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## **PERFORMANCE OF RURAL COOPERATIVE CREDIT INSTITUTIONS OF AMBALA DISTRICT**

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# Performance of Rural Cooperative credit Institutions of Ambala District

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**Abstract – the Study of performance of rural cooperative credit institutions has become essential. An asset becomes non-performing when not to generate income for a financial institution. A non-performing asset does not give any return it incurs a cost by eating into earning made by bank. The main problem of non-performing assets lies in the quality of managing credit risk by the institutions. At present evaluate the non-performing asset position in central or rural cooperative bank in Ambala. Non-performing Asset are caused as a result of various internal or external factors. What is various preventive measure and appraisal responsibility? Bank should monitor loans to identify and having potential to become not performing. The article aims to identify different streams of thought that could guide future research.**

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## I. INTRODUCTION

Many banks and financial institution in India face the problem of Non-performing Assets. This issue is becoming more and more uncountable, some steps have taken recently non-performing Asset have a direct impact on banks profitability's many time banks are forced to make certain previous as per the reserve bank of India guidelines and increase in deposits. R.B.I. successfully create excess liquidity through various cuts rates and institutions fail to take the benefit due to non-performing Assets. Definition of Non – performing Assets.

Non-Performing Assets is a Assets including a Leased Asset that become non-performing when for the bank Assets is classified as non-performing Asset if dues in the form of principal and interest are not paid by the people of 180 instead of 90 days.

Credit or interest income on non-performing Assets

**REVIEW of LITERATURE** - the overview of researches that have already been existing in the Field over a period of time. It help the formulating the methodology of study finding out the cause and effect relationship. However. Being made to review some relevant studies on rural co-operative credit.

### The Rural credit Review Committee (1966)

under the chairmanship of B.Venkatappiah appointed by the Reserve bank of India to review the spply of Agriculture credit. In the field of technological changes the committee laid stress on the clear inadequacy of cooperative societies for credit needs of agriculture it

prepared the way for a multi-agency approach to agriculture and rural credit .

**Kandasani (1992)** joint efforts of the supervisors of the district central bank officers of the primary society in the government of Tamilnadu the periyar district central cooperative bank was able to get top position in the state of recovery performance of crop loan.

**PATEL (1999).** It revealed that cooperative banking system should also be freed from the interference of state government registrars. It should be under the purview of RBI if they does not offer prospect of viabilities. The should be closed down merge with adjoining branches.

**Hooda and vijay (2011).** It evaluate the performance of schedule commercial banks and forwarded comparative assessment between them with the help selected financial ratio.

**GUPTA and JAIN (2012).** Examined that improved the financial performance of urban cooperative banks in 2010-11 within the rural cooperative sector, state cooperative banks and district central cooperative banks reported profit. The Agriculture credit societies continued increase huge losses. The financial performance of long term cooperatives was found to be even weaker then short term. Also found that branch network of cooperative, through wide spread across the country.

**KAVITHA. N. (2012).** It is main assessment of non-performing assets on profitability. The credit of total advances was in the farm of doubtful assets in past and adverse impact on profitability. The study

absorbed that there is increase in advances over a period of study.

## II. RESEARCH METHODOLOGY

After the review of Literature it has been found that the above studies has not given much attention to the factors responsible for poor performance of rural cooperative institution. The factors lack of business approach, highly political interference, non-availability of infrastructure, lack of financial resources, inadequate deposits, lack of supervision and inspection, competition with nationalized banks. The various affords has been made the strength and weakness of these bank in term of their capital borrowings, overdue interest, deposits etc.

### Objectives of the Study

Following are the main objective of study.

- The study the growth functioning cooperative banks operating in Ambala district.
- To evaluate the Financial position of Rural cooperative credit institutions in Ambala district.
- To evaluate the operational performance in Ambala district.
- To suggest measure for strengthening the role of cooperative credit institution in rural development.

### Data Collection

This study is based on secondary data which is collected from the annual financial reports of the Ambala central cooperative bank Ltd. In addition to this various journals books and information provided by government agencies have been taken to complete the study.

### Significance of the Study.

The rural cooperative credit institutions in cooperative credit institutions in Ambala district are providing various benefit to society in the following ways.

**Shareholders.** With the help of study shareholders can know that the financial soundness of the banks and they can get information how safe and rewarding the proposed investment.

**Creditors** with the help of these study their principal and interest will be repaid when due or not.

**Employee Groups.** The study will help them in assessing the abilities of the banks and to pay higher bonus and remunerations.

**Government** The present study will help government can know whether the rules regulations, instruction, guidelines are followed by these bank.

**Public** With the help of present study public can know the future plan of these bank towards the society also given some opportunity for employment in these banks.

**Helpful for researchers.** It will also helpful for the future researchers for futures research.

**Limitation of the study.** The every possible effort has been made in this study to show on Analytical picture of performance of Rural Cooperative credit institutions in Ambala district the resources of disposal of researches were limited. The Researcher could not hve access to all records and documents needed for the study. The finding of study cannot be generalized for all the rural cooperative credit institution in Haryana. The time of study is also limited because it covers only ambala district.

## III. FINANCIAL AND OPERATIONAL PERFORMANCE OF RURAL COOPERATIVE CREDIT INSTITUTIONS IN AMBALA DISTRICT

Financial position of RCC is in Ambala District.

The Financial position of RCCIs can be well assessed by analysis the balance sheet of bank. Balance sheet is actually a picture of the Financial position. Here analysis and interpretation of the financial position of RCCIs in Ambala is done by computed items of balance sheet on different dates. Balance sheet have been taken to analyze the financial position of RCCIs in Ambala from the year 2009-10 to 2011-12.

### Results and interpretation.

Table – I

#### Total resources of RCCIs in Ambala

(Amounts in Rs. Lacs)

Resources	2009-10	2010-11	2011-12
Share capital	1412.94	1466.58	1585.38
Reserve			
Fund & others	1998.81	1683.32	1475.79
Deposits	24335.39	25895.15	27999.34
Borrowings	7190.82	9850.15	14440.85
Overdue			
Interest reserve	756.56	883.94	798.50
Profit/loss	282.16	(118.53)	134.81
Total	35976.68	39660.61	46434.67

Source:- Annual reports of Ambala central cooperative bank Ltd.

Paid up share capital. It is sum total of subscription made by state government associate member and cooperative societies in the paid up share capital of RCCIs in Ambala.

Table. II show the pattern of shareholding of Rccis in Ambala during the period fomr 2009-10 to 2011-12.

**Table – II**

**Pattern of shareholding of RCCIs in Ambala**

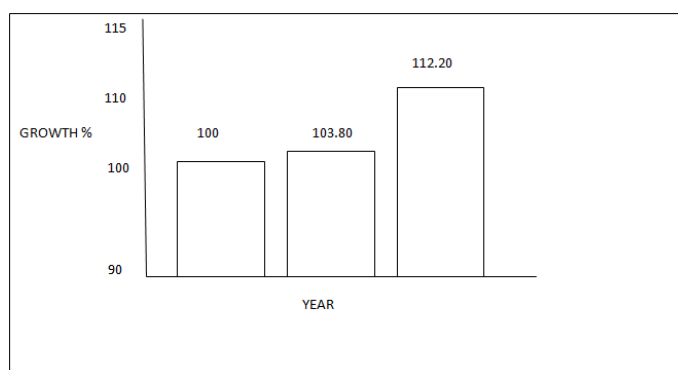
(Amount in Rs. Lacs)

Year	Cooperative Societies	Associate Members	State Government	Total	Growth %
2009-10	1138.31 (80.56)	3.40 (0.24)	271.23 (19.20)	1412.94	100.00
2010-11	1191.87 (81.27)	3.48 (0.24)	271.23 (18.49)	1466.58	103.80
2011-12	1310.65 (82.67)	3.50 (0.22)	271.23 (17.11)	1585.38	112.20

Base year – 2009 – 10

Sources:- Annual reports of Ambala central cooperative bank Ltd.

Note:- Figure in brackets show the percentage of each them to total



**OPERATIONAL PERFORMANCE OF RCCIs IN AMBALA**

Operational performance can be Analyzed by taking various operational items like deposits loan, borrowing recovery position, non-performing Assets to advances etc.

**Deposits** Deposit consist of fixed deposits, saving bank deposite and current deposit from individuals, coop, societies and primary banks

**Table – III**

**Position of deposits of RCCIs in Ambala.**

Amount in Rs. Lacs

Year	Current Accounts	Saving bank Deposit	Fixed Deposit	Total deposits	Growth %
2009 – 10	680.55	10579.82	13075.02	24335.39	100.00
2010 – 11	548.88	12364.50	12981.77	25895.15	106.41
2011 – 12	464.01	13039.14	14496.19	27999.34	115.06

Base year – 2009 – 10

Sources:- Annual Reports of Ambala Central cooperative bank Ltd.

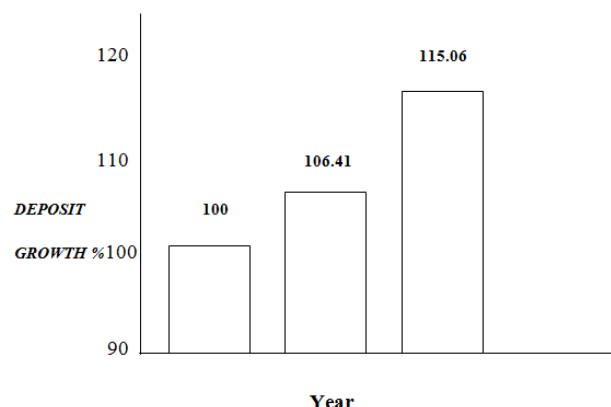


Table – III show the deposits of RCCIs in ambala have been increased with increase in percentage.

**Finding & Suggestions**

The present study is related to the financial and operational performance of rural cooperative credit institution in Ambala Distt. Finding and suggestion of the study are given below : -

Findings : -

By analyzing data some importance points come out which are given below.

- Total resources is terms of share capital, reserve fund deposits, borrowing of RCCIs in Ambala district show increasing trend. Profit show decreasing trand in 2009-2010 to 2011-2012.

- The Growth rate of paid up share capital of RCCIs in Ambala Distt. Show increasing trend in the year 2010-2011 growth rate of paid up capital 3.80%(103.80-100)
- Growth rate of reserve fund and other reserve show decreasing trend growth rate of agriculture credit stabilization fund of RCCIs in Ambala Distt. Showing increasing trend.
- Percentage of borrowing funds to total sources is showing increasing trend.
- The growth rate of deposit of RCCIs in Ambala Distt. showing increasing trend.
- The growth rate of Loan and advances is showing increasing trend.
- The growth rate of income is showing mixed trend.
- The Non-Performing assets (NPA) of RCCIs in Ambala Distt. Is showing decreasing trend.
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### SUBEESTIONS

To solve the problem some suggestions based on finding are given below : -

- Profits of RCCIs in Ambala distt. Show decreasing trend so efforts should be made to increase profit.
- Percentage of paid up capital to total resources should decreasing trend so corrective measures would be taken to increase it.
- Growth rated of expenditure is very high so measuring should be taken to control it.
- The modern techniques of banking including use of ATM should also be extended.
- The process of advancing loans to the people should be made simple.

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