



EFFECTIVENESS CREDIT MANAGEMENT IN DCC BANK – CUSTOMERS PERSPECTIVE

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Abstract

The present research focusing on evaluation of effectiveness of DCC Bank Credit Management from Consumer Perspective. Descriptive research design has been adopted for the study. 214 sampling units were taken into account by performing Convenient sampling technique. ANOVA, percentage statistical analysis used in the study.

Keywords: DCC Bank, Credit Management, Agriculturists

Introduction

Cooperatives have played a vital role in the new millennium, acting as agents of progress in the economy, generating prosperity and employment, particularly in rural regions. The United Nations has designated 2012 as the International Year of Cooperatives. The International Year of Co-operatives logo depicts a cube hoisted and held by 7 persons. It is a self-governing group of people who have come together willingly to achieve their common economic, social, and cultural needs and ambitions through a collectively owned and democratically run business. The gender-neutral figurines reflect the people element, which is important to the cooperative approach. The seven co-operative movement ideals are: elective and transparent membership, democratic member control, member economic involvement, autonomy and independence, training, education, and data, co-operation among co-operatives, and care for community.

Statement of the Problem

Co-operative banks act as an intermediary among depositors and investors, their role in providing credit becomes even more significant. To that end, co-operative banks must establish credit departments in order that manage requests for credit received from the needy. Therefore, the risk for cooperative financial institutions in these instances could be the accumulation of NPAs or the provision of additional capital. It would be more reasonable to examine the rise of credit and its role before doing an examination of the credit appraisal procedure.

Objectives of the study

1. To trace out the cooperative movements in India.
2. To study the effectiveness of credit Management in DCC Bank.

Hypothesis of the study

H0: The Overall Credit Evaluation Effectiveness of the DCCBs is not significant from the perspective of respondents with different income pattern.

H1: The Overall Credit Evaluation Effectiveness of the DCCBs is significant from the perspective of respondents with different income pattern.

Methodology

The present study descriptive in nature and Primary data required for the study collected from 214 customers of DCC Bank. Convenient sampling technique has been used to select the customers of the bank. The researcher employed ANOVA and Percentage statistical techniques. The researched used SPSS statistical software for the data analysis purpose.



Scope of the study

The present research is restricted to all 28 District Central Co-operative Bank offices located in the Shivamogga District. The study focuses on evaluation of effectiveness of credit management DCC Bank from Customer perspective only.

Cooperative Movements in India

Farming and allied areas gave birth to the cooperative movement in India. The Deccan riots of 1875 highlighted the issue of rural indebtedness. Since the 19th century, the government has been concerned about unrest among the local peasant population because of the difficulty of agricultural finance. Sir William Wedderburn and Justice Ranade explored the subject of rural indebtedness in 1882 and devised a plan to create an Agricultural Bank to provide loans to agriculturalists. The Land Improvement and Agriculturists Loans Acts (XIX of 1883 and XII of 1884, respectively) incorporated the key aspects of their programme, allowing farmers to take out loans for agricultural purposes (Srivastava et al., 1960). However, these precautions were insufficient. A few years later in 1892, the Madras Government delegated one of their authorities, Frederick Nicholson, to examine the philosophy and practice of Agriculture and other Land Banks in Europe and to propose ways to popularize an analogous trend in India. Nicholson studied the movement in Germany and other European nations and strongly advised the development of Co-operative credit organizations in India in his renowned report, published in 1895-97 (Kahlon and Palta, 1954).

The Co-operative Credit Societies Act of 1904 was enacted in response to his recommendations. The Act's goal was to create cooperative credit institutions to foster thrift and a culture of self-help. Then, in 1912, the Cooperative Societies Act was amended to create new organizations for the oversight, auditing, and distribution of cooperative credit. The movement was severely jolted by the collapse in farm price and the decrease in peasant revenue during the 1930s depression¹⁰. In light of this, the RBI proposed a strategy of integration and restoration instead than expansion, and multifunctional organizations rather than solely societies. The extraordinary circumstances generated by World War II resulted in some significant advancements in the cooperative movement. Most late payments were wiped off as a consequence of high pricing. As a result, the societies grew in strength and intensity during the war. The establishment of the Co-operative Planning Committee, which developed plans for the expansion of the cooperative movement in all domains, was a significant milestone. The movement has entered a new period of rapid development since the birth of political freedom, particularly the commencement of the planning era in 1950-51. Cooperation has emerged as the linchpin of development planning in the course of Five-Year Plans. The All-India Rural Credit Survey Committee (1951-54) constituted by the RBI undertook the first serious and thorough endeavor to analyze the condition of rural India following independence. In its report, the group stated, "Cooperation has failed, but it must succeed" (Tamini, 1976).

The committee discovered that cooperatives contributed only 3.2% of the overall credit and that moneylenders remained the final authority, and the committee proposed the implementation of a unified rural credit plan. In 1966, it was recognized that there was a need to control the operations of cooperative banks in order to guarantee their financial health and defend depositors' interests. As a result, certain sections of the Banking Regulation Act of 1949 were extended to include cooperative banks. These banks are now subject to dual control, namely that of the state government and that of the RBI, which exercises authority over them in terms of their financial operations. The All-India Rural Credit Review Committee (1969), which suggested that commercial banks enter the rural lending system, said unequivocally that this was done to "supplement" rather than "supplant" the cooperative credit framework. Based on the committee's suggestions, a multiagency strategy to rural financing was implemented, with commercial banks augmenting the initiatives of cooperative banks¹¹. To boost the rural credit system even further, regional rural banks were established in 1975 to provide credit to rural areas.



Result and Discussions

Table No. 1. Gender Wise Distribution of the respondents

Gender	Frequency	Percentage
Male	128	59.8
Female	86	40.2
Total	214	100.0

Source: Primary Data

The above table shows the gender wise classification of respondents. The percentage of male is more than female respondents who have rendered their opinion on credit management of Co-operative banks. 59.8 percent of the respondents are male and 40.2 percent of the respondents are female. It is to be noted that, Male respondents were more open and had been more responsive in responding to the scheduled questions. However, the researcher made sincere attempt in majority of the instances to obtain equal responses from both gender with the help of bank employees.

Table No. 2 Education wise distribution of the respondent

Age	Frequency	Percentage
20 Years to 30 Years	22	10.3
30 Years to 40 Years	101	47.2
40 Years to 50 Years	59	27.6
50 Years and above	32	15.0
Total	214	100

Source: Primary Data

The above table depicts the age wise classification of the respondents. 10.3 percent of the respondents are of the age group between 20 years and 30 years, 47.2 percent of the respondents are of the age group between 30 years and 40 years, 27.6 percent of the respondents are of the age group between 40 years and 50 years and 15 percent of the respondents are above 50 years. It is to be noted that, most of the respondents above 40 years with a greater number of years of association with the bank had favorable and positive opinion in most of the cases but the same was not true with that of age group 20 to 30 years. It is observed that, the respondents of age group had more of comparative and competition-based opinion on credit management of DCCBs and more to say on Ease of operation and use of Technology.

Table No. 3 One Way ANOVA Between Nature Of Association With Agriculture And Loan Sanctioning Effectives

Dependent Variable	Level of Association with Agriculture	ANOVA				
		N	Mean	SD	F	Sig.
Credit Evaluation Committee	Agriculturist (with no Income alternative)	78	3.30	0.71	4.53	0.00
	Agriculturist (with Income alternative)	136	3.10	0.68		
	Total	214	3.20	1.39		
Collateral Evaluation Powers with Branch	Agriculturist (with no Income alternative)	78	3.10	0.76	5.78	0.03
	Agriculturist (with Income alternative)	136	2.90	0.89		



Employees	Total	214	3.00	1.65		
Clarity in Standard Procedure for Credit Evaluation	Agriculturist (with no Income alternative)	78	3.30	0.711	2.26	0.00
	Agriculturist (with Income alternative)	136	3.10	0.68		
	Total	214	3.01	1.39		
Overall effectiveness of Credit Evaluation	Agriculturist (with no Income alternative)	78	2.20	0.70	4.69	0.01
	Agriculturist (with Income alternative)	136	2.80	0.64		
	Total	214	2.50	1.34		
Loan Sanctioning Committee	Agriculturist (with no Income alternative)	78	3.20	0.70	4.90	0.09**
	Agriculturist (with Income alternative)	136	3.10	0.62		
	Total	214	3.15	1.32		
Sanctioning Procedure	Agriculturist (with no Income alternative)	78	2.90	0.69	4.27	0.08**
	Agriculturist (with Income alternative)	136	3.12	0.67		
	Total	214	3.01	1.36		
Consumer Awareness On Sanctioning Procedure	Agriculturist (with no Income alternative)	78	2.23	0.56	5.27	0.00
	Agriculturist (with Income alternative)	136	3.14	0.68		
	Total	241	2.68	1.24		

Source: Survey Data

The above table indicates the Nature of Association with Agriculture and Loan sanctioning Effectives using one way Analysis of Variance. Totally seven factors were considered and included for the study and the results indicate that loan sanctioning committee and sanctioning procedure were not significant when compared to other factors. Other factors like credit evaluation committee, collateral evaluation powers with branch employees, clarity in standard procedure for credit evaluation, overall effectiveness of credit evaluation and consumer awareness on sanctioning procedure were significant.

From the above table and interpretation, it can be reasonably justified that, The Overall Credit Evaluation Effectiveness of the DCCBs is significant from the perspective of respondents with different income pattern. Hence the alternative hypothesis H_{A2} of Overall Credit Evaluation Effectiveness of the DCCBs being significant from the perspective of respondents is proved.

Conclusion

The study examined the effectiveness of credit Management policies and practices of DCC Bank by administering the structured questionnaire among the bank customer. The majority of the DCC bank customers are belong agriculture and other allied activities, Farmers were known as backbone of the country and majority of the Indian population depends on agriculture for their livelihood, hence the DCC Bank has to offers wide variety of products and services for them.



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