

## Productivity and Performance Dimension: A Comparative Study of BDCCB and SSCB

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**Abstract:** The objective of the present paper is to analyze the productivity performance of BDCCB (Bijapur District Central Co-operative Bank), Bijapur as compared to SSCB (Shri Siddheshwar Co-operative Bank Ltd., Bijapur) over a period of 5 years (2018-09 to 2012-13). For this purpose, productivity ratio analysis has been used. With the help of this analysis, it was inferred that performance of SSCB was excellent regarding branch productivity and BDCCB was excellent regarding employee productivity. For this analysis, Business Volume per Branch per Employee, Working Fund per Branch per Employee, Total Income per Branch per Employee, Total Expenditure per Branch per Employee, Spread per Branch per Employee, Burden per Branch per Employee, Net Profit per Branch per Employee were used. SSCB's excellent performance can be attributed to the adoption of modern technology, banking reforms & good recovery mechanism and BDCCB's excellent performance through employee training & development, skill, experience, hardworking etc. However, SSCB needs to improve its position with regards to a few parameters including business volume & working fund.

**Keywords:** productivity performance, business volume, working fund, spread, burden, net profit.

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### I. Introduction

Sound financial system is indispensable for the growth of a healthy and vibrant economy. Performance of the banking sector is an effective measure and indicator to check the performance of any economy to a large extent. Co-operative banks are an integral part of the Indian financial system. They comprise urban co-operative banks and rural co-operative credit institutions. Co-operative banks in India are more than 100 years old. These banks came into existence with enactment of the Agricultural credit Co-operative Societies Act in 1904. These banks operate mainly for the benefit of rural areas, particularly the agricultural sector. Co-operative banks mobilize deposits and supply agricultural and rural credit with a wider outreach. They are the main source of institutional credit to the farmers. Co-operative banks are chiefly responsible for breaking the monopoly of moneylenders in providing credit to agriculturists. They have also been an important instrument for various development schemes, particularly subsidy-based programme for the poor. Co-operative banks operate for the poor and operate for non-agricultural sector also but, their role is small. Due to the globalization of the financial markets, banking institutions today face a fast pace, dynamic and competitive environment at the global scale. In such a competitive environment, financial institutions are forced to examine their performance due to the dynamic economics of the 21<sup>st</sup> century and their survival depends upon their productive efficiencies. With this view, in the present paper, to know the financial performance of co-operative bank, The BDCC Bank and SSC Bank have been analysed.

### II. Need For The Study

Due to certain changes in the banking sector and new economic policies, the co-operative sectors underwent a crisis. At the same time the failure of some good schedule banks and urban banks also attracted the attention of the people and has raised the question of security of their funds. So that need to find actual financial stability of the co-operatives banks and assures investors about the operational as well as financial efficiency of the co-operatives banks.

### III. Statement Of The Problem

Before adaption of new economic policy of 1991, co-operative banks were very efficient to fulfill the need of local people and so their social and economic contribution was quite significant.

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But the launching of new economic policy resulted in the liberalization de-licensing and deregulation in the free economy. In the light of this policy, along with other sector of the economy, various reformers were introduced in the banking sector in particular and in co-operative banks in particular. Under such changing environment, to maintain stability, liquidity, profitability, goodwill and overall efficiency is the challenge before the bank management and so they have to transform the traditional way of management into modern and professional management. Hence the tools and techniques of financial performance evaluation should be adopted by the management of the co-operative banks to overcome the situation and to survive in the competition and critical situation before the co-operative banks.

#### IV. Objectives Of The Study

1. To evaluate the productivity efficiency of BDCC Bank & SSC Bank of Bijapur district.
2. To compare the productivity efficiency of BDCC Bank & SSC Bank of Bijapur district.
3. To suggest to improve efficiency of BDCC Bank & SSC Bank of Bijapur district

#### V. Scope Of The Study

The scope of the study is defined in terms of financial aspects and period under focus.

1. The researcher has selected BDCC & SSC Bank in the Bijapur district for the study.
2. The study is based on the annual reports of the banks for a period of 5 years from 2008-09 to 2012-13.
3. The performance of the BDCC & SSC bank was measured through the efficiency of productivity ratios.

#### VI. Research Methodology

**6.1 Sources of Data:** The study is based on secondary data. The secondary data consists of the annual reports of BDCC & SSC Bank.

**6.2 Period of Study:** The present study covers the span of five years i.e. from 2008-09 to 2012-2013.

**6.3 Sampling Design:** In this study, the Bijapur District Central Co-operative Bank (BDCCB) & Shri Siddheshwar Co-operative Bank (SSCB) in Bijapur district have been included for the study.

**6.4 Framework Analysis:** The performance of the co-operative banks was measured through productivity ratios they are: Business Volume per Branch per Employee, Working Fund per Branch per Employee, Total Income per Branch per Employee, Total Expenditure per Branch per Employee, Spread per Branch per Employee, Burden per Branch per Employee, Net Profit per Branch per Employee.

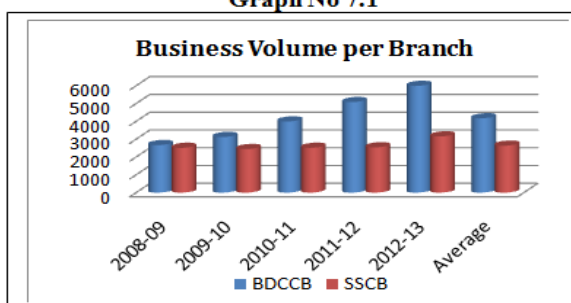
#### VII. Data Analysis: (A) Branch Productivity (Rs. in Lakhs)

**Table No 7.1**

**Business Volume per branch**

Year	BDCCB	SSCB
2008-09	2668.98	2513.33
2009-10	3121.64	2445.35
2010-11	3996.06	2515.87
2011-12	5083.90	2543.03
2012-13	5993.01	3156.26
<b>Average</b>	<b>4172.72</b>	<b>2634.77</b>

**Graph No 7.1**

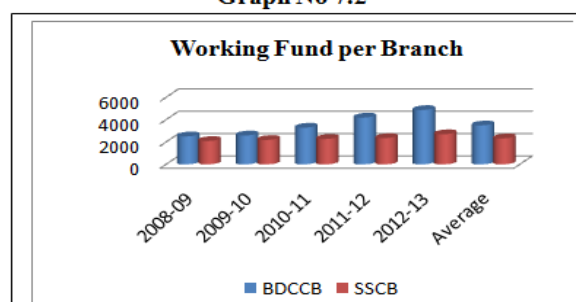


**Table No. 7.2**

**Working fund per branch**

Year	BDCCB	SSCB
2008-09	2514.97	2106.81
2009-10	2594.11	2196.22
2010-11	3292.93	2284.16
2011-12	4197.25	2359.08
2012-13	4876.28	2702.97
<b>Average</b>	<b>3495.11</b>	<b>2329.85</b>

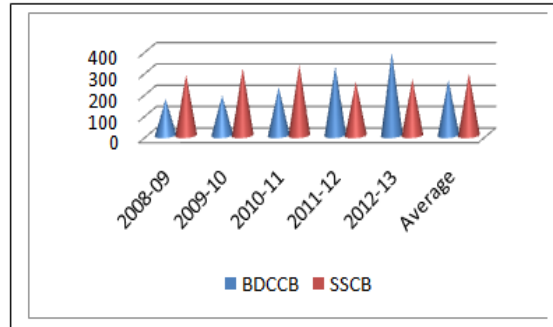
**Graph No 7.2**



**Table No 7.3**  
**Total Income per Branch**

Year	BDCCB	SSCB
2008-09	169.55	286.23
2009-10	187.21	317.14
2010-11	225.67	330.90
2011-12	324.07	251.84
2012-13	390.98	263.32
Average	259.50	289.89

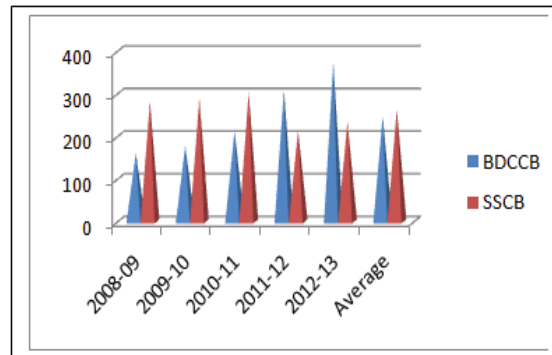
**Graph No 7.3**  
**Total Income per Employee**



**Table No 7.4**  
**Total Expenditure per Branch**

Year	BDCCB	SSCB
2008-09	160.09	281.21
2009-10	177.55	288.98
2010-11	214.00	304.51
2011-12	308.25	212.55
2012-13	373.41	232.30
Average	246.66	263.91

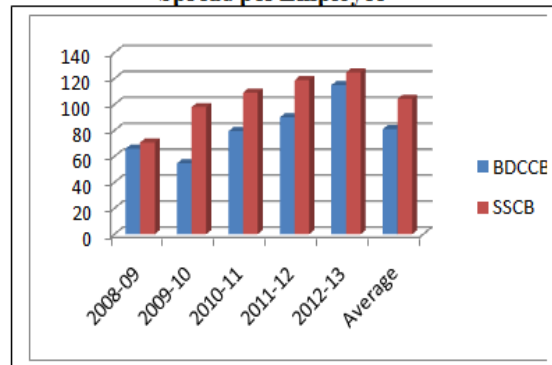
**Graph No 7.4**  
**Total Expenditure per Employee**



**Table No 7.5**  
**Spread per Branch**

Year	BDCCB	SSCB
2008-09	65.86	70.83
2009-10	54.62	98.04
2010-11	79.46	109.24
2011-12	90.08	118.76
2012-13	114.97	124.66
Average	81.00	104.31

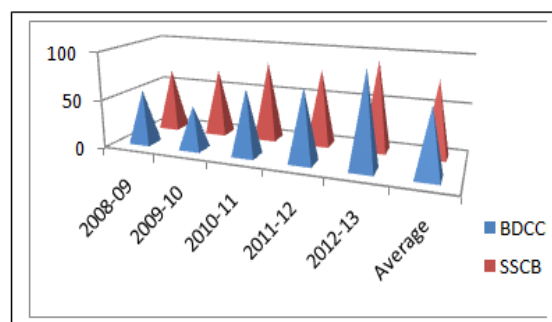
**Graph No 7.5**  
**Spread per Employee**



**Table No 7.6**  
**Burden per Branch**

Year	BDCCB	SSCB
2008-09	56.39	65.81
2009-10	44.96	70.38
2010-11	67.79	82.86
2011-12	74.25	79.47
2012-13	97.40	93.65
Average	68.16	78.43

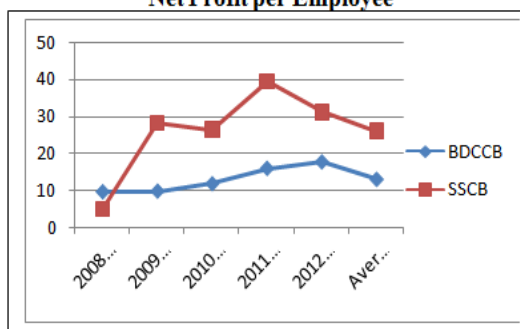
**Graph No 7.6**  
**Burden per Employee**



**Table No 7.7**  
**Net Profit per Branch**

Year	BDCCB	SSCB
2008-09	9.47	5.02
2009-10	9.66	28.16
2010-11	11.67	26.39
2011-12	15.82	39.29
2012-13	17.57	31.02
Average	12.84	25.98

**Graph No 7.7**  
**Net Profit per Employee**

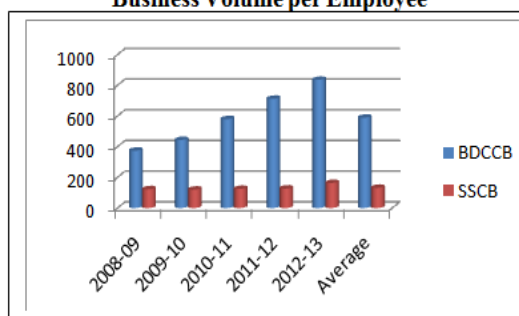


**(A) Employee Productivity (Rs. in Lakhs)**

**Table No 7.8**  
**Business Volume per Employee**

Year	BDCCB	SSCB
2008-09	373.66	122.10
2009-10	443.68	119.77
2010-11	579.74	124.75
2011-12	711.75	126.62
2012-13	835.56	163.25
Average	588.88	131.30

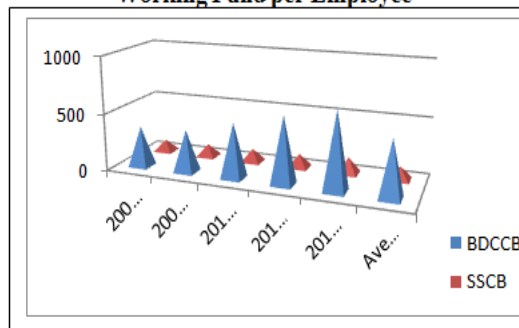
**Graph No 7.8**  
**Business Volume per Employee**



**Table No 7.9**  
**Working Fund per Employee**

Year	BDCCB	SSCB
2008-09	352.1	102.36
2009-10	368.71	107.57
2010-11	477.73	113.26
2011-12	587.61	117.46
2012-13	679.87	139.81
Average	493.20	116.09

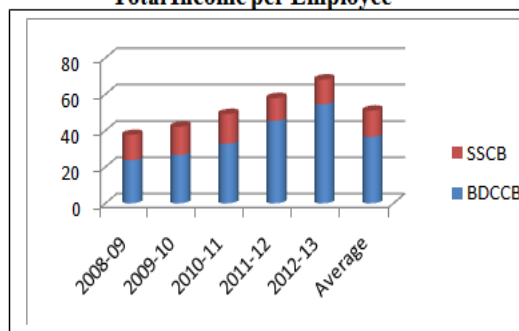
**Graph No 7.9**  
**Working Fund per Employee**



**Table No 7.10**  
**Total Income per Employee**

Year	BDCCB	SSCB
2008-09	23.74	13.91
2009-10	26.61	15.53
2010-11	32.74	16.41
2011-12	45.37	12.54
2012-13	54.51	13.62
Average	36.59	14.40

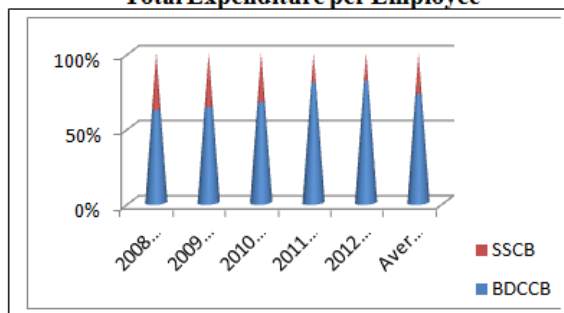
**Graph No 7.10**  
**Total Income per Employee**



**Table No 7.11**  
**Total Expenditure per Employee**

Year	BDCCB	SSCB
2008-09	22.41	13.66
2009-10	25.24	14.15
2010-11	31.05	15.10
2011-12	43.16	10.58
2012-13	52.06	12.02
Average	34.78	13.10

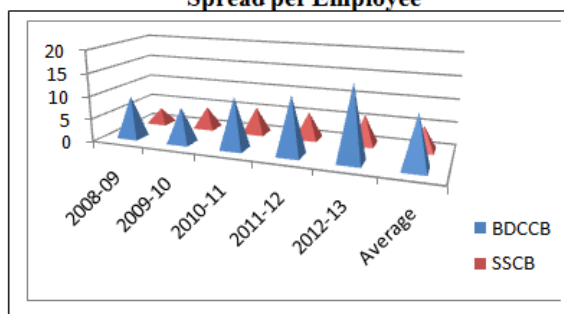
**Graph No 7.11**  
**Total Expenditure per Employee**



**Table No 7.12**  
**Spread per Employee**

Year	BDCCB	SSCB
2008-09	9.22	3.44
2009-10	7.76	4.80
2010-11	11.12	5.83
2011-12	12.61	5.91
2012-13	16.03	6.45
Average	11.35	5.29

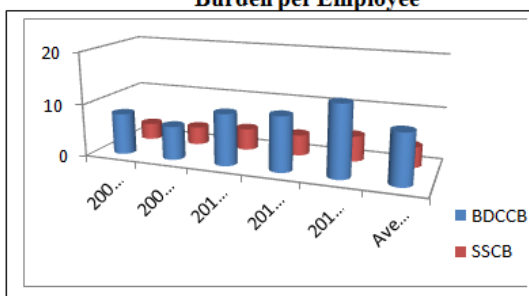
**Graph No 7.12**  
**Spread per Employee**



**Table No 7.13**  
**Burden per Employee**

Year	BDCCB	SSCB
2008-09	7.89	3.20
2009-10	6.39	3.45
2010-11	9.83	4.11
2011-12	10.40	3.96
2012-13	13.58	4.84
Average	9.62	3.91

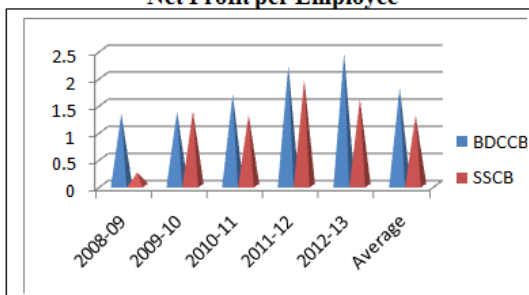
**Graph No 7.13**  
**Burden per Employee**



**Table No 7.14**  
**Net Profit per Employee**

Year	BDCCB	SSCB
2008-09	1.33	0.24
2009-10	1.37	1.38
2010-11	1.69	1.31
2011-12	2.22	1.96
2012-13	2.45	1.60
Average	1.81	1.30

**Graph No 7.14**  
**Net Profit per Employee**



## VIII. Findings Of The Study

### A. Branch Productivity

- 1. Business Volume per Branch:** This ratio is one of the best indicators for the measurement of productivity of bank. The average rate is the highest BDCCB (Rs. 4172.72). This indicates that BDCCB is better productivity during the study period. While the ratio was minimum for SSCB *i.e.* Rs 2634.77 Lakhs per branch which indicates lower productivity during the study period.
- 2. Working Fund per Branch:** This ratio is based on working funds and contingent liability of the bank, which is best indicator for the measurement of productivity of a bank. The average rate is the highest

BDCCB (Rs. 3495.11). This indicates that BDCCB is better productivity during the study period the ratio was minimum for SSCB *i.e.* 2329.85 Lakhs per branch which indicates lower productivity.

3. **Total Income per Branch:** A high ratio indicates better productivity and low ratio indicates lower productivity. The average rate is the highest (289.89) in the case of SSCB while the ratio was minimum for BDCCB *i.e.* Rs. 259.50 Lakhs per branch which indicates lower productivity.
4. **Total Expenditure per Branch:** A high ratio indicates lower productivity and low ratio indicates higher productivity. The average rate is the highest in the case of SSCB (Rs. 263.91) is lower productivity while the ratio was minimum for BDCCB *i.e.* Rs. 246.66Lakhs per branch which indicates higher productivity.
5. **Spread per Branch:** A high ratio indicates higher productivity and low ratio indicates lower productivity. The average rate is the highest in the case of SSCB (Rs. 104). This indicates that SSCB is better productivity. While the ratio was minimum for BDCCB *i.e.* Rs. 81 Lakhs per branch which indicates lower productivity.
6. **Burden per Branch:** A high ratio indicates lower productivity and low ratio indicates higher productivity. The average rate is the highest in the case of SSCB (Rs. 78.43). This indicates that SSCB is lower productivity. While the ratio was minimum for BDCCB *i.e.* Rs. 68.16Lakhs per branch which indicates higher productivity during the study period.
7. **Net Profit per Branch:** A high ratio indicates higher productivity and low ratio indicates lower productivity. The average rate is the highest (Rs. 25.98) in the case of SSCB which indicates that SSCB is higher productivity. While the ratio was minimum for BDCCB *i.e.* Rs. 12.84 Lakhs per branch which indicates lower productivity during the study period.

## **B. Employee Productivity**

8. **Business volume per employee:** A high ratio indicates better productivity and low ratio indicates lower productivity. The ratio reveals that the average rate is the highest (Rs. 588.88) in the case of BDCCB. This indicates that BDCCB is better productivity employee while the ratio was minimum for SSCB *i.e.* Rs. 131.30Lakhs per employee which indicates lower productivity during the study period.
9. **Working Fund per Employee:** This ratio is based on working funds and contingent liability of the bank, which is best indicator for the measurement of productivity of a bank. A low ratio indicates lower productivity and high ratio indicates better productivity. The average rate is the highest (Rs. 493.20) in the case of BDCCB. This indicates that BDCCB is better productivity. While the ratio was minimum for SSCB Rs. 116.09Lakhs per employee which indicates lower productivity during the study period.
10. **Total Income per Employee:** A high ratio indicates better productivity and low ratio indicates lower productivity. The average rate is the highest (Rs. 36.59) in the case of BDCCB. This indicates that BDCCB is better productivity. While the ratio was minimum for SSCB *i.e.* Rs. 14.40Lakhs per employee which indicates lower productivity during the study period.
11. **Total Expenditure per Employee:** A high ratio indicates lower productivity and low ratio indicates higher productivity. The average rate is the highest (Rs. 34.78) in the case of BDCCB. This indicates that BDCCB is lower productivity. While the ratio was minimum for SSCB for Rs. 13.10 Lakhs per employee which indicates higher productivity during the study period.
12. **Spread per employee:** A high ratio indicates better productivity and low ratio indicates lower productivity. The average rate is the highest (Rs11.35) in the case of BDCCB. This indicates that BDCCB is better productivity. While the ratio was minimum for SSCB *i.e.* Rs.5,29 Lakhs per employee which indicates lower productivity during the study period.
13. **Burden per Employee:** A high ratio indicates lower productivity and low ratio indicates higher productivity. The average rate is the highest (Rs. 9.62) in the case of BDCCB. This indicates that BDCCB is lower productivity. While the ratio was minimum for SSCB *i.e.* Rs.3.91 Lakhs per employee which indicates higher productivity during the study period.
14. **Net profit per employee:** A high ratio indicates better productivity and low ratio indicates lower productivity. The average rate is the highest (Rs. 1.81) in the case of BDCCB. This indicates that BDCCB is higher productivity. While the ratio was minimum for SSCB *i.e.* Rs.1.30 Lakhs per employee which indicates lower productivity during the study period.

## **IX. Suggestions**

On the basis of findings emanated from the present micro level research study on Bijapur District Central Co-operative Bank & Shri Siddheshwar Co-operative Bank, Vijayapur. A modest attempt has been made in this section to suggest a good number of feasible ways and means in order to improve the financial

strength as well as the overall efficiency in both administration and operational management and to overcome the existing deficiency and irregularities of the selected two banks.

1. In business volume ratio and working fund ratio it is advised to SSCB in both the branch and employee productivity to increase the ratio to maintain the high productivity.
2. It is advised to both the BDCCB and SSCB to increase the total income ratio to maintain the high productivity in both the branch and employee respectively.
3. The SSCB and BDCCB both the banks have to decrease the total expenditure ratio to increase the branch productivity & employee productivity respectively.
4. As far as spread ratio is concerned, it is advised to BDCCB & SSCB to increase the ratio for better productivity in branch and employee respectively.
5. In burden ratio the BDCCB & SSCB has to improve its ratio by reducing to increase in branch and employee productivity respectively.
6. It is advised to both the BDCCB & SSCB to increase the net profit ratio for better productivity in branch and employee respectively.

### **X. Conclusion**

Economic development of any country is mainly influenced by the growth of the banking industry in that country. The present study has been conducted to examine the financial performance of BDCCB & SSCB using productivity ratios. The Productivity ratio was an important parameter used in this study, the researcher has found that the performance of SSCB was excellent regarding branch productivity and the performance of BDCCB was excellent regarding employee productivity.

The future of cooperative banks is challenging because of the competition from public sector banks and private sector banks. Public sector banks and private sector banks are concentrating on their major expansion activities both vertically and horizontally. The growth of co-operative banks depends on transparency in control and operation, governance, customer-centric policies, technology-up gradation and efficiency. It can be concluded from the analysis that the adoption of modern technology, banking reforms and recovery mechanism greatly aided in improving the performance of the bank.

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