

Evaluation of the Financial Performance of Co-Operative Bank in Kerala- Upputhara Service Co-Operative Bank

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ABSTRACT

A cooperative may be defined as a business owned and controlled equally by the people who use its services. Cooperatives can act as an effective media for the socio-economic reconstruction of the country. This study is on the financial performance of Upputhara Service Cooperative Bank (USCB). The objective of the study is: A) to analyze the financial performance in terms of profitability. B) To evaluate the short-term and long-term financial position. C) To examine the growth of loans and deposits during the period of study. The sources of data were the published annual reports of bank from 2007-08 to 2013-14. Financial analysis has been done with tools such as financial ratios, trend analysis etc., The study helps to understand the working capital position, per cent changes in profits, deposits and loans. The study found that immediate steps are needed to improve the capital base of the bank.

1. Introduction

Co-operative bank is a financial entity which belongs to its members, who are the owners and customers of the bank. The aim of co-operative banks is to serve its members and they have completed 100 years of existence in India. The history of co-operative banks began in India in the year 1904 that The Cooperative Credit Societies Act, 1904 led to the formation of Cooperative Credit Societies in both rural and urban areas. The Cooperative Societies Act of 1912, further gave recognition to the formation of non-credit societies and the central cooperative organizations. The government of Bombay passed the first state co-operative societies Act in 1925 which lead to the formation of co-operative banks and the concepts of self-help, thrift and mutual help. In independent India, with the onset of planning, the cooperative organizations gained more leverage and role with the continued governmental support. Being a voluntary association of persons for self-help and fulfilling needs of each other, the co-operative banks are regulated by Reserve Bank of India and governed by Banking Regulation Act 1949 and co-operative societies Act 1965.

Upputhara Service Co-Operative Bank played a very significant role in the development of the local economy by providing finance to the rural areas where the banking infrastructures are not so common. The Upputhara Service Co-Operative Bank, which started its operations decades back, helped the rural people in their socio-economic empowerment and also provided agricultural credit. Beyond that Upputhara Service cooperative bank had a pivotal role in developing the saving habits of the people. These roles of the Upputhara Service Co-Operative bank make the study significant.

2. Review of Previous Studies

Sharma (1985) He brought out the case that with regard to short-term credit the CCBs should re-orient their loan policies

and procedures on the basis of crop loan system. Muthupandian (1995), He noted that the success of Tirunelveli District Central Co-operative Bank in future will depend not only upon the development of primary societies and the growth of the co-operative spirit among the members but also upon the extent to which they are able to mobilize deposits and savings and make recoveries of bad debts. Rajan (1990), He found that Kozhikode DCB bank was keeping excess reserves under the regulations of CRR and SLR. The magnitude of excess reserves under CRR was reported to be very high mainly due to non-availability of scientific portfolio management techniques. James, P. (1987), studied the operational efficiency of Ernakulum DCB and was of the opinion that the bank was efficient in the mobilization of funds which is, evident from owned funds to borrowed funds ratio and the borrowed funds to working capital ratio. Heryanto. (2011) from his analysis, the study concludes that there is a significant relation between service quality and the customer satisfaction and it consist of actions like quick response, commitment, staff availability, competency and capability of staff in the bank. Majeed, A. (1989), studied the Malappuram DCB in order to find out its credit operations. He examined the change in composition of loans issued by Malappuram DCB on the basis of priority, period, purpose and section wise classification of loans. Bhaskaran et al. (2000) concluded that the recovery performance of co-operative credit institutions continues to unsatisfactory which contributes to the growth of NPA even after the introduction of prudential regulations. Reddy et al (2011) compared the performance of Regional Rural banks in Andhra Pradesh to check the viability of the banks. He concluded that Andhra Pragathi Gramin Bank is performing better than the other co-operative banks. Jain (2001) has done a comparative performance analysis of District Central Co-operative Banks (DCCBs) of Western India, namely Maharashtra, Gujarat and Rajasthan and found that DCCBs of Rajasthan have performed better in profitability and liquidity as compared to Gujarat and Maharashtra

3. Research Gap

From the various literature, it was found that prominent studies were made on cooperative banks and its financial performance. In this context, there was a need of evaluating the financial performance of Co-Operative Banks in Kerala, with special reference to Upputhara Service Co-Operative Bank. In order to gain more clarity regarding the financial performance of Upputhara Service Co-Operative Bank, the study has been conducted with the following specific objectives, A) to analyze the financial performance in terms of profitability. B) To evaluate the short-term and long-term financial position. C) To examine the growth of loans and deposits during the period of study. The sources of data were the published annual reports of bank from 2007-08 to 2013-14.

4. Methods and Materials

For analyzing the financial performance of the Upputhara service co-operative bank, the following tools were applied viz., financial ratios, profitability analysis, analysis of deposits and loans, trend analysis and comparative study. The analysis of current ratio helped to understand the working capital position of the bank. Trend analysis is used to study the changes in profit, deposits and loans.

Sample Profile

This study is based on secondary data from the published annual reports of Upputhara service co-operative bank from 2007-08 to 2013-14.

5. Discussions and Results

The study on financial analysis of Upputhara Service Co-Operative Bank is an undertaking to analyze the financial performance of the bank by studying the short term financial position, long term financial position and profitability.

Profitability Analysis

The primary objective of a business is to earn a profit. Without profit no business can continue its operation Co-operative banks are formed with the objectives of service to members and profit is only a secondary objective. Profitability

analysis measures the result of the operation of the bank and its effectiveness in earning a profit. The year wise progress of bank is presented as follows;

Table No 1: Year-wise Progress of Profit of the Bank

| Year | Amount (Rs) | Progress in Per Cent |
|---------|-------------|----------------------|
| 2007-08 | 9,18,035 | 100 |
| 2008-09 | 4,81,432 | (47.55) |
| 2009-10 | 14,00,502 | 52.5 |
| 2010-11 | 18,50,583 | 101.5 |
| 2011-12 | 4,52,429 | (50.7) |
| 2012-13 | 4,14,701 | (54.8) |
| 2013-14 | 4,39,760 | (52) |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 1 shows the percentage change in of profits of the bank. On the basis of the profit in the year 2007-08, changes in profit and losses in the subsequent years are expressed in terms of percentage. The profit figures shows a fluctuating trend. The highest per cent increase was observed in 2010-11 which is 101.5. Second highest increase in per cent was seen in 2009-10 which is 52.5. In all other years there is decrease in profits compared to the base year. The highest per cent of decrease was observed in 2012-13 which is (54.8%).

Analysis of Short Term Financial Position

Short term financial position means the liquidity position of the bank. Liquidity means a firm's ability to pay off its current liabilities. For paying the current liabilities there must be adequate liquid assets. Analysis of short term financial position is made with reference to the current assets and the current liabilities.

Current asset structure of the bank

A current asset is any asset reasonably expected to be sold, consumed, or exhausted through the normal operations of a business within the current fiscal year or operating cycle (whichever period is longer). Typical current assets include cash, cash equivalents, short-term investments, accounts receivable, stock inventory and the portion of prepaid liabilities which will be paid within a year. These are the assets which can be converted into cash within a particular period.

Table No 2: Percentage Tabular Presentation of Current Asset Structure of USCB

| Particulars | 2007-08(%) | 2008-09(%) | 2009-10(%) | 2010-11(%) | 2011-12(%) | 2012-13(%) | 2013-14(%) |
|-------------------|------------|------------|------------|------------|------------|------------|------------|
| Cash at Bank | 13.6 | 14.53 | 20.43 | 19.44 | 15.85 | 8.51 | 12.90 |
| Advances | 76.6 | 75.23 | 68.16 | 70 | 71.71 | 75.51 | 72.20 |
| Other income | 1.85 | 2.1 | 2.54 | 2.36 | 1.84 | 2.23 | 1.68 |
| Interest received | 7.69 | 8.03 | 7.24 | 6.69 | 8.51 | 8.66 | 9.38 |
| Stock | 0.26 | 0.11 | 1.63 | 1.51 | 8.09 | 5.09 | 3.84 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 2 shows current asset structure of the bank. Advances is the most prominent asset of the bank. It ranges from 68.16 per cent to 76.6 per cent and it was highest during the year 2007-08. Cash at bank is the next prominent asset and it ranges from 8.51 per cent to 20.43 per cent and it was highest in the year 2009-10. Interest received is another important Current Assets and it ranges from 6.69 per cent to 9.38 per cent. Stock ranges from 0.11 per cent to 8.09 per cent.

Table No 3: Trend of growth in current asset of the USCB

| Year | Amount (Rs) | % of growth |
|---------|-------------|-------------|
| 2007-08 | 4,81,95,643 | 100 |
| 2008-09 | 5,40,13,148 | 112 |
| 2009-10 | 6,58,90,312 | 137 |
| 2010-11 | 6,58,90,313 | 137 |
| 2011-12 | 8,612,8,316 | 179 |
| 2012-13 | 9,15,62,335 | 190 |

| | | |
|---------|-------------|-----|
| 2013-14 | 9,71,90,290 | 202 |
|---------|-------------|-----|

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 3 shows the trend of changes in per cent of current assets. There is almost steady increase in current assets during the period of study. In 2013-14, the current assets of the bank has doubled. It is interesting to note that there is no difference in current assets between 2009-10 and 2010-11.

The highest increase in current assets occurred between 2010-11 and 2011 -12.

Current Liability Structure of the Bank

Current liability means debts or obligations that are due within one year. Current liabilities appear on the company's balance sheet and include short term debt, accounts payable, accrued liabilities and other debts.

Table No 4: Percentage tabular presentation of Current liability structure of the USCB

| Particulars | 2007-08(%) | 2008-09(%) | 2009-10(%) | 2010-11(%) | 2011-12(%) | 2012-13(%) | 2013-14(%) |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| Advances | 93.39 | 92.62 | 92.57 | 93.08 | 90.38 | 88.80 | 85.33 |
| Interest payable | 1.96 | 2.37 | 2.74 | 1.56 | 1.85 | 1.44 | 1.44 |
| Overdue interest reserve | 4.58 | 4.62 | 4.84 | 5.09 | 5.2 | 6.62 | 9.93 |
| Undistributed profit | 0.09 | 0.06 | 0.07 | 0.16 | 2.68 | 3.14 | 3.30 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 4 shows the current liability structure of the bank. Advance is the most prominent current liability of the bank and it ranges from 85.33 per cent to 93.39 per cent and it was highest in the year 2007-08. Advances include loans from district and state co-operative banks. There is steady increase in overdue interest reserve during the period of study and it increased from 4.58 to 9.93 per cent. Interest payable ranges from 1.44 per cent to 2.74 per cent and it was highest in the year 2009-10. Undistributed profit ranges from 0.06 per cent to 3.30 per cent and it was lowest in the year 2008-09.

Table 5 shows the per cent changes in the in current liability of the USCB. There is steady increase in current liability, as it was observed in the case of current assets too it has doubled during the study period. The current liability figures are almost same in 2009-10 and 2010-11.

Table No 5: Trend of growth in Current Liability of the USCB.

| Year | Amount (Rs) | Per Cent |
|---------|-------------|----------|
| 2007-08 | 3,03,10,918 | 100 |
| 2008-09 | 3,44,13,078 | 114 |
| 2009-10 | 4,00,20,840 | 132 |
| 2010-11 | 3,98,10,031 | 131 |
| 2011-12 | 5,15,28,385 | 170 |
| 2012-13 | 5,35,89,685 | 177 |
| 2013-14 | 5,96,80,536 | 197 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Working Capital Position of the Bank

Working capital represents operating liquidity available to a business, organization or other entity, including governmental entity. Gross working capital equals to current assets. Working capital is calculated as current assets minus current liabilities. If current assets are less than current liabilities, an entity has a working capital deficiency, also called a working capital deficit. Positive working capital is required to ensure that a firm is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses.

Table No 6: Current Assets, Current Liability, Working Capital and Trend of Growth in Working Capital regarding USCB.

| Year | Current Asset (Rs) | Current Liability (Rs) | Working Capital (Rs) | Per Cent |
|---------|--------------------|------------------------|----------------------|----------|
| 2007-08 | 4,81,95,643 | 3,03,10,918 | 1,78,84,725 | 100 |
| 2008-09 | 5,40,13,148 | 3,44,13,078 | 1,96,00,070 | 110 |
| 2009-10 | 6,58,90,312 | 4,00,20,840 | 2,58,69,472 | 145 |
| 2010-11 | 6,05,94,570 | 3,98,10,031 | 2,07,84,539 | 116 |
| 2011-12 | 8,61,28,316 | 5,15,28,385 | 3,45,99,931 | 193 |
| 2012-13 | 9,15,62,335 | 5,35,89,685 | 3,79,72,650 | 212 |
| 2013-14 | 9,71,90,290 | 5,96,80,536 | 3,75,09,754 | 210 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 6 shows the Working capital position of the bank. Regarding working capital there was an increase of 2.10 times during the study period. Compared to 2009-10, the working capital of USCB decreased in the year 2010-11. In every other year the working capital of the bank increased.

Current Ratio

The current ratio is a financial ratio that measures whether or not a firm has enough resources to pay its debts over the next 12 months. It compares a firm's current assets to its current liabilities. The current ratio is an indication of a firm's market liquidity and ability to meet creditor's demands.

Acceptable current ratios vary from industry to industry and are generally between 1.5 and 3 for healthy businesses. If a company's current ratio is in this range, then it generally indicates good short-term financial strength. If current liabilities exceed current assets (the current ratio is below 1), then the company may have problems meeting its short-term obligations. If the current ratio is too high, then the company

may not be efficiently using its current assets or its short-term financing facilities. This may also indicate problems in working capital management. Low values for the current or quick ratios (values less than 1) indicate that a firm may have difficulty meeting current obligations. Low values, however, do not indicate a critical problem. Table 7 shows the current ratio of the bank during the period 2007-08 to 2013-14.

Table No 7: Current Assets, Current Liability, and Current Ratio of the USCB

| Year | Current Asset (Rs) | Current Liability (Rs) | Current Ratio |
|---------|--------------------|------------------------|---------------|
| 2007-08 | 4,81,95,643 | 3,03,10,918 | 1.59:1 |
| 2008-09 | 5,40,13,148 | 3,44,13,078 | 1.56:1 |
| 2009-10 | 6,58,90,312 | 4,00,20,840 | 1.64:1 |
| 2010-11 | 6,05,94,570 | 3,98,10,031 | 1.52:1 |
| 2011-12 | 8,61,28,316 | 5,15,28,385 | 1.67:1 |
| 2012-13 | 9,15,62,335 | 5,35,89,685 | 1.70:1 |
| 2013-14 | 9,71,90,290 | 5,96,80,536 | 1.62:1 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 7 shows the current ratio of the bank, the current ratio ranges from 1.52:1 to 1.70:1 and it was highest in the year 2012-13 which is 1.70:1. The current ratio was least in the year 2010-11 which is 1.52:1. For a healthy business, a current ratio of 2:1 is considered as ideal.

Analysis of Long Term Financial Position

Long term financial position refers to a firm's ability to meet its long term obligations. It shows the firm's capacity to repay the debt as and when they arise. Table 8 shows capital structure during the selected period.

Table No 8: Percentage tabular presentation of Capital Structure of USCB

| Liabilities | 2007-08(%) | 2008-09(%) | 2009-10(%) | 2010-11(%) | 2011-12(%) | 2012-13(%) | 2013-14(%) |
|-------------------|------------|------------|------------|------------|------------|------------|------------|
| Share Capital | 98.92 | 98.94 | 99.46 | 99.14 | 91.07 | 98.78 | 87.57 |
| Reserve & Surplus | 1.08 | 1.06 | 0.54 | 0.86 | 8.93 | 1.22 | 12.43 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 8 shows the capital structure of the USCB. There are only two components of capital i.e., share capital and reserves and surplus. Share capital ranges from 87.57 per cent to 99.46 per cent, it was highest in the year 2009-10 which is 99.46 per cent and lowest in the year 2013-14 which is 87.57

per cent. Reserves and surplus ranges from 0.54 per cent to 12.43 per cent, and it was highest in the year 2013-14 which is 12.43 per cent and lowest in the year 2009-10 which is 0.54 per cent. Compared to other years, the reserves and surplus in the year 2013-14 and 2011-12 are significantly higher.

Table No 9: Percentage tabular presentation of Asset Structure of USCB

| Assets | 2007-08 (%) | 2008-09 (%) | 2009-10 (%) | 2010-11 (%) | 2011-12 (%) | 2012-13 (%) | 2013-14 (%) |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fixed Assets | 1.34 | 1.59 | 2.69 | 2.77 | 2.26 | 2.13 | 2.02 |
| Investments | 0.76 | 0.69 | 0.64 | 0.63 | 0.75 | 0.68 | 2.56 |
| Loans & Advances | 97.90 | 97.72 | 96.67 | 96.6 | 96.99 | 97.19 | 95.42 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 9 shows the asset structure of the USCB, the components of assets are fixed assets, investments and loans and advances. The major asset of the bank is loans and advances and it ranges from 95.42 per cent to 97.90 per cent and it was highest in the year 2007-08. Investment is the least prominent component of assets and it ranges from 0.63 per cent to 2.56 per cent and it was lowest in the year 2010-11. Fixed assets ranges from 1.34 per cent to 2.77 per cent and it was highest in the year 2010-11 and lowest in the year 2007-08.

Analysis of Deposits and Loans

The following are the analysis of deposits and loans of Upputhara Service Co-operative Bank Ltd. during the period from 2007-08 to 2013-14.

Fixed Deposits

A fixed deposit is a financial instrument provided by banks which provides investors a higher rate of interest than a regular savings account. It is known as a term deposit or time deposit.

They are considered to be very safe investment. The defining criteria for a fixed deposit are that the money cannot be withdrawn from the FD as compared to a recurring deposit or a demand deposit before maturity. The interest rate varies

between 4 and 11 per cent. The tenure of an FD can vary from seven, 15 or 45 days to 1.5 years and can be as high as 10 years.

Table No 10: Fixed Deposits and Percentage growth of Fixed Deposits of USCB.

| Year | Amount Deposited (Rs.) | Per Cent |
|-----------|------------------------|----------|
| 2007-2008 | 91,20,272 | 100 |
| 2008-2009 | 1,24,54,736 | 137 |
| 2009-2010 | 1,30,07,175 | 143 |
| 2010-2011 | 1,28,34,474 | 141 |
| 2011-2012 | 1,77,22,318 | 194 |
| 2012-2013 | 1,64,02,225 | 180 |
| 2013-2014 | 1,83,60,912 | 201 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 10 shows per cent growth of fixed deposits of USCB during the study period. The fixed deposits has doubled between 2007-08 and 2013-14. But between 2008-09 and 2010-11, there seems to be a stagnation in growth and in 2012-13 it decreased compared to the previous financial year. Further investigation is needed to identify the reasons for the fluctuating growth in fixed deposits.

Savings Bank Deposits of the Bank

These deposits accounts are one of the most popular deposits for individual accounts. These accounts not only provide cheque facility but also have lot of flexibility for deposits

and withdrawal of funds from the account. Most of the banks have rules for the maximum number of withdrawals in a period and the maximum amount of withdrawal, but hardly any bank enforces these. However, now banks are free to decide the interest rate within certain conditions imposed by RBI. Under directions of RBI, now banks are also required to open no frill accounts (this term is used for accounts which do not have any minimum balance requirements). Although Public Sector Banks still pay only 4 per cent rate of interest, some private banks like Kotak Bank and Yes Bank pay between Six per cent and Seven per cent on such deposits.

Table No 11: Savings Bank Deposits and Percentage growth of SB Deposits of USCB

| Year | Amount Deposited (Rs) | Per Cent |
|---------|-----------------------|----------|
| 2007-08 | 52,41,150 | 100 |
| 2008-09 | 76,40,347 | 146 |
| 2009-10 | 1,10,59,709 | 211 |
| 2010-11 | 1,19,70,263 | 228 |
| 2011-12 | 1,09,39,819 | 209 |
| 2012-13 | 1,30,76,608 | 249 |
| 2013-14 | 68,49,053 | 131 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 11 shows the percentage changes in the savings deposits of USCB during the study period. From the table it can be identified that the savings deposits shows a fluctuating trend. From 2007-08 to 2010-11 there is steady growth and in the following year it decreased. In 2012-13 it regained the earlier growth trend but in 2013-14 the savings bank deposits shows a significant decline. It needs further investigation to identify the reasons for the fluctuation in growth.

Recurring Deposits

These are popularly known as RD accounts and are a special kind of Term Deposits and are suitable for people who do not have a lump sum amount of savings, but are ready to save a small amount every month. Normally, such deposits earn interest on the amount already deposited (through monthly installments) at the same rates as are applicable for Fixed Deposits / Term Deposits. These are best if you wish to create a fund for your child's education or marriage of your daughter or buy a car without loans or save for the future.

Table No 12: Amount Deposited in Recurring Deposit Accounts and Trend of Change

| Year | Amount Deposited (Rs) | Trend of Change |
|---------|-----------------------|-----------------|
| 2007-08 | 41,332 | 100 |
| 2008-09 | 26,350 | 64 |
| 2009-10 | 25,600 | 62 |
| 2010-11 | 5,000 | 12 |
| 2011-12 | 11,000 | 27 |
| 2012-13 | 13,000 | 31 |
| 2013-14 | 2,000 | 5 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 12 shows the amount and percentage change in the recurring deposits of the bank. The total amount of RD Deposits is rather small in the case of USCB and it has decreased over the period and reached a stage where there is no RD at all by 2013-14.

Current Deposits

Current deposit is basically meant for businessmen and is never used for the purpose of investment or savings. These

deposits are the most liquid deposits and there are no limits for number of transactions or the amount of transactions in a day. Most of the current account are opened in the names of firms / companies. Cheque book facility is provided and the account holder can deposit all types of the cheques and drafts in their name or endorsed in their favor by third parties. No interest is paid by banks on these accounts.

Table No 13: Current Accounts Balances & Trend of Change in Current Account Balances of USCB

| Year | Amount Deposited (Rs) | Per Cent |
|---------|-----------------------|----------|
| 2007-08 | 7,84,173 | 100 |
| 2008-09 | 13,19,471 | 168 |
| 2009-10 | 7,19,679 | 92 |
| 2010-11 | 17,32,728 | 221 |
| 2011-12 | 7,54,411 | 96 |
| 2012-13 | 12,25,526 | 156 |
| 2013-14 | 18,42,530 | 235 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 13 shows the total amount of money available in current deposit accounts and the percentage change over the years. The balance in the account ranges from Rs.18, 42,530 to Rs 7, 19,679.

These are loans provided by pledging of gold as security with the bank. Up to a fixed percentage of the market value of gold is given as loan, and the interest rates varies basedon the policy of the bank.

Gold Loan

Table No 14: Gold Loans Provided by USCB and the Trend of Change in Gold Loans Provided.

| Year | Gold Loan - Amount (Rs) | Per Cent |
|---------|-------------------------|----------|
| 2007-08 | 1,37,48,012 | 100 |
| 2008-09 | 1,86,14,485 | 135 |
| 2009-10 | 2,00,12,119 | 146 |
| 2010-11 | 2,22,99,034 | 162 |
| 2011-12 | 3,35,57,887 | 244 |

| | | |
|---------|-------------|-----|
| 2012-13 | 3,53,07,269 | 257 |
| 2013-14 | 3,40,93,888 | 248 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 14 shows the total amount of loans provided on the security of gold and the percentage changes based on that. The changes shows a fluctuating trend. From 2007-08 onwards the gold loans were increasing but in the year 2013-14, it decreased mildly.

Kissan credit is credit facility given to farmers for the purchase of assets (farm machinery, bullocks, sheep etc.) and creation of assets (orchard development, poultry, diary development etc.) connected with rural activities under agriculture, horticulture, plantation, sericulture, animal husbandry, fisheries etc.

Kissan Credit Card Loans

Table No 15: Kissan credit card loans provided by USCB and the Trend of Change

| Year | Kissan Credit Given (Rs) | Per cent |
|---------|--------------------------|----------|
| 2007-08 | 1,10,17,728 | 100 |
| 2008-09 | 71,99,306 | 65 |
| 2009-10 | 1,05,13,161 | 95 |
| 2010-11 | 1,04,25,035 | 95 |
| 2011-12 | 1,05,05,362 | 95 |
| 2012-13 | 1,14,72,676 | 104 |
| 2013-14 | 1,11,61,657 | 101 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 15 shows the total amount of Kissan Credit Card of loans provided to the farmers and the percentage changes. The total amount of loan remained the same during the period except that in 2008-09, it decreased significantly.

Short term agricultural loans are loans provided to the farmers for meeting their short term financial needs connected with their agricultural activities like buying of seeds, expenses for irrigation facilities etc.

Short Term Agricultural Loans

Table No 17: Short Term Agricultural Loans sanctioned by the USCB and its Trend of Change.

| Year | Amount (Rs) | Per Cent |
|---------|-------------|----------|
| 2007-08 | 6,41,776 | 100 |
| 2008-09 | 74,577 | 12 |
| 2009-10 | 66,577 | 10 |
| 2010-11 | 64,577 | 10 |
| 2011-12 | 61,577 | 9 |
| 2012-13 | 58,702 | 8 |
| 2013-14 | 57,577 | 8 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 17 shows the amount and percentage change relating to short term agricultural loans. It is very much strange to notice that in USCB the short term agricultural loans are steadily decreasing.

Midterm agricultural loans are those loans provided by the bank for meeting the medium term needs of the farmers like orchard development, poultry development etc

Medium Term Agricultural Loans

Table No 18: Medium Term Agricultural Loans sanctioned by the USCB and its Trend of Change.

| Year | Amount | Per Cent |
|---------|-------------|----------|
| 2007-08 | 103,75,952 | 100 |
| 2008-09 | 71,24,729 | 69 |
| 2009-10 | 1,04,46,584 | 101 |
| 2010-11 | 1,03,60,458 | 100 |
| 2011-12 | 1,04,43,785 | 101 |
| 2012-13 | 1,14,13,974 | 110 |
| 2013-14 | 1,11,04,080 | 107 |

Source: Annual Reports of USCB Ltd., from 2007-08 to 2013-14.

Table 18 shows the amount and percentage change of medium term agricultural loans. The loan sanctioned is remaining at the same level over the period except that in 2008-09 it decreased significantly.

Limitations and Directions for Future Research

This study focuses only on the financial performance of Upputhara Service Cooperative Bank grounded on secondary data. The major limitation of the study is that it considers the data only from 2007-08 to 2013-14. This study also gives a foundation to conduct common size financial statements analysis of the bank and other period's and aspects of the bank. A research for longer periods can be conducted to understand the financial performance in its fullness .

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6. Concluding Remarks

The analysis of data has given a lot of insights regarding the performance and financial position of Upputhara Service Co-operative Bank. From this study it is found that overall performance of the USCB is good. The bank achieved remarkable performance in deposit mobilization, granting loans and advances and other services. The ultimate aim of USCB bank is to provide service to the people and from the study it is clear that the bank is rendering lot of services and playing a very significant role in the development of the area. It is observed that bank needs to improve its current ratio and savings deposits. On the other hand short term loans allocated for agricultural purposes should be profitable.