LITERATURE REVIEW:

Dayanandan et al. (1993) evaluated the performance of Central Cooperative Banks of Kerala state. They found that though the central cooperative banks achieved better performance in terms of share capital, membership, deposits and reserve funds, there was no corresponding achievement in the net profits during the study period. The reason was high overdue of the banks.

Enugandula (1998) used different financial ratios to evaluate performance of Karimnagar District co-operative central bank, Andhra Pradesh, and he concluded that the bank had not maintained a reasonable level of solvency position and was unable to cover its medium and long term obligations. The credit deposit ratio declined which indicated a better deposit mobilization. The gross ratio for the study period was 108.8, which reflected a higher level of expenditure over the gross income leading to losses for the bank. The net worth decreased over the years and the net capital ratio was unity indicating that the assets of the bank were not sufficient to cover its liabilities.

E.C. Shekhar et al. (1999) employed financial ratio analysis for the Karimnagar District Central Cooperative Bank in Andhra Pradesh, India. Financial ratios relating to solvency, liquidity, profitability, efficiency and strength of the bank were analysed for the period 1985/86-1994/95.

B. Rameshet al. (1999) in their article, “Performance Evaluation of Urban Co-operative Banks in India”, attempted to evaluate the growth performance of urban co-operative banks in India for the period from 1974-75 to 1993-94. The performance indicators such as number of banks, membership share capital, reserves, deposits, borrowings, working capital, advances, overdues and the like were selected for their study. They used the linear and exponential growth models to estimate the linear and compound growth rates. Their study showed that the urban co-operative banks had made noteworthy progress in all their performance indicators. However, the borrowings and overdues had unfavorably augmented during the study period. Considering some deficiencies in the overall working of the urban co-operative banks, they suggested certain suitable policy measures for better performance.

B.N.A. Swamy (2001) studied the comparative performance of different bank groups since 1995-96 to 1999-2000. An attempt was made by researcher to identify factors which could have led to changes in the position of individual banks in terms of their share in the overall banking industry. He analyzed the share of rural branches, average branch size, trends in bank’s profitability, share
of public sector assets, share of wages in expenditure, provision and contingencies, net non performance assets in net advances, spread, has been calculated. He concluded that in many respects nationalized public sectors banks much better than private banks, even they are better than foreign banks

**M. Dinabandhu(2002)** studied the Pune District Central Cooperative Bank Ltd. (PDCC) in Maharashtra, India. He is examined the impact of development action plans (DAPs) as a suitable mechanism through which the viability of rural financial institutions could be analysed and planned. The PDCCs resources, loan recovery performance, profitability, and productivity were examined. It was concluded that the bank's DAP has created some awareness in the bank. However, the increase in the bank's performance in all areas could not be totally attributed to the DAP.

**K.J.S. Satyasai et al.(2002)** in their article, “Revitalising Rural Credit System” suggested three strategies to strengthen rural credit system namely

i) recognising the nature and significance of demand for rural credit.

ii) Strengthening of organisation and competence of the institutions and

iii) Sensitising the regulatory and support systems.

**M.Sathya(2005)** examined the effect of privatization of banks on performance and efficiency. The data taken was for five years (1998-2002) and it was analyzed by using difference of means test. The banking sector in India includes domestic banks (privately owned, partially privatized banks, fully PSB’s) as well as foreign banks, and objective of this study is to study the impact of privatization on the banking firms. It was concluded that partially privatized banks have performed better as compared to fully PSB’s in respect of financial performance and efficiency. Partially privatized banks have continued to show improved performance and efficiency in the year after privatization. In post nationalization period witnessed an unprecedented expansion of banking industry in India. However accompanied inefficiency and poor financial health to overcome this problem and improve the efficiency of banks, various tectonic measures were taken since 1991. This has resulted in improvement in productivity, profitability and strengthening of financial position of the banks so much that they are outshining those of advanced notions .However banks have still o go a long way to sustain their Competitive success. Indian Commercial Banks also need to enhance their system and procedure to international standards and also simultaneously fortify their financial position.
A. Campbell (2007) focused on the relationship between nonperforming loans (NPLs) and bank failure and argued for an effective bank insolvency law for the prevention and control of NPLs for developing and transitional economies as these have been suffering severe problems due to NPL.

M.G. Asher (2007) in the article Reforming Governance and Regulation of Urban Cooperative Banks in India argued a case for a paradigm shift in the way urban cooperative banks (UCBs) are managed, governed, and regulated in India to enable them to enhance their contributions to achieving greater degree of financial inclusion, and more broad-based growth. Design / methodology / approach. The paper finds that if the UCBs are to remain relevant and play a significant developmental role in India, they will require same quality of governance and regulation as well as professionalism and modernization as themainstream commercial banks. The governance and regulatory structures need to be brought in conformity with India's current and prospective economic structure; and relevant laws modernized. This requires a paradigm shift in the role of UCBs.

Dutta et al. (2008) suggested that Cooperative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

Chellani (2008) in a case study, analysed the pattern and composition of deposits of Baroda District Central Cooperative bank Ltd. The study period was from the year 1994 to 2007. He found that the share of deposits from individuals in total deposits remained around only 1/5th till 2000. But it is raised up to 2/5th at the end of the year 2007. He also concluded that the proportion of fixed deposits in total deposits had been around 4/5th.

H. Singla (2008) emphasized on financial management and examined the financial position of sixteen banks by considering profitability, capital adequacy, debt-equity and NPA.

R. Sakthivel et al. (2009) in their study stated that the services are a form of product that consist of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything, examples are banking, hotel, airline, retail, tax preparation and home-repair services. Co-operative banks are promoted mainly to help agriculture and other activities. The weaker sections are provided more assistance by lending at a lower rate of interest than other commercial banks. The share capital of these co-operative banks is contributed by both the State Government and the public. The co-operative banks like many other financial service is facing a rapidly changing market, new technologies, economic uncertainties, fierce
competition and more demanding customers and the changing climate has presented an unprecedented set of challenges. Intangible assets, particularly brands and customers, are criteria to any organization and in today’s competitive environment relationship marketing is critical to banking corporate success. Banking is a customer oriented services industry, therefore the customer is the focus and customer service is the differentiating factor.

Chander et al. (2010) analyzed the financial efficiency and viability of HARCO Bank and found poor performance of the bank on capital adequacy, liquidity, earning quality and the management efficiency parameters. In which firstly the profitability analysis of DCCBs with four profitability ratios these are 1) net worth ratio 2) return on capital employed 3) profit margin 4) net interest margin. It shows the profitability has been highest in Mahendergarh followed by Faridabad but very critical in Gurgaon and Rewari.

V. Gautam et al. (2011) in this article stated that an attempt has been made to assess the impact of this global financial crisis on Indian rural credit market which is led by cooperative banks. The study concludes that cooperative banks have fortunately been able to weather the financial crises relatively well so far and have not required state support. In spite of cooperative banks being resilient to the crisis some lessons need to be taken from the present scenario to sustain its position in the competitive era. Financial sector reforms, competitive environment and advent of technology have posed threats and hence thrown challenges for these organizations. In the present scenario where the world has become global village, the impact of recession at one place/industry is affecting all the linked industries. This global recession have impacted on different economies of the world.

R.D. Patil (2011) in this paper stated that Kolhapur is the southernmost district of Maharashtra with its head quarter located at Kolhapur city. The categories of priority sector lending are direct and indirect finance for agriculture, direct and indirect finance for small scale industries, small business, micro credit to the poor in rural, semi-urban and urban areas, education loans, housing loans. The analysis of bank group-wise outstanding advances to priority sectors in Kolhapur District clearly shows the increasing trend of public sector banks i.e. State Bank Group and other National Banks. The advances of cooperative banks and other financial institution have been quite satisfactory as compare to their total advances but it is showing the decreasing trend. The major reason behind this failure can be decrease in the business of these banks.
V. S. Hooda (2011) examines the performance of SCBs and Schedule Commercial Banks and forwarded comparative assessment between them through some selected financial ratios. He observed that SCBs and Scheduled Commercial banks differ significantly as per these selected ratios during the years of study. In another study, Hooda examines the financial performance of DCCBs in India & found that all the financial variables increased with higher growth rate during the study period. A lot of studies were made to analyze and evaluate the performance of SCBs in India or in respect of SCBs in different states. However, only a few researches is undertaken to study the performance of SCBs in NER which is predominantly an agrarian economy and most of the states of the region are rural based. Further, all the SCBs in the North Eastern Region are suffering from low profitability and high over dues except MCAB, hence the situation demands to study the financial and operational indepthness of the institution.

J. K. Chandel (2012) stated that all the DCCBs performed poorly on profitability, liquidity, efficiency and solvency parameters, but were little comfortable on risk parameter. The Haryana state came in existence separated from Punjab and divided into four divisions Ambala, Rohtak, Hisar and Gurgaon. Ambala division covers five districts. According to this analysis the performance of DCCBs in Ambala division on profitability, solvency and risk parameters. The reason behind this weak performance were financial mismanagement, underutilization of resources, improper investment, improper capital structure, inadequate cash availability and lack of innovative products, so there is a great need of change in the vision and strategies in these banks for better service to the people of the country.

M.J. Mane et al.(2012) in this article concluded that the most important and critical problems faced by the DCC Banks in India is recovery of loans and advances, heavy over dues and NPA. Poor recovery of loans leads to adverse effect on the functioning of DCC Banks. DCCBs in India faces some problems like not provided credit to almost all states, not mobilizing deposits, suffer heavy overdues, delay in the sanction of loans, untrained staff etc. The overall working of DCC Banks is mixed one. To increase their own capital and working capital some necessary steps have to take.

A. A. Almazari (2012)in this paper Arab Bank is one of the largest financial institutions in the Middle East and is ranked amongst the largest international financial institutions. To measure the financial performance use the DuPont system which is based on analysis of net profit margin, total asset turnover and the equity multiplier that is return on equity model. The DuPont system
of financial analysis shows the performance of The Arab Bank over the years from 2000-2009 and the impact of the recent financial crisis on most banks of the world but this impact hit slightly the performance of Arab Bank of Jordan. Arab Bank, which operates in 30 countries represents the largest Arab banking network in the world, was effected by the global financial crisis as a reflection of those countries reaction to the crisis. The total asset turnover was increased through the world enterprises were suffering from the recent world financial crisis. It indicates that the Arab bank had less financial leverage in the recent years, which means the bank is relying less on debt to finance its assets.

STATEMENT OF THE PROBLEM:

The Sangli District Central Co-operative Bank supports the small marginal farmer and agricultural laborers by providing to loans and advances for agricultural. Though there role is important and there number is increasing, presently some of the cooperatives units are in a countdown position, which give rise to new challenges before existing cooperatives. Bearing in this mind the researches thinks it is essential to study the financial position of the Sangli District Central Co-operative Bank. What is the relative performance of SDCC as institutional financing agency in meeting credit needs in time? To what extent the credit has been granted by SDCC? In view of the foregoing discussions, the statement of the problem for the present study has been defined as “Financial Analysis of Sangli District Central Cooperative Bank Ltd. Sangli.”