

DCO (DEMAND, COLLECTION AND OVERDUE)
ANALYSIS OF DCCBS IN ANDHRA PRADESH DURING
2013-2014

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Introduction

In India there are 370 DCCBs functioning under 20 state co-operative banks situated in different states. The co-operative banking structure in India is a three tier structure under the control and supervision of NABARD (National Bank for Agricultural and Rural Development). Under NABARD the state co-operative Banks are functioning (SCBs), the DCCBs are functioning under respective state co-operative Banks and the PACSs (The Primary Agricultural co-operative Society) functioning under respective DCCBs. The NABARD finances to all SCBs, the SCBs in turn finance to DCCBs. The DCCBs finance to their PACSs. The main source of income is “interest” for all the co-operative institutions. During 2008-2009 (When there was a heavy demand for loan waiver in India) the co-operative finances are made by NABARD at 3.5% interest p.a to SCBs. The SCBs finance to DCCBs at 3.75% p.a. and DCCBs provide finance to their PACSS at 5% p.a, the members of the PACSs get loans and advances at 7% p.a.

In Andhra Pradesh there are 22 DCCBs with a branch network of 584 offices in the state. More than 14150 Cooperative Societies have taken membership. In 2013-2014 the state was divided into Telangana and Andhra Pradesh. In the study the position of DCCBs during 2003-2004 to

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2013-2014 that is till the separation of Telanagana is analyzed to find out its sustainability. The total borrowings, the total loans and advances, the total demand, the total overdue and profit and loss of the DCCBs functioning in Andhra Pradesh are collected and presented in the following tables for the analysis.

Statement of problem

The DCCBs are granting loans and advances to the farmers and weaker section of the society for the development of the rural sectors. These banks are giving loans and advances to their particular state regarding their needs in agriculture and non-agricultural sectors. There are 22 DCCBs funding in Andhra Pradesh. In June 2014 the state was divided into two Telangana and Andhra Pradesh. All the DCCBs in India lend loans and advances in agriculture and agricultural operations. They provide maximum loans and advances in different categories of agriculture and agriculture related plans and schemes. Every year the demand of loans by the people will be collected provided by the DCCBs. After the disbursement the problem of collection and overdue occurred. This accumulation of overdue during the last 2002-03 to 2013-14 years before bifurcation are analyzed to know the DCO position of DCCBs in Andhra Pradesh.

Objective

1. To analysis the Demand ,Collection and Overdue of the DCCBs in Andhra Pradesh before bifurcation of Telangana during 2002-03 to 2013-14
2. To analysis the collection efficiency and make a suitable remedy to rectify it.
- 3.

Methodology

Secondary data

1. Annual Reports of Andhra Pradesh state Cooperative Bank
2. District Central Cooperative Banks
3. NAFSCOB Reports

Tools for analysis

1. CAGR- Compound Annual Growth Rate
2. Correlation

Analysis and Interpretation

Demand

The demand of Loan and Advances offered by DCCBs in Andhra Pradesh during 2002-2003 to 2013-2014 collected and the compound annual growth rates were calculated and presented in the following table:

TABLE 1
DEMAND(in lakhs)

S No.	NAME OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN THE STATE	2002-03	2013-14	% of growth		CAGR	
				Values	Rank	Values	Rank
1	ADILABAD	14901	23261	56.104	19	0.04132	19
2	ANANTAPUR	23335	51933	122.554	15	0.07544	15
3	CHITTOOR	19316	22040	14.102	21	0.01207	21
4	CUDDAPAH	10788	114911	965.174	1	0.23994	1
5	ELURU	26861	103219	284.271	8	0.13018	8
6	GUNTUR	28952	35778	23.577	20	0.01943	20
7	HYDERABAD	24398	17960	-26.387	22	-0.02747	22
8	KAKINADA	34675	142161	309.981	7	0.13686	7
9	KARIMNAGAR	7435	47221	535.118	3	0.18301	3
10	KHAMMAM	17487	33642	92.383	17	0.06129	17
11	KRISHNA	39170	103729	164.817	11	0.09257	11
12	KURNOOL	12164	54530	348.290	6	0.14613	6
13	MAHABUBANAGAR	12836	28517	122.164	16	0.07527	16
14	MEDAK	8940	21871	144.642	13	0.08473	13
15	NALGONDA	9477	17843	88.277	18	0.05921	18
16	NELLORE	6683	56960	752.312	2	0.21507	2
17	NIZAMABAD	18812	67429	258.436	9	0.12306	9
18	PRAKASAM	11174	27742	148.273	12	0.08618	12
19	SRIKAKULAM	7075	35377	400.028	4	0.15756	4
20	VISHAKAPATNAM	12236	33444	173.325	10	0.09572	10
21	VIZIANAGARAM	4854	22594	365.472	5	0.15005	5
22	WARANGAL	10572	25836	144.381	14	0.08462	14

Source: Computed Data

From the above table it is clear that Cuddapah holds the first position, Nellore the second position followed by Karimnagar is the third position among the DCCBs in Andhra Pradesh. The last one is

Hyderabad DCCB for the Compound Annual Growth Rate for the demand. It is observed that Adilabad, Ananthapur, Chittoor, Guntur, Hyderabad, Khamman, Krishna, Mahabubnagar, Medak, Nalgonda, Praskasam, Vishakapatnam, Warangal DCCBs have less than 10% of CAGR

Collection

The Collection of Loan and Advances offered by DCCBs in Andhra Pradesh during 2002-2003 to 2013-2014 collected and the compound annual growth rates were calculated and presented in the following table:

TABLE 2
COLLECTIONS(in lakhs)

S No.	NAME OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN THE STATE	2002-03	2013-14	% of growth		CAGR	
				Values	Rank	Values	Rank
1	ADILABAD	3874	19401	400.800	11	0.15773	11
2	ANANTAPUR	7909	40931	417.524	10	0.16119	10
3	CHITTOOR	4419	15683	254.899	13	0.12204	13
4	CUDDAPAH	2341	5908	152.371	18	0.08780	18
5	ELURU	24471	27760	13.440	20	0.01153	20
6	GUNTUR	14123	12870	-8.872	22	-0.00841	22
7	HYDERABAD	14251	13519	-5.136	21	-0.00478	21
8	KAKINADA	4246	118799	2697.904	3	0.35372	3
9	KARIMNAGAR	729	25307	3371.468	2	0.38053	2
10	KHAMMAM	569	27859	4796.134	1	0.42437	1
11	KRISHNA	19403	43657	125.001	19	0.07651	19
12	KURNOOL	4635	40446	772.621	8	0.21767	8
13	MAHABUBANAGAR	3146	18067	474.285	9	0.17223	9
14	MEDAK	1052	17756	1587.833	6	0.29293	6
15	NALGONDA	5862	16294	177.960	17	0.09739	17
16	NELLORE	3075	47122	1432.423	7	0.28163	7
17	NIZAMABAD	11438	46468	306.260	12	0.13591	12
18	PRAKASAM	6643	23508	253.876	14	0.12175	14
19	SRIKAKULAM	1542	30029	1847.406	5	0.30986	5
20	VISHAKAPATNAM	1250	27513	2101.040	4	0.32452	4
21	VIZIANAGARAM	1812	5261	190.342	16	0.10175	16
22	WARANGAL	5647	17008	201.186	15	0.10543	15

Source: Computed Data

In the above analysis of the compound annual growth rates of collection for 22 DCCBs in Andhra Pradesh, Kahamman ranked first followed by Karimnager ranked second and the Kakinada ranked third. The last rank is Gutur DCCB. It is observed that Cuddapah, Eluru, Guntur, Hyderabad, Krishna, Nalagonda DCCBs have less than 10% of CAGR.

Overdue

The Compound annual growth rates of overdue accumulation of 22 DCCBs during 2002-2003 to 2013-2014 computed and presented in the following table.

TABLE 3

OVERDUE(in lakhs)

SNo.	NAME OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN THE STATE	2002-03	2013-14	% of growth		CAGR	
				Values	Rank	Values	Rank
1	ADILABAD	11027	3860	-64.995	2	-0.0910	2
2	ANANTAPUR	15426	11002	-28.679	8	-0.0303	8
3	CHITTOOR	14897	6357	-57.327	3	-0.0745	3
4	CUDDAPAH	8447	109003	1190.434	21	0.2618	21
5	ELURU	2390	75459	3057.280	22	0.3687	22
6	GUNTUR	14829	22908	54.481	13	0.0403	13
7	HYDERABAD	10147	4441	-56.233	5	-0.0724	5
8	KAKINADA	30429	23362	-23.225	9	-0.0237	9
9	KARIMNAGAR	6706	21914	226.782	19	0.1137	19
10	KHAMMAM	16918	5783	-65.817	1	-0.0930	1
11	KRISHNA	19767	60072	203.900	18	0.1063	18
12	KURNOOL	7529	14084	87.063	15	0.0586	15
13	MAHABUBANAGAR	9690	10450	7.843	12	0.0069	12
14	MEDAK	7888	4115	-47.832	6	-0.0574	6
15	NALGONDA	3615	1549	-57.151	4	-0.0742	4
16	NELLORE	3608	9838	172.672	16	0.0955	16
17	NIZAMABAD	7374	20961	184.255	17	0.0996	17
18	PRAKASAM	4531	4234	-6.555	10	-0.0061	10
19	SRIKAKULAM	5533	5348	-3.344	11	-0.0031	11
20	VISHAKAPATNAM	10986	5931	-46.013	7	-0.0545	7
21	VIZIANAGARAM	3042	17333	469.790	20	0.1714	20
22	WARANGAL	4925	8828	79.249	14	0.0545	14

Source: Computed Data

From the above analysis of overdue, Khamman having least amount of CAGR ranked first followed by Adilabad in the second followed by Chittoor in the third and last one is Eluru among the DCCBs in Andhra Pradesh for the compound annual growth rates of overdue.

Correlation of Demand and Collection

In order to have better repayment of loans and advances it is expected to have positive correlation between demand and collection. To analyze the repayment and collection the correlation value is calculated.

TABLE 4

CORREALATION OF DEMAND AND COLLECTION(in lakhs)

S No.	NAME OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN THE STATE	2002-2003		2013-2014	
		Demand	Collection	Demand	Collection
1	ADILABAD	14901	3874	23261	19401
2	ANANTAPUR	23335	7909	51933	40931
3	CHITTOOR	19316	4419	22040	15683
4	CUDDAPAH	10788	2341	114911	5908
5	ELURU	26861	24471	103219	27760
6	GUNTUR	28952	14123	35778	12870
7	HYDERABAD	24398	14251	17960	13519
8	KAKINADA	34675	4246	142161	118799
9	KARIMNAGAR	7435	729	47221	25307
10	KHAMMAM	17487	569	33642	27859
11	KRISHNA	39170	19403	103729	43657
12	KURNOOL	12164	4635	54530	40446
13	MAHABUBANAGAR	12836	3146	28517	18067
14	MEDAK	8940	1052	21871	17756
15	NALGONDA	9477	5862	17843	16294
16	NELLORE	6683	3075	56960	47122
17	NIZAMABAD	18812	11438	67429	46468
18	PRAKASAM	11174	6643	27742	23508
19	SRIKAKULAM	7075	1542	35377	30029
20	VISHAKAPATNAM	12236	1250	33444	27513
21	VIZIANAGARAM	4854	1812	22594	5261
22	WARANGAL	10572	5647	25836	17008

Source: Computed Data

The correlation of demand and collection of 2002-2003 is 0.7118 and 2013-2014 is 0.6511. From the correlation it is observed that both the periods' correlation between demand and collection are almost same. It is expected to have high degree of correlation for the better correlation efficiency. But in both the periods the correlation efficiency was not at the better level.

Correlation of Demand and Overdue

In order to analysis the relationship between demand and overdue correlation is calculated

TABLE 5

CORRELATION OF DEMAND AND OVERDUE(in lakhs)

S No.	NAME OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN THE STATE	2002-2003		2013-2014	
		Demand	Overdue	Demand	Overdue
1	ADILABAD	14901	11027	23261	3860
2	ANANTAPUR	23335	15426	51933	11002
3	CHITTOOR	19316	14897	22040	6357
4	CUDDAPAH	10788	8447	114911	109003
5	ELURU	26861	2390	103219	75459
6	GUNTUR	28952	14829	35778	22908
7	HYDERABAD	24398	10147	17960	4441
8	KAKINADA	34675	30429	142161	23362
9	KARIMNAGAR	7435	6706	47221	21914
10	KHAMMAM	17487	16918	33642	5783
11	KRISHNA	39170	19767	103729	60072
12	KURNOOL	12164	7529	54530	14084
13	MAHABUBANAGAR	12836	9690	28517	10450
14	MEDAK	8940	7888	21871	4115
15	NALGONDA	9477	3615	17843	1549
16	NELLORE	6683	3608	56960	9838
17	NIZAMABAD	18812	7374	67429	20961
18	PRAKASAM	11174	4531	27742	4234
19	SRIKAKULAM	7075	5533	35377	5348
20	VISHAKAPATNAM	12236	10986	33444	5931
21	VIZIANAGARAM	4854	3042	22594	17333
22	WARANGAL	10572	4925	25836	8828

Source: Computed Data

The correlation of demand and overdue of 2002-2003 is 0.736 and 2013-2014 is 0.747523719. From the correlation it is observed that both the periods' correlation between demand and collection are almost same. In both the periods the correlation efficiency was not at the better level.

CORREALATION OF COLLECTION AND OVERDUE

In order to analysis the relationship between collection and overdue correlation is calculated

TABLE 6

CORRELATION OF COLLECTION AND OVERDUE(in lakhs)

S No.	NAME OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN THE STATE	2002-2003		2013-2014	
		Collection	Overdue	Collection	Overdue
1	ADILABAD	3874	11027	19401	3860
2	ANANTAPUR	7909	15426	40931	11002
3	CHITTOOR	4419	14897	15683	6357
4	CUDDAPAH	2341	8447	5908	109003
5	ELURU	24471	2390	27760	75459
6	GUNTUR	14123	14829	12870	22908
7	HYDERABAD	14251	10147	13519	4441
8	KAKINADA	4246	30429	118799	23362
9	KARIMNAGAR	729	6706	25307	21914
10	KHAMMAM	569	16918	27859	5783
11	KRISHNA	19403	19767	43657	60072
12	KURNOOL	4635	7529	40446	14084
13	MAHABUBANAGAR	3146	9690	18067	10450
14	MEDAK	1052	7888	17756	4115
15	NALGONDA	5862	3615	16294	1549
16	NELLORE	3075	3608	47122	9838
17	NIZAMABAD	11438	7374	46468	20961
18	PRAKASAM	6643	4531	23508	4234
19	SRIKAKULAM	1542	5533	30029	5348
20	VISHAKAPATNAM	1250	10986	27513	5931
21	VIZIANAGARAM	1812	3042	5261	17333
22	WARANGAL	5647	4925	17008	8828

Source: Computed Data

The correlation of collection and overdue of 2002-2003 is 0.0485 and 2013-2014 is -0.01737. It is observed that the correlation between Collection and overdue during was 0.0485 was inferred that there is a poor relationship or a merger relationship is there in Collection and Overdue. During 13-14 it was -0.0173. It is observed that during this period it was negative and it is understood that there is negative relationship (ie) the growth of overdue is more than the growth of collection.

Finding

1. The highest rank is Cuddapah and the least one is Hyderabad DCCBs for the Compound Annual Growth Rate for the demand.
2. The highest rank is Kahamman and the least one is Gutur DCCBs for the Compound Annual Growth Rate for the demand
3. Kahamman having least amount of CAGR highest and the last one is Eluru among the DCCBs for the Compound Annual Growth Rates of overdue.
4. The efficiency in collection is not at a satisfactory level.
5. There is an inverse relation between collection and overdue shows that overdue accumulation is high during the period

Suggestion

1. In order to have better solvency and liquidity position DCCBs need to concentrate on collection of outstanding Loans and Advances.
2. In order to avoid overdue accumulation DCCBs need to take precautions in choosing the agricultural plans and schemes. They need to concentrate more on high yielding agricultural plans and schemes.
3. DCCBs may contact weather forecasting authorities, environmental pollution control authorities and soil science authorities to fix a suitable agricultural plans and schemes of different categories.

Conclusion

Based on the Demand, Collection and Overdue (DCO) analyses is concluded that among the 22 DCCBs in the Andhra Pradesh many of the DCCBs has level of collection efficiency in their operation