PERFORMANCE EVALUATION OF THE STATE CO-OPERATIVE BANKS IN INDIA: A DEA APPROACH

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ABSTRACT

It is said that co-operative sector is the key for rejuvenating the economic structure of the country and leading the country in the right path of economic development. The state co-operative banks are the leader of the co-operatives in a state and acts as a supervisory body at the top and arrange to spread the co-operative movement. Present study attempts to evaluate the performance of 31 State Co-operative Banks operating in India for the year 2010-11 by applying DEA approach. The efficiency scores of 31 State Co-operative Banks are measured. According to efficiency score the study shows that during the year 2010-11, 21 banks are 100% efficient. The study finds that Punjab State Co-operative Bank and Uttarakhand State Co-operative Bank are the star performers and Meghalaya State Co-operative Bank is the most inefficient bank for the year 2010-11. The study recommends that inefficient banks have to reduce the amount of capital and number of employees to increase their efficiency.

KEYWORDS: DEA, Efficiency, Observed value, Potential improvement, Return to scale.