THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Productivity Ratio of the District Central Cooperative Banks in Tirunelveli Region, Tamil Nadu

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Abstract:
Finance and Financial management plays an important role in all types of organization. Sound financial planning and management is the most vital requirement for successful management. Financial management also plays an important role in cooperative enterprise. A study of business failures in cooperatives would reveal that majority of such failures resulted from the lack of proper financial management. DCCBs occupy a place of significance in the cooperative credit delivery system. They act as a spokesperson of the cooperative movement at district level. Inefficient functioning of cooperatives is due to bad debts, excessive overdue or otherwise investment. Therefore, the financial management occupies an importance place as the functions of these institutions. Hence, the analytical study on the Productivity Ratio of District Central Cooperative Banks in Tirunelveli Region has been undertaken. The results of the study will help in identifying the lacuna if any, in the financial performance of the DCCBs and to frame financial policies and programme to the benefit of the banks and the community.

Keywords: *Productivity ratio, cooperative banks.*

1. Introduction

'Financial Statements' refer to a package of statements such as balance sheets, income statement, funds flow statement, cash flow statement and statement of retained earnings. The balance sheet and income statement are traditional financial statements. Other statements are prepared to supplement them. The following are the main objectives of finance statement analysis.

- To estimate the earning capacity of the concern
- To judge the financial (both liquidity and solvency) position and financial performance of the concern.
- To decide about the future prospects of the concern.

According to the American Institute of Certified Public Accounts (AICPA), "financial statements reflect a combination of recorded facts, accounting principles and personal judgments." The term recorded facts refers to the data taken out from accounting records. Facts which have not been recorded in the financial books are not depicted in financial, however important they might be. For example, fixed assets are shown at cost, irrespective of their market or replacement price since only cost price is recorded in the books. Certain accounting principles, concepts and conventions are followed in the preparation of financial statements. For example, the convention of valuating stock at cost or market price, whichever is less is followed. The principle of valuating assets at cost less depreciation is followed for balance sheet purpose.

2. Statement of the Problem

DCCBs occupy a place of significance in the cooperative credit delivery system. They act as a spokesperson of the cooperative movement at district level. The success or otherwise of the cooperatives in a district level largely depends upon the efficiency of the functioning of DCCBs. The founders of the movement envisioned the role of DCCBs beyond the boundaries of mere financing bank. DCCBs are expected to serve as a financing bank for the primaries in a district, guide them in their day to day operations, supply of necessary manpower and technology wherever it is required, voicing on behalf of primaries at policy level etc,. Because of this integrated role, DCCBs are strategically located and integrated with the cooperative system.

Hence, they are not only acting as financing banks, but also act as development banks for the cooperatives at district level. To do these multifarious functions DCCBs should have a well-defined management system. In the total management of the DCCBs, financial management occupies a place of importance as the functions of these institutions are also governed by the Banking Regulation Act. Even a minor deviation from banking norms would attract penal actions from the law enforcing authorities. On the one side, DCCBs are expected to act as a financing bank for the primaries, which are in majority of the cases managed by untrained work force. On the other side, DCCBs are expected to follow the banking norms as well as implement the State Governments schemes and programmes for the development of the state. Most DCCBs that fail seem to do so because of problems in their loan portfolio. Non-performing loans grow to such extent that revenues fall off and loan expenses as well as operating costs absorb all the earnings that remain. The bad loan situations usually arise from combination of factors. In this regard, it is pertinent to study how these banks mobilize the resources and deploy them. Hence funds management of the DCCBs is an important issue and their financial performance is to be studied with their impact on productivity ratio in DCCBs. In this context, the questions apt to arise are:

- Whether the financial performances of the banks are in satisfactory manner in terms of productivity ratio?

To find out the answer to these questions, an analytical study had to be undertaken. The results of such studies will help to find out the problem, difficulties, impacts etc., and to frame financial policies by the DCCBs for the benefits of the farmers, the community and other stakeholders.

3. Review of Literature

Several individual researchers had studied a few facets of productivity ratio of selected DCCBs in selected areas. To know how far the ground is already prepared and to identify the gaps therein, and to spell out the issues which need further intensive and comprehensive analysis, an attempt is made to review the related literature.

3.1. Selvaraj. A. and Rajayyan. P.

(2012) in their study, "A study on performance and challenges of the District Central Cooperative Bank Ltd., Salem District". The objective of this study is to know the existing position and performance of DCC Bank Ltd., Salem and it suggest remedies to overcome the service of DCCB. The study revealed that the cooperative Banks are the lifeblood of Indian economy and the mechanism for any development programme. In this LPG era cooperatives are an ideal instrument in economic and social development through strong local community.

3.2. Surya Rao K.

(2007) in his study, "Performance of Cooperative Banking. A study of DCCB - Eluru, Andhra Pradesh", applied ratio such as profitability analysis, productivity analysis, solvency position, and operational efficiency and SWOT analysis. The study revealed through productivity analysis that the rate of deposits per employee has lagged behind that of the loans per employee ratio. Thus, there is need on the

part of employees to mobilize deposit to meet loans demand in view of disparity in the growth rate in these two ratios. Accordingly the ratio values of deposits per employee, productivity of employees can be improved. The solvency ratios showed that the bank was maintaining an average cash reserve ratio of 11 per cent that is much more than the stipulated ratio of 6 per cent. The operational efficiency ratios concluded the satisfactory performance. Finally SWOT analysis revealed various aspects of the Eluru DCCBs. The study suggested strengthening of the working capital and to increase the deposit from member societies. The bank should utilize the opportunity of expanding their lending operations. Depending on external sources of borrowing such as refinance from apex bodies could be minimized by promoting deposits mobilization.

3.3. Fulbag Singh and Balwinder Singh

(2006) in their study "Profitability of the Central Cooperative Banks in Punjab- A decomposition Analysis", they analyzed the profitability position of the Central Cooperative Bank in Punjab. Two different years have been studied with the help of a framework of Return on Equity (ROE) model. The sample of bank with high business volume and those with low business volume had been tested separately. The study could be concluded that as far as the profitability performance was concerned, the central Cooperative Bank of Punjab had worked well. The miscellaneous income in comparison to the total income has been in lower profile in these banks. The switching over to high yield non-farm sector advances has helped to register a positive trend in financial margin in almost all the banks. The implementation of prudential norms from 1996-97 have helped the banks to generate an awareness on the adverse effect of overdue/ non-performing assets in these banks.

3.4. Raja. S.

(2005) in his study, "Performance Evolution of MDDCB Ltd- an Application of Structural and Growth Analysis", analyzed the pattern of each component of the financial statements such as balance sheet and profit and loss account over a period of time. The study found out that performance of the Madurai District Central Cooperative Bank (MDCCB) using structural and growth analysis. Macro mean has been used to exhibit the strength and weakness of each factor considered. The major result of the study is a macro mean, which in respect of interest received constitutes 99% of the total income, 97% for interest paid, 21% in the case of operating expenses, 94% for spread and it is at 93% for burden. As regards book profit, it works out to be 7% the revolution of the growth rate analysis are that net loss has recorded the growth at 17%, operating expenses at 18%, spread at 13%, burden 20% advances and aggregate deposits at 6% each and fixed deposits and saving deposits at 9% each. The study concluded that the burden rate should be reduced by effecting cost control measure and spread rate be increased so that profitability can be at a higher rate.

4. Objectives of the Study

The specific objectives of the present study are:

1. To analyze the productivity ratio in the DCCBs, and
2. To offer suitable suggestions for the development of the DCCBs

5. Methodology

Mainly-analytical method has been followed for studying the productivity ratio of Tirunelveli (TIDCCB), Virudhunagar (VIDCCB), Thuthukudi (TUDCCB) and Kanyakumari (KADCCB) District Central Cooperative Banks in Tirunelvel Region, Tamil Nadu. The secondary data were collected from the profit and loss account and balance sheet for the selected DCCBs. The macro level data were collected from the office of the Joint Registrar of Cooperative Audit in Tirunelveli region, Tamil Nadu State Apex Cooperative Bank, Tamil Nadu State Cooperative Unions, National Federation of State Cooperative Banks, NABARD and RBI.

6. Sampling

The present study has adopted the purposive sampling method for the selection of sample banks. Among the five cooperative regions (Chennai, Coimbatore, Trichy, Madurai and Tirunelveli) categorized by the Registrar of Cooperative Societies, Tirunelveli region was purposively selected. The considerations kept in mind were that the Tirunelveli region of Tamil Nadu is popular for Agriculture, Fisheries, Dairy and Industrial growth. This region also covers plain and coastal areas with different cropping patterns. Four districts of this region were served by the four District Central Cooperative Banks namely Tiruneveli, Viruthunagar, Thoothukudi and Kanyakumari DCCBs. These four banks were selected for the present study.

7. Scope of the Study

A strong network of the District Central Cooperative Banks is a prerequisite for the sound performance of the three tier cooperative credit structure. DCCBs not only provided much needed financial assistance to PACBs but also ensured the smooth flow of credit to various sectors in the district. The success of these banks depends on efficient management of funds. The study has mainly focused attention to study the productivity ratio of the four DCCBs in Tirunelveli Region. The results of this study will help in identifying the lacuna if any in the productivity ratio of the DCCBs and to frame financial policies and programme to the benefit of the banks and the community.

8. Period Covered by the Study

The period of the study has been taken-up from the financial year 1998--99 to 2008-09 (11 years) as complete and comprehensive secondary data both for macro and micro level were available only for these years. The period of eleven years was considered for analysis.

9. Tools Used For Data Collection

For collecting the required secondary data from the selected DCCBs, a comprehensive schedule was prepared and used. The schedule was pre-tested and finalized.

10. Frame Work of Analysis

The data collected were subdued into a digestible account by appropriate coding, computing and tabulations. The basic tools of statistical analysis like average and working capital ratio were employed.

11. Results and Discussion

11.1. Ratio Analysis

The relationship between two figures expressed mathematically is called a ‘Ratio’. It is a numerical relationship between two numbers which are related in some manner. Ratio analysis is technique of analysis and interpretation of financial statements. It is the process of determination and interpretation of various ratios for helping in decision making. Ratio analysis involves three steps.

11.2. Productivity Ratio

In the process of economic growth production and productively are two significant aspects. The productivity is the amount of absolute flow of product during the given period, productivity is the measure of efficiency in production of factor, inputs and factors input services. Banking is essentially a service oriented industry and thus it is hard to find out its productivity in absolute terms. From the point of view of banking organization productivity aspects can be studied by examining the efficiency of employees in mobilizing deposits, issuing of loans, gearing up the total activities of the banks over a period of time. In this study, per employee performance during the year 1998-99 to 2008-09 had been computed for different parameters.

11.3. Per Employee Deposits and Advances

Per employee deposits ratio indicate the capacity and contribution of employees in mobilizing deposits. As deposits help the bank in lending operations, they are very much important for the banking operations and hence the ratio is very much useful in measuring the productivity of employees.

Advances per employees ratio reflects the loans issue capacity of employees. Issue of loans in one of the most important functions of the banks as bank earnings to a large extent depend on loan issues. Hence employees are expected to play an important role in the quick processing and issuing of loans. Further, loan issue to good borrowers helps the banks' earnings and in this context also employees are expected to play a major role. The total deposits and advances of the banks are presented in above table 4.8 and 4.12. Per employee deposits and advances are presented in the following table.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	76	59.1	113	44.7	67
1999-00	113	71.4	162	72.3	92.8
2000-01	111	78	93.3	70.4	87
2001-02	122	88.4	101	74.4	94.8
2002-03	137	103	113	93.8	110
2003-04	129	111	94.3	96.1	108
2004-05	135	115	102	115	116
2005-06	140	128	97.5	120	121
2006-07	166	151	105	128	137
2007-08	173	173	138	148	159
2008-09	199	187	181	192	190
Avg.	**136**	**115**	**118**	**105**	**117**

Table 1: Per Employee Deposits (Percentage)
PE-Per Employees D-Deposits

Number of employee of the banks has considerably decreased during the study period. The VIDCCB had highest number of employees from the above table it is clear that the per employee deposits ratio of the banks had decreased from 67 percent in 1998-99 to 159 percent in 2008-09; on an average increase of 117 percent during the study period. Hence the growth of the employee per year deposits of these banks is satisfactory. Comparatively, the TIDCCB had highest ratio (136 percent) than the other three banks. The KADCCB had the lowest ratio (105 percent). It is to note that the ratio has been constantly increasing.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	59	88	125	157	101
1999-00	72	92	153	163	111
2000-01	100	98	101	160	112
2001-02	110	118	106	159	124
2002-03	126	125	111	179	136
2003-04	132	147	98	224	154
2004-05	189	175	111	257	185
2005-06	182	213	117	278	202
2006-07	216	227	138	345	236
2007-08	207	277	151	334	249
2008-09	237	208	193	374	253
Avg.	**148**	**161**	**128**	**239**	**169**

Table 2: Per Employee Advances (Percentage)
PE-Per Employees A-Advances

It is observed from the above table that advances per employee ratio had decreased from 101 percent in 1998-99 to 253 percent in 2008-09. During the study period, the average value of the ratio registered as 169 percent. This ratio reflects the satisfactory performance of the banks in this respect. Comparatively, the KADCCB had very high (239 percent) than the other three banks. Although the growth rate in advances is rising, it is less than the deposits growth rates, which indicate the banks should take effective steps for collecting more deposits to strengthen the bank viability.

11.4. Per Employee Total Income

The total income of the bank includes interest and discount, commission, exchange and brokerage and all other incomes.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	11.3	9.1	14.2	11.2	10.8
1999-00	9.3	12.8	22.4	11.8	12.8
2000-01	13.5	12.8	13.8	14.5	13.5
2001-02	17.1	17.0	15.0	18.9	17.1
2002-03	17.6	14.4	19.2	14.3	16.0
2003-04	19.5	14.5	15.7	19.4	17.1
2004-05	17.6	33.1	23.1	22.2	24.9
2005-06	20.5	22.3	14.6	24.3	20.7
2006-07	22.0	18.9	20.1	27.0	22.0
2007-08	7.41	18.0	18.8	38.3	20.9
2008-09	24.9	26.3	27.1	29.9	27.0
Avg.	**16.4**	**18.1**	**18.6**	**21.1**	**18.4**

Table 3: Per Employee Total Income (Percentage)
PE-Per Employees TI-Total Income

Per employee total income ratio had increased from 10.8 percent in 1998-99 to 27.0 percent in 2008-09. The average is 18.4 percent which is a healthy symbol for the banks. Comparatively, the KADCCB had earned more per employee total income. The TIDCCB had lowest ratio of 16.4 percent during the period under study.

11.5. Per Employee Expenditure

The total expenditure of the banks includes interest and non-interest expenses which come under the expenditure side of the profit and loss account of the bank. This ratio calculates per employee total expenditure per annum. The following table shows the per employee total expenditure ratio.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	12	9	13	11	11
1999-00	14	13	22	12	14
2000-01	20	13	20	15	16
2001-02	19	17	20	19	18
2002-03	28	14	25	14	19
2003-04	22	18	17	19	19
2004-05	17	13	22	19	17
2005-06	39	22	20	24	26
2006-07	28	19	20	24	22
2007-08	25	18	25	38	26
2008-09	25	22	26	30	25
Avg.	**23**	**16**	**21**	**20**	**19**

Table 4: Per Employee Total Expenditure (Percentage)
PE-Per Employees TE-Total Expenditure

Per employee total expenditure ratio reveals that it had increased from 11 percent in 1998-99 to 25 percent in 2008-09. The average per year was 19.4 percent. Among the four DCCBs, the TIDCCB had highest ratio of 23 percent. Hence it is concluded that the selected banks are performing not satisfactorily in this respect.

11.6. Per Employee Establishment Expenditure

Establishment expenditure includes salaries, allowances and provident fund.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	1.51	1.6	1.38	1.2	1.4
1999-00	1.72	1.78	1.62	1.5	1.7
2000-01	1.56	1.99	0.98	1.6	1.6
2001-02	1.53	2.32	1.37	1.3	1.7
2002-03	1.83	2.16	1.35	1.3	1.7
2003-04	1.66	1.09	1.15	1.5	1.3
2004-05	1.97	1.31	1.3	1.6	1.5
2005-06	2.07	3.37	1.01	1.6	2.1
2006-07	2.08	2.78	1.19	1.5	1.9
2007-08	1.87	3.47	1.39	1.7	2.2
2008-09	1.73	2.55	1.46	2	2
Avg.	**1.8**	**2.2**	**1.29**	**1.5**	**1.8**

Table 5: Per Employee Establishment Expenditure (Percentage)
PE-Per Employees EE-Establishment Expenditure

The per employee establishment expenditure had increased from 1.4 percent in 1998-99 to 2.0 percent in 2008-09. The yearly average of all the banks is 1.8 percent. Comparatively, the VIDCCB had higher ratio (2.2 percent) followed by TIDCCB (1.8 percent). The ratio during the eleven years period is admissible.

11.7. Per Employee Spread

Spread is the net interest income of the bank. This is the key elements that determine the amount of profit. It is calculated as the total interest earned on investment and loans and advance less interest deposits and borrowings. This table presents the per employee spread ratio.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99		1.8	1.4	2.1	1.9
1999-00	2.0	1.2	4.2	2.0	2.0
2000-01	2.2	1.4	3.6	2.7	2.3
2001-02	2.8	2.6	1.9	3.1	2.6
2002-03	3.5	3.8	2.0	2.6	3.1
2003-04	4.0	2.7	1.2	6.5	3.6
2004-05	3.0	2.0	4.8	6.9	4.0
2005-06	4.1	5.1	3.1	5.9	4.6
2006-07	3.7	8.0	7.3	7.4	6.8
2007-08	3.1	0.1	2.0	5.0	2.5
2008-09	3.1	10.0	2.2	2.5	5.1
Avg.	**3.1**	**3.5**	**3.1**	**4.2**	**3.5**

Table 6: Per Employee Spread (Percentage)
PE-Per Employees S-Spread

The above table reveals that the per employee spread ratio has increased from 1.9 percent in 1998-99 to 5.1 percent in 2008-09. The eleven years average is 3.5 percent. Comparatively, the KADCCB had the good performance (4.2 percent). Hence it is concluded that the performance of the banks under this ratio analysis is not satisfactory.

11.8. Per Employee Net Profit

The total income less the total expenditure is called net profit/loss for the every year. The net profit position of the banks is presented in above the table 4.23 per employee net profit ratio is displayed in the following table.

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	-0.2	0.2	0.1	0.2	0.1
1999-00	-1.8	-3.2	-0.5	0.4	-1.7
2000-01	-6.5	-1.7	-6.7	-1	-3.6
2001-02	-1.8	-1.3	-5.8	0.3	-1.9
2002-03	-10	-0.5	-7.3	0.5	-3.7
2003-04	-2.5	-1.7	-2.6	0.7	-1.4
2004-05	7.8	10	12	3.5	8.5
2005-06	-18	-3.2	-6	-3.1	-7
2006-07	-5.8	0	6.9	0.1	0.5
2007-08	-18	-3.8	-7.4	0.4	-6.7
2008-09	0.8	4.4	0	0	1.6
Avg.	**-5.1**	**-0**	**-1.5**	**0.2**	**-1.4**

Table 7: Per Employee Net Profit (Percentage)
PE-Per Employees NP-Net Profit

The per employee net profit ratio shows a negative trend during many years in the study period. The average is -1.4 percent. Comparatively, the KADCCB had satisfactory performance (0.2 percent). The other three banks VIDCCB, TUDCCB and TIDCCB had negative performance. The overall picture depicts an unhealthy trend.

12. Findings

The present study, "productivity ratio of the DCCBs in Tirunelveli Region, Tamil Nadu State" is an analytical one. The study was conducted in Tirunelveli Region, Tamil Nadu state. Among the five Cooperative Regions in Tamil Nadu, Tirunelveli Region covering four DCCBs was selected and secondary data were used for the analysis. A decadal period was covered by this (1998-99 to 2008-09). Statistical tools of statistical like average and ratio were used for analysis. The major findings and conclusion are presented in the following paragraphs.

12.1. Productivity Ratios

12.1.1. Per Employee to Deposits Ratios

Number of employee of the banks has considerably decreased during the study period. The VIDCCB had highest number of employees from the above table it is clear that the per employee deposits ratio of the banks had decreased from 67 percent in 1998-99 to 159 percent in 2008-09; on an average increase of 117 percent during the study period. Hence the growth of the employee per year deposits of these banks is satisfactory. Comparatively, the TIDCCB had highest ratio (136 percent) than the other three banks. The KADCCB had the lowest ratio (105 percent). It is to note that the ratio has been constantly increasing.

12.1.2. Per Employee to Advances

Per employee to advances ratio had decreased from 101 percent in 1998-99 to 253 percent in 2008-09. During the study period, the average value of the ratio registered as 169 percent. This ratio reflects the satisfactory performance of the banks in this respect. Comparatively, the KADCCB had very high (239 percent) than the other three banks. Although the growth rate in advances is raising, it is less than the deposits growth rates, which indicate the banks should take effective steps for collecting more deposits to strengthen the bank viability.

12.1.3. Per Employee to Total Income

Per employee total income ratio had increased from 10.8 percent in 1998-99 to 27.0 percent in 2008-09. The average is 18.4 percent which is a healthy symbol for the banks. Comparatively, the KADCCB had earned more per employee total income. The TIDCCB had lowest ratio of 16.4 percent during the period under study.

12.1.4. Per Employee to Total Expenditure

Per employee total expenditure ratio had increased from 10.6 percent in 1998-99 to 25.3 percent in 2008-09. The average per year was 19.4 percent. Among the four DCCBs, the TIDCCB had highest ratio of 22.6 percent. Hence it is concluded that the selected banks are performing not satisfactorily in this respect.

12.1.5. Per Employee to Total Establishment Expenditure

The per employee establishment expenditure had increased from 1.4 percent in 1998-99 to 2.0 percent in 2008-09. The yearly average of all the banks is 1.8 percent. Comparatively, the VIDCCB had higher ratio (2.2 percent) followed by TIDCCB (1.8 percent). The ratio during the eleven years period is admissible.

12.1.6. Per Employee to Spread

The per employee spread ratio has increased from 1.9 percent in 1998-99 to 5.1 percent in 2008-09. The eleven years average is 3.5 percent. Comparatively, the KADCCB had the good performance (4.2 percent). Hence it is concluded that the performance of the banks under this ratio analysis is not satisfactory.

12.1.7. Per Employee to Net Profit

The per employee net profit ratio shows a negative trend during many years in the study period. The average is -1.4 percent. Comparatively, the KADCCB had satisfactory performance (0.2 percent). The other three banks VIDCCB, TUDCCB and TIDCCB had negative performance. The overall picture depicts a unhealthy trend.

S. No	Name of the Ratios	TIDCCB		VIDCCB		TUDCCB		KADCCB	
		S	NS	S	NS	S	NS	S	NS
	PRODUCTIVITY RATIO								
1	Per Employee Deposits	S	-	S	-	S	-	S	-
2	Per Employee Advances	S	-	S	-	S	-	S	-
3	Per Employee Total Income	S	-	S	-	S	-	S	-
4	Per Employee Total Expenditure	-	NS	-	NS	-	NS	-	NS
5	Per Employee Total Est. Expenditure	-	NS	-	NS	-	NS	-	NS
6	Per Employee Spread	-	NS	-	NS	-	NS	-	NS
7	Per Employee Net profit	-	NS	-	NS	-	NS	S	-
	Total	3	4	3	4	3	4	4	3

Table 8: Productivity Ratio Result

S: Satisfactory NS: Not Satisfactory

13. Conclusion

Productivity ratios indicate all the selected DCCBs of this study conducted in the Trirunelveli Region of the Tamil Nadu State TIDCCB, VIDCCB and TUDCCB was not satisfactory and KADCCB was satisfactory. The 'KRA's (Key Result Areas) with reference to productivity ratio was not upto the mark.

14. Suggestions

The banks should meet their total establishment expenditure out of non-interest income. For this purpose the banks have to introduce many fee based products like bank guarantees letter of credit etc...

The banks should have a proper policy of recruitment, promotions and increment to staff. The bank employees can be trained in such a way that they can improve their talents; a cordial relationship should be maintained between the bank employees and the customers. It is essential in the present competitive money market conditions.

The DCCBs may go for CBS implementation which will strengthen the bank with technology based products like ATM, Debit card, internet banking, mobile banking etc.

The best method reducing cost of funds adapted by banks is to increase the current deposits and saving deposits (CASA Deposits). These two deposits carry nil interest (or) merge interest. These funds when deployed as loans the spread will be more and more profibility to the bank. Therefore, every bank should try to maximize CASA deposits. The recommended percentage for CASA deposits at present 35% of total deposits.

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