

# A Financial Performance Analysis of Selected Co-Operative Banks of India

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## ABSTRACT

India is the largest country with a range of diverse financial institutions public, private, co-operative banks, which are managed and regulated by the Indian Reserve Bank and the Finance Ministry. Because of intense competition, increased customer demands and increasing banking reforms, the productivity and competitiveness of the banking sector in India has become paramount. The study mainly aim to assess the financial performance of the leading Gujarat banks in the cooperative sector, The Kalupur Commercial Co-Operative Bank Ltd. The Ahmedabad Co-Operative Bank Ltd. NutanNagarikSahakari Bank Ltd. For the period from 2018-19 to 2009-10, the financial performance of these banks was analyzed. Among study researchers, the tool among evaluating financial ratios (FRA) has been used to obtain an overview on the financial performance of the banks of the cooperative economy. The results of the study can be useful for bank management.

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## 1. Introduction

In the books on economics and trade the bank is described in many ways by different authors. A bank can be defined very complicated, since a bank performs multiple functions according to its functions can be defined in many ways. The emergence of numerous bank styles, each specializing in a specific sector, focuses on all kinds of banks. It is unscientific and probably impossible to describe a broad and specific description covering all forms of banking institutions. The specific functions of each bank should have its own definition. The challenge has been known by policymakers and that is why the Exchange Act 1882 (England) describes it.

"A bank requires an individual, whether or not incorporated, which conducts the banking business"

### Co-Operative Bank Overview

Cooperative initiatives in India are not new phenomena. India has a very ancient history of the cooperative movement. In its Arthashastra, Kautilya described: "Guilds of workmen as well as those who carry on any co-operative work shall divide their earnings either equally, or as agreed upon among themselves" Throughout socio-economic development, cooperatives play an important role. The movement began in India to encourage the development of persons of small means individuals, farmers, craftsmen and other segments of society in order to encourage and promote thrift and mutual help. The Indian movement for cooperative work comes out of poverty, oppression and suffering. Mahatma Gandhi argues that those of whom money is inherited have no better right to a decent life than millions others have enjoyed. The remainder of their riches belong to the community and must be used for the good of the community. This is the cornerstone of the cooperative movement, founded on the same ideals of collective camaraderie, mutual assistance and democratic, decision-making and membership to all.open.

## 2. Literature Review

Bhaskaran and Josh (2000), inferred that the recuperation execution of co-employable credit organizations keeps on being unsuitable which adds to the development of NPA much after the presentation of prudential guidelines. They recommended administrative and arrangement remedies to make co-usable credit establishments progressively effective, gainful and beneficial association on top of aggressive business banking.

Jain (2001) has done a similar presentation investigation of District Central Co-employable Banks (DCCBs) of Western India, in particular Maharashtra, Gujarat and Rajasthan and found that DCCBs of Rajasthan have performed better in benefit and liquidity when contrasted with Gujarat and Maharashtra.

Chander and Chandel (2010) broke down the money related effectiveness and practicality of HARCO Bank and discovered horrible showing of the bank on capital sufficiency, liquidity, gaining quality and the administration proficiency boundaries.

Rachita Gulati and Sunil Kumar (2019) attempt to investigate the connection among productivity and gainfulness in 51 Indian residential banks working in the money related year 2018-2019. The experimental outcomes show that all over again private segment banks command in the development of the proficient boondocks for Indian household banking industry. The effective gainfulness grid uncovers that the asset use process in 22 banks that fall in the "Question Mark" and "Sleepers" quadrants isn't working admirably and highlighting the nearness of significant wastage of sources of info. Further, Tamil Nadu Mercantile Bank and Yes Bank might be considered as a perfect seat mark for the poor performing banks on the proficiency and benefit measurements of execution assessment.

Roma Mitra, Shankar Ravi (2018), A steady and proficient banking area is a basic precondition to build the financial degree of a nation. This paper attempts to demonstrate and assess the productivity of 50 Indian banks. The inefficiency can be examined and measured for each assessed unit. The point

of this paper is to gauge and think about productivity of the banking part in India. The investigation should confirm or dismiss the theory whether the banking division satisfies its intermediation work adequately to rival the worldwide players. The outcomes are quick to the money related approach organizer as it recognizes need zones for various banks, which can improve the presentation. This paper assesses the presentation of Banking Sectors in India.

B.Satish Kumar (2018), in his article on an assessment of the budgetary presentation of Indian private division banks composed Private area banks assume a significant job being developed of Indian economy. After advancement the banking business experienced significant changes. The monetary changes absolutely have changed the banking segment. RBI allowed new banks to be begun in the private part according to the proposal of Narashiman advisory group. The Indian banking industry was commanded by open division banks. In any case, presently the circumstances have changed new age banks with utilized of innovation and expert administration has increased a sensible situation in the banking business.

Vradi, Vijay, Mauluri, Nagarjuna (2018), in his examination on 'Measurement of effectiveness of bank in India reasoned that in present day world execution of banking is increasingly critical to stable the economy .so as to see the proficiency of Indian banks we have seen the fore pointers for example benefit, efficiency, resources, quality and money related administration for all banks incorporates open division, private segment banks in India for the period 2000 and 1999 to 2002-

2003. For estimating proficiency of banks we have received advancement envelopment examination and found that open segments banks are more effective than different banks in India.

### 3. Research objective

1. To analyse financial performance of selected co-operative banks of Gujarat
2. To analyse the relation of financial performance between selected co-operative banks of Gujarat

### 4. Research methodology

#### Sources Of Data

Secondary data have been collected from Annual Reports.

#### Universe

In the research study selected 3co-operative banks.

#### Period Of Data Coverage

Ten years of financial statements has been analysed for co-operative banks taken under study.

#### Analysis Of Data

The proposed statistical tools for the analysis of data are ratio analysis and ANOVA test.

## 5. Data Analysis

### 1. Return On Working Capital Ratio

YEAR	The Kalapur Commercial Co-operative Bank Ltd	The Ahmedabad Merchantile Co-operative Bank Ltd	NutanNagarikSahakari Bank Ltd
2009-10	1.280	0.730	0.660
2010-11	1.190	0.720	0.730
2011-12	1.030	1.440	0.590
2012-13	1.120	1.290	0.610
2013-14	1.130	1.450	0.520
2014-15	1.160	1.160	0.590
2015-16	1.270	1.090	0.570
2016-17	1.260	1.220	6.600
2017-18	1.170	0.700	0.710
2018-19	1.010	1.420	0.570

From the above table it is observed that during year 2016-17 average of return on working capital ratio value highest where as lowest value has been observed during year 2017-18. No major jump in ratio value can be experienced during

these 3 banks for last 10 years of study period. NNSBL stood number one position followed by AMCBL and then KBCL for return on working capital ratio performance.

#### ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.043527	2	0.021763	0.017715	0.982452	3.354131
Within Groups	33.16937	27	1.228495			
Total	33.2129	29				

Fcal is 0.01 and Ftab is 3.35.

Thus,  $F_{cal} < F_{tab}$  and p-value is higher than specified  $\alpha$  of 0.05.

So, null hypothesis is accepted and it is concluded that there is no significant difference in Return on Working Capital Ratio between selected Co-operative Banks

### 2. Interest Income To Total Income Ratio

YEAR	The Kalupur Commercial Co-operative Bank Ltd	The Ahmedabad Merchantile Co-operative Bank Ltd	NutanNagarikSahakari Bank Ltd
2009-10	93.300	95.540	92.210
2010-11	96.230	94.630	76.300
2011-12	94.520	95.750	89.280
2012-13	93.250	95.760	90.810
2013-14	93.300	92.910	91.430
2014-15	86.850	95.660	90.860
2015-16	87.130	90.460	87.160
2016-17	92.720	94.090	86.760
2017-18	96.216	94.616	76.286
2018-19	94.506	95.736	89.266

From the above table it is observed that during year 2009-10 average of interest income to total income ratio value highest where as lowest value has been observed during year 2015-16. No major jump in ratio value can be experienced

during these 3 banks for last 10 years of study period. AMCBL stood number one position followed by KBCL and then NNSBL for interest income to total income ratio performance.

#### ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	307.0552	2	153.5276	9.429979	0.000784	3.354131
Within Groups	439.5816	27	16.2808			
Total	746.6369	29				

$F_{cal}$  is 9.42 and  $F_{tab}$  is 3.35.

Thus,  $F_{cal} > F_{tab}$  and p-value is lower than specified  $\alpha$  of 0.05.

So, null hypothesis is rejected and it is concluded that there is significant difference in Interest Income to Total Income Ratio between selected Co-operative Banks

### 3. Interest Income As Percentage To Total Assets Ratio

YEAR	The Kalupur Commercial Co-operative Bank Ltd	The Ahmedabad Merchantile Co-operative Bank Ltd	NutanNagarikSahakari Bank Ltd
2009-10	6.550	6.940	7.380
2010-11	7.450	7.180	7.060
2011-12	7.580	6.870	7.540
2012-13	6.740	6.400	7.450
2013-14	7.530	7.220	7.850
2014-15	8.360	7.700	7.800
2015-16	8.760	7.780	8.240
2016-17	8.180	7.950	8.510
2017-18	7.436	7.166	7.046
2018-19	7.566	6.856	7.526

From the above table it is observed that during year 2015-16 average of interest income as percentage to total assets ratio value highest where as lowest value has been observed during year 2012-13. No major jump in ratio value can be experienced

during these 3 banks for last 10 years of study period. NNSBL stood number one position followed by KBCL and then AMCBL for interest income as percentage to total assets ratio performance.

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.18754	2	0.59377	1.944878	0.162523	3.354131
Within Groups	8.243081	27	0.305299			
Total	9.430621	29				

Fcal is 1.94 and Ftab is 3.35.

Thus,  $F_{cal} < F_{tab}$  and p-value is higher than specified  $\alpha$  of 0.05.

So, null hypothesis is accepted and it is concluded that there is no significant difference in Interest Income as Percentage to Total Assets between selected Co-operative Banks

#### 4. Net Profit As Percentage To Total Deposit Ratio

YEAR	The Kalupur Commercial Co-operative Bank Ltd	The Ahmedabad Merchantile Co-operative Bank Ltd	NutanNagarikSahakari Bank Ltd
2009-10	1.890	1.220	0.840
2010-11	1.690	1.180	0.920
2011-12	1.410	2.290	0.720
2012-13	1.540	1.960	0.800
2013-14	1.510	2.150	0.730
2014-15	1.490	1.670	0.760
2015-16	1.600	1.520	0.680
2016-17	1.580	1.660	7.560
2017-18	1.676	1.166	0.906
2018-19	1.396	2.276	0.706

From the above table it is observed that during year 2016-17 average of net profit as percentage to total deposit ratio value highest where as lowest value has been observed during year 2017-18. No major jump in ratio value can be experienced during these 3 banks for last 10 years of study period. AMCBL stood number one position followed by KBCL and then NNSBL for net profit as percentage to total deposit ratio performance.

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.30542	2	0.15271	0.095133	0.909555	3.354131
Within Groups	43.34101	27	1.605223			
Total	43.64643	29				

Fcal is 0.095 and Ftab is 3.35.

Thus,  $F_{cal} < F_{tab}$  and p-value is higher than specified  $\alpha$  of 0.05.

So, null hypothesis is accepted and it is concluded that there is no significant difference in Net Profit as Percentage to Total Deposits Ratio between selected Co-operative Banks

#### 6. Conclusion

Based on the ratio analysis of selected co-operative sector banks, it can be concluded that, During year 2016-17 average of return on working capital ratio value highest where as lowest value has been observed during year 2017-18. No major jump in ratio value can be experienced during these 3 banks for last 10 years of study period. NNSBL stood number one position followed by AMCBL and then KBCL for return on working capital ratio performance. During year 2009-10 average of

interest income to total income ratio value highest where as lowest value has been observed during year 2015-16. No major jump in ratio value can be experienced during these 3 banks for last 10 years of study period. AMCBL stood number one position followed by KBCL and then NNSBL for interest income to total income ratio performance. During year 2015-16 average of interest income as percentage to total assets ratio value highest where as lowest value has been observed during year 2012-13. No major jump in ratio value can be experienced during these 3 banks for last 10 years of study period. NNSBL stood number one position followed by KBCL and then AMCBL for interest income as percentage to total assets ratio performance. During year 2016-17 average of net profit as percentage to total deposit ratio value highest where as lowest value has been observed during year 2017-18. No major jump in ratio value can be experienced during these 3 banks for last

10 years of study period. AMCBL stood number one position followed by KBCL and then NNSBL for net profit as percentage

to total deposit ratio performance.

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