

# A STUDY OF MANAGEMENT ON NON-PERFORMING ASSETS (NPA'S) IN COOPERATIVE BANKS (DCCB'S) OF UTTAR PRADESH

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## ABSTRACT

Co-operative bank in India plays an essential role in the economic development of the country. They are giving timely assistance to rural peoples by way of giving loans and other services to agriculturist. But any default in repayment of loan, will have an effect on operational efficiency and financial health of the bank. So that management of loans is very important in district cooperative bank. This paper attempted to study the movement of Nonperforming Assets in District cooperative bank cooperative banks. The management of non-performing asset is a critical aspect for any banking institution. The banks cannot have provisions unless the fund disbursed by it to the clients is recovered and recycled. The management of NPA's in co-operative banks is a really strong challenge and cumbersome task. Since, the co-operative banks are mainly based in rural areas the people in rural areas tend to be defaulters. In this background a case study was taken to study the performance of the co-operative bank and its NPA status by taking into consideration the data for the past five years. In this particular article, we have made an attempt to show the performance of a co-operative bank in terms of performing and non-performing assets. The article begins with explicating theoretical background for co-operative society and conception of NPA. The data collected about the bank was analyzed using percentage analysis, mean, standard deviation.

**Keywords-** District Cooperative Bank, NPA, Movement of NPA, mean, standard deviation

## I. INTRODUCTION

Recovery of credit is very important for ensuring smooth flow of recycling of credit. Timely recovery of advances not only keeps the business running with continuous flow of funds but also reduces the bad debts and keeps the borrowers (both individual and cooperative societies) eligible for obtaining the credit in prospect. Thus, the efficiency of the functioning of the central bank depends upon its performance on therecovery front. The incidence of overdues in the agricultural credit system has been increasing over the years and has been progressively eroding the financial soundness of the system. This continues to be the big issue. It had attracted substantial awareness and had been examined by several committees and research workers. The first major complete study on the subject was undertaken in 1974 by a committee set up by RBI under the chairmanship of Dr.C.D. Detey. Various other committees have also consequently dealt with this issue in general terms but the

study by C.D. Detey still remains the most inclusive document on the subject. Irrespective of the reference date, the level of overdues is among the most important indicators of the financial health of a lending organization. The important causes for the over dues were crop failure due to natural calamities, inefficient supervision over the end use of credit, absence of proper involving of credit with marketing, willful defaulters and lack of interest on the part of management of CCBs in initiating recovery. The management of Overdue is the most important task for the banker as it affects the profitability as well as corrosion of the working funds. The success of the banking also depends more on organize over the over dues. The expansion of overdue will result in increasing of non-performing assets and will reduce the banks performance significantly. This area assumes substance now even before with the introduction of stringent Non-performing assets (NPA) norms. Hence the attention of the bank management is always strained to this aspect. Levels of overdues in the credit system could be considered either in relation to demand for the year or in relation to 'outstanding' at the end of the year. Loans and advances are assets of the banks as they play an important element in gross earnings and net profits of banks. The share of advances in the total assets of the banks forms more than 60 percent and as such it is the backbone of banking a structure. Bank lending is very essential for it makes possible the financing of agricultural, industrial and commercial activities of the country. The strength and reliability of the banking system mostly depends upon the health of the advances. In other Words improvement in assets quality is fundamental to strengthening the working of banks and improving their financial viability (*NABARD: 1998*). The first establishment of NPAs was constituted in England by the recommendation of the Bazlay committee. The implementation of prudential norms in Indian banking system based on the recommendations of the Narismham committee in 1991, RBI has constituted significant steps towards introduction of intelligibility in accounting practices and bringing the norms to internationally accepted standards. "A Non-performing Asset (NPA) is defined generally as a credit facility in respect of which interest or payment of essentially important hasturn into past due. A credit facility may be treat as past due if it remains outstanding for a period of 30 days after due date. For example, if due date for payment of interest/principal is 31 March, then loan becomes past due on 30 April". The Narismham committee defined NPA as an advance while on the balance sheet date. The following are:

- In respect of term loans, interest remains past due for a period of more than 180 days.
- In respect of overdraft and cash credits accounts remain out of order for a period of more than 180 days
- In respect of bills purchased and discounted, the bills remain overdue and unpaid for a period of more than 180 days.
- In respect of other accounts, any amount to be received remains past due for a period of more than 180 days.
- An amount is measured past due when it remains outstanding for 30 days beyond the due date. This quantum of NPA as a percentage of advances is one of the significant indicators of the quality of a bank's loan portfolio and hence its overall health.

Net NPAs are consequent from Gross NPAs by excluding (i) balance in interest suspense account (ii) DICGC/ECGC claim received and reserved in suspense account pending adjustment (for final settlement), (iii) part payment received and kept in suspense account and (iv) total provision held. In fact after publication of the Narasimham Committee Report (1991) profitability and its related issues with reduction of NPAs received

priority on the agenda of all banks. The committee further recommends that in view of the different practices until now followed by banks and financial institutions in this regards they would be given a period of 3 years beginning with the year 1991-92 to conform on a uniform basis to the above norms. Bankers are now necessary to recognize such loans faster and then classify them as problem assets. The basic issue to determine whether an account is NPA or not is the record of recovery not and the availability of security uniform basis to the above norms.

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Provisioning is necessary in view of the erosion in the value of security charge to banks over a period of time. Therefore, after the assets of CCBs/SCBs are classified in to different categories (viz. Standard, Sub-standard, Doubtful and Loss assets) necessary provision has to be made of the same. The details of provisioning requirements in respect of different categories of assets are mentioned below.

### **1. Standard Assets**

Standard assets are those which do not relate any problems and which do not carry more than normal risk fond of to the business. Such assets are not NPA

### **2. Sub- standard Assets**

Standard assets for a bank is an assets is that is not classified as an NPA, The assets exhibit s no problem in the normal course other than the usual business risk. Substandard assets is an asset division draw within the broader and much –know nonperformance assets type of bank on the basis of term for which the assets class has not performed and extent of dues recognition from collateral security with bank

### **3. Doubtful Assets**

A **doubtful asset** is one which has remained NPA for a period exceeding 12 months. **Loss assets:** where loss has been recognized by the bank, internal or external auditor or central bank inspectors. But the sum has not been written off, wholly or partly..

**4. Loss Assets:** Loss assets: where loss has been identified by the bank, internal or external auditor or central bank inspectors. But the amount has not been written off, wholly or partly. Such assets are considered uncollectable and of such little values that their continuation as bank assets in not warranted although there may be some salvage or recovery values.

## **II. STATEMENT OF THE PROBLEM**

DCCBs occupy a place of consequence in the cooperative credit delivery system. They act as a representative 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 working of DCCBs. The founders of the movement envisioned the role of DCCBs beyond the restrictions of mere financing bank. DCCBs are estimated 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, expression on behalf of primaries at policy level etc,. Because of this integrated role, DCCBs are purposefully located and integrated with the cooperative system. Hence, they are not

only acting as financing banks but also act as expansion banks for the cooperatives at district level. To do these different functions DCCBs should have a well-defined management system. In the total management of the DCCBs, financial management occupies a place of significance as the functions of these institutions are also governed by the Banking Regulation Act. Even a minor difference 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 common of the cases managed by untrained work force. On the other side, DCCBs are probable to follow the banking norms as well as implement the State Governments schemes and programs 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 amount that revenues fall off and loan expenses as well as operating costs absorb all the earnings that remain. In this regard, it is important to study how these banks mobilize the resources and arrange them. Hence funds management of the DCCBs is an important issue and their financial performance is to be studied with their impact on NPA's in DCCBs. In this perspective, the questions appropriate to arise are: Whether the financial performances of the banks are in satisfactory mode in terms of NPA's? To find out the answer to these questions, an analytical study had to be undertaken. The results of such study will help to find out the problem, difficulties, impact etc., and to outline financial policies by the DCCBs for the benefits of the farmers, the community and other stakeholders.

### **III. REVIEW OF LITERATURE**

Several individual researchers had studied a few facets of NPA's 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.

**Shantanu Bose** (2014) in their research paper titled "urban co-operative banks in India: current scenario" concluded that the profitability of the bank will influence recovery of Nonperforming Assets.

**J. Nivethitha and G. Brindha** (2014) in his research paper titled "Management of Non-Performing Assets in Virudhunagar District Central Co-Operative Bank-An Overview" concluded that a high level of NPAs recommend high probability of a large number of credit defaults that affect the profitability and net-worth of co-operative banks and also erode the value of the asset. Thus reduction of NPAs is necessary to speed up the growth and profitability of banks. The NPA problem is the result of monitoring over dues to various factors like weak monitoring, poor credit appraisal system, loan waiver scheme and mis-utilization of loan etc

**Dr. K.V.S.N Jawahar Babu** (2012) in their paper titled "Performance Evaluation of Urban Cooperative Banks In India" concluded that Urban Cooperative Banking is a key sector in the Indian Banking scene, which in the current years has gone through a lot of turmoil.

**Pacha Malyadri, S. Sirisha** (2011), observed that banking sector in India has responded very completely in the field of enhancing the role of market forces concerning measures of prudential regulations of accounting, income recognition, provisioning and exposure, introduction of CAMELS supervisory rating system and reduction of NPA's and up gradation of technology. It is suggested that government should formulate bank specific policies and should apply these policies through Reserve Bank of India for upliftment of Public Sector

Banks. Public sector banks should try to upgrade technology and should make customer friendly policies to face competition at national and international level.

**Gowthaman A. and Srinivasan T**, (2010) in his article entitled, "Effective Funds Management by the Kumbakonam Central Cooperative Bank" has presented the DCCBs are modal centers of financial institution in the cooperative sector in a district. They have to mobilize the existing resources and utilize them in the most efficient and profitable manner. As a result of this situation, efficiency in funds management has along considerably and profitability of the DCCBs in Tamilnadu is found decreased. In this paper an attempt is made to analyze the funds management of the bank for the period of 1998-99 to 2007-08.

**Jayalakshmi.G and Sumathy.M (2009)**, the study on NPAs Management in Co-operative Banks in India opined that a good management of NPAs requires pro-active actions to be taken by banks at the time of taking decisions for granting advances by making suitable assessment of risk involved and strict adherence to the prudential norms. They concluded that following prudential norms for NPAs management is compulsory for survival of co-operative banks along with the confidence of the customer.

**Mandira Sarma and Rajiv Kumar (2008)**, Carried out main studies on the rural short-term co-operative credit structure. They observed that the Non-Performing Assets level in the Rural Short-term Co-operative Credit Structure was very high compared to that in the commercial banking system in India. They concluded that in spite of significant development in India's financial sector over the last decade, a large number of poor, particularly large and marginal communities remained "financially excluded" even today

## **VI. OBJECTIVES OF THE STUDY**

The specific objectives of the present study are:

1. To analyze problems and prediction of NPA's in the DCCBs, and
2. To offer suitable suggestions for the growth of the DCCBs

## **VII. METHODOLOGY**

Mainly-analytical method has been followed for studying the NPA's of District Central Cooperative Banks of Meerut District, Bulandshahr district, Ghaziabad District, Bijnor District. The secondary data were collected from the profit and loss account and balance sheet of DCCBs. The inclusive data were collected from the National Federation of State Cooperative Banks, NABARD and RBI.

## **VIII. SAMPLING**

The present study has adopted the purposive sampling method for the selection of sample banks. Among the four district cooperative bank from Meerut District, Bulandshahr District, Ghaziabad District, Bijnor District. These four banks were selected for the present study.

## **IX. 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 achievement of these banks depends on efficient management of funds. The study has mainly focused consideration to study the NPA's of the four

DCCBs . The results of this study will help in identifying the lacuna if any in the NPA's of the DCCBs and to frame financial policies and programme to the benefit of the banks and the group of people.

## X. PERIOD COVERED BY THE STUDY

The period of the study has been taken-up from the financial year 2010-11 to 2014-2015 only for these years. The period of five years was considered for analysis.

## XI. 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.

## XII. FRAME WORK OF ANALYSIS

The data collected were subduced into a digestible account by appropriate coding, computing and tabulations. The basic tools of statistical analysis like average, standard deviation, growth index, growth rate, trend and NPA's were employed.

## XIII. RESULTS AND DISCUSSION

Banking institutions are mediators between depositors and borrowers. They are dealing with others money and they have greater moral responsibility to keep their reliability and honesty. It will create overall problems to the banker when the money lent as loans has become non-recoverable. Their liquidity and profitability will be affected. Further loans cannot be issued in time. When the capital is locked idle, it will lead to erosion of financial resources. Such Non-performing Assets (NPA) has assumed greater awareness among commercial and cooperative banks.

**Table- 1.Loans and Advances Issued (Rs. In lakhs)**

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	Amt.	GI	GR	Amt.	GI	GR	Amt.	GI	GR	Amt.	GI	GR	Amt.	GI	GR
2010-2011	42287	100	-	13955	100	-	36456	100	-	62373	100	-	155071	100	-
2011-2012	60499	143	43	44657	320	220	51083	140	40	62373	100	0	218612	140	40
2012-2013	89224	147	2.72	55153	123	61	60876	119	-15	103027	165	65	308280	141	0.71
2013-2014	115507	129	-12.24	54585	99	-19	60876	100	-15	117813	114	-30	348781	113	-19
2014-2015	138970	120	-6.97	60197	110	11	60876	100	0	132729	112	1.75	392772	112	-0.88
Avg.	89297	127	5.3	45709	150	54.6	54033	118	2	95663	118	6.65	28470	18	4
SD	39349	18.9	21.8	18623	95.3	97	10702	17.7	22	32152	26	35	96841	121	21

*Amt.=Amount, GI=Growth Index, Gr=Growth Rate*

The total loans and advances by the selected DCCBs during the study period has increased from 155071 lakh in 2010-2011;Comparatively The DDCB of Bulandshahr had record lowest leading . The District cooperative

Bank of Meerut had recorded high leading compared with the other two banks. The average leading of the bank per year were Rs. 89297,45709, 54033lakh, 95663lakh for district cooperative bank of Bijnor, Bulandshahr, Ghaziabad and Meerut respectively. The loans and advances of the selected bank had recorded increasing trend during the study period.

**Table- 1.2Loans Outstanding** (Rs. In lakhs)

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	Amt.	GI	GR	Amt.	GI	GR	Amt.	GI	GR	Amt.	GI	GR	Amt.	GI	GR
2010-2011	19316	100	-	11457	100	-	22241	100	-	28056	100	-	81070	100	-
2011-2012	39137	202	102	32410	182	182	34422	154	54	28056	100	0	134025	165	65
2012-2013	43312	110	-45	38304	118	-58	41619	120	22	54298	193	93	177533	132	-20
2013-2014	59040	136	23	40091	104	-11	41619	100	-16	61598	113	-41	202348	113	-12
2014-2015	4590	135	-0.75	41190	102	-1.92	41619	100	0	87282	141	24	250097	123	8.8
Avg.	48162	136	15.8	32690	141	22.2	36304	11.4	12	51858	129.	15.2	169014	126	8.3
SD	22745	39.7	54	12343	79	92	8456	23	27	24943	39	49	64646	24	33

Amt.=Amount, GI=Growth Index, Gr=Growth Rate

It is clear tablethat the total loans outstanding of the selected DCCBs had increased from Rs. 81070 lakh in 2010-2011 to Rs 250097 lakh in 2014-2015; It was almost increasing year after year. Individually, te bank figure also depicted the same picture. During the year 2014-2015 DCCBs of Bijnor,Bulandshahr,Ghaziabad, Meeruthad Rs. 4590lakh, 41190 Lakh, 41619lakh, 87282 Lakh of loan outstanding. Comparatively, the DCBs of Bijnor had low level of outstanding. We have conclusion that loan outstanding increased every year uniformly during the study period.

**Table- 1.3: Recovery Performance** (Rs. In lakhs)

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	D	C	B	D	C	B	D	C	B	D	C	B	D	C	B
2010-2011	48303	43448	4855	18662	12902	5760	10348	10130	218	31226	30081	1145	108539	96561	11978
2011-2012	56400	43622	12778	33497	26683	6814	15948	15677	271	31226	30081	1145	137071	116063	21008
2012-2013	92782	85048	7734	46358	39730	6628	21778	21563	215	52411	50249	2162	213329	196590	15845
2013-2014	106877	99780	7097	46358	39730	6628	21778	21563	215	65367	63462	1905	240380	224535	16739

<b>2014-2015</b>	<b>118994</b>	118005	989	49196	43038	6158	21778	21563	215	67512	67105	407	257480	249711	7769
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*D-Demand, C –Collection, B-Balance*

The above table depicts the recovery performance of selected banks. The Overall recovery performance of bank showed the increasing trend. However the overdues also showed the increasing trend of every year. Comparatively, the District cooperative bank of Meerut had higher recovery performance compared with other three banks. In the DCBs of Bulandshahr lowest recovery was found.

**Table- 1.4 :Proportion of collection to Demand and balance**

*(Rs. In lakhs)*

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	D	C %	B%	D	C%	B%	D	C%	B%	D	C%	B%	D	C%	B%
<b>2010-2011</b>	<b>48303</b>	89	11	18662	69	31	10348	97	3	31226	96	4	108539	87	13
<b>2011-2012</b>	<b>56400</b>	77	22	33497	79	21	15948	98	2	31226	96	4	137071	87	13
<b>2012-2013</b>	<b>92782</b>	91	9	46358	85	15	21778	99	1	52411	95	6	213329	92	8
<b>2013-2014</b>	<b>106877</b>	93	7	46358	85	15	21778	99	1	65367	97	3	240380	93	7
<b>2014-2015</b>	<b>118994</b>	99	1	49196	87	13	21778	99	1	67512	99	1	257480	96	4
Avg.	84671	89	11	38814	81	19	18326	98	2	49548	96	4	191359	91	9

*D-Demand, C %–Collection, B%-Balance*

It is evident from the above table that the overall percentage of balance to demand of the selected bank ranged between 4 to 13 percentage. The average annual overdues of the DCBs of Bulandshahr was high (19 percent) and was low with DCBs of Ghaziabad. Comparatively the DCBs of Meerut had higher collection amount three DCBs bank. The overall figure shows that the banks had 9 percent of the loan demand as overdues.

**Table- 1.5 Extent of Delinquent credit-Overdues**

*(Rs. In lakhs)*

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	Amt.	GI	GR	Amt.	GI	Gr	Amt.	GI	Gr	Amt.	GI	Gr	Amt.	GI	Gr
2010-2011	4855	100	-	5760	100	-	218	100	-	1145	100	-	11978	100	-
2011-2012	12778	263	163	6814	118	18	271	124	24	1145	100	0	21008	175	75
2012-2013	7734	60	-77	6628	97	-17	215	79	-20	2162	188	88	16739	79	-54
2013-2014	7097	91	-51	6628	0	-100	215	0	0	1905	88	-53	15845	94	18.9
2014-2015	989	13	-86	6628	0	0	215	0	0	407	21	-76	8239	51	-45
Avg.	6690	105	10.2	6491	63	-19.8	226	60	-22	1352	99	-8.2	14761	99.8	52
SD	4306	94	102	416	58	46	24.7	57.5	48	696	59	63	4857	46.1	-1.02

*Amt. =Amount, GI=Growth Index, GR= Growth Rate*

The above the table that the overdues of the DCCBs had increased from Rs. 11978lakh in 2010-2011 to Rs. 14761 in 2014-2015; However the amount showed a fluctuating trend. The overdues were very high during 2011-2012 and 2012-2013 after which it was declining. This reduction in the overdues position may be attributed to strict implication of NPA norms resulting in high collection. Decreasing overdues is a positive sign for the bank development.

**Table- 1.6 Non – Performing Position**

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	Amt	GI	GR	Amt.	GI	Gr	Amt	GI	Gr	Amt	GI	Gr	Amt.	GI	Gr
2010-2011	648	100	-	3505	100	-	536	100	-	984	100	-	5673	100	-
2011-2012	797	122	22	3856	110	10	400	74	-26	1151	116	16	6204	109	9
2012-2013	720	90	-26	3565	92	-16	316	100	35	970	84	-27	5571	89	18
2013-2014	719	99	10	2657	74	-19	316	100	0	976	100	19	4668	83	-6.74
2014-2015	695	96	-3	1967	74	0	316	100	0	891	91	-9	3869	82	-1.2
Avg.	715	10	0.6	3110	90	-5	376	94	11.8	1347	98	-0.2	5197	92.6	3.8

SD	53	12	17	779	15	12	96	11.6	21	867	12	18	925	11.6	9.7
														3	

(Rs. In lakhs) Amt. = Amount, GI = Growth Index, GR= Growth Rate

The non- performing assets of the selected banks during the study period had decreased from Rs.5673 lakhs in 2010-2011 to Rs.3869lakhs in 2014-15; an iThe average growth rate in NPA was 9.7 percent. However, the Ghaziabad had lower growth rate and the Bulandshahr had higher growth rate. The Non-performing assets of the banks were found to be higher during the period 2011-12.Recovery was slow . Son trend of NPA was not good.

**Table- 1.7Business Results**

Banks Years	Bijnor			Bulandshahr			Ghaziabad			Meerut			Trend		
	Amt.	GI	GR	Amt.	GI	Gr	A mt.	GI	Gr	Amt	GI	Gr	Amt.	GI	Gr
2010- 2011	272	100	-	43	100	-	14 9	100	-	112	100	-	576	100	-
2011- 2012	419	154	54	261	606	506	15 9	106	6	330	294	194	1169	202	-102
2012- 2013	419	100	-35	64	24	-96	41 7	262	147	348	105	-64	1248	106	-47
2013- 2014	496	118	-18	511	798	322	41 7	100	-61	568	163	55	1992	159	50
2014- 2015	521	105	-11	609	119	-85	41 7	100	0	646	113	-30	2193	110	-38
Avg.	425	22	-2	297	329	744	31 1	133	18.4	400	103	31	1435	134	-27
SD	97	11.5	33	256	348	140	14 5	71	76	211	51	101	657	43	56

It is disheartening to note that the banks were not good during most of the years and was on increasing trend. However, the figures of the individual banks were not matching. Comparatively, the DCCBs of, Bulandshahr, Ghaziabad, Meerut, had good performance than the DCCBs of Bijnor.

**Table-1.8 Assumed Profit for DCCBs**

Year	Profit/ Loss	NPA	Assumed Profit
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<b>2010-2011</b>	576	5673	6249
<b>2011-2012</b>	1169	6204	7373
<b>2012-2013</b>	1248	5571	6816
<b>2013-2014</b>	1992	4668	6660
<b>2014-2015</b>	2193	3869	6062
Avg.	1435	5197	6632

The average assumed profit of the selected region was Rs. 6632 lakhs during the study period. It is evident from the table that if the DCCBs take much effort to collect the over dues, they will not be in a position to earn a considerable profit and tide over the problems.

#### **XIV. SUGGESTIONS**

##### **14.1 NPA's Reduction**

NPAs in the banks have been exhaust on profitability of banks. A double edged weapon affecting profitability by no recognizing interest income on NPAs and the additional burden of provisioning on NPAs. Therefore all the banks should reduce their NPAs very close to Zero percentage of total credit. To get this bank has to follow their credit portfolio very closely taking necessary action, even when the first installment or interest is defaulted by and borrower. For such follow it is essential to have a perfect and speedy information system for giving statements like watch and special watch statements.

##### **14.2 Non-interest Income**

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

##### **14.3 Advanced Facilities**

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

##### **14.4 Reduction in Cost of Management**

The main income expenditure portfolios in banking are "interest collected" and "interest paid". introduction of new technologies and efficient HR management will reduce the manpower requirements and thereby the salary bill of the banks.

##### **14.5 Supervision over Utilization**

Proper supervision over the end use of loan is required to make sure credit delinquencies. The working of PACBs can be significantly improved by proper supervision and inspection by the DCCBs. Supervisor should make sure that the loans are used only for the purpose for which they have been obtained

#### **XV. CONCLUSION**

Nowadays Non Performing Assets is one of the major problems have been facing by the cooperative societies. There is a direct association in between nonperforming assets and profitability of the bank. The bank can able to reduce the non-performing assets; finally the bank can able to improve the profitability. The study discloses that Bulandshahr DDB's bank have more control over NPA than Ghaziabadbank.

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