

Performance Appraisal of the Jogindra Central Co-operative Bank Limited of Himachal Pradesh

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Abstract

Cooperatives play a significant role in the institutional credit structure. Co-operative credit institutions spread all over India and providing their services at the grass root level. District Central Co-operative Banks finance to the Primary Societies affiliated to them. They also supervise and guide the functioning of the member societies at the district level. Since District Central Co-operative Banks are the important segment of Cooperative credit system and also it is important to know the functioning of these banks. The purpose of this paper is to study the growth and performance of the Jogindra Central Co-operative Bank Limited functioning in the state of Himachal Pradesh. The study is based on secondary data drawn from the annual reports of Jogindra Central Co-operative Bank Limited.

Keywords: District Central Co-operative Bank; The Jogindra Central Co-operative Bank Limited Bank Limited

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Introduction

Co-operative Banks play an important role in Indian banking system, which establish a link between the common masses and banking system at the grass-roots level. The main strength of the cooperative institution is their network that reaches to every corner of country. The District Central Co-operative banks form an integral part of the short and medium term cooperative credit delivery system and also play a strategic role. These banks are an important link between the State Co-operative bank and the Primary Cooperative societies. Co-operative banks are institutions that function according to the principle of "each for all and all for each". Cooperative institutions play an important role in the development of an economy like India, where maximum population lives in rural areas. In India, the first Cooperative Societies Act was passed in the year 1904. There was no provision for the organisation of District Central Co-operative Bank under this act. Cooperative societies can raise funds from public as deposits and in the form of loans from government. These cooperatives were not able to meet the requirements of their members due to unavailability of adequate funds. Owing to this limitation of cooperatives, Primary Cooperative Societies failed to attract required resources in the form of share capital and deposits. So, the idea of central financing societies came into being that would mobilize deposits from the rich in cities and finance the primary cooperative societies in the villages. This led to the amendment of the Co-operative Societies Act 1904 in 1912 to incorporate a clause for registration of Central Co-operative Banks with an objective of providing financial assistance to primary cooperative societies. Under this amendment, Non-Agricultural Credit Societies also came into existence.

Cooperative credit system comprises of State Co-operative Banks that functions at state level, District Central Co-operative Banks that functions at district Level and Primary Cooperative Societies that functions at village level. District Central Co-operative Banks acts like an intermediary. The major functions performed by these institutions include mobilization of deposits from the members and non-members and provision of adequate credit to the lower tier credit institutions like Primary Agriculture Cooperatives. These banks provide extension facilities in the rural areas and other banking facilities to their members. In the three-tiered Co-operative Banking Credit Structure, the Central Co-operative Banks occupies an intermediary level position.

At present, India has a wide range of cooperative credit institutions that provides their services at grass-roots level. In a credit cooperative structure, we have 95,757 cooperative institutions which includes 94,178 rural cooperatives (including 93,444 short-term and 734 long-term) and 1579 Urban Cooperative institutions at the end of March 2015. The short term cooperative institution again bifurcated into three categories i.e. State Co-

operative Banks which is known as Apex Bank (32) at the state level, District Central Co-operative Bank at District level (370) and Primary Co-operative Societies (93,042) at village level.

Banking Institutions in Himachal Pradesh

In Himachal Pradesh, Cooperative Societies Act was introduced in 1956 and thereafter it was modified in 1968 after the reorganization of the state. At present the state has a good network of Commercial, Cooperative, private and Regional Rural Banks. At the end of March 2015, the State had a network of 1,925 branches spread throughout the State of Himachal Pradesh. Area-wise spread of banks that there are 796 branches of commercial banks, 351 of SBI group, 212 of Regional Rural Bank, 100 of Private Bank and 466 branches of Co-operative Banks are providing their services. In order to fulfil the demand of long term credit, the Himachal Pradesh State Co-operative Agricultural and Rural Development Bank play an important role. On the other hand, Kangra Primary Co-operative Agricultural and Rural Development Bank which is located in Dharmsala that provides medium and long term financial assistance for agricultural and allied activities with its sixteen branches spread in three districts namely Kangra, Una and Hamirpur.

There are five Urban Cooperative Banks catering to the credit needs to their members in the urban areas of Himachal Pradesh. As far as the rural short term credit Co-operatives are concerned, there is an apex State C-operative Bank and two District Central Co-operative Banks financing in the concerned districts of their functioning areas. The Himachal Pradesh State Co-operative Bank is the Apex Bank which also discharges its cooperative role as District Central Co-operative Bank in six districts i.e. Shimla, Mandi, Bilaspur, Kinnaur and Sirmour respectively. Whereas the operational areas of the Kangra Central Co-operative Bank are in Hamirpur, Kangra, Una, Chamba and Lahaul Spiti district of the State. The Jogindra Central Co-operative Bank is functioning in Solan district only.

Review of Literature

There were various studies conducted and numerous suggestions were sought to bring effectiveness in the working and operations of financial institutions. Deepak Shah (2007), Lakshman (2007), G. Bhaskar (1994), Pathania (2009) observed that the main factor responsible for NPAs in corporate institution was wilful default, ineffective management and supervision, poor recovery of loans, utilisation of loans for unproductive purposes, political interference etc. unsound lending policies, inadequate supervision, unsatisfactory management & lack of right type of leadership. It implies that recovery of loans is affected by various local factors. The

people have not been really involved in the cooperatives. The autonomy is important and essential for the growth of the cooperative movement.

Chinnappa K. (1992) observed that the Co-operative Banks do not have the professional manpower. G. Bhaskar (1994) pointed out that lack of cooperation and active involvement from the rural masses is also one of the basic weaknesses of cooperative sector. He finds that neither bank official approach to public, not educate them about the various schemes under which they can get loans. Patel (1997) and Chakraborty (1999) argue that the Co-operative Banks have failed so far to provide adequate credit to the needy rural people and weaker section in terms of their purpose of credit. The sanctioning of inadequate amount of loans and also their deployment disbursement are commonly observed features of co-operative credit. Bhatt et.al (1989), Bankim Chakraborty (1996), Lakshmanan (2007), suggested that the bank may try to increase call deposits to commercial banks to improve income position of banks. The bank should try to mobilizing more deposits from the unapproved sources and should try to extend loans to uncovered sector. Jagdish Kapoor (2000), Gagan (2005), A.R Patel (2000), Deepak Shah (2001), Srinath (2000) and Mihir Shah et. al. (2007) advocates that to meet the requirement of finance in rural India, we required changes in the rural financing structure. The Co-operative Banks should be freed from the interference of state Government', registrar can be fully brought under the preview of RBI/NABARD.

Govindarajan and Singh (2006) attempt to examine the performance in terms of profitability and examine the various factors responsible for the bank's profitability. Three sorts of ratios have been used to analyse the profitability of banks viz. Spread Ratio, Burden Ratios and Profitability ratio. In case of spread ratio it shows positive percentage during the study period, it indicates that the bank has used the working funds but it requires more efficiency for full utilization. In case of burden ratio it is suggested that the bank should have control over the non-interest expenditure and earn more non-interest income, due to diversification of its activities and ratios of net profit to working funds shows very poor performance.

Reddy and Srinivasa (2008) stated that Co-operative Banks have to equip themselves with trained manpower to serve the rural sector in general and rural artisans in particular, special credit development branches must be established by overriding all varieties of problem that are being faced both by artisans in rural areas and bankers working in rural areas.

Scope of the Study

This study has analysed the performance of the Jogindra Central Co-operative Banks Limited. The bank has been analysed with the help of secondary data collected from the annual reports of the bank, for a period of

twelve years from 2001-02 to 2012-13. The factors taken into consideration for analyzing the performance are: deposit mobilisation, credit management recovery performance, operational and financial performance of the Bank.

Objectives of the Study

The followings are the main objectives of the study:

- i To analyse the pattern of share capital, deposit mobilization and credit management of the bank.
- ii To examine the growth of the bank through selective indicators.
- iii To study the profitability and recovery performance of the bank.

Co-operative Banks in Himachal Pradesh

The first Cooperative Society was organised in Himachal Pradesh at Panjavar village of Una district by late Sh. Hira Singh Thakur on 20th Feb, 1892, registered under the Societies Act, twelve years before the enactment of Co-operative Society Act 1904. This society laid the foundation of co-operative movement in the Pradesh thereby suggesting for opening such societies. The main objective of this society was to cater to the economic need of rural population, thereby uplifting the social and economic standard of the farmers. (Gupta and Sharma, 2002).

The co-operative Societies Act was introduced in 1956 and thereafter, it was modified in 1968 after the reorganisation of the states. The Co-operative sector is functioning at grass-roots level in the state. These institutions are closely involved in the economy of the state. It is therefore important to strengthen them so that rural sector is develops equally along with urban sector. As far as the Co-operative Banking scenario in Himachal Pradesh is concerned, the Himachal Pradesh State Co-operative Bank is the Apex Bank. The Kangra Central Co-operative Bank and the Jogindra Central Co-operative Bank are the District Central Banks. It is pertinent to mention here that HPSCB apart from Apex Bank has also been discharging the functions of District Central Co-operative Bank in six districts of Himachal Pradesh, whereas the KCCB has been operating in 5 districts and the JCCB operates in only one district.

There are two-tier as well as three-tier cooperative credit structures in Himachal Pradesh. The Himachal Pradesh State Co-operative Bank is functioning as an Apex, which cover six districts and has two-tier credit structure. The three-tier credit structure is in operation in the remaining five districts, where the Kangra Central Co-operative Bank and the Jogindra Central Co-operative Bank providing their services. The Apex bank is playing an important role in mobilizing financial resources (Bisotra, 1994). It also establishes close contact with the member District Central Co-

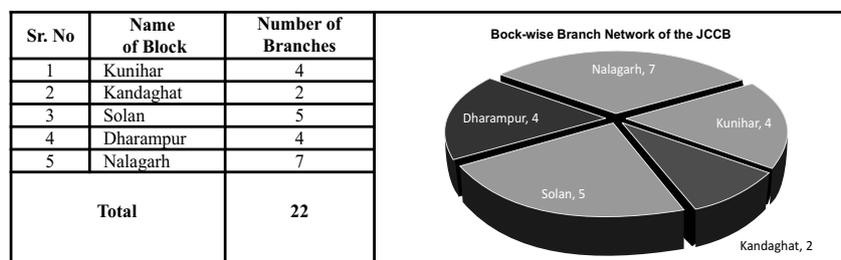
operative Banks and Credit Societies at base level. It is a balancing agency of the co-operative institutions working in the state. It coordinates the policies at the state level. It is also playing an important role in formulating and executing the co-operative policies in the state.

Origin of The Jogindra Central Co-operative Bank Limited

The Jogindra Central Co-operative Bank Ltd Nalagarh came into existence on 20th August 1924, with the blessing of Late Raja Jogindra Singh of Nalagarh State to save the poor farmers from clutches of the money lenders. In the year 1958 when there was a Pepsu State Kandaghat sub division was merged with this bank and the area of operation of bank was extended into two subdivisions namely Nalagarh and Kandaghat in 1966, the Punjab state was reorganised and the entire Shimla district became the area of operation of the bank. Later on, in Himacahl Pradesh on the creation of new four districts, new Solan district came into existing in the area of operation of this bank. The JCCB covers the entire Solan district headquarter at Solan. At present the bank is functioning at Solan district with 22 branches and 3 extension counters.

Branch Network of the Bank

Table-I: Branch Network of the Jogindra Central Co-operative Bank Ltd.



Source: Official website of the Jogindra Central Co-operative Bank

Progress of the Jogindra Central Co-operative Bank Limited

The selected various financial and operating indicators of the bank like branch expansion, membership, Share Capital, income, expenditure, reserves, working capital, volume of business and profits over a period of twelve years has been shown in table-II.

Membership strength and capital position are the two necessary ingredients which lead to success of cooperative institutions membership of cooperative consist of individuals, state government and cooperative societies. As far as membership of the bank is concerned, there was a negative growth during the study period. While the branch network shows that there was no additions in the number of branches from 2001-02 to 2011-12, only two branches were opened in 2012-13. Table reveals that the Compound growth rate of share capital was 2.70 percent during the study period. In 2001-02 the share capital was Rs. 215.31 lakh which increased to Rs. 288.70 lakh in 2012-13. Similarly, outstanding advances of the bank also increased to Rs. 61,396 lakh in the year 2012-13 from Rs. 4742.37 lakh in the year 2001-02 listing a compound growth rate of 13.99 per cent whereas working capital shows 13.91% compound growth rate. The business of a bank mainly consists of deposits mobilization and credit deployment

Table-II: Progress of the Jogindra Central Co-operative Bank Limited

Year	Branches (Number)	Membership (Number)	Share Capital (Rs. In Lakh)	Advances (Rs. In Lakh)	Working Capital (Rs. In Lakh)	Volume of Business (Rs. In Lakh)	Total Income (Rs. In Lakh)	Total Expenditure (Rs. In Lakh)	Profits (Rs. In Lakh)
2001-02	20 (-)	504 (-)	215.31 --	4,742.37 (-)	13,404 --	14,897 (-)	1,667.59 --	1,627.59 --	40 --
2002-03	20 (-)	507 (0.60)	233.16 (8.29)	5,212.23 (9.91)	15,855 (-18.29)	16,995 (14.08)	1,884.77 (13.02)	1,794.77 (10.27)	90 (125)
2003-04	20 (-)	474 (-6.51)	240.93 (3.34)	5,750.83 (10.33)	20,510 (-29.36)	21,931 (33.13)	1,656.85 (-12.09)	1,495.85 (-16.66)	161 (78.89)
2004-05	20 (-)	477 (0.63)	245.57 (1.93)	6,400.25 (11.29)	22,591 (-10.15)	24,986 (13.93)	1,699.77 (2.59)	1,496.77 (.06)	203 (26.09)
2005-06	20 (-)	477 (-)	246.22 (.26)	7,657.83 (19.65)	25,998 (-15.08)	30,441 (21.83)	1,663.88 (-2.11)	1,549.88 (3.55)	114 (-43.84)
2006-07	20 (-)	477 (-)	251.21 (2.03)	10,571.56 (38.05)	28,261 (-8.7)	34,946 (14.80)	2,054.87 (23.5)	1,785.87 (15.23)	269 (135.96)
2007-08	20 (-)	471 (-1.26)	252.44 (.49)	11,948.21 (13.02)	31,391 (-11.08)	39,079 (11.83)	2,460.97 (19.76)	2,144.97 (20.11)	316 (17.47)
2008-09	20 (-)	473 (0.42)	251.71 (-.29)	12,805.66 (7.18)	37,194 (-18.49)	44,662 (14.28)	3,487.49 (41.71)	2,961.49 (38.07)	526 (66.46)
2009-10	20 (-)	475 (0.42)	262.05 (4.10)	15,019.84 (17.29)	41,495 (-11.56)	50,844 (13.84)	3,214.92 (-7.82)	3,112.92 (5.11)	102 (-80.61)
2010-11	20 (-)	471 (-0.84)	272.77 (4.09)	20,573.98 (36.98)	48,309 (-16.42)	62,068 (22.07)	3,798.28 (18.15)	3,357.28 (7.85)	441 (332.35)
2011-12	20 (-)	477 (1.27)	283.49 (3.93)	23,217.17 (12.85)	55,503 (-14.89)	69,419 (11.84)	5,018.59 (32.13)	4,319.59 (28.66)	699 (58.5)
2012-13	22 (10.0)	471 (-1.26)	288.70 (1.84)	22,392.88 (3.55)	62,835.19 (-13.21)	73,858 (6.39)	5,870.61 (16.98)	4,986.81 (15.45)	883.8 (26.44)
Mean	20.17	479.50	253.63	12,191.07	33,611.66	40,343.88	2,873.22	2,552.82	320.40
S.D.	0.55	11.87	19.87	6,498.30	15,089.31	19,291.19	1,370.10	1,140.07	255.18
C.V.	2.74	2.48	7.83	53.30	44.89	47.82	47.69	44.66	79.65
C.G.R.	0.870	-0.614	2.70	15.16	15.21	15.67	12.12	10.72	67.52

Source: Annual Reports of Jogindra Central Co-operative Bank Ltd.

Note: Figures in parenthesis indicate the percentage change over the previous year.

The Volume of business is an indicator which shows the quantum of business done by a bank. The volume of business which was Rs. 1,72,933 lakh in the year 2001-02 increased to Rs. 8,47,167 lakh in 2012-13, showing a compound growth rate of 15.54%. Total income of the bank which was Rs. 18,521 lakh in 2001-02 increased to Rs. 62,388 lakh in 2012-13 and average income of the bank was registered Rs. 34,334 lakh during the study period. Expenditure of the bank shows a fluctuating trend till the year 2004-05 and increased with high rate and increased to Rs. 57,342 lakh in 2012-13. Highest growth over the last year was observed in the year 2007-08 (41.71%) and 2008-09 (40.58%). The difference of total income and total expenditure is termed as profit/loss. The profitability position of the bank shows that bank earned profits during the study period and there was no loss. The profits of the bank increased during the study period except the year, 2002-03, 2006-07 and 2008-09 these years showing high fall in the percentage of profits over the previous year.

Composition of Deposits

Share Capital and Reserves are the internal resources of a bank and no bank likes to trade with its owned resources endangering its financial standing. Hence, banks depend on the external finance to meet the demand for funds. The main source of external finance for banks is deposits from the public. The Jogindra Central Co-operative Bank has saving bank deposits, current deposits and fixed deposits which help in increasing the finance of the bank. Table III shows the development of the bank in terms of volume of deposits during the period under study. In the year 2001-02 the bank had Rs. 10,154.30 lakh in its various deposits accounts generated through the wide branch network. In the year 2003-04, the total amount of deposits rose to Rs. 16,180.05 lakh which were 46.58 percent more than in the year 2002-03. Witnessing growing trend in the deposits, the bank achieved a level of Rs. 51,465.26 lakhs. In the year 2012-13 this registered an increase of Rs 41,310.96 lakh over the year 2001-02. The proportion share of saving deposits to total deposits ranged between 34.64 to 54.68 percent throughout the period under study. Saving deposits were Rs. 3,517.91 lakh in the year 2001-02 which increased to Rs. 22,979.89 lakh in the year 2012-13 shows a 23.42 percent compound growth rate during the study period. Deposits in the fixed deposits accounts were more than other kind of deposits through the period of 2001-02 to 2012-13. These deposits ranged from 43.95 to 60.91% of total deposits during the study period. The current deposits remain less than 5.08% of total deposits during the study.

Here, it is important to note that current deposits have the lowest cost of funds. Hence, an attempt should be made to increase these deposits further. In case of fixed deposits, the proportion is costly for a bank because of the higher rate of interest paid on them. However, it is advantageous because

the bank can exercise more discretion in the deployment of funds generated through fixed Deposits because the customers cannot seek the repayment of such deposits before maturity in normal circumstances.

Table-III: Growth and Composition of Deposits of the Jogindra Central Co-operative Bank

(Amount Rs. in Lakh)

Year	Types of Deposits						Total Deposits
	Saving Deposits		Current Deposits		Fixed Deposits		
	Amount	% of total	Amount	% of total	Amount	% of total	
2001-02	3,517.91 --	34.64	450.98 --	4.44	6,185.41 --	60.91	10,154.30 --
2002-03	4263.20 (21.19)	36.18	561.10 (24.42)	4.76	6,959.17 (12.51)	59.06	11783.47 (16.04)
2003-04	7,424.33 (111.04)	45.89	613.32 (9.31)	3.79	8,142.41 (17)	50.32	16,180.05 (46.58)
2004-05	9,023.06 (21.53)	48.55	424.07 (-30.86)	2.28	9,138.23 (12.23)	49.17	18,585.37 (14.87)
2005-06	12,457.27 (38.06)	54.68	312.71 (-26.26)	1.37	10,012.91 (9.57)	43.95	22,782.89 (22.59)
2006-07	12,958.54 (4.02)	53.16	435.40 (39.24)	1.79	10,980.64 (9.66)	45.05	24,374.59 (6.99)
2007-08	13,668.88 (5.48)	50.38	350.93 (-19.4)	1.29	13,111.38 (19.4)	48.33	27,131.18 (11.31)
2008-09	15,071.67 (10.26)	47.31	319.19 (-9.04)	1.00	16,465.14 (25.58)	51.69	31,856.00 (17.41)
2009-10	16,573.99 (9.97)	46.26	342.20 (7.21)	0.96	18,908.45 (14.84)	52.78	35,824.64 (12.46)
2010-11	21,081.78 (27.2)	50.81	418.64 (22.34)	1.01	19,993.70 (5.74)	48.18	41,494.12 (15.83)
2011-12	21,884.13 (3.81)	47.37	449.68 (7.41)	0.97	23,868.07 (19.38)	51.66	46,201.87 (11.35)
2012-13	22,979.89 (5.01)	44.65	357.18 (20.57)	0.69	28,128.19 (17.85)	54.65	51,465.26 (11.39)
Mean	13,408.72		419.62		14,324.48		28,152.81
S.D.	6,276.88		89.36		6,808.13		12,880.02
C.V.	46.81		21.30		47.53		45.75
C.G.R.	23.42		4.09		14.89		15.89

Source: Annual Reports of JCCB Ltd. various issues.

Note: Figures in parenthesis indicate the percentage change over the previous year.

Recovery Performance of the Bank

Table III shows the recovery performance of the Jogindra Central Cooperative Bank during the study period under study. In the year 2002-03, the bank had collected Rs.1,706 lakh against the demand of Rs. 3,891 lakh which amounts to 59.01 percent of the total dues. On the other hand, the total demand in 2008-09 was Rs. 8,083 lakh out of which Rs.6,437 lakh was recovered, which was around 79.64 percent of the total demand. In the year 2010-11, the bank had collected Rs. 18,303 lakh against the demand of Rs.21,295 lakh, which amounts to 85.95 percent of the total dues. The compound growth rate of demand and collection was recorded at 16.34 percent and 18.42 percent respectively. The maximum percentage of the

overdue was recorded 40.99 percent and minimum 14.05 percent in the years 2002-03 and 2010-11 respectively. Although the bank could not collect the amount, yet keeping in view the nature and purpose of credit, it can be considered as satisfactory.

Table-IV: Recovery Performance of the Jogindra Central Co-operative Bank

(Amount Rs. in Lakh)

Year	Demand	Recovery	Overdues	Recovery (%)	Overdues (%)
2001-02	NA	NA	NA	NA	NA
2002-03	2,891 (-)	1,706 (-)	1,185 (-)	59.01	40.99
2003-04	3,891 (34.59)	2,499 (46.48)	1,392 (-12.72)	64.23	35.77
2004-05	4,112 (5.68)	3,033 (21.37)	1,079 (-26.65)	73.76	26.24
2005-06	3,654 (-11.14)	2,627 (-13.39)	1,027 (7.11)	71.89	28.11
2006-07	4,402 (20.47)	3,297 (25.50)	1,105 (-10.69)	74.9	25.1
2007-08	5,332 (21.13)	3,357 (1.82)	1,975 (47.56)	62.96	37.04
2008-09	8,083 (51.59)	6,437 (91.75)	1,646 (-45.02)	79.64	20.36
2009-10	6,516 (-19.39)	4,161 (-35.36)	2,355 (77.48)	63.86	36.14
2010-11	21,295 (226.81)	18,303 (339.87)	2,992 (-61.12)	85.95	14.05
2011-12	22,428 (5.32)	18,903 (3.28)	3,525 (11.86)	84.28	15.72
2012-13	13,132 (-41.45)	9,255 (-51.04)	3,877 (87.84)	71.48	28.52
Mean	8,703.27	6,688.91	2,014.36	-	-
S.D.	6,776.19	5,969.36	986.84	-	-
C.V	77.86	89.24	48.99	-	-
C.G.R	16.34	18.42	12.58	-	-

Source: Annual Reports of the Jogindra Central Co-operative Bank Ltd. various issues.

Note: Figures in parenthesis indicate the percentage change over the previous year.

Outstanding Advances of the Bank

The credit expansion rate is one of the basic indicators to judge the operational efficiency of any banking institution. On the other hand, deposits generated by the bank shall be major liability only if the deposits generated are not disbursed among the public. Keeping in view the importance of this aspect, the Jogindra Central Co-operative Bank made a commendable progress in credit expansion during the period 2001-02 to 2012-13. Table 4.21 reveals that the outstanding loans in the JCCB went up from Rs. 47,42.37 lakh in 2001-02 to Rs. 23,392.88 lakh in 2012-13, registering a significant growth rate of 15.16 percent.

Table-V: Outstanding Advances of the Jogindra Central Co-operative Bank

(Amount Rs. in Lakh)

YEAR	ADVANCES						
	Short-Term	% of Total	Medium-Term	% of total	Long-Term	% of total	Total
2001-02	841.13 (-)	17.74	3,597.47 (-)	75.86	303.77 (-)	6.41	4,742.37 (-)
2002-03	1,027.06 (22.10)	19.70	3,762.64 (4.59)	72.19	422.52 (39.09)	8.11	5,212.23 (9.91)
2003-04	1,260.94 (22.77)	21.93	4,035.33 (7.25)	70.17	454.55 (7.58)	7.90	5,750.83 (10.33)
2004-05	1,423.62 (12.9)	22.24	4,281.63 (6.10)	66.90	695.00 (52.90)	10.86	6,400.25 (11.29)
2005-06	1,964.51 (37.99)	25.65	4,389.13 (2.51)	57.32	1,304.19 (87.65)	17.03	7,657.83 (19.65)
2006-07	2,554.74 (30.04)	24.17	6,269.50 (42.84)	59.31	1,747.32 (33.98)	16.53	10,571.56 (38.05)
2007-08	3,330.92 (30.38)	27.88	6,273.15 (.06)	52.50	2,344.14 (34.16)	19.62	11,948.21 (13.02)
2008-09	4,166.09 (25.07)	32.53	5,756.07 (-8.24)	44.95	2,883.51 (23.01)	22.52	12,805.66 (7.18)
2009-10	3,420.76 (-17.89)	22.77	8,292.08 (44.06)	55.21	3,307.00 (14.69)	22.02	15,019.84 (17.29)
2010-11	4,621.83 (35.11)	22.46	12,935.04 (55.99)	62.87	3,017.11 (-8.77)	14.66	20,573.98 (36.98)
2011-12	5,044.66 (9.15)	21.73	15,643.69 (20.94)	67.38	2,528.82 (-16.18)	10.89	23,217.17 (12.85)
2012-13	8,458.64 (8.21)		5,577.35 (-64.35)		8,356.89 (230.46)		22,392.88 (3.55)
Mean	3,176.24		6,734.42		2,280.40		12,191.07
S.D.	2,105.83		3,656.59		2,109.36		6,498.30
C.V	66.30		54.30		92.50		53.30
C.G.R.	23.35		10.16		45.32		15.16

Source: Annual Reports of the Jogindra Central Co-operative Bank Ltd. various issues.

Note: Figures in parenthesis indicate the percentage change over the previous year.

Maximum increase over previous year was observed 38.05 percent in the year 2006-07. In case of short term loans of the JCCB which was Rs. 841.13 lakh in 2001-02 increased to Rs. 8,458.64 lakh during the study period. It is clear from the table, that medium term loans of the bank have highest proportion in total advances which ranged between 44.95 to 75.86 percent during the study period. Short term loans ranged between 17.74 percent to 37.77 percent followed by long term loans which ranged between 6.41 percent to 22.52 percent during the study period. The mean score of short term, medium term and long term was Rs. 3,176.24 lakh, Rs. 6,734.42 lakh and Rs. 2,280.40 lakh respectively.

The co-efficient of variation is also observed as the highest in case of long term loans (92.50 percent) followed by short term loans (66.30 percent) and medium term (54.30 percent). It shows that long term loans are less consistent and medium term loans are more consistent.

Purpose-wise Growth in Advances

Table -VI shows the purpose-wise growth of advances of the Jogindra Central Co-operative Bank Limited

Table-VI: Purpose-wise Growth in Advances of the Jogindra Central Co-operative Bank

(Amount Rs. in Lakh)

Year	Agricultural Loan		Non-Agricultural Loan		Total Loan
	Amount	% of Total	Amount	% of Total	Amount
2001-02	1,718 --	36.22	3,025 --	63.78	4,742 -
2002-03	1,830 (6.53)	35.10	3,383 (11.83)	64.90	5,212 (9.91)
2003-04	1,805 (-1.33)	31.39	3,946 (16.64)	68.61	5,751 (10.33)
2004-05	2,006 (11.14)	31.35	4,394 (11.36)	68.65	6,400 (11.29)
2005-06	2,249 (12.11)	29.37	5,408 (23.09)	70.63	7,658 (19.65)
2006-07	2,775 (23.35)	26.25	7,797 (44.16)	73.75	10,572 (38.05)
2007-08	3,311 (19.32)	27.71	8,637 (10.78)	72.29	11,948 (13.02)
2008-09	3,165 (-4.4)	24.72	9,640 (11.61)	75.28	12,805 (7.17)
2009-10	4,816 (52.15)	32.06	10,205 (5.86)	67.94	15,020 (17.30)
2010-11	6,609 (37.24)	32.12	13,965 (36.85)	67.88	20,574 (36.98)
2011-12	8,665 (31.11)	37.32	14,563 (4.28)	62.72	23,217 (12.85)
2012-13	8,925 (3.00)	39.86	13,467 (7.53)	60.14	22,392 (3.55)
Mean	3,989.45		8,202.413		12,190.92
S.D.	2,548.52		4,064.86		6,498.20
C.V	63.88		49.557		53.304
C.G.R.	16.16		14.54		15.16

Source: Annual Reports of the Jogindra Central Co-operative Bank Ltd. various issues.

Note: Figures in parenthesis indicate the percentage change over the previous year.

Table shows the outstanding loans on the basis of the purpose for which advances were made i.e. Agricultural and Non Agricultural loans. Table shows that the maximum proportion of outstanding loans was made with Non-Agricultural loans with 62.72 to 75.28 percent during the study period. Agricultural loans remained 24.72 to 39.86 percent of the total outstanding loans during the study period. Agricultural loans increased from Rs.1,718 lakh to Rs. 8,925 lakh in the year 2001-02 and 2012-13 respectively, with 16.16 percent compound growth rate. On the other hand, Non- Agricultural Loans increased with 15.16 percent growth rate. Maximum increase over previous year was observed in the year 2006-07, with 23.35 percent and 44.16 percent in agriculture and non-agriculture advances respectively.

Ratio Analysis

Profitability of the Jogindra Central Co-operative Bank has been assessed by examining the pattern and trends of deposits, advances income, expenditure, recovery etc. The ratio of possibility has been derived by relating various components of profit and loss account to a common denominator, namely, volume of business which is arrived at as the balance sheet total less contra items. The indicators as follows:

$$(i) \text{ Interest Received Ratio: (r) = } \frac{(\text{Interest Earned})}{(\text{Volume of Business})} \times 100$$

$$(ii) \text{ Interest Paid Ratio: (k) = } \frac{(\text{Interest Paid})}{(\text{Volume of Business})} \times 100$$

$$(iii) \text{ Manpower Expenses Ratio (m) = } \frac{(\text{Total Manpower Expenses})}{(\text{Volume of Business})} \times 100$$

$$(iv) \text{ Non-interest Income Ratio: (c) = } \frac{(\text{Non-interest Income})}{(\text{Volume of Business})} \times 100$$

$$(v) \text{ Non-interest Expenditure Ratio: (o) = } \frac{(\text{Non-interest Expenses})}{(\text{Volume of Business})} \times 100$$

The equations derived from the above key indicators, are:

$$\text{Spread Ratio} = \text{Interest Received Ratio} - \text{Interest Paid Ratio (r-k)}$$

$$\text{Burden Ratio} = \text{Manpower Expenses Ratio} + \text{Non-Interest Expenses Ratio} - \text{Non-interest Ratio (m+o-c)}$$

$$\text{Profitability Ratio} = \text{Spread Ratio} - \text{Burden Ratio.}$$

Table-VII: Ratio Analysis

Period	Credit Deposit Ratio	Interest Earned Ratio (r)	Interest Paid Ratio (k)	Non-interest Expenditure Ratio (o)	Non-Interest Income Ratio (e)	Manpower Expenses Ratio (m)	Burden Efficiency Ratio (m+o-e)	Spread Ratio (r-k)	Net Profit Ratio (Spread Ratio-Burden Ratio)
2001-02	46.7	11.03	5.93	3.86	0.16	1.13	4.83	5.1	0.27
2002-03	47.2	11.45	5.78	4.02	0.15	1.25	5.12	5.67	0.55
2003-04	35.5	7.4	4.73	1.14	0.15	0.95	1.94	2.67	0.73
2004-05	34.4	6.63	3.99	1.04	0.18	0.96	1.82	2.64	0.82
2005-06	33.6	5.26	3.68	0.46	0.21	0.95	1.2	1.58	0.38
2006-07	43.4	5.63	2.99	1.22	0.25	0.91	1.88	2.64	0.76
2007-08	44	6.1	3.25	1.37	0.2	0.87	2.04	2.85	0.81
2008-09	40.2	7.66	3.58	2.11	0.15	0.94	2.9	4.08	1.18
2009-10	41.9	6.2	3.87	0.92	0.13	1.33	2.12	2.33	0.21
2010-11	49.6	5.91	3.63	0.75	0.21	1.03	1.57	2.28	0.71
2011-12	50.3	6.89	4.34	1	0.34	0.89	1.55	2.55	1.00
2012-13	43.5	7.8	4.4	1.25	0.14	1.1	2.21	3.4	1.19
Average	42.53	7.33	4.18	1.6	0.19	1.03	2.43	3.15	0.72
S.D.	5.42	1.91	0.88	1.11	0.06	0.14	1.21	1.16	0.31
C.V.	12.74	26.02	20.98	69.89	30.09	13.74	49.64	36.91	42.92
C.G.R.	46.7	-3.1	-2.68	-9.74	-1.21	-0.24	-6.86	-3.62	14.44

Source: Annual Reports of Jogindra Central Co-operative Bank Ltd.

Note: Figures in parenthesis indicate the percentage change over the previous year.

The Credit Deposit Ratio plays a significant role in the operations of a bank. The Credit Deposit Ratio refers to the proportion of the credit sanctioned by banks in a region, to the deposits collected in the region. It explains the extent to which a region is benefited from the bank credit out of its own deposits variations in this ratio, thereby indicating that certain regions/states gain more than others in terms of credit flows, thus aggravating regional imbalance (Varshney, R. L. 1968). The higher the Credit Deposit ratio, the greater is the lending performance of a banking institution. Credit Deposit ratio of the bank shows fluctuating trend during the study period. The maximum ratio was observed during the year 2012-13 (45.6%) and minimum in 2001-02 (27.6%). It is observed that this ratio is below the benchmark (60%) in all the twelve years.

Profit is considered as an indicator of efficiency in the deployment of resources of banks. Income received ratio indicates the healthy performance of assets which contributes directly to profitability. This ratio ranges from 6.15 percent to 9.82 percent. To have a comfortable income for bank, the ratio must be improved. Interest paid ratio was brought to the lowest in the twelve years of study i.e. to 3.98 percent in 2006-07. This trend has to be maintaining in order to earn more profits. It is observed that the non-interest income ratio ranges from 0.09 percent to 1.25 percent in the present competitive banking arena, other income play an important role in

ensuring and enhancing profit. Therefore the Himachal Pradesh State Co-operative Bank must pay attention to improve the ratio. Man power expenses ratio indicates the expenses under manpower reduce of the bank. Manpower expenses cannot be reduced sharply; it can affect the performance of the employees which result in the decrease of profits. There is a requirement of training programme to increase efficiency of employees which is not considered as expenses but an investment. Spread is the difference between interest earned and interest paid. The higher the spread, the greater the profit margin of bank. A higher value of spread ratio indicates better performance of the bank. This ratio shows a fluctuating trend during twelve years. Net Profit to Volume of Business shows a decreasing trend during the study period which is really a major concern on management level.

Conclusion and Suggestion

On the basis of profit earning capacity it is find that compound growth rate of profit earning is 67.52% which shows a good financial health of the bank. The outstanding loans of bank registered a significant growth of 15.16% during the study period. Whereas the share of agriculture loans to total outstanding loans remained less than 40%. The basic objective of these banks is to promote agriculture and allied sectors so it is important to take some targeted policies/measures in this area. The current deposit is less than 5% of the total deposits, so it is necessary to launch different schemes to attract current deposit. The major concern is branch network. The number of branches has been increasing over the period with a compound growth of 0.87%. In case of recovery performance it is clear from the analysis that banks achieve good recovery performance earlier which was 59.01% in the year 2001-02, shows an increasing trend and achieved highest rate of 85.95% that reflects the strength of the bank. The Jogindra Central Co-operative Bank should extend its services to un-banked areas and increase its credit-deposit ratio. Thus it can be said that The Jogindra Central Co-operative bank achieved a significant growth in profits and showed a good performance in banking operations in the last twelve years.

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