



GROWTH OF INCOME AND EXPENDITURE ANALYSIS FOR DCCB IN THE DELTA REGION

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ABSTRACT

The co-operative movement is a socio-economic movement, and a co-operative society is managed by its members with democratic principles. Co-operation can be understood, and the same may be explained as a society of the members, for the members and by the members. Thus, a co-operative society is formed, regulated and directed by an association of its members, applying the rules of democracy to serve both its members and the community as a whole. This paper has mainly focused on the Thanjavur District, which covers the majority of the delta region in Tamil Nadu. In this district, two DCCBs are selected, namely, Kumbakonam Central Co-operative Bank (KCCB) and Thanjavur Central Co-operative Bank (TCCB), for the study. This research paper is exclusively made from the growth trend of income and expenditure analysis of both KCCB and TCCB. Finally, some common observations are made from the analysis of the DCCBs.

Key words: Total Income, Interest Income, CRR – Cash Reserve Ratio, SLR - Statutory Liquidity Ratio, Trend pattern

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1. INTRODUCTION

In India, the principles of co-operation have been practised by the village people for many years. Their religious, social and cultural life is mostly based on co-operation basis. They live together, work together and prosper together. Hence, it is well said that co-operation is coming together, staying together and working together. Further it is derived that, coming together is the beginning of co-operation among human beings; staying together is the success of the human

beings as they get opportunity to know and understand each other and working together in co-operation brings good results towards progress and prosperity. The act of co-operation helps the human beings to live with mutual interest by helping each other. The nature of togetherness is the basic code of co-operation. The co-operation has always penetrated into the life of human race, i.e., the co-operative life style is as old as human society.

Co-operative movement is a socio-economic movement and co-operative society is managed by its members with democratic principles. Abraham Lincoln has defined democracy as "of the people, for the people and by the people." In the same fashion, co-operation can be understood and the same may be explained as a society of the members, for the members and by the members. Thus, a co-operative society is formed, regulated and directed by an association of its members, applying the rules of democracy to serve its members and the community as a whole.

2. DISTRICT CENTRAL CO-OPERATIVE BANKS

The enactment of the Co-operative Societies Act, 1912 permitted the establishment of Central Co-operatives, the federal set up to function as financing agencies for the primary co-operatives. Every district in a state started to have its Central Co-operative Bank as District Central Co-operative Bank (DCCB).

The important functions of DCCB are:

- to finance primary societies by providing them funds.
- to enable primary societies to invest their reserves safely.
- to extend banking services for rural public.
- to develop co-operative movement in the district.
- to guide, control and supervise the function of member societies.

The following are some of the features / activities of DCCBs:

- Based on the recommendation of the committee of direction of the All India Rural Credit Survey 1954, DCCBs gradually eliminated the individual membership and made to have Primary Co-operatives as their members / shareholders.
- DCCBs extend financial support to member primary co-operative credit societies for short and medium term against security of land, house, gold / jewellery, Govt. security, fixed deposit, etc, depending upon the repayment capacity of the societies. The rate of interest on loans charged by DCCB is 3 to 4 percent above the rate at which it borrows funds.
- As per B.R. Act 1949, as applicable to Co-operative Societies, DCCB is expected to maintain stipulated CRR and SLR with RBI, as directed by RBI.
- The source of working funds for DCCB consists of share capital, reserves and surplus, deposits mobilized from members as well as non-members including Govt. and borrowings including refinance from NABARD.
- DCCB is managed by Board of directors consisting of elected and nominated members. The General Body consisting of members is supreme in all aspects. The elected and nominated members to the Board further elect the office bearers such as Chairman, Vice – Chairman, etc. The executive and administrative functions of DCCB are carried out by the CEO (Chief Executive Officer).
- The Standing Advisory Committee on Agriculture Credit of the RBI in the year 1952 recommended forming Central Co-operative Bank for each district. The erstwhile

undivided Thanjavur District is being the predominant delta region on the Cauvery Basin, it has two DCCBs, viz., Kumbakonam Central Co-operative Bank and Thanjavur Central Co-operative Bank to secure the farmers in the vast Agriculture region.

3. STUDY AREA OF THE RESEARCH

This paper has mainly focused on Thanjavur district which covers majority of the delta region in Tamil Nadu. In this district, two DCCBs have been selected, namely, Kumbakonam Central Co-operative Bank (KCCB) and Thanjavur Central Co-operative Bank (TCCB) for the study. This research paper is exclusively made from the growth trend of income and expenditure analysis of both KCCB and TCCB.

3.1. The Growth trend of Income of the CCBs during the study period of 10 years from 2009-10 to 2018-19

The growth trend of income has been calculated for both the CCBs from the Profit & Loss Account – Income statement taking 2009-10 as base year. The data so collected has been tabulated to study the percentage of growth of income of the CCBs during the decade, taking the income figure of 2009-10 as base figure. The study and analysis of this table keeps evaluating the bank's business potentials in augmenting the income portfolio, which is essential to make profits.

Table 1 Growth trend of Income of TCCB taking 2009-10 as base year

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Interest Income	4253.90	5254.83	6302.92	7529.83	8740.31	9553.61	9541.59	8434.87	8573.29	8680.81
		1000.93	2049.02	3275.93	4486.41	5299.71	5287.69	4180.97	4319.39	4426.91
		23.53%	48.17%	77.01%	105.46%	124.58%	124.30%	98.28%	101.54%	104.07%
Other Income	580.07	84.61	209.03	144.98	214.32	226.98	142.70	236.11	215.23	189.93
		-495.46	-371.04	-435.09	-365.75	-353.09	-437.37	-343.96	-364.84	-390.14
		-85.41%	-63.96%	-75.01%	-63.05%	-60.87%	-75.40%	-59.30%	-62.90%	-67.26%
Total Income	4833.97	5339.44	6511.95	7674.81	8954.63	9780.59	9684.29	8670.98	8788.52	8870.74
		505.47	1677.98	2840.84	4120.66	4946.62	4850.22	3837.01	3954.55	4036.77
		10.46%	34.71%	58.77%	85.24%	102.33%	100.34%	79.37%	81.81%	83.51%

Source: Annual report

From the above table, the following points are noted as inference:

- Interest income of TCCB has shown positive growth throughout the decade. The percentage of increase is in the ascending trend upto 2015-16 and has come down thereafter.
- Other income of TCCB has been negative throughout the decade and this has affected the growth percentage of total income of TCCB.
- The percentage of growth of total income has affected because of reduction in other income. However the total income has shown positive growth.

Table 2 Growth trend of income of KCCB taking 2009-10 as base year

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Interest Income	7744.57	7942.23	9623.92	11529.69	13672.21	12465.90	12893.34	10657.71	12355.02	12388.38
		197.66	1879.35	3785.12	5927.64	4721.33	5148.77	2912.54	4610.45	4643.81
		2.55%	24.27%	48.87%	76.54%	60.96%	66.48%	37.61%	59.53%	59.96%
Other Income	155.90	169.91	207.17	111.03	390.66	222.48	211.22	243.47	274.93	124.33
		14.01	51.27	-44.87	234.76	66.58	55.32	87.57	119.03	-31.57
		9.00%	32.89%	-28.78%	150.58%	42.71%	35.48%	56.17%	76.35%	-20.75%
Total Income	7900.47	8112.14	9831.09	11640.72	14062.87	12688.38	13104.56	10901.18	12629.95	12512.71
		211.67	1930.62	3740.25	6162.40	4787.91	5204.09	3000.71	4729.48	4612.74
		2.68%	24.44%	47.34%	78.00%	60.60%	65.87%	37.98%	59.86%	58.38%

Source: Annual Report

From the above table, the following points are noted as inferences:

- Interest income of KCCB has grown sharply in the year 2011-12 (24.27%). The growth percentage of interest income is positive throughout the decade, and the growth percentage has come down sharply in 2016-17.
- The growth percentage of other income is positive throughout the decade except in the years 2012-13 and 2018-19. The other income is loss than that of the base year is these two years.
- The growth percentage of total income of KCCB has been positive throughout the decade. Due to low increase in other income, the percentage has varied with that of interest income.

Table 3 Growth trend of Expenditure of TCCB taking 2009-10 as base year

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on deposits and Borrowings	1704.70	3957.46	4982.09	5792.89	6747.14	7107.83	6702.10	6012.93	5517.95	6439.93
		2247.76	3277.39	4088.19	5042.44	5403.13	4997.40	4308.23	3813.25	4735.23
		131.86%	192.26%	239.82%	295.80%	316.95%	293.15%	252.73%	223.69%	277.77%
Salary and Establishment Expenditure	306.97	489.09	435.56	509.84	529.67	999.15	1407.16	1338.99	1375.46	1425.84
		182.12	128.59	202.87	222.70	692.18	1100.19	1032.02	1068.47	1118.87
		59.33%	41.89%	66.09%	72.55%	225.49%	358.40%	336.20%	348.07%	364.49%
Provision for NPA	4072.32	2563.99	1785.26	1128.33	1088.05	807.14	884.28	147.93	817.88	-
		-1508.33	-2287.06	-2943.99	-2984.27	-3265.18	-3188.04	-3924.39	-3254.44	-4072.32
		-37.04%	-56.16%	-72.29%	-73.28%	-80.18%	-78.28%	96.37%	79.92%	-100.00%
Other Expenditure	1234.94	97.30	134.31	80.77	131.83	501.12	122.53	653.51	540.72	172.72
		-1137.64	-1100.63	-1154.17	-1103.11	-733.82	-1112.41	-581.43	-694.22	-1062.22
		-92.12%	-89.12%	-93.46%	-89.32%	59.42%	90.08%	47.08%	56.21%	86.01%
Total Expenditure	7318.93	7107.84	7337.22	7511.83	8496.69	9415.24	9116.07	9153.36	8252.01	8038.49
		-211.09	18.29	192.90	1177.76	2096.31	1797.14	834.43	933.08	719.56
		-2.88%	0.25%	2.64%	16.09%	28.64%	24.55%	11.40%	12.75%	9.83%

Source: Annual report

The study of the data given in the above table given the following inferences:

- The expenditure on payment of interest on deposits and borrowings of TCCB has grown steadily as the growth percentage has shown gradual increase up to 2014-15 and thereafter less fluctuations in four years.
- Increase of salary and establishment expenditure, the percentage of growth has shown low fluctuation up to 2013-14. A sharp increase is seen in the year 2014-15 and 2015-16. Thereafter the variation in the growth percentage is very less.
- TCCB has reduced the provision for NPA consistently throughout the decade maintaining the negative percentage till the provision for NPA has become NIL in 2018-19.
- TCCB also taken steps to reduce the other expenditure and it is exhibited in the negative percentage figure in all the years.
- The percentage growth of total expenditure of TCCB has been negative in 2010-11 and almost nil increase in 2012. Steep increase is seen in 2013-14 to 2015-16 and set show growth in last three years.

Table 4 Growth trend of expenditure of KCCB taking 2009-10 as base year

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on deposits and Borrowings	4252.74	5734.66	7008.72	8449.89	9741.56	8740.28	8322.11	7293.99	7673.97	7833.38
		1481.92	2755.98	4197.15	5488.82	4487.54	4069.37	3041.25	3421.23	3585.64
		34.85%	64.80%	98.69%	129.06%	105.52%	95.69%	71.51%	80.45%	84.31%
Salary and Establishment Expenditure	1005.54	828.35	848.71	716.20	1243.35	828.59	3430.25	1964.23	1963.47	1661.93
		-177.19	-156.83	-289.34	237.81	-176.95	2424.71	958.69	957.93	956.39
		-17.62%	-15.60%	-28.77%	23.65%	-17.60%	241.13%	95.34%	95.26%	65.28%
	2429.29	1012.18	1085.29	1527.15	-	-2010.94	766.94	596.17	902.99	1328.42

Provision for standard assets and NPA		-1412.11	-1144.00	-902.14	-2429.29	-418.35	-1662.35	-1833.12	-1526.30	-1100.87
		-58.13%	-55.32%	-37.14%	-100%	-17.22%	-68.43%	75.46%	-62.83%	-45.32
Other Expenditure	97.44	156.23	195.81	167.02	872.08	373.58	362.47	481.03	678.22	888.63
		58.79	98.37	69.58	774.64	276.14	265.03	383.59	580.78	791.19
		60.33%	100.95%	71.41%	795.00%	283.39%	272.00%	393.63%	596.04%	811.98%
Total Expenditure	7785.01	7731.42	9138.53	10860.26	11856.99	11953.39	12881.77	10335.42	11218.65	11717.36
		-53.59	1353.52	3075.25	4071.98	4168.38	5096.76	2550.41	3433.64	3932.35
		-0.69%	17.39%	39.50%	52.31%	53.54%	65.47%	32.76%	44.11%	50.51%

Source: Annual report

The study of the data given in the above table gives the following inferences:

- The growth percentage of interest paid on deposits and borrowings of KCCB has gone up with an even increase of above 30% up to 2013-14. This interest expenditure has been contained in 2015-16 and 2016-17. However, again the percentage growth has gone up in the last two years of the decade.
- In case of the growth percentage of salary and in establishment expenditure, the percentage of growth is negative in four out of 5 consecutive year from 2010-11. A sharp increase in salary and establishment expenditure is seen in 2015-16. KCCB again contained this expenditure in the last three years; especially effective reduction is seen in 2018-19.
- The percentage growth of provision for NPA is negative in all the years of the decade and the provision is NIL in 2013-14. Further, the provision for NPA has been contained effectively in the years 2015-16 to 2017-18.
- The percentage growth of other expenditure is not controlled by KCCB as it has shown very high percentage of increase with a sharp increase in 2013-14, 2017-18 and in 2018-19.
- The percentage of growth of Total expenditure of KCCB is low in the first 3 years of the decade and thereafter the growth percentage is almost even without many variations (except 2016-17). Till the end of the decade of study.

4. OBSERVATION

The following are the common observations about the growth trend of income and expenditure of TCCB and KCCB during the period of study.

- Percentage growth of income is more in TCCB than the same in KCCB taking 2009-10 as base year. Maximum growth percentage is seen in TCCB in the year 2014-15 (102.33%) and the maximum growth in KCCB is seen in 2013-14 (78.08%).
- Both the CCBs have their peak level of growth percentage in income in the years 2013-14 to 2015-16.
- The growth percentage in other income is more in KCCB as it has positive growth percentage. In TCCB, the other income has shown negative growth throughout the decade.
- The growth percentage of total expenditure taking 2009-10 as base year is higher in KCCB (Highest 65.47%) than the same in TCCB (highest 28.64%) i.e., the reduction in total expenditure is tell in TCCB than KCCB.

5. CONCLUSION

This paper has mainly focused on Thanjavur district which covers majority of the delta region in Tamil Nadu. In this district, two DCCBs have been selected, namely, Kumbakonam Central Co-operative Bank (KCCB) and Thanjavur Central Co-operative Bank (TCCB) for the study.

This research paper is exclusively made from the growth trend of income and expenditure analysis of both KCCB and TCCB.

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