ABSTRACT OF THE THESIS


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ABSTRACT

Now a day Co-operative banks play important role of financial inclusion. Co-operative banks were in urban and rural area make habit of savings to citizen, they also provide short term, medium term and long term loans to the small businessman, traders, needy people, workers etc. for personal and business purpose where other public sector banks and private sector banks have not reached. So, Co-operative banks were made an integral part of the institutional framework of community development and extension services which were assigned the important role of delivering the fruits of economic planning at the grass-root level.

In this context, the present study is an attempted to review the Financial Analysis of Urban Co-operative Banks in Pune City. The specific objective of the study was to analyse profitability and ratio analysis of the selected banks, many banks are not able to maintain their ratios as per directives of RBI and audit norms of Commission for Co-operation.

The study has analyzed maximum ratios of balance sheet and profit and loss account of the Bank. The data required for this study were collected through secondary sources i.e. Annual Reports which were directly collected from the respective urban co-operative banks and some of annual reports are collected from
Association of Pune District Urban Co-operative Banks Ltd. These balance sheets are tabulated and fed in Microsoft Excel Software for further analysis. Common Size Income Statements are prepared in Excel in Standardized form. Amounts are taken in Lakhs, all ratios are calculated in Microsoft Excel by entering formulae, and answers (calculated ratios) are taken maximum for two decimal places. Mean, standard deviation, Coefficient of Variation, Compounded Annual Growth Rate and ANOVA is calculated for each of the ratio and every bank of the study period. Mean of all Ratios for every banks is tabulated in Single table comparison. Similarly mean of Common Size Statements of every bank is tabulated in the single table for comparison purpose. Hypothesis are tested using the SPSS (Statistical Package for Social Science) software.

The study has revealed that due to increase in the operating expenses of most of the banks operating profit of the same is declining. Return on total funds of Shree Laxmi Co-operative Bank Ltd. is below 1 percent so it need to pay attention to proper use of available resource to increase returns on funds. Five banks out of twelve banks having average return on capital employed is below 10 percent. The net profit to total assets ratio should be minimum one percent, but in the present study eight banks are not able to achieve one percent of this ratio. Net worth ratio of the Lokseva Sahakari Bank Ltd. and Pune Peoples Co-operative Bank Ltd. is below ten percent, special attention is required to be given by these banks to improve Net worth ratio otherwise Pune Peoples Co-operative bank also may face problem near future. The Credit Deposit Ratio of the Lokseva Sahakari Bank is highest among sample co-operative banks so special attention is required to be given by this bank while disbursing the loans. In the same way many six banks whose Credit Deposit Ratio is below 55 percent they should initially try to increase this ratio to 60 percent with proper care so
that profit of these banks will increase. Shree Sharda Sahakari Bank Ltd. and Pune Peoples Co-operative Bank Ltd. should not postpone their other liabilities (current liabilities). Overdue Interest Reserve to Advances Ratio in case of Shree Sharda Sahakari Bank Ltd. and Sampada Sahakari Bank Ltd. is highest among all the sample banks which results in lowering the operating profit, these banks need to overdue interest reserve by taking suitable measure. In case of Lokseva Sahakari Bank Ltd. Debt Equity Ratio is highest among all the urban co-operative banks. Thinking of Capital Adequacy Ratio, the ratio of Shree Laxmi Co-operative Bank Ltd. is lowest, they need to increase Shareholder funds.

The researcher has suggested many things like Management of UCBs should ensure that important matters on the proper functioning and working of the banks such as mobilization of deposit targets etc., UCBs have shown more dependence on deposits as compared to other sources and as deposits involve highest cost. It is suggested that special attention should be given by all the banks to mobilize more and more CASA deposits, operating expenses should be reduced, banks should provide other valuable services to increase other income like Cash Remittance, Telephone banking, mobile banking, internet banking etc. The UCB’s may think to tie with insurance companies for providing their services to their customers.

The researcher has presented the study with the hope that it would be helpful to many individuals as well as institutions, directly or indirectly connected with the co-operative banking system, especially the study unit. It is a request to the Association of Pune District Urban Co-operative Bank Ltd. to use the guidelines of the thesis for future plans and to guide to member banks registered with them. The issues identified in the present study would provide a sound theoretical and analytical background for the future researchers in Co-operative banking.