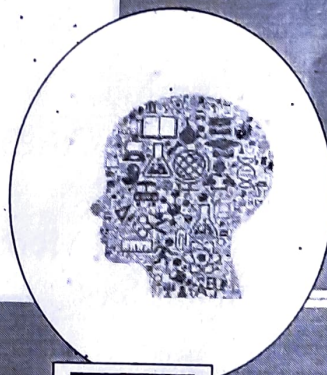


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A Study of Sindhudurg District Central Co-operative Bank's Non- Performing Assets Management (2011-12 to 2020-21)

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Abstract:-

The Indian banking system is not complete without cooperative banks. Cooperative banks are an important aspect of India's financial system. This bank primarily serves the needs of rural communities, especially those connected to agriculture. Cooperative banks in general and District Central Cooperative Banks in particular, must play a significant role in the growth of the economy. Agriculture and the rural sector are connected directly to DCC Banks. DCC Banks have a distinct role in cooperative banking. The administration and operation of DCC Banks have changed dramatically as a result of the newly adopted economic policy. Despite the fact that DCC Banks are responding to banking issues, Non-Performing Assets remain a key major issue for most of DCC Banks in Maharashtra. Sindhudurg District Central Cooperative Bank, Sindhudurg, is a key provider of loan to the rural sector through different schemes such as Short Term Crop Loan, 'Sindhu' Pension Loan Scheme, Medium Term Loan, 'Sindhu Gharkul' House Loan Scheme, Long Term Loan, Personal Loan, Loan For Sugar Cane, 'Sindhu' Salary, Vehicle Loan, Gold loan, 'Dnyan Sadhana' Education Loan, "Sindhu Niwas Nyahari" Tourism Loan, S.H.G. Loans, Cash Credit Loans etc. The Sindhudurg DCC Bank in Sindhudurg is having a number of issues with extending loans to customers, the most serious of which is Non-Performing Assets. This Research article tries to examine the impact of NPA on Sindhudurg DCC Bank, Sindhudurg. A complete study is being carried out in this study focusing on key issues relating to NPA, its rules, provisions, Gross NPA, Net NPA, Gross NPA to Total Advance Ratio, and its influence on Sindhudurg DCC Bank, Sindhudurg.

Key Words: - Cooperative Bank, NPA, Gross and Net NPA

Introduction:-

In comparison to other countries throughout the world, India places a greater emphasis on cooperative banks. This bank's ability to provide service at a low cost and without exploiting to customers. The importance of cooperative banks in rural finance is growing every day, and their activity in urban areas continues to rise in recent years, mostly as a result of the dramatic rise in the total number of primary cooperative banks. The DCC Bank has been crucial in agricultural lending. It offers different kinds of credit based on the needs and requirements of farmers. At the moment, the majority of DCC banks are dealing with

overdue, recovery, non-performing assets, and other issues. The agricultural and rural growth of the Sindhudurg district are greatly influenced by the Sindhudurg District Central Cooperative Bank. Through its 99 branches, the Sindhudurg DCC Bank has access to Sindhudurg's rural community. Thus, their financial stability is of utmost importance. Non-performing assets are one of today's most important and challenging issues, and they need more attention. Therefore, it is an attempt to study the NPA management of Sindhudurg DCC Bank, Sindhudurg.

Objective of the Study:-

The proposed study is undertaken with the following objectives

1. To comprehend what NPAs are and how they work.
2. To evaluate Sindhudurg District Central Cooperative Bank's NPAs' current situation
3. To examine the prudential standards governing Non-Performing Assets (NPAs)
4. To examine the way Sindhudurg DCC Bank is implementing its NPA norms.

Research Methodology:-

This study aims to investigate the non-performing assets management at Sindhudurg District Central Co-operative Bank. Secondary data is frequently used in the study. Secondary data is taken from Sindhudurg DCC Bank annual reports and other manuals. For the examination of the data, statistical tools including percentage, average, and index method have been utilized.

Scope of the Study:-

The study's focus is limited to Sindhudurg District Central Cooperative Bank, Sindhudurg. We have chosen the time period from 2011-2012 to 2020-21 to create the present and ongoing evaluation of the Sindhudurg DCC Bank. During the research period, the proposed study comprises a

complete investigation of Gross NPA, Net NPA, its provisions, and different NPA ratios.

Limitation of the Study:-

1. Due to restrictions on time and resources, the research is only able to evaluate the NPA performance of the Sindhudurg DCC Bank in Sindhudurg
2. Financial data gathered for the research may be used to demonstrate the inherent restrictions of secondary data.
3. The study's findings may not be relevant to other DCC banks.

Non- Performing Assets - Meaning and Definition

If the borrower fails to pay obligations in the form of principle and interest, the asset is labelled as a non-performing asset (NPA). However, in March 2004, a borrower would receive default status if payments were not received for 90 days. In order to move towards international standard procedures and assure more accountability, it was agreed to adopt the '90 days' overdue' criterion for identifying NPA started with the financial year ending March 31, 2004.

According to RBI "An asset becomes non-performing when it ceases to generate income for the bank,"

Table No. 1.1
Analysis of Gross NPA, NPA Provision of Sindhudurg DCC Bank, Sindhudurg
(Rs. in lakhs)

Year	Gross NPA	% increase or decrease over base year	NPA Provision	% increase or decrease over base year
2011-12	2957.56 (100)	-	3122.30 (100)	-
2012-13	3423.40 (115.75)	15.75	3591.77 (115.03)	15.03
2013-14	3059.97 (103.46)	3.46	3597.30 (115.21)	15.21
2014-15	3315.42 (112.09)	12.09	3717.97 (119.07)	19.07
2015-16	3224.59 (109.02)	9.02	4046.19 (129.59)	29.59
2016-17	3267.17 (110.46)	10.46	4420.05 (141.56)	41.56
2017-18	3890.89 (131.55)	31.55	4459.90 (142.84)	42.84
2018-19	4927.98 (166.62)	66.62	6122.20 (196.07)	96.07
2019-20	9146.22 (309.24)	209.24	10084.74 (322.99)	222.99
2020-21	8038.42 (271.79)	171.79	13715.25 (439.26)	339.26

Total	45251.62	529.78	56877.67	821.62
Average	4525.16	52.97	5687.76	82.16

(Source: Annual Reports of Sindhudurg DCC Bank, Sindhudurg)

Note: Figures in the brackets indicate increase/decrease over base year.

Graph No.1.1

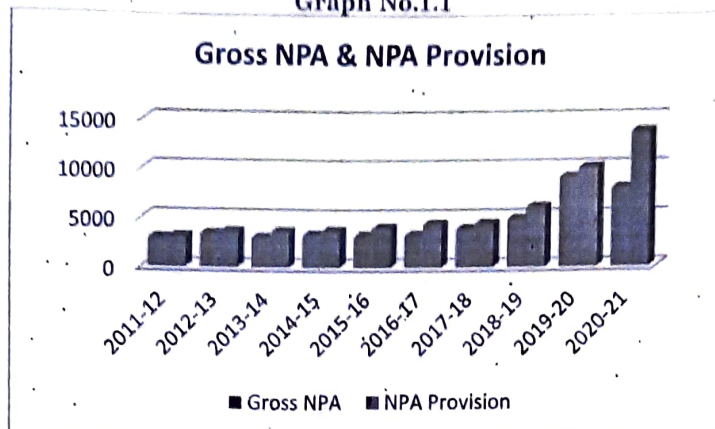


Table No. 1.1 presents the Analysis of Gross NPA, NPA Provision and their percentage increase/decrease over base year. Gross NPA of Sindhudurg DCC, Sindhudurg, was Rs. 2957.56 lakhs during the year 2011-12 which increased to Rs. 8038.42 lakhs during the year 2020-21. The average increase in Gross NPA was Rs. 4525.16 lakhs per year and the percentage increase in gross NPA was 52.97% over base year from the year 2011-12

to 2020-21. The Net NPA during the study period i.e. from the year 2011-12 to 2020-21 was NIL. The NPA provision was Rs. 3122.30 lakhs during the year 2011-12 which increased to Rs. 13715.25 lakhs during the year 2020-21. It showed the average annual increase of Rs. 5687.76 lakhs during the study period. It presented the average growth of 82.16% over base year during the study period.

Table No. 1.2

Analysis of Gross NPA to Total Advances of Sindhudurg DCC Bank, Sindhudurg
(Rs. in lakhs)

Year	Gross NPA	Total Advances	Ratio of Gross NPA to Total Advances	% increase or decrease over base year
2011-12	2957.56 (100)	71155.76 (100)	4.15 (100)	
2012-13	3423.40 (115.75)	78721.97 (110.63)	4.34 (104.57)	4.57
2013-14	3059.97 (103.46)	78211.64 (109.91)	3.91 (94.21)	-5.79
2014-15	3315.42 (112.09)	87820.69 (123.42)	3.77 (90.84)	-9.16
2015-16	3224.59 (109.02)	102006.75 (143.35)	3.16 (76.14)	-23.86
2016-17	3267.17 (110.46)	106229.88 (149.29)	3.07 (73.97)	-26.03
2017-18	3890.89 (131.55)	130415.09 (183.28)	2.98 (71.80)	-28.20
2018-19	4927.98 (166.62)	148519.86 (208.72)	3.31 (79.75)	-20.25
2019-20	9146.22 (309.24)	174276.36 (244.92)	5.24 (126.26)	26.26
2020-21	8038.42 271.79	184502.72 (259.29)	4.35 (104.81)	4.81

Total	45251.62	1161860.72	38.28	-77.65
Average	4525.16	116186.07	3.82	-7.76

(Source: Annual Reports of Sindhudurg DCC Bank, Sindhudurg)

Note: Figures in the brackets indicate increase/decrease over base year.

Table No-1.2 showed the ratio of gross non-performing assets to total advances was 4.15% in 2011-12 and rose to 4.35% in 2020-21. It revealed a 3.82% growth every year on average over the research period. During the research period, it showed an average decline of 7.76% from the base year. Except for 2012-2013, 2019-2020, and 2020-21 during the research period, Sindhudurg DCC Bank's Net

NPA was zero, NPA Provision had a continually growing trend, and the Ratio of Gross NPA to Total Advances displayed a declining trend. All of them serve as indicators that Sindhudurg DCC Bank's NPA condition is good. All of these statistics showed that Sindhudurg DCC Bank, Sindhudurg has advanced significantly, and its current conditions are good

Table No. 1.3

Asset Classification and Provisioning Required for LDCC Bank, Latur as on 31st March 2021

(Rs. in lakhs)					
Sr.No	Classification of Asset	Amount	Required Provision as per norms by RBI (%)	Required Provision as per norms by RBI	Actual Provision Made by SDCC Bank
1	Standard Assets	176464.30	0.40	705.85	13715.25
2	Sub Standard Assets	3652.76	10%	365.27	
3	Doubtful Assets				
	3 to 4 years	177.75	20%	35.55	
	4 to 6 years	261.47	30%	78.44	
	Above 6 years	636.65	100%	636.65	
	Unsecured over dues	3155.00	100%	3155.00	
4	Loss Assets	154.79	100%	154.79	13715.25
	Total	184502.72		8419.04	

(Source: Annual Reports of Sindhudurg DCC Bank, Sindhudurg 2020-21)

Table No-1.2 showed the provision needed for these assets was as follows: for Standard Assets, Rs. 705.85 lakhs (0.40 paise per hundred), for Sub-standard Assets, Rs. 365.27 lakhs (10% of Sub-standard Assets), for Doubtful Assets, Rs. 3905.64 (as per norms), and for Loss Assets, Rs. 154.79 lakhs (100% of Loss Asset), according to RBI prudential standards for DCCBs. For the financial year 2020-2021, a total provision of Rs. 8419.04 lakhs was needed on these assets. While the required provision for 2020-21 was Rs. 8419.04 lakhs, DCC Bank, Sindhudurg actually made Rs. 184502.72 lakhs on its total assets in accordance with prudential standards. An extra provision of Rs. 5296.21 lakhs was made by SDCC Bank, It stated that SDCC Bank, Sindhudurg's NPA condition and its management are satisfactory results.

Findings and Conclusions:-

For the purpose of lowering the proportion of NPA, SDCC Bank, Sindhudurg has put into practice the prudential standards regarding NPA established by the RBI and NABARD. The aforementioned description demonstrated that SDCC Bank's Net NPA was zero, NPA Provision was shown to have an ongoing upward trend, and the ratio of Gross NPA to Total Advances had an ongoing downward tendency throughout the research period with the exception of 2012-2013, 2019-2020, and 2020-21. All of them provide as indicators that SDCC Bank's NPA condition is good. NPA provisions had a consistent pattern of growth over the research period. Gross NPA to Total Advances Ratio demonstrated SDCC Bank, Sindhudurg's sound financial condition. Analysis of gross NPA, NPA provision, and the ratio of gross NPA to total advances

highlighted SDCC Bank, Sindhudurg's satisfactory financial results.

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