Research Paper



Mr.F.Franco	Ph.D Scholar in Commerce RathnavelSubramaniam College of Arts &
authers	Science (Autonomous), Coimbatore
Dr.R.Karpagavalli	Head &Associate Professor in Commerce RathnavelSubramaniam College of Arts & Science (Autonomous), Coimbatore

ABSTRACT Cooperative is one of the oldest and effective systems in terms of development of human civilization. Cooperative institutions are organized and managed on the principle of cooperation, self-help and mutual help. There are different types of cooperative institutions functioning in India. As far as the institutional credit structure is concerned, cooperatives play a significant role in this regard. Cooperative credit institutions are spread all over India and are providing their services at the grass root level. As main portion of the population in India lives in rural areas so it is important to strengthen the cooperative credit institutions in these areas. The major advantage of the institutions is their strong branch network which covers entire area of the country. This paper attempts to study the State Co-operative Banking in India. Basically we have studied the deposits and advances of State Co-operative Banks in Karnataka and Tamilnadu. The study is based on secondary data. The data required for the study has been collected from RBI annual reports, Journals, reports on trend and progress of banking in India, Annual Reports of NAFSCOB etc.

KEYWORDS : State Co-operative Banks; Spearman's Rank Correlation.

1. INTRODUCTION

Cooperative sector in India occupies a very important place in the Indian Economy. Majority of the cooperatives cater to the weaker section of the society. Cooperative banks in India started functioning about 100 years ago. They have contributed substantially to the national economy. They have very extensive network of rural outlets as compared to that of regional rural banks and commercial banks. Every person can access the banking facilities of cooperative banks. The rural short term cooperative credit structure comprises of State Cooperative Banks (StCBs) at the state level (apex), District Central Cooperative Banks(DCCBs) at the district level and Primary Agricultural Credit Societies (PACS) at the village level. Credit need of the farmers in India is mainly divided into short-term and long term basis. The short-term and long-term Co-operative Banking structures consist of 31 State Co-operative Banks at the state level, 370 District Central Co-operative Banks at the district level, and 92,432 Primary Agriculture Cooperative Societies at the village level. State Co-operative Banks are considered to be the leader of the cooperative movement in the State. Moreover the success and failure of a cooperative movement to a large extent depends on its successful leadership. State Co-operative Bank is the highest agency of the three-tier cooperative credit structure in any state of India. It serves as a link between Reserve Bank of India and the District Central Co-operative Banks and Primary Agricultural Cooperatives. The RBI provides credit to lower level cooperatives through the SCBs. This function of RBI has now been taken over by NABARD. The SCB also acts as a balancing centre for DCBs in the sense that surplus funds of some DCBs are made available to other needy DCBs.

2.OBJECTIVES OF THE STUDY

The main objective of this paper is to compare the deposits and advances of the Karnataka State Cooperative Bank and Tamilnadu State Cooperative bank by using Spearman's Rank correlation method.

3.METHODOLOGY OF THE STUDY

The study is based on secondary data. The data required for the study has been collected from RBI annual reports, Journals, reports on trend and progress of banking in India, Annual Reports of NAFSCOB.

3.1 SAMPLE SIZE

Two banks, named the Tamilnadu state cooperative bank and Karnataka state cooperative bank from 31 StCB in India have been taken for the study. were framed:

- H1: There is no relationship between the Direction of Deposits of Tamilnadu and Karnataka state Cooperative Banks during the study period.
- H2: There is no relationship between the Direction of Advances of Tamilnadu and Karnataka state Cooperative Banks during the study period.
- H3: There is no relationship between the Direction of C-D Ratio of Tamilnadu and Karnataka state Cooperative Banks during the study period.

3.3 CONCEPTUALIZATION OF SPEARMAN'S RANK COR-RELATION METHOD:

Spearman's Rank Correlation was developed by the British Psychologist, C.E. Spearman. This is a crude method of computing relationship between two characteristics. In this method, various items are assigned ranks according to two characteristics and a correlation is computed between these ranks. This correlation is denoted by p(rho). It lies between 1 and -1. Beside this, Spearman's rank correlation formula can be used even if we have variable which are measured quantitatively, i.e., when the actual data, but not the ranks relating, to two variables, are given. In such a case, we shall have to convert the data into ranks. Spearman's Rank Correlation is a technique used to test the direction and strength of the relationship between two variables.

3.4 PERIOD OF THE STUDY

This study covers a period (in years) from 2008-09 to 2012-13.

3.5 LIMITATION OF STUDY: This paper has considered only two variables to compare these two banks. On the basis of only few variables, we cannot judge the actual extent of performance comparatively and cannot generalize the findings.

4.DATA ANALYSIS AND DISCUSSION

3.2 HYPOTHESES: In this paper, the following three null hypotheses

Table-1 Deposits and Advances (Loans outstanding) of the Karnataka and Tamilnadu

State Cooperative	Banks:2008-2013	(Rs. In Lakhs)
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YEAR	KARNATAKA		TAMILNADU	
	DEPOSITS	ADVANCES	DEPOSITS	ADVANCES
2008-09	389241	349280	442916	338324
2009-10	447904	314628	514600	459942
2010-11	464666	347926	543584	679878
2011-12	526349	538150	662009	658300
2012-13	600389	650480	778813	945962
AVE	485709.8	440092.8	588384.4	616481.2
S.D	80593.44405	146936.29	132566.8721	232487.37
C.V	6.03	2.99	4.43	2.65

Source: NAFSCOB

The above table reveals the description about the deposits mobilized and credit advanced by the bank under study. The average amount of deposits were Rs.485709.8 lakhs for Karnataka State Cooperative Bank and Rs.588384.4 lakhs for Tamilnadu State cooperative Bank. While average amount of advances were Rs.440092.8 lakhs for KStCB and Rs.616481.2 lakhs for TStCB. The business of the TStCB was showing more variability as compared to the KStCB during the study period. The KStCB and TStCB recorded increasing trend in mobilizing deposits and advancing credit during the study period.

Table-2

Deposits of the the Karnataka and Tamilnadu State Cooperative Banks: Spearman's Rank Correlation (Rs. In Lakhs)

YEAR	KARNATAKA	RANK (X)	TAMILNADU	RANK (Y)	d (x-y)	d2
	(Amount)		(Amount)			
2008-09	389241	1	442916	1	0	0
2009-10	447904	2	514600	2	0	0
2010-11	464,666.00	3	543,584.00	3	0.00	0
2011-12	526,349.00	4	662,009.00	4	0.00	0
2012-13	600389	5	778813	5	0	0
TOTAL						0

Source: NAFSCOB

H1: There is no relationship between the Direction of Deposits of Tamilnadu and Karnataka state Cooperative Banks during the study period.

6∑d2	6*0
p= 1 =	= 1
n(n2-1)	5(25-1)

The above table displays the association between deposits of KStCB and TStCB during 2008-2013.To find out the correlation between these two, Spearman's Rank Correlation was used. Assigned Ranks Show that deposits of KStCB increased with significant fluctuations throughout the study period while the deposits of TStCB increased with an increasing trend. Coefficient of correlation between the deposits of the KStCB and TStCB was 1 and means that there was highly positive relationship between these two banks under consideration.

Table-3

Advances(Loans outstanding)	of the t	he Karnatak	a and
Tamilnadu State Cooperative	Banks:	Spearman's	Rank
Correlation (Rs. In Lakhs)			

YEAR	KARNATAKA	RANK (X)	TAMILNADU	RANK (Y)	d (x-y)	d2
	(Amount)		(Amount)			
2008-09	349280	3	338324	1	2	4
2009-10	314628	1	459942	2	1	1
2010-11	347,926.00	2	679,878.00	4	2.00	4
2011-12	538,150.00	4	658,300.00	3	1.00	1
2012-13	650480	5	945962	5	0	0
TOTAL						10

Source: NAFSCOB

H2: There is no relationship between the Direction of Advances of Tamilnadu and Karnataka state Cooperative Banks during the study period.

6Σd2	6*10
p= 1 =	= 0.5
n(n2-1)	5(25-1)

The above table reveals that advances of TStCB increased consistently year to year but advances of KStCB recorded a fluctuating trend. Spearman's Rank Correlation (0.5) shows that there was moderate positive correlation between the growth of advances of TStCB and KStCB during the study period.

Table-4

Credit-Deposit Ratios of the the Karnataka and Tamilnadu state cooperative banks: Spearman's Rank Correlation (Rs. In Lakhs)

YEAR	KARNATAKA	RANK (X)	TAMILNADU	RANK(Y)	d (x-y)	d2
2008- 09	89.7	3	76.38	1	2	4
2009- 10	70.2	1	89.37	2	1	1
2010- 11	74.9	2	125.00	5	3	9
2011- 12	102.2	4	99.43	3	1	1
2012- 13	108.3	5	121.4	4	1	1
TOTAL						16

Source: Complied from Table A-1 and A-2

H3: There is no relationship between the Direction of C-D Ratio of Tamilnadu and Karnataka state Cooperative Banks during the study period.

6Σd2	6*16
p= 1 =	= 0.2
n(n2-1)	5(25-1)

Credit-Deposit Ratio reflects the business policy of any banking institution. The above table reveals that this ratio for both banks was not consistent during the study period. There was no trend of Credit-Deposit Ratios of both banks. That is why, as per the Coefficient Correlation (0.2), there was low moderate positive association between the Credit-Deposit Ratios of KStCB and TStCB.

Table-5

Brief summary of Deposits, Advances and C-D Ratio-Spearman's Rank Correlation (p)

VARIABLES	COEFFICIENTS	RELATIONSHIP
Deposits	1	High Positive Correlation
Advances	0.5	Moderate Positive Correlation
C-D Ratio	0.2	Low Moderate Positive Correlation

Notes: Details about calculations of p are shown in tables

The above table is inferred that the calculated value p(1) implies that there was high positive relationship between the deposits of the banks under study. In the case of advances, calculated value p(0.5) implies that there was moderate positive relationship between the Direction of Advances experienced by the two banks under the study. P value of C-D ratio was 0.2. It means that there was low moderate positive correlation between the Direction of C-D Ratio of these two banks under study. Hence all the three set Hypotheses are not accepted for the years under consideration.

CONCLUSION

From the above analysis of the Karnataka and Tamilnadu State Co-operative Banks, we found that these banks are working efficiently, increasing the profits level and using the managerial talent in a best way. The present paper considered two State Cooperative Banks from India to compare their deposits and advances and to understand the relationship between these two banks by using Spearman's Rank Method. The study concludes that all the three set Hypotheses are not accepted. There was positive relationship in the direction of business organized by the Karnataka and Tamilnadu State Cooperative Banks.

