

SYSTEMATIC ANALYSIS OF THE FINANCIAL POSITION OF PUNE DISTRICT CENTRAL COOPERATIVE BANK LTD. PUNE

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ABSTRACT

District central co-operative banks were established for the purpose of satisfying the financial requirements of rural areas. Various cooperative institutions come under the district central cooperative banks. On the 4th Sep. 1917 late Shri. N. C. Kelkar establishes the Pune district central cooperative bank for Pune district. The researcher is focused on analysis and examines how district co-operative banks can manage and reduce Non-Performing Assets. The major objective of the study is to assess the actual financial position of Pune District Central Cooperative Bank. The current study utilized descriptive and case study methods; the Pune district central cooperative bank is selected as a case. Convenience Sampling was utilized for the data collection of this study. The data was collected by using the published annual report of the Pune district central cooperative bank from 2016- 2021. The researcher has considerable discretion in gathering information from a variety of sources such as personal documents, diaries, letters, records in office files, interviews, etc. The present study leads to the conclusion that though funds mobilization is done by Pune District Central Cooperative Bank, sufficient attention is not given to the efficient utilization of these funds. Among the Pune district, the central Cooperative Bank studied performed adequately well while the others lag behind. Lack of professionalization and poor management practices seems to be responsible for this situation.

Key Words- *entity, deposits, investment, loan, Pune District Central Cooperative Bank*

INTRODUCTION

In the Indian economic system, District Central Co-operative Banks (DCCBs) contribute and encourage the agricultural people and other people by supplying agricultural credit and other loans (Muthumeena Murugaboopathy, M. Jeyakumaran, and S.B. Inayath Ahamed, 2018). District central co-operative banks were established for the purpose of satisfying the financial requirements of rural areas. Various cooperative institutions come under the district central cooperative banks. On the 4th Sep. 1917 late Shri. N. C. Kelkar establishes the Pune district central cooperative bank for Pune district. At the beginning of 1917, only two employees worked in the Pune district central cooperative bank as managers and clerks. Late Shri.N.C.Kelkar was the first chairman of Pune district central cooperative bank. Pune district central cooperative bank was established under the leadership of late Dr. D.R. Gadgil, Shri L.B.Bhopatkar, and Prof. V.G.Kale. Now day deputy chief minister **Shri. Ajit Pawar and Shri. Dilip Walse-Patil** implements the core banking system for Pune district central cooperative bank. In recent years PDCC Bank face huge competition from various financial institutions. PDCC Bank provides its services in the entire district through the branches. Most of the branches of PDCC Bank

are working in rural areas. PDCC Bank maintains control and provides direction and guidelines to the member societies. In this competitive era of globalization, privatization, and liberalization Pune District Central Cooperative Bank facility the E-banking, mobile banking, PC banking, ATM, various credit and debit cards and also provide electronic payment facility like e-cheques, e-cash, e-wallet and also assistance of e-commerce, it means banks play a vital role in commerce and trade through the supporting e-commerce.

OBJECTIVES OF STUDY

District Cooperative Bank encounters a number of risks namely management risk, market risk, credit risk, operational risk, and interest risk (Michael, Justin Nelson, Vassanthi, G. & Selvaraju, R., 2006). The management of Non-Performing Assets and debt in district cooperative banks are the main challenges and problems. The district co-operative banks are based in district level and rural areas and agriculture is the main source of rural people. Every year agricultural areas encounter a variety of difficulties and problems due to climate change and other environmental issues, which term loan in overdue and makes a number of defaulters (Preety and Dr. D.K. Maheshwari, 2017). As a result, the researcher is focused on analysis and examines how district cooperative banks can manage and reduce Non-Performing Assets. The major objective of the study is to assess the actual financial position of Pune District Central Cooperative Bank.

RESEARCH METHODOLOGY

The current study utilized descriptive and case study methods; the Pune district central cooperative bank is selected as a case. Convenience Sampling was utilized for the data collection of this study. The data was collected by using the published annual report of the Pune district central cooperative bank from 2016- 2021. The researcher has considerable discretion in gathering information from a variety of sources such as personal documents, diaries, letters, records in office files, interviews, etc. the researcher must carefully evaluate these sources in terms of the motives, biases, and prejudices of the respondents and the records, their opportunities to know the recorded facts and their ability to describe their intimate personal experiences. The researcher uses quantitative measurement & use statistical analysis. This research is based on measurement of quantity like ratio, percentage, correlation, and regression analysis, etc.

For the purpose of analysis, we study the PDCC Banks wealth status namely entity, deposits, investment, loan, and profit in the five years from 2016-2017 to 2020-2021. In accordance with the objectives of the study, the data collected from primary and secondary sources were analyzed and interpreted. A detailed, scientific and systematic analysis is needed if the NPA of PDCC bank increased every year. The analysis is made with the help of profit and loss account and balance sheet of a PDCC bank and an analytical framework for NPA management has been designed.

PDCC BANK WEALTH STATUS

1. Entity of PDCC Bank

The PDCC Bank is a banking entity recognized by the Reserve Bank of India under the Banking Regulation Act 1949. It accepts deposits from the general public and provides loans to individuals and institutions including primary cooperative societies. Special provisions have been incorporated in the Banking Regulation Act 1949 considering the nature of their ownership, development role, etc.

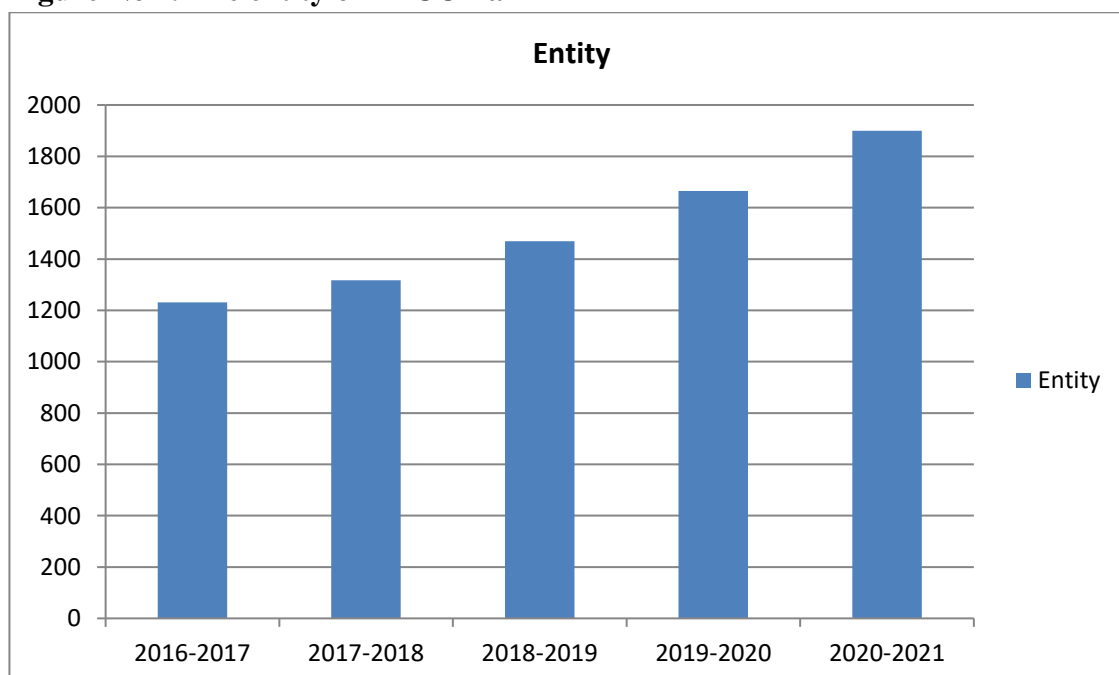
Table No 1. The entity of PDCC Bank

(Rs in crores)

Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Entity	1231.53	1317.23	1468.80	1664.53	1899.59

(Source:-Annual report of PDCC Bank 2016-2017 to 2020-2021)

Figure No 1. The entity of PDCC Bank



(Source:- Table No 1)

It is clear from table 1 that the entity of PDCC Bank was highest in the year 2020-2021 which was Rs 1899.59 crores and lowest in the year 2016-2017 which was Rs 1231.53 crores during the period 2016-2017 to 2020-2021. During the reference period, there was a general increase in the entity

of the bank. An entity was increased in all years. The average entity was Rs 1516.34 crores during the study period.

2. Deposits of PDCC Bank

Deposit is the second analysis because deposit gives the guidelines where the PDCC bank stands in the competitive market and One of the main functions of the banking business is the mobilization of deposit which constitutes an important source of working funds for the PDCC bank. In order to serve efficiently and effectively, the PDCC Banks have to increase their financial resources by way of deposit mobilization. It is, therefore, stressed that the PDCC Banks must tap deposits from urban and rural areas so that they may be able to provide funds in large amounts to primary societies for farm and non-farm development.

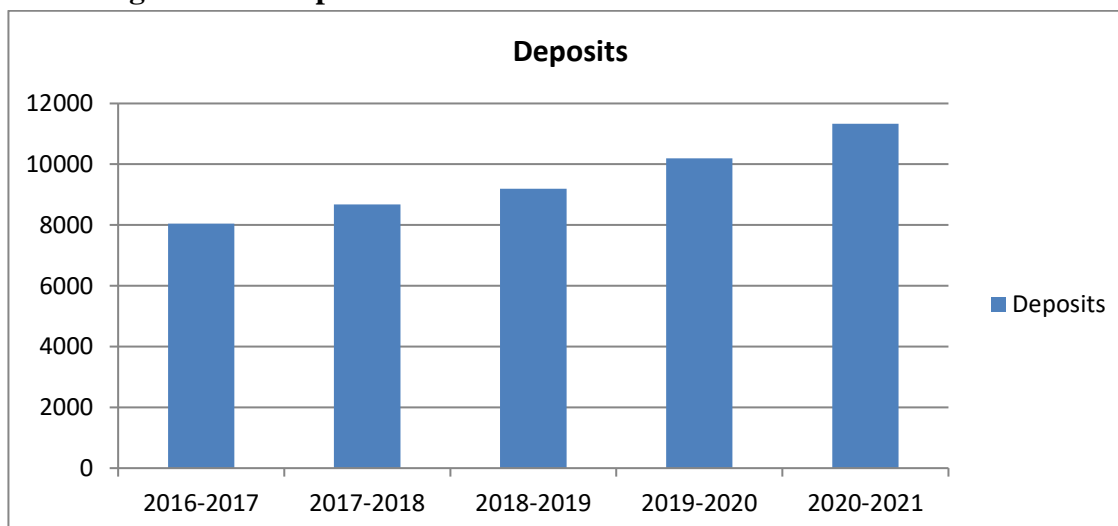
Table No 2. Deposits of PDCC Bank

(Rs in crores)

Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Deposits	8044.13	8676.92	9195.65	10192.33	11329.99

(Source:-Annual report of PDCC Bank 2016-2017 to 2020-2021)

Figure No 2. Deposits of PDCC Bank



(Source: - Table 2)

It is observed from table 2 that regarding deposits, 2020-2021 showed the highest deposit which was Rs 11329.99 crores and 2016-2017 showed the lowest deposits which were Rs 8044.13 crores throughout the study period. The deposits of PDCC Banks increased throughout the study period. The average deposit of PDCC Banks was Rs 9487.80 crores in the last five years.

3. Investments of PDCC Bank

Keeping in view the various regulatory/statutory and the bank's own internal requirements, PDCC Banks should lay down, with the approval of their Board of Directors, the broad Investment Policy and objectives to be achieved while undertaking investment transactions. The investment policy should be reviewed each year. The Board/Committee/Top Management should actively oversee investment transactions. PDCC Banks should not undertake any transactions on behalf of Portfolio Management Scheme (PMS) clients in their fiduciary capacity, and on behalf of other clients, either as custodians of their investments or purely as their agents.

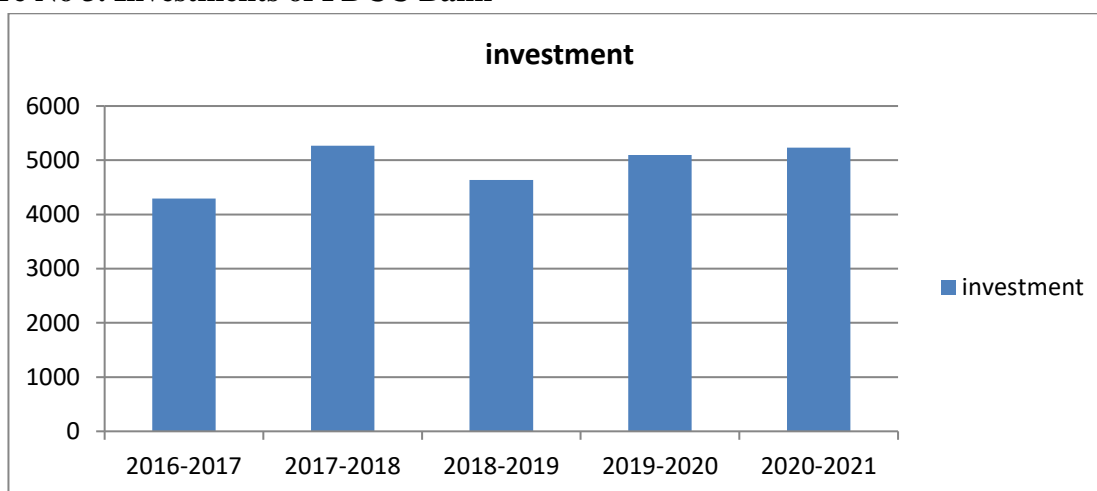
Table No 3. Investments of PDCC Bank

(Rs in crores)

Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Investments	4293.90	5268.88	4638.17	5096.59	5233.81

(Source:-Annual report of PDCC Bank 2016-2017 to 2020-2021)

Figure No 3. Investments of PDCC Bank



(Source:-Table 3)

Table 3 gives details of the investments of selected years. The year 2016-2017 showed the lowest deposits which was Rs 4293.90 crores and 2017-2018 was the highest investment which was Rs 5268.88 crores. The investment fluctuated during the study period 2016-2017 to 2020-2021. The investment in the year 2018-2019 was decreased which was Rs 4638.17 crores. The average investment in the study period was Rs 4906.27 crores.

4. Loan provided by PDCC Bank

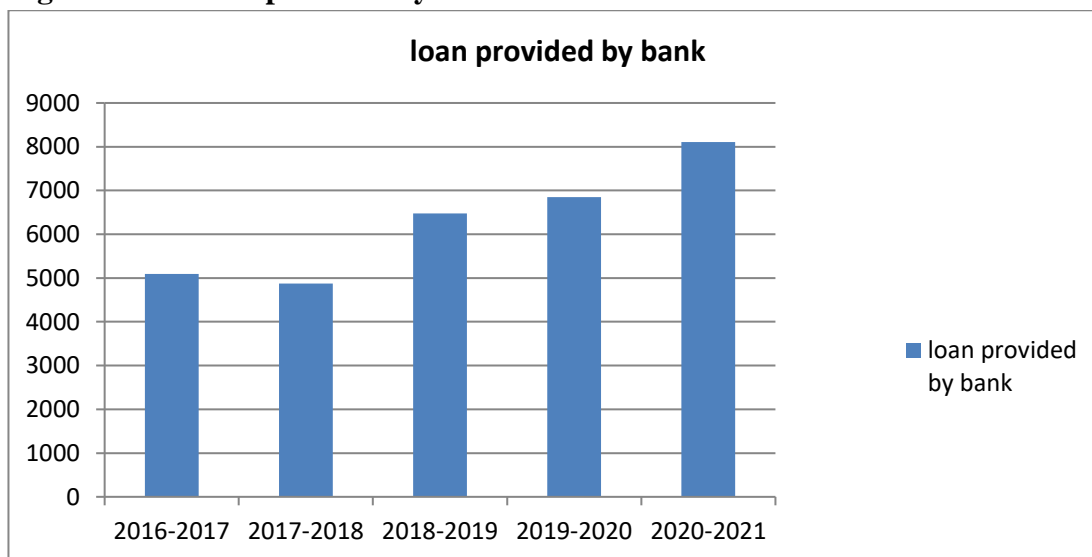
The PDCC Bank also offers term loans to farmers. These can be delivered either through the PACs or directly to the farmers by the PDCC Banks. For such financing, the PDCC Banks can obtain refinance from higher lending agencies like NABARD, who channelize these funds through the State Cooperative Banks. The PDCC Banks can also extend credit for other activities. One of the major avenues for credit deployment by cooperative banks is extending credit to other cooperative institutions in the district such as Cooperative Sugar Factories, Milk Unions, and Cooperative Spinning Mills.

Table No 4. The loan provided by PDCC Bank

(Rs in crores)					
Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Loan Provided by PDCC Bank	5094.83	4875.07	6474.07	6848.97	8109.25

(Source:-Annual report of PDCC Bank 2016-2017 to 2020-2021)

Figure No 4. Loan provided by PDCC Bank



(Source: - Table 4)

Table 4 indicated that the loan provided by PDCC Bank was highest in the year 2020-2021 which was Rs 8109.25 crores and lowest in the year 2017-2018 Rs 4875.07 crores during the study period. The amount of loan was increased every year but in 2017-2018 was decreased to Rs 4875.07 crores. The average loan provided by PDCC Bank was Rs 6280.44 crores.

5. Net profit of PDCC Bank

PDCC Bank calculates its net profit by deducting provisions, contingency, and tax from operating profit. The following table shows the PDCC Banks' net profit increased every year.

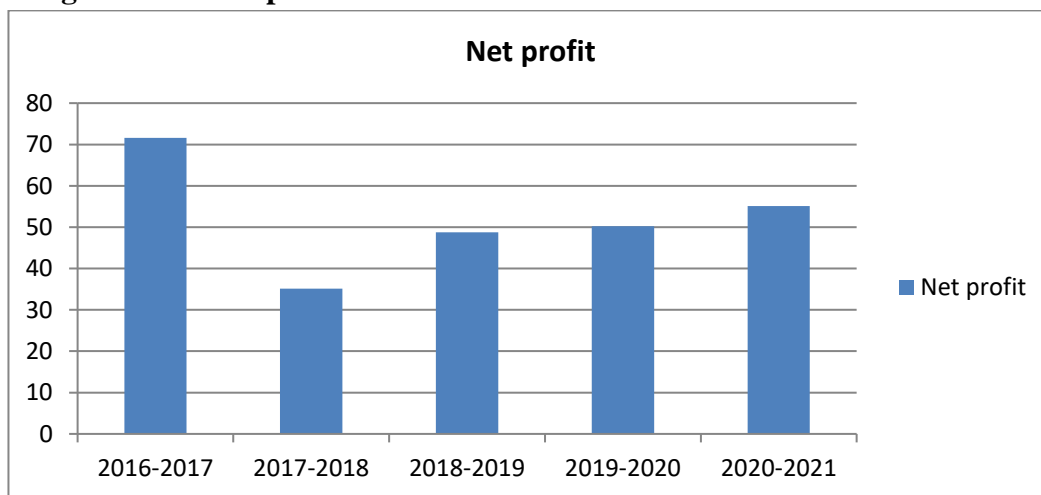
Table No 5. Net profit of PDCC Bank

(Rs in crores)

Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Net Profit	71.63	35.12	48.76	50.23	55.10

(Source:-Annual report of PDCC Bank 2016-2017 to 2020-2021)

Figure No 5. Net profit of PDCC Bank



(Source:-Table 5)

Table 5 points out that during the study period PDCC Bank's net profit in the year 2016-2017 was the highest which is Rs 71.63 crores and the lowest in the year 2017-2018 was Rs 35.12 crores during the period 2016-2017 to 2020-2021. In the year 2017-2018 net profit was decreased by Rs 35.12 crores, in the year 2018-2019 net profit again increased which was Rs 48.76 crores in the year 2018-2019. The average net profit during the study period was Rs 52.17 crores.

FINDINGS

1. The entity of PDCC Bank was highest in the year 2020-2021 which was Rs 1899.59 crores and lowest in the year 2016-2017 which was Rs 1231.53 crores during the period 2016-2017 to 2020-2021.
2. 2020-2021 showed the highest deposit which was Rs 11329.99 crores and 2016-2017 showed the lowest deposit which was Rs 8044.13 crores throughout the study period. The deposits of PDCC Banks increased throughout the study period.
3. Loan provided by PDCC Bank was highest in the year 2020-2021 which was Rs 8109.25 crores and lowest in the year 2017-2018 Rs 4875.07 crores during the study period. The amount of loan was increased every year but in 2017-2018 was decreased to Rs 4875.07 crores.

4. During the study period PDCC Bank's net profit in the year 2016-2017 was the highest which is Rs 71.63 crores and the lowest in the year 2017-2018 was Rs 35.12 crores during the period 2016-2017 to 2020-2021. In the year 2017-2018 net profit was decreased by Rs 35.12 crores, in the year 2018-2019 net profit again increased which was Rs 48.76 crores in the year 2018-2019.

CONCLUSION

With the tightening of prudential norms over the years since its introduction and implementation in the Indian banking industry, global recession, volatility in market-driven factors and changes in the socio-economic environment in India, restoration of asset quality has gained paramount importance. The study undertakes regression analysis to examine the impact of financial status on strategic banking variables in Pune District Central Cooperative Bank and finds statistical evidence in support of general perception, though at varying proportions.

The present study leads to the conclusion that though funds mobilization is done by Pune District Central Cooperative Bank, sufficient attention is not given to the efficient utilization of these funds. Among the Pune district, the central Cooperative Bank studied performed adequately well while the others lag behind. Lack of professionalization and poor management practices seems to be responsible for this situation.

RECOMMENDATION AND SUGGESTIONS

1. PDCC Bank provides only membership to societies but it should necessary to provide individual membership for increasing its business. It is not the main objective of PDCC Bank to earn the profit, but now it's necessary to earn profit for stand in a competitive market as well as LPG.
2. PDCC Bank should find out the outstanding installment in an earlier stage which is substandard assets because in early-stage bank solves the difficulties of borrowers of repayment of the loan. PDCC Bank should be concentrate on doubtful assets, because it creates some difficulties in the collection of overdue, for these purposes' banks provide some facilities like a reduction in installment amount, an extension of time, etc. for making the payment of overdue. PDCC Bank should be concentrate on finding the lost assets because they will not be collected in the future, therefore, the bank faces a huge loss.
3. PDCC Bank should create an effective and updated mechanism for monitoring and control on the assets.
4. PDCC Bank should provide agricultural insurance at the time of short term agricultural loan and then distribute it and check the market situation at the of sanctioning the loan to kharedi-vikri sangh because the outstanding amount of loan of the kharedi- vikri sangh is 94.93% so bank should take the appropriate precaution and collect reliable data related to market condition.
5. PDCC Bank should loan to self help group without any mortgage, it create recovery problem that's why PDCC Bank should create a separate mechanism for monitor and control the self help group.

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