99.61	99.41	99.51
5.	BARMER	99.27	99.60	99.32	99.70	99.63
6.	BHARATPUR	97.93	96.83	97.40	97.60	97.70
7.	BHILWARA	99.63	97.76	98.14	98.39	98.29
8.	BIKANER	99.81	99.87	99.54	97.30	97.67
9.	BUNDI	99.62	99.69	99.73	99.21	98.91

10.	CHITTORGARH	99.79	99.74	99.68	96.55	96.67
11.	CHURU	99.80	99.80	99.57	97.42	97.41
12.	DAUSA	95.50	99.84	99.78	99.75	99.80
13.	DUNGARPUR	99.74	99.77	99.83	99.72	99.78
14.	HANUMANGARH	99.69	99.70	99.74	99.78	99.77
15.	JAIPUR	99.67	99.71	99.69	99.72	99.72
16.	JALSALMER	99.71	92.86	99.17	99.35	98.34
17.	JALORE	99.76	99.64	99.50	99.41	99.58
18.	JHALAWAR	91.22	99.57	99.66	99.52	99.69
19.	JHUNJHUNU	99.90	99.89	97.06	99.00	99.16
20.	JODHPUR	99.19	99.13	99.53	99.60	99.65
21.	KOTA	98.70	99.74	97.07	95.47	95.61
22.	NAGOUR	99.83	99.81	99.71	99.59	99.65
23.	PALI	99.58	91.49	90.79	94.50	94.50
24.	S.MADHOPUR	99.71	99.99	99.68	99.38	99.45
25.	SIKAR	99.83	99.79	99.73	99.82	99.84
26.	SIROHI	99.66	99.52	98.51	98.59	98.40
27.	S.GANGANAGAR	99.68	99.69	99.70	99.81	99.35
28.	TONK	97.49	99.63	92.74	90.52	90.79
29.	UDAIPUR	99.19	98.25	99.47	96.41	96.44

### Inference

The above table interpreted that the Depositor's Safety Ratio of District Central Co-operative Banks is satisfactory in the last five years. Tonk has the lowest ratio in 2015-16 and that is **90.79%** and Sikar has the highest ratio of **99.84%** but overall it is a good sign for common investors that the ratio is consistent in the last five years, although it has fluctuated in few banks in the period of study but not majorly so it can be stated that the depositor's money is safe in these DCCBs.

### Hypothesis Testing Results:

To compare and evaluate the performance of DCCBs pertaining to different ratios regarding the factors affecting the performance of DCCBs i.e., Total Provision Ratio, Shareholder's Risk Ratio, Problem Asset Ratio, and Depository Safety Ratio are taken as independent variable (nominal) and the 29 DCCBs are taken as dependent variable of last five years 2011-12 to 2015-16(ordinal).

To compare the two or more group's perception, One-way ANOVA is applied. The results are given below:

**Table 6: ANOVA**

Statement		Sum of Squares	Df	Mean Square	F	Sig.	Results
Total Provision Ratio	Between Groups	1968281.887	28	70295.782	21.991	0.000	Null Hypothesis Rejected
	Within Groups	370796.949	116	3196.525			
	Total	2339078.836	144				
Shareholder's Risk Ratio	Between Groups	411823.525	28	14707.983	8.178	0.000	Null Hypothesis Rejected
	Within Groups	208618.987	116	1798.440			
	Total	620442.512	144				
Problem Asset Ratio	Between Groups	3868.758	28	138.170	26.290	0.000	Null Hypothesis Rejected
	Within Groups	609.660	116	5.256			
	Total	4478.418	144				
Depositor's Safety Ratio	Between Groups	287.667	28	10.274	3.798	0.000	Null Hypothesis Rejected
	Within Groups	313.789	116	2.705			
	Total	601.457	144				

Source: Secondary Data



### **Inference**

It is observed that all the parameters have value of significance  $< .05$ , which leads to rejection of null hypothesis. Therefore, it can be interpreted that there is a significant difference in the performance of all 29 DCCBs as we can see the difference in the ratios i.e., Total Provision Ratio, Shareholder's Risk Ratio, Problem Asset Ratio, and Depository Safety Ratio of all 29 DCCBs.

It has been observed that all 29 DCCBs have made enough provisions for their NPAs except few DCCB, which is not good for them, and they need to work on it. Same as all DCCBs have to take some instant actions to lower down the Shareholder's risk ratio or it can affect the goodwill, market price of the shares in the competitive market. The problem assets ratio shows that few DCCBs are having decreasing trend of problem assets, which depicts decreasing trend of NPA but Tonk is facing a lot of problems in maintaining the ratio. Depositor's Safety Ratio of District Central Co-operative Banks is satisfactory in the last five years.

In the study period it has been observed that the amount of NPA has increased yearly which is not a good sign for the co-operative banking sector and it has to get down, for that bank needs to work more on the management and recovery of loans. Although recovery mechanism of Co-operative banks is very strong but at the same time lack of management is also there. Cooperative banks follows their own Co-operative Act 2001 and Loan supervisors have so many rights for recovery of loan but the only

problem is lack of staff so DCCBs have to work on the management otherwise it will keep disturbing the bank to perform well.

### **Suggestions**

Few Suggestions has brought down from the study:

- I.** Proper steps should be taken to computerize all DCCBs and PACBs within the district connected to the State Cooperative Bank. It makes monitoring loan accounts more effective and efficient.
- II.** DCCBs should create a database of their NPA portfolio on well- designed formats to provide meaningful inferences, which would help in evolving effective strategies as well as account specific action plan for preventing slippage of performing assets in to NPA.
- III.** There is a wicked opinion in the minds of the farmer that agricultural credit may be waived one day. So, the agriculturalist that can repay the agricultural credit may not come forward to repay the loans in time. Therefore the farmer community in our country requires a lot of counseling so banks should organize proper camps to aware the borrowers about their liabilities.
- IV.** A list of defaulters may be published regularly to enable the banks to take required action against the defaulters.
- V.** DCCBs need to pay more attention towards the training of their staff. Training them will increase the efficiencies in processes, motivate them and increase the satisfaction and morale in them, which at the end help the bank to grow.

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